

CEO's Message

Creating new value and working to achieve sustainable growth based on our commitment to high quality

Sean M. Stack

Representative Director,
Chairman, President and CEO

Personal History

1989	Bachelor of Business Administration, University of Notre Dame	2008	Executive Vice President and Chief Financial Officer Aleris Corporation
1990	ABN AMRO Bank, specializing in the Metals and Mining Sector	2014	Executive Vice President: Aleris Corporation President and CEO: Aleris Rolled Products North America
1995	Master of Science (MS), Management J.L. Kellogg Graduate School, Northwestern University	2015	President and CEO: Aleris Corporation
1996	Vice President and Treasurer, Specialty Foods Inc.	2016	Chairman and CEO: Aleris Corporation
2001	Vice President and Treasurer, Noveon Inc.	2021	Business consultant
2004	Senior Vice President, and Treasurer and Head of Business Development Aleris Corporation	2023 Jan.	Representative Director, President and CEO: Proterial, Ltd.
2006	Executive Vice President: Aleris Corporation President: Aleris Europe	2023 Apr.	Representative Director, Chairman, President and CEO: Proterial, Ltd.



Demonstrating Proterial's strengths to the maximum extent while carving out our own path

In January 2023, the Company changed its name from Hitachi Metals to Proterial. We then took our first steps as Proterial under a new capital partner. The Company, which had previously developed its business as a member of the Hitachi Group, a corporate group with a global reach, had reached the stage where it could determine its own destiny through capital restructuring*. This represents a major opportunity, and the policy to accelerate our transformation and growth with the aim of attaining our Vision of becoming a materials company that leads sustainability through high performance.

For the very reason that I had previously watched the Company from the outside, as Proterial's first CEO I feel that the Company has the potential to grow further in the global market. In particular, the fact that we own a large

number of assets that are essential for many customers' sustainable growth represents a significant strength. In the long history since its founding in 1910, the Company has developed a succession of world-class product groups based on its outstanding technological capabilities and provided essential value to society in such areas as mobility, industrial infrastructure, and electronics. Due in particular to the Company's a large number of original products that contribute to energy efficiency, reduce CO₂ emissions, and deliver weight savings, I believe that we can grow significantly in the global market amid the global trend toward decarbonization.

In April 2023, the nine business units under my direct control took the initiative in business operations. At the same time, steps were taken to reorganize the Manufacturing & Engineering Division to standardize and optimize the Group's manufacturing on a global scale. In addition, this reorganization will enable the Company to expedite decision-making relating to the execution of

strategies, such as investments in financial and human capital. Moreover, each business unit will be able to respond to market trends and needs more flexibly and rapidly than ever before, thereby helping solve customers' problems and create new value.

Fulfilling our mission of "making the best quality available for everyone" for stakeholders

All of our business activities are carried out based on our corporate philosophy which consists of our mission, vision and values.

We will make the most of our potential and engage in sustainable business activities by firmly carrying out our mission, "to make the best quality available for everyone," while fulfilling our universal role and commitment to society.

When people hear the word "quality," there may be some

who recall quality as a product specification. At Proterial, however, we create new value not only for products, but also through our commitment to original technology and high quality in products, business processes, and people. We define "making the best quality available for everyone" as providing products widely to people around the world, including our customers, and this is shared by all employees, from the frontline factory sites to back office areas.

To deliver value to our customers, it is important to closely understand their needs and create the various forms of added value they desire. To that end, we understand that both sales departments, which are in direct contact with customers, as well as the research and development and production departments must work together to create value.

Making the best quality available for everyone is important not only for our customers, but also for our employees. Companies are required to take responsibility for the development of their human resources and place the

CEO's Message

right people in the right positions so that each and every human resource can fully demonstrate their abilities. Each and every one of us must be able to fully understand our role in making the best quality available for everyone and embody our mission as their own assigned role. To that end, we must give opportunities to all employees so that they can maximize their potential. This is our obligation as leaders.

Aware that we are a member of the local community, we will also fulfill our responsibility for the sustainability of the global environment by striving to reduce the Company's CO₂ emissions. At the same time, we will focus on creating employment opportunities in each region where we operate. I would like us to be recognized as a company that contributes to society and develops together with the local community by building relationships of trust. Since taking office as president, I have visited various work sites and held town hall meetings not only in Japan, but also at various global bases. A question that employees would raise without fail on such occasions was the Company's policy on securing a workforce. Developed countries are facing the common social issue of a declining working population as their populations age. It is vitally important for us to be actively involved in the local community so that we can sustainably maintain and secure excellent human resources.

Creating environmental value as a "Green Enabler"

Recognizing that our products help customers resolve environmental problems, I call our company a "Green Enabler." With this in mind, we are working to transform the global environment and society in a sustainable manner.

The global trend toward decarbonization represents a major opportunity for our company, which owns what I call world-class business assets that contribute to weight savings, reductions in CO₂ emissions, and safety improvements. While for the most part, people have few opportunities to observe our brand products first hand, these products are indispensable for a substantial number of end products, including automobiles, railroad cars, aircraft, and smartphones as well as for the machinery and

infrastructure used to manufacture them. For example, there are cladding materials and soft magnetic materials that, despite their extremely small size, reduce the heat dissipation of smartphones and PCs and contribute to improving energy efficiency. Our rare earth magnets used in electric vehicle (EV) drive motors and the power electronics products used in power supply circuits also greatly contribute to improving efficiency. In this regard, we are proud to say that our products are used in a significant number of xEVs.

In light of the diverse range of business opportunities, we will place particular emphasis on aerospace applications going forward. I feel confident that we will be able to develop new pillars of business growth by making the most of our world-class assets, including the Yasugi Works, which has a world-class vacuum melting furnace, and the Okegawa Works, which has a large ring mill.

In addition, we are accelerating the execution of business strategies by making full use of the management resources and knowledge of our capital partners. For example, to develop our aircraft business, we are being provided with global information networks, knowledge, and human resources while promoting comparisons with competitors in the aerospace market and the formulation and implementation of strategic product roadmaps.

The three pillars of management: People, Operational Excellence, and Growth

For the Company to develop as a truly global company and realize its vision of leading sustainability by high performance, I will be focusing on three pillars of management: people, operational excellence, and growth.

First of all, in the case of people, the most important thing that we need to do is make sure that safety is the Company's first priority and that we thoroughly adhere to the principle of action that health and safety take precedence over everything else. We will also foster a corporate culture that ensures accountability. Employees must have the spirit to decide the fate of their businesses by themselves, formulate and drive strategies, and take responsibility for the results. We will promote the

empowerment of employees while promoting the delegation of authority for that purpose.

In addition, operational excellence is a very important element for a company in the manufacturing industry, as the activities that take place on a day-to-day basis on our manufacturing floors ultimately lead to value for our customers. While each factory naturally has excellent aspects, one could argue that these aspects have not been optimized and standardized on a global basis. We will optimize our global management assets by promoting the standardization of the methods and manufacturing processes that are best suited to Proterial.

One can say that, if the people and operational excellence aspects are right, the necessary conditions for growth are in place. The key here is to shift the mindset from a Japan-centric perspective to a broader, global market perspective. In particular, looking at the global mobility industry, the shift to EVs is progressing in each country, and the construction of the social infrastructure associated with EVs has begun. Even in industries such as aerospace and electronics, the main opportunities are global. It is my belief that there are still many customers, mainly in Europe and the United States, who are waiting for our world-class products that are full of diversity and originality. Allocating management resources with an even greater focus on global markets, we will strengthen the foundation for our growth as a global company.

Achieve sustainable growth through progressive management

The "Pro" portion of our company name, Proterial, represents our three pros—professional, progressive, and proactive—but in particular I would like to carry out my duties progressively with the will to continue to take on challenges. Where do those future business opportunities lie? What are the possibilities and barriers there? While always looking forward and thinking about what to do, we will speedily execute our business strategies and put into practice "making the best quality available for everyone" for our customers and other stakeholders.

At a time when society as a whole is oriented toward sustainability, Proterial is overflowing with opportunities for global growth. Following our own growth path, we will

increase our corporate value globally as a company leading sustainability by high performance. Please expect to see great things from Proterial in the years to come.

*Capital restructuring: Following a tender offer for our common stock by a corporate consortium led by Bain Capital and a series of subsequent transactions, the Company's shares were delisted on December 29, 2022, and withdrawn from the Hitachi Group on January 5, 2023. On January 4, 2023, we changed our trade name to Proterial, Ltd.

