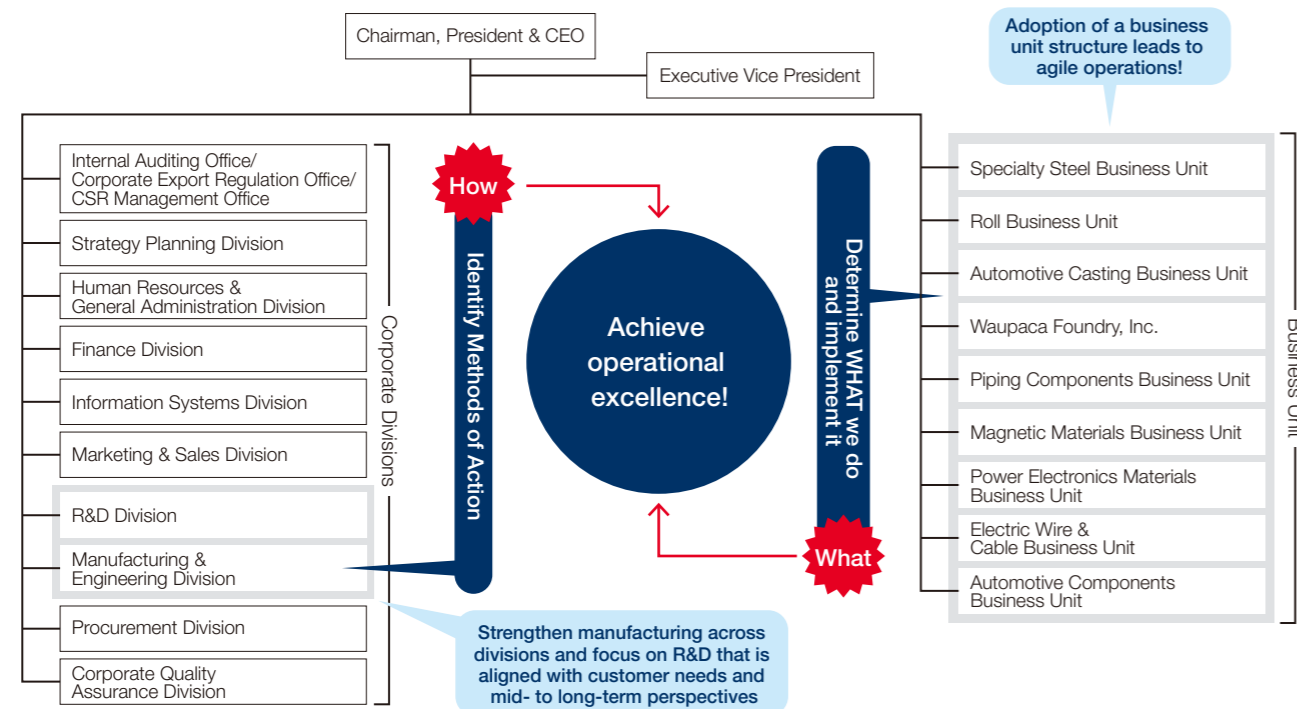


# Enhancing and Demonstrating the Full Potential of Our Strengths

Starting in April 2023, Proterial enhanced its organizational structure to enable dynamic operations in response to changes in its environment and to promote global growth. By optimizing manufacturing on a global basis under this stronger organizational structure, the Company will realise our mission of “eMake the best quality available to everyone”.

## Organizational structure for realizing operational excellence

Proterial has a long history of practicing outstanding manufacturing on an individual product, business, and site basis. Under the new organizational enhancement measures, the Company implemented two major reforms, namely a shift to a business unit structure and the establishment of the new Manufacturing & Engineering Division. These reforms will enable us to more precisely capture market changes and needs on a global basis, as well as to better address market needs through standardized and optimized manufacturing practices across the globe. Working in concert, the business units and corporate departments will achieve operational excellence and deliver high-quality products to more customers throughout the world than ever before.



## 1 Shift to business unit structure

### Realizing dynamic business management

Proterial is involved in a wide range of business domains, which are respectively facing rapid and ongoing changes in the intentions and needs of the customers with whom the Company directly engages, the end users of products, and society as a whole. Against this backdrop, the Company shifted from a two-business division structure to a nine-business unit structure. The business units are directly overseen by the CEO, while each unit addresses its respective market and competitive environment, customer needs, and technology trends, and executes growth strategies by more rapidly and flexibly allocating resources. Moreover, the business units will engage more fully in communication with customers than ever before, and enhance their proposal capabilities and speed, all while energizing collaborative creation with customers.

## 2 Establishing the New Manufacturing & Engineering Division

### Standardizing and optimizing manufacturing

The Manufacturing & Engineering Division will go beyond manufacturing itself to play a role that horizontally links the manufacturing activities of each business unit from every facet involved in manufacturing, including safety, capital investment, and environmental compliance. The Manufacturing & Engineering Division will therefore take the lead in sharing best practices and promoting the standardization and optimization of manufacturing process control, improvement methodologies, and other aspects on an international scale. In addition, it will establish a structure for implementing a PDCA cycle that includes identifying issues at each manufacturing site, while formulating and executing action plans for improvements.

Share and standardize best practices
Construct systems for identifying the situation and issues at plants, implement a PDCA cycle for improvement, etc.
Accelerate the launch of mass production for developed products, perfect reliable mass production technologies, continuously improve product quality
Execute investments from a long-term perspective toward realizing the vision
Deeply cultivate safety activities intended to fully achieve accident-free worksites

The Manufacturing & Engineering Division will identify “How we do” (methods of action) as it leads advancements in the Company’s manufacturing practices. Each business unit will then determine and execute “What we do” (courses of action, and who will make and sell what where) as those responsible for manufacturing.

### Establishing the R&D Division

The Company established the R&D Division for the purpose of formulating and enforcing R&D policies that align with the Company’s medium- to long-term growth strategies. The business units will take charge of R&D focused on short- to medium-term plans, while the R&D Division will undertake the challenge of DX promotion and other disruptive and discontinuous innovations that incorporate new technologies.

#### Global Research & Innovative Technology center: GRIT

The Corporate Research Lab of Our Company was established to promote sustainable growth and the research and development of advanced materials with the potential to make medium- to long-term social contributions. GRIT goes beyond simply assembling the knowledge possessed by the

Company, however, and actively engages in open innovation. In this way, GRIT guides the development of the Company’s businesses in a manner that addresses the dramatic changes in society through the application of technology from an innovative perspective and in a fast-paced manner.

