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**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2021
<under Japanese GAAP>**

F-TECH INC.

19, Showanuma, Shobu-cho, Kuki City, Saitama, JAPAN

1. Overview of Operating Results and Others

(1) Analysis regarding operating results

The global economy during the fiscal year ended March 31, 2021 experienced a significant downturn due to the prolonged impact of the novel coronavirus. While economic activities had been gradually resuming and vaccinations started, the outlook for the containment of the novel coronavirus remains unpredictable mainly due to the fact that the newly discovered mutant strains of the virus are running rampant.

In the automotive industry, normalization proceeded rapidly in China and signs of improvements were seen in other regions from the summer. However, the future outlook remained uncertain due to factors including the current expansion of production suspensions caused by the global shortage of semiconductors.

In this business environment, the Group launched the 14th Mid-term plan in April 2020. While maintaining the basic policies of “Back to Basics” and “Challenge for New,” we have established a global policy of “Let’s exceed our limits! We will, without compromise, produce the ‘Best One’ for all our customers.” Under this global policy, while striving to prevent novel coronavirus infections, we have been working to provide our customers with new value and have made efforts to obtain new business. This led the Group to win major new business contracts on a global basis. In addition, we have been working with the objective of exceeding limits in order to deal with the severe corporate environment we face at present, by such means as minimizing investment, engaging in various improvement activities, and conducting cost reduction with a focus on unnecessary, nonurgent matters.

As a result, during the fiscal year under review, net sales decreased by 16.0% year on year to 183,647 million yen, operating profit decreased by 24.9% year on year to 3,072 million yen, ordinary profit decreased by 13.8% year on year to 2,383 million yen, and loss attributable to owners of parent was 1,165 million yen (compared to profit attributable to owners of parent of 328 million yen in the previous fiscal year).

Operating results by segment are as follows.

(Japan)

Despite a sharp decline in the volume of orders from major customers for the full fiscal year in conjunction with the impact of the novel coronavirus infection, the recovery trend was seen from the second half of the fiscal year under review. As a result of successful cost reductions, such as reducing expenses for unnecessary, nonurgent matters, net sales decreased by 24.6% year on year to 19,692 million yen and operating profit was 299 million yen (an operating loss of 683 million yen in the previous fiscal year).

(North America)

There was a significant decline in the volume of orders in the first quarter due to the impact of the production suspensions at major customers caused by the novel coronavirus infection. However, along with the production volume from major customers on a recovery trend from the second half of the fiscal year under review, our initiatives including production efficiency improvements and cost reduction efforts led to an operating profit in the second half of the fiscal year under review alone. As a result, net sales decreased by 17.3% year on year to 110,405 million yen, and operating loss was 686 million yen (operating profit of 367 million yen in the previous fiscal year).

(Asia)

In the China region, there was a major decline in the volume of orders from major customers due to the novel coronavirus infection in the first quarter, but the production volume from major customers rapidly recovered from the second quarter onward, resulting in year-on-year increases in both net sales and operating profit. Meanwhile, although the impact of the novel coronavirus infection in other regions has been on a recovery trend, the recovery in Asian countries other than China has been delayed. As a result, net sales decreased by 9.4% year on year to 53,549 million yen, and operating profit decreased by 8.5% year on year to 3,993 million yen.

Outlook for the next fiscal year

The next fiscal year's outlook remains undetermined, because it is difficult at this point in time to reasonably calculate the effect of the shortage of semiconductors. We will promptly disclose consolidated earnings forecasts once it becomes possible to prepare them.

(2) Analysis regarding financial position

1) Assets, liabilities and net assets

As of March 31, 2021, total assets increased by 2,676 million yen compared with the end of the previous fiscal year to 136,714 million yen, reflecting a decrease in cash and deposits, and increases in notes and accounts receivable – trade, buildings and structures, construction in progress and investment securities. Liabilities increased by 1,936 million yen from the end of the previous fiscal year to 81,682 million yen, reflecting a decrease in long-term loans payable, and increases in notes and accounts payable – trade and accounts payable – other.

Net assets increased by 739 million yen from the end of the previous fiscal year to 55,032 million yen, reflecting an increase in foreign currency translation adjustment.

2) Cash flows

As of March 31, 2021, cash and cash equivalents decreased by 5,170 million yen compared with the end of the previous fiscal year to 3,708 million yen (down 58.2% year on year).

Cash flows in the fiscal year under review and factors in increase or decrease from the previous fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to 9,956 million yen. The main factors were 1,324 million yen in profit before income taxes, 10,032 million yen in depreciation, an increase in notes and accounts receivable – trade of 2,477 million yen, an increase in notes and accounts payable – trade of 1,667 million yen, an increase in accounts payable – other of 1,027 million yen, and 1,609 million yen in income taxes paid.

Compared with the previous fiscal year, cash flows from operating activities changed from 10,539 million yen provided to 9,956 million yen provided. This was mainly due to a decrease in profit before income taxes, an increase in notes and accounts receivable – trade, a decrease in inventories, and an increase in notes and accounts payable – trade.

(Cash flows from investing activities)

Net cash used in investing activities was 10,726 million yen. The main factors were 10,225 million yen in purchase of property, plant and equipment and 477 million yen in purchase of investment securities. Compared with the previous fiscal year, cash flows from investing activities changed from 11,961 million yen used to 10,726 million yen used. This was mainly due to a decrease in purchase of property, plant and equipment, and an increase in purchase of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities amounted to 4,363 million yen. The main factors were 7,233 million yen in proceeds from long-term loans payable and 9,778 million yen in repayments of long-term loans payable.

Compared with the previous fiscal year, cash flows from financing activities changed from 3,345 million yen provided to 4,363 million yen used. This was mainly due to a decrease in short-term loans payable, a decrease in proceeds from long-term loans payable, and a decrease in repayments of long-term loans payable.

(Reference) Transition of cash flow indicators

	63rd term Fiscal year ended March 31, 2018	64th term Fiscal year ended March 31, 2019	65th term Fiscal year ended March 31, 2020	66th term Fiscal year ended March 31, 2021
Equity ratio (%)	26.7	30.5	29.9	29.5
Market value-based equity ratio (%)	16.4	12.2	5.9	10.2
Ratio of interest-bearing debt to cash flows (year)	5.5	2.0	4.9	5.0
Interest coverage ratio (times)	9.2	19.0	9.5	12.3

(Notes) Equity ratio: equity / total assets

Market value-based equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio (year): interest-bearing debt / cash flow

Interest coverage ratio: cash flow / paid interest

- * All indicators are calculated using consolidated-based financial figures.
- * Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares as of the end of the period (excluding treasury shares).
- * The figure used for cash flow is “net cash provided by (used in) operating activities” on the consolidated statements of cash flows. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which we paid interest. Furthermore, regarding the paid interest, we use the interest expenses paid recorded on the consolidated statements of cash flows.

(3) Basic policy on distribution of profits and dividends for the current and the next fiscal years

The Company’s basic policy on distribution of profits is established to ensure return of profits to shareholders based on operating results. While striving to reinforce the financial strength, we review the profitability and future business opportunities from the long term perspective, and also consider commemorative dividends and share splits depending on milestones we reach. For distribution of profits by dividend, the Company is targeting a payout ratio for profit attributable to owners of parent of 10% or above for the time being, and as a rule, provides dividends twice a year, interim and year-end dividends. As for internal reserve funds, in order to respond to future changes in the business environment, we plan to appropriate these for further business expansion and improving financial characteristics by focusing on increasing cost competitiveness and strengthening structures to support global development, production, and sales activities.

Year-end dividends shall be matters for resolution at a shareholders’ meeting.

For the current fiscal year, the year-end dividend will be 8 yen per share, and because no interim dividend was paid, the annual dividends will be 8 yen of the year-end dividend.

Consolidated earnings forecasts for the fiscal year ending March 31, 2022 remain undetermined due to the impact at the current time from the shortage of semiconductors. Dividend plans for the next fiscal year also remain undetermined. The Company will disclose them once it becomes possible to calculate the financial forecasts.

2. Basic Rationale for Selecting the Accounting Standards

The Group currently prepares the consolidated financial statements according to the generally accepted accounting standards in Japan (Japanese GAAP), as it makes it possible to compare the consolidated financial statements against previous fiscal year and against other companies.

With regard to adoption of International Financial Reporting Standards (IFRS), it is the Group's policy to respond to this issue appropriately based on consideration of various domestic and international circumstances.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	8,879	3,708
Notes and accounts receivable - trade	27,955	31,578
Merchandise and finished goods	6,389	6,547
Work in process	4,026	4,351
Raw materials and supplies	8,677	8,743
Other	3,027	2,744
Total current assets	58,956	57,673
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,205	17,147
Machinery, equipment and vehicles, net	32,450	32,880
Dies and tools, net	1,669	1,726
Land	5,863	5,859
Leased assets, net	544	238
Construction in progress	6,750	9,034
Other, net	3,230	3,125
Total property, plant and equipment	66,714	70,012
Intangible assets		
Software	330	282
Right of using facilities	32	37
Total intangible assets	363	320
Investments and other assets		
Investment securities	5,960	6,995
Long-term loans receivable	226	231
Retirement benefit asset	146	75
Deferred tax assets	1,265	1,025
Other	405	380
Total investments and other assets	8,004	8,708
Total non-current assets	75,081	79,041
Total assets	134,038	136,714

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,427	19,772
Short-term loans payable	20,395	20,872
Current portion of long-term loans payable	9,740	9,884
Lease obligations	572	472
Income taxes payable	500	658
Accounts payable - other	2,515	3,425
Notes payable - facilities	74	44
Provision for directors' bonuses	77	31
Other	4,108	4,241
Total current liabilities	55,412	59,401
Non-current liabilities		
Long-term loans payable	19,146	16,943
Lease obligations	1,331	1,390
Deferred tax liabilities	2,448	2,771
Provision for directors' retirement benefits	126	57
Net defined benefit liability	1,050	791
Long-term accounts payable - other	2	99
Negative goodwill	50	44
Other	175	183
Total non-current liabilities	24,333	22,280
Total liabilities	79,745	81,682
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	7,230	6,733
Retained earnings	27,912	26,559
Treasury shares	(18)	(64)
Total shareholders' equity	41,914	40,019
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	490
Foreign currency translation adjustment	(1,657)	(333)
Remeasurements of defined benefit plans	(295)	128
Total accumulated other comprehensive income	(1,778)	286
Non-controlling interests	14,156	14,726
Total net assets	54,292	55,032
Total liabilities and net assets	134,038	136,714

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	218,712	183,647
Cost of sales	198,665	166,616
Gross profit	20,047	17,030
Selling, general and administrative expenses	15,958	13,958
Operating profit	4,088	3,072
Non-operating income		
Interest income	75	51
Dividend income	51	40
Share of profit of entities accounted for using equity method	-	152
Other	144	196
Total non-operating income	271	440
Non-operating expenses		
Interest expenses	1,113	806
Share of loss of entities accounted for using equity method	191	-
Foreign exchange losses	181	264
Other	108	59
Total non-operating expenses	1,595	1,129
Ordinary profit	2,764	2,383
Extraordinary income		
Gain on sales of non-current assets	23	15
Gain on sales of investment securities	-	6
Gain on change in equity	314	-
Subsidy income	-	1,838
Other	6	-
Total extraordinary income	344	1,860
Extraordinary losses		
Loss on sales of non-current assets	3	20
Loss on retirement of non-current assets	63	67
Loss attributable to the novel coronavirus	-	2,830
Total extraordinary losses	66	2,919
Profit before income taxes	3,042	1,324
Income taxes - current	1,424	2,068
Income taxes - deferred	687	240
Total income taxes	2,112	2,309
Profit (loss)	930	(984)
Profit attributable to		
Profit (loss) attributable to owners of parent	328	(1,165)
Profit attributable to non-controlling interests	601	180
Other comprehensive income		
Valuation difference on available-for-sale securities	(171)	267
Foreign currency translation adjustment	(1,869)	2,195
Remeasurements of defined benefit plans, net of tax	31	419
Share of other comprehensive income of entities accounted for using equity method	(183)	63
Total other comprehensive income	(2,193)	2,945
Comprehensive income	(1,263)	1,961
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,168)	899
Comprehensive income attributable to non-controlling interests	(95)	1,061

(3) Consolidated statements of changes in net assets
Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,790	7,222	28,133	(18)	42,127
Cumulative effect of changes in accounting policies			(175)		(175)
Restated balance	6,790	7,222	27,957	(18)	41,951
Changes of items during period					
Dividends of surplus			(374)		(374)
Profit attributable to owners of parent			328		328
Purchase of treasury shares					-
Capital increase of consolidated subsidiaries					-
Change in ownership interest of parent due to transactions with non-controlling interests		8			8
Net changes of items other than shareholders' equity					
Total changes of items during period	-	8	(45)	-	(37)
Balance at end of current period	6,790	7,230	27,912	(18)	41,914

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	467	(418)	(331)	(281)	14,985	56,830
Cumulative effect of changes in accounting policies						(175)
Restated balance	467	(418)	(331)	(281)	14,985	56,655
Changes of items during period						
Dividends of surplus						(374)
Profit attributable to owners of parent						328
Purchase of treasury shares						-
Capital increase of consolidated subsidiaries						-
Change in ownership interest of parent due to transactions with non-controlling interests						8
Net changes of items other than shareholders' equity	(293)	(1,239)	35	(1,496)	(828)	(2,325)
Total changes of items during period	(293)	(1,239)	35	(1,496)	(828)	(2,362)
Balance at end of current period	174	(1,657)	(295)	(1,778)	14,156	54,292

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,790	7,230	27,912	(18)	41,914
Cumulative effect of changes in accounting policies					–
Restated balance	6,790	7,230	27,912	(18)	41,914
Changes of items during period					
Dividends of surplus			(187)		(187)
Profit attributable to owners of parent			(1,165)		(1,165)
Purchase of treasury shares				(45)	(45)
Capital increase of consolidated subsidiaries		(494)			(494)
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(497)	(1,352)	(45)	(1,895)
Balance at end of current period	6,790	6,733	26,559	(64)	40,019

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	174	(1,657)	(295)	(1,778)	14,156	54,292
Cumulative effect of changes in accounting policies						–
Restated balance	174	(1,657)	(295)	(1,778)	14,156	54,292
Changes of items during period						
Dividends of surplus						(187)
Profit attributable to owners of parent						(1,165)
Purchase of treasury shares						(45)
Capital increase of consolidated subsidiaries						(494)
Change in ownership interest of parent due to transactions with non-controlling interests						(2)
Net changes of items other than shareholders' equity	316	1,324	423	2,064	570	2,634
Total changes of items during period	316	1,324	423	2,064	570	739
Balance at end of current period	490	(333)	128	286	14,726	55,032

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,042	1,324
Depreciation	10,890	10,032
Loss (gain) on change in equity	(314)	–
Amortization of goodwill	(5)	(5)
Loss (gain) on sales of investment securities	–	(6)
Increase (decrease) in assets and liabilities related to retirement benefits	159	229
Increase (decrease) in provision for directors' retirement benefits	19	(69)
Increase (decrease) in provision for directors' bonuses	12	(46)
Interest and dividend income	(127)	(92)
Interest expenses	1,113	806
Foreign exchange losses (gains)	138	8
Share of loss (profit) of entities accounted for using equity method	191	(152)
Loss (gain) on sales of property, plant and equipment	(20)	5
Loss on retirement of property, plant and equipment	63	67
Decrease (increase) in notes and accounts receivable - trade	4,728	(2,477)
Decrease (increase) in inventories	(1,864)	43
Increase (decrease) in notes and accounts payable - trade	(4,829)	1,667
Increase (decrease) in accounts payable - other	507	1,027
Other, net	(427)	(106)
Subtotal	13,276	12,256
Interest and dividend income received	165	121
Interest expenses paid	(1,111)	(811)
Income taxes paid	(1,790)	(1,609)
Net cash provided by (used in) operating activities	10,539	9,956
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,096)	(10,225)
Proceeds from sales of property, plant and equipment	111	33
Purchase of intangible assets	(141)	(73)
Purchase of investment securities	(66)	(477)
Proceeds from sales of investment securities	–	10
Other, net	231	5
Net cash provided by (used in) investing activities	(11,961)	(10,726)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,951	90
Proceeds from long-term loans payable	10,029	7,233
Repayments of long-term loans payable	(12,931)	(9,778)
Purchase of treasury shares	–	(45)
Repayments of installment payables	(312)	(143)
Cash dividends paid	(374)	(187)
Repayments to non-controlling shareholders	–	(83)
Dividends paid to non-controlling interests	(699)	(815)
Repayments of lease obligations	(796)	(633)
Proceeds from sale and leasebacks	478	–
Net cash provided by (used in) financing activities	3,345	(4,363)
Effect of exchange rate change on cash and cash equivalents	(236)	(37)
Net increase (decrease) in cash and cash equivalents	1,688	(5,170)
Cash and cash equivalents at beginning of period	7,191	8,879
Cash and cash equivalents at end of period	8,879	3,708

(5) Notes to consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Basis of presentation and significant accounting policies for preparation of consolidated financial statements

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: Sixteen

F&P Mfg., Inc.
F&P America Mfg., Inc.
F.tech Philippines Mfg., Inc.
F.E.G. DE QUERETARO, S.A. DE C.V.
F.tech Zhongshan Inc.
F.tech R&D North America Inc.
F.tech Wuhan Inc.
Fukuda Engineering Co., Ltd.
Kyushu F.tech Inc.
F.tech Mfg. (Thailand) Ltd.
Reterra Co., Ltd.
F.tech R&D Philippines Inc.
F.tech R&D (Guangzhou) Inc.
F&P MFG.DE MEXICO S.A. DE C.V.
Yantai Fuyan Mould Co., Ltd.
PT. F.tech INDONESIA

(2) Number of non-consolidated subsidiaries: Two

Laguna Greenland Corp.
F.tech Automotive Components Private Limited

Reason for exclusion from scope of consolidation

The non-consolidated subsidiaries are small in scale and the amounts of their total assets, net sales, profit (loss) (for the Company's equity interest), retained earnings (for the Company's equity interest) and other financial statement items do not have a significant impact on the Company's consolidated financial statements.

2. Disclosure about application of equity method

(1) Non-consolidated subsidiaries accounted for using the equity method

Not applicable.

(2) Number of associates accounted for using the equity method: Five

Johnan Manufacturing Inc.
JOHNAN AMERICA, Inc.
JOHNAN F.TECH (THAILAND) LTD.
JOHNAN DE MEXICO, S.A. DE C.V.
VEEGEE Auto Components Private Limited
-Change in scope of application of equity method

The Company newly acquired shares of VEEGEE Auto Components Private Limited, and as a result, VEEGEE Auto Components Private Limited is included in the scope of application of equity method.

(3) Number of non-consolidated subsidiaries not accounted for using the equity method: Two

Laguna Greenland Corp.

F.tech Automotive Components Private Limited

Number of associates not accounted for using the equity method: Six

Progressive Tools & Components Pvt Ltd.

JOHNAN UK LTD.

PT. JFD INDONESIA

JOHNAN WUHAN INC.

Johnan Kyushu Manufacturing Inc.

Johnan Foshan Inc.

Reason for exclusion from scope of equity method

The non-consolidated subsidiaries and associates that are not accounted for using the equity method are excluded from the application of the equity method since such exclusion has no significant impact on the Company's consolidated financial statements in terms of profit (loss) (for the Company's equity interest), retained earnings (for the Company's equity interest) and other financial statement items, and overall they are of minor significance.

(4) The fiscal year ends of certain companies accounted for using the equity method are different from the consolidated fiscal year end. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

3. Disclosure about fiscal years, etc. of consolidated subsidiaries

Among the consolidated subsidiaries, the fiscal year end of F.tech Philippines Mfg., Inc. and F.tech R&D Philippines Inc. is January 31 and the fiscal year end of F.E.G. DE QUERETARO, S.A. DE C.V., F.tech Zhongshan Inc., F.tech Wuhan Inc., Yantai Fuyan Mould Co., Ltd., F.tech R&D (Guangzhou) Inc., F&P MFG.DE MEXICO S.A. DE C.V. and PT. F.tech INDONESIA is December 31.

In the preparation of the consolidated financial statements, the financial statements as of these dates are used. However, for major transactions that occurred between these fiscal year ends and the consolidated fiscal year end, necessary adjustments are made in the consolidated financial statements.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

i) Securities

Available-for-sale securities (other securities)

Securities with a fair value

Stated at fair value based on market prices on the closing date of the accounting period.

(Valuation difference is stated as a component of net assets in the consolidated balance sheets, the cost of securities sold is calculated applying the moving-average method.)

Securities without a fair value

Stated at cost determined by the moving-average method.

- ii) Derivatives
Stated at fair value.
 - iii) Inventories
Inventories of the Company and its domestic consolidated subsidiaries are stated at cost determined by the average cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability). Inventories of foreign consolidated subsidiaries are stated at the lower of cost or market, determined by the first-in, first-out method.
- (2) Accounting policy for depreciation of significant assets
- i) Property, plant and equipment (excluding leased assets)
Depreciated by the straight-line method.
 - ii) Intangible assets (excluding leased assets)
Amortized by the straight-line method.
Software (for internal use) is amortized by the straight-line method over the usable period in the Company (5 years).
 - iii) Leased assets
Leased assets relating to finance lease transactions that do not transfer ownership
 - Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.Right-of-use assets
 - Depreciated by the straight-line method over the shorter of the useful life of the asset or lease term.
- (3) Accounting policy for significant provisions
- i) Allowance for doubtful accounts
To prepare for losses from bad debts, an estimated uncollectible amount is provided either by making an estimation using the historical rate of credit loss in the case of general receivables, or based on individual consideration of collectibility in the case of specific receivables such as highly doubtful receivables.
 - ii) Provision for directors' retirement benefits
At some subsidiaries, to prepare for the payment of directors' retirement benefits, the amount to be paid at the fiscal year end, based on the internal rules for directors' retirement benefits, is provided.
 - iii) Provision for directors' bonuses
To prepare for the payment of directors' bonuses, the amount expected to be paid at the current fiscal year end is provided.
- (4) Accounting method of retirement benefits
- i) Methods of attributing estimated retirement benefits to accounting periods
When calculating retirement benefit obligations, the benefit formula method is used to attribute estimated benefit amounts to periods of service until the fiscal year end.
 - ii) Amortization of actuarial gains and losses
Actuarial gains and losses are amortized beginning in the following fiscal years by the straight-line method over a period which is equal to or less than the average remaining service period of employees (mainly 5 years) at the time of occurrence.
 - iii) Application of simplified method for small businesses
In calculating net defined benefit liability, certain consolidated subsidiaries apply the simplified method in which the net defined benefit liability and retirement benefit costs are deemed to be the amount of retirement benefits to be paid in cases where all eligible employees retired on a voluntary basis at the fiscal year-end date.

(5) Translation basis of significant assets and liabilities denominated in foreign currencies

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates prevailing at the consolidated fiscal year end, and the translation adjustment is recognized in the consolidated statements of income. Assets and liabilities of foreign consolidated subsidiaries are translated into Japanese yen at the spot exchange rates as of the fiscal year end, and revenues and expenses of foreign consolidated subsidiaries are translated into Japanese yen at the average exchange rates. Translation adjustments are included in foreign currency translation adjustment and non-controlling interests in net assets in the consolidated balance sheets.

(6) Accounting policy for goodwill

Goodwill and negative goodwill that were recognized on or before March 31, 2010 have been amortized by the straight-line method over periods not exceeding 20 years based on the estimated period during which their effect will be recognized for each investment.

(7) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments that are readily convertible to known amounts of cash and subject to insignificant risk of change in value and due within three months from the date of acquisition.

(8) Other significant matters for preparing consolidated financial statements

Accounting policy for consumption taxes

Tax exclusive method is adopted.

Additional information

The impact of the novel coronavirus has been prolonged, and it is difficult to accurately predict the future spread of the novel coronavirus as well as when it will be contained. Based on the fact that the impact on the Group's operating performance in the second half of the fiscal year under review was limited, we have made accounting estimates under the assumption that the impact going forward will also be limited.

However, because the impact of the novel coronavirus is highly uncertain, if there are changes to the aforementioned assumption, there is a possibility that there will be an impact on the financial position, operating results, and cash flows in the next fiscal year.

In the fiscal year under review, in relation to the spread of the novel coronavirus, a government subsidy of 1,838 million yen is recorded as extraordinary income, and fixed costs, etc. arising from operation suspensions and reductions due to the government's request of 2,830 million yen are recorded as extraordinary losses.

Segment information, etc.

Segment information

1. Description of reportable segments

The reportable segments of the Company are components for which discrete financial information is available and whose operating results are regularly reviewed by the Board of Directors to make decisions about resource allocation and assess their performance.

The Company is engaged in the manufacture and sale of auto parts. As of the end of the current fiscal year, four companies including the Company in Japan as well as five local corporations in North America and eight local corporations in Asia each conduct the business operations. These local corporations, which are independent management units, formulate comprehensive strategies and develop business activities in each area.

For this reason, the Company consists of regional segments based on the manufacturing and sales systems and has three reportable segments, namely Japan, North America and Asia.

2. Explanation of measurements of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

The accounting procedures for reportable segments are consistent with those stated in “Basis of presentation and significant accounting policies for preparation of consolidated financial statements.”

Profit of reportable segments is based on operating profit (before amortization of goodwill).

Intersegment sales and transfers are based on prevailing market prices.

3. Disclosure of net sales, profit (loss), assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	26,126	133,454	59,132	218,712
Intersegment sales and transfers	12,825	1,634	2,738	17,199
Total	38,951	135,089	61,870	235,911
Segment profit (loss)	(683)	367	4,365	4,050
Segment assets	61,044	64,126	38,882	164,053

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	19,692	110,405	53,549	183,647
Intersegment sales and transfers	15,097	1,324	2,747	19,169
Total	34,789	111,729	56,297	202,816
Segment profit (loss)	299	(686)	3,993	3,606
Segment assets	64,681	67,976	42,193	174,852

4. Differences between total amounts for reportable segments and amounts in the consolidated financial statements and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Reportable segments total	235,911	202,816
Elimination of intersegment transactions	(17,199)	(19,169)
Net sales in the consolidated financial statements	218,712	183,647

(Millions of yen)

Profit	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Reportable segments total	4,050	3,606
Elimination of intersegment transactions	37	(534)
Operating profit in the consolidated financial statements	4,088	3,072

(Millions of yen)

Assets	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Reportable segments total	164,053	174,852
Elimination of intersegment transactions	(30,005)	(38,129)
Other adjustments	(9)	(8)
Total assets in the consolidated financial statements	134,038	136,714

Per share information

(Yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net assets per share	2,148.80	2,168.91
Basic earnings (loss) per share	17.58	(62.58)

- (Note) 1. Diluted earnings per share is not presented since no potential shares exist.
2. From the second quarter of the fiscal year ended March 31, 2021, the Company acquired the Company's shares through the "Officers' Stock Benefit Trust." The Company's shares held by the Officers' Stock Benefit Trust are included in the number of treasury shares deducted for the calculation of the average number of shares during the period, to calculate basic earnings (loss) per share.
3. Basis for calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	328	(1,165)
Amounts not attributable to common shareholders (Millions of yen)	—	—
Profit (loss) attributable to owners of parent related to common shares (Millions of yen)	328	(1,165)
Average number of shares (Thousands of shares)	18,678	18,617
Diluted earnings per share		
Adjustment on profit attributable to owners of parent (Millions of yen)	—	—
Increase in number of common shares (Thousands of shares)	—	—
[Of the above, convertible bond-type bonds with subscription rights to shares (Thousands of shares)]	[-]	[-]
Outline of potential shares that were not used in calculating diluted earnings per share because they have no dilutive effects	—	—

Significant events after reporting period

The Group has been affected by matters such as the suspension of operations at some plants in conjunction with the suspension of automobile production caused by the global shortage of semiconductors. Since it is not possible to predict when the semiconductor supply shortage will be resolved, it is difficult at the present time to reasonably calculate the impact on the financial position, operating results, and cash flows in the next fiscal year and beyond.

4. Other information

(1) Changes in officers

1) Changes in representatives

Not applicable.

2) Changes in other officers

Not applicable.