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# **Consolidated Financial Statements**

**March 31, 2021**

**F-TECH INC.**

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

Consolidated financial statements, etc.

(1) Consolidated financial statements

i) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
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
<b>Total current assets</b>	<b>58,956</b>	<b>57,673</b>
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
<b>Total property, plant and equipment</b>	<b>*1 66,714</b>	<b>*1 70,012</b>
Intangible assets		
Software	330	282
Right of using facilities	32	37
<b>Total intangible assets</b>	<b>363</b>	<b>320</b>
Investments and other assets		
Investment securities	*2 5,960	*2 6,995
Long-term loans receivable	226	231
Retirement benefit asset	146	75
Deferred tax assets	1,265	1,025
Other	405	380
<b>Total investments and other assets</b>	<b>8,004</b>	<b>8,708</b>
<b>Total non-current assets</b>	<b>75,081</b>	<b>79,041</b>
<b>Total assets</b>	<b>134,038</b>	<b>136,714</b>

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	17,427	19,772
Short-term loans payable	*3 20,395	*3 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
<b>Total current liabilities</b>	<b>55,412</b>	<b>59,401</b>
<b>Non-current liabilities</b>		
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
<b>Total non-current liabilities</b>	<b>24,333</b>	<b>22,280</b>
<b>Total liabilities</b>	<b>79,745</b>	<b>81,682</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,790	6,790
Capital surplus	7,230	6,733
Retained earnings	27,912	26,559
Treasury shares	(18)	(64)
<b>Total shareholders' equity</b>	<b>41,914</b>	<b>40,019</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	174	490
Foreign currency translation adjustment	(1,657)	(333)
Remeasurements of defined benefit plans	(295)	128
<b>Total accumulated other comprehensive income</b>	<b>(1,778)</b>	<b>286</b>
Non-controlling interests	14,156	14,726
<b>Total net assets</b>	<b>54,292</b>	<b>55,032</b>
<b>Total liabilities and net assets</b>	<b>134,038</b>	<b>136,714</b>

ii) 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	*1	198,665	*1	166,616
Gross profit		20,047		17,030
Selling, general and administrative expenses	*2, *3	15,958	*2, *3	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	*4	23	*4	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	*5	3	*5	20
Loss on retirement of non-current assets	*6	63	*6	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 (loss) 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	*7	(2,193)	*7	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

iii) 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 (loss) attributable to owners of parent			328		328
Purchase of treasury shares					–
Capital increase of consolidated subsidiaries					–
Change in the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders		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 (loss) attributable to owners of parent						328
Purchase of treasury shares						–
Capital increase of consolidated subsidiaries						–
Change in the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders						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 (loss) attributable to owners of parent			(1,165)		(1,165)
Purchase of treasury shares				(45)	(45)
Capital increase of consolidated subsidiaries		(494)			(494)
Change in the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders		(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 (loss) attributable to owners of parent						(1,165)
Purchase of treasury shares						(45)
Capital increase of consolidated subsidiaries						(494)
Change in the parent company's ownership interest of subsidiaries due to transactions with non-controlling shareholders						(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

## iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Cash flows from operating activities</b>		
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)
<b>Subtotal</b>	<b>13,276</b>	<b>12,256</b>
Interest and dividend income received	165	121
Interest expenses paid	(1,111)	(811)
Income taxes paid	(1,790)	(1,609)
<b>Net cash provided by (used in) operating activities</b>	<b>10,539</b>	<b>9,956</b>
<b>Cash flows from investing activities</b>		
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
<b>Net cash provided by (used in) investing activities</b>	<b>(11,961)</b>	<b>(10,726)</b>

(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 leaseback transactions	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	*1 8,879	*1 3,708



## Notes to consolidated financial statements

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

#### 1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards (“IFRS”).

As permitted by the Japanese Financial Instruments and Exchange Act, amounts less than one million yen have been omitted. As a result, the totals shown in accompanying financial statements do not necessarily agree with the sum of the individual amounts.

#### 2. 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.

#### 3. 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 the equity method

VEEGEE Auto Components Private Limited was included in the scope of application of the equity method from the current fiscal year as the Company acquired its shares.

- (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.

4. 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 the fiscal year ends of the respective subsidiaries 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.

5. 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 are depreciated by the straight-line method assuming the lease periods as useful lives without residual value.

Right-of-use assets are 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 collectability 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

All goodwill and the portion of negative goodwill that was 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.

## Significant accounting estimates

The Company calculates reasonable monetary amounts for significant accounting estimates based on the information available at the time of preparing the consolidated financial statements. Of the amounts reported as accounting estimates in the consolidated financial statements for the current fiscal year, the following items have the risk of having a significant impact on the consolidated financial statements for the following fiscal year:

### 1. Impairment test of non-current assets at F&P America Mfg., Inc.'s Ohio factory

#### (1) Amount recorded in the consolidated financial statements for the current fiscal year

Given that the Ohio factory of F&P America Mfg., Inc. ("F&P America"), the Company's consolidated subsidiary in the North America segment, continued to post operating losses for reasons, such as the impact of COVID-19, the Company determined that there was an indication of impairment. Accordingly, after examining whether to recognize an impairment loss, an impairment loss was not recognized since the fair value of the asset group exceeded the carrying amount of non-current assets (9,428 million yen).

#### (2) Other information that helps users of the consolidated financial statements better understand the details of the accounting estimates

In principle, the Group's business assets are grouped by the categories for management accounting.

F&P America applies US GAAP and non-current assets are grouped by factory as the smallest cash-generating unit. If an indication of impairment is identified and the total estimated undiscounted cash flows from an asset group are expected to fall below its carrying amount and the fair value is expected to be lower than its carrying amount, the difference between the carrying amount and fair value is recognized as an impairment loss.

As an indication of impairment was identified at F&P America's Ohio factory in the current fiscal year, the Company compared the asset group's fair value to its carrying amount. The market approach is mainly used in calculating the fair value of the asset. If the fair value fluctuates, it may significantly affect the determination of whether to recognize an impairment loss and the amount thereof.

### 2. Impairment test of non-current assets at F.tech Mfg. (Thailand) Ltd.

#### (1) Amount recorded in the consolidated financial statements for the current fiscal year

As F.tech Mfg. (Thailand) Ltd. ("FMTL"), the Company's consolidated subsidiary in the Asia segment, saw earnings decline significantly more than expected for reasons, such as the impact of COVID-19, the Company determined that there was an indication of impairment. Accordingly, after examining whether to recognize an impairment loss, an impairment loss was not recognized since the present value of the future cash flows expected to be derived from the cash-generating unit ("value in use") exceeded the carrying amount of non-current assets (2,755 million yen).

#### (2) Other information that helps users of the consolidated financial statements better understand the details of the accounting estimates

In principle, the Group's business assets are grouped by the categories for management accounting.

FMTL applies IFRS and deems its factory as a whole as the smallest cash-generating unit. If an indication of impairment is identified and the cash-generating unit's recoverable amount is expected to fall below its carrying amount, the difference between the two is recognized as an impairment loss.

As an indication of impairment was identified at FMTL, the Company compared the cash-generating unit's recoverable amount to its carrying amount. The recoverable amount is based on the value in use, which is estimated as the present value of future cash flows expected to be derived from the cash-generating unit, calculated by applying a pre-tax discount rate to estimated cash flows based on budgets and business plans approved by the board of directors. The management's judgment concerning these may have a significant impact on estimated future cash flows.

### 3. Recoverability of deferred tax assets at F-TECH INC.

#### (1) Amount recorded in the consolidated financial statements for the current fiscal year

After offsetting deferred tax assets of 235 million yen recorded as a recoverable component for deductible temporary differences with deferred tax liabilities of 199 million yen for taxable temporary differences, a net of 35 million yen was recorded in the consolidated balance sheets. Further, a valuation allowance of 3,077 million yen was deducted from deferred tax assets totaling 3,312 million yen for deductible temporary differences and tax loss carried forward.

#### (2) Other information that helps users of the consolidated financial statements better understand the details of the accounting estimates

Deferred tax assets are recognized for all deductible temporary differences and tax loss carried forward to the extent that taxable profit will be available against which the deductible temporary differences can be utilized. In determining the recoverability of deferred tax assets, the amount of deferred tax assets to be recorded is calculated according to the company classification specified in “Implementation Guidance on Recoverability of Deferred Tax Assets” (ASBJ Guidance No. 26).

Future taxable income to be used in determining the recoverability of deferred tax assets is estimated based on the Company’s medium-term management plan. In estimating the amount, the Company took into account external factors, including the business environment, as well as the Company’s expected future volume of sales to its main customers and their downward risk, after collecting information on the expected future volume of sales at its main customers. The management’s judgment concerning these may have a significant impact on the recoverability of deferred tax assets.

### **New accounting standards to be applied**

#### 1. The Company and its domestic consolidated subsidiaries

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Implementation Guidance No. 30, issued on March 26, 2021)

##### (1) Overview

These are comprehensive revenue recognition standards. Revenue is recognized based on the following five steps:

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when or as performance obligations are satisfied

##### (2) Scheduled date of application

These ASBJ statement and guidance will be applied at the start of the ending March 31, 2022.

##### (3) Effects of application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Revenue Recognition on the consolidated financial statements is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued by the Accounting Standards Board of Japan on March 31, 2020)

### (1) Overview

To improve comparability with international accounting standards, “Accounting Standard for Fair Value Measurement” and “Implementation Guidance on Accounting Standard for Fair Value Measurement” (hereinafter, “Accounting Standard for Fair Value Measurement, etc.”) have been developed as guidance on how to measure fair value. “Accounting Standard for Fair Value Measurement, etc.” will be applied in determining the fair value of the following items.

- Financial instruments set forth in “Accounting Standard for Financial Instruments”
- Inventories held for trading purposes set forth in “Accounting Standard for Measurement of Inventories”

In addition, with the revised “Implementation Guidance on Disclosures about Fair Value of Financial Instruments,” notes to the breakdown by the level of fair value of financial instruments, etc. were provided.

### (2) Scheduled date of application

These ASBJ statements and guidance will be applied at the start of the fiscal year ending March 31, 2022.

### (3) Effects of application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Fair Value Measurement and other accounting standards on the consolidated financial statements is currently under evaluation.

## 2. Foreign consolidated subsidiaries

“Leases” (US GAAP ASU 2016-02)

### (1) Overview

This accounting standard requires a lessee to recognize assets and liabilities for all leases in principle, and so forth.

### (2) Scheduled date of application

The accounting standard will be applied at the start of the ending March 31, 2023.

### (3) Effects of application of the accounting standard, etc.

The impact on the consolidated financial statements is currently under evaluation.

## **Changes in presentation**

Application of “Accounting Standard for Disclosure of Accounting Estimates”

“Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, issued by the Accounting Standards Board of Japan on March 31, 2020) have been applied to the consolidated financial statements from the current fiscal year end, and notes regarding significant accounting estimates have been provided in the consolidated financial statements.

In accordance with the transitional measure specified in the proviso of Paragraph 11 of the said accounting standard, the content pertaining to the previous fiscal year is not provided.

## **Additional information**

Due to the extended impact of COVID-19, it is difficult to accurately predict to what extent the disease will spread going forward or when the pandemic will end, but given that its impact on the Group’s operating results in the latter half of the current fiscal year was limited, the accounting estimates were made, assuming that the future impact will be limited.

Because the impact of COVID-19 is highly uncertain, however, any changes in the assumptions above may have an impact on the Group’s financial position, operating results and cash flows in the fiscal year ending March 31, 2022.

In connection with the COVID-19 pandemic, the Group posted 1,838 million yen as subsidy income from the government under extraordinary income and 2,830 million yen as extraordinary loss, including fixed costs incurred as operations were fully or partially suspended due to a government order, in the current fiscal year.

## Notes to consolidated balance sheets

\*1. Accumulated depreciation of property, plant and equipment is as follows:

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
	116,766	127,026

\*2. Investment securities relating to non-consolidated subsidiaries and associates are as follows:

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Investment securities (stocks)	4,548	5,172

\*3. The Group has entered into overdraft agreements and loan commitment agreements with 14 banks to efficiently raise working capital. Balance of unexecuted borrowings at end of period under these agreements is shown below:

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Total amount of overdraft facility limit and loan commitment	46,902	55,349
Balance of borrowings outstanding	20,395	20,872
Unexecuted balance	26,506	34,476



## Notes to consolidated statements of income and comprehensive income

- \*1. The ending balance of inventories represents the amount after write-down of the book value in accordance with the decline in profitability and the following loss (reversal) on valuation of inventories is included in cost of sales.

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	176	89

- \*2. The major items of selling, general and administrative expenses are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Haulage expenses	2,162	1,931
Salaries, allowance and bonuses	4,577	4,341
Retirement benefit costs	203	231
Provision for directors' bonuses	75	28
Provision for directors' retirement benefits	21	14
Depreciation	534	555
Research and development expenses	2,878	2,253

- \*3. The total research and development expenses included in general and administrative expenses are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
	2,878	2,253

- \*4. The breakdown of gain on sales of non-current assets is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Buildings and structures	13	0
Machinery, equipment and vehicles	9	14
Other	0	0
Total	23	15

- \*5. The breakdown of loss on sales of non-current assets is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Machinery, equipment and vehicles	3	20
Other	0	0
Total	3	20

\*6. The breakdown of loss on retirement of non-current assets is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Buildings and structures	22	2
Machinery, equipment and vehicles	33	60
Other	6	4
Total	63	67

\*7. Notes regarding reclassification adjustments and tax effects relating to other comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Valuation difference on available-for-sale securities		
Increase (decrease) during the period	(243)	381
Pre-adjustment of tax effect	(243)	381
Tax effect amount	72	(113)
Valuation difference on available-for-sale securities	(171)	267
Foreign currency translation adjustment		
Increase (decrease) during the period	(1,869)	2,195
Foreign currency translation adjustment	(1,869)	2,195
Remeasurements of defined benefit plans, net of tax		
Increase (decrease) during the period	(120)	164
Reclassification adjustments	151	256
Pre-adjustment of tax effect	31	420
Tax effect amount	—	(1)
Remeasurements of defined benefit plans, net of tax	31	419
Share of other comprehensive income of entities accounted for using equity method		
Increase (decrease) during the period	(183)	63
Share of other comprehensive income of entities accounted for using equity method	(183)	63
Total other comprehensive income	(2,193)	2,945

## Notes to consolidated statements of changes in net assets

Fiscal year ended March 31, 2020

### 1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	Number of shares as of beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares	18,712	–	–	18,712
Total	18,712	–	–	18,712
Treasury shares				
Common shares	33	–	–	33
Total	33	–	–	33

### 2. Dividends

#### (1) Cash dividends paid

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 26, 2019	Common shares	187	Retained earnings	10	March 31, 2019	June 27, 2019
Board of Directors' meeting held on November 7, 2019	Common shares	187	Retained earnings	10	September 30, 2019	December 3, 2019

#### (2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2020	Common shares	187	Retained earnings	10	March 31, 2020	June 26, 2020

Fiscal year ended March 31, 2021

1. Class and total number of issued shares and class and number of treasury shares

(Thousands of shares)

	Number of shares as of beginning of current fiscal year	Number of shares increased in current fiscal year	Number of shares decreased in current fiscal year	Number of shares as of end of current fiscal year
Issued shares				
Common shares	18,712	–	–	18,712
Total	18,712	–	–	18,712
Treasury shares				
Common shares	33	95	–	128
Total	33	95	–	128

Summary of reasons for change:

An increase of 95 thousand shares due to the purchase of treasury shares for providing stock-based compensation to directors and operating officers.

2. Dividends

(1) Cash dividends paid

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 25, 2020	Common shares	187	Retained earnings	10	March 31, 2020	June 26, 2020

(2) Dividends whose record dates are in the current fiscal year but whose effective dates fall in the next fiscal year

Resolution	Class of shares	Total cash dividend (Millions of yen)	Source of dividends	Dividend per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 24, 2021	Common shares	149	Retained earnings	8	March 31, 2021	June 25, 2021

## Notes to consolidated statements of cash flows

### \*1. Reconciliation of ending balance of cash and cash equivalents with account balances per balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash and deposits	8,879	3,708
Cash and cash equivalents	8,879	3,708

### 2. Description of significant transactions not requiring use of cash or cash equivalents

Assets and liabilities associated with lease transactions newly recorded are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Lease assets	525	36
Right-of-use assets	2,016	452
Lease obligations	1,858	488

(Note) Right-of-use assets and lease obligations for the fiscal year ended March 31, 2020 include 1,646 million yen and 963 million yen, respectively, which are the amounts that increased due to the initial application of IFRS 16 "Leases."

## Notes on leases

As lessee

### 1. Finance lease transactions

Finance lease transactions that do not transfer ownership

#### i) Leased assets

Property, plant and equipment

Production facilities: Machinery and equipment

#### ii) Depreciation of leased assets

Depreciation of leased assets is as stated in "5. Disclosure of accounting policies, (2) Accounting policy for depreciation of significant assets" under "Basis of presentation and significant accounting policies for preparation of consolidated financial statements."

### 2. Operating lease transactions

Future lease payments under non-cancellable leases of operating lease transactions

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Due within one year	236	243
Due over one year	324	263
Total	560	506

## Notes on financial instruments

### 1. Overview of financial instruments

#### (1) Policy on treatment of financial instruments

The Group raises necessary funds (mainly loans from banks and issuance of corporate bonds) according to the capital expenditure plan to conduct the auto parts related business consisting of the manufacture and sale of auto parts and dies, equipment, tools, etc. for these parts. The Group utilizes derivatives to hedge its exposure to risks described below and adheres to a policy of not conducting derivative transactions for speculative purposes.

#### (2) Financial instruments and related risks

Notes and accounts receivable - trade that are operating receivables are exposed to the credit risk of customers. Although operating receivables denominated in foreign currencies, which arise from intercompany transactions due to the globally developed businesses, are exposed to the risk of fluctuations in exchange rates, forward exchange contracts are used to hedge this risk. Investment securities are principally stocks related to business activities or capital alliances with business partners and exposed to the risk of fluctuations in market prices. Long-term loans receivable are intercompany loans and exposed to the credit risk of the borrowers.

Notes and accounts payable - trade that are operating payable and accounts payable - other are due within one year. Some of these payables are denominated in foreign currencies due to import of materials, etc. and exposed to the risk of fluctuations in exchange rates, however they are within the range of the balance of accounts receivable - trade denominated in the same foreign currency on a permanent basis. Loans payable, long-term accounts payable - other and lease obligations on finance leases and operating leases are principally for procuring funds needed for capital expenditure and due for repayment within up to 24 years after the fiscal year end.

Derivative transaction is forward exchange contracts to hedge the foreign currency risk on operating receivables arising from intercompany transactions.

#### (3) Risk management system for financial instruments

##### i) Management of credit risk (customers' default risk)

For operating receivables, the Company conducts maturity management and balance management by counterparty through periodical monitoring of major business partners' status in the operation division and the management division of each department in accordance with the internal rules on sales management, and endeavors to quickly determine and mitigate any concern on the collection of receivables due to deteriorated financial conditions. Consolidated subsidiaries also manage operating receivables in the same manner in accordance with the Company's internal rules on sales management. For long-term loans receivable, the Company periodically monitors the status of borrowers to quickly determine and mitigate any concern on the collection of loans due to their deteriorated financial condition and other factors.

##### ii) Management of market risk (fluctuation risk of foreign currency exchange and interest rates, etc.)

The Company and some consolidated subsidiaries utilize forward exchange contracts in principle to hedge the foreign currency exchange rate fluctuation risk by currency on a monthly basis for operating receivables arising from intercompany transactions. Depending on the status of foreign exchange rates, forward exchange contracts are entered into for a maximum of 12 months in relation to operating receivables denominated in foreign currencies that are certainly expected to arise from forecast royalty transactions.

For investment securities, the Company periodically assesses market value and financial conditions of issuers (business partners).

For derivative transactions, the Company assesses the positions to conduct hedge transactions on a monthly basis under the hedge policy of the funds and foreign exchange conference, in accordance with the internal rules on foreign exchange risks which stipulate transaction authority, limit amounts and other matters. Based on this assessment, the accounting department conducts transactions, and records information on the transaction and checks balances with counterparties.

iii) Management of liquidity risk associated with fund raising (risk of inability to pay on due date)

The Company's accounting department prepares and updates financial plans annually and monthly based on reports from each department.

(4) Supplementary explanation concerning fair values of financial instruments

Fair values of financial instruments comprise of values based on market prices and reasonably measured values where market prices are unavailable. As several variable factors are incorporated in calculating the relevant fair value, the resulting amount may vary depending on the different preconditions employed. In addition, contract/notional amounts related to derivative transactions in "Notes on derivatives" do not in themselves indicate the market risk of derivative transactions.

(5) Concentration of credit risks

As of March 31, 2021, 68.4% of operating receivables were associated with the major customers.

## 2. Fair values of financial instruments

Carrying amounts on the consolidated balance sheets, fair values and differences therebetween of the financial instruments are shown below. However, financial instruments whose fair values are deemed to be extremely difficult to determine are not included therein (Please refer to Note 2 below).

As of March 31, 2020

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	8,879	8,879	—
(2) Notes and accounts receivable - trade	27,955	27,955	—
(3) Investment securities			
Available-for-sale securities (other securities)	1,032	1,032	—
(4) Long-term loans receivable	226	226	—
Total assets	38,094	38,094	—
(5) Notes and accounts payable - trade	17,427	17,427	—
(6) Accounts payable - other	2,371	2,371	—
(7) Short-term loans payable	20,395	20,395	—
(8) Long-term loans payable (*1)	28,886	29,027	140
(9) Lease obligations (*2)	1,904	2,035	131
(10) Long-term accounts payable - other (installment) (*3)	147	149	2
Total liabilities	71,132	71,406	273
(11) Derivatives (*4)	(28)	(28)	—

(\*1) Current portion of long-term loans payable in current liabilities is included.

(\*2) The total amount of lease obligations in current liabilities and lease obligations in non-current liabilities is presented.

(\*3) The total amount of current portion of long-term accounts payable - other (installment) included in accounts payable - other in current liabilities is presented.

(\*4) Claims and obligations arising from derivative transactions are presented on a net basis.



As of March 31, 2021

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	3,708	3,708	—
(2) Notes and accounts receivable - trade	31,578	31,578	—
(3) Investment securities			
Available-for-sale securities (other securities)	1,444	1,444	—
(4) Long-term loans receivable	231	231	(0)
Total assets	36,963	36,963	(0)
(5) Notes and accounts payable - trade	19,772	19,772	—
(6) Accounts payable - other	3,422	3,422	—
(7) Short-term loans payable	20,872	20,872	—
(8) Long-term loans payable (*1)	26,828	26,873	45
(9) Lease obligations (*2)	1,862	1,677	(184)
(10) Long-term accounts payable - other (installment) (*3)	2	2	(0)
Total liabilities	72,760	72,621	(139)
(11) Derivatives (*4)	(16)	(16)	—

(\*1) Current portion of long-term loans payable in current liabilities is included.

(\*2) The total amount of lease obligations in current liabilities and lease obligations in non-current liabilities is presented.

(\*3) Only the current portion of long-term accounts payable - other (installment) included in accounts payable - other in current liabilities is presented.

(\*4) Claims and obligations arising from derivative transactions are presented on a net basis.

(Notes) 1. Measurement method of fair values of financial instruments and matters concerning securities and derivatives

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The fair value of these assets is based on the book value, given that the fair value is almost the same as the book value, as they are settled in a short period.

(3) Investment securities

The fair value of stocks with fair value is based on the quoted market price.

(4) Long-term loans receivable

The fair value of long-term loans receivable is calculated based on the present value of future cash flows (principal and interest) discounted using the assumed interest rate of similar new borrowings.

(5) Notes and accounts payable - trade, (6) Accounts payable - other and (7) Short-term loans payable

The fair value of these liabilities is based on the book value, given that the fair value is almost the same as the book value, as they are settled in a short period.

(8) Long-term loans payable, (9) Lease obligations and (10) Long-term accounts payable - other (installment)

The fair values of long-term loans payable with fixed interest rates, lease obligations and long-term accounts payable - other (installment) are calculated by discounting the total amount of principal and interest at the assumed interest rate of similar new borrowings, lease contracts and installment payment contracts. Since long-term loans payable with floating interest rates reflect market interest rates within a short period, the fair value is approximately the same as the book value and thus presented at the book value.

(11) Derivatives

The fair value of derivatives is based on the prices presented by the financial institution with which the contract has been made. These derivatives are forward exchange contracts to hedge the exchange rate fluctuation risk on operating receivables denominated in foreign currencies.

2. Financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Classification	As of March 31, 2020	As of March 31, 2021
Non-listed shares (*5)		
Shares of subsidiaries and associates	4,548	5,172
Other	378	379
Long-term accounts payable - other (*6)	—	99
Total	4,927	5,650

(\*5) The above are not included in “(3) Investment securities” above because their market prices are not available and the future cash flows cannot be estimated reliably, and thus their fair values are deemed extremely difficult to determine.

(\*6) Long-term accounts payable - other are obligations related to the payment of retirement benefits for directors and other officers due to the discontinuation of the retirement benefit system. As the time of retirement of the relevant directors and other officers is not specified and it is extremely difficult to determine the fair values, they are not included in “(10) Long-term accounts payable – other (installment).”

3. Redemption schedule for monetary receivables after the fiscal year end

As of March 31, 2020

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash and deposits	8,879	—	—	—
Notes and accounts receivable - trade	27,955	—	—	—
Long-term loans receivable	—	165	61	—
Total	36,835	165	61	—

As of March 31, 2021

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Cash and deposits	3,708	—	—	—
Notes and accounts receivable - trade	31,578	—	—	—
Long-term loans receivable	—	169	62	—
Total	35,286	169	62	—

4. Repayment schedule for long-term loans payable, lease obligations and other interest-bearing debts

As of March 31, 2020

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Short-term loans payable	20,395	—	—	—
Long-term loans payable	9,740	19,144	2	—
Lease obligations	572	1,331	—	—
Long-term accounts payable - other (installment)	144	2	—	—
Total	30,853	20,478	2	—

As of March 31, 2021

(Millions of yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due over ten years
Short-term loans payable	20,872	—	—	—
Long-term loans payable	9,884	16,904	39	—
Lease obligations	472	504	388	496
Long-term accounts payable - other (installment)	2	—	—	—
Total	31,231	17,408	428	496

## Notes on securities

### 1. Available-for-sale securities (other securities)

As of March 31, 2020

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Original purchase price	Difference
Items whose carrying amount on the consolidated balance sheet exceeds original purchase price	(1) Shares	1,003	717	285
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	1,003	717	285
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	29	38	(8)
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	29	38	(8)
Total		1,032	755	277

(Note) Non-listed shares (carrying amount on the consolidated balance sheet: 378 million yen) are not included in “Available-for-sale securities (other securities)” above because their market prices are not available and their fair values are deemed extremely difficult to determine.

As of March 31, 2021

(Millions of yen)

	Type	Carrying amount on the consolidated balance sheet	Original purchase price	Difference
Items whose carrying amount on the consolidated balance sheet exceeds original purchase price	(1) Shares	1,429	767	662
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	1,429	767	662
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	14	18	(3)
	(2) Bonds	—	—	—
	(3) Other	—	—	—
	Subtotal	14	18	(3)
Total		1,444	785	658

(Note) Non-listed shares (carrying amount on the consolidated balance sheet: 379 million yen) are not included in “Available-for-sale securities (other securities)” above because their market prices are not available and their fair values are deemed extremely difficult to determine.

2. Available-for-sale securities (other securities) sold

Fiscal year ended March 31, 2020

Not applicable.

Fiscal year ended March 31, 2021

(Millions of yen)

Type	Sales amount	Total gain on sale	Total loss on sale
(1) Shares	10	6	—
(2) Bonds	—	—	—
(3) Other	—	—	—
Total	10	6	—

## Notes on derivatives

### 1. Derivative transactions to which hedge accounting is not applied

#### (1) Foreign currency

As of March 31, 2020

(Millions of yen)

Classification	Type of transaction	As of March 31, 2020			
		Contract/notional amount	Portion of contract/notional amount over one year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	1,141	—	(30)	(30)
	Thai Baht	41	—	1	1
Total		1,182	—	(28)	(28)

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

As of March 31, 2021

(Millions of yen)

Classification	Type of transaction	As of March 31, 2021			
		Contract/notional amount	Portion of contract/notional amount over one year	Fair value	Valuation gain (loss)
Transactions other than market transactions	Forward exchange contracts				
	Sell				
	U.S. dollar	790	—	(16)	(16)
	Thai Baht	14	—	(0)	(0)
Total		804	—	(16)	(16)

(Note) Measurement method for fair values

Fair values are calculated based on price presented by counterparty financial institutions, etc.

#### (2) Interest rate

As of March 31, 2020

Not applicable.

As of March 31, 2021

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency

As of March 31, 2020

Not applicable.

As of March 31, 2021

Not applicable.

(2) Interest rate

As of March 31, 2020

Not applicable.

As of March 31, 2021

Not applicable.

## Notes on retirement benefits

### 1. Summary of retirement benefit plans adopted

The Company has established a constitution-based defined benefit corporate pension plan. Some domestic consolidated subsidiaries have established constitution-based defined benefit corporate pension plans and lump-sum retirement benefit plans. Some foreign consolidated subsidiaries have established defined benefit plans or the defined contribution plans.

Because the Company has participated in JMSA Welfare Pension Fund (multi-employer contributory pension plan) and cannot reasonably calculate the amount of plan assets in terms of its contributions for the plan, retirement benefit obligations for the plan are accounted for in the same manner as a defined contribution plan.

### 2. Defined benefit plans

#### (1) Reconciliation between the balance at beginning of period and the balance at end of period of retirement benefit obligations (excluding plans to which the simplified method was applied)

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Balance at beginning of period	6,828	7,156
Service cost	455	474
Interest cost	34	39
Actuarial loss (gain)	(30)	(23)
Benefits paid	(132)	(285)
Amortization of past service cost	—	3
Other	0	(44)
Balance at end of period	7,156	7,320

#### (2) Reconciliation between the balance at beginning of period and the balance at end of period of plan assets (excluding plans to which the simplified method was applied)

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Balance at beginning of period	6,132	6,347
Expected return on plan assets	118	136
Actuarial loss (gain)	(150)	118
Contributions paid by the employer	351	376
Benefits paid	(110)	(284)
Other	5	3
Balance at end of period	6,347	6,698



- (3) Reconciliation between the balance at beginning of period and the balance at end of period of net defined benefit liability for plans to which the simplified method was applied

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Balance at beginning of period	89	95
Benefit costs	29	30
Benefits paid	(2)	(17)
Contributions paid by the employer	(19)	(14)
Balance at end of period	95	94

- (4) Reconciliation between the balances at end of period of retirement benefit obligations and plan assets, and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
Funded retirement benefit obligations	7,035	7,168
Plan assets	(6,497)	(6,863)
	538	304
Unfunded retirement benefit obligations	366	411
Total net liability (asset) for retirement benefits	904	716
Net defined benefit liability	1,050	791
Net defined benefit asset	(146)	(75)
Total net liability (asset) for retirement benefits	904	716

(Note) Includes plans to which simplified methods were applied.

- (5) Retirement benefit costs

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Service cost	455	474
Interest cost	34	39
Expected return on plan assets	(118)	(136)
Net actuarial loss amortization	151	277
Amortization of past service cost	—	3
Retirement benefit costs calculated using simplified methods	29	30
Total	553	688

(6) Remeasurements of defined benefit plans, net of tax

The breakdown of the items recorded in remeasurements of defined benefit plans, net of tax (before deducting tax effect) in the consolidated statement of income and comprehensive income is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Actuarial gains and losses	31	420
Total	31	420

(7) Remeasurements of defined benefit plans

The breakdown of the items recorded in remeasurements of defined benefit plans (before deducting tax effect) in accumulated other comprehensive income in the consolidated balance sheet is as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Actuarial gains and losses that are yet to be recognized	(292)	126
Total	(292)	126

(8) Plan assets

i) Breakdown of major categories of plan assets

The ratio of major categories to total plan assets is as follows:

	As of March 31, 2020	As of March 31, 2021
Bonds	11.2%	12.5%
Equity securities	12.3	12.0
Cash and deposits	57.0	56.2
Other	19.5	19.3
Total	100.0	100.0

ii) Method to determine rate of expected long-term return

The rate of expected long-term return is determined in consideration of the present and expected asset mix and the present and expected long-term return rate on the various assets that comprise the plan assets.

(9) Actuarial assumptions

Major bases for actuarial calculations at end of period

	As of March 31, 2020	As of March 31, 2021
Discount rate	0.1%	0.1%
Long-term expected rate of return	1.7%	1.7%
Expected rate of salary increase	3.0%	3.0%

3. Defined contribution plan

The required contribution amount to defined contribution plans (including employees' pension fund plan in multi-employer contributory pension plans which is accounted for in the same manner) was 449 million yen in the previous fiscal year and 432 million yen in the current fiscal year.

4. Multi-employer contributory pension plans

The required contribution amount to the multi-employer contributory pension plan-type defined benefit plans, which is accounted for in the same manner as a defined contribution plan, was 51 million yen in the previous fiscal year and 50 million yen in the current fiscal year.

(1) Latest funding position of the multi-employer contributory pension plans

JMSA Welfare Pension Fund		(Millions of yen)	
	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)	
Amount of plan assets	1,421	2,055	
Amount of reserve for the purpose of pension financing calculation	1,276	1,542	
Difference	145	513	

(2) Ratio of the Group's members to the entire plan

JMSA Welfare Pension Fund

Previous fiscal year 18.0% (As of March 31, 2020)

Current fiscal year 18.3% (As of March 31, 2021)

(3) Supplementary explanation

The main reason for the difference in (1) above, is 269 million yen of past service liabilities for the purpose of pension financing calculation.

Under the JMSA Welfare Pension Fund, past service liabilities are amortized over two years and eight months using the equal repayment method.

The ratio in (2) above is different from the ratio of the Group's actual contributions.

**Notes on share options, etc.**

Not applicable.

## Notes on tax effect accounting

### 1. Breakdown of deferred tax assets and deferred tax liabilities by major component

	As of March 31, 2020	(Millions of yen) As of March 31, 2021
Deferred tax assets		
Tax loss carry forwards (Note 2)	2,567	3,067
Excess depreciation	1,020	846
Elimination of unrealized gains on non-current assets	593	798
Impairment loss	399	367
Net defined benefit liability	180	283
Accrued bonuses	310	270
Loss on valuation of inventories	212	176
Other	657	775
Deferred tax assets subtotal	5,940	6,585
Valuation allowance for tax loss carry forwards (Note 2)	(1,814)	(2,502)
Valuation allowance for the total of deductible temporary difference, etc.	(1,751)	(1,842)
Valuation allowance subtotal (Note 1)	(3,565)	(4,345)
Total deferred tax assets	2,374	2,239
Deferred tax liabilities		
Depreciation (foreign consolidated subsidiaries)	(3,242)	(3,562)
Valuation difference on available-for-sale securities	(86)	(199)
Net defined benefit asset	(14)	(17)
Other	(215)	(206)
Total deferred tax liabilities	(3,557)	(3,985)
Net deferred tax assets (liabilities)	(1,183)	(1,745)

(Notes) 1. Valuation allowance increased by 779 million yen. This increase is mainly due to an increase in valuation allowance for deductible temporary difference as a result of a decrease in taxable income at the Company and some consolidated subsidiaries.

2. Amounts of tax loss carry forwards and related deferred tax assets by expiration of carry forwards

As of March 31, 2020	(Millions of yen)						
	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years	Total
Tax loss carry forwards (a)	117	427	676	281	6	1,058	2,567
Valuation allowance	(117)	(427)	(651)	(275)	–	(343)	(1,814)
Deferred tax assets	–	–	24	5	6	715	(b) 752

(a) Tax loss carry forwards represent the amount multiplied by the statutory income tax rate.

(b) For tax loss carry forwards of 2,567 million yen (amount multiplied by the statutory income tax rate), deferred tax assets of 752 million yen were recorded. The deferred tax assets of 752 million yen were recognized principally in relation to the balance of tax loss carry forwards for F&P America Mfg., Inc. of 938 million yen (amount after multiplying the statutory income tax rate). Tax loss carry forwards for which these deferred tax assets were recorded arose due mainly to the recording of loss before income taxes in the fiscal year ended March 31, 2019, and the

fiscal year ended March 31, 2020. The Company has determined, based on expected future taxable income, etc., that the deferred tax assets related to the tax loss carry forwards are determined to be recoverable.

As of March 31, 2021

(Millions of yen)

	Within one year	Over one year and within two years	Over two years and within three years	Over three years and within four years	Over four years and within five years	Over five years	Total
Tax loss carry forwards (a)	424	676	281	23	187	1,473	3,067
Valuation allowance	(424)	(676)	(281)	(23)	(12)	(1,084)	(2,502)
Deferred tax assets	—	—	—	—	175	389	(b)564

(a) Tax loss carry forwards represent the amount multiplied by the statutory income tax rate.

(b) For tax loss carry forwards of 3,067 million yen (amount multiplied by the statutory income tax rate), deferred tax assets of 564 million yen were recorded. The deferred tax assets of 564 million yen were recognized principally in relation to the balance of tax loss carry forwards for F&P America Mfg., Inc. of 1,366 million yen (amount after multiplying the statutory income tax rate) and that for F.tech Mfg. (Thailand) Ltd. of 175 million yen (amount after multiplying the statutory income tax rate). Tax loss carry forwards for which these deferred tax assets were recorded arose due mainly to the recording of loss before income taxes in the fiscal year ended March 31, 2021. The Company has determined, based on expected future taxable income, etc., that the deferred tax assets related to the tax loss carry forwards are determined to be recoverable.

2. Reconciliation of significant difference between statutory income tax rate and effective income tax rate after application of tax effect accounting

	As of March 31, 2020	As of March 31, 2021
Statutory income tax rate	30.1%	30.1%
(Adjustments)		
Change in valuation allowance	17.3	53.5
Foreign tax credit	16.8	33.7
Tax rate differences in foreign consolidated subsidiaries	0.2	12.7
Expenses not deductible permanently such as entertainment expenses	3.2	5.5
Inhabitant per capita tax	0.5	1.2
Share of profit (loss) of entities accounted for using equity method	1.9	(3.5)
Elimination of dividend income in consolidation	1.5	3.9
Income taxes for prior periods	(4.8)	22.6
Other	2.5	14.6
Effective income tax rate after application of tax effect accounting	69.4	174.4

Changes in presentation:

“Elimination of dividend income in consolidation” and “Income taxes for prior periods,” which were included in “Other” under “2. Reconciliation of significant difference between statutory income tax rate and effective income tax rate after application of tax effect accounting” in the previous fiscal year have been presented separately from the current fiscal year due to an increase in their importance.

To reflect this change in presentation, the notes in the previous fiscal year were reclassified.

As a result, (0.7)% presented in “Other” in the previous fiscal year was reclassified into “Elimination of dividend income in consolidation” of 1.5%, “Income taxes for prior periods” of (4.8)% and “Other” of 2.5%.

## Notes on asset retirement obligations

Not applicable.

## Notes on real estate for lease, etc.

The Company and a consolidated subsidiary own rental properties and idle properties in Saitama Prefecture and other areas.

In the fiscal year ended March 31, 2020, net rental revenue from the rental properties amounted to 23 million yen (rental revenue was recorded in non-operating income).

In the fiscal year ended March 31, 2021, net rental revenue from the rental properties amounted to 23 million yen (rental revenue was recorded in non-operating income).

Carrying amount on the consolidated balance sheet, increase (decrease) in the current fiscal year and fair value of these real estate properties for lease, etc. are as follows:

	(Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Carrying amount on the consolidated balance sheet		
Balance at beginning of period	696	681
Increase (decrease) during period	(15)	20
Balance at end of period	681	701
Fair value at end of period	974	1,004

- (Notes)
1. Carrying amount on the consolidated balance sheet is calculated by subtracting accumulated depreciation and impairment loss from acquisition cost.
  2. The increase (decrease) during the fiscal year ended March 31, 2021, includes an increase due to foreign currency translation difference of 20 million yen.
  3. Fair values at end of period are based on certain appraisal value and indicators that are considered to appropriately reflect market prices.

## 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).

Transactions with other segments 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
Transactions with other segments	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
Other items				
Depreciation	2,511	5,288	3,347	11,147
Investments in entities accounted for using equity method	4,413	—	—	4,413
Increase in property, plant and equipment and intangible assets	2,772	7,475	2,312	12,561

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
Transactions with other segments	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
Other items				
Depreciation	2,093	5,210	3,000	10,305
Investments in entities accounted for using equity method	5,036	—	—	5,036
Increase in property, plant and equipment and intangible assets	1,784	6,764	2,322	10,870

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



(Millions of yen)

Other items	Reportable segments total		Adjustments		Amount recorded in the consolidated balance sheet	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Depreciation	11,147	10,305	(257)	(273)	10,890	10,032
Investments in entities accounted for using equity method	4,413	5,036	—	—	4,413	5,036
Increase in property, plant and equipment and intangible assets	12,561	10,870	(322)	(860)	12,238	10,010

(Note) Adjustments of increase in property, plant and equipment and intangible assets are the effect of intersegment consolidation adjustments.

Information associated with reportable segments

Fiscal year ended March 31, 2020

1. Information by product or service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statements of income.

2. Information by geographical region

(1) Net sales (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
25,646	79,234	38,838	45,517	29,477	218,712

(Note) Net sales are segmented by country or region based on customer locations.

(2) Property, plant and equipment (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
13,219	13,588	16,577	11,965	11,362	66,714

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	153,004	All reportable segments
General Motors Company and its group companies	27,719	All reportable segments

Fiscal year ended March 31, 2021

1. Information by product or service

This information has been omitted as net sales to external customers in a single product or service category account for more than 90% of net sales recorded in the consolidated statements of income.

2. Information by geographical region

(1) Net sales (Millions of yen)

Japan	U.S.A.	Canada	China	Other	Total
19,294	68,298	30,524	45,888	19,640	183,647

(Note) Net sales are segmented by country or region based on customer locations.

(2) Property, plant and equipment (Millions of yen)

Japan	U.S.A.	Canada	China	Mexico	Other	Total
11,677	14,874	19,508	11,714	7,404	4,833	70,012

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	132,053	All reportable segments
General Motors Company and its group companies	20,069	All reportable segments

Disclosure of impairment loss on non-current assets for each reportable segment

Fiscal year ended March 31, 2020

Not applicable.

Fiscal year ended March 31, 2021

Not applicable.

Amortization and unamortized balance of goodwill for each reportable segment

Fiscal year ended March 31, 2020

Not applicable.

Amortization and unamortized balance of negative goodwill that arose from business combinations conducted before April 1, 2010, are as follows:

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	1	0	3	—	5
Balance at end of period	14	6	29	—	50

Fiscal year ended March 31, 2021

Not applicable.

Amortization and unamortized balance of negative goodwill that arose from business combinations conducted before April 1, 2010 are as follows:

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Amortization during period	1	0	3	—	5
Balance at end of period	12	5	26	—	44

Information about gain on bargain purchase for each reportable segment

Fiscal year ended March 31, 2020

Not applicable.

Fiscal year ended March 31, 2021

Not applicable.

## Related parties

Fiscal year ended March 31, 2020

### 1. Related-party transactions

#### (1) Transactions between the company filing the consolidated financial statements and related parties

##### i) The parent company and major shareholders (limited to companies) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Major shareholder	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacture and sale of motor vehicles and passengers car bodies	(Owned) Direct 13.64	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	19,143	Accounts receivable - trade	2,263
							Purchase of raw materials	9,899	Accounts payable - trade	1,111

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

##### ii) Officers and major individual shareholders (limited to individuals) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Officer and his or her close family member	Akihide Fukuda	—	—	Executive Senior Advisor of the Company	(Owned) Direct 4.76	Advisory contract	Advisory fees	30	—	—

(Note) Advisory fees are determined based on the contract entered into through consultation between both parties after comprehensively taking into account past experience and others.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

i) Companies which have the same parent company as the company filing the consolidated financial statements and subsidiaries of other associates of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Subsidiary of major shareholder	Honda of America Mfg., Inc.	Ohio, U.S.A.	USD 561,568 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	30,470	Accounts receivable - trade	1,948
							Purchase of raw materials	29,785	Accounts payable - trade	1,881
Subsidiary of major shareholder	Honda Manufacturing of Alabama, LLC	Alabama, U.S.A.	USD 400,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	22,266	Accounts receivable - trade	1,206
Subsidiary of major shareholder	Honda Canada, Inc.	Ontario, Canada	CAD 226,090 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	29,584	Accounts receivable - trade	1,768
Subsidiary of major shareholder	Honda Automobile (Thailand) Co., Ltd.	Ayutthaya, Thailand	THB 5,460,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	7,888	Accounts receivable - trade	1,212

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

- (1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.
  - (2) In purchases of raw materials, prices are determined through negotiations on price by reference to market prices.
2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

2. Notes on the parent company or major associates  
Not applicable.

Fiscal year ended March 31, 2021

1. Related-party transactions

(1) Transactions between the company filing the consolidated financial statements and related parties

i) The parent company and major shareholders (limited to companies) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Major shareholder	Honda Motor Co., Ltd.	Minato-ku, Tokyo	86,067	Manufacture and sale of motor vehicles and passengers car bodies	(Owned) Direct 13.64	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	14,116	Accounts receivable - trade	1,795
							Purchase of raw materials	7,122	Accounts payable - trade	981

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

ii) Officers and major individual shareholders (limited to individuals) of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake (Millions of yen)	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Officer and his or her close family member	Akihide Fukuda	-	-	Executive Senior Advisor of the Company	(Owned) Direct 4.76	Advisory contract	Advisory fees	28	-	-

(Note) Advisory fees are determined based on the contract entered into through consultation between both parties after comprehensively taking into account past experience and others.

(2) Transactions between consolidated subsidiaries of the company filing the consolidated financial statements and related parties

i) Companies which have the same parent company as the company filing the consolidated financial statements and subsidiaries of other associates of the company filing the consolidated financial statements

Type	Name	Location	Capital stock or stake	Nature of business or occupation	Voting rights holding ratio (%)	Relationship with the related party	Description of transactions	Transaction amount (Millions of yen)	Line item	Ending balance (Millions of yen)
Subsidiary of major shareholder	Honda of America Mfg., Inc.	Ohio, U.S.A.	USD 561,568 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	26,184	Accounts receivable - trade	2,262
							Purchase of raw materials	35,191	Accounts payable - trade	2,126
Subsidiary of major shareholder	Honda Manufacturing of Alabama, LLC	Alabama, U.S.A.	USD 400,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	17,496	Accounts receivable - trade	1,726
Subsidiary of major shareholder	Honda Canada, Inc.	Ontario, Canada	CAD 226,090 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	24,691	Accounts receivable - trade	2,416
Subsidiary of major shareholder	Honda Automobile (Thailand) Co., Ltd.	Ayutthaya, Thailand	THB 5,460,000 thousand	Manufacture and sale of motor vehicles and passengers car bodies	-	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	4,009	Accounts receivable - trade	974

(Notes) 1. Terms and conditions of transactions and policy on determination thereof

(1) Selling prices are determined by making an estimate based on economic rationality in view of market prices and the Company's manufacturing technologies, submitting the estimate to the customer and then negotiating on price.

(2) In purchases of raw materials, prices are determined through negotiations on price by reference to market prices.

2. In the above amounts, transaction amounts do not include consumption taxes while ending balances do.

2. Notes on the parent company or major associates

Not applicable.

**Notes on special purpose entities subject to disclosure**

Not applicable.

## 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)

- (Notes)
1. Diluted basic earnings (loss) 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," and 60,458 shares of the Company 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. 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," and 95,100 shares of the Company held by the Officers' Stock Benefit Trust are included in the number of treasury shares deducted for the calculation of the total number of shares issued at the end of period, to calculate net assets per share.
  4. Basis for calculating basic earnings (loss) 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

## Significant subsequent event

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.



- v) Annexed consolidated detailed schedules  
Annexed detailed schedule of corporate bonds  
Not applicable.

Annexed detailed schedule of borrowings

Classification	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Average interest rate (%)	Payment due
Short-term loans payable	20,395	20,872	1.08	—
Current portion of long-term loans payable	9,740	9,884	1.52	—
Current portion of lease obligations	572	472	0.33	—
Current portion of long-term accounts payable - other (installment)	144	2	0.60	—
Long-term loans payable (excluding current portion)	19,146	16,943	1.49	2022–2031
Lease obligations (excluding current portion)	1,331	1,390	1.64	2022–2044
Long-term accounts payable - other (installment) (excluding current portion)	2	—	—	—
Total	51,334	49,565	—	—

(Notes) 1. The average interest rate is calculated using the interest rate and balance at end of period.

2. Repayment of long-term loans payable and lease obligations (excluding current portion) above scheduled within five years after the closing date of the accounting period are as follows:

(Millions of yen)

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term loans payable	7,563	5,422	3,432	486
Lease obligations	329	60	56	58

Annexed detailed schedule of asset retirement obligations

Not applicable.

(2) Other information

Quarterly information for the fiscal year ended March 31, 2021

(Cumulative period)	Three months ended June 30, 2020	Six months ended September 30, 2020	Nine months ended December 31, 2020	Fiscal year ended March 31, 2021
Net sales (Millions of yen)	25,141	73,605	130,701	183,647
Profit (loss) before income taxes (Millions of yen)	(3,060)	(3,311)	(724)	1,324
Loss attributable to owners of parent (Millions of yen)	(2,678)	(3,345)	(2,090)	(1,165)
Basic loss per share (Yen)	(143.39)	(179.38)	(112.20)	(62.58)

(Three-month period)	First quarter	Second quarter	Third quarter	Fourth quarter
Basic earnings (loss) per share (Yen)	(143.39)	(35.84)	67.58	49.78