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**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2022
<under Japanese GAAP>**

F-TECH INC.

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

1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year under review

The global economy during the fiscal year ended March 31, 2022 remained in unstable conditions more than before due to a re-spread of the novel coronavirus infection based on Omicron variant, soaring resource prices, and Russia's invasion of Ukraine.

In the automotive industry, the future outlook remained uncertain due to the concerns for further disruptions to supply chains resulting from Russia's invasion of Ukraine and the lockdown in Shanghai in line with a zero-COVID policy in China in addition to the tight supply-demand balance of semiconductors, various components and materials, as well as soaring raw material costs and transportation costs.

In this business environment, the Group launched the 14th medium-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, we have been working to provide our customers with new value and have made efforts to obtain new business. This resulted in new orders for seven models from six automakers in Japan, North America, and Asia and is expected to contribute to earnings from the next fiscal year onwards. In addition, responding flexibly to changes in the environment and issues brought by the novel coronavirus infections, we have been striving to embody our policies for the 14th medium-term plan by such means as seeking new business contracts and developing new technologies for the electrification of mobility, optimizing investment, engaging in various improvement activities, and conducting cost reductions.

As a result, during the fiscal year under review, net sales increased by 4.5% year on year to 191,892 million yen, operating profit decreased by 62.8% year on year to 1,142 million yen, ordinary profit decreased by 45.8% year on year to 1,292 million yen, and profit attributable to owners of parent was 209 million yen (compared to loss attributable to owners of parent of 1,165 million yen in the previous fiscal year).

Operating results by segment are as follows.

(Japan)

As the volume of orders from major customers was impacted by disruptions to the supply chain such as the shortage of semiconductors, net sales increased by 3.4% year on year to 20,360 million yen, equal to the level of the previous fiscal year when the net sales had declined during the novel coronavirus pandemic. In terms of profit and loss, operating profit increased by 301.1% year on year to 1,202 million yen as a result of an increase in product sales and cost reductions.

(North America)

Net sales increased by 1.0% year on year to 111,524 million yen, equal to the level of the previous fiscal year when the net sales had declined during the novel coronavirus pandemic owing also to the impacts of the weaker yen. This was achieved despite the significant impacts of productions at major customers reduced more than the previous fiscal year due to the impacts of disruptions to the supply chain, including the shortage of semiconductors. In terms of profit and loss, operating loss decreased by 308.1% year on year to 2,802 million yen. This was due to the impacts larger than during the novel coronavirus pandemic in the previous fiscal year resulting from the suspensions of factory operation and production reductions that had occurred intermittently.

(Asia)

Net sales increased by 12.1% year on year to 60,007 million yen benefited by the weaker yen as well as the elimination of the impacts of suspensions of factory operations caused by the spread of the novel coronavirus infection in the first quarter of the previous fiscal year. This was achieved although the production reductions have continued at major customers owing to the disruptions to the supply chain, including the shortage of semiconductors. In terms of loss and profit, operating profit decreased by 17.6% year on year to 3,292 million yen due to the impacts of increases in outsourcing expenses and transportation costs.

(2) Overview of financial position for the fiscal year under review

As of March 31, 2022, total assets increased by 24,217 million yen from the end of the previous fiscal year to 160,931 million yen, reflecting a decrease in cash and deposits, and increases in accounts receivable – trade, inventories, and construction in progress.

Liabilities increased by 18,670 million yen from the end of the previous fiscal year to 100,353 million yen, reflecting an increase in short-term loans payable.

Net assets increased by 5,546 million yen from the end of the previous fiscal year to 60,578 million yen, reflecting an increase in foreign currency translation adjustment.

(3) Overview of cash flows for the fiscal year under review

As of March 31, 2022, cash and cash equivalents decreased by 1,727 million yen from the end of the previous fiscal year to 1,981 million yen (down 46.6% 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 1,794 million yen. The main factors were 1,347 million yen in profit before income taxes, 10,581 million yen in depreciation, an increase in notes and accounts receivable – trade of 1,202 million yen, an increase in inventories of 5,957 million yen, and 1,688 million yen in income taxes paid.

Compared with the previous fiscal year, cash flows from operating activities changed from 9,956 million yen provided to 1,794 million yen provided. This was mainly due to increases in foreign exchange losses (gains) and inventories, and a decrease in notes and accounts payable – trade.

(Cash flows from investing activities)

Net cash used in investing activities was 15,641 million yen. The main factors were 15,906 million yen in purchase of property, plant and equipment and 348 million yen in proceeds from sales of property, plant and equipment.

Compared with the previous fiscal year, cash flows from investing activities changed from 10,726 million yen used to 15,641 million yen used. This was mainly due to an increase in purchase of property, plant and equipment, and a decrease in purchase of investment securities.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 11,566 million yen. The main factors were 13,359 million yen in net increase in short-term loans payable and 9,948 million yen in proceeds from long-term loans payable, and 10,745 million yen in repayments of long-term loans payable.

Compared with the previous fiscal year, cash flows from financing activities changed from 4,363 million yen used to 11,566 million yen provided. This was mainly due to an increase in short-term loans payable, an increase in proceeds from long-term loans payable, and an increase in repayments of long-term loans payable.

(Reference) Transition of cash flow indicators

	64th term Fiscal year ended March 31, 2019	65th term Fiscal year ended March 31, 2020	66th term Fiscal year ended March 31, 2021	67th term Fiscal year ended March 31, 2022
Equity ratio (%)	30.5	29.9	29.5	28.0
Market value-based equity ratio (%)	12.2	5.9	10.2	6.3
Ratio of interest-bearing debt to cash flows (year)	2.0	4.9	5.0	36.2
Interest coverage ratio (times)	19.0	9.5	12.3	2.2

(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.

(4) Forward-looking statements

We expect productions at major customers to be continuously reduced due to the impacts of the tight supply-demand balance for various components and materials including semiconductors as well as lockdown in Shanghai. However, given strong automotive demand, we expect the productions to trend toward normalization gradually. For the earnings forecasts for the next fiscal year, we expect net sales of 270,000 million yen, operating profit of 4,000 million yen, ordinary profit of 3,000 million yen, and profit attributable to owners of parent of 1,000 million yen. Our assumptions for the exchange rate are 127 yen to the U.S. dollar, and 19 yen to the Chinese yuan.

The above earnings forecasts reflected the impacts of disruptions to the supply chains wherever possible such as shortage of the semiconductors and lockdown in Shanghai. We will disclose the earnings forecasts as necessary in accordance with the developments in the future.

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, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	3,708	1,981
Notes and accounts receivable - trade	31,578	–
Notes receivable - trade	–	497
Accounts receivable - trade	–	35,830
Merchandise and finished goods	6,547	8,754
Work in process	4,351	7,500
Raw materials and supplies	8,743	11,775
Other	2,744	3,384
Total current assets	57,673	69,723
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	17,147	18,352
Machinery, equipment and vehicles, net	32,880	36,467
Dies and tools, net	1,726	1,926
Land	5,859	5,899
Leased assets, net	238	477
Construction in progress	9,034	15,570
Other, net	3,125	2,672
Total property, plant and equipment	70,012	81,366
Intangible assets		
Software	282	254
Right of using facilities	37	45
Total intangible assets	320	299
Investments and other assets		
Investment securities	6,995	7,412
Retirement benefit asset	75	56
Deferred tax assets	1,025	1,485
Other	611	588
Total investments and other assets	8,708	9,542
Total non-current assets	79,041	91,208
Total assets	136,714	160,931

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,772	22,966
Short-term loans payable	20,872	36,540
Current portion of long-term loans payable	9,884	10,244
Lease obligations	472	574
Income taxes payable	658	652
Accounts payable - other	3,425	3,179
Notes payable - facilities	44	140
Provision for directors' bonuses	31	44
Other	4,241	4,477
Total current liabilities	59,401	78,819
Non-current liabilities		
Long-term loans payable	16,943	16,735
Lease obligations	1,390	772
Deferred tax liabilities	2,771	2,759
Provision for directors' retirement benefits	57	51
Net defined benefit liability	791	919
Negative goodwill	44	39
Other	282	255
Total non-current liabilities	22,280	21,533
Total liabilities	81,682	100,353
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	6,733	6,733
Retained earnings	26,559	26,619
Treasury shares	(64)	(62)
Total shareholders' equity	40,019	40,081
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	490	518
Foreign currency translation adjustment	(333)	4,498
Remeasurements of defined benefit plans	128	7
Total accumulated other comprehensive income	286	5,025
Non-controlling interests	14,726	15,472
Total net assets	55,032	60,578
Total liabilities and net assets	136,714	160,931

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	183,647	191,892
Cost of sales	166,616	176,290
Gross profit	17,030	15,601
Selling, general and administrative expenses	13,958	14,458
Operating profit	3,072	1,142
Non-operating income		
Interest income	51	64
Dividend income	40	60
Share of profit of entities accounted for using equity method	152	200
Foreign exchange gains	–	409
Other	196	254
Total non-operating income	440	988
Non-operating expenses		
Interest expenses	806	792
Foreign exchange losses	264	–
Other	59	46
Total non-operating expenses	1,129	838
Ordinary profit	2,383	1,292
Extraordinary income		
Gain on sales of non-current assets	15	86
Gain on sales of investment securities	6	7
Subsidy income	1,838	–
Gain on cancellation of leases	–	71
Total extraordinary income	1,860	166
Extraordinary losses		
Loss on sales of non-current assets	20	23
Loss on retirement of non-current assets	67	87
Loss attributable to the novel coronavirus	2,830	–
Total extraordinary losses	2,919	111
Profit before income taxes	1,324	1,347
Income taxes - current	2,068	1,822
Income taxes - deferred	240	(754)
Total income taxes	2,309	1,068
Profit (loss)	(984)	279
Profit attributable to		
Profit (loss) attributable to owners of parent	(1,165)	209
Profit attributable to non-controlling interests	180	70
Other comprehensive income		
Valuation difference on available-for-sale securities	267	46
Foreign currency translation adjustment	2,195	6,375
Remeasurements of defined benefit plans, net of tax	419	(101)
Share of other comprehensive income of entities accounted for using equity method	63	65
Total other comprehensive income	2,945	6,385
Comprehensive income	1,961	6,665
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	899	4,948
Comprehensive income attributable to non-controlling interests	1,061	1,717

(3) Consolidated statements of changes in net assets**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)
Loss attributable to owners of parent			(1,165)		(1,165)
Purchase of treasury shares				(45)	(45)
Disposal of treasury shares					-
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)
Loss attributable to owners of parent						(1,165)
Purchase of treasury shares						(45)
Disposal of treasury shares						-
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

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	6,790	6,733	26,559	(64)	40,019
Cumulative effect of changes in accounting policies					-
Restated balance	6,790	6,733	26,559	(64)	40,019
Changes of items during period					
Dividends of surplus			(149)		(149)
Profit attributable to owners of parent			209		209
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		1	2
Capital increase of consolidated subsidiaries					-
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	59	1	62
Balance at end of current period	6,790	6,733	26,619	(62)	40,081

	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	490	(333)	128	286	14,726	55,032
Cumulative effect of changes in accounting policies						-
Restated balance	490	(333)	128	286	14,726	55,032
Changes of items during period						
Dividends of surplus						(149)
Profit attributable to owners of parent						209
Purchase of treasury shares						(0)
Disposal of treasury shares						2
Capital increase of consolidated subsidiaries						-
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes of items other than shareholders' equity	27	4,832	(121)	4,738	745	5,484
Total changes of items during period	27	4,832	(121)	4,738	745	5,546
Balance at end of current period	518	4,498	7	5,025	15,472	60,578

(4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,324	1,347
Depreciation	10,032	10,581
Amortization of goodwill	(5)	(5)
Loss (gain) on sales of investment securities	(6)	(7)
Increase (decrease) in assets and liabilities related to retirement benefits	229	27
Increase (decrease) in provision for directors' retirement benefits	(69)	(5)
Increase (decrease) in provision for directors' bonuses	(46)	13
Interest and dividend income	(92)	(124)
Interest expenses	806	792
Foreign exchange losses (gains)	8	(839)
Share of loss (profit) of entities accounted for using equity method	(152)	(200)
Loss (gain) on sales of property, plant and equipment	5	(63)
Loss on retirement of property, plant and equipment	67	87
Decrease (increase) in notes and accounts receivable - trade	(2,477)	(1,202)
Decrease (increase) in inventories	43	(5,957)
Increase (decrease) in notes and accounts payable - trade	1,667	971
Decrease (increase) in accounts receivable - other	(119)	(570)
Other, net	1,040	(710)
Subtotal	12,256	4,134
Interest and dividend income received	121	146
Interest expenses paid	(811)	(798)
Income taxes paid	(1,609)	(1,688)
Net cash provided by (used in) operating activities	9,956	1,794
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,225)	(15,906)
Proceeds from sales of property, plant and equipment	33	348
Purchase of intangible assets	(73)	(43)
Purchase of investment securities	(477)	(41)
Proceeds from sales of investment securities	10	35
Other, net	5	(33)
Net cash provided by (used in) investing activities	(10,726)	(15,641)

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	90	13,359
Proceeds from long-term loans payable	7,233	9,948
Repayments of long-term loans payable	(9,778)	(10,745)
Purchase of treasury shares	(45)	(0)
Repayments of installment payables	(143)	–
Cash dividends paid	(187)	(149)
Repayments to non-controlling shareholders	(83)	–
Dividends paid to non-controlling interests	(815)	(958)
Repayments of lease obligations	(633)	(585)
Proceeds from sales of treasury shares	–	2
Other, net	–	694
Net cash provided by (used in) financing activities	(4,363)	11,566
Effect of exchange rate change on cash and cash equivalents	(37)	552
Net increase (decrease) in cash and cash equivalents	(5,170)	(1,727)
Cash and cash equivalents at beginning of period	8,879	3,708
Cash and cash equivalents at end of period	3,708	1,981

(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

- (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.

Changes in accounting policies

Accounting Standard for Revenue Recognition

The Company and its domestic consolidated subsidiaries applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard") and other standards from the start of the consolidated fiscal year under review, and revenue is recognized at an amount that is expected to be received in exchange for promised goods or services when control of the goods or services transfers to the customer.

As a result of the application, accounting treatment for some buy-sell transactions with repurchase obligation has been changed, thereby such transactions are recognized as financial transactions, and ending inventory of supplied articles remaining at fee-paying suppliers are recognized as "Work in process," and consideration received from the fee-paying suppliers are recognized as financial liabilities. In the application of the Revenue Recognition Accounting Standard and other standards, the Company and its domestic consolidated subsidiaries elected to apply the transitional measures set forth in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard, thereby the cumulative effect of retrospectively applying the new accounting standards for the periods prior to the start of the consolidated fiscal year under review is added to or subtracted from retained earnings at the start of the consolidated fiscal year under review, and the new accounting standards are applied from the balance at the start of the

period.

As a result, net sales and cost of sales for the consolidated fiscal year under review both increased by 709 million yen. There is no impact on the balance of retained earnings at the start of the consolidated fiscal year under review.

Due to the application of the Revenue Recognition Accounting Standard and other standards, “Other” presented under “Current assets” in the consolidated balance sheet for the previous fiscal year is partially included in “Work in process” from the consolidated fiscal year under review, and “Notes and accounts payable - trade” presented under “Current liabilities” in the consolidated balance sheet for the previous fiscal year are partially presented as “Other.” In addition, some transactions which were accounted for as a minus in “Cost of sales” in the consolidated statement of income for the previous consolidated fiscal year, have been included in “Net sales.”

In addition, pursuant to the transitional measures set forth in the Paragraph 89-2 of the Revenue Recognition Accounting Standard, no reclassification was made to the figures for the previous consolidated fiscal year in accordance with the new presentation methods.

Accounting Standard for Fair Value Measurement

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter, “Fair Value Measurement Accounting Standard”) and other standards were applied from the start of the consolidated fiscal year under review, and pursuant to the transitional measures set forth in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019), new accounting policies stipulated by the Fair Value Measurement Accounting Standard will be applied going forward. The application has no impact on the consolidated financial statements.

Changes in presentation

Consolidated statements of cash flows

Since the amount of “Increase (decrease) in accounts payable – other”, separately represented as a component of “Cash flows from operating activities” in the previous consolidated fiscal year, became immaterial, it is included in “Others” starting from the consolidated fiscal year under review. To reflect this change in reporting method, the Company has made certain reclassifications to its consolidated financial statements for the previous consolidated fiscal year.

Since the amount of “Increase (decrease) in accounts payable – other” in “Cash flows from operating activities” in the previous consolidated fiscal year increased its materiality, it is separately presented as an independent account starting in this consolidated fiscal year under review. To reflect this change in reporting method, the Company has made certain reclassifications to its consolidated financial statements for the previous consolidated fiscal year.

As a result, the amount of “Increase (decrease) in accounts payable – other” of 1,027 million yen and the amount of “Others” of (106 million yen) in “Cash flows from operating activities” in the consolidated statements of cash flows for the previous consolidated fiscal year are reclassified into the amount of “Decrease (increase) in accounts receivable – other” of (119 million yen) and the amount of “Others” of 1,040 million yen.

Additional information

Accounting estimates relating to the impacts of the novel coronavirus, etc.

The impacts of the novel coronavirus and production cuts of major customers arising from the disruption of supply chains due to shortage of semiconductors, etc. on the Group’s operating performance are estimated for

the accounting purpose based on the information available at this time and on the assumption that the impacts will continue for a certain period in the subsequent consolidated fiscal year while it is difficult to accurately predict the future spread of the novel coronavirus as well as when it will be contained.

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.

Making India Steel Summit Private Limited a subsidiary

The Company resolved to make India Steel Summit Private Limited a subsidiary by acquiring shares of the company at the extraordinary meeting of the Board of Directors held on March 24, 2022.

1. Summary of business combination

(1) Name and business description of the acquired company

Name of company shares of which are acquired	India Steel Summit Private Limited
Description of business	Steel processing, press parts manufacturing and mold manufacturing

(2) Main reason for business combination

It is aimed to demonstrate maximum superiority, having our mold business, the Company's forte, as our core in the India market where growth is expected.

(3) Date of business combination

May 31, 2022(Date scheduled to acquire shares)

(4) Legal form of business combination

Share acquisition

(5) Name of company after business combination

No change

(6) Voting right ratio to be acquired

Voting right ratio to be held right before business combination	10%
Voting right to be additionally obtained on the date of business combination	90%
Voting right ratio to be held after business combination	100%

(7) Grounds for reaching the decision on acquisition of corporation

The Company acquires shares in consideration of cash.

2. Acquisition cost of the acquired corporation and breakdown by type of consideration

Not finalized at this point in time.

3. Descriptions and amounts of main acquisition-related expenses

Not finalized at this point in time.

4. Amount of arising goodwill, cause of arising of goodwill, method of amortization and amortization period

Not finalized at this point in time.

5. Amounts of the assets to be accepted and liabilities to be undertaken on the date of business combination and main breakdown thereof

Not finalized at this point in time.

Consolidated statements of income and comprehensive income

In the consolidated fiscal year under review, some consolidated subsidiaries received a government subsidy to cover the cost of leave allowances, etc. during the periods when operations were suspended or shortened in response to government requests. The subsidy income is offset by relevant personnel expenses, etc. (cost of sales of 765 million yen and selling, general and administrative expenses of 17 million yen).

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, 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

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	20,360	111,524	60,007	191,892
Intersegment sales and transfers	17,137	1,497	2,714	21,349
Total	37,497	113,021	62,722	213,241
Segment profit (loss)	1,202	(2,802)	3,292	1,691
Segment assets	69,883	88,467	43,514	201,865

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, 2021	Fiscal year ended March 31, 2022
Reportable segments total	202,816	213,241
Elimination of intersegment transactions	(19,169)	(21,349)
Net sales in the consolidated financial statements	183,647	191,892

(Millions of yen)

Profit	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segments total	3,606	1,691
Elimination of intersegment transactions	(534)	(548)
Operating profit in the consolidated financial statements	3,072	1,142

(Millions of yen)

Assets	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segments total	174,852	201,865
Elimination of intersegment transactions	(38,129)	(40,926)
Other adjustments	(8)	(7)
Total assets in the consolidated financial statements	136,714	160,931

5. Changes in reportable segments, etc.

As stated in “Changes in accounting policies,” Revenue Recognition Accounting Standard and other standards are applied from the start of the consolidated fiscal year under review, and accounting treatment methods for revenue recognition have been changed. Accordingly, calculation methods for profit (loss) for business segments have been changed in the same manner.

Due to this change, net sales for the reportable segment of “Japan” in the consolidated fiscal year under review increased by 709 million yen as compared to the previous methods.

Per share information

(Yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net assets per share	2,168.91	2,426.74
Basic earnings (loss) per share	(62.58)	11.27

- (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, 2021	Fiscal year ended March 31, 2022
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	(1,165)	209
Amounts not attributable to common shareholders (Millions of yen)	-	-
Profit (loss) attributable to owners of parent related to common shares (Millions of yen)	(1,165)	209
Average number of shares (Thousands of shares)	18,617	18,585
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

Not applicable.

4. Other information

(1) Changes in officers

1) Changes in representatives

Not applicable.

2) Changes in other officers

- Candidate for new Auditor (Outside Auditor)

Kenichiro Masuda

(current position: President, The Saitama Resona Foundation For Industrial and Economic Promotion)

- Auditors who plans to retire

Shigeharu Nakamura (current position: Outside Auditor)

3) Scheduled appointment/retirement date

June 23, 2022

For more details of changes in officers, please refer to “Notice Regarding Selection of Candidates for Directors and Auditors, Changes in Officers, and Changes in Commissioned Matters” released on February 24, 2022.