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**Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2023  
<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, 2023 continued to face an uncertain outlook due to various events taking place, including the protracted situation in Ukraine, soaring costs of resources and raw materials, the disruptions surrounding China's COVID policy, financial instability in Europe and the U.S. as a result of rapidly rising interest rates, further yen depreciation and other factors. In the automotive industry, the business environment remained challenging due to production adjustments yet unresolved as a result of the shortage of semiconductors and other products and the disruptions surrounding China's COVID policy, as well as rising costs of raw materials and transportation in addition to the tight supply-demand balance for labor in the U.S.

In this business environment, the Group committed to the pursuit of having a manufacturing orientation to provide our customers with new value, under a global policy of "Let's exceed our limits! We will, without compromise, produce the 'Best One' for all our customers," while maintaining the basic policies of "Back to Basics" and "Challenge for New." In the fiscal year under review, we were able to ensure the stable launch of many new models for which orders were received in the fiscal year ended March 31, 2022 as led by our sites in Mexico, and also strengthened business in India, developed a new sales facility in North America, and established the Sustainability Promotion Department as we continued to lay the groundwork for sustainable growth in the future.

As a result, during the fiscal year under review, net sales increased by 36.1% year on year to 261,156 million yen, operating profit increased by 78.4% year on year to 2,038 million yen, ordinary profit increased by 48.6% year on year to 1,921 million yen, and profit attributable to owners of parent increased by 728.1% year on year to 1,734 million yen.

Operating results by segment are as follows.

(Japan)

Net sales increased by 14.7% year on year to 23,355 million yen due to the full-scale start of mass production of ordered products from new customers and other factors. On the other hand, in terms of profit and loss, operating profit decreased by 65.3% year on year to 417 million yen due to decreased product sales, the impact of the mix of models and other factors.

(North America)

Net sales increased by 52.1% year on year to 169,650 million yen due to the full-scale start of mass production of newly ordered products, the yen depreciation, and other factors. In terms of profit and loss, operating loss was 1,040 million yen (compared to operating loss of 2,802 million yen in the previous fiscal year) on account of continuing production adjustments at major customers, despite the effect of increased revenue from newly ordered products.

(Asia)

The production volume of major customers decreased on account of the disruptions surrounding China's COVID policy and the shortage of semiconductors, but net sales increased by 13.6% year on year to 68,149 million yen, partly owing to the acquisition of India Steel Summit Private Limited as a subsidiary and the effect of foreign currency translation due to the yen depreciation. On the other hand, in terms of loss and profit, operating profit decreased by 28.9% year on year to 2,340 million yen due to the impacts of reduced production in China.

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

As of March 31, 2023, total assets increased by 15,205 million yen from the end of the previous fiscal year to 176,137 million yen, reflecting decreases in merchandise and finished goods and construction in progress, and increases in cash and deposits, accounts receivable – trade, and machinery, equipment and vehicles, net.

In spite of a decrease in short-term loans payable, liabilities increased by 11,027 million yen from the end of the previous fiscal year to 111,380 million yen, reflecting an increase in long-term loans payable.

Net assets increased by 4,178 million yen from the end of the previous fiscal year to 64,756 million yen, reflecting increases in retained earnings and foreign currency translation adjustment.

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

As of March 31, 2023, cash and cash equivalents increased by 3,510 million yen from the end of the previous fiscal year to 5,491 million yen (up 177.2% year on year).

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

### (Cash flows from operating activities)

Net cash provided by operating activities amounted to 17,433 million yen. The main factors were 3,300 million yen in profit before income taxes, 13,112 million yen in depreciation, a decrease in inventories of 5,253 million yen, 1,730 million yen in interest expenses paid, and 2,227 million yen in income taxes paid.

Compared with the previous fiscal year, cash flows from operating activities changed from 1,794 million yen provided to 17,433 million yen provided. This was mainly due to a decrease in inventories, an increase in depreciation, and a decrease in notes and accounts receivable - trade.

### (Cash flows from investing activities)

Net cash used in investing activities was 16,342 million yen. The main factor was 15,651 million yen in purchase of property, plant and equipment.

Compared with the previous fiscal year, cash flows from investing activities changed from 15,641 million yen used to 16,342 million yen used. This was mainly due to the purchase of shares of subsidiaries resulting in change in scope of consolidation.

### (Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,340 million yen. The main factors were 11,830 million yen in net decrease in short-term loans payable, 26,721 million yen in proceeds from long-term loans payable, and 11,465 million yen in repayments of long-term loans payable.

Compared with the previous fiscal year, cash flows from financing activities changed from 11,566 million yen provided to 2,340 million yen provided. This was mainly due to a decrease in short-term loans payable and an increase in proceeds from long-term loans payable.

## (Reference) Transition of cash flow indicators

	65th term Fiscal year ended March 31, 2020	66th term Fiscal year ended March 31, 2021	67th term Fiscal year ended March 31, 2022	68th term Fiscal year ended March 31, 2023
Equity ratio (%)	29.9	29.5	28.0	28.4
Market value-based equity ratio (%)	5.9	10.2	6.3	7.0
Ratio of interest-bearing debt to cash flows (year)	4.9	5.0	36.2	4.2
Interest coverage ratio (times)	9.5	12.3	2.2	10.1

(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 the productions at major customers to trend toward normalization, despite the impacts of the tight supply-demand balance for various components and materials including semiconductors remaining. For the earnings forecasts for the next fiscal year, we expect net sales of 287,000 million yen, operating profit of 5,600 million yen, ordinary profit of 3,500 million yen, and profit attributable to owners of parent of 1,500 million yen, due to the effect of the full-scale start of mass production resulting from new orders mainly in North America. Our assumptions for the exchange rate are 128 yen to the U.S. dollar, and 18.70 yen to the Chinese yuan.

#### **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, 2022	As of March 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	1,981	5,491
Notes receivable - trade	497	628
Accounts receivable - trade	35,830	37,177
Merchandise and finished goods	8,754	5,296
Work in process	7,500	7,632
Raw materials and supplies	11,775	12,702
Other	3,387	3,729
Allowance for doubtful accounts	(2)	(55)
<b>Total current assets</b>	<b>69,723</b>	<b>72,603</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,352	18,884
Machinery, equipment and vehicles, net	36,467	45,363
Dies and tools, net	1,926	2,785
Land	5,899	6,059
Leased assets, net	477	724
Construction in progress	15,570	13,005
Other, net	2,672	5,461
<b>Total property, plant and equipment</b>	<b>81,366</b>	<b>92,284</b>
Intangible assets		
Software	254	248
Right of using facilities	45	36
<b>Total intangible assets</b>	<b>299</b>	<b>285</b>
Investments and other assets		
Investment securities	7,412	7,464
Retirement benefit asset	56	253
Deferred tax assets	1,485	1,963
Other	588	1,283
<b>Total investments and other assets</b>	<b>9,542</b>	<b>10,965</b>
<b>Total non-current assets</b>	<b>91,208</b>	<b>103,534</b>
<b>Total assets</b>	<b>160,931</b>	<b>176,137</b>

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	22,966	24,169
Short-term loans payable	36,540	27,832
Current portion of long-term loans payable	10,244	12,995
Lease obligations	574	1,247
Income taxes payable	652	942
Accounts payable - other	3,179	1,845
Notes payable - facilities	140	228
Provision for directors' bonuses	44	85
Other	4,477	6,198
<b>Total current liabilities</b>	<b>78,819</b>	<b>75,544</b>
<b>Non-current liabilities</b>		
Long-term loans payable	16,735	29,908
Lease obligations	772	1,942
Deferred tax liabilities	2,759	2,707
Provision for directors' retirement benefits	51	53
Net defined benefit liability	919	1,003
Negative goodwill	39	33
Other	255	187
<b>Total non-current liabilities</b>	<b>21,533</b>	<b>35,836</b>
<b>Total liabilities</b>	<b>100,353</b>	<b>111,380</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	6,790	6,790
Capital surplus	6,733	6,733
Retained earnings	26,619	27,979
Treasury shares	(62)	(60)
<b>Total shareholders' equity</b>	<b>40,081</b>	<b>41,443</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	518	543
Deferred gains or losses on hedges	-	386
Foreign currency translation adjustment	4,498	7,731
Remeasurements of defined benefit plans	7	(65)
<b>Total accumulated other comprehensive income</b>	<b>5,025</b>	<b>8,595</b>
<b>Non-controlling interests</b>	<b>15,472</b>	<b>14,717</b>
<b>Total net assets</b>	<b>60,578</b>	<b>64,756</b>
<b>Total liabilities and net assets</b>	<b>160,931</b>	<b>176,137</b>

**(2) Consolidated statements of income and comprehensive income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	191,892	261,156
Cost of sales	176,290	242,414
Gross profit	15,601	18,741
Selling, general and administrative expenses	14,458	16,702
Operating profit	1,142	2,038
Non-operating income		
Interest income	64	97
Dividend income	60	59
Share of profit of entities accounted for using equity method	200	306
Foreign exchange gains	409	880
Other	254	343
Total non-operating income	988	1,688
Non-operating expenses		
Interest expenses	792	1,758
Other	46	47
Total non-operating expenses	838	1,806
Ordinary profit	1,292	1,921
Extraordinary income		
Gain on sales of non-current assets	86	26
Gain on sales of investment securities	7	-
Gain on negative goodwill	-	1,237
Gain on change in equity	-	153
Gain on cancellation of leases	71	-
Total extraordinary income	166	1,416
Extraordinary losses		
Loss on sales of non-current assets	23	12
Loss on retirement of non-current assets	87	24
Total extraordinary losses	111	36
Profit before income taxes	1,347	3,300
Income taxes - current	1,822	2,398
Income taxes - deferred	(754)	(754)
Total income taxes	1,068	1,643
Profit	279	1,657
Profit attributable to		
Profit attributable to owners of parent	209	1,734
Profit (loss) attributable to non-controlling interests	70	(77)
Other comprehensive income		
Valuation difference on available-for-sale securities	46	13
Deferred gains or losses on hedges	-	397
Foreign currency translation adjustment	6,375	3,530
Remeasurements of defined benefit plans, net of tax	(101)	(79)
Share of other comprehensive income of entities accounted for using equity method	65	259
Total other comprehensive income	6,385	4,121
Comprehensive income	6,665	5,778
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,948	5,305
Comprehensive income attributable to non-controlling interests	1,717	472

**(3) Consolidated statements of changes in net assets****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
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
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	Deferred gains or losses on hedges	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
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
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



**Fiscal year ended March 31, 2023**

(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	26,619	(62)	40,081
Changes of items during period					
Dividends of surplus			(374)		(374)
Profit attributable to owners of parent			1,734		1,734
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		1	1
Net changes of items other than shareholders' equity					
Total changes of items during period	-	0	1,360	1	1,361
Balance at end of current period	6,790	6,733	27,979	(60)	41,443

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	518	-	4,498	7	5,025	15,472	60,578
Changes of items during period							
Dividends of surplus							(374)
Profit attributable to owners of parent							1,734
Purchase of treasury shares							(0)
Disposal of treasury shares							1
Net changes of items other than shareholders' equity	24	386	3,232	(73)	3,570	(754)	2,816
Total changes of items during period	24	386	3,232	(73)	3,570	(754)	4,178
Balance at end of current period	543	386	7,731	(65)	8,595	14,717	64,756

#### (4) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,347	3,300
Depreciation	10,581	13,112
Loss (gain) on change in equity	–	(153)
Gain on negative goodwill	–	(1,237)
Amortization of goodwill	(5)	(5)
Loss (gain) on sales of investment securities	(7)	–
Increase (decrease) in assets and liabilities related to retirement benefits	27	(255)
Increase (decrease) in provision for directors' retirement benefits	(5)	2
Increase (decrease) in provision for directors' bonuses	13	40
Interest and dividend income	(124)	(157)
Interest expenses	792	1,758
Foreign exchange losses (gains)	(839)	(752)
Share of loss (profit) of entities accounted for using equity method	(200)	(306)
Loss (gain) on sales of property, plant and equipment	(63)	(13)
Loss on retirement of property, plant and equipment	87	24
Decrease (increase) in notes and accounts receivable - trade	(1,202)	885
Decrease (increase) in inventories	(5,957)	5,253
Increase (decrease) in notes and accounts payable - trade	971	(278)
Decrease (increase) in accounts receivable - other	(570)	282
Other, net	(710)	(298)
Subtotal	4,134	21,201
Interest and dividend income received	146	190
Interest expenses paid	(798)	(1,730)
Income taxes paid	(1,688)	(2,227)
Net cash provided by (used in) operating activities	1,794	17,433
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(15,906)	(15,651)
Proceeds from sales of property, plant and equipment	348	33
Purchase of intangible assets	(43)	(37)
Purchase of investment securities	(41)	(47)
Proceeds from sales of investment securities	35	–
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(632)
Other, net	(33)	(6)
Net cash provided by (used in) investing activities	(15,641)	(16,342)

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	13,359	(11,830)
Proceeds from long-term loans payable	9,948	26,721
Repayments of long-term loans payable	(10,745)	(11,465)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(149)	(373)
Dividends paid to non-controlling interests	(958)	(685)
Repayments of lease obligations	(585)	(821)
Proceeds from sales of treasury shares	2	1
Other, net	694	794
Net cash provided by (used in) financing activities	11,566	2,340
Effect of exchange rate change on cash and cash equivalents	552	79
Net increase (decrease) in cash and cash equivalents	(1,727)	3,510
Cash and cash equivalents at beginning of period	3,708	1,981
Cash and cash equivalents at end of period	1,981	5,491

**(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: Seventeen

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  
India Steel Summit Private Limited

(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***

##### ***(Application of Accounting Standards Codification (ASC) Topic 842, "Leases")***

The Company's consolidated subsidiaries that adopt US GAAP have adopted ASC Topic 842, Leases from the first quarter ended June 30, 2022. As a result, lessee's lease transactions are, in principle, all recorded as assets and liabilities on the balance sheet.

In accordance with the transitional measures provided in this accounting standard, the cumulative effect of adopting this accounting standard is recognized at the beginning of the first quarter ended June 30, 2022, which is the date of initial application of this accounting standard.

As a result, "Other" presented under property, plant and equipment, "Lease obligations" presented under current liabilities, and "Lease obligations" presented under non-current liabilities each increased by 1,458 million yen, 387 million yen, and 1,094 million yen, respectively, as of March 31, 2023, compared with the amounts that would have been recorded under the previous accounting standard. The effect on the beginning balance of retained earnings and profit and loss for the fiscal year ended March 31, 2023 is immaterial.

## ***Changes in presentation***

### ***(Consolidated balance sheets)***

Since the amount of “Allowance for doubtful accounts” included in “Other” presented under “Current assets” in the previous consolidated fiscal year became material in terms of amount, it is separately presented as an independent account starting in the consolidated fiscal year under review. To reflect this change in presentation, the Company has made certain reclassifications to its consolidated financial statements for the previous consolidated fiscal year.

As a result, the amount of “Other” of 3,384 million yen presented under “Current assets” in the consolidated balance sheets for the previous consolidated fiscal year is reclassified into the amount of “Allowance for doubtful accounts” of (2 million yen) and the amount of “Other” of 3,387 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 nine 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, 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

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	23,355	169,650	68,149	261,156
Intersegment sales and transfers	13,989	1,312	2,162	17,464
Total	37,345	170,962	70,311	278,620
Segment profit (loss)	417	(1,040)	2,340	1,716
Segment assets	69,588	105,623	45,404	220,616

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, 2022	Fiscal year ended March 31, 2023
Reportable segments total	213,241	278,620
Elimination of intersegment transactions	(21,349)	(17,464)
Net sales in the consolidated financial statements	191,892	261,156

(Millions of yen)

Profit	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Reportable segments total	1,691	1,716
Elimination of intersegment transactions	(548)	321
Operating profit in the consolidated financial statements	1,142	2,038

(Millions of yen)

Assets	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Reportable segments total	201,865	220,616
Elimination of intersegment transactions	(40,926)	(44,472)
Other adjustments	(7)	(6)
Total assets in the consolidated financial statements	160,931	176,137

5. Disclosure of impairment loss on non-current assets and goodwill, etc. for each reportable segment

(Significant gain on negative goodwill)

A gain on negative goodwill of 1,237 million yen was recorded in the first quarter ended June 30, 2022 as a result of acquiring shares in India Steel Summit Private Limited to make it a consolidated subsidiary.

The provisional accounting treatment was applied in the first quarter ended June 30, 2022, but was finalized at the end of the fiscal year ended March 31, 2023. As a result, the tentatively calculated amount of gain on negative goodwill of 765 million yen increased by 471 million yen to 1,237 million yen due to the finalization of the accounting treatment.

The amount is not allocated to reportable segments as it is recorded in extraordinary income.



***Business combinations, etc.***

***(Business combination through acquisition)***

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. India Steel Summit Private Limited became a subsidiary of the Company on May 31, 2022 through the acquisition of shares.

1. Summary of business combination

(1) Name and business description of the acquired company

Name of company shares of which were 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 (deemed date of acquisition: March 31, 2022)

(4) Legal form of business combination

Share acquisition

(5) Name of company after business combination

No change

(6) Voting right ratio acquired

Voting right ratio held right before business combination: 10%

Voting right additionally obtained on the date of business combination: 90%

Voting right ratio held after business combination: 100%

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

The Company acquires shares in consideration of cash.

2. Period for which the operations of the acquired company are included in the consolidated financial statements

From April 1, 2022 to March 31, 2023

3. Acquisition cost of the acquired company and breakdown by type of consideration

Consideration for acquisition—Cash      415 million Indian rupees (661 million yen)

Acquisition cost      415 million Indian rupees (661 million yen)

4. Descriptions and amounts of main acquisition-related expenses

Advisory fees and commissions: 7 million yen

5. Amount of gain on negative goodwill and reason for occurrence

(1) Amount of gain on negative goodwill

1,237 million yen

(2) Reason for occurrence

Since net assets at fair value at the time of business combination exceeded the acquisition cost.

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

Current assets	1,496	million yen
Non-current assets	2,074	
<u>Total assets</u>	<u>3,571</u>	
Current liabilities	1,330	
Non-current liabilities	218	
<u>Total liabilities</u>	<u>1,548</u>	

## Per share information

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	2,426.74	2,691.60
Basic earnings per share	11.27	93.30

(Notes) 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 per share.

3. Basis for calculating basic earnings per share and diluted earnings per share is as follows:

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	209	1,734
Amounts not attributable to common shareholders (Millions of yen)	-	-
Profit attributable to owners of parent related to common shares (Millions of yen)	209	1,734
Average number of shares (Thousands of shares)	18,585	18,589
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

### (Establishment of the subsidiary)

The Company resolved to establish a subsidiary (F-TECH NORTH AMERICA INC.) in the U.S. at the meeting of the Board of Directors held on December 8, 2022, and established the subsidiary on April 3, 2023.

#### 1. Purpose of the establishment of the subsidiary

As the automotive industry faces an era of profound transformation, the Group has been working to diversify its customers with the aim of expanding its business and stabilizing its profit structure. We seek to further accelerate this movement by establishing a site for sales activities in the U.S., a region that hosts the world's second largest automotive market and where many automakers are concentrated.

2. Overview of the subsidiary

- |   |  |
|---|--|
| (1) Company name  | F-TECH NORTH AMERICA INC.  |
| (2) Address   | Michigan, U.S.   |
| (3) Representative                                      | Hajime Fujitaki (Director & Senior Managing Executive Officer of the Company)  |
| (4) Business description                                | Sales activities for automakers in North America and any related business operations   |
| (5) Capital   | US\$300,000  |
| (6) Date of foundation                                  | April 3, 2023  |
| (7) Relationship between the Company and the subsidiary | Capital relationship: A wholly-owned subsidiary of the Company<br>Personnel relationship: One Director and one employee of the Company are concurrently serving as officers of the new company.<br>Business relationship: Not applicable at this point in time |

#### **4. Other information**

##### **(1) Changes in officers**

1) Changes in representatives

Not applicable.

2) Changes in other officers

- Candidate for new Auditor (Standing Statutory Auditor)

Michiaki Nakanishi

(current position: Director of F&P MFG., INC.)

- Auditors who plans to retire

Masao Toyoda (current position: Standing Statutory Auditor)

3) Scheduled appointment/retirement date

June 22, 2023

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 21, 2023.