Note: This is an excerpt translation of the "Yukashoken-Houkokusho" for the convenience of overseas stakeholders. In cases where any differences occur between the English version and the original Japanese version, the Japanese version shall prevail. F-TECH INC. assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translation.

Consolidated Financial Statements

March 31, 2026

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, 2025		As of March 31, 2026	
Assets				
Current assets				
Cash and deposits		14,356		18,726
Notes receivable - trade		56		67
Accounts receivable - trade		34,976		34,665
Electronically recorded monetary claims - operating		226		91
Merchandise and finished goods		6,752		5,814
Work in process		6,751		7,041
Raw materials and supplies		14,948		14,666
Other		3,440		3,019
Allowance for doubtful accounts		(13)		–
Total current assets		81,495		84,093
Non-current assets				
Property, plant and equipment				
Buildings and structures, net		20,011		19,848
Machinery, equipment and vehicles, net		44,231		40,013
Dies and tools, net		1,077		1,091
Land		6,107		5,916
Leased assets, net		275		324
Construction in progress		5,119		8,862
Other, net		4,605		5,408
Total property, plant and equipment	*1	81,428	*1	81,464
Intangible assets				
Software		538		624
Other		45		56
Total intangible assets		583		681
Investments and other assets				
Investment securities	*2	9,242	*2	9,795
Retirement benefit asset		884		1,631
Deferred tax assets		2,824		3,803
Other		1,095		1,165
Total investments and other assets		14,047		16,396
Total non-current assets		96,059		98,542
Total assets		177,555		182,636

(Millions of yen)

		As of March 31, 2025		As of March 31, 2026
Liabilities				
Current liabilities				
Notes and accounts payable - trade		26,229		24,967
Electronically recorded obligations - operating		–		476
Short-term loans payable	*3	32,481	*3	28,656
Current portion of long-term loans payable		11,634		12,241
Lease obligations		868		1,023
Income taxes payable		807		1,110
Accounts payable - other		2,356		1,852
Notes payable - facilities		147		94
Provision for directors' bonuses		28		63
Other	*4	7,493	*4	9,659
Total current liabilities		82,047		80,145
Non-current liabilities				
Bonds payable		2,000		2,000
Long-term loans payable		24,139		22,860
Lease obligations		1,468		2,172
Deferred tax liabilities		2,569		2,548
Provision for directors' retirement benefits		61		62
Net defined benefit liability		793		957
Negative goodwill		22		17
Other		206		184
Total non-current liabilities		31,262		30,803
Total liabilities		113,309		110,948
Net assets				
Shareholders' equity				
Capital stock		6,790		6,790
Capital surplus		6,427		6,427
Retained earnings		21,989		26,341
Treasury shares		(79)		(76)
Total shareholders' equity		35,127		39,482
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities		698		668
Deferred gains or losses on hedges		222		54
Foreign currency translation adjustment		14,667		17,252
Remeasurements of defined benefit plans		796		669
Total accumulated other comprehensive income		16,385		18,644
Non-controlling interests		12,733		13,560
Total net assets		64,246		71,687
Total liabilities and net assets		177,555		182,636

ii) Consolidated statements of income and comprehensive income

(Millions of yen)

		Fiscal year ended March 31, 2025		Fiscal year ended March 31, 2026
Net sales	*1	300,831	*1	291,866
Cost of sales	*2	275,501	*2	264,484
Gross profit		25,329		27,382
Selling, general and administrative expenses	*3, *4	19,848	*3, *4	18,976
Operating profit		5,481		8,405
Non-operating income				
Interest income		185		258
Dividend income		103		106
Share of profit of entities accounted for using equity method		146		408
Foreign exchange gains		–		137
Other		360		302
Total non-operating income		796		1,211
Non-operating expenses				
Interest expenses		2,786		2,069
Foreign exchange losses		390		–
Other		53		53
Total non-operating expenses		3,230		2,122
Ordinary profit		3,047		7,495
Extraordinary income				
Gain on sales of non-current assets	*5	64	*5	208
Gain on sales of investment securities		–		0
Other		1		–
Total extraordinary income		65		208
Extraordinary losses				
Loss on sales of non-current assets		–	*6	0
Loss on retirement of non-current assets	*7	83	*7	65
Impairment loss	*8	7,707		–
Extra retirement payments	*9	1,127		–
Total extraordinary losses		8,918		66
Profit (loss) before income taxes		(5,805)		7,637
Income taxes - current		2,945		3,713
Income taxes - deferred		798		(1,156)
Total income taxes		3,744		2,557
Profit (loss)		(9,549)		5,080
Profit (loss) attributable to				
Profit (loss) attributable to owners of parent		(6,925)		4,726
Profit (loss) attributable to non-controlling interests		(2,624)		353
Other comprehensive income				
Valuation difference on available-for-sale securities		(428)		(31)
Deferred gains or losses on hedges		(15)		(172)
Foreign currency translation adjustment		2,486		3,307
Remeasurements of defined benefit plans, net of tax		705		(183)
Share of other comprehensive income of entities accounted for using equity method		230		193
Total other comprehensive income	*10	2,979	*10	3,113
Comprehensive income		(6,570)		8,193
Comprehensive income attributable to				
Comprehensive income attributable to owners of parent		(3,962)		6,986
Comprehensive income attributable to non-controlling interests		(2,608)		1,207

iii) Consolidated statements of changes in net assets

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,790	6,404	29,288	(79)	42,404
Changes of items during period					
Dividends of surplus			(374)		(374)
Loss attributable to owners of parent			(6,925)		(6,925)
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		22			22
Net changes of items other than shareholders' equity					
Total changes of items during period	–	22	(7,299)	(0)	(7,276)
Balance at end of period	6,790	6,427	21,989	(79)	35,127

	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 period	1,154	237	11,937	92	13,421	15,916	71,742
Changes of items during period							
Dividends of surplus							(374)
Loss attributable to owners of parent							(6,925)
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							22
Net changes of items other than shareholders' equity	(455)	(15)	2,730	703	2,963	(3,182)	(219)
Total changes of items during period	(455)	(15)	2,730	703	2,963	(3,182)	(7,496)
Balance at end of period	698	222	14,667	796	16,385	12,733	64,246

Fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	6,790	6,427	21,989	(79)	35,127
Changes of items during period					
Dividends of surplus			(374)		(374)
Profit attributable to owners of parent			4,726		4,726
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		0		2	3
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	4,352	2	4,355
Balance at end of period	6,790	6,427	26,341	(76)	39,482

	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 period	698	222	14,667	796	16,385	12,733	64,246
Changes of items during period							
Dividends of surplus							(374)
Profit attributable to owners of parent							4,726
Purchase of treasury shares							(0)
Disposal of treasury shares							3
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes of items other than shareholders' equity	(30)	(167)	2,584	(127)	2,259	826	3,086
Total changes of items during period	(30)	(167)	2,584	(127)	2,259	826	7,441
Balance at end of period	668	54	17,252	669	18,644	13,560	71,687

iv) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit (loss) before income taxes	(5,805)	7,637
Depreciation	14,920	12,789
Impairment loss	7,707	–
Amortization of goodwill	(5)	(5)
Increase (decrease) in assets and liabilities related to retirement benefits	47	(770)
Loss (gain) on sale of investment securities	–	(0)
Increase (decrease) in provision for directors' retirement benefits	5	0
Increase (decrease) in provision for directors' bonuses	(20)	34
Interest and dividend income	(288)	(364)
Interest expenses	2,786	2,069
Foreign exchange losses (gains)	136	(36)
Share of loss (profit) of entities accounted for using equity method	(146)	(408)
Loss (gain) on sales of property, plant and equipment	(64)	(207)
Loss on retirement of property, plant and equipment	83	10
Decrease (increase) in notes and accounts receivable - trade	7,323	2,114
Decrease (increase) in inventories	(2,714)	2,483
Increase (decrease) in notes and accounts payable - trade	(2,015)	(1,752)
Increase (decrease) in contract liabilities	(1,279)	1,686
Decrease (increase) in accounts receivable - other	1,208	249
Other, net	(890)	(554)
Subtotal	20,986	24,974
Interest and dividend income received	346	422
Interest expenses paid	(2,802)	(2,064)
Income taxes paid	(3,772)	(2,799)
Net cash provided by (used in) operating activities	14,757	20,533
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,043)	(9,778)
Proceeds from sales of property, plant and equipment	354	572
Purchase of intangible assets	(54)	(239)
Purchase of investment securities	(80)	(38)
Proceeds from sale of investment securities	–	22
Payments into time deposits	(100)	(155)
Proceeds from withdrawal of time deposits	–	150
Other, net	52	(216)
Net cash provided by (used in) investing activities	(7,871)	(9,683)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(5,949)	(4,886)
Proceeds from long-term loans payable	12,800	11,515
Repayments of long-term loans payable	(13,170)	(12,403)
Proceeds from issuance of bonds	2,000	–
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(374)	(373)
Dividends paid to non-controlling interests	(236)	(381)
Repayments of lease obligations	(539)	(561)
Proceeds from sale of treasury shares	–	3

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(315)	–
Other, net	58	143
Net cash provided by (used in) financing activities	(5,728)	(6,943)
Effect of exchange rate change on cash and cash equivalents	894	457
Net increase (decrease) in cash and cash equivalents	2,052	4,363
Cash and cash equivalents at beginning of period	12,204	14,256
Cash and cash equivalents at end of period	*1 14,256	*1 18,620

Notes to consolidated financial statements

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

1. Disclosure of scope of consolidation

(1) Number of consolidated subsidiaries: 18

Fukuda Engineering Co., Ltd.
Kyushu F.tech Inc.
Reterra Inc.
F&P Mfg., Inc.
F&P America Mfg., Inc.
F.tech R&D North America Inc.
F-TECH NORTH AMERICA INC.
F&P MFG. DE MEXICO S.A. DE C.V.
F.E.G. DE QUERETARO, S.A. DE C.V.
F.tech Zhongshan Inc.
F.tech R&D (Guangzhou) Inc.
F.tech Wuhan Inc.
Yantai Fuyan Mould Co., Ltd.
F.tech Philippines Mfg., Inc.
F.tech R&D Philippines Inc.
F.tech Mfg. (Thailand) 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.
PT. JFD INDONESIA
JOHNAN WUHAN INC.
Johnan Kyushu Manufacturing Inc.
Johnan Foshan Inc.
J Fresh Factory 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 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&P MFG. DE MEXICO S.A. DE C.V., F.E.G. DE QUERETARO, S.A. DE C.V., F.tech Zhongshan Inc., F.tech R&D (Guangzhou) Inc., F.tech Wuhan Inc., Yantai Fuyan Mould Co., Ltd. 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 fiscal year end, necessary adjustments are made in the consolidated financial statements.

4. Disclosure of accounting policies

(1) Accounting policy for measuring significant assets

i) Securities

Available-for-sale securities (other securities)

Securities other than shares, etc. that do not have a market price

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.)

Shares, etc. that do not have a market price

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 (five 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 consolidated 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 current 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 five years) at the time of occurrence. At certain consolidated subsidiaries, actuarial gains and losses are amortized at the time of occurrence.

iii) Application of simplified methods 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) Accounting policy for significant revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries (the "Group") and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

i) Sale of finished goods

The Group mainly engages in the manufacture and sale of auto parts, dies and facilities. The Group's main performance obligations are the sale of finished goods to customers.

In the domestic transactions of finished goods, the Group recognizes revenue at the time when a finished good is delivered to a customer as the Group satisfies a performance obligation by transferring control of the good to the customer. In export transactions, the Group recognizes revenue at the time when the Group deems that it satisfies a performance obligation by transferring the risks borne and control of a finished good to a customer based on the terms and conditions of trade set forth in a contract with the customer. The Group receives consideration for transactions generally within three months after satisfying performance obligations, and the Group's contracts with customers do not contain a significant financing component.

ii) Provision of other offerings

The Group provides technical support services related to the manufacture of auto parts.

The Group recognizes revenue from the provision of technical support services over the time the services are rendered because they are routine or recurring services in which the receipt and simultaneous consumption by a customer of the benefits of the Group's performance of obligations in a contract with the customer can be readily identified. The Group receives consideration for transactions related to the provision of technical support services generally in stages by measuring its progress toward complete satisfaction of that performance obligation based on contract terms.

In buy-sell transactions with repurchase obligation, the Group recognizes ending inventory of supplied articles remaining at fee-paying suppliers as work in process, and recognizes consideration received from the fee-paying suppliers as financial liabilities.

(6) 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 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 adjustments and non-controlling interests in net assets in the consolidated balance sheets.

(7) 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.

(8) Significant hedge accounting method

i) Hedge accounting method

Deferred hedge accounting is applied to interest rate swaps in principle.

ii) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Interest on loans payable

iii) Hedging policy

Loans payable with floating interest rates are converted into those with fixed interest rates to hedge the risk of fluctuations in interest rates.

iv) Method of assessing hedge effectiveness

The Company semi-annually compares the cumulative cash flow fluctuations or market fluctuations of the hedged items, and the cumulative cash flow fluctuations or market fluctuations of hedging instruments, and assesses hedge effectiveness based on these fluctuations and others.

(9) 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.

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:

Fiscal year ended March 31, 2025

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

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

Given that the Ohio factory of F&P America Mfg., Inc. ("F&P America"), the Company's consolidated subsidiary in the North America segment, posted an operating loss due to the impact of production cutbacks, rising labor costs and persistently high raw material costs, the Company identified an indication of impairment. Also, given that the Georgia factory of F&P America continues to face risks associated with uncertainty in the US market, such as persistently high raw material prices, despite turning to profitability thanks to increased revenue, cost reduction initiatives, and selling price negotiations, the Company identified an indication of impairment. As a result of examining whether to recognize an impairment loss of non-current assets at F&P America's Ohio factory and Georgia factory, the total estimated undiscounted cash flows from their respective asset groups were expected to fall below the carrying amount of the asset groups; however, the fair value of the asset groups calculated with the help of an external expert exceeded the carrying amount of 22,557 million yen. The Company, therefore, did not recognize an impairment loss.

(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 in an asset group, and the total estimated undiscounted cash flows from the asset group are expected to fall below the carrying amount of the asset group and the fair value of the asset group is expected to be lower than its carrying amount, the difference between the fair value and carrying amount is recognized as an impairment loss.

As an indication of impairment was identified at F&P America's Ohio factory and Georgia factory, the Company compared the asset groups' fair value to their carrying amount since the total estimated undiscounted cash flows from the asset groups are expected to fall below their carrying amount. The market approach is mainly used in calculating the fair value of the assets. 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 Philippines Mfg., Inc.

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2025

Given that F.tech Philippines Mfg., Inc. ("FPMI"), the Company's consolidated subsidiary in the Asia segment, returned to profitability through cost reduction initiatives and selling price negotiations, but continues to face uncertainty over the impact of inflationary pressures such as persistently high raw material prices, the Company identified an indication of impairment. Accordingly, after examining whether to recognize an impairment loss, an impairment loss was not recognized since the present value of future cash flows expected to be derived from the cash-generating unit ("value in use") exceeded the carrying amount of non-current assets (760 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.

FPMI 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 FPMI, 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 earnings forecasts 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 fiscal year ended March 31, 2025

The balance of deferred tax assets recorded in the consolidated balance sheet for the fiscal year is 2,824 million yen.

The amount of the deferred tax assets before being offset by deferred tax liabilities was 221 million yen. A valuation allowance of 3,707 million yen was deducted from deferred tax assets totaling 3,928 million yen for deductible temporary differences.

(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 earnings forecasts drawn up by the management. This estimate that reflects external factors, including the business environment, contains the Company's expected future volume of sales to its main customers and the downward risk of the earnings forecasts. The management's judgment concerning these may have a significant impact on the recoverability of deferred tax assets.

Fiscal year ended March 31, 2026

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

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026

Given that the Ohio factory of F&P America Mfg., Inc. ("F&P America"), the Company's consolidated subsidiary in the North America segment, posted an operating loss as of March 31, 2025, the Company identified an indication of impairment. Also, given that the Georgia factory of F&P America continues to face risks associated with uncertainty in the US market, such as persistently high raw material prices, despite turning to profitability thanks to cost reduction initiatives and selling price negotiations, the Company identified an indication of impairment. As a result of examining whether to recognize an impairment loss of non-current assets at F&P America's Ohio factory and Georgia factory, the total estimated undiscounted cash flows from their respective asset groups were expected to fall below the carrying amount of the asset groups; however, the fair value of the asset groups calculated with the help of an external expert exceeded the carrying amount of 25,371 million yen. The Company, therefore, did not recognize an impairment loss.

(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 in an asset group, and the total estimated undiscounted cash flows from the asset group are expected to fall below the carrying amount of the asset group and the fair value of the asset group is expected to be lower than its carrying amount, the difference between the fair value and carrying amount is recognized as an impairment loss.

As an indication of impairment was identified at F&P America's Ohio factory and Georgia factory, the Company compared the asset groups' fair value to their carrying amount since the total estimated undiscounted cash flows from the asset groups are expected to fall below their carrying amount. The market approach is mainly used in calculating the fair value of the assets. If the fair value fluctuates, it may significantly affect the determination of whether to recognize an impairment loss and the amount thereof.

2. Recoverability of deferred tax assets at F-TECH INC.

(1) Amount recorded in the consolidated financial statements for the fiscal year ended March 31, 2026

The balance of deferred tax assets recorded in the consolidated balance sheet for the fiscal year is 3,803 million yen.

The amount of the deferred tax assets before being offset by deferred tax liabilities was 158 million yen. A valuation allowance of 3,739 million yen was deducted from deferred tax assets totaling 3,897 million yen for deductible temporary differences.

(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 earnings forecasts drawn up by the management. This estimate that reflects external factors, including the business environment, contains the Company's expected future volume of sales to its main customers and the downward risk of the earnings forecasts. The management's judgment concerning these may have a significant impact on the recoverability of deferred tax assets.

New accounting standards not yet applied

- "Accounting Standard for Leases" (ASBJ Statement No. 34, issued by the Accounting Standards Board of Japan on September 13, 2024)
- "Implementation Guidance on Accounting Standard for Leases" (ASBJ Guidance No. 33, issued by the Accounting Standards Board of Japan on September 13, 2024)

and the revisions to the related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

(1) Overview

As part of its efforts for ensuring that the Japanese GAAP is consistent with international accounting standards, the Accounting Standards Board of Japan ("ASBJ") conducted a review, taking into consideration international accounting standards, toward the development of the Accounting Standard for Leases for recognizing assets and liabilities for all leases held by a lessee. As a result, the ASBJ issued the Accounting Standard for Leases, etc., which were developed under a basic policy with the aim of being simple and highly convenient by incorporating only the key provisions of IFRS 16 instead of all the provisions, despite being based on the single accounting model of IFRS 16, while also making revisions basically unnecessary even when the provisions of IFRS 16 are applied for non-consolidated financial statements.

The method for allocating the lessee's lease expenses in the lessee's accounting treatment is the same as that under IFRS 16. Specifically, a single accounting model is applied for recording the depreciation related to right-of-use assets and the amount equivalent to the interest on lease liabilities for all leases, regardless of whether a lease is a finance lease or an operating lease.

(2) Scheduled date of application

Scheduled to be applied effective from the beginning of the fiscal year ending March 31, 2028.

(3) Impact from the application of the accounting standards, etc.

The impact from the application is under evaluation at the time of preparing these consolidated financial statements.

Notes to consolidated balance sheets

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
	195,221	215,517

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Investment securities (stocks)	6,981	7,525

*3. The Group has entered into overdraft agreements and loan commitment agreements with 18 banks to efficiently raise working capital.

Balance of unexecuted borrowings at end of period under overdraft agreements and loan commitment agreements is as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Total amount of overdraft facility limit and loan commitment	77,614	79,261
Balance of borrowings outstanding	32,481	28,656
Unexecuted balance	45,133	50,605

*4. The amount of contract liabilities of "Other" is as follows:

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Contract liabilities	428	2,217

Notes to consolidated statements of income and comprehensive income

*1. Revenue from contracts with customers

The Company does not disaggregate revenue from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in "Notes to consolidated financial statements, Segment information, etc., Segment information, 3. Information on net sales, profit (loss), assets, liabilities, other items, and disaggregation of revenue, for each reportable segment" in the consolidated financial statements.

*2. 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, 2025	Fiscal year ended March 31, 2026
	3	2

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Haulage expenses	2,091	1,687
Salaries, allowance and bonuses	5,554	5,734
Retirement benefit costs	178	95
Provision for directors' bonuses	20	49
Provision for directors' retirement benefits	12	10
Research and development expenses	3,091	2,986

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
	3,091	2,986

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Machinery, equipment and vehicles	12	36
Land	44	164
Other	7	7
Total	64	208

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Machinery, equipment and vehicles	–	0
Other	–	0
Total	–	0

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Buildings and structures	10	3
Machinery, equipment and vehicles	54	5
Other	17	56
Total	83	65

*8. Impairment loss

Fiscal year ended March 31, 2025

The Group posted an impairment loss on the following asset groups for the fiscal year ended March 31, 2025.

(Millions of yen)

Reportable segments	Region	Purpose	Type	Amount
Asia	Zhongshan City, Guangdong Province, China	Business assets	Buildings, machinery, equipment and vehicles, dies and tools, construction in progress, software and others	3,968
	Wuhan City, Hubei Province, China	Business assets	Buildings and structures, machinery, equipment and vehicles, dies and tools, construction in progress, software and others	3,705
Japan	Kazo City, Saitama Prefecture	Business assets	Land	33
Total				7,707

The Group's business assets are grouped by the categories for management accounting.

Due to the rapid changes in the Chinese automotive market, production volumes at our major customers have decreased significantly, resulting in a decline in profitability. As a result, the Company reduced the carrying amount to the recoverable amount and recorded the decrease as an impairment loss. The recoverable amount is measured at fair value less disposal costs.

In Japan, the Company has decided to sell its unused employee dormitory. Since the sale price agreed with the buyer is significantly lower than the carrying amount, the Company has recognized the amount by which the carrying amount exceeds the sale price as an impairment loss.

Fiscal year ended March 31, 2026

Not applicable.

*9. Extra retirement payments

Extra retirement payments for the previous fiscal year represent expenses incurred as a result of voluntary retirement programs implemented by our consolidated subsidiaries, F.tech Zhongshan Inc. and F.tech Wuhan Inc., which have been recorded as extraordinary losses.

*10. Reclassification adjustments, income taxes and tax effects relating to other comprehensive income are as follows:

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Valuation difference on available-for-sale securities		
Increase (decrease) during the period	(621)	(32)
Reclassification adjustments	–	(0)
Pre-adjustment of income taxes and tax effect	(621)	(32)
Income taxes and tax effect amount	193	0
Valuation difference on available-for-sale securities	(428)	(31)
Deferred gains or losses on hedges		
Increase (decrease) during the period	(111)	(193)
Reclassification adjustments	–	–
Pre-adjustment of income taxes and tax effect	(111)	(193)
Income taxes and tax effect amount	95	20
Deferred gains or losses on hedges	(15)	(172)
Foreign currency translation adjustment		
Increase (decrease) during the period	2,486	3,307
Foreign currency translation adjustment	2,486	3,307
Remeasurements of defined benefit plans		
Increase (decrease) during the period	899	56
Reclassification adjustments	(13)	(216)
Pre-adjustment of income taxes and tax effect	885	(159)
Income taxes and tax effect amount	(180)	(23)
Remeasurements of defined benefit plans, net of tax	705	(183)
Share of other comprehensive income of entities accounted for using equity method		
Increase (decrease) during the period	230	193
Share of other comprehensive income of entities accounted for using equity method	230	193
Total other comprehensive income	2,979	3,113

Notes to consolidated statements of changes in net assets

Fiscal year ended March 31, 2025

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 period	Number of shares increased during period	Number of shares decreased during period	Number of shares as of end of period
Issued shares				
Common shares	18,712	–	–	18,712
Total	18,712	–	–	18,712
Treasury shares				
Common shares	144	0	–	144
Total	144	0	–	144

Summary of reason for change:

An increase of 50 shares due to the purchase of shares less than one unit

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 20, 2024	Common shares	187	Retained earnings	10	March 31, 2024	June 21, 2024
Meeting of the Board of Directors held on November 7, 2024	Common shares	187	Retained earnings	10	September 30, 2024	December 2, 2024

Notes:

1. The total cash dividend paid based on the resolution at the Annual General Meeting of Shareholders held on June 20, 2024 includes dividends of 1,100,000 yen paid for the Company's shares held by Custody Bank of Japan, Ltd. as trust property of performance-linked stock compensation for the Company's officers.
2. The total cash dividend paid based on the resolution at the meeting of the Board of Directors held on November 7, 2024 includes dividends of 1,100,000 yen paid for the Company's shares held by Custody Bank of Japan, Ltd. as trust property of performance-linked stock compensation for the Company's officers.

(2) Dividends whose record dates are in the fiscal year under review but whose effective dates fall in the following 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 19, 2025	Common shares	187	Retained earnings	10	March 31, 2025	June 20, 2025

Note: The total cash dividend paid based on the resolution at the Annual General Meeting of Shareholders held on June 19, 2025 includes dividends of 1,100,000 yen paid for the Company's shares held by Custody Bank of Japan, Ltd. as trust property of performance-linked stock compensation for the Company's officers.

Fiscal year ended March 31, 2026

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 period	Number of shares increased during period	Number of shares decreased during period	Number of shares as of end of period
Issued shares				
Common shares	18,712	–	–	18,712
Total	18,712	–	–	18,712
Treasury shares				
Common shares	144	0	5	139
Total	144	0	5	139

Summary of reason for change:

An increase of 49 shares due to the purchase of shares less than one unit

A decrease of 5,392 shares due to the provision of stock-based compensation at the retirement of 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 19, 2025	Common shares	187	Retained earnings	10	March 31, 2025	June 20, 2025
Meeting of the Board of Directors held on November 6, 2025	Common shares	187	Retained earnings	10	September 30, 2025	December 1, 2025

Notes:

1. The total cash dividend paid based on the resolution at the Annual General Meeting of Shareholders held on June 19, 2025 includes dividends of 1,100,000 yen paid for the Company's shares held by Custody Bank of Japan, Ltd. as trust property of performance-linked stock compensation for the Company's officers.
2. The total cash dividend paid based on the resolution at the meeting of the Board of Directors held on November 6, 2025 includes dividends of 1,050,000 yen paid for the Company's shares held by Custody Bank of Japan, Ltd. as trust property of performance-linked stock compensation for the Company's officers.

(2) Dividends whose record dates are in the fiscal year under review but whose effective dates fall in the following fiscal year

The Company plans to submit a proposal at the Annual General Meeting of Shareholders scheduled to be held on June 25, 2026. The details of the proposal are as follows:

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, 2026	Common shares	261	Retained earnings	14	March 31, 2026	June 26, 2026

Note: The total cash dividend paid based on the resolution at the Annual General Meeting of Shareholders held on June 25, 2026 includes dividends of 1,470,000 yen paid for the Company's shares held by Custody Bank of Japan, Ltd. as trust property of performance-linked stock compensation for the Company's officers.

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, 2025	Fiscal year ended March 31, 2026
Cash and deposits	14,356	18,726
Time deposits with a deposit period exceeding three months	(100)	(105)
Cash and cash equivalents	14,256	18,620

*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, 2025	Fiscal year ended March 31, 2026
Leased assets	18	23
Right-of-use assets	764	1,671
Lease obligations	783	1,693

Notes on leases

As lessee

1. Finance lease transactions

Finance lease transactions that do not transfer ownership

i) Leased assets

Property, plant and equipment

Mainly production facilities (machinery and equipment)

ii) Depreciation of leased assets

Depreciation of leased assets is as stated in "4. 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, 2025	As of March 31, 2026
Due within one year	19	19
Due over one year	20	22
Total	39	41

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 held for the purposes of increasing transactions with business partners and strengthening business relationships to stably raise funds, etc. and exposed to the risk of fluctuations in market prices.

Notes and accounts payable - trade that are operating payables 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. Bonds payable, loans payable and lease obligations on finance leases are the amounts raised principally for the purpose of funding capital expenditure; these amounts are due for repayment within up to 19 years after the current fiscal year end. Some of the loans payable and lease obligations are at floating interest rates and exposed to the risk of fluctuations in interest rates, however, derivative transactions (interest rate swaps) are used to hedge this risk.

Derivative transactions are forward exchange contracts to hedge the foreign currency risk on operating receivables arising from intercompany transactions and interest rate swaps to hedge the interest rate risk on interest paid on loans payable. For hedging instruments and hedged items, hedging policy, method of assessing hedge effectiveness, and other relevant information in hedge accounting, please refer to “Disclosure of accounting policies, Significant hedge accounting method” mentioned above.

(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.

The Group enters into derivative transactions only with financial institutions with high credit ratings to mitigate the counterparty risk.

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. Some consolidated subsidiaries enter into interest rate swaps to limit the interest rate risk on interest paid on loans payable.

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 derivatives which stipulate transaction authority, limit amounts and other matters and the internal rules on foreign exchange risks. Based on this assessment, the accounting department conducts transactions, and records information on the transactions and checks balances with counterparties. Consolidated subsidiaries also manage derivative transactions in the same manner in accordance with the Company’s internal rules on derivatives and internal rules on foreign exchange risks.

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

The fair values of financial instruments include the amounts based on market prices and the reasonably calculated amounts when market prices are not available. In calculating the amounts, several variable factors are considered. The resulting amounts thus may vary depending on the differences of preconditions employed. In addition, the contract/notional amounts of derivative transactions stated in "Notes on derivatives" do not by themselves indicate market risk on derivative transactions.

(5) Concentration of credit risks

As of March 31, 2026, 63.3% of operating receivables were associated with 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.

As of March 31, 2025

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)			
Available-for-sale securities (other securities)	1,999	1,999	–
Total assets	1,999	1,999	–
(2) Bonds payable	2,000	2,005	5
(3) Long-term loans payable (*3)	35,773	35,296	(476)
(4) Lease obligations (*4)	2,336	2,124	(211)
Total liabilities	40,110	39,427	(682)
(5) Derivatives (*5)	342	342	–

(*1) "Cash and deposits," "Notes receivable - trade," "Accounts receivable - trade," "Notes and accounts payable - trade," "Accounts payable - other," and "Short-term loans payable" are not presented because they are settled in cash within a short period of time, and thus, their fair values are approximate to their carrying amounts.

(*2) Equity and other securities without market prices are not included in "(1) Investment securities" above. The carrying amounts of these financial instruments on the balance sheet are as shown below:

(Millions of yen)

Classification	As of March 31, 2025
Non-listed shares	
Shares of subsidiaries and associates	6,981
Other	261
Total	7,243

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

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

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

As of March 31, 2026

(Millions of yen)

	Carrying amount on the consolidated balance sheet	Fair value	Difference
(1) Investment securities (*2)			
Available-for-sale securities (other securities)	2,005	2,005	–
Total assets	2,005	2,005	–
(2) Bonds payable	2,000	1,901	(98)
(3) Long-term loans payable (*3)	35,102	34,690	(412)
(4) Lease obligations (*4)	3,196	2,997	(199)
Total liabilities	40,298	39,589	(709)
(5) Derivatives (*5)	100	100	–

(*1) "Cash and deposits," "Notes receivable - trade," "Accounts receivable - trade," "Notes and accounts payable - trade," "Accounts payable - other," and "Short-term loans payable" are not presented because they are settled in cash within a short period of time, and thus, their fair values are approximate to their carrying amounts.

(*2) Equity and other securities without market prices are not included in "(1) Investment securities" above. The carrying amounts of these financial instruments on the balance sheet are as shown below:

(Millions of yen)

Classification	As of March 31, 2026
Non-listed shares	
Shares of subsidiaries and associates	7,525
Other	263
Total	7,789

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

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

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

Notes: 1. Redemption schedule for monetary receivables after the fiscal year end

As of March 31, 2025

(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	14,356	–	–	–
Notes receivable - trade	56	–	–	–
Accounts receivable - trade	34,976	–	–	–
Total	49,390	–	–	–

As of March 31, 2026

(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	18,726	–	–	–
Notes receivable - trade	67	–	–	–
Accounts receivable - trade	34,665	–	–	–
Total	53,459	–	–	–

2. Repayment schedule for long-term loans payable, lease obligations, and other interest-bearing debts after the fiscal year end

As of March 31, 2025

(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	32,481	–	–	–
Bonds payable	–	2,000	–	–
Long-term loans payable	11,634	24,139	–	–
Lease obligations	868	1,257	52	158
Total	44,984	27,396	52	158

As of March 31, 2026

(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	28,656	–	–	–
Bonds payable	–	2,000	–	–
Long-term loans payable	12,241	21,760	1,100	–
Lease obligations	1,023	1,975	53	144
Total	41,921	25,735	1,153	144

3. Breakdown by the level of fair values of financial instruments, etc.

The fair values of financial instruments are classified into the following three levels depending on the observability and importance of inputs used for the measurement of their fair values as follows:

Level 1: Fair values measured using quoted prices in active markets for identical assets or liabilities out of the observable inputs used for the measurement of fair values

Level 2: Fair values measured using the inputs other than those used for Level 1 out of the observable inputs used for the measurement of fair values

Level 3: Fair values measured using unobservable inputs used for the measurement of fair values

When multiple inputs that have a material impact on the measurement of fair value are used, the fair value is classified into the lowest level of the fair value hierarchy to which any of these inputs belong.

(1) Financial instruments stated at fair value in the consolidated balance sheets

As of March 31, 2025

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities (other securities)	1,999	–	–	1,999
Derivatives				
Interest rate	–	337	–	337
Foreign currency	–	4	–	4
Total assets	1,999	342	–	2,342

As of March 31, 2026

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities (other securities)	2,005	–	–	2,005
Derivatives				
Interest rate	–	144	–	144
Foreign currency	–	(43)	–	(43)
Total assets	2,005	100	–	2,106

(2) Financial instruments other than the financial instruments stated at fair value in the consolidated balance sheets

As of March 31, 2025

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	–	2,005	–	2,005
Long-term loans payable (including current portion of long-term loans payable)	–	35,296	–	35,296
Lease obligations (including current portion of lease obligations)	–	2,124	–	2,124
Total liabilities	–	39,427	–	39,427

As of March 31, 2026

Classification	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	–	1,901	–	1,901
Long-term loans payable (including current portion of long-term loans payable)	–	34,690	–	34,690
Lease obligations (including current portion of lease obligations)	–	2,997	–	2,997
Total liabilities	–	39,589	–	39,589

Note: Valuation techniques and inputs used for the measurement of fair values

Investment securities

The fair values of listed shares are calculated using quoted market prices, and are classified into Level 1 because they are traded in active markets.

Derivatives

The fair values of interest rate swaps and forward exchange contracts are calculated using the discounted cash flow method based on observable inputs such as interest rates and exchange rates, and are classified into Level 2.

Bonds payable, long-term loans payable and lease obligations

The fair values of bonds payable, long-term loans payable and lease obligations are calculated by discounting the total amount of principal and interest at the assumed interest rate of similar new bonds payable, borrowings and lease contracts, and are classified into Level 2.

Notes on securities

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

As of March 31, 2025

(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	1,999	984	1,015
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	1,999	984	1,015
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		1,999	984	1,015

As of March 31, 2026

(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	2,005	1,022	983
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	2,005	1,022	983
Items whose carrying amount on the consolidated balance sheet does not exceed original purchase price	(1) Shares	–	–	–
	(2) Bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		2,005	1,022	983

Notes on derivatives

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency

As of March 31, 2025

(Millions of yen)

Classification	Type of transaction	As of March 31, 2025			
		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	674	–	(0)	(0)
	Euro	16	–	(0)	(0)
	Thai baht	26	–	0	0
	Buy				
	U.S. dollar	234	–	4	4
	Indian rupee	2	–	0	0
Total		955	–	4	4

As of March 31, 2026

(Millions of yen)

Classification	Type of transaction	As of March 31, 2026			
		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	1,549	–	(39)	(39)
	Chinese yuan	49	–	(0)	(0)
	Thai baht	23	–	0	0
	Buy				
	U.S. dollar	247	–	(4)	(4)
Total		1,869	–	(43)	(43)

(2) Interest rate

As of March 31, 2025

Not applicable.

As of March 31, 2026

Not applicable.

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency

As of March 31, 2025

Not applicable.

As of March 31, 2026

Not applicable.

(2) Interest rate

As of March 31, 2025

(Millions of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contract/notional amount	Portion of contract/notional amount over one year	Fair value
Deferred hedge accounting	Interest rate swaps Fixed interest paid Floating interest received	Long-term loans payable	6,327	4,745	337
Total			6,327	4,745	337

As of March 31, 2026

(Millions of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contract/notional amount	Portion of contract/notional amount over one year	Fair value
Deferred hedge accounting	Interest rate swaps Fixed interest paid Floating interest received	Long-term loans payable	4,695	3,130	144
Total			4,695	3,130	144

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, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	8,137	7,190
Service cost	468	472
Interest cost	58	116
Actuarial loss (gain)	(1,050)	83
Benefits paid	(451)	(630)
Other	29	38
Balance at end of period	7,190	7,270

   (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, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	7,546	7,388
Expected return on plan assets	148	145
Actuarial gain (loss)	(175)	829
Contributions paid by the employer	306	308
Benefits paid	(441)	(607)
Other	3	(1)
Balance at end of period	7,388	8,062

(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, 2025	Fiscal year ended March 31, 2026
Balance at beginning of period	95	106
Benefit costs	34	37
Benefits paid	(3)	(6)
Contributions paid by the employer	(19)	(19)
Balance at end of period	106	117

(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, 2025	As of March 31, 2026
Funded retirement benefit obligations	6,504	6,431
Plan assets	(7,388)	(8,062)
	(883)	(1,631)
Unfunded retirement benefit obligations	792	956
Total net liability (asset) for retirement benefits	(90)	(674)
Net defined benefit liability	793	957
Net defined benefit asset	(884)	(1,631)
Total net liability (asset) for retirement benefits	(90)	(674)

Note: Includes plans to which simplified methods were applied.

(5) Retirement benefit costs

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Service cost	468	472
Interest cost	58	116
Expected return on plan assets	(148)	(145)
Net actuarial loss amortization	10	(906)
Retirement benefit costs calculated using simplified methods	34	37
Total	422	(425)

(6) Remeasurements of defined benefit plans

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Actuarial gains and losses	885	(159)
Total	885	(159)

(7) Accumulated remeasurements of defined benefit plans

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

(Millions of yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Actuarial gains and losses that are yet to be recognized	985	826
Total	985	826

(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, 2025	As of March 31, 2026
Bonds	16.2%	12.6%
Equity securities	15.2%	22.5%
Cash and deposits	54.7%	57.7%
Other	13.9%	7.2%
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, 2025	As of March 31, 2026
Discount rate	1.6%	1.6%
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 646 million yen for the previous fiscal year and 743 million yen for 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 35 million yen for the previous fiscal year and 35 million yen for the current fiscal year.

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

JMSA Welfare Pension Fund

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Amount of plan assets	2,631	2,876
Amount of reserve for the purpose of pension financing calculation	2,358	2,393
Difference	273	482

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

JMSA Welfare Pension Fund

As of March 31, 2025: 19.3%

As of March 31, 2026: 19.6%

(3) Supplementary explanation

The main factor behind the difference in (1) above is a surplus generated by the strong performance of pension plan assets.

The percentage in (2) above does not match the actual cost-sharing ratio of the Company.

Notes on tax effect accounting

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

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Deferred tax assets		
Tax loss carry forwards (Note 2)	6,095	6,012
Excess depreciation	1,865	2,519
Elimination of unrealized gains on non-current assets	986	904
Impairment loss	351	351
Net defined benefit liability	149	177
Accrued bonuses	424	537
Loss on valuation of inventories	156	153
Interest expenses not deductible for tax purposes	1,137	1,305
Other	2,163	2,532
Deferred tax assets subtotal	13,331	14,492
Valuation allowance for tax loss carry forwards (Note 2)	(5,969)	(5,871)
Valuation allowance for the total of deductible temporary difference, etc.	(2,138)	(1,922)
Valuation allowance subtotal (Note 1)	(8,107)	(7,794)
Total deferred tax assets	5,223	6,698
Deferred tax liabilities		
Depreciation (foreign consolidated subsidiaries)	(4,290)	(4,703)
Valuation difference on available-for-sale securities	(305)	(304)
Net defined benefit asset	(209)	(235)
Other	(162)	(199)
Total deferred tax liabilities	(4,968)	(5,443)
Net deferred tax assets (liabilities)	254	1,254

Notes: 1. Valuation allowance decreased by 313 million yen. This decrease is mainly due to a decrease in valuation allowance for deductible temporary differences as a result of the recording of taxable income at some consolidated subsidiaries.

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

As of March 31, 2025 (Millions of yen)

	Due within one year	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	Due over five years	Total
Tax loss carry forwards (a)	19	22	4	137	1,555	4,356	6,095
Valuation allowance	(19)	(22)	(4)	(15)	(1,555)	(4,352)	(5,969)
Deferred tax assets	–	–	–	121	–	4	(b) 126

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

(b) For tax loss carry forwards of 6,095 million yen (amount after being multiplied by the statutory income tax rate), deferred tax assets of 126 million yen were recorded. The deferred tax assets of 126 million yen were recognized principally in relation to the balance of tax loss carry forwards for consolidated subsidiaries: F.tech Zhongshan Inc. of 121 million yen (amount after being multiplied by the statutory income tax rate), and that for Reterra Inc. of 4 million yen (amount after being multiplied by 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 prior periods and the current fiscal year. The Company has determined, based on expected future taxable income, etc., that the deferred tax assets related to the tax loss carry forwards are recoverable.

As of March 31, 2026 (Millions of yen)

	Due within one year	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	Due over five years	Total
Tax loss carry forwards (a)	24	4	253	915	240	4,573	6,012
Valuation allowance	(24)	(4)	(127)	(915)	(240)	(4,558)	(5,871)
Deferred tax assets	–	–	125	–	–	14	(b) 140

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

(b) For tax loss carry forwards of 6,012 million yen (amount after being multiplied by the statutory income tax rate), deferred tax assets of 140 million yen were recorded. The deferred tax assets of 140 million yen were recognized principally in relation to the balance of tax loss carry forwards for consolidated subsidiaries: F.tech Zhongshan Inc. of 125 million yen (amount after being multiplied by the statutory income tax rate), and that for Reterra Inc. of 14 million yen (amount after being multiplied by 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 prior periods and the current fiscal year. The Company has determined, based on expected future taxable income, etc., that the deferred tax assets related to the tax loss carry forwards are 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, 2025	As of March 31, 2026
Statutory income tax rate	–	30.1
(Adjustments)		
Change in valuation allowance	–	2.8
Foreign tax credit	–	7.0
Tax rate differences in foreign consolidated subsidiaries	–	(4.8)
Expenses not deductible permanently for tax purposes	–	2.1
Inhabitant per capita tax	–	0.2
Share of profit (loss) of entities accounted for using equity method	–	(1.6)
Elimination of dividend income in consolidation	–	1.0
Effect of exchange rate fluctuations in foreign subsidiaries	–	(6.5)
Adjustments to uncertain tax positions	–	4.3
Other	–	(1.1)
Effective income tax rate after application of tax effect accounting	–	33.5

Note: Notes have been omitted for the previous fiscal year because a loss before income taxes was recorded.

Notes on asset retirement obligations

Not applicable.

Notes on real estate for lease, etc.

The Company and a consolidated subsidiary own rental properties in Mie Prefecture and other areas. In the fiscal year ended March 31, 2025, net rental revenue from the rental properties amounted to 31 million yen (rental revenue was recorded in non-operating income). In the fiscal year ended March 31, 2026, net rental revenue from the rental properties amounted to 31 million yen (rental revenue was recorded in net sales).

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, 2025	Fiscal year ended March 31, 2026
Carrying amount on the consolidated balance sheet		
Balance at beginning of period	462	487
Increase (decrease) during period	25	46
Balance at end of period	487	533
Fair value at end of period	763	837

Notes:
1. Carrying amount on the consolidated balance sheet is calculated by subtracting accumulated depreciation and accumulated impairment loss from acquisition cost.
2. Of the increase (decrease) during the fiscal year ended March 31, 2025, the increase was attributable mainly to foreign currency translation difference of 25 million yen. The increase during the fiscal year ended March 31, 2026 was attributable mainly to foreign currency translation difference of 46 million yen.
3. Fair values at end of period are based on certain appraisal values and indicators that are considered to appropriately reflect market prices.

Notes on revenue recognition

1. Disaggregation of revenue from contracts with customers

   The disaggregation of revenue from contracts with customers is as stated in "Notes to consolidated financial statements, Segment information, etc."

2. Useful information in understanding revenue from contracts with customers

   Useful information in understanding revenue from contracts with customers is as provided in "4. Disclosure of accounting policies, (5) Accounting policy for significant revenues and expenses" under "Basis of presentation and significant accounting policies for preparation of consolidated financial statements."

3. Reconciliation of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenues arising from contracts with customers existing at the end of the fiscal year expected to be recognized in and after the next fiscal year.

Fiscal year ended March 31, 2025

(1) Balance of contract liabilities, etc.

(Millions of yen)

	Fiscal year ended March 31, 2025	
	Beginning balance	Ending balance
Receivables from contracts with customers	41,921	35,259
Contract liabilities	1,696	428

Contract liabilities are related to advances such as deposits received from customers based on the terms of sales contracts primarily for dies and equipment. Contract liabilities are reversed upon recognition of revenue. The amount of revenue recognized for the fiscal year ended March 31, 2025 that was included in the beginning balance of contract liabilities is immaterial.

The amount of revenue recognized for the fiscal year ended March 31, 2025 from performance obligations that were satisfied (or partially satisfied) in prior fiscal years (mainly changes in transaction price) is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to and thus omitted the presentation of the transaction price allocated to the remaining performance obligations because of the absence of significant contracts whose contract term was initially expected to exceed one year. Also, the consideration promised in contracts with customers does not have any significant amounts not included in the transaction price.

Fiscal year ended March 31, 2026

(1) Balance of contract liabilities, etc.

(Millions of yen)

	Fiscal year ended March 31, 2026	
	Beginning balance	Ending balance
Receivables from contracts with customers	35,259	34,824
Contract liabilities	428	2,217

Contract liabilities are related to advances such as deposits received from customers based on the terms of sales contracts primarily for dies and equipment. Contract liabilities are reversed upon recognition of revenue. The amount of revenue recognized for the fiscal year ended March 31, 2026 that was included in the beginning balance of contract liabilities is immaterial.

The amount of revenue recognized for the fiscal year ended March 31, 2026 from performance obligations that were satisfied (or partially satisfied) in prior fiscal years (mainly changes in transaction price) is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The Group has applied the practical expedient to and thus omitted the presentation of the transaction price allocated to the remaining performance obligations because of the absence of significant contracts whose contract term was initially expected to exceed one year. Also, the consideration promised in contracts with customers does not have any significant amounts not included in the transaction price.

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, etc. As of the end of the current fiscal year, four companies including the Company in Japan as well as six 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 goodwill amortization).

Transactions with other segments are based on prevailing market prices.

3. Information on net sales, profit (loss), assets, liabilities, other items, and disaggregation of revenue, for each reportable segment

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	30,100	226,241	44,489	300,831
Transactions with other segments	10,788	1,768	3,611	16,167
Total	40,888	228,009	48,100	316,999
Segment profit	(1,093)	8,024	(1,609)	5,321
Segment assets	82,925	111,439	37,611	231,975
Other items				
Depreciation	1,931	10,086	3,342	15,359
Investments in entities accounted for using equity method	6,846	–	–	6,846
Increase in property, plant and equipment and intangible assets	1,920	5,138	2,403	9,462

Disaggregation of goods and services by type

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Auto parts	27,693	217,698	37,054	282,446
Dies/facilities	1,206	3,938	1,585	6,731
Other	1,200	4,603	5,849	11,653
Revenue from contracts with customers	30,100	226,241	44,489	300,831
Revenue from other sources	–	–	–	–
Net sales to external customers	30,100	226,241	44,489	300,831

Disaggregation of revenue by timing of recognition

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Goods transferred at a point in time	28,919	226,241	43,811	298,972
Services transferred over time	1,180	–	678	1,859
Revenue from contracts with customers	30,100	226,241	44,489	300,831
Revenue from other sources	–	–	–	–
Net sales to external customers	30,100	226,241	44,489	300,831

Fiscal year ended March 31, 2026

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	29,453	222,616	39,797	291,866
Transactions with other segments	12,402	1,580	3,698	17,680
Total	41,855	224,196	43,495	309,547
Segment profit	618	5,938	1,665	8,222
Segment assets	80,831	117,539	38,133	236,504
Other items				
Depreciation	1,825	10,010	1,342	13,178
Investments in entities accounted for using equity method	7,390	–	–	7,390
Increase in property, plant and equipment and intangible assets	2,031	7,963	1,572	11,567

Disaggregation of goods and services by type

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Auto parts	26,794	209,174	32,123	268,091
Dies/facilities	1,423	8,734	2,180	12,339
Other	1,234	4,707	5,493	11,435
Revenue from contracts with customers	29,453	222,616	39,797	291,866
Revenue from other sources	–	–	–	–
Net sales to external customers	29,453	222,616	39,797	291,866

Disaggregation of revenue by timing of recognition

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Goods transferred at a point in time	28,218	222,616	38,928	289,763
Services transferred over time	1,235	–	868	2,103
Revenue from contracts with customers	29,453	222,616	39,797	291,866
Revenue from other sources	–	–	–	–
Net sales to external customers	29,453	222,616	39,797	291,866

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, 2025	Fiscal year ended March 31, 2026
Reportable segments total	316,999	309,547
Elimination of intersegment transactions	(16,167)	(17,680)
Net sales in the consolidated financial statements	300,831	291,866

(Millions of yen)

Profit	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Reportable segments total	5,321	8,222
Elimination of intersegment transactions	160	183
Operating profit in the consolidated financial statements	5,481	8,405

(Millions of yen)

Assets	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Reportable segments total	231,975	236,504
Elimination of intersegment transactions	(54,415)	(53,864)
Other adjustments	(4)	(3)
Total assets in the consolidated financial statements	177,555	182,636

(Millions of yen)

Other items	Reportable segments total		Adjustments		Amounts in the consolidated financial statements	
	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Depreciation	15,359	13,178	(439)	(388)	14,920	12,789
Investments in entities accounted for using equity method	6,846	7,390	–	–	6,846	7,390
Increase in property, plant and equipment and intangible assets	9,462	11,567	(132)	(260)	9,329	11,306

Note: Adjustments of depreciation and those of increase in property, plant and equipment and intangible assets are the effects of intersegment consolidation adjustments.

Information associated with reportable segments

Fiscal year ended March 31, 2025

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	Mexico	Other	Total
29,547	139,039	54,312	32,891	45,041	300,831

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	Mexico	Other	Total
12,229	22,851	16,335	19,464	10,547	81,428

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	190,166	All reportable segments

Fiscal year ended March 31, 2026

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	Mexico	Other	Total
28,874	139,783	51,085	31,750	40,373	291,866

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	Mexico	Other	Total
12,068	26,244	15,899	16,491	10,761	81,464

3. Information for major customers (Millions of yen)

Counterparty	Revenues	Relevant segment
Honda Motor Co., Ltd. and its group companies	187,719	All reportable segments

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

Fiscal year ended March 31, 2025

(Millions of yen)

	Reportable segments			Unallocated amounts and elimination	Total
	Japan	North America	Asia		
Impairment loss	33	–	7,781	(107)	7,707

Fiscal year ended March 31, 2026

Not applicable.

Amortization and unamortized balance of goodwill for each reportable segment

Fiscal year ended March 31, 2025

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	5	3	14	–	22

Fiscal year ended March 31, 2026

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	3	2	11	–	17

Information about gain on bargain purchase for each reportable segment

Fiscal year ended March 31, 2025

Not applicable.

Fiscal year ended March 31, 2026

Not applicable.

Related parties

Fiscal year ended March 31, 2025

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	Balance at end of period (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 13.63	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	15,161	Accounts receivable - trade	1,966
							Purchase of raw materials	8,795	Accounts payable - trade	1,185

Note: 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.

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	Balance at end of period (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	Balance at end of period (Millions of yen)
Subsidiary of major shareholder	Honda Development and Manufacturing of America, LLC	Ohio, U.S.A.	USD 561 million	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	71,499	Accounts receivable - trade	8,065
							Purchase of raw materials	58,380	Accounts payable - trade	3,795
Subsidiary of major shareholder	Honda Canada, Inc.	Ontario, Canada	CAD 226 million	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	44,888	Accounts receivable - trade	4,752

Note: 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. Notes on major associates

Not applicable.

Fiscal year ended March 31, 2026

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	Balance at end of period (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 13.63	Purchaser of products of the Group and seller of parts and raw materials	Sale of finished goods	15,824	Accounts receivable - trade	2,105
							Purchase of raw materials	8,568	Accounts payable - trade	1,211

Note: 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.

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	Balance at end of period (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	Balance at end of period (Millions of yen)
Subsidiary of major shareholder	Honda Development and Manufacturing of America, LLC	Ohio, U.S.A.	USD 561 million	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	76,901	Accounts receivable - trade	8,781
							Purchase of raw materials	71,458	Accounts payable - trade	7,122
Subsidiary of major shareholder	Honda Canada, Inc.	Ontario, Canada	CAD 226 million	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	42,742	Accounts receivable - trade	5,107

Note: 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. Notes on major associates

Not applicable.

Per share information

(Yen)

	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2026
Net assets per share	2,774.28	3,129.67
Basic earnings (loss) per share	(372.97)	254.50

Notes: 1. Diluted basic earnings (loss) per share is not presented since no potential shares exist.

2. Since the second quarter of the fiscal year ended March 31, 2021, the Company has acquired the Company's shares through the "Officers' Stock Benefit Trust," and the shares of the Company held by the Officers' Stock Benefit Trust (110,500 shares for the fiscal year ended March 31, 2025 and 105,108 shares for the fiscal year ended March 31, 2026) are included in the number of treasury shares deducted in the calculation of the average number of shares outstanding during the period, to calculate basic earnings per share.

3. Since the second quarter of the fiscal year ended March 31, 2021, the Company has acquired the Company's shares through the "Officers' Stock Benefit Trust," and the shares of the Company held by the Officers' Stock Benefit Trust (110,500 shares for the fiscal year ended March 31, 2025 and 106,541 shares for the fiscal year ended March 31, 2026) are included in the number of treasury shares deducted from 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, 2025	Fiscal year ended March 31, 2026
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (Millions of yen)	(6,925)	4,726
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit (loss) attributable to owners of parent related to common shares (Millions of yen)	(6,925)	4,726
Average number of shares (Thousands of shares)	18,567	18,571

Significant subsequent event

Not applicable.

v) Annexed consolidated detailed schedules

Annexed detailed schedule of corporate bonds

Company name	Issuer	Issue date	Balance at beginning of current period (Millions of yen)	Balance at end of current period (Millions of yen)	Interest rate (%)	Collateral	Maturity date
F-TECH INC.	1st unsecured bonds with early redeemable option	January 23, 2025	2,000	2,000	2.0	Unsecured corporate bonds	January 23, 2029
Total	–	–	2,000	2,000	–	–	–

1. Total amount of scheduled redemption for each year within five years after the fiscal year end (Millions of yen)

Due within one year	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
–	–	2,000	–	–

Annexed detailed schedule of borrowings

Classification	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (%)	Payment due
Short-term loans payable	32,481	28,656	4.06	–
Current portion of long-term loans payable	11,634	12,241	2.75	–
Current portion of lease obligations	868	1,023	3.12	–
Long-term loans payable (excluding current portion)	24,139	22,860	3.04	2027–2032
Lease obligations (excluding current portion)	1,468	2,172	3.94	2027–2044
Total	70,591	66,954	–	–

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	9,649	7,384	3,445	1,280
Lease obligations	1,023	428	93	429

Annexed detailed schedule of asset retirement obligations

Not applicable.

(2) Other information

Semi-annual information for the fiscal year ended March 31, 2026

	Six months ended September 30, 2025	Fiscal year ended March 31, 2026
Net sales (Millions of yen)	142,094	291,866
Profit before income taxes (Millions of yen)	1,999	7,637
Profit attributable to owners of parent (Millions of yen)	299	4,726
Basic earnings per share (Yen)	16.12	254.50