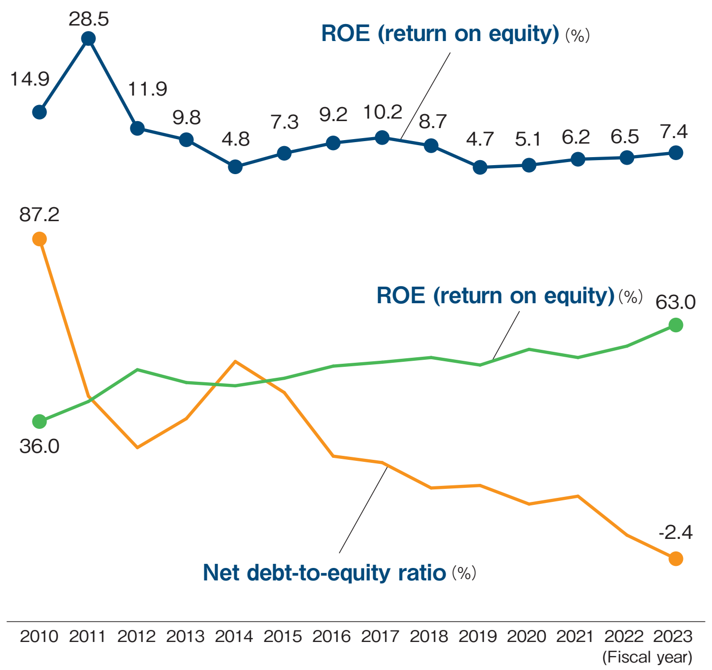
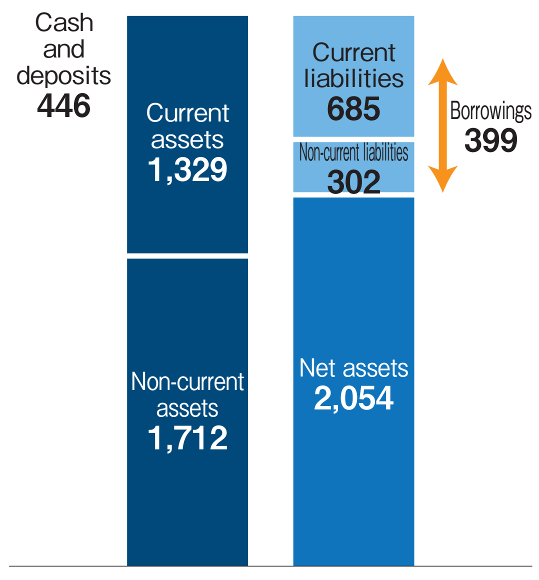
Financial Strategy

Financial policy

G-TEKT aims to maintain its sound financial standing while increasing return on equity, in pursuit of which it seeks to sustainably expand sales and profit. In order to preserve this sound financial standing the Company will maintain an equity ratio of at least 50%, and in terms of capital efficiency it has set a return on equity (ROE) target of at least 10%. In order to win through the transformational period of electrification, The Company intends to evolve into a vehicle body system supplier (tier 0.5). In terms of the soundness of our financial standing, in FY2024 we maintained an R&I credit rating of A-. In addition to strengthening our financial base, we will also strive to generate shareholder returns that will satisfy our investors. When considering our portfolio of businesses over the medium to long term, we will maximize investment efficiency and optimize allocation of management resources through the use of KPIs, such as ROIC, with the objective of maximizing corporate value.



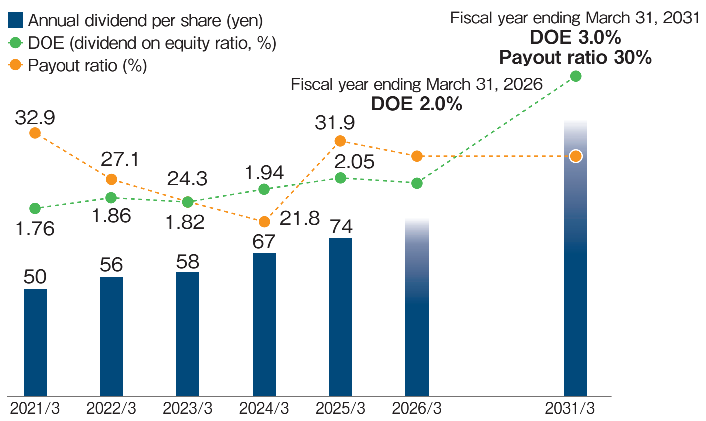
Consolidated balance sheet (March 31, 2024)
Unit: 100 millions of yen



* The above figures have been rounded to the nearest 100 million yen.

Shareholder returns

One of our management challenges has been to maintain a sound financial standing for investment in growth, while at the same time increasing dividends in a stable manner over the long term in proportion to growth in profits. In the fiscal year ending March 31, 2025, we plan to increase dividends for the 15th consecutive fiscal year by ¥7 per share to ¥74 per share.
In terms of our indicator for shareholder returns, we introduced DOE (dividend on equity) in June 2023, and in June 2024 we set a new policy of targeting a dividend payout ratio of at least 30%. With the goal of achieving sustainable growth and improvements in corporate value over the medium to long term, the Company seeks to maintain stable shareholder returns and is aiming for a DOE of 3.0% and dividend payout ratio of at least 30% for the fiscal year ending March 31, 2031. In cases where management judges that investing in new growth areas serves the interests of shareholders, we will actively direct funds to such investments.



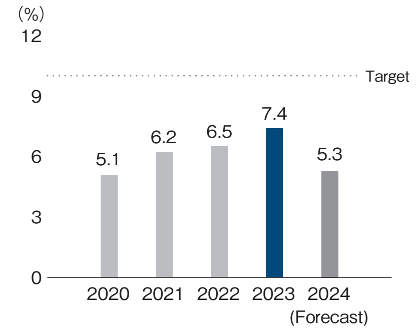
While maintaining a level of shareholders' equity that allows for risk and investment in growth, we will aim for continuous increases in the dividend, a DOE of at least 3.0% and a payout ratio of at least 30%.

Cost of capital and profitability

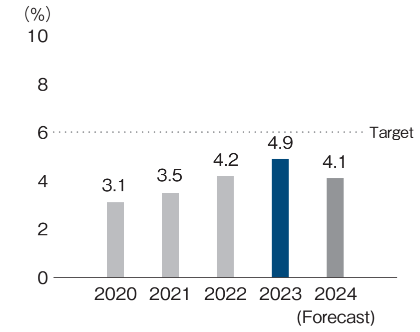
Profitability exceeding the cost of capital is required for the enhancement of corporate value. The Company has endeavored to enhance investment efficiency while emphasizing ROE and ROIC. Both sales and profits rose due to the increase in production at our customers driven by the recovery from the semiconductor shortage and other factors, and target indicators have turned around.

As we work towards the objectives of the medium-term plan for the fiscal year ending March 31, 2031, we will use the growth in volumes arising from higher sales, the active promotion of investment, and increases in unit price per vehicle driven from our expansion into new products to increase sales, secure profits, and achieve improvements in all indicators.

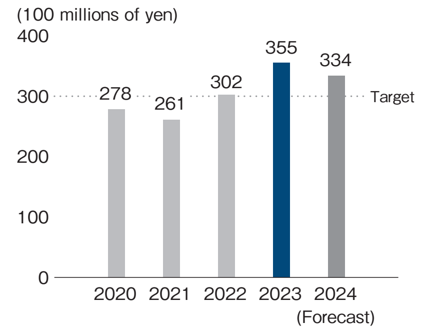
ROE (return on equity)
target►10%



ROIC (return on invested capital)
target►6%



EBITDA (earnings before interest, taxes, depreciation, and amortization)
target►¥30.0 billion



Research and development expenses and capital investment

In order to evolve into a system supplier and respond to the era of electrification, we are actively engaging in research and development and investing in development. As a result of constructing the demonstration line that is one such measure, we are rolling out order activities with the aim of expanding the area of business away from existing auto body components. We are also constructing new factories that achieve extraordinary levels of productivity through the introduction of state-of-the-art technology based on DX.
To ride out this once-in-a-century period of transformation, we will continue to engage in research and development to strengthen our development capabilities, and to make active business investments for electrification.