

Financial Analysis

Overview of the fiscal year ended March 31, 2024

Analysis of operating results

In the fiscal year ended March 31, 2024, net sales came to ¥344.6 billion (up 9.6% YoY) due to an increase in production volume, materials unit price revisions, and the impact of foreign exchange rates.In terms of profits, operating profit was ¥16.2 billion (up 26.5% YoY).Ordinary profit was ¥18.9 billion (up 32.3% YoY), mainly due to foreign exchange gains recorded as a result of the weaker yen.Net profit attributable to owners of parent was ¥13.2 billion (up 28.9% YoY).

Overview of financial position

Total assets at the end of the fiscal year ended March 31, 2024 increased by ¥15.4 billion YoY to ¥304.1 billion. Total liabilities decreased by ¥13.3 billion YoY to ¥98.7 billion. Total net assets increased by ¥28.7 billion YoY to ¥205.4 billion.

Overview of cash flows

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2024 decreased by ¥7.4 billion YoY to ¥32.8 billion.

[Net cash provided by (used in) operating activities]
Net cash provided by operating activities amounted to ¥37.5 billion. Major inflows were profit before income taxes of ¥18.4 billion, depreciation of ¥19.3 billion, and a decrease in trade receivables of ¥15.3 billion. This was an increase of ¥0.2 billion YoY. The principal factor was the decrease in trade receivables.

[Net cash provided by (used in) investing activities]
Net cash used in investing activities amounted to ¥30.9 billion. The major outflow was purchase of property, plant and equipment of ¥23.2 billion. This was an increase of ¥14.9 billion YoY. The principal factors were increased payments into time deposits and increased purchase of property, plant and equipment.

[Net cash provided by (used in) financing activities]
Net cash used in financing activities amounted to ¥16.4 billion. Major outflows were a net decrease in short-term borrowings of ¥4.2 billion and repayments of long-term borrowings of ¥9.1 billion. This was a decrease of ¥1.2 billion YoY.The principal factor was a decrease in repayments of borrowings.

Forecast for the fiscal year ending March 31, 2025 (disclosed on May 10, 2024)

We expect production at our customers to be stable, but model development has slowed because they are at the stage before launching full-fledged EVs, and we anticipate mold equipment, prototypes, and other non-mass production sales to be flat. In addition, given that there are signs that the Chinese economy is slowing, significant growth in automobile sales cannot be expected. We forecast net

sales of ¥346.0 billion (up 0.4% YoY). In terms of profits, we forecast operating profit of ¥14.2 billion (down 12.6% YoY), ordinary profit of ¥14.4 billion (down 23.8% YoY), and net profit attributable to owners of parent of ¥10.0 billion (down 24.5% YoY). We assume exchange rates of ¥145.00 to the US dollar and ¥20.10 to the Chinese yuan.

Basic policy on profit distribution and dividends for the fiscal year ending March 31, 2025

The Company's basic policy is to maintain a level of shareholders' equity that allows for investment in growth and risk, and to provide stable and continuous returns to shareholders, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term. For the fiscal year ending March 31, 2031, we have set targets of a DOE (dividend on equity) of 3.0%, as well as a payout ratio of 30%. We will continue to live up to the expectations of long-term investors by continuing our basic policy. For the fiscal year ending March 31, 2025, we plan to pay an interim dividend of ¥37 per share and a year-end

dividend of ¥37 per share, for an annual dividend of ¥74 per share, up ¥7 from the previous year. Based on the above policy, we will continue to increase dividends toward achieving the target, while maintaining liquidity on hand and securing funds for dividends, taking into comprehensive consideration the Group's performance trends, earnings and financial base, business environment, etc.

Reference
https://www.g-tekt.jp/ir/management/risk.html



Summary of net sales by business/customer

Results for the fiscal year ended March 31, 2024

By business segment, net sales in the auto body components business were ¥316.0 billion, up ¥47.2 billion YoY. This reflects such factors as stable production volume globally, materials unit price revisions, and the

impact of foreign exchange rates. Car model development net sales came to ¥19.6 billion, down ¥18.3 billion YoY. This was due to few new models being ramped ahead of electric vehicle launches. Transmission parts net sales totaled ¥8.8 billion, up ¥1.3 billion YoY.

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Fiscal year ended March 31, 2023		Fiscal year ended March 31, 2024		Plan for fiscal year ending March 31, 2025
[Main exchange rates]											
USD	108.80		106.05		112.36		135.48		144.52		145.00
RMB	15.61		15.66		17.50		19.74		20.13		20.10
Net sales	2,283		2,094		2,365		3,143		3,446		3,460
[Net sales by customer]											
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
Honda	1,444	63.3	1,332	63.6	1,374	58.1	1,758	55.9	1,888	54.8	
Number of units orders received (10,000 units)	441.3	—	424.0	—	381.0	—	354.5	—	380.3	—	
Toyota	317	13.9	343	16.4	515	21.8	715	22.8	765	22.2	
SUBARU	202	8.9	147	7.0	151	6.4	227	7.2	273	7.9	
European manufacturers (Jaguar Land Rover, BMW)	106	4.6	93	4.4	132	5.5	185	5.9	222	6.4	
Other	214	9.3	179	8.6	193	8.2	258	8.2	298	8.7	

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

Overview of capital investment and R&D

Capital investment results

The Group's capital investment is formulated by comprehensively taking into account factors including the development of new models, economic forecasts, and investment efficiency. The total amount of capital investment for the fiscal year ended March 31, 2024 was ¥12.1 billion. This includes ¥3.6 billion for investment in models to launch new models, and ¥8.5 billion for basic investment including installation of demonstration facilities for the EV-related business, expansion of production capacity, and other matters.

R&D results and outlook

In order for the Group to mitigate environmental impacts and realize a decarbonized society, and manufacture vehicles with a high level of safety, it is promoting research and development activities related to the development and manufacture of lightweight and highly rigid auto body components. Among these activities, the Department of R&D Operations in the G-TEKT Tokyo Lab is mainly responsible for the research and development of advanced technologies and new products related to environmental regulations, safety, and the shift to EVs. The main R&D themes are as follows.

[R&D on auto bodies for EV vehicle bodies]
The shift to EVs is an important measure being promoted by the automobile industry as a whole in preparation for realizing a decarbonized society, and it is likely that automotive OEMs will move towards finalizing the direction of their EV strategies going forward. Leveraging the body in white analysis technology that has evolved as part of our process of co-creative development of vehicle bodies with automotive OEMs, we are moving forward with research and development on a wide range of proposals in order to meet the diverse needs of OEMs. Because the auto body structure and the battery housing that contains the battery are, as a group of components, required to possess multiple functions, advanced design capabilities are required to build specifications for EV bodies. To address these issues, we will drive the further evolution of the whole-vehicle body analysis technology that we have developed and use it as the basis for comprehensive analyses of the vehicle body, battery housing, chassis and other parts, building specifications that result in the optimal distribution of functions to each component. The main contents of development are as follows.
· Building a flexible structure that can easily be configured to meet the

needs of individual OEMs · Selecting and building specifications for manufacturing methods with high productivity and low environmental impacts · Proposal for battery housings with expected increase in production volume · Acquisition of performance evaluation capability in the area of chassis components that connect the body and powertrain · Construction of optimal specifications for a single vehicle, taking into consideration collision safety and reduction of environmental impact as an EV vehicle · Investigate the application of closed-profile structural members to vehicle bodies, and build specifications
The need for electric powertrain-related components is expected to grow rapidly in line with the global acceleration of the shift to EVs, and the Group is promoting development of mass production technologies for new business areas, such as drive motors and drive train reduction system-related components, where it can contribute by leveraging its fundamental technologies. Installation of the mass-production technology demonstration line was completed during the fiscal year ended March 31, 2024, and we continue to move forward with the task of establishing original technology.
[Advanced technology development]
In response to environmental requirements and the accelerating shift to EVs, we are working on the early mass production of processing and joining technologies for new materials for conventional car body frame parts. We are also using alliances and so on with other companies and universities to develop elemental technologies in order to meet strength and weight-reduction requirements, which will become increasingly stringent with the shift to EVs. Specifically, we are pushing ahead with themes such as the following.
· High-speed continuous joining with low distortion · Dissimilar material joining technology · Adhesive joining · Tailored properties · Development of molding technology for high-strength and lightweight materials (steel/aluminum/composite materials) for EVs, which are increasing in weight · Development of lightweight and inexpensive structural members that can be used as substitutes for parts using extrusion molded aluminum · Selection of manufacturing methods and construction of demonstration lines, etc. necessary to support the shift to EVs · Survey of future technologies from the LCA perspective and formulation of CO₂ emission evaluation criteria · Investigating the application of parts manufacturing technology that makes use of a large-scale integration

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Plan for fiscal year ending March 31, 2025
Capital investment	301	216	142	245	121	383
Model investment	133	85	77	149	36	85
Basic investment	168	131	66	97	85	298
Depreciation	196	197	152	174	193	192
Research and development expenses	24	24	24	26	31	34