



The cover design is based on the idea of G-TEKT employees. The motif is of people with diverse individually gathering together, centrifugal force (expansion of business) and the globe (earth).



We are shaping the future, paving the way to tomorrow  
for people, automobiles, and the environment  
by continually innovating and offering new products worldwide.

# Shape the Future

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### Purpose of Publication

G-TEKT has published an integrated report since 2019 to report both financial information and non-financial information to stakeholders. Universal initiatives as a company and more detailed information not mentioned in this report can be obtained from the Company's website.

### Reference Guidelines

- ISO 26000
- GRI (Global Reporting Initiative)  
"Sustainability Reporting Guideline Standards"
- United Nations Global Compact
- Ministry of the Environment  
"Environmental Reporting Guidelines (2018)"
- Ministry of Economy, Trade and Industry  
"Guidance for Integrated Corporate Disclosure  
and Company-Investor Dialogue for  
Collaborative Value Creation"
- IIRC "International Integrated Reporting  
Framework"

### Period Covered

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021).  
Some past initiatives and recent activities are also mentioned.

### Scope

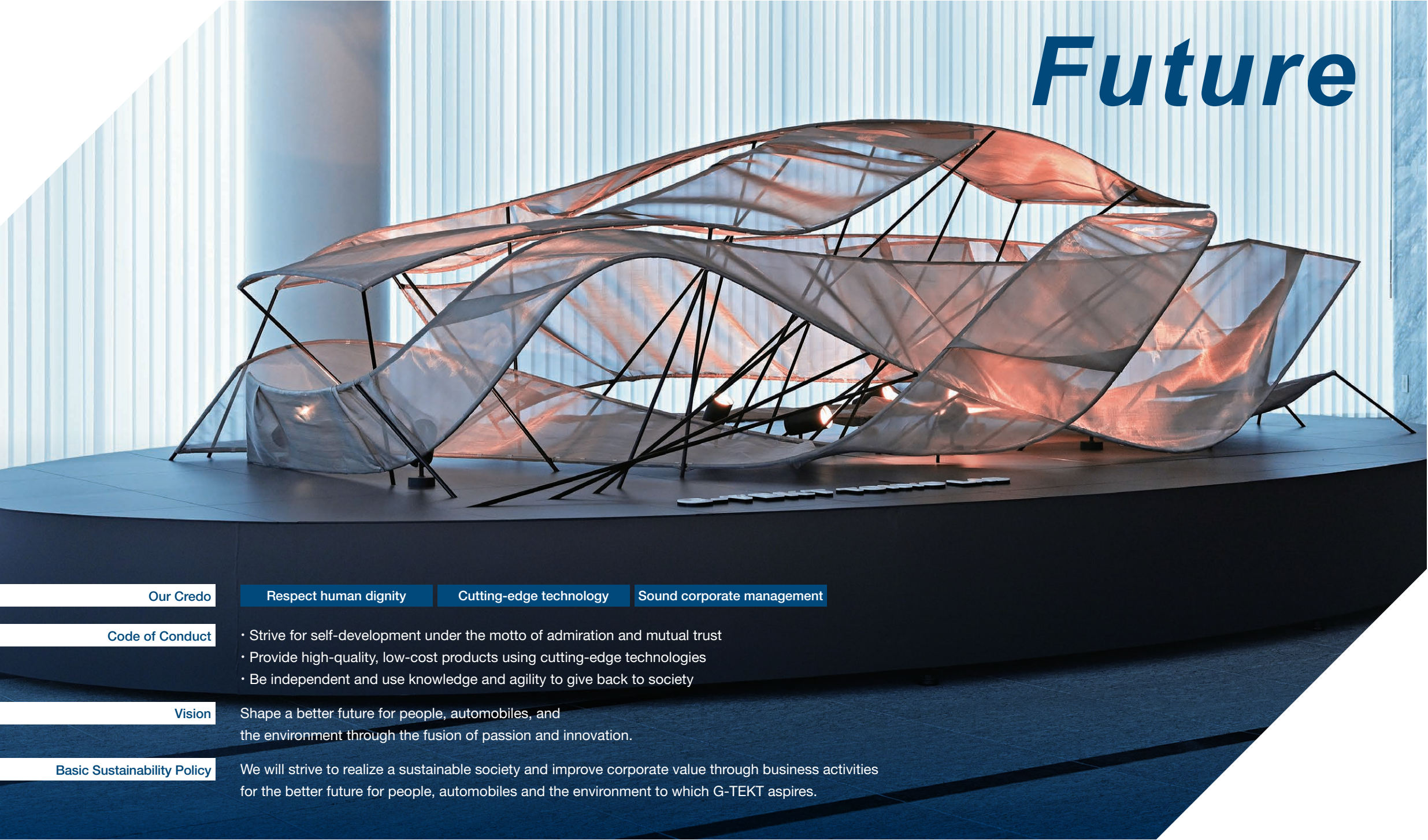
The entire G-TEKT Group including overseas.

### Disclosure Date

November 2021

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#### Our Credo

Respect human dignity

Cutting-edge technology

Sound corporate management

#### Code of Conduct

- Strive for self-development under the motto of admiration and mutual trust
- Provide high-quality, low-cost products using cutting-edge technologies
- Be independent and use knowledge and agility to give back to society

#### Vision

Shape a better future for people, automobiles, and the environment through the fusion of passion and innovation.

#### Basic Sustainability Policy

We will strive to realize a sustainable society and improve corporate value through business activities for the better future for people, automobiles and the environment to which G-TEKT aspires.



Top Message



# Message from the President

President, Chief Executive Officer  
**Naohiro Takao**

**Anticipating the future, steadily going forward.  
G-TEKT will keep evolving in all situations.**

**Building the foundation for becoming  
the development partner of global  
automotive OEMs**

Ten years have passed since the launch of G-TEKT on April 1, 2011. I would like to express my sincere gratitude to our stakeholders for their support.

The automobile industry in recent years has been undergoing a major transformation, commonly referred to as CASE, as well as the global shift to electric vehicles (EVs), specifically in China and Europe, in response to the accelerating climate change. During the past 10 years, by combining our technologies for auto body components weight reduction and body performance analysis, we have worked to strengthen our proposal capability in whole-vehicle body development, achieving lightweight, low environmental impact, and safe car manufacture, and in so doing have become a presence acknowledged by automobile OEMs.

In anticipation of the shift to EVs, we have also developed a flexible EV battery housing permitting customization according to the needs of automobile OEMs. It is called flexible because it can be freely sized according to the dimensions of the car body, allows for the use of various materials such as aluminum and iron, and strength and cost performance can be changed as needed. A growing number of components manufacturers are entering the market for EV battery housings, but I think without consideration of car-body relevance to its products, it is not enough. In the case of G-TEKT, our special strength is a system we have established that enables the bulk development of EV platforms from the initial development stage. Furthermore, in order to capture the expanding EV market and its growth, we have decided to enter the market segment for motor cores, a major component of automotive motors. We are aiming to commercialize this product at an early stage and to this end use press processing technology that we have been cultivating to date. There can be no doubt that in future the development of car bodies will transfer from automobile OEMs to suppliers. We will engage in the contest with the largest suppliers around the world, demonstrating our presence through our unmistakable “G-TEKT Quality.”

To be sure, the automobile market is expected to undergo major changes in the time ahead. However, whatever next-generation eco-car may replace the combustion engine car, the car body will not change, even if self-driving and connected cars become widespread. We will work to expand our business by riding the shift to EVs and contribute to the realization of a carbon-free society.



Although the results for the fiscal year ended March 31, 2021 exceeded initial expectations, the current outlook is harsh

The fiscal year ended March 31, 2021 was dealt a major blow by the COVID-19 pandemic. Fortunately, our global production has recovered faster than expected, and our business performance has picked up rapidly after bottoming in the April-May 2020. At our Chinese base, net sales and operating profit reached record highs, and at our North American base, production structure improvements were advanced. As a result, we posted better results than initially estimated.

However, in the current fiscal year ending March 31, 2022, car manufacturers suffered production stops as semiconductor shortages continuing from last year and lockdowns due to the COVID-19 spread in Southeast Asia caused further semiconductor shortages as well as parts procurement difficulties.

In the face of these rapid changes in the business environment, we will do our best in working for a recovery of our business performance.

Formulation of the new G-TEKT management strategy based on the external environment

The external environment in the last few years has shifted in significant ways, with major transformations in the automobile industry, climate change issues, and the COVID-19 pandemic. With a view to drawing a new path for the future, in May 2021 we introduced the new G-TEKT management strategy calling for our “Action for the global environment,” “Establishment of EV-related business,” “Improvement of the diversity of human resources,” and “Transformation of existing businesses.” As a manufacturer of auto body components, we will work to achieve further growth by accelerating our efforts in the EV field and by actively engaging in climate change issues.

The new G-TEKT management strategy — P. 8-9

1) Promote initiatives that contribute to the realization of a carbon-free society

In order for a company to grow sustainably, the first issue to be addressed is “Action for the global environment,” one of the pillars of our management strategy, especially reducing greenhouse gases such as CO<sub>2</sub>. By reducing electricity consumption at our production bases through energy saving measures, productivity enhancements, and proactive usage of renewable energy, we are promoting the reduction of CO<sub>2</sub> emissions also at affiliated companies including overseas affiliates.

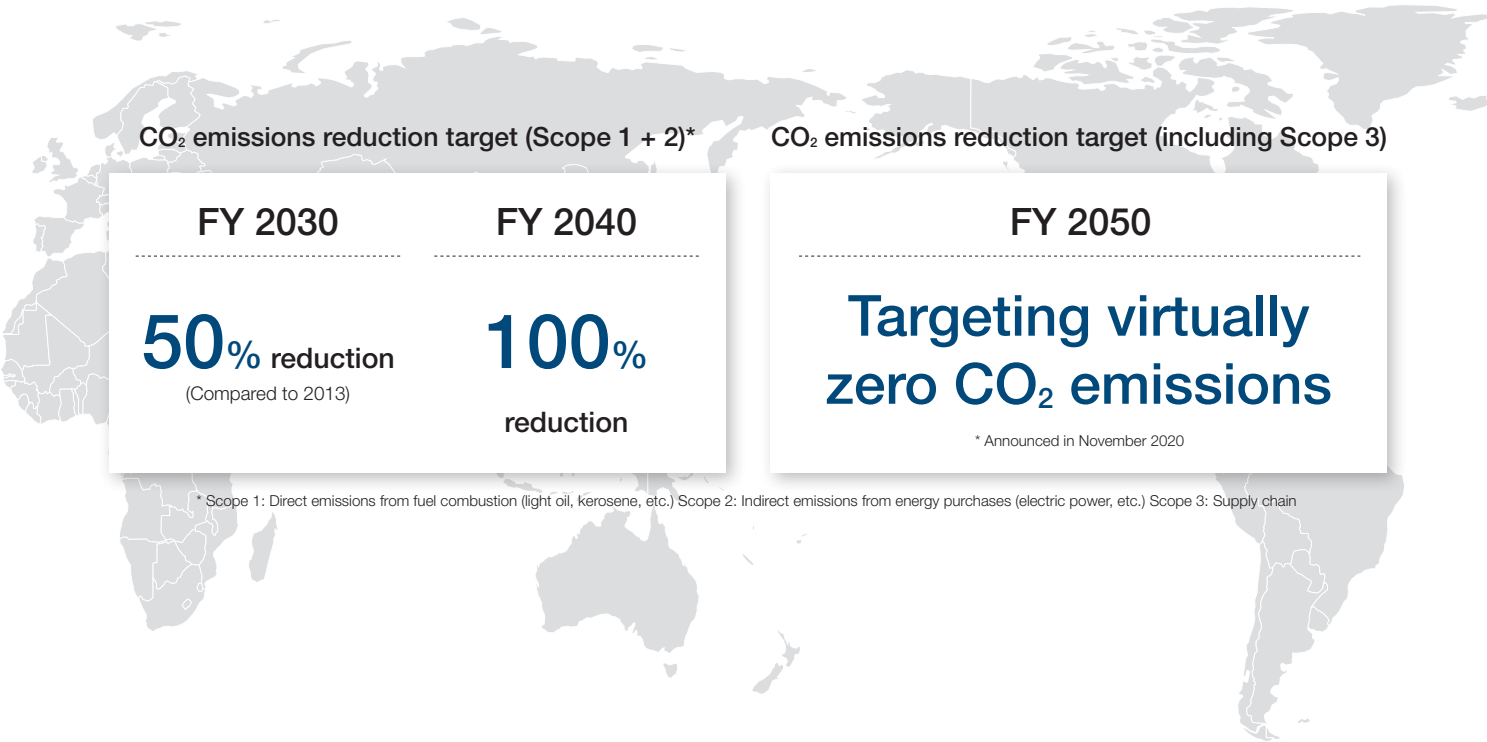
As for CO<sub>2</sub> emissions reduction targets, Scope 1 + 2 call for a 50% reduction by 2030 and a 100% reduction by 2040 respectively compared with 2013. To achieve our goal, with regard to Scope 1 we are switching to in-house power generation by installing solar panels at our factories around the world. As for Scope 2, given that the hot stamping process used to render lightweight steel highly rigid consumes a lot of power in the electric furnace, we are looking for an alternative processing technology. Since it would defeat the purpose if EV manufacture were to give rise to CO<sub>2</sub> emissions, we are aware of the need to not only purchase electricity derived from renewable energy sources but also to change our manufacturing technology.

We cannot catch up if “we make a move once auto manufacturers do.” We will execute investment by anticipating changes in the market.



Scope 3 requires to quantitatively evaluate the environmental impact for each step of the life cycle assessment (LCA) of our products. Since we cannot do this alone, a comprehensive effort is needed that includes automobile OEMs. Therefore, we are doing everything within our reach, such as reducing logistics-related CO<sub>2</sub> emissions by improving how we transport our products. In addition to the above measures, since we would like to achieve carbon neutrality, we are considering also CO<sub>2</sub> absorption measures.

If carbon pricing becomes mainstream in the future, CO<sub>2</sub> emissions may affect our profits. By being at the vanguard in promoting CO<sub>2</sub> emissions reductions, we aim to fulfill our corporate social responsibility and avoid business risks.



2) Focus on China as a target for EV business and advance into new business fields

We are looking at the global shift to EVs as an opportunity for growth. For our EV business, we are considering three targets: China, North America, and Europe. In particular, in order to actively develop sales operations in China, where the EV market is rapidly expanding, we will strengthen the functions of our research office in Shanghai and focus on winning new customers. Moreover, we will build efficient customer-specific production systems in China and establish a new third plant in Guangzhou to manufacture auto body components for EVs. In order to realize a low-cost and highly efficient plant set-up, we will procure the latest equipment locally and save labor by using on-site logistics systems linked to automated lines.

As to the performance requirements for body frame parts, being light-weight and highly rigid, there is essentially no difference between EVs and combustion engine vehicles. However, EVs require the protection of the battery that is mounted across the entire underfloor, and with our whole-vehicle body analysis technology we are able to propose optimum weight reduction including for the battery housing.

Similarly, for EV motors, the powertrains widely installed in electric and hybrid vehicles, the market is expected to expand. With a view to our further growth, we have decided to create a new business line to incorporate this field into our operations. Specifically, among electric powertrain components, we will start with the development of motor cores and other elements, and focus our management resources on commercializing these products in a short period of time. In the future, we will grow this field into a cornerstone of our new business line with a view to expanding also overseas. We believe that by engaging in products for EVs we can also contribute to solving global environmental issues through our business.

3) Make efforts at effective transfer of technical know-how using digital transformation and transform our corporate structure

In order to respond to the transformation of the automobile industry occasioned by the evolution of AI and IoT, we will launch a new digital transformation (DX) project under the direct control of the President and promote organizational transformation including principles of digital technology-driven operations.

In quality assurance, which is the foundation of customer trust, we aim at management based on predictive prevention by rendering the Group's quality information visible and monitoring quality at a global level. For example, through the introduction and usage of digital technology in the mold manufacturing process, we succeeded by way of systematization to do away with the completion inspections previously performed by our most experienced technicians on-site at mold manufacturers, and through systematization enabled both the transfer of technical know-how and the global procurement of excellent molds matching our highest quality standards. This system can be easily used on smartphones and tablets by installing an app for which we recently obtained a patent. Regarding cost control, we will capture manufacturing costs in more detail and real time than before and use the data in our management decisions. This will allow improving the accuracy of cost planning and thus enable designing highly profitable products from the development stage.

In order to ensure the sustainable growth of the Company, in the manufacturing industry's critically important areas of quality and cost control, we will dramatically enhance reliability and corporate value, transform our corporate structure, and use this strong corporate structure as a bridgehead connecting to the future. We believe that this is the way of G-TEKT DX.

4) Secure diverse human resources through the review of the personnel system

With the automobile industry undergoing dramatic changes in what is considered a once-in-a-century transformational period, raising the diversity of human resources has become a necessity. Moreover, both EV and new business development are subject to constraints which leave not enough time for nurturing these human resources from the ranks. For mid-career hires, we will introduce an assignment-defined employment system that clarifies duties and is remuneration-sensitive. In this way, we will secure appropriate human resources. This job-based system will be applied mainly to mid-career hires with knowledge of motors, etc., relevant to EVs to accelerate the speed of change and to develop new fields. We are also considering a retirement benefit system that is not proportionate to the years of service as well as widening our corporate pension system. In this way we will acquire competent human resources and build a system where employees can work with peace of mind.

As part of promoting the diversification of human resources, we will nurture female leaders and also start the full-scale recruitment of women for factory shop-floors in Japan. Initially, with our Tochigi Plant designated as a model case, we will step up hiring at the precision parts inspection department, and plan to raise the ratio of women at production sites to about 10%.

To our stakeholders

Global conditions and prospects for the global economy in the time ahead are seen to remain opaque and unstable. In order to survive in this era of uncertainty, it is essential for us to be a company with the ability to respond swiftly and flexibly to changes in the environment and to turn changes into opportunities for growth. With the entire management team including myself taking the lead, the whole Group will make every effort to achieve our strategic goals.

G-TEKT, centering on its technological capabilities and human resources, will continue to achieve sustainable growth and evolution in all circumstances, and will actively work to solve social issues through its core business.

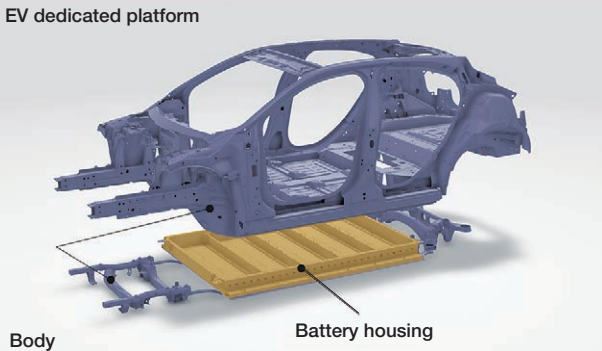
I would like to sincerely request our stakeholders to give us your continued support.

Development and proposal of EV dedicated platforms

Bundled development of body and battery housing



Proposal of optimal platforms

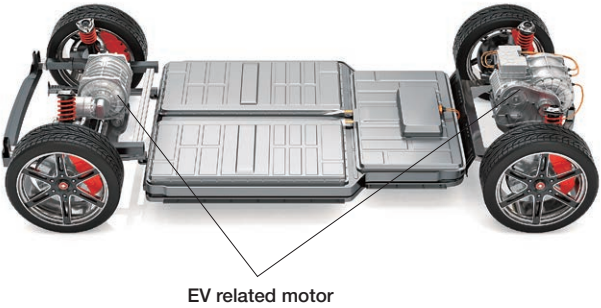


Creation of new businesses for EV

Development of motor cores, etc.



Early commercialization with a view to overseas expansion





Value Creation Process

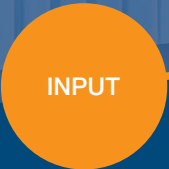
Social trends

Technology sophistication

New work style in the post-COVID society

Declining working population

Global environmental issues



Management resources

Human capital

- Human resources capable of playing an active role globally
- Professional personnel conversant with manufacturing
- Corporate culture that allows for diversity

Intellectual capital (production/technology)

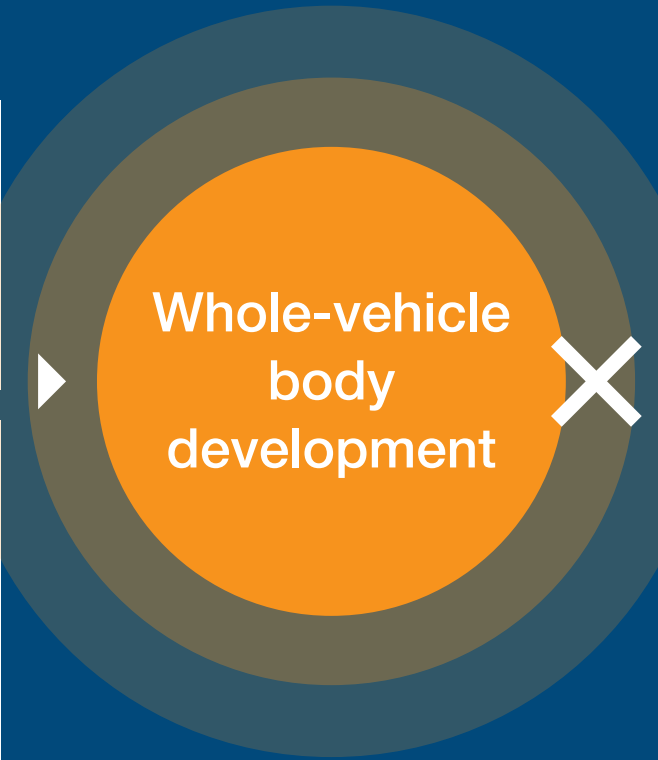
- Global production and supply systems
  - 29 factories and 5 R&D hubs in 12 countries around the world
- High productivity and strong quality assurance system
- Advanced production technology
  - Hot stamping, ultra-high-tensile steel processing technology, aluminum material processing technology
- Body structure analysis capability comparable to automobile manufacturers
- Global R&D network and R&D system

Financial capital

- Strong financial base
- High equity ratio,R&I Credit Rating A-

Sources of strength of G-TEKT

Promote the four measures at the core of the new G-TEKT management strategy, strengthen human-resources capability (the source of corporate strength), and reinforce proposal capability for Whole-vehicle body development



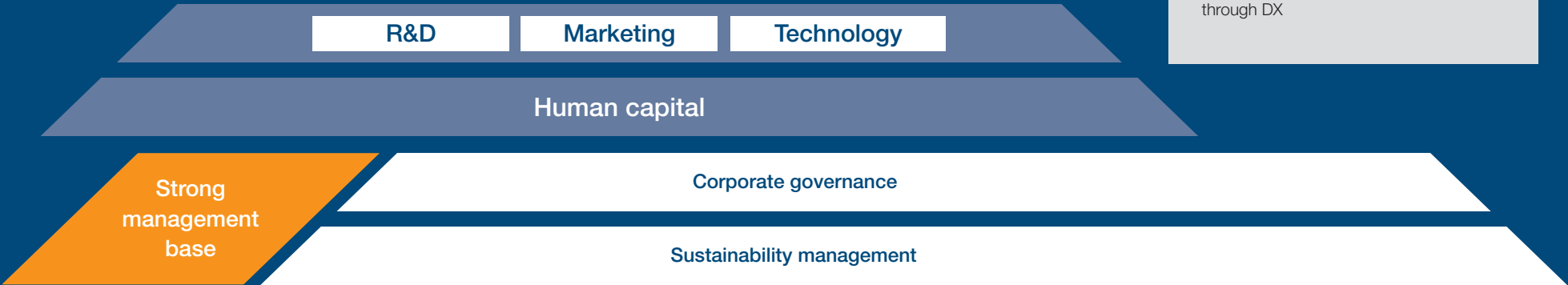
The new G-TEKT management strategy – Main themes

Action for the global environment

Establishment of EV-related business

Improvement of the diversity of human resources

Transformation of existing businesses



Execute the new G-TEKT management strategy to achieve the new corporate value

Deepening sustainability management by executing new management strategies

[Action for the global environment]

CO<sub>2</sub> emissions reduction target

(Scope 1 + Scope 2)

FY 2030 50% reduction

\* Compared to FY 2013

FY 2040 100% reduction

\* Compared to FY 2013

(Scope 1 + Scope 2 + Scope 3)

FY 2050 Virtually zero emissions

[Establishment of EV-related business]

- Development and proposal of EV dedicated platforms
- Creation of new businesses for EV

[Improvement of the diversity of human resources]

- Development of environments that allow for the deployment and active role of diverse human resources

[Transformation of existing businesses]

- Transformation of corporate structure through DX

OUTPUT

OUTCOME

Shape a better future for people, automobiles, and the environment through the fusion of passion and innovation

The future that G-TEKT aspires to and the value it provides through its business

Customers

[Users]

- Strong and safe vehicle body (passenger protection)
- Improved fuel efficiency
- Comfortable driving

[Car manufacturers]

- Reduction of automobile development man-hours
- High quality products
- Lightweight, high-rigidity new technology

Shareholders and investors

- Stable dividends and shareholder returns (11 consecutive years of dividend increases)
- Improvement of corporate value

Employees

- Rewarding workplace
- Appropriate personnel evaluation
- Full-featured welfare program

Supply chain

- Stable transactions
- Fair and equal business relationships

Environment and society

- Reduction of greenhouse gases (GHG) from automobiles
- Environmentally friendly production plants
- Global job creation
- Contribution to local communities

# Message from the R&D Operations Director

## We support action and drive growth from the development side for a carbon-free society and the shift to EVs



Officer of the Company,  
R&D Operations Director  
**Koki Sugawara**

### Overview and strengths of R&D Operations

The R&D Operations is a division established in April 2020 to accelerate the development of high-value-added products by focusing on our strengths in whole-vehicle body development and advanced technologies. The division is based at the G-TEKT TOKYO LAB (GTL) in Japan. We are mainly responsible for advanced development elements, and we are proceeding with our development work in collaboration with research institutes in China and Germany. We place great importance on aggressively protecting and managing the intellectual property obtained through our steady technological development and production, and are focusing on activities where we can increase future value. In addition, different technology development department is charged with turning development results into production activities. With the automotive industry in a once-in-a-century transformational period, and with the Company in the midst of it, R&D Operations fills a critically important position responsible for product development able to correctly capture and flexibly respond to shifting industry trends and customer needs.

The Company, which celebrated its 10th founding anniversary in

April 2021, has over the last 10 years grown to become an enterprise with technological and development capabilities trusted also by the development departments of automobile OEMs. In our development capabilities, we have acquired the ability to flexibly respond to the needs of diverse automobile OEMs, which sets us apart from other auto body components manufacturers.

Until March 2021, I myself was involved in development on the automobile OEMs side. Development at Japan's domestic automobile OEMs often has their own development department work together with the auto body components manufacturer to coordinate technologies. By contrast, at European automobile OEMs, manufacture occurs at many companies by division of labor, with specific suppliers appointed to supply specific modules, and it has been my impression that the major European suppliers trained in such an environment have superior R&D and proposal capabilities. Against this background, from the time we were working together as partners, I felt that as one of the leading metal press manufacturers in Japan, G-TEKT has R&D and proposal capabilities comparable to those of major European competitors.

### Two key phrases for future growth

The automobile industry is undergoing a once-in-a-century transformation marked by an accelerating global shift to electric vehicles (EV) toward a carbon-free society. Action for a carbon-free society and shift to EVs are important key phrases in support of the Company's future growth.

#### 1. Action for a carbon-free society

With climate change becoming an increasingly serious issue, many countries and regions around the world have started committing to carbon neutrality. Responding to this trend, global automobile OEMs are following suit. For the Company, too, taking responsible action is essential.

In April 2021, we launched our Green Transformation (GX) project and have been working to establish system and strengthen our efforts surrounding action for the global environment. As for the reduction of CO<sub>2</sub> emissions, in addition to Group-wide efforts to save energy and utilize renewable energy under Scope 1 and Scope 2, regarding Scope 3 (the area concerning the steps of Life Cycle Assessment (LCA) promoted by automobile OEMs) it is necessary for us as the department charged with development to work on environmental response measures ahead of a large number of suppliers.

The first action required toward this end, as the department responsible for development, is to properly measure and render visible the CO<sub>2</sub> emissions generated during the

production process, and to correctly grasp the situation.

Furthermore, in each process of LCA where negative factors that cause CO<sub>2</sub> emissions need to be improved by the Company, it is essential to identify through the analysis of the production action, including material selection and manufacturing methods, the development angle that will lead to product enhancements.

Environmental action cannot wait and the time is near when failure to clear the levels expected by automobile OEMs could cause trading itself to stop. This is why we will in our development work pay close attention to and proceed with action for the environment.

#### 2. Efforts at the shift to EVs

The shift to EVs is one of the important steps promoted by the automobile industry toward the realization of a carbon-free society. For the Company, the focal point in the shift to EVs is the participation in the development of the EV platforms built by automobile OEMs.

To be sure, we have also achieved good results in the body development of automobile OEMs in the era of internal combustion engines. However, in the development of platforms for EVs, we use our specialty field of collision and rigidity analysis technology for proposals surrounding structures and materials, and are proud to be able to participate from the upstream development stage.



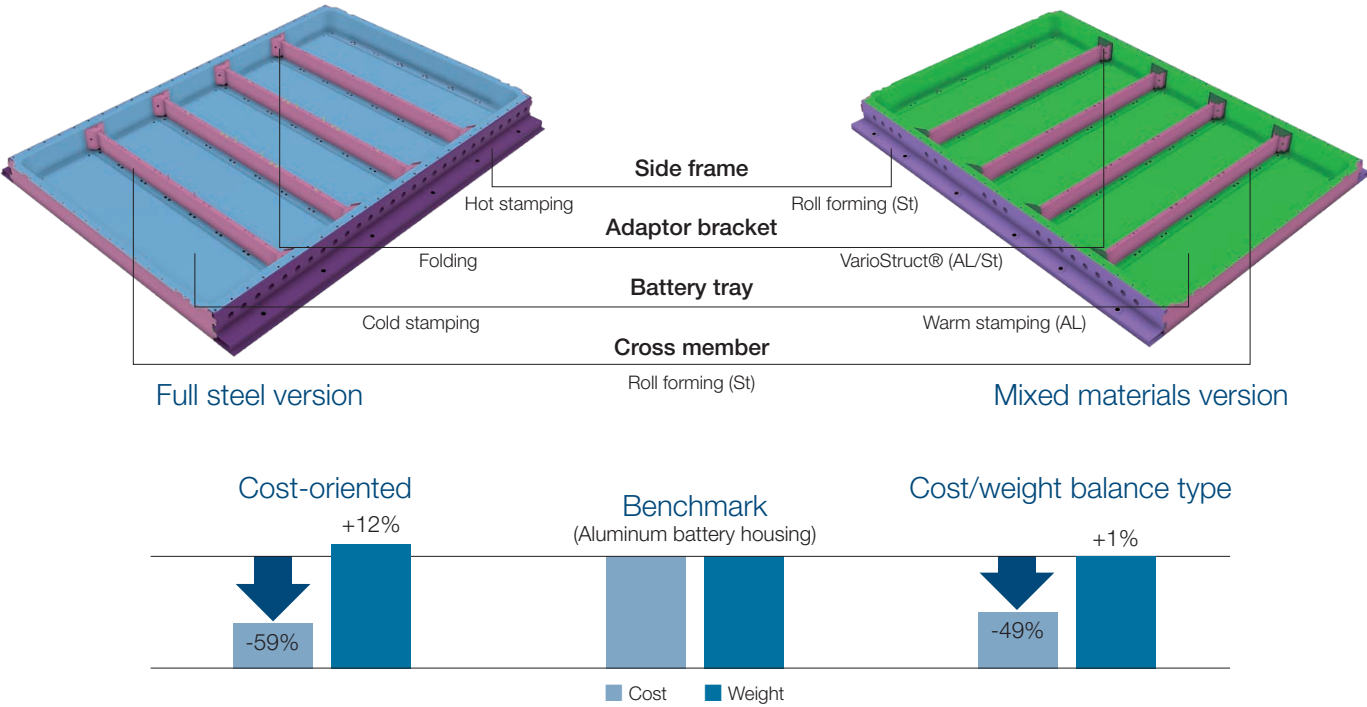
Our greatest advantages concerning EVs are our car body development and manufacturing technologies. Given the Company's continuous evolution as a metal press manufacturer, we own the base potential of iron and aluminum molding technology and joining technology. We believe it is a major strength of the Company that on top of the solid foundation of this technological potential, we are able to add technologies that meet new needs such as, for example, EV related components.

Regarding battery housings, we are currently developing next-generation technologies, including those that concern material selection and manufacturing methods. For example, we will deliver optimal development results by combining at a high technological level areas such as molding, joining, and analysis technologies, etc., which are unique to the Company and have been cultivated by us over many years as a metal press manufacturer.

By making full use of these technologies, we would be capable of proposing products to automobile OEMs based on our own concepts, but we think it is more efficient to deliver suitable proposals based on a full understanding of the concepts of automobile OEMs. For us it is important that in our work an interlocking relationship exists between our fundamental research and the tangible result in the form of the product we provide to the customer.

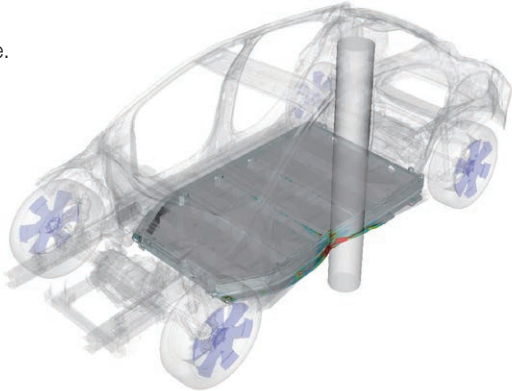
Moreover, there are some automobile OEMs who look to use the battery housing as a support for the collision performance, rigidity, and strength of the entire vehicle body, including the battery housing itself. With our capability to run performance evaluations combining vehicle body and battery housing, we are aware that one of our major strengths is our ability to advance proposals to automobile OEMs based on the discernment of the car body's overall balance.

Proposing a concept enabling balanced cost-weight choices by combinations of materials and construction methods for main structures of various vehicle models



The main function of the battery housing is to protect the battery contained inside. Our strength is the ability to establish performance assurance by way of collision simulation using our capability in body performance analysis technology.

The simulation confirms that on impact on a utility pole the battery housing maintains its shape despite car body deformation.



China as the most important region for developing our EV business operations

The EV market is expanding rapidly in China, the world's largest market. EVs made in China have advanced to an extremely high technical level compared with a few years ago, and many very original vehicles have come to be produced in recent years. Our fundamental strategy is to build trust and track records with European automobile OEMs through a European strategy centered on G-TES, our production base in Slovakia, with the aim of gaining in this way the EV business in China. However, of late, newly emerging EV manufacturers have been coming to the fore, posing a threat to the leading automobile OEMs. With our strengths in battery housings and other areas which we would like to demonstrate, we are interested in establishing stronger partnerships with newly emerging EV manufacturers. Many future factors are still unknown, however, leaving us to search for the best way forward while offering well-balanced proposals surrounding costs and specifications.

Since the production bases of automobile OEMs are

scattered all over the world, it will be necessary for us to expand our business, for example through research institutions in China and Germany, to identify the specific needs of each production base and to put this information to use for automobile OEMs. In other words, it is important to reliably capture information that is available only in the field and to systematize this information through our networks.

Efforts at systematizing relevant information in major regions are still in progress and must be upgraded in the future. In order to meet the expectations of automobile OEMs, we will accurately identify the requirements of our individual production bases. For needs that production bases cannot procure themselves and for issues that require a fundamental approach, ideally a division of labor should be instituted in which R&D Operations at the parent entity G-TEKT in Japan should take charge. To that end, we plan to further expand the number of personnel at the R&D Operations in the future.

Development personnel to take charge of the era of change

Although some say that the auto industry is going through a once-in-a-century transformation, I think that countless similar waves of change will happen. I believe that in the time ahead the development department too will always need people with the ability to properly watch, catch, and ride these waves.

In the time ahead, when social rules and value preferences are changing, what we need are people who have the ability to properly respond to such changing rules and value preferences. Their age or other attributes play no part in this.

We aim to be a company that is able to contribute to society and the global environment while providing new value to our customers, automobile OEMs, business partners, as well as car users. For us to continue being this kind of company, we at R&D Operations want to be a leading force providing support from the development side.



# Message from the Officer in Charge of Environmental Management

Officer of the Company,  
Chief Global Environmental Manager  
**Takuto Fujii**



## For the realization of a sustainable society

As a company that plays a part in the supply chain of the automobile industry, we are aware of the extreme importance of taking appropriate measures against negative environmental impacts arising in the course of corporate activities. In support of the objectives of the 2050 Carbon Neutral Declaration released by the Japanese government, the Company has been proactive in disclosing greenhouse gas reduction targets and in the implementation of relevant measures. In particular, viewing climate change as a

management risk as well as an opportunity, we have formulated an Environmental Road Map until FY 2050. In addition, we are steadily proceeding with our internal preparations to support the TCFD recommendations, and will strengthen our information disclosure on the effects of climate change. Moreover, in support of creating a sustainable society, we seek to contribute to the reduction of greenhouse gas emissions and fulfill our social responsibilities.

## Improvements to products' environmental contribution and supply chain engagement

According to automobile life cycle assessment, most of greenhouse gases are emitted while driving. We believe that creating lightweight products of high rigidity, which has been our development stance to date, will find appreciation from the perspective of contributing to decarbonization. In the future, we believe that we will be assessed by automobile OEMs not only based on our technology prowess and price competitiveness but also in terms of products' extent of environmental contribution. We consider it therefore our duty to strive to provide automobile OEMs with products made

with consideration of their environmental load across the width from development to manufacture. Especially in trading with European automobile OEMs, external certifications and high ESG evaluations have become important criteria of supplier selection. Given the many issues that cannot be solved by the Company single-handedly, we will share information with our business partners, strengthen cooperation in policy planning, and strive to improve supply chain engagement.

## Toward carbon neutrality

I believe an important point in order to reduce greenhouse gas emissions is for employees of the Group to work on their own and build an implementation system, taking the energy-saving efforts we are facing as the foundation. We hold that greenhouse gas reduction depends on three pillars of support, namely, our efforts to date at company-wide promotion of energy conservation, as well as energy generation through the introduction of solar power generation

equipment, and the utilization of renewable energy. For the adoption of solar power generation and the switching to renewable energy, which constitute major environmental investments, efforts must involve identifying its power composition characteristics and the transition timing for each region and country. We will ascertain and energetically implement these measures and in so doing advance toward global carbon neutrality.

To achieve global carbon neutrality, we will steadily promote our efforts in collaboration with people inside and outside the Group.

## Formulation of an Environmental Road Map

In order to strengthen our action related to climate change issues, we have formulated an Environmental Road Map as an action guideline and medium- to long-term plan for dealing with climate change issues in the period from FY 2021 to FY 2050. Targeting a level at "Well Below 1.5 Degrees" (WB1.5°C), we have adopted greenhouse gas reduction targets compliant with the Science Based Targets (SBT) as our management strategy.

CO<sub>2</sub> emissions reduction target

(Scope 1 + Scope 2)

FY 2030 **50% reduction** \* Compared to FY 2013

FY 2040 **100% reduction** \* Compared to FY 2013

(Scope 1 + Scope 2 + Scope 3)

FY 2050 **Virtually zero emissions**

Environmental Road Map				
	FY 2021 to FY 2025	FY 2026 to FY 2030	to FY 2040	to FY 2050
Energy saving (Scopes 1 + 2)	Energy-saving measures at factories (-10% in FY 2030)			
Utilization of electricity derived from renewable energy (Scope 2)	Phase 1: Procurement of electricity derived from renewable energy			
	Phase 2: Energy generation for own use through installation of solar power generation equipment			
	Phase 3: Energy generation + Off-site renewable energy power supply + Energy supply from storage batteries			
Fuel/equipment replacement CO <sub>2</sub> absorption (Scope 1)	Replacement with low-carbon fuel (for example, replacement with natural gas derived from renewable energy)			
	Replacement/substitution with decarbonization equipment			
	G-TEKT's Forestation Program (afforestation) (forest-based CO <sub>2</sub> absorption) Utilization of new technologies			
Scope 3 action (Supply chain/materials)	Supplier engagement (Scope 3 emissions zero by 2050)			
	Switching to low-carbon materials			

## Information disclosure efforts in line with TCFD recommendations

We are currently preparing information disclosure and information dissemination in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

### Governance

- The President, Chief Executive Officer chairs the Global CSR Conference, which monitors global environmental management
- Yearly reports to the Executive Board and the Board of Directors on the contents of the Global CSR Conference
- Reports by the officer serving as Chief Global Environmental Manager to the Executive Board on business strategies with consideration of environment-related risks and opportunities, and reports on actual CO<sub>2</sub> emissions and basic unit forecasts and results

### Strategy

- Long-term: Release of 2050 target
- Medium-term: Release of 2030 and 2040 targets
- Establish medium- to long-term CO<sub>2</sub> emissions reduction targets
- Report to CDP on three items each of transition risks and opportunities in 2020

### Risk management

- Implement climate-related risk identification and evaluation in the GX project and release upon approval by the Chief Global Environmental Manager (CDP)
- Evaluate risks and opportunities according to time horizon (short-term, medium-term, long-term), probability, and impact degree

### Goals and indicators

**Medium-term and long-term goals**

- Disclose emissions reduction targets for 2030, 2040, and 2050

**Monitoring indicators**

- CO<sub>2</sub> emissions and energy amount of Scopes 1, 2 and 3

# Message from the Officer in Charge of Finance

Member of the Board,  
Senior Managing Officer of the Company,  
In charge of Corporate Management

Isao Yoshizawa

Certified Member Analyst of the Securities Analysts Association of Japan



## In addition to serving as the Financial Manager, oversees “corporate,” “personnel and general affairs” and “systems”

In addition to serving as the Group’s Financial Manager, I have overseen “corporate,” “personnel and general affairs” and “systems” as the Director in charge of Corporate Management since FY 2014. I have supported efficient business operation by centrally managing resources in accordance with management

targets. Within the division, we are proceeding with digitalization and the shift online, and are working to reduce indirect costs and ensure permeation throughout operational divisions by reforming organizational culture through the improvement of the skills of division members and sharing of information.

## Maintaining sound financial standing for supporting the period of transformation and revenue targets

In response to the rapid shift toward EVs, G-TEKT has promoted development of lightweight, highly rigid vehicle bodies, in addition to starting battery housing development and new development of motor cores as EV-related businesses. The TOKYO LAB serving as an R&D base is expanding functionality with the addition of marketing functions. Sound financial standing in addition to abundant operating cash flow are essential for the research and

implementation of advanced technology. The Company targets net sales of ¥300.0 billion and operating profit of ¥20.0 billion in the first half of the 2020s, but these targets have not been reached due to changes in the automobile market since 2019. In addition to increasing net sales through the expansion of business areas, we will proceed with thorough cost management and reduction of indirect expenses.

## Impact of COVID-19 and emphasis on financial discipline

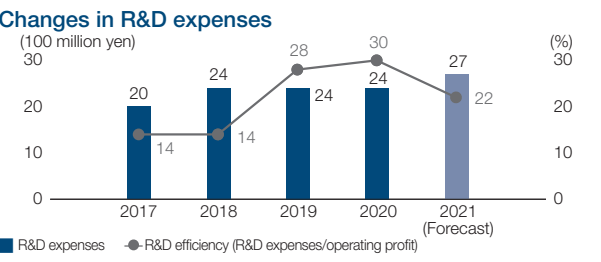
The temporary securing of funds that arose due to COVID-19 last year has normalized due to the resumption of production. Although active financial and monetary policies implemented by national governments paid off, it is important to maintain a robust financial standing able to absorb dynamic funding in

the event of a crisis, and we will place emphasis on financial discipline maintaining a credit rating of A- (stable) in future. We will maintain the current equity ratio in preparation for serious risks such as future climate change and novel infectious diseases.

## Aim of expansion of investment in intangible assets

G-TEKT is actively conducting research and development of advanced technology, and has also begun the creation of intellectual property in line with the management strategy. We are continuing to actively invest in development regardless of the revenue environment, but are also giving consideration to future monetization. Furthermore, we are currently preparing for the promotion of DX in the areas of quality and cost. In terms of personnel, we are engaged in reskilling personnel well-versed in manufacturing. For example, we have introduced financial and management accounting to promotion exams, and have established the foundations for deploying financial KPIs throughout the entire company through deeper understanding of finances and costs on a workplace level. We will review the retirement benefits

scheme as a measure to address the turnover of personnel, and also enhance the investment of contributions through financial guidance. We will seek to improve the continuously low price book-value ratio through the accumulation of intangible assets and engagement with the market.

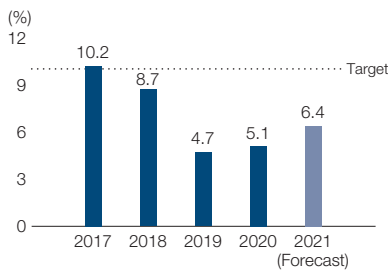


## Cost of capital and profitability

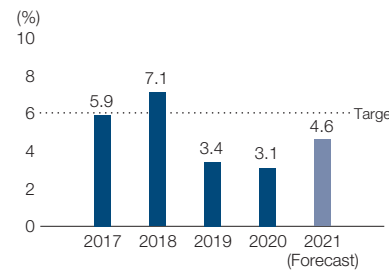
Profitability exceeding the cost of capital is required for the enhancement of corporate value. The Company is endeavoring to enhance investment efficiency while emphasizing ROE and ROIC. Since the transformation that took place in the automobile market in FY 2019, ROE and ROIC have both falling below the target levels. Of the components of ROE, we will fix the inverse of the equity ratio at 2 to enhance the profit margin on net sales and also the turnover rate. In future situations where production recovers or there are increased orders received, we will improve

asset turnover by shortening lead time of the die equipment production and reducing the cost of equipment, while aiming to quickly restore KPI targets by maintaining the low-cost structure implemented during COVID-19 and improving operating profit on net sales and the rate of return on total assets. Furthermore, we use EBITDA as an indicator to measure earning capacity. We will make profitable investment choices with emphasis on recovery of cash due to new capital investment being required for the expansion of sales.

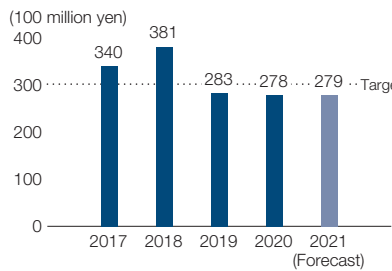
### ROE (return on equity) target > 10%



### ROIC (return on invested capital) target > 6%



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



### [Reference: Estimate of G-TEKT’s cost of capital]

Cost of share capital 8.1% = risk free rate 1% + individual beta value 1.3 x share risk premium 5.5%

WACC 4.57% = (risk free rate 1% + credit spread (A- rating) 0.2%) x (1 - effective tax rate 30%) x 0.5 + cost of share capital 8.1% x 0.5

## Medium- to long-term policy on investment in environmental measures

The Company has declared that it will reduce CO<sub>2</sub> emissions (Scope 1 + Scope 2) by 50% by FY 2030 and 100% by FY 2040 (compared to FY 2013). At present, we are formulating a specific environmental investment plan, but CO<sub>2</sub> emissions in the manufacturing process are minimal with the exception of electricity. We will proceed while ascertaining the cost effectiveness of the purchase of electricity using renewable

energy, the expansion of in-house solar power generation, and investment in power saving in existing plants. Furthermore, we plan to introduce new production lines in response to the shift to EVs and build a new plant in China. The allocation of funding for China, Europe and Asia will be from within the Company, and we will consider finance including environmental bonds for Japan and North America.

## Approach to shareholder returns

The Company has established providing stable and continuous increases in dividends as shareholder returns while maintaining a robust financial standing for investment in growth to be the most important issue it faces. This fiscal year a special dividend of ¥6 per share will be paid to commemorate the 10th anniversary of the launch of G-TEKT. In the fiscal year ending March 31, 2022,

we plan to increase dividends for the 12th consecutive fiscal year to ¥56 per share.

The Company has not set a fixed target for the dividend payout ratio, but operates with consideration for dividends on equity (DOE), which is not susceptible to fluctuations in profit (1.72% for the fiscal year ended March 31, 2021).

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021 (Forecast)
Dividend per share (Yen)	36	39	46	48	50	56
Payout ratio (%)	16.2	14.8	18.9	36.5	32.9	28.0
DOE (%)	1.63	1.61	1.75	1.75	1.72	—
Net sales (100 million yen)	2,061	2,198	2,556	2,283	2,094	2,387

We will continue to make bold investments in growth and provide shareholder returns to enhance corporate value while maintaining a robust financial standing in reparation for sudden changes and risks in the business environment. Your continued understanding and support is greatly appreciated.



# Message from the Officer in Charge of Human Capital Management

Officer of the Company,  
Corporate Management Operations Deputy Director  
**Takeshi Bamba**



## Active participation of personnel with diverse backgrounds

The automobile industry is providing G-TEKT with excellent opportunities for the business expansion and creation of innovation through CASE and support for carbon neutrality including the shift to EVs. G-TEKT must take this opportunity to shape its organization to enable diverse human resources to work in order to realize the creation of new value.

The Company is taking steps by categorizing diverse human resources into five categories: female employees, mid-career hires from other industries, employees with foreign nationality, senior human resources, and employees in circumstances requiring child care or nursing care.

Of these, we are placing particular emphasis on promoting the active participation of female employees and the utilization of mid-career hires.

Promotion of the active participation of female employees is an essential theme for G-TEKT as a measure for securing labor and utilizing talented human resources. Since before the two companies merged to form G-TEKT, for many years, the Company had assigned work with the preconceptions that “women should have a light workload after getting married” and “women should work in limited regions and occupations.” However, from FY 2017, the Company has always included women in the candidates for the development of successors to managerial positions, developed next-generation female leader candidates, and promoted these female employees to managerial positions and provided training. As a result, the percentage of managerial positions among female employees dramatically increased from 0% in the fiscal year ended March 31, 2017 to 4% in the fiscal year ended March 31, 2021.

## Promotion of hiring activities in line with business strategy

With regard to mid-career hires, we are actively hiring to utilize human resources with knowledge and experience in specific fields that are not easy to develop in house in a short period in order to speedily respond to the development of EV platforms and the transformation brought about by DX. The mid-career hires that had previously been centered on manufacturing line staff have recently been expanded to 16 job types such as R&D, engineering, and corporate

management divisions. In our hiring strategy, we have categorized new graduates and mid-career hires, and although hiring plans were centered in new graduates in the past, we have fundamentally revised the hiring plan framework of whether to hire new graduates or mid-career hires based on requirements such as the necessary skills and experience, and are proceeding with hiring activities more in line with our business strategy.

## Promotion of inclusion in each workplace

The immediate issue is whether the supervisors and managers in each workplace can eliminate preconceptions and biases about different human resources, and enable diverse human resources to be accepted and work in each workplace. Over the past several years, I feel that the progress made with mid-career hires and the promotion of female employees to managerial positions have led to a deeper understanding of human resources with different backgrounds in each workplace, but I think time will be required for this to spread to all workplaces.

In order to foster a culture enabling diverse human resources to work, it is essential to share more model cases and make successful cases feel more familiar to elicit the positive approach of “We could do that in our workplace, so let’s do it” from the supervisors of each workplace. We aim to encourage managers to change their behavior and create workplaces enabling diverse human resources to work through the implementation of improvement projects matching the characteristics of workplaces based on objective data obtained through organizational diagnosis and through training for managers and existing employees in each workplace.

## Promotion of diverse work style

G-TEKT is proceeding to make the transition to a flexible system according to each business and each job to maximize the performance of employees and connect this to development of the business. In particular, we place emphasis on the systems related to work styles and systems related to grades, wages and retirement benefits because we believe these factors have a significant impact on employee retention and securing talent.

With regard to systems related to work styles, we introduced a flex-time system without core time in FY 2018, enabling work styles with efficient allocation of time. In addition, partly due to the need to respond to COVID-19 in FY 2020, we promptly instituted systems and provided communication tools, resulting in approximately 33% of employees working remotely by May 2020.

Until now, we have taken working face to face for granted when conducting business, but many people have commented that “it is surprisingly possible” and “working remotely made it possible to concentrate and make progress.” At G-TEKT, which is engaged in the manufacturing business, there are some operations not suited to working remotely due to the

nature of the work, such as manufacturing lines. However, we will continue to utilize remote work that was introduced due to the spread of COVID-19 as an efficient work style in future while working to create trust and resolve management issues unique to working remotely.

Next, we began revising systems related to grades, wages and retirement benefits as a future priority measure in FY 2020. The Company had adopted a uniform system in which hiring was centered on new graduates, and it was assumed that new graduates would build their careers within the Company. For this reason, there was a gap in the grades and retirement benefits of mid-career hires employed as industry-ready personnel and employees hired as new graduates. Going forward, in order to secure talented personnel with extensive experience and advanced skills, it will be necessary to revise the system to be appealing to industry-ready human resources by balancing the treatment of these personnel. Specifically, we intend to introduce a personnel system that partially utilizes a job-based system and revise the retirement benefits system to make the retirement benefits for a single fiscal year the same if the role, etc. is the same for that fiscal year.

## We want to make an organization where growth is fulfilling

Making the work styles and systems related to grades and wages flexible according to job characteristics and each person’s skills also means that the systems that can be used and the systems that are applied will vary depending on how employees build their careers. I think a major issue associated with this is whether employees themselves can voluntarily continue to learn, and autonomously perceive and shape the work and their careers.

The personnel division will provide even more support for

employees’ career development than in the past, and assist employees to enable them to grow into the human resources they envisage and decide to be by conducting periodic career interviews, building cross-company network, and providing opportunities to learn about other areas such as open seminars.

We would like to make an organization where that growth can be felt to be not only growth of business, but also for G-TEKT as a whole and end users using automobiles, enabling individuals to feel that their work is fulfilling.

## We are engaged in enabling utilization of diverse human resources by changing behavior in the workplace.

### Main categories of diversity

- 1. Female employees
- 2. Mid-career hires from other industries
- 3. Employees with foreign nationality
- 4. Senior human resources
- 5. Employees in circumstances requiring child care or nursing care

Issue	Measures
To eliminate preconceptions and biases and utilize diverse human resources in each workplace	Implementation of improvement projects matching the characteristics of workplaces
	Training for managers and existing employees
	Cross-workplace approach in committees

Promotion of utilization of human resources by changing behavior in the workplace

# Promotion of Sustainability

We will strive to realize a sustainable society and improve corporate value through business activities for the better future for people, automobiles, and the environment to which G-TEKT aspires.

## Basic Sustainability Policy

- Protection of the environment**

We will endeavor to protect the global environment by reducing the burden on the environment such as air, water and soil including the reduction of greenhouse gas emissions associated with business activities.
- Respect for human rights**

We will eradicate forced labor and child labor, and respect human rights of all people and basic rights as workers. Furthermore, we will prohibit all discrimination, and respect diverse values and individuality.
- Maintaining and improving an appropriate working environment**

We will endeavor to improve the workplace environment to enable each employee to work safely and with a sense of security, and to feel fulfillment and a sense of personal growth.
- Technical innovation supporting a sustainable society**

We will support a sustainable automobile society by facing the challenges of high-quality products and technological innovation meeting the needs of customers and consumers.
- Compliance**

We will comply with international rules, and the laws and regulations of each country and region such as those on anti-corruption and prevention of fraudulent transactions, and conduct fair and transparent corporate governance.

## Material Issues

The Company is promoting energy conversion, and is engaged in innovation leveraging its lightweight, high rigidity technology with a view to the mobility society of the future realizing decarbonization.

We identified four materiality areas in 2016, and are currently

revising these based on changes in the external environment. In order to promote sustained business in future, we will clarify the Company's corporate responsibility and face the challenge of the conflicting themes of protecting the environment and promoting business.

### Main material issues identified

#### Strengthening of corporate governance



Strengthening of group governance and maintaining a sound governance system are recognized as particularly important issues for G-TEKT, which operates bases worldwide. To address these, we use checklists, etc. to periodically check the governance of bases in Japan and overseas, and also share issues between the Head Office and local sites, and consider improvement measures to maintain and improve the level of governance.

#### Human resource development



We are focusing on human resource development led by the company by providing a variety of human resource development programs for new to veteran employees. Based on the belief that the company cannot grow without the growth of people, we will face each individual employee to be a company that achieves sustained growth and evolution.

#### Development of environmentally friendly products and technologies



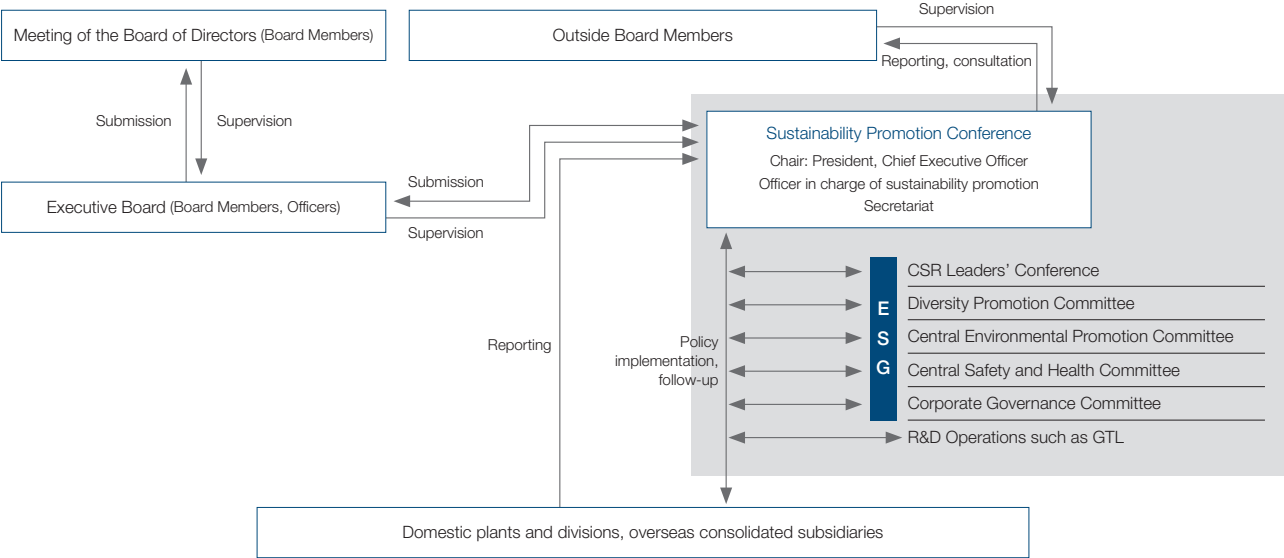
Automobiles made up of G-TEKT's products are one of the products requiring the greatest consideration for the environment. In particular, making auto bodies lightweight is a major issue because automobile fuel consumption is greatly affected by auto body weight. G-TEKT is creating products with little environmental impact by making the auto body lightweight without lowering performance based on its own design philosophy and weight saving technology.

#### Environmental management



Addressing the risk of climate change is a major corporate responsibility to be met by companies for the realization of a sustainable society. We are systematically taking active initiatives to reduce the CO<sub>2</sub> emitted through our business, and are also engaged in reducing the environmental impact in the value chain.

## Sustainability promotion system



## Message from the officer in charge of sustainability

G-TEKT recognizes that resolving social issues and contributing to the realization of a sustainable society through business activities is an important management issue, and is building systems and promoting initiatives aimed at the achievement of SDGs. The Company has established a Sustainability Promotion Conference as an advisory body to the Board of Directors and the Executive Board to cross-sectionally and comprehensively integrate sustainability-related issues in internal committees, and meetings chaired by the Chief Executive Officer are held once annually. The Conference is made up of CSR, Environmental, Diversity, Safety and Health, and Corporate Governance committees, and R&D Operations such as G-TEKT TOKYO LAB. A secretariat has been established in the Corporate Management Division as an administrative division, and, as the officer in charge, I am responsible for implementation throughout the Group including overseas subsidiaries. From the perspective of sustainability, we recognize the gap from SDGs in our business, and we will measure the level of contribution to the achievement of goals and disclose this information.

As a manufacturer of auto body components, we have globally conducted development and manufacturing of lightweight, highly rigid frames. As a measure to comply with the emission regulations of the 1970s, we focused on making auto bodies more lightweight to improve fuel efficiency while ensuring the safety of passengers. Since then, we have contributed to the development of an affluent automotive society through the development and manufacture of auto body components that

balance the environment and safety. First, we will more deeply engage in business areas such as reducing CO<sub>2</sub> emissions in the production process of core businesses, maintaining and improving an appropriate working environment by protecting human rights in the workplace, making technological innovations for resolving issues, and fulfilling compliance, and conduct deeper discussion of the 17 SDGs based on this.

I think SDGs have three meanings for G-TEKT. While engaged in SDGs, employees and business partners reaffirm and feel pride in contributing to the realization of a bright future through the development and manufacture of lightweight and highly rigid auto bodies. Recognizing the value of one's own work and increasing motivation leads to productivity. Furthermore, although routine operations are conducted strictly in line with a variety of rules in the manufacturing industry, SDGs achieved at one's own discretion constitute a challenging attempt to transform organizational culture. In addition, officers and employees gaining a deeper understanding of the 17 goals and 169 targets included in the SDGs, and thinking what they can do as individuals to realize a brighter world gives us a higher viewpoint and is expected to provide an opportunity to enrich our lives. We will continue to create corporate value through such initiatives.

Member of the Board, Senior Managing Officer,  
In charge of Corporate Management  
**Isao Yoshizawa**



Environmental Initiatives

G-TEKT considers the global environmental issue to be a problem of the highest priority that should be addressed by a company and has been engaged in efforts to reduce the environmental impact of business activities such as working to acquire the ISO 14001 environmental management system (EMS) certification since 1998.

Environmental policies

The Company places the highest priority on the conservation of the global environment and local environments. As a member of society responsible for passing on the green environment to the next generation, it shall strive to both engage in environmentally considerate business activities and help conserve the global environment under the basic philosophy that “The environment is our shared resource.”

1. The Company shall assess the environmental impact of all its business activities, voluntarily formulate improvement plans, and actively work on environmental conservation.

2. The Company shall comply with related environmental laws and regulations and other requirements and establish its own management standards to prevent environmental pollution.

3. The Company shall define purposes, set goals and formulate implementation plans for its environmental protection activities, and reduce its environmental burden by engaging in ongoing improvement, and conduct business in harmony with the environment. Furthermore, the Company shall review and revise the purposes, goals and plans as necessary.

4. The Company shall ensure all employees and all people working at the Company are aware of and understand its environmental policies by providing them with environmental education and training activities.

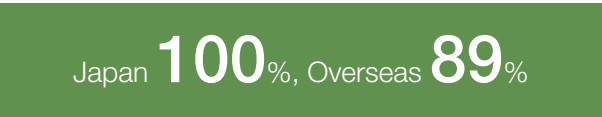
5. The Company shall disclose its environmental information to the general public. The Company shall conduct activities aimed at achieving a deeper level of communication with the community and society at large and actively cooperate in community- or society-based environmental conservation activities.

Implementation system

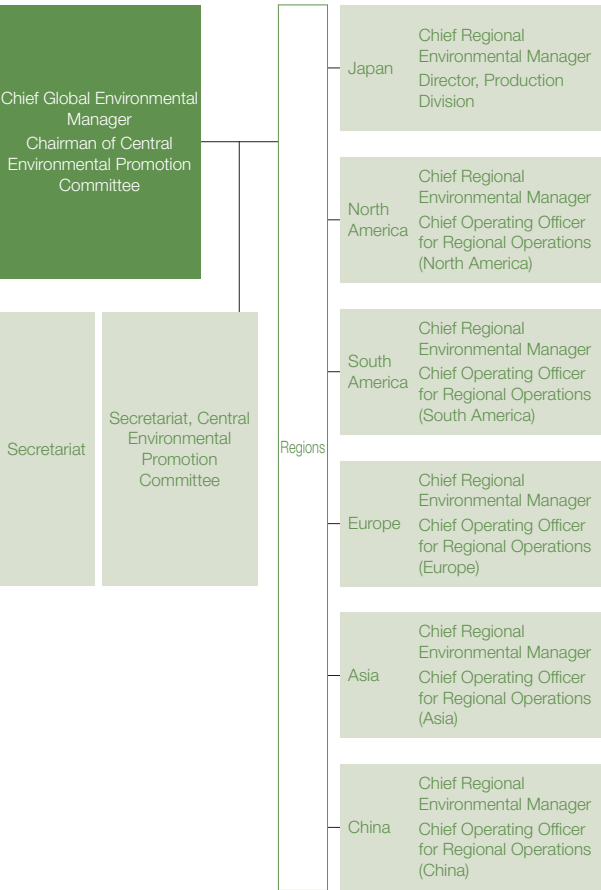
Each plant is making ongoing efforts to promote environmental compliance and improvement activities on an environmental management system (EMS) Environmental Committee basis with the respective Plant Manager serving concurrently as the Chief Environmental Manager. The Company has established the Central Environmental Promotion Committee (officer in charge: Takuto Fujii, Officer of the Company) as an upper-level organization of the plants and two additional business locations, specifically the Head Office and C&C Tochigi, to manage matters related to company-wide global environmental improvement activities. In the fiscal year ended March 31, 2019, we conducted an expanded examination at the Head Office, C&C Tochigi and GTL (G-TEKT TOKYO LAB), and the EMS certification acquisition rate is now 100% (based on number of business locations) in Japan.

Furthermore, since April 2017, we have been holding the “Global CSR Conference” (chair: Naohiro Takao, President, Chief Executive Officer) periodically in an effort to strengthen our environmental management worldwide as well as to share information with each Chief Operating Officer for Regional Operations overseas.

Percentage of plants with ISO 14001: 2015 certification (based on number of business locations)



Global environmental management structure



Risks and opportunities presented to the Company due to climate change

Risks	<div><div>[Strengthening of policies and environmental laws and regulations]</div><div><div>Increased costs (penalties)</div>due to the introduction of high carbon pricing and mandatory reductions of greenhouse gases</div></div> <div><div>[Technology]</div><div><div>Changes in introduction costs, timing and demand</div>for renewable energy, storage battery and energy-saving equipment, etc.</div></div> <div><div>[Climate change risks]</div><div><div>Impact on business continuity</div>due to abnormal weather, large typhoons, flooding, rising sea level, etc.</div></div> <div><div>[Reputation]</div><div><div>Loss of credibility or reputation</div>due to acting contrary to changes in awareness of customers and society</div></div>
Opportunities	<div><div>[Resource efficiency]</div><div><div>Reduction of greenhouse gases and reduction of operating costs</div>by increasing the efficiency of use of energy, raw materials, water, waste materials, etc.</div></div> <div><div>[Energy]</div><div><div>Cost reductions</div>due to the transition to electricity derived from renewable energy (in combination with a decrease in electricity charges due to switching to new electric power providers)</div></div> <div><div>[Products]</div><div><div>Increased competitiveness</div>due to development of low-carbon products</div></div> <div><div>[Resilience] (Resilience to change)</div><div><div>Enhancement of capabilities</div>to respond to risks, manage organizations to adapt to climate change, and convert these into opportunities</div></div>
Measures	<div><div>[Reduction of CO<sub>2</sub> during manufacturing and arising from business activities (strengthening of response to Scope 1 and 2)]</div><div><div>More efficient use of energy</div>through the improvement of productivity</div><div><div>Energy-saving improvements</div>to existing production equipment and buildings</div><div><div>Increase in rate of electricity derived from renewable energy</div>(in-house consumption through the introduction of power generation equipment or switching to purchases of electricity from renewable energy)</div></div> <div><div>[Contribution to CO<sub>2</sub> reductions through development of low-carbon products and production technologies]</div><div><div>Contribution to environmental performance</div>through weight saving technologies for auto body frames</div><div><div>Assessment of environmental impact</div>in the product life cycle (when introducing new technologies and before launching new models)</div></div> <div><div>[Reduction of CO<sub>2</sub> arising in the supply chain (response to Scope 3)]</div><div><div>Cooperation with suppliers'</div>initiatives to reduce environmental impact</div><div><div>Improvement of logistics efficiency</div>in transportation</div></div>

Creation of a carbon-free society

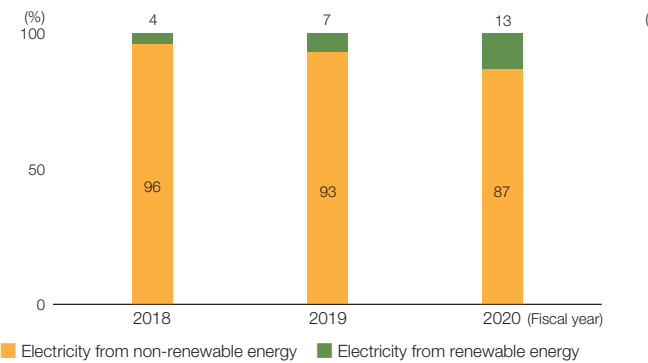
In order to become carbon neutral, it is necessary to replace the energy used in production with renewable energy. G-TEKT has been installing solar panels on the rooftops of plants at overseas sites since 2017, and internally consumes the electricity generated. The G-TES site in Slovakia also fully switched to the purchase of electricity derived from renewable power in FY 2020.

Within Japan, the Saitama Plant, Gunma Plant, and Shiga

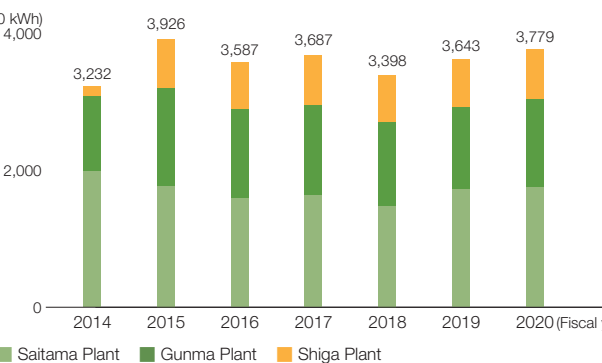
Plant have been conducting solar power generation business (all sold through feed-in tariffs) since 2014 from the perspective of providing electricity that produces few CO<sub>2</sub> emissions.

In future, we will increase the rate of usage of renewable energy by using environmental value produced by this power generation (feed-in tariff non-fossil fuel value) through an agreement on special wholesale of electricity from renewable energy concluded in April 2021.

Usage of electricity derived from renewable energy



Solar power generated



Social Initiatives

Human rights



Respect for human rights

G-TEKT believes that respect for human rights is an important element when conducting a variety of businesses worldwide. We have specified our policy on respect for human rights in the leaflet entitled “Our Code of Conduct” and the code is read aloud in unison at least once a year at all workplaces to make sure everyone is fully aware of the content. It outlines not only compliance with laws and regulations, but also respect for the customs, cultures, religions, and lifestyles of various countries, and explicitly states that all forms of harassment, such as sexual harassment and power harassment, are unacceptable.

The Company also supports the Universal Declaration of Human Rights proclaimed during the third session of the United Nations General Assembly on December 10, 1948

and all ILO international labor standards made up of the eight conventions specified by the International Labour Organization (ILO) including the Discrimination Convention, the Minimum Age Convention, and the Worst Forms of Child Labour Convention. In response to these, the Company has specified policies prohibiting forced labor and child labor, and guidelines prohibiting forced labor and child labor, and is endeavoring to maintain a healthy working environment.

Prohibition of forced labor and child labor

We respect the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work and comply with laws and regulations on forced labor and child labor. Furthermore, we do not allow forced labor or child labor of any kind.



Healthy management

Health declaration

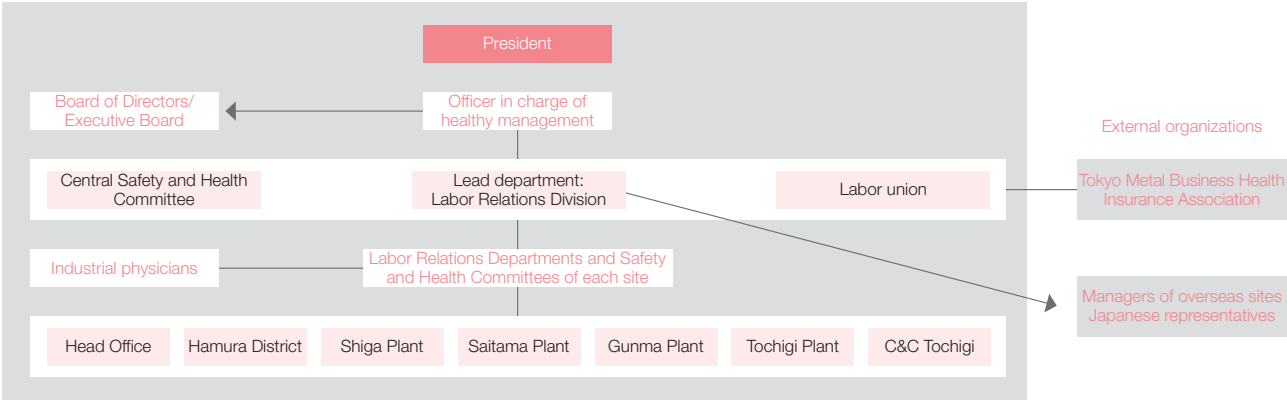
The G-TEKT Group believes that the mental and physical health of each employee and their families are the most important asset for the realization of its vision to “Shape a better future for people and automobiles through the fusion of passion and innovation.”

We declare that we will endeavor to create a company enabling each employee to actively work in affluence, comfort and good health, and contribute to the enhancement of corporate value and the realization of an affluent society through support for activities to maintain and promote the health of employees and their families and organized promotion of health.

September 1, 2021  
President, Chief Executive Officer  
Naohiro Takao

Implementation system

Under the leadership of the President, an officer in charge of healthy management has been appointed, and the Labor Relations Division, which is the lead department, promotes healthy management in collaboration with the Central Safety and Health Committee and the Labor Relations Departments and Safety and Health Committees of each site.



Initiatives to address health issues

We will strengthen health management to enable employees to continue to work in good health.

Regular health examinations, special health examinations, comprehensive medical examinations	Implementation rate: Target of 100% We are continuing to follow up employees who have not been examined. Under the guidance of industrial physicians, we promote individual health management by setting specific targets for blood pressure, blood sugar level, BMI, cholesterol and other items.
Implementation of stress checks	Implementation rate: Target of 100% We will endeavor to increase the implementation rate through measures such as reviewing methods of dissemination. Specialists will continue health guidance for employees with high levels of stress and we will make improvements to the workplace environment.
Promotion of the acquisition of paid leave	Paid leave acquisition rate: Target of 80% or higher We aim to promote the acquisition of paid leave by encouraging employees to take five consecutive days of paid leave, and proceeding to implement work style reforms.
Reduction of overtime hours	We will continue with activities to reduce overtime hours by promoting initiatives to improve productivity.
Establishment of company-wide non-smoking rate	We have set a company-wide non-smoking target to reduce smoking that is a trigger for serious disease, and will gradually raise its level. Indoor smoking rooms have been closed to avoid passive smoking by non-smokers.
Measures to encourage regular exercise	Many employees commute by car, and we will implement measures to incorporate the habit of exercising into everyday life.



Supply chain management

Basic policy

- 1 Compliance and green procurement
- 2 Maintain a fair and healthy relationship with suppliers
- 3 Mutual prosperity based on mutual trust

Activity guidelines

- 1 Formulate the CSR procurement policies and guidelines
- 2 Investigate the current state of the supplier
- 3 Propose to the supplier and implement corrective/improvement measures
- 4 Conduct audits of the supplier

Promotion of sustainability throughout the entire supply chain

The Group shall engage in procurement activities in accordance with three basic policies and four activity guidelines. We will raise awareness on CSR procurement involving the use of supplier status regarding efforts on compliance and eco-friendliness as well as human rights and labor environment as a criterion for doing business, and ask our business partners to agree with our approach of making products in an eco-friendly manner in compliance with laws and regulations, in addition to asking them to respond to a self-inspection questionnaire to evaluate their current status based on their answers. We not only give them feedback, but also take actions including proposing improvement measures aimed at identifying and resolving issues in the supply chain.

We will continue engaging in initiatives to promote sustainability in the supply chain together with business partners.

Measures against conflict minerals

While the Group does not use these minerals directly, we have been conducting investigations since 2013. Based on investigation findings, neither purchasing nor use of conflict minerals has been confirmed throughout the entire supply chain. We will continue to conduct investigations on conflict minerals into the future.

[Reference] <https://www.g-tekt.jp/english/environment/supply.html>



Initiatives to improve quality



The Group voluntarily and actively conducts quality control (QC) circle activities (activities in small groups) aimed at learning QC methods for the continuous management and improvement of the quality of products, services, work, etc.

Activities are conducted in an organized manner in pursuit of further enhancement of activities, with managers serving as supervisors in six regions including Japan, eight sites in North America, five sites in Asia, three sites in China, one site in Europe, and one site in South America.



Governance

Board Members, Audit & Supervisory Board Members, and Executive Officers (as of June 30, 2021)



President,  
Chief Executive  
Officer

**Naohiro Takao**



Member of the Board,  
Senior Managing  
Officer of the Company

**Isao Yoshizawa**



Member of the Board,  
Managing Officer of  
the Company

**Hiroshi Seko**



Member of the Board,  
Managing Officer of  
the Company

**Fumihiko Hirotaki**



Lead Independent Outside  
Member of the Board

**Makoto Ogo**



Independent Outside  
Member of the Board

**Rieko Inaba**



Audit & Supervisory  
Board Member

**Takahiro Nakanishi**



Audit & Supervisory  
Board Member

**Kesao Tamura**



Independent Outside  
Audit & Supervisory  
Board Member

**Yasunori Niizawa**



Independent Outside  
Audit & Supervisory  
Board Member

**Yasuo Kitamura**

Executive Officers

Senior Managing Officers of the Company

**Hidetsugu Kikuchi**  
**Mitsutoshi Nakamoto**

Senior Officers of the Company

**Masayasu Uchiyama**  
**Shizuo Yabata**  
**Akira Kakizaki**

Managing Officers of the Company

**Masayuki Hayashi**  
**Naoki Mizuki**

Officers of the Company

**Ryuichi Takayama**  
**Taiichiro Morishita**  
**Takuto Fujii**  
**Keiichi Ueki**  
**Tomohiko Tsukiyama**  
**Toshikazu Mitsugi**  
**Koki Sugawara**  
**Takeshi Bamba**  
**Yoshitaka Suzuki**

[Board Members and Officers] .....<https://www.g-tekt.jp/english/company/management.html>



Basic approach

G-TEKT recognizes that we have a responsibility to contribute to the resolution of environmental and social issues that we face through our business activities so that society can develop sustainably, and in order to fulfill this responsibility, it is necessary for us to improve our business performance and achieve sustainable growth over the medium to long term. To achieve this, we aim to establish appropriate corporate governance that enables us to provide information and engage in dialogue with our stakeholders, including shareholders, customers,

employees, and the local community, to increase our transparency as a company, and to conduct ongoing business activities under an effective and sound organizational structure that ensures the rights of our shareholders. As part of these efforts, we established an advisory committee (currently the Nomination and Remuneration Advisory Committee) in 2015 and published a skill matrix in 2021 to show the experience and capabilities of the members of the Board of Directors, with the aim of strengthening accountability.

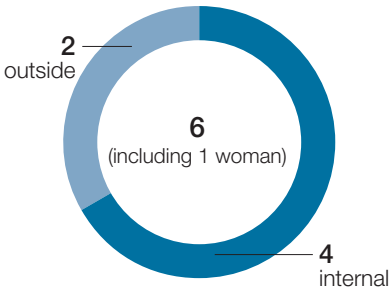
[Basic Corporate Governance Policy] .....[https://www.g-tekt.jp/company/pdf/governance\\_guideline\\_en.pdf](https://www.g-tekt.jp/company/pdf/governance_guideline_en.pdf)



Outline of corporate governance system

Organizational structure: Company with a board of auditors (as of June 30, 2021)

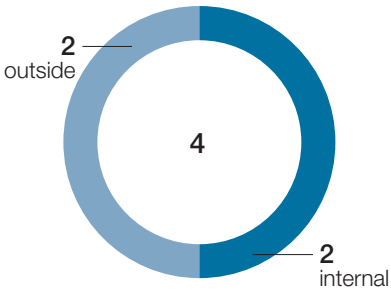
Board Members



Chairperson:  
President, Chief Executive Officer  
Naohiro Takao

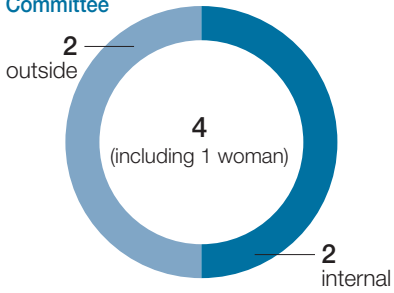
Term: 1 year

Audit & Supervisory Board Members



Chairperson:  
Audit & Supervisory Board Member  
Takahiro Nakanishi

Nomination and Remuneration Advisory Committee



Committee Chairperson:  
Independent Outside Board Member  
Makoto Ogo

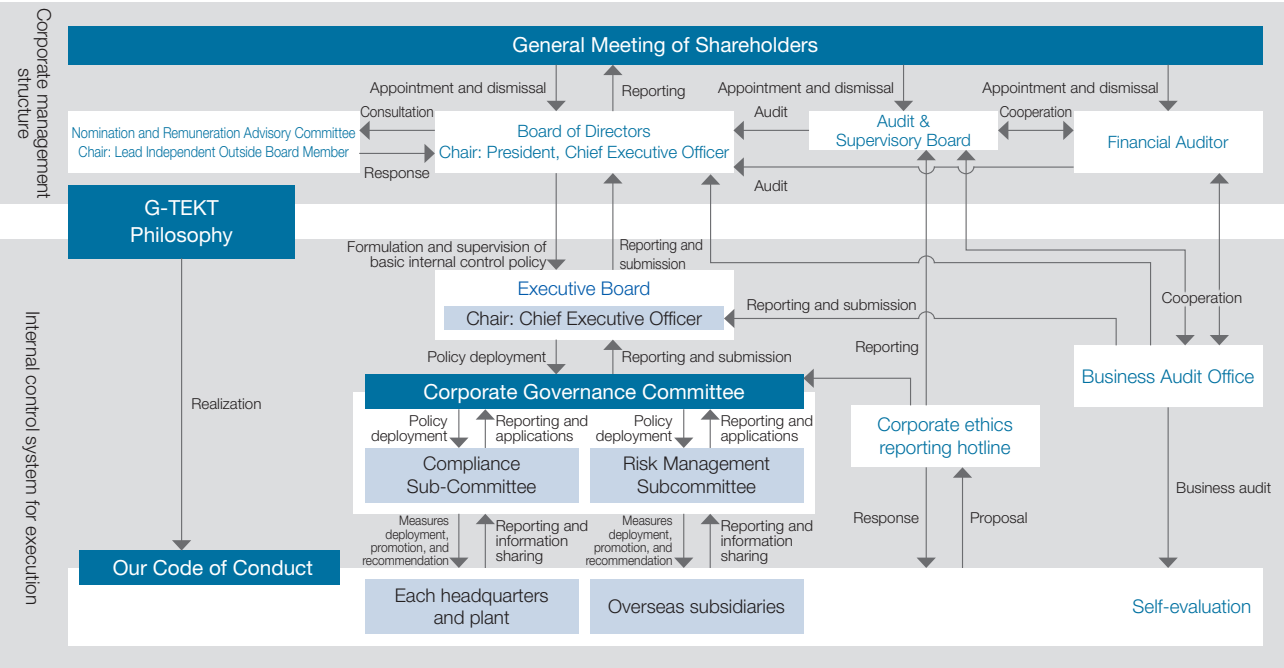
Skill matrix for Board Members and Audit & Supervisory Board Members

Name and affiliation	Title	Length of service	Business administration	Technology/R&D	Sales	Manufacturing/quality management	Finance	Legal affairs and risk management	ESG (Environment, society, governance)
<b>Naohiro Takao</b>	President, Chief Executive Officer	28 years	●	●	●	●	●	●	●
<b>Isao Yoshizawa</b>	Member of the Board, Senior Managing Officer of the Company,	7 years	●				●	●	●
<b>Hiroshi Seko</b>	Member of the Board, Managing Officer of the Company	1 year	●	●	●	●			
<b>Fumihiko Hirotaki</b>	Member of the Board, Managing Officer of the Company	Newly appointed	●	●	●	●			
<b>Makoto Ogo</b>	<div>Independent Outside</div> Member of the Board	8 years						●	●
<b>Rieko Inaba</b>	<div>Independent Outside</div> Member of the Board	2 years						●	●
<b>Takahiro Nakanishi</b>	Audit & Supervisory Board Member	2 years	●	●	●	●			●
<b>Kesao Tamura</b>	Audit & Supervisory Board Member	6 years	●			●	●		●
<b>Yasunori Niizawa</b>	<div>Independent Outside</div> Audit & Supervisory Board Member	2 years					●		●
<b>Yasuo Kitamura</b>	<div>Independent Outside</div> Audit & Supervisory Board Member	2 years						●	●

Reasons for adopting the current corporate governance system

We have chosen to establish a company with a board of auditors as our governance system. This is because we believe that the Board of Directors, as the highest decision-making body of management, can fulfill its authority and responsibility for business execution, and that the Audit & Supervisory Board Members and the Audit & Supervisory Board, who are independent of business execution and the Board of Directors, can perform auditing functions for the Board of Directors.

Corporate governance system outline drawing



Major meeting bodies

	Number of times held in FY2021	Total number of members	Internal Board Members	Outside Board Members	Chair
Board of Directors	12 times	6	4	2	President, Chief Executive Officer
Summary	The Board of Directors meets on a regular basis or on an extraordinary basis as necessary, and under the direction of the President, Chief Executive Officer, makes resolutions on matters stipulated in laws and regulations, the Articles of Incorporation, and the Board of Directors Regulations, and makes important management decisions. In addition, the Board of Directors receives reports from each Board Member and executive officer on business matters and fulfills its monitoring and supervisory functions.				
	Number of times held in FY2021	Total number of members	Internal Board Members	Outside Board Members	Chair
Nomination and Remuneration Advisory Committee	2 times	4	2	2	Lead Independent Outside Board Member
Summary	An advisory committee to the Board of Directors has been established, and the Board of Directors consults with it on important agenda items, such as the nomination of candidates for Board Members and Audit & Supervisory Board Members and executive remuneration, as appropriate.				
	Number of times held in FY2021	Total number of members	Internal Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	Chair
Audit & Supervisory Board	13 times	4	2	2	Audit & Supervisory Board Member
Summary	The Audit & Supervisory Board meets at least once a month in principle. Each Audit & Supervisory Board Member attends meetings of the Board of Directors, investigates the status of business and assets in cooperation with the Financial Auditor, and audits the execution of duties by the Board Members in accordance with the audit policy, division of duties, and other matters determined by the Audit & Supervisory Board.				
	Number of times held in FY2021	Summary			
Corporate Governance Committee	4 times	The Corporate Governance Committee is a company-wide cross-sectional organization that aims to implement global and systematic approaches to internal control. It submits necessary resolutions and reports on its activities to the Executive Board and the Board of Directors.			
	Number of times held in FY2021	Summary			
Executive Board	22 times	The Executive Board is an organization that deliberates in advance on matters to be discussed at meetings of the Board of Directors and resolves management matters authorized by the Board of Directors. In addition to the regular meetings of the Executive Board, the Global Executive Board has been established to intensively discuss business plans.			

\* The structure of Board Members and Audit & Supervisory Board Members is as of June 30, 2021.

Main agenda of the Board of Directors meeting for the fiscal year ended March 31, 2021

- [General management]**

  - Report on major agenda items at the Executive Board
  - Business plan for the next fiscal year
  - Investment in production capacity expansion at domestic and overseas plants

**[General Meeting of Shareholders related]**

  - Convocation of General Meetings of Shareholders and determination of agenda items
  - Approval of business reports, financial statements, etc.
  - Determination of candidates for Board Members
- [Board Members and Audit & Supervisory Board Members and organization related]**

  - Selection of Chief Executive Officer
  - Remuneration and bonuses for Board Members and Audit & Supervisory Board Members
  - Election of Executive Officers and site managers
  - Reorganization of the Advisory Committee to the Nomination and Remuneration Advisory Committee
- [Shareholders]**

  - Implementation of interim dividend

**[Other]**

  - Conducting and reporting on evaluation of the effectiveness of the Board of Directors
  - Impact of and response to COVID-19
  - Report on the results of shareholder questionnaires

Evaluation of the effectiveness of the Board of Directors

With regard to the effectiveness of the Board of Directors, we conduct an annual self-evaluation questionnaire (anonymous) for the Members of the Board of Directors and Audit & Supervisory Board Members, and the results are shared and deliberated by the Board of Directors. We have conducted the questionnaire for the past five years with questions that are comparable to those of other years, in an effort to identify issues and monitor improvements.

With regard to the diversity, number and composition of the Board of Directors, which had been pointed out as an issue in past effectiveness evaluations, we have appointed our first female Board Member with a research background, and have increased the ratio of Independent Outside Board Members to more than one-third of the Board of Directors. As a result of these efforts, the effectiveness evaluation for the fiscal year ended March 31, 2020 confirmed improvements in the diversity of the Board of Directors and the ratio of Outside Board Members, but issues remained in the governance risk control of overseas subsidiaries and in providing opportunities for Independent Outside Board Members to gather information.

In the fiscal year ended March 31, 2021, although there was an improvement in the evaluation of governance and risk control at overseas subsidiaries, and there was an opinion

that risk management was functioning effectively, including the reporting of the status of COVID-19, there was also an opinion that continued attention should be paid to internal control. With regard to the provision of opportunities for Independent Outside Board Members to gather information, there were some opinions that understood that it was difficult to implement notable measures due to the fact that face-to-face exchange of information was discouraged as a measure to prevent the COVID-19 spread. However, there was also the view that there were insufficient opportunities for information exchange and discussion, indicating that there is still a need for further efforts. In order to address these issues, we will continue to review the organization and authority of each overseas subsidiary based on a survey of their corporate governance systems in order to strengthen the Group's governance, identify and address risks, and improve the centripetal force of the Head Office in Japan. In addition, we are planning to set up new meetings to enable Independent Outside Board Members to gather sufficient information to participate in the deliberations of the Board of Directors.

We will continue the effectiveness evaluation process and consider further improvement measures to improve the effectiveness of the Board of Directors.

Compliance with the Corporate Governance Code

Based on research and study of the Corporate Governance Code formulated by the Tokyo Stock Exchange, we have formulated the G-TEKT Basic Corporate Governance Policy, which sets forth the basic approach, framework, and operational policies for corporate governance in order to realize effective corporate governance, and we are promoting and implementing measures based on this policy.

In light of the fact that the diversity of the Board of Directors and the increase in the ratio of Independent Outside Board Members have become important concerns for institutional investors in recent years, in the fiscal year ended March 31, 2019, the Company reviewed the composition of the Board of Directors, appointed the first female Board Member, and increased the ratio of Independent Outside Board Members

to at least one-third and at least two members. In addition, we revised the standards for deliberation by the Board of Directors to speed up decision-making. These initiatives are disclosed in the Corporate Governance Report.

In June 2021, the Corporate Governance Code was revised with regard to items such as improving the functioning of the Board of Directors, ensuring the diversity of core human resources, and addressing issues related to sustainability. In light of this, the Company has been taking measures such as disclosing the abilities and experience of Board Members using a skill matrix and formulating a policy for securing diversity in human resources, and will continue to respond to the revised content in preparation for April 2022, when the Tokyo Stock Exchange will shift to a new market classification.



Policy for determining the amount of remuneration for Board Members and Audit & Supervisory Board Members or calculation methods thereof

The decision-making policy regarding the details of individual remuneration, etc. for Board Members is resolved by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Board Member.

(1) Basic approach

The Company's remuneration system for officers is designed to motivate officers to contribute to the improvement of the Company's performance in the short- and medium-term in

order to enable sustainable growth and increase in corporate value. Based on this, the Company's remuneration system for officers consists of three types of remuneration: basic remuneration as fixed and monthly salary, bonuses linked to short-term performance, and share-based remuneration linked to stock price and performance.

Remuneration for Outside Board Members and Outside Audit & Supervisory Board Members consists only of basic remuneration from the perspective of their roles and independence.

Composition of remuneration

Type of remuneration	Payment standard	Composition of remuneration (approximate)	Classification
Basic remuneration	For the Chief Executive Officer and below, remuneration is set as a fixed monthly salary based on the position, taking into account the responsibilities, length of service, the level of other companies, and the level of employee salaries.	70%	Monetary remuneration
Performance-based remuneration (Bonuses)	(1) In the event that operating profit for the current fiscal year increases compared to the previous year, the total amount to be paid will be determined by setting a performance coefficient based on operating profit for the current fiscal year and taking into consideration various factors such as the operating margin, the year-on-year growth rate of operating profit, the growth rate of EPS, and the contribution of ESG (climate change, social contribution activities, and governance). (2) The amount of individual remuneration is calculated by multiplying the base amount according to the position by a coefficient corresponding to the level of contribution.	10%	Monetary remuneration
Share-based remuneration*	(1) Points are granted to Board Members and Executive Officers, excluding Outside Board Members, for each fiscal year according to their position, performance, etc., and shares corresponding to the total number of points are delivered upon retirement of each officer. (2) Consists of a non-performance-linked portion and a performance-linked portion that uses operating profit as a performance indicator, and the amount of performance-linked remuneration is determined by multiplying the standard amount for each position by a coefficient based on the performance of operating profit.	20%	Non-monetary remuneration

\* The target for operating profit, which is the indicator for performance-linked share-based remuneration in FY2020, was ¥6.0 billion, and the actual result was ¥8.050 billion. For performance-linked share-based remuneration, points equivalent to ¥20 million have been granted.

(2) Procedures for determining remuneration, etc.

Basic remuneration, bonuses, and share-based remuneration, including the details of remuneration, etc. for each individual, are deliberated by the voluntary Nomination and Remuneration Advisory Committee chaired by the Lead Independent Outside Board Member. Based on the results of the deliberations of the Nomination and Remuneration Advisory Committee, the final decision is made by a resolution of the Board of Directors at the discretion of the President.

The process is set forth in the Regulations of the Board of Directors and the Regulations of the Nomination and Remuneration Advisory Committee. In determining the details of individual Board Member remuneration, etc., the Nomination and Remuneration Advisory Committee, chaired by an Independent Outside Board Member, examines the draft in light of the decision policy, and the Board of Directors believes that the content of the draft is in line with the decision policy.

Total remuneration for Board Members and Audit & Supervisory Board Members

Categories of officers	Total amount of remuneration, etc. (Millions of yen)	Amount of remuneration, etc. by type (Millions of yen)			Number of recipient officers (people)
		Basic remuneration	Bonuses	Share-based remuneration	
Board Members (excluding Outside Board Members)	204	154	–	49	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	39	39	–	–	2
Outside Board Members and Outside Audit & Supervisory Board Members	20	20	–	–	4

\* Remuneration for Board Members is for the fiscal year ended March 31, 2021.

Anti-corruption initiatives

In response to the recent strengthening of anti-corruption measures at the global level, we established an Anti-Bribery Policy in December 2017 with the aim of maintaining sound and transparent relationships with public officials, customers and business partners, and are working daily to prevent corruption. This policy sets forth the policies that companies

and officers and employees of the G-TEKT Group must comply with in their corporate activities in response to the bribery control laws and regulations of various countries, including Japan's Unfair Competition Prevention Act, the US Foreign Corrupt Practices Act (FCPA), and the UK Bribery Act (UKBA).

Promotion of fair business practices

Recognizing the importance of the Anti-Monopoly Act, in December 2017, we established a Competition Law Compliance Policy with the aim of complying with the competition laws (including relevant legislation) of each country and region, including the Anti-Monopoly Act (Act on Prohibition of Private Monopolization and Maintenance of Fair

Trade), with respect to our activities as a company, including the operation of all meetings in which companies and executives and employees of the G-TEKT Group participate, and declared that we will not tolerate any conduct that violates competition laws.

Dialogue with shareholders and investors

We have established a Policy concerning Dialogue with Shareholders and strive to disclose information in an accurate, timely, fair, and proactive manner, and promote constructive dialogue through the General Meetings of Shareholders, financial results briefings, factory tours, and individual interviews.

For the 10th Ordinary General Meeting of Shareholders held in 2021, due to the impact of COVID-19, we notified shareholders in advance that the shareholder get-together

would be canceled and recommended that they exercise their voting rights in advance (in writing or via the Internet). Meanwhile, for those shareholders who could not come to the meeting on the day of the meeting, we provided a live video feed of the meeting.

The results of the shareholder questionnaire survey conducted twice a year are all reported to the Board of Directors, and discussions are deepened to reflect the honest opinions of shareholders in management.

Main IR activities in FY2020

Activity	Number of activities	Details
Financial results briefings for analysts and institutional investors	4	Financial results briefings attended by the President twice a year (second quarter and fiscal year end), and online briefings by the officer in charge of finance and IR at the end of the first and third quarters
Individual dialogue with analysts and institutional investors	20	The IR department plays a central role in setting up opportunities for individual dialogue between analysts and institutional investors and the officer in charge of finance and IR.
Factory tour for shareholders	– *1	Twice a year (spring and fall), tours of factories and research facilities in Japan are conducted.
Briefings for individual investors	1 *2	Corporate briefing given by the President or the officer in charge of finance and IR

\*1 Of these, dialogue with overseas institutional investors was held five times.

\*2 Due to the impact of the COVID-19 spread, we decided not to hold any tours in FY2020 in consideration of safety.



Business risks

We recognize that the following are risks that may affect the financial position and operating results of the Group, and that they may have a significant impact on the decisions of investors. Based on the risk map for each location and region prepared in consideration of the importance of risk management for the entire Group, each subsidiary selects the highest priority risks and implements countermeasures.

	Description of risk	Response to risk
Changes in the economic environment	<ul style="list-style-type: none"><li>Decline in consumer purchasing intentions and automobile sales due to economic recession and taxation systems in markets around the world</li></ul>	<ul style="list-style-type: none"><li>Regularly monitor global market trends, analyze the impact on our business, and respond quickly and appropriately</li></ul>
Changes in the automotive market	<ul style="list-style-type: none"><li>Changes in market needs, such as increased demand for electric vehicles due to stricter environmental regulations worldwide</li><li>Changes in market share under conditions of competition with other companies, price competition, and an increase in new entrants from other industries</li></ul>	<ul style="list-style-type: none"><li>We are striving to improve our competitiveness by making price-competitive development proposals and constantly providing products that are needed by our customers.</li><li>Implementation of productivity and reliability improvement projects</li><li>Collaboration with European ESPs (engineering service providers) in the development of battery housings for electric vehicles</li></ul>
Technology	<ul style="list-style-type: none"><li>Investment burden in the event of inferiority in obtaining rights for technologies under research and development</li><li>Spread of new materials in the fields handled by the Group</li></ul>	<ul style="list-style-type: none"><li>Establishment of a department specializing in intellectual property management</li><li>Information gathered by development and research bases in North America, Europe, and China is integrated into the G-TEKT TOKYO LAB to understand global market needs</li></ul>
Dependence on specific sales partners	<ul style="list-style-type: none"><li>Impact on our business activities due to changes in business strategies, purchasing policies, production adjustments, sales trends, etc. of specific sales partners who hold more than 30% of the Group's total voting rights and account for more than 60% of consolidated net sales</li></ul>	<ul style="list-style-type: none"><li>Reduction of dependence risk by expanding business with business partners besides existing business partners</li></ul>
Quality	<ul style="list-style-type: none"><li>Loss of trust and claims for damages resulting from quality problems</li></ul>	<ul style="list-style-type: none"><li>Design and manufacture in compliance with relevant laws and regulations and international quality control standards</li><li>Accuracy and quality inspection inside the production line using camera images and image analysis technology</li><li>Prevention of quality defects through visualization and monitoring of quality information for the entire Group</li></ul>
Supply chain	<ul style="list-style-type: none"><li>Difficulties in procuring major parts and purchased goods due to the suspension of operations of suppliers inside and outside the Group as a result of the spread of infectious diseases, floods, and other natural disasters</li></ul>	<ul style="list-style-type: none"><li>Strengthen risk reduction and early recovery system by shortening the lead time for mold production and dispersing processes</li><li>Confirm the hazard map and secure alternative suppliers for subcontracted mass production</li></ul>
Foreign exchange	<ul style="list-style-type: none"><li>Foreign exchange translation differences into Japanese currency resulting from sudden or significant changes in exchange rates as 80% of the Group's consolidated net sales come from local production by overseas subsidiaries</li></ul>	<ul style="list-style-type: none"><li>Mitigate the impact of exchange rate fluctuations by means such as forward exchange contracts for products and parts to be exported</li></ul>
Compliance	<ul style="list-style-type: none"><li>Loss of trust and damage to corporate value due to violations of laws and regulations by the Group's officers and employees</li></ul>	<ul style="list-style-type: none"><li>Implementation of self-assessment, training, internal education, and review of proposals for improvement of corporate ethics led by the Compliance Sub-Committee</li><li>Formulate basic compliance-related policies common to the Group and disseminate them to employees</li><li>Strengthen the system for compliance with laws, regulations and internal rules</li></ul>
Outbreak of new infectious diseases such as COVID-19	<ul style="list-style-type: none"><li>Production cutbacks due to reduced demand caused by the global spread of COVID-19</li><li>Outbreaks of new infectious diseases due to the effects of climate change and globalization</li></ul>	<ul style="list-style-type: none"><li>Reduce the risk of infection by automating production areas and reviewing the layout of factories and offices</li><li>Improvement of labor productivity and profitability by restructuring the work style of indirect departments, including the introduction of remote work</li></ul>
Natural disasters, etc.	<ul style="list-style-type: none"><li>Natural disasters such as major earthquakes, floods, tsunamis, and tornadoes; epidemics of diseases including infectious diseases</li><li>War and terrorism, mass movements, local employee strikes, and other labor issues in the region</li><li>Restrictions on the use of electricity and energy</li></ul>	<ul style="list-style-type: none"><li>Identify risks, implement countermeasures, and minimize damage under the leadership of the Risk Management Subcommittee</li><li>Supplier management, including consideration of alternative suppliers in the event of an emergency</li></ul>

Message from the Outside Board Member



Lead Independent Outside Member of the Board  
**Makoto Ogo**

Looking back on this year

Over the long term, a major challenge for the Company is to respond to the major changes that are driving the electrification of automobiles and automated driving, etc. On the other hand, a major management issue this year is to respond to the COVID-19 impact, which continued from last year, both in Japan and overseas, and to deal with the effects of the delay in automobile production due to the shortage of

semiconductor supplies. Furthermore, in terms of corporate governance, we faced the issue of the market reorganization of the Tokyo Stock Exchange and the resulting compliance with the Corporate Governance Code. All of these issues touch on fundamental aspects of what the Company should be, and as an Outside Board Member, I have participated in meetings of the Board of Directors with this awareness.

About the Board of Directors

In the midst of these many important issues, Outside Board Members and Outside Audit & Supervisory Board Members have continued to participate in meetings of the Board of Directors via the Internet since late March of last year (due to the COVID-19 pandemic). Initially, we did not expect that participation via the Internet would continue to be so common, but the Board of Directors meetings have held discussions as vigorously via the Internet as if they were attended in person. This is due to the fact that we have been encouraging the prior distribution of materials related to agenda items. However, if

you attend the meeting in person, you will be able to take into account information that is not written in the handouts, such as information obtained from chatting with other Board Members, the attitudes of the employees you come into contact with, and the atmosphere in the company, so it is true that there is a difference in the amount of information. As an Outside Board Member, I would like to keep these points in mind and remember to be more proactive in obtaining information, such as by requesting additional materials and explanations from the department in charge.

Evolution of governance and challenges - From the perspective of legal affairs and risk management

Looking at the Company based on my knowledge as a lawyer, the challenge regarding its governance is to further improve the global governance system. This is a permanent challenge, given that we have many subsidiaries overseas and earn the majority of our profits.

The Board of Directors should be mindful of the need to create a system that is globally consistent yet appropriate to the location of the subsidiaries, and also to keep reforming the corporate (group) organization so that it can continue to learn and accumulate daily experience to become more sophisticated in its operations.

The development of human resources who can actually carry out governance is another issue that is inextricably linked to the theory of systems and organizations. Although the Company's Board of Directors is only directly involved in the management and administration of the Company (Head Office) and the management of our overseas subsidiaries, we

should not neglect the development of the local management and other employees of our overseas subsidiaries.

As for personnel matters, we have a voluntary Nomination and Remuneration Advisory Committee that includes Outside Board Members, and it deliberates on important matters, including the appointment and remuneration of Board Members and other management personnel, prior to the Board of Directors meeting. In many companies, management-level appointments have become the cause of centralized control (weakened governance). However, we are confident that the committee is having a certain effect in objectifying and eliminating arbitrariness in personnel affairs, and thus ensuring the governance of the Company. In the future, we will increase the frequency of meetings when necessary so that the committee can hold more in-depth discussions, and we will also focus more on preparing for the meetings.



Consolidated Financial Summary

Financial indicators (Japan GAAP)

		FY2011	FY2012	FY2013	FY2014		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Operating results												
Net sales	(Millions of yen)	135,376	154,518	181,517	193,769		220,731	206,072	219,849	255,637	228,253	209,420
Overseas net sales ratio	(%)	67.3	70.4	73.9	73.4		77.3	76.1	78.2	78.1	78.4	77.6
Operating profit	(Millions of yen)	9,779	11,392	14,121	9,643		12,826	14,402	14,272	16,813	8,677	8,050
Ordinary profit	(Millions of yen)	8,864	11,815	13,852	8,983		11,382	14,430	14,606	17,423	8,744	8,653
Profit attributable to owners of parent	(Millions of yen)	13,727	7,537	8,020	4,652		7,559	9,706	11,532	10,470	5,633	6,532
Depreciation	(Millions of yen)	11,578	11,956	14,043	17,343		22,855	21,289	19,739	21,263	19,649	19,721
Capital expenditures	(Millions of yen)	12,698	16,217	21,056	43,671		20,181	22,394	21,918	22,384	30,117	21,557
Research and development expenses	(Millions of yen)	343	683	1,879	2,566		2,161	2,242	2,031	2,373	2,418	2,444
Financial position												
Total assets	(Millions of yen)	129,944	144,752	194,495	227,690		215,285	208,584	224,855	225,296	232,188	237,955
Net assets	(Millions of yen)	60,879	80,487	100,599	116,044		114,775	119,340	130,502	133,480	131,598	145,052
Net interest-bearing debt	(Millions of yen)	23,280	20,928	33,551	55,241		45,684	28,232	28,940	21,153	21,723	17,216
Cash flows												
Cash flows from operating activities	(Millions of yen)	20,530	18,860	21,423	16,562		31,771	32,174	24,448	33,543	22,933	25,120
Cash flows from investing activities	(Millions of yen)	(13,082)	(22,150)	(29,858)	(36,792)		(21,420)	(14,601)	(26,809)	(25,620)	(25,004)	(15,527)
Cash flows from financing activities	(Millions of yen)	(383)	34	9,843	13,419		(7,944)	(14,809)	1,502	(6,975)	13,532	(17,343)
Free cash flow	(Millions of yen)	7,448	(3,290)	(8,435)	(20,230)		10,351	17,573	(2,361)	7,923	(2,071)	9,593
Cash and cash equivalents	(Millions of yen)	15,387	13,126	16,117	11,221		14,604	18,189	17,657	18,141	31,841	25,970
Per share information												
EPS (earnings per share)	(Yen)	725.61	179.05	182.76	106.01		172.93	222.46	264.28	243.11	131.35	152.15
BPS (book-value per share)	(Yen)	2,857.93	3,328.45	2,076.61	2,385.72		2,371.99	2,461.76	2,708.64	2,838.35	2,803.15	3,117.66
Cash dividends per share	(Yen)	28.00	34.00	40.00	24.00		32.00	36.00	39.00	46.00	48.00	50.00
Payout ratio	(%)	3.9	9.5	10.9	22.6		18.5	16.2	14.8	18.9	36.5	32.9
Management indicators												
Operating profit margin	(%)	7.2	7.4	7.8	5.0		5.8	7.0	6.5	6.6	3.8	3.8
Ordinary profit ratio	(%)	6.5	7.6	7.6	4.6		5.2	7.0	6.6	6.8	3.8	4.1
Net profit ratio	(%)	10.1	4.9	4.4	2.4		3.4	4.7	5.2	4.1	2.5	3.1
Equity ratio	(%)	41.6	50.5	46.9	46.0		48.1	51.5	52.6	53.9	51.8	56.2
ROE	(%)	28.5	11.9	8.2	4.8		7.3	9.2	10.2	8.7	4.7	5.1
ROA	(%)	7.0	8.6	8.2	4.3		5.1	6.8	6.7	7.7	3.8	3.7
ROIC	(%)	7.3	7.3	7.0	3.9		5.5	6.5	5.9	7.1	3.4	3.1

Non-financial Summary

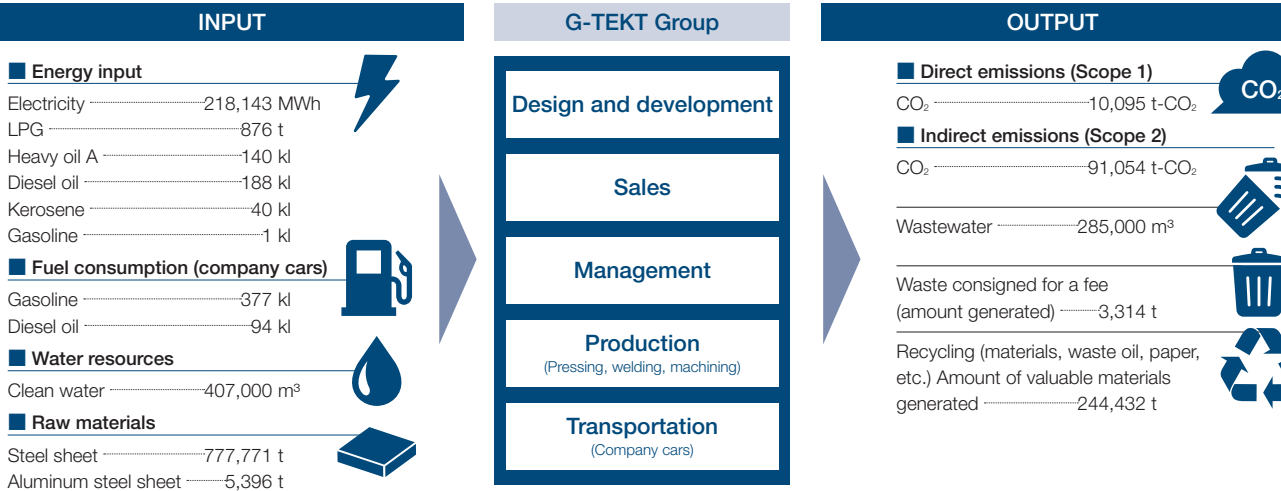
Environmental data

Greenhouse gas emissions (t-CO <sub>2</sub> )				
	FY2017	FY2018	FY2019	FY2020
Direct emissions (Scope 1)	11,266	10,880	10,121	10,095
Japan	1,237	1,287	1,119	1,025
North America region	7,264	6,780	6,408	6,788
Europe region	849	840	985	866
Asia region	1,161	1,110	956	628
China region	570	665	438	651
South America region	185	197	215	137
Indirect emissions (Scope 2)	112,704	119,629	113,910	91,054
Japan	14,915	16,193	15,602	10,211
North America region	43,740	44,408	43,938	36,471
Europe region	6,025	9,107	6,122	2,397
Asia region	21,910	21,580	18,650	12,117
China region	25,498	27,651	28,940	29,337
South America region	616	690	659	521

Water resource usage (1,000 m³)				
	FY2017	FY2018	FY2019	FY2020
Water resource usage	470	456	429	407
Japan	59	60	57	64
North America region	78	63	67	58
Europe region	6	7	8	12
Asia region	171	162	136	99
China region	146	154	147	165
South America region	10	10	14	9

Amount of waste generated (t)				
	FY2017	FY2018	FY2019	FY2020
Amount of waste generated	5,029	4,445	3,664	3,314
Japan	700	622	692	795
North America region	2,151	1,107	858	708
Europe region	832	880	1,096	1,012
Asia region	323	459	415	336
China region	646	890	287	322
South America region	376	488	316	141

G-TEKT Group material flow



Personnel and labor data

Number of employees in the G-TEKT Group (people)				
	FY2017	FY2018	FY2019	FY2020
Japan segment	1,528	1,649	1,705	1,632
Employees	1,170	1,172	1,162	1,169
Temporary employees	358	477	543	463
North America segment	2,480	2,532	2,668	2,527
Employees	2,092	2,235	2,355	2,282
Temporary employees	388	297	313	245
Europe segment	855	936	930	861
Employees	855	936	911	825
Temporary employees	0	0	19	36
Asia segment	2,427	2,522	2,388	1,982
Employees	1,632	1,703	1,675	1,492
Temporary employees	795	819	713	490
China segment	2,161	2,327	2,284	2,333
Employees	1,835	1,882	1,851	1,800
Temporary employees	326	445	433	533
South America segment	661	743	735	604
Employees	648	732	722	604
Temporary employees	13	11	13	0

\* The number of employees is the number of persons as of the end of the fiscal year, and the number of temporary employees is an approximate average number of persons during the year.

Number of employees hired and retention rate (Japan only) (people)				
	FY2017	FY2018	FY2019	FY2020
New graduate hires	13	17	17	12
Mid-career hires	11	12	6	5
Retention rate (new graduates, after 3 years)	100%	100%	94.1%	100%

\* New graduates include postgraduate, undergraduate, technical college and vocational school graduates. The retention rate is the percentage of the number of employees after three years from the year of employment.

Status of utilization and usage of WLB-related systems (Japan only) (people)				
	FY2017	FY2018	FY2019	FY2020
Number of employees acquiring childcare leave	33	44	7	6
Males	30	39	1	4
Females	3	5	6	2
Number of employees acquiring childbirth leave	8	5	66	41
Males	2	0	60	37
Females	6	5	6	4
Number of days of paid leave taken	10.0	10.9	11.6	12.6
Acquisition rate	54%	58%	62%	66%

\* The childbirth leave system is an original system of the Company.

Number of reports to the corporate ethics reporting hotline (Japan only) (cases)				
	FY2017	FY2018	FY2019	FY2020
Number of reports to the corporate ethics reporting hotline	27	21	19	30
Human rights and harassment	4	3	5	7
Work environment	13	6	4	6
Injustice	1	4	0	4
Manners and morals	5	1	2	5
Appropriate business execution	3	5	8	7
Quality	1	0	0	0
Other	0	2	0	1

\* There are cases where more than one incident is reported per report.



Financial Analysis

Overview of the fiscal year ended March 31, 2021

Analysis of operating results

In the fiscal year ended March 31, 2021, the business performance showed a recovery trend from the second quarter onward, with production volume increasing in China due to the favorable market environment and production recovering in other regions as well. However, mass production sales decreased due to the suspension of operations caused by the spread of the COVID-19 in the first quarter and the shortage of semiconductors in some regions in the fourth quarter. As a result, net sales were ¥209.4 billion (down 8.3% YoY). In terms of profits, operating profit was ¥8.1 billion (down 7.2% YoY), mainly due to the impact of lower sales in regions other than China and Europe, where profits increased. Ordinary profit was ¥8.7 billion (down 1.0% YoY) due to an improvement in net financial income, including foreign exchange gains, as a result of lower interest rates due to monetary easing and a weaker US dollar. Net profit attributable to owners of parent increased to ¥6.5 billion (up 15.9% YoY) due to a decrease in tax burden in Japan and China, despite a net loss attributable to non-controlling interests.

Overview of financial position

Total assets at the end of the fiscal year ended March 31, 2021 increased by ¥5.8 billion YoY to ¥238.0 billion. Total liabilities amounted to ¥92.9 billion, a decrease of ¥7.7 billion YoY.

Total net assets amounted to ¥145.1 billion, an increase of ¥13.5 billion YoY, mainly due to increases in foreign currency translation adjustment, retained earnings, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans.

Overview of cash flows

The balance of cash and cash equivalents (“cash”) at the end of the fiscal year ended March 31, 2021 decreased by ¥5.9 billion to ¥26.0 billion.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥25.1 billion, an increase of ¥2.2 billion from ¥22.9 billion in the previous fiscal year. The principal factors for the increase were profit before income taxes of ¥8.3 billion and depreciation of ¥19.7 billion.

The principal factors for the decrease were an increase in trade receivables of ¥4.4 billion and income taxes paid of ¥2.0 billion.

(Cash flows from investing activities)

Net cash used in investing activities was ¥15.5 billion, a decrease of ¥9.5 billion from the ¥25.0 billion used in the previous fiscal year. The principal factors for the decrease were ¥19.2 billion for the purchase of property, plant and equipment and ¥0.3 billion for the purchase of intangible assets in connection with investments in plant expansion and production capacity expansion at overseas bases. The principal factors for the increase was a decrease in time deposits of ¥3.9 billion.

(Cash flows from financing activities)

Net cash used in financing activities was ¥17.3 billion, a decrease of ¥30.9 billion compared to net cash provided by in financing activities of ¥13.5 billion in the previous fiscal year. The principal factors for the decrease were a decrease in short-term borrowings of ¥14.1 billion and cash dividends paid of ¥2.1 billion.

We assume exchange rates of ¥105.00 to the US dollar, ¥16.30 to the Chinese yuan, ¥3.42 to the Thai baht, and ¥145.00 to the British pound.

Based on the above policy, we will continue to increase dividends in the future, taking into account factors including the Group’s performance trends, earnings and financial base, and business environment, while maintaining liquidity on hand and securing funds for dividends.

Basic policy on profit distribution and dividends for the next fiscal year

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. 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, 2022, we will pay a commemorative dividend for the 10th anniversary of the establishment of G-TEKT. Both interim and year-end dividends of ¥3 per share will be paid as commemorative dividends, and the annual dividend is planned to be ¥56 per share, an increase of ¥6 from the previous fiscal year.

Summary of net sales by business/customer

Results for the fiscal year ended March 31, 2021

By business segment, sales in the auto body components business declined (down 11.4% YoY) due to production cutbacks caused by

the COVID-19 spread, changes in the model mix, and semiconductor supply problems.

In terms of net sales by customer, the ratio of net sales to Honda remained at the same level as the previous fiscal year. The ratio of

net sales to Toyota increased to 16.4% as a result of a YoY increase in production volume in the China segment. As for European OEMs, production volume for BMW in the European segment expanded.

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		Plan for fiscal year ending March 31, 2022	
	Amount		Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio
[Main exchange rates]												
USD	108.39		110.91	—	110.94	—	108.80	—	106.05		105.00	—
RMB	16.36		16.63	—	16.72	—	15.61	—	15.66		16.30	—
THB	3.08		3.30	—	3.42	—	3.51	—	3.41		3.42	—
Net sales	2,061		2,198	100	2,556	100	2,283	100	2,094	100	2,387	100
[Net sales by customer]												
Honda	1,446		1,516	69.0	1,688	66.0	1,444	63.3	1,332	63.6	—	—
Number of units orders received (10,000 units)	461.6		478.3	—	494.3	—	441.3	—	424.0	—	477.0	—
Toyota	154		178	8.1	327	12.8	317	13.9	343	16.4	—	—
SUBARU	202		212	9.6	213	8.3	202	8.9	147	7.0	—	—
European manufacturers (Jaguar Land Rover, BMW)	27		48	2.2	70	2.7	106	7.0	93	4.4	—	—
Other	232		244	11.1	258	10.1	214	6.9	179	8.6	—	—

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

Overview of capital investment and R&D

Capital investment results and outlook

The Group’s capital investment is formulated by comprehensively taking into account factors including the development of new vehicle models, economic forecasts, and investment efficiency.

The total amount of capital investment for the fiscal year ended March 31, 2021 was ¥21.6 billion. This includes ¥8.5 billion for investment in models to launch new models, and ¥13.1 billion for basic investment including general-purpose investment.

R&D results and outlook

The Group engages in R&D activities related to the development and manufacture of lightweight and highly rigid auto body components. Among these activities, the Department of the R&D Operations of the G-TEKT Tokyo Lab is responsible for the research and development of advanced technologies and new products related to environmental regulations, safety, and vehicle electrification. The total amount of R&D expenses for the fiscal year ended March 31, 2021 was ¥1.1 billion, and the main R&D themes were as follows.

[Advanced technology development]

In response to the accelerating shift to EVs, in addition to the early mass production of

processing and joining technologies for new materials to make conventional car bodies multi-material, we have begun to develop elemental technologies to meet the increasingly stringent strength and weight reduction requirements of electric vehicles. Specifically, we are working on the following themes. (1) High-speed continuous joining with low distortion, (2) dissimilar material joining technology, (3) adhesive joining, (4) tailored properties, and (5) development of molding technology for high-strength and lightweight materials (steel/aluminum/ composite materials) for electric vehicles, which are increasing in weight

[Electric vehicles support]

For electric vehicle bodies, two needs are envisioned: high-performance and lightest weight specifications for flagship models, and balanced specifications of price and weight reduction for popular models. In order to respond to these needs, we proposed a battery housing concept that we had been developing for some time and exhibited it at a technology exhibition this fiscal year. The lightest weight specifications require design capability and joining technology to combine advanced lightweight materials with high efficiency and precision, while cost reduction and productivity improvement are desired for popular specifications. Based on these

factors, we have decided on a hybrid concept of steel and aluminum for this fiscal year.

Moreover, because the battery housing and body structure of EVs are expected to become very important components with multiple functions, advanced design capabilities are required to build specifications. To address this issue, we will develop EV bodies, including battery housings, to meet the needs of the polarizing EV market by making full use of the whole-vehicle body analysis technology we have acquired through our weight reduction proposal activities, which will lead to proposals for dedicated EV platforms. The main contents of the development are as follows.

(1) Flexibility to easily configure specifications for many customers, (2) selection of a low environmental impact manufacturing method with high productivity to meet the volume zone and construction of specifications, (3) compatibility of price and weight reduction using mainly steel, (4) proposal of the battery housing concept embodied as an example incorporating the above elements, (5) accumulation of know-how on specification construction in the area of chassis components that connect the body and powertrain, and (6) construction of optimal specifications for a single vehicle with consideration for collision safety as an electric vehicle

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Plan for fiscal year ending March 31, 2022
Capital investment	224	219	224	301	216	191
Model investment	127	94	149	133	85	95
Basic investment	97	125	75	168	131	95
Depreciation	213	197	213	196	197	155
Research and development expenses	22	20	24	24	24	27

# Financial Data

## Consolidated balance sheet

	(Unit: Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	38,804	29,162
Notes and accounts receivable-trade	22,877	29,534
Finished goods	1,194	1,341
Work in process	20,082	20,790
Raw materials	2,436	2,319
Supplies	1,086	1,115
Other	5,796	6,300
Total current assets	92,279	90,565
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	82,735	91,385
Accumulated depreciation	(33,934)	(37,086)
Buildings and structures (net)	48,800	54,299
Machinery, equipment and vehicles	137,015	148,676
Accumulated depreciation	(101,885)	(111,741)
Machinery, equipment and vehicles (net)	35,129	36,935
Tools, furniture and fixtures	142,360	152,558
Accumulated depreciation	(122,769)	(134,030)
Tools, furniture and fixtures (net)	19,591	18,528
Land	12,521	12,902
Construction in progress	12,734	12,797
Total property, plant and equipment	128,776	135,463
Intangible assets	1,650	1,699
Investments and other assets		
Investment securities	6,594	7,832
Deferred tax assets	2,520	2,068
Other	375	334
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	9,482	10,227
Total non-current assets	139,909	147,390
<b>Total assets</b>	<b>232,188</b>	<b>237,955</b>

	(Unit: Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	16,730	20,581
Short-term borrowings	29,511	15,583
Current portion of long-term borrowings	7,620	8,549
Accounts payable - other	5,865	6,323
Income taxes payable	925	1,278
Provision for bonuses	1,241	1,342
Other	7,355	8,602
Total current liabilities	69,252	62,261
<b>Non-current liabilities</b>		
Long-term borrowings	23,396	22,246
Retirement benefit liability	1,701	1,304
Provision for share awards for directors (and other officers)	278	397
Deferred tax liabilities	3,522	3,565
Other	2,437	3,128
Total non-current liabilities	31,337	30,641
<b>Total liabilities</b>	<b>100,589</b>	<b>92,903</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	4,656	4,656
Capital surplus	23,657	23,635
Retained earnings	92,433	96,839
Treasury shares	(1,772)	(1,772)
Total shareholders' equity	118,974	123,358
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	337	1,115
Deferred gains or losses on hedges	28	-
Foreign currency translation adjustment	1,063	9,032
Remeasurements of defined benefit plans	(62)	337
Total accumulated other comprehensive income	1,367	10,485
<b>Non-controlling interests</b>	<b>11,256</b>	<b>11,207</b>
<b>Total net assets</b>	<b>131,598</b>	<b>145,052</b>
<b>Total liabilities and net assets</b>	<b>232,188</b>	<b>237,955</b>



## Consolidated statement of income

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Net sales</b>	228,253	209,420
<b>Cost of sales</b>	206,191	189,348
<b>Gross profit</b>	22,062	20,072
<b>Selling, general and administrative expenses</b>	13,384	12,022
<b>Operating profit</b>	8,677	8,050
<b>Non-operating income</b>		
Interest income	481	292
Dividend income	143	107
Foreign exchange gains	–	220
Share of profit of entities accounted for using equity method	110	70
Gain on sale of scrap	77	79
Subsidy income	211	296
Other	300	276
Total non-operating income	1,324	1,341
<b>Non-operating expenses</b>		
Interest expenses	598	674
Foreign exchange losses	486	–
Other	172	64
Total non-operating expenses	1,257	738
<b>Ordinary profit</b>	8,744	8,653
<b>Extraordinary income</b>		
Gain on sale of non-current assets	764	76
Total extraordinary income	764	76
<b>Extraordinary losses</b>		
Loss on sale of non-current assets	6	2
Loss related to COVID-19	814	418
Total extraordinary losses	820	421
<b>Profit before income taxes</b>	8,688	8,308
<b>Income taxes - current</b>	2,454	2,113
<b>Income taxes - deferred</b>	698	(55)
<b>Total income taxes</b>	3,152	2,058
<b>Profit</b>	5,535	6,250
Loss attributable to non-controlling interests	(97)	(281)
<b>Profit attributable to owners of parent</b>	5,633	6,532

## Consolidated statement of cash flows

	(Unit: Millions of yen)	
	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,688	8,308
Depreciation	19,649	19,721
Increase (decrease) in retirement benefit liability	116	(26)
Increase (decrease) in provision for bonuses	(186)	69
Interest and dividend income	(624)	(399)
Interest expenses	598	674
Share of loss (profit) of entities accounted for using equity method	(110)	(70)
Loss (gain) on sale and retirement of non-current assets	(757)	(74)
Loss related to COVID-19	397	133
Decrease (increase) in trade receivables	7,987	(4,445)
Decrease (increase) in inventories	(7,688)	11
Increase (decrease) in trade payables	(3,013)	2,717
Increase (decrease) in consumption taxes receivable/payable	(921)	437
Increase (decrease) in advances received	3,159	805
Increase (decrease) in accounts payable - other	(1,378)	(532)
Other	(463)	(54)
Subtotal	25,452	27,274
Interest and dividends received	656	540
Interest paid	(596)	(666)
Income taxes refund (paid)	(2,579)	(2,028)
Net cash provided by (used in) operating activities	22,933	25,120
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(733)	3,947
Purchase of property, plant and equipment	(25,320)	(19,205)
Proceeds from sale of property, plant and equipment	1,120	128
Purchase of intangible assets	(281)	(362)
Purchase of investment securities	(88)	(71)
Other	299	37
Net cash provided by (used in) investing activities	(25,004)	(15,527)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	9,460	(14,083)
Proceeds from long-term borrowings	13,732	7,072
Repayments of long-term borrowings	(6,976)	(7,535)
Repayments of installment payables and finance lease obligations	(312)	(141)
Purchase of treasury shares	–	(0)
Dividends paid	(2,081)	(2,126)
Dividends paid to non-controlling interests	(289)	(104)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	–	(424)
Net cash provided by (used in) financing activities	13,532	(17,343)
<b>Effect of exchange rate change on cash and cash equivalents</b>	(671)	1,879
<b>Net increase (decrease) in cash and cash equivalents</b>	10,789	(5,870)
<b>Cash and cash equivalents at beginning of period</b>	18,141	31,841
<b>Increase (decrease) in cash and cash equivalents resulting from change in accounting period of consolidated subsidiaries</b>	2,909	–
<b>Cash and cash equivalents at end of period</b>	31,841	25,970

Information for Investors

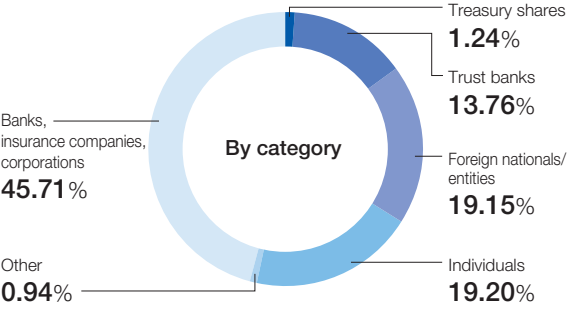
Basic stock information

Fiscal year	April 1 to March 31 of the following year
Shareholders' record date for receiving year-end dividends	March 31
Shareholders' record date for receiving interim dividends	September 30
Ordinary General Meeting of Shareholders	Every June
Shareholders' register administration and special account management agent	Mitsubishi UFJ Trust and Banking Corporation
	Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency PO Box 29, Shin-Tokyo Post Office, 137-8081 Phone: 0120-232-711 (toll-free)
Contact point	
Stock exchange listing	First Section, Tokyo Stock Exchange

Status of shares (as of March 31, 2021)

Total number of shares authorized	100,000,000 shares
Total number of shares issued	43,931,260 shares
Number of shareholders	11,512

Composition of shareholders

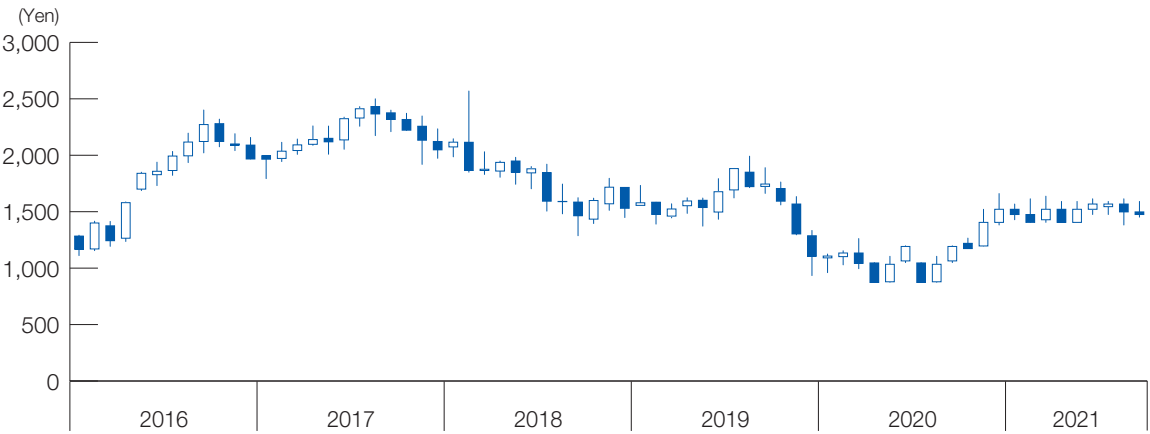


Major shareholders (top 10, honorifics omitted)

Name of shareholders	Number of shares held	Shareholding ratio (%)
Honda Motor Co., Ltd.	13,035,098	30.04
BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND	2,918,382	6.73
Toshitsugu Kikuchi	2,225,901	5.13
KP K.K.	2,200,800	5.07
Custody Bank of Japan, Ltd. (Trust Account)	2,194,515	5.06
TK Holdings Inc.	2,194,344	5.06
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,729,800	3.99
Naohiro Takao	1,286,576	2.97
SSBTC CLIENT OMNIBUS ACCOUNT	825,729	1.90
RE FUND 107-CLIENT AC	682,400	1.57

\*1. The shareholding ratio is calculated by deducting 545,086 shares of treasury shares.  
\*2. Treasury shares does not include 455,115 shares of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account) as performance-linked share-based remuneration for the Company's officers.

Stock price



Company Overview (as of October 31, 2021)

Company name	G-TEKT CORPORATION	Established	November 4, 1953
Founded	April 1, 1947	Share capital	¥4,656,227,715
President, Chief Executive Officer	Naohiro Takao		
Description of business	Manufacturing and sales of auto body components, transmission parts, stamping dies/weld equipment, etc.		

Sites

Japan

Head Office
Engineering, R&D, quality assurance
G-TEKT Technical Center (engineering)
G-TEKT TOKYO LAB (research and development)
G-TEKT Quality Assurance Center (quality assurance)
* To be completed in November 2021
Sales
C&C Tochigi (product development/sales)

Production

Saitama Plant (manufacturing of auto body components)
Hamura Office, Saitama Plant (manufacturing of auto body components)
Shiga Plant (manufacturing of auto body components/die design and production)
Tochigi Plant (manufacturing of transmission parts/product design)
Gunma Plant (manufacturing of auto body components/die design and production)

Overseas

North America

United States
Jefferson Industries Corporation (manufacturing of auto body components)
G-TEKT North America Corporation (sales and development of auto body components)
Jefferson Southern Corporation (manufacturing of auto body components)
Austin Tri-Hawk Automotive, Inc. (manufacturing of auto body components)
G-TEKT America Corporation (manufacturing of auto body components)
Canada
Jefferson Elora Corporation (manufacturing of auto body components)
Mexico
G-ONE AUTO PARTS DE MEXICO, S.A. DE C.V. (manufacturing of auto body components)
G-TEKT MEXICO CORP. S.A. DE C.V. (manufacturing of auto body components and transmission parts)

South America

Brazil
G-KT do Brasil Ltda. (manufacturing of auto body components)

Europe

United Kingdom
G-TEKT Europe Manufacturing Ltd. (manufacturing of auto body components)
G-TEKT Europe Manufacturing Ltd. (No. 2 Plant) (manufacturing of auto body components)
G-TEKT Europe Manufacturing Ltd. (No. 3 Plant) (manufacturing of auto body components)
G-TEKT Europe Manufacturing Ltd. (No. 4 Plant) (manufacturing of auto body components)
Slovakia
G-TEKT Slovakia, s.r.o. (manufacturing of auto body components)

Germany

G-TEKT (Deutschland) GmbH. (research and sales)
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China

Auto Parts Alliance (China) Ltd. (manufacturing of auto body components and die production)
Auto Parts Alliance (China) Ltd. (No. 2 Plant) (manufacturing of auto body components and transmission parts)
Wuhan Auto Parts Alliance Co., Ltd. (manufacturing of auto body components and die production)
Wuhan Auto Parts Alliance Co., Ltd. (No. 2 Plant) (manufacturing of auto body components)
Conghua K&S Auto Parts Co., Ltd. (manufacturing of small pressed parts for auto bodies)
G-TEKT Shanghai Representative Office (research)

Asia

Thailand
G-TEKT (Thailand) Co., Ltd. (manufacturing of auto body components and die production)
G-TEKT Eastern Co., Ltd. (manufacturing of auto body components and die production)
G-TEKT Eastern Co., Ltd. (No. 2 Plant) (manufacturing of auto body components)
Thai G&B Manufacturing Ltd. (manufacturing of auto body components)

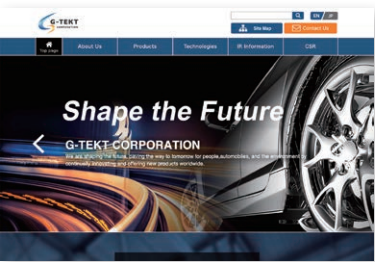
India

G-TEKT India Private Ltd. (manufacturing of auto body components)
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Indonesia

PT.G-TEKT Indonesia Manufacturing (manufacturing of auto body components and transmission parts)
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Information on the website



IR information such as financial results and press releases can be found on the Company's website.

<https://www.g-tekt.jp/english/index.html>

