

Shape the Future

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

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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.

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, 2022 (April 1, 2021 to March 31, 2022). Some past initiatives and recent activities are also mentioned.

Scope

The entire G-TEKT Group including overseas.

Disclosure Date

November 2022

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Top Message


 A photograph of Naohiro Takao, President and Chief Executive Officer of G-TEKT. He is a middle-aged man with dark hair, wearing a dark blue suit, a white shirt, and a patterned tie. He is standing with his hands clasped in front of him, looking directly at the camera. The background is a dark wood-paneled wall.

Message from the President

President, Chief Executive Officer
Naohiro Takao

In order to continue growing beyond the time of transformation, we will always take an aggressive stance, and take on the challenge of pioneering the next-generation automobile market.

Drawing up a strategy for the EV era as a supplier recognized by global automotive OEMs

G-TEKT is developing businesses that support the creation of safe and environmentally friendly automobiles. We are recognized by automotive OEMs around the world as a supplier that proposes whole-vehicle body development, including lightweight, highly rigid frames and transmission components.

In FY 2021, the global economy recovered due to vaccination against COVID-19 and financial support measures. At the same time, the outlook remains uncertain due to the economic impact of the invasion of Ukraine, soaring raw material costs, and inflation in the United States.

In the automobile industry, production and sales activities have been picking up due to a recovery in global demand. However, supply chain risks due to shortages in the supply of semiconductors and other components have become obvious. Our major customers have also temporarily suspended or adjusted production, which affected our business performance for the fiscal year ended March 31, 2022. While the global economy and the automobile industry are facing various challenges, we have achieved consolidated net sales of ¥236.5 billion and operating profit of ¥10.9 billion for the fiscal year ended March 31, 2022. This result was achieved due to strong efforts to obtaining new orders and to implement management reforms such as cost reductions and cost cutting, despite current unstable factors such as risks related to semiconductor supply.

In the automobile industry, which is currently undergoing a once-in-a-century transformation known as the CASE revolution, we are implementing initiatives aimed at medium to long-term growth, based on four new management strategies: "Action for the global environment (climate change)," "Establishment of EV-related business," "Improvement of the diversity of human resources," and "Transformation of existing businesses." To contribute to a decarbonized society, which has become an issue for all humankind, we are working to reduce CO₂ emissions in our business activities, and are preparing ahead of the industry to develop the next-generation market that will be created by the shift to EVs. We also aim to make further progress by focusing on creating an environment in which a diverse range of human resources, who will lead innovation to achieve decarbonization and the shift to EVs, can play active roles, and by strengthening the competitiveness of existing businesses through the promotion of DX.

Message from the President

Execute a high value-added oriented business plan, recognizing the shift to EVs in the automobile market as a new growth opportunity

The fiscal year ended March 31, 2022 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 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, 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.

EV production forecast for 2030 and investment strategy

In the global automobile market, the shift to EVs has further accelerated over the past year. There are many challenges to the widespread use of EVs, including higher prices than combustion engine vehicles, practical application of safer and higher-capacity all-solid-state batteries, and the development of recharging infrastructure. However, against the backdrop of the global movement toward a decarbonized society, the EV market is expected to expand steadily, especially in North America, Europe, and China. According to our research, global EV production in 2030 is expected to reach approximately 37 million units, an increase of roughly 60% over the January 2021 forecast.

We view the rapid shift to EVs as a growth opportunity, and intend to grow significantly over the next decade by steadily implementing our technology development and product strategies in response to the business strategies of each automobile OEM. We will invest ¥70 billion in R&D and facilities over the next 10 years in EV-related areas alone, targeting EV-related sales of ¥100 billion and an operating margin of 8%.

Becoming a company that proposes optimal EV platforms

In the EV field, we are working to establish high value-added businesses focusing on motor cores and battery housings.

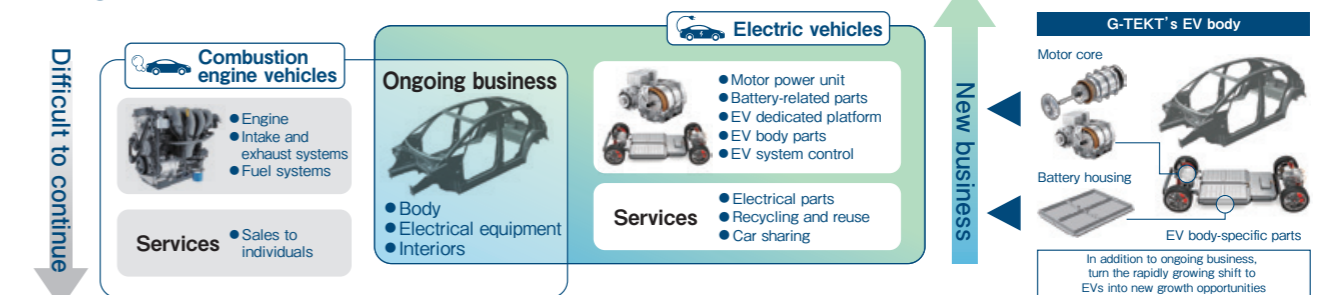
For motor cores, which are a key component of the motors that drive EVs, we plan to handle the stator side up to the lamination process in the press, and the rotor side up to magnet insertion and shaft assembly. In general, motor core manufacturers contract to deliver the rotor side up to the press processing, due to the complexity of quality assurance. In contrast, we will develop this as a valuable business for our customers by making full use of the quality assurance know-how and processing technologies we have cultivated in the transmission

business, to perform processing such as press fitting and balancing of shafts, as well as in-house production of shafts and end plates to be assembled. By the end of 2022, a precision press machine and an assembly line will be installed in Tokyo, where production, development, and quality functions are accumulated, and through various verifications assuming mass production, a highly efficient production system will be demonstrated for early commercialization. In the battery housing that houses and protects EV lithium-ion batteries, we will achieve product specifications that attain an optimal balance between weight reduction and strength. We have already developed a flexible battery housing whose size can be freely changed according to vehicle size and battery capacity, and have received positive feedback from many automobile OEMs. In addition, although battery housings were initially made of steel, in recent years, aluminum, which contributes to weight reduction, has become the mainstream as a countermeasure against the increasing weight of batteries with larger capacities. As it is easy to recycle, aluminum is also attracting attention from the perspective of resource recycling. We have partnered with a German engineering company to develop an aluminum-based battery housing. We will contribute to the business strategies of automotive OEMs by perfecting our all-round technology, which can be utilized mainly for steel, mainly for aluminum, or both. We are also working on the development of EV body-specific parts, such as crash cushioning components that achieve both high rigidity and light weight at a high level. We aim to become a supplier that proposes optimal platforms for EVs, based on the unique whole-vehicle body development technologies we have accumulated over the years. In addition, we are developing various EV-related technologies, and are establishing sales and engineering bases in Detroit, Munich, and Shanghai to promptly respond to customer needs. In addition to existing customers, we aim to expand the scale of our business by securing volume through aggressive sales to premium brands and mega-suppliers in Europe and the United States, as well as to leading manufacturers in each region.



We will not be able to seize the opportunity, once the spread of EVs is in full swing. We will develop technologies and build a production system as a pioneer in the EV era.

Changes in markets due to electrification and G-TEKT's EV business field



Message from the President

Strengthen the competitiveness of products and business by pursuing sustainable manufacturing

Production site innovation

For a manufacturing company, a plant is an important asset for value creation. We are attempting to create a plant that realizes sustainable manufacturing by reducing CO₂ emissions and implementing digital transformation (DX) for the production site.

Our goal is to achieve virtually zero CO₂ emissions by 2050, and in Japan, we will complete the switchover to renewable energy from our plants in eastern Japan in FY 2021, and in western Japan by the end of FY 2022. Our overseas plants are also gradually switching over to renewable energy, in consideration of regional characteristics.

Another important task for each plant is to pursue efficient manufacturing through the advanced use of production data. We are currently installing cameras and inspection equipment at our production sites, in order to improve the assembly accuracy of parts and automate quality checks of finished products. By utilizing data collected from sources such as cameras, we will achieve a quality assurance system based on predictive prevention, real-time manufacturing management, and transfer of technical know-how, thereby improving our competitiveness. Furthermore, the production data will be used to visualize and reduce our CO₂ emissions over the entire product lifecycle.

New Chubu Plant to represent the culmination of our production sites

We have announced the establishment of our Chubu Plant in Kaizu City, Gifu Prefecture, as a new production site in Japan. This is our first new domestic plant in the 15 years since the Saitama Plant was established in 2009. The Chubu Plant will represent the culmination of the production technology and quality assurance functions that we have developed over the years, and will be a state-of-the-art plant that pursues economic efficiency. We also believe that it is very important to provide a comfortable work environment for the employees who work there. As a location for the creation of new value for the Company, we will make the plant a place where people and the environment are taken into consideration, and where we can coexist with the local community.

Taking on the challenge of material recycling

We are expected to promote material recycling, through recycling of the materials used to make our products. In the EV-related business, we aim to meet the needs for lighter EV bodies and contribute to a reduction of CO₂ emissions by taking advantage of the superior properties and environmental performance of aluminum, which is lighter and more recyclable than steel. In addition to developing aluminum battery housings, we will also strive to develop technologies to recycle aluminum that has been used, and use it as a new material.

As a manufacturer of car bodies, we are also expected to use sustainable materials. For example, the magnets used in EV motor cores contain rare earths, which are at risk of being depleted in the future. Accordingly, there is a need to establish technologies that do not use magnets.

We will continue to work on sustainable manufacturing from the material level, in cooperation with automobile OEMs.



New Chubu Plant (image of the completed plant)

Promote improvement of the diversity of human resources

We consider human resources to be our most important management resource, and are working to enhance our training system. We are creating an environment that supports diverse human resources so that they are able to learn, think, and grow on their own regardless of race, nationality, gender, or age, and are fostering a corporate culture that supports such learning and growth.

As a company with 22 sites in 12 countries around the world, we place great importance on the development of global human resources. We aim to evolve as a global company by cultivating global human resources through personnel measures such as job rotations across countries and overseas assignments.

Moreover, in order for the Company to grow and overcome the severe environmental changes that are occurring in the automobile industry, we need human resources with diverse knowledge and experiences. As a manufacturing company, we have hired many people with industrial and mechanical backgrounds. In order to create innovative businesses by incorporating technologies and know-how that we do not possess, we believe that we must hire competent human resources in cutting-edge areas such as IT and data science.

Establish a governance system that will serve as a foundation for growth

We are working to strengthen our corporate governance system as the foundation for sustainable growth. Under the G-TEKT Basic Corporate Governance Policy, formulated based on the Corporate Governance Code (CG Code) of the Tokyo Stock Exchange, we are working to improve the effectiveness of the Board of Directors and ensure the diversity of our core personnel.

In order to appropriately supervise and audit business execution and enhance management transparency, we have adopted the structure of a company with an Audit & Supervisory Board, in which highly independent Audit & Supervisory Board Members assume the auditing function. We will continue to search for an appropriate structure that is transparent and objective, yet also conducive to speedy decision-making and growth.

For the joy of our stakeholders

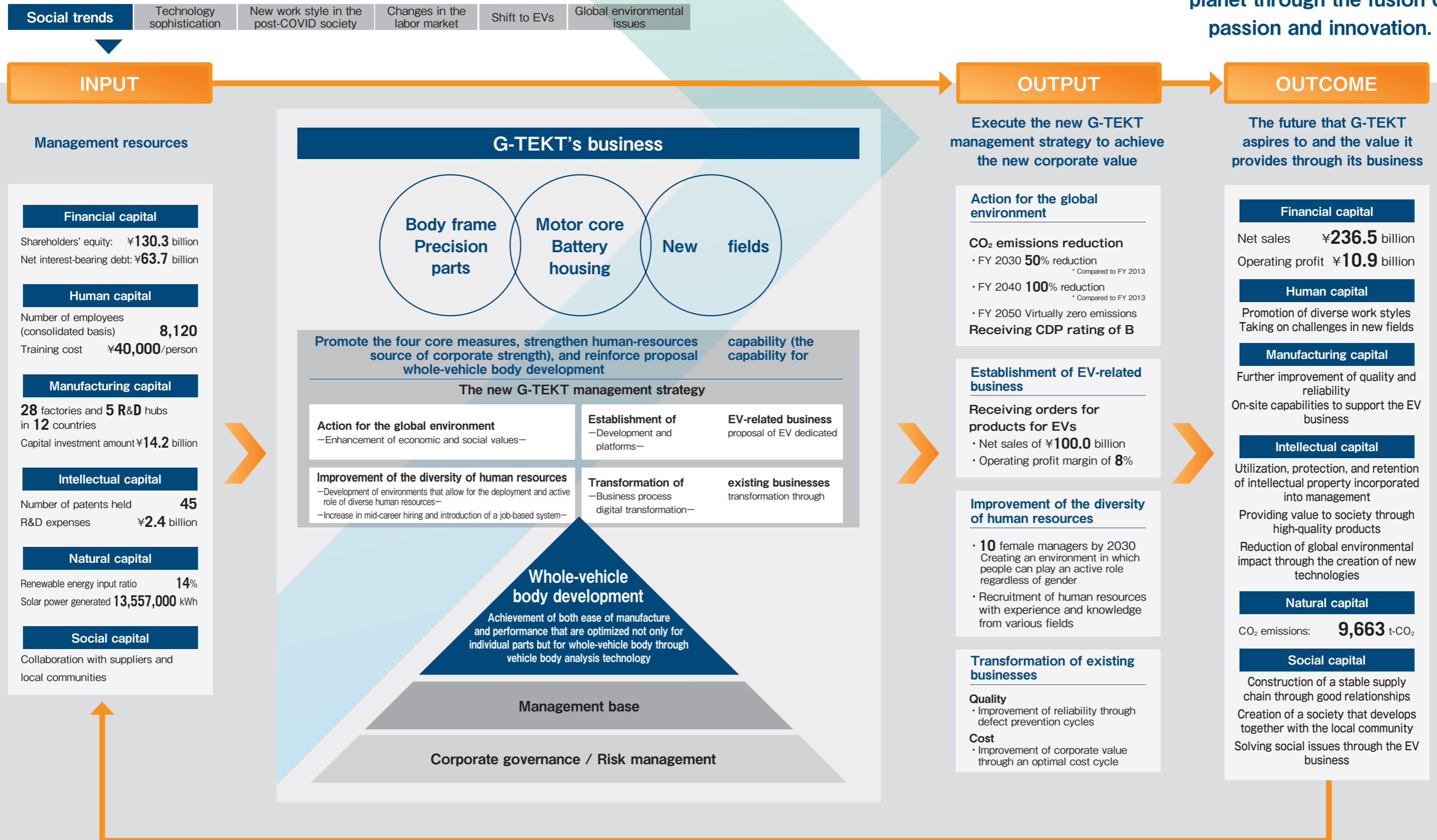
The main principle of corporate management is to grow and generate profits in any environment, and return those profits to shareholders and employees. We believe that we cannot contribute to our stakeholders' happiness without profits. We will continue to focus on profit-driven management.

As a manufacturing company, our first priority in generating profits is to increase sales, and the source of our sales is none other than our manufacturing sites, where we are able to acquire new orders. We aim to generate future profits by taking an aggressive stance in boldly expanding our manufacturing bases and anticipating the market needs of the EV era. I would like to sincerely ask all of our stakeholders for their continued support.









Value Creation Process

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



G-TEKT's Six Forms of Capital

The six forms of capital, which are the sources of our business activities, are strengthened through G-TEKT's corporate activities and become our corporate value. This created value is then re-invested as capital and reinforced, leading to further value creation. We consider this capital as follows.

	Indicator	Importance		Strength/differentiation	Medium- to long-term target and strategy
Financial capital 	<ul style="list-style-type: none"> Shareholders' equity: ¥130.3 billion Net interest-bearing debt: ¥63.7 billion Total assets: ¥282.5 billion Equity: ¥152.3 billion Profit: ¥8.9 billion 	It is an important form of capital to maintain a strong financial standing to enhance corporate value and prepare for drastic changes and risks in the business environment, and to boldly invest in growth and continue shareholder returns.		<ul style="list-style-type: none"> High equity ratio Received R&I Credit Rating A- for three consecutive years Increased dividends to shareholders for 10 consecutive years Solid and risk-responsive financial standing 	<ul style="list-style-type: none"> Net sales of ¥300.0 billion Operating profit of ¥20.0 billion
Human capital 	<ul style="list-style-type: none"> Number of employees: 8,120 Number of female managers: 5 (in Japan) Training cost per person: ¥40,000 (in Japan) 	Employees with diverse skills perform a variety of tasks every day to enhance corporate value. We also emphasize on human resource development by providing support for qualification acquisition and language learning. Because our value is formed by our employees, human capital, which is the experience, knowledge, and motivation of each individual, is an important form of capital.		<ul style="list-style-type: none"> Enhance a flexible system to help employees work better by providing them with a wide range of opportunities to actively participate, and thoroughly inform employees of the systems so that each and every one of them can take advantage of them Support for career development 	<ul style="list-style-type: none"> Workplace where employees can play an active role regardless of gender Female managers: 10 in 2030 (calculated from the ratio of men and women enrolled) Recruitment of human resources with experience and knowledge from various fields
Manufacturing capital 	<ul style="list-style-type: none"> Global production and sales systems Capital investment amount: ¥14.2 billion 	We conduct our business activities using the facilities we own. Since our founding, manufacturing capital, which is the technological strength that has been built up through the combined efforts of production sites and production engineering, is an important form of capital. In recent years, we have also adopted advanced technologies such as image analysis technology to reduce labor and unmanned production lines.		<ul style="list-style-type: none"> 28 factories and 5 R&D hubs in 12 countries Development into a business through research bases Maintenance team to maintain and preservation equipment Construction of production lines through co-creation of technology between production sites and production technology 	<ul style="list-style-type: none"> Achievement of a fully automated plant Labor/manpower saving in production processes by incorporating imaging technology Automated quality assurance and traceability management incorporating camera and laser scanner inspections Establishment of joining application technology for material innovation for EVs Realization of environmentally efficient production sites
Intellectual capital 	<ul style="list-style-type: none"> Number of patents held: 45 National certification holders: 3 Research and development employees: 57 R&D expenses: ¥2.4 billion 	Various technologies such as aluminum molding, which is important from the perspective of environmental and weight reduction, hot stamping and high-tensile steel molding technology related to car body safety performance, and other new technological developments and improvements in production processes are important to G-TEKT, and this intellectual capital is an important form capital that supports the Company.		<ul style="list-style-type: none"> Established a department specializing in intellectual property to create intellectual property and conduct patent clearance searches under a global system Intellectual properties activities that leverage the IP landscape and get into the source of business planning and R&D Technical capabilities for commercialization (mass production) and protection of intellectual property created at each stage of commercialization Technical capabilities for body structural analysis and proposal capabilities comparable to those of automobile manufacturers, cultivated through years of research and development Management methods and business models born from the process of fundamental change (DX) of business operations and patent rights 	<ul style="list-style-type: none"> Further utilization of IP landscape Creation and protection of intellectual property rights in backcasting to build brands in existing businesses Commercialization of products and structures that meet customer needs, with an eye toward next-generation car bodies. Establishment and monetization of new management methods and business models
Natural capital 	<ul style="list-style-type: none"> Water consumption: 439,000 m³ Renewable energy usage ratio: 14% 	Natural capital is essential for corporate activities. We believe that natural capital is important to protect the rich natural environment of our planet, and we conduct our corporate activities in compliance with laws and regulations on a global basis to prevent environmental pollution.		<ul style="list-style-type: none"> Environmental management practices Implement solar power generation on a global scale Introduction of renewable energy sources and carrying out corporate activities without using limited resources Green Transformation (GX) project for CO₂ reduction Implementation of biodiversity volunteer activities Use of recyclable resources 	<ul style="list-style-type: none"> CO₂ emissions in Scopes 1 and 2 FY 2030 50% reduction * Compared to FY 2013 FY 2040 100% reduction * Compared to FY 2013 CO₂ emissions in Scopes 1, 2, and 3 FY 2050 virtually zero emissions
Social capital 	<ul style="list-style-type: none"> Suppliers with whom we collaborate Business partners Various stakeholders 	Social capital, which is the relationship of trust with all stakeholders, including business partners, suppliers, employees, local residents, and investors, is an important capital in our value creation.		<ul style="list-style-type: none"> Received various awards from global customers (quality, cost, delivery, etc.) Social contribution activities in each region Opportunities for dialogue with shareholders through shareholder factory tours, etc. 	<ul style="list-style-type: none"> Maintain good relationships with various stakeholders and continue business activities as a good corporate citizen, aiming to grow together with society

* Indicators are actual results for FY 2021.

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



Financial policy in an era of coexistence with COVID-19

COVID-19 is now at a stage where the economy is recovering while coexisting with the virus. Global fiscal and monetary policies are rapidly shifting from expansionary policies to tightening policies, in response to the crisis. We will respond to issues such as the resurgence of infectious diseases, by emphasizing fiscal

discipline and diversifying our funding sources by leveraging our credit rating. We also see this as a phase in which we will seize opportunities for significant exchange rate and interest rate fluctuations, reevaluate the uneven distribution of domestic and foreign funds, and redirect funds to growth investments.

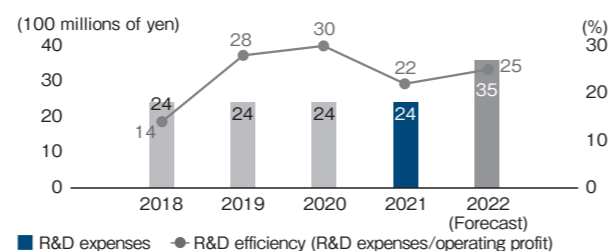
Investment in growth and human resources through the repatriation of funds to Japan

We plan to invest ¥70 billion in the EV-related business and accumulate ¥100 billion in net sales by 2030. In the Chinese and European markets, which are taking the lead in the shift to EVs, we will make new investments in a flexible manner by utilizing the cash-generating power of our business sites.

Since our establishment in 2011, we have focused on increasing our local production capacity and expanding our sales channels in response to the overseas expansion of our customers. As a result, we have accumulated retained earnings and cash and deposits, mainly in China, Europe, and Asia. Going forward, we will review royalties and dividend payments from our overseas subsidiaries, to limit further increases in retained earnings, while promoting the repatriation of funds to Japan. These funds will first be allocated to R&D investments and human resource investments in the EV-related business and new fields in Japan. Next, we will build a new next-generation

plant with advanced technology, and rebuild our production capacity in Japan. EV-related investment in North America, where business conditions are in the process of recovery, will be advanced with financial support from Japan.

Changes in R&D expenses



Response to rising global interest rates

As we entered a phase of rising global interest rates, from a risk management perspective, we took advantage of the difference between long- and short-term interest rates in Japan to extend the maturity of our borrowings. Going forward, we will gradually repay the borrowings that have financed our overseas investments and loans, by

repatriating overseas funds. In our overseas Group companies, we will move away from a low-interest-rate mentality, and be more thorough than ever in making investment choices with an emphasis on capital efficiency.

Financial policy

We maintain an equity ratio of 50% or higher to ensure sound financial standing. Our financial policy is to maintain an R&I credit rating of A-, to operate our

business, and to remain resilient to financial crises, pandemics, economic volatility, and other crisis.

Cost of capital and profitability

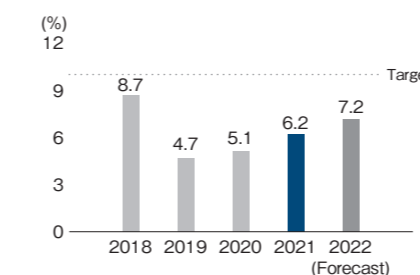
Profitability exceeding the cost of capital is required for the enhancement of corporate value. The Company has endeavored to enhance investment efficiency while emphasizing ROE and ROIC. Prior to the COVID-19 pandemic, we had generally exceeded the target. However, we have fallen below our target due to production stoppages caused by the pandemic, a decline in sales due to production cuts by our customers caused by a shortage of semiconductors and other factors, and

increased upfront investments.

For us to recover to the target value, an improvement of the operating margin is urgently needed. We will expand our net sales by increasing volume through the expansion of sales to other companies and by increasing unit sales through an expansion of our product areas, and we will enhance our ability to make proposals and develop technologies to counter the increase in manufacturing costs, as a measure against inflation.

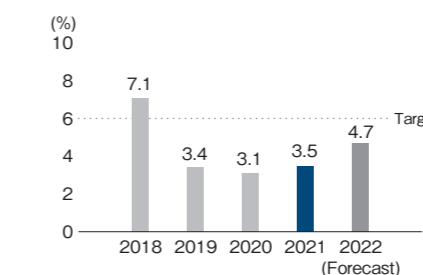
ROE (return on equity)

target ▶ 10%



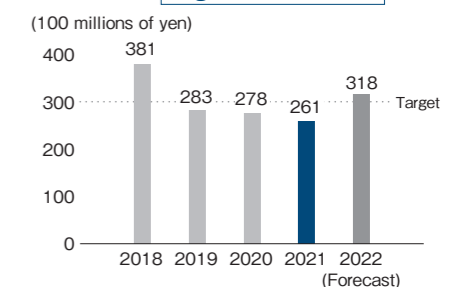
ROIC (return on invested capital)

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

Importance of intangible assets

Although suppliers have focused on investing in tangible assets, in the time of transformation, it is important to promote investment in R&D and human resources. The review of royalties provided an opportunity for our executives and employees to reaffirm the importance of goodwill, including our brand, technological capabilities, and management skills.

In the EV-related business, new ideas and manufacturing know-how will be verified as intellectual property in the process of acquiring production technology through demonstration lines, and will be used as one of our differentiators.

With regard to investment in human resources, the retirement benefit scheme was designed to eliminate seniority factors and be generous to mid-level and mid-career hires, and we enhanced retirement security based

on a defined benefit pension plan with a maximum age of 80. We aim to increase employee engagement and improve productivity. We are quickly accelerating investment in systems for employee administration-related office work and expense reimbursement, creating an environment in which each employee can experience the digital age. With the rapid shift to robotics at our production sites, we will also promote reskilling of employees, not only in terms of tangible aspects, but also as an opportunity to nurture the seeds of innovation. Through systematic training and rotation, we will develop engineers who understand management, and through improved profitability at our overseas locations and human resource management, we will strengthen our future management team.

Shareholder returns

One of our management challenges has been to maintain a robust financial standing for investment in growth, while at the same time increasing dividends in a stable manner. Regardless of the COVID-19 pandemic, in the fiscal year ending March 31, 2023, we plan to increase dividends for the 13th consecutive fiscal year by ¥2 per share to ¥58 per share. We are fully aware of the importance of

stable dividends for our shareholders, both institutional investors and individuals. We would appreciate your understanding, as we intend to actively redirect funds to investments in new growth areas in the future, when we determine that such investments are in the best interest of our shareholders.

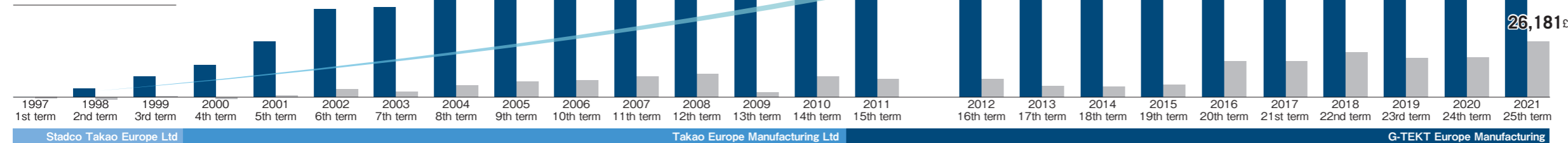
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 (Forecast)
Dividend per share (Yen)	39	46	48	50	56	58
Payout ratio (%)	14.8	18.9	36.5	32.9	27.1	21.7
DOE (%)	1.75	1.75	1.76	1.76	1.86	-
Net sales (100 millions of yen)	2,198	2,556	2,283	2,094	2,365	3,240

Special Feature

Business in Europe and the Future

Celebrating its 25th anniversary this year in the European region, G-TEM (formerly Stadco Takao Europe Ltd.) has continued to grow since its entry into the market in 1997. Despite overcoming various crises such as the bankruptcy of Lehman Brothers, Brexit, and the withdrawal of major customers from the U.K., G-TEM has continued to expand by establishing G-TED as a research base in Germany and G-TES as a production base in Slovakia.

■ Net sales ■ Operating profit
Unit: £



Leap forward 25 years

Net sales (Europe consolidated)

1997 1st term 2021 25th term
£0 > £132,893*

Operating profit (Europe consolidated)

1997 1st term 2021 25th term
£(649) > £26,181*

* Although G-TES uses the EUR, the consolidated figures are converted into GBP.

Number of employees (Europe consolidated)

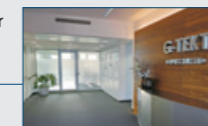
1997 1st term 2021 25th term
8 > 695

1997 Established Stadco Takao Europe Ltd. (STADCO 65% and TAKAO 35%)
1999 Obtained ISO 9001 and ISO 14001
2000 Established Takao Europe Manufacturing Ltd. Dissolution of joint venture

2001 Start of business with Toyota
2003 Obtained TS16949
2006 Ceremony held to celebrate G-TEM's 10th anniversary

2007 Start of direct delivery to Honda
2010 Start of business with BMW
2011 Name changed to G-TEKT Europe Manufacturing, due to merger of TAKAO KINZOKU KOGYO and KIKUCHI

2014 Start of business with Jaguar Land Rover
2015 Established G-TED (research base in Germany)
2016 Ceremony held to celebrate G-TEM's 20th anniversary



2019 Start of operations by G-TES (production site in Slovakia)
2020 Participation in the CPAP (ventilator) project (G-TEM)
2022 Start of business with Tesla



Overview of Europe region

		Location	Main customers
G-TEM	Manufacturing of auto body components	Gloucester, U.K. Gwent, U.K.	BMW, Toyota, Jaguar Land Rover
G-TES	Manufacturing of auto body components	Nitra, Slovakia	BMW, Toyota, Jaguar Land Rover
G-TED	Research and sales	Bavaria, Germany	—

This year marks the 25th anniversary of G-TEM, which was founded in 1997 as Stadco Takao Europe in Gloucester, located in the southeastern part of England. Since its establishment, G-TEM has produced body frames for a wide variety of



vehicle models for Honda UK, including the Civic and Accord models, as well as the BMW Mini, and the XE and XF sedans for Jaguar Land Rover. We interviewed G-TEM President Taiichiro Morishita (photo at left) and Vice President Nicholas Thomas (Nick) (photo at right) regarding

the company's European business up to now, as well as its future prospects.

What are some of the strengths of G-TEM?

Morishita: We continue to be financially sound and profitable, instilling trust in our customers. In addition, we are also recognized for our QCD performance, which is important to us as a supplier. We are also differentiated by our ability to produce in small quantities, which many of our competitors avoid, and we have strengthened this capability.

Nick: We have also received high praise for QCD, including for Slovakia-based G-TES. Furthermore, we also have prototyping and engineering capabilities, which is a rarity in European manufacturing. One of G-TEM's strengths is its ability to move nimbly in response to opportunities by making decisions quickly.

What discussions were held in advance of the withdrawal from the UK of a major trading partner, which had accounted for 50% of transactions in 2021?

Nick: While it was a significant blow, we have learned many skills and acquired know-how as a supplier during our more than 20 years of business. Our first priority has been to increase our core business with other OEMs to offset the loss. Because QCD was strong, we were able to steadily expand our existing business and grow as G-TEM. I would like to use this experience to take advantage of business opportunities with emerging companies in the EV field.

Strict environmental regulations are expected to be introduced in Europe in the near future. How are you responding to this?

Morishita: In July 2021, the UK government announced its Transport Decarbonisation Plan^{*1}, as a decarbonization plan for the transport sector. As measures to reduce CO₂ emissions, we are utilizing renewable energy, installing charging terminals within the company, encouraging EVs, switching to eco-cars for company vehicles, and installing solar panels. We also believe that manufacturing products by acquiring EV parts is important, because the shift to EVs will be accelerated by the new Euro 7^{*2} emission regulations which are scheduled to take effect in 2025.

Nick: We plan to achieve accreditation to ISO5001 energy management standard^{*3} in 2023.

What are your thoughts on working styles and enhancing the work environment to increase your presence in Europe?

Morishita: G-TEM employs not only British nationals, but also people of various nationalities as full-time employees, and we take great care to ensure that there is no discrimination in wages, working environment, or safety regulations. The same applies for G-TED and G-TES.

Nick: Europe, with its high mobility of people, presents challenges and opportunities for inclusion, and the diversity of knowledge as well as nationalities presents new possibilities for human resources. Cross-functional activities involving the UK, Germany, and Slovakia allow for different perspectives and balanced decision-making.

So, people from various backgrounds come to G-TEM and work together.

Nick: In order to serve European customers, a completely original system was needed, as the Japanese way of doing things alone would not work. This self-dependency drives us towards a common goal. In fact, the start-up of G-TES mass production was carried out smoothly by local staff who had experience in such matters. Specific procedures for responding to each customer are being rolled out in Slovakia as needed, mainly by the local staff. As a result of our unique human resource development approach, a variety of people are playing active roles in the company.

Future prospects

Nick: G-TEM's role is to connect new European customers with G-TEKT's other locations. European OEMs are not as established as Japanese OEMs in terms of overseas production, and overseas sourcing and overseas production are often difficult for them.

Morishita: In order to expand transactions, G-TED will serve as the European contact point for sales and engineers, and will collaborate with the North American region (G-NAC) and the Chinese region (GSR) to engage in activities that respond to customer needs and lead to orders. We will continue to develop new customers and aim to win orders for EV-related parts. In existing businesses, we are considering acquiring large components to increase the output level.
Nick: We are already engaged in the battery case and cell case development, and are working to grow this area of business by utilizing our experience in aluminum stamping and joining. We will also take on the challenges of chassis and crash management components, which are new areas for us.

^{*1}: A roadmap toward net zero in the UK transportation sector, and the government's commitments and the actions necessary to achieve it

^{*2}: Vehicle emission regulations to be introduced in EU member states in 2025

^{*3}: International standards dedicated to improving the energy performance of businesses

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.

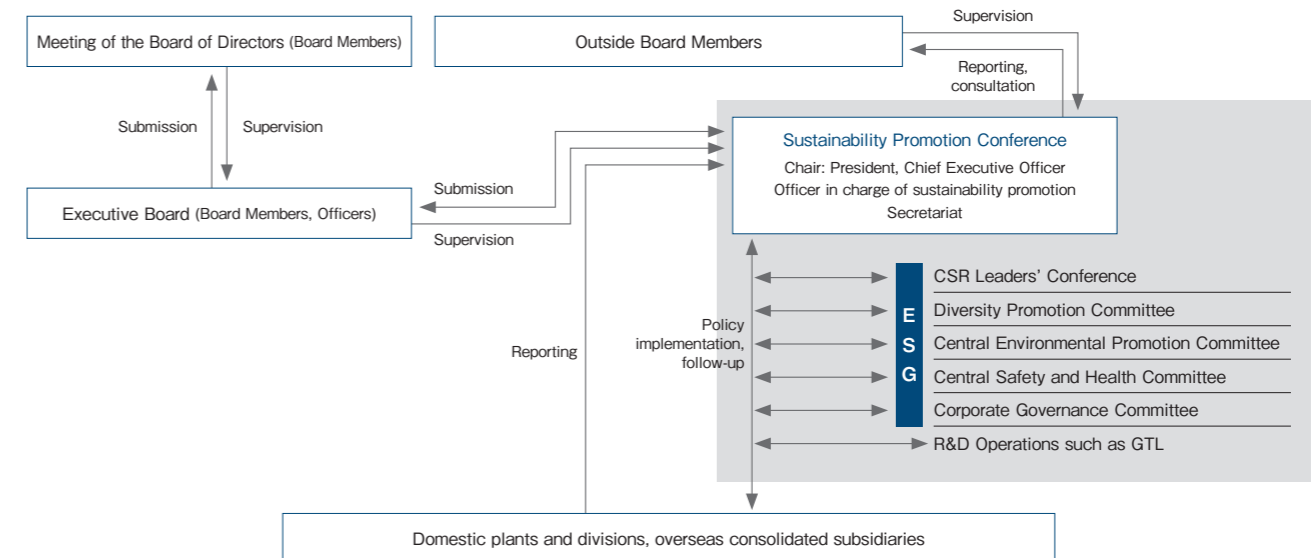
Development of environmentally friendly products and technologies

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 CO₂ emitted through our business, and are also engaged in reducing the environmental impact in the value chain.

Sustainability promotion system



Major sustainability initiatives



The Tochigi Plant held two blood drives, one in April and the other in November. A total of 39 people participated. In addition to blood donation activities, the Tochigi Plant also collects PET bottle caps and pull tabs.



G-KTB (Brazil) provides support to an orphanage in the city of Cabreúva, where it is located. Approximately 300 liters of milk were collected and donated by the company and its employees and expatriate employees for the 18 youths at the facility.



G-TTC (Thailand) conducted tree-planting activities in neighboring areas. The company contributes to the greening of the local community by participating in tree-planting activities promoted by the local government.

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. We are currently working to reduce greenhouse gas emissions during production with the goal of becoming carbon neutral.

» 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

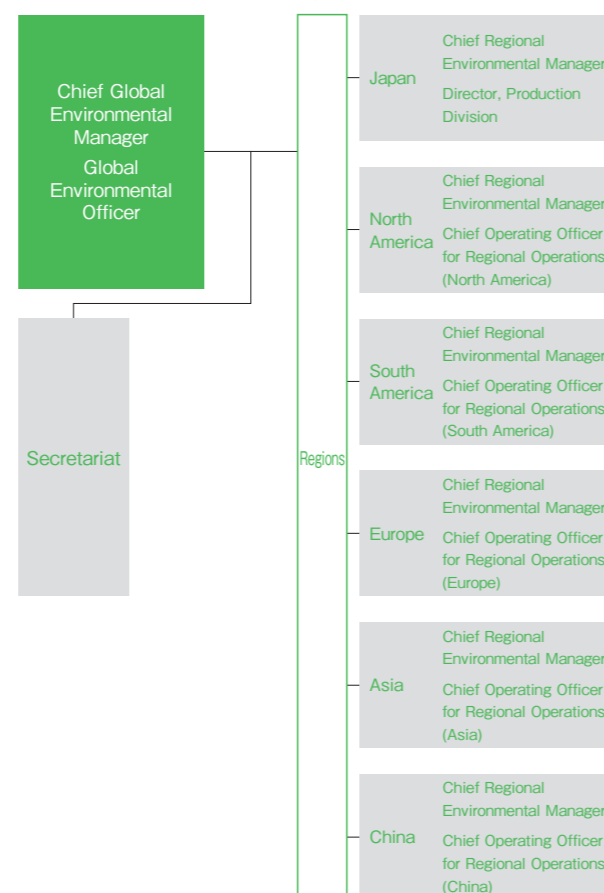
Since FY 2022, a global environmental management system has been headed by the Chief Global Environmental Manager (Senior Managing Officer of the Company: Mitsutoshi Nakamoto), with the Corporate Business Planning Division as the secretariat, promoting global efforts toward carbon neutrality by 2050. The existing Central Environmental Promotion Committee for the environmental management system (EMS) has been transferred to the committee that oversees the Japan region and continues its activities.

In terms of EMS, G-ONE (Mexico) and G-TES (Slovakia) were newly certified in FY 2021, and 97% of G-TEKT's global plants have already acquired certification.

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

Japan **100**%, Overseas **85**%

Global environmental management structure



Message from the Officer in Charge of Environment

Senior Managing Officer of the Company,
Corporate Business Planning Division Charge Officer
and Chief Global Environmental Manager

Mitsutoshi Nakamoto



As a matter of urgency, G-TEKT is conducting a thorough analysis of the risks and opportunities associated with global climate change, and taking concrete measures to address these risks. For example, in the EU, nearly 90% of our emissions come from the energy sector, and with passenger cars and commercial vehicles on the rise, roughly 30% of these emissions are related to transportation. As a company in the automobile industry with such high carbon emissions, we are committed to achieving both carbon neutrality and sustainable growth. In April 2022, the Global Environmental Section was established in the Corporate Planning Department to plan, promote, and monitor our environmental activities on a global basis and make proposals that contribute to management.

» Efforts toward Scope 1 and Scope 2

Due to the diversity of energy policies based on regional and national geopolitics in Japan, Europe, North America, South America, China, and Asia, where production sites are located, carbon emission calculation results vary depending on regional characteristics. For this reason, individual measures are necessary. For example, in the US, the power companies and energy sources are fixed in each region, which makes it impossible to freely choose renewable or nuclear-derived electricity. As a countermeasure, it may be necessary to consider on-site power generation using solar power (cost-effectiveness and improved energy storage technology are essential) and the introduction of carbon credits, which have already begun to be demonstrated in Japan.

From the perspective of energy conservation, we have entered the verification phase of working with a system

vendor to determine the CO₂ emissions of each component. This will be incorporated into the verification phase of the digital transformation project that we are concurrently implementing, and by visualizing the CO₂ emissions of each component, we will gain an understanding of the actual situation, and aim to achieve reductions in electricity and CO₂ emissions for each individual component. By utilizing the data visualized through these efforts, we will promote the consolidation and reuse of our facilities, both in Japan and overseas, not only to improve profitability by reducing energy costs, but also to transform our manufacturing sites into facilities that are friendly to both the surrounding environment and employees.

On the other hand, Scopes 1 and 2 emissions account for only 4% of our total emissions on a consolidated basis, including Scope 3.

» Efforts toward Scope 3

Roughly 75% of the total of Scopes 1, 2, and 3 is derived from materials such as steel and aluminum. We are continuing to use steel, as we cannot rely solely on aluminum, which consumes a large amount of electricity in the manufacturing process. This is not an issue that can be solved by suppliers alone, but rather requires a long-term perspective and efforts to build a recycling-

oriented supply chain, in collaboration with automotive OEMs and material manufacturers. We believe that we can take advantage of our strength in analyzing the body structure of a single vehicle, because it is important to consider recycling and reuse, such as the application of electric furnace products derived from renewable energy, based on the recovery of high-quality scrap.

» Contributing to a reduction in environmental impact

As part of our new efforts to supply products for EVs and other vehicles with reduced environmental impact, we are developing technologies by introducing a demonstration line, and developing a vehicle body structure that utilizes a mix of aluminum and steel to reduce the weight of EV bodies. These represent part of our efforts to commercialize next-generation motor-related products and battery housings that contribute to vehicle body weight reduction and offer high cost advantages. The invasion of Ukraine by Russia has triggered a lack of

alignment in the energy policies of major countries, which is a prerequisite for addressing climate change as part of the global agenda. In Europe, the Council of the European Union has proposed allowing internal combustion engines powered by e-fuel (fuel generated from renewable energy), and we believe that a variety of options may emerge in the future, including hydrogen engines, which are not solely BEVs. In order to respond to a variety of options, we will make a concerted effort as a company to speed up the process of internalizing of new technologies.

Taking Action for TCFD

G-TEKT is taking actions based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) in order to realize a sustainable society.

» Governance

We have launched and promoted the GX project, headed by the President, Chief Executive Officer, to address important issues related to climate change. Within the GX project, the President, Chief Executive Officer appointed an Officer of the Company (Production Operations Director), who also serves as Risk Management Officer, as Chief Global Environmental Manager. Initiatives related

to climate change, including the TCFD, are managed and promoted by the project's secretariat, and the Officer of the Company submits reports on important matters and actual versus forecasts to the Executive Board. In addition, the Corporate Business Planning Division, the secretariat of the GX project, has placed environmental responsiveness as a priority item for action.

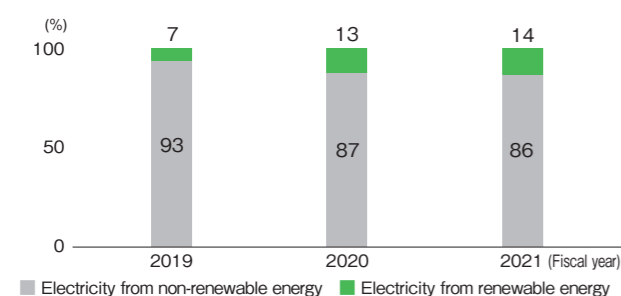


» Strategy

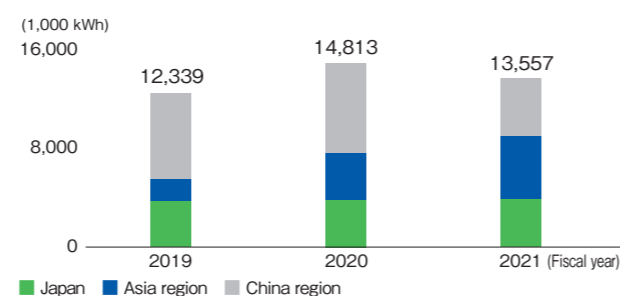
Our environmental strategy in our business activities is (1) energy-saving initiatives and (2) utilization of renewable energy (including in-house power generation). Environmental initiatives through our products include: (1)

contribution to the improvement of fuel and electric cost performance of automobiles through lightweight car body technologies, and (2) contribution to the spread of EVs through our EV-related parts business initiatives.

Rate of electricity derived from renewable energy



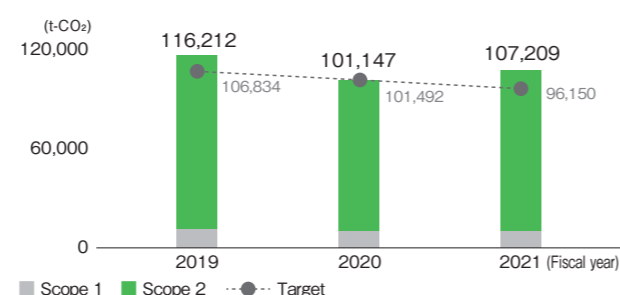
Solar power generated



» Indicators and goals

As an indicator for managing climate change risks and opportunities, we have set global emission reduction targets for Scopes 1, 2, and 3 CO₂ emissions. In terms of G-TEKT's global Scopes 1 and 2 CO₂ emissions, we are aiming for a 50% reduction in CO₂ emissions in FY 2030 and a 100% reduction in FY 2040 compared to FY 2013. We also aim to be carbon neutral as defined in Scopes 1, 2, and 3 by FY 2050, with cooperation in the supply chain.

CO₂ emissions



» Risk management

In order to understand and assess the impact of climate change on our business, the GX project, relevant departments, and the Central Environmental Promotion Committee collaborated in a discussion on climate change risks and opportunities. Through discussions, the project secretariat evaluates the financial impact and likelihood of occurrence and time horizon from the listed risks and opportunities, and attempts to

identify significant risks and opportunities and calculate their financial impact. We will share external factors such as global trends, including climate change, and changes in laws and regulations that affect business strategies, as well as internal factors such as the progress of each company's environmental measures and future risks and opportunities, in order to examine strategies and measures.

Risks	[Strengthening of policies and environmental laws and regulations]	<ul style="list-style-type: none"> Increased costs (penalties) due to the introduction of high carbon pricing and mandatory reductions of greenhouse gases
	[Technology]	<ul style="list-style-type: none"> Changes in introduction costs, timing and demand for renewable energy, storage battery and energy-saving equipment, etc.
	[Climate change risks]	<ul style="list-style-type: none"> Impact on business continuity due to abnormal weather, large typhoons, flooding, rising sea level, etc.
	[Reputation]	<ul style="list-style-type: none"> Loss of credibility or reputation due to acting contrary to changes in awareness of customers and society

Opportunities	[Resource efficiency]	<ul style="list-style-type: none"> Reduction of greenhouse gases and reduction of operating costs by increasing the efficiency of use of energy, raw materials, water, waste materials, etc.
	[Energy]	<ul style="list-style-type: none"> Cost reductions 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)
	[Products]	<ul style="list-style-type: none"> Increased competitiveness due to development of low-carbon products
	[Resilience to change]	<ul style="list-style-type: none"> Enhancement of capabilities to respond to risks, manage organizations to adapt to climate change, and convert these into opportunities

Measures	[Reduction of CO ₂ during manufacturing and arising from business activities (strengthening of response to Scopes 1 and 2)]	
	<ul style="list-style-type: none"> More efficient use of energy through the improvement of productivity Energy-saving improvements to existing production equipment and buildings Increase in rate of electricity derived from renewable energy (in-house consumption through the introduction of power generation equipment or switching to purchases of electricity from renewable energy) 	
	[Contribution to CO ₂ reductions through development of low-carbon products and production technologies]	
	<ul style="list-style-type: none"> Contribution to environmental performance through weight saving technologies for auto body frames Assessment of environmental impact in the product life cycle (when introducing new technologies and before launching new models) 	
	[Reduction of CO ₂ arising in the supply chain (response to Scope 3)]	
	<ul style="list-style-type: none"> Cooperation with suppliers' initiatives to reduce environmental impact Improvement of logistics efficiency in transportation 	

» Toward the achievement of a sustainable society

Currently, G-TEKT's Scope 3 "Cat.1: Purchased products and services" accounts for 70% of the total Scopes 1, 2, and 3, of which 99% is steel sheets as raw materials. We recognize that reducing emissions in this area is essential to achieving carbon neutrality. Going forward, raw materials will shift from blast furnace materials to green materials such as electric furnace materials and hydrogen-reduced iron. Accordingly, press dies and welding technology need to be capable of

processing products using green materials, and we aim to internalize this capability as soon as possible. We will establish a mass production system while maintaining and improving the quality of our products, which will remain unchanged. We will also promote the circular economy by recycling scrap, a byproduct of the pressing process, as we have done up until now, and at the same time, reducing the amount of raw material input to increase the yield rate of product materials.

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, automobiles, and the environment 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, 2022 President, Chief Executive Officer Naohiro Takao

Background

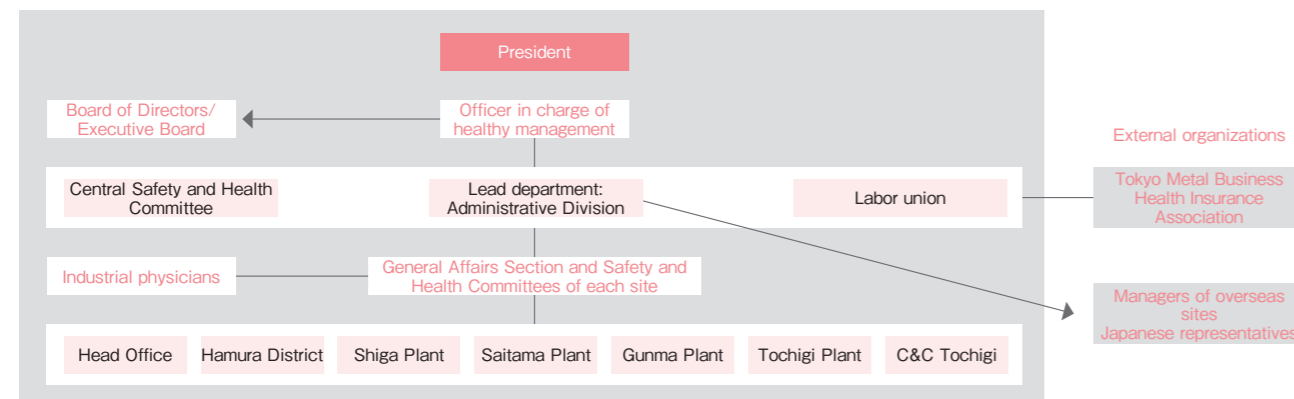
We have launched a new management strategy from 2021 with the vision to "Shape a better future for people, automobiles, and the planet through the fusion of passion and innovation." Within the strategy, we are focusing on the promotion of healthy management under the theme of improvement of the diversity of human resources and are working on various measures to improve employee engagement.

Priority issues

- (1) Improvement of employees' lifestyle habits/education on health awareness reform among employees/follow-up on reexaminations, etc.
- (2) Mental health/expanding mental health training
- (3) Raise awareness of smoking cessation among smokers/promote smoking cessation programs

Implementation system

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



Individual health investment activities

Specific measures

Regular distribution of in-house newsletters	Guidance on policies and distribution of health-related information
Healthcare Promotion Committee	Discussions with employees, unions, and industrial physicians regarding healthy management
Holding various health seminars	In-house seminars on mental health, dietary habits, how to read health checkup results, etc.
Health screening data conversion, screening analysis	Analyzing the results of health checkups, providing health guidance to employees from medical specialists and public health nurses, and reflecting the results in internal planning
Women's project	Planning, proposal, and implementation for the development of a leave system for women and rest rooms at each business site
Implementation of smoking cessation program	Planning for visits to smoking cessation clinics and assistance in purchasing smoking cessation aids

By implementing the above measures and accumulating internal data, we will develop a workplace environment in which employees are healthy and motivated to work.

Reference

https://www.g-tekt.jp/environment/social/employee/health_management.html



» 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.

G-TEKT's Human Capital



Senior Officers of the Company,
Engineering Operations
Deputy Director
Akira Kakizaki



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



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

We aim to create an environment in which each individual can maximize their abilities to the fullest, and work to the best of his or her ability

Accelerating efforts to create a comfortable work environment in which a variety of human resources can actively participate

Bamba: One major component of human capital is diversity. We believe that our organization needs to have functions that enable employees who have been raised with the same language, lifestyle, and business customs to play an active role regardless of gender, and we have begun our efforts by focusing first on the active participation of women. In Corporate Management Operations, we have appointed women to management positions for the past three years, and they are responsible for allocating work to their subordinates and thoroughly managing their progress. In addition, we provide opportunities for women to play an active role through company-wide cross-functional work. In Engineering Operations and R&D Operations, we are actively accepting new employees as a place to start their careers at our company.

Kakizaki: Yes, that is right. Although the work of Engineering Operations is largely divided into the manufacturing area and the development and planning area, we have them start in the development and planning area. The manufacturing area includes many solo jobs at manufacturers and production sites, and there are situations where communication with experts is important. We also take into consideration the fact that this area requires a certain level of skill, as well as the psychological burden. On the other hand, in the area of development and planning, analysis and process planning using computers and CAD are the main focus, and those who have just joined our company can easily enter the business. In addition, new female employees start their careers in teams where senior employees of the same gender play an active role, and this environment facilitates

communication and helps maintain and improve motivation.

In this sense, our immediate task is to reform the style of work, such as by promoting digitalization, and to hasten the development of a comfortable work environment in order to help employees quickly acquire technical skills that are useful in the field.

Sugawara: In terms of the active participation of women, R&D Operations is one of the departments in the G-TEKT Group that has a fairly high proportion of women. In particular, a female manager has been appointed in the Intellectual Property Development Section, which handles matters such as patent applications. In fact, it was this woman who started the Intellectual Property Development Section from scratch several years ago, and it has grown from one person to a staff of seven today. Her success has been quite remarkable. However, my sense is that this is not because she is a woman, but because she happened to be a woman who had an outstanding ability to create something from nothing. In this manner, I think the ideal situation would be for people to be able to expand their activities without being too conscious of the fact that they are women.

Bamba: Ultimately, I believe that our important role is to provide not only a physical environment, but also a place, field, and opportunity for women to actively participate. We also need to think about diversity, not only for women, but also for people from other countries.

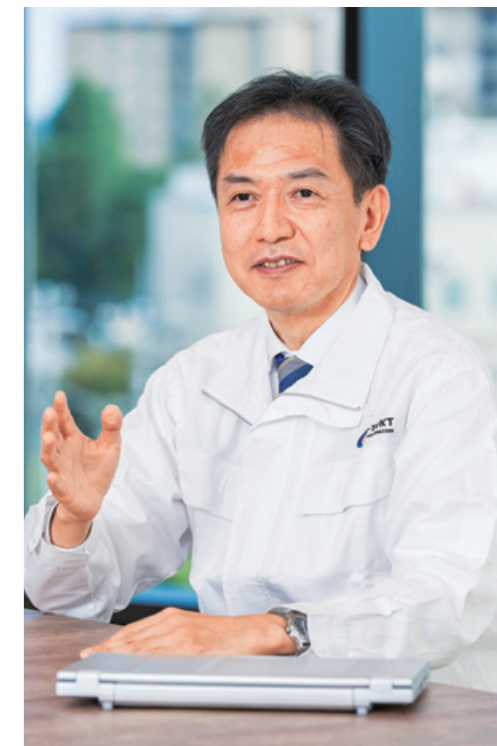
Kakizaki: For example, in the case of foreigners from outside of Japan, customs and culture differ from one country to another. They may have different ways of thinking, and have different values. I think it is important for us to have a proper understanding of these aspects of our work, and then to respond in terms of the kind of environment we create in our work, as well as the structure of our organization and operations. We would also like to focus on creating a workplace environment and atmosphere where working hard is rewarding and motivating, as well as solidifying our evaluation system.

Sugawara: There are people from all walks of life in our company, including elderly people, young people, and mid-career hires, in addition to women and foreigners. I believe that it is our mission as managers to accurately understand the qualities and abilities that each individual possesses, and to create a position in which they can maximize their performance and actively participate, and a system that allows them to fit properly into their jobs. Although the right answer can be difficult to find, if we can apply it well, I am certain that we will be able to achieve excellent results.

Bamba: The role of managers is just as important as that of diversity, in terms of activating human resources. We need a system that allows for communication to determine each individual's aptitude and other factors, and we feel that our current system is not yet sufficient.

Kakizaki: Although we are actively implementing two-way communication as part of the evaluation system, I feel that there is a lack of daily reporting, communication, and consultation, as well as communication for expressing opinions. Due to the COVID-19 pandemic, it is difficult to do what we would like to do face-to-face. While conventional remote work is fine for routine tasks, I think it is only through face-to-face conversations and working together in the same space that we can learn knowledge that is outside of our area of responsibility or expertise, or conceive challenging ideas to take our work to the next level. It is important to find ways to compensate for the various restrictions that make it difficult to communicate and exchange opinions, while also utilizing new digital tools, and we are still searching for ways to achieve this goal.

Sugawara: Whether remote or face-to-face, a basis for smooth communication is also the ability to guarantee psychological safety to the



Revitalizing human resources by enhancing and facilitating internal communication

other party. It is not a good influence if employees think that when they talk to their boss, they cannot relax because their supervisor will become upset if they say something trivial, or they cannot talk frankly with their supervisor. In this respect, conversations among members of the development team are based on research techniques. When it comes to technology, there are no superiors, subordinates, seniors, or juniors. I think we need to create an environment where young people can properly express their opinions, with the understanding that neither rank nor age has any bearing on the discussion of scientific truths and physical events.

Bamba: I feel that the importance of communication has been reaffirmed through the experience of the COVID-19 pandemic. Although there was a great deal of confusion every day when we first introduced remote work, we gradually changed the work format to match the nature of each job. As a result, we are now able to make good use of both physical and remote locations. I feel that the restrictions that have been placed on the natural environment have made me realize the importance of communication. In particular, we are hearing from younger employees that they would like to emphasize the importance of connections among employees.

Allowing new employees to experience various departments, to promote their understanding of work and build internal human networks

Bamba: For new employees, we have a post-employment training program comprising 3 months for production and 3 months for technology, which has been implemented since the personnel system reform. The objective is for employees to experience the structure of production and the movement of people in our drive force department, as well as the workflow of the production preparation stage, so that they will gain an understanding of the role of each task, as well as the overall picture. Six years after the start of the program, we are finally getting on track.

Kakizaki: The technology training is specifically divided into four major departments: pressing, welding, mold manufacturing, and project management, each of which is experienced for several weeks. The advantage of learning about the actual on-site work is that they can easily become accustomed to the job when employees are officially assigned afterwards. In addition, this also allows our company to gain some understanding of each new employee's personality and aptitude during the training period, before deciding where they should be assigned, which leads to an easier job later on for the individual.

Another purpose of the program is to allow communication with senior employees in various departments, thereby increasing the number of acquaintances within our company, all at once. Having someone in each department with whom you can consult when problems arise in your work in the future will be a great asset to your life at the company.

Bamba: In this sense, we have high expectations for the job rotation program that we will implement, going forward. Job rotation, which has been partially implemented since the reform of the personnel system, will be systematically implemented with the aim of nurturing the next generation of management. This will enable people who are better at creating 1 from 0 than 2 from 1 to be active in the development and planning departments. Furthermore, employees who understand manufacturing at production sites can work in the sales and cost control departments, enabling them to make speedy decisions.

Sugawara: Because development departments have a very high percentage of young R&D personnel and few who can act as the main proponents of projects, we are engaged in "seed searching" activities to search for, and hopefully sow, the seeds of new research. All members participate in this activity, and conduct research on one theme for a year. At the end of the fiscal year, we hold a presentation meeting where everyone gathers to report their findings. The purpose is to raise the awareness of each participant as an independent and self-reliant researcher, by allowing them to experience the entire process from the conception of a proposal to the compilation and presentation of a report, and to allow them to

experience the joy of conducting research based on their own ideas, thereby enhancing motivation. Since we call it "seed searching," it would be great if we could eventually grow and reap the seeds, and develop them into a business. However, this is by no means the main purpose of the program, which is positioned as a measure for human resource development.

Sugawara: I believe that many mid-career employees have accumulated a considerable amount of experience, and are imbued with the corporate culture and way of thinking of G-TEKT, both in good and bad ways. However, at a time when the company is about to embark on a new direction, including a new business strategy, the old ways of doing things will no longer work. I hope that by re-studying again for the new era that is about to begin, our employees will gain the vitality necessary to tackle it head on. This will require a reaffirmation of G-TEKT's direction and philosophy, followed by an effort to acquire new knowledge and new ways of thinking. I expect that this is where the seeds of new business as a division will be born and the organization will be revitalized.

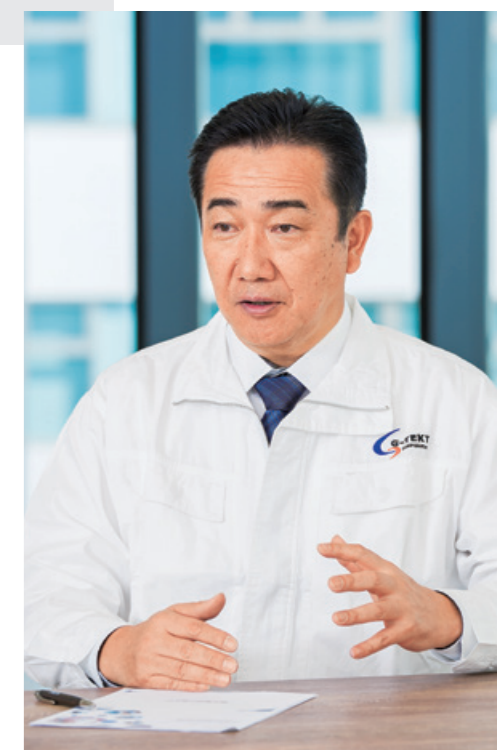
Kakizaki: I myself believe that work should basically be fun. In terms of where and how you find that enjoyment in your own work, I believe that many people find it more enjoyable to work on new tasks that interest them, rather than to do the same thing over and over again.

In that sense, we need to change our system into one that takes into consideration the enjoyment that is to be felt in taking on new tasks as they arise, while at the same time valuing the parts of the system that remain firmly rooted in the way things have been done up to now. One measure to achieve this is to routinely conduct small-scale job rotations within departments, in addition to company-wide job rotations. In this way, we hope to increase the motivation of each employee, create a sense of fulfillment, and revitalize the organization.

Sugawara: In these rapidly changing times, we must constantly update our business strategies. I believe that our human resource strategy, which is one of the two focus points of our business strategy, will not lead to success unless we follow the needs of the times in the same way, so we need to continue to be flexible in our efforts.

Bamba: A system that allows employees to challenge themselves in new areas and experience personal growth through planned job rotations is important for improving employee engagement. We live in an era in which diversity is required in organizations and at the same time in each individual. I hope that we can all work together to create an organization that can survive in the new era, creating "engineers who can make money" by stimulating each other through the acquisition of skills via a variety of work experiences, and by re-studying for new business fields.

Moving forward with an emphasis on both what we must pass on to the future and our commitment to new challenges



Governance

Board Members, Audit & Supervisory Board Members, and Executive Officers (as of June 30, 2022)



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
Keiji Kasamatsu



Independent Outside Member of
the Board
Rieko Inaba



Audit & Supervisory Board Member
Kesao Tamura



Audit & Supervisory Board Member
Yoshiaki Kawakubo



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

Managing Officers of the Company

Masayuki Hayashi
Naoki Mizuki

Senior Officers of the Company

Shizuo Yabata
Akira Kakizaki

Officers of the Company

Taichiro Morishita
Koki Sugawara

Takuto Fujii
Takeshi Bamba

Keiichi Ueki
Yoshitaka Suzuki

Tomohiko Tsukiyama

Toshikazu Mitsugi

Board Members and Officers

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



Criteria of Independence for Outside Directors

<https://www.g-tekt.jp/ir/governance/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

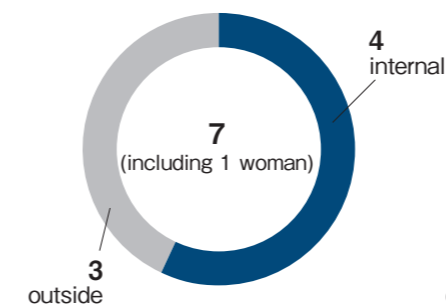
https://www.g-tekt.jp/company/pdf/governance_guideline_en.pdf



Outline of corporate governance system

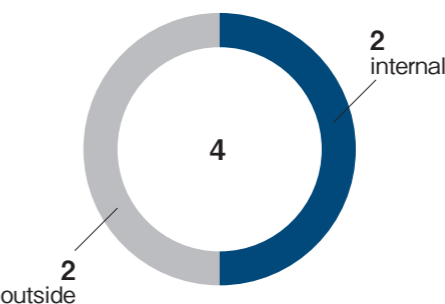
Organizational structure: Company with a board of auditors (as of June 30, 2022)

Board Members



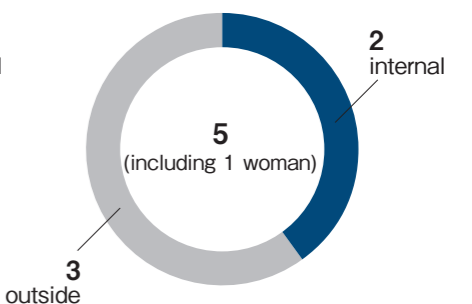
Chairperson:	President, Chief Executive Officer Naohiro Takao
Term:	1 year

Audit & Supervisory Board Members



Chairperson:	Audit & Supervisory Board Member Kesao Tamura
Term:	1 year

Nomination and Remuneration Advisory Committee



Committee Chairperson:	Independent Outside Board Member Makoto Ogo
Term:	1 year

Skill matrix for Board Members and Audit & Supervisory Board Members

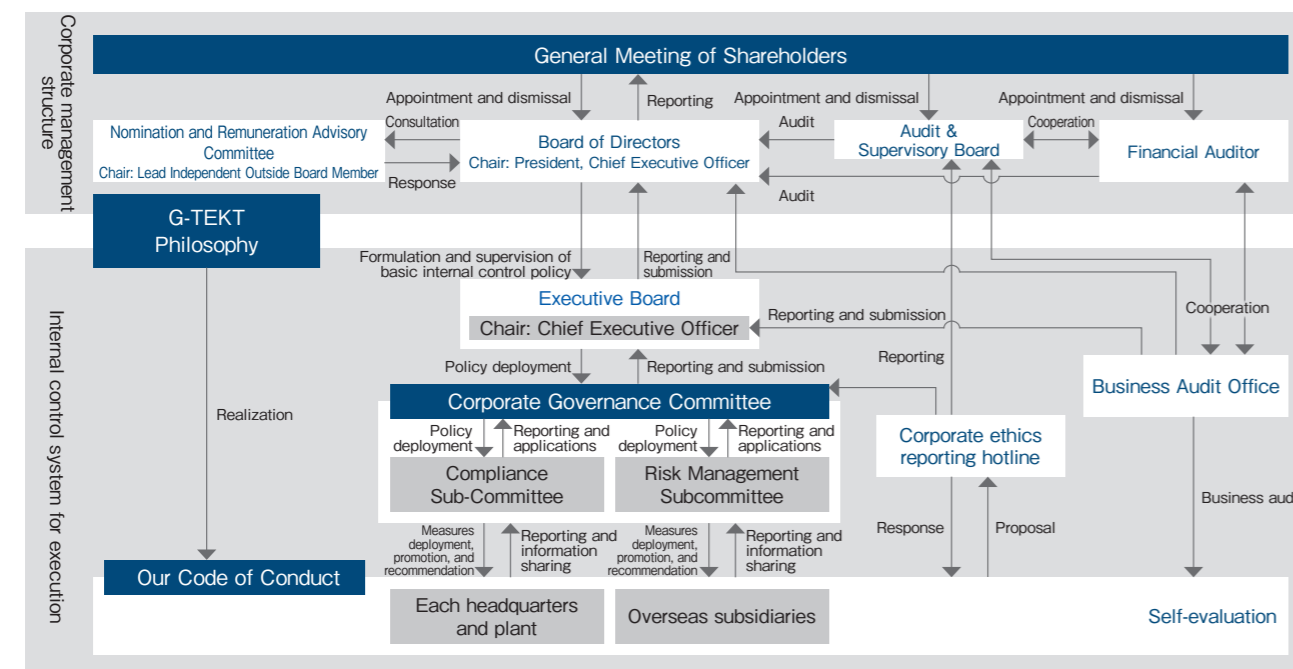
Name and affiliation	Title	Length of service	Business administration	Technology/R&D	Sales	Manufacturing/quality management	Finance	Legal affairs and risk management	ESG (Environment, society, governance)
Naohiro Takao	President, Chief Executive Officer	29 years	●	●	●	●	●	●	●
Isao Yoshizawa	Member of the Board, Senior Managing Officer of the Company	8 years	●				●	●	●
Hiroshi Seko	Member of the Board, Managing Officer of the Company	2 years	●	●	●	●			●
Fumihiko Hirotaki	Member of the Board, Managing Officer of the Company	1 year	●	●	●	●			●
Makoto Ogo	Independent Outside Member of the Board	9 years						●	●
Keiji Kasamatsu	Independent Outside Member of the Board	New appointed	●		●		●	●	●
Rieko Inaba	Independent Outside Member of the Board	3 years						●	●
Kesao Tamura	Audit & Supervisory Board Member	7 years	●			●	●		●
Yoshiaki Kawakubo	Audit & Supervisory Board Member	New appointed					●	●	●
Yasunori Niizawa	Independent Outside Audit & Supervisory Board Member	3 years					●		●
Yasuo Kitamura	Independent Outside Audit & Supervisory Board Member	3 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 FY2022	Total number of members	Internal Board Members	Outside Board Members	Chair
Board of Directors	14 times	7	4	3	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 FY2022	Total number of members	Internal Board Members	Outside Board Members	Chair
Nomination and Remuneration Advisory Committee	2 times	5	2	3	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 FY2022	Total number of members	Internal Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members	Chair
Audit & Supervisory Board	14 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 FY2022				
Corporate Governance Committee	6 times	Summary	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 FY2022				
Executive Board	28 times	Summary	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, 2022.

Main agenda of the Board of Directors meeting for the fiscal year ended March 31, 2022

[General management]

- The new G-TEKT management strategy
- Report on major agenda items at the Executive Board
- Business plan for the next fiscal year
- Construction plan for a new overseas plant
- Reorganization of overseas subsidiaries

[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

[Shareholders]

- Implementation of interim dividend
- Report on the results of shareholder questionnaires

[Other]

- Conducting and reporting on evaluation of the effectiveness of the Board of Directors
- Selection of the Prime Market of the Tokyo Stock Exchange
- Response to the revision of the Corporate Governance Code
- Partial sale of shares held by the Company

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 were pointed out 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 information gathering by Independent Outside Board Members, it has been pointed out that opportunities for information exchange and discussion were inadequate, and the need for further efforts was recognized. In the fiscal year ended March 31, 2022, a new third-party evaluation was conducted to enable analysis and evaluation from an objective standpoint using expert knowledge. As a result, it was confirmed that the Board of Directors is highly effective in establishing a system for dialogue with shareholders, providing appropriate non-financial information, and appropriately supervising human resource strategies. However, the spread of COVID-19 also had an impact, and the training of Officers and information sharing among Outside Board Members and Outside Audit & Supervisory Board Members remained inadequate, resulting in issues with the effectiveness of the operations of the Board of Directors. To address these issues, we plan to implement corporate governance measures to strengthen the operational functions of the Board of Directors, among others. 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. Recently, the diversity of the Board of Directors and increasing the percentage of Independent Outside Board Members have become critical concerns for institutional investors. As ongoing initiatives in response to the requirements of the Corporate Governance Code on this issue, the Company made the ratio of Independent Outside Board Members on the Board of Directors at least one-third in the fiscal year ended March 31, 2019, developed and published a skill matrix with identifying the skills required of the Board of Directors from the fiscal year ended March 31, 2022, and held a General Meeting of Shareholders on June 2022 that appointed a new Independent Outside Board

Member with management experience. In addition to improving the functions of the Board of Directors as described above, the June 2021 Corporate Governance Code has been revised to include items such as ensuring diversity in core human resources and addressing issues surrounding sustainability. Based on these revisions, we have established policies and targets for ensuring the diversity of our human resources, including managers, as well as a basic sustainability policy, and have publicly announced these policies. We also worked to enhance the quality and quantity of our climate change disclosures based on the TCFD, and achieved a transition to the Prime Market in the Tokyo Stock Exchange in April 2022. We will continue our efforts to comply with the Corporate Governance Code going forward.

Corporate Governance Report

https://www.g-tekt.jp/company/pdf/governance_report.pdf



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 FY2021, was ¥12.4 billion, and the actual result was ¥10.931 billion. For performance-linked share-based remuneration, points equivalent to ¥11 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)	209	159	10	39	5
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, 2022.

Anti-corruption initiatives

In December 2017, we established an anti-bribery policy in response to the anti-bribery laws and regulations of various countries, including Japan, the United Kingdom, and the United States, with the aim of maintaining healthy and transparent relationships with public officials, customers, and business partners. To ensure that bribery is not only prohibited but also effectively prevented, this policy stipulates that G-TEKT will promote the development of organizational structures and internal regulations, educate employees, request cooperation from

business partners, and properly conduct accounting records and audits. Based on this policy, we are working daily to prevent corruption by establishing a management system at the global level, using a manual that describes the policy, and reporting the use of expenses before and after the expenses are used.

Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>



Promotion of fair business practices

We recognize that a healthy competitive environment among companies is important for the development of society. With the aim of complying with the competition laws of each country and region (including related legislation), G-TEKT established a Competition Law Compliance Policy in December 2017, declaring that it will not tolerate any conduct that violates competition laws. This policy specifically stipulates the procedures to be followed by officers and employees of the G-TEKT

Group when participating in meetings with other companies in the same industry, as well as prohibited activities at such meetings, so that compliance with competition laws can be more effectively maintained. We ask our suppliers to comply with these rules in accordance with our CSR guidelines.

Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>



Tax Policy

G-TEKT CORPORATION (the "Company") establishes its tax policy and complies with it to fulfill responsibility for appropriate tax payments throughout its group.

1. General Principle	The Company contributes to financials of each country by appropriate tax payment in accordance with local laws and regulations in each country.
2. Transfer Pricing	The Company applies OECD transfer pricing guideline and the Base Erosion and Profit Shifting (BEPS) as overarching guiding principles for international transactions. It does not apply tax incentives that deviates from the intent of laws and regulations.
3. Governance	The Company is committed to resolve tax issues in a timely manner in cooperation with our overseas subsidiaries when it identifies them. Further, when it specifies highly important issues, it reports them to The Board of Directors of the Company. It reports them to Audit and Supervisory Board as well.
4. Promoting Tax Compliance Mindset and Knowledge	The Company is committed to educating its employees on tax compliance through its training programs.
5. Relationship with Tax Authorities	The Company makes efforts to have a productive relationship with each tax authority and sincerely responds to a request from tax authorities for providing information and takes measures to prevent recurrence to matters that tax authorities pointed out. Further, if disagreement arises, the company makes efforts to resolve it with constructive dialogue.
6. Scope of Application	This policy applies to The Company's all officers and employees. The Company also requests all business partners involved in its business activities to understand and cooperate with this policy.
7. Positioning	This policy supplements The Company's Philosophy and Code of Conduct.

Reference

<https://www.g-tekt.jp/english/ir/governance/basic.html>



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 11th Annual General Meeting of Shareholders held in 2022, we continued to recommend and implement the exercise of voting rights (in writing and via the Internet) in advance as we did last year. 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. In addition, we conducted the Gathering of Shareholders after taking thorough measures to prevent infection by COVID-19.

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 FY2021

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	16 ¹	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	— ²	Twice a year (spring and fall), tours of factories and research facilities in Japan are conducted.
Briefings for individual investors	1	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 three times.

² Due to the impact of the COVID-19 spread, we decided not to hold any tours in FY2021 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 implements countermeasures.

Description of risk		Response to risk
Changes in the economic environment	<ul style="list-style-type: none">Global recession, falling asset prices, and changes in the tax system have dampened the appetite of consumers for purchasing automobiles, leading to lower sales of automobiles.	<ul style="list-style-type: none">Analysis of macroeconomic trends and changes in fiscal and monetary policies in each country and their impact on the automotive market, and reviewing future investment and employment from time to time
Changes in the automotive market	<ul style="list-style-type: none">Trends in the shift to EVs in line with stricter environmental regulations toward decarbonizationTechnological and price competition with other companies in the same industry, and market share fluctuations due to new entrants	<ul style="list-style-type: none">Accurately understand the standardization of environmental regulations and strengthen the acquisition of EV-related component development and production technologiesDeveloping and proposing high value-added products by understanding customer needs with an eye to creating value for customers
Development technologies and production technologies	<ul style="list-style-type: none">Processing and production technologies for further weight reductionChanges in production technology due to the spread of multi-materials	<ul style="list-style-type: none">Development of weight saving technologies to meet customer needs quicklyConsolidate advanced automobile-related technologies from Europe, accurately understand market needs, and develop them on our ownPromoting joint development with other industries
Intellectual property rights	<ul style="list-style-type: none">Investment burden in the event of inferiority in obtaining rights for technologies under development	<ul style="list-style-type: none">Establish a department dedicated to the management of intellectual property to accelerate searches and applications for patent rights related to development projects
Quality	<ul style="list-style-type: none">Loss of new projects and liability for damages due to decreased customer confidence resulting from quality issues	<ul style="list-style-type: none">Design, installation, and operation of production lines in compliance with laws and regulations and international quality control standardsImage/video analysis and nondestructive testing in the manufacturing line, establishment of quality assurance functions that do not rely on human sensibilitiesPreventive maintenance of quality by visualization and monitoring of quality information of the Group
Dependence on specific sales partners	<ul style="list-style-type: none">Impact on our business due to factors such as business strategies, production adjustments, and sales trends of specific customers who hold nearly one-third of our total voting rights and account for approximately 60% of our net sales	<ul style="list-style-type: none">Reduction of dependency risk by expanding transactions with customers other than specific customersMaintain an appropriate governance structure, including a Board of Directors that is independent of the influence of specific customers to protect minority shareholders' interests
Supply chain	<ul style="list-style-type: none">Difficulty in procuring key components and purchased goods due to the shutdown of our suppliers as a result of factors including the pandemic and flooding	<ul style="list-style-type: none">Check hazard maps of procurement sites and secure alternative suppliers from cooperating manufacturersReduce risk by shortening the time required for mold production and the dispersion of processes, and establish a system for early recovery
Natural disasters, pandemics, man-made disasters	<ul style="list-style-type: none">Impact on business continuity due to natural disasters such as major earthquakes, tsunamis, volcanic eruptions, floods, and tornadoes, as well as terrorism, mass movements, labor movements such as employee strikes, power and energy crises.	<ul style="list-style-type: none">Formulate emergency measures and minimize damage based on the frequency of risk, financial impact, and other factors, based on a risk matrix analysis of each global production site
Compliance	<ul style="list-style-type: none">Decline in stakeholder trust and damage to corporate value due to legal violations, harassment, etc., by Group officers and employees	<ul style="list-style-type: none">Review and report to the Audit & Supervisory Board on the organization's self-examination, training, and corporate ethics proposals by the department specializing in complianceEnsure that employees are fully aware of the basic policy based on the commitment of top management
Exchange rate fluctuations	<ul style="list-style-type: none">Foreign exchange gains (losses) due to significant exchange rate fluctuations against the yen and changes in foreign currency translation differences	<ul style="list-style-type: none">Reduce the impact of exchange rate fluctuations by flexibly making forward exchange contracts for exports of equipment such as dies, jigs, and fixtures, and services such as dividends and royalties
Cyber security	<ul style="list-style-type: none">Increased sophistication of cyber attacksMalfunction of production management system and leakage of confidential data	<ul style="list-style-type: none">Review rules and improve training and education on cyber securityImplementing the latest cyber security software, monitoring and blocking cyberattacks 24 hours a day
Geopolitical risks	<ul style="list-style-type: none">Occurrence of unrest, political tension, terrorism, conflict, or war in the countries or regions where we operate	<ul style="list-style-type: none">Always collect information by taking a bird's eye view of international affairs and deepening our knowledge of geopolitical risksPre-set safety arrangements for people dispatched and their familiesRecovery of overseas assets in high-risk areas
Economic security	<ul style="list-style-type: none">Military diversion, etc. of technology, data, and precision equipment exported outside Japan	<ul style="list-style-type: none">Compliance with relevant laws and regulations, and strict operation of export control systems in accordance with the intent of laws and regulations

Message from the Outside Board Member

Looking back on this year

Looking back over the past year, we have been forced to respond to the COVID-19 pandemic, which has continued since the year before last. In the long term, the Company's major management challenge is to respond to the major changes in the automotive industry (structural changes related to the shift to EVs, automated driving, etc.), while in the short term, dealing with the effects of stagnation in automobile production due to semiconductor supply shortages has become a major management issue. Under these circumstances, although the Board of Directors was willing to discuss the issues face-to-face as much as possible, it continued to be caught in the wave of the COVID-19 pandemic, and Outside Board Members and Outside Audit & Supervisory Board Members primarily participated via the web. However, I would like to reiterate with this report that the meetings of the Board of Directors have been as active as face-to-face meetings, even online, with both long-term and short-term issues in mind.

Looking back over the past 10 years

I was appointed as an Outside Board Member of the Company in June 2013, so this year marks exactly 10 years since my appointment. Looking back over the past 10 years, I am reminded of the Company's development. It has been a remarkable decade not only for the significant increase in sales, but also for the establishment of a research and development base (G-TEKT TOKYO LAB), a new plant in Europe (G-TEKT Slovakia, s.r.o.), and remarkable progress in production and sales in China, all of which have planted the seeds for the future development of the Company. In addition to production and sales, we also understand that in the internal control system, which is the cornerstone of risk management, we have made progress in acquiring and training personnel for the Legal Division and other administrative divisions and the Internal Audit Office, compared to 10 years ago. Furthermore, the Board of Directors and the Audit & Supervisory Board are composed of Outside Board Members and Outside Audit & Supervisory Board Members with legal, tax, and business knowledge, as well as a female Outside Board Member who is a university professor, and we believe that the composition of the Board of Directors and the Audit & Supervisory Board is such that the consideration given to their skills and diversity can be appreciated to a certain extent.

Future challenges

However, we believe that there are many challenges ahead. As similarly pointed out in last year's Integrated Report, the most important of these is to further improve the quality of our global governance structure and global internal control system, given the fact that we have many subsidiaries overseas and derive the majority of our revenue from them. This is a permanent challenge. The Board of Directors should continue its reform efforts to create a system that is appropriate for the location of each subsidiary, while also remaining globally consistent. Based on the enhancement of such governance and internal control systems, we believe that it is essential to ensure balanced earnings at each of our global locations, in order to overcome various risks and secure medium to long-term growth. In addition, the development and acquisition of human resources and the establishment of sustainability are also important issues. When promoting the development and acquisition of human capital, we must not forget to ensure diversity from all perspectives. While we believe that sustainability is essentially a question of whether long-term effects will occur or not, it should also be noted that efforts to ensure sustainability will be relevant to the company's reputation in the short term, as well. There are and will be many other issues in addition to these. We would like to ask all of our stakeholders for their understanding and support.



Lead Independent
Outside Member of
the Board
Makoto Ogo

Consolidated Financial Summary

» Financial indicators (Japan GAAP)

		FY2012	FY2013	FY2014	FY2015		FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Operating results												
Net sales	(Millions of yen)	154,518	181,517	193,769	220,731		206,072	219,849	255,637	228,253	209,420	236,503
Overseas net sales ratio	(%)	70.4	73.9	73.4	77.3		76.1	78.2	78.1	78.4	77.6	81.3
Operating profit	(Millions of yen)	11,392	14,121	9,643	12,826		14,402	14,272	16,813	8,677	8,050	10,931
Ordinary profit	(Millions of yen)	11,815	13,852	8,983	11,382		14,430	14,606	17,423	8,744	8,653	12,532
Profit attributable to owners of parent	(Millions of yen)	7,537	8,020	4,652	7,559		9,706	11,532	10,470	5,633	6,532	8,878
Depreciation	(Millions of yen)	11,956	14,043	17,343	22,855		21,289	19,739	21,263	19,649	19,721	15,173
Capital expenditures	(Millions of yen)	16,217	21,056	43,671	20,181		22,394	21,918	22,384	30,117	21,557	14,224
Research and development expenses	(Millions of yen)	683	1,879	2,566	2,161		2,242	2,031	2,373	2,418	2,444	2,446
Financial position												
Total assets	(Millions of yen)	144,752	194,495	227,690	215,285		208,584	224,855	225,296	232,188	237,955	282,540
Net assets	(Millions of yen)	80,487	100,599	116,044	114,775		119,340	130,502	133,480	131,598	145,052	163,924
Net interest-bearing debt	(Millions of yen)	20,928	33,551	55,241	45,684		28,232	28,940	21,153	21,723	17,216	22,995
Cash flows												
Cash flows from operating activities	(Millions of yen)	18,860	21,423	16,562	31,771		32,174	24,448	33,543	22,933	25,120	14,064
Cash flows from investing activities	(Millions of yen)	(22,150)	(29,858)	(36,792)	(21,420)		(14,601)	(26,809)	(25,620)	(25,004)	(15,527)	(18,860)
Cash flows from financing activities	(Millions of yen)	34	9,843	13,419	(7,944)		(14,809)	1,502	(6,975)	13,532	(17,343)	12,546
Free cash flow	(Millions of yen)	(3,290)	(8,435)	(20,230)	10,351		17,573	(2,361)	7,923	(2,071)	9,593	(4,796)
Cash and cash equivalents	(Millions of yen)	13,126	16,117	11,221	14,604		18,189	17,657	18,141	31,841	25,970	35,968
Per share information												
EPS (earnings per share)	(Yen)	179.05	182.76	106.01	172.93		222.46	264.28	243.11	131.35	152.15	206.68
BPS (book-value per share)	(Yen)	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	3,543.98
Cash dividends per share	(Yen)	34.00	40.00	24.00	32.00		36.00	39.00	46.00	48.00	50.00	56.00
Payout ratio	(%)	9.5	10.9	22.6	18.5		16.2	14.8	18.9	36.5	32.9	27.1
Management indicators												
Operating profit margin	(%)	7.4	7.8	5.0	5.8		7.0	6.5	6.6	3.8	3.8	4.6
Ordinary profit ratio	(%)	7.6	7.6	4.6	5.2		7.0	6.6	6.8	3.8	4.1	5.3
Net profit ratio	(%)	4.9	4.4	2.4	3.4		4.7	5.2	4.1	2.5	3.1	3.8
Equity ratio	(%)	50.5	46.9	46.0	48.1		51.5	52.6	53.9	51.8	56.2	53.9
ROE	(%)	11.9	8.2	4.8	7.3		9.2	10.2	8.7	4.7	5.1	6.2
ROA*	(%)	6.6	4.1	2.0	3.5		4.7	5.1	4.6	2.4	2.7	3.1
ROIC	(%)	7.3	7.0	3.9	5.5		6.5	5.9	7.1	3.4	3.1	3.5

* Net income divided by total assets.

Non-financial Summary

» Environmental data

| Greenhouse gas emissions

(t-CO₂)

	FY2018	FY2019	FY2020	FY2021
Direct emissions (Scope 1)	-	10,877	10,093	9,663
Japan	-	1,120	1,025	880
North America region	-	7,056	6,788	6,858
Europe region	-	1,071	866	692
Asia region	-	945	625	561
China region	-	469	651	494
South America region	-	217	137	178
Indirect emissions (Scope 2)	-	105,335	91,054	97,546
Japan	-	17,258	10,211	10,527
North America region	-	41,889	36,471	37,081
Europe region	-	2,169	2,397	1,190
Asia region	-	19,107	12,117	14,992
China region	-	24,356	29,337	32,757
South America region	-	556	521	1,000

* Not listed for FY2018 because location-based emission factors are used for FY2018 and market-based emission factors are used starting in FY2019.

| Water resource usage

(1,000m³)

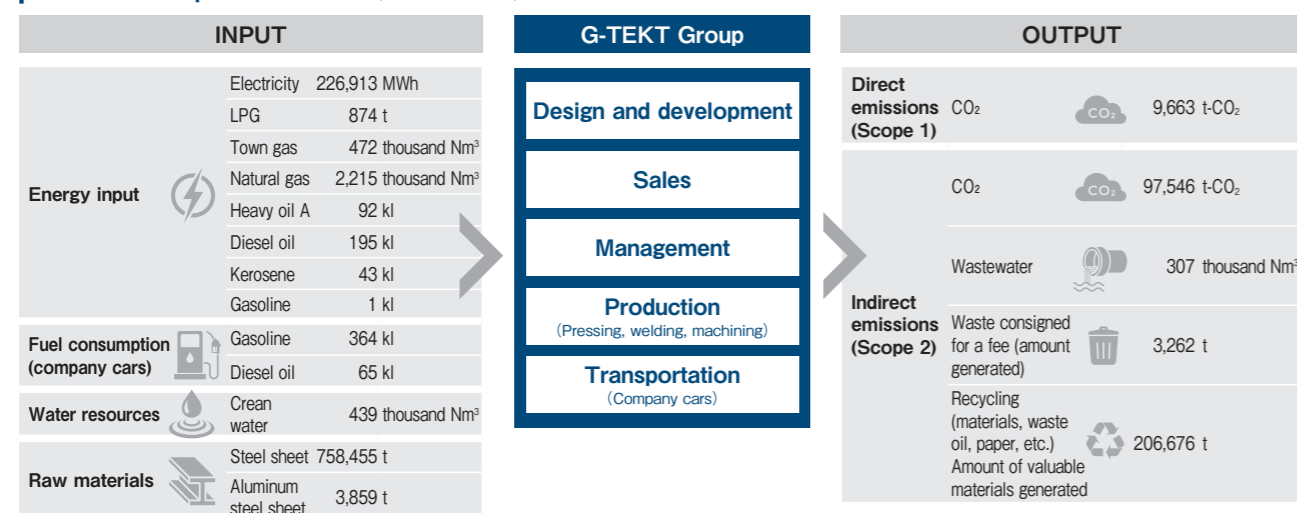
	FY2018	FY2019	FY2020	FY2021
Water resource usage	456	429	407	439
Japan	60	57	64	59
North America region	63	67	58	65
Europe region	7	8	12	31
Asia region	162	136	99	93
China region	154	147	165	181
South America region	10	14	9	9

| Amount of waste generated

(t)

	FY2018	FY2019	FY2020	FY2021
Amount of waste generated	4,445	3,664	3,314	3,262
Japan	622	692	795	791
North America region	1,107	858	708	622
Europe region	880	1,096	1,012	1,018
Asia region	459	415	336	353
China region	890	287	322	336
South America region	488	316	141	142

| G-TEKT Group material flow (*FY2021 Results)



» Personnel and labor data

| Number of employees in the G-TEKT Group

(people)

	FY2018	FY2019	FY2020	FY2021
Japan segment	1,649	1,705	1,632	1,528
Employees	1,172	1,162	1,169	1,151
Temporary employees	477	543	463	377
North America segment	2,532	2,668	2,527	2,281
Employees	2,235	2,355	2,282	2,139
Temporary employees	297	313	245	142
Europe segment	936	930	861	738
Employees	936	911	825	695
Temporary employees	0	19	36	43
Asia segment	2,522	2,388	1,982	2,070
Employees	1,703	1,675	1,492	1,589
Temporary employees	819	713	490	481
China segment	2,327	2,284	2,333	2,571
Employees	1,882	1,851	1,800	1,933
Temporary employees	445	433	533	638
South America segment	743	735	604	615
Employees	732	722	604	615
Temporary employees	11	13	0	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)

	FY2018	FY2019	FY2020	FY2021
New graduate hires	17	17	12	14
Mid-career hires	12	6	5	10
Retention rate (new graduates, after 3 years)	100%	94.1%	100%	71%

* 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)

	FY2018	FY2019	FY2020	FY2021
Number of employees acquiring childcare leave	5	7	6	4
Males	0	1	4	0
Females	5	6	2	4
Number of employees acquiring childbirth leave	44	66	41	36
Males	39	60	37	30
Females	5	6	4	6
Number of days of paid leave taken	10.9	11.6	12.6	13.4
Acquisition rate	58%	62%	66%	70%

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

| Number of reports to the corporate ethics reporting hotline (Japan only)

(cases)

	FY2018	FY2019	FY2020	FY2021
Number of reports to the corporate ethics reporting hotline	21	19	30	8
Human rights and harassment	3	5	7	0
Work environment	6	4	6	4
Injustice	4	0	4	1
Manners and morals	1	2	5	1
Appropriate business execution	5	8	7	2
Quality	0	0	0	0
Other	2	0	1	0

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

| Intellectual property

(cases)

	FY2018	FY2019	FY2020	FY2021
Number of published applications	1	1	6	5
Number of patent granted	1	0	2	16

* With the purpose of utilizing intellectual property rights in our business, we are utilizing the Accelerated Examination System.

Financial Analysis

Overview of the fiscal year ended March 31, 2022

Analysis of operating results

For the fiscal year ended March 31, 2022, while Honda's order production volume declined, new orders from other companies' sales contributed to sales, and changes in material unit prices and foreign exchange effects resulted in net sales of ¥236.5 billion (up 12.9% YoY). As for profits, operating profit was ¥10.9 billion (up 35.8% YoY) as a result of cost reduction efforts and continued cost containment, while responding to rapid production fluctuations. Ordinary profit was ¥12.3 billion (up 44.8% YoY), mainly due to improved interest income and foreign exchange gains. Net profit attributable to owners of parent was ¥8.9 billion (up 35.9% YoY) due to the normalization of the tax burden.

Overview of financial position

Total assets at the end of the fiscal year ended March 31, 2022 increased by ¥44.5 billion YoY to ¥282.5 billion. Total liabilities increased by ¥25.7 billion YoY to ¥118.6 billion. Total net assets increased by ¥18.9 billion YoY to ¥163.9 billion.

Overview of cash flows

The balance of cash and cash equivalents ("cash") at the end of the fiscal year ended March 31, 2022 increased by ¥10.0 billion YoY to ¥36.0 billion.

[Net cash provided by (used in) operating activities]

Net cash provided by operating activities amounted to ¥14.1 billion, a decrease of ¥11.1 billion from ¥25.1 billion provided in the previous fiscal year. The principal factors for the increase were profit before income taxes of ¥12.6 billion and depreciation of ¥15.2 billion. The factors for the decrease were increases in trade receivables of ¥10.8 billion and in inventories of ¥3.6 billion, and a decrease in advances received of ¥3.1 billion.

[Net cash provided by (used in) investing activities]

Net cash used in investing activities was ¥18.9 billion, an increase of ¥3.3 billion from the ¥15.5 billion used in the previous fiscal year. The principal factors for the increase was an increase in time deposits. The factors for the decrease were ¥17.4 billion for the purchase of property, plant and equipment and ¥0.2 billion for the purchase of intangible assets.

[Net cash provided by (used in) financing activities]

Net cash provided by financing activities was ¥12.5 billion, an increase of ¥29.9 billion compared to net cash used in financing activities of ¥17.3 billion in the previous fiscal year. The main factors for increase were a ¥5.4 billion increase in short-term borrowings and a ¥9.6 billion net increase in long-term borrowings. The factor for the decrease was ¥2.3 billion for the payment of dividends.

Forecast for the fiscal year ending March 31, 2023 (disclosed on November 4, 2022)

We forecast net sales of ¥324.0 billion (up 37.0% YoY). In terms of profits, we forecast operating profit of ¥14.1 billion (up 29.0% YoY), ordinary profit of ¥16.2 billion (up 29.3% YoY), and net profit attributable to owners of parent of ¥11.5

billion (up 29.5% YoY).

We assume exchange rates of ¥135.00 to the US dollar and ¥20.00 to the Chinese yuan.

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, 2023, we have decided to pay an interim dividend of ¥29 per share, and plan to pay a year-end dividend of ¥29 per share as well, for an annual

dividend of ¥58 per share, up ¥2 from the previous year. Based on the policy above, we will continue to pay stable dividends after considering as a whole the Group's business performance, earnings and financial base, and business environment, etc., maintaining liquidity on hand and securing dividend funds.

Reference

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



Summary of net sales by business/customer

Results for the fiscal year ended March 31, 2022

By business segment, net sales in the auto body components business were ¥198.3 billion, up ¥25.1 billion YoY. Although prototype sales decreased due to fewer new-model events, car model development increased ¥2.1 billion from the previous year to ¥29.5 billion due to an increase in sales of mold equipment. From the fiscal year under review, the accounting standard for revenue recognition has been changed, and the previous split recovery of tooling costs is now recorded as a

lump sum at the start of mass production. Transmission parts sales totaled ¥6.7 billion due to production cutbacks. By customer, Honda and Subaru were greatly affected by global semiconductor supply shortages and parts procurement difficulties. Net sales increased from the previous year, mainly due to the impact of foreign currency translation, to ¥137.4 billion and ¥15.1 billion, respectively. Sales to Toyota increased especially in China, South America, and Europe, thanks to an expansion of new orders overseas. Net sales

amounted to ¥51.5 billion, exceeding ¥50 billion. As for European manufacturers, net sales increased for Jaguar Land

Rover with the launch of new models and for BMW with expansion in North America and Slovakia.

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2018		Fiscal year ended March 31, 2019		Fiscal year ended March 31, 2020		Fiscal year ended March 31, 2021		Fiscal year ended March 31, 2022		Plan for fiscal year ending March 31, 2023
[Main exchange rates]											
USD	110.91		110.94		108.80		106.05		112.36		134.46
RMB	16.63		16.72		15.61		15.66		17.50		19.94
THB	3.30		3.42		3.51		3.41		3.44		3.79
Net sales	2,198		2,556		2,283		2,094		2,365		3,240
[Net sales by customer]											
	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	Amount	Composition ratio	
Honda	1,516	69.0	1,688	66.0	1,444	63.3	1,332	63.6	1,374	58.1	
Number of units orders received (10,000 units)	478.3	—	494.3	—	441.3	—	424.0	—	381	—	
Toyota	178	8.1	327	12.8	317	13.9	343	16.4	515	21.8	
SUBARU	212	9.6	213	8.3	202	8.9	147	7.0	151	6.4	
European manufacturers (Jaguar Land Rover, BMW)	48	2.2	70	2.7	106	4.6	93	4.4	132	5.5	
Other	244	11.1	258	10.1	214	9.3	179	8.6	193	8.2	

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

Overview of capital investment and R&D

Capital investment results

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

The total amount of capital investment for the fiscal year ended March 31, 2022 was ¥14.2 billion. This includes ¥7.7 billion for investment in models to launch new models, and ¥6.6 billion for basic investment including general-purpose investment.

R&D results

The Group engages in R&D activities related to the development and manufacture of lightweight and highly rigid auto body components. Research and development of advanced technologies and new products is the role of the G-TEKT Tokyo Lab. The total amount of R&D expenses at the G-TEKT Tokyo Lab for the fiscal year ended March 31, 2022 was ¥1.2 billion, and the main R&D themes were as follows.

[Advanced technology development]

In response to environmental requirements and the accelerating shift to EVs, we are working on the early mass production of processing and joining technologies for new materials for conventional car body frame parts. We have also begun to develop elemental technologies to meet the increasingly stringent strength and weight reduction requirements in accordance with the shift to EVs. ●High-speed continuous joining with low distortion ●Dissimilar material joining technology ●Adhesive joining ●Tailored properties ●Development of molding technology for high-strength and lightweight materials (steel/aluminum/composite materials) for EVs, which are increasing in weight ●Selection of

manufacturing methods and construction of demonstration lines, etc. necessary to support the shift to EVs ●Survey of future technologies from the LCA perspective and formulation of CO₂ emission evaluation criteria

[Support for the shift to EVs]

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 next-generation lightweight and highly rigid bodies with an integrated battery housing by utilizing our whole-vehicle body analysis technology acquired through our weight reduction proposal activities. The main contents of the development are as follows.

●Building a structure with the flexibility to easily configure specifications for a large number of customers ●Selection of a low environmental impact manufacturing method with high productivity to meet the volume zone and construction of specifications ●Proposal for aluminum battery housings with expected increase in production volume ●Acquisition of performance evaluation capability in the area of chassis components that connect the body and powertrain ●Construction of optimal specifications for a single vehicle, taking into consideration collision safety and reduction of environmental impact as an EV vehicle

The need for electric powertrain-related components is expected to grow rapidly in line with the global increase in demand for EVs, and the Group has begun developing mass production technologies for new business areas, such as drive motors and drive train reduction system-related components, where G-TEKT can contribute by leveraging its fundamental technologies.

(Unit: 100 millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Plan for fiscal year ending March 31, 2023
Capital investment	219	224	301	216	142	262
Model investment	94	149	133	85	77	146
Basic investment	125	75	168	131	66	116
Depreciation	197	213	196	197	152	164
Research and development expenses	20	24	24	24	24	35

Financial Data

» Consolidated balance sheet

(Unit: Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	29,162	40,685
Notes and accounts receivable-trade	29,534	51,230
Finished goods	1,341	1,908
Work in process	20,790	29,081
Raw materials	2,319	3,872
Supplies	1,115	1,297
Other	6,300	8,374
Total current assets	90,565	136,450
Non-current assets		
Property, plant and equipment		
Buildings and structures	91,385	99,924
Accumulated depreciation	(37,086)	(42,150)
Buildings and structures (net)	54,299	57,773
Machinery, equipment and vehicles	148,676	164,971
Accumulated depreciation	(111,741)	(126,325)
Machinery, equipment and vehicles (net)	36,935	38,645
Tools, furniture and fixtures	152,558	142,622
Accumulated depreciation	(134,030)	(130,994)
Tools, furniture and fixtures (net)	18,528	11,627
Land	12,902	13,342
Construction in progress	12,797	12,677
Total property, plant and equipment	135,463	134,067
Intangible assets	1,699	1,416
Investments and other assets		
Investment securities	7,832	8,518
Deferred tax assets	2,068	1,769
Other	334	326
Allowance for doubtful accounts	(8)	(8)
Total investments and other assets	10,227	10,606
Total non-current assets	147,390	146,090
Total assets	237,955	282,540

(Unit: Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	20,581	30,394
Short-term borrowings	15,583	22,247
Current portion of long-term borrowings	8,549	12,414
Accounts payable - other	6,323	6,773
Income taxes payable	1,278	1,610
Provision for bonuses	1,342	1,424
Other	8,602	6,301
Total current liabilities	62,261	81,165
Non-current liabilities		
Long-term borrowings	22,246	29,019
Retirement benefit liability	1,304	1,048
Provision for share awards for directors (and other officers)	397	438
Deferred tax liabilities	3,565	5,131
Other	3,128	1,811
Total non-current liabilities	30,641	37,450
Total liabilities	92,903	118,615
Net assets		
Shareholders' equity		
Share capital	4,656	4,656
Capital surplus	23,635	23,635
Retained earnings	96,839	103,677
Treasury shares	(1,772)	(1,707)
Total shareholders' equity	123,358	130,261
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,115	1,285
Deferred gains or losses on hedges	—	1
Foreign currency translation adjustment	9,032	20,363
Remeasurements of defined benefit plans	337	380
Total accumulated other comprehensive income	10,485	22,031
Non-controlling interests	11,207	11,631
Total net assets	145,052	163,924
Total liabilities and net assets	237,955	282,540

Consolidated statement of income

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	209,420	236,503
Cost of sales	189,348	212,396
Gross profit	20,072	24,106
Selling, general and administrative expenses	12,022	13,174
Operating profit	8,050	10,931
Non-operating income		
Interest income	292	405
Dividend income	107	141
Foreign exchange gains	220	781
Share of profit of entities accounted for using equity method	70	50
Gain on sale of scrap	79	164
Subsidy income	296	118
Other	276	625
Total non-operating income	1,341	2,287
Non-operating expenses		
Interest expenses	674	560
Foreign exchange losses	—	—
Other	64	125
Total non-operating expenses	738	686
Ordinary profit	8,653	12,532
Extraordinary income		
Gain on sale of non-current assets	76	47
Gain on sale of investment securities	—	3
Total extraordinary income	76	51
Extraordinary losses		
Loss on sale of non-current assets	2	13
Loss related to COVID-19	418	—
Total extraordinary losses	421	13
Profit before income taxes	8,308	12,570
Income taxes - current	2,113	3,148
Income taxes - deferred	(55)	930
Total income taxes	2,058	4,079
Profit	6,250	8,490
Loss attributable to non-controlling interests	(281)	(387)
Profit attributable to owners of parent	6,532	8,878

Consolidated statement of cash flows

(Unit: Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	8,308	12,570
Depreciation	19,721	15,173
Increase (decrease) in retirement benefit liability	(26)	(289)
Increase (decrease) in provision for bonuses	69	25
Interest and dividend income	(399)	(546)
Interest expenses	674	560
Share of loss (profit) of entities accounted for using equity method	(70)	(50)
Loss (gain) on sale of investment securities	—	(3)
Loss (gain) on sale and retirement of non-current assets	(74)	(34)
Loss related to COVID-19	133	—
Decrease (increase) in trade receivables	(4,445)	(10,750)
Decrease (increase) in inventories	11	(3,605)
Increase (decrease) in trade payables	2,717	6,193
Increase (decrease) in consumption taxes receivable/payable	437	(494)
Increase (decrease) in advances received	805	(3,110)
Increase (decrease) in accounts payable - other	(532)	(172)
Other	(54)	1,386
Subtotal	27,274	16,851
Interest and dividends received	540	626
Interest paid	(666)	(593)
Income taxes refund (paid)	(2,028)	(2,819)
Net cash provided by (used in) operating activities	25,120	14,064
Cash flows from investing activities		
Net decrease (increase) in time deposits	3,947	(1,325)
Purchase of property, plant and equipment	(19,205)	(17,419)
Proceeds from sale of property, plant and equipment	128	68
Purchase of intangible assets	(362)	(172)
Purchase of investment securities	(71)	(74)
Proceeds from sale of investment securities	—	33
Other	37	28
Net cash provided by (used in) investing activities	(15,527)	(18,860)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(14,083)	5,426
Proceeds from long-term borrowings	7,072	18,220
Repayments of long-term borrowings	(7,535)	(8,593)
Repayments of installment payables and finance lease obligations	(141)	(207)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,126)	(2,299)
Dividends paid to non-controlling interests	(104)	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(424)	—
Net cash provided by (used in) financing activities	(17,343)	12,546
Effect of exchange rate change on cash and cash equivalents	1,879	2,246
Net increase (decrease) in cash and cash equivalents	(5,870)	9,997
Cash and cash equivalents at beginning of period	31,841	25,970
Cash and cash equivalents at end of period	25,970	35,968

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
Contact point	Mitsubishi UFJ Trust and Banking Corporation Stock Transfer Agency PO Box 29, Shin-Tokyo Post Office, 137-8081 Phone: 0120-232-711 (toll-free)
Stock exchange listing	Prime Market, Tokyo Stock Exchange

Status of shares (as of March 31, 2022)

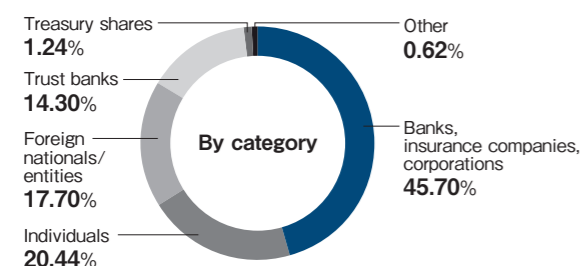
Total number of shares authorized	100,000,000 shares
Total number of shares issued	43,931,260 shares
Number of shareholders	15,055

Major shareholders (top 10, honorifics omitted)

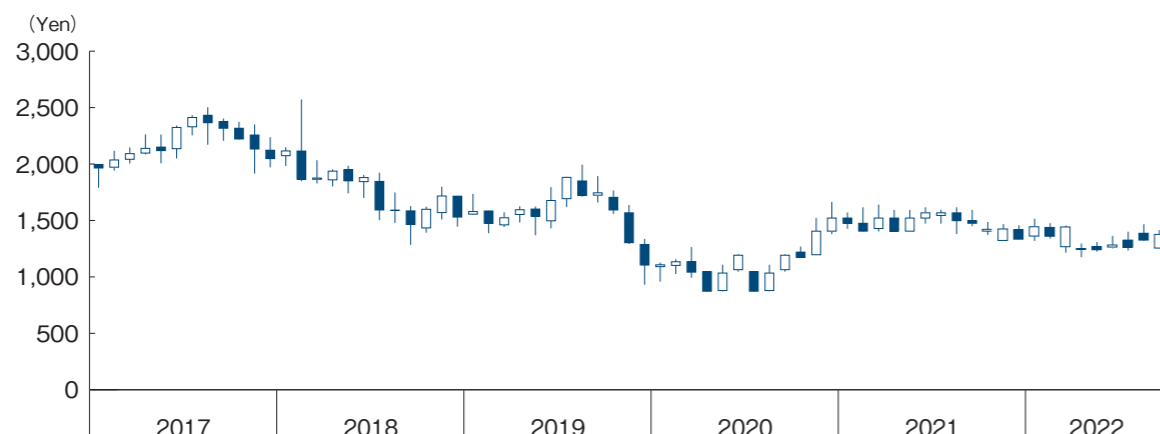
Name of shareholders	Number of shares held	Shareholding ratio (%)
Honda Motor Co., Ltd.	13,035,098	30.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,466,500	7.99
BBH FOR FIDELITY PURITAN TR: FIDELITY SR INTRINSIC OPPORTUNITIES FUND	2,918,382	6.73
Custody Bank of Japan, Ltd. (Trust Account)	2,262,784	5.22
Toshitsugu Kikuchi	2,225,901	5.13
KP K.K.	2,200,800	5.07
TK Holdings Inc.	2,194,344	5.06
Naohiro Takao	1,286,576	2.97
SSBTC CLIENT OMNIBUS ACCOUNT	802,755	1.85
RE FUND 107-CLIENT AC	672,300	1.55

*1. The shareholding ratio is calculated by deducting 545,124 shares of treasury shares.

*2. Treasury shares does not include 413,884 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 November 30, 2022)

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	Production
Engineering, R&D, quality assurance	Saitama Plant (manufacturing of auto body components)
G-TEKT Technical Center (engineering)	Hamura Office, Saitama Plant (manufacturing of auto body components)
G-TEKT TOKYO LAB (research and development)	Shiga Plant (manufacturing of auto body components/die design and production/welding facility design)
G-TEKT Quality Assurance Center (quality assurance)	Tochigi Plant (manufacturing of transmission parts/die design)
Sales	Gunma Plant (manufacturing of auto body components/die design and production)
C&C Tochigi (product development/sales)	

Overseas

North America	
United States Jefferson Industries Corporation (manufacturing of auto body components) G-TEKT North America Corporation (research and sales) 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-TEKT MEXICO CORP. S.A. DE C.V. (manufacturing of auto body components and transmission parts) G-ONE AUTO PARTS DE MEXICO, S.A. DE C.V. (manufacturing of auto body components) <small>*Equity-method affiliates</small>	
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)	
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 Auto Parts Alliance (China) Ltd. (manufacturing of small pressed parts for auto bodies) G-TEKT (Shanghai) Technical & Trading Co., Ltd. (research and sales)	
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)	
Indonesia PT.G-TEKT Indonesia Manufacturing (manufacturing of auto body components and transmission parts)	

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>

