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**Consolidated Financial Results
for the Nine Months Ended December 31, 2017
<under Japanese GAAP>**

F-TECH INC.

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1. Qualitative information regarding financial results for the period under review

(1) Information regarding operating results

The global economy in the nine months ended December 31, 2017, maintained a general trend of recovery. In the United States, with steady spending and continued gradual expansion of consumer spending backed by a favorable employment situation, it was decided to raise the policy interest rate to normalize the financial environment. In China, while economic growth became slow, the economic activity remained solid, driven mainly by infrastructure investment. The economies of other emerging countries also remained generally firm. The Japanese economy has continued a moderate recovery supported by a recovery in exports and production, encouraged by the firm global economy.

In the automotive industry, while new automobile sales began to level off in the United States, a stable increase continued in China, and sales remained strong in Japan and other countries in Asia.

Under these circumstances, the Group has set the basic policies of “Back to Basics” and “Challenge for New” outlined in the 13th Mid-term plan, which started in April 2017, and has been working to provide its customers with new value.

The operating results for the Group during the nine months under review are as follows. The Group benefited from an increase in production by major customers in the Japanese market and favorable sales by major customers and other customers in the Chinese market. Net sales rose by 15.7% year on year to 163,802 million yen, operating profit decreased by 9.6% year on year to 5,321 million yen, ordinary profit decreased by 9.1% year on year to 4,537 million yen and profit attributable to owners of parent rose by 46.1% year on year to 3,500 million yen.

Operating results by segment are as follows.

(Japan)

Favorable sales due to an increase in production volumes of the major customers of the Company led to net sales rising by 12.5% year on year to 21,040 million yen. The segment recorded an operating profit of 1,538 million yen, up by 77.5% year on year.

(North America)

Although, by the impact from a temporary lull of automobile sales in the United States, production volumes of the major customers in North America moderated, net sales rose by 11.6% year on year to 95,772 million yen due to the start-up of products for newly awarded contracts from customers, the increase in tooling sales, and the impact of yen depreciation in the exchange market compared with the same period of previous year. The segment recorded an operating loss of 319 million yen (an operating profit of 2,272 million yen was recorded in the same period of the previous year) due to the end of production of high-value-added products, an increase in cost associated with the start-up of products that were newly awarded, and production efficiency decreased by a tight labor market.

(Asia)

Due to favorable sales mainly to major customers in China, net sales rose by 26.9% year on year to 46,989 million yen and operating profit rose by 58.0% year on year to 3,984 million yen.

(2) Information regarding financial position

As of December 31, 2017, total assets increased by 9,276 million yen compared with the end of the previous fiscal year to 153,697 million yen, mainly reflecting increases in notes and accounts receivable - trade, work in process, raw materials and supplies, and machinery, equipment and vehicles.

Liabilities increased by 2,685 million yen from the end of the previous fiscal year to 97,374 million yen mainly reflecting increases in short-term loans payable, current portion of long-term loans payable, and long-term loans payable.

Net assets increased by 6,590 million yen from the end of the previous fiscal year to 56,323 million yen mainly reflecting increases in capital stock, capital surplus, and retained earnings.

(3) Information regarding revisions to consolidated earnings forecasts

Taking recent performance trends into consideration, the Company has revised its consolidated earnings forecasts, which were announced on November 7, 2017, as described below.

Revisions to consolidated earnings forecasts for the fiscal year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previous forecasts (A)	220,000	8,200	7,100	4,400	245.70
Current forecasts (B)	226,000	7,000	6,000	4,200	237.88
Difference (B-A)	6,000	(1,200)	(1,100)	(200)	
Difference (%)	2.7	(14.6)	(15.5)	(4.5)	
(Reference) Actual results for the previous fiscal year (Fiscal year ended March 31, 2017)	197,941	8,035	7,214	4,035	261.01

Reasons for the revisions

In regard to the consolidated earnings forecasts for the fiscal year ending March 31, 2018, although production was strong at major customers in Asia, including Japan and China, a decrease in profit is forecast due to events in North America including new customers' new model production plans being pushed back, the impact of customers being affected by strikes, and an increase in costs to improve logistics and production efficiency for the future.

Average exchange rates for the fiscal year are assumed at 111.24 yen to the U.S. dollar.

Note: The above-stated earnings forecasts are based on information currently available to the Company and are considered to be rational on this basis. However, as they include risks and uncertainties which are subject to various future events, actual results may differ from forecasts.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Assets		
Current assets		
Cash and deposits	5,719	6,470
Notes and accounts receivable - trade	33,151	35,856
Merchandise and finished goods	5,883	6,045
Work in process	4,228	5,382
Raw materials and supplies	8,533	10,176
Other	4,383	5,428
Total current assets	61,899	69,361
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,937	18,757
Machinery, equipment and vehicles, net	33,374	40,629
Construction in progress	11,416	6,164
Other, net	10,948	10,897
Total property, plant and equipment	74,676	76,449
Intangible assets	508	386
Investments and other assets		
Investment securities	5,677	5,966
Other	1,676	1,548
Allowance for doubtful accounts	(17)	(13)
Total investments and other assets	7,336	7,500
Total non-current assets	82,521	84,336
Total assets	144,420	153,697
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,186	19,993
Short-term loans payable	20,562	23,823
Current portion of long-term loans payable	10,953	12,739
Income taxes payable	649	547
Provision for directors' bonuses	134	103
Other	9,979	9,230
Total current liabilities	63,465	66,436
Non-current liabilities		
Bonds payable	2,350	-
Long-term loans payable	23,271	26,507
Provision for directors' retirement benefits	280	95
Net defined benefit liability	987	969
Negative goodwill	67	63
Other	4,265	3,302
Total non-current liabilities	31,222	30,937
Total liabilities	94,688	97,374

(Millions of yen)

	As of March 31, 2017	As of December 31, 2017
Net assets		
Shareholders' equity		
Capital stock	5,615	6,790
Capital surplus	6,155	7,330
Retained earnings	21,425	24,446
Treasury shares	(18)	(18)
Total shareholders' equity	33,177	38,548
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	740	881
Foreign currency translation adjustment	270	974
Remeasurements of defined benefit plans	(533)	(446)
Total accumulated other comprehensive income	477	1,409
Non-controlling interests	16,077	16,365
Total net assets	49,732	56,323
Total liabilities and net assets	144,420	153,697

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Net sales	141,530	163,802
Cost of sales	123,849	145,742
Gross profit	17,681	18,060
Selling, general and administrative expenses	11,792	12,739
Operating profit	5,888	5,321
Non-operating income		
Interest income	41	63
Dividend income	42	35
Share of profit of entities accounted for using equity method	371	214
Other	120	153
Total non-operating income	576	466
Non-operating expenses		
Interest expenses	640	821
Foreign exchange losses	808	307
Other	27	121
Total non-operating expenses	1,476	1,250
Ordinary profit	4,988	4,537
Extraordinary income		
Gain on sales of non-current assets	29	39
Gain on sales of investment securities	2	–
Total extraordinary income	32	39
Extraordinary losses		
Loss on sales of non-current assets	1	0
Loss on retirement of non-current assets	32	56
Impairment loss	152	–
Total extraordinary losses	186	57
Profit before income taxes	4,835	4,519
Income taxes - current	1,211	1,173
Income taxes - deferred	280	(814)
Total income taxes	1,492	358
Profit	3,342	4,160
Profit attributable to		
Profit attributable to owners of parent	2,396	3,500
Profit attributable to non-controlling interests	946	659
Other comprehensive income		
Valuation difference on available-for-sale securities	112	157
Foreign currency translation adjustment	(3,320)	1,324
Remeasurements of defined benefit plans, net of tax	52	85
Share of other comprehensive income of entities accounted for using equity method	(50)	(139)
Total other comprehensive income	(3,206)	1,427
Comprehensive income	136	5,587
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	186	4,431
Comprehensive income attributable to non-controlling interests	(50)	1,156

(3) Notes to quarterly consolidated financial statements

Uncertainties of entity's ability to continue as going concern

Not applicable.

Substantial changes in the amount of shareholders' equity

Not applicable.

Application of special accounting for preparing quarterly consolidated financial statements

Tax expenses in the quarterly consolidated financial statements for a portion of consolidated subsidiaries are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against profit before income taxes for the fiscal year including the third quarter ended December 31, 2017, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate.

Segment information, etc.

Segment information

I. Nine months ended December 31, 2016

1. Disclosure of net sales and profit for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	18,700	85,811	37,018	141,530
Transactions with other segments	10,983	1,275	2,113	14,372
Total	29,683	87,087	39,132	155,903
Segment profit	866	2,272	2,522	5,661

2. Differences between total amounts of profit for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	5,661
Elimination of intersegment transactions	227
Operating profit in the consolidated statements of income and comprehensive income	5,888

3. Disclosure of impairment loss on non-current assets and goodwill, etc. for each reportable segment (significant impairment loss on non-current assets)

(Millions of yen)

	Japan	North America	Asia	Unallocated amounts and elimination	Total
Impairment loss	53	70	28	–	152

II. Nine months ended December 31, 2017

1. Disclosure of net sales and profit for each reportable segment

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	21,040	95,772	46,989	163,802
Transactions with other segments	14,010	1,183	2,392	17,586
Total	35,051	96,955	49,382	181,389
Segment profit (loss)	1,538	(319)	3,984	5,203

2. Differences between total amounts of profit for reportable segments and amounts in the consolidated statements of income and comprehensive income and main details of these differences (matters relating to difference adjustments)

(Millions of yen)

Profit	Amount
Reportable segments total	5,203
Elimination of intersegment transactions	118
Operating profit in the consolidated statements of income and comprehensive income	5,321

3. Disclosure of impairment loss on non-current assets and goodwill, etc. for each reportable segment
Not applicable.

Significant events after reporting period

Not applicable.