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Consolidated Financial Results
for the Six Months Ended September 30, 2018
<under Japanese GAAP>

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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 six months ended September 30, 2018 has continued a recovery trend, but trade frictions between the United States and China have caused concern, and economic sentiment has weakened. The Japanese economy continued to expand moderately on the back of the favorable income and employment environment. In the United States, the economy continued to expand on account of such factors as the improved employment and income environment and tax breaks from tax reform. In China, although robust conditions continued, the chances of downside risks occurring have become more likely due to the trade friction concerns. The economies of other regions in Asia have been recovering overall. In the automotive industry, in Japan, while sales were strong for light vehicles, the number of registered vehicle declined. In North America, the shift in demand toward compact trucks continued and passenger car sales declined. Strong sales continued in China, and sales remained firm overall in other Asian regions.

Under these circumstances, the Group has been working to provide its customers with new value, and has made efforts to increase orders in accordance with the basic policies of “Back to Basics” and “Challenge for New” outlined in the 13th Mid-term plan.

The operating results for the Group during the six months under review are as follows. The Group benefited from favorable sales of major customers in the Chinese market and mass production effects of products for newly awarded contracts in the North American market. Net sales rose by 7.3% year on year to 115,393 million yen. While operating profit decreased by 23.3% year on year to 2,995 million yen reflecting operating loss in North America, ordinary profit decreased by 20.9% year on year to 2,567 million yen, and profit attributable to owners of parent decreased by 29.0% year on year to 1,398 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 12.8% year on year to 15,108 million yen. However, the segment recorded an operating profit of 232 million yen, down by 75.2% year on year due to a decrease in tooling sales for overseas group companies.

(North America)

Net sales rose by 3.9% year on year to 66,855 million yen primarily due to the impact of the newly awarded contracts that were concluded in the previous year and fully contributed to sales from the start of the current fiscal year. The segment recorded an operating loss of 319 million yen (an operating profit of 727 million yen was recorded in the same period of the previous year) primarily due to a decrease in tooling sales, changes in sales composition of products of customers, rise in raw material costs due to the effect of the U.S. trade policies, and an increase in cost associated with increased production for new models that were concluded in the previous year. However, compared to the second half of the previous fiscal year, there were signs of a recovery as a result of initiatives to improve the production efficiency.

(Asia)

Due to firm sales mainly to major customers in China, net sales rose by 12.2% year on year to 33,429 million yen and operating profit rose by 22.3% year on year to 2,810 million yen.

(2) Information regarding financial position

As of September 30, 2018, total assets decreased by 7,037 million yen compared with the end of the previous fiscal year to 143,388 million yen, mainly reflecting decreases in notes and accounts receivable - trade, merchandise and finished goods, and construction in progress.

Liabilities decreased by 8,658 million yen from the end of the previous fiscal year to 85,716 million yen mainly reflecting decreases in notes and accounts payable - trade, short-term loans payable, and long-term loans payable.

Net assets increased by 1,620 million yen from the end of the previous fiscal year to 57,672 million yen mainly reflecting an increase in retained earnings.

(3) Information regarding differences between consolidated earnings forecasts and actual results and revisions to earnings forecasts

Taking recent performance trends into consideration, the Company has revised its consolidated earnings forecasts, which were announced on May 9, 2018, as described below.

(i) Differences between earnings forecasts and actual results

Differences between earnings forecasts and actual results in the six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previous forecasts (A)	111,000	2,500	2,000	900	48.18
Actual results (B)	115,393	2,995	2,567	1,398	74.89
Difference (B-A)	4,393	495	567	498	26.71
Difference (%)	4.0	19.8	28.4	55.4	55.4
(Reference) Actual results for the second quarter of the previous fiscal year (Six months ended September 30, 2017)	107,511	3,902	3,248	1,969	114.89

Reasons for the differences

In operating performance during the six months ended September 30, 2018, net sales increased owing mainly to the effect of yen depreciation. Operating profit increased due primarily to cutting down on expenses in Japan. Profit attributable to owners of parent increased due primarily to a decrease in profit attributable to non-controlling interests in addition to the foregoing.

(ii) Earnings forecasts revisions

Revisions to consolidated earnings forecasts for the fiscal year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share (Yen)
Previous forecasts (A)	226,000	7,500	6,600	4,000	214.15
Current forecasts (B)	233,000	6,500	5,600	3,100	165.97
Difference (B-A)	7,000	(1,000)	(1,000)	(900)	(48.18)
Difference (%)	3.1	(13.3)	(15.2)	(22.5)	(22.5)
(Reference) Actual results for the previous fiscal year (Fiscal year ended March 31, 2018)	226,060	6,856	5,924	4,709	262.98

Reasons for the revisions

The above-stated revisions to the Company's consolidated earnings forecasts for the full fiscal year ending March 31, 2019, take into account production volume changes at the Company's major customers, as well as the effect of yen depreciation. Compared with previous forecasts, the current forecasts show net sales as higher, owing primarily to the effect of yen depreciation and increased production for products for newly awarded contracts that were concluded in the previous year. In Japan, the Company expects operating profit to increase due primarily to the effect of the reduced expenses during the first half of the fiscal year, while in North America, the costs of raw materials are expected to rise due to the effect of the U.S. trade policies and labor costs are expected to rise in Canada due to measures to meet increased production and the tightening labor market conditions. Primarily as a result of the above, the Company expects consolidated operating profit to decrease.

The average exchange rate for the fiscal year is assumed at 107.86 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, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	5,871	6,160
Notes and accounts receivable - trade	39,209	35,000
Merchandise and finished goods	5,406	4,357
Work in process	4,740	4,376
Raw materials and supplies	9,321	9,778
Other	4,139	3,367
Total current assets	68,689	63,042
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,010	18,284
Machinery, equipment and vehicles, net	39,333	38,631
Construction in progress	5,094	3,995
Other, net	10,559	10,643
Total property, plant and equipment	72,998	71,555
Intangible assets	397	376
Investments and other assets		
Investment securities	6,240	6,277
Other	2,115	2,150
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	8,341	8,414
Total non-current assets	81,737	80,346
Total assets	150,426	143,388
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,320	21,463
Short-term loans payable	19,391	13,044
Current portion of long-term loans payable	13,454	13,557
Income taxes payable	791	489
Provision for directors' bonuses	98	69
Other	9,193	8,893
Total current liabilities	65,250	57,517
Non-current liabilities		
Long-term loans payable	25,348	24,311
Provision for directors' retirement benefits	99	96
Net defined benefit liability	990	986
Negative goodwill	61	58
Other	2,623	2,745
Total non-current liabilities	29,123	28,198
Total liabilities	94,374	85,716

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	7,222	7,222
Retained earnings	25,662	26,874
Treasury shares	(18)	(18)
Total shareholders' equity	39,656	40,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	792	722
Foreign currency translation adjustment	168	529
Remeasurements of defined benefit plans	(445)	(370)
Total accumulated other comprehensive income	515	880
Non-controlling interests	15,879	15,923
Total net assets	56,051	57,672
Total liabilities and net assets	150,426	143,388

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	107,511	115,393
Cost of sales	95,164	104,134
Gross profit	12,347	11,259
Selling, general and administrative expenses	8,444	8,264
Operating profit	3,902	2,995
Non-operating income		
Interest income	37	44
Dividend income	25	29
Share of profit of entities accounted for using equity method	153	142
Other	103	122
Total non-operating income	320	338
Non-operating expenses		
Interest expenses	504	607
Foreign exchange losses	373	127
Other	97	31
Total non-operating expenses	974	766
Ordinary profit	3,248	2,567
Extraordinary income		
Gain on sales of non-current assets	5	12
Total extraordinary income	5	12
Extraordinary losses		
Loss on sales of non-current assets	0	5
Loss on retirement of non-current assets	35	21
Total extraordinary losses	35	26
Profit before income taxes	3,217	2,553
Income taxes - current	992	963
Income taxes - deferred	(300)	(66)
Total income taxes	691	897
Profit	2,526	1,655
Profit attributable to		
Profit attributable to owners of parent	1,969	1,398
Profit attributable to non-controlling interests	556	257
Other comprehensive income		
Valuation difference on available-for-sale securities	9	(67)
Foreign currency translation adjustment	869	672
Remeasurements of defined benefit plans, net of tax	69	73
Share of other comprehensive income of entities accounted for using equity method	(147)	10
Total other comprehensive income	800	689
Comprehensive income	3,327	2,345
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,367	1,763
Comprehensive income attributable to non-controlling interests	959	581

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,217	2,553
Depreciation	5,618	5,978
Amortization of goodwill	(2)	(2)
Increase (decrease) in assets and liabilities related to retirement benefits	19	53
Increase (decrease) in provision for directors' retirement benefits	(190)	(3)
Increase (decrease) in provision for directors' bonuses	(65)	(29)
Interest and dividend income	(62)	(73)
Interest expenses	504	607
Foreign exchange losses (gains)	115	13
Share of loss (profit) of entities accounted for using equity method	(153)	(142)
Loss (gain) on sales of property, plant and equipment	(5)	(6)
Loss on retirement of property, plant and equipment	35	21
Decrease (increase) in notes and accounts receivable - trade	(1,379)	4,588
Decrease (increase) in inventories	(1,032)	1,350
Increase (decrease) in notes and accounts payable - trade	(1,216)	(1,072)
Increase (decrease) in accrued expenses	213	101
Other, net	(1,631)	(212)
Subtotal	3,985	13,724
Interest and dividend income received	99	111
Interest expenses paid	(504)	(613)
Income taxes paid	(713)	(882)
Net cash provided by (used in) operating activities	2,866	12,339
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,443)	(2,894)
Proceeds from sales of property, plant and equipment	14	25
Purchase of intangible assets	(36)	(50)
Purchase of investment securities	(17)	(18)
Other, net	(13)	(5)
Net cash provided by (used in) investing activities	(6,495)	(2,943)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,142	(6,794)
Proceeds from long-term loans payable	9,501	5,184
Repayments of long-term loans payable	(5,337)	(6,844)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(284)	(186)
Repayments of installment payables	(225)	(165)
Dividends paid to non-controlling interests	(868)	(537)
Repayments of finance lease obligations	(407)	(436)
Proceeds from sales and leasebacks	299	686
Net cash provided by (used in) financing activities	4,820	(9,094)
Effect of exchange rate change on cash and cash equivalents	(136)	(12)
Net increase (decrease) in cash and cash equivalents	1,054	289
Cash and cash equivalents at beginning of period	5,719	5,871
Cash and cash equivalents at end of period	6,773	6,160

(4) 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 second quarter ended September 30, 2018, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate.

Segment information, etc.

Segment information

I. Six months ended September 30, 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	13,393	64,322	29,795	107,511
Transactions with other segments	10,514	792	1,464	12,771
Total	23,907	65,114	31,260	120,282
Segment profit	935	727	2,297	3,960

2. Differences between total amounts of profit (loss) 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	3,960
Elimination of intersegment transactions	(57)
Operating profit in the consolidated statements of income and comprehensive income	3,902

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

II. Six months ended September 30, 2018

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	15,108	66,855	33,429	115,393
Transactions with other segments	6,226	740	1,579	8,547
Total	21,334	67,596	35,009	123,940
Segment profit (loss)	232	(319)	2,810	2,723

2. Differences between total amounts of profit (loss) 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	2,723
Elimination of intersegment transactions	271
Operating profit in the consolidated statements of income and comprehensive income	2,995

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.