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**Consolidated Financial Results
for the Nine Months Ended December 31, 2018
<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, 2018 has continued a recovery trend overall, but future uncertainty has increased due to the expansion of trade frictions between the United States and China. The Japanese economy maintained a course of moderate recovery, in spite of the impacts of a series of multiple natural disasters. Overseas, the economy in the United States continued to expand, backed by a favorable employment and income environment and tax breaks. While in China, downside risks are primarily associated with the effect of trade frictions between the United States and China, among other reasons. The economies of other regions in Asia remained firm.

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. In China, there were signs of changes in the market and total sales volume started to decline. Sales remained stable 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.

Amid such circumstances, the operating results for the Group during the nine months under review are as follows. The Group benefited mainly from mass production effects of products for newly awarded contracts in the North American market. Net sales rose by 7.2% year on year to 175,622 million yen.

While operating profit decreased by 13.2% year on year to 4,619 million yen due mainly to a decrease in tooling sales, ordinary profit decreased by 3.8% year on year to 4,362 million yen, and profit attributable to owners of parent decreased by 34.7% year on year to 2,284 million yen.

Operating results by segment are as follows.

(Japan)

Favorable sales due to an increase in production volumes of the major customers led to net sales rising by 16.4% year on year to 24,483 million yen. However, the segment recorded an operating profit of 824 million yen, down by 46.4% year on year due to a decrease in tooling sales for overseas group companies.

(North America)

Net sales rose by 6.3% year on year to 101,760 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 492 million yen (an operating loss of 319 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, and rise in raw material costs due to the effect of the U.S. trade policies. However, compared to the previous fiscal year, the third quarter ended December 31, 2018 saw a recovery mainly as a result of initiatives to improve the production efficiency and reduce costs.

(Asia)

Due to firm sales mainly to major customers, net sales rose by 5.1% year on year to 49,378 million yen and operating profit decreased by 0.1% year on year to 3,981 million yen.

(2) Information regarding financial position

As of December 31, 2018, total assets decreased by 12,958 million yen compared with the end of the previous fiscal year to 137,467 million yen, mainly reflecting decreases in notes and accounts receivable - trade, merchandise and finished goods, work in process, machinery, equipment and vehicles, and construction in progress.

Liabilities decreased by 13,952 million yen from the end of the previous fiscal year to 80,421 million yen, mainly reflecting decreases in notes and accounts payable - trade and loans payable of 9,956 million yen as a result of reducing interest-bearing debts.

Net assets increased by 994 million yen from the end of the previous fiscal year to 57,046 million yen mainly reflecting an increase in retained earnings.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

Taking recent performance trends into consideration, the Company has not revised its consolidated earnings forecasts for the fiscal year ending March 31, 2019, which were announced in “Consolidated Financial Results for the Six Months Ended September 30, 2018” on November 7, 2018.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	5,871	7,794
Notes and accounts receivable - trade	39,209	32,168
Merchandise and finished goods	5,406	3,786
Work in process	4,740	4,192
Raw materials and supplies	9,321	9,504
Other	4,139	2,537
Total current assets	68,689	59,984
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	18,010	17,814
Machinery, equipment and vehicles, net	39,333	37,126
Construction in progress	5,094	3,421
Other, net	10,559	10,623
Total property, plant and equipment	72,998	68,986
Intangible assets	397	370
Investments and other assets		
Investment securities	6,240	6,098
Other	2,115	2,041
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	8,341	8,126
Total non-current assets	81,737	77,483
Total assets	150,426	137,467
Liabilities		
Current liabilities		
Notes and accounts payable - trade	22,320	19,967
Short-term loans payable	19,391	12,630
Current portion of long-term loans payable	13,454	13,214
Income taxes payable	791	456
Provision for directors' bonuses	98	103
Other	9,193	8,054
Total current liabilities	65,250	54,428
Non-current liabilities		
Long-term loans payable	25,348	22,392
Provision for directors' retirement benefits	99	101
Net defined benefit liability	990	993
Negative goodwill	61	57
Other	2,623	2,448
Total non-current liabilities	29,123	25,993
Total liabilities	94,374	80,421

(Millions of yen)

	As of March 31, 2018	As of December 31, 2018
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	7,222	7,222
Retained earnings	25,662	27,573
Treasury shares	(18)	(18)
Total shareholders' equity	39,656	41,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	792	427
Foreign currency translation adjustment	168	(245)
Remeasurements of defined benefit plans	(445)	(344)
Total accumulated other comprehensive income	515	(162)
Non-controlling interests	15,879	15,641
Total net assets	56,051	57,046
Total liabilities and net assets	150,426	137,467

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Nine months ended December 31, 2017	Nine months ended December 31, 2018
Net sales	163,802	175,622
Cost of sales	145,742	158,463
Gross profit	18,060	17,158
Selling, general and administrative expenses	12,739	12,538
Operating profit	5,321	4,619
Non-operating income		
Interest income	63	60
Dividend income	35	43
Share of profit of entities accounted for using equity method	214	280
Foreign exchange gains	–	126
Other	153	186
Total non-operating income	466	698
Non-operating expenses		
Interest expenses	821	908
Foreign exchange losses	307	–
Other	121	46
Total non-operating expenses	1,250	955
Ordinary profit	4,537	4,362
Extraordinary income		
Gain on sales of non-current assets	39	13
Other	–	0
Total extraordinary income	39	13
Extraordinary losses		
Loss on sales of non-current assets	0	5
Loss on retirement of non-current assets	56	41
Total extraordinary losses	57	47
Profit before income taxes	4,519	4,329
Income taxes - current	1,173	1,491
Income taxes - deferred	(814)	60
Total income taxes	358	1,552
Profit	4,160	2,777
Profit attributable to		
Profit attributable to owners of parent	3,500	2,284
Profit attributable to non-controlling interests	659	492
Other comprehensive income		
Valuation difference on available-for-sale securities	157	(243)
Foreign currency translation adjustment	1,324	(620)
Remeasurements of defined benefit plans, net of tax	85	99
Share of other comprehensive income of entities accounted for using equity method	(139)	(106)
Total other comprehensive income	1,427	(871)
Comprehensive income	5,587	1,906
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,431	1,606
Comprehensive income attributable to non-controlling interests	1,156	300

(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, 2018, 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, 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 (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	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.

II. Nine months ended December 31, 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	24,483	101,760	49,378	175,622
Transactions with other segments	9,288	1,231	2,563	13,082
Total	33,771	102,992	51,941	188,705
Segment profit (loss)	824	(492)	3,981	4,313

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	4,313
Elimination of intersegment transactions	306
Operating profit in the consolidated statements of income and comprehensive income	4,619

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.