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**Consolidated Financial Results
for the Three Months Ended June 30, 2020
<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 three months ended June 30, 2020 experienced a rapid and significant deterioration due to the global spread of the novel coronavirus, making the economic outlook extremely difficult. Social and economic activities were curtailed throughout Japan, the United States, China, and other regions in Asia due to the spread of the virus, and the economy declined sharply. In the automotive industry, sales volumes decreased in all regions, and the industry also experienced disruptions in the supply chain and factory shutdowns on a global scale.

In this business environment, the Group launched the 14th Mid-term plan in April 2020. While maintaining the basic policies of “Back to Basics” and “Challenge for New,” we have established a global policy of “Let’s exceed our limits! We will, without compromise, produce the “Best One” for all our customers.” Under this global policy, while striving to prevent the novel coronavirus infections, at each of our regional bases we will resolutely fulfill our responsibility to supply products to our customers, and ensure that each and every person works with the objective of exceeding limits in order to deal with the severe corporate environment we face at present, by such means as minimizing investment, engaging in various improvement activities, and reducing non-essential and non-urgent costs.

As a result, during the three months under review, net sales decreased by 56.7% year on year to 25,141 million yen, operating loss was 1,372 million yen (an operating profit of 1,764 million yen in the same period of the previous year), ordinary loss was 1,881 million yen (an ordinary profit of 1,429 million yen in the same period of the previous year), and loss attributable to owners of parent was 2,678 million yen (profit attributable to owners of parent of 387 million yen in the same period of the previous year).

Operating results by segment are as follows.

(Japan)

Net sales decreased by 41.6% year on year to 4,386 million yen and operating loss was 1,012 million yen (an operating profit of 62 million yen in the same period of the previous year) due to a sharp decline in the volume of orders from major customers as a result of the spread of the novel coronavirus infection.

(North America)

Net sales fell by 58.5% year on year to 15,016 million yen and operating loss was 524 million yen (an operating profit of 649 million yen in the same period of the previous year) due to a sharp decline in the volume of orders from major customers and operation suspensions at each base as a result of the spread of the novel coronavirus infection.

(Asia)

Net sales decreased by 60.2% year on year to 5,738 million yen and operating profit decreased by 99.4% year on year to 5 million yen due to a sharp decline in the volume of orders from major customers and operation suspensions at each base as a result of the spread of the novel coronavirus infection.

(2) Information regarding financial position

As of June 30, 2020, total assets decreased by 6,263 million yen compared with the end of the previous fiscal year to 127,775 million yen, reflecting decreases in notes and accounts receivable - trade.

Liabilities decreased by 2,228 million yen from the end of the previous fiscal year to 77,517 million yen reflecting decreases in notes and accounts payable - trade, long-term loans payable, and other items.

Net assets decreased by 4,034 million yen to 50,258 million yen reflecting decreases in retained earnings and other items.

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

The earnings forecasts for the fiscal year ending March 31, 2021 had remained undetermined due to the difficulty in reasonably calculating the effect of the spread of the novel coronavirus infection. However, based on the information and forecasts available at this point in time, we have calculated and hereby announce the consolidated earnings forecasts.

For details, please refer to the Notice Concerning Earnings Forecasts and Dividend Forecasts for the Fiscal Year Ending March 31, 2021 announced today.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	8,879	6,828
Notes and accounts receivable - trade	27,955	21,409
Merchandise and finished goods	6,389	7,225
Work in process	4,026	4,342
Raw materials and supplies	8,677	9,283
Other	3,027	3,778
Allowance for doubtful accounts	-	(10)
Total current assets	58,956	52,858
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,205	15,930
Machinery, equipment and vehicles, net	32,450	31,192
Construction in progress	6,750	8,550
Other, net	11,308	11,062
Total property, plant and equipment	66,714	66,736
Intangible assets	363	359
Investments and other assets		
Investment securities	5,960	5,850
Other	2,044	1,971
Total investments and other assets	8,004	7,821
Total non-current assets	75,081	74,917
Total assets	134,038	127,775

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,427	14,035
Short-term loans payable	20,395	22,222
Current portion of long-term loans payable	9,740	9,501
Income taxes payable	500	231
Provision for directors' bonuses	77	36
Other	7,271	7,625
Total current liabilities	55,412	53,653
Non-current liabilities		
Long-term loans payable	19,146	18,639
Provision for directors' retirement benefits	126	51
Net defined benefit liability	1,050	999
Negative goodwill	50	49
Other	3,958	4,124
Total non-current liabilities	24,333	23,863
Total liabilities	79,745	77,517
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	7,230	7,236
Retained earnings	27,912	25,024
Treasury shares	(18)	(18)
Total shareholders' equity	41,914	39,032
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	282
Foreign currency translation adjustment	(1,657)	(1,960)
Remeasurements of defined benefit plans	(295)	(246)
Total accumulated other comprehensive income	(1,778)	(1,923)
Non-controlling interests	14,156	13,149
Total net assets	54,292	50,258
Total liabilities and net assets	134,038	127,775

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	58,063	25,141
Cost of sales	52,238	23,236
Gross profit	5,825	1,904
Selling, general and administrative expenses	4,061	3,277
Operating profit (loss)	1,764	(1,372)
Non-operating income		
Interest income	15	14
Dividend income	18	18
Share of profit of entities accounted for using equity method	49	-
Other	45	69
Total non-operating income	128	102
Non-operating expenses		
Interest expenses	281	210
Share of loss of entities accounted for using equity method	-	270
Foreign exchange losses	147	113
Other	35	17
Total non-operating expenses	464	611
Ordinary profit (loss)	1,429	(1,881)
Extraordinary income		
Gain on sales of non-current assets	1	0
Subsidy income	-	1,104
Total extraordinary income	1	1,104
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	12	18
Loss attributable to the novel coronavirus	-	2,265
Total extraordinary losses	13	2,284
Profit (loss) before income taxes	1,417	(3,060)
Income taxes - current	662	317
Income taxes - deferred	116	(108)
Total income taxes	779	208
Profit (loss)	638	(3,269)
Profit attributable to		
Profit (loss) attributable to owners of parent	387	(2,678)
Profit (loss) attributable to non-controlling interests	250	(590)
Other comprehensive income		
Valuation difference on available-for-sale securities	(55)	91
Foreign currency translation adjustment	179	(323)
Remeasurements of defined benefit plans, net of tax	37	47
Share of other comprehensive income of entities accounted for using equity method	(16)	48
Total other comprehensive income	144	(136)
Comprehensive income	782	(3,405)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	534	(2,823)
Comprehensive income attributable to non-controlling interests	247	(581)

(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

(Calculation of tax expenses)

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 first quarter ended June 30, 2020, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate.

Additional information

There are no material changes to the assumptions of accounting estimates regarding the impact from the novel coronavirus infection stated in the securities report for the previous consolidated fiscal year (Additional information).

In the first quarter ended June 30, 2020, in relation to the spread of the novel coronavirus, a government subsidy of 1,104 million yen is recorded as extraordinary income, and fixed costs arising from operation suspensions and reductions due to the government's request of 2,265 million yen are recorded as extraordinary losses.

Segment information, etc.

Segment information

I. Three months ended June 30, 2019

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	7,514	36,146	14,403	58,063
Intersegment sales and transfers	2,903	410	657	3,970
Total	10,417	36,557	15,060	62,034
Segment profit	62	649	899	1,612

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	1,612
Elimination of intersegment transactions	152
Operating profit in the consolidated statements of income and comprehensive income	1,764

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

II. Three months ended June 30, 2020

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	4,386	15,016	5,738	25,141
Intersegment sales and transfers	2,122	355	463	2,941
Total	6,508	15,371	6,202	28,082
Segment profit (loss)	(1,012)	(524)	5	(1,531)

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	(1,531)
Elimination of intersegment transactions	159
Operating profit (loss) in the consolidated statements of income and comprehensive income	(1,372)

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.