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**Consolidated Financial Results
for the Six Months Ended September 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 six months ended September 30, 2020 remained in a severe condition due to the prolonged impact of the novel coronavirus. While economic activities have been gradually resuming and some signs of recovery were seen, the future outlook remained uncertain overall due to concerns over the re-spread of the virus.

In the automotive industry, normalization proceeded rapidly in China. However, in other regions, recovery was slow and lacked strength, while signs of improvements were seen.

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 have been working to provide our customers with new value and have made efforts to obtain new business. This led the Group to win new business contracts in Japan. In addition, we have been working 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 conducting unprecedented cost reduction.

As a result, during the six months under review, net sales decreased by 34.5% year on year to 73,605 million yen, operating loss was 1,665 million yen (an operating profit of 2,129 million yen in the same period of the previous year), ordinary loss was 2,296 million yen (an ordinary profit of 1,515 million yen in the same period of the previous year), and loss attributable to owners of parent was 3,345 million yen (loss attributable to owners of parent of 127 million yen in the same period of the previous year).

Operating results by segment are as follows.

(Japan)

Net sales decreased by 34.4% year on year to 9,306 million yen and operating loss was 1,184 million yen (an operating loss of 432 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 in the first quarter, although it showed a recovery trend in the second quarter.

(North America)

Net sales fell by 34.5% year on year to 45,200 million yen and operating loss was 1,315 million yen (an operating profit of 395 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 in the first quarter, although it showed a recovery trend in the second quarter.

(Asia)

Net sales decreased by 34.5% year on year to 19,099 million yen and operating profit decreased by 62.5% year on year to 723 million yen due to a sharp decline in the volume of orders from major customers as a result of the spread of the novel coronavirus infection in the first quarter, although it showed a rapid recovery trend in the second quarter.

(2) Information regarding financial position

As of September 30, 2020, total assets decreased by 3,891 million yen compared with the end of the previous fiscal year to 130,147 million yen, reflecting decreases in cash and deposits, notes and accounts receivable - trade, machinery, equipment and vehicles, and other items.

Liabilities increased by 1,569 million yen from the end of the previous fiscal year to 81,315 million yen, reflecting increases in notes and accounts payable - trade, short-term loans payable, and other items.

Net assets decreased by 5,460 million yen to 48,831 million yen reflecting decreases in retained earnings and other items.

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

No revisions have been made to the earnings forecasts for the fiscal year ending March 31, 2021 announced on August 6, 2020.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	8,879	5,377
Notes and accounts receivable - trade	27,955	26,356
Merchandise and finished goods	6,389	7,330
Work in process	4,026	4,263
Raw materials and supplies	8,677	8,840
Other	3,027	3,013
Allowance for doubtful accounts	-	(9)
Total current assets	58,956	55,172
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	16,205	15,685
Machinery, equipment and vehicles, net	32,450	29,911
Construction in progress	6,750	10,398
Other, net	11,308	10,788
Total property, plant and equipment	66,714	66,784
Intangible assets	363	340
Investments and other assets		
Investment securities	5,960	5,940
Other	2,044	1,909
Total investments and other assets	8,004	7,850
Total non-current assets	75,081	74,975
Total assets	134,038	130,147

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	17,427	17,902
Short-term loans payable	20,395	24,702
Current portion of long-term loans payable	9,740	9,090
Income taxes payable	500	321
Provision for directors' bonuses	77	13
Other	7,271	7,515
Total current liabilities	55,412	59,546
Non-current liabilities		
Long-term loans payable	19,146	16,654
Provision for directors' retirement benefits	126	52
Net defined benefit liability	1,050	957
Negative goodwill	50	47
Other	3,958	4,056
Total non-current liabilities	24,333	21,769
Total liabilities	79,745	81,315
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	7,230	7,236
Retained earnings	27,912	24,366
Treasury shares	(18)	(64)
Total shareholders' equity	41,914	38,328
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	179
Foreign currency translation adjustment	(1,657)	(2,093)
Remeasurements of defined benefit plans	(295)	(199)
Total accumulated other comprehensive income	(1,778)	(2,113)
Non-controlling interests	14,156	12,616
Total net assets	54,292	48,831
Total liabilities and net assets	134,038	130,147

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	112,355	73,605
Cost of sales	102,117	68,600
Gross profit	10,237	5,004
Selling, general and administrative expenses	8,108	6,670
Operating profit (loss)	2,129	(1,665)
Non-operating income		
Interest income	38	33
Dividend income	29	22
Share of profit of entities accounted for using equity method	77	-
Other	85	124
Total non-operating income	230	180
Non-operating expenses		
Interest expenses	554	417
Share of loss of entities accounted for using equity method	-	22
Foreign exchange losses	229	356
Other	59	15
Total non-operating expenses	844	811
Ordinary profit (loss)	1,515	(2,296)
Extraordinary income		
Gain on sales of non-current assets	6	0
Subsidy income	-	1,518
Gain on sales of investment securities	-	6
Other	1	-
Total extraordinary income	7	1,525
Extraordinary losses		
Loss on sales of non-current assets	0	-
Loss on retirement of non-current assets	21	34
Loss attributable to the novel coronavirus	-	2,505
Total extraordinary losses	22	2,540
Profit (loss) before income taxes	1,501	(3,311)
Income taxes - current	1,091	611
Income taxes - deferred	312	34
Total income taxes	1,403	646
Profit (loss)	97	(3,957)
Profit attributable to		
Loss attributable to owners of parent	(127)	(3,345)
Profit (loss) attributable to non-controlling interests	224	(611)
Other comprehensive income		
Valuation difference on available-for-sale securities	(50)	12
Foreign currency translation adjustment	(985)	(478)
Remeasurements of defined benefit plans, net of tax	74	93
Share of other comprehensive income of entities accounted for using equity method	(17)	13
Total other comprehensive income	(979)	(358)
Comprehensive income	(882)	(4,316)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(771)	(3,681)
Comprehensive income attributable to non-controlling interests	(111)	(635)

(3) Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	1,501	(3,311)
Depreciation	5,471	5,075
Amortization of goodwill	(2)	(2)
Increase (decrease) in assets and liabilities related to retirement benefits	40	20
Increase (decrease) in provision for directors' retirement benefits	9	(73)
Increase (decrease) in provision for directors' bonuses	(3)	(64)
Interest and dividend income	(68)	(55)
Interest expenses	554	417
Foreign exchange losses (gains)	80	134
Share of loss (profit) of entities accounted for using equity method	(77)	22
Loss (gain) on sales of property, plant and equipment	(6)	(0)
Loss on retirement of property, plant and equipment	21	34
Decrease (increase) in notes and accounts receivable - trade	2,572	1,319
Decrease (increase) in inventories	(1,342)	(1,524)
Increase (decrease) in notes and accounts payable - trade	(2,887)	623
Loss (gain) on sales of investment securities	-	(6)
Increase (decrease) in accrued expenses	(95)	108
Other, net	526	458
Subtotal	6,294	3,175
Interest and dividend income received	106	84
Interest expenses paid	(564)	(425)
Income taxes paid	(1,187)	(776)
Net cash provided by (used in) operating activities	4,648	2,058
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,983)	(5,138)
Proceeds from sales of property, plant and equipment	58	8
Purchase of intangible assets	(32)	(55)
Purchase of investment securities	(45)	(16)
Proceeds from sales of investment securities	-	10
Other, net	0	18
Net cash provided by (used in) investing activities	(5,002)	(5,172)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	4,585	4,491
Proceeds from long-term loans payable	2,294	2,050
Repayments of long-term loans payable	(7,277)	(5,074)
Purchase of treasury shares	-	(45)
Cash dividends paid	(187)	(200)
Repayments of installment payables	(155)	(129)
Dividends paid to non-controlling interests	(699)	(815)
Repayments of lease obligations	(416)	(332)
Other, net	-	(83)
Net cash provided by (used in) financing activities	(1,856)	(138)
Effect of exchange rate change on cash and cash equivalents	(159)	(250)
Net increase (decrease) in cash and cash equivalents	(2,369)	(3,502)
Cash and cash equivalents at beginning of period	7,191	8,879
Cash and cash equivalents at end of period	4,822	5,377

(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

(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 second quarter ended September 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 six months ended September 30, 2020, in relation to the spread of the novel coronavirus, a government subsidy of 1,518 million yen is recorded as extraordinary income, and fixed costs, etc. arising from operation suspensions and reductions due to the government's request of 2,505 million yen are recorded as extraordinary losses.

Segment information, etc.

Segment information

I. Six months ended September 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	14,194	68,992	29,167	112,355
Intersegment sales and transfers	5,196	730	1,367	7,295
Total	19,391	69,723	30,535	119,650
Segment profit (loss)	(432)	395	1,928	1,890

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	1,890
Elimination of intersegment transactions	238
Operating profit in the consolidated statements of income and comprehensive income	2,129

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

II. Six months ended September 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	9,306	45,200	19,099	73,605
Intersegment sales and transfers	4,435	664	1,257	6,358
Total	13,742	45,864	20,356	79,963
Segment profit (loss)	(1,184)	(1,315)	723	(1,776)

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	(1,776)
Elimination of intersegment transactions	111
Operating profit (loss) in the consolidated statements of income and comprehensive income	(1,665)

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.