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**Consolidated Financial Results
for the Three Months Ended June 30, 2024
<under Japanese GAAP>**

F-TECH INC.

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1. Overview of Operating Results and Others

(1) Overview of operating results for the three-month period under review

The global economy during the three months ended June 30, 2024 continued to face an extremely uncertain outlook with the impact of the protracted conflict in Ukraine, unrest in the Middle East, persistently high resource and energy prices, and the prolonged tightening of monetary policy in Europe and the U.S., as well as the economic slowdown in China. In the automotive industry, although the semiconductor shortage has eased, rising raw material and other costs and wage hikes amid the tight labor market led to an increase in production costs. Regarding the shift to EVs for carbon neutrality, it is very difficult to make a future forecast. In China, emerging local EV manufacturers are growing rapidly, taking shares from Japanese, European, and U.S. manufacturers, while in Europe and the U.S., demand has become slower, forcing major automakers to revise their strategies.

In this business environment, the Group launched the 15th medium-term management plan in April 2023. Under the slogan “We contribute to society by improving earning power and achieving sustainable growth” and with the basic policies “Back to Basics” and “Challenge for New,” the Group has been working on a company-wide basis to achieve “Pursuing the essence of Monozukuri (manufacturing)” and “Providing our customers with new value.” As a result, the Group was able to acquire important new orders in its global business and proceed steadily with improvement of production efficiency.

As a result of these efforts, during the three months ended June 30, 2024, net sales increased by 5.0% year on year to 74,736 million yen, and operating profit increased by 91.8% year on year to 141 million yen, while ordinary profit decreased by 41.5% year on year to 180 million yen, and loss attributable to owners of parent was 779 million yen (loss attributable to owners of parent of 327 million yen in the same period of the previous year).

(Japan)

Net sales increased by 4.8% year on year to 6,915 million yen due partly to a trend toward an increase in production volume at major customers and the effect of mass production of products ordered by new customers. Operating profit rose by 305.5% year on year to 61 million yen.

(North America)

Net sales increased by 10.1% year on year to 55,910 million yen due to a steady trend of production volume at major customers and the impact of a weaker yen. In terms of profit and loss, operating loss was 14 million yen (an operating profit of 238 million yen in the same period of the previous year), due to the impacts of rising labor costs and persistently high raw material costs, despite the effect of mass production of newly ordered products and improvements in the production structure.

(Asia)

Net sales decreased by 13.8% year on year to 11,911 million yen due to the continuing production cuts of major customers in the Chinese region. In terms of profit and loss, although there was a year-on-year improvement thanks to the reduced production costs, operating loss was 61 million yen (an operating loss of 282 million yen in the same period of the previous year), due to the impact of the production cuts in the Chinese region.

(2) Overview of financial position for the three-month period under review

As of June 30, 2024, total assets increased by 4,126 million yen from the end of the previous fiscal year to 195,898 million yen, reflecting increases in cash and deposits, merchandise and finished goods, machinery, equipment and vehicles and other items, offsetting a decrease in notes and accounts receivable - trade.

Liabilities increased by 1,273 million yen from the end of the previous fiscal year to 121,303 million yen, reflecting an increase in short-term loans payable and decreases in notes and accounts payable - trade and long-term loans payable.

Net assets increased by 2,852 million yen from the end of the previous fiscal year to 74,595 million yen, reflecting an increase in foreign currency translation adjustment.

(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, 2025 which were announced in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 on May 14, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	12,204	15,035
Notes and accounts receivable - trade	41,921	36,333
Merchandise and finished goods	4,423	5,867
Work in process	7,623	8,180
Raw materials and supplies	13,438	14,505
Other	3,502	3,656
Allowance for doubtful accounts	(44)	(54)
Total current assets	83,069	83,524
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,735	22,402
Machinery, equipment and vehicles, net	50,507	52,256
Construction in progress	7,171	7,049
Other, net	14,618	15,379
Total property, plant and equipment	94,033	97,087
Intangible assets	319	314
Investments and other assets		
Investment securities	9,485	9,702
Other	4,864	5,269
Total investments and other assets	14,350	14,972
Total non-current assets	108,702	112,373
Total assets	191,772	195,898

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,902	26,120
Short-term loans payable	38,537	43,722
Current portion of long-term loans payable	12,782	12,005
Income taxes payable	769	711
Provision for directors' bonuses	49	18
Other	12,012	12,267
Total current liabilities	92,053	94,847
Non-current liabilities		
Long-term loans payable	22,043	20,360
Provision for directors' retirement benefits	56	51
Net defined benefit liability	956	1,016
Negative goodwill	28	26
Other	4,891	5,001
Total non-current liabilities	27,975	26,456
Total liabilities	120,029	121,303
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	6,404	6,404
Retained earnings	29,288	28,322
Treasury shares	(79)	(79)
Total shareholders' equity	42,404	41,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,154	1,015
Deferred gains or losses on hedges	237	257
Foreign currency translation adjustment	11,937	15,318
Remeasurements of defined benefit plans	92	99
Total accumulated other comprehensive income	13,421	16,691
Non-controlling interests	15,916	16,466
Total net assets	71,742	74,595
Total liabilities and net assets	191,772	195,898

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	71,199	74,736
Cost of sales	66,755	70,104
Gross profit	4,443	4,632
Selling, general and administrative expenses	4,370	4,490
Operating profit	73	141
Non-operating income		
Interest income	25	39
Dividend income	31	58
Share of profit of entities accounted for using equity method	93	132
Foreign exchange gains	666	428
Other	79	116
Total non-operating income	896	773
Non-operating expenses		
Interest expenses	585	728
Other	76	6
Total non-operating expenses	661	734
Ordinary profit	308	180
Extraordinary income		
Gain on change in equity	157	-
Gain on sales of non-current assets	4	1
Total extraordinary income	162	1
Extraordinary losses		
Loss on retirement of non-current assets	1	0
Total extraordinary losses	1	0
Profit before income taxes	468	181
Income taxes - current	808	1,108
Income taxes - deferred	148	(200)
Total income taxes	957	907
Loss	(488)	(726)
Profit (loss) attributable to		
Loss attributable to owners of parent	(327)	(779)
Profit (loss) attributable to non-controlling interests	(160)	52
Other comprehensive income		
Valuation difference on available-for-sale securities	250	(134)
Deferred gains or losses on hedges	(64)	20
Foreign currency translation adjustment	2,929	3,849
Remeasurements of defined benefit plans, net of tax	3	6
Share of other comprehensive income of entities accounted for using equity method	200	259
Total other comprehensive income	3,319	4,002
Comprehensive income	2,830	3,276
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,114	2,490
Comprehensive income attributable to non-controlling interests	716	785

(3) Notes to quarterly consolidated financial statements

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, 2024, and next by multiplying the quarterly profit (loss) before income taxes by such estimated effective tax rate.

Segment information, etc.

Segment information

I. Three months ended June 30, 2023

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

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	6,600	50,783	13,815	71,199
Intersegment sales and transfers	2,668	372	442	3,483
Total	9,268	51,155	14,258	74,683
Segment profit (loss)	15	238	(282)	(28)

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	(28)
Elimination of intersegment transactions	102
Operating profit in the consolidated statements of income and comprehensive income	73

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

Not applicable.

II. Three months ended June 30, 2024

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

(Millions of yen)

	Reportable segments			Total
	Japan	North America	Asia	
Net sales				
Net sales to external customers	6,915	55,910	11,911	74,736
Intersegment sales and transfers	2,768	318	639	3,726
Total	9,683	56,228	12,550	78,462
Segment profit (loss)	61	(14)	(61)	(14)

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	(14)
Elimination of intersegment transactions	155
Operating profit in the consolidated statements of income and comprehensive income	141

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

Not applicable.

Substantial changes in the amount of shareholders' equity

Not applicable.

Uncertainties of entity's ability to continue as going concern

Not applicable.

Statements of cash flows

The consolidated statements of cash flows for the three months ended June 30, 2024 are not prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of negative goodwill for the three months ended June 30, 2024 were as follows:

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	3,536	3,817
Amortization of negative goodwill	(1)	(1)