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**Consolidated Financial Results  
for the Six Months Ended September 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 six-month period under review

The global economy during the six months ended September 30, 2024 continued to face an extremely uncertain outlook with the impact of the protracted conflict in Ukraine, increased tension in the Middle East, persistently high resource and energy prices, and the economic slowdown in China. In the automotive industry, while production activities have returned to normal levels, persistently high raw material and other costs and rising labor costs led to an increase in production costs. The shift to electrification is advancing rapidly in emerging countries, particularly China. Emerging local EV manufacturers in China have been making significant strides by taking shares previously held by gasoline-powered vehicles, forcing Japanese, European, and U.S. manufacturers to scale back their production systems. Meanwhile, demand has become slower in Europe and the U.S., prompting major automakers to revise their strategies. Furthermore, additional tariffs have been imposed on EVs manufactured in China, showing signs of further stagnation in the adoption of EVs. 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.” For sites with issues, particularly in the U.S., the Group dispatched experts from various regions worldwide to support improving production efficiency, and also negotiated to pass on the increased costs to product prices. In the Chinese region, the Group started to explore appropriate measures to address the production cuts of customers. As a result of these activities, during the six months ended September 30, 2024, net sales increased by 4.7% year on year to 145,810 million yen, operating loss was 1,430 million yen (an operating loss of 1,290 million yen in the same period of the previous year), ordinary loss was 2,965 million yen (ordinary loss of 915 million yen in the same period of the previous year), and loss attributable to owners of parent was 4,860 million yen (loss attributable to owners of parent of 516 million yen in the same period of the previous year).

#### (Japan)

Net sales increased by 3.9% year on year to 14,355 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. However, in terms of profit and loss, operating loss was 360 million yen (an operating profit of 372 million yen in the same period of the previous year) due to consulting expenses recorded for the turnaround in the North American region and the underperformance of domestic subsidiaries.

#### (North America)

Net sales increased by 12.4% year on year to 109,052 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, profit increased significantly year on year due to the effect of mass production of newly ordered products and improvements in the production structure. However, operating loss was 339 million yen (an operating loss of 1,486 million yen in the same period of the previous year) due to the ongoing negotiations to pass on the increased costs to product prices.

#### (Asia)

Net sales decreased by 21.4% year on year to 22,401 million yen, and operating loss was 780 million yen (an operating loss of 173 million yen in the same period of the previous year) due to the continuing production cuts of major customers in the Chinese region.

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

As of September 30, 2024, total assets decreased by 5,769 million yen from the end of the previous fiscal year to 186,002 million yen, reflecting decreases in notes and accounts receivable – trade, and machinery, equipment and vehicles, offsetting increases in cash and deposits, and merchandise and finished goods.

Liabilities decreased by 3,414 million yen from the end of the previous fiscal year to 116,615 million yen, reflecting decreases in notes and accounts payable – trade, and short-term loans payable, offsetting an increase in long-term loans payable.

Net assets decreased by 2,355 million yen from the end of the previous fiscal year to 69,387 million yen, reflecting a decrease in retained earnings, offsetting 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. Semi-annual consolidated financial statements and significant notes thereto

### (1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	12,204	15,837
Notes and accounts receivable - trade	41,921	32,384
Merchandise and finished goods	4,423	6,233
Work in process	7,623	7,471
Raw materials and supplies	13,438	14,086
Other	3,502	3,179
Allowance for doubtful accounts	(44)	(46)
Total current assets	83,069	79,146
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,735	21,675
Machinery, equipment and vehicles, net	50,507	48,410
Construction in progress	7,171	7,514
Other, net	14,618	14,709
Total property, plant and equipment	94,033	92,310
Intangible assets	319	321
Investments and other assets		
Investment securities	9,485	9,300
Other	4,864	4,924
Total investments and other assets	14,350	14,225
Total non-current assets	108,702	106,856
Total assets	191,772	186,002

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	27,902	25,012
Short-term loans payable	38,537	36,490
Current portion of long-term loans payable	12,782	11,619
Income taxes payable	769	333
Provision for directors' bonuses	49	31
Other	12,012	12,262
Total current liabilities	92,053	85,749
Non-current liabilities		
Long-term loans payable	22,043	25,304
Provision for directors' retirement benefits	56	53
Net defined benefit liability	956	1,022
Negative goodwill	28	25
Other	4,891	4,459
Total non-current liabilities	27,975	30,865
Total liabilities	120,029	116,615
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	6,404	6,404
Retained earnings	29,288	24,241
Treasury shares	(79)	(79)
Total shareholders' equity	42,404	37,356
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,154	784
Deferred gains or losses on hedges	237	280
Foreign currency translation adjustment	11,937	15,070
Remeasurements of defined benefit plans	92	95
Total accumulated other comprehensive income	13,421	16,230
Non-controlling interests	15,916	15,800
Total net assets	71,742	69,387
<b>Total liabilities and net assets</b>	<b>191,772</b>	<b>186,002</b>

## (2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	139,303	145,810
Cost of sales	131,589	137,716
Gross profit	7,714	8,093
Selling, general and administrative expenses	9,005	9,523
Operating loss	(1,290)	(1,430)
Non-operating income		
Interest income	58	81
Dividend income	31	58
Share of profit of entities accounted for using equity method	287	65
Foreign exchange gains	1,237	—
Other	167	185
Total non-operating income	1,782	391
Non-operating expenses		
Interest expenses	1,276	1,462
Foreign exchange losses	—	438
Other	131	26
Total non-operating expenses	1,407	1,926
Ordinary loss	(915)	(2,965)
Extraordinary income		
Gain on change in equity	157	—
Gain on sales of non-current assets	6	15
Total extraordinary income	163	15
Extraordinary losses		
Loss on sales of non-current assets	1	—
Loss on retirement of non-current assets	10	24
Total extraordinary losses	12	24
Loss before income taxes	(764)	(2,974)
Income taxes - current	1,392	1,756
Income taxes - deferred	(1,275)	328
Total income taxes	117	2,085
Loss	(881)	(5,059)
Profit (loss) attributable to		
Loss attributable to owners of parent	(516)	(4,860)
Loss attributable to non-controlling interests	(365)	(199)
Other comprehensive income		
Valuation difference on available-for-sale securities	467	(346)
Deferred gains or losses on hedges	60	43
Foreign currency translation adjustment	4,940	3,165
Remeasurements of defined benefit plans, net of tax	6	3
Share of other comprehensive income of entities accounted for using equity method	206	261
Total other comprehensive income	5,681	3,127
Comprehensive income	4,799	(1,931)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,980	(2,051)
Comprehensive income attributable to non-controlling interests	818	120

**(3) Consolidated statements of cash flows**

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Loss before income taxes	(764)	(2,974)
Depreciation	7,064	7,494
Loss (gain) on change in equity	(157)	—
Amortization of goodwill	(2)	(2)
Increase (decrease) in assets and liabilities related to retirement benefits	31	34
Increase (decrease) in provision for directors' retirement benefits	1	(2)
Increase (decrease) in provision for directors' bonuses	(52)	(17)
Interest and dividend income	(89)	(140)
Interest expenses	1,276	1,462
Foreign exchange losses (gains)	(801)	297
Share of loss (profit) of entities accounted for using equity method	(287)	(65)
Loss (gain) on sales of property, plant and equipment	(4)	(15)
Loss on retirement of property, plant and equipment	10	24
Decrease (increase) in notes and accounts receivable - trade	1,147	10,230
Decrease (increase) in inventories	(591)	(2,481)
Increase (decrease) in notes and accounts payable - trade	3,894	(2,893)
Increase (decrease) in contract liabilities	355	494
Decrease (increase) in accounts receivable - other	(226)	946
Other, net	1,526	(1,091)
Subtotal	12,331	11,299
Interest and dividend income received	132	197
Interest expenses paid	(1,305)	(1,503)
Income taxes paid	(1,906)	(2,266)
Net cash provided by (used in) operating activities	9,251	7,726
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,515)	(4,027)
Proceeds from sales of property, plant and equipment	108	220
Purchase of intangible assets	(35)	(22)
Purchase of investment securities	(23)	(42)
Other, net	(52)	52
Net cash provided by (used in) investing activities	(5,517)	(3,818)

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	5,375	(1,023)
Proceeds from long-term loans payable	3,200	7,800
Repayments of long-term loans payable	(6,656)	(7,147)
Purchase of treasury shares	(18)	(0)
Cash dividends paid	(187)	(187)
Dividends paid to non-controlling interests	(306)	(236)
Repayments of lease obligations	(532)	(313)
Other, net	—	55
Net cash provided by (used in) financing activities	874	(1,052)
Effect of exchange rate change on cash and cash equivalents	413	778
Net increase (decrease) in cash and cash equivalents	5,021	3,633
Cash and cash equivalents at beginning of period	5,491	12,204
Cash and cash equivalents at end of period	10,512	15,837



#### (4) Notes to semi-annual 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 semi-annual consolidated financial statements*

##### *(Calculation of tax expenses)*

Tax expenses in the semi-annual 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 semi-annual period ended September 30, 2024, and next by multiplying the semi-annual profit (loss) before income taxes by such estimated effective tax rate.

##### *Segment information, etc.*

##### **Segment information**

##### I. Six months ended September 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	13,816	97,004	28,483	139,303
Intersegment sales and transfers	4,528	774	1,350	6,653
Total	18,345	97,778	29,834	145,957
Segment profit (loss)	372	(1,486)	(173)	(1,287)

##### 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	(1,287)
Elimination of intersegment transactions	(3)
Operating loss in the consolidated statements of income and comprehensive income	(1,290)

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

Not applicable.

II. Six months ended September 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	14,355	109,052	22,401	145,810
Intersegment sales and transfers	6,001	725	1,525	8,252
Total	20,357	109,777	23,926	154,062
Segment loss	(360)	(339)	(780)	(1,480)

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	(1,480)
Elimination of intersegment transactions	50
Operating loss in the consolidated statements of income and comprehensive income	(1,430)

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

Not applicable.