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**Consolidated Financial Results
for the Nine Months Ended December 31, 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 nine-month period under review

The global economy during the nine months ended December 31, 2024 continued to face an extremely uncertain outlook with the impact of the protracted situations in the Middle East and Ukraine, persistently high resource and energy prices, concern over the economic slowdown in China, and shifts in the policy of the new U.S. administration. In the automotive industry, concern grew over the necessity to review strategies due to announcements by the new U.S. administration such as the policies of raising tariffs and the withdrawal of EV proliferation plans. In China and Southeast Asia, Chinese EV manufacturers have continued to gather momentum, and Japanese, European, and U.S. manufacturers were forced to cut production and have struggled noticeably. With reports at the end of the fiscal year of talks among major Japanese auto manufacturers to integrate their management operations, the outlook for the industry is uncertain, and it is extremely difficult to predict the future.

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 continued to improve 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 nine months ended December 31, 2024, net sales increased by 3.1% year on year to 221,704 million yen, operating profit increased by 381.9% year on year to 2,545 million yen, ordinary profit was 1,188 million yen (ordinary loss of 52 million yen in the same period of the previous year), and loss attributable to owners of parent was 2,592 million yen (loss attributable to owners of parent of 489 million yen in the same period of the previous year).

Operating results by segment are as follows.

(Japan)

Net sales decreased by only 1.1% year on year to 22,228 million yen due partly to a recovery trend in production volume at major customers. However, in terms of profit and loss, operating loss was 348 million yen (an operating profit of 1,118 million yen in the same period of the previous year) due to consulting expenses recorded for the turnaround in the North American region.

(North America)

Net sales increased by 12.0% year on year to 166,653 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 increased net sales and efforts to pass on increases in costs to product prices. Operating profit was 4,256 million yen (an operating loss of 1,219 million yen in the same period of the previous year).

(Asia)

Net sales decreased by 25.1% year on year to 32,822 million yen, and operating loss was 1,464 million yen (an operating profit of 562 million yen in the same period of the previous year) due to substantial production cuts of major customers in the Chinese region.

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

As of December 31, 2024, total assets decreased by 6,945 million yen from the end of the previous fiscal year to 184,826 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 4,957 million yen from the end of the previous fiscal year to 115,072 million yen, reflecting decreases in notes and accounts payable – trade, and current portion of long-term loans payable, offsetting an increase in short-term loans payable.

Net assets decreased by 1,988 million yen from the end of the previous fiscal year to 69,753 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.

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	12,204	15,010
Notes and accounts receivable - trade	41,921	33,036
Merchandise and finished goods	4,423	7,079
Work in process	7,623	8,088
Raw materials and supplies	13,438	14,880
Other	3,502	3,016
Allowance for doubtful accounts	(44)	(39)
Total current assets	83,069	81,072
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,735	21,257
Machinery, equipment and vehicles, net	50,507	47,526
Construction in progress	7,171	6,665
Other, net	14,618	14,472
Total property, plant and equipment	94,033	89,921
Intangible assets	319	313
Investments and other assets		
Investment securities	9,485	9,399
Other	4,864	4,118
Total investments and other assets	14,350	13,518
Total non-current assets	108,702	103,753
Total assets	191,772	184,826

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,902	22,553
Short-term loans payable	38,537	40,687
Current portion of long-term loans payable	12,782	10,865
Income taxes payable	769	1,012
Provision for directors' bonuses	49	50
Other	12,012	11,823
Total current liabilities	92,053	86,993
Non-current liabilities		
Long-term loans payable	22,043	22,419
Provision for directors' retirement benefits	56	55
Net defined benefit liability	956	1,001
Negative goodwill	28	23
Other	4,891	4,578
Total non-current liabilities	27,975	28,078
Total liabilities	120,029	115,072
Net assets		
Shareholders' equity		
Capital stock	6,790	6,790
Capital surplus	6,404	6,404
Retained earnings	29,288	26,321
Treasury shares	(79)	(79)
Total shareholders' equity	42,404	39,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,154	860
Deferred gains or losses on hedges	237	159
Foreign currency translation adjustment	11,937	13,511
Remeasurements of defined benefit plans	92	91
Total accumulated other comprehensive income	13,421	14,622
Non-controlling interests	15,916	15,694
Total net assets	71,742	69,753
Total liabilities and net assets	191,772	184,826

(2) Consolidated statements of income and comprehensive income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	215,055	221,704
Cost of sales	200,800	204,504
Gross profit	14,255	17,199
Selling, general and administrative expenses	13,726	14,654
Operating profit	528	2,545
Non-operating income		
Interest income	90	126
Dividend income	69	103
Share of profit of entities accounted for using equity method	424	91
Foreign exchange gains	772	249
Other	242	251
Total non-operating income	1,600	822
Non-operating expenses		
Interest expenses	2,046	2,163
Other	134	16
Total non-operating expenses	2,180	2,179
Ordinary profit (loss)	(52)	1,188
Extraordinary income		
Gain on change in equity	157	—
Gain on sales of non-current assets	12	61
Total extraordinary income	169	61
Extraordinary losses		
Loss on sales of non-current assets	4	—
Loss on retirement of non-current assets	3	46
Total extraordinary losses	8	46
Profit before income taxes	109	1,202
Income taxes - current	2,057	3,244
Income taxes - deferred	(1,104)	598
Total income taxes	953	3,842
Loss	(843)	(2,639)
Profit (loss) attributable to		
Loss attributable to owners of parent	(489)	(2,592)
Loss attributable to non-controlling interests	(354)	(46)
Other comprehensive income		
Valuation difference on available-for-sale securities	266	(285)
Deferred gains or losses on hedges	65	(80)
Foreign currency translation adjustment	5,222	1,418
Remeasurements of defined benefit plans, net of tax	10	0
Share of other comprehensive income of entities accounted for using equity method	236	209
Total other comprehensive income	5,801	1,261
Comprehensive income	4,958	(1,378)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,169	(1,392)
Comprehensive income attributable to non-controlling interests	788	13

(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 third quarter ended December 31, 2024, 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, 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	22,477	148,780	43,797	215,055
Intersegment sales and transfers	7,535	1,165	2,039	10,739
Total	30,013	149,945	45,837	225,795
Segment profit (loss)	1,118	(1,219)	562	462

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	462
Elimination of intersegment transactions	66
Operating profit in the consolidated statements of income and comprehensive income	528

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

II. Nine months ended December 31, 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	22,228	166,653	32,822	221,704
Intersegment sales and transfers	9,005	1,197	2,355	12,558
Total	31,234	167,850	35,178	234,263
Segment profit (loss)	(348)	4,256	(1,464)	2,443

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	2,443
Elimination of intersegment transactions	101
Operating profit in the consolidated statements of income and comprehensive income	2,545

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 nine months ended December 31, 2024 are not prepared. Depreciation (including amortization of intangible assets excluding goodwill) and amortization of negative goodwill for the nine months ended December 31, 2024 were as follows:

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	11,047	11,347
Amortization of negative goodwill	(4)	(4)