

Fiscal Year Ending March, 2021 2nd Quarter Financial Results

Nov 6th, 2020

F-TECH Inc.
President & CEO
Yuichi Fukuda



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Consolidated Financial Results Overview (Year on Year)



(Unit : Million Yen)

	FY Mar. 2020 Q2 Actual		FY Mar. 2021 Q2 Actual		Difference	
Sales	112,355	100.0%	73,605	100.0%	▲38,749	▲34.5%
Operating Profit	2,129	1.9%	▲1,655	▲2.3%	▲3,794	▲178.2%
Ordinary Profit	1,515	1.3%	▲2,296	▲3.1%	▲3,812	▲251.6%
Profit Attributable to Owners of Parent	▲127	▲0.1%	▲3,345	▲4.5%	▲3,218	-
Earnings per share (Yen)	▲6.82	—	▲179.38	—	▲172.56	-

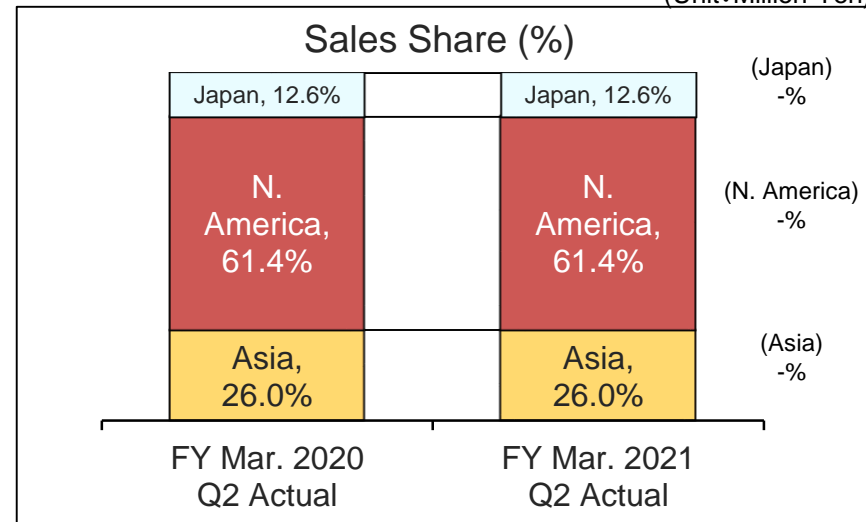
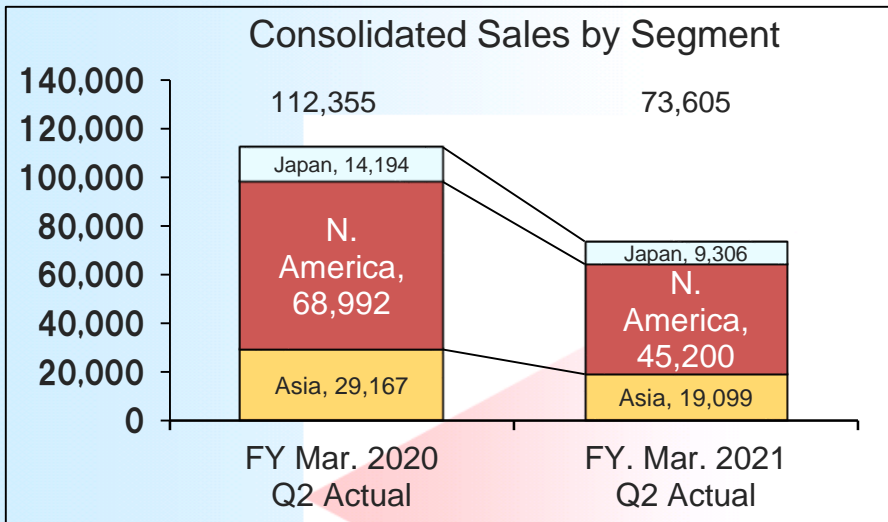
FX Impacts

	FY Mar. 2020 Q2	FY Mar. 2021 Q2	Difference
1US\$	108.68yen	106.32yen	▲2.36yen
1CAN\$	81.72yen	78.53yen	▲3.19yen
1Yuan(RMB)	16.23yen	15.32yen	▲0.91yen

Decrease in sales and profit (Mainly due to COVID-19 impact)

Consolidated Sales (Year on Year)

(Unit: Million Yen)



Change in Consolidated Sales

	FY Mar. 2020 Q2	FY Mar. 2021 Q2	Difference	Difference(%)	FX Impact	Net Difference	Difference(%)
Japan	14,194	9,306	▲4,888	▲34.4%	—	▲4,888	▲34.4%
N. America	68,992	45,200	▲23,792	▲34.5%	▲1,354	▲22,438	▲32.5%
Asia	29,167	19,099	▲10,068	▲34.5%	▲1,072	▲8,996	▲30.8%
Consolidated	112,355	73,605	▲38,749	▲34.5%	▲2,427	▲36,322	▲32.3%

Significant decrease in sales in all segments due to COVID-19 impact

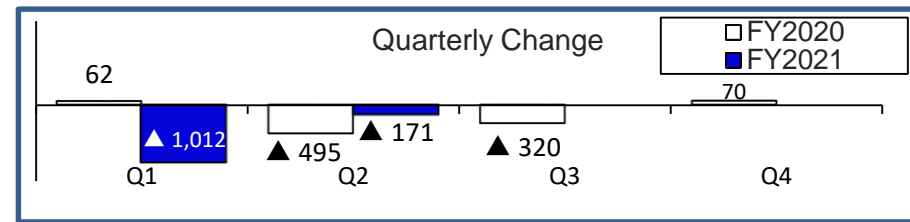
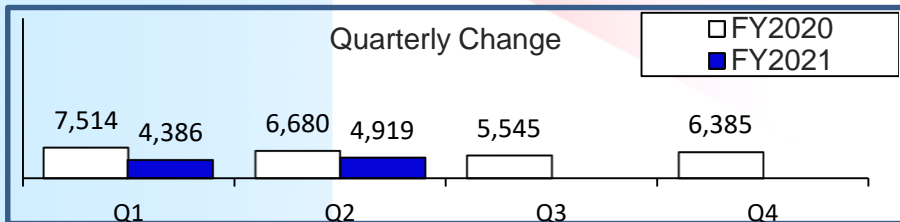
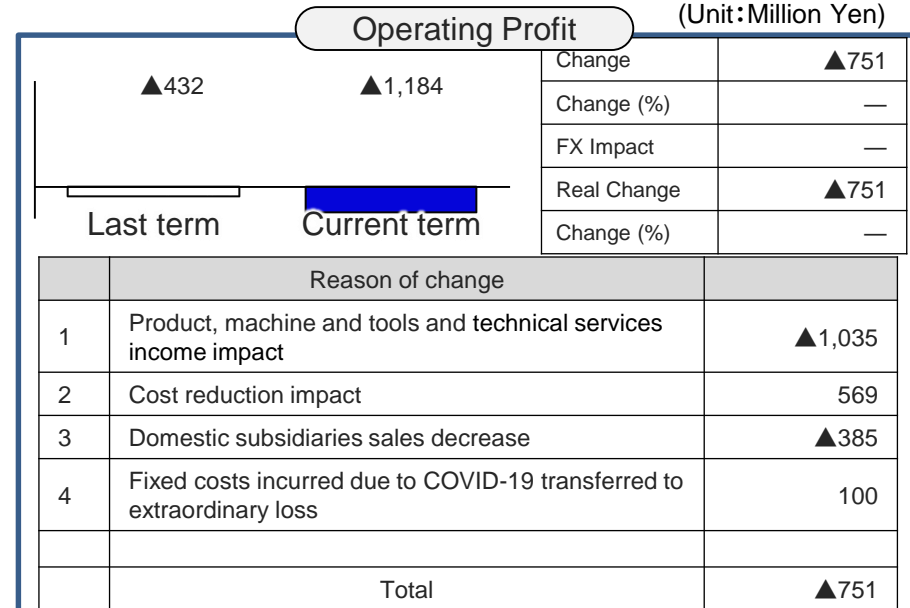
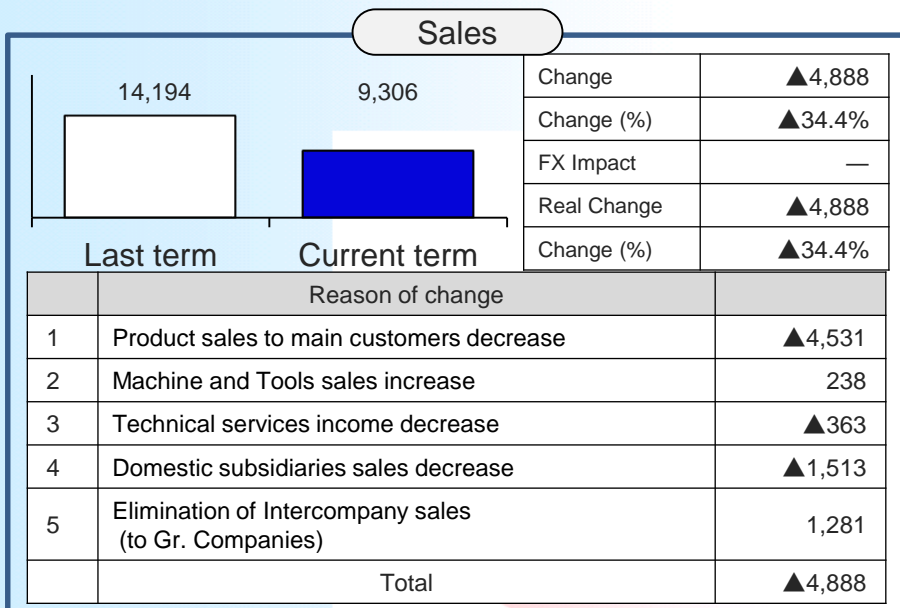
Operating Profit by Segment (Year on Year)

(Unit: Million Yen)

	Operating Profit			
	FY Mar. 2020 Q2 Actual	FY Mar. 2021 Q2 Actual	Difference	Difference (%)
Japan	▲432	▲1,184	▲751	-
N. America	395	▲1,315	▲1,710	▲432.8%
Asia	1,928	723	▲1,205	▲62.5%
Total	1,890	▲1,776	▲3,667	▲194.0%
Adjust	238	111	▲127	▲53.4%
Consolidated	2,129	▲1,665	▲3,794	▲178.2%

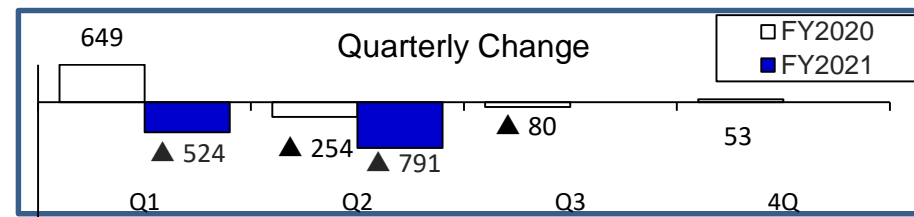
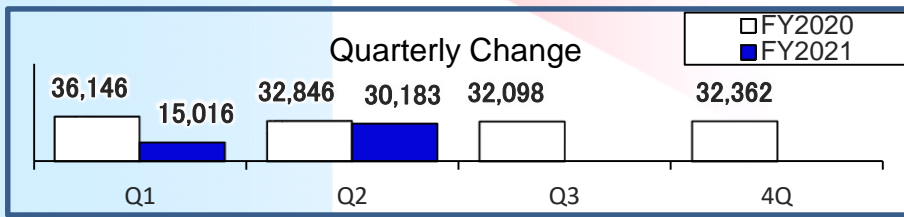
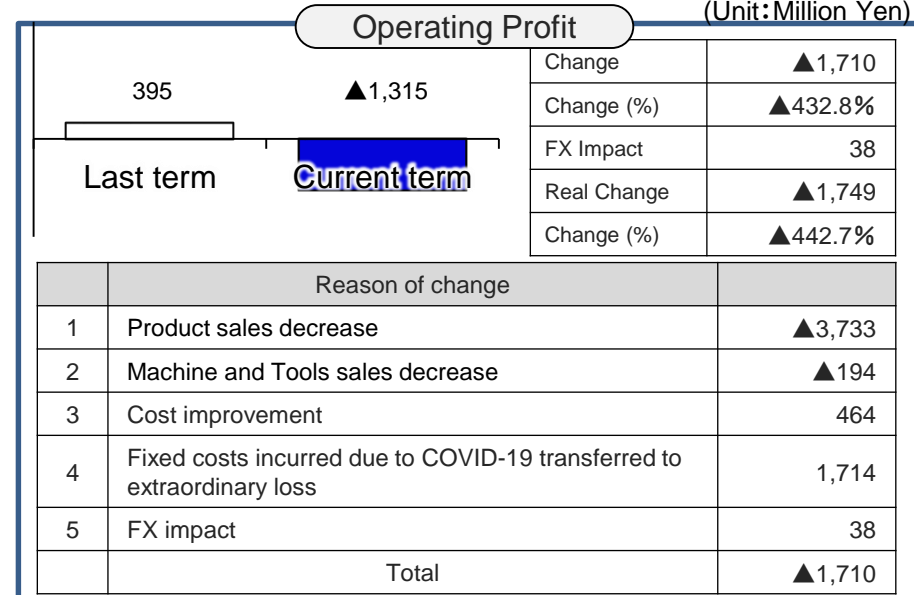
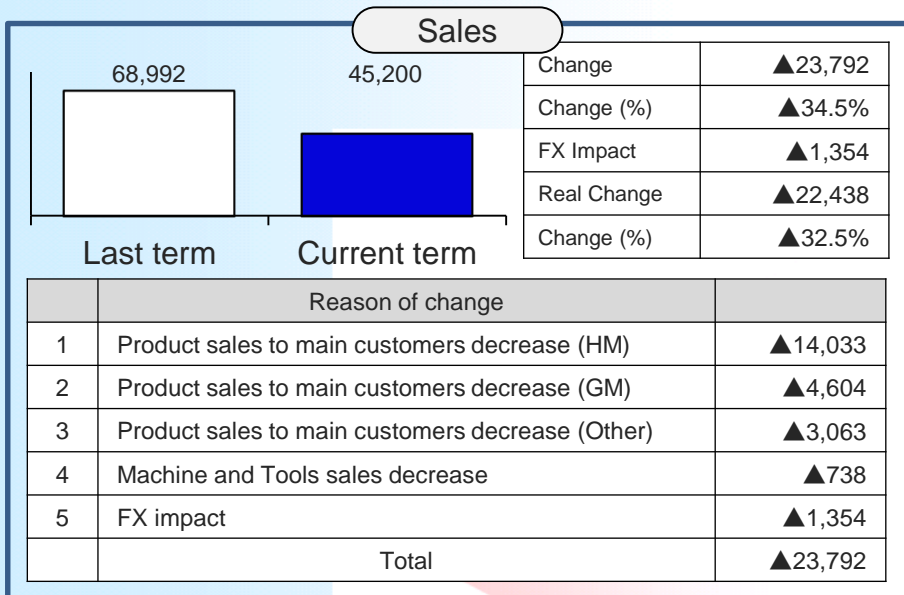
Share		
FY Mar. 2020 Q2 Actual	FY Mar. 2021 Q2 Actual	Difference
▲20.3%	71.1%	91.4%
18.6%	79.0%	60.4%
90.6%	▲43.4%	▲134.0%
88.8%	106.7%	17.9%
11.2%	▲6.7%	▲17.9%
100.0%	100.0%	-

Operating Performance by Segment (Japan)



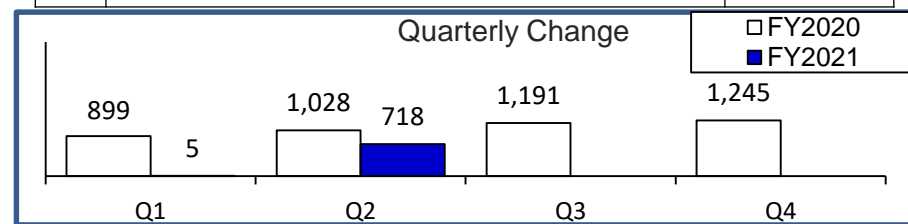
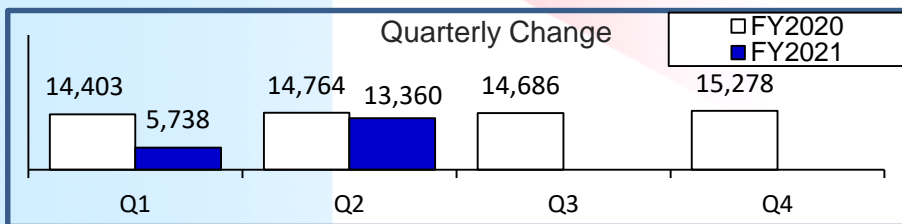
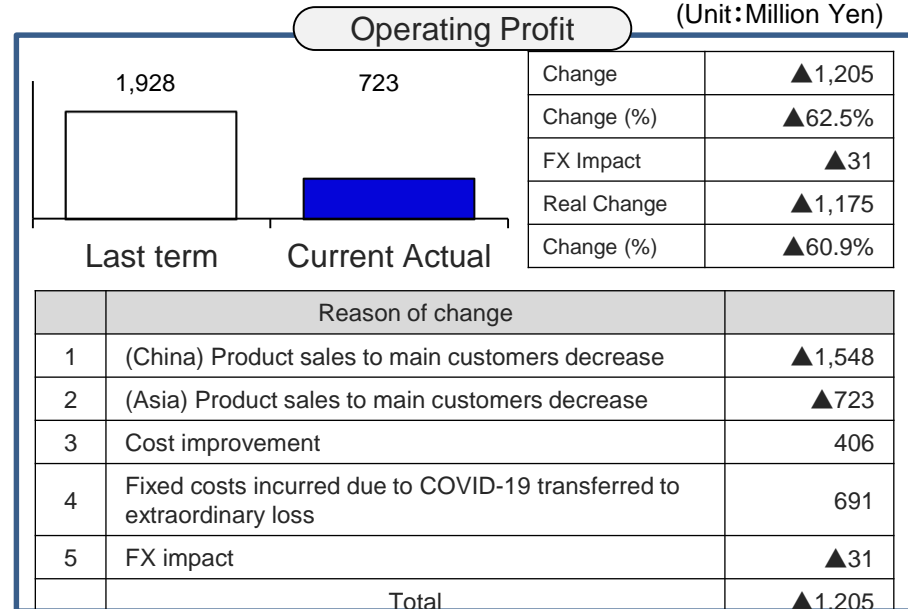
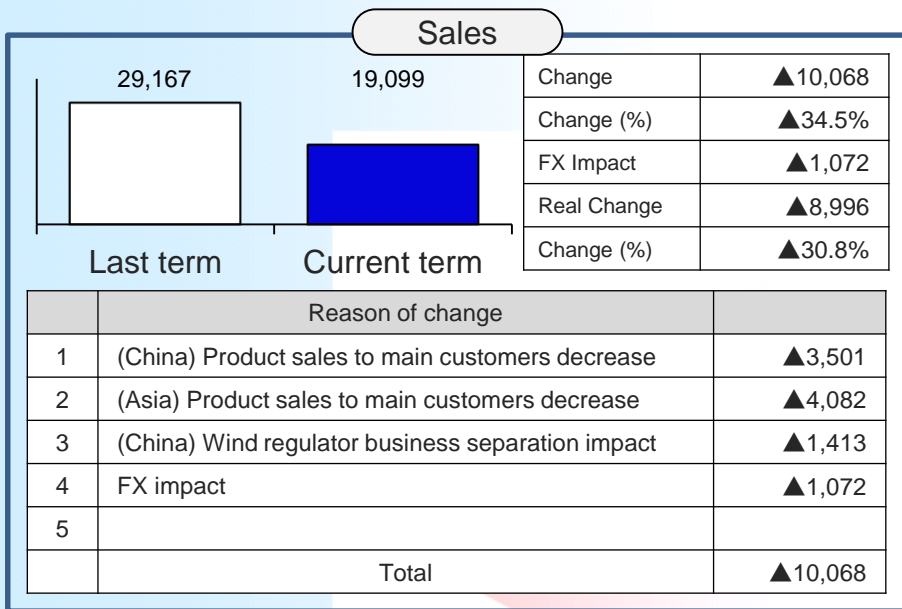
Decrease in sales and profit (COVID-19 is the main factor. Cost reduction contributed to the profit significantly and activities will continue.)

Operating Performance by Segment (N. America)



Decrease in sales and profit (COVID-19 is the main factor. Similar impact in Mexico in the second quarter, where closing is in December.)

Operating Performance by Segment (Asia)

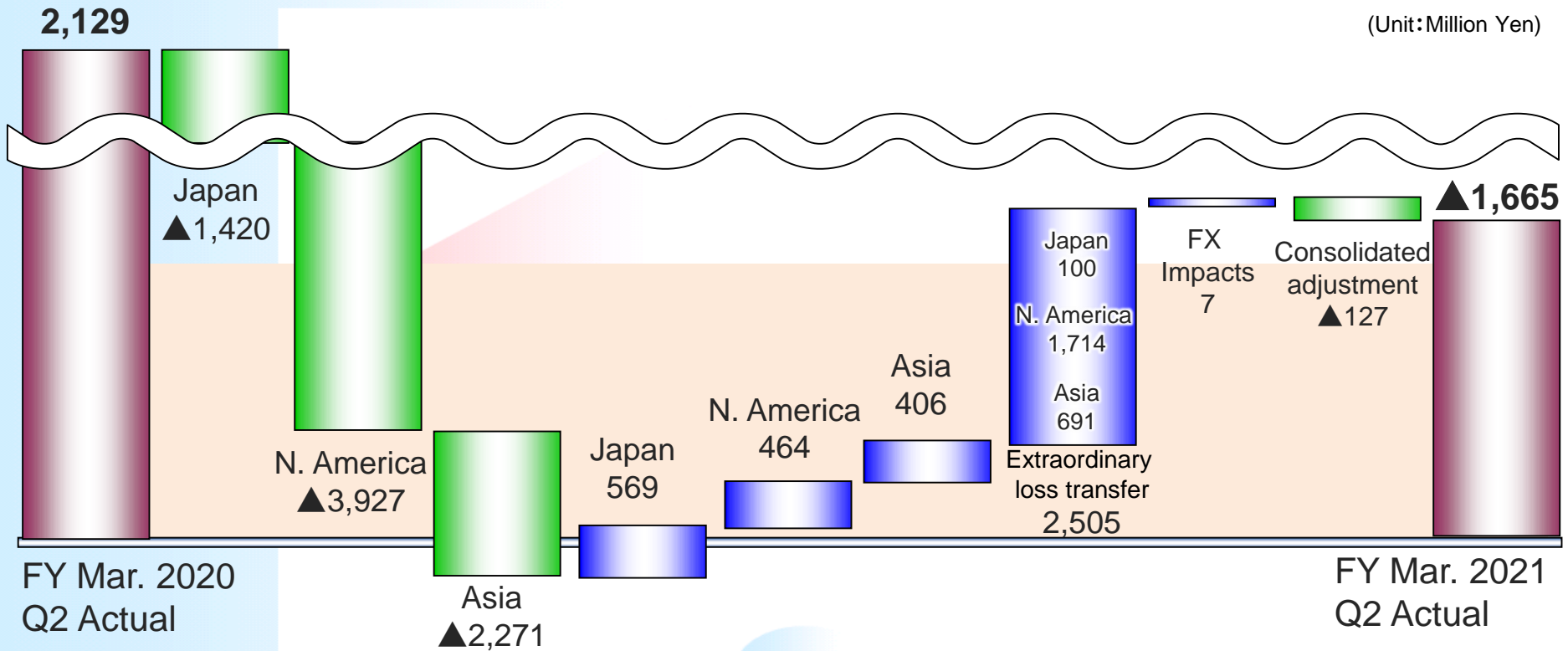


Decrease in sales and profit (COVID-19 is the main factor. Production in China started to recover in the second quarter. The impact in Asia still continues.)

Changes in Operating Profit

Product and Machine and Tools sales
Improvement
COVID-19
Decrease
Increase

(Unit: Million Yen)



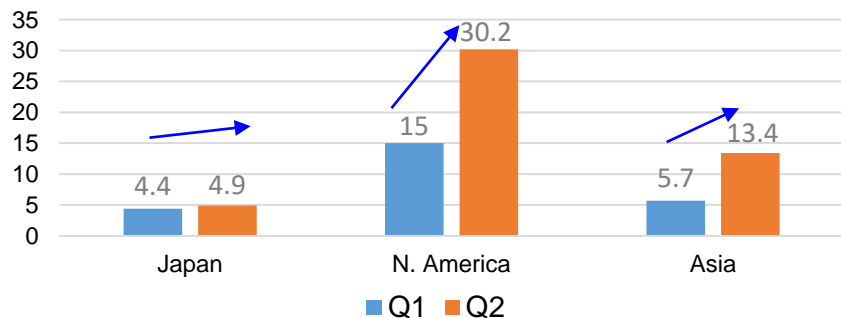
The Second Quarter Consolidated Closing – by Quarter

(unit: million yen)	FY Mar. 2021		
	Q1	Q2	Total
Consolidated sales	25,141	48,464	73,605

(unit: million yen)	FY Mar. 2021		
	Q1	Q2	Total
Consolidated operating profit	-1,372	-293	-1,665

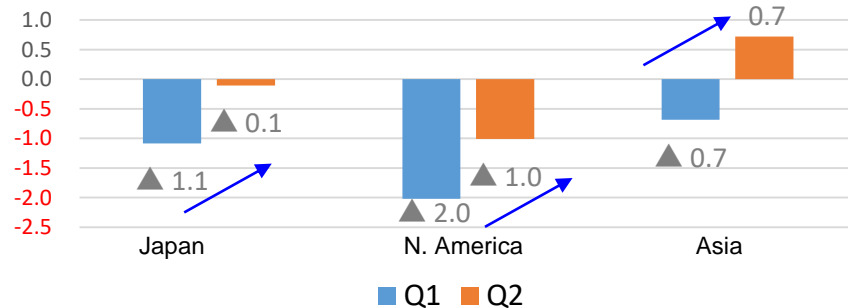
(Unit: Billion Yen)

Sales (by segment, by quarter)



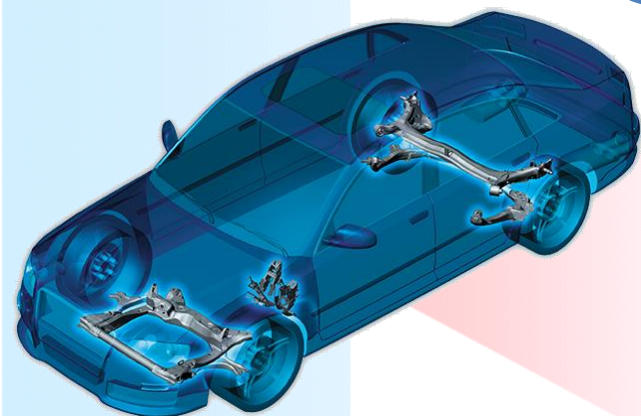
(Unit: Billion Yen)

Operating Profit (by segment, by quarter)



※In N. American graph, extraordinary loss transfer (fixed cost) is indicated as expense.

When compared quarter to quarter, sales in each segment increased. Although some segments are showing loss, operating profit is on an upward trend.



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Consolidated Earnings Forecast (FY Mar 2021 Forecast)



(Unit: Million Yen)

	FY Mar 2020 Actual		FY Mar 2021 Full year (Aug 6 th)		Difference	
Sales	218,712	100.0%	184,000	100.0%	▲34,712	▲15.9%
Operating profit	4,088	1.9%	2,400	1.3%	▲1,688	▲41.3%
Ordinary profit	2,764	1.3%	1,900	1.0%	▲864	▲31.3%
Profit Attributable to owners of parent	328	0.2%	▲800	0.4%	▲1,128	▲343.6%
Earnings per share (Yen)	17.58	—	▲42.83	—	▲60.41	▲343.6%

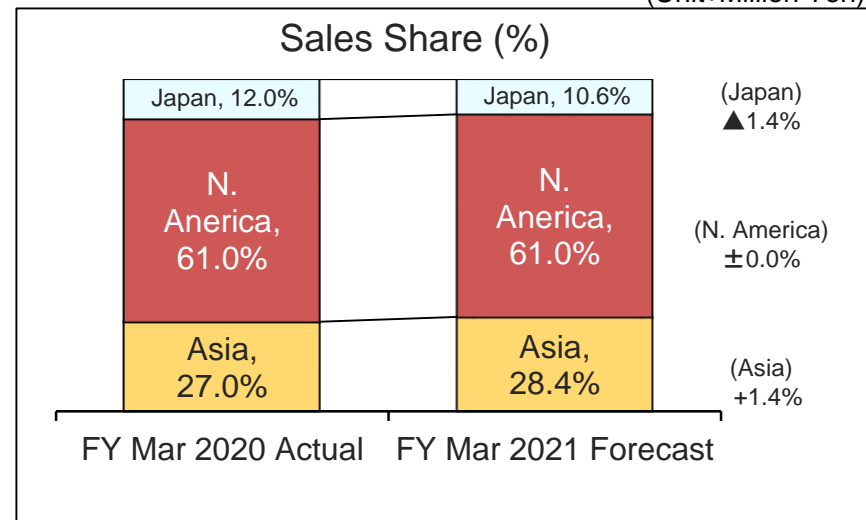
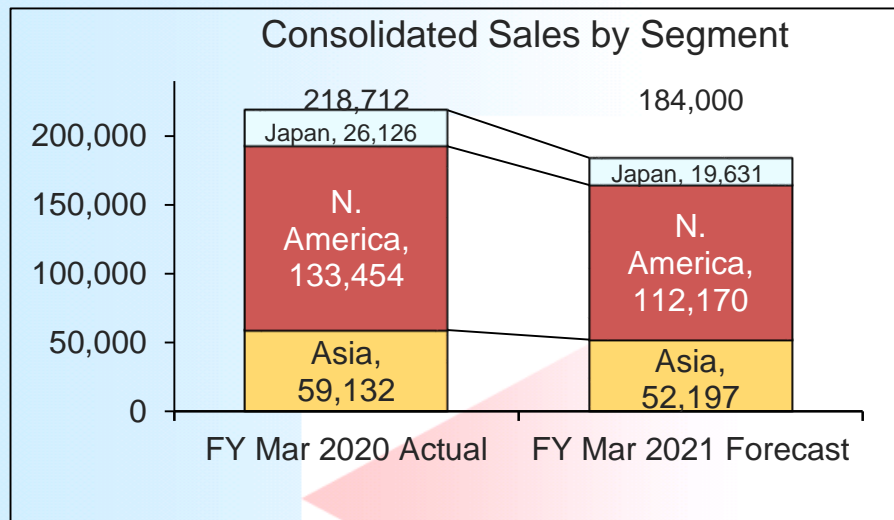
FX impacts

	FY Mar 2020	Q2	Difference
1US\$	108.95 yen	105.56 yen	▲3.39 yen
1CAN\$	81.67 yen	79.30 yen	▲2.37 yen
1Yuan(RMB)	15.82 yen	15.15 yen	▲0.67 yen

Decrease in sales and profit (Due to COVID-19 impact)

Consolidated Sales (FY Mar 2021 Forecast)

(Unit: Million Yen)



Change in Consolidated Sales

	FY Mar 2020	Q2	Difference	Difference(%)	FX Impacts	Net Difference	Difference(%)
Japan	26,126	19,631	▲6,494	▲24.9%	—	▲6,494	▲24.9%
N. America	133,454	112,170	▲21,283	▲15.9%	▲3,416	▲17,868	▲13.4%
Asia	59,132	52,197	▲6,934	▲11.7%	▲2,079	▲4,856	▲8.2%
Consolidated	218,712	184,000	▲34,712	▲15.9%	▲5,495	▲29,218	▲13.4%

Decrease in sales (Due to recovered production after the second quarter, the rate of decline in China is low.)

Operating profit by Segment (FY Mar 2021 Forecast)

(Unit: Million Yen)

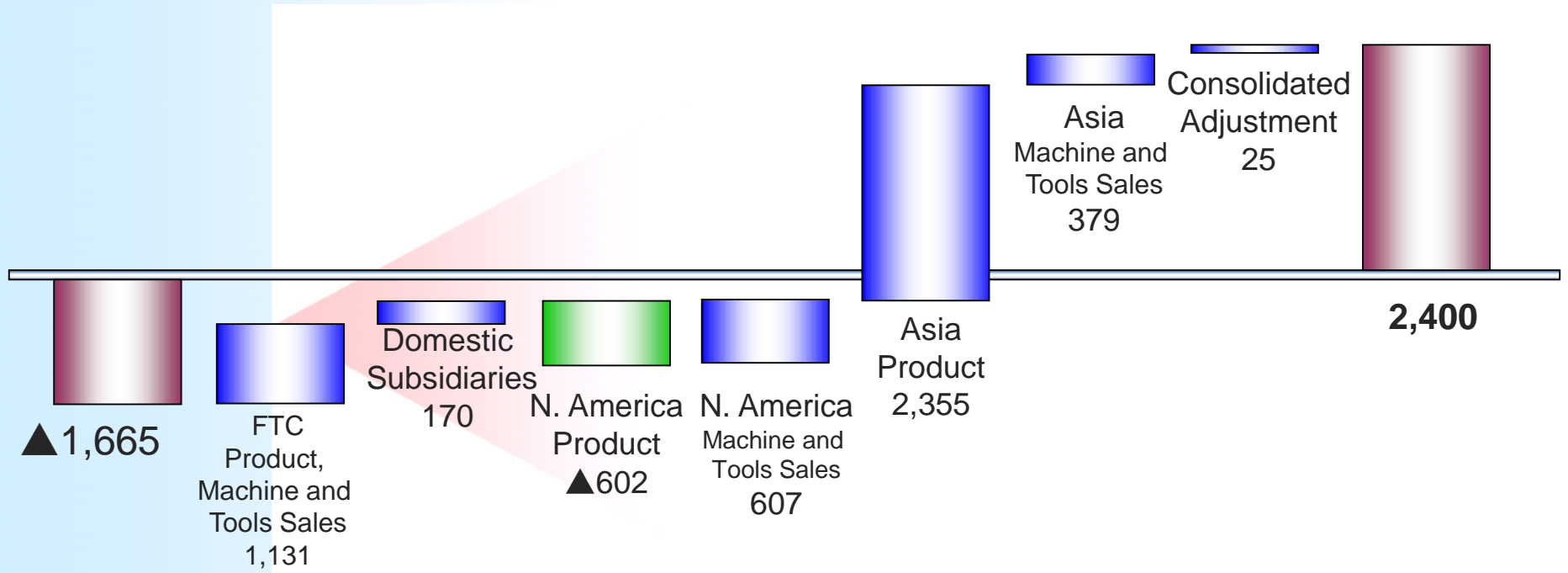
	Operating Profit			
	FY Mar 2020 Actual	FY Mar 2021 Q2	Difference	Difference (%)
Japan	▲683	116	799	-%
N. America	367	▲1,310	▲1,677	▲456.1%
Asia	4,365	3,457	▲908	▲20.8%
Total	4,050	2,263	▲1,787	▲44.1%
Adjust	37	136	98	263.3%
Consolidated	4,088	2,400	▲1,688	▲41.3%

Share		
FY Mar 2020 Actual	FY Mar 2021 Q2	Difference
▲16.7%	4.9%	21.6%
9.0%	▲54.6%	▲63.6%
106.8%	144.1%	37.3%
99.1%	94.3%	▲4.8%
0.9%	5.7%	4.8%
100.0%	100.0%	-

Transition of Operating Profit (Q2 Actual → Full year forecast)



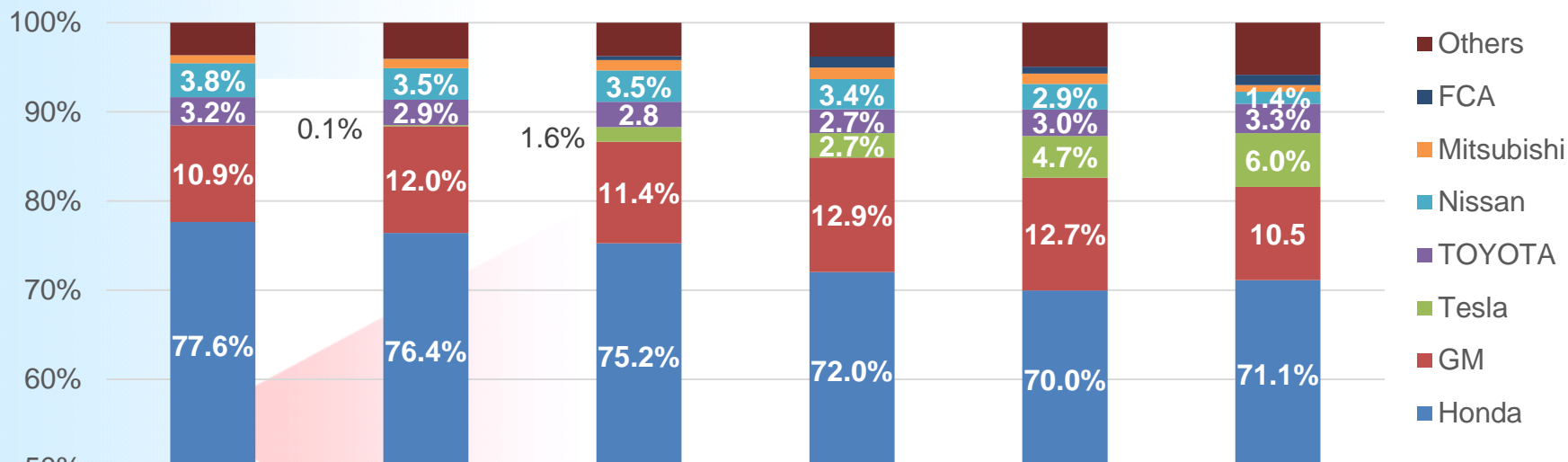
(Unit : Million Yen)



FY 2021
Q2 results

FY Mar 2021
Full year forecast

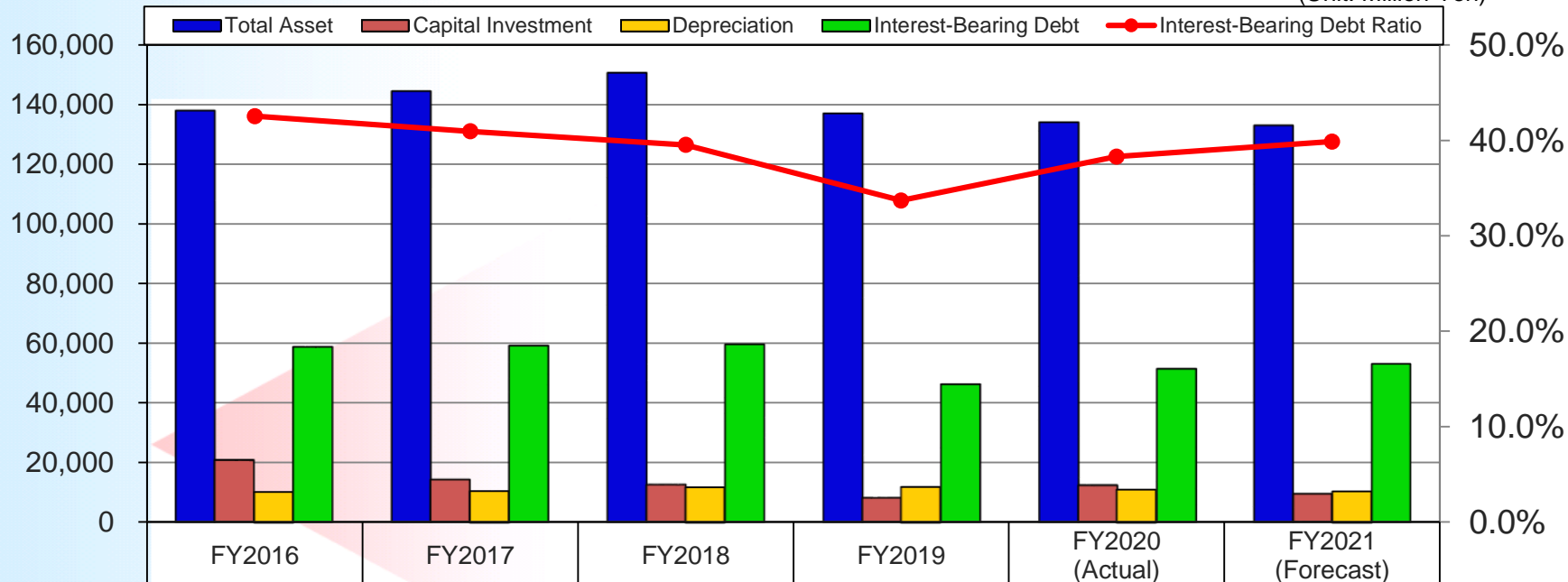
Sales Changes by Customer



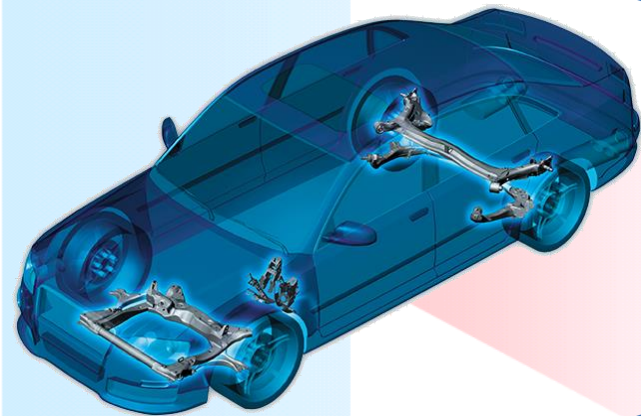
	FY Mar. 2016	FY Mar. 2017	FY Mar. 2018	FY Mar. 2019	FY Mar. 2020 (Actual)	FY Mar. 2021 (Plan)
Honda	152,435	151,282	170,089	169,512	153,004	130,884
GM	21,345	23,683	25,782	30,258	27,719	19,259
Tesla	—	247	3,661	6,443	10,211	11,094
TOYOTA	6,204	5,658	6,428	6,300	6,471	6,058
Nissan	7,435	6,985	7,957	7,977	6,275	2,499
Mitsubishi	1,803	2,036	2,648	3,051	2,597	1,360
FCA	—	71	1,010	2,913	1,686	2,126
Others	7,121	7,979	8,485	8,907	10,749	10,720
Total	196,343	197,941	226,060	235,361	218,712	184,000

Financial Position

(Unit: Million Yen)



Total Asset	137,980	144,420	150,525	137,010	134,038	133,014
Capital Investment	20,578	14,094	12,435	8,056	12,238	9,355
Depreciation	10,081	10,335	11,666	11,720	10,890	10,279
Interest-Bearing Debt	58,686	59,129	59,510	46,220	51,342	53,030
Interest-Bearing Debt Ratio	42.5%	40.9%	39.5%	33.7%	38.3%	39.9%



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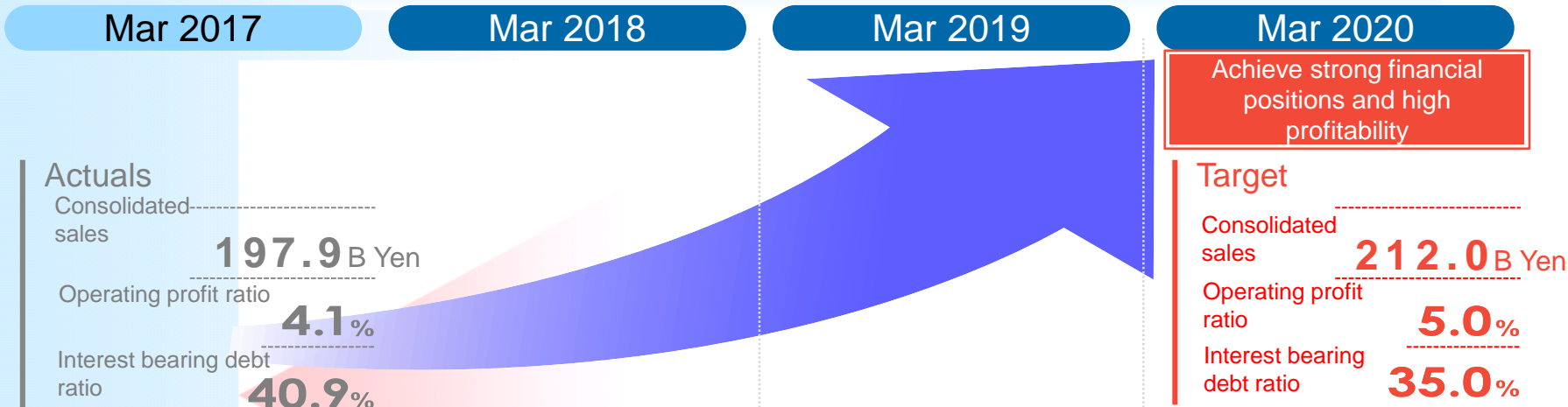
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Corporate Policy **Back to Basics, Challenge for New**



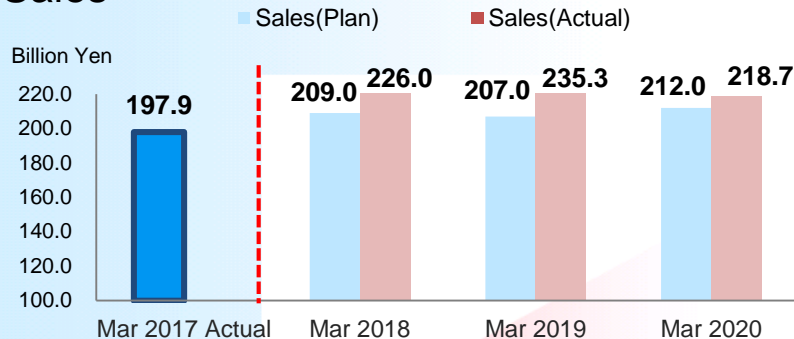
Back to Basics

- Provide our customers with excellent value
- Production plants to maximize the profit
- Support function to minimize the cost and provide production plants with value
- Establish strong financial positions

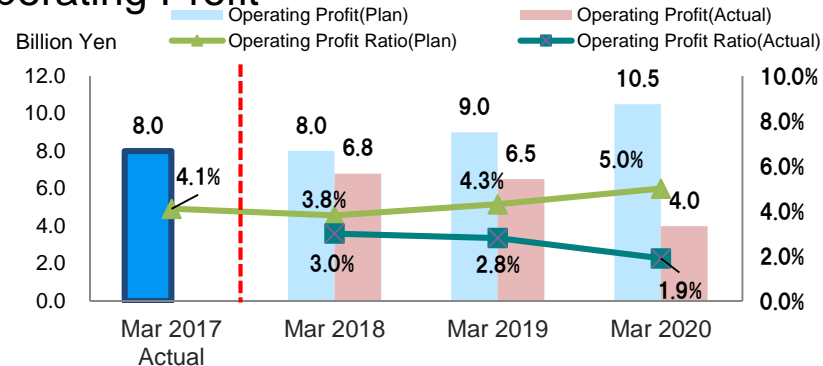
Challenge for New

- Acquire and expand new customers
- Propose new breakthrough products
- Establish new technologies and new processing methods
- Plan and execute new business opportunities

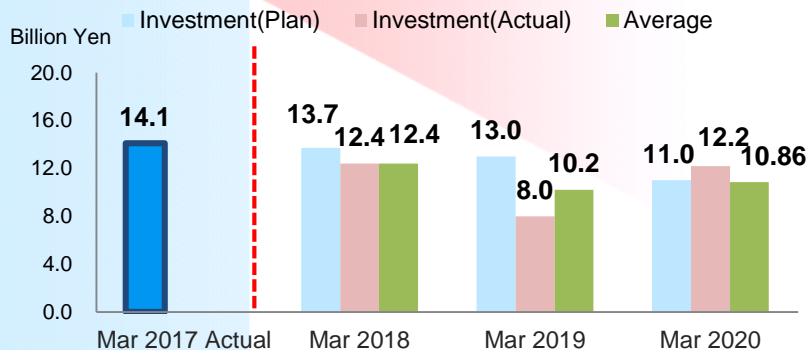
Sales



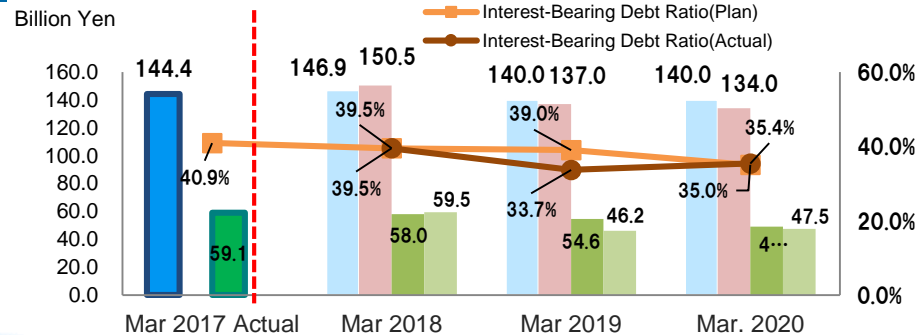
Operating Profit



Investment Plan



Interest-Bearing Debt Ratio



Excluded Special Factors

The 13th Mid-Term Plan : The 3rd Year Plan vs. Actual

(Unit: Billion Yen)

	Mid-Term Plan	Mar 2020 Actual	Evaluation
Sales	212.0	218.7	◎
Operating Profit	10.5	4.0	✕
Investment Plan	11.0	3year Ave. 10.86	◎
Interest-bearing Debt (Excluding Special Factors*)	49.0	47.5	◎
Interest-bearing Debt Ratio(Excluding Special Factors*)	35.0%	35.4%	△

*Special Factors: Additional borrowings of 2.5 billion yen for COVID-19, 1.3 billion yen increase due to lease accounting changes, a total of 3.8 billion yen has been deducted.

- Sales, Investment, Interest-bearing Debt, and Interest-bearing Debt ratio are mostly on plan.
- Operating Profit has significant gap to the plan, and the issues are being addressed.

Japan and Asia

North America

Issues	Challenges	Countermeasures
Sales volume not growing	Sales leveled off	Respond to localization Develop new customers Diversified income sources
Efficiencies of production lines declined	Increase of fixed costs and depreciation	Reduce fixed costs Reduce investment
Value-added per person declined	Increase of labor costs	Improve efficiency of SGA jobs Improve efficiency of production lines Continued kaizen activities

Issues	Challenges	Countermeasures
Cost increased Labor, Outsourcing + associated expenses	Cost reduction	Improve logistics Change to in house operation Reduce manpower
Loss increased Scrap/Additional inspections	Loss reduction	Improve manufacturing accuracy Scrap reduction
Lowered productivity Additional outsourcing	Productivity improvement	Stabilize productivity Improve associates' ability Automation

- Production at customers are fluctuating, and external environment is changing.
- Activities are on going, various improvement activities are gradually showing the results.

The 13th Mid-Term Business Plan

Achieve strong financial positions

Reinforce the free cash flow operation

The goal on Interest-bearing debt ratio was almost achieved

Achieve high profitability

Sales increase with diversification of customers was achieved

<Business environment changes>

- Trade environment
- Automobile market changes
- Tight labor market

<Internal environment changes>

- Decrease productivity, and increase costs

Resulted in low profitability

The 14th Mid-Term Business Plan

Corporate Policy : Let's exceed out limits! We will, without compromise, produce the "Best One" for all our customers

66th Term (FY2020)

67th Term (FY2021)

68th Term (FY2022)

Maximize group efficiency

Goals

- Productivity Manpower efficiency Year on year ▲1point
- Efficiency Confirmation of automated inspection device performance
- Profitability Scrap ratio to sales Less than 0.1%
- FCF Turning positive

Common attitude that all F-tech group associates should have

Better than Ever

Back to Basics

~Master what you suppose to do~

- Achieve profit at all facilities
- Evolution of the simulation
- Revival of domestic facilities

Challenge for New

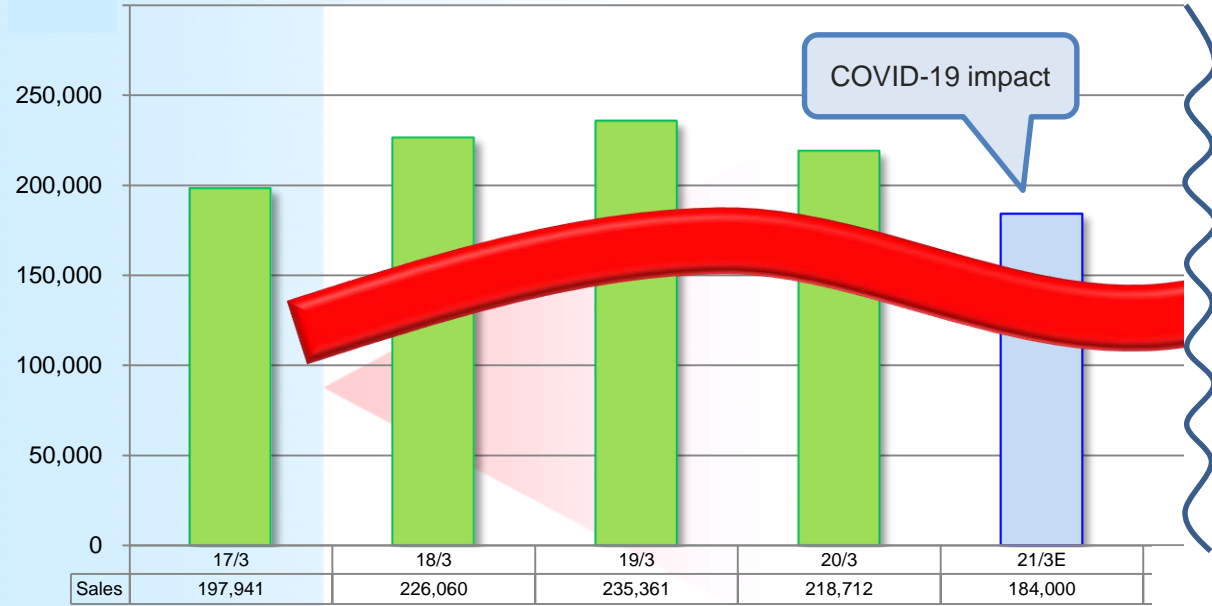
~Challenge to create new value~

- Acquire mainstay new customers
- Challenge in new regions
- Create new business opportunities

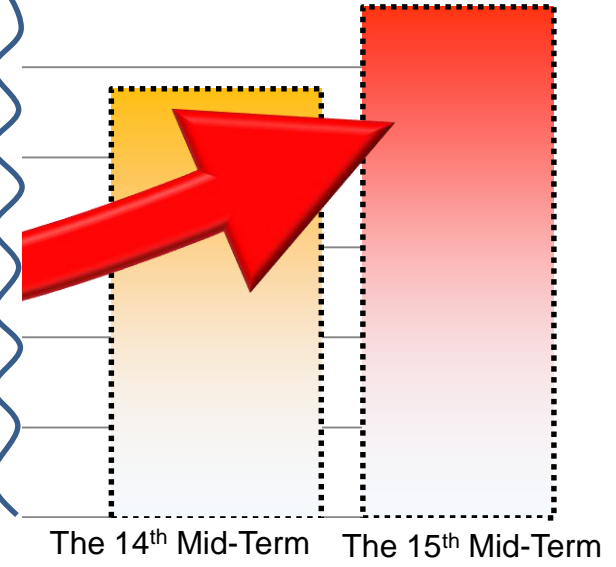
The 14th Mid-Term Major Activities to Achieve “Better than Ever” (Sales area)

Sales

Unit: Million Yen



Expanding the business globally with Honda/GM/Toyota/Suzuki, and emerging EV manufacturers



- Enhance global sales activities for further business opportunities with Honda/GM/Toyota/Suzuki.
- Strongly expand the development/sales activities to EV manufacturers (TESLA/RIVIAN).

【Responding to the diverse needs of automobile manufacturers】

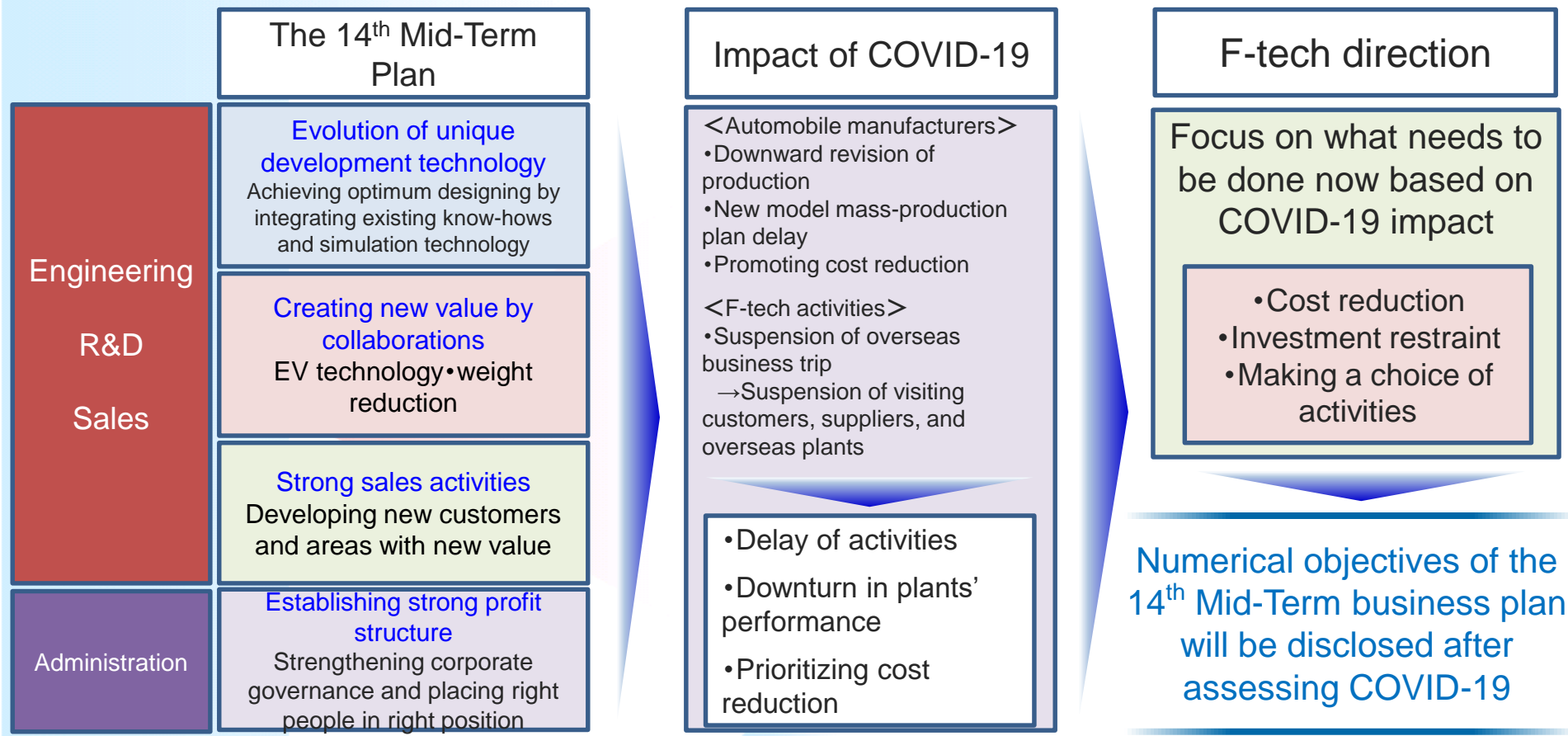


Optimal proposal according to the needs of each OEM

<p>CG Internal control</p>	<ul style="list-style-type: none"> ○ Evolving to new governance structures that lead to enhancing corporate value <ul style="list-style-type: none"> • Achieving optimal and speedy control and decision making ○ Optimization of risk management, compliance, and CSR
<p>Finance P&L • Investment management</p>	<ul style="list-style-type: none"> ○ Initiatives for global accounting standard (Clarification of profitability recognition policy) ○ Establishing a structure for financial • investment management, new funding methods
<p>Human resource development • activation</p>	<ul style="list-style-type: none"> ○ Expanding a program of global recruiting, human resource development and management, promoting work style reforms <ul style="list-style-type: none"> • Diversified methods to recruit overseas human resources, high standardization of domestic and international technologies (conduct training by skilled technicians) • Global management of retention of technologies and skills (including establishing management environment)
<p>Process improvement</p>	<ul style="list-style-type: none"> ○ Changing SGA job structure and achieving “new competitiveness by reducing cost by half”

Establishing a structure to manage profitability by making decisions quickly and also placing right people in the right position

Each Area's 14th Mid-Term Plans in COVID-19 Pandemic



Each Region's Current Status in COVID-19 Pandemic

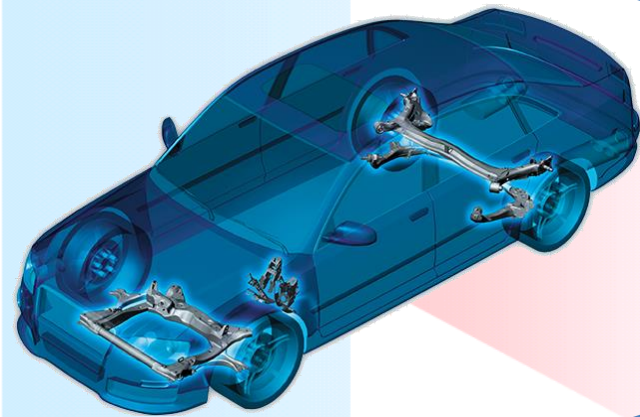
Region	COVID-19 Impact Term		Recovery Status *1	Status After Q3 *2
	Operation Suspension	Operation Restart		
China	End of January *3	Zhongshan: Beg of February Wuhan: Beg of March	Over 100%	Over 100%
North America	End of March	Canada: Beg of May USA: Beg of May Mexico: End of May	Approx. 70% *4	Approx. 100%
Japan	End of April	Begging of May	70%~80%	Approx. 100%
Asia	Thailand: No suspension Philippines: End of Mar. Indonesia: Beg. of Apr.	Thailand: Based on customers' schedule Philippines: Beg of April Indonesia: End of June	Approx. 60%	Approx. 80%

*1: Compared to previous Q2 (production volume)
 *2: Compared to previous Q3 (production volume)
 *3: After Chinese new year
 *4: Mexico is closing in December. Q2 was peak of COVID-19 impact, and it offsets the recovery of the US and Canada.

As of Sep 30th

Due to the impact of COVID-19, production volumes have dropped significantly compared to last year. We are currently working diligently to achieve the plan of 2020.

We will target to disclose numerical objectives of the 14th Mid-term plans at the next financial results report (May 2021).



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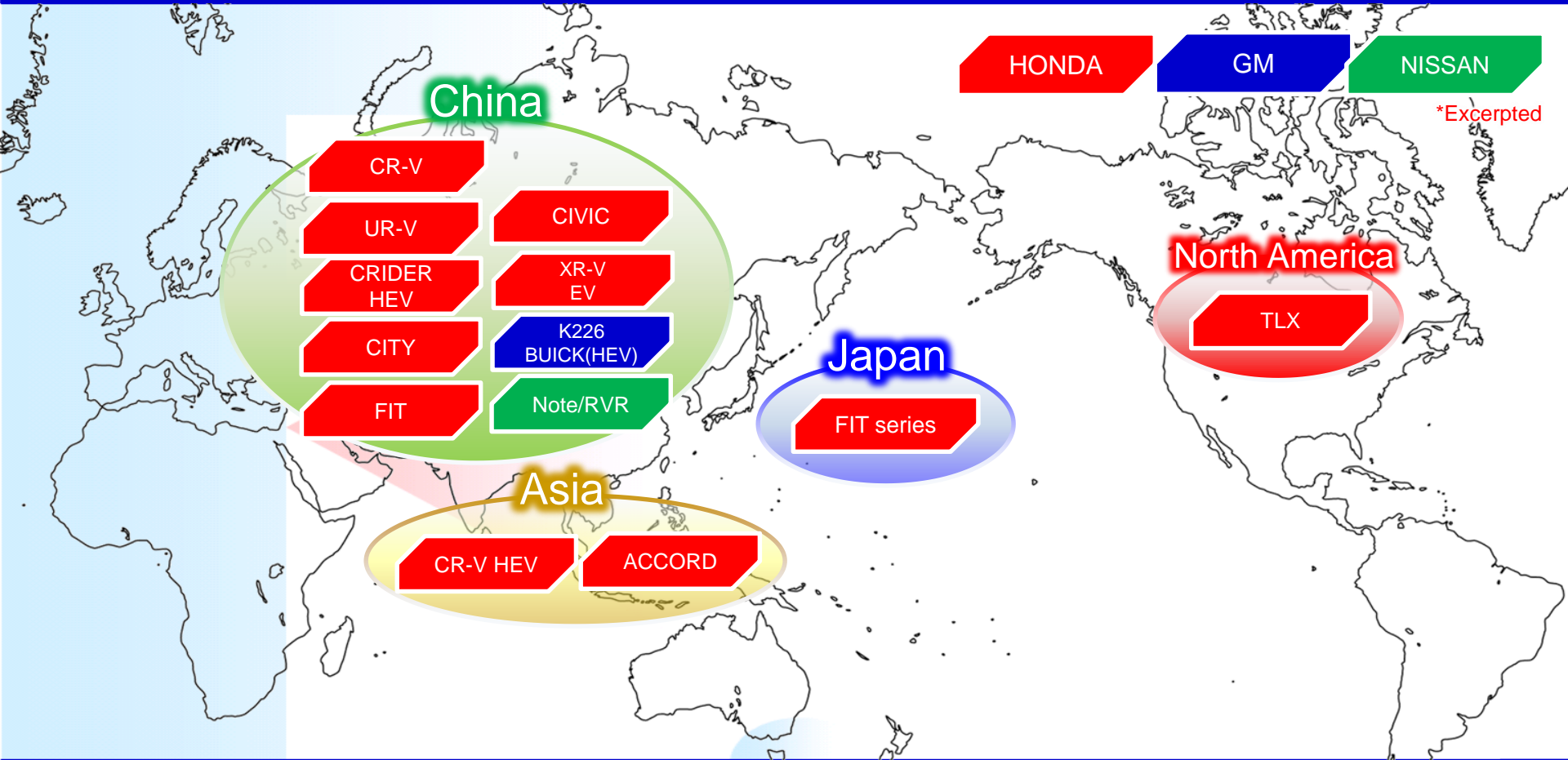
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Underbody Parts for TOYOTA

North America

Japan

Asia



TOYOTA
Underbody parts
awarded



TOYOTA
Underbody parts
awarded



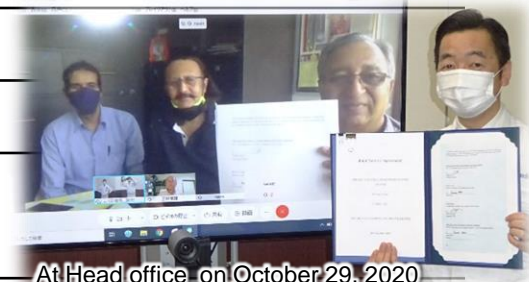
TOYOTA
Underbody parts
awarded

F-tech develops and designs the products for North America. Underbody parts are awarded to F-tech group companies in North America, Japan, and Asia!

*Press release in November 2019

On the top of above, **we have received additional new model parts business from Toyota!**
We will enhance the sales activities of underbody parts globally and strive to focus on further business expansion.

Company Name	VEEGEE Auto Components Private Limited
Location	Ahmedabad, Gujarat, India
Amount of Investment	342,940,000 INR (Approx. 488Million Yen※)
Investment ratio	VEE GEE INDUSTRIAL ENTERPRISES PVT.LTD. 74% F.Tech Inc. 26%
Capital after the investment	993,740,000 INR (Approx. 1,414Million yen*) after our final investment
Business Lineup	Manufacturing and sales of Automotive parts (Body parts , Pedal parts, Chassis parts)
Main customers	SUZUKI MOTOR GUJARAT PRIVATE LIMITED



*1INR=1.4229 (Converted with the exchange rate of September 24,2020)

We place India business as the 3rd pillar after North America and China.

【Initiative for quality】



Quality Excellence Award

**F&P MFG DE MEXICO,
S.A. DE C.V.**

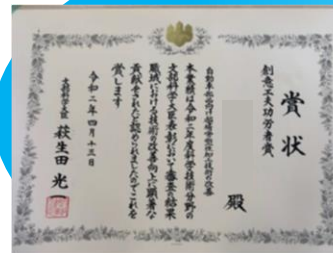
■ Received from GM MEXICO

We will strive to meet the requirements of our customers by raising the quality awareness of each employee.

■ Received Prize for creativity from the Minister of Education, Culture, Sports, Science and Technology

Kuki plant (2 consecutive years) / Kameyama plant (3 consecutive years)

【Initiative for improvements of manufacturing technology】



Kuki plant
Awarded 2 years in a row

“Prize for creativity” Awarded by the Minister of Education, Culture, Sports, Science and Technology



Kameyama plant
Awarded 3 years in a row

Social contribution

【Mask donation activity】



Saitama prefectural office
(8,000 masks)



Kuki city office (10,000
masks)



Thoughtful return gift
from FTW



Letter of appreciation
from Mie prefecture and
Kameyama city

Total 33,000 masks were donated

Work-life balance

We received “Work-life balance promotion award 2020” from Kameyama city

【Evaluation items】

- How many paid time offs were used (use rate)
- How many associates used child care leaves (use rate)
- How many associates used nursing leave (use rate)
- Activities to reduce long working hours
- Activities to promote to use paid time offs
- Activities to create work environment where both men and women can comfortably work, etc.

Excerpted

Despite the challenging environment, we will continue to work to recover a safe daily life and vibrant social and economic activities as soon as possible.

- ✓ Due to the outbreak of the COVID-19 in January 2020, travel restrictions have been taken place around the world to prevent the spread. In the automobile industry, production was suspended and there was a mood for voluntary restraint, which possibly triggered to lower automotive demands. Global F-tech group has been affected, and its production and sales of the products were suspended.
- ✓ The Group has been building the system that allows flexible changes in production allocation by introducing general-purpose equipment in order to keep the capital investment and costs under control.
- ✓ Based on the impact of COVID-19, we will respond continue to make every effort to fulfill our responsibilities to deliver our products to the customers by understanding changes of the situation accurately and responding in a timely manner.

Thank you for your attention!



The future outlook and earnings forecasts in this document are made based on the information available at the moment, and they include potential risks and uncertainties.

As a result, please bear in mind that actual business performance may substantially differ from the stated future forecasts due to changes in various factors.

For inquiries on IR information, please contact:

F-TECH INC. Management Planning Division

General Affairs Department/Finance and Accounting Department

TEL 0480-85-5211

Mail webmaster@ftech.co.jp

Appendix

Appendix ~Consolidated Balance Sheet(FY Mar 2020 results)~

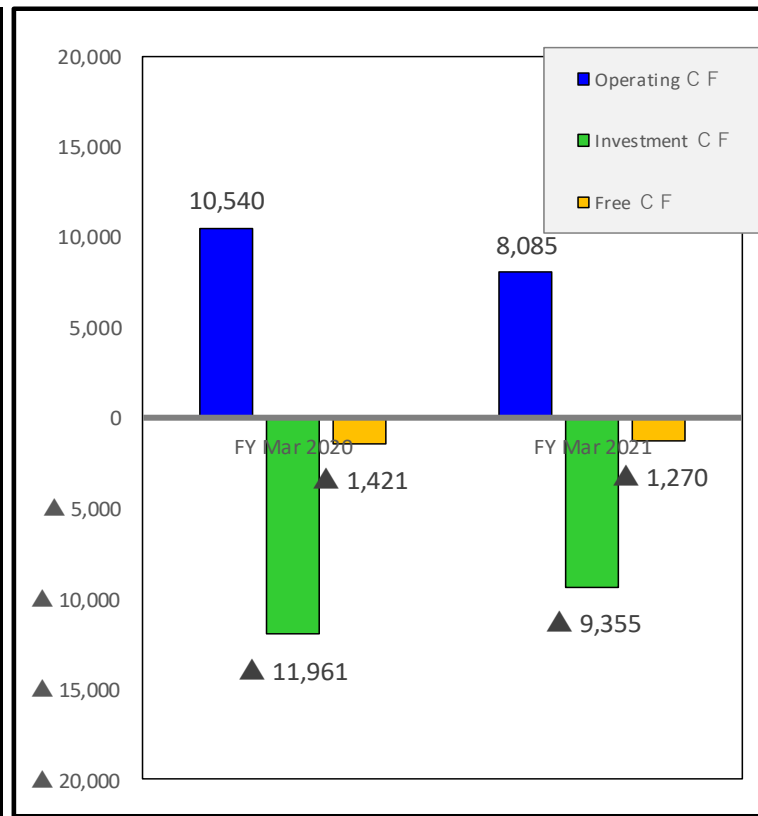


		Mar. 2020	Mar. 2021	Changes
		Actual	Forecast	
Current Assets	Cash and Deposits	8,880	7,571	▲ 1,309
	Notes and AR	27,955	28,955	1,000
	Inventories	19,094	19,094	0
	Others	3,028	3,236	208
Current Assets		58,957	58,856	▲ 101
Non-current Assets	Property, plant and equipment	66,714	65,242	▲ 1,472
	Intangible assets	363	363	▲ 0
	Investment and others	8,004	8,553	549
Non-current Assets		75,082	74,158	▲ 924
Total Assets		134,039	133,014	▲ 1,025

Interest-bearing debt	51,342	53,030	1,688
Interest-bearing debt ratio	38.3%	39.9%	1.6%

		Mar. 2020	Mar. 2021	Changes
		Actual	Forecast	
Current Liabilities	Notes and AP	17,427	17,250	▲ 177
	Short-term loans	20,396	21,971	1,575
	Current portion of Long-term loan	9,740	8,194	▲ 1,546
	Others	7,850	7,640	▲ 210
Current Liabilities		55,413	55,055	▲ 357
Non-current Liabilities	Long-term loan	19,147	21,108	1,961
	Others	5,186	4,363	▲ 823
Non-current Liabilities		24,333	25,471	1,138
Total Liabilities		79,746	80,526	781
Total Shareholders' Equity		41,914	40,109	▲ 1,805
Accumulated Other Comprehensive Income		▲ 1,778	▲ 1,778	0
Non-controlling Interests		14,157	14,157	0
Total Net Assets		54,293	52,488	▲ 1,805
Total Liabilities and Net Assets		134,039	133,014	▲ 1,025

	FY Mar 2020	FY Mar 2021	Changes
	Actual	Forecast	
Cash flow from operating activities	10,540	8,085	▲ 2,455
Cash flow from investment activities	▲ 11,961	▲ 9,355	2,606
Cash flow from financial activities	3,346	185	▲ 3,161
Translation adjustments associated with Cash and cash equivalents	▲ 236	▲ 223	13
Net change of Cash and cash equivqlents	1,688	▲ 1,309	▲ 2,997
Beginning balance of Cash and cash equivalents	7,192	8,880	1,688
Ending balance of Cash and cash equivalents	8,880	7,571	▲ 1,309

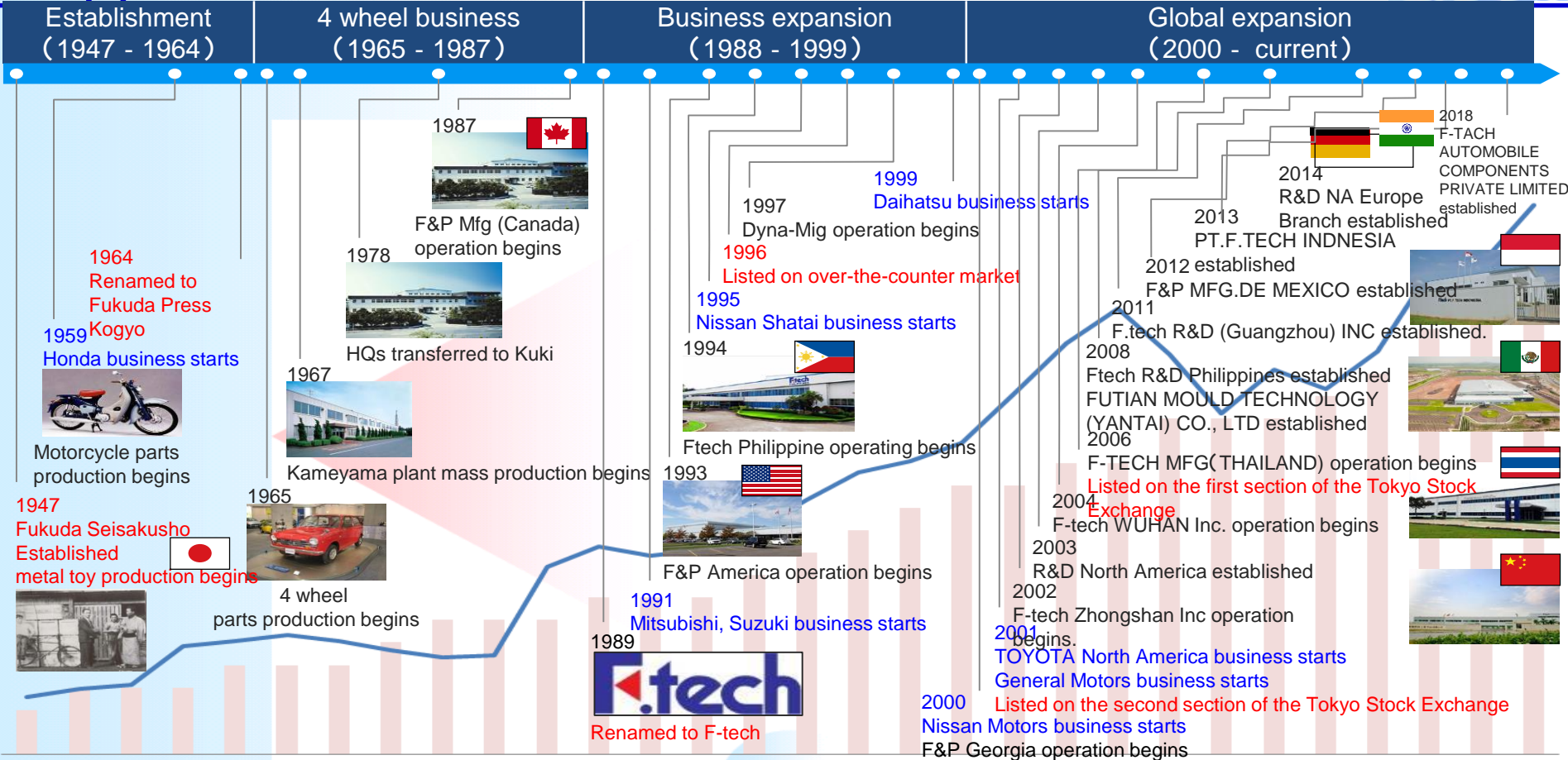


Company Name	F-TECH INC.
Market Segment	The first section of the Tokyo Stock Exchange (7212)
Capital	6.79 Billion JPY
President and CEO	Yuichi Fukuda
Consolidated Sales	218.7 Billion JPY (March 2020)
Number of Employees	Group total 8,750 (F-tech only: 1077) ※F-tech only does not include subsidiaries and expats at overseas facilities
Established	July 1st, 1947
Address	19, Showanuma, Shobucho, Kuki, Saitama 346-0194 JAPAN
Main Customers	Honda, General Motors, Nissan, Toyota, etc.
Main Products	Underbody for automobile - suspension arm, subframe, axle beam, pedal control, etc.



As of March 31, 2020

Appendix ~F-tech's History~

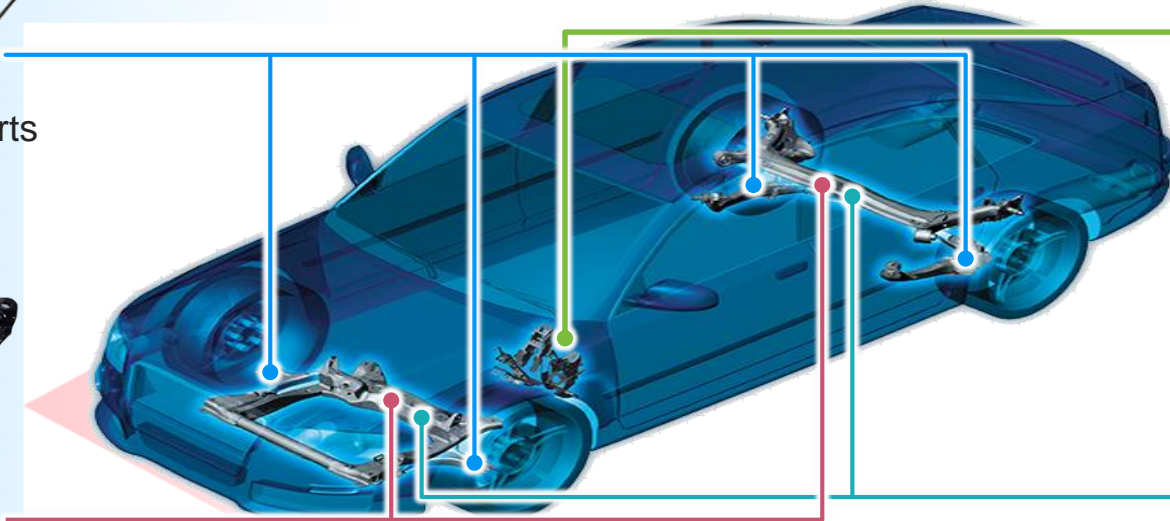




Suspension Parts



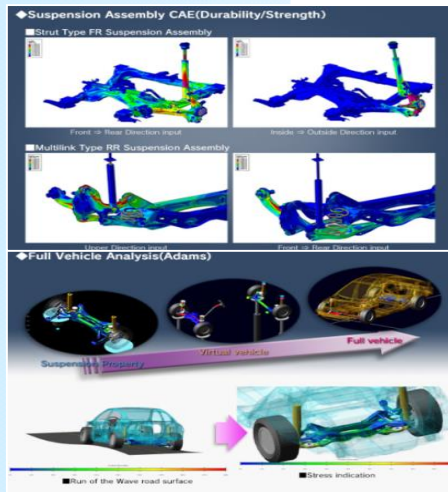
Mounted Components



Control parts



Our products are critical safety auto parts which perform fundamental functions, “Drive”, “Turn” and “Stop”. We aim at the optimal specifications considering the higher operation stability, riding comfort, and safety at the time of the collision.



All processes, from product planning and development to mass-production, are carried out through F-tech's proprietary integrated processing system, which enables F-tech to supply products that own competitiveness, even in short time frame.

【Facilities】

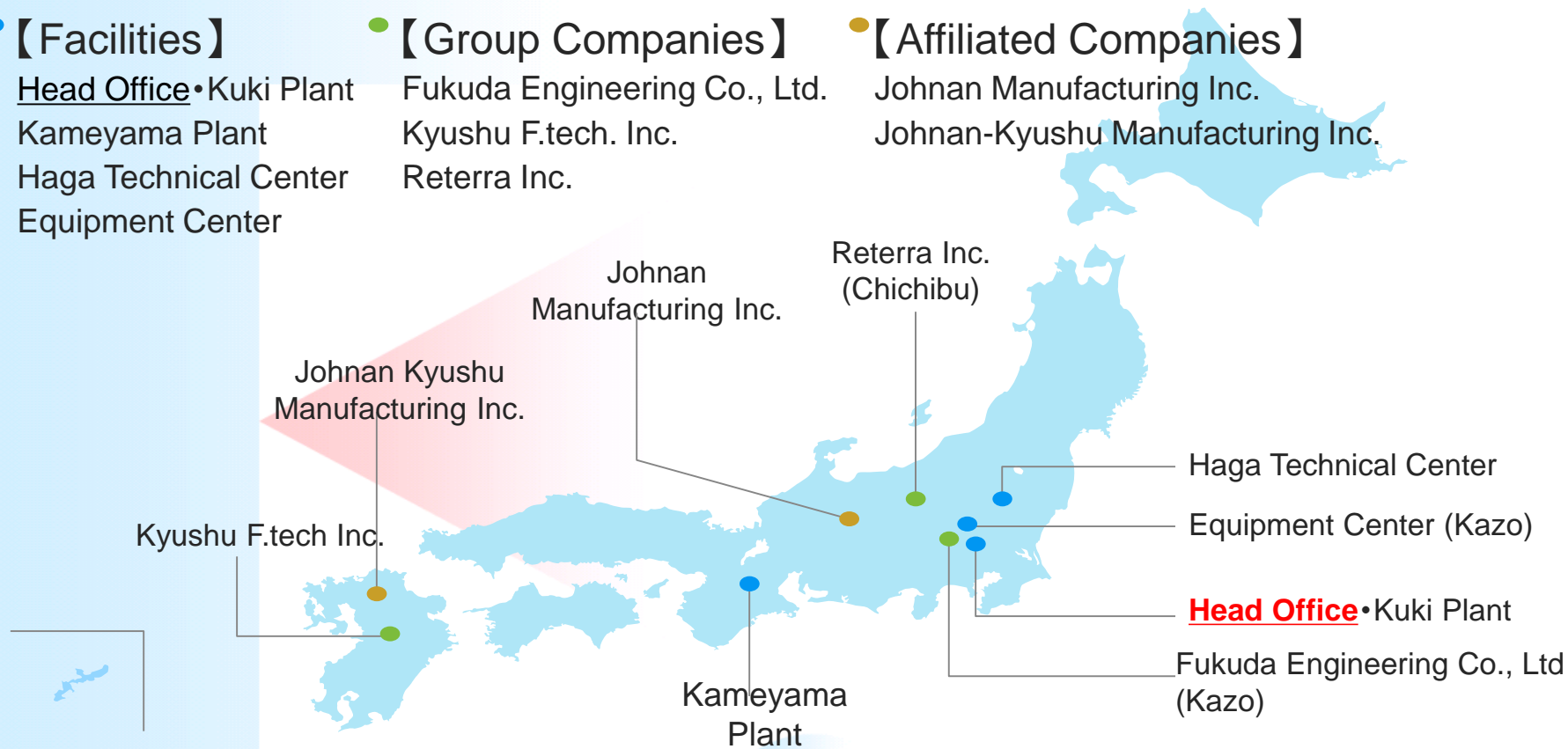
Head Office•Kuki Plant
Kameyama Plant
Haga Technical Center
Equipment Center

【Group Companies】

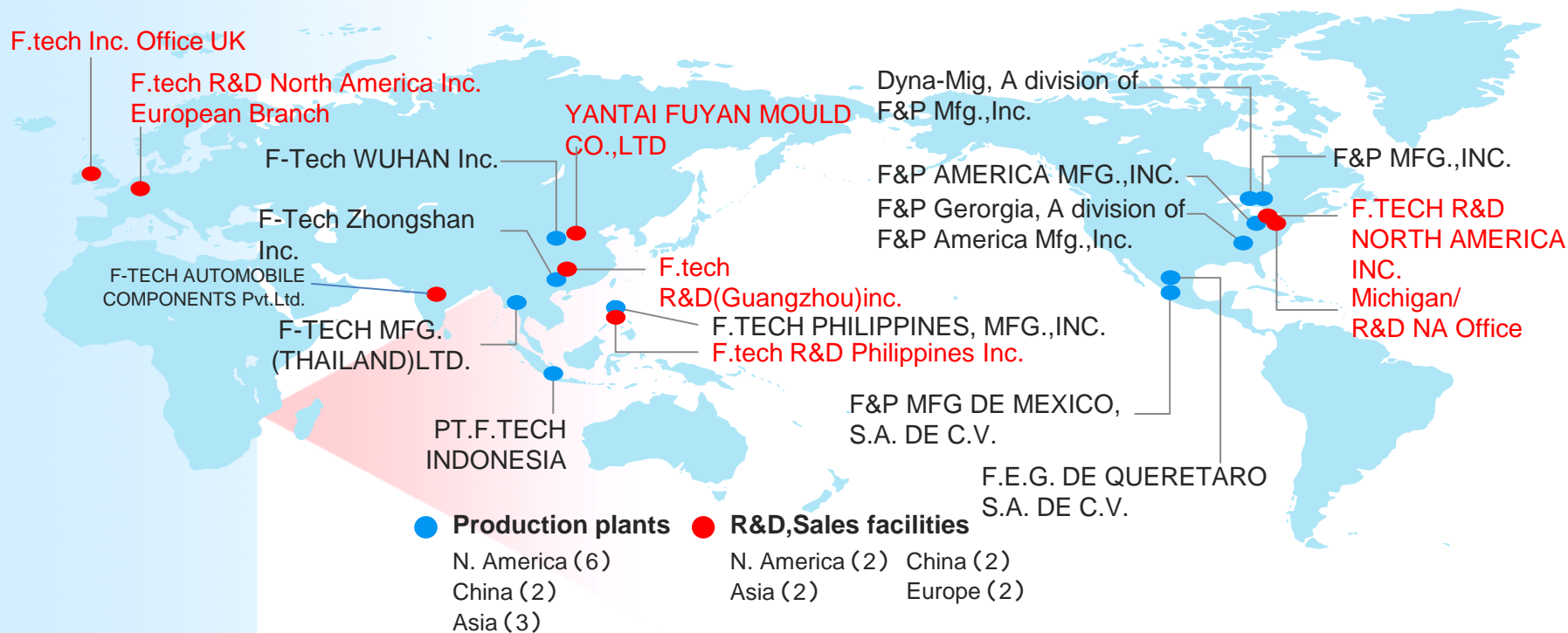
Fukuda Engineering Co., Ltd.
Kyushu F.tech. Inc.
Reterra Inc.

【Affiliated Companies】

Johnan Manufacturing Inc.
Johnan-Kyushu Manufacturing Inc.

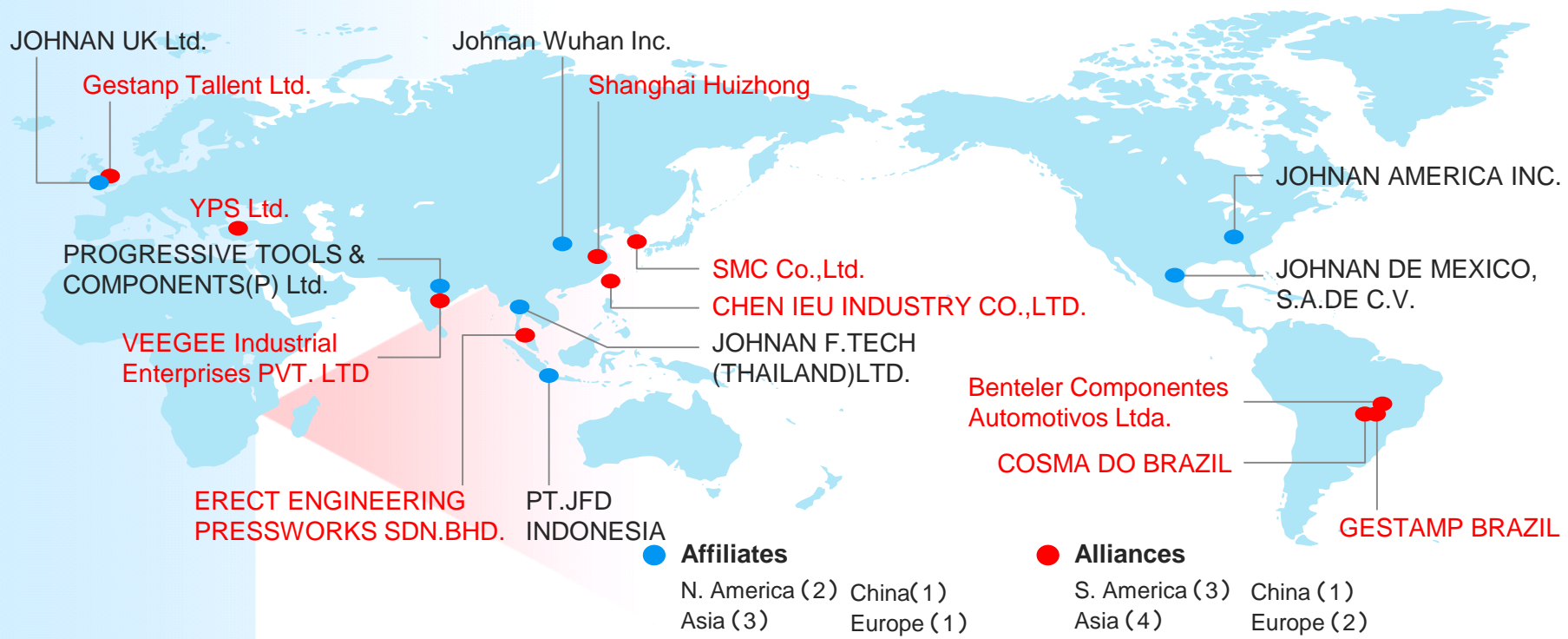


Appendix ~F-tech Group Overseas Companies~



F-tech has 11 production plants and 8 R&D, Sales facilities in 10 countries.

Appendix ~Affiliates and Alliances~



We have established optimal business partnerships in 7 countries and 1 region in order to supply our products globally



Company Name	VEEGEE INDUSTRIAL ENTERPRISES Pvt. Ltd.
Established	In 1990
Number of employees	Approx. 1,400
Main products	Stamping, Sub-assembly, Tube/Pipe Welding, etc
Main customers	Honda, Suzuki, General Motors, Tata Motors, Autoliv, Schneider, etc
Business lineup	Manufacture and Sales of Auto Parts (Body parts, Pedal parts, Chassis parts)