

# Fiscal Year Ending March, 2024 2Q Financial Results

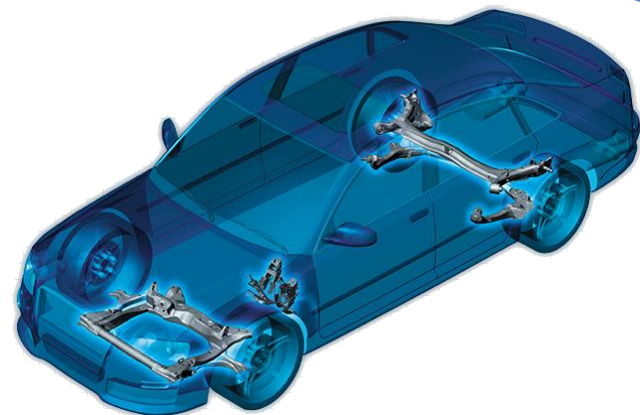
November 8<sup>th</sup>, 2023

F-TECH INC.

Ticker : 7212



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<https://www.fttech.co.jp>



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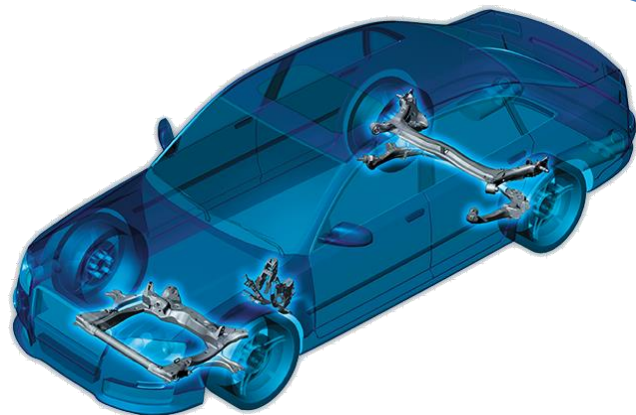
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# Consolidated Financial Results Overview (Year on Year)



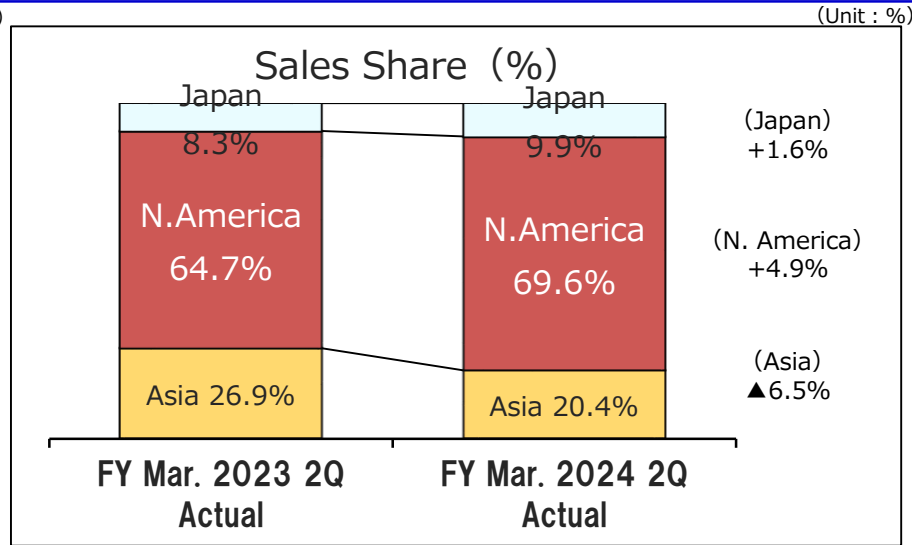
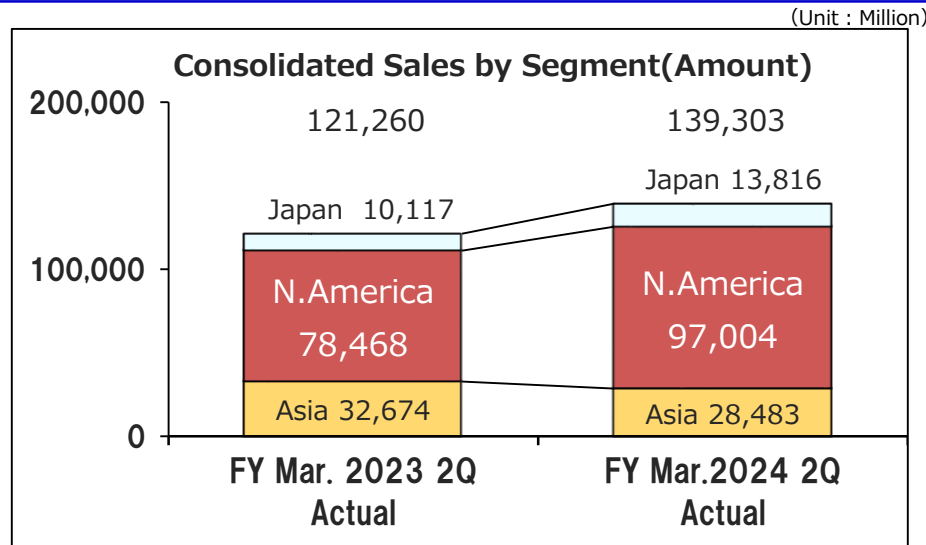
(Unit: Million yen)

	FY Mar. 2023 2Q Actual		FY Mar. 2024 2Q Actual		Change	
Sales	121,260	100.0%	139,303	100.0%	18,043	14.9%
Operating profit	▲1,090	▲0.9%	▲1,290	▲0.9%	▲200	—
Ordinary profit	213	0.2%	▲915	▲0.7%	▲1,128	—
Net income attributable to parent company shareholders	1,118	0.9%	▲516	▲0.4%	▲1,635	—
Earnings per share (Yen)	60.19	—	▲27.78	—	▲87.97	—

	FY Mar. 2023 2Q	FY Mar. 2024 2Q	Change
1 US\$	135.30Yen	142.61Yen	7.31Yen
1 CAN\$	104.06Yen	105.93Yen	1.87Yen
1 Yuan(RMB)	19.13Yen	19.55Yen	0.42Yen

Sales have shown an increase, yet the profit level has experienced a decline when compared to the corresponding quarter of the previous year. As for the exchange rate, the JPY is displaying a trend towards depreciation.

# Consolidated Sales (Year on Year)



Change in Consolidated Sales

	FY Mar. 2023 2Q	FY Mar. 2024 2Q	Change	Change(%)	FX Impact	Real Difference	Change(%)
Japan	10,117	13,816	3,698	36.6%	—	3,698	36.6%
N. America	78,468	97,004	18,535	23.6%	4,282	14,254	18.2%
Asia	32,674	28,483	▲4,190	▲12.8%	907	▲5,098	▲15.6%
Consolidated	121,260	139,303	18,043	14.9%	5,189	12,855	10.6%

New orders were secured in the North American and the Japanese markets, contributing to an upturn in revenue. Nevertheless, revenue faced a decline in Asia, attributed to an abrupt transition towards electric vehicles in China.

# Consolidated Operating Profit by Segment (Year on Year)

(Unit : Million Yen)

	Amount			
	FY Mar. 2023 2Q Actual	FY Mar. 2024 2Q Actual	Change	(%)
Japan	182	372	190	104.4%
N.America	▲2,205	▲1,486	719	—
Asia	705	▲173	▲878	—
Total	▲1,318	▲1,287	30	—
Adjustment	227	▲3	▲231	—
Consolidated	▲1,090	▲1,290	▲200	—

\* The provisional accounting procedures for the business combination with **India Steel Summit Private Limited** have been established in the actual performance in the FY ending Mar. 2023.

The operating loss amounts to 1.29 bn yen, indicating a decline in operating profit by 0.2 bn yen compared to the same quarter last year. In the North American market, operating profit has been improved compared to the corresponding quarter last year, yet the operating loss still reached 1.48 bn yen. In the Asian market, the decrease in operating profit compared to the same quarter last year is attributed to reduced production in China.

# Consolidated Operating Performance by Segment (Japan)

(Unit : Million Yen)

## Sales

10,117

13,816

Change	3,698
Change %	36.6%
FX Impact	—
Real Change	3,698
Change %	36.6%

FY Mar.  
2023 2Q

FY Mar.  
2024 2Q

	Reason of Change	
1	Increase in product sales attributed to the acquisition of new orders.	2,845
2	Decrease in sales of Machinery and Tools. (Intercompany sales of dies and equipment)	▲2,932
3	Decrease in sales of technical services.(Royalty, development fee, etc.)	▲147
4	Increase in sales of subsidiary companies in Japan.	768
5	Decrease in elimination of intra-group/intercompany transactions.	3,164
	Total	3,698

## Operating Profit

182

372

Change	190
Change %	104.4%
FX Impact	—
Real Change	190
Change %	104.4%

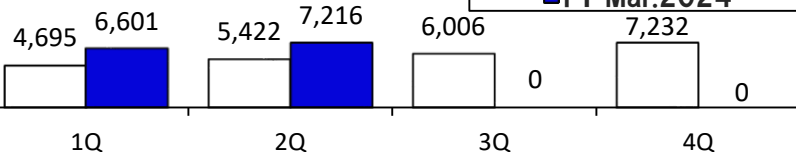
FY Mar.  
2023 2Q

FY Mar.  
2024 2Q

	Reason of Change	
1	Profit rose as a result of increased product sales.	676
2	The effect of the decline in Machinery and Tools sales.	▲627
3	Profit decreased due to a decline in sales of technical services.	▲96
4	Profit rose as a result of increased sales within our subsidiary companies in Japan.	237
5		
	Total	190

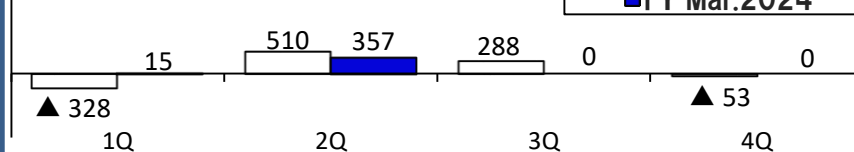
## Quarterly Trends

□FY Mar.2023  
■FY Mar.2024



## Quarterly Trends

□FY Mar.2023  
■FY Mar.2024

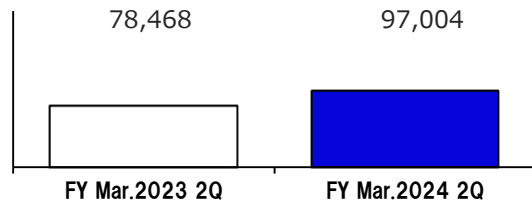


Increase in revenue and profit was attributed to the reception of new orders from TOYOTA and the improved production volume following the resolution of the semiconductor chip shortage.

# Consolidated Operating Performance by Segment (North America)

(Unit : Million Yen)

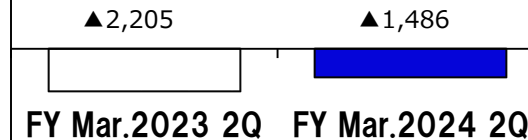
## Sales



Change	18,535
Change %	23.6%
FX Impact	4,282
Real Change	14,254
Change %	18.2%

	Reason of Change	
1	Increase in product sales(HM +12,853,Others +3,191)	16,044
2	Decrease in sales of Machinery and Tools.	▲1,791
3	The effect of foreign exchange conversion.	4,282
	Total	18,535

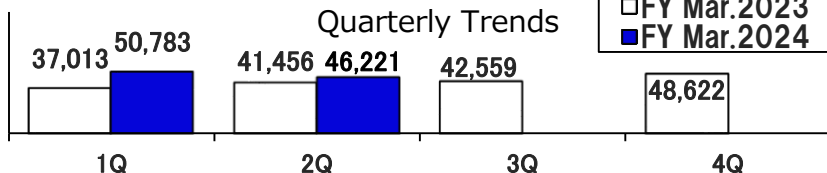
## Operating Profit



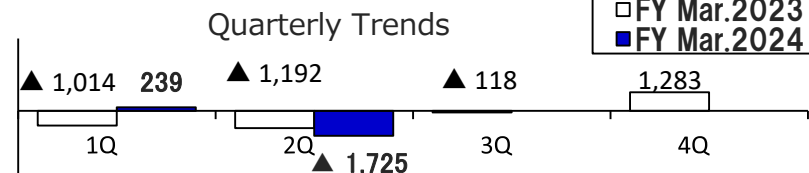
Change	719
Change %	—
FX Impact	▲48
Real Change	767
Change %	—

	Reason of Change	
1	Profit rose as a result of increased product sales.	2,152
2	Increase in labor cost due to tight labor market.	▲1,054
3	Decrease in profit of sales of Machinery and Tools.	▲331
4	The effect of foreign exchange conversion.	▲48
	Total	719

## Quarterly Trends



## Quarterly Trends



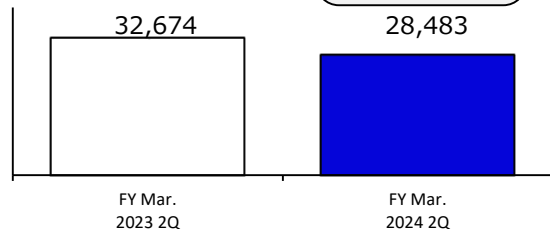
The increase in revenue was a result of securing new orders and the improvements in mass production following the resolution of the semiconductor chip shortage. Profit declined due to rising labor costs amidst a tight labor market.



# Consolidated Operating Performance by Segment (Asia)

(Unit : Million)

## Sales

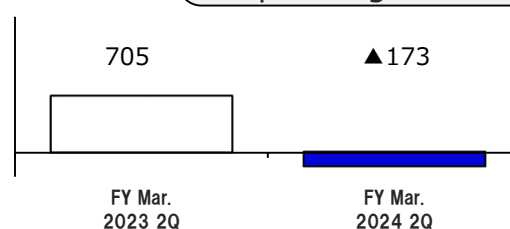


Change	▲4,190
Change %	▲12.8%
FX Impact	907
Real Change	▲5,098
Change %	▲15.6%

### Reason of Change

	Reason of Change	
1	(China) Decrease in product sales.	▲6,105
2	(APAC) Increase in product sales.	1,007
3	The effect of foreign exchange conversion.	907
	Total	▲4,190

## Operating Profit

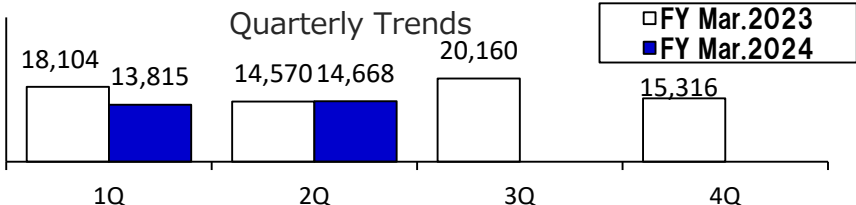


Change	▲878
Change %	▲124.6%
FX Impact	7
Real Change	▲885
Change %	▲125.6%

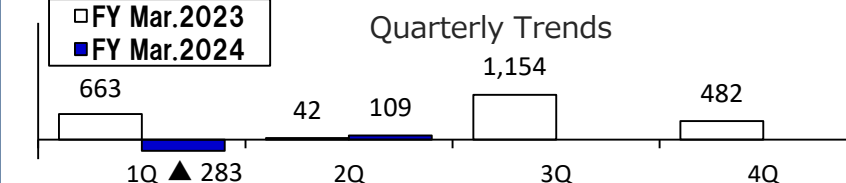
### Reason of Change

	Reason of Change	
1	(China) Profit decline resulting from reduced product sales.	▲1,174
2	(APAC) Increase in profit due to higher product sales.	289
3	The effect of foreign exchange conversion.	7
	Total	▲878

## Quarterly Trends

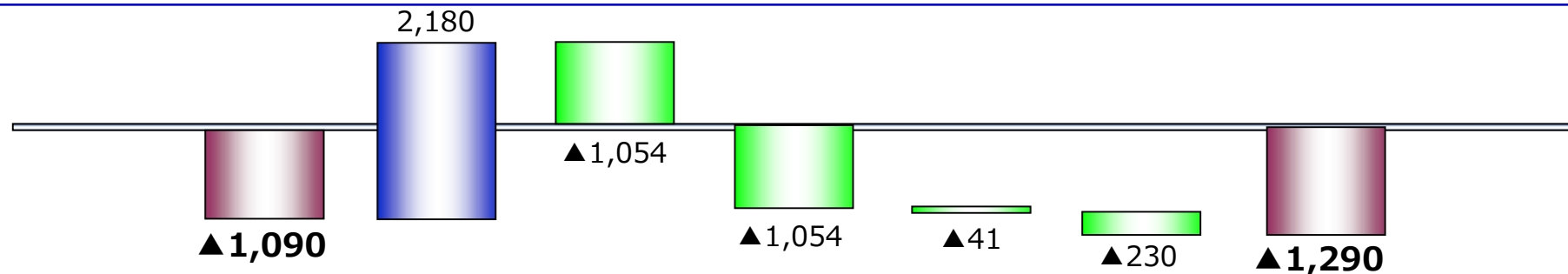


## Quarterly Trends

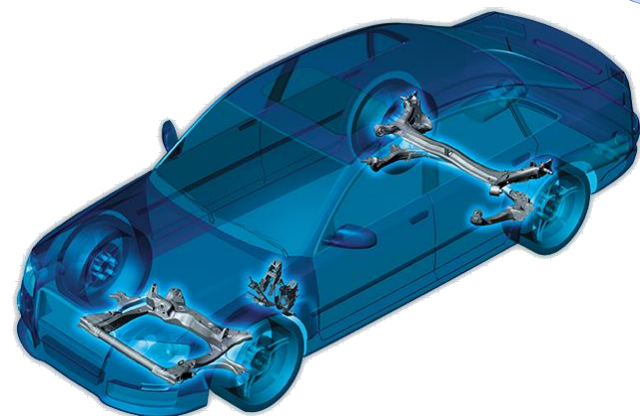


The decrease in both revenue and profit is attributed to the abrupt transition towards electric vehicles in the Chinese market.

# Changes in Operating Profit by Segments (FY Mar. 2024 2Q Actual)



	FY Mar. 2023	Product Sales Impact	Machinery and Tools, and Technical services Sales Impact	Labor cost	FX Impact	Consolidated Adjustment	FY Mar. 2024	Change
Japan	182	913	$\Delta 723$				372	190
N.America	$\Delta 2,205$	2,152	$\Delta 331$	$\Delta 1,054$	$\Delta 48$		$\Delta 1,486$	719
Asia	705	$\Delta 885$			7		$\Delta 173$	$\Delta 878$
Adjustment	227					$\Delta 230$	$\Delta 3$	$\Delta 231$
Consolidated	$\Delta 1,090$	2,180	$\Delta 1,054$	$\Delta 1,054$	$\Delta 41$	$\Delta 230$	$\Delta 1,290$	$\Delta 200$



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# Consolidated Earnings Forecast (Compared to the Previous Forecast)

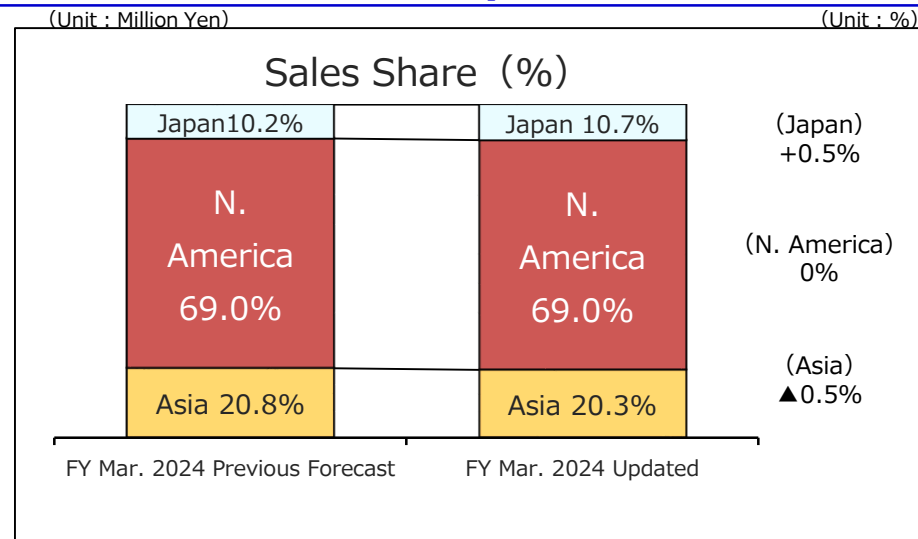
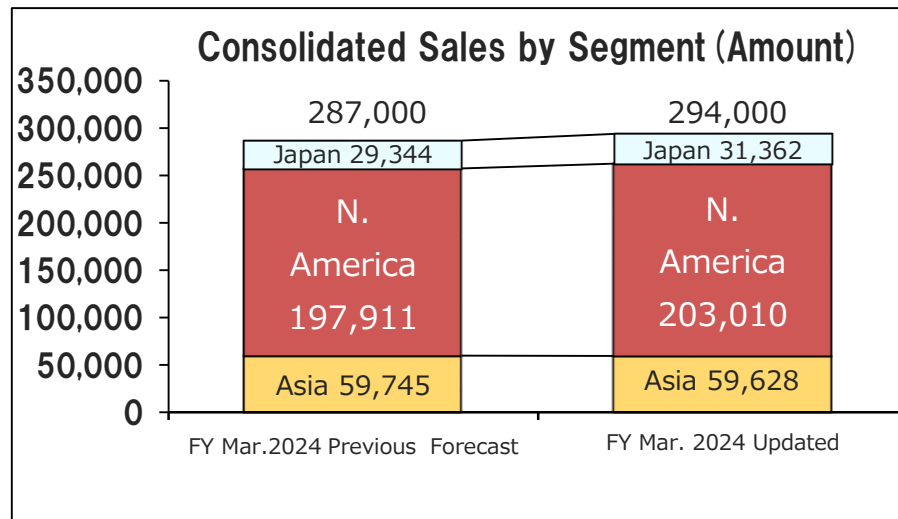
(Unit : Million Yen)

	Previous Forecast		Forecast for this time		Change	
Sales	287,000	100.0%	294,000	100.0%	7,000	2.4%
Operating profit	5,600	2.0%	3,700	1.3%	▲1,900	▲33.9%
Ordinary profit	3,500	1.2%	1,800	0.6%	▲1,700	▲48.6%
Net income attributable to parent company shareholders	1,500	0.5%	400	0.1%	▲1,100	▲73.3%
Earnings per share (Yen)	80.69	—	21.53	—	▲59.16	—

	Previous Forecast	Forecast for this time	Change
1 US\$	128.00Yen	140.81Yen	12.81Yen
1 CAN\$	95.00Yen	104.96Yen	9.96Yen
1 Yuan(RMB)	18.70Yen	19.55Yen	0.85Yen

The sales have increased, however, the profit level has decreased compared to the previous forecast. As for the exchange rate, the JPY is displaying a trend towards depreciation.

# Consolidated Sales (Compared to the Previous Forecast)



## Change in Consolidated Sales

	Previous Forecast	Updated Forecast	Change	Change %	FX Impact	Real Change	Change %
Japan	29,344	31,362	2,018	6.9%	—	2,018	6.9%
North America	197,911	203,010	5,099	2.6%	18,441	▲13,342	▲6.6%
Asia	59,745	59,628	▲117	▲0.2%	3,025	▲3,142	▲5.3%
Consolidated	287,000	294,000	7,000	2.4%	21,466	▲14,466	▲4.9%

Although revenue increased due to the impact of foreign exchange conversion, actual revenue decreased in reality.

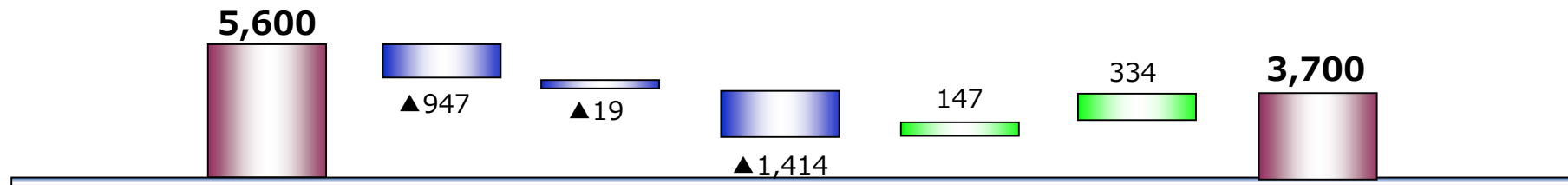
# Operating Profit by Segment (Compared to the Previous Forecast)

(Unit : Million Yen)

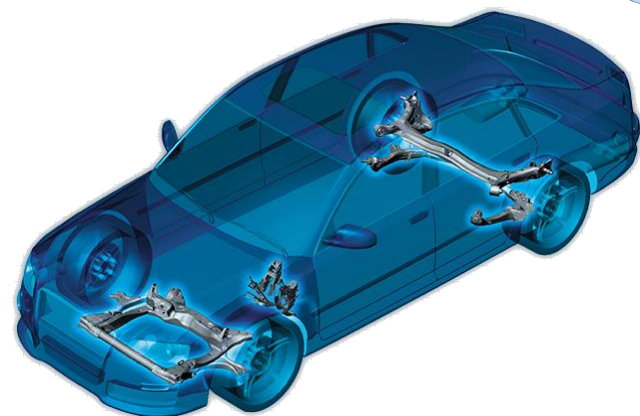
	Amount			
	FY Mar. 2024 Previous Forecast	FY Mar. 2024 Updated Forecast	Change	Change (%)
Japan	627	1,039	411	65.6%
N.America	3,875	1,167	▲2,708	▲69.9%
Asia	931	994	63	6.8%
Total	5,435	3,202	▲2,233	▲41.1%
Adjustment	164	498	333	202.1%
Consolidated	5,600	3,700	▲1,900	▲33.9%

The operating loss stands at 3.7 bn yen, signifying 1.9 bn yen decrease in profit compared to the previous forecast. In the North American market, the operating profit was 1.17 bn yen, indicating 2.7 bn yen decrease in profit from the previous forecast. There has been an increase in profit in Japan and China.

# Operating Profit by Segment (Compared to the Previous Forecast )



	Previous Forecast	Product Sales Impact	Machinery and Tools, and Technical services Sales Impact	Labor cost	FX Impact	Consolidated Adjustment	Updated Forecast	Change
Japan	627	629	▲217				1,039	412
North America	3,875	▲1,512	134	▲1,414	84		1,167	▲2,708
Asia	931	▲64	64		63		994	63
Adjustment	164					334	498	334
Consolidated	5,600	▲947	▲19	▲1,414	147	334	3,700	▲1,900



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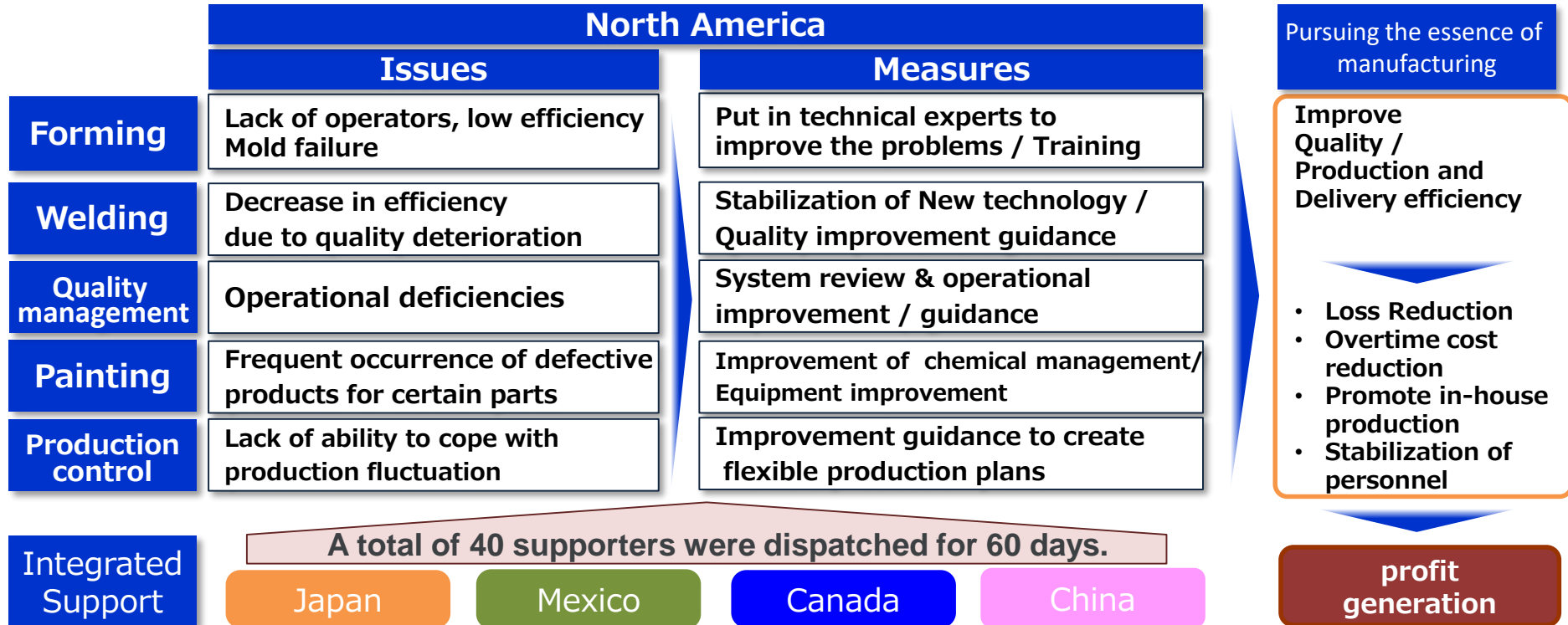


## ◆ Engineer supports to North America

- **Tight supply and demand in the labor market :**

The retiree due to COVID-19 have not returned in the market. Staff shortage and rising labor costs are worsening.

- **Technical support throughout the group** → Increase the profits by pursuing the essence of manufacturing.



### ◆Started the measure to improve engagement by the president

#### 1. F. Career Design Advance

Create opportunities for the president and employees to have free discussions and encourage growth. The president talks about the company's vision, issues, expectations for employees, etc., and freely exchanges opinions.

#### 2. President's message video

The president shares the company's status, policies, and latest information to all employees.



### ◆Other measures

#### 1. Individual engagement improvement measures by each department

Development measures based on survey results and carried out by committee.

#### 2. Interviews by executive officers with employees of other divisions

The aim is to increase employee's motivation and broaden the horizons of both parties.

#### 3. Human resources measures

- Fostering voluntary reassignment through an open recruitment system.
- Re-evaluation of retired employee.
- Promoting women in management positions.
- Evaluating processes through personnel evaluation, promoting interviews
- Started of trainee exchange with overseas sites

The source of earning power is “people”. Reborn as a profitable group that thinks and acts on its own

# The 15th Mid-term Business Plan :

## Improving financial structure - Harvesting Results from the 14th Mid-Term Plan Investments



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

\*Conversion exchange rate:

FY2022 : 132 Yen to US Dollar

From FY2023 : 139.4 Yen to US Dollar

Invested approximately \$100 million during the 14th mid-term business plan to the orders for 4 vehicle models (including 3 EV models) from 3 automakers.

※The details of Investment: The building expansion 10M, Expansion of forming & painting capacity 21M, Welding line for new models, etc. 67M)

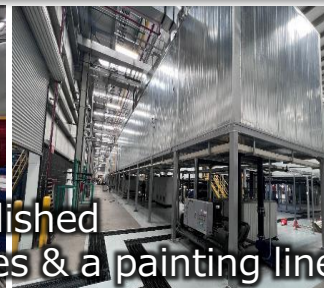
### Details of Investment



Addition  
forming 3500t・1000t



Established  
new 8 welding lines & a painting line



### Status

Done smoothly and the installation was completed in preparation for mass production.

The production of new mass-produced models has started smoothly.

### Results ( Sales )

**FY2023**Forecast  
**40Billion Yen**

FY2022  
**27Billion Yen**

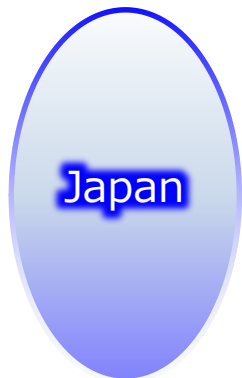
### Share by Customer

- GM : 43.0%
- Te : 22.9%
- Honda : 17.6%
- Ste : 4.1%

### Status

Sales increased due to production of new models, and profits steadily increased. It grows into our company's mainstay of earnings

**F-tech aims to start production of other models and continue to receive orders**  
through “increased added value from strategic sales activities”  
and “expansion of EV commercial rights”



Started production of products for LEXUS LBX!  
Annual plan: 10,000 units



Started production of products for Japanese compact cars!  
Annual plan: 120,000 units



Started production for GM BEV !  
Chevrolet Blazer EV  
Chevrolet Equinox EV  
Annual plan: 130,000 units

## Sustainability Policy

Based on Mission Statement, Corporate Philosophy and Our Action Guidelines, we are committed to solving global challenges and enhancing our corporate value through business activities aimed at realizing a sustainable mobility society.

## Basic Policy on Carbon Neutrality

Together with society and our customers, we aim to realize a decarbonized society through our contribution to mobility.

Year 2035

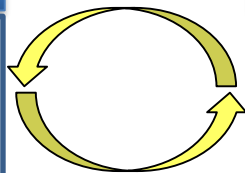
○ We aim to realize carbon neutrality for CO2 emissions (Scope1/2) used in our own manufacturing area by 2035.

Year 2050

○ We will challenge to achieve net-zero CO2 emissions throughout our entire business, including the supply chain.

## Decarbonization in Business

- Promotion of energy conservation and electrification
- Gradual introduction of renewable energy and low-carbon electricity
- Plan to introduce large-scale, high-efficiency facilities

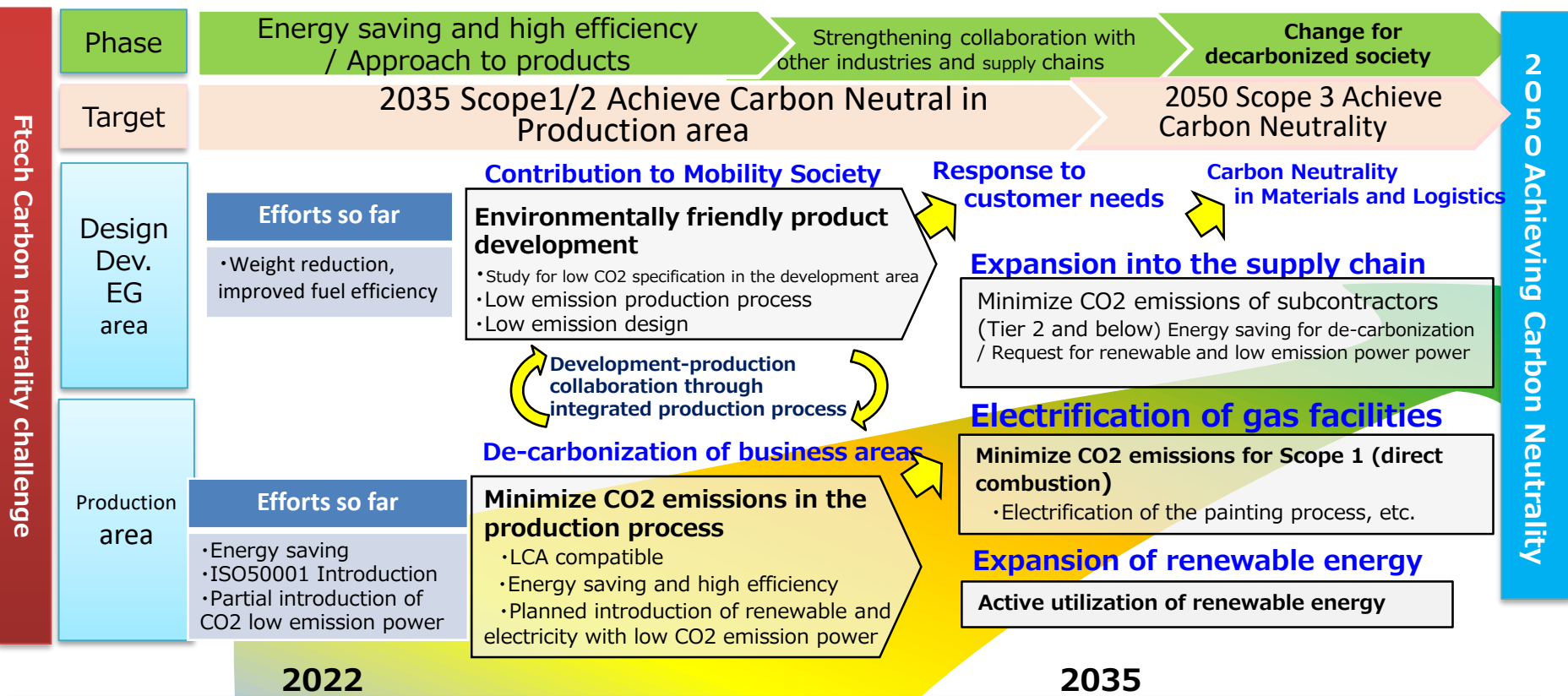


## Contribution to a Mobility Society

- Manufacturing products that meet customer needs
- Reduction of environmental impact over the entire vehicle life cycle based on LCA evaluation

**We will promote global efforts to achieve the goal of "carbon neutrality in our manufacturing area" by 2035.**

# 2050 Carbon Neutrality Roadmap



**Achieve Carbon Neutrality in our production area by 2035, and throughout our business including the supply chain by 2050.**



# Regarding Standard Market Selection

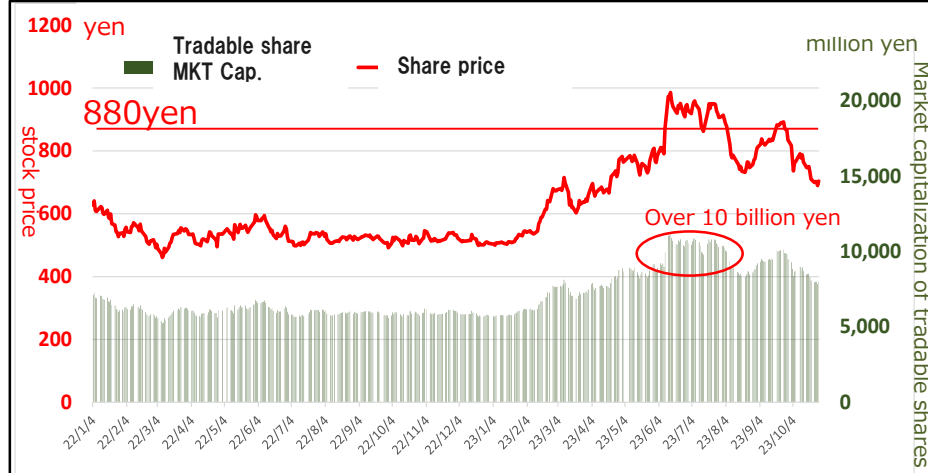
Criteria for listing on the Prime Market

criterion	Required Criteria	End of 2023/3 Status	
Number of shareholders	800 persons	10,970 persons	○
Number of tradable shares	20,000 units	112,009 units	○
Tradable share market Capitalization	10 billion yen	6.57 billion yen	×
Trading Value	0. 02 billion yen/day	0. 04 billion yen/day	○
Tradable share ratio	35%	60.8%	○

Increase No. of tradable shares and take measures to improve share price

Criteria for listing on the Prime Market

Number of tradable shares Reached 113, 759 units (+17, 500)



To "eliminate the risk of non-compliance with the criteria for listing on the prime market" and to concentrate our management resources on "medium to long-term profit improvement and strengthening of our financial position",

We have decided to move to standard market on October 20, 2023



# Trends in Major Stock Price Related Indicators

	Unit	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3
Operating profit	Million yen	6,821	8,035	6,856	6,580	4,088	3,072	1,142	2,038
Net income attributable to parent company shareholders	Million yen	2,704	4,035	4,709	2,844	328	▲ 1,165	209	1,734
Stockprice (Year end closing price)	Yen	1,066	1,415	1,323	892	426	751	545	659
EPS	Yen	175.72	240.76	251.65	151.98	17.54	▲ 62.26	11.17	92.65
BPS	Yen	1,904.22	2,008.00	2,146.83	2,236.24	2,144.91	2,153.99	2,410.51	2,674.13
ROE	%	9.23%	11.99%	11.72%	6.80%	0.82%	-	0.46%	3.47%
PER	Time	6.07	5.88	5.26	5.87	24.29	-	48.8	7.11
PBR	Time	0.56	0.70	0.62	0.40	0.20	0.35	0.22	0.24

- Low profit level after FY2020/3 due to the effects from covid-19 and semiconductor shortages.

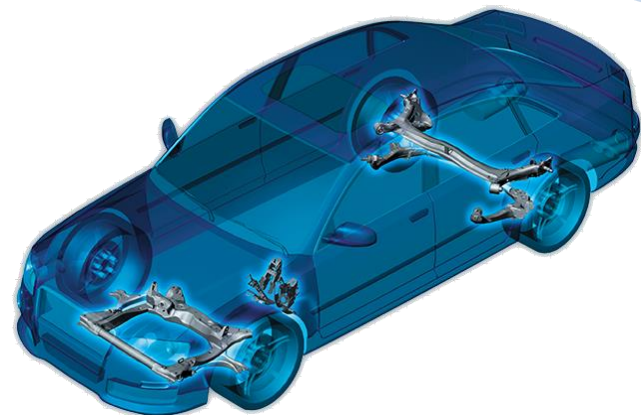
- Profit levels and a reluctance to buy automotive sector stocks kept stock prices low.

- As a results, ROE and PER are low and PBR is only 0.2x.

- On the other hand, even when ROE is in the 11% range, PBR is at the 0.6-0.7x level and the stock price is at a discount level.

An approach from both aspects of profit improvement and stock price enhancement is necessary.

Execute the 15th Mid-Term Business Plan to "strengthen earning power" and develop "measures to improve stock price" in line with profit levels.



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## ◆ Exhibit at Nikkei IR and Investor Fair 2023

Exhibited at Nikkei IR & Individual Investor Fair held at Tokyo Big Sight on September 1 (Fri.) and 2 (Sat.), 2023.

Company presentations, product displays, and leaflet distribution at the booth.

- Company information sessions:  
6 times a day, 12 times in total. Participants: 206 in total
- PR was conducted through the event.



## ◆ Food Drive activity will be held



Food drive in tie-up with Saitama Resona Bank, Ltd. A joint presentation ceremony is scheduled to be held at the Company on Wednesday, November 22.

※Photo shows last year.

## ◆ Clean-up activities



The company aims to contribute to local communities and raise employees' awareness of CSR. We conduct a variety of clean-up activities every year at our global locations and in Japan.

# We are contribute to society and local communities through various activities

# High recognition acquired from customers (First half of FY2023)

	Global	Quality	◆ July 2023	NISSAN	「Nissan Global Supplier Award」 「Global Quality Award」
Japan	Kameyama Plant	Production Engineering	◆ April 2023	Awarded by Ministry of Education, Culture, Sport, Science and Technology - Prize for creativity 「Improvement of R/L contamination prevention device for 1000 presses」	
North America	F-tech	Total	◆ March 2023	General Motors	「31st annual Supplier of the Year Award」
	F&P (Canada)	Quality , Delivery	◆ April 2023	Honda	「Service Parts Award」 「Delivery & Quality Award」
	F&P (Canada)	Quality	◆ June 2023	General Motors	「Supplier Quality Excellence Award 2022」
	FPA (America)	Quality	◆ June 2023	General Motors	「Supplier Quality Excellence Award 2022」
	FPMX (Mexico)	Quality	◆ June 2023	General Motors	「Supplier Quality Excellent Award 2022」
		Improvement	◆ May 2023	Guanajuato State, Mexico	「Award for improvement activities」
Asia	FMTL (Thailand)	Quality	◆ Sep. 2023	Department of Industrial Works, Ministry of Industry Thailand 「2023 CSR-DIW Award」	
		Quality	◆ July 2023	NISSAN	「Nissan Supplier Meeting Quality Finalist」
		Performance	◆ July 2023	DAIHATSU Global	「Daihatsu Global Contribution Award」
	ISS (India)	Quality	◆ June 2023	DENSO Haryana	「Overall Performance Award」
		Performance	◆ June 2023	DENSO JAPAN	「Excellent Performance Award」
		Quality	◆ May 2023	Shiroki Automotive India	「Best Supplier QCD Award」

ご清聴ありがとうございました

Thank you for your attention!



本資料で記述している将来予測及び業績予想は、現時点で入手可能な情報に基づき当社が判断した予想であり、潜在的なリスクや不確実性が含まれています。

そのため、様々な要因の変化により実際の業績と記述としている将来見通しは、大きく異なる可能性があることを御承知おき下さい。

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.

IR情報のお問い合わせ、取材申し込みは

For inquiries on IR information, please contact:

株式会社エフテック 管理本部 総務部/経理部

F-TECH INC. Management Planning Division General Affairs Department/Finance and Accounting Department

代表TEL

0480-85-5211

Mail

webmaster@ftech.co.jp

「エフテック」で検索

<https://www.ftech.co.jp>



"If there is a difference between the Japanese version and English version, please consider the Japanese as the correct one.

# Appendix

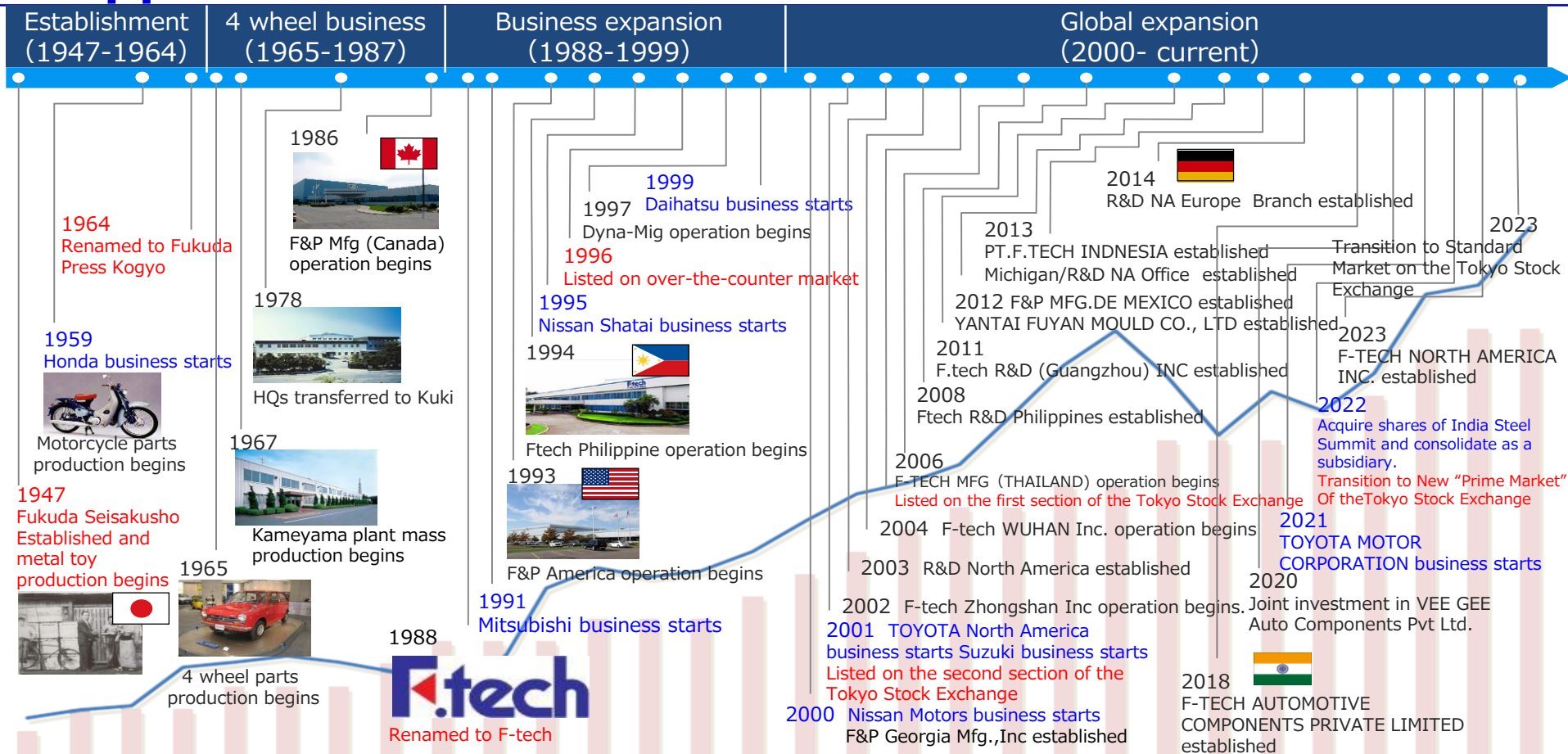


Company Name	F-TECH INC.
Market Segment	Prime Market (7212)
Capital	6.79 Billion Yen
President and CEO	Yuichi Fukuda
Consolidated Sales	261.1 Billion (year ending Mar 2023)
Number of Employees (Consolidated)	9,763 (Non-consolidated: 926) <small>*The number of F-TECH (926 employees) does not include those of subsidiaries and expats.</small>
Established	July 1, 1947
Address	19, Showanuma, Shobucho, Kuki, Saitama 346-0194, JAPAN
Main Customers	Honda, General Motors, Nissan, Toyota, etc.
Main Products	Underbody parts for automobile - suspension arm, sub-frame, axle beam, pedal control, etc.

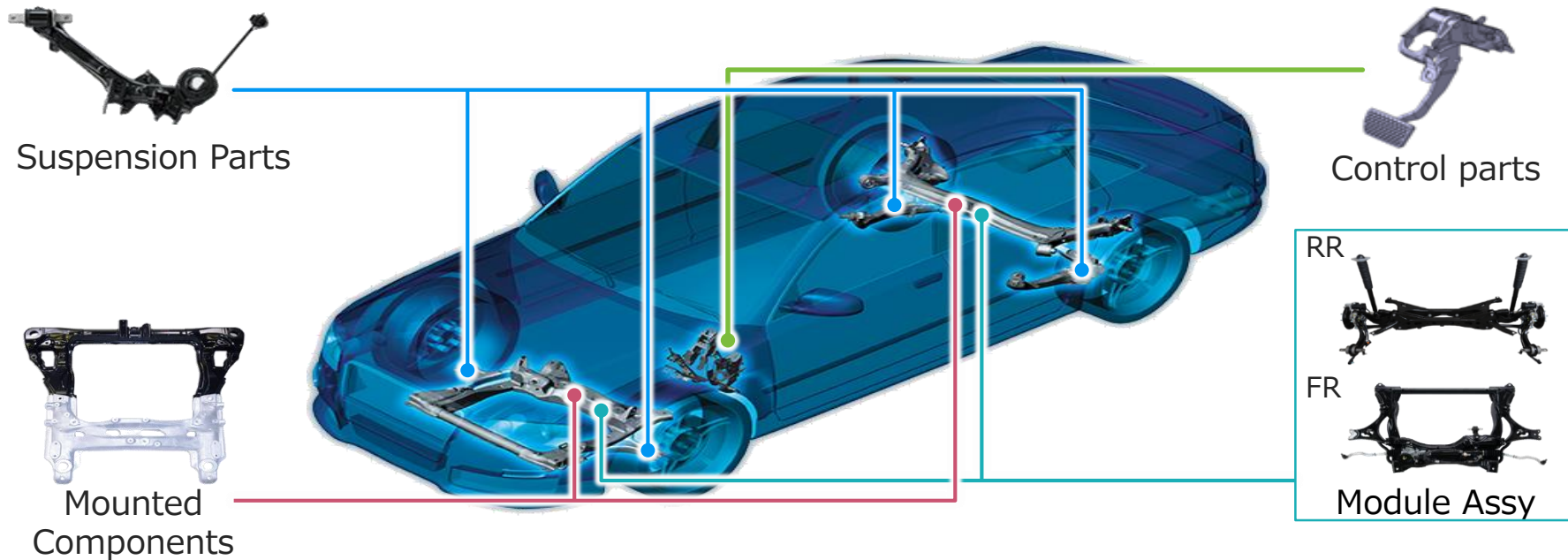
As of March 31, 2023



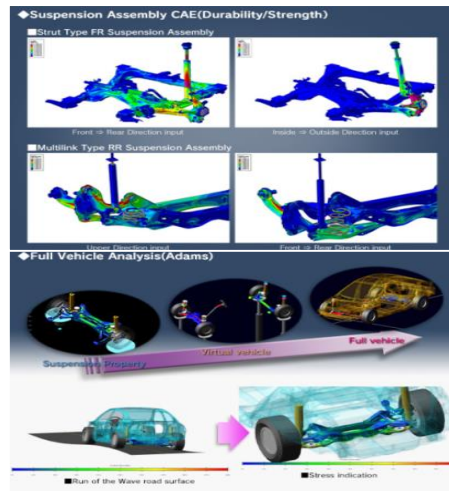
# Appendix -F-tech's History







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.

# Appendix -F-tech Group Companies in Japan

## ● 【Facilities】

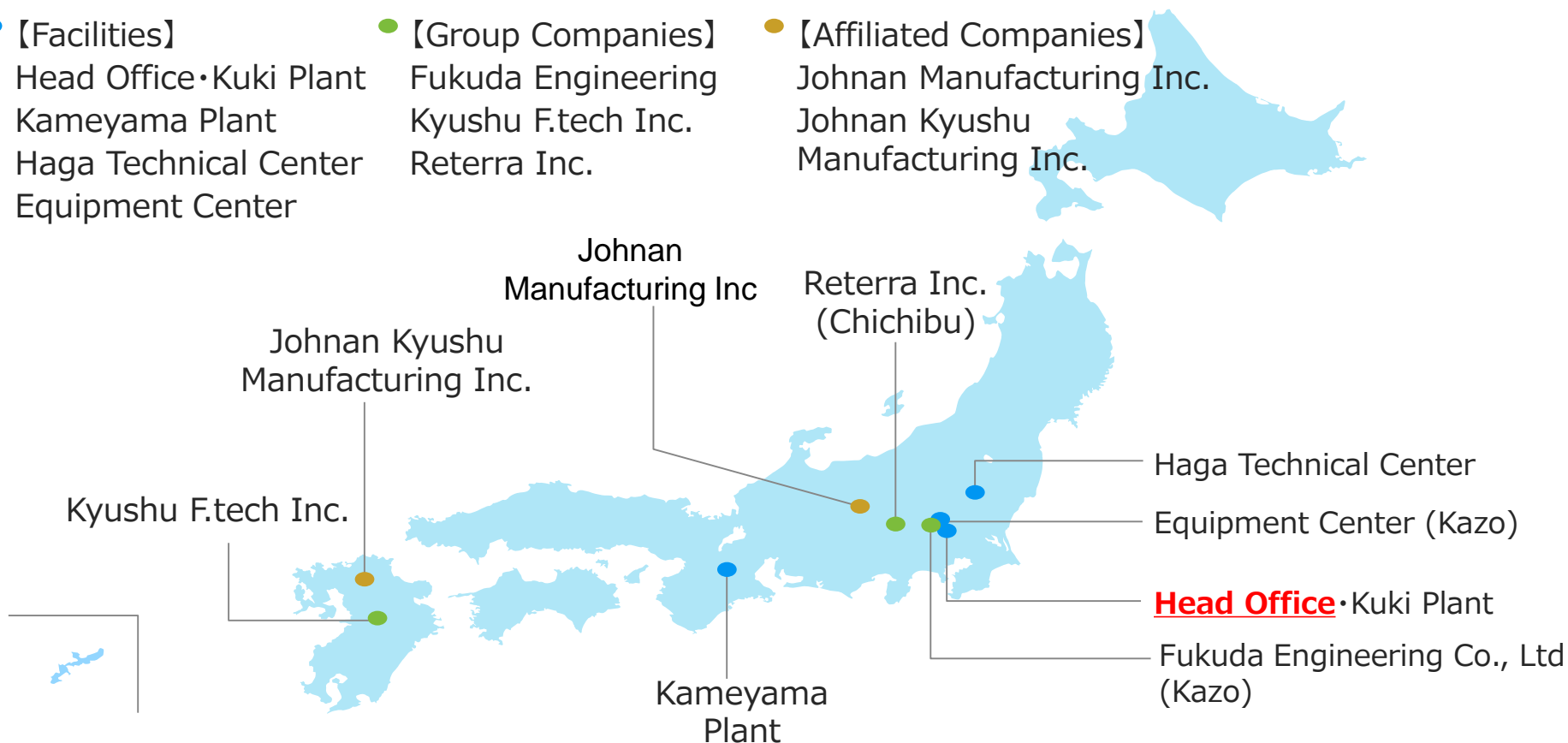
Head Office・Kuki Plant  
Kameyama Plant  
Haga Technical Center  
Equipment Center

## ● 【Group Companies】

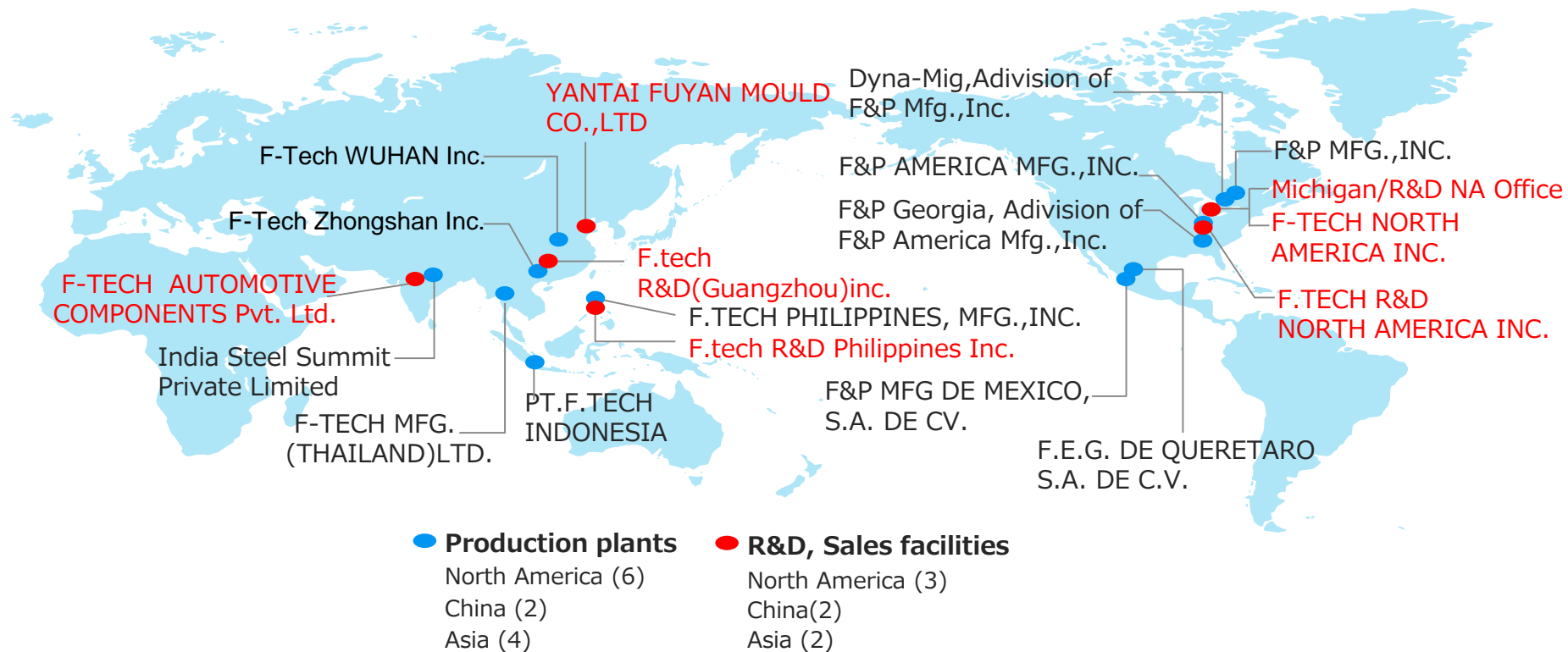
Fukuda Engineering  
Kyushu F.tech Inc.  
Reterra Inc.

## ● 【Affiliated Companies】

Johnan Manufacturing Inc.  
Johnan Kyushu  
Manufacturing Inc.



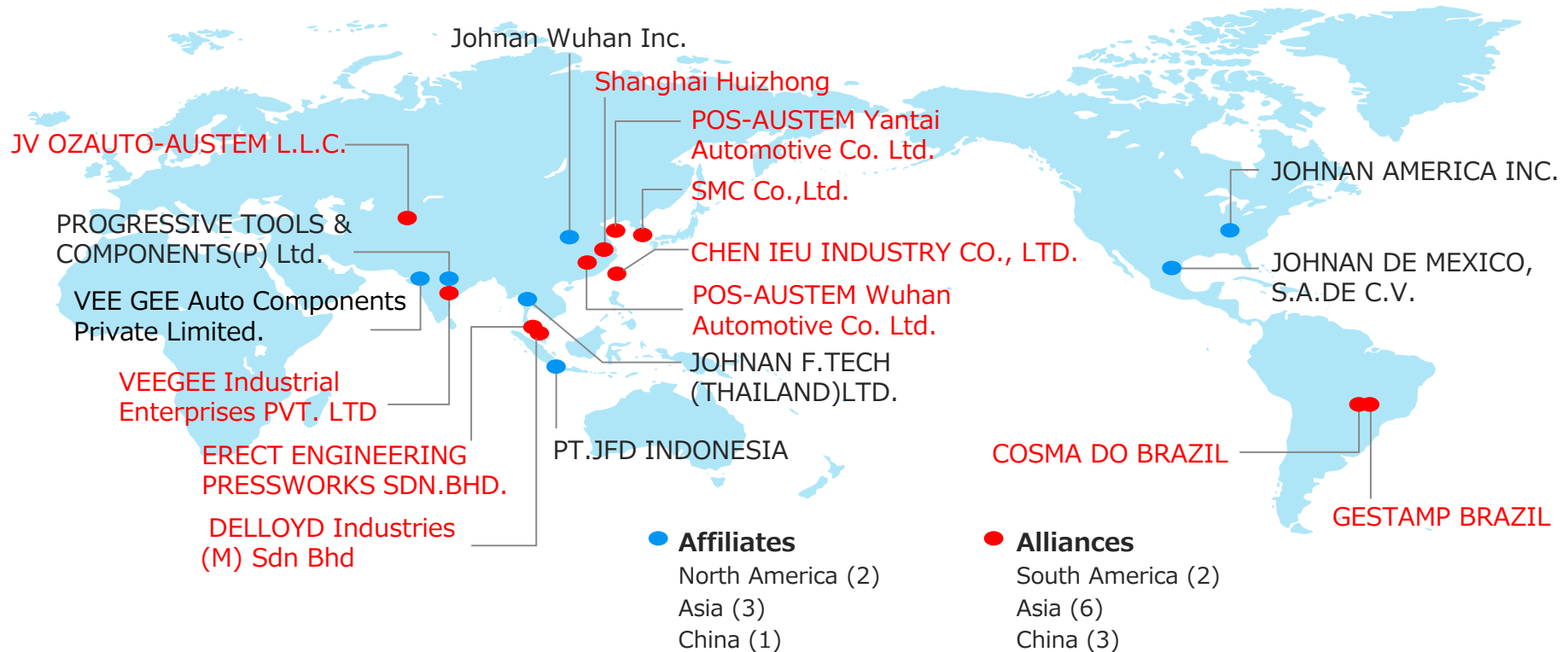
# Appendix -F-tech Group Overseas Subsidiaries (As of April 1st, 2023)



F-tech has 12 production plants and 7 R&D, Sales facilities in 8 countries.

## Appendix -Affiliates and Alliances

(As of April 1st, 2023)



We have established optimal business partnerships in 6 countries and 1 region in order to supply our products globally.