

Consolidated Financial Results for the Fiscal Year Ended March 2022 [Japan GAAP]

April 27, 2022

Name of Company: Futaba Industrial Co., Ltd.
 Stock Exchange Listing: Tokyo Stock Exchange, Prime Market, Nagoya Stock Exchange, Premier Market
 Stock Code: 7241 URL: <https://www.futabasangyo.com/en/>
 Representative: Hiroyoshi Yoshiki, President
 Contact Person: Hideki Imai, Accounting Manager Tel: +81-(564) 31-2211
 Scheduled date of ordinary general shareholders meeting: June 22, 2022
 Scheduled date of commencement of dividend payment: June 7, 2022
 Scheduled date of filing securities report: June 23, 2022
 Supplementary materials for financial results: Yes
 Information meeting for financial results: Yes (for securities analysts and institutional investors)

(Yen in millions, rounded down)

1. Financial results for the current fiscal year (April 1, 2021 – March 31, 2022)

(1) Result of Operations (Consolidated)

(Percentage figures represent year on year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------|-------------|-------|------------------|--------|-----------------|--------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY2022 | 572,118 | 22.6 | 6,115 | (21.4) | 7,807 | (1.9) | 3,307 | (19.2) |
| FY2021 | 466,809 | (2.0) | 7,780 | (26.7) | 7,962 | (20.1) | 4,095 | (35.6) |

Note: Comprehensive income: FY2022: 13,441 million yen [10.7%] FY2021: 12,147 million yen [316.7%]

| | Earnings per share | Earnings per share fully diluted | Return on equity | Ratio of ordinary profit to total assets | Ratio of operating profit to net sales |
|--------|--------------------|----------------------------------|------------------|--|--|
| | Yen | Yen | % | % | % |
| FY2022 | 36.94 | – | 4.1 | 2.6 | 1.1 |
| FY2021 | 45.73 | – | 5.6 | 2.9 | 1.7 |

Reference: Equity in earnings of affiliates FY2022: 709 million yen FY2021: (255) million yen

(2) Financial Position (Consolidated)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2022 | 309,487 | 90,014 | 27.2 | 940.37 |
| As of March 31, 2021 | 290,194 | 87,216 | 26.8 | 866.86 |

Reference: Shareholders' equity: As of March 31, 2022: 84,219 million yen As of March 31, 2021: 77,641 million yen

(3) Cash Flows (Consolidated)

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|--------|---|---|---|--|
| | Million yen | Million yen | Million yen | Million yen |
| FY2022 | 35,468 | (35,547) | (3,451) | 6,730 |
| FY2021 | 22,792 | (24,672) | 1,750 | 9,522 |

2. Dividends

| | Dividend per share | | | | | Annual aggregate amount | Payout ratio (Consolidated) | Dividends/net assets (Consolidated) |
|--------------------|--------------------|-----------|-----------|-----------|-------|-------------------------|-----------------------------|-------------------------------------|
| | End of 1Q | End of 2Q | End of 3Q | End of FY | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| FY2021 | – | 0.00 | – | 10.00 | 10.00 | 895 | 21.9 | 1.2 |
| FY2022 | – | 0.00 | – | 10.00 | 10.00 | 895 | 27.1 | 1.1 |
| FY2023 (estimated) | – | 0.00 | – | 10.00 | 10.00 | | 12.8 | |

3. Forecast for the fiscal year ending March 2023 (Consolidated, April 1, 2022 - March 31, 2023)

(Percentage figures represent year on year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | | Earnings per share |
|------------|-------------|------|------------------|------|-----------------|------|---|-------|--------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 350,000 | 32.8 | 2,000 | 54.1 | 2,000 | 19.6 | 1,500 | – | 16.75 |
| Full year | 720,000 | 25.8 | 10,000 | 63.5 | 10,000 | 28.1 | 7,000 | 111.6 | 78.17 |

* **Notes**

(1) Changes in significant subsidiaries

(Changes in specific subsidiaries accompanied by changes in the scope of consolidation): Yes

Newly consolidated company: None

Excluded: FUTABA METAL PRODUCTS (SHEN ZHEN) CO., LTD.

Note: Please see “3. Consolidated Financial Statements and Important Notes, (5) Notes to the Consolidated Financial Statements” on page 11 of the Supplementary Information for more details.

(2) Changes in accounting principles and estimates, and retrospective restatement

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): None

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: Please see “3. Consolidated Financial Statements and Important Notes, (5) Notes to the Consolidated Financial Statements” on page 11 of the Supplementary Information for more details.

(3) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

| | | | |
|----------------|------------|----------------|------------|
| End of FY2022: | 89,580,827 | End of FY2021: | 89,580,827 |
| End of FY2022: | 20,177 | End of FY2021: | 13,927 |
| FY2022: | 89,552,774 | FY2021: | 89,553,088 |

(b) Treasury shares

(c) Average number of shares outstanding during the year

[Reference] Non-consolidated Financial Results

1. Non-consolidated financial results for the fiscal year ended March 2022 (April 1, 2021 – March 31, 2022)

(1) Result of Operations (Non-consolidated)

(Percentage figures represent year on year changes)

| | Net sales | | Operating profit | | Ordinary profit | | Profit | |
|--------|-------------|--------|------------------|--------|-----------------|--------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| FY2022 | 246,339 | 6.0 | (481) | – | 6,358 | 128.7 | 5,730 | 112.1 |
| FY2021 | 232,474 | (11.5) | 539 | (86.3) | 2,780 | (55.9) | 2,702 | (31.0) |

| | Earnings per share | Earnings per share fully diluted |
|--------|--------------------|----------------------------------|
| | Yen | Yen |
| FY2022 | 63.99 | – |
| FY2021 | 30.17 | – |

(2) Financial Position (Non-consolidated)

| | Total assets | Net assets | Equity ratio | Net assets per share |
|----------------------|--------------|-------------|--------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of March 31, 2022 | 174,152 | 58,039 | 33.3 | 648.05 |
| As of March 31, 2021 | 167,149 | 51,999 | 31.1 | 580.56 |

Reference: Shareholders' equity As of March 31, 2022: 58,039 million yen As of March 31, 2021: 51,999 million yen

* This report is exempt from the audit procedure by certified public accountants or accounting firms.

* Cautionary statement regarding forecasts of operating results and special notes

The forward-looking statements contained in this report are based on information currently available to management. As such, these estimates are subject to uncertainties. In addition, actual results may differ materially from those discussed in the forward-looking statement due to in changes in the economy, markets, stock prices and exchange rates.

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1. Results of Operations

(1) Overview on consolidated business performance for the current fiscal year

During the fiscal year under review, global economic conditions remained challenging due to the effects of the COVID-19 pandemic. Nonetheless, economies were recovering in North America, Europe and Asia. The Chinese economy showed signs of recovery despite restraints on economic activities in some areas due to the resurgence of COVID-19 infections. The Japanese economy, while continuing to recover, still showed signs of weakness in certain industries, reflecting lingering challenges attributable to the COVID-19 pandemic. In addition, given uncertainties attributable to the situation in Ukraine and other factors, attention should be paid to rises in raw material prices, fluctuations in capital markets and a downside risk in supply conditions, which are likely to affect both the global and Japanese economies.

In the automobile industry, the main source of sales for the Futaba Group, the number of new vehicles sold is declining year on year in Japan, North America and Europe, mainly reflecting a shortage in the supply of parts due to the effects of the COVID-19 pandemic. The number of new vehicles sold is on the rise year on year in China and Asia.

Given such circumstances, the Group has formulated a mid-term management policy for fiscal 2021 to 2023, under which it aspires to become a strong and sustainable global company based on the following three pillars: strong measures to be a trusted and successful company, to be a true global company, and for a sustainable corporate foundation.

Net sales increased 22.6% from the previous fiscal year to 572.1 billion yen. Profits were pushed down by factors such as selling price changes, and operating profit decreased 21.4% to 6.1 billion yen, ordinary profit fell 1.9% to 7.8 billion yen, and profit attributable to owners of parent was down 19.2% to 3.3 billion yen.

Geographic segment performance was as follows.

1) Japan

Net sales climbed 6.2% year on year to 248.3 billion yen, up 14.5 billion yen. Segment profit decreased 90.0% to 0.1 billion yen.

2) North America

Net sales climbed 29.2% year on year to 113.7 billion yen, up 25.7 billion yen. The segment loss was 0.6 billion yen (compared to a segment profit of 0.9 billion yen in the previous fiscal year).

3) Europe

Net sales climbed 45.6% year on year to 49.5 billion yen, up 15.5 billion yen. Segment profit decreased 26.4% to 0.7 billion yen.

4) China

Net sales increased 23.8% year on year to 101.1 billion yen, up 19.4 billion yen. Segment profit was up 35.2% to 4.6 billion yen.

5) Asia

Net sales climbed 51.3% year on year to 73.6 billion yen, up 24.9 billion yen. Segment profit decreased 1.8% to 0.8 billion yen.

(2) Analysis of financial condition

Total assets at the end of the fiscal year under review were 309.4 billion yen, an increase of 19.2 billion yen compared to the end of the previous fiscal year, mainly due to an increase in property, plant and equipment. Total liabilities increased by 16.4 billion yen from the end of the previous fiscal year, to 219.4 billion yen, partly due to an increase in borrowings. Net assets increased 2.7 billion yen from the end of the previous fiscal year to 90.0 billion yen due mainly to an increase in foreign currency translation adjustment.

(3) Cash flows

Cash and cash equivalents of the Futaba Group decreased 2.7 billion yen from the end of the previous fiscal year to 6.7 billion yen. The major components of cash flows were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities increased 12.6 billion yen (55.6%) to 35.4 billion yen. This was mainly due to an increase in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities increased 10.8 billion yen (44.1%) to 35.5 billion yen. This was mainly due to an increase in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities in the fiscal year under review was 3.4 billion yen (compared to net cash provided of 1.7 billion yen in the previous fiscal year). This mainly reflected purchase of investments in capital of subsidiaries and associates not resulting in change in scope of consideration.

(4) Outlook

Looking at the outlook for the fiscal year ending March 2023, the environment surrounding the Futaba Group is still uncertain but, by focusing on initiatives such as a review of the production system, improvement of production efficiency, promotion of cost improvement, a review of the supply chain, and reduction of logistics expenses, the Company forecasts net sales of 720 billion yen (an increase of 25.8% year on year), operating profit of 10 billion yen (a rise of 63.5% year on year), ordinary profit of 10 billion yen (up 28.1% year on year), and profit attributable to owners of parent of 7 billion yen (growth of 111.6% year on year).

2. Basic Position concerning Selection of Accounting Standards

Company manuals, guidelines and other materials are being revised to prepare for transition to IFRS. The timing of adoption of the IFRS standard is currently under consideration.

3. Consolidated Financial Statements and Important Notes

(1) Consolidated balance sheet

(Million yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|--|----------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,527 | 6,734 |
| Notes and accounts receivable - trade | 88,648 | 89,219 |
| Finished goods | 4,387 | 6,166 |
| Work in process | 18,011 | 16,231 |
| Raw materials and supplies | 6,493 | 7,653 |
| Other | 8,101 | 9,360 |
| Allowance for doubtful accounts | (20) | — |
| Total current assets | 135,150 | 135,367 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 75,874 | 82,922 |
| Accumulated depreciation | (45,384) | (49,343) |
| Buildings and structures, net | 30,490 | 33,578 |
| Machinery, equipment and vehicles | 225,841 | 250,083 |
| Accumulated depreciation | (176,542) | (189,638) |
| Machinery, equipment and vehicles, net | 49,299 | 60,445 |
| Tools, furniture and fixtures | 75,401 | 86,500 |
| Accumulated depreciation | (66,105) | (74,459) |
| Tools, furniture and fixtures, net | 9,296 | 12,040 |
| Land | 14,425 | 14,537 |
| Leased assets | 18,798 | 17,850 |
| Accumulated depreciation | (16,816) | (16,493) |
| Leased assets, net | 1,982 | 1,357 |
| Construction in progress | 23,270 | 21,457 |
| Total property, plant and equipment | 128,765 | 143,416 |
| Intangible assets | | |
| Software | 857 | 1,570 |
| Other | 24 | 22 |
| Total intangible assets | 882 | 1,592 |
| Investments and other assets | | |
| Investment securities | 15,316 | 17,387 |
| Long-term loans receivable | 786 | 789 |
| Retirement benefit asset | 8,517 | 10,068 |
| Deferred tax assets | 907 | 1,127 |
| Other | 1,059 | 955 |
| Allowance for doubtful accounts | (1,189) | (1,217) |
| Total investments and other assets | 25,396 | 29,111 |
| Total non-current assets | 155,044 | 174,120 |
| Total assets | 290,194 | 309,487 |

(Million yen)

| | As of March 31, 2021 | As of March 31, 2022 |
|--|----------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 67,544 | 73,832 |
| Electronically recorded obligations - operating | 4,064 | 4,150 |
| Short-term borrowings | 13,637 | 16,335 |
| Current portion of long-term borrowings | 14,411 | 25,920 |
| Income taxes payable | 1,117 | 773 |
| Accrued consumption taxes | 2,565 | 1,831 |
| Provision for bonuses for directors (and other officers) | 39 | 33 |
| Accrued expenses | 11,368 | 11,904 |
| Other | 11,485 | 10,284 |
| Total current liabilities | 126,235 | 145,067 |
| Non-current liabilities | | |
| Bonds payable | 12,000 | 12,000 |
| Long-term borrowings | 46,087 | 43,022 |
| Deferred tax liabilities | 7,818 | 9,246 |
| Provision for product warranties | 218 | 225 |
| Retirement benefit liability | 9,078 | 8,645 |
| Other | 1,539 | 1,267 |
| Total non-current liabilities | 76,742 | 74,406 |
| Total liabilities | 202,978 | 219,473 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 16,820 | 16,820 |
| Capital surplus | 13,334 | 9,183 |
| Retained earnings | 36,549 | 38,961 |
| Treasury shares | (19) | (14) |
| Total shareholders' equity | 66,684 | 64,950 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 6,771 | 7,982 |
| Foreign currency translation adjustment | 1,587 | 7,300 |
| Remeasurements of defined benefit plans | 2,597 | 3,986 |
| Total accumulated other comprehensive income | 10,956 | 19,269 |
| Non-controlling interests | 9,574 | 5,794 |
| Total net assets | 87,216 | 90,014 |
| Total liabilities and net assets | 290,194 | 309,487 |

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Million yen)

| | Fiscal year ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021) | Fiscal year ended March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022) |
|---|--|--|
| Net sales | 466,809 | 572,118 |
| Cost of sales | 437,442 | 543,009 |
| Gross profit | 29,367 | 29,108 |
| Selling, general and administrative expenses | 21,587 | 22,993 |
| Operating profit | 7,780 | 6,115 |
| Non-operating income | | |
| Interest income | 57 | 91 |
| Dividend income | 286 | 312 |
| Gain on sales of scraps | 262 | 566 |
| Share of profit of entities accounted for using equity method | – | 709 |
| Foreign exchange gains | 406 | 736 |
| Miscellaneous income | 841 | 983 |
| Total non-operating income | 1,854 | 3,400 |
| Non-operating expenses | | |
| Interest expenses | 812 | 830 |
| Loss on abandonment of non-current assets | 356 | 678 |
| Share of loss of entities accounted for using equity method | 255 | – |
| Miscellaneous loss | 248 | 198 |
| Total non-operating expenses | 1,672 | 1,707 |
| Ordinary profit | 7,962 | 7,807 |
| Extraordinary income | | |
| Gain on liquidation of subsidiaries and associates | – | 11 |
| Gain on sales of investment securities | – | 99 |
| Total extraordinary income | – | 110 |
| Extraordinary losses | | |
| Impairment loss | 20 | 532 |
| Investments in capital of subsidiaries and associates | – | 1,122 |
| Loss on valuation of investment securities | – | 7 |
| Total extraordinary losses | 20 | 1,662 |
| Profit before income taxes | 7,942 | 6,255 |
| Income taxes - current | 1,907 | 1,839 |
| Income taxes - deferred | 993 | 198 |
| Total income taxes | 2,901 | 2,037 |
| Profit | 5,040 | 4,218 |
| Profit attributable to non-controlling interests | 945 | 910 |
| Profit attributable to owners of parent | 4,095 | 3,307 |

Consolidated statement of comprehensive income

(Million yen)

| | Fiscal year ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021) | Fiscal year ended March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022) |
|--|--|--|
| Profit | 5,040 | 4,218 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,329 | 1,209 |
| Foreign currency translation adjustment | 2,493 | 6,183 |
| Remeasurements of defined benefit plans, net of tax | 2,215 | 1,388 |
| Share of other comprehensive income of entities accounted for using equity method | 67 | 441 |
| Total other comprehensive income | 7,106 | 9,223 |
| Comprehensive income | 12,147 | 13,441 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 11,028 | 11,620 |
| Comprehensive income attributable to non- controlling interests | 1,118 | 1,821 |

(3) Consolidated statement of changes in equity

Previous fiscal year (Apr. 1, 2020 – Mar. 31, 2021)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 16,820 | 13,377 | 33,348 | (89) | 63,456 |
| Changes during period | | | | | |
| Dividends of surplus | | | (895) | | (895) |
| Profit attributable to owners of parent | | | 4,095 | | 4,095 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | (48) | | 71 | 22 |
| Capital increase of consolidated subsidiaries | | 6 | | | 6 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | (42) | 3,200 | 70 | 3,228 |
| Balance at end of period | 16,820 | 13,334 | 36,549 | (19) | 66,684 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|--|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 4,445 | (803) | 381 | 4,023 | 9,008 | 76,488 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (895) |
| Profit attributable to owners of parent | | | | | | 4,095 |
| Purchase of treasury shares | | | | | | (0) |
| Disposal of treasury shares | | | | | | 22 |
| Capital increase of consolidated subsidiaries | | | | | | 6 |
| Net changes in items other than shareholders' equity | 2,325 | 2,391 | 2,215 | 6,933 | 566 | 7,499 |
| Total changes during period | 2,325 | 2,391 | 2,215 | 6,933 | 566 | 10,728 |
| Balance at end of period | 6,771 | 1,587 | 2,597 | 10,956 | 9,574 | 87,216 |

Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)

(Million yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of period | 16,820 | 13,334 | 36,549 | (19) | 66,684 |
| Changes during period | | | | | |
| Dividends of surplus | | | (895) | | (895) |
| Profit attributable to owners of parent | | | 3,307 | | 3,307 |
| Purchase of treasury shares | | | | (30) | (30) |
| Disposal of treasury shares | | (9) | | 35 | 26 |
| Purchase of investments in capital of consolidated subsidiaries | | (4,142) | | | (4,142) |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during period | – | (4,151) | 2,411 | 5 | (1,734) |
| Balance at end of period | 16,820 | 9,183 | 38,961 | (14) | 64,950 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of period | 6,771 | 1,587 | 2,597 | 10,956 | 9,574 | 87,216 |
| Changes during period | | | | | | |
| Dividends of surplus | | | | | | (895) |
| Profit attributable to owners of parent | | | | | | 3,307 |
| Purchase of treasury shares | | | | | | (30) |
| Disposal of treasury shares | | | | | | 26 |
| Purchase of investments in capital of consolidated subsidiaries | | | | | | (4,142) |
| Net changes in items other than shareholders' equity | 1,211 | 5,712 | 1,388 | 8,312 | (3,779) | 4,532 |
| Total changes during period | 1,211 | 5,712 | 1,388 | 8,312 | (3,779) | 2,798 |
| Balance at end of period | 7,982 | 7,300 | 3,986 | 19,269 | 5,794 | 90,014 |

(4) Consolidated statement of cash flows

(Million yen)

| | Fiscal year ended March 31, 2021 (Apr. 1, 2020 – Mar. 31, 2021) | Fiscal year ended March 31, 2022 (Apr. 1, 2021 – Mar. 31, 2022) |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 7,942 | 6,255 |
| Depreciation | 23,772 | 24,478 |
| Impairment loss | 20 | 532 |
| Increase (decrease) in allowance for doubtful accounts | 19 | 6 |
| Increase (decrease) in provision for bonuses for directors (and other officers) | – | (6) |
| Increase (decrease) in provision for product warranties | 27 | 7 |
| Interest and dividend income | (344) | (403) |
| Interest expenses | 812 | 830 |
| Loss on abandonment of property, plant and equipment | 352 | 677 |
| Share of loss (profit) of entities accounted for using equity method | 255 | (709) |
| Loss (gain) on sales of investments in capital of subsidiaries and associates | – | 1,122 |
| Decrease (increase) in trade receivables | (17,663) | 3,579 |
| Decrease (increase) in inventories | (4,891) | (319) |
| Increase (decrease) in trade payables | 13,903 | 3,481 |
| Increase (decrease) in accrued consumption taxes | 355 | (895) |
| Other | 604 | (613) |
| Subtotal | 25,164 | 38,023 |
| Interest and dividends received | 424 | 1,272 |
| Interest paid | (818) | (820) |
| Income taxes (paid) refund | (2,198) | (3,007) |
| Subsidies received | 219 | – |
| Net cash provided by (used in) operating activities | 22,792 | 35,468 |
| Cash flows from investing activities | | |
| Payments into time deposits | (2) | – |
| Proceeds from withdrawal of time deposits | 2 | 2 |
| Purchase of property, plant and equipment | (24,654) | (34,622) |
| Proceeds from sales of property, plant and equipment | 234 | 246 |
| Proceeds from sales and redemption of investment securities | 0 | 135 |
| Payments for sales of investments in capital of subsidiaries and associates resulting in change in scope of consolidation | – | (231) |
| Other | (252) | (1,077) |
| Net cash provided by (used in) investing activities | (24,672) | (35,547) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | 3,244 | 1,553 |
| Proceeds from long-term borrowings | 14,225 | 21,452 |
| Repayments of long-term borrowings | (13,542) | (15,249) |
| Repayments of lease obligations | (565) | (458) |
| Dividends paid | (894) | (895) |
| Dividends paid to non-controlling interests | (828) | (429) |
| Proceeds from share issuance to non-controlling shareholders | 111 | – |
| Purchase of investments in capital of subsidiaries and associates not resulting in change in scope of consolidation | – | (9,393) |
| Other | (0) | (30) |
| Net cash provided by (used in) financing activities | 1,750 | (3,451) |
| Effect of exchange rate change on cash and cash equivalents | 282 | 738 |
| Net increase (decrease) in cash and cash equivalents | 151 | (2,791) |
| Cash and cash equivalents at beginning of period | 9,370 | 9,522 |
| Cash and cash equivalents at end of period | 9,522 | 6,730 |

(5) Notes to the consolidated financial statements

(Notes to going concern assumptions)

None

(Changes in significant subsidiaries during the period under review)

During the first quarter of the fiscal year under review, the Company sold all of its capital contribution in Futaba Metal Products (Shenzhen) Co., Ltd., then a specified subsidiary of the Company, such that it was no longer a specified subsidiary of the Company. Futaba Metal Products (Shenzhen) Co., Ltd. has therefore been excluded from the scope of consolidation since the first quarter of the fiscal year under review.

In addition, although not categorized as a change in a specified subsidiary, Futaba Changzhou Engineering & Marketing Co., Ltd. was excluded from the scope of consolidation from the third quarter of the fiscal year under review as a result of the completion of the liquidation of Futaba Changzhou Engineering & Marketing Co., Ltd., during the third quarter of the fiscal year under review.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. since the beginning of the first quarter of the fiscal year under review and recognizes revenue at the amount expected to be received in exchange for the promised goods or services when control of the goods or services is transferred to the customer. The Company has followed the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition for the application of the Standard. The cumulative effect of applying the new accounting principles retrospectively prior to the beginning of the fiscal year under review is added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting principles have been applied from the balance at the beginning of the fiscal year under review.

The impact of this change on the consolidated financial statements is immaterial.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. since the beginning of the first quarter of the fiscal year under review and will apply the new accounting principles set forth in the Accounting Standard for Fair Value Measurement, etc. over future years by following the transitional treatment specified in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

This change has no impact on the consolidated financial statements.

(Segment information)

1. Overview of reportable segment information

The reportable segments are the constituent units of Futaba for which separate financial information can be obtained and for which the Board of Directors performs periodic examinations to determine the allocation of resources and to assess results of operations.

Futaba is engaged primarily in the manufacture and sale of parts for automobiles and other motor vehicles. Futaba and subsidiaries perform operations in Japan and subsidiaries in North America, Europe, China and Asia perform operations outside Japan. Each overseas subsidiary is managed separately and conducts operations for products based on a comprehensive strategy for its respective region.

Consequently, Futaba consists of geographic segments that include manufacturing and sales operations. There are five reportable segments: Japan, North America, Europe, China and Asia. Each reportable segment is engaged in the manufacture and sale of parts for automobiles and other motor vehicles.

2. Method for determining sales, profit or loss, assets, liabilities and other items for reportable segments

The accounting method for reportable segments is generally the same as the accounting policies adopted for preparation of the consolidated financial statements. Intersegment revenue and transfers are based on prevailing market prices.

3. Reportable segment sales, profit or loss, assets, liabilities and other information

Previous fiscal year (Apr. 1, 2020 – Mar. 31, 2021)

(Million yen)

| | Reportable segments | | | | | | Adjustments (Notes) | Total |
|---|---------------------|------------------|--------|--------|--------|---------|------------------------|---------|
| | Japan | North America | Europe | China | Asia | Total | | |
| Net sales | | | | | | | | |
| Of which to outside customers | 214,502 | 88,060 | 34,052 | 81,522 | 48,671 | 466,809 | – | 466,809 |
| Of which inter- segment and transfers | 19,345 | 9 | – | 178 | 1 | 19,535 | (19,535) | – |
| Total | 233,848 | 88,069 | 34,052 | 81,701 | 48,673 | 486,345 | (19,535) | 466,809 |
| Segment profit | 1,924 | 926 | 968 | 3,402 | 887 | 8,110 | (329) | 7,780 |
| Segment assets | 160,102 | 69,650 | 28,988 | 38,819 | 17,698 | 315,260 | (25,066) | 290,194 |
| Other | | | | | | | | |
| Depreciation | 14,615 | 3,865 | 1,103 | 3,640 | 691 | 23,916 | (143) | 23,772 |

Notes

1. Adjustments are as follows.

(1) The segment profit adjustment of negative 329 million yen is for the elimination of intersegment transactions.

(2) The segment assets adjustment of negative 25,066 million yen includes a 11,262 million yen addition for corporate assets and a 36,328 million yen deduction for netting out amounts receivable and payable. Corporate assets are primarily funds (cash, deposits and investment securities) at the parent company.

2. Segment profit is adjusted to match the operating profit in the consolidated statements of income.

Current fiscal year (Apr. 1, 2021 – Mar. 31, 2022)

(Million yen)

| | Reportable segments | | | | | | Adjustments (Notes) | Total |
|---|---------------------|------------------|--------|---------|--------|---------|------------------------|---------|
| | Japan | North America | Europe | China | Asia | Total | | |
| Net sales | | | | | | | | |
| Of which to outside customers | 234,125 | 113,774 | 49,595 | 100,996 | 73,626 | 572,118 | – | 572,118 |
| Of which inter- segment and transfers | 14,248 | – | – | 188 | 5 | 14,442 | (14,442) | – |
| Total | 248,373 | 113,774 | 49,595 | 101,185 | 73,631 | 586,560 | (14,442) | 572,118 |
| Segment profit (loss) | 191 | (675) | 712 | 4,600 | 872 | 5,701 | 414 | 6,115 |
| Segment assets | 167,307 | 86,303 | 25,464 | 41,623 | 19,102 | 339,802 | (30,314) | 309,487 |
| Other | | | | | | | | |
| Depreciation | 14,295 | 4,824 | 1,261 | 3,539 | 731 | 24,653 | (175) | 24,478 |

Notes

1. Adjustments are as follows.

(1) The segment profit adjustment of 414 million yen is for the elimination of intersegment transactions.

(2) The segment assets adjustment of negative 30,314 million yen includes a 12,990 million yen addition for corporate assets and a 43,305 million yen deduction for netting out amounts receivable and payable. Corporate assets are primarily funds (cash, deposits and investment securities) at the parent company.

2. Segment profit is adjusted to match the operating profit in the consolidated statements of income.

(Per-share information)

(Yen)

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|----------------------|----------------------------------|----------------------------------|
| Net assets per share | 866.86 | 940.37 |
| Earnings per share | 45.73 | 36.94 |

Notes: 1. Diluted earnings per share is not shown because there were no common share equivalents.

2. The basis for computing the earnings per share is as follows.

| | Fiscal year ended March 31, 2021 | Fiscal year ended March 31, 2022 |
|--|----------------------------------|----------------------------------|
| Profit attributable to owners of parent (million yen) | 4,095 | 3,307 |
| Profit not attributable to common shareholders (million yen) | – | – |
| Profit attributable to owners of parent available to common shares (million yen) | 4,095 | 3,307 |
| Average number of shares outstanding during the year (1,000 shares) | 89,553 | 89,552 |

3. The basis for calculating net assets per share is as follows.

| | As of March 31, 2021 | As of March 31, 2022 |
|--|----------------------|----------------------|
| Net assets (million yen) | 87,216 | 90,014 |
| Deduction from net assets (million yen) | 9,574 | 5,794 |
| Of which amount for non-controlling interests (million yen) | 9,574 | 5,794 |
| Net assets for common shares at end of period (million yen) | 77,641 | 84,219 |
| Common shares at end of period for calculating net assets per share (1,000 shares) | 89,566 | 89,560 |

(Significant subsequent events)

None

4. Changes in Officers

(1) Change in Representative Director

1) Candidate for new Representative Director

Representative Director and President Yoshihiro Uozumi (currently Director and Operating Officer)

2) Retiring Representative Director

Hiroyoshi Yoshiki (currently Representative Director and President)

(2) Change in Director

1) Candidate for new Director

Director

Yoshihisa Miyabe (currently Audit & Supervisory Board Member)

* Mr. Yoshihisa Miyabe is a candidate for an Outside Director (part time).

2) Retiring Directors

Mikio Iwatsuki (Currently Director)

Tomohiro Takahashi (currently Director and Operating Officer)

Scheduled to serve as the Company's Operating Officer

(3) Change in Audit & Supervisory Board Member

1) Candidate for new Audit & Supervisory Board Member

Audit & Supervisory Board Member Shigeo Hayashi (previously, Director and Senior Managing Executive Officer of Olympus Corporation)

2) Retiring Audit & Supervisory Board Member

Yoshihisa Miyabe (currently Audit & Supervisory Board Member)

Scheduled to be the Company's Director

(4) Planned date of changes

June 22, 2022

Supplementary data for the fiscal year ended March 2022

Consolidated

1. Financial results for the fiscal year under review

(Million yen, rounded down)

| | The fiscal year under review (From April 2021 to March 2022) | | The previous fiscal year (From April 2020 to March 2021) | | Change | Change (%) |
|---|---|-----------|---|-----------|---------|------------|
| | | | | | | |
| Net sales | (100.0%) | 572,118 | (100.0%) | 466,809 | 105,308 | 22.6% |
| Operating profit | (1.1%) | 6,115 | (1.7%) | 7,780 | -1,665 | -21.4% |
| Ordinary profit | (1.4%) | 7,807 | (1.7%) | 7,962 | -154 | -1.9% |
| Profit attributable to owners of parent | (0.6%) | 3,307 | (0.9%) | 4,095 | -787 | -19.2% |
| Earnings per share | | 36.94 yen | | 45.73 yen | | |
| Capital expenditures | | 37,010 | | 19,470 | 17,539 | 90.1% |
| Depreciation | | 24,478 | | 23,772 | 705 | 3.0% |
| Foreign exchange rate (USD/Yen) | | 112.4 yen | | 106.1 yen | | |
| Number of consolidated companies | | 21 | | 23 | | |

(Note) Figures in parentheses indicate the net sales ratio.

2. Factors for increase/decrease in operating profit (year-on-year comparison)

(Billion yen)

| Factors for profit increase | Amount | Factors for profit decrease | Amount |
|---|--------|--|--------|
| Increase in profit due to higher sales in the Automotive Parts Business | 3.1 | Price fluctuations | 2.9 |
| Rationalization enhancement | 1.6 | Decrease in profit outside the Automotive Parts Business | 1.8 |
| | | Changes in product mix, etc. | 0.9 |
| | | Increase in depreciation | 0.7 |
| Total | 4.7 | Total | 6.3 |
| Net balance Decrease in operating profit -1.6 | | | |

3. Financial results by segment

(Million yen, rounded down)

| | | The fiscal year under review (From April 2021 to March 2022) | | The previous fiscal year (From April 2020 to March 2021) | | Change | Change (%) |
|---------------|------------------|---|---------------|---|---------------|---------|------------|
| | | | Profit margin | | Profit margin | | |
| Japan | Net sales | 248,373 | | 233,848 | | 14,525 | 6.2% |
| | Operating profit | 191 | 0.1% | 1,924 | 0.8% | -1,733 | -90.0% |
| North America | Net sales | 113,774 | | 88,069 | | 25,705 | 29.2% |
| | Operating profit | -675 | -0.6% | 926 | 1.1% | -1,602 | - |
| Europe | Net sales | 49,595 | | 34,052 | | 15,542 | 45.6% |
| | Operating profit | 712 | 1.4% | 968 | 2.8% | -255 | -26.4% |
| China | Net sales | 101,185 | | 81,701 | | 19,484 | 23.8% |
| | Operating profit | 4,600 | 4.5% | 3,402 | 4.2% | 1,197 | 35.2% |
| Asia | Net sales | 73,631 | | 48,673 | | 24,957 | 51.3% |
| | Operating profit | 872 | 1.2% | 887 | 1.8% | -15 | -1.8% |
| Elimination | Net sales | -14,442 | | -19,535 | | 5,093 | |
| | Operating profit | 414 | | -329 | | 743 | |
| Total | Net sales | 572,118 | | 466,809 | | 105,308 | 22.6% |
| | Operating profit | 6,115 | 1.1% | 7,780 | 1.7% | -1,665 | -21.4% |

Supplementary data for the fiscal year ended March 2022

4. Financial results for the fiscal year under review on a half-yearly basis

(Million yen, rounded down)

| | First Half (From April 2021 to September 2021) | | Second Half (From October 2021 to March 2022) | | Full Year (From April 2021 to March 2022) | |
|---|---|---------|--|---------|--|---------|
| | | | | | | |
| Net sales | (100.0%) | 263,631 | (100.0%) | 308,486 | (100.0%) | 572,118 |
| Operating profit | (0.5%) | 1,297 | (1.6%) | 4,817 | (1.1%) | 6,115 |
| Ordinary profit | (0.6%) | 1,672 | (2.0%) | 6,135 | (1.4%) | 7,807 |
| Profit attributable to owners of parent | (-0.5%) | -1,359 | (1.5%) | 4,667 | (0.6%) | 3,307 |

(Note) Figures in parentheses indicate the net sales ratio.

5. Factors for increase/decrease in operating profit (year-on-year comparison) on a half-yearly basis

(Billion yen)

| Factors for profit increase | First Half | Second Half | Total | Factors for profit decrease | First Half | Second Half | Total |
|---|------------|-------------|------------|--|------------|-------------|------------|
| | | | | | | | |
| Increase in profit due to higher sales in the Automotive Parts Business | 6.1 | -3.0 | 3.1 | Price fluctuations | 1.4 | 1.5 | 2.9 |
| Rationalization enhancement | 0.6 | 1.0 | 1.6 | Decrease in profit outside the Automotive Parts Business | 1.5 | 0.3 | 1.8 |
| | | | | Changes in product mix, etc. | -1.3 | 2.2 | 0.9 |
| | | | | Increase in depreciation | -0.7 | 1.4 | 0.7 |
| Total | 6.7 | -2.0 | 4.7 | Total | 0.9 | 5.4 | 6.3 |
| Net balance | | | | Decrease in operating profit -1.6 | | | |

6. Financial results by segment on a half-yearly basis

(Million yen, rounded down)

| | | First Half (From April 2021 to September 2021) | | Second Half (From October 2021 to March 2022) | | Full Year (From April 2021 to March 2022) | |
|---------------|------------------|---|---------------|--|---------------|--|---------------|
| | | | Profit margin | | Profit margin | | Profit margin |
| Japan | Net sales | 118,586 | | 129,787 | | 248,373 | |
| | Operating profit | -1,149 | -1.0% | 1,341 | 1.0% | 191 | 0.1% |
| North America | Net sales | 49,621 | | 64,153 | | 113,774 | |
| | Operating profit | -110 | -0.2% | -565 | -0.9% | -675 | -0.6% |
| Europe | Net sales | 18,017 | | 31,578 | | 49,595 | |
| | Operating profit | 65 | 0.4% | 647 | 2.0% | 712 | 1.4% |
| China | Net sales | 45,377 | | 55,808 | | 101,185 | |
| | Operating profit | 1,812 | 4.0% | 2,787 | 5.0% | 4,600 | 4.5% |
| Asia | Net sales | 38,078 | | 35,552 | | 73,631 | |
| | Operating profit | 493 | 1.3% | 378 | 1.1% | 872 | 1.2% |
| Elimination | Net sales | -6,048 | | -8,393 | | -14,442 | |
| | Operating profit | 185 | | 228 | | 414 | |
| Total | Net sales | 263,631 | | 308,486 | | 572,118 | |
| | Operating profit | 1,297 | 0.5% | 4,817 | 1.6% | 6,115 | 1.1% |

7. Forecast for the fiscal year ending March 2023

(Million yen, rounded down)

| | FY3/2023 (From April 2022 to March 2023) | Results as compared to the previous year | |
|---|---|--|------------|
| | | Change | Change (%) |
| Net sales | (100.0%) 720,000 | 147,881 | 25.8% |
| Operating profit | (1.4%) 10,000 | 3,884 | 63.5% |
| Ordinary profit | (1.4%) 10,000 | 2,192 | 28.1% |
| Profit attributable to owners of parent | (1.0%) 7,000 | 3,692 | 111.6% |
| Earnings per share | 78.17 yen | | |
| Capital expenditures | 33,000 | -4,010 | -10.8% |
| Depreciation | 29,000 | 4,521 | 18.5% |
| Foreign exchange rate (USD/Yen) | 125.0 yen | | |

(Note) Figures in parentheses indicate the net sales ratio.

Non-consolidated

1. Financial results for the fiscal year under review

(Million yen, rounded down)

| | The fiscal year under review (From April 2021 to March 2022) | The previous fiscal year (From April 2020 to March 2021) | Change | Change (%) |
|----------------------|---|---|--------|------------|
| Net sales | (100.0%) 246,339 | (100.0%) 232,474 | 13,864 | 6.0% |
| Operating profit | (-0.2%) -481 | (0.2%) 539 | -1,021 | - |
| Ordinary profit | (2.6%) 6,358 | (1.2%) 2,780 | 3,578 | 128.7% |
| Profit | (2.3%) 5,730 | (1.2%) 2,702 | 3,028 | 112.1% |
| Capital expenditures | 16,287 | 10,594 | 5,693 | 53.7% |
| Depreciation | 12,985 | 13,271 | -286 | -2.2% |

(Note) Figures in parentheses indicate the net sales ratio.