

FUTABA

FUTABA Integrated Report 2025

Continuing the Challenge to Deliver Solid Value— Clean & green, Peace of mind, and Quality of life



The dire wartime situation at the time of the founding of the company in 1945 led the engineers of the day to make the most of their tooling and welding technologies, and they started by making products such as fishing net knitting machines and pipe furniture.

The history of the Futaba Group began from delivering quality of life to local communities and employees. Those technologies were later applied to producing automotive parts, and we have since continued to offer products primarily made of iron or stainless steel and meet the clean & green and peace of mind needs of our customers.

In the three areas of clean & green, peace of mind, and quality of life built throughout this history, we will continue to offer value to more of the world's regions.

We will continue to take on the challenge of creating products and services that contribute to solutions to social issues through the high technological development and manufacturing capabilities and the global production structure we have built, keeping in mind the FUTABA WAY (☐ see page 79 for details), which is the source of our beliefs, values, and pride passed down within the Futaba Group.



CONTENTS

01 Introduction

Pursuits and Achievements

- 05 FUTABA's History
- 07 FUTABA's Strengths and Deepening Capabilities
- 09 Business Focus
- 10 The FUTABA Group Sites

FUTABA's Value Creation

- 11 Message from the President



- 17 Value Creation Process



- 19 Annual Policy Management and SDGs Goals in Management

For a Leap Forward

- 21 Medium-term Management Plan



- 23 Strategy by Product
- 33 TOPICS
- 35 Human Resources Strategy
- 36 Coexistence with Nature

Foundations for Future Endeavors

- 37 Financial Capital
- 39 Manufacturing Capital
- 41 Intellectual Capital
- 43 Human Capital
- 51 Social and Relationship Capital
- 53 Natural Capital

Corporate Governance

- 57 Corporate Governance
- 65 Directors and Audit & Supervisory Board Members
- 67 Messages from Outside Directors
- 69 Compliance
- 70 Risk Management

Data Section

- 71 Financial and Non-financial Highlights
- 73 Financial Summary (Consolidated)
- 75 Financial Review
- 76 Consolidated Financial Statements
- 79 Management System
- 80 Corporate and Stock Information



Key Points of the FUTABA Integrated Report 2025

The FUTABA Integrated Report 2025 broadly describes in what way the Futaba Group will contribute to society and improve its corporate value, aiming to deliver values in three areas—clean & green, peace of mind, and quality of life.

To outline the future strategy and direction of the Futaba Group, this integrated report presents the new medium-term management plan formulated in May 2025 and summarizes the strategies for technological development, new business endeavors, and regional operations aimed at achieving steady global growth. As efforts for strengthening the management base, this integrated report also touches on the human resources strategy for enabling every employee to play an active role as well as how it will address carbon neutrality aimed at achieving a sustainable society, biodiversity and conservation of water resources.

Specific initiatives based on the above strategies are described in the chapter on “Foundations for Future Endeavors.”

Editorial Policy

The purpose of this integrated report is to deepen the understanding of a wide range of stakeholders about the Futaba Group, including shareholders and investors. The FUTABA Integrated Report has been issued since fiscal 2021 as the Group’s integrated report. This report has been produced and edited mainly with reference to the International Integrated Reporting Framework of the IFRS Foundation, through repeated discussions by a project team including the top management as a team effort.

Positioning this integrated report as a tool for dialogue with stakeholders, we will consider your opinions with sincerity and promote further information disclosure. We will continue to make every effort to promote a better understanding of the Futaba Group.

Reference Guidelines

- **IFRS Foundation**
International Integrated Reporting Framework
- **Ministry of Economy, Trade and Industry**
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation



Scope of Report

This reporting covers Futaba Industrial Co., Ltd. and its consolidated subsidiaries.

*The scope of some sections is separately defined.

Reporting Period

April 1, 2024 to March 31, 2025

* Some activities outside the reporting period are also introduced.

Publication

September 2025

Notes on Forward-looking Statements

This integrated report includes predictions and forecasts regarding future plans, strategies, and performance. These statements are based on information currently available, and do not guarantee future performance. Actual performance may diverge from the predictions and forward-looking statements in this integrated report due to changes in the business environment.

Structure of Information Disclosure

Financial information	Non-financial information
Futaba Integrated Report 2025	
<ul style="list-style-type: none"> • Financial results • Annual Securities Reports, etc. 	<ul style="list-style-type: none"> • Sustainability • Corporate governance report, etc.
<p>FUTABA website URL: https://www.futabasangyo.com/en</p>	

FUTABA's History

Since its foundation in 1945, the Futaba Group as “a team that tackles challenges to grow” has been thriving and creating value by solving social issues over time and materializing the happiness of our clients and working colleagues. We will work as one to contribute to society by capturing the needs of the times and providing new products and services.

1945



Founded with a dream to be a big tree

Lack of foods and daily necessities after World War II

Social issues

1960



Expanding the automotive parts business

Pollution issues driven by increasing motorization

- Enactment of automotive noise regulations (1951)
- Enactment of the Air Pollution Control Act (1968)
- Enactment of automotive exhaust gas regulations (1972)

1980



Advancement of technologies

Response to saving energy and resources

- Enactment of fuel efficiency standards (1979)

Increase of traffic accidents associated with the increase of automobiles

- Commencement of collision safety regulations (1994)

Initiatives to combat global warming

- Adoption of the Kyoto Protocol (1997)

Solutions through products and technologies

Net sales
(Billion yen)

800

700

600

500

400

300

200

100

0

- We developed and produced fish netting machines to solve the post-war food shortage, helping people in the local community make their quality of living.
- Delivered new value through the production of high-grade reception area seating sets that were underlaid with the pipe stamping and welding technologies held by the founders.



Around 1945

Developed and started production of fish netting machines



Around 1947

Started production of reception area seating sets made from pipes

- To mitigate the automotive noise issues, we entered the muffler business by applying our pipe stamping and welding technologies.
- Started to produce iron canisters to make evaporative gases clean under the increasing concern for air pollution.



1959

Entered the muffler business



1970

Started mass-production of iron canisters

- We developed exhaust manifolds made of stainless steel to replace conventional cast iron manifolds, contributing to a lighter weight and improvement in exhaust gas purification, which were adopted by Toyota Motor Corporation as their first stainless steel exhaust manifolds.
- Developed mufflers with an internal valve that enabled the reduction of both CO₂ emissions and noises by downsizing and light-weight.



1989

Developed and started production of stainless steel exhaust manifolds



1995

Developed and started production of mufflers featuring inner valves

1945

1950

1960

1970

1980

2000



Further evolution of technologies

Competition for fuel efficiency among hybrid vehicles

- Amendment of fuel efficiency standards (1999)

Air pollution issues driven by the increase of diesel-powered vehicles

- Enactment of the Automobile NOx and PM Act (2001)

• Developed center pillars by developing stamping technologies of high strength material 980 MPa cold-stamped UHTSS^{*1} to contribute to the improvement of collision safety and fuel efficiency of vehicles.

• Developed and produced DPFs^{*2} for diesel vehicles which reduce particulate matters (PM) to address air pollution issues.

• Developed an exhaust heat recovery device, POWEREV[®], which recovers and utilizes waste heat energy in exhaust gases, improving fuel efficiency and reducing CO₂ emissions.

^{*1} Ultra-high tensile strength steel (UHTSS):

High tensile strength steel has tensile strength higher than regular steel, and grades with tensile strength of 980 MPa or higher are called UHTSS. UHTSS can be processed thin and thus contribute to light weight of products.

^{*2} Diesel particulate filter: A filter to collect diesel particulates.



2001

Developed and started production of center pillars with the processing of 980 MPa cold-stamped UHTSS



2004

Developed and started production of DPF for diesel-powered vehicles



2006

Developed and started production of exhaust heat recovery device, POWEREV[®]

2010



New challenges

Escalation of climate change driven by global warming

- Adoption of the Paris Agreement (2015)
- Introduction of NEV^{*3} mandate policy in China (2019)

Escalation of food issues

^{*3} A new energy vehicle (NEV):

A vehicle powered by new energy, such as a battery electric vehicle (BEV) or a fuel cell vehicle (FCV).

• With the hot-stamping technology and the cold-stamping technology developed for processing 1180 MPa cold-stamped UHTSS, we realized the higher tensile strength and lighter weight of products, enhancing the vehicle safety and reducing CO₂ emissions.

• Applying technologies for canisters and exhaust heat recovery devices, we developed aleaf[®], a CO₂ system for greenhouse cultivation, to offer a new production method in agriculture.



2015

Developed and started production of front pillars with hot stamping



2016

Developed and started production of lockers with the processing of 1180 MPa cold-stamped UHTSS



2017

Developed and started production and sales of aleaf[®] CO₂ system for greenhouse cultivation in the agricultural business

2020



To the next stage

Accelerating efforts to realize a decarbonized society

- 2050 Carbon Neutrality Declaration by the Japanese Government (2020)
- Amendment to the Act on Promotion of Global Warming Countermeasures (2024)

Accelerating environmental regulations for the automotive industry

- Strengthened ZEV^{*4} regulations in California, the U.S. (2022)
- EU's decision to ban sale of new engine-powered vehicles after 2035 (2023)^{*5}

^{*4} A zero emission vehicle (ZEV): A vehicle that emits no exhaust gas.

^{*5} Sale of cars running on synthetic fuels will be permitted

• We started to produce sub-assemblies of center floor pans, which are large and complex body part assemblies for electric vehicles including BEV^{*6}.

• To achieve enhancement of the collision safety of vehicles and reduction of CO₂ emissions, we realized the higher tensile strength and lighter weight of products by developing stamping technologies for 1470 MPa cold-stamped UHTSS utilizing CAE^{*7} analysis.

^{*6} Battery electric vehicles.

^{*7} Computer aided engineering: CAE enables development through computer simulations.



2022

Started production of manufactured sub-assemblies of center floor pans



2023

Developed and started production of front pillars with the processing of 1470 MPa cold-stamped UHTSS

FUTABA's Strengths and Deepening Capabilities

During its history of over 80 years, the Futaba Group has prepared its structure from planning through design and development, production preparation and production. At the same time, the Group worked dauntlessly on new technologies that would become the source of its competitive edge, and continued to hone the strength in technological development and manufacturing capabilities that it has cultivated over the years.

Futaba's work flow, from planning to production



Technological Development Capability

Product planning and proposal capability × Development and evaluation system × Production engineering capability for taking on new technology



Proposal capability for body and interior parts

In the production of automotive body parts, we have in place a structure that is capable of making proposals of body structures from the planning and simultaneous engineering (SE)*1 phase of automobile manufacturers. We use information on the body structure to examine the strength and combination of parts, and propose part structures with high quality and high performance. We offer zone-based development proposals for developing body and interior parts together as a zone-based solution, by leveraging our function as a manufacturer of assembly and welding equipment for external sale.

*1 Simultaneous engineering (SE):

The activity in which the production engineering or manufacturing divisions participate in design from the early stages of development.

Powertrain system parts

We have been enhancing our planning and proposal capability by picking up the desires of society and customers in relation to the environment and safety. We propose electrification-related products, which meet the various needs (such as larger batteries and safety) of electric vehicles, in addition to exhaust systems being placed under even stricter regulations.



Analysis and evaluation technology

We are strengthening our analysis technology by engaging in body shell analysis**2 as well as technology to predict the breaking point of welded parts in the event of a collision. In regard to exhaust system parts, we can evaluate and analyze not only the strength of structures but also other elements, from noise and vibration to heat transfer.

**2 Body shell analysis: An analysis to check the deformation of a body frame.

Exhaust noise reduction technology

We are pursuing and achieving small, light-weight mufflers through the optimal combination of technologies, such as sound absorbing material, resonator chamber, expansion chamber, to reduce the noise released by the engine.

Heat management technology

We possess heat-control technology cultivated in the automotive field. It includes utilizing heat collected from exhaust gas to warm the engine or the vehicle interiors.

Deepening the technological development capability: From parts manufacturing to automobile manufacturing

In conventional technological development approaches, body parts, interior parts, exhaust system parts, and other components have been developed independently. Now adopting an integrated vehicle design approach that considers these as part of the whole vehicle, we work to propose structural solutions that integrate body parts and exhaust system parts. We intend to propose such solutions to customers by studying optimal structures of peripheral parts including ours and working to develop structures through a zone-based development approach from the early stages of vehicle development.

By participate in development processes at an early stage, we will collaborate with automobile manufacturers to provide high-value-added components. We will leverage our technological development capability to enhance the added value of automobiles, deepening our commitment to “the production of good parts” into “the production of vehicles.”



Exhibited body and exhaust system parts integrally at the Automotive Engineering Exposition 2025

We will leverage and further hone these strengths and continue to deliver to our customers, solid values in the three areas of clean & green, peace of mind, and quality of life.

Production preparation

Production

Manufacturing Capability

Production engineering capability that innovates the production line × A global production structure × Human resources for *monozukuri*



Production engineering capability

Stamping technology

We possess the processing technology for cold stamping ultra-high-tensile strength steel, which are very difficult to shape, as well as conduct hot stamping^{*3}, which enables complex shapes with high strength to be formed.

^{*3} Hot stamping: A method for strengthening steel sheets in which a steel sheet is heated to a high temperature and press formed. They are then quick-cooled while still in stamp, thereby gaining more strength.

Welding technology

We possess the technological capability and know-how for making full use of fiber laser welders, which enables the highly-efficient use of energy and delivers superior welding quality.

Maximization of production equipment capacity

We take arrange equipment in an optimal manner to draw out its maximum performance. The positional relationship of the jig and robot and welding trajectory are optimized through simulations at the design stage to allow for the shortest lead time.

Digital twin technology

We leverage the latest digital twin technology^{*4} to deliver equipment with high level of completeness. It has enabled even robot operation programs and electrical control programs to be reproduced on CAD, allowing equipment designs to be finished without the need of real products.

^{*4} Digital twin technology: The technology to reproduce real equipment and products, or equipment and products to be produced, in a virtual space (in a digital format), utilizing IoT and other technologies



Global production system

Global network

We have built a global production system with 27 production sites around the world. Based on the Toyota Production System (TPS), we have localized production methods according to each region and optimized distribution between plants, thus ensuring a stable supply of products. Furthermore, we share information on a global basis to enhance productivity. Going forward, we will continue to respond to diverse needs by making use of the characteristics of our plants located near automobile manufacturers.

Human resources for *monozukuri*

We believe that human resources development takes place on site when both superiors and subordinates learn from each other, make improvements on their own and achieve self-growth through the process of seeing, hearing, and feeling.

We promote human resources development on a global basis. Our employees can learn about safety and quality as well as the TPS at the *Monozukuri* Training Center. In addition, we motivate them to upskill by holding the Futaba Skills Competition and FM Circle Competition.

Deepening manufacturing capabilities: Introducing unmanned logistics operations

To address the issue of shrinking workforce and promote work-style reform, we are working to introduce unmanned operations in the physical distribution of parts in 2025. Conventionally, truck drivers would unload parts from trucks and carried them using forklifts, or workers would carry heavy parts packed in boxes to production lines using hand trucks.

To reduce the burdens of these material handling operations, we are proactively introducing AMR^{*5} to increase efficiency and optimize space use.

We have also opened an AMR school that gives trainings in programming and operational management in order to develop human resources with digital skills to support the large-scale introduction of unmanned operations.

^{*5} AMR (Autonomous Mobile Robot) is designed to move and transport loads autonomously while recognizing the surrounding environment.



AMR automated transports



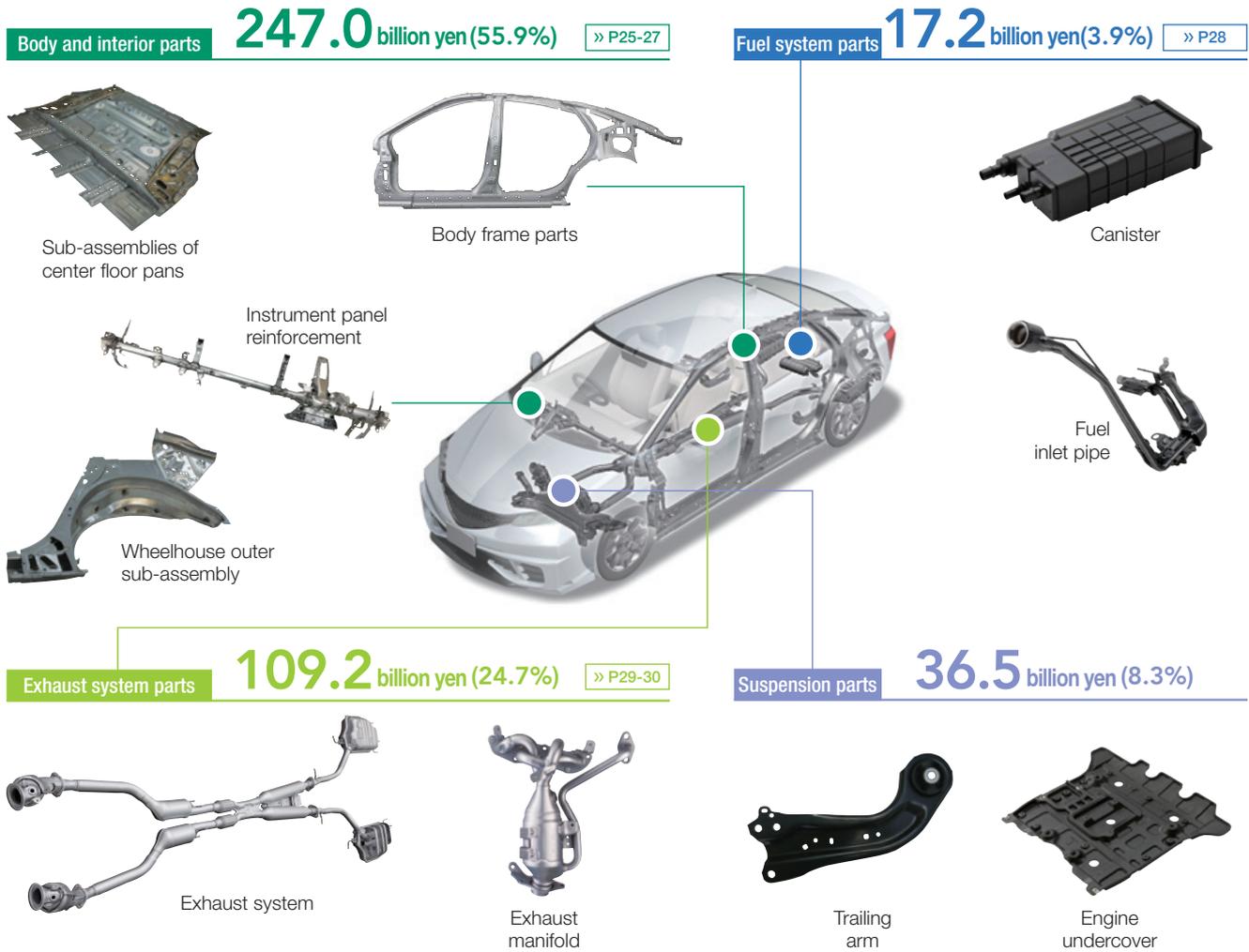
AMR school

Business Focus

The Futaba Group's main business is the manufacture and sale of automotive parts, manufacturing equipment, and agricultural products. In terms of net sales excluding parts supplied by customers*1, exhaust system and fuel system parts which will be significantly affected by the spread of BEVs and FCVs account for approximately 30% and other products account for approximately 70%. We produce products and services that can deliver solid value in terms of clean & green, peace of mind, and quality of life by capitalizing on core technologies such as stamping, welding, sound damping, and heat management that we have cultivated.

*1 Net sales excluding parts supplied by customers: Net sales excluding parts supplied by customers, such as catalysts used in exhaust system parts

Automotive parts*2



Equipment for external sales business, agricultural business, and other*2 32.3 billion yen (7.2%)



*2 Net sales and the proportion of sales excluding supplied parts.

The FUTABA Group Sites (as of April 1, 2025)

Since we opened the first global site in the United States in 1994, we have expanded our business globally, currently with more than 20 sites around the world. We are also working to enhance capability of our production sites in each region to respond quickly to customers not only in Japan but also overseas. The Futaba Group will strive to create new value that contributes to solving social issues using this global network.

Global sites

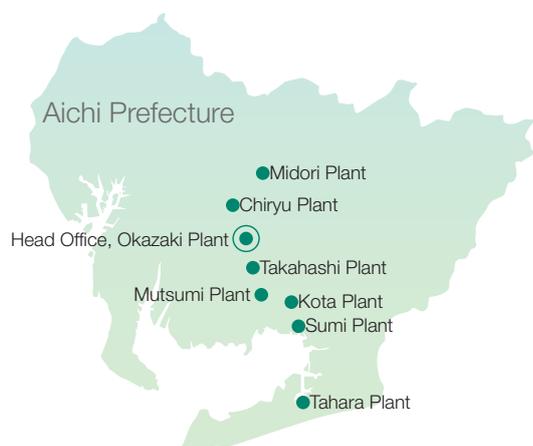
■ : Consolidated subsidiary ▲ : Affiliated company



Domestic sites

Domestic plants

○ : Head Office ● : Plants



Domestic subsidiaries and affiliated companies

■ : Consolidated subsidiary ▲ : Affiliated company



Message from the President



Yoshihiro Uozumi

President

In March 2025, we received a warning from the Kyusyu Office of the Japan Fair Trade Commission regarding accrued die storage fees at our subsidiary, Futaba Kyusyu.

We would like to express our sincere apologies for any inconvenience and concern this has caused to all concerned parties.

Under the guidance of the Japan Fair Trade Commission, to prevent recurrence, the entire Group has restructured all processes to comply with the Subcontract Act. From now on, our executives will be conducting regular checks of on-site transactions themselves.

Looking Back at Our Business Performance in FY2024

Consolidated results for FY2024 included year on year declines of 11% in net sales, 21% in operating profit, and 51% in profit, due to reductions in the production volume in Japan and China of Japanese automobile manufacturers, which are the Futaba Group's main customers. Thanks to the efforts of our employees and the support of our suppliers, we were able to minimize the impact, but the decrease in profit was due to the above-mentioned factors, as well as the recording of costs for closing a manufacturing company in the Tianjin region and impairment losses relating to the Guangzhou region of China, and the payment of financial compensation to voluntary retirees in the UK.

Despite the slump in China and the UK, we have decided to build a third plant in India, where the market is expected to expand in the future. We will continue to monitor market trends and strive to improve our production system in a timely and appropriate manner.

Currently, we are monitoring global tariff trends. We believe that the tariff issue will not have a major impact on our business, as we have a production system that basically focuses on local production and consumption, but we will continue to reduce costs further.

Summary of the Previous Medium-term Management Plan (FY2022-FY2024)

The previous three-year medium-term management plan, which was launched in FY2022, has ended. Under the previous plan, we focused on improving our financial position and largely achieved our targets, but future issues also became clear.

Activities and results

Our top priorities toward improving our financial position were to reduce interest-bearing debt of approximately 98.0 billion yen (as of March 31, 2021) and to increase our equity ratio to around 40% from 27.2% as of FY2021. To this end, we set targets of an operating profit ratio (net sales excluding parts supplied by customers) of 2.6% to 5.0% and free cash flow of 6.0 to 15.0 billion yen, improved operational weaknesses from development to production, and promoted activities to transform these into strengths. Through these activities, employees became keenly aware of the importance of highly accurate and efficient operations. The main initiatives were as follows.

- Setting and strictly controlling a capital expenditure target approximately 30.0 billion yen per year
- Establishing a department dedicated to advanced development and shifting 15% of our product development staff to this department. Meanwhile, we used 3D and other digital technology to address the increased load in product development

Further Increasing Earnings Capacity and Becoming a Stable Growth Company

- Consolidating and eliminating lines with low operating rates to improve asset efficiency
- Created a Japanese and overseas joint team and have strengthening this through brainstorming sessions and special support activities, to deploy Japan's superior manufacturing technology (best practice) overseas

As a result of the effects of these initiatives on the financial side, the operating profit ratio (net sales excluding parts supplied by customers) averaged 3.3% over the three years of the previous plan, free cash flow improved to an average of approximately 22.7 billion yen, and by repaying more than 40.0 billion yen of interest-bearing debt, we were able to increase the equity ratio to 37.5%. In terms of dividends as well, we were able to move away from the previous low dividends and increased them to 38 yen from 10 yen in FY2021. We would like to express our appreciation for the support we have received from our affiliates and suppliers.

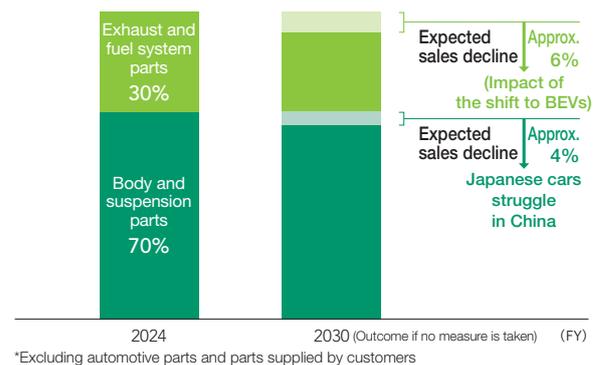
Emerging issues

Despite these results that we achieved, future issues that need to be addressed also became clear. Futaba has identified the following three points as key issues and will work to resolve these in our new medium-term management plan.

1. Strengthening of activities to expand sales

Exhaust system and fuel system parts account for approximately 30% of our sales, and the popularization of the shift to BEV is an obstacle to business growth for Futaba. Although the speed of popularization is currently slowing down worldwide, future progress appears certain. (See Figure 1-1)

Figure 1-1 Forecast of impact on Futaba consolidated sales



Given this, we need to steadily secure new orders in the growing region of India, while offsetting the impact of the shift to BEVs and declining sales in China with new products.

2. Further enhancing earnings capacity

The level of the operating profit ratio (net sales excluding parts supplied by customers) at an average of 3.3% over three years was within the target zone, but the aim is 5%. Initiatives are needed to expand the scope of use of digital tools to materials and indirect operations, increase earnings capacity by becoming leaner, and increase profits.

3. Improving PBR

In FY2024 when profit decreased, ROE, a capital efficiency indicator, fell to 5.1% from 11.7% in the previous fiscal year. However, given that Futaba's policy is to maintain its equity at around 120.0 billion yen, which it considers to be the minimum necessary amount, once profits are restored, we believe that

Message from the President



ROE at the level of 10%, which is above the industry average, is fully achievable. In addition, based on past data, Futaba's price-to-book ratio (PBR) tends to be roughly linked to ROE, and therefore, our analysis indicates that the improvement of capital efficiency resulting from increased earnings has led to positive evaluation from the stock market. The business vision Futaba should pursue is "continuous expansion of profitability while increasing earnings capacity = stable growth," and we believe that this is also expected by our shareholders and investors.

To achieve this, we need to shift our top priority, which was repayment of interest-bearing debt in the previous plan, to growth investment and shareholder returns, as well as boldly redefine our future cash investment targets and strengthen our management base to increase profitability.

Launch of a New Medium-term Management Plan (FY2025-FY2027)

Based on the above understanding, Futaba formulated a new three-year medium-term management plan, which was launched in FY2025. Under this plan, we will pursue a growth strategy based on the following policies.

Strengthening of activities to expand sales

Futaba is a company that has developed a business centered on steel plate stamping technology and welding technology. This main stream and the three strategies of expanding sales in the body field, increasing market share for exhaust system parts, and creating new businesses, which were the basic policies in the previous plan, have not changed in the new medium-term management plan. We believe that the supply of body parts and exhaust system parts made of steel, including stainless steel, and aluminum will continue to be required to meet market needs.

1. Expansion in the body field See pages 25-26 for details

Under the previous plan, we focused on expanding orders received for medium-scale assembly parts through zone-based development and larger parts driven by CAE analysis capabilities. When receiving orders for larger parts, the ability to produce these near an automobile manufacturer's vehicle assembly plant is a tremendous advantage in terms of cost, lead time, and development speed. Moreover, we can eliminate waste and further increase competitiveness by producing and delivering products that match vehicle specifications in the same order as vehicle assembly. As a result, Futaba succeeded in receiving orders for 12 projects over the previous three years.

Going forward, while aiming to expand these vehicle models, we are aiming to take our development to the next level in the future by producing even larger parts that are welded and integrated together using lasers and other methods. This development will require extensive knowledge regarding the performance and function of the entire body structure and completely concurrent design with vehicle developers at automobile manufacturers. Over these next three years, we plan to train developers who can respond in this way from a global perspective.

2. Expansion in the exhaust field See pages 29-30 for details

The modular muffler proposed by Futaba is a next generation muffler that can be made smaller and lighter while maintaining exhaust performance (sound dampening, purification, etc.). As an optimal system for the trend toward larger batteries in PHEV and other vehicles, we completed the concept three years ago and have been proposing it for the past two years, but it has not yet been adopted. One of the reasons for this is that the timing of the launch of customers' new platforms did not coincide with the timing of adoption, but we also believe that there was not enough support by demonstration.

However, automobile manufacturers have high expectations for the modular muffler, so we will

rebuild “phased systemization” as a realistic strategy to be adopted starting with the key devices that will contribute greatly to making vehicles smaller and lighter, then accelerate development and demonstration. I am confident that Futaba will take the lead if we can commercialize a full modular muffler.

3. New businesses



In terms of new business initiatives, we established our basic policy as “solving many social issues by capitalizing on our core technologies,” and narrowed down our development themes to seven based on the new business organization launched three years ago. Since FY2024 we have worked to strengthen this organization (increasing staff and promotion to the Center level) and have accelerated efforts to commercialize products and businesses.

Specifically, the aleaf[®] CO₂ system, which promotes growth through CO₂ application to agricultural crops, was commercialized in combination with purification, absorption, and heat management technologies, while the laser weeding robot, which kills weeds with a laser in the early germination stage, has entered the commercialization stage in combination with laser and image recognition technologies.

The top priority for new businesses is support for the expansion of sales through early market entry, but at the same time, we believe that refining our technologies through competition in fields other than the automotive industry and training development staff members with a wider perspective are also meaningful initiatives.

4. Growth in India



Annual new vehicle sales volume in India exceeded five million vehicles in 2024, surpassing Japan. Going forward, motorization is expected to develop rapidly in the country, and Suzuki Motor Corporation and Toyota Motor Corporation have already announced plans to increase their production capacity in the country. We also plan to expand our business strategically in line with this. We recognize the following strengths that can be demonstrated in India.

- Implement Japanese *monozukuri* in India (quality, productivity, *kaizen*)
- Providing large and diverse products by combining the minimum number of materials, including steel plate, aluminum plate, and plastic processing and welding (body frames, instrument panel reinforcement, exhaust pipes, exhaust manifolds, etc.)
- Has track record in manufacturing and delivering equipment related to welding assembly processes for automobile manufacturers

- Talented local staff who can manage manufacturing operations locally

We will actively incorporate local materials, equipment, die, and personnel while capitalizing on these strengths.

Further enhancing earnings capacity

We were unable to achieve a three-year average 5% operating profit ratio as targeted in the previous plan for the following two reasons.

- (1) Cost reduction methods including reducing overhead man-hours, reducing defective and discarded products, and increasing productivity are by trial and error and lack precision and speed.
- (2) Improvements in Japan are not communicated overseas.

Currently we are promoting improvements to item (1) more systematically in Japan. For example, we reduced production preparation man-hours and overhead man-hours by converting product and equipment data into 3D and making use of 3D measurements and 3D simulations. In addition, given that some press parts break during processing and become discarded, we are working to develop break-resistant products by using CAE and to discover breaks early by using QA networks.

Moreover, we created the Smart Factory concept to systematically achieve automation, labor savings, and carbon neutrality. We will seize opportunities to renovate plants and install new lines, steadily realizing each goal.

However, our policy to always adjust production capacity flexibly according to market trends remains unchanged. In the past two years, we have cut staff through voluntary retirement programs in the UK and China (Guangzhou region) and closed two plants in China (Changsha and Tianjin regions), while deciding to build a third factory in India. We will continue to accurately follow market trends and maintain a flexible production system. (See Figure 1-2)

Figure 1-2 Approach to strengthening our management base



Message from the President

Investment in people

 See pages 35, 43-50 for details

At Futaba, we share the philosophy that “a company is a collection of working people, and a company can only grow if its people grow,” and we believe that investing in people is important.

Initiatives that promote the growth of people start with improving job satisfaction. Futaba has changed its “*Showa-style*” personnel through immediate implementation from the perspectives of both human resources management reform (recruitment, training, placement) and personnel system reform (transformation to supportive work system and culture). As a result, evaluations (ratio of positive answers) of management by employees have improved by 70% or more (from the 68% level in FY2021), and the workplace stress check (83.3) has also remained at a good level below the manufacturing industry average (108). The turnover rate rose to 2.5% after the COVID-19 pandemic, but recently has returned to below 2%.

Going forward, we would like to decide on and implement focus measures each year, such as career support, technical training, optimal placement, health management, to provide as many employees as possible with the feeling of growth through work.

Coexistence with nature

 See pages 36, 53-56 for details

We believe that actively working on global warming countermeasures and recycling of resources and energy are our social responsibilities as a company.

We increased our global factory CO₂ emission reduction target in October 2024 to greater than 50% (vs. FY2019) by FY2030 for Group companies in Japan and overseas, and set a strict standard aiming for a 4.6% reduction each year. Likewise, we will take on the challenge to achieve carbon neutrality in domestic plants by 2030.

These reductions have added up, and at present our goals have almost been achieved overseas, but more needs to be done in Japan. We will implement additional measures including changes in our investment policies relating to the consolidation and elimination of production lines and the expansion of solar power.

In terms of the circular economy, we have worked to reduce material usage and material weight. In particular, we have focused on collaborative work with our suppliers, participated in internal on-site inspection meetings, and brainstormed together, as well as promoted the introduction and sharing of know-how.

Working together with our suppliers

 See pages 51-52 for details

Our suppliers that produce and deliver materials and component parts are equal partners with whom we cooperate in an equal relationship. Our business cannot operate without any and all of the materials and parts supplied to us.

Futaba and its suppliers have expanded improvement activities since three years ago to work together more closely. We motivate and challenge each other to increase competitiveness by developing activities together including quality control activity confirmation meetings, production division meetings (production on-site improvement confirmation meetings), DX joint exhibitions, carbon neutral exhibitions, and quality improvement support. We also actively collect data from each supplier regarding price shifts associated with cost increases and promote proactive negotiations with automobile manufacturers.

Through these efforts, we will instill in our employees the awareness of being equal partners.

Financial strategy

Futaba's PBR currently (August 2025) remains around 0.7x, but as described above, changes in PBR are roughly linked to actual ROE values, and in years when ROE exceeded 10%, PBR approached 1.0x. We consider this to indicate the stock market's evaluation of our capital efficiency. Based on this understanding, we will strive to meet the expectations of our shareholders and investors by prioritizing allocation of cash to growth investments, realizing stable growth, and returning profits to shareholders.

1. Shifting focus to growth investment

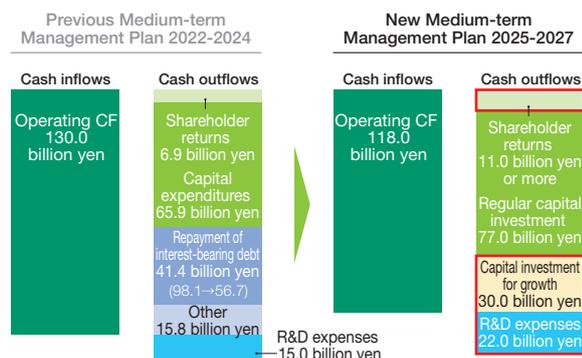
Three factors for increasing ROE are improving net profit ratio, improving asset turnover ratio, and use of financial leverage. The initiatives explained in the above sections on “Strengthening of activities to expand sales” and “Further enhancing earnings capacity” contribute to net profit ratio and asset turnover ratio, and these results will improve ROE. However, it is difficult to produce results in the short term with the conventional approach to human resources and funding, so we will make major revisions under the new medium-term management plan.

2. Cash allocation

In the previous plan, which prioritized improving the financial position, we allocated approximately 30%, or 41.4 billion yen, of the three-year cumulative cash inflow to repayment of interest-bearing debt. In the new medium-term management plan, almost zero is

allocated to repayment of interest-bearing debt, and the focus is on growth investment and R&D expenses. Allocations to shareholder returns will also be increased to the level of approximately 1.6 times the previous plan. (See Figure 1-3)

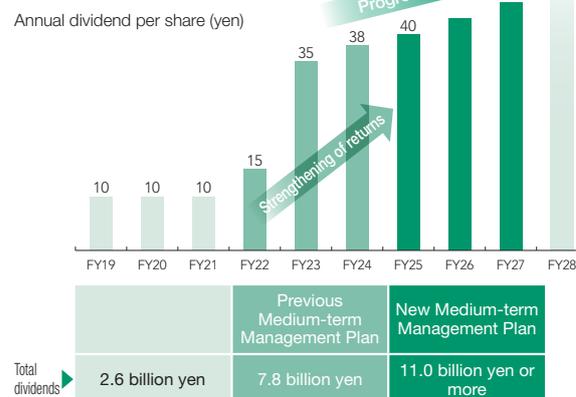
Figure 1-3 Cash allocation



3. Shareholder returns

Returns to our shareholders were previously determined comprehensively taking into consideration our business performance and financial situation with a target payout ratio of 30%. We will change this policy from FY2025 to pay progressive dividends with a minimum dividend on equity (DOE) of 3.5%. (See Figure 1-4)

Figure 1-4 Shareholder returns



Achieving stable growth and further evolution

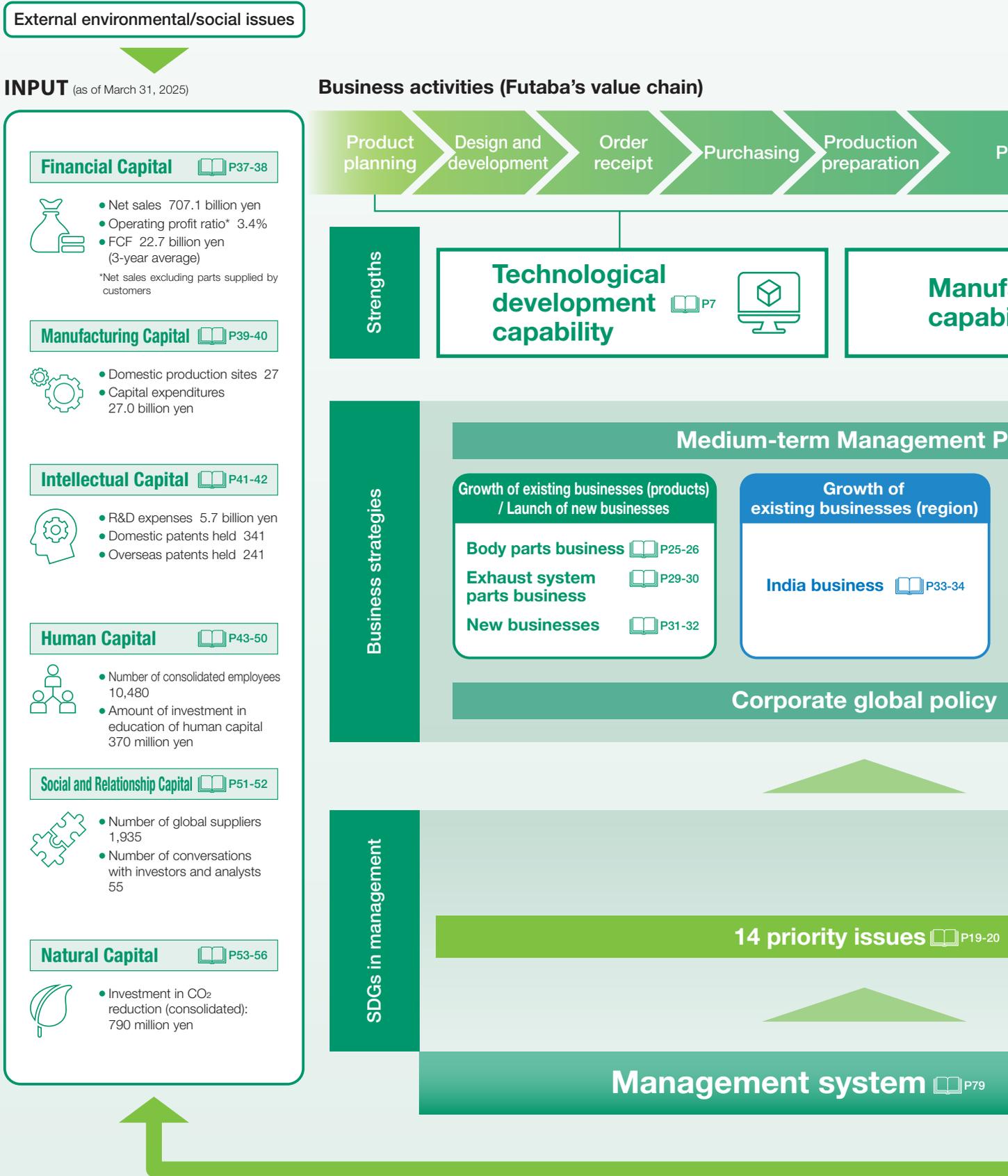
Futaba, having achieved a sound financial position, will make great progress to become a company that can realize stable growth in the three years of the new medium-term management plan. I conveyed within the company that our post-war process has finally ended. I am confident that creating a workplace where all employees are encouraged to grow as human beings and can play an active role with a feeling of job satisfaction will lead to the stable growth of Futaba's business.

I would like to express my appreciation to all of our stakeholders for their continued long-term support of Futaba's further evolution.



Value Creation Process

The business environment enveloping the Futaba Group is changing dramatically, including the shift to BEVs for automobiles, the decline in the working population, and climate change. The Futaba Group has long recognized the external environment and social issues that need to be addressed, and has been engaged in its businesses to meet the needs of society. Our beliefs, values, and pride have been handed down over generations since our foundation as the FUTABA WAY.



Based on our management system of Purpose, Mission, and Values redefined in 2024, we will aim to improve our corporate value by addressing long-term management issues through business activities for stable growth globally and delivering values in the areas of clean & green, peace of mind, and quality of life, which are the Mission of the Futaba Group.



Annual Policy Management and SDGs Goals in Management

In support of the Sustainable Development Goals (SDGs)— common goals of the international community—the Futaba Group selected 14 issues in FY2020. We have already integrated these issues into our business activities, and promoted them through the medium-term management plan and global company policies.

We will continue to promote activities by implementing the PDCA cycle, as well as regular checks and follow-ups to achieve our goals.

FY2025 corporate global policy

Foundation

1 Safety
Aiming to become a company that can achieve zero accidents, zero fires, and the promotion of health every day

2 Quality
Developing human resources and creating a workplace to enable the development of products with good features and of their processes, as well as rule-based *Monozukuri*, with the aim of zero leakage defects

3 Compliance
As a good corporate citizen, acting with integrity, with a sense of ethics, based on compliance with laws and regulations.

4 Job satisfaction
Establishing a workstyle where employees can choose from diverse work-life balance styles and experience job satisfaction and growth as human beings through their work

5 DX and AI
Achieving ultimately streamlined daily operations, namely, shortest lead time, improved accuracy, and reduced labor, by improving operational efficiency and abolishing unnecessary operations with the utilization of digital technologies at both manufacturing sites and workplaces for clerical and skilled workers

Growth Strategy

1 Carbon neutrality
Transforming into a company that can lead a carbon neutral, circular economy

2 Business expansion
Creating structure to stably expand businesses under the popularization of BEVs as well

3 Earnings capacity
Continuing to pursue the improvement of break-even point in each region

4 Investment management
Formulating a steady as well as flexible investment plan and reducing capital expenditure unit costs, to achieve business expansion and secure adequate free cash flow

5 Regional strategy

North America
Eliminating accumulated losses to achieve truly self-reliant regional management

China
Aiming to expand sales by designing a production system commensurate with the scale of the market

Europe
Pursuing a flexible production system to follow customers' trends

India
Establishing a system to expand business in line with the expansion of the market

Indonesia
Expanding business by integrating technologies developed in Japan

Key Initiatives, Targets, and Others

Priority Issue	Main KPIs	
Creation of safety-first workplace	• Annual number of industrial accidents and accident frequency rate (number of accidents / total actual hours worked x 1 million)	
Promotion of health management*1	① (1) Percentage of BMI 25 or higher (%) (2) Percentage of male smokers (%) ② Percentage index of persons with mental health problems (who are absent from work for one month or more) *vs. FY2020	
Improvement in quality of products and services	• Percentage of IATF16949 or ISO9001 certifications acquired in all production sites (%)	
Contributions to and coexistence with local communities	Participation rate of social contribution activities (%) (total accumulative number of participants / total number of employees)	
Governance	(1) Percentage progress of operational quality improvement activities (%) (2) Percentage of CSIRT systems in place (%) SOC adoption rate (%) (3) Percentage of systems for promoting confidentiality management in place (%) Percentage of ATSG requirements achieved (%)	
Active work by diverse human resources and human resources development*1	(1) Percentage of new female graduates hired in administrative and technical positions (%) (2) Percentage of employees with disabilities (%) (3) Percentage of female managers (%) (1) Paid annual leave taken (2) Turnover rate (%)	
Establishment of a sustainable supply chain	① Percentage reduction in CO ₂ emissions of suppliers: Down 4.6%/year *vs. FY2021	
Pursuit of light-weight body structure	• Reduction of CO ₂ emissions (t-CO ₂ /year) *vs. FY2019	
Development of environment-friendly green mobility system	• Net Sales proportion of eco-certified products to environmental products (%) *vs. FY2018	
Creation of new values	• Creation of innovation to solve environmental and social issues	
"Monozukuri" considering the impact on global warming and climate change	① CO ₂ emissions reduction rate for plant: Down 4.6%/year *Both non-consolidated, and domestic and overseas Group companies: vs. FY2019 ② Percentage of renewable energy used (%) *vs. FY2020	
Contributing to a circular economy by reducing waste, conserving resources, and promoting recycling	① Percentage reduction in steel usage: Down 0.5%/year ② Percentage reduction in oil usage: Down 1.0%/year ③ Percentage reduction in industrial waste output: Down 1.0%/year ④ Percentage reduction in defective product waste: Decrease to one-tenth in 10 years ⑤ Percentage reduction in water intake volumes: Down 0.5%/year * ①② vs. FY2019 (per million yen of processing value) ③ vs. FY2019 (total volume) ④ vs. FY2020 (total volume) ⑤ vs. FY2020 (total volume)	
Promotion of environmental management on a Group-wide and global basis	• Percentage of ISO14001 certifications acquired in all production sites (%)	
Improvement in productivity by improving production and operational efficiency	Productivity improvement rate: Up 4%/year *vs. FY2020	

*1 "Main KPIs," "FY2024 Results," and "Mid- to Long-term Milestones and Targets" are on a non-consolidated basis.

For details, please visit our website. <https://www.futabasangyo.com/en/csr/management/sdgs/>

FY2024 Results	Mid- to Long-term Milestones and Targets	Related SDGs																									
12 domestic sites • Industrial accidents: 10 • Accident frequency rate: 0.84	12 domestic sites Industrial accidents Accident frequency rate FY2025 10 or less 1.00 or less FY2030 6 or less 0.60 or less	 																									
① 30.0% ② 32.2%	On a non-consolidated basis: <table border="1"><tr><th></th><th>①</th><th>②</th><th>③</th></tr><tr><td>FY2025</td><td>25.0%</td><td>33.1%</td><td>0.61</td></tr><tr><td>FY2030</td><td>20.0%</td><td>27.8%</td><td>0.41</td></tr></table>		①	②	③	FY2025	25.0%	33.1%	0.61	FY2030	20.0%	27.8%	0.41	 													
	①	②	③																								
FY2025	25.0%	33.1%	0.61																								
FY2030	20.0%	27.8%	0.41																								
1.56																											
71.4%	FY2026: Complete acquisition at all production sites	  																									
71%	On a global basis: <table border="1"><tr><th></th><th>FY2025</th><th>FY2030</th></tr><tr><td>Participation rate of social contribution activities</td><td>60%</td><td>100%</td></tr></table>		FY2025	FY2030	Participation rate of social contribution activities	60%	100%	    																			
	FY2025	FY2030																									
Participation rate of social contribution activities	60%	100%																									
① 77% ② CSIRT: 100% (completed in FY2022) SOC: Domestic 100% (completed in FY2023) Overseas 100% (completed in FY2024) ③ Confidential management promotion system 100% (completed in FY2021) ATSG: Non-consolidated 86%/Domestic 69%/ Overseas 84%	(1) FY2023: Complete operational quality improvement activities, start operation, and normalize it. (2) CSIRT: FY2022 100% SOC: Domestic FY2023 100%/Overseas FY2024 100% (3) ATSG: Domestic FY2023 100%/Overseas FY2025 100%	 																									
Domestic: Monitoring and follow-up on implementation status Overseas: Systems in place (partial), and monitoring and follow-up on implementation status	Domestic: Improving implementation status year by year Overseas: Improving systems in place implementation status year by year																										
(1) 20.0% (joined in April 2025) ② 2.8% ③ 1.8%	(1) FY2025: 20%/FY2030: 30% or more (2) Above statutory employment rate (FY2024 statutory employment rate: 2.5%) (3) FY2025: 3% or more/FY2030: 5% or more	  																									
(1) 18.4 days ② 1.8%	(1) FY2025: 18.5 days or more/FY2030: 20 days (2) FY2025/FY2030: Maintain 2% or less																										
① Non-consolidated related suppliers: Down 13% (forecast)	① Non-consolidated related suppliers: FY2030 Down 50% or more (vs. FY2019)	   																									
Total: Down 3,503 t-CO ₂ /year ① During material production: Down 1,224 t-CO ₂ /year ② During parts production: Down 1,412 t-CO ₂ /year ③ During vehicle operation: Down 867 t-CO ₂ /year	(t-CO ₂ /year) <table border="1"><tr><th></th><th>①</th><th>②</th><th>③</th><th>Total</th></tr><tr><td>FY2024</td><td>-740</td><td>-1,343</td><td>-566</td><td>-2,649</td></tr><tr><td>FY2025</td><td>-1,772</td><td>-3,216</td><td>-1,355</td><td>-6,343</td></tr><tr><td>FY2027</td><td>-3,435</td><td>-5,935</td><td>-2,627</td><td>-11,997</td></tr><tr><td>FY2030</td><td>-4,664</td><td>-8,708</td><td>-3,566</td><td>-16,938</td></tr></table>		①	②	③	Total	FY2024	-740	-1,343	-566	-2,649	FY2025	-1,772	-3,216	-1,355	-6,343	FY2027	-3,435	-5,935	-2,627	-11,997	FY2030	-4,664	-8,708	-3,566	-16,938	   
	①	②	③	Total																							
FY2024	-740	-1,343	-566	-2,649																							
FY2025	-1,772	-3,216	-1,355	-6,343																							
FY2027	-3,435	-5,935	-2,627	-11,997																							
FY2030	-4,664	-8,708	-3,566	-16,938																							
49.2%	FY2025: 20% FY2030: 50%	   																									
R&D underway	FY2030: Introduce new products to global markets	  																									
① Non-consolidated: Down 29.7% ② Non-consolidated: Equivalent to 2% of actual usage Non-consolidated: Purchase of non-fossil certificates (equivalent to 4% of total non-consolidated electricity consumption)	① FY2030 Non-consolidated, and domestic and overseas Group companies FY2030 Down 50% or more vs. 2019 (down 4.6%/year) Japan segment: Challenge to achieve carbon neutrality in domestic plants by 2030 ② FY2030 Non-consolidated: Renewable energy ratio: 60%	   																									
① Domestic: Down 3.0% ② Domestic: Down 54.3% ③ Domestic: Down 20.3% ④ Non-consolidated: Down 45.2% ⑤ Domestic: Down 25.6%	(%) <table border="1"><tr><th></th><th>①</th><th>②</th><th>③</th><th>④</th><th>⑤</th></tr><tr><td>FY2025</td><td>-3.0</td><td>-6.0</td><td>-6.0</td><td>—</td><td>-2.5</td></tr><tr><td>FY2030</td><td>-5.5</td><td>-11.0</td><td>-11.0</td><td>-90.0</td><td>-5.0</td></tr><tr><td>FY2050</td><td>—</td><td>—</td><td>—</td><td>Zero</td><td>-15.0</td></tr></table>		①	②	③	④	⑤	FY2025	-3.0	-6.0	-6.0	—	-2.5	FY2030	-5.5	-11.0	-11.0	-90.0	-5.0	FY2050	—	—	—	Zero	-15.0	   	
	①	②	③	④	⑤																						
FY2025	-3.0	-6.0	-6.0	—	-2.5																						
FY2030	-5.5	-11.0	-11.0	-90.0	-5.0																						
FY2050	—	—	—	Zero	-15.0																						
100%	FY2025: Complete acquisition at all production sites	   																									
Non-consolidated: 107.5%	FY2025: Up 15% FY2030: Up 30%	   																									

Medium-term Management Plan

In May 2025, the Futaba Group newly formulated its medium-term management plan up to FY2027. Under the new medium-term management plan, we aim to enhance and develop our corporate value, while making efforts to grow existing businesses, launch new businesses, and strengthen our management base, with growth investment as the theme of the plan.

Review of the previous medium-term management plan (FY2022-FY2024) P11-13

Under the previous medium-term management plan covering FY2022 to FY2024, we worked on its theme of improving the financial position, with a strong awareness of improving return on capital, reducing interest-bearing debt, and improving equity ratio.

As financial indicators, we have set an operating profit ratio (net sales excluding parts supplied by customers) at 2.6% to 5.0% and free cash flow (FCF) at 6.0 to 15.0 billion yen. The results were largely as planned with the indicators within the target—an operating profit ratio of 3.3% (3-year average) and FCF of 22.7 billion yen (3-year average).

Interest-bearing debt decreased to approximately 56.7 billion yen, and the equity ratio improved to 37.5%.

Indicators	Operating profit ratio	Free cash flow
Targets	2.6%–5.0%	6.0 billion–15.0 billion yen/year
Results	3.3% (3-year average)	22.7 billion yen (3-year average)

New medium-term management plan (FY2025-FY2027)

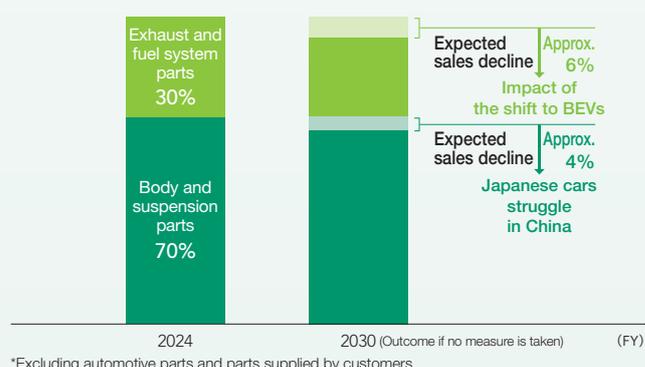
Our perception of the current business environment

Although the speed of popularization of BEVs is slowing down worldwide, future progress appears certain. Based on this, we are keenly aware of the impact on our exhaust and fuel system parts. Meanwhile, we are adopting a strategic, focused approach, as we view the development of new technologies as a prime opportunity to make use of the press forming and welding technologies we have cultivated.

In the environment of the declining birthrate, aging population, and the declining number of working-age people, we believe that bolstering human capital is important to remain to be a company that can maintain growth and competitiveness. With the goal of becoming a company where each individual Futaba Group employee can play an active role, we are promoting initiatives with these two concepts at the core: human resources management reform and personnel system reform.

Furthermore, amidst the issuance by various countries policies aimed at a carbon-neutral society, the Futaba Group will also redouble its efforts to achieve carbon neutrality, with the aim of conserving natural resources and offering its products to a sustainable society.

Forecast of impact on Futaba consolidated sales



Country Policies Toward Carbon-Neutral Society

2030	Base year	UK	EU	US	Japan
	Target	1990	Down 68% or more	Down 55%	Down 50–52%
2050 Target	Net zero				

FUTABA's Vision

The theme of the new medium-term management plan is growth investment to achieve stable growth on a global scale in 2030. We will accelerate the strengthening of our management base to ensure the achievement of the target in 2030.



Business strategies

Now that we have achieved a certain level of the improvement of our financial position under the previous medium-term management plan, with the aim of moving on to the next stage of growth, we will achieve the sustainable improvement of corporate value through the following initiatives under the new medium-term management plan: (1) creating value through businesses (sales expansion and India business), (2) improving profitability (earnings capacity), and (3) accelerating strategic investment to contribute to people and the earth (people and carbon neutrality).

Business strategies

Growth of existing businesses (products) / Launch of new businesses

<Three strategies for expanding sales>

Body parts business : Enhancing product development and production capacity to expand sales [P25-26](#)

Exhaust system parts business : Developing a new system for electrification needs [P29-30](#)

New businesses : Accelerating development of new businesses for early launch [P31-32](#)

Growth of existing businesses (region)

India business: Expanding sites and strengthening the business foundation in the growth market [P33-34](#)

Strengthening our management base

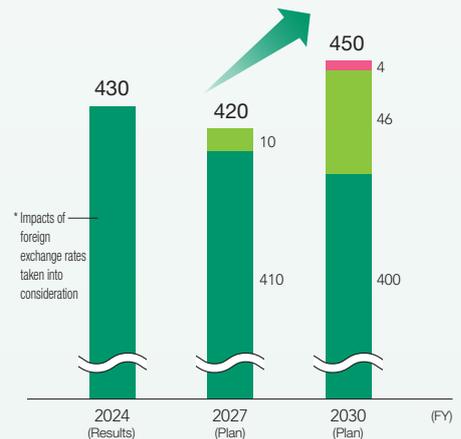
Enhancing earnings capacity

Investment in human resources
[P35, 43-50](#)

Carbon neutrality
[P36, 53-56](#)

Sales plan (billion yen) *Excluding parts supplied by customers

■ New businesses
■ Existing businesses (outcome if sales expansion measures are taken)
■ Existing businesses (Outcome if no measure is taken)



Message from the Officer



Shoichiro Kato

Center Chief,
Sales Center

We have clearly steered toward a growth strategy under the new medium-term management plan. As our products are being used by our customers worldwide, including new customers, we are preparing to introduce products in each region that our customers can further experience technological development, *monozukuri*, and improved quality. While listening to customers to learn their needs, we will actively propose our strengths to them, expand activities to capture orders, and carve a path to the future.

Our philosophy is to make the best use of our growth investment, which is aimed at achieving stable growth on a global scale in 2030, for the purpose of our customers' business development and social contribution. Under this philosophy, we will ensure that our growth investment will lead to the development of our customers as well as our stable growth.

Financial and capital strategy

Management goal

We will improve profitability and corporate value aiming to achieve a PBR of 1 swiftly. To this end, we have set a target of ROE of 10% or more, as well as a target of an operating profit ratio (net sales excluding parts supplied by customers) of 5.0% by FY2027.

Indicators	ROE	Operating profit ratio
Targets	10% or more	5.0% (FY2027)

Initiatives to increase ROE [P25-26, 29-34, 40, 42](#)

We believe that we need to increase net profit ratio (improvement of profitability) to achieve ROE of 10% or more, and we will work on various initiatives.

Cash allocation [P38](#)

We will focus on growth investment for the future and shareholder returns, over the three years of FY2025 to FY2027. Furthermore, we will enhance R&D expenses.

Shareholder returns [P38](#)

We have changed the previous approach of targeting a dividend payout ratio of around 30% to a progressive dividend policy with a minimum dividend on equity (DOE) of 3.5%.

Strategy by Product

Futaba Group continues to work on solving social issues by leveraging the technological development and *monozukuri* capabilities that we have cultivated since our founding. In addition to further improving the value offered by existing products, we are also using the technologies that we have cultivated to create new products and businesses that will be supported by people and support society, with a view to the future.

Value to be offered and main products

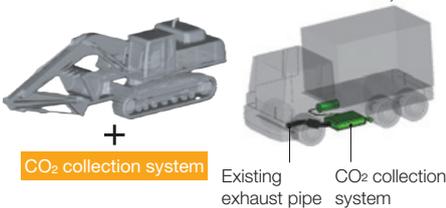
We will contribute to carbon neutrality with all products and businesses

New businesses P31-32

On-board CO₂ collection system

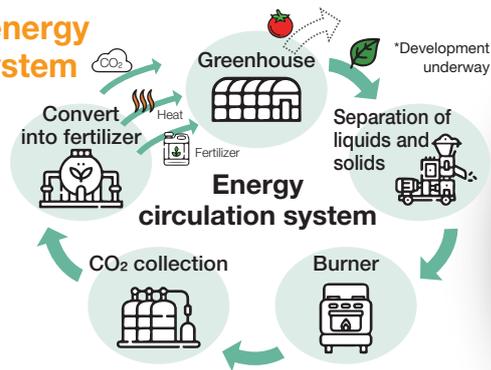
Contribution to CO₂ collection and recycling

Image of envisaged installation *Development underway



Agricultural energy circulation system

Contribution to circular economy



Fuel system parts P28

Reduce emissions of environmentally harmful substances



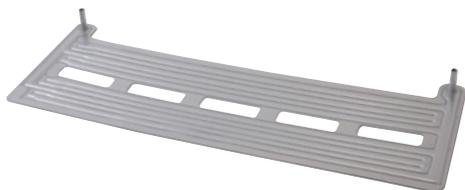
Exhaust system parts P29-30

Improve acoustic comfort inside vehicle cabin
Reduce vehicle's external noise



Electric vehicle components P30

Reduce CO₂ emissions by improving power efficiency



Clean & green

- Climate change and global warming
- Noise and air pollution
- Environmental pollution, and destruction of biodiversity and ecosystem

Quality



- Food crisis increase and events, stable
- Aging and worker population
- Effective use

Social contribution



Quality of life

Due to population growth and extreme weather, the stable food supply and the decline of farm population are causing a shortage of resources.

Issues to be addressed

Agricultural business P32

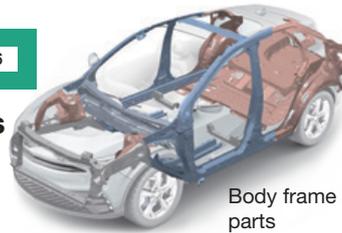
Contribute to energy saving and reduction of CO₂ emissions through smart agriculture



agleaf® CO₂ system for greenhouse cultivation

Body parts P25-26

Secure survival spaces in event of collision



Body frame parts

Interior parts P27

Offer drivers exciting driving



Instrument panel reinforcement



- Zero traffic accidents resulting in death of occupants
- Workplace injuries and workload of workers in production sites

Peace of mind

Equipment for external sales business P31

Provide highly reliable, people-friendly equipment



Assembly and welding equipment

Strategy by Product

Body Parts / Interior Parts

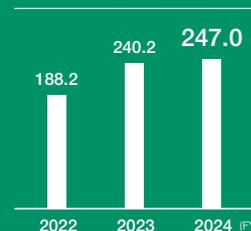
Clean & green Peace of mind Quality of life

Summary of FY2024

After first adopting our medium-scale assembly parts for the Crown (Sport) in 2023, Toyota Motor Corporation adopted them for the Land Cruiser “250” and the Crown (Estate). We have now launched production of these parts. Mainly due to the expanded orders received for medium-scale assembly parts, net sales for FY2024* totaled 247.0 billion yen, up 2.8% from the previous fiscal year.

*Excluding parts supplied by customers

Net sales (billion yen)



Body parts

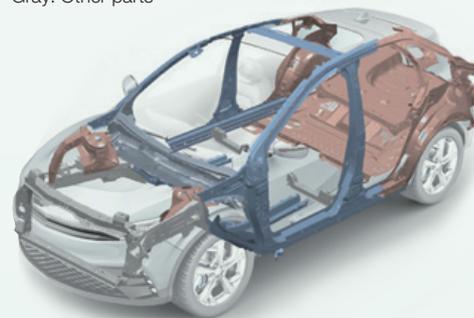
Overview

We mainly produce and supply body frame parts of automobiles. We make proposals of structures that enable both vehicle performance and manufacturing feasibility, in order to contribute to safety, such as securing space for occupants to survive in the event of a collision.

The increase in the size of parts through zone-based development, which we have promoted up to now, has been laterally deployed to 12 projects, including Toyota’s bz4X, leading to an increase in orders received for medium-scale assembly parts over the past three years. We receive orders in conjunction with our customers’ new vehicle introduction plans (new model development). To meet the production needs associated with larger parts, we have promoted sequential production and delivery and distribution efficiency improvement, and built an efficient production and delivery system.

Main products

Orange: Medium-scale assembly parts
 Blue: UHTSS parts (980 MPa or higher)
 Gray: Other parts



External environment/Risks and opportunities

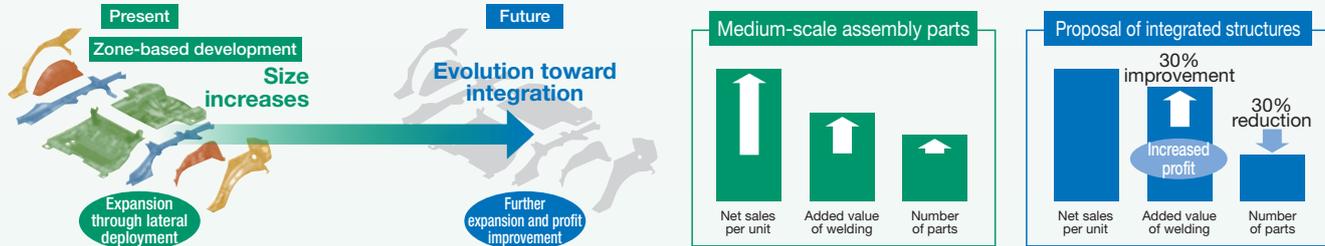
External environment	<ul style="list-style-type: none"> Announcement of strengthening of country policies toward carbon-neutral society, “2024 problem” in distribution Enhancement of collision safety standards Advances in digitalization to keep pace with accelerating market changes Intensifying global competition Soaring raw material prices and energy cost
Risks	<ul style="list-style-type: none"> Changes in automobile manufacturers’ supply chains and entry of new manufacturers into BEVs Major changes in automobile manufacturing driven by the acceleration of larger, more integrated structures (reduction in the number of parts due to gigacasting, etc.) Response to fluctuation in vehicle production volumes and to wider variety of models
Opportunities	<ul style="list-style-type: none"> New proposals by augmenting development and enhancing technological competitiveness in line with body structure transformation Suitable use of cold-stamped UHTSS parts and hot-stamped parts Increasing demand for lightweight bodies that contribute to lower fuel consumption (reduced CO₂ emissions)

Strengths

Capability for proposing lightweight structures with improved strength	Proposal of body parts that enable both vehicle performance and lean manufacturing to our customers from the early stages of vehicle development through zone-based development utilizing collision analysis technology
Plastic processing and welding technologies	<ul style="list-style-type: none"> Forming analysis technology that make high precision body parts possible Die structure and welding technology for cold-stamped UHTSS Production technology to achieve high productivity for medium-scale assembly parts

Priority activities

We will use our strengths to further improve our competitiveness by developing safe and secure, lightweight, high-strength bodies and proposing integrated structures. We will actively make proposals that lead to improved car value, including reduced number of parts and weight by integrating parts.



TOPICS Integration initiatives

Since 2023, we have been working on development specifically in the area of rear underbodies, under the theme of “How far can we go with steel?”. We have been developing forming and welding technologies with the goal of reducing by 30% the number of parts used in this section comprised of approximately 80 parts. Currently, we are proposing an integrated product that we developed to customers and applying this to other sections as well.

To achieve this integration, we solved two major technological issues.

One is the issue of uneven levels in tailored welding. This welding method enables materials with different properties and thicknesses to be butt-joined, so it is effective for both performance and reducing weight, but the uneven levels of the welds were an issue in press forming. We solved this with our proprietary laser welding technology and achieved smooth welds with no unevenness.

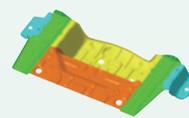
The other issue is forming deep-drawn parts. Forming these was difficult because cracks and wrinkles occurred easily, but by working on the product shape, optimizing the forming process and method, and analyzing the material flow, we came in sight of the goal of integrated forming.

Exhibition at the Automotive Engineering Exposition



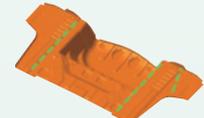
Deep-drawn rear floor pan integrating six parts by tailored welding

Mass produced part



Each part is spot welded later

Developed part



Tailored blank welding in advance: Formed in one piece (Weld line is placed on the deep-drawn section)

Number of parts 6

Number of parts 1

Roadmap

We will actively participate in the transition from the production of good parts to the production of good vehicles.

We are making structural proposals to automobile manufacturers using zone-based development from the early stages of vehicle development. Going forward, we will work toward co-creating with automobile manufacturers by participating from an even earlier stage, rapidly incorporating developed technologies, and aiming to receive orders for high-value-added parts.

In the next three years, we will train vehicle developers and aim to become a team which can shoulder body design and analysis operations of automobile manufacturers with our manufacturing and structural proposal capabilities.

	Planning and concept	Concept development/ Design	Evaluation/Analysis	Issuance of drawings	Examination of manufacturing method	Small-scale assembly	Medium-scale assembly	Completed automobile
Conventional	Automobile manufacturers				Futaba	Automobile manufacturers		
Present	Automobile manufacturers		Futaba			Automobile manufacturers		
Future	Futaba		Futaba			Automobile manufacturers		

From the production of good parts to the production of good vehicles

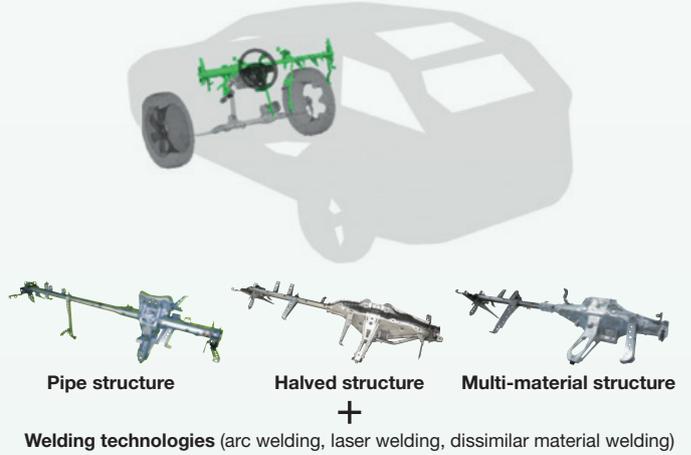
Strategy by Product

Interior parts

Clean & green Peace of mind Quality of life

Overview

The instrument panel reinforcement is a structural part installed in the dashboard to hold equipment such as gauges, the air conditioning control panel, and the navigation system. It also serves the important role of holding the steering wheel, which means its performance has a significant impact on the drive feel. We propose the optimal framework (basic structure) for the required performance and produce and supply products using forming and welding technologies suited to each structure.



External environment/Risks and opportunities

External environment	<ul style="list-style-type: none"> • Enhancement of collision safety standards • Changes in performance requirements due to electric vehicle development • Comfortability of living space • Changes in instrument panel equipment for SDV*
Risks	<ul style="list-style-type: none"> • Integration of instrument panel reinforcement and peripheral parts due to changes in automobile manufacturers' performance requirements
Opportunities	<ul style="list-style-type: none"> • Significant structural changes due to the need for improved collision performance and steering feel, as well as the need for wider field of view and space • Reduction of plate thickness by using laser welding to reduce weight and achieve carbon neutrality

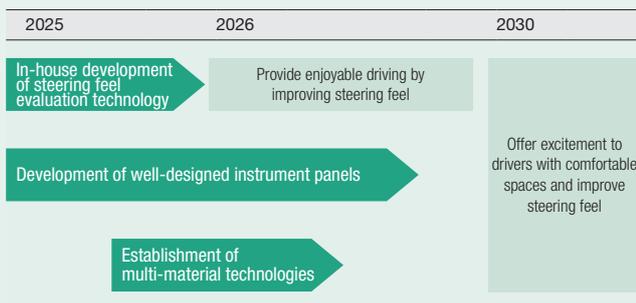
*SDV (Software Defined Vehicle): A vehicle whose functions, etc. can be updated even after sale through software upgrades

Strengths

Structural proposal capability	Proposing the optimal overall structure by using our structural analysis technology to achieve the required drive feel and our manufacturing capabilities to match
Various welding technologies and pipe forming technologies	<ul style="list-style-type: none"> • Laser welding technology with high productivity • Dissimilar material welding technology for steel and aluminum • Pipe fabrication technology to form the basic framework (different diameter machining, pipe forming)

Roadmap

With the popularization of BEVs, we will promote the development of products that improve the openness of instrument panel designs and steering feel, which are in increasing demand. Through these, we will provide our customers with comfortable travel spaces and cars that are fun to drive, contributing to the mobility society of the future.



Priority activities

- Propose the optimal structure to our customers by using structural analysis to achieve both an improved drive feel and a cabin with a sense of openness
- Standardize the roughly 30 small sheet metal parts required for equipment to be installed in the instrument panel reinforcement, and promote shorter development lead times (high efficiency development)

Progress
<p>Improved drive feel Quantification of the driving experience for each product and in-vehicle demonstrations. We are currently working towards establishing predictive design technology by 2026.</p> <p>Instrument panel design with a sense of openness We are working toward smaller (thinner) products by using the following methods.</p> <ol style="list-style-type: none"> ① Evolution of steel structure: Adoption of different diameter wound pipes ② Structural optimization by using multi-materials <p>Global sales expansion We are working to deploy laser welded structures globally.</p>

Fuel system parts

Clean & green

Peace of mind

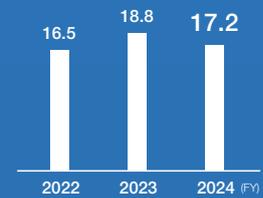
Quality of life

Summary of FY2024

We have been working on development for the adoption of recycled resin materials and reduction of the cost for canisters*¹ since FY2021. We are also developing high-performance canisters and proposing them to automotive manufacturers in regions where environmental regulations are being tightened. Due to the decrease in the production volume of automobile manufacturers, net sales for FY2024*² totaled 17.2 billion yen, down 8.5% from the previous fiscal year.

*1 Canister: A device that absorbs evaporative gases from a fuel tank to emit clean air from a vehicle *2 Excluding parts supplied by customers

Net sales (billion yen)



Overview

We develop, produce, and supply functional fuel system parts around a fuel tank. We have used our proprietary technology to transition to high performance canisters in response to stricter regulations on evaporative gas emissions in various countries, and we have achieved higher adsorption/desorption performance of fuel evaporative gases. To achieve carbon neutrality, we are also focusing on developing products using recycled resin and working to reduce environmental impact.

Main products



External environment/Risks and opportunities

External environment	<ul style="list-style-type: none"> • Stricter regulation of fuel efficiency and exhaust gases by countries and regions • Shift to electrification (HEVs and PHEVs) • Transformation to a sustainable society (circular economy) • Diversification of fuels, e.g. alcohol fuels
Risks	<ul style="list-style-type: none"> • Declining demand for fuel system parts due to an increase in BEVs
Opportunities	<ul style="list-style-type: none"> • Higher performance canisters in line with stricter environmental regulations • Lower purge*³ due to the popularization of PHEV • Adoption of recycled resin materials • Development of canisters for various fuels

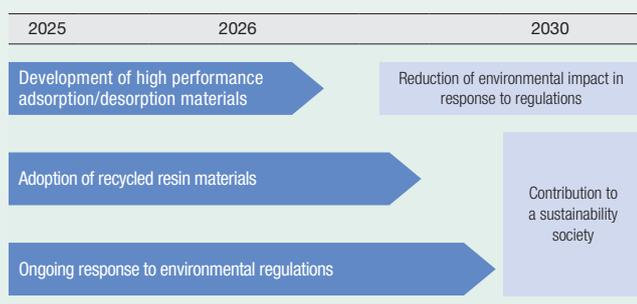
*3 Purge: Removal of gasoline vapors that have been adsorbed in the canister and return them to the engine. Low purge means a reduction in the air to be returned to the engine.

Strengths

Development proposal capability	Proposals that optimize our proprietary technologies and meet the characteristics required for fuel-efficient vehicles and electric vehicles (HEVs and PHEVs)
Possession of the latest evaluation equipment	Ability to handle evaluations in accordance with emission regulations of various countries and outsourced testing of durable gasoline adsorption and desorption products for certification by automobile manufacturers

Roadmap

We will promote the global deployment of high performance canisters in response to the tightening of regulations in individual countries.



Priority activities

- Propose high performance, low-cost materials to automobile manufacturers and promote development of canister elemental technologies for adoption
- Promote performance evaluation and propose to automobile manufacturers for adoption of resin materials
- Develop industry top-level low purge-compatible structures incorporating Futaba's patented technologies

Progress

- Promoting the development of high performance adsorption/desorption materials, completed development of elemental technologies, and now applying and evaluating these to specific parts
- Testing prototypes and conducting evaluations for the adoption of nylon resin made from recycled scraps generated during the manufacturing process

Strategy by Product

Exhaust system parts



Clean & green Peace of mind Quality of life

Summary of FY2024

In the area of exhaust pipes, we began mass production of the exhaust system for Toyota Motor Corporation's Land Cruiser "300-HEV" and Nissan Motor Co., Ltd.'s Patrol and the converter in response to stricter exhaust gas regulations in various countries. Due to a decrease in automobile manufacturers' production volume, net sales for FY2024*1 totaled 109.2 billion yen, down 4.7% from the previous fiscal year.

*1 Excluding parts supplied by customers

Net sales (billion yen)



Overview

We develop, produce, and supply automotive exhaust system parts, including exhaust systems*2 and exhaust manifolds, etc. We provide downsized and light-weight exhaust systems which feature both purification performance and sound dampening functions. Going forward, to increase our market share in engine-equipped vehicles, we will develop modular devices that arrange lightweight and compact devices with purification and noise reduction capabilities, as well as full modular mufflers that increase versatility by combining compact, standardized mufflers. We also will aim to achieve both shorter development lead times and improved design quality by using DX. In addition, we are focusing on formulating a product design process that takes the circular economy into account, and on expanding the range of environmentally friendly products.

*2 Exhaust system: Multi-functional parts that minimize noise from automobile engines and purify combustion gases, as well as optimize exhaust pressure to improve engine performance

Main products



External environment/Risks and opportunities

External environment	<ul style="list-style-type: none"> • Soaring raw material prices and energy cost • Slowdown in BEV adoption and expansion of PHEV growth • Stricter regulation of fuel efficiency and exhaust gases by countries and regions (EURO7) • Response to carbon neutrality
Risks	<ul style="list-style-type: none"> • Strengthening global development capabilities is essential for responding to timely development • Decreasing automobile demand due to Japan's social challenges such as declining birthrate and environmental issues • Rise of Chinese automobile manufacturers in electric vehicle space (intensifying cost competition)
Opportunities	<ul style="list-style-type: none"> • Increased demand for high performance exhaust systems due to the rise of PHEVs • Emerging needs for fuel efficiency, improved exhaust gas purification performance, sound dampening, and more due to stricter regulations • Immediate growth in demand for engine-powered vehicles in India • Expansion of possibilities for adopting new sources of energy (hydrogen, e-fuel*3) toward carbon neutrality

*3 e-fuel: Synthetic fuel manufactured by the synthesis of CO₂ and hydrogen derived from renewable energy

Strengths

Development track record	Advanced product performance development capabilities	Reduction of development lead time
<p>We are a system supplier familiar with functionality that can accept contracts for all processes, from the concept and development stage onward, from manufacturers of automobiles, agricultural machinery, and construction machinery</p>	<p>Development without the need for prototype building by finding the optimal solution in consideration of sound, vibration, strength, durability and other factors combined, based on highly accurate analysis technology for each function</p>	<ul style="list-style-type: none"> • Reduction of development resources by using AI and digital technologies • Contribution to shorter development lead times by improving analysis accuracy and increasing correlation with actual equipment evaluation results

Priority activities

To contribute to the global environment, we are working to develop a new exhaust system which features both high purification performance and sound dampening functions.

- Reduction of CO₂ emissions through downsizing and lighter weight
- Development of full modular mufflers that are more competitive than the conventional concept

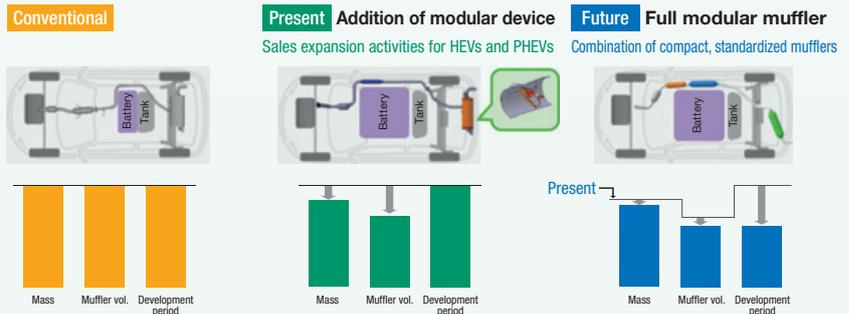
What is a full modular muffler?

The silencing characteristics incorporated into the internal structure of a conventional muffler are divided. Separate muffler devices specializing in their respective characteristics are used in a combined manner. Thus, the muffler is made smaller in size and is applicable to plug-in hybrid electric vehicles (PHEVs), hybrid electric vehicles (HEVs) and other types of vehicles equipped with batteries. It is so versatile that it increases development and production efficiency.



Roadmap

Currently, we are proposing mufflers to automobile manufacturers that will enhance the value of their vehicles, in response to the needs of individual countries, such as electrification and stricter exhaust gas regulations. In the future, we aim to shorten development and production preparation times by evolving from modular devices configured of lightweight and compact devices to full modular mufflers that flexibly combine compact, standardized mufflers.



Materialization of new value creation – electric vehicle-related parts –

Overview

Leveraging our core technologies cultivated in the development and mass production of body parts and exhaust systems, we will develop and propose battery cooling plates, battery cell cases, and other new products for electric vehicles, mainly BEVs, to contribute to a carbon neutral society.

Strengths

Technological development capability

Using heat management technology and analysis and evaluation technology, optimize the heat load and heat distribution of products and realize high cooling effect and thermal controllability

Manufacturing capability

By using our core technologies of advanced plastic processing technology and welding technology, including laser welding, realize new products utilizing thin stainless steel plate and aluminum

Products in development



Priority activities

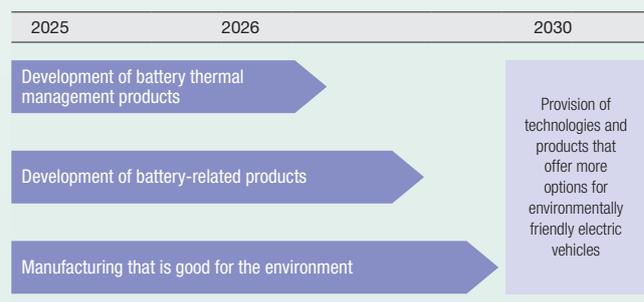
- Conduct market trend surveys and benchmarking of battery-related products for electric vehicles, improve product development while listening to the needs and concerns of many customers, and propose the best ideas
- Ensure performance such as reliability and safety, and propose electric vehicle-related parts through manufacturing using forming and laser welding technology

Roadmap

We will contribute to the manufacturing of fuel-efficient (electricity cost) cars that are a little more spacious by using our technological development and manufacturing capabilities. We will also actively proceed to enter markets and secure orders so that we can globally provide environmentally friendly products with low CO₂ emissions during manufacturing.

Progress

- Making proposals to customers, aiming for adoption in 2027 and beyond



Strategy by Product

Equipment for external sales business

Clean & green Peace of mind Quality of life

Overview

We design, produce, and provide large-scale equipment to assemble and weld body frames including side bodies and underbodies for domestic and overseas plants of completed automobiles, with the proposal and production of equipment that meet the needs of automobile manufacturers. We continuously implement initiatives to maintain high quality and shorten production lead time, with the application of advanced know-how of equipment production and the utilization of the latest technology of digital twins.



Assembly and welding equipment

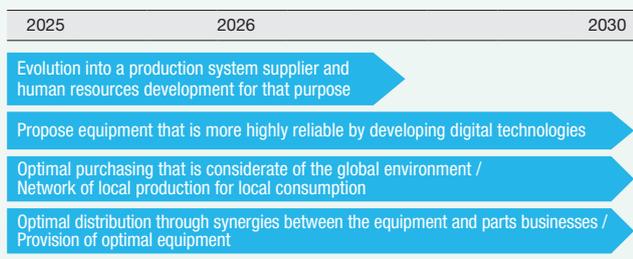
Strengths

Development capabilities
Capabilities in joint development of new production lines and systems by joining forces and working within the automobile manufacturer

Human resources
Capabilities in proposals to customers by our experienced, talented personnel

Roadmap

By integrating services and solutions that utilize equipment for external sales business and related digital technologies, we will improve our technological and on-site capabilities and offer highly safe equipment that is trusted highly by customers on a global basis.



Priority activities

- Joint development of new lines and their systems through collaboration with customers
- Smarter and shorter field work^{*1}, such as workless teaching using digital technology
- Receipt of orders for new lines for emerging countries and local purchasing/ localization according to customer preferences
- Proposals at assembly level of parts suitable for automated supply to customers' body production lines through collaboration in parts production

^{*1} Field work: Traveling to the site where equipment is installed to perform maintenance and inspection, etc.

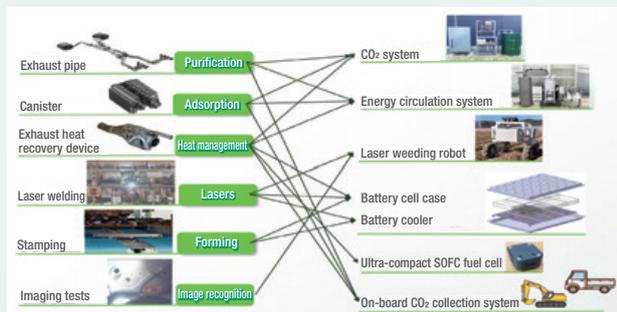


^{*2} Automated picking: automated retrieval of parts

Challenges for the future society

Overview

We are promoting the exploration of new technologies and businesses to respond to changes in the automotive society. We are working with our partners to develop businesses that aim to solve social issues by combining our core technologies (purification, adsorption, heat management, lasers, etc.) with new technologies.



Message from the Officer



Yutaka Yamada
Center Chief, Business Development Center

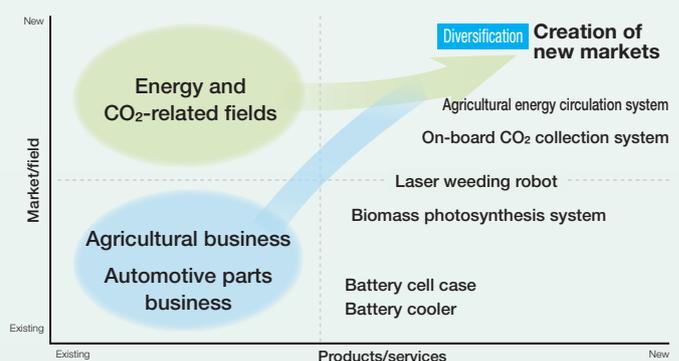
CO₂, which is regarded as one cause of global warming, is essential for the photosynthesis and growth of crops.

We currently sell the agleaf[®] CO₂ system, which purifies exhaust gases from heaters and provides CO₂.

We would like to use our technologies in manufacturing automotive parts to contribute to agriculture, such as by controlling weeds using laser weeding robots.

We are also working on developing a system that collects CO₂ from exhaust gases emitted by internal combustion engines, and we strive to contribute to quality of life by providing everyone with environmentally friendly products.

Direction of new business creation



- ◎ **Co-creation:** Active promotion of open innovation to generate synergies
- ◎ **Creation:** Promotion of business creation in new markets and sectors
- ◎ **Challenge:** Take on the challenge of solutions businesses for future society

Agricultural business

Clean & green

Peace of mind

Quality of life

Overview

We produce and sell the apleaf® CO₂ system for greenhouse cultivation. This system collects and purifies exhaust gases from combustion-type heaters used at night, stores the CO₂, and recycles it for the promotion of photosynthesis during the day. Adoption of our products is also increasing in the field of agriculture, backed by growing environmental awareness and escalating energy costs. We will continue to promote the development of new products toward the expansion of our agricultural business.



agleaf® CO₂ system for greenhouse cultivation

Priority activities

- Further improvement of performance of CO₂ systems
- Development of biomass photosynthesis system
- Development of weeding robots that use laser technology
- Development of agricultural energy circulation system
- Increase in recognition of “agleaf®” agricultural brand

Progress and future developments

- Developed a high performance model with improved CO₂ collection capacity and completed evaluation on a test farm
- Market entry and contribution to further customer needs and reduction of environmental impact

Laser weeding robot: Realization of efficient weeding technology that does not rely on chemical pesticides

Smart farming and organic farming are needed in agricultural production. Therefore, we are developing a laser weeding robot that achieves efficient weed control without using chemical pesticides by applying our laser and image recognition technologies. We will contribute to maintaining biodiversity and the ecosystem, aiming to realize new weed control technology through industry-academia-government collaboration with universities and research institutions.

Progress and future developments

- A prototype robot equipped with a laser system is being deployed to a test farm to identify issues
- Selected as a project commissioned by the Ministry of Agriculture, Forestry and Fisheries in May 2025, development is being accelerated with the aim of practical application at an early stage



*Development underway

New businesses

Clean & green

Peace of mind

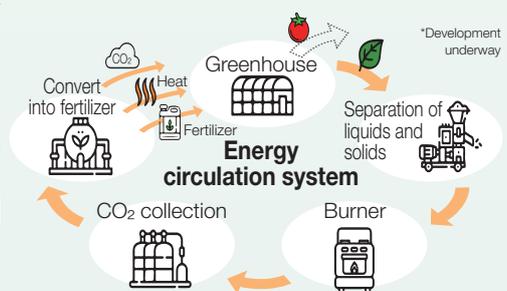
Quality of life

Agricultural energy circulation system business: Producing and using energy from agricultural residues

We are considering the utilization of agricultural residues with the dual aims of improving productivity and achieving sustainability in the agricultural industry. Residues will be separated into liquids and solids, after which the solids will be burned to extract heat and CO₂, and the liquids will be mixed with the resulting ash to make fertilizer. Our current challenge is to build a system that circulates these residues in a cycle of self-production and self-consumption. We will continue activities that contribute to the circular economy by putting limited resources to effective use.

Progress and future developments

- Demonstration trials of the individual elemental technologies for each function are underway to verify our hypotheses
- Development is underway with the aim of building a business model and deploying a prototype to an actual farm in FY2025

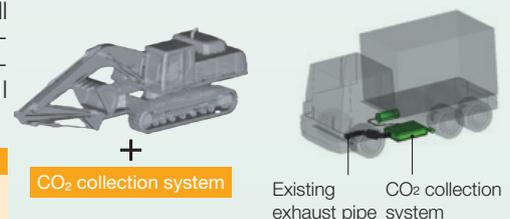


On-board CO₂ collection system: Internal combustion engines carving a path to a decarbonized society

As the world moves toward carbon neutrality, we are developing a system that separates and collects CO₂ emitted by construction equipment and distribution trucks, which are difficult to electrify. As this system will be able to be retrofitted to engine-equipped vehicles, we believe that this business will contribute greatly to making existing vehicles carbon neutral. We have partnered with a university in the area of materials development and with a construction equipment company for in-vehicle demonstration and will strengthen this collaboration and promote the development of this business.

CO₂ collection from exhaust gases emitted by construction equipment and trucks:

*Development underway



Progress and future developments

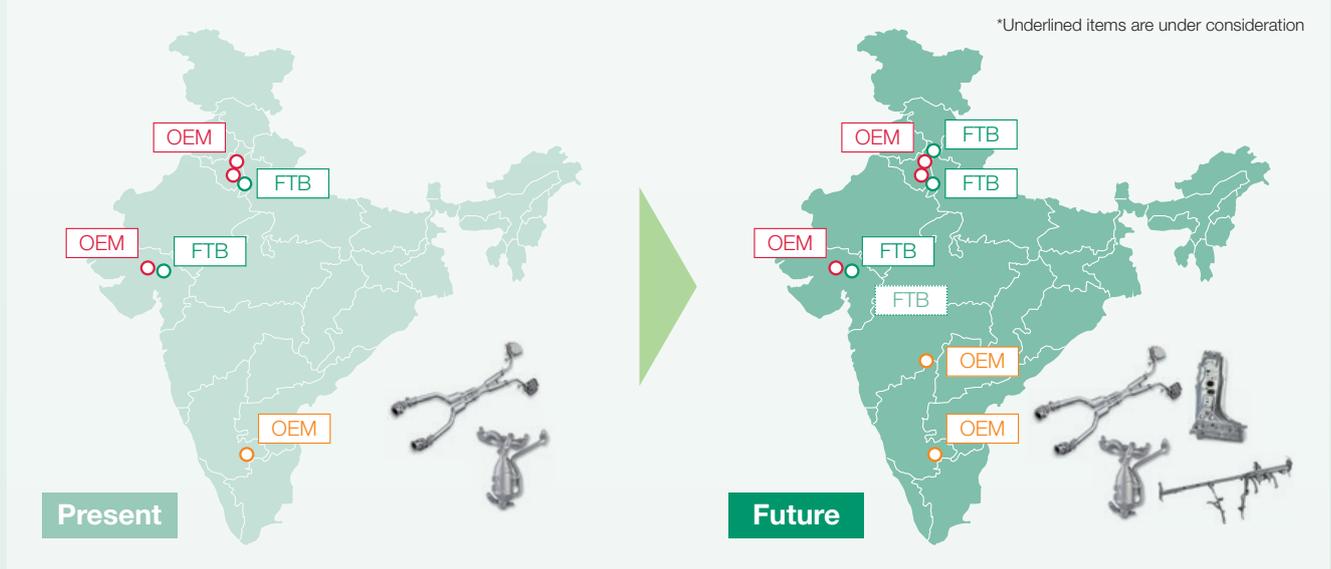
- Conducted a CO₂ collection experiment with a construction equipment manufacturer and confirmed a 12% CO₂ emissions reduction effect in July 2024
- Working on further enhancement of the device's performance and on making it lighter and more compact, developing the system with the aim of practical application at an early stage

TOPICS India business

With the growth strategies of Japanese automobile manufacturers being announced, we also wish to contribute to the expansion of India business.

We decided in December 2024 to establish our third plant location in Kharkhoda, India. We plan to promote plant construction in response to future increases in customer plants.

Vision: Expand and grow our business in response to the growth of automobile manufacturers (OEM)



Futaba's strengths include implementing high quality, high efficiency Japanese *monozukuri* in India and the ability to create a wide range of large parts and high-value-added products including, for example, body frames, instrument panel reinforcement, exhaust pipes, and exhaust manifolds, based on extensive knowledge of material properties and advanced processing technology developed through many years of experience specializing in steel and stainless steel materials.

We will make the optimal efficient growth investments for expansion in India.

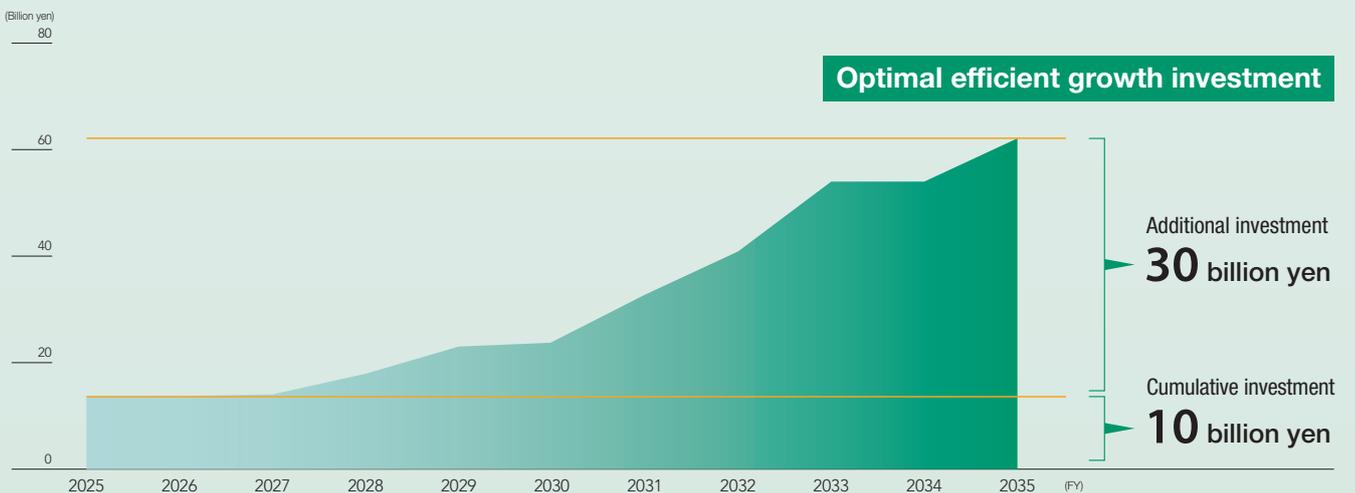
Futaba's strengths

- Implement Japanese *monozukuri* in India (quality, productivity, *kaizen*)
- A wide range of large products produced as a steel and stainless steel processing manufacturer (body frames, instrument panel reinforcement, exhaust pipes, exhaust manifolds, etc.)
- Talented local staff

Initiatives toward our Vision

- Use our strengths to increase orders received
- Efficient investment (collaboration with local suppliers, reduction of investment unit costs)
- Recruitment and training of local personnel
- Localization of equipment business

Sales target *Excluding parts supplied by customers



Message from the Officer



Yoshihiko Ishizaki
Center Chief,
India Business Center

The Indian automobile market has grown rapidly and is expected to become the third largest automobile manufacturing country in the world by 2026. The Indian government is promoting the “Make in India” movement and is currently implementing a Production Linked Incentive (PLI) program focused on the automotive sector. This has accelerated technological development for electric and hybrid vehicles, boosting the competitiveness of India’s automotive industry and strengthening its position as an attractive overseas export hub, backed by its proximity to major automotive markets, the preferential treatment provided by the policy for the coexistence of various power sources, and rapidly developing infrastructure.

Futaba is expanding its production locations and capacity, strengthening its R&D activities in India, and proposing the development of products that suit the local market. With this, we will increase our competitiveness in the Indian market and take the challenge of expanding our business there. We also will aim for environmentally friendly, sustainable growth, and strive to reduce our environmental impact while achieving growth. In addition, we will work on training talented Indian engineers, manufacturing high-quality products, promoting technological innovation, and strengthening our competitiveness, with the intention of making appropriate investments and contributing to the development of Indian society.

TOPICS North American business

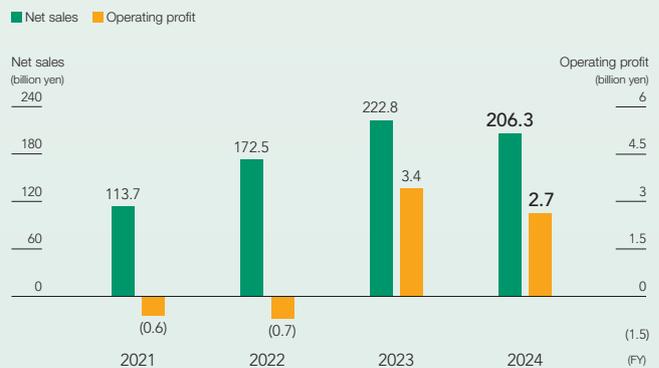
Our North American business comprises the second highest net sales after Japan, accounting for 29.2% of consolidated net sales. In FY2021-2022 we incurred losses due to factors such as increased production preparation costs and depreciation associated with the launch of new vehicle models, as well as the impact of inflation. However, we have turned a profit since FY2023 owing to various improvement activities and steady efforts.

The specific initiatives that contributed to the profit are as follows.

- ① **Efficient resource plan with risk in mind, enabling stable production to be maintained**
- ② **Quick sharing of information among the North American supervisory company and plants and reallocation of resources across North American group companies when production issues arise**

These initiatives have enabled us to respond to fluctuations in customer volumes and to take advantage of the opportunity to increase sales without incurring sudden costs.

Net sales



Improvement activities

Our North American group has been working on regional (lateral) activities since 2019. In past regional activities, each division divided into teams and carried out improvement activities. However, for example, if we wanted to improve press productivity, it would require support from various divisions. Now, rather than organizing activities by individual divisions, we currently focus on results and carry out improvement activities according to project and improvement goal with the support of all necessary divisions.

We also set up a cost improvement process for each plant, and each of them have set up a “big room” to monitor the progress of important projects when they are launched. This helps to manage costs and reduce unnecessary expenses throughout the year.



Production improvement activities at North American plants

Message from the Officer



Dave Martin
President of
Futaba North America
Engineering & Marketing Co.

As new initiatives and changes are required to keep up with the times, I believe we must also reinforce the basics (automation and just-in-time principles) of TPS* in parallel. This is because sometimes we get so focused on new initiatives that we forget these basics. By re-educating all of our employees on the basics of TPS, I think we can deepen our understanding and improve our practices which will stabilize production.

In addition, as the automotive industry changes due to factors such as North American tariffs, we must understand customers’ production plans and respond flexibly and quickly to changes. Therefore, although our North American plants operated with their own systems and individuality in the past, we will proceed to standardize operations across the North American region and focus on making it easier to transfer production among plants to meet customers’ production demand. Our aim is for our operations in North America to function like a single company by 2030.

*TPS: Toyota Production System. A system of managing plant production activities created by Toyota Motor Corporation.

Strengthening the management base through sustainability

The Futaba Group is working to accelerate and expand its sustainability activities with the two most important themes of investment in people, or bolstering human capital, and coexistence with nature, or response to natural capital in order to contribute to the realization of a sustainable society.

Human resources strategy

Vision: By supporting employee job satisfaction and individual growth, we will build a foundation to encourage employees to act independently to drive transformation.

Changes in the external environment and the idea that “every employee plays an active role”

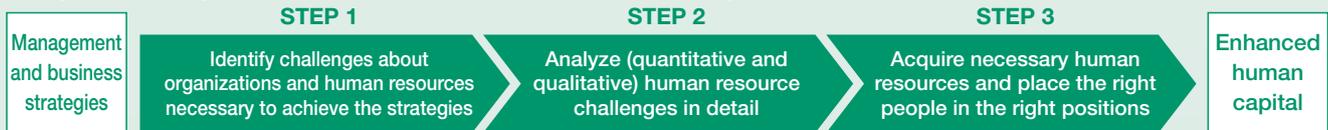
The diversification of work styles and decline in the working-age population have sparked intensified competition among companies to secure human resources. In addition, the accelerating population mobility is inducing people to seek more flexible work arrangements and diverse career choices, changing also values regarding work styles. Amidst these drastic changes in the external environment, the Futaba Group aims to be a group of companies that grow together with their employees. This involves encouraging individual employees to learn and grow and enhancing our organizational capability to leverage their strengths, thereby increasing job satisfaction. To achieve this, we embrace the basic idea that “every employee plays an active role.” To align the management and business strategies with the human resources strategy, we have defined the “human resources required to achieve our management and business strategies.” By advancing a “human resources management reform” to accelerate initiatives for recruiting, fostering and placing the great diversity and variety of people and a “personnel system reform” to develop systems and culture to support that, we will enable all employees to grow and thrive, which will lead to achieving the medium-term management plan and our Purpose of “producing environmentally-friendly products, we will help create a comfortable society for all people.” We believe that this cycle is what corporate growth is about, and a driving force that enables people to grow again and again.

Purpose: Producing environmentally-friendly products, we will help create a comfortable society for all people
Mission: Clean & green, peace of mind, and quality of life
Medium-term Management Plan: Growth of existing businesses, launch of new businesses, and strengthening the management base



Overview of the review process of human resources strategy

To retain and acquire human resources necessary for executing our strategies, we will identify challenges related to human resources through the following steps, formulate measures to address these challenges, and implement them.



Human resources management reform: Recruiting, developing, and allocating diverse human resources

A key element for enabling every employee to play an active role is that every one of our diverse employees thinks and acts independently on their own, experiencing their own growth with job satisfaction. In 2023, we determined that we will foster and strengthen management human resources, global human resources, human resources with digital skills, and human resources for *monozukuri* as the human resources essential for achieving our management and business strategies. To maintain and acquire human resources meeting these visions, Futaba Industrial holds monthly Human Resources Strategy Committee meetings to conduct discussions based on the steps described above for the recruitment and development of diverse talent regardless of gender, nationality, age, or other factors. The meetings involve vigorous discussions from the perspectives of all executives, including the President, on a wide range of topics including employee development and career support, global position management, resource management, organizational culture reform, and promoting women’s advancement.

Personnel system reform: Reforming the system and culture that support human resources management

In the past, Futaba Industrial had a culture of relying on long working hours to support its business with lack of interest in reforming work processes. There was also reluctance to invest time in medium- to long- term human resource development or activities not directly linked to revenue generation, disregarding their value. This, regrettably, resulted in a declining sense of ownership, which hindered us from fully leveraging the strengths and capabilities of our diverse human resources. In light of this, recognizing that reforming the workplace environment and culture is essential to enable each employee to maximize their potential and to foster human resources willing to take up challenges in the era of volatility, uncertainty, complexity, and ambiguity (VUCA), we have initiated a personnel system reform. We believe that when employees enjoy a good work-life balance and work in a culture of mutual respect, their job satisfaction increases, enabling every employee to play an active role.

For specific initiatives, please refer to Human Capital pages. (see pages 43-50)

Coexistence with Nature (Response to Natural Capital)

Basic policy

The Futaba Group has established its Purpose as aiming to coexist harmoniously with nature by continuously contributing to a comfortable society through environmentally friendly manufacturing. We established the Futaba Group Environmental Charter as a unified policy with the aim of working toward coexistence with nature as a group in April 2024. [Reference: Futaba Group Environment Charter https://www.futabasangyo.com/en/csr/environment/policy/](https://www.futabasangyo.com/en/csr/environment/policy/)

Aiming to achieve carbon neutrality

As measures to combat social issues such as extreme weather events sparked by global warming, we are striving to reduce CO₂ emissions through comprehensive daily improvements in Scope 1 and 2 emissions, and we are steadily achieving results globally. Following the release of the Sixth Assessment Report of the IPCC in October 2024, we have tightened our CO₂ emission reduction targets for plants under the 1.5°C scenario. Furthermore, with regard to Scope 3 (upstream) emissions, we are focused on raw materials—which account for the majority of Scope 3 CO₂ emissions—and are actively working to reduce CO₂ emissions through product development that results in reduced usage while also improving the yield.

CO₂ emissions reduction targets for plants

Global: Reduction of 50% or more by FY2030 compared to FY2019 (Annual 4.6% reduction)*¹
Japan segment: Take on the challenge to achieve carbon neutrality by 2030*²

*¹ Revised in October 2024. The reduction target before revision was as follows.

Non-consolidated: Reduction of 50% or more by FY2030 compared to FY2013 (Annual 3% reduction)

Domestic and overseas Group companies: Reduction of 33% or more by FY2030 compared to FY2019 (Annual 3% reduction)

*² Revised in March 2025. The reduction target before revision was as follows.

2035: Take on the challenge to achieve carbon neutrality in domestic plants

For life cycle CO₂ reduction and the promotion system, please visit our website. <https://www.futabasangyo.com/en/csr/environment/decarbonization/>

Addressing biodiversity and conservation of water resources

The Futaba Group recognizes that it utilizes natural capital—including water resources—in its business activities, and that it also has an impact on the natural environment. Going forward, we will bolster our natural capital-related initiatives not only in the area of the atmosphere (reducing CO₂ emissions), but also with regard to water quality and soil, as well as biodiversity, and we will consider taking action with a view to being nature positive.

With the publishing of the final version of the TNFD*³ framework in 2023, the Futaba Group quickly went to work addressing the relationship between its business activities and natural capital, identifying risks and considering initiatives. In parallel with this, we are preparing for the disclosure of information, and going forward, we will continue to expand disclosure content. Moreover, we will focus not only on mitigating our environmental impact, but on the use of resources in an efficient and cyclical manner in our business activities, and strengthen our activities for achieving a circular economy.

Through these activities, we will strive to be a company that takes the lead in efforts toward carbon neutrality and a circular economy with timely disclosure of information. By doing so, we will work for the enhancement of corporate value and achievement of our Purpose.

*³ TNFD: Taskforce on Nature-related Financial Disclosures

(1) Governance

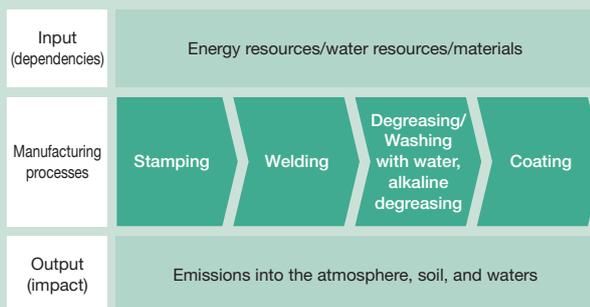
We address and manage natural capital and biodiversity within the framework of our sustainability promotion structure.

For details, please visit our website.
<https://www.futabasangyo.com/en/csr/environment/decarbonization>

(2) Strategy (risk and opportunity)

We have mapped out the relationship between the Futaba Group's business activities and natural capital, and organized the dependencies and impacts. We regard the use of water and energy resources and emissions into the atmosphere, soil, and water as risks related to our business activities.

Going forward, we will give consideration to potential opportunities.



(3) Management of risk and impact

We identify risks using assessment tools such as Aqeduct.*⁴ The risks identified are discussed by the Carbon Neutrality Project Committee. The targets set for each natural capital are managed as part of the priority issues of the SDGs.

*⁴ Aqeduct: An analytical tool used for evaluating water stress and risk of depletion in various regions

(4) Metrics and targets

To conserve natural capital on which we rely and which we impact, in addition to our previous carbon neutrality (reduction of CO₂ emissions) initiatives, we will add new initiatives toward VOC*⁵, waste, and water resources (water intake), establish targets, and manage them on a global basis.

*⁵ VOC (Volatile Organic Compound): general term for organic chemical substances such as toluene, benzene, chlorofluorocarbons, xylene that evaporate into the atmosphere.

Input (dependencies)

Reduction item	Domestic target	Overseas target
Water resources (water intake)	-0.5%/year vs. FY2020	-0.5%/year vs. FY2022
Material (steel)	-3%/year vs. FY2019 (-28% in FY2030)	

Output (impact)

Reduction item	Domestic target	Overseas target
VOC	Minimize	Minimize
Waste	-1%/year vs. FY2019	-1%/year vs. FY2023
CO ₂	-50% or more in FY2030 vs. FY2019	

For specific initiatives, please refer to Natural Capital pages. (see pages 53-56)

Financial Capital

Today, Futaba's PBR remains around 0.7x, and raising this ratio is a matter of top priority for the Company. We will work to raise this ratio by achieving profitability that will unlock a 10% ROE level on an ongoing basis.

While priority has so far been placed on improving our financial position, the new medium-term management plan changes the policy to focus funds on growth investments and shareholder returns. While our first priority for the past three years has been to repay interest-bearing debt, we will now focus on growth investments and R&D to achieve stable growth. Furthermore, we will focus on enhancing shareholder returns.

Through these efforts, we will meet the expectations of our shareholders.



Hideki Imai
Center Chief, Accounting and Finance Center

FY2024 Results → FY2027 Targets



*Net sales excluding parts supplied by customers

Review of FY2024 and outlook for FY2025

During FY2024, the global economy continued to face uncertainty. However, thanks to the effectiveness of various countries' interest rate policies, inflation slowed down and remained stable. Looking at the automotive industry, while new car sales in Europe decreased, global new car sales maintained a recovery trend overall.

In this situation, the Group is focusing on the evolution of existing products, the creation of new businesses through research and development, responding to carbon neutrality, and strengthening investment in people, with a target year of 2030.

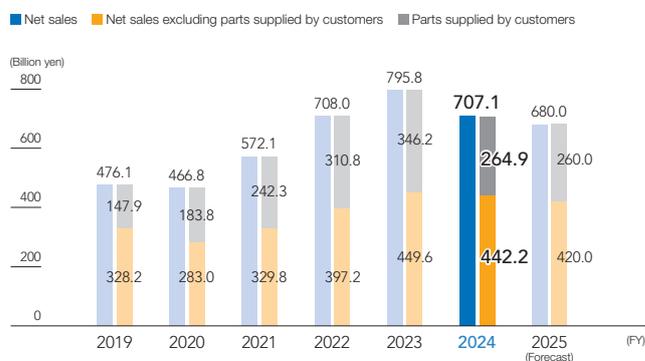
In FY2024, net sales decreased by 11.1% from the previous fiscal year to 707.1 billion yen due to a decrease in our customers' automobile production in Japan and China. On the profit side, although there were some benefits from rationalization efforts and price pass-through was conducted, the decline in net sales, along with increases in material costs, labor costs, and other expenses, led to an operating profit decrease of 21.0% year on year, to 15.1 billion yen, and an ordinary profit decrease of 28.2% year on year, to 13.2 billion yen. Additionally, due to the recognition of 5.2 billion yen in extraordinary losses related to factors such as the optimization of production equipments in the Tianjin area in the interest of the future of our Chinese operations, profit attributable to owners of parent was 6.2 billion yen, a decrease of 51.6% compared to the previous year.

Our basic capital policy is to secure financial security. In the previous medium-term management plan (FY2022–FY2024), we worked to improve our financial position as our most important task, and as of March 31, 2025, we have strengthened our debt-to-equity ratio to 0.48x and our equity ratio to 37.5%, reaching sound levels.

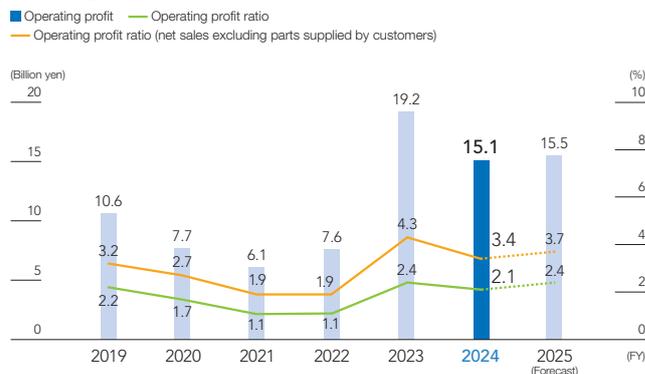
In the new medium-term management plan (FY2025–FY2027), we will aggressively make strategic investments to achieve stable growth while maintaining financial soundness and further strengthening returns to shareholders.

As for the outlook for FY2025, although the impact of U.S. policy trends such as the Trump tariffs must be closely monitored, we expect net sales to fall 3.8% year on year to 680.0 billion yen, operating profit to rise 2.1% to 15.5 billion yen, ordinary profit to rise 16.7% to 15.5 billion yen, and profit attributable to owners of parent to rise 85.2% to 11.5 billion yen. These figures are derived from our continuing efforts to strengthen our management base, including the enhancement of earnings capacity.

Net sales



Operating profit



Interest-bearing debt



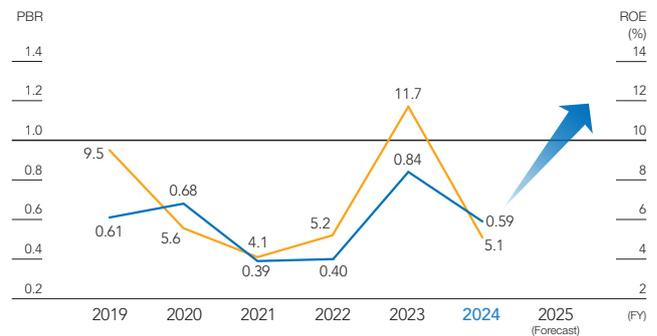
Toward improving ROE

In light of the Tokyo Stock Exchange's request to realize management that is conscious of cost of capital and stock price, we have set targets of ROE of 10% or more and operating profit ratio of 5% in our new medium-term management plan (FY2025-FY2027) under the theme of improving profitability to rapidly achieve a PBR of 1x. Historical data shows that our Group's PBR is correlated to ROE.

ROE can be broken down into three indicators (right figure). Of these, since the Group has traditionally had good financial leverage, we will focus mainly on improving net profit ratio and asset turnover ratio. With particular regard to net profit ratio, we aim to achieve an operating profit ratio of 5% in FY2027 by expanding business in growth markets (i.e., India) and enhancing earnings capacity through quality and yield improvement by making full use of AI technology.

PBR and ROE

— PBR (= End-of-period share price / BPS) — ROE (Return on equity)



* ROE of 5.2% for FY2022 reflects the deduction of the impact of posting temporary deferred tax assets. (ROE without deduction of the impacts: 11.9%)

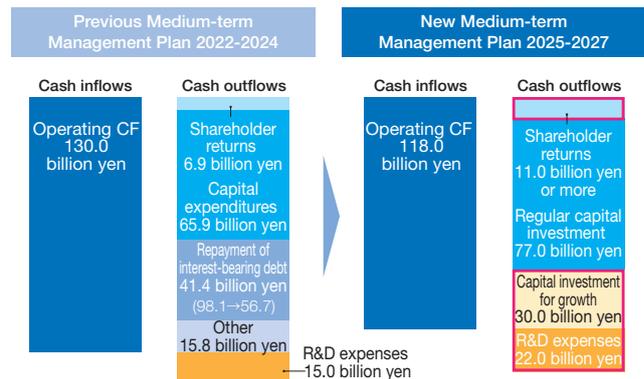
Cash allocation: Accelerating growth investments

Cash allocation is the foundation for sound operations and a strategic tool for maximizing growth opportunities. Proper allocation of funds ensures corporate sustainability and increases the long-term value of investments.

In our new medium-term management plan (FY2025-FY2027), we are striving to ensure financial soundness with an awareness of our credit rating, while balancing investment for growth and shareholder returns.

Specifically, we will resume financing for the portions of long-term borrowings reaching repayment maturity and will make a capital expenditure for growth of 30.0 billion yen in addition to its regular capital expenditure of 77.0 billion yen over a three-year period. As for R&D expenses, we will boost our investments to 1.5 times the usual level, investing 22.0 billion yen to accelerate the creation of new businesses and increase our competitiveness in the market, aiming for long-term earnings growth.

Cash allocation



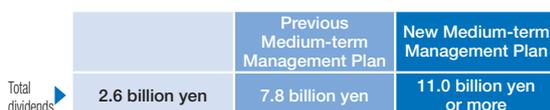
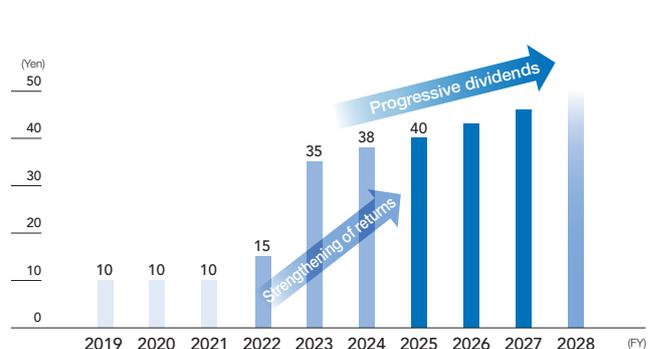
Shareholder returns

Despite the severe results of decreased profits in FY2024, we decided to increase the annual dividend by 38 yen (payout ratio of 54.8%), including a commemorative dividend of 3 yen for the 80th anniversary of our founding.

To further enhance returns to our shareholders, we have decided to adopt progressive dividends as of FY2025 with a minimum dividend on equity (DOE) of 3.5%. The combination of setting a minimum DOE level and progressive dividend policy will provide returns offering increased dividends according to business performance while maintaining stability.

Going forward, in order to meet the expectations of our shareholders, we will strive to be an attractive company for investors by steadily achieving the management targets set in our medium-term management plan, thereby achieving both our growth and increasing shareholder value.

Annual dividend per share (yen)



Manufacturing Capital

Futaba has global production sites and utilizes its stamping and welding technologies to strengthen its competitiveness in integrated manufacturing, from development through to mass production.

We are growing our best practices and DX initiatives to improve safety and quality levels and increase earnings capacity. In addition, we are also moving forward with efforts to create Smart Factory in order to create the factories of the future.

To promote employee growth, we are also acting toward transformation into a supportive workplace and culture. By improving the job satisfaction of our employees, we will strive to provide value that exceeds customer expectations.



Tateo Kawabuchi
Center Chief,
Production Center

With the aim of delivering safe, reliable products to our customers around the world, we are striving to create a quality mindset and culture in which all Futaba Group members think and act with customers and quality first in mind. Moreover, the united efforts of the engineering, production engineering, and manufacturing divisions have resulted in the accumulation of improvements based on quality data analysis. The divisions cooperate in promoting the creation of processes with a high degree of quality assurance that prevent the production of defective products. In addition, we have established quality gates at milestones from the development and design stages to production preparation and mass production, and confirm quality assurance integrity as a quality watchdog.



Satoshi Yamada
CQO, Center Chief,
Quality Management
Center

FY2024 Results

Number of production sites

27

Capital expenditures

27.0 billion yen

Improvement in productivity by improving production and operational efficiency

Optimization of global production system

We are optimizing our global production system across car models and regions to effectively utilize our manufacturing capital (i.e., people, general-purpose equipment and buildings) and build a strong management and profit structure. To optimize the production system of each site and region, we provide Group companies in Japan and abroad with adequate personnel support from the Head Office and mother plants and share issues in the production system based on changes in the external environment, customers' production trends, and the production status at each site from a medium- to long-term perspective.



On-site confirmation with local staff

Preventative maintenance activities and improvement of distribution within the premises

We are working to augment maintenance on a global basis to mitigate production stoppages due to failure of equipment. We have implemented condition monitoring and remote monitoring systems to promote preventative maintenance that focuses on "management to prevent failure" rather than "fixing after failure." Ideas of TPS are adopted to reduce, save labor in, or establish unmanned processes in the distribution processes within the premises, from parts receiving, distribution to production lines, to product shipping.

Initiatives to improve productivity: Best Practice Activities

The Futaba Group is working to increase productivity by 4% or more each year to further enhance earnings capacity. In FY2022, we began Best Practice Activities aimed at the global lateral deployment of our superior manufacturing technology and the development of even more superior processes.

In FY2024, we carried out activities under six themes: raising the productivity of large transfer presses, improving the profitability of instrument panel reinforcement, improving competitiveness in body welding lines, improving competitiveness in exhaust system parts, improving preventive maintenance, and standardizing quality control operations.

Since FY2022, when we began our activities, we have improved the productivity of large transfer presses by 5% to 10%, and in welding lines, we have reduced the number of lines by about 33% and increased the number of two-shift production lines by about 47% by consolidating lines with low utilization rates. In addition, we have made progress in developing new best processes, such as automating inspection processes that previously relied on manual labor by utilizing cameras and lasers, automating weld monitoring and data collection, maintaining and managing conditions for good products, and improving productivity.

In terms of lateral development on a global scale, we hold brainstorming sessions that bring together those responsible for promoting activities at Group companies in Japan and overseas. These sessions explain newly developed processes on site and examples of improvements, and we follow up on the implementation status of best processes at overseas sites and further entrench them.

Improvement in quality of products and services

By setting quality assurance rules as a foundation in the works involving product planning and product inspection, we defined the objective and the responsibility of each job, making each department assume responsibility for quality assurance. Based on quality assurance rules and following the S-D-C-A* daily improvement cycle to gain the trust of customers, we are striving to improve our quality assurance systems with an emphasis on processes. We will also make a company-wide effort to enhance the quality assurance system by developing human resources capable of performing operations with a sense of ownership through work quality improvement activities based on the concept of total quality management (TQM).

In addition, we allocate personnel on a priority basis to prevention activities to identify and address quality-related risks from the initial stages of product development to the manufacturing process.

Furthermore, we are focusing on the use of digital transformation (DX) to organize past failure information and provide feedback to the initial stage of product design.

*S-D-C-A: An acronym of standardize, do, check, and action.

Strengthening the quality assurance promotion system and governance

From the perspective of global quality assurance from the planning and design development stages, we will promote prevention activities incorporating countermeasures in the presumption of certain quality risks, thereby further ensuring quality assurance for customers. During audits, in addition to the QA inspections that have been conducted in the past, we are also conducting detailed and careful interviews with concern to psychological safety, such as whether or not there is an open workplace environment and culture. Specifically, we seek to determine if workplaces allow personnel in development and evaluation divisions, such as engineering and production engineering, as well as those in production divisions to speak out about any problems, whether or not excessive pressure is applied, and whether or not evaluations are made on a subjective basis, in order to investigate and respond to potential risks. Such important quality assurance issues are reported to and overseen by the Board of Directors.

Quality improvement activities

We are conducting our daily activities to respond to the expectations of our customers, such as business quality improvement with TQM and quality control activity confirmation meetings at manufacturing plants. In addition, we are working to improve the quality of all of the Company's products by sharing issues and failure information as well as examples of improvements through meetings with suppliers. If quality issues arise, relevant departments within the Company cooperate to thoroughly investigate the cause and take measures to prevent recurrence. Top management also visits sites to confirm the accuracy of countermeasures, feedback to engineering, and production engineering divisions, and standardization.

Performing QA inspection

The Process Management Audit Department conducts QA inspections (quality assurance structure inspections and process inspections) at all plants in Japan and overseas. Any issues that emerge will be followed up on until improvements are completed, and confirmation will also be made regarding their deployment to other processes. In addition, strong initiatives are introduced at events such as quality function meetings and during Quality Month, part of company-wide efforts to elevate quality. We also conduct QA inspections of suppliers' processes and advance improvements.

Human resources development activities

Our training program inculcates knowledge of quality required for productization as well as understanding of the roles of manufacturing processes and quality assurance systems required for process assurance, and skills for prevention and recurrence prevention. Furthermore, quality assurance rule education enhances understanding of personal roles, responsibilities and the significance of work, thereby increasing satisfaction.

During the Global Quality Month in November every year, we raise the quality awareness of all employees and create a quality culture under the theme of "Know, Think, and Act on Futaba's Quality." In addition, we have been holding global quality brainstorming sessions since 2023, the launch of activities where quality divisions come together and brainstorm.



Launched the Quality Management Center in April 2024, which consolidates organizations for quality assurance, quality audits, quality technology, and production plant quality control into a single division



Quality control activity confirmation meeting (With participation from plant representatives and suppliers)



QA inspections overseas



Global quality brainstorming sessions

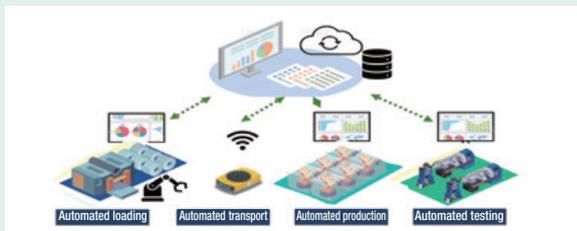
DX: Production process innovation

Realization of Smart Factory and Virtual One Factory

We are actively utilizing digital technology to improve our earnings capacity. At the core of this effort is the enhancement of manufacturing capabilities through creating Smart Factory. We aim to build factories that not only improve productivity and quality, but also provide a supportive work environment and clean production by visualizing and automating the work site using IoT and AI. In addition, we are working to realize "Virtual One Factory," which integrates production management operations that are dispersed across multiple locations. This will enable optimal use of resources and total optimization in production planning, leading to a more efficient and flexible manufacturing system.

Smart Factory

Efficiency through automation and data integration



We are promoting automation through such methods as utilizing robots in tasks previously performed by humans, by collecting production information in real time, visualizing progress, and automating parts logistics using information integration and autonomous transport technology. For distribution, we achieved reductions equivalent to approximately 10 workers in FY2024. In the future, we will further improve efficiency through automation of work, aiming to reduce work by an equivalent of 280 people by FY2027, improving our earnings capacity.

Virtual One Factory

Centralized production management operations for multiple plants in Japan

Harnessing information from the manufacturing site and applying digital technologies to production management operations allow these operations to be performed remotely. Currently, assembly line production management operations at six sites in the Mikawa district are to be consolidated, seeking a 40% reduction in man-hours required for the relevant operations by FY2027.

We have already achieved a 10% resource shift to new operational areas such as medium-term production strategy, and plan to shift 20% of resources to these operations by FY2027.



Intellectual Capital

We pursue compact, lightweight, and high-strength products that support safe, secure, and environmentally friendly mobility. We continue to refine our competitiveness through the evolution of core technologies such as forming and welding, as well as the transformation of development processes through the use of digital technology and AI.

Furthermore, we aim to become a more proposal-oriented development group that participates in the development of cars from the planning and conceptualization stages and directly links our competitive product technologies to the enhancement of cars value.

We will continue to evolve beyond expectations in the transition from the production of good parts to the production of good vehicles.



Toshiyuki Hisatsune
Center Chief,
Engineering Center

Our goal is to pursue production methods that are simpler and easier, taking into account local conditions and the environment, and to become a group of professionals that steadily make these methods into a reality. While making extensive use of digital technology and refining our data analysis capabilities, we will continue to ensure high quality, shorten lead times, make efficient capital expenditures, use materials and design processes with a focus on minimums, and evolve into a Smart Factory. We are also sensitive to and incorporate new technologies to accelerate the speed of new business development.



Toshio Yokota
Center Chief,
Production Engineering
Center

FY2024 Results



R&D initiatives

Basic approach

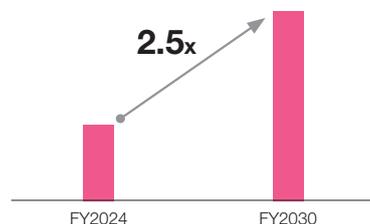
Our R&D is centered on the forming and welding technologies it has developed since its foundation. To address social issues and meet customer expectations, we are evolving our technological development capability and manufacturing capability and creating new products, new production methods, and new businesses. Toward the realization of a sustainable, prosperous society, we will work to evolve existing products and develop new businesses using the strengths we have gained through our activities to date and open innovation, and create new value.

Approach to value creation

In the development of existing products that will form our business foundation, we are working to develop new products and new production methods that will be needed amid rapid environmental changes, including the development of products for electric vehicles, as we further advance the structural development of body parts and zone-based development of solutions, evolving from making parts to making cars.

In new business development, we are strengthening our initiatives to expand future business areas at the Business Development Center established in FY2024, including research activities, based on the belief that the utilization of advanced technologies and proprietary technologies is essential since we engage in the manufacture and sale of industrial products as a regular business. In the new medium-term management plan, we will focus on R&D expenses so that we can strengthen activities to expand sales. By FY2030, we plan to increase investment in R&D expenses to 2.5 times the FY2024 level and accelerate the creation of new businesses by creating new partners through open innovation.

New business development expense forecast



Evolution of existing products



Priority initiatives

- Streamlining the development structure by improving quality and speeding up development using digital and AI technologies
- Zone-based development for optimal under-floor layout considering body parts and exhaust systems in a holistic approach to the entire vehicle
- Deepening CAE analysis technology to ensure vehicle performance
- Integrating body parts using forming and laser welding technologies
- Developing battery-related parts for electric vehicles
- Creating compact/lightweight exhaust systems with modular mufflers
- Developing steering feeling with instrument panel reinforcement

Creating new businesses



Priority initiatives

- Through continuous search for new technologies and businesses, strengthening of external partnerships, and shifting resources, including aggressive investment and personnel enhancement, we are creating the following new businesses.
- Establishing a CO₂ collection and utilization business model
 - Developing an ultra-compact mobile power generation system using biofuel
 - Developing a woody biomass combustion photosynthesis stimulation system that uses no fossil fuel and emits virtually no CO₂
 - Developing an agricultural energy circulation system contributing to the circular economy
 - Developing a laser weeding robot to address the challenges of organic farming

Evolution of existing products

Case 1 Pursuit of light-weight body structure

By participating in the development of a car's body structure from the planning and conceptualization stage just prior to the zone-based development stage we already work on, we will globally develop and propose lightweight body structures through the utilization of cold-stamped UHTSS in the right places and the integration of medium-scale assembly parts.

Creating new businesses

Case 1 Creation of new values

As carbon neutrality efforts advance worldwide, the use of hydrogen energy and fuel cells is attracting attention. In particular, the demand for mobile power supplies is increasing, requiring low-power, high-capacity products that can be used for extended periods of time. Since fuel cells can generate electricity as long as they are continuously supplied with fuel, this is a technology expected to meet these needs. We are currently in joint development of a solid oxide fuel cell (SOFC) using biofuels that fits in the palm of the hand, an ambitious venture to create new value for a sustainable society.

Case 2 Environment-friendly exhaust system

In the area of exhaust pipes, we are developing a full modular muffler that combines compactness and standardization to reduce weight while satisfying purification and sound dampening performance. In addition, for exhaust manifolds, we are developing products that comply with emission regulations that are becoming increasingly strict year by year in each country. In each of these areas, we are working to develop environmentally conscious products on a global scale.

Case 2 Open innovation

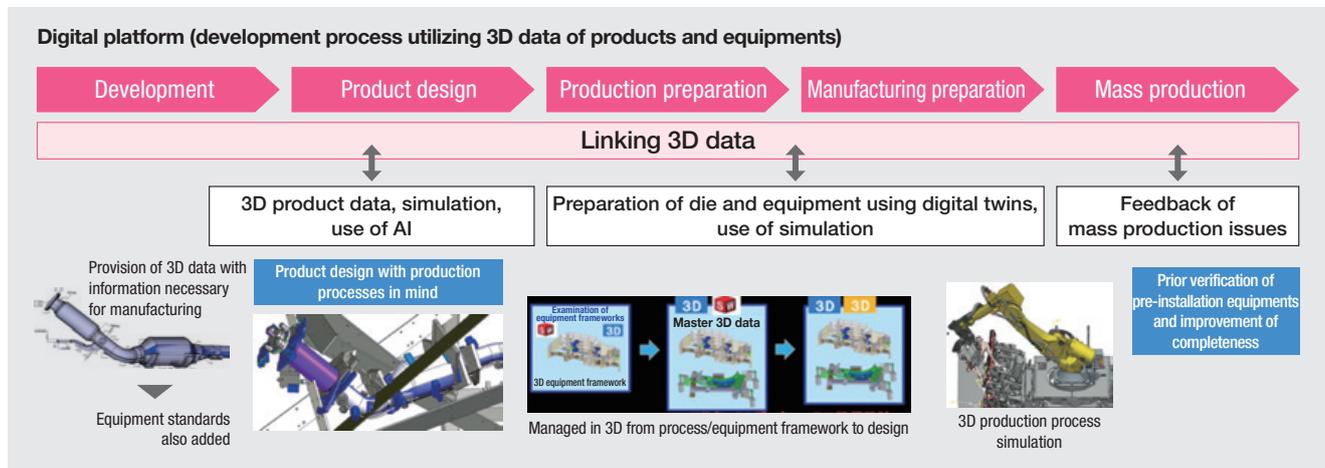
Utilizing each other's knowledge and technologies, we are pursuing joint development with universities, municipalities, and companies in different industries. The aims are to develop new technologies and shorten development time. For example, in the development of SOFCs for use in ultra-compact mobile power generation systems, we are collaborating with several universities and partner companies to develop the system in a NEDO project. In the development of an on-board CO₂ collection system, we are inviting a wide range of partners to collaborate, including cooperating with partner construction machinery companies in verification studies.

We will continue to expand the circle of partners and promote the development of co-creation businesses.

DX: Transformation of development and mass production processes

Futaba is working to transform its development process from the traditional pass-the-baton type development by each process to a more agile, parallel development in the digital space using 3D data of products, equipments, and plants, thereby aiming to halve the production preparation lead time in FY2027 versus FY2020.

In FY2024, we achieved a 29% reduction in project man-hours (development lead time) compared to FY2020. As we have shifted about 15% of human resources within product development divisions to advanced development areas in FY2023, we will further transform our development process operations to shift resources to high-value-added operations.



Intellectual property initiatives

Basic approach

Futaba gathers and analyzes information related to intellectual property rights, and develops strategy on intellectual property activities at each stage of planning, R&D, and implementation related to the development of products and new production technologies. We are increasing and maintaining our competitive edge by protecting the new product and new production technology, the fruits of R&D, with intellectual property rights covering from core technology to peripheral and improved technologies. At the same time, we try to minimize the occurrence of risk of infringing on other companies' patents relating to our new products or new production technologies, by assessing patents held by other companies and considering countermeasures.

Promotion system

At Futaba, the Legal and Intellectual Property Office is responsible for handling intellectual property rights and inventions by employees as well as for promoting activities related to intellectual property rights. The Legal and Intellectual Property Office closely cooperates with relevant departments under the Engineering Center, Production Engineering Center, Business Development Center, Production Center, and others. Furthermore, we seek advice from our patent attorney as necessary before promoting the Company's activities.

Human Capital

Aiming to improve job satisfaction, Futaba is swiftly conducting activities with a focus on human resources management reform (recruitment, training, and placement) and personnel system reform (transformation to a supportive work system and culture).

In particular, transforming corporate culture is no simple task, as it involves changing long-held personal ideas and organizational climate. However, we believe that consistency is power, and we believe that the organization will change if we are unceasingly consistent in our activities.

Unwavering in our innovative efforts, we will aim to be a group of companies that grow together with their employees. This involves encouraging all employees to learn and grow and enhancing our organizational capability to leverage their strengths, thereby increasing job satisfaction.

 See page 35 for more information about our human resources strategy



Kenichi Nakao
Center Chief,
General Affairs and
Human Resources Center

KPIs to increase Futaba's corporate value (non-consolidated)

	Key Initiatives	KPI	FY2024 Results	FY2030 Target	Output	
Human resources management reform	Strengthen recruitment of human resources necessary to achieve business strategies	• Referral recruiting, scout recruiting, media utilization			Improving Utrecht Work Engagement score (FY2024 Result: 2.8 → FY2030 Target: 3.5)	
	Career support for growth	• Improvement of training and evaluation tools and enhancement of dialogue between supervisors and subordinates	1) Developing human resources with digital skills *2024 target: 570	1) 25%		
	Technical development	• Individual skill assessment and development plan creation and implementation • Video distribution and other methods for manufacturing sites • Manufacturing management training (hands-on work/personal magnetism)	2) Career support for employees up to assistant managers (two-way meeting rate) 3) Number of training courses by job category for manufacturing workplaces	2) 76% 3) 28 courses		2) 100% 3) 30 courses
	Efforts for optimal assignments	• Encouraging transfers for personal and capability growth • Shifting resources for value creation				
Personnel system reform	System reforms for work-life balance	• Measures to expand 24-hour two-shift rotation and improve percentage of male employees taking childcare leave	4) Percentage of male employees taking childcare leave	4) 70.7%	4) 85%	
	DEI and culture reform	• Holding in-house social events to strengthen ties among employees • Conducting training to stimulate employee independence and behavioral change • Continuing renovation of offices and factories	5) Percentage of positive responses regarding a sense of personal growth in our unique survey 6) Percentage of new female graduates hired 7) Percentage of female managers 8) Acquire and maintain White 500	5) 56% 6) 20% 7) 1.8% 8) Not acquired	5) 80% 6) 30% 7) 5% 8) Maintain certification	
	Health management	• Achieving a safe and secure workplace culture and overcoming employee health issues				

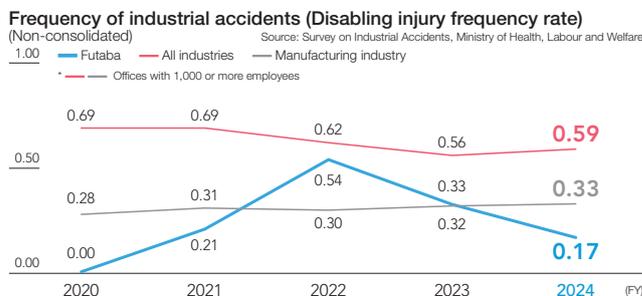
Promotion of safety and health

Creation of safety-first workplace

Creating a workplace culture where employees can work safely and with a sense of reassurance

We have established the PDCA cycle of occupational health and safety activities in each of our workplaces and put in place a structure for greater promotion of and enhanced education on our occupational health and safety management system (OSHMS)*1, thereby improving our workplace safety culture.

The use of short-form video content and safety education through 4RKYT*2 and other programs have led to an improvement in individual risk sensitivity and a steady reduction in the number of accidents. Going forward, we will continue to strive to cultivate “safety people” who have accurate knowledge and a high level of awareness, put safety first, and are capable of making accurate judgments and actions on their own, with the aim of achieving zero accidents.



*1 Occupational Health and Safety Management System (OSHMS): A system in which a business operator voluntarily manages occupational health and safety on an ongoing basis to improve occupational health and safety levels on its worksites.

*2 4RKYT: Four rounds (4Rs) of hazard prediction training, standing for *kiken* (hazard), *yochi* (prediction) and training

Industrial accident prevention initiatives

As part of the STOP 6*3 initiative, we are focusing on risk assessments. We focus on risk reduction activities in particular to prevent accidents arising from transportation of heavy objects (crane work) and accidents related to vehicles (forklift work), both of which have a high probability on our worksites. We strive to create a safe and secure work environment by attending to the needs of workers and capturing any problems they may have.

*3 STOP 6: Activities to prevent accidents from happening by focusing on six types of accidents analyzed from examples of past accidents as critical accidents. The six are: being caught in a machine, collision with a heavy object, collision with a vehicle, falls, electric shocks, and contact with a heated object.



Forklift operation capacity evaluation test

Safety education

Under our belief that it is possible to achieve a zero accident record, Futaba prepares standard work procedure documents and is working to ensure that basic practices are thoroughly carried out, so that they follow proper work procedures to achieve zero-accident workplaces. In addition, we are carrying out activities to prevent past disasters from fading away, as well as holding annual hands-on training for workers, in order to ensure all employees are keenly aware of the importance of following rules.

Fire prevention initiatives

As part of the activity to prevent fires, we focus on preventing fires caused by sparks and spatters as well as electrical systems and devices. We take thorough countermeasures across Futaba for the identical and same type of equipment with which fires occurred inside and outside of our workplaces in the past. We also raise awareness of never letting a fire happen by identifying potential fire risks in each of our workplaces, mapping the risks, and always visualizing and managing them.

Promotion of health management

At Futaba, we regard the creation of an environment in which every employee can continue to work with peace of mind and good mental and physical health as an important management issue, and are working to create a workplace in which all employees can work cheerfully, happily, and energetically even amid an aging population, with the aim of realizing a state where every employee plays an active role. Going forward, we will continue to strive for sustainable growth and a rewarding workplace through health management.



Futaba believes that strategically implementing initiatives to maintain and promote our employees' health is an "investment" for the future. To grow and develop toward the near future and continuously contribute to society, we set out the Health Statement in August 2022.

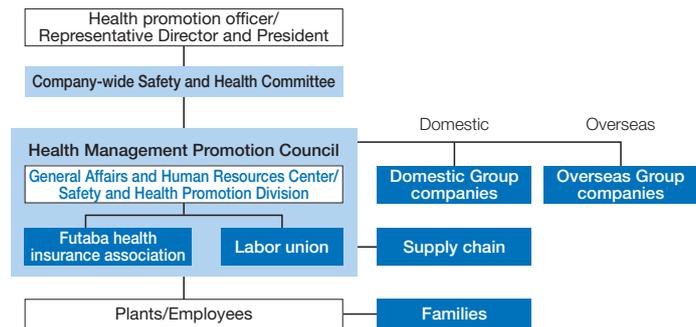
View the Futaba Group Health Statement from the following website: https://www.futabasangyo.com/en/csr/society/health_management/

Promotion system

The Safety and Health Promotion Division serves as a secretariat. We have established a three-pronged system led by the Representative Director and President (health promotion officer) in cooperation with the health insurance association and labor union. In FY2024, we established a Health Management Promotion Council that includes industrial physicians and occupational health staff affiliated with the Safety and Health Promotion Division, putting in place a system capable of strengthening cooperation with other departments.

Together with our partners, we also aim to create a healthier and more energetic work environment, holding health-related workshops to build sustainable and healthy workplaces not only within Futaba but also throughout our supply chain.

Promotion system chart



Health issues and targets

In order to provide a safe and secure workplace and to maintain and improve mental and physical health, since FY2023, we have been working on the Health Challenge 8*1 program, in which health leaders in each department take the lead in helping all employees to develop healthy habits. In addition, we are enhancing health guidance and carrying out workplace improvement activities.

*1 Health Challenge 8: An initiative for eight healthy habits (healthy body weight, breakfast, snacks, alcohol consumption, exercise, not smoking, sleep, stress)

Indicators	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results	FY2030 Target
Health Challenge 8 implementation rate	—	4.9%	5.1%	5.2%	5.9%
Percentage of findings	—	55.4%	54.1%	54.8%	52.9%
Percentage of smokers (Male)	36.1%	34.1%	33%	32.2%	27.8%
Percentage of high-stress persons	9.4%	9.1%	9.6%	9.3%	10% or less
Overall health risk	—	—	85.3	83.3	100 or less

Exercise promotion initiatives

The Company was certified as a Sports Yell Company 2025 by the Japan Sports Agency as a company that actively encourages employees to improve their health through sports.

We provide our employees with opportunities and environments that encourage exercise by holding internal relay races and other exercise promotion events, encouraging them to do radio calisthenics before work as part of their daily exercise routine, and subsidizing usage fees for sports facilities.

In FY2024, we introduced InBody, a body composition analyzer, to visualize muscle mass, body fat percentage, visceral fat level, and other information that is not fully determined by health check-ups alone. This new equipment provides an opportunity for employees to more directly address their own bodies and review their daily lifestyle habits. The device is also used in fitness assessments and health seminars for employees aged 50 and older, providing an opportunity to learn about appropriate exercise methods and lifestyle habits.

As a result of these efforts, as well as the Health Challenge 8 and other initiatives to improve the lifestyle of each individual, the rate of exercise for 30 minutes or more once a week improved from 34.7% in FY2022 to 40.9% in FY2024.



Fitness assessments and health seminars

Healthy diet initiatives

The Company's employee cafeteria is registered with the food education and health promotion projects of the prefecture and city as an Aichi Prefecture Food Education Promotion Cooperative Eatery and an Okazaki City Health Support Facility, respectively. As such, the cafeteria offers health-conscious options, such as meals of up to 600 Calories, and displays the Calorie counts on every item on the menu. In addition, the Company shares its health concerns with the catering companies that provide food to the employee cafeteria, and they provide meals in consideration of those health issues as a monthly health event. In FY2023, we began using Pitto Reji, a cash register-style tool which allows employees to view the calories and nutrients they consume on their smartphones at the cafeteria, and this has helped to raise health awareness.

No-smoking initiatives

As of April 2025, we have prohibited smoking on all company property to support the health of all employees and a comfortable work environment. In addition, soft measures such as (1) full cost subsidies for quitting smoking*1, (2) a program to support employees who have declared they will quit smoking*2, and (3) smoking cessation classes have been implemented, and the number of smokers is gradually decreasing.

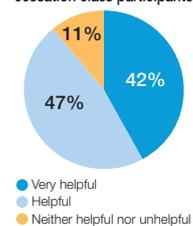
*1 Full cost subsidies for quitting smoking: The Company fully subsidizes the cost of smoking cessation medications and outpatient smoking cessation visits to reduce the financial burden of and encourage employees to quit smoking.

*2 Program to support employees who have declared they will quit smoking: A program providing support from surrounding colleagues for employees who declare they will take on the challenge of quitting smoking.

Participants in program to support employees who have declared they will quit smoking

FY	2023	2024
No. of participants	8	14
Achievement rate	87.5	93.3

Opinions from smoking cessation class participants



Helping employees build mental health

Based on guidelines for four types of mental health care, we promote mental health in cooperation with occupational health staff and the Human Resources Division. In response to the recent increase in the number of employees with mental health problems, the number of public health nurses was increased in FY2024 to create an environment in which employees can more easily seek advice.

We have positioned the improvement of the workplace environment as a key issue, and are working to improve the environment by utilizing the results of stress checks to identify issues at each workplace. In addition, we have provided lectures on themes such as mindfulness by outside instructors to improve self-care skills, receiving high evaluations from about 90% of the participants. Going forward, we will continue and strengthen our efforts to support mental health, aiming to create a workplace where employees can work with peace of mind.

Initiatives for women's health

To build greater understanding of women's health issues, we hold seminars for skilled workers and develop educational tools internally, which are viewed by approximately 90% of employees. In addition, through the FUTABA Pink Ribbon Movement, we hold events to raise awareness of the importance of early detection of breast cancer, among other concerns. The FUTABA Pink Ribbon Movement raises awareness of the importance of early detection, diagnosis, and treatment of breast cancer. In these events, we have not only raised cancer screening awareness, but also conducted hands-on health workshops such as vascular age and bone density measurements that were open to all genders.

Education system regarding health

We have an education system in place to raise health awareness among employees, including mental health courses in training conducted on promotions and self-care education in new employee training.

In addition, we have introduced a system that allows all employees, including temporary employees, to view a three-minute video with content related to health and safety. The content is used for ongoing health education as offers effective learning in a short period of time.

Human rights initiatives Personnel system reform

Basic approach

In order to realize a sustainable society, the Futaba Group recognizes that it is important to respect the human rights of all people involved in business activities, including employees. In accordance with the United Nations Guiding Principles on Business and Human Rights, we will thoroughly comply with the laws and regulations of each country and region in which we conduct business activities. In the unlikely event that an adverse effect on human rights is directly caused or an indirect effect becomes apparent, we will take appropriate measures to rectify or remedy the situation.

Futaba has established the Futaba Group Human Rights Policy as its highest policy regarding human rights. Based on these guidelines, we will promote management that further respects human rights in each country and region where we conduct business activities.

View the Futaba Group Human Rights Policy from the following website: https://www.futabasangyo.com/en/csr/society/human_rights/

Promotion system

We work with relevant internal organizations such as the Corporate Planning Center and the Purchasing Center to disseminate information within and outside the company. In addition, we report the progress of initiatives related to human rights to members of the Board of Directors at the end of each fiscal year.

Human rights due diligence

With the aim of respecting human rights on a global scale, we have selected the following four priority action themes for human rights compliance and have conducted surveys and field investigations at Group companies in Japan and overseas. Although our surveys have not identified any human rights issues with apparent impacts that should be addressed immediately, we will continue to identify potential risks. In addition, in FY2024, we began holding human rights seminars for suppliers and face-to-face communication and exchange of opinions with some of our suppliers.

Four priority action themes (1) Prohibition of discrimination, respect and inclusiveness of diversity (2) Prohibition of harassment (3) Prohibition of illegal immigrant labor and forced labor (4) Prohibition of child labor

Prevention of harassment

We designate December of each year as Harassment Prevention Month, in order to deepen understanding of harassment and prevent harassment before it happens. In addition to sending out a message from the President regarding the prevention of harassment and placing awareness posters, in FY2024 we conducted VR (virtual reality) education for managers to simulate harassment. Going forward, we will continue our efforts to eradicate harassment.

Promotion of work-life balance

Personnel system reform

Basic approach

At Futaba, we are working to create a workplace in which every employee can continue to work with peace of mind and longevity, in good mental and physical health. By supporting flexible work styles according to one's own life stage, we have created an environment where each individual can realize their fullest potential while feeling a sense of job satisfaction.

Status of total working hours

The target (company-wide average) for total annual working hours in FY2025 has been set at 1,950 hours (20 days of annual paid leave per year and less than 20 hours of overtime work per month), and efforts are made to promote the use of annual paid leave and to reduce overtime work. To reduce total working hours, we will review our business processes and promote operational efficiency by utilizing DX and AI tools.

Average number of days taken as paid annual leave (union members on a non-consolidated basis)

FY	2020	2021	2022	2023	2024
Days	17.9	19.4	18.6	18.5	18.4

Average number of overtime hours per month (union members on a non-consolidated basis)

FY	2020	2021	2022	2023	2024
Days	20.4	21.4	19.3	21.2	21.3

Support for balancing work and childcare

Flexible work and leave systems are in place to allow employees to choose the way of working that best suits their lifestyles during their parenting years.

In addition to enhancing these systems, we are also implementing activities to build understanding among managers, creating a workplace where it is easier to gain the understanding and cooperation of those around them. We will promote the development of a comfortable working environment for employees in the parenting years, regardless of gender, and aim to increase the ratio of male employees taking childcare leave to 85% by FY2030.

Main measures to support childcare

*Underlined portions indicate systems that exceed statutory requirements.

- **Childcare leave** (until the child reaches two years of age)
- **Shorter working hours for childcare/Shortened flexible working hours for childcare** (until the child has completed the sixth grade of elementary school)
- **Restrictions on overtime and late-night work** (until the child enters elementary school)
- **Child nursing leave** (until the child has completed the sixth grade of elementary school; five days per year; maximum of 10 days)
- **Child school event leave** (until the child has completed the third grade of high school; three days per year; maximum of six days)

Rates of taking childcare leave (union members on a non-consolidated basis)

FY	2020	2021	2022	2023	2024
Male	6%	11%	35%	66%	71%
Female	86%	95%	121%	79%	125%

*The percentages may exceed 100% because female employees and/or spouses of employees who had given birth in a prior fiscal year took childcare leave during the current fiscal year. In FY2023, 100% of female employees who gave birth in that fiscal year took childcare leave. However, if a woman gave birth at the end of FY2023, she would be counted as a person who took childcare leave in FY2024. Therefore, the percentage of women who took childcare leave was below 100%.

Improving employee engagement

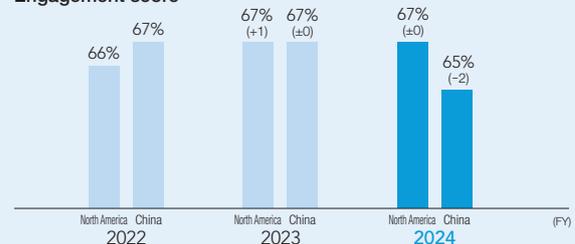
Group companies in North America and China conduct a shared engagement survey to measure the results of various personnel policies. This marks the third year in FY2024, with 2,224 respondents in North America and 1,218 in China. The response rate has been improving year by year (FY2023: 81%, FY2024: 89%). In North America, four out of five sites improved their scores by steadily implementing measures (such as improving work-life balance and establishing clinics within sites) in line with the issues faced by each site. In April 2025, one more company has appointed a national staff member (locally hired employee) as President of a local subsidiary, which will further promote management aligned with employee values and improve engagement throughout the North American region. Though scores declined slightly in China for FY2024, but this can be partly attributed to the market being in a transitional period, including a rapid shift to electrification. However, there are some positive signs in the business, such as orders for parts production from a new customer in China. Going forward, we will share business strategies with our employees and work with them to create a vision for the future, thereby increasing their engagement.

In Japan, employee job satisfaction is considered to be closely related to corporate performance, and we have been conducting our own survey of all non-consolidated employees since FY2023, including questions on engagement (sense of belonging to the organization) and work engagement (motivation related to work), with the aim of improving employee job satisfaction. The Work Engagement score, which indicates job satisfaction, increased from 2.7 in FY2023 to 2.8 in FY2024. We believe that one factor in this improvement is our work to revitalize the organizational culture (color unification of lanyards, encouraging the use of "san (honorific suffix)" instead of job titles, and training with original educational videos on psychological safety).

In FY2024, in addition to accelerating the penetration of DEI, based on our analysis of the diversity of issues faced by each workplace, we promoted measures to improve job satisfaction tailored to each current situation at each center.

In FY2025, we will further deepen these efforts and introduce the Work Engagement score as a management indicator common to the Group in Japan and overseas in order to enhance the job satisfaction of all employees, regardless of country or region.

Engagement score*



*Proportion of employees who responded positively to engagement indices.



The Company's original awareness-raising video

Initiatives to help every employee play an active role for corporate sustainable growth Human resources management reform Personnel system reform

Basic approach

In light of environmental changes such as the diversification of work styles and the decline in the working-age population, the Futaba Group has adopted the concept of every employee playing an active role as an important management strategy, and is promoting DEI as an initiative in this area. In accordance with our DEI Statement, we will actively strive to further expand and improve our systems and change the mindset of employees as we aim for the “every employee plays an active role” in which each individual can leverage his or her strengths and feel motivated as they challenge themselves and actively participate.

Diversity, Equity & Inclusion (DEI) Statement

- We will value differences among individuals in gender, age, race, nationality, disability, sexual orientation, religion and belief, values, workstyle, lifestyle, background, and others, and consider their diversity the driving force for new value creation and growth.
- By offering support and consideration tailored to the individual, we provide everyone with a fair opportunity to challenge themselves.
- We will strive to create work environments in which employees respect and appreciate each other’s personality and mutually enhance one another, thereby enabling teams to produce best outcomes.
- As a global *monozukuri* company with leading technologies, we will offer solid value in terms of the clean & green, safety, and quality of life to more people around the world through our diverse people that enhance their creativity and ability to take action and that take initiative.

Initiatives to revitalize the organizational culture

We believe that an environment in which diverse human resources are respected, fairly supported, and can work in their own way with peace of mind is indispensable for realizing a state where every employee plays an active role. Based on this DEI concept, the following efforts are being made to revitalize the organizational culture.

• **Promotion of DEI**

In FY2024, as in FY2023, we continued to flatten our organization by advancing the hot-desking system for offices as a measure to promote awareness of D (diversity) and I (inclusion). In addition, unconscious bias training and diversity management training were newly conducted for managers. We transformed managers’ mindsets toward a more open workplace culture and provided them with the opportunity to change their behavior. In addition, we have enhanced our benefit systems by granting a certain number of points (subsidies) to employees for the cafeteria plan introduced from the viewpoint of E (equity), and employees can select and use the subsidies they wish to receive from the cafeteria plan menu.

• **Improvement of employee initiative**

In FY2024, we carried out Responsibility Mindset Training*. The aim of this training is to increase the number of employees who have a proactive mindset, thinking and acting on what they can do to achieve their goals, breaking away from an attitude of maintaining the status quo and blaming others.

We will continue this training program in FY2025 to promote a change in individual mindsets and foster an organizational culture in which each individual maintains a sense of responsibility.

*The training company responsible for this program was Achievement HR Solutions Corp.



Training with a helium ring

• **Creating workplaces with high psychological safety**

In FY2024, we conducted activities for creating a model workplace with high psychological safety at the Mutsumi Plant. Many employees were inspired to take ownership of psychological safety, and with program benefits mainly manifesting at the line manager level. Due to strong demand from participating workplaces, the program has been extended from its initial six months and is ongoing. Based on these results, we will expand the number of target workplaces in FY2025 and further promote the revitalization of the organizational climate.



Group training on psychological safety



Activities for creating workplaces with high psychological safety

• **Grassroots Activities**

In FY2024, we conducted face-to-face interviews with 153 employees, regardless of job type, about their actual workplace conditions with the aim of improving employee job satisfaction.

Within these interviews, there was significant feedback about career development, and our analysis showed a correlation with work engagement. Therefore, career development was identified as a priority issue, and we are working to enhance career dialogue and vitalize job rotations as priority action items in our FY2025 corporate policy.

As each individual considers their own career, their manager will work with them on a one-on-one basis to achieve optimal placement in the right position, leading to the employee’s growth.

Diversity diary **Going for “Nice Try:” One year since the Diversity Promotion Section was established**

Yuki Kamiya Manager, Diversity Promotion Section, Global Human Resources Division

Our six-member section was launched in FY2024 under the DEI banner as a unit dedicated to organizational culture reform. Its mission is to create a company that embraces and leverages diverse perspectives and that all employees can be proud of. Our mottoes are to always try, and to see our tasks through. The Company’s human resources strategy, where every employee plays an active role, consists of three pillars: each person’s strengths, job satisfaction, and taking on challenges. Among these, in FY2024 we started activities focusing on job satisfaction. Since desk work wasn’t going to tell us what makes employees feel job satisfaction, we engaged employees in creating videos and visited plants to hear their feedback first-hand. We have taken a number of steps, such as collaborations based on employee survey results and with the Grassroots Activities mentioned above to develop career-related measures. At this point, one year since we began, I cannot yet say that we have improved job satisfaction. However, there are slight signs of change in personnel data and survey results. If we don’t see our task through, we can’t know if we are failing. Each and every day, our entire team is working to make sure that, even if we fail, we can encourage each other with a “Nice try!”

Female empowerment initiatives

In recognition of the results of our efforts to develop a system and environment that allows female employees to work flexibly after life events, we received “Kurumin” certification as a company supporting childcare by the Ministry of Health, Labour and Welfare in May 2024. In January 2025, we received the Family Friendly Company Award from Aichi Prefecture as a company that is implementing excellent initiatives that serve as a model for others.

Going forward, we will continue to strive to achieve KPIs such as the percentage of female managers, recruitment target for new graduates, and rate of male employees taking childcare leave to further empower female employees, as well as to create a workplace environment in which everyone can feel job satisfaction in their work.



• Initiatives for promoting female employees to managers

We are promoting the systematic training and promotion of female employees to management positions, with the goal of achieving a percentage of female managers of 5% or more by 2030. Since the current management positions are disproportionately located in the Head Office divisions and female employees have few role models close to them, backup for their development needs to be provided from a company-wide perspective. To address this issue, in FY2024, we worked to create a company-wide integrated development system to achieve our goals. This included participation in external seminars to encourage interaction with female management candidates at other companies, creation of individual career plans for each center to provide opportunities and development for women, and sharing of career and development plans at the Human Resources Strategy Committee.

Percentage of female managers (non-consolidated)

FY	2021	2022	2023	2024	2025 Target
Ratio	0.9%	1.1%	1.3%	1.8%	3.0%

Percentage of new female graduates (on career track; non-consolidated)

FY	2021	2022	2023	2024	2025 Target
Ratio	11.9%	12.5%	19.4%	20.0%	20.0%

• Initiatives to create a fulfilling working environment and enhance employee development

In FY2024, we launched Will Cafe, a roundtable discussion to share concerns about career development and work-life balance. The purpose of this meeting is to discover new ways of working through role models and to deepen connections among employees. This meeting was a valuable opportunity to exchange views on actions to empower female employees. In January 2025, we invited Managing Director Ord and Deputy Managing Director Garvey from FMUK, our European Group company, to share their ideas and innovations on work-life balance in Europe. In FY2025, this initiative will be expanded to all employees, regardless of gender or job type, and based on feedback obtained through the Cafe, we will consider and promote measures.



A conversation at Will Cafe

• Initiatives to eliminate the gender pay gap

If the pay level of male employees at Futaba were set at 100, then the pay level of female employees would be 72. Although we use the same pay structure for men and women, a gender pay gap does exist due to differences such as staff composition, types of occupation, rank, and ways of working. In particular, the fact that the percentage of female managers is lower than that of men is the main factor behind the pay gap between men and women. In order to increase the percentage of female managers, each employee and their supervisor review their individual career plans according to their life stage every year, and systematically advance their careers to become managers.

Recruitment initiatives

To hire diverse people on a global basis regardless of gender, nationality, age, or other attributes, we provide interviewer training so that applicants are assessed from fair, equal, and objective perspectives. Regarding the recruitment of new graduates, we are strengthening recruitment in the fields of agriculture, science, and engineering, and actively providing employment support, etc. in cooperation with local chambers of commerce. With regard to mid-career hiring, we actively conduct referral hiring and communication to various media outlets to acquire diverse personnel who bring new knowledge, values, and ideas to the Company.

Percentage of mid-career hires (non-consolidated)

FY	2020	2021	2022	2023	2024
Ratio	23.1%	27.1%	26.3%	27.5%	41.1%

Percentage of temporary workers becoming regular employees (non-consolidated)

FY	2020	2021	2022	2023	2024
Ratio	76.7%	73.0%	95.2%	73.3%	88.2%

Initiatives for reemployment after mandatory retirement

Futaba has a system for rehiring employees after their mandatory retirement to offer them an opportunity to work and pass on their technical capabilities and skills to the next generation. In compliance with laws and regulations, we rehire all those who wish to be re-employed. We reviewed the system to treat rehired employees according to their roles so that they can find their jobs fulfilling after their mandatory retirement, with a view to Japan's declining workforce due to the aging population and lower birth rate. We are also promoting other initiatives, such as holding seminars that teach employees how to build assets at life milestones and health seminars that teach them how to stay healthy, providing physical fitness testing in order to raise awareness of career building and staying healthy during years of service before retirement and to encourage employees to work in better condition for many years to come. Another is establishing universal lines (low-workload production lines) for elderly and female employees to work in an easier way.

Number of rehired employees over time (non-consolidated)

FY	2020	2021	2022	2023	2024
Number of rehired employees	138	131	168	186	197

*The number of rehired employees is the number of people affiliated with Futaba aged 60 to 65 at the end of each fiscal year



Manual dexterity test

Initiatives for hiring people with disabilities

Futaba works proactively to hire people with disabilities in support of their independence and participation in society. With an employment rate of 2.79% in FY2024, we continue to exceed the statutory requirement of 2.5%.

We provide training programs to improve understanding at the workplaces that people with disabilities will belong to, and they have an interview with the Human Resources Division on an individual basis, in order to improve their work environments.



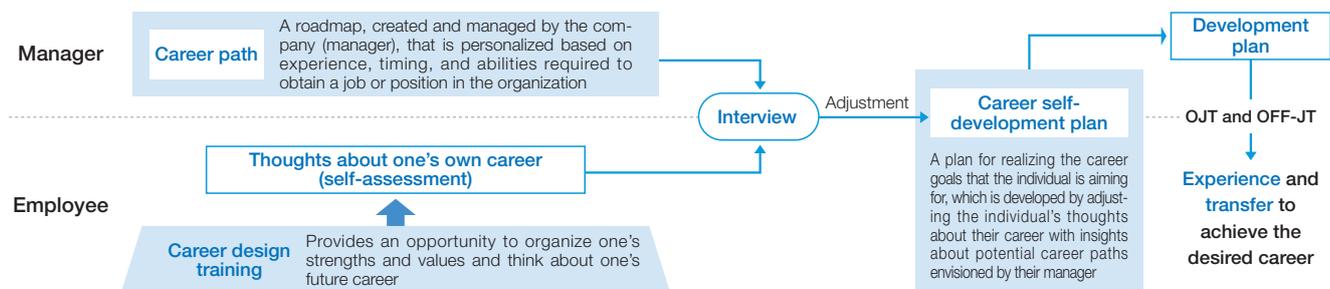
Workplace environment for people with disabilities

Human resources development Human resources management reform

Basic approach

Futaba's human resources development policy is to "continue providing the framework and opportunities for education that will fulfill the human resources management strategy." To this end, we are continuing to implement the human resources development cycle (setting targets and giving roles; demonstrating capabilities and results; evaluations and feedback), and in order to support it, we hold OJT and OFF-JT sessions (various training programs) and training rotations (work transfers). We have defined the skills and capabilities required at each job level and are strengthening education measures to acquire these abilities. In FY2024, among the various measures to be enhanced, particular emphasis was placed on the career achievement mechanism, with managers formulating career paths based on their subordinates' career self-assessment and establishing a foundation for planned on-the-job training. In addition, we provided career design training to young employees to give them an opportunity to organize their own aspirations.

Career achievement mechanism to achieve every employee playing an active role



Please see our website for our training system (non-consolidated). https://www.futabasangyo.com/en/csr/society/human_resources/

Amount of investment in education based on the training system *Excluding individual training at workplaces for clerical and skilled workers

FY	2020	2021	2022	2023	2024
Amount of investment in education (million yen)	138	136	148	231	373

Definition of human resources necessary to achieve strategies

- Management human resources:** Human resources with time, geographic, and objective vision to realize management and business strategies
- Global human resources:** Human resources who can formulate and complete their own goals to solve the Futaba Group's issues and deploy best practices globally
- Human resources with digital skills:** Human resources who harness digital data to transform the ways they work and change operational processes
- Human resources for *monozukuri*:** Human resources who can utilize core technologies (forming and welding), create added value, and contribute to society through *monozukuri*

Advancing development of human resources with global mind

We are actively assigning young executives to be heads of global sites or equivalent global posts, and through their management experience, we are promoting the development of human resources who can play an active role both in Japan and overseas. In April 2025, we newly established the India Business Center, which will be responsible for business expansion in the fast-growing Indian market, while at the same time further accelerating the development of human resources with a global perspective. We deploy Head Office measures to global sites and provide opportunities for directly interacting with local feedback in the process of implementing the PDCA cycle. By doing so, we expect young employees to develop an international mindset from an early stage. At each of our global sites, we are actively promoting the appointment of national staff to senior management positions, establishing localized management, and building an autonomous management structure.

Developing human resources through active rotation and appropriately allocating human resources

To achieve job satisfaction and individual growth as stated in the medium-term management plan announced in May 2025, we are focusing on the following four points: (1) transfers based on career plans, (2) providing opportunities to utilize expertise, (3) fair promotions based on multifaceted evaluation, and (4) clarifying the kind of professionals to develop and supporting gradual growth to become these. Regarding transfers, the number of managers transferred annually has approximately doubled compared to five years ago, part of stimulating a vitalized organization. On the other hand, for younger employees, we are working to place the right person in the right job, taking into account work engagement and career paths for each individual through dialogue with their managers.

Developing management human resources

Until now, management education has focused on acquiring management techniques to efficiently produce results. However, an increasing number of employees have voiced concerns about their managers' communication in our annual internal survey, including a desire for more authentic communication of policies and ideas in the managers' own words. To meet this expectation, we created and developed an educational video to encourage managers to uniquely express their ideas in their own words and to encourage dialogue with their subordinates. We have also launched Management Statements formulated by each manager, from Center Chiefs to managers, based on our new management system. Utilizing these statements in operations encourages workplace management from a broad perspective through activities in which each manager carefully communicates the organizational vision and medium- to long-term goals that they have formulated to subordinates. We will continue to review and improve these measures on an ongoing basis to develop management human resources in line with the times.

Strengthening the development of global human resources

We are implementing the following measures to nurture as many employees as possible who embody our Values (Better Forever All Together) (see page 79), who always think globally, build deep relationships of trust with members of global sites, consistently take on challenges, and act with personal growth and the growth of the team in mind.

• Providing learning opportunities to strengthen language abilities

We support employees' proactive learning by enhancing self-development content according to their level and reviewing the cost assistance system. For younger employees, we have expanded practical training (role-plays with local staff, etc.) that simulates overseas assignments and pre-deployment language training for the overseas trainee program. Furthermore, for managers, we remove them from work duties completely to provide intensive English-language training prior to overseas assignments, cultivating human resources who can be immediately effective in the local market.

• Overseas trainee system

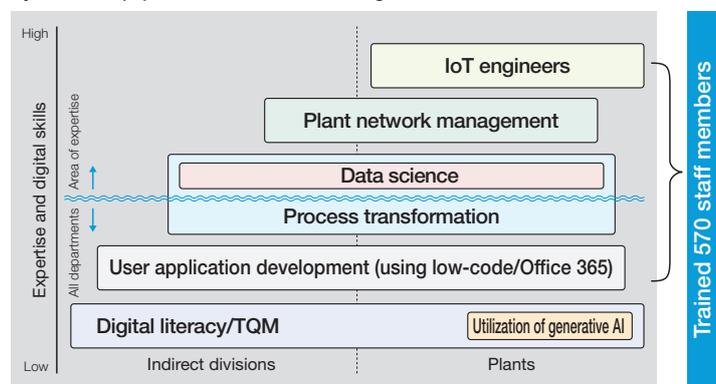
To develop future global leaders, we provide young employees with opportunities to play active roles on a global scale. We are enhancing this system each year by expanding the number of eligible employees and allowing family members to accompany them. Our systematic human resources development is steadily producing positive results, as evidenced by the fact that three employees who have experienced this program have gained further experience after returning to Japan and have been reassigned to global sites. In addition, in FY2023, we started dispatching national staff from global sites to Japan for training. We encourage two-way personnel exchange and growth by having them apply the experience of learning about our operations and philosophy at our Head Office in Japan to their home countries after the exchange.

Developing human resources to equip them with digital skills

By utilizing both TQM and digital technologies, we aim to cultivate human resources with digital skills to become a company where all employees are capable of harnessing digital data and speedily transform the ways they work and change operational processes.

In order to promote the planning of cross-divisional issues and make practical use of digital technologies, particularly generative AI, we conduct accompanying theme-based practical education with the cooperation of external experts. Our goal was to train 570 personnel in FY2025, and we had trained 613 by the end of FY2024, achieving our goal.

System to equip human resources with digital skills

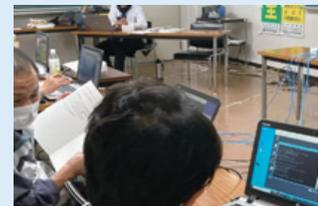


Practical education content with outside DX experts

- Hands-on learning of user application development on the theme of issues in one's own department
- Planning and implementation of education and digitalization programs aimed at process transformation
- Specific proposals of how to utilize generative AI in work by experts, prompt input training
- Hands-on training of plant network managers through system introduction
- Hands-on education for data scientists using data analysis tools



Education regarding utilization of generative AI



Plant network management

Developing human resources for *monozukuri*

While placing priority on safety and quality, we are working tirelessly to improve and standardize processes and introduce the latest production technologies. This will enable us to expand the area of each worker's responsibility (multi-skilling) and attempt to balance measures to cope with the declining birthrate and aging population against improvements to productivity. With the aim of strengthening individuals and organizations*, we will continue to strengthen hands-on education with actual equipment on site.

*Strengthening of individuals and organizations:

Individuals: Creating a skills map commensurate with each employee, and systematically upskilling through interviews and confirmation with superiors and subordinates. Organizations: Strengthening organizations by cultivating team leaders, group leaders, assistant managers, managers, general managers, and plant managers who are capable of executing the five major tasks (safety, quality, cost, productivity, and human resource cultivation).

• Introduction of a video education program to deepen understanding of our personnel system

A new video-based education program has been introduced to help employees better understand our personnel system and proactively engage in their own career development. The program provides video content that explains the system's outline, evaluation criteria, and promotion requirements in an easy-to-understand manner, developing human resources with a deeper understanding of our personnel system through visual learning unbound by time restrictions.



Video education

• Introduction of a specialist system in the skilled workplace

A new personnel system to support each employee's self-motivated learning and growth was fully introduced in January 2025. This system sets the acquisition of advanced national certifications and the achievement of certain standards in job performance evaluation as conditions for promotion. In this way, we aim to promote the development of human resources with highly specialized skills and foster a culture in which employees can proactively develop their careers.

	Manager	Specialist
Professional qualifications	Position	
Assistant Manager grade	Assistant Manager	—
Group Leader grade	Group Leader	Technical Expert
Team Leader grade	Team Leader	Expert

Workplace organization chart for introducing a specialist system

Social and Relationship Capital

The Futaba Group’s suppliers are important and equal partners for its *monozukuri*. More than ever, the environment surrounding us demands socially and environmentally conscious manufacturing, including carbon neutrality throughout the supply chain, climate change, human rights, and other issues. To date, we have maintained collaborative activities with our suppliers to achieve the level demanded by our customers and society. Going forward, we will continue to strive to improve our competitiveness based on more on-site, hands-on activities.

On the other hand, we deeply regret that our subsidiary Futaba Kyusyu received a warning for violation of the Subcontract Act. This may have been due to rules that made it challenging for suppliers to operate, lack of internal training, and other factors. To this end, we will review the rules, conduct training on the Subcontract Act, and improve our internal systems to thoroughly prevent recurrence throughout the Group. We will promote internal reforms to once again ensure that all employees involved with our suppliers have a thorough understanding of the law and compliance, so that we can be recognized as a true partner.



Mamoru Sukigara
Center Chief,
Purchasing Center

Establishment of a sustainable supply chain

Basic approach

The Futaba Group has established the basic purchasing policies to manufacture parts that satisfy our important customers.

1 Optimum purchasing based on openness and fairness	2 Strategic purchasing in global and SDGs aspect	3 Long-term continuous business built upon mutual trust
We select suppliers by making clear our expectations on safety, quality, delivery time, cost, technology, SE ability, SDGs activities, and information security, and properly assess their achievements and other outcome.	To adapt to customers’ <i>monozukuri</i> , new technologies, and new production methods, we proactively cooperate with local suppliers to strengthen our purchasing base and contribute to the regional community.	Under the premises that the transactions will be a long-term transaction, we will aim to achieve mutual prosperity and increased competitiveness of the entire supply chain through interactive communication and support.

Sustainability initiatives across the entire supply chain

• Supplier Sustainability Guidelines/Green Purchasing Guidelines

With the aim of making business operations sustainable, we formulated the Supplier Sustainability Guidelines and Green Purchasing Guidelines, thereby stating our expectations toward our suppliers and incorporating them into our master transaction agreements and acting accordingly.

The Supplier Sustainability Guidelines were formulated under the belief of the necessity of working across the entire supply chain to promote issues and ideas from diverse perspectives, such as prohibitions on illegal immigration, child labor, and forced/excessive labor, the protection of human rights and the concept of equality, mutual dialogue with employees, prohibitions on harassment, diversity & inclusion, prioritizing a safe and healthy working environment, initiatives to improve skills and capabilities, fostering a corporate culture that develops personnel, and more.

As for the Green Purchasing Guidelines, in accordance with the Futaba Group Environmental Charter and Environmental Policy, the Group is promoting initiatives related to compliance with laws and regulations, management of chemical substances, reduction of CO₂ emissions, efficient use of resources, impacts on the water environment, and the creation of a society in harmony with nature, in order to realize an environmentally friendly and sustainable supply chain.

• Response to carbon neutrality

The Group shares its plans for the medium- and long-term reduction of CO₂ emissions with its suppliers, aiming to realize a decarbonized society throughout the entire supply chain. In our activities for FY2025, we have set a new target of reducing CO₂ emissions (Scope 1 and 2) by 50% or more compared to FY2019 by FY2030, aligning our suppliers’ targets with the Futaba Group’s overall target. (Previous target: 27% reduction vs. FY2021)

In FY2024, we will invite major suppliers to participate in our production division meetings (production on-site improvement confirmation meetings) to see our activities first-hand in the field, and to present high-quality initiatives at each company to mutually stimulate activities. We are also working to enhance efforts overall by sharing examples of our own initiatives, as well as the good practices contributed by suppliers online.

At the Carbon Neutral Study Group organized by the Suppliers Cooperative, we created opportunities for mutual study with our suppliers through explanations of the latest activities of the Futaba Group, including case studies of the introduction of solar power generation, and study sessions with outside lecturers.

• Respect for human rights and responsible mineral purchasing (conflict minerals)

In order to carry out business activities respecting human rights based on the Futaba Group Human Rights Policy, we are continuously demanding that major Futaba suppliers periodically conduct self-assessments and redress issues. We have entered into memorandums of understanding with all 434 of our purchasing-related suppliers to confirm their endorsement of this policy and to promote respect for workers’ rights. We also recognize that responsible purchasing of mineral resources and raw materials is an important issue across the supply chain, and we regularly conduct global surveys on the use of conflict minerals and extended minerals.

For our basic policy and details of each guideline, please visit our website. <https://www.futabasangyo.com/en/csr/society/supply/>

Establishment of trust with suppliers

We hold purchasing policy briefings to explain our annual policies, initiatives, and future direction. We also use these in the aims of deepening mutual understanding and building long-term relationships of trust by sharing specific activities and targets for safety, quality assurance, stable supply, cost management, etc. for each supplier through expected activities. In addition, we honor and commend our suppliers for their outstanding results.



Purchasing policy briefing

• Communication activities

Since FY2023, we have designated March and September of each year as months for price negotiations, and have been engaged in individual communication activities regarding the labor environment and logistics issues, which are changing rapidly, and promoting initiatives to help suppliers solve their problems. In FY2024, we particularly focused on price shifting of labor costs as a key issue, and promoted initiatives tailored to the individual situations of suppliers.

• Activities to strengthen collaboration and competitiveness through expansion of internal activities

We are endeavoring to strengthen competitiveness throughout the supply chain by enlisting suppliers' participation in our internal quality control activity confirmation meetings and production division meetings. In addition, we are carrying out safety and quality experience education, information security seminars, and health management seminars, and we will continue to expand these collaborations going forward.

For fair and honest purchasing activities

• Rigorous compliance

To strengthen the compliance of the entire Group, a company-wide, cross-functional structure was established to inspect the status of compliance with relevant laws and regulations, particularly the Subcontract Act, and to rebuild a system to prevent violations of laws and regulations. In addition, as part of efforts to strengthen governance, the audit and legal divisions will continuously monitor the status of the Company and its subsidiaries.

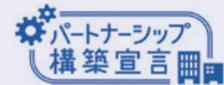
• Education about the Subcontract Act, etc.

In March 2025, education using specific case studies was provided to a wide range of employees, including those in the production and purchasing divisions, to deepen their understanding. We will continue to provide all employees involved in purchasing operations with education on compliance with various laws and regulations, including the Subcontract Act, and on the basic approach and knowledge required for purchasing operations, so that each employee can respect suppliers as a partner and carry out fair and honest purchasing activities.



Group education on the Subcontract Act

Futaba endorses the objectives of the Council on Promoting Partnership Building for Cultivating the Future, in which the Cabinet Office and Ministry of Economy, Trade and Industry participate. On April 22, 2022, we officially proclaimed our Declaration of Partnership Building.



Contributions to and coexistence with local communities

To become a company that is widely supported and loved by the local community by fulfilling the role of good corporate citizen through business and social activities, Futaba focuses its activities on the three key global areas - environmental protection, community activity, and people development (youth development and community welfare) - to contribute to the local community as an organization. Futaba also supports corporate contribution activities where employees take initiative in creating sustainable society. In addition, we will proactively dispatch information regarding outcome of our social contribution activities to build trust with stakeholders.

Specific initiatives

Environmental protection/community activity Japan/Head Office

Futaba Environmental Course for employee families was held at Okazaki-shi Hotaru (firefly) School. Participants learned about biodiversity and ecosystems, with a focus on the ecology of fireflies, through an in-class lecture and a field study of living things at the river.



Study of living things in a river

People development Czech Republic/FCZ

FCZ continues to support the Mongolian community and sports clubs with the aim of supporting the many Mongolian employees at FCZ and promoting mutual understanding between the two countries.



Sports competition organized by the Embassy of Mongolia

People development/community activity Japan/Head Office

Our engineers visited a local elementary school to hold Science and *Monozukuri* Course (on sound, heat, electricity and energy). Lectures and experiments were conducted with the aim of introducing children to the fun and importance of *monozukuri*.



Students at a presentation on sound

People development China/Tianjin Futaba

We donated desks, chairs, bedding, and other items to elementary schools in Hebei Province to improve the learning and living environment for children from low-income families. We also visited an elementary school and interacted with the children.



Interaction with children from low-income families

Natural Capital

Environmentally conscious manufacturing is essential for the continuation of our business activities. In light of the impact of global warming and climate change, which have become more serious in recent years, we believe that carbon-neutral activities, the effective use of resources, and the reduction of environmental impacts will lead to the establishment of a society in harmony with nature and contribute to biodiversity.

Going forward, the Futaba Group will continue to make concerted efforts to protect the global environment. And, through each initiative, we will contribute to the realization of a circular economy.

See page 36 for more information about coexistence with nature.



Tateo Kawabuchi
Center Chief,
Production Center

FY2024 Results

CO₂ emissions (non-consolidated)
29.7% reduction (vs. FY2019)

Amount of steel used (including domestic Group companies)
3.0% reduction (vs. FY2019)

Toward a society that coexists with nature

Working with biodiversity

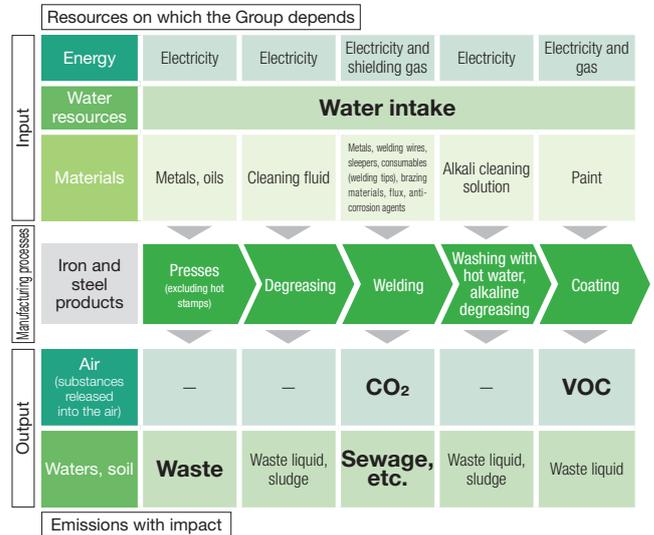
We believe that setting global targets and promoting reduction activities by identifying water intake as a resource on which our business activities depend and CO₂, waste, and sewage as emissions that have an impact on the outside world will lead to the preservation of biodiversity.

In Okazaki-shi, where our Head Office is located, we have also entered into a partnership agreement on natural symbiosis at the Tokkawa Firefly Village with the Tokkawa Firefly Preservation Association. In cooperation with environmental conservation activities in the Tokkawa Firefly Village, since 2019, we have been conducting volunteer activities such as improvement of mountain trails and river sediment removal.



Volunteers removing river sediment

Through these activities, we will continue to enhance our work to coexist with nature in cooperation with external organizations.



“Monozukuri” considering the impact on global warming and climate change

Initiatives to reduce CO₂ emissions

Futaba aims to reduce CO₂ emissions on a non-consolidated basis by 50% or more by FY2030 (compared to FY2019), and is also newly working to reduce CO₂ emissions by an annual rate of 4.6%. Group companies in Japan and overseas are also working to reduce CO₂ emissions, based on the same targets as non-consolidated targets. In addition to continuous improvement activities and technological innovation, we will systematically make capital expenditures in energy-saving equipment and renewable energy.

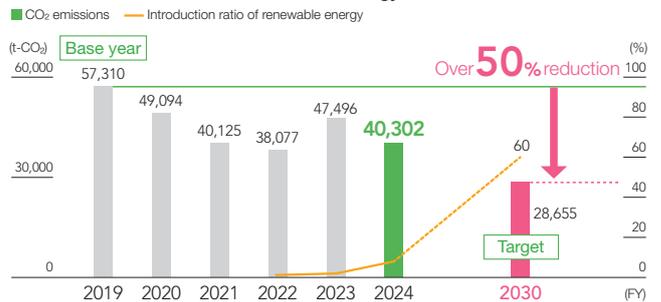
Introduction of renewable energy

As part of our efforts to reduce CO₂ emissions, we are introducing renewable energy sources at each of our global sites, primarily through the installation of solar panels. On a non-consolidated basis, our goal is to achieve a 60% renewable energy ratio by 2030.

Major introduction results and plans

Results	• 2023 Guangzhou Futaba	Installation of solar panels	2,355 thousand kWh/year
	• 2024 Kota Plant	Installation of solar panels	3,214 thousand kWh/year
	• 2025 Dongguan Futaba	CO ₂ -free electricity	1,538 thousand kWh/year
(Plan)	• 2026 Mutsumi Plant	Installation of solar panels	1,541 thousand kWh/year
	Sumi Plant	Installation of solar panels	1,466 thousand kWh/year

Actual CO₂ emissions and renewable energy ratio (non-consolidated)



Installation of solar panels at Kota Plant

Contributing to a circular economy by reducing waste, conserving resources, and promoting recycling

We are working to promote waste reduction, resource-saving, and recycling, considering the lifecycle of resources.

With respect to reducing the amount of steel used, we are making efforts to minimize material loss (scrap waste, etc.) and improve material yield.

In addition, we are working to reduce oil consumption and industrial waste output, and are striving to promote recycling by improving the level of separation of unneeded materials.

In the fuel system parts business, we are focusing on the development of products using recycled resin.

Going forward, we will be mindful of activities toward the circular economy, continuing to promote business activities toward conserving resources, eliminating waste, and strengthening recycling.

Initiatives to reduce steel usage

Improving material yield is an important activity in pursuing minimization of material needed to make one product. Each production site makes steady and repeated efforts to reduce the size of materials by millimeters. Countermeasures against root causes are also important in preventing the outflow of defective products. Therefore, we also focus globally on activities to minimize loss and waste and reduce waste within the production process.

By using non-destructive testing equipment, we reduce scraps from daily inspections and promote overall resource-saving and waste reduction.

Initiatives to reduce oil usage

To reduce the amount of fuel used for gasoline-powered forklifts, which account for nearly 70% of all oil use, we are shifting to electric forklifts and small electric vehicles. In FY2024, 88.6% of forklifts were shifted to electric ones. Going forward, we will continue to reduce the overall number of forklifts by improving distribution.

Also, to contribute to making effective use of resources through recycling, the processing oil for product processing is filtered and reused as much as possible.

Initiatives for water resources

In order to continue our business activities, we regard drought as a water resource risk, and we are promoting activities to reduce water intake globally by FY2050.

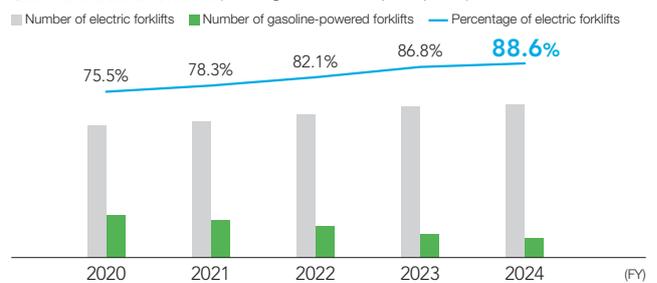
	Target
Japan segment	Over 15% reduction (vs. FY2020)
Overseas segment	Over 14% reduction (vs. FY2022)

Although there were concerns about an increase in water intake from FY2023 onward due to the recovery trend in production, water consumption has been on a decreasing trend globally, partly due to the results of reduction activities. We strive to ensure safer water quality by globally controlling and achieving discharged water standards that are at least 10% stricter than the standards in each site area.

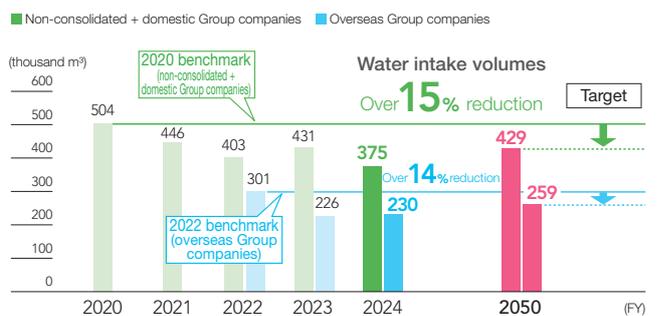
Reduction of waste within the production process (non-consolidated)



Shift to electric forklifts (including domestic Group companies)



Water intake volumes



Promotion of environmental management on a Group-wide and global basis

Risk management (ISO14001)

In FY2024, FIG (India) acquired ISO14001, completing our acquisition of this standard at all global production sites. Each of our global sites is enhancing their mindsets toward environmental protection and promoting region-specific environmental risk countermeasures.

Going forward, the Futaba Group will continue to make concerted efforts to reduce environmental impact, and to steadily take on the challenge of environmentally friendly manufacturing.

Number and proportion of ISO14001-certified production sites



Responding to climate change

Support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and information disclosure

Futaba declared its support for the TCFD recommendations in June 2022. Based on the TCFD framework, we conducted a scenario analysis, identified risks and opportunities that could impact our business activities, and incorporated countermeasures in our management strategies. We will look into the impact of the risks and opportunities on our financial results and expand and improve our activities.



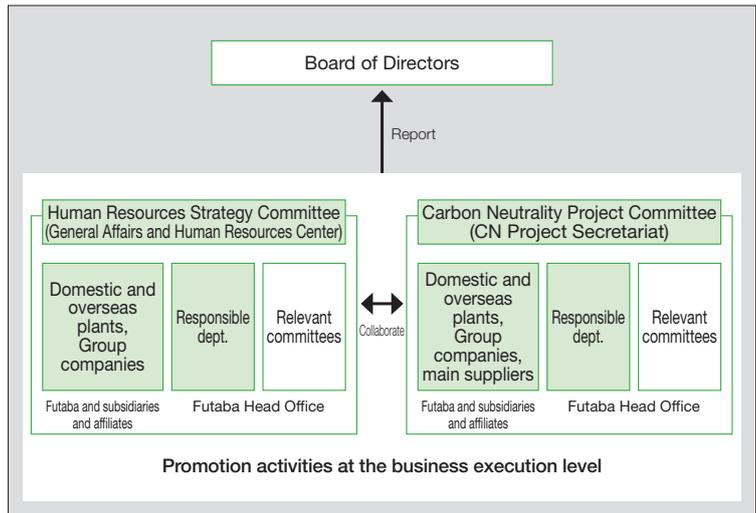
Governance

At Futaba, the CN Project Secretariat reports our management approach to climate change and the risks and opportunities associated with our business to the Board of Directors.

As one of the Company's priority issues, environmental issues including climate change are incorporated into the medium-term management plan and corporate global policy after approval by the Board of Directors, and the Company is working to achieve its goals.

The Carbon Neutrality Project Committee deliberates and establishes the Futaba Group's policies and targets, and each responsible department formulates action plans, deploys them to the Futaba Group, and manages their progress globally. In addition, we have expanded this to our suppliers in Japan, and are promoting measures throughout the supply chain. Progress is reported to the Board of Directors, while improvement activities and the reexamination of targets based on changes in the business environment and business performance are discussed by the CN Project Secretariat and each responsible department, and are reflected in the policies and targets.

Promotion system chart



Strategy

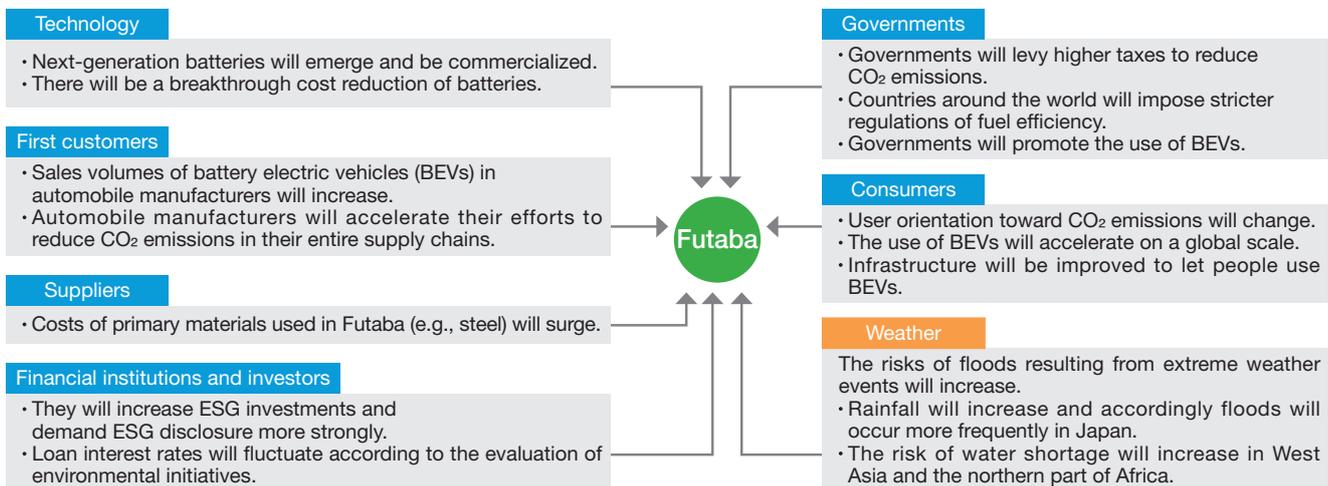
We conducted a scenario analysis to understand the risks and opportunities brought about by climate change and the impacts of them and to examine the appropriateness of a strategy predicting what the world will look like around 2030 and whether we need to implement more initiatives.

With reference to several existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC),*1 we assumed two worlds in the scenario analysis, the below 1.5°C scenario*2 and the 4°C scenario*3. The former scenario assumes the world with apparent transition impacts, and the latter scenario assumes the world with apparent physical impacts. The next page shows the landscape surrounding Futaba based on the scenarios, the risks and opportunities that could significantly impact Futaba, and measures against the risks and for the opportunities.

*1 The IPCC was created in 1988 by the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP).
 *2 Scenario assuming that countries around the world will take stricter policies and systems and that the increase in global average temperature at the end of the 21st century will be kept to 1.5°C above pre-industrial levels
 *3 Scenario assuming that countries around the world will not introduce additional policies and systems and that the global average temperature will rise 4°C or so above pre-industrial levels by the end of the 21st century

Landscape surrounding Futaba based on the scenarios

■ Events that could have significant impacts based on the 1.5°C scenario ■ Events that could have significant impacts based on the 4°C scenario



Risks and opportunities: events that could directly impact our net sales

Events		Risks and opportunities	Impact	Futaba's measures
Promotion of the use of BEVs and EVs (market)	Transition risks (1.5°C scenario)	<ul style="list-style-type: none"> Decline in net sales with decreased sales volumes of gas-engine vehicles due to imposed zero-emission vehicle (ZEV) regulations and changes in consumer preferences Increase in net sales with newly marketed products after the development of parts for BEVs 	Medium	<ul style="list-style-type: none"> Research and develop parts for BEVs and EVs See page 30 Produce more body parts, expand equipment for external sales business, and add more value to parts See pages 25-26, 31 <ul style="list-style-type: none"> Receive orders for body parts with more value to be added through the development of zones of the car body with our analytical capability Developing a new exhaust system for electrification needs See pages 29-30 <ul style="list-style-type: none"> Expand the sale of exhaust system parts to be standardized with minimum investments and number of processes Create and develop new business by leveraging exhaust gas collection and purification technology See pages 31-32
Natural disasters and extreme weather events (acute)	Physical risks (4°C scenario)	<ul style="list-style-type: none"> Decrease in net sales due to production delays and suspension caused by supply chain disruptions and sites stricken by natural disasters and extreme weather events 	—	<ul style="list-style-type: none"> Improve and operate the system for implementing the BCP, and continuously review the plan See page 70 <ul style="list-style-type: none"> Operate the Disaster Response Headquarters and other organizations

Risks and opportunities: events that could indirectly impact Futaba

Events		Risks and opportunities	Impact	Futaba's measures
Stricter CO ₂ emissions regulations (policies/laws and regulations)	Transition risks (1.5°C scenario)	<ul style="list-style-type: none"> Heavier taxes levied on companies due to new taxes on the amount of CO₂ emissions Increase in net sales with new offerings of more energy-efficient and lighter-weight products 	Low ↓ Medium	<ul style="list-style-type: none"> Take thorough measures for improvement to reduce CO₂ emissions at plants (both on a non-consolidated and consolidated basis) See pages 36, 53 Contributing to a circular economy by reducing waste, conserving resources, and promoting recycling See page 54 Develop light-weight exhaust systems, aiming to reduce CO₂ emissions See pages 29-30 Develop the processing technology of parts with cold-stamped UHTSS, which will make parts lighter-weight and help substantially reduce CO₂ emissions during processing See pages 25-26
Public esteem (reputation)		<ul style="list-style-type: none"> Decline in corporate value due to lack of responses to climate change-related information disclosure, and the impact thereof Difficulty to fundraise Drop in stock price Difficulty to secure human resources, etc. 	—	<ul style="list-style-type: none"> Enhance climate-change-related information disclosure and strengthen communication with stakeholders

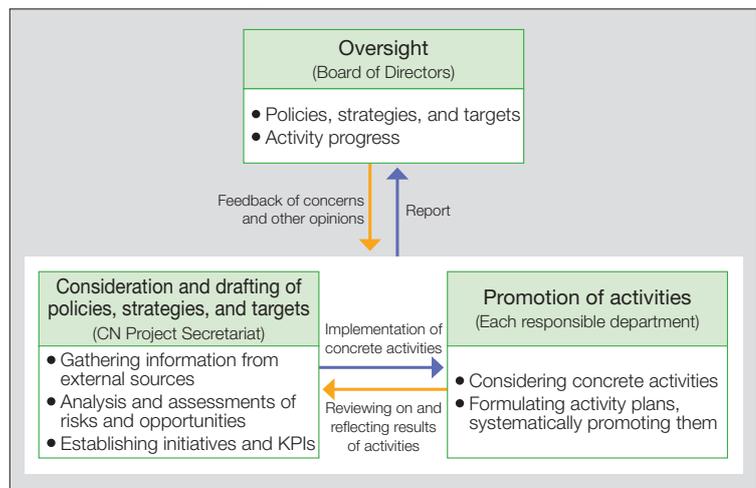
Risk management

The Futaba Group identified climate-related risks based on the following process, and assesses and manages the risks.

(How we identified risks)

- Selected high-priority social issues from both business and stakeholders' perspectives
- Had external experts review the selected social issues
- Interviewed departments involved and set a medium-to long-term target and management indicators related to social issues including climate change
- Reported to management executives at the Board of Directors

Risk assessment and management



Metrics and targets

To manage the identified risks and opportunities, Futaba has set management indicators and strives to achieve the targets.

In FY2024, in response to the release of the Sixth Assessment Report of the IPCC, we tightened the CO₂ emission reduction targets for our plants to align with the 1.5°C scenario. In addition, the date for achieving carbon neutrality for the Japan segment has been moved up five years from 2035 to 2030.

Management indicators and FY2030 targets as of May 2025

Targets for reduction of CO ₂ emissions and introduction rate of renewable energy
Futaba Group CO ₂ emissions reduction targets for plants (Scope 1 and 2) Global: Reduction of 50% or more by FY2030 compared to FY2019 (annual reduction of 4.6%) Japan segment: Accepted challenge to achieve carbon neutrality by 2030 Introduction of renewable energy Japan segment: 60% introduction in FY2030 (total electricity ratio, including credits) Suppliers CO ₂ emissions reduction targets (Scope 1 and 2) Major suppliers (127 companies) Reduction of 50% or more by FY2030 compared to FY2019 (annual reduction of 4.6%)

Management indicator results for FY2024

CO ₂ emissions and introduction rate of renewable energy
Futaba on a non-consolidated basis Plant CO ₂ emissions: 40,302 t-CO₂ (Scope 1 and 2) (–29.7% vs. FY2019) Introduction ratio of renewable energy: 6% Suppliers CO ₂ emissions: 18,586 t-CO₂ (estimate) (Scope 1 and 2) (–13.5% vs. FY2019)

Corporate Governance

Basic approach to corporate governance

In the Company's management structure, in order to practice fair and transparent corporate activities in compliance with the letter and spirit of laws and regulations in Japan and abroad, the Board of Directors, the majority of whose members are Outside Directors, supervises business execution as well as makes important management decisions, with consideration of the allocation of management resources conscious of capital costs, profitability, and growth potential.

For business execution, the President provides leadership in formulating and implementing strategic policies, while Center Chiefs and CxOs are responsible for respective functions and in charge of the smooth operation of their organizations.

Through this management structure, the Company organizationally ensures appropriate decision making and strives for sustainable growth and improvement of its corporate value over the medium- to long-term. The Company's corporate governance is based on a balance between supervision by the Board of Directors primarily from on the perspective of Outside Directors, and the capability to execute business operations through the leadership of the President.

Initiatives for strengthening corporate governance

Corporate governance is a foundation to support our sustainable growth, and we believe it essential to continue to evolve it based on social trends and needs. To strengthen our corporate governance, we have established a rule that requires at least one third of the members of the Board of Directors to be Independent Outside Directors to enable effective oversight of Executive Officers and Directors.

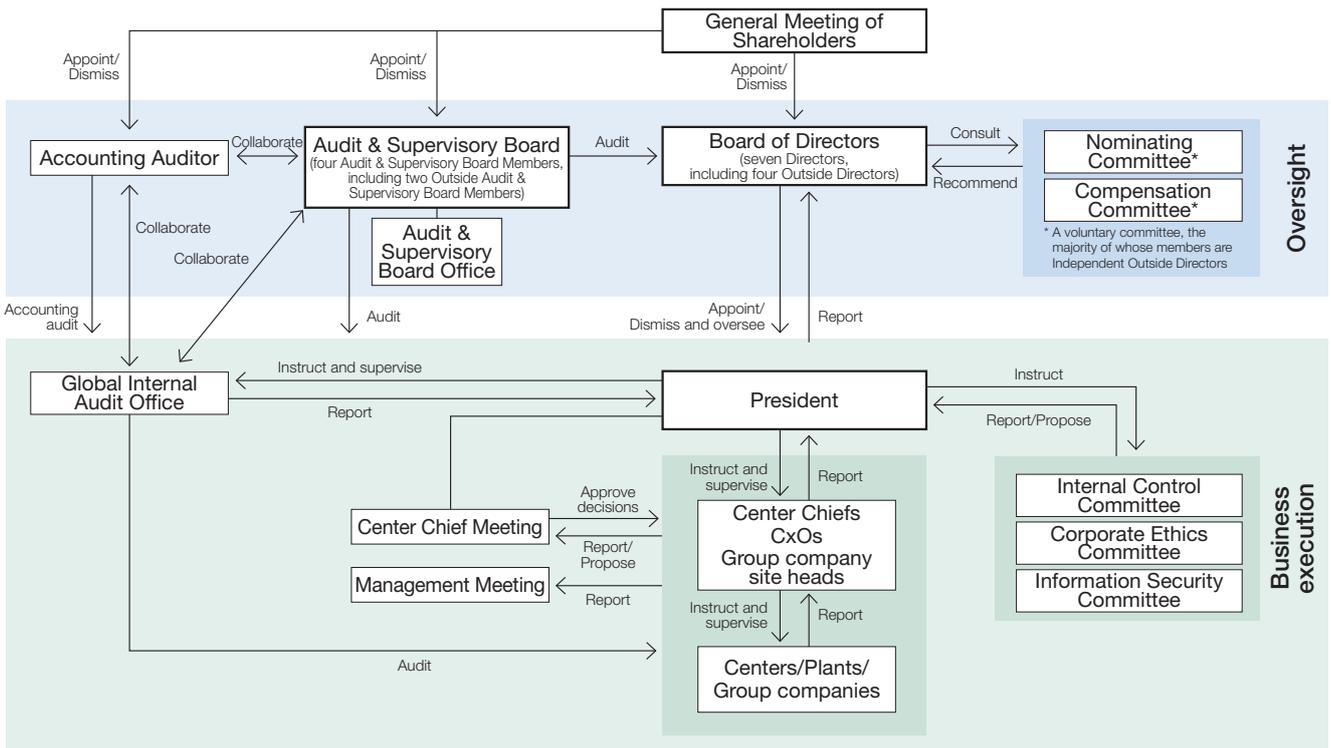
In addition, the effectiveness of the Board of Directors is evaluated annually with the assistance of a third-party organization. The status of operation of the Board of Directors as well as its issues and challenges are surveyed, and response measures are taken in the operation of the Board of Directors in the following fiscal year to achieve continuous improvement.

For details about our corporate governance, please visit our website. <https://www.futabasangyo.com/en/csr/governance/corporate/>

Promotion system of corporate governance

Our corporate governance promotion structure consists of three major functions.

1. Oversight function	Oversight of business execution by the Board of Directors, Nominating Committee and Compensation Committee, the majority of whose members are Outside Directors
2. Business execution function	The function to execute business under the leadership of the President, comprising deliberative organs to deliberate and resolve issues to be addressed by each center, such as the Center Chief Meeting, and specialized committees to address corporate issues, such as the Internal Control Committee.
3. Auditing function	Audit of the oversight and business execution functions by internal and external auditing organizations collaborating with each other



Sustainability promotion system

The Group is driving its sustainability activities around two pillars: investment in people, or bolstering human capital, and coexistence with nature, or response to natural capital. Their orientations and specific programs are discussed at the Human Resources Strategy Committee and the Carbon Neutrality Project Committee and reported to the Board of Directors.

Oversight function/Execution function

Board of Directors

Number of meetings held in FY2024: 13 times

The Board of Directors is composed of seven Directors including four Outside Directors and chaired by the President. The Board of Directors regularly meets once a month. One of the Outside Directors is female. It discusses statutory and material matters, determines management strategies, and provides oversight of the execution of business operations. In addition to the above members, four Audit & Supervisory Board Members, including two Outside Audit & Supervisory Board Members, attend Board of Directors' meetings. The Board of Directors resolves agenda based on laws, regulations, and the Articles of Incorporation, and discusses important issues relating to the Company's course of action from mid- to long-term and global perspectives.

Main matters discussed at the FY2024 Board of Directors' meetings

Management strategies	<ul style="list-style-type: none"> Measures to increase corporate value Promotion of carbon neutrality Medium-term Management Plan Management policy and risks and opportunities regarding climate change
Policies	<ul style="list-style-type: none"> Corporate global policy Audit policy Reports on execution of center policies Safety reports
Governance	<ul style="list-style-type: none"> Assessment of the Board of Directors' effectiveness Internal control activities IR activities Structure of the Audit & Supervisory Board Committee activities
Financial results and financial matters	<ul style="list-style-type: none"> Quarterly financial results Approving the annual budget Medium-term investment plan
Personnel	<ul style="list-style-type: none"> Appointment and compensation of officers Human capital Human rights policy

Audit & Supervisory Board

Number of meetings held in FY2024: 13 times

The Audit & Supervisory Board is composed of four Audit & Supervisory Board Members appointed at the general meeting of shareholders (two full-time Audit & Supervisory Board Members and two Outside Audit & Supervisory Board Members) and chaired by one of the full-time Audit & Supervisory Board Members. It holds monthly meetings in principle. One of the Outside Audit & Supervisory Board Members is female.

The Outside Audit & Supervisory Board Members consist of a certified public accountant, and a member who held directorships and similar positions at other companies. Leveraging their expertise by audit area, they implement operational audits and accounting audits of the Company and its Group companies in Japan and abroad.

Audit structure

The Company undergoes three types of audits: audit by Audit & Supervisory Board Members; internal audit by a unit that directly reports to the President; and audit by the Accounting Auditor that is an audit corporation. With a view to efficient and effective audits, Audit & Supervisory Board Members, the Global Internal Audit Office, and the Accounting Auditor meet at monthly three-way audit meetings and other opportunities to share audit plans and results, and exchange information on risks identified through respective audits. Moreover, to facilitate further information sharing, the Global Internal Audit Office holds a regular monthly meeting with full-time Audit & Supervisory Board Members, who share the information with the rest of the Audit & Supervisory Board.

Audit by Audit & Supervisory Board Members

Audit & Supervisory Board Members audit the status of the establishment and operation of the internal control system, the appropriateness of the methods and results of audits by the Accounting Auditor, and the status of the execution of duties by Directors and other officers, based on the audit policies resolved by the Audit & Supervisory Board, in light also of the company policy and priority issues.

Specifically, Audit & Supervisory Board Members attend meetings of the Board of Directors and the Internal Control Committee and other important meetings, receive reports from Directors and other officers on the execution of their duties, review reports from the internal audit division and conduct onsite inspections at and interviews with Group company sites in Japan and overseas.

Internal audit

We have the Global Internal Audit Office in place, which is tasked with reporting to the Company's management, including Outside Directors, on the summary of its internal audit results, the urgency of the problems identified, proposed improvements, and other matters in order to provide reasonable assurance regarding the status of auditees. In addition, it offers advice and proposals aimed at strengthening and enhancing the Company's internal control. The Office shares the audit results at Internal Control Committee meetings as well, thereby giving opportunities for individual departments to learn the best practices and issues of other departments and Group companies and to gain insight therefrom.

Audit by Accounting Auditor

PricewaterhouseCoopers Japan LLC has been auditing the Company since FY2019.

Corporate Governance

Nominating Committee Number of meetings held in FY2024: Five times

The Nominating Committee consists of five committee members (three Outside Directors, one Inside Director and one member who is not either). The Chairperson is appointed from Outside Directors, with Mr. Hideo Yamamoto currently serving in the position. As an advisory body to the Board of Directors, it deliberates matters related to the appointment and dismissal of Directors and Executive Officers from a fair and objective perspective, and submits recommendations to the Board of Directors.

Main matters discussed at the FY2024 Nominating Committee meetings

- Nomination of Director candidates
- Appointment of a Representative Director
- Appointment and dismissal of Executive Officers and Officers
- Assignment of duties to Executive Officers and Officers
- Consideration of succession plans for those Executive Officers including the President

Compensation Committee Number of meetings held in FY2024: Six times

The Compensation Committee consists of five committee members (three Outside Directors, one Inside Director and one member who is not either). The Chairperson is appointed from Outside Directors, with Mr. Masayoshi Ichikawa currently serving in the position. As an advisory body to the Board of Directors, it deliberates the compensation system and standard, and the amount of compensation of Directors, Executive Officers, and others from a fair and objective perspective, and submits recommendations to the Board of Directors.

Main matters discussed at the FY2024 Compensation Committee meetings

- Monthly compensation for Directors, Executive Officers, and Officers
- Amounts of Bonuses for Directors, Executive Officers, and Officers
- Restricted stock compensation for Directors, Executive Officers, and Officers
- A vision for the compensation system for Directors, Executive Officers, and Officers

Deliberative bodies for business execution

Center Chief Meeting

Frequency of meetings: Once a month in principle

The meeting is composed of the President, Center Chiefs, and full-time Audit & Supervisory Board Members, and deliberates and resolves matters to be submitted to the Board of Directors, other important matters, and individual issues.

Approach to internal control

We perform business operations properly across the Group, based on our Purpose, Mission and Values, the FUTABA WAY, and the Charter of Corporate Behavior, and FUTABA Code of Conduct. We strive to improve the quality of our operation, and the quality of corporate management in the long run, through initiatives centering around the following items, repeating maintenance and improvement through TQM activities. We also aim to sustainably improve the corporate value toward the SDGs goals.

- Establish the mechanism of operation, incorporating the way of thinking of “division of roles among business practice, guidance and check, and audit (three lines of function) in response to risks”
- Clarify roles and responsibilities regarding duties in the Group, and make subsidiaries autonomous
- Improve education system on TQM activities and operation standards, and raise the level of the entire organization

Through these initiatives, we will realize the internal control we pursue by increasing human resources equipped with high ethical standard and establishing an effective organization.

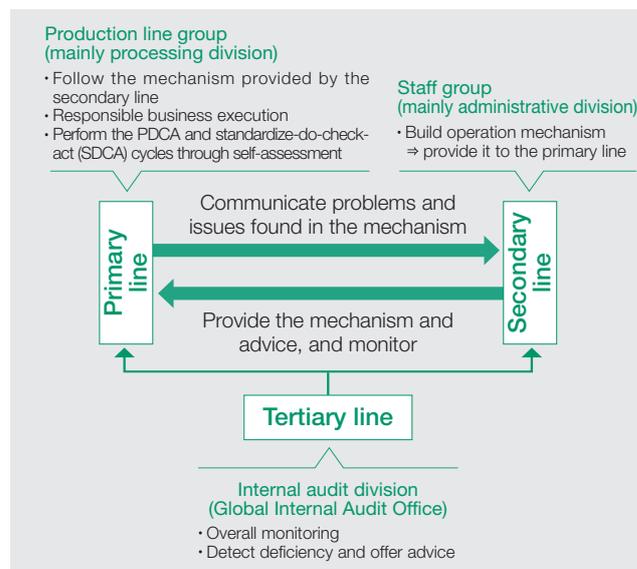
Internal control system

We share with Directors and other Officers responsible for the attitude expected in performing business operations properly in accordance with the Companies Act and other laws and regulations. Matters to be submitted in accordance with the rules are discussed thoroughly at Board of Directors meetings and others, and executed after proper decision-making.

In actual business operations, the Internal Control Committee promotes the internal control activities within the Company as an advisory body to the Board of Directors. In addition, we have established the Working-level Meeting on Internal Control under the Internal Control Committee to promote the practical aspects of internal control. The Internal Control Committee has set the FUTABA Operation and Quality Management Standard as operational standard and good quality requirement, and divisions in the headquarters promote the improvement activities of operation and quality as the promotor of our global organization. We aim to improve the corporate management quality through the improvement activities of operation and quality, and as a result, to secure the internal control of our global organization. In FY2024, we established the Expanded Internal Control Committee comprising all Center Chiefs including the President to share information on particularly serious incidents and ensure recurrence prevention, which has enabled more in-depth discussions.

Status of the activities of the Internal Control Committee is reported regularly to the Board of Directors. The global progress of the improvement activities of operation and quality, and issues identified at each region and site are shared with members of the Board of Directors and being guided by them, the direction of activities, etc. are decided.

Three lines of function



Criteria for appointment and dismissal of Directors and Audit & Supervisory Board Members

The Board of Directors emphasizes the balance of skills, experience, and expertise as well as diversity and suitability of Directors in their appointment, dismissal and nomination, in order to ensure the function of the Board of Directors and to make accurate and swift decisions. By having individuals with diverse attributes on the Board of Directors, we strive to ensure the proper functioning and correct and prompt decision making of the Board of Directors. The Nominating Committee was voluntarily established in December 2018, as an advisory body to the Board of Directors chiefly composed of Independent Outside Directors. In case of appointment, dismissal, and nomination of Directors, the Board of Directors receives recommendations with reasons for individual appointment, dismissal, and nomination from the Nominating Committee, and then decides at Board of Directors meetings. Starting from the general meeting of shareholders in 2019, the Committee's input has been reflected in the proposals for appointment, dismissal, and nomination of Directors.

In case of the appointment and dismissal of Audit & Supervisory Board Members, we appoint persons who can contribute to appropriate management audit with the knowledge of business management, finance, and accounting. The Board of Directors obtains the consent of the Audit & Supervisory Board via the latter's resolution, whereupon it decides on the candidates and submits proposals for appointments of Audit & Supervisory Board Members to the general meeting of shareholders.

Directors and Audit & Supervisory Board Members skills matrix

The competencies and experience of the Company's Directors and Audit & Supervisory Board Members are as follows.

		Corporate management and governance	Technology and development	Production engineering, manufacturing, and quality	Sales and purchasing	Finance and accounting	Compliance and risk management	Sustainability		IT and DX	Overseas business	
								Human Capital	Environment			
Directors	Inside	Yoshihiro Uozumi	○	○	○		○		○		○	
		Toshio Yokota	○	○	○				○	○	○	
		Hideki Imai					○				○	○
	Outside	Masayoshi Ichikawa	○	○	○							○
		Yoshihisa Miyabe	○		○					○		○
		Hideo Yamamoto	○			○	○	○			○	○
		Kumiko Suenaga						○	○	○		
Audit & Supervisory Board Members	Inside	Keiichi Toriyama				○	○				○	
		Hiroyuki Nakai	○			○			○		○	
	Outside	Shigeo Hayashi	○		○		○		○		○	
		Yumiko Sakurai	○				○	○				

Corporate Governance

Criteria for appointment of Independent Officers

We appoint Independent Officers in accordance with the criteria for externality as defined in the Companies Act and the criteria for independence as defined by the financial instruments exchange. In case of appointment, we place importance on a high level of expertise and wealth of experience that enable candid and constructive advice and supervision to management.

Reasons for appointment of Outside Directors and Outside Audit & Supervisory Board Members

The Company appoints four Outside Directors and two Outside Audit & Supervisory Board Members to receive advice and suggestions from an external viewpoint to ensure appropriate decision-making by the Board of Directors, in addition to benefiting from their fields of expertise.

Outside Directors and Outside Audit & Supervisory Board Members and main reasons for their appointment

Name	Position	Independent Officer	Main reasons for appointment
Masayoshi Ichikawa	Outside Director	○	Mr. Masayoshi Ichikawa has many years of experience as corporate manager at Toyoda Gosei Co., Ltd. His appointment will bring his wealth of experience and deep insight into the Company's management.
Yoshihisa Miyabe	Outside Director		Mr. Yoshihisa Miyabe has expertise and experience relating to production engineering divisions acquired over many years at Toyota Motor Corporation. His appointment will bring his wealth of experience and deep insight into the Company's management.
Hideo Yamamoto	Outside Director	○	Mr. Hideo Yamamoto has many years of overseas experience at MUFG Bank, Ltd. and a wide range of knowledge of finance, as well as knowledge of the finance and information systems divisions and experience in management as a director at KOITO MANUFACTURING CO., LTD. His appointment will bring his wealth of experience and deep insight into the Company's management.
Kumiko Suenaga	Outside Director	○	Ms. Kumiko Suenaga has expertise and experience acquired over many years as an attorney at law. Her appointment will bring her wealth of experience and deep insight into the Company's management.
Shigeo Hayashi	Outside Audit & Supervisory Board Member	○	In addition to his experience as Director and Senior Managing Executive Officer at Olympus Corporation, Mr. Shigeo Hayashi also has experience from serving mainly in that company's Production Engineering Division. His appointment will bring his wealth of experience and deep insight into the Company's audit.
Yumiko Sakurai	Outside Audit & Supervisory Board Member	○	Ms. Yumiko Sakurai has expertise and experience acquired over many years as a certified public accountant as well as experience as an outside officer of other companies. Her appointment will bring her wealth of experience and deep insight into the Company's audit.

Sharing of information with Outside Directors and Outside Audit & Supervisory Board Members

In order to deepen the understanding of Outside Directors and Outside Audit & Supervisory Board Members on our business execution, we have each division submit reports and hold plant tours of the Company and Group companies for them, in addition to holding a preliminary briefing on matters to be submitted to the Board of Directors.

For Outside Audit & Supervisory Board Members, we have set up the Audit & Supervisory Board Office as an organization to support their duties and assigned dedicated staff members.

Training for Directors and Audit & Supervisory Board Members

For Directors and Audit & Supervisory Board Members who play key roles in the important governance system, we hold seminars on laws and regulations related to corporate officers, in order to deepen their understanding on their roles and duties. Furthermore, with a focus on medium- to long-term issues, we arrange their participation in outside seminars and invite outside professionals to workshops as necessary.

Compensation for Directors and Audit & Supervisory Board Members

Basic approach

Compensation for Directors is set at the level competitive enough to secure and retain talented persons to realize the corporate philosophy as well as to motivate them to fulfil expected roles toward the sustainable improvement of corporate value and shareholders' value. Specifically, compensation for Directors who assume business execution is composed of monthly compensation, bonuses, and stock compensation. Compensation for Outside Directors who assume oversight function is composed of monthly compensation only. Regarding the content of compensation for Directors, we ensure rationality, objectivity, and transparency in both the content of compensation and the decision procedure, in order to fulfil accountability to shareholders and other stakeholders.

Calculation method

Type of compensation	Monthly compensation	Bonus	Stock compensation
Ratio	60%	30%	10%
Eligible position	Directors, Audit & Supervisory Board Members	Directors (excluding Outside Directors)	Directors (excluding Outside Directors)
Calculation method	The amount is determined according to positions and responsibilities, etc., and reviewed as appropriate to be competitive enough to secure and retain talented persons in the job market, in view of our corporate performance, standards of other companies, and social environments.	The amount is calculated by the Board of Directors in view of consolidated operating profit of each fiscal year, the level of achievement of targets determined in the medium-term management plan, and the level of achievement of targets for environmental issues, and the amount and the timing of payment are determined by the resolution of the annual general meeting of shareholders.	In order to share values with shareholders and drive the motivation to contribute to enhancing the medium- to long-term corporate value and shareholders' value, the Company allocates restricted stocks to a Director responsible for business execution with restriction on transfer until the Director retires from the position in principle as a reward for business execution every fiscal year, and grants monetary claims to be used for payment in exchange for allocated stock at a certain period every fiscal year. The number of shares to be allocated is determined in view of positions, responsibilities, levels of achievement of targets for environmental issues, share price, etc.

Method for determining the amount of compensation for Directors and Audit & Supervisory Board Members

Matters regarding individual Directors' monthly compensation are entrusted from the Board of Directors to the Representative Director on the condition that they will be decided by the voluntary Compensation Committee, majority of whose members are Independent Outside Directors. Subject to the approval of a general meeting of shareholders on the total amount of Directors' Bonus, the Board of Directors entrusts matters regarding individual Directors' bonuses to the Representative Directors on the condition that they will be decided by the voluntary Compensation Committee.

The Representative Directors later report to the Compensation Committee on the actual monthly compensation and bonus payments made to individual Directors to make sure that those correspond to the Compensation Committee's approval.

For stock compensation for Directors, the number of shares to be allocated to individual persons is determined by the resolution of the Board of Directors, taking into account the deliberation and recommendation of the voluntary Compensation Committee. Compensation for Audit & Supervisory Board Members is determined through consultation among them.

Amount of compensation for Directors and Audit & Supervisory Board Members

Category	Total amount of compensation (million yen)	Total amount of compensation by type (million yen)			Number of Directors and Audit & Supervisory Board Members eligible for payment (persons)
		Monthly compensation	Bonus	Stock compensation	
Directors (excluding Outside Directors)	110	75	26	8	4
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	33	33	—	—	2
Outside Directors	25	25	—	—	5
Outside Audit & Supervisory Board Members	14	14	—	—	3

*The figures above include one Director, one Outside Director, and one Outside Audit & Supervisory Board Member who stepped down at the close of the 110th Annual General Meeting of Shareholders held on June 21, 2024.

Assessment of the Board of Directors' effectiveness

We conduct an annual assessment of the Board of Directors' effectiveness. The objectivity of assessment is ensured by receiving support from a third-party organization in questionnaire design and analysis.

Every three years, the third-party organization is involved more broadly in the assessment process. It conducts evaluations that include data aggregation and analysis and recommendations for improvement and examines our progress from an independent perspective.

Through these, we review how we have progressed in addressing challenges, identify new issues, and consider future directions, to work further to enhance the effectiveness of the Board of Directors and strengthen corporate governance.

The summary and results of the assessment in FY2024 are shown below. Improvement action plans based on the survey results were submitted to the Board of Directors in February 2025.

In 2024, a questionnaire survey and analysis of results by the third-party organization were conducted to ensure the objectivity of the assessment.

Survey target:	All members of the Board of Directors seven Directors (including four Outside Directors) and the four Audit & Supervisory Board Members (including two Outside Members); 11 respondents in total
Assessment method:	A questionnaire survey with a total of 33 questions (31 questions on a five-point scale and two open-ended questions)
Assessment items:	Total of 10 items including the Board of Directors' composition, operation, discussions, and monitoring functions, Outside Directors' performance, support system including training for Directors and Audit & Supervisory Board Members, and dialogue with shareholders (investors)

	Issues identified in FY2023	Actions taken in FY2024
Operation of the Board of Directors	Increase participants' understanding of the matters submitted to the Board of Directors' meeting	Continued to provide support for Directors and Audit & Supervisory Board Members • Distributed information materials concerning the agenda of the Board of Directors meeting in advance • Held prior briefings for Directors and Audit & Supervisory Board Members • Provided onsite inspection opportunities
Discussions at Board of Directors meetings	Deepen discussions on topics that need to be discussed more deeply	More in-depth discussions were held on DX, IR and SR (shareholder relations) activities and other topics



Overall results of FY2024 assessment

- Scores were generally high for all the items surveyed. This has led us to conclude that the Company's Board of Directors functions effectively.
- The measures taken to improve the Board of Directors' operation and discussions to address issues identified from the assessment results have invigorated debate on important management issues.
- As issues shown in the table below have been identified, further actions are needed to enhance the Board of Directors' effectiveness.



	Major issues identified in FY2024	Actions to be taken
Operation of the Board of Directors	• Timely provision of information materials to allow for prior examination	• All information materials for the Board of Directors meetings are distributed in advance under strict control to insure sufficient time for Outside Directors and Outside Audit & Supervisory Board Members to examine and review the matters submitted for discussion.
Discussions at Board of Directors meetings	Discuss even broader issues including the following: • Deepening the review and discussion of business portfolio strategy • Strengthening discussions on value creation and vision through the utilization of digital technology • Overseeing the internal penetration status of the Purpose, Mission, and Values • Actions to address the opinions and suggestions of shareholders, etc.	• Discussion on the progress of the medium-term management plan Main themes are "strengthening of activities to expand sales," "further enhancing earnings capacity," and "financial strategy" • Discussions on strengthening internal meeting bodies related to DX • Monitoring the internal penetration status of the Purpose, Mission, and Values • Early formulation and promotion of IR strategy enhancement measures

Strategic shareholdings

Strategic shareholdings

We believe it necessary to maintain partnership with various companies in the process of product development, purchasing, production, and sales in order to sustain growth in our mainstay automotive parts business. To that end, we hold necessary strategic shareholdings, comprehensively considering business strategies, enhancement of partnership with customers and trading partners as well as maintenance of relationship with local communities. We regularly evaluate economic rationality and review the validity of the holdings.

Basic policy regarding exercising voting rights

Regarding the exercise of voting rights, we respect the management policies and business strategies of our investee companies, and judge if the exercise will contribute to improving their corporate value over the medium- to long-term and to realize sustainable growth, instead of judging approval or disapproval under a uniform standard.

Examination of strategic shareholdings in FY2024

We examined to determine the appropriateness of strategic shareholdings in consideration of qualitative aspects including business strategies, enhancement of partnership with customers and trading partners, and enhancement of relationship with local communities, in addition to the quantitative aspect that is the dividend yield in comparison with the funding costs. As a result, the ratio of strategic shareholdings in consolidated net assets came to 4.3% as of March 31, 2025 (5.4% as of March 31, 2024).

Dialogue with shareholders and investors

Basic approach

We actively facilitate dialogue with shareholders and investors, aiming for sustainable growth and the improvement of corporate value.

We manage IR and SR activities with appointing a person in charge in the General Affairs Division to work in collaboration with related departments including the Accounting and Finance Center and the Corporate Planning Center.

Regarding opinions and concerns captured in dialogue with shareholders and investors, we report to the Board of Directors and management executives as necessary to share the recognized issues.

Communication with shareholders and investors

We strive to increase the number of shareholders attending our annual general meetings of shareholders, which we regard as a precious opportunity for constructive dialogue with shareholders. For domestic institutional investors and analysts, we hold semiannual financial results briefings as part of IR activities, where the President and the Director responsible for accounting and finance present our management policy, growth strategy, and business performance. One-on-one meetings are also held every quarter after financial results are reported. As part of our SR activities, we hold semiannual one-on-one meetings with institutional shareholders to exchange views on ESG and other matters using the FUTABA Integrated Report. The views expressed there are shared with the Board of Directors.

We will continue to ensure active communication with shareholders and investors, especially by providing timely, appropriate, and effective disclosures.

Main IR activities in FY2024

Scope	Overview
Individual shareholders and investors	<ul style="list-style-type: none"> Annual general meeting of shareholders One-on-one interviews
Domestic institutional shareholders	<ul style="list-style-type: none"> Annual general meeting of shareholders Financial results briefings One-on-one meetings
Domestic institutional investors and analysts	<ul style="list-style-type: none"> Financial results briefings One-on-one meetings
Overseas institutional investors	<ul style="list-style-type: none"> One-on-one meetings

Disclosure of financial and IR information on the website



Annual general meeting of shareholders

Directors and Audit & Supervisory Board Members (As of June 20, 2025)

Directors



Representative Director and President Nominating Committee
Yoshihiro Uozumi (April 9, 1958)

April 1982 Joined Toyota Motor Sales Co., Ltd.
 January 2010 General Manager, Vehicle Planning Department, Production Control Division, Toyota Motor Corporation
 April 2013 Plant General Manager, Motomachi Plant
 April 2013 Field General Manager, Logistic Field, Production Control Group
 April 2015 Plant General Manager, Honsha Plant
 April 2015 Plant General Manager, Hirose Plant
 April 2017 Managing Officer
 April 2017 Deputy Chief Executive Officer, China Region
 April 2017 President, GAC Toyota Motor Co., Ltd.
 April 2021 Executive Officer, the Company
 June 2021 Director, Executive Officer
 June 2022 President (to the present)

Reasons for appointment

In addition to his experience of serving as Managing Officer at Toyota Motor Corporation, Mr. Yoshihiro Uozumi has been involved in the management of the Company, having served as Director since 2021.

Number of Board of Directors meetings attended	13/13 (100%)
Number of Nominating Committee meetings attended	5/ 5 (100%)



Outside Director Independent Officer Nominating Committee Compensation Committee
Masayoshi Ichikawa (January 10, 1953)

April 1977 Joined Toyoda Gosei Co., Ltd.
 June 2004 Deputy General Manager, Optoelectronics Business Unit
 June 2005 Director
 June 2008 General Manager, Optoelectronics Business Unit
 June 2010 Managing Director
 January 2011 Chairman, TE Opto Corporation
 June 2012 Director, Senior Managing Officer, Toyoda Gosei Co., Ltd.
 June 2012 Chairman, Toyoda Gosei North America Corporation
 June 2015 Executive Vice President, Toyoda Gosei Co., Ltd.
 June 2017 Advisor
 July 2017 Technical Advisor, TOKAI CARBON CO., LTD. (to the present)
 June 2018 Director, the Company (to the present)
 June 2019 Retired as Advisor, Toyoda Gosei Co., Ltd.

Reasons for appointment

In addition to many years of experience as corporate manager at Toyoda Gosei Co., Ltd., Mr. Masayoshi Ichikawa has served as Outside Director of the Company since 2018 and provided advice to the management of the Company.

Number of Board of Directors meetings attended	13/13 (100%)
Number of Nominating Committee meetings attended	5/ 5 (100%)
Number of Compensation Committee meetings attended	6/ 6 (100%)



Representative Director Compensation Committee
Toshio Yokota (March 15, 1965)

April 1987 Joined the Company
 November 2009 General Manager, Exhaust System Development Div.
 January 2014 General Manager, Cost Planning Div.
 July 2017 President, Futaba Changzhou Engineering & Marketing Co., Ltd.
 April 2020 Executive Officer, the Company
 January 2021 Officer
 January 2021 President, FUTABA (TIANJIN) CO., LTD.
 April 2023 Executive Officer, the Company
 June 2023 Director, Executive Officer
 June 2024 Representative Director, Executive Officer (to the present)

Reasons for appointment

In addition to his experience mainly in the engineering division at the Company, Mr. Toshio Yokota has overseas experience as President of the Company's headquarters in China.

Number of Board of Directors meetings attended	13/13 (100%)
Number of Compensation Committee meetings attended	6/ 6 (100%)



Outside Director
Yoshihisa Miyabe (August 9, 1967)

April 1991 Joined Toyota Motor Corporation
 June 2009 General Manager, Technical Administration Dept., Plastic Parts Engineering Div.
 January 2016 General Manager, Tsutsumi Plant Final Assembly Div.
 January 2020 Chief Coordinating Executive, Toyota South Africa Motors (Pty) Ltd.
 January 2021 Plant General Manager, Motomachi Plant, Toyota Motor Corporation (to the present)
 June 2021 Outside Auditor, Trinity Industrial Corporation
 June 2021 Audit & Supervisory Board Member, the Company
 June 2022 Director (to the present)
 June 2024 Retired as Outside Auditor, Trinity Industrial Corporation

Reasons for appointment

Mr. Yoshihisa Miyabe has knowledge on the production engineering division acquired over many years at Toyota Motor Corporation.

Number of Board of Directors meetings attended	13/13 (100%)
--	--------------



Directors
Hideki Imai (December 5, 1963)

April 1987 Joined Toyota Motor Corporation
 April 2003 Deputy General Manager, Accounting Div., Toyota Peugeot Citroën Automobile Czech, s.r.o.
 January 2012 Group Manager, Financial Management Office, Accounting Div., Toyota Motor Corporation
 July 2015 Group Manager, BR Accounting Information Advancement Promotion Office
 November 2020 General Manager, Finance Div., the Company
 January 2022 General Manager, Accounting Div.
 April 2023 Deputy Chief, Accounting and Finance Center
 April 2024 Officer
 June 2024 Director, Officer
 April 2025 Director, Operating Officer (to the present)

Reasons for appointment

Mr. Hideki Imai has experience mainly in the accounting and finance divisions of Toyota Motor Corporation and the Company.

Number of Board of Directors meetings attended	11/11 (100%)
--	--------------



Outside
Director

Independent
Officer

Nominating
Committee

Compensation
Committee

Hideo Yamamoto (April 1, 1958)

April 1980 Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.)
February 1988 Manager, London Branch
April 1999 Deputy General Manager, Risk Management Group, Planning Division for the Americas, The Bank of Tokyo-Mitsubishi, Ltd. (currently MUFG Bank, Ltd.)
October 2003 General Manager, Risk Management Office for the Americas
January 2006 General Manager, Corporate Banking Group No.2, Corporate Banking Division No.8, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (currently MUFG Bank, Ltd.)
July 2008 General Manager, Asian Investment Banking Division
October 2010 Standing Adviser, Finance & Accounting Headquarters, KOITO MANUFACTURING CO., LTD.
June 2011 Managing Director, Head of Finance & Accounting Headquarters (CFO)
June 2017 Director and Managing Corporate Officer, in charge of General Affairs Department, Information System Department (CIO), Internal Audit Department
June 2022 Managing Corporate Officer, in charge of General Affairs Department, Public Relations Department, Information System Department (CIO), Internal Audit Department and Deputy in charge of DX
June 2023 Retired as Managing Corporate Officer
June 2023 Outside Director (Audit & Supervisory Committee Member), DMW Corporation (to the present)
May 2024 Outside Director, ARAV Inc. (to the present)
June 2024 Director, the Company (to the present)

Reasons for appointment

Mr. Hideo Yamamoto has many years of overseas experience at MUFG Bank, Ltd. and a wide range of knowledge of finance, as well as knowledge of the finance and information systems divisions and experience in management as a director at KOITO MANUFACTURING CO., LTD.

Number of Board of Directors meetings attended 11/11 (100%)

Number of Nominating Committee meetings attended 5/ 5 (100%)

Number of Compensation Committee meetings attended 6/ 6 (100%)



Outside
Director

Independent
Officer

Nominating
Committee

Compensation
Committee

Kumiko Suenaga (April 1, 1969)

April 1993 Registered as Attorney at Law
April 1993 Joined Amida & Hirokawa Law Offices
January 2000 Admitted as Attorney at Law in New York
February 2000 Partner, Suenaga Law Office
April 2008 Part-Time Lecturer, Tezukayama University Faculty of Law
April 2012 Counsel, Oh-Ebashi LPC & Partners (to the present)
April 2021 Outside Director, Keyence Corporation (to the present)
June 2025 Director, the Company (to the present)

New appointment

Reasons for appointment

Ms. Kumiko Suenaga has specialized knowledge and experience cultivated over many years as an attorney at law.



Full-time Audit &
Supervisory Board Member

Keiichi Toriyama (September 15, 1963)

April 1986 Joined the Company
January 2012 General Manager, Accounting Div.
February 2014 Vice President, Futaba Changzhou Engineering & Marketing Co., Ltd.
January 2017 General Manager, Finance Div., the Company
June 2018 General Manager, Accounting Div., General Manager, Finance Div.
April 2022 Executive Senior Coordinator, Futaba Czech, s.r.o.
June 2023 Functional Manager, Audit & Supervisory Board Office, the Company
June 2023 Full-time Audit & Supervisory Board Member (to the present)

Reasons for appointment

In addition to his expertise mainly in the accounting and finance division at the Company, Mr. Keiichi Toriyama has overseas experience in China, Czech Republic, etc.

Number of Board of Directors meetings attended 13/13 (100%)

Number of Audit & Supervisory Board meetings attended 13/13 (100%)



Full-time Audit &
Supervisory Board Member

Hiroyuki Nakai (August 12, 1963)

April 1987 Joined the Company
November 2008 General Manager, Automotive Parts Sales Div., Sales Center
July 2012 Deputy Chief, Sales Center
May 2015 President, Futaba Czech, s.r.o.
July 2018 Deputy Chief, Sales Center, the Company
January 2020 General Manager, Responsible Business Conduct Office
July 2023 General Manager, Corporate Branding Office, Corporate Planning Div.
June 2025 Audit & Supervisory Board Member (to the present)

New appointment

Reasons for appointment

Mr. Hiroyuki Nakai has specialized knowledge and experience cultivated in the sales and corporate planning divisions as well as management experience at overseas subsidiaries.



Outside Audit &
Supervisory Board Member

Independent
Officer

Shigeo Hayashi (August 21, 1957)

April 1981 Joined Olympus Optical Co., Ltd. (currently Olympus Corporation)
January 2006 General Manager, Production Survey Dept., Production Engineering Center
April 2008 Plant General Manager, Ina Plant
June 2009 Executive Officer
October 2011 President and CEO, Nagano Olympus Co., Ltd.
April 2012 Director and Managing Executive Officer, Olympus Corporation
April 2016 Director and Senior Managing Executive Officer
June 2016 Senior Managing Executive Officer
March 2019 Retired from Olympus Corporation
January 2020 Advisor, YUASA NEOTEC CO., LTD. (to the present)
October 2020 Advisor, Japan Management Association (to the present)
February 2022 Advisor, ZUIKO Corporation
June 2022 Audit & Supervisory Board Member, the Company (to the present)

Reasons for appointment

In addition to his experience as Director and Senior Managing Executive Officer at Olympus Corporation, Mr. Shigeo Hayashi also has experience from serving mainly in that company's Production Engineering Division.

Number of Board of Directors meetings attended 13/13 (100%)

Number of Audit & Supervisory Board meetings attended 13/13 (100%)



Outside Audit &
Supervisory Board Member

Independent
Officer

Yumiko Sakurai (March 1, 1969)

October 1992 Joined Ito Accounting Office
April 1996 Registered as Certified Public Accountant
January 2000 President, Yumiko Sakurai Certified Public Accountant Office (to the present)
June 2014 Outside Director, PROTO CORPORATION
June 2019 Outside Audit & Supervisory Board Member, JTEKT CORPORATION
June 2022 Outside Director, DAIKOKU DENKI Co., Ltd. (to the present)
June 2024 Outside Director, JTEKT CORPORATION (to the present)
June 2024 Audit & Supervisory Board Member, the Company (to the present)

Reasons for appointment

Ms. Yumiko Sakurai has specialized knowledge and experience cultivated as a certified public accountant as well as experience as an outside officer of other companies.

Number of Board of Directors meetings attended 11/11 (100%)

Number of Audit & Supervisory Board meetings attended 10/10 (100%)

Messages from Outside Directors

The Outside Directors have provided messages about the state of our governance and its initiatives.



Outside Director/Compensation Committee Chairperson

Masayoshi Ichikawa

Aiming to be a globally trusted company

In its new medium-term management plan, Futaba is committed to further strengthening its financial base and growing as a global company that is trusted by its suppliers and employees. In the area of technological development, which is at the core of growth for manufacturing companies, Futaba has grown into a company with comprehensive technical capabilities in design, production technology, and manufacturing, capable of proposing products to customers from the vehicle planning stage and receiving orders for everything from single parts to assembly parts. I will provide advice for further global growth.

In FY2024 the Business Development Center was established, and efforts to tackle new businesses were strengthened. I have promoted technological development that aims to combine the application of Futaba Industrial's core technologies with technologies from other industries, and I intend to provide advice on business development from a business perspective. To grow as a manufacturer trusted by customers, Futaba must develop products that will please customers and establish a quality control system that can provide globally consistent high quality to customers. Over the past several years, global quality assurance activities have been strengthened, led by the Quality Management Center, and I would like to continue providing advice so that customers around the world will say, "Futaba's products have stable quality."

In terms of the Nominating Committee and the Compensation Committee established as advisory bodies in 2018, in consideration of the future of Futaba, the FY2025 Nominating Committee continues to hold discussions on medium-term appointment plans for officers and on the selection of CxOs with global executive responsibilities, as well as make appointments in a timely manner. Meanwhile, the Compensation Committee discusses monthly compensation according to position and allocation of bonuses according to annual earnings, referring to the results of benchmark surveys of other companies with a similar corporate business size. It has deemed that sound management is continuing to be conducted. Going forward, these activities will continue so that compensation appropriately reflects not only business performance, but also responsibilities.



Outside Director

Yoshihisa Miyabe

Focusing on strengthening our base through manufacturing

From my perspective as someone engaged in on-site management of manufacturing in Japan and overseas, my activities focus on strengthening Futaba's people-centered manufacturing base and strengthening its products and finished goods through the continuity and evolution of its technological strengths.

In the areas of manufacturing and production engineering, which are the core of Futaba's business, the earnings capacity of manufacturing has steadily improved through capital expenditure strategies and cash flow management. At the same time, I feel that the culture of every employee playing an active role and job satisfaction have been strengthened through member first initiatives and improvements in the working environment. The stories involving the evolution of development of large parts, zone-based development, and module development centered on metal welding, laser technology, and catalyst technology, and their deployment into new business areas, have begun to connect. To strengthen these stories, first we must change from a parts company to a car company. Three elements are required for this: strengthening digital technology and evaluation technology, technological innovation to extend the strengths of processing points, and further improving the quality of plant management and best practices. Regarding these three elements, I will use my knowledge to strengthen suggestions to and supervision of management executives.

In terms of environmental initiatives, Futaba has promoted two-pronged activities, including steady initiatives at plants and environmentally friendly initiatives in new businesses, as well as collaboration with partner companies. As Futaba evolves into a car company, I will monitor the progress of initiatives toward a circular economy (CE) from the perspective of materials, zone structure, products, and provide advice to management executives.



Outside Director/Nominating Committee Chairperson

Hideo Yamamoto

Improving understanding of management and markets

I was elected as an Outside Director one year ago at the 2024 General Meeting of Shareholders. Since then, I have toured nine plants in Japan, including Group companies, jointly with other Outside Directors, as well as directly met and had discussions jointly or individually with 10 departments that function as Centers. These results, evaluations, and comments are provided as feedback to and discussed with all Directors including Representative Directors and responsible Center Chiefs in Directors' meetings held on the day before Board of Directors meetings each month. In this way, I have come to realize that Futaba has a system in place that effectively utilizes the knowledge of Outside Directors in management.

Price-to-book ratio (PBR) is expressed by return on equity (ROE) and price earnings ratio (PER), but Futaba's current ROE is at a solid level of around 10% (based on the forecast for this fiscal year as of August 2025). However, its PER is low at around 7x, and as a result, PBR remains around 0.7x. This can be regarded as a result of the market not fully understanding or appreciating Futaba's strengths and growth potential. Therefore, we must expand the dissemination of information on growth strategy including the new medium-term management plan, as well as strengthen IR public relations activities. I will provide advice to management executives from the perspective of increasing the quality of communications with investors, including improvement of IR materials and clarification of explanation content.

The use of AI and promotion of DX at production sites is an important theme directly related to a company's competitiveness. Although some steady progress is visible, I will monitor these from the perspective of consistency between on-site issues and digital measures, the appropriateness of KPI, and return on investment, and continue to propose improvements to management executives.

With regard to the Nominating Committee and the Compensation Committee, I believe that Outside Directors actively provide opinions, reach consensus in a fair and equitable manner, and then report to the Board of Directors.



Outside Director

Kumiko Suenaga New appointment

Aiming for Futaba's growth

I was elected as a new Outside Director at the General Meeting of Shareholders held in June 2025. I have served as an attorney in Osaka for more than 30 years and have been involved in various dispute resolutions, compliance-related consultations, and corporate legal matters such as M&A. It has only been a short time since I was elected as an Outside Director of Futaba, but I have already not only attended meetings of the Board of Directors, but also had frequent opportunities for plant tours, division reports, and exchanging opinions with other Directors. I am impressed every day with the high level of energy and communication skills of all the employees and officers who want to make Futaba better. In addition, I often see women actively working at Futaba, and I feel like the results of efforts are beginning to show.

The automotive industry is facing a once-in-a-century transformation with the advancement of BEVs, a reevaluation PHEVs and HEVs, and the rise of AI technology. In this uncertain and complex environment, Futaba is facing major challenges, such as improving and expanding its existing businesses in Japan and overseas, developing new businesses, and ensuring thorough compliance. It is not easy to efficiently allocate limited capital and human resources to address these issues and to make the right decisions to resolve them. I would like to use my experience as an attorney to provide advice and supervision so that Futaba can make accurate and timely decisions.

Compliance

Basic approach

Futaba defines compliance as follows: “Acting with integrity not only in compliance with laws and regulations, but also with a sense of values and ethics required of a business person as a member of society, thereby realizing fair and appropriate business management, achieving harmony with civil society, and promoting creative development of the Company. Placing importance on environmental issues and taking initiatives in environmental conservation efforts.” We conduct corporate activities with high ethical standards and fulfill our social responsibilities with full awareness of our corporate social responsibilities and public mission. We respect domestic and foreign cultures and customs, make efforts to preserve the environment, grow together with our local communities, and engage in various activities in an effort to become a company that is appreciated by local communities.

Promotion system

The Company has the Corporate Ethics Committee in place, which is chaired by the Chief Risk Management Officer (CRO) and attended by the President, Center Chiefs, fulltime Audit & Supervisory Board Members, and others. The Committee deliberates and decides policy on key matters concerning corporate ethics and compliance, while seeking to improve the awareness of compliance by ensuring the full knowledge of the Charter of Corporate Behavior and FUTABA Code of Conduct, based on our Purpose, Mission, and Values, and the FUTABA WAY, etc.

For details on the Charter of Corporate Behavior and FUTABA Code of Conduct, please visit our website. <https://www.futabasangyo.com/en/profile/behavior/>

Specific initiatives

Establishing compliance system

For each of the 140 laws and regulations applicable or relating to our business in Japan, we have designated a responsible department which receives information on the law or regulation from an external information provider. Furthermore, the responsible department has selected 83 influential laws and regulations out of the 140 laws and regulations and formulated compliance management plans for them, which already are in operation. We are also working to establish a compliance system at our overseas bases as well.

Training and educational activities

The Company is enhancing the awareness of compliance through training on necessary legal knowledge based on qualifications and ranks of employees. Moreover, we regularly conduct compliance self-assessments, the results of which are compiled and fed back. This is aimed at encouraging individual departments to voluntarily assess their compliance status and carry out the PDCA cycle for the aforementioned compliance management plans.

Initiatives regarding compliance with competition laws

As one of important education themes, we aim to enhance employees' awareness of compliance with competition laws through education in various training programs as well as regular e-learning education. When employees make contact with competitors, we request them to submit application in the form prescribed by the Company and conduct a check. We conduct regular audits every six months, including checking the status of contact applications and investigating the actual contact situation.

Establishment of helplines

The Company has established the Futaba Helpline, an internal helpline that allows anonymous reporting and consultations, in order to detect and resolve internal issues early.

In addition to the internal helpline, the head office and domestic Group companies have set up an external helpline at a law firm outside the Company for the wide range of usage including family members, retirees, and employees of major trading partners. Overseas Group companies have a similar mechanism to that in Japan. The helplines target violations of laws and internal rules, issues relating to human rights and environmental protection, and other matters which may significantly affect the Company, and the reports and consultations are fact-checked in collaboration with dedicated departments to speedily resolve problems. Internal reporting rules are managed in accordance with the Whistleblower Protection Act. The content of reporting is regularly reported to Directors and Audit & Supervisory Board Members.

In FY2024, we received 69 reports and consultations (28 at Futaba Head Office and 41 at Group companies in Japan and overseas). Many of the reports concerned harassment or violation of internal rules, and we have responded to them appropriately. We will continue to enhance the effectiveness of the system through enhancement of awareness and improvement, etc.

Initiatives for proper tax payment

We strive to file a proper tax return, strictly complying with laws and regulations regarding taxation. We neither apply tax breaks deviated from the intent of tax laws nor engage in intentional tax avoidance activities. We also do not engage in activities with the abuse of tax heavens and tax treaties, which may lead to base erosion and income transfer.

For the management of taxation risks in response to globalization, we have established provisions regarding the taxation rules to comply with and the management of transfer pricing of the Group, and manage transfer pricing based on the OECD Transfer Pricing Guidelines and the transfer pricing taxation rules of countries and areas where our Group companies are located.

Anti-corruption and anti-bribery initiatives

We properly perform business operations across the Group based on our Purpose, Mission, Values, and the FUTABA WAY, etc. We have issued the Charter of Corporate Behavior and FUTABA Code of Conduct in order for all employees to act with common sense and high ethical standards. We revised the Basic Approach to Anticorruption (Anti-bribery) Initiatives in September 2019. We have been conducting education for employees to disseminate it across the Group. Furthermore, we strive to enhance an anti-corruption mechanism and system through the Internal Control Committee.

Number of reporting and consultations

FY	2020	2021	2022	2023	2024
Number of cases	24	64	50	58	69

*Helpline in North America started in FY2021

Risk Management

Message from the Officer



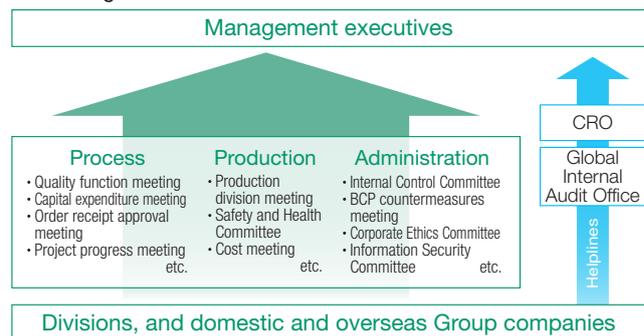
Shinichi Ogiso
CRO (Chief Risk Management Officer)

As the business environment changes dramatically and the future becomes increasingly uncertain, we must deal with various uncertainties. To achieve the new medium-term management plan and minimize risks with a significant impact, we will promote the integration of management control and risk management, and promote the monitoring, evaluation, and control of risks globally. In response to risks and incidents that have become apparent, the department of occurrence (first line) and the functional department (secondary line) will work together to prevent recurrence, and the Internal Control Committee and other committees and meetings established within the Company will follow up and report to management executives. In addition, we will work to prevent misconduct and scandals globally through autonomous and continuous improvement activities by each department and base based on the FUTABA Management Standard, and operations audits by the Global Internal Audit Office (tertiary line).

Promotion system

We established various committees and meetings internally in order to implement the PDCA cycle to analyze, evaluate, and take actions against risks which may significantly affect our management. For example, we promote risk management with following committees and meetings: the Safety and Health Committee for safety and health risks; the Internal Control Committee for internal control and governance risks; the Information Security Committee for information leakage risks; Quality Function Committee for quality problems; and the Corporate Ethics Committee for risks of legal violations.

Risk management framework



Business continuity plan (BCP)

We formulate our BCPs with a basic policy to aim to minimize material and human damage, support the restoration of local communities, and resume our business activities swiftly in the event of emergency situations such as major earthquakes. With “human life first” as the first priority, we take physical countermeasures, including preparing primary evacuation sites inside plant buildings (such as providing shelters against falling objects), while conducting company-wide emergency drills to prepare for a major earthquake in the Nankai Trough. As part of emergency drills, we conduct tabletop emergency exercises which simulate initial response after a disaster including Group companies in Japan. We also maintain and revise our BCPs and manuals on an ongoing basis.

In an effort to advance effective Group-wide BCP activities, including overseas Group companies, we hold quarterly BCP countermeasures meetings. By sharing best practices in the formulation and operation of BCPs at plants, we continue to work to raise the overall quality of our BCPs.

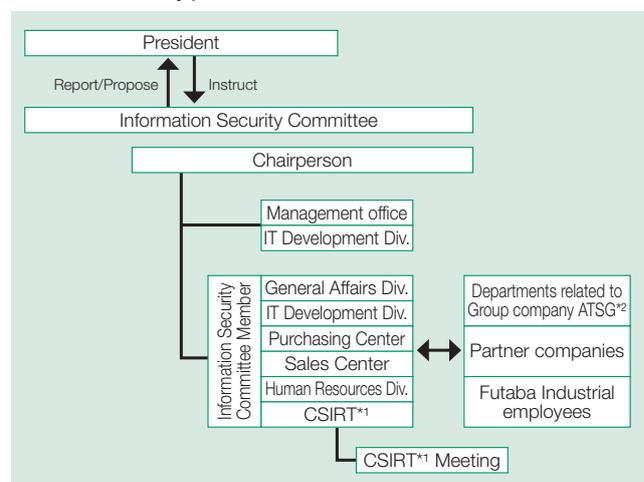
Information security

In recent years, cyberattacks have caused a greater number of problems to society, such as information leaks, data losses, and system shutdowns. In this climate, we consider it our corporate social responsibility to properly manage and safeguard all kinds of information assets—from clients’ information and our confidential data to personal information—pursuant to our basic policy for information security. We recognize information security risk as an important issue and comply with laws and regulations, maintain the IT information base, ensure security level and cyber security, and practice information security management.

Content of initiatives

- Join the Toyota Group’s Security Operations Center (SOC; domestic Futaba Group companies only)
- Overseas Group companies also joined the SOC service in accordance with country-specific standards
- Hold an exercise for targeted e-mail attacks
- Hold cybersecurity education through e-learning
- Promote IT-BCP with protective measures against ransomware
- Strengthen the response to incidents by CSIRT*1 organization
- Comply with JAMA*3 / JAPIA*4 Cybersecurity Guidelines Ver. 2.0
- Security awareness activities, solution introductions, and IT-BCP training for suppliers

Information security promotion framework



*1 Computer Security Incident Response Team:

The team responds to incidents that are deemed as security issues.

*2 All-Toyota Security Guidelines

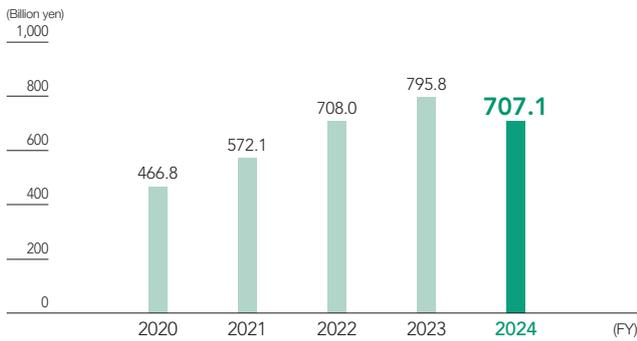
*3 Japan Automobile Manufacturers Association

*4 Japan Auto Parts Industries Association

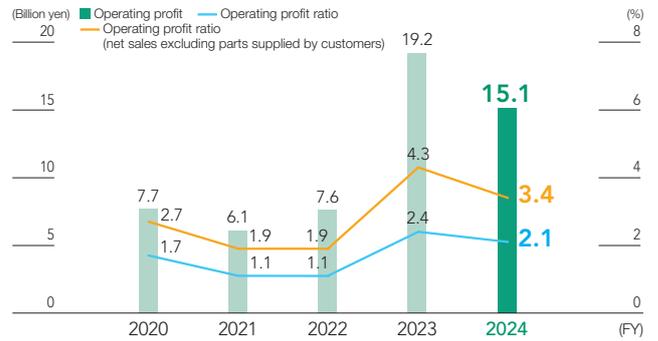
Financial and Non-financial Highlights

Consolidated financial data

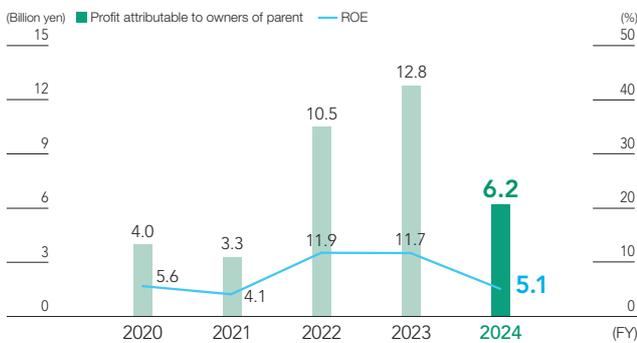
Net sales



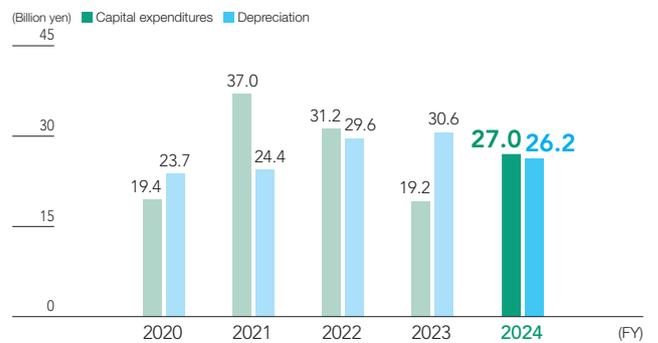
Operating profit / Operating profit ratio



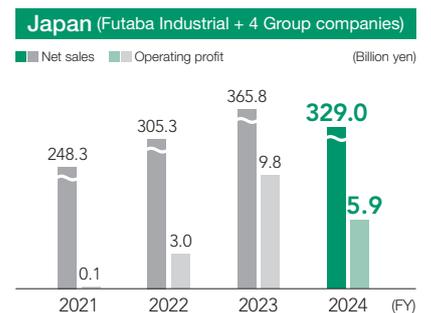
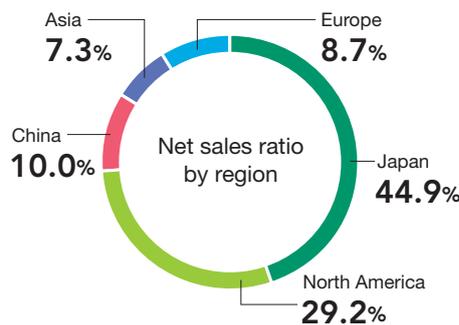
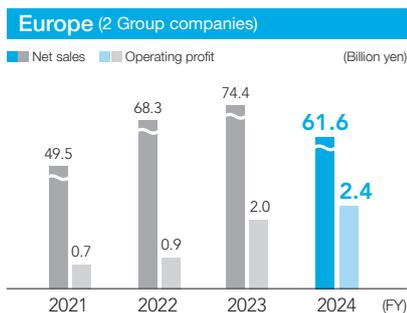
Profit attributable to owners of parent / ROE



Capital expenditures / Depreciation

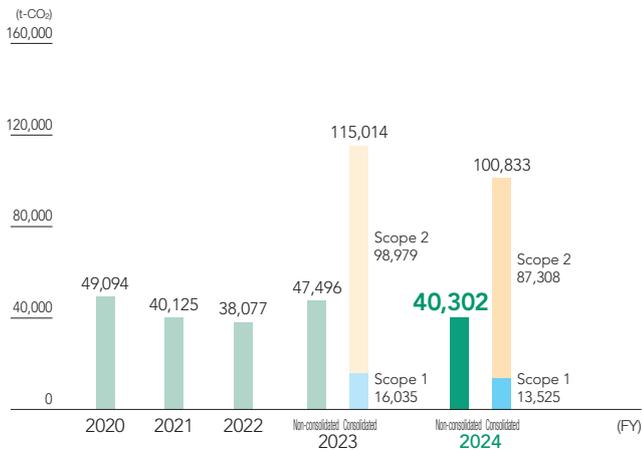


Net sales and operating profit by region

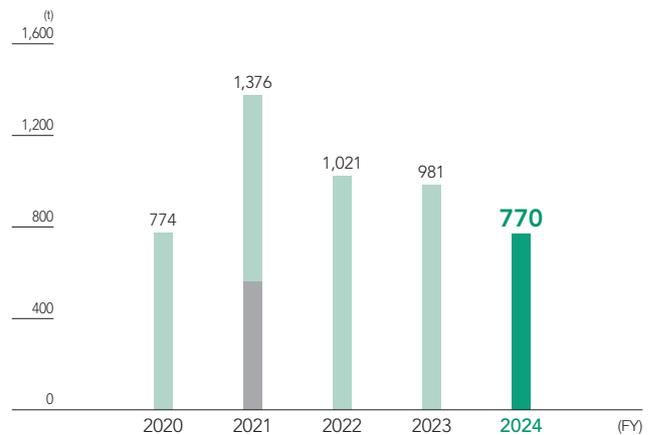


Non-financial data

CO₂ emissions (Non-consolidated)*1

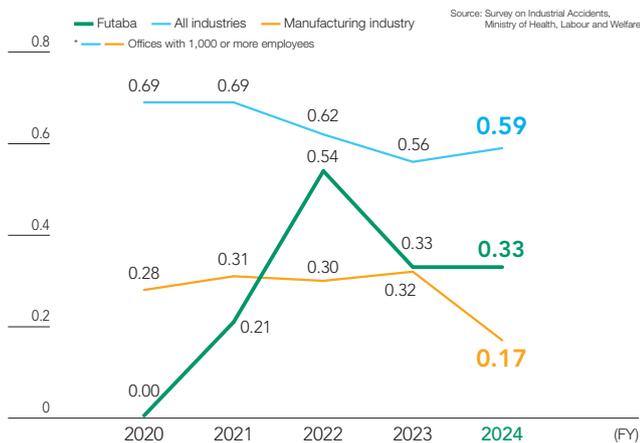


Waste output (Non-consolidated)

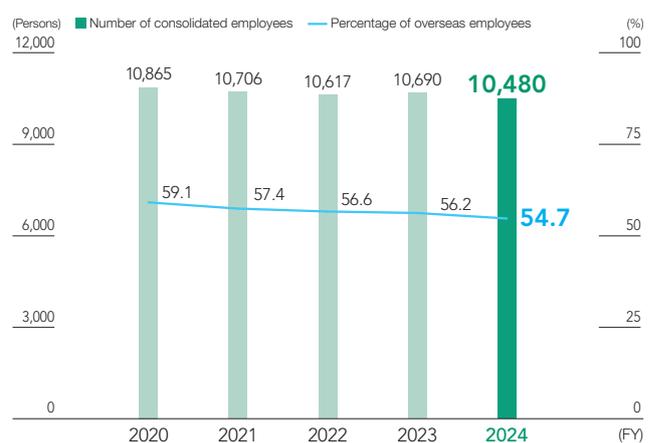


*The amount of waste outputs in FY2021 significantly increased due to an extraordinary factor: the inflow of underground water in a pit excavation accompanied with the introduction of new stamping machine.

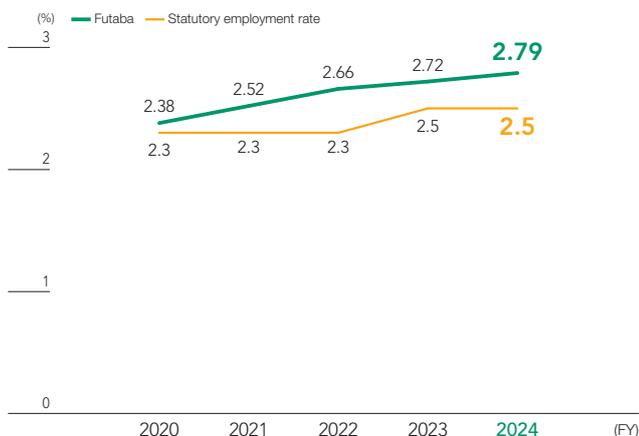
Frequency of industrial accidents (Disabling injury frequency rate) (Non-consolidated)



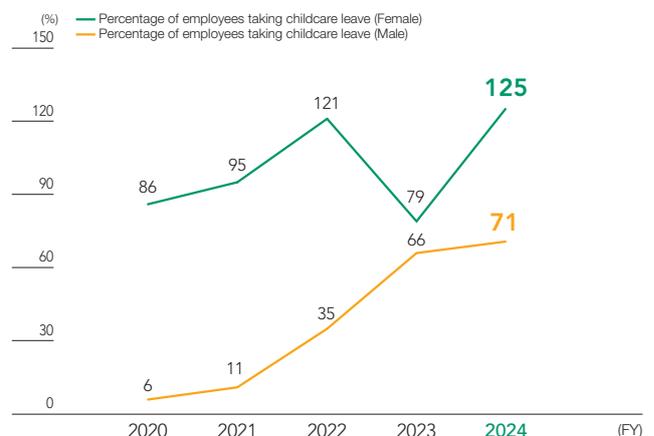
Number of consolidated employees/Percentage of overseas employees



Percentage of employees with disabilities (Non-consolidated)



Percentage of employees taking childcare leave by gender (Non-consolidated)



*1 <Calculation criteria for CO₂ emissions in FY2024>
Calculation scope: Futaba (Consolidated; Head Office and manufacturing sites)
Scope 1: Direct CO₂ emissions from fuel use (energy-related)
Ministry of the Environment; List of calculation methods and emission factors / Factors to be used for the calculation of greenhouse gas emissions in FY2024
Gases are calculated based on the standard ambient temperature and pressure (SATP: 25°C, 1 bar).
Scope 2: Indirect CO₂ emissions associated with use of electricity purchased
For electric power in Japan, base emission factor (non-fossil power adjusted) were used.
For electric power from overseas, emission factors based on contracts with electric power suppliers or country-specific emission factors from IEA Conversion Factors 2023 were used.
Emissions from renewable energy use is calculated with the CO₂ emission factor set at zero.

*The percentages may exceed 100% because employees and/or spouses of employees who had given birth in a prior fiscal year took childcare leave during the current fiscal year.

Financial Summary (Consolidated)

	(FY)	2014	2015	2016	2017
Operating results					
Net sales		422,874	437,640	412,383	440,446
Operating profit (loss)		4,367	3,121	8,976	11,258
Ordinary profit (loss)		2,116	636	7,542	10,955
Profit (loss) before income taxes		2,116	533	5,619	6,380
Profit (loss) attributable to owners of parent		1,039	(1,195)	4,806	10,721
Capital expenditures		20,480	26,514	16,330	20,252
Depreciation		20,318	24,152	21,073	20,515
R&D expenses		2,940	3,079	3,235	3,367
Net assets		66,914	56,179	67,029	75,691
Total assets		255,311	233,303	242,311	253,362
Interest-bearing debt		95,088	90,728	84,671	81,380
Per share information					
Earnings (loss) per share		14.86	(17.09)	65.76	119.82
Net assets per share		720.87	593.39	607.17	731.50
Dividends		3.00	3.00	3.00	10.00
Payout ratio (%)		20.2	—	4.6	8.3
Cash flow					
Cash flows from operating activities		25,780	22,751	26,178	24,960
Cash flows from investing activities		(31,451)	(20,333)	(20,902)	(27,081)
Cash flows from financing activities		1,017	(3,612)	3,262	(6,304)
Cash and cash equivalents at end of period		14,576	13,121	20,581	11,960
Financial indicators					
Operating profit ratio		1.0	0.7	2.2	2.6
Equity ratio		19.8	17.8	22.4	25.8
Return on equity (ROE)		2.3	(2.6)	10.0	17.9
Return on assets (ROA)		0.4	(0.5)	2.0	4.3

(Million yen)

2018	2019	2020	2021	2022	2023	2024
461,705	476,165	466,809	572,118	708,072	795,802	707,104
6,797	10,621	7,780	6,115	7,681	19,213	15,178
6,449	9,968	7,962	7,807	7,768	18,489	13,281
6,158	10,340	7,942	6,255	7,917	18,489	10,079
3,509	6,357	4,095	3,307	10,576	12,831	6,208
41,347	27,385	19,470	37,010	31,293	19,214	27,057
23,078	24,497	23,772	24,478	29,672	30,653	26,280
3,494	3,443	3,285	4,296	4,446	5,087	5,733
75,211	76,488	87,216	90,014	99,747	130,901	123,165
249,061	253,517	290,194	309,487	319,768	334,780	313,913
84,946	82,340	87,723	98,147	81,675	62,026	56,794
(Yen)						
39.22	71.03	45.73	36.94	118.26	143.44	69.38
734.90	753.80	866.86	940.37	1,051.94	1,390.23	1,314.35
10.00	10.00	10.00	10.00	15.00	35.00	38.00
25.5	14.1	21.9	27.1	12.7	24.4	54.8
(Million yen)						
25,410	34,020	22,792	35,468	47,743	57,370	24,785
(30,961)	(26,443)	(24,672)	(35,547)	(22,307)	(16,208)	(23,190)
1,489	(5,572)	1,750	(3,451)	(22,009)	(27,746)	(10,360)
7,541	9,370	9,522	6,730	10,331	24,277	13,281
(%)						
1.5	2.2	1.7	1.1	1.1	2.4	2.1
26.4	26.6	26.8	27.2	29.4	37.2	37.5
5.3	9.5	5.6	4.1	11.9	11.7	5.1
1.4	2.5	1.5	1.1	3.4	3.9	1.9

Financial Review

Financial position and results of operations

During the fiscal year under review, the global economy continued to face uncertainty due to rising geopolitical risks. However, thanks to the effectiveness of various countries' interest rate policies, inflation showed signs of slowing down and remained stable. Nevertheless, it is important to keep a close watch on the impacts of U.S. policy trends, such as trade policies.

Looking at the automotive industry overall, while new car sales in Europe decreased, global new car sales maintained a recovery trend.

In this situation, the Futaba Group is working towards providing value in three areas: clean & green, peace of mind, and quality of life, with a target year of 2030. We are focusing on the evolution of existing products, the creation of new businesses through research and development, responding to carbon neutrality, and promoting diversity. Additionally, we formulated a medium-term management plan aimed at 2027 and announced it in May.

For the fiscal year, net sales decreased by 11.1% from the previous fiscal year to 707.1 billion yen due to a decrease in our customers' automobile production. On the profit side, although there were some benefits from rationalization efforts and price pass-through, the decline in sales revenue, along with increases in material costs, labor costs, and other expenses, led to an operating profit decrease of 21.0% year on year, to 15.1 billion yen. Ordinary profit decreased by 28.2% to 13.2 billion yen year on year. Additionally, due to the recognition of extraordinary losses related to the optimization of production equipments in the Tianjin area, profit attributable to owners of parent was 6.2 billion yen, a decrease of 51.6% compared to the previous year.

Performance by geographic segment was as follows.

(1) Japan

Net sales decreased 36.8 billion yen (10.1%) year on year to 329.0 billion yen. Segment operating profit decreased 39.7% year on year to 5.9 billion yen.

(2) North America

Net sales decreased 16.5 billion yen (7.4%) year on year to 206.3 billion yen. Segment operating profit decreased 21.9% year on year to 2.7 billion yen.

(3) Europe

Net sales decreased 12.8 billion yen (17.3%) year on year to 61.6 billion yen. Segment operating profit increased 18.8% year on year to 2.4 billion yen.

(4) China

Net sales decreased 12.7 billion yen (15.3%) year on year to 70.5 billion yen. Segment operating profit increased 2.3% year on year to 2.2 billion yen.

(5) Asia

Net sales decreased 7.1 billion yen (12.2%) year on year to 51.2 billion yen. Segment operating profit increased 31.1% year on year to 1.8 billion yen.

Financial position was as follows.

Total assets decreased 20.8 billion yen as of March 31, 2025 from the end of the previous fiscal year to 313.9 billion yen, mainly due to a decrease in cash and deposits. Total liabilities amounted to 190.7 billion yen, a 13.1 billion yen decrease from the end of the previous fiscal year, mainly due to a decrease in long-term borrowings. Net assets decreased 7.7 billion yen from the end of the previous fiscal year to 123.1 billion yen due mainly to a decrease in valuation difference on available-for-sale securities.

Cash flows

Cash and cash equivalents of the Futaba Group decreased 10.9 billion yen from the end of the previous fiscal year to 13.2 billion yen. The major components of cash flows were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities decreased 32.5 billion yen (56.8%) to 24.7 billion yen. This was largely due to a decrease in profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities increased 6.9 billion yen (43.1%) to 23.1 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 decreased 17.3 billion yen (62.7%) to 10.3 billion yen. This was largely due to an increase in net increase in short-term borrowings.

Consolidated Financial Statements

Consolidated balance sheet

(Million yen)

(Million yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	25,029	13,719
Electronically recorded monetary claims - operating	4,468	3,032
Accounts receivable - trade	85,104	87,220
Finished goods	6,714	5,596
Work in process	15,024	17,263
Raw materials and supplies	7,370	7,354
Other	9,805	12,251
Total current assets	153,518	146,439
Non-current assets		
Property, plant and equipment		
Buildings and structures	93,108	93,730
Accumulated depreciation	(57,359)	(59,565)
Buildings and structures, net	35,748	34,165
Machinery, equipment and vehicles	271,653	261,882
Accumulated depreciation	(211,742)	(214,167)
Machinery, equipment and vehicles, net	59,911	47,715
Tools, furniture and fixtures	109,378	111,918
Accumulated depreciation	(95,852)	(103,484)
Tools, furniture and fixtures, net	13,525	8,434
Land	14,853	14,951
Leased assets	18,986	19,353
Accumulated depreciation	(16,582)	(16,122)
Leased assets, net	2,403	3,230
Construction in progress	9,724	22,956
Total property, plant and equipment	136,167	131,454
Intangible assets		
Software	1,810	1,852
Other	86	77
Total intangible assets	1,896	1,929
Investments and other assets		
Investment securities	26,619	20,399
Long-term loans receivable	33	32
Retirement benefit asset	14,592	11,980
Deferred tax assets	1,535	1,316
Other	424	599
Allowance for doubtful accounts	(8)	(239)
Total investments and other assets	43,197	34,089
Total non-current assets	181,262	167,473
Total assets	334,780	313,913

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Electronically recorded obligations - operating	3,790	2,827
Accounts payable - trade	86,135	84,743
Short-term borrowings	1,105	6,891
Current portion of long-term borrowings	11,773	13,514
Income taxes payable	2,639	3,638
Accrued consumption taxes	2,498	1,490
Provision for bonuses for directors (and other officers)	32	30
Accrued expenses	15,576	15,582
Other	14,376	9,352
Total current liabilities	137,926	138,070
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	41,137	27,500
Deferred tax liabilities	10,191	7,941
Provision for product warranties	388	318
Provision for environmental measures	—	148
Provision for decommissioning and removal	933	933
Retirement benefit liability	5,057	6,762
Other	2,243	3,073
Total non-current liabilities	65,951	52,677
Total liabilities	203,878	190,747
Net assets		
Shareholders' equity		
Share capital	16,820	16,820
Capital surplus	9,186	9,197
Retained earnings	58,893	61,790
Treasury shares	(46)	(37)
Total shareholders' equity	84,853	87,771
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,712	10,053
Foreign currency translation adjustment	16,094	14,665
Remeasurements of defined benefit plans	8,718	5,130
Total accumulated other comprehensive income	39,525	29,849
Non-controlling interests	6,523	5,545
Total net assets	130,901	123,165
Total liabilities and net assets	334,780	313,913

Consolidated Financial Statements

Consolidated statement of income

(Million yen)

	Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)	Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)
Net sales	795,802	707,104
Cost of sales	748,260	661,315
Gross profit	47,542	45,789
Selling, general and administrative expenses	28,329	30,611
Operating profit	19,213	15,178
Non-operating income		
Interest income	617	530
Dividend income	456	555
Gain on sale of scraps	382	289
Share of profit of entities accounted for using equity method	—	179
Foreign exchange gains	668	—
Gain on valuation of derivatives	—	719
Insurance claim income	559	6
Miscellaneous income	693	463
Total non-operating income	3,379	2,744
Non-operating expenses		
Interest expenses	992	803
Loss on abandonment of non-current assets	403	487
Share of loss of entities accounted for using equity method	150	—
Foreign exchange losses	—	1,848
Loss on valuation of derivatives	665	—
Litigation settlement	573	—
Provision for environmental measures	—	148
Provision for decommissioning and removals	933	—
Business structure improvement expenses	—	710
Miscellaneous losses	384	643
Total non-operating expenses	4,102	4,641
Ordinary profit	18,489	13,281
Extraordinary income		
Gain on liquidation of subsidiaries and associates	—	9
Gain on sale of investment securities	—	1,581
Reversal of impairment losses	—	413
Total extraordinary income	—	2,004
Extraordinary losses		
Impairment losses	—	2,585
Loss on business restructuring	—	2,619
Total extraordinary losses	—	5,205
Profit before income taxes	18,489	10,079
Income taxes - current	4,301	3,739
Income taxes - deferred	766	568
Total income taxes	5,067	4,308
Profit	13,422	5,771
Profit (loss) attributable to non-controlling interests	590	(436)
Profit attributable to owners of parent	12,831	6,208

Consolidated statement of comprehensive income

(Million yen)

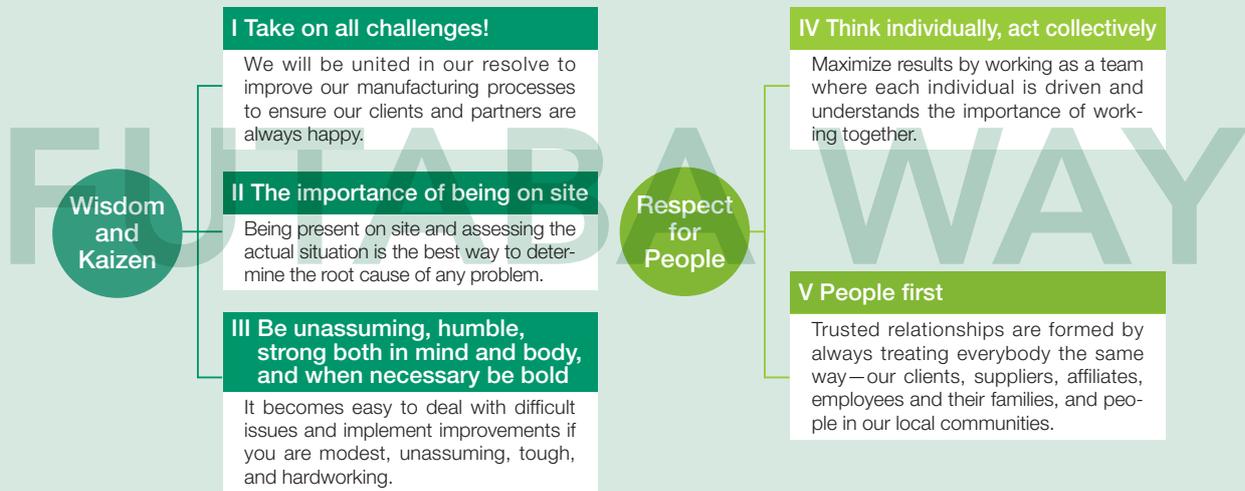
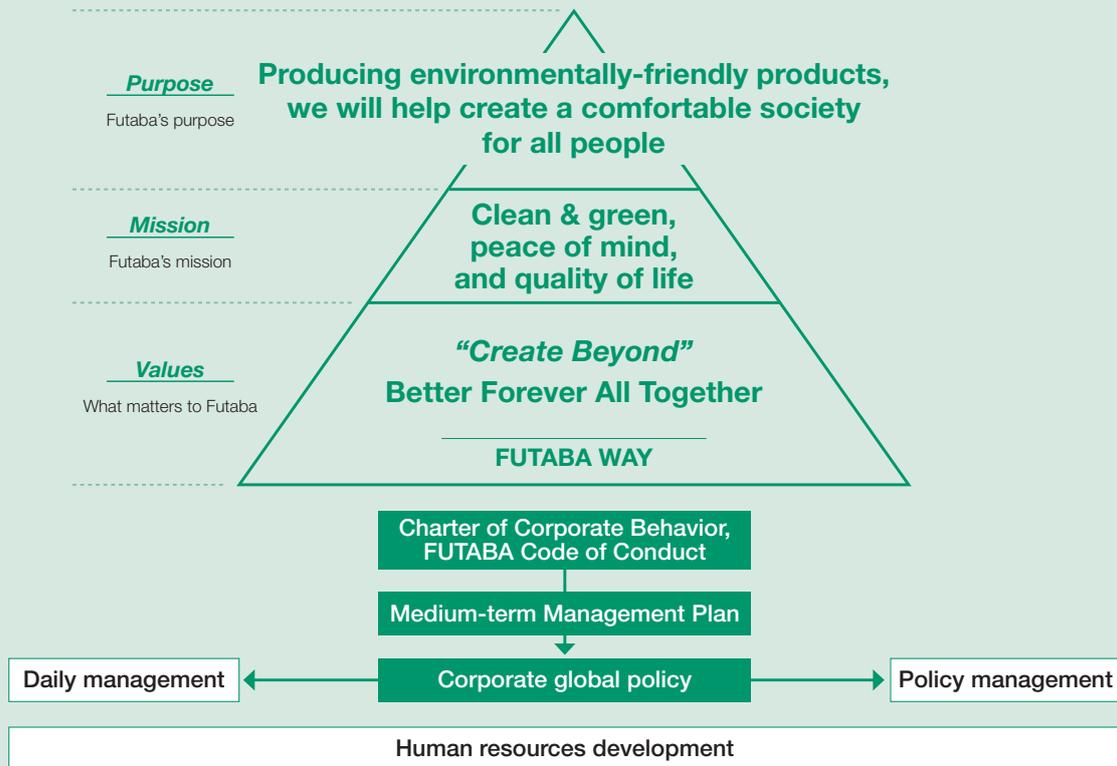
	Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)	Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)
Profit	13,422	5,771
Other comprehensive income		
Valuation difference on available-for-sale securities	7,210	(4,658)
Foreign currency translation adjustment	5,930	(1,728)
Remeasurements of defined benefit plans, net of tax	6,531	(3,588)
Share of other comprehensive income of entities accounted for using equity method	427	110
Total other comprehensive income	20,099	(9,864)
Comprehensive income	33,521	(4,093)
Comprehensive income attributable to owners of parent	32,399	(3,467)
Comprehensive income attributable to non-controlling interests	1,122	(625)

Consolidated statement of cash flows

(Million yen)

	Fiscal year ended March 31, 2024 (Apr. 1, 2023 – Mar. 31, 2024)	Fiscal year ended March 31, 2025 (Apr. 1, 2024 – Mar. 31, 2025)
Cash flows from operating activities		
Profit before income taxes	18,489	10,079
Depreciation	30,653	26,280
Impairment losses	—	2,585
Reversal of impairment losses	—	(413)
Increase (decrease) in allowance for doubtful accounts	(25)	234
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	(2)
Increase (decrease) in provision for product warranties	114	190
Increase (decrease) in provision for environmental measures	—	148
Increase (decrease) in reserve for demolition and removal	933	—
Interest and dividend income	(1,074)	(1,085)
Interest expenses	992	803
Loss on abandonment of property, plant and equipment	400	478
Share of loss (profit) of entities accounted for using equity method	150	(179)
Loss (gain) on valuation of derivatives	665	(719)
Loss (gain) on sale of investment securities	(4)	(1,581)
Business restructuring expenses	—	710
Loss on business restructuring	—	2,619
Decrease (increase) in trade receivables	18,562	(1,942)
Decrease (increase) in inventories	2,853	(1,492)
Increase (decrease) in trade payables	(19,413)	(1,655)
Increase (decrease) in accrued consumption taxes	243	(1,214)
Increase (decrease) in other current liabilities	4,400	(3,924)
Other, net	900	(509)
Subtotal	58,840	29,411
Interest and dividends received	1,250	1,211
Interest paid	(1,014)	(809)
Income taxes refund (paid)	(1,705)	(2,234)
Business structure improvement expenses paid	—	(710)
Payments for loss on business restructuring	—	(2,084)
Net cash provided by (used in) operating activities	57,370	24,785
Cash flows from investing activities		
Payments into time deposits	(723)	(450)
Proceeds from withdrawal of time deposits	4	743
Purchase of property, plant and equipment	(14,917)	(24,733)
Proceeds from sale of property, plant and equipment	219	90
Purchase of intangible assets	(805)	(699)
Proceeds from sale and redemption of investment securities	13	1,861
Other, net	0	(2)
Net cash provided by (used in) investing activities	(16,208)	(23,190)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(9,206)	5,832
Repayments of long-term borrowings	(8,926)	(11,812)
Repayments of lease liabilities	(515)	(660)
Redemption of bonds	(6,000)	—
Dividends paid	(2,676)	(3,309)
Dividends paid to non-controlling interests	(419)	(407)
Other, net	(0)	(3)
Net cash provided by (used in) financing activities	(27,746)	(10,360)
Effect of exchange rate change on cash and cash equivalents	(449)	(2,230)
Net increase (decrease) in cash and cash equivalents	12,966	(10,995)
Cash and cash equivalents at beginning of period	10,331	24,277
Increase (decrease) in cash and cash equivalents resulting from a change in closing dates of consolidated subsidiaries	979	—
Cash and cash equivalents at end of period	24,277	13,281

Management System



Create Beyond



The Company will mark the 80th anniversary of its founding in November 2025.

We will aim to improve our corporate value in the three areas of clean & green, peace of mind, and quality of life to deliver value that exceeds stakeholders' expectations into the future, while striving to enable every employee to play an active role.

Corporate and Stock Information

Company profile (As of March 31, 2025)

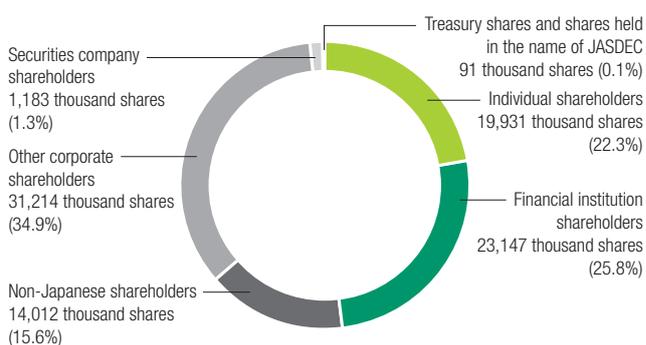
Company name	FUTABA INDUSTRIAL CO., LTD.
Founded	March 25, 1935
Established	November 1, 1945
Share capital	16,820.16 million yen
Head Office location	1 Ochaya, Hashime-cho, Okazaki-shi, Aichi Prefecture, Japan
Representative	Yoshihiro Uozumi, Representative Director and President
Main business lines	Manufacture and sale of automotive parts, equipment for external sales and agricultural equipment for greenhouse cultivation
Subsidiaries and affiliates	Domestic subsidiaries: 4 companies* Domestic affiliate: 1 company Overseas subsidiaries: 16 companies Overseas affiliates: 2 companies
Number of employees	Consolidated: 10,480 Non-consolidated: 3,812
Net sales	Consolidated: 707.1 billion yen Non-consolidated: 328.1 billion yen

*Futaba Sumi Corporation was merged with the Company on April 1, 2025.

Stock overview (As of March 31, 2025)

Total number of authorized shares	200,000,000 shares
Total number of shares issued	89,580,827 shares (including 91,055 treasury shares)
Number of shares per unit	100 shares
Listed stock exchange	Tokyo and Nagoya Stock Exchanges (Securities code: 7241)
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited

Ownership ratio by shareholders



Major shareholders (Top 10)

Name of major shareholder	Shares held (thousand shares)	Ownership ratio (%)
Toyota Motor Corporation	28,116	31.4
The Master Trust Bank of Japan, Ltd. (trust account)	9,116	10.1
Futaba Suppliers Cooperative Shareholding Association	3,391	3.7
Sumitomo Mitsui Banking Corporation	3,063	3.4
Custody Bank of Japan, Ltd. (trust account)	2,553	2.8
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.	2,189	2.4
RE FUND 107-CLIENT AC	1,440	1.6
Futaba Employee Shareholding Association	1,364	1.5
MUFG Bank, Ltd.	1,290	1.4
STATE STREET BANK AND TRUST COMPANY 505223	1,290	1.4

Note: The ownership ratio excludes treasury shares.

External assessment

Our initiatives and information disclosures on each of the areas of environment, social, and governance were recognized and selected by various ESG assessment organizations as constituent of domestic and overseas ESG indexes.



Access to Futaba website

Please access our website for more information about Futaba Industrial.

<https://www.futabasangyo.com/en/>

futaba industrial

Search



FUTABA INDUSTRIAL CO., LTD.

Contact Information

Public Relations Sect., General Affairs Div.

1 Ochaya, Hashime-cho, Okazaki-shi, Aichi Prefecture 444-8558, Japan

Phone: +81-564-31-2211 Fax: +81-564-31-2220

URL: <https://www.futabasangyo.com/en>