

# Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2022 [Japan GAAP]

July 29, 2021

Name of Company: Futaba Industrial Co. Ltd.  
 Stock Exchange Listing: Tokyo Stock Exchange, First Section, Nagoya Stock Exchange, First Section  
 Stock Code: 7241 URL: <https://www.futabasangyo.com/en/>  
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 Scheduled date of filing of quarterly report: August 6, 2021  
 Scheduled date of commencement of dividend payment: –  
 Supplementary materials for quarterly financial results: Yes  
 Information meeting for quarterly financial results: No

(Yen in millions, rounded down)

## 1. Financial results for the first quarter of the fiscal year ending March 2022 (April 1, 2021 – June 30, 2021)

(1) Results of Operations (Consolidated, year-to-date)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First quarter ended								
June 2021	136,928	113.8	3,206	–	3,600	–	1,576	–
June 2020	64,037	(45.0)	(6,258)	–	(6,304)	–	(5,681)	–

Note: Comprehensive income: 1Q FY3/2022: 4,282 million yen [–%] 1Q FY3/2021: (5,967) million yen [–%]

	Earnings per share	Earnings per share fully diluted
	Yen	Yen
First quarter ended		
June 2021	17.61	17.60
June 2020	(63.47)	–

Note: Earnings per share fully diluted for the first quarter ended June 2020 is omitted due to the recording of a net loss per share, despite the presence of potentially dilutive securities.

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2021	296,703	90,573	27.0
As of March 31, 2021	290,194	87,216	26.8

Reference: Shareholders' equity: As of June 30, 2021: 80,198 million yen As of March 31, 2021: 77,641 million yen

## 2. Dividends

	Dividend per share				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	–	0.00	–	10.00	10.00
FY2022	–				
FY2022 (estimated)		–	–	10.00	10.00

Note: Change in the estimation of dividend from the latest announcement: None

## 3. Forecast for the fiscal year ending March 2022 (Consolidated, April 1, 2021 - March 31, 2022)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	267,000	43.2	3,900	–	4,000	–	1,600	–	17.87
Full year	547,000	17.2	11,200	43.9	11,100	39.4	7,200	75.8	80.40

Note: Change in the forecast from the latest announcement: Yes

\* **Notes**

(1) Changes in significant subsidiaries

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

Newly consolidated company: None

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

Note: Please see “2. Quarterly Consolidated Financial Statements and Important Notes, (3) Notes to the quarterly consolidated financial statements” on page 7 of the Supplementary Information for more details.

(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: Yes

Note: Please see “2. Quarterly Consolidated Financial Statements and Important Notes, (3) Notes to the quarterly consolidated financial statements” on page 7 of the Supplementary Information for more details.

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

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

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

Note: Please see “2. Quarterly Consolidated Financial Statements and Important Notes, (3) Notes to the quarterly consolidated financial statements” on page 7 of the Supplementary Information for more details.

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

(b) Treasury shares

(c) Average number of shares outstanding

End of 1Q FY3/22:	89,580,827	End of FY3/21:	89,580,827
End of 1Q FY3/22:	69,664	End of FY3/21:	13,927
1Q FY3/22:	89,536,914	1Q FY3/21:	89,518,955

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

\* Cautionary statement regarding forecasts of operating results and special notes

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

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## 1. Qualitative Information on Consolidated Financial Results for the First Quarter under Review

### (1) Explanation of the Results of Operations

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

In the first quarter of the fiscal year under review, net sales increased 113.8% from the previous fiscal year to 136.9 billion yen, operating profit was 3.2 billion yen (compared to an operating loss of 6.2 billion yen in the same period of the previous fiscal year), ordinary profit was 3.6 billion yen (compared to an operating loss of 6.3 billion yen in the same period of the previous fiscal year), and profit attributable to owners of parent was 1.5 billion yen (compared with a loss attributable to owners of the parent of 5.6 billion yen in the same period of the previous year), reflecting a recovery in customer operations, which had decreased in the previous fiscal year due to the COVID-19 pandemic.

Geographic segment performance was as follows.

#### 1) Japan

Net sales were 62.2 billion yen, an increase of 63.4% from the same period last year. Segment profit was 0.7 billion yen, compared with a segment loss of 4.4 billion yen in the same period of the previous fiscal year.

#### 2) North America

Net sales were 26.7 billion yen, an increase of 170.7% from the same period last year. Segment profit was 0.6 billion yen, compared with a segment loss of 1.3 billion yen in the same period of the previous fiscal year.

#### 3) Europe

Net sales were 12.6 billion yen, an increase of 160.5% from the same period last year. Segment profit was 0.5 billion yen, compared with a segment loss of 0.0 billion yen in the same period of the previous fiscal year.

#### 4) China

Net sales were 21.9 billion yen, an increase of 87.8% from the same period of the previous year. Segment profit was 0.8 billion yen, compared with a segment loss of 0.6 billion yen in the same period of the previous fiscal year.

#### 5) Asia

Net sales were 16.5 billion yen, an increase of 753.6% from the same period of the previous year. Segment profit was 0.3 billion yen, compared with a segment loss of 0.1 billion yen in the same period of the previous fiscal year.

### (2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review were 296.7 billion yen, an increase of 6.5 billion yen compared to the end of the previous fiscal year, mainly due to an increase in property, plant and equipment. Total liabilities amounted to 206.1 billion yen, a 3.1 billion yen increase from the end of the previous fiscal year, mainly due to increases in notes and accounts payable - trade. Net assets increased 3.3 billion yen from the end of the previous fiscal year to 90.5 billion yen due mainly to an increase in foreign currency translation adjustment.

## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly Consolidated Balance Sheet

(Million yen)

	As of March 31, 2021	As of June 30, 2021
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	9,527	9,411
Notes and accounts receivable - trade	88,648	88,074
Finished goods	4,387	4,313
Work in process	18,011	19,379
Raw materials and supplies	6,493	7,021
Other	8,101	9,232
Allowance for doubtful accounts	(20)	—
<b>Total current assets</b>	<b>135,150</b>	<b>137,431</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	30,490	30,384
Machinery, equipment and vehicles, net	49,299	49,281
Tools, furniture and fixtures, net	9,296	9,637
Land	14,425	14,431
Leased assets, net	1,982	1,371
Construction in progress	23,270	26,822
<b>Total property, plant and equipment</b>	<b>128,765</b>	<b>131,929</b>
<b>Intangible assets</b>	<b>882</b>	<b>873</b>
<b>Investments and other assets</b>		
Investment securities	15,316	16,473
Long-term loans receivable	786	764
Retirement benefit asset	8,517	8,510
Deferred tax assets	907	851
Other	1,059	1,039
Allowance for doubtful accounts	(1,189)	(1,169)
<b>Total investments and other assets</b>	<b>25,396</b>	<b>26,469</b>
<b>Total non-current assets</b>	<b>155,044</b>	<b>159,272</b>
<b>Total assets</b>	<b>290,194</b>	<b>296,703</b>

(Million yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	67,544	69,411
Electronically recorded obligations - operating	4,064	4,142
Short-term borrowings	13,637	15,470
Current portion of long-term borrowings	14,411	11,089
Income taxes payable	1,117	597
Accrued consumption taxes	2,565	2,313
Provision for bonuses for directors (and other officers)	39	8
Accrued expenses	11,368	12,626
Other	11,485	14,440
<b>Total current liabilities</b>	<b>126,235</b>	<b>130,100</b>
<b>Non-current liabilities</b>		
Bonds payable	12,000	12,000
Long-term borrowings	46,087	45,427
Deferred tax liabilities	7,818	8,140
Provision for product warranties	218	218
Retirement benefit liability	9,078	9,176
Other	1,539	1,067
<b>Total non-current liabilities</b>	<b>76,742</b>	<b>76,029</b>
<b>Total liabilities</b>	<b>202,978</b>	<b>206,130</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	16,820	16,820
Capital surplus	13,334	13,334
Retained earnings	36,549	37,229
Treasury shares	(19)	(49)
<b>Total shareholders' equity</b>	<b>66,684</b>	<b>67,335</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,771	7,397
Foreign currency translation adjustment	1,587	2,939
Remeasurements of defined benefit plans	2,597	2,526
<b>Total accumulated other comprehensive income</b>	<b>10,956</b>	<b>12,863</b>
<b>Non-controlling interests</b>	<b>9,574</b>	<b>10,374</b>
<b>Total net assets</b>	<b>87,216</b>	<b>90,573</b>
<b>Total liabilities and net assets</b>	<b>290,194</b>	<b>296,703</b>

## (2) Quarterly Consolidated Statement of Income and Comprehensive Income

Quarterly consolidated statement of income

For the first quarter

(Million yen)

	First quarter ended Jun. 30, 2020 (Apr. 1, 2020 – Jun. 30, 2020)	First quarter ended Jun. 30, 2021 (Apr. 1, 2021 – Jun. 30, 2021)
Net sales	64,037	136,928
Cost of sales	65,918	128,159
Gross profit (loss)	(1,880)	8,769
Selling, general and administrative expenses	4,377	5,562
Operating profit (loss)	(6,258)	3,206
Non-operating income		
Interest income	11	19
Dividend income	140	161
Gain on sales of scraps	39	126
Share of profit of entities accounted for using equity method	–	62
Foreign exchange gains	25	247
Miscellaneous income	286	200
Total non-operating income	502	817
Non-operating expenses		
Interest expenses	204	199
Share of loss of entities accounted for using equity method	240	–
Loss on abandonment of non-current assets	74	99
Miscellaneous loss	29	125
Total non-operating expenses	549	424
Ordinary profit (loss)	(6,304)	3,600
Extraordinary losses		
Investments in capital of subsidiaries and associates	–	1,126
Loss on valuation of investment securities	–	7
Total extraordinary losses	–	1,133
Profit (loss) before income taxes	(6,304)	2,466
Income taxes	(402)	515
Profit (loss)	(5,902)	1,951
Profit (loss) attributable to non-controlling interests	(220)	374
Profit (loss) attributable to owners of parent	(5,681)	1,576

Quarterly consolidated statement of comprehensive income  
For the first quarter

(Million yen)

	First quarter ended Jun. 30, 2020 (Apr. 1, 2020 – Jun. 30, 2020)	First quarter ended Jun. 30, 2021 (Apr. 1, 2021 – Jun. 30, 2021)
Profit (loss)	(5,902)	1,951
Other comprehensive income		
Valuation difference on available-for-sale securities	409	625
Foreign currency translation adjustment	(419)	1,587
Remeasurements of defined benefit plans, net of tax	(26)	(71)
Share of other comprehensive income of entities accounted for using equity method	(27)	188
Total other comprehensive income	(65)	2,331
Comprehensive income	(5,967)	4,282
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(5,576)	3,482
Comprehensive income attributable to non- controlling interests	(391)	799



(3) Notes to the Quarterly Consolidated Financial Statements

(Notes to going concern assumptions)

None

(Notes to significant changes in shareholders' equity)

None

(Changes in significant subsidiaries during the period under review)

During the first quarter of the consolidated fiscal year under review, the Company sold all of its investments in Futaba Metal Products (Shenzhen) Co., Ltd. which was a specified subsidiary of the Company, and Futaba Metal Products (Shenzhen) Co., Ltd. is no longer a specified subsidiary of the Company and has been excluded from the scope of consolidation since the first quarter of the consolidated fiscal year under review.

(Application of special accounting for preparing the quarterly consolidated financial statements)

(Calculation of tax expenses)

Tax expenses for the Company and some of its consolidated subsidiaries are calculated by reasonably estimating the effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the first quarter under review, and multiplying profit before income taxes by the estimated effective tax rate.

Income taxes-deferred is included in "Income taxes" in the consolidated statements of income.

(Changes in accounting policies)

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

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

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

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

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the first quarter of the consolidated fiscal year under review. Thus, it will apply the new accounting principles set forth in the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional provisions set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019).

This change has no impact on the quarterly consolidated financial statements.

(Segment information)

First quarter ended June 30, 2020 (April 1, 2020 to June 30, 2020)

1. Information related to net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments						Adjustments (Note 1)	Total (Note 2)
	Japan	North America	Europe	China	Asia	Total		
Net sales								
Of which to outside customers	35,781	9,882	4,806	11,627	1,938	64,037	–	64,037
Of which inter- segment and transfers	2,308	–	39	55	–	2,403	(2,403)	–
Total	38,089	9,882	4,846	11,683	1,938	66,440	(2,403)	64,037
Segment loss	(4,469)	(1,369)	(73)	(682)	(140)	(6,735)	477	(6,258)

Notes: 1. The segment loss adjustment of 477 million yen is for the elimination of intersegment transactions.

2. Segment loss is adjusted to the operating loss in quarterly consolidated statements of income.

First quarter ended June 30, 2021 (April 1, 2021 to June 30, 2021)

1. Information related to net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segments						Adjustments (Note 1)	Total (Note 2)
	Japan	North America	Europe	China	Asia	Total		
Net sales								
Of which to outside customers	59,088	26,752	12,626	21,912	16,548	136,928	–	136,928
Of which inter- segment and transfers	3,150	–	–	28	0	3,179	(3,179)	–
Total	62,238	26,752	12,626	21,941	16,549	140,107	(3,179)	136,928
Segment profit	765	689	527	890	332	3,205	1	3,206

Notes: 1. The segment profit adjustment of 1 million yen is for the elimination of intersegment transactions.

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

**Supplementary data for the first quarter  
of the fiscal year ending March 2022**

July 29, 2021  
Futaba Industrial Co., Ltd.

**Consolidated**

**1. Financial results for the first quarter under review**

(Million yen, rounded down)

	The first quarter under review (From April 2021 to June 2021)		The previous first quarter (From April 2020 to June 2020)		Change	Change (%)
Net sales	(100.0%)	136,928	(100.0%)	64,037	72,891	113.8%
Operating profit	(2.3%)	3,206	(-9.8%)	-6,258	9,465	-
Ordinary profit	(2.6%)	3,600	(-9.8%)	-6,304	9,904	-
Profit attributable to owners of parent	(1.2%)	1,576	(-8.9%)	-5,681	7,257	-
Earnings per share (yen)		17.61 yen		-63.47 yen		
Capital expenditures		5,116		4,917	199	4.1%
Depreciation		5,536		6,008	-471	-7.9%
Foreign exchange rate (USD/Yen)		109.5 yen		107.6 yen		
Number of consolidated companies		22		22		

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

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

(Billion yen)

Factors for profit increase	Amount	Factors for profit decrease	Amount
Increase in profit due to higher sales in the Automotive Parts Business	8.6	Decrease in profit outside the Automotive Parts Business	0.8
Changes in product mix, etc.	1.4	Price fluctuations	0.7
Decrease in depreciation	0.5		
Rationalization enhancement	0.4		
<b>Total</b>	<b>10.9</b>	<b>Total</b>	<b>1.5</b>
Net balance		Increase in operating profit	
	9.4		

**3. Financial results by segment**

(Million yen, rounded down)

		The first quarter under review (From April 2021 to June 2021)		The previous first quarter (From April 2020 to June 2020)		Change	Change (%)
			Profit margin		Profit margin		
Japan	Net sales	62,238		38,089		24,149	63.4%
	Operating profit	765	1.2%	-4,469	-11.7%	5,235	-
North America	Net sales	26,752		9,882		16,869	170.7%
	Operating profit	689	2.6%	-1,369	-13.9%	2,058	-
Europe	Net sales	12,626		4,846		7,779	160.5%
	Operating profit	527	4.2%	-73	-1.5%	600	-
China	Net sales	21,941		11,683		10,257	87.8%
	Operating profit	890	4.1%	-682	-5.8%	1,573	-
Asia	Net sales	16,549		1,938		14,610	753.6%
	Operating profit	332	2.0%	-140	-7.3%	473	-
Elimination	Net sales	-3,179		-2,403		-775	
	Operating profit	1		477		-476	
Total	Net sales	136,928		64,037		72,891	113.8%
	Operating profit	3,206	2.3%	-6,258	-9.8%	9,465	-

**4. Consolidated financial results forecast for full-year**

(Million yen, rounded down)

	FY2022 (From April 2021 to March 2022)		Results as compared to the previous year	
			Change	Change (%)
Net sales	(100.0%)	547,000	80,190	17.2%
Operating profit	(2.0%)	11,200	3,419	43.9%
Ordinary profit	(2.0%)	11,100	3,137	39.4%
Profit attributable to owners of parent	(1.3%)	7,200	3,104	75.8%
Earnings per share (yen)		80.40 yen		
Capital expenditures		40,000	20,529	105.4%
Depreciation		24,000	227	1.0%
Foreign exchange rate (USD/Yen)		105.0 yen		

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

**Non-consolidated**

**1. Financial results for the first quarter under review**

(Million yen, rounded down)

	The first quarter under review (From April 2021 to June 2021)		The previous first quarter (From April 2020 to June 2020)		Change	Change (%)
Net sales	(100.0%)	61,732	(100.0%)	37,906	23,826	62.9%
Operating profit	(0.7%)	446	(-10.8%)	-4,090	4,537	-
Ordinary profit	(3.4%)	2,085	(-8.3%)	-3,133	5,218	-
Profit	(1.1%)	700	(-8.3%)	-3,137	3,837	-
Capital expenditures		4,077		3,086	990	32.1%
Depreciation		2,873		3,446	-573	-16.6%

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