

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 2025 [Japan GAAP]

July 30, 2024

Name of Company: Futaba Industrial Co., Ltd.
 Stock Exchange Listing: Tokyo Stock Exchange, Prime Market, Nagoya Stock Exchange, Premier Market
 Stock Code: 7241 URL: <https://www.futabasangyo.com/en/>
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 Scheduled date of commencement of dividend payment: –
 Supplementary materials for financial results: Yes
 Information meeting for financial results: No

(Yen in millions, rounded down)

1. Financial results for the first quarter of the fiscal year ending March 2025 (April 1, 2024 – June 30, 2024)

(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 2024 | 186,453 | (8.9) | 3,614 | (23.6) | 3,992 | (18.0) | 2,371 | (22.9) |
| June 2023 | 204,673 | 33.3 | 4,729 | – | 4,865 | – | 3,074 | – |

Note: Comprehensive income: 1Q FY2025: 4,923 million yen [-43.6%] 1Q FY2024: 8,722 million yen [288.8%]

| | Earnings per share | |
|---------------------|--------------------|-------|
| | Yen | Yen |
| First quarter ended | | |
| June 2024 | 26.51 | 26.51 |
| June 2023 | 34.38 | 34.38 |

(2) Financial Position (Consolidated)

| | Total assets | Net assets | Equity ratio |
|----------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of June 30, 2024 | 326,351 | 134,033 | 38.9 |
| As of March 31, 2024 | 334,780 | 130,901 | 37.2 |

Reference: Shareholders' equity: As of June 30, 2024: 127,046 million yen As of March 31, 2024: 124,378 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 |
| FY2024 | – | 15.00 | – | 20.00 | 35.00 |
| FY2025 | – | | | | |
| FY2025 (estimated) | | 17.00 | – | 18.00 | 35.00 |

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

3. Forecast for the fiscal year ending March 2025 (Consolidated, April 1, 2024 - March 31, 2025)

(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 |
| Full year | 740,000 | (7.0) | 16,000 | (16.7) | 15,000 | (18.9) | 12,000 | (6.5) | 134.15 |

Note: Change in the forecast from the latest announcement: None

*** Notes**

(1) Major changes in the scope of consolidation during the period: None

Newly consolidated company: None

Eliminated: None

(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: None

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

(c) Changes in accounting estimates: None

(d) Retrospective restatement: None

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury shares)

| | |
|-------------------|-------------------|
| End of 1Q FY2025: | 89,580,827 shares |
| End of FY2024: | 89,580,827 shares |
| End of 1Q FY2025: | 115,096 shares |
| End of FY2024: | 114,669 shares |
| 1Q FY2025: | 89,465,864 shares |
| 1Q FY2024: | 89,426,761 shares |

(b) Treasury shares

(c) Average number of shares outstanding

* Review by certified public accountants or accounting firms of the attached quarterly consolidated financial statements: None

* 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.

Index for Supplementary Information

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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 aspired 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.

The Group has established “strengthening earnings capacity and working to increase free cash flow (FCF)” as medium-term management targets from FY2022 to FY2024. By further strengthening earnings capacity mainly through improvements in production efficiency and working to achieve robust increases in FCF, the Group will secure returns to shareholders and allocate funds for the repayment of interest-bearing debt and investment for future growth.

The Group will continue to provide value and increase information transmission to shareholders, investors and all stakeholders, including customers, employees and local communities.

During the first quarter of the fiscal year under review, net sales decreased 8.9% year on year, to 186.4 billion yen, operating profit decreased 23.6% year on year, to 3.6 billion yen, ordinary profit decreased 18.0% year on year, to 3.9 billion yen and profit attributable to owners of parent decreased 22.9% year on year, to 2.3 billion yen. These results chiefly reflected a decline in customers’ automobile production volume.

Geographic segment performance was as follows.

1) Japan

Net sales were 78.3 billion yen, a decrease of 15.1% from the same period of the previous fiscal year. Segment profit was 0.8 billion yen, a decrease of 70.1% year on year.

2) North America

Net sales were 63.2 billion yen, an increase of 15.1% from the same period of the previous fiscal year. Segment profit was 1.4 billion yen, an increase of 351.5% year on year.

3) Europe

Net sales were 16.8 billion yen, a decrease of 20.1% from the same period of the previous fiscal year. Segment profit was 0.4 billion yen, a decrease of 3.2% year on year.

4) China

Net sales were 16.7 billion yen, a decrease of 27.7% from the same period of the previous fiscal year. Segment profit was 0.2 billion yen, a decrease of 51.7% year on year.

5) Asia

Net sales were 13.7 billion yen, a decrease of 10.4% from the same period of the previous fiscal year. Segment profit was 0.5 billion yen, an increase of 17.6% year on year.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review were 326.3 billion yen, a decrease of 8.4 billion yen from the end of the previous fiscal year, mainly due to a decrease in notes and accounts receivable - trade. Total liabilities amounted to 192.3 billion yen, an 11.5 billion yen decrease from the end of the previous fiscal year, mainly due to a decrease in notes and accounts payable - trade. Net assets increased 3.1 billion yen from the end of the previous fiscal year to 134.0 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, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 25,029 | 23,759 |
| Notes and accounts receivable - trade | 89,572 | 80,493 |
| Finished goods | 6,714 | 7,098 |
| Work in process | 15,024 | 16,619 |
| Raw materials and supplies | 7,370 | 7,533 |
| Other | 9,805 | 9,184 |
| Total current assets | 153,518 | 144,688 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 35,748 | 36,599 |
| Machinery, equipment and vehicles, net | 59,911 | 59,623 |
| Tools, furniture and fixtures, net | 13,525 | 12,106 |
| Land | 14,853 | 14,972 |
| Leased assets, net | 2,403 | 2,544 |
| Construction in progress | 9,724 | 12,252 |
| Total property, plant and equipment | 136,167 | 138,099 |
| Intangible assets | 1,896 | 1,898 |
| Investments and other assets | | |
| Investment securities | 26,619 | 25,132 |
| Long-term loans receivable | 33 | 35 |
| Retirement benefit asset | 14,592 | 14,668 |
| Deferred tax assets | 1,535 | 1,421 |
| Other | 424 | 415 |
| Allowance for doubtful accounts | (8) | (8) |
| Total investments and other assets | 43,197 | 41,664 |
| Total non-current assets | 181,262 | 181,662 |
| Total assets | 334,780 | 326,351 |

(Million yen)

| | As of March 31, 2024 | As of June 30, 2024 |
|--|----------------------|---------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 86,135 | 76,995 |
| Electronically recorded obligations - operating | 3,790 | 3,706 |
| Short-term borrowings | 1,105 | – |
| Current portion of long-term borrowings | 11,773 | 11,916 |
| Income taxes payable | 2,639 | 3,087 |
| Accrued consumption taxes | 2,498 | 2,161 |
| Provision for bonuses for directors (and other officers) | 32 | 7 |
| Accrued expenses | 15,576 | 17,470 |
| Other | 14,376 | 11,757 |
| Total current liabilities | 137,926 | 127,102 |
| Non-current liabilities | | |
| Bonds payable | 6,000 | 6,000 |
| Long-term borrowings | 41,137 | 40,759 |
| Deferred tax liabilities | 10,191 | 9,650 |
| Provision for product warranties | 388 | 419 |
| Provision for dismantlement and removal | 933 | 933 |
| Retirement benefit liability | 5,057 | 5,066 |
| Other | 2,243 | 2,386 |
| Total non-current liabilities | 65,951 | 65,215 |
| Total liabilities | 203,878 | 192,318 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 16,820 | 16,820 |
| Capital surplus | 9,186 | 9,186 |
| Retained earnings | 58,893 | 59,475 |
| Treasury shares | (46) | (47) |
| Total shareholders' equity | 84,853 | 85,435 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 14,712 | 13,484 |
| Foreign currency translation adjustment | 16,094 | 19,651 |
| Remeasurements of defined benefit plans | 8,718 | 8,476 |
| Total accumulated other comprehensive income | 39,525 | 41,611 |
| Non-controlling interests | 6,523 | 6,986 |
| Total net assets | 130,901 | 134,033 |
| Total liabilities and net assets | 334,780 | 326,351 |

(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, 2023 (Apr. 1, 2023 – Jun. 30, 2023) | First quarter ended Jun. 30, 2024 (Apr. 1, 2024 – Jun. 30, 2024) |
|---|---|---|
| Net sales | 204,673 | 186,453 |
| Cost of sales | 193,183 | 175,358 |
| Gross profit | 11,490 | 11,094 |
| Selling, general and administrative expenses | 6,760 | 7,480 |
| Operating profit | 4,729 | 3,614 |
| Non-operating income | | |
| Interest income | 104 | 140 |
| Dividend income | 215 | 282 |
| Gain on sales of scraps | 70 | 79 |
| Share of profit of entities accounted for using equity method | 18 | 75 |
| Foreign exchange gains | 261 | 1,228 |
| Miscellaneous income | 109 | 198 |
| Total non-operating income | 779 | 2,006 |
| Non-operating expenses | | |
| Interest expenses | 320 | 205 |
| Loss on abandonment of non-current assets | 119 | 284 |
| Loss on valuation of derivatives | 183 | 528 |
| Business restructuring expenses | – | 577 |
| Miscellaneous loss | 19 | 30 |
| Total non-operating expenses | 642 | 1,628 |
| Ordinary profit | 4,865 | 3,992 |
| Profit before income taxes | 4,865 | 3,992 |
| Income taxes | 1,611 | 1,536 |
| Profit | 3,254 | 2,455 |
| Profit attributable to non-controlling interests | 179 | 83 |
| Profit attributable to owners of parent | 3,074 | 2,371 |

Quarterly consolidated statement of comprehensive income
For the first quarter

(Million yen)

| | First quarter ended Jun. 30, 2023 (Apr. 1, 2023 – Jun. 30, 2023) | First quarter ended Jun. 30, 2024 (Apr. 1, 2024 – Jun. 30, 2024) |
|--|---|---|
| Profit | 3,254 | 2,455 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,662 | (1,227) |
| Foreign currency translation adjustment | 3,851 | 3,752 |
| Remeasurements of defined benefit plans, net of tax | (85) | (242) |
| Share of other comprehensive income of entities accounted for using equity method | 40 | 186 |
| Total other comprehensive income | 5,468 | 2,468 |
| Comprehensive income | 8,722 | 4,923 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 8,227 | 4,457 |
| Comprehensive income attributable to non- controlling interests | 495 | 465 |

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes to going concern assumptions)

None

(Notes to significant changes in shareholders' equity)

None

(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.

(Segment information)

First quarter ended June 30, 2023 (April 1, 2023 to June 30, 2023)

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 | 90,196 | 54,963 | 21,046 | 23,127 | 15,338 | 204,673 | – | 204,673 |
| Of which inter- segment and transfers | 2,135 | 0 | 0 | 1 | 0 | 2,138 | (2,138) | – |
| Total | 92,332 | 54,964 | 21,047 | 23,128 | 15,339 | 206,811 | (2,138) | 204,673 |
| Segment profit | 2,706 | 323 | 467 | 611 | 485 | 4,594 | 134 | 4,729 |

Notes: 1. The segment profit adjustment of 134 million yen is for the elimination of intersegment transactions.

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

First quarter ended June 30, 2024 (April 1, 2024 to June 30, 2024)

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 | 75,913 | 63,255 | 16,815 | 16,718 | 13,750 | 186,453 | – | 186,453 |
| Of which inter- segment and transfers | 2,446 | 20 | 0 | 0 | 0 | 2,469 | (2,469) | – |
| Total | 78,359 | 63,275 | 16,816 | 16,719 | 13,751 | 188,922 | (2,469) | 186,453 |
| Segment profit | 808 | 1,461 | 452 | 294 | 571 | 3,588 | 25 | 3,614 |

Notes: 1. The segment profit adjustment of 25 million yen is for the elimination of intersegment transactions.

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

(Notes to statement of cash flows)

The Company did not prepare quarterly consolidated statements of cash flows for the first quarter under review. Depreciation (including amortization of intangible assets) for the first quarter under review is as follows.

| | First quarter ended June 30, 2023 (April 1, 2023 to June 30, 2023) | First quarter ended June 30, 2024 (April 1, 2024 to June 30, 2024) |
|--------------|---|---|
| Depreciation | 7,433 million yen | 7,171 million yen |

Supplementary data for the first three months of the fiscal year ending March 2025

1. Consolidated financial results

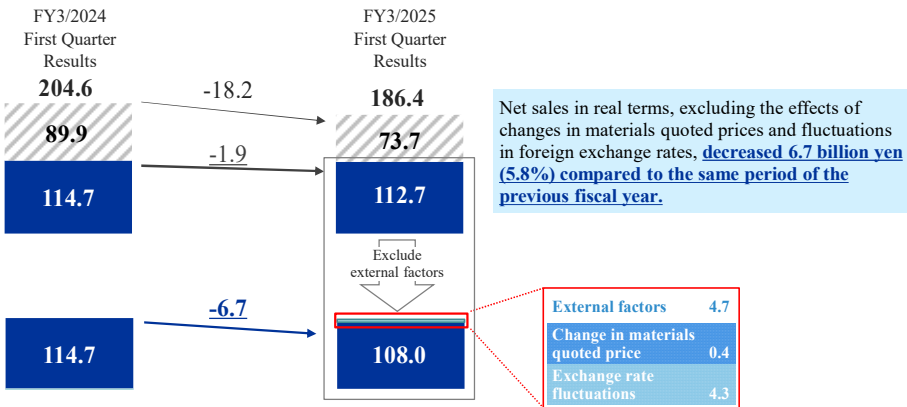
(Million yen, rounded down)

| | The first three months under review (From April 2024 to June 2024) | | The previous three months (From April 2023 to June 2023) | | Change | Change (%) | Full-year forecast (From April 2024 to March 2025) | | Change | Change (%) |
|--|---|------------|---|------------|---------|------------|---|------------|---------|------------|
| | | % of total | | % of total | | | | % of total | | |
| Net sales (including parts supplied by customers) | 186,453 | | 204,673 | | -18,220 | -8.9% | 740,000 | | -55,802 | -7.0% |
| (excluding parts supplied by customers) | 112,744 | (100.0%) | 114,722 | (100.0%) | -1,977 | -1.7% | 445,000 | (100.0%) | -4,664 | -1.0% |
| Operating profit | 3,614 | (3.2%) | 4,729 | (4.1%) | -1,115 | -23.6% | 16,000 | (3.6%) | -3,213 | -16.7% |
| Ordinary profit | 3,992 | (3.5%) | 4,865 | (4.2%) | -873 | -18.0% | 15,000 | (3.4%) | -3,489 | -18.9% |
| Profit attributable to owners of parent | 2,371 | (2.1%) | 3,074 | (2.7%) | -702 | -22.9% | 12,000 | (2.7%) | -831 | -6.5% |
| Earnings per share | 26.51 yen | | 34.38 yen | | | | 134.15 yen | | | |
| Capital expenditures (Completion basis) | 5,139 | | 3,379 | | 1,759 | 52.1% | 29,000 | | 9,785 | 50.9% |
| Depreciation | 7,171 | | 7,433 | | -261 | -3.5% | 25,000 | | -5,653 | -18.4% |
| Foreign exchange rate (USD/Yen) | 155.9 yen | | 137.4 yen | | | | 145.0 yen | | | |
| Number of consolidated companies | 21 | | 21 | | | | 21 | | | |

(Note) Figures in parentheses indicate the net sales ratio excluding parts supplied by customers.

* Supplementary explanations regarding year-on-year change in net sales

■ Net sales (excluding parts supplied by customers) ▨ Amount of parts supplied by customers Billion yen



- Meaning of the term "parts supplied by customers"
Catalysts and other parts supplied for value by customers
Sales prices of products, including parts supplied by customers, include values of parts supplied by customers and have no impact on profits.

- Meaning of the term "changes in materials prices"
It means that, due to changes in market conditions, unit purchase prices of materials and materials costs, which are components of sales prices, fluctuate by the same amount. There is no impact on profits because sales and costs fluctuate by the same amount.

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

(Billion yen)

| Factors for profit increase | | Amount | Factors for profit decrease | | Amount |
|-----------------------------|--|--------|--|--|--------|
| Rationalization enhancement | | 1.1 | Decrease in profit due to lower sales in the Automotive Parts Business | | 1.7 |
| Decrease in depreciation | | 0.3 | Sales price revision | | 0.6 |
| | | | Changes in product mix, etc. | | 0.2 |
| Total | | 1.4 | Total | | 2.5 |
| Net balance | | | Decrease in operating profit | | -1.1 |

3. Financial results by segment (excluding parts supplied by customers)

(Million yen, rounded down)

| | | The first three months under review (From April 2024 to June 2024) | | The previous three months (From April 2023 to June 2023) | | Change | Change (%) | Full-year forecast (From April 2024 to March 2025) | | Change | Change (%) |
|---------------|---|---|---------------|---|---------------|--------|------------|---|---------------|---------|------------|
| | | | Profit margin | | Profit margin | | | | Profit margin | | |
| Japan | Net sales (excluding parts supplied by customers) | 50,612 | | 56,866 | | -6,253 | -11.0% | 219,500 | | -6,058 | -2.7% |
| | Operating profit | 808 | 1.6% | 2,706 | 4.8% | -1,897 | -70.1% | 7,800 | 3.6% | -2,000 | -20.4% |
| North America | Net sales (excluding parts supplied by customers) | 35,858 | | 27,536 | | 8,321 | 30.2% | 131,000 | | 19,808 | 17.8% |
| | Operating profit | 1,461 | 4.1% | 323 | 1.2% | 1,137 | 351.5% | 4,600 | 3.5% | 1,110 | 31.8% |
| Europe | Net sales (excluding parts supplied by customers) | 10,291 | | 10,666 | | -375 | -3.5% | 36,500 | | -4,719 | -11.4% |
| | Operating profit | 452 | 4.4% | 467 | 4.4% | -14 | -3.2% | 400 | 1.1% | -1,675 | -80.7% |
| China | Net sales (excluding parts supplied by customers) | 13,637 | | 17,355 | | -3,718 | -21.4% | 51,000 | | -13,177 | -20.5% |
| | Operating profit | 294 | 2.2% | 611 | 3.5% | -316 | -51.7% | 1,300 | 2.5% | -916 | -41.3% |
| Asia | Net sales (excluding parts supplied by customers) | 4,813 | | 4,435 | | 378 | 8.5% | 21,000 | | 4,313 | 25.9% |
| | Operating profit | 571 | 11.9% | 485 | 11.0% | 85 | 17.6% | 1,900 | 9.0% | 462 | 32.2% |
| Elimination | Net sales | -2,469 | | -2,138 | | -330 | | -14,000 | | -4,831 | |
| | Operating profit | 25 | | 134 | | -109 | | 0 | | -193 | |
| Total | Net sales (excluding parts supplied by customers) | 112,744 | | 114,722 | | -1,977 | -1.7% | 445,000 | | -4,664 | -1.0% |
| | Operating profit | 3,614 | 3.2% | 4,729 | 4.1% | -1,115 | -23.6% | 16,000 | 3.6% | -3,213 | -16.7% |