

Earning Results Presentation

for the First Nine Months of the Fiscal Year
Ending March 31, 2024 (110th Term)



February 9, 2024

Futaba Industrial Co. Ltd.



FUTABA



1. Overview of the First Nine Months of the Fiscal Year Ending March 31, 2024

2. Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2024

Reference

Earning Results Summary

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(Million yen)

	FY3/2024 Nine Month Results	FY3/2023 Nine Month Results	Change	Change (%)
Net sales [including parts supplied by customers]	610,166	514,747	+95,418	+18.5%
[excluding parts supplied by customers]	344,029	287,188	+56,841	+19.8%
Operating profit	16,009 (2.6%) (4.7%)	2,472 (0.5%) (0.9%)	+13,536	+547.4%
Ordinary profit	15,609 (2.6%) (4.5%)	2,434 (0.5%) (0.8%)	+13,174	+541.2%
Profit attributable to owners of parent	10,765 (1.8%) (3.1%)	665 (0.1%) (0.2%)	+10,100	—

The figure in parentheses () indicates the ratio to sales.

Top: Including parts supplied by customers Bottom: Excluding parts supplied by customers

Exchange rates (1 USD)	143.3 yen	136.5 yen	The Japanese currency fell by 6.8 yen against the U.S. dollar.
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Earning Results Summary Breakdown of Sales:

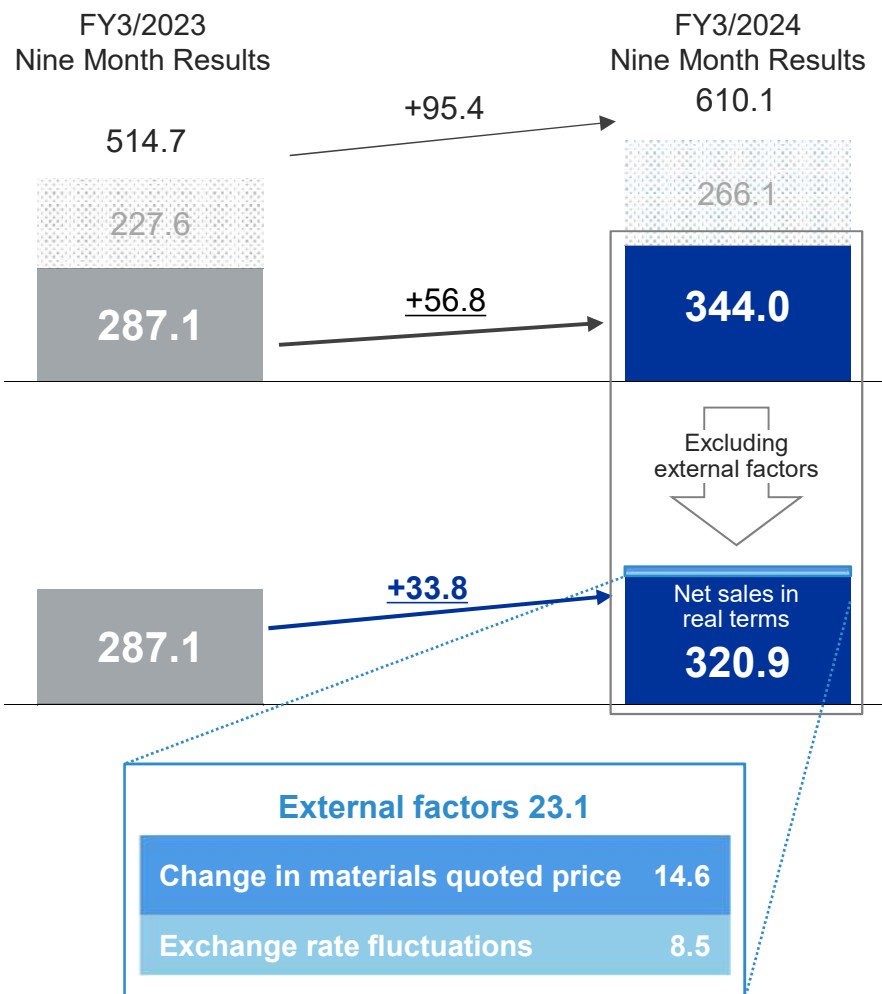
Impacts of parts supplied by customers/materials quoted price/exchange rate fluctuations

◆ Net sales

Billion yen

■ Net sales (excluding parts supplied by customers)

▨ Amount of parts supplied by customers



- Sales including parts supplied by customers rose 95.4 billion yen.
- Sales excluding parts supplied by customers rose 56.8 billion yen.
- Sales in real terms, excluding the effects of changes in materials quoted prices and fluctuations in foreign exchange rates, **increased 33.8 billion yen (11.8%)**

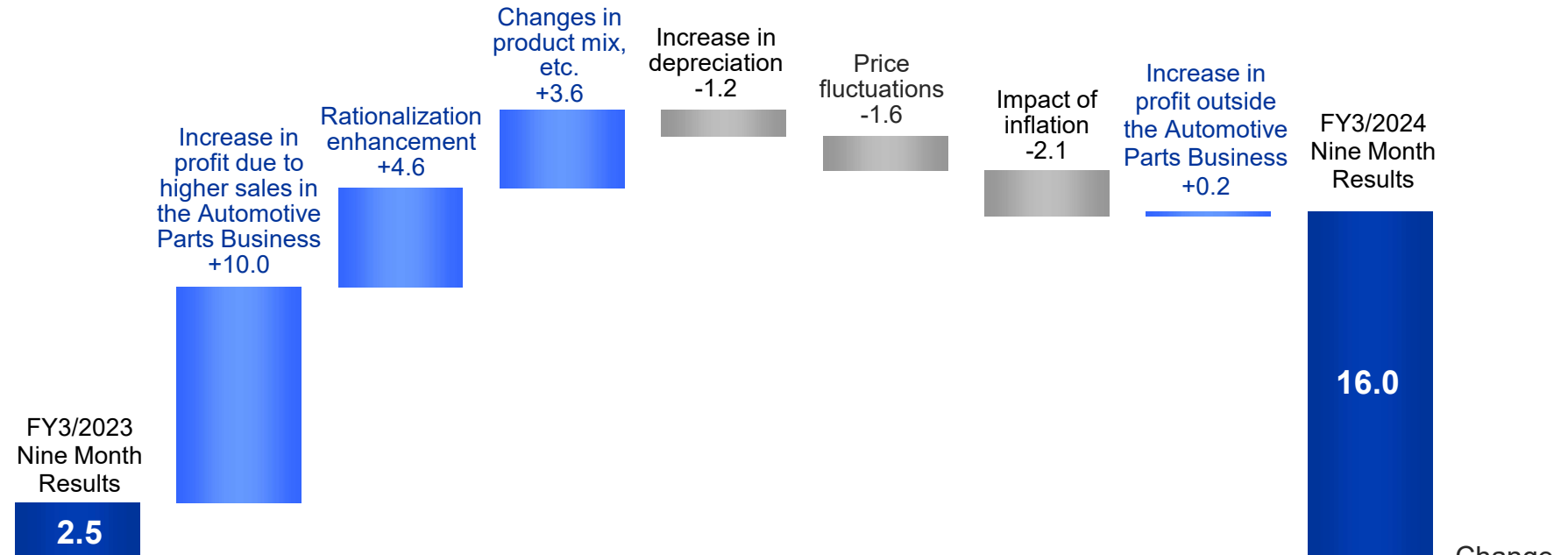
- Meaning of the term "parts supplied by customers"
Catalysts and other parts supplied for value by customers
Sales prices of products, including parts supplied by customers, include values of parts supplied by customers and have no impact on profits
- Meaning of the term "changes in materials quoted 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
- Meaning of the effects of fluctuations in foreign exchange rates
It means that, when converting the financial figures of overseas subsidiaries into yen equivalent, differences arise in foreign exchange rates, sales, etc. between the previous fiscal year and the fiscal year under review.

Analysis of Change in Operating Profit

Change in operating profit: **Up 13.5 billion yen**
 (from 2.5 billion yen to 16.0 billion yen)

Billion yen

- Factors for profit increase
- Factors for profit decrease



	FY3/2023	Higher sales	Rationalization	Product mix	Depreciation	Price fluctuations	Inflation	Outside APB	FY3/2024	Change
Japan	0.8	+7.6	+1.6	+1.4	-0.7	-0.4	-1.2	-0.4	8.7	+7.9
North America	-2.2	+3.1	+1.6	+0.8	-0.1	-0.5	-0.5	-0.2	2.0	+4.2
Europe	1.0	+0.2	+0.2	+0.2	-0.1	-0.2	-0.1	0.0	1.2	+0.2
China	1.9	-1.1	+1.1	+0.8	-0.3	-0.5	-0.3	+0.9	2.5	+0.6
Asia	0.9	+0.2	+0.1	+0.4	0.0	0.0	0.0	-0.1	1.5	+0.6
	<u>2.5</u>								<u>16.0</u>	<u>+13.5</u>

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Full-year Earnings Forecast

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The full-year earnings forecast announced on October 30 has been revised upwards in view of the Q3 results and the current situation in Q4.

	Current forecast for FY3/2024		Previous forecast for FY3/2024 (Oct.30)		Change	Change (%)	FY3/2023 Results	Change
	Billion yen							
Net sales [including parts supplied by customers]	810.0		810.0		—	—	708.0	+101.9
[excluding parts supplied by customers]	455.0		455.0		—	—	397.2	+57.7
Operating profit	19.0	(2.3%) (4.2%)	15.0	(1.9%) (3.3%)	+4.0	+26.7%	7.6	(1.1%) (1.9%) +11.4
Ordinary profit	18.0	(2.2%) (4.0%)	14.0	(1.7%) (3.1%)	+4.0	+28.6%	7.7	(1.1%) (2.0%) +10.2
Profit attributable to owners of parent	12.0	(1.5%) (2.6%)	10.0	(1.2%) (2.2%)	+2.0	+20.0%	10.5	(1.5%) (2.7%) +1.4
Exchange rates (1 USD)	140.0 yen		140.0 yen				135.5 yen	

The figure in parentheses () indicates the ratio to sales.

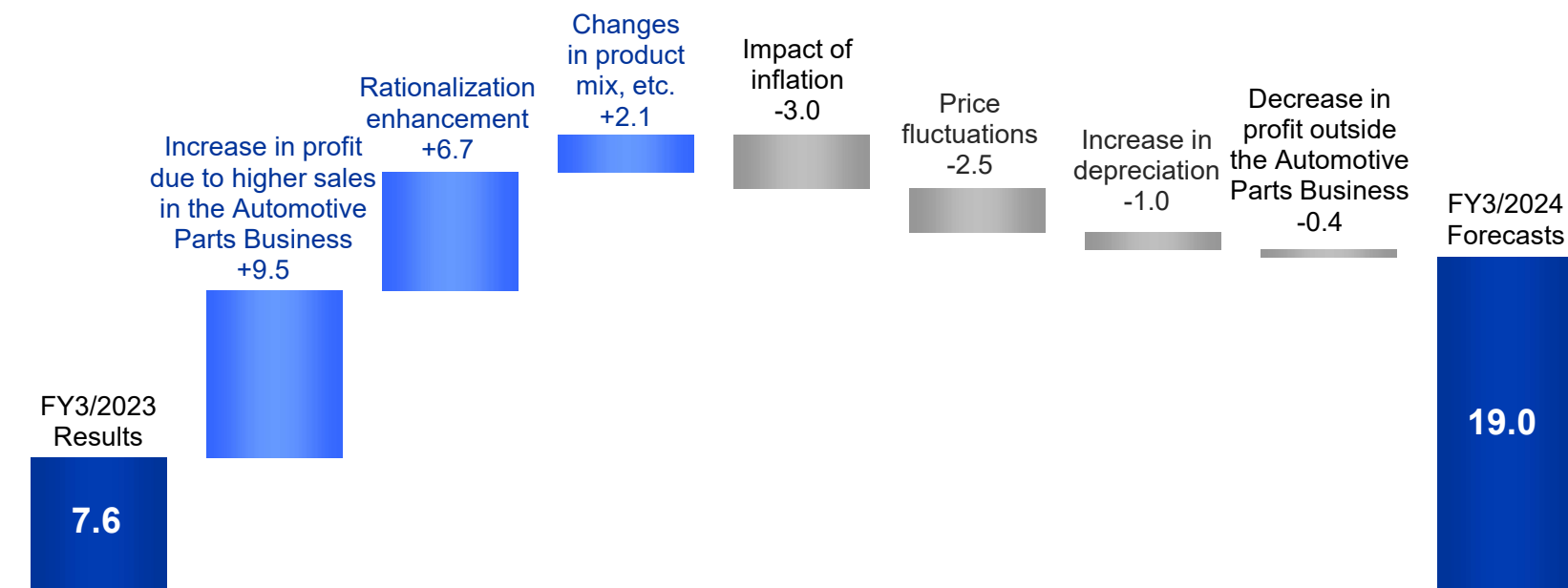
Top: Including parts supplied by customers Bottom: Excluding parts supplied by customers

Analysis of Change in Operating Profit

Change in operating profit: **Up 11.4 billion yen**
 (from 7.6 billion yen to 19.0 billion yen)

Billion yen

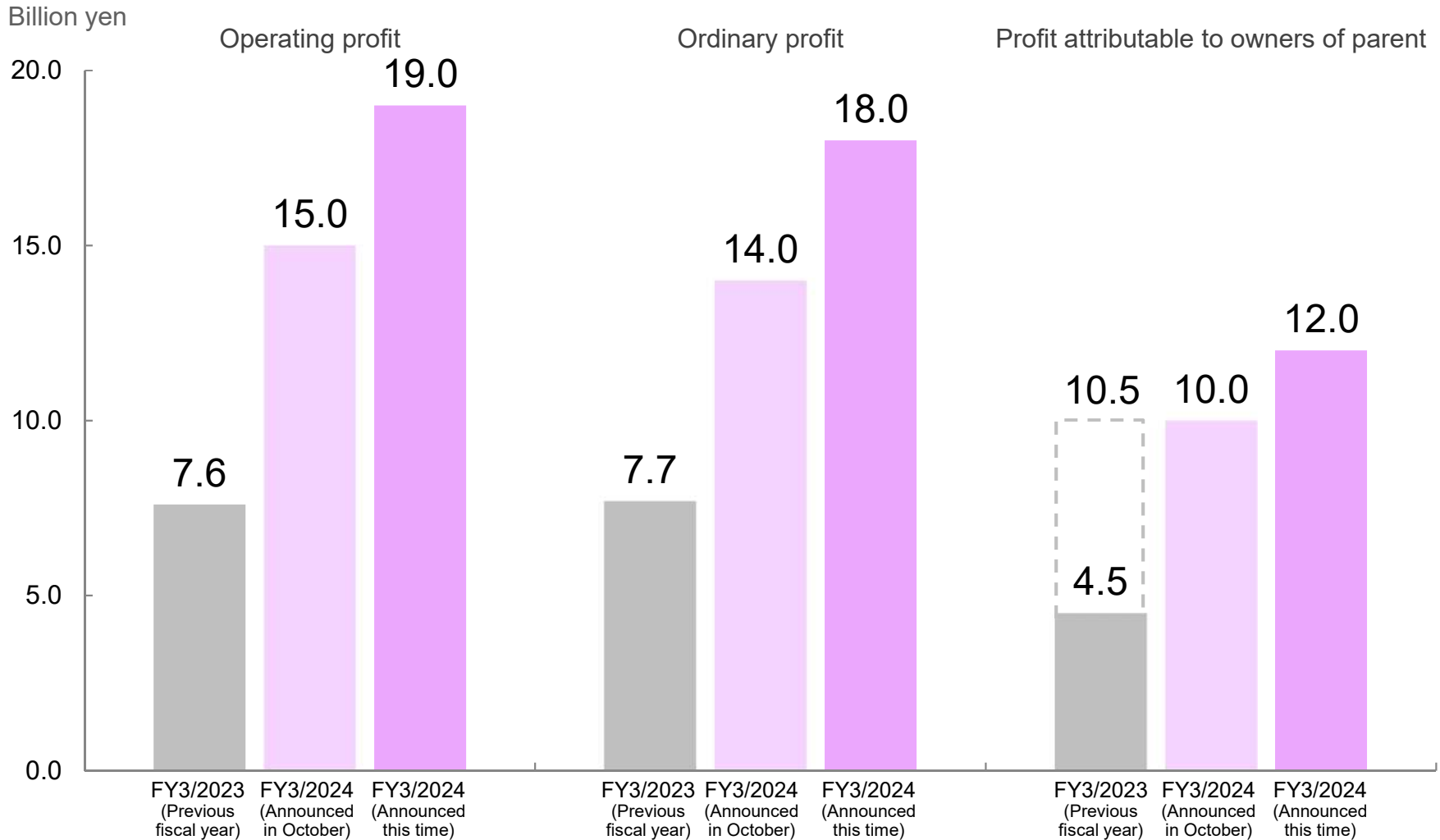
■ Factors for profit increase
 ■ Factors for profit decrease



The figure in parentheses () indicates the rise in labor expenses.

	FY3/2023 Results	Increase in profit due to higher sales in the Automotive Parts Business	Rationalization enhancement	Changes in product mix, etc.	Impact of inflation	Price fluctuations	Increase in depreciation	Decrease in profit outside the Automotive Parts Business	FY3/2024 Forecasts	Change
Japan	3.1	+7.1	+2.2	+1.5	-1.8 (-1.4)	-0.7	-1.0	-1.0	9.4	+6.3
North America	-0.7	+3.6	+2.2	0.0	-0.6 (-0.4)	-0.7	+0.1	-0.2	3.7	+4.4
Europe	1.0	+1.0	+0.4	0.0	-0.2 (-0.2)	-0.4	0.0	0.0	1.8	+0.8
China	2.7	-2.5	+1.5	+0.6	-0.4 (-0.4)	-0.7	-0.1	+0.9	2.0	-0.7
Asia	1.5	+0.3	+0.4	0.0	0.0	0.0	0.0	-0.1	2.1	+0.6
Total	7.6								19.0	+11.4

Trends in Profits from FY3/2023 to FY3/2024



Profit attributable to owners of parent increased 7.5 billion yen year on year excluding income taxes - deferred of 6.0 billion yen attributable to the posting of deferred tax assets in the previous fiscal year.

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Net Sales and Operating Profit by Business Segment (including parts supplied by customers)

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(Million yen)

		FY3/2024 Nine Month Results	FY3/2023 Nine Month Results	Change	Change (%)
Japan	Net sales	280,352	216,486	+63,865	+29.5%
	Operating profit	8,672 (3.1%)	791 (0.4%)	+7,881	+995.6%
North America	Net sales	165,494	122,638	+42,856	+34.9%
	Operating profit	1,980 (1.2%)	-2,244 (-1.8%)	+4,225	—
Europe	Net sales	55,902	52,460	+3,442	+6.6%
	Operating profit	1,217 (2.2%)	937 (1.8%)	+279	+29.8%
China	Net sales	68,994	79,127	-10,133	-12.8%
	Operating profit	2,483 (3.6%)	1,814 (2.3%)	+669	+36.9%
Asia	Net sales	46,216	52,300	-6,083	-11.6%
	Operating profit	1,483 (3.2%)	907 (1.7%)	+575	+63.4%
Consolidation adjustments	Net sales	-6,794	-8,265	+1,471	
	Operating profit	172	266	-93	
Total	Net sales	610,166	514,747	+95,418	+18.5%
	Operating profit	16,009 (2.6%)	2,472 (0.5%)	+13,536	+547.4%

The first nine months under review: Apr. to Dec. 2023
The previous first nine months: Jan. to Sep. 2022

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

Net Sales and Operating Profit by Business Segment (excluding parts supplied by customers)

11

(Million yen)

		FY3/2024 Nine Month Results	FY3/2023 Nine Month Results	Change	Change (%)
Japan	Net sales [excluding parts supplied by customers]	172,558	135,132	+37,425	+27.7%
	Operating profit	8,672 (5.0%)	791 (0.6%)	+7,881	+995.6%
North America	Net sales [excluding parts supplied by customers]	82,584	66,819	+15,765	+23.6%
	Operating profit	1,980 (2.4%)	-2,244 (-3.4%)	+4,225	—
Europe	Net sales [excluding parts supplied by customers]	29,846	25,371	+4,475	+17.6%
	Operating profit	1,217 (4.1%)	937 (3.7%)	+279	+29.8%
China	Net sales [excluding parts supplied by customers]	52,757	55,932	-3,174	-5.7%
	Operating profit	2,483 (4.7%)	1,814 (3.2%)	+669	+36.9%
Asia	Net sales [excluding parts supplied by customers]	13,077	12,198	+878	+7.2%
	Operating profit	1,483 (11.3%)	907 (7.4%)	+575	+63.4%
Consolidation adjustments	Net sales	-6,794	-8,265	+1,471	
	Operating profit	172	266	-93	
Total	Net sales [excluding parts supplied by customers]	344,029	287,188	+56,841	+19.8%
	Operating profit	16,009 (4.7%)	2,472 (0.9%)	+13,536	+547.4%

The first nine months under
review: Apr. to Dec. 2023
The previous first nine months:
Jan. to Sep. 2022

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

Sales by Customer (including parts supplied by customers)

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The figure in parentheses () indicates the ratio to net sales billion yen

	FY3/2024 Nine Month Results		FY3/2023 Nine Month Results		Change	Change (%)
*1 Toyota Group	494.6	(81.1%)	393.7	(76.5%)	+100.9	+25.6%
Suzuki	53.5	(8.8%)	53.9	(10.5%)	-0.4	-0.7%
Mitsubishi Motors	17.2	(2.8%)	18.2	(3.5%)	-1.0	-5.5%
Honda Motor	7.4	(1.2%)	7.9	(1.5%)	-0.4	-5.8%
Mitsubishi Fuso	5.9	(1.0%)	6.4	(1.3%)	-0.4	-7.3%
*2 Nissan Group	6.8	(1.1%)	5.4	(1.1%)	+1.3	+24.7%
FUJIFILM Business Innovation	0.7	(0.1%)	0.9	(0.2%)	-0.1	-17.3%
Other	23.7	(3.9%)	28.1	(5.4%)	-4.3	-15.6%
Total	610.1	(100.0%)	514.7	(100.0%)	+95.4	+18.5%

*1. The Toyota Group includes Daihatsu, Hino Motors, etc.

*2. The Nissan Group includes Nissan Shatai.

Sales by Customer (excluding parts supplied by customers)

13

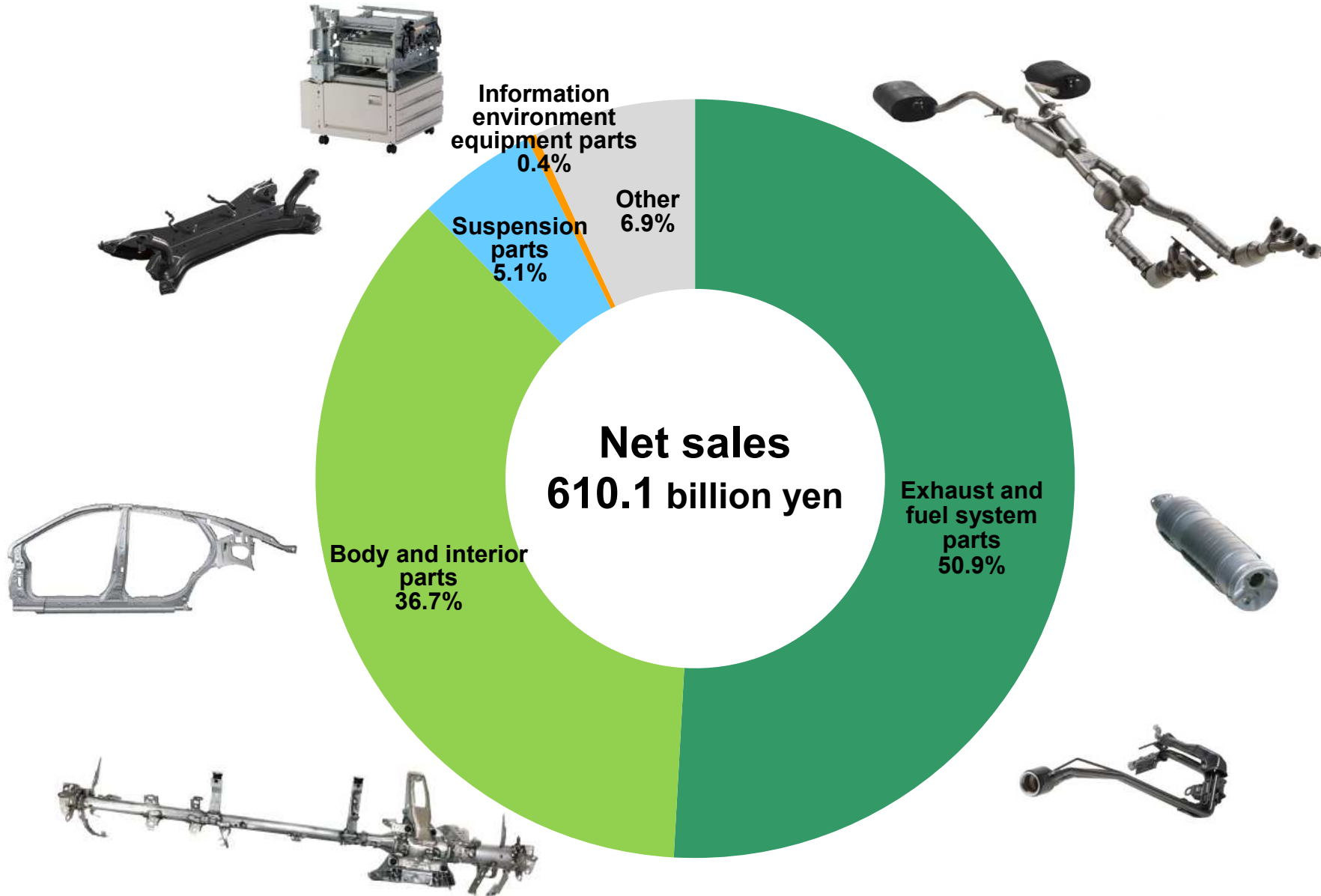
The figure in parentheses () indicates the ratio to net sales billion yen

	FY3/2024 Nine Month Results		FY3/2023 Nine Month Results		Change	Change (%)
*1 Toyota Group	288.4	(83.8%)	231.7	(80.7%)	+56.6	+24.5%
Suzuki	17.2	(5.0%)	14.4	(5.0%)	+2.8	+19.5%
Mitsubishi Motors	7.9	(2.3%)	7.8	(2.7%)	+0.1	+1.3%
Honda Motor	5.3	(1.5%)	5.5	(1.9%)	-0.2	-4.9%
Mitsubishi Fuso	2.3	(0.7%)	2.5	(0.9%)	-0.2	-9.5%
*2 Nissan Group	5.0	(1.5%)	4.1	(1.4%)	+0.9	+22.1%
FUJIFILM Business Innovation	0.7	(0.2%)	0.9	(0.3%)	-0.1	-17.4%
Other	16.9	(5.0%)	19.9	(7.1%)	-2.9	-15.0%
Total	344.0	(100.0%)	287.1	(100.0%)	+56.8	+19.8%

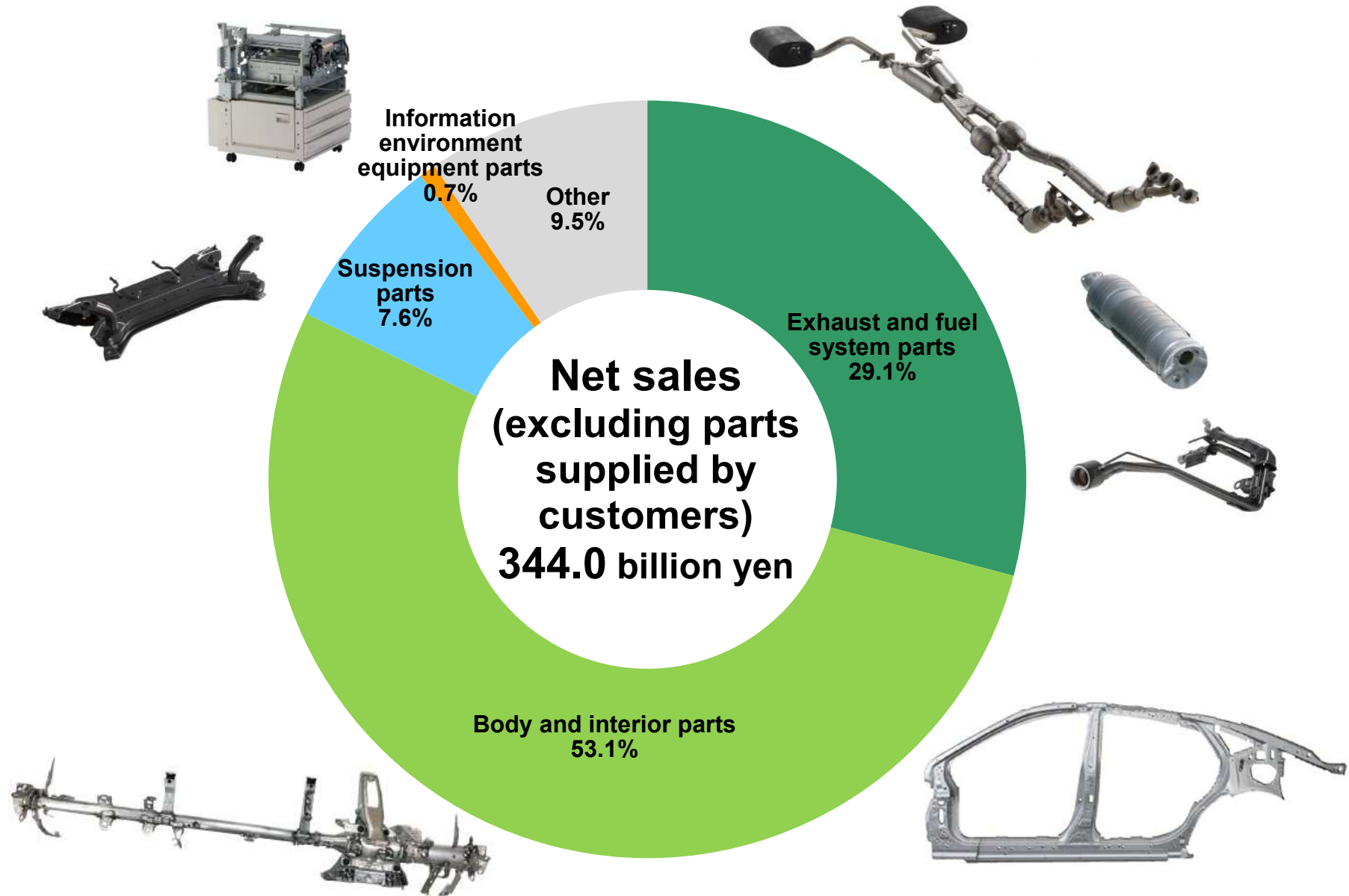
*1. The Toyota Group includes Daihatsu, Hino Motors, etc.

*2. The Nissan Group includes Nissan Shatai.

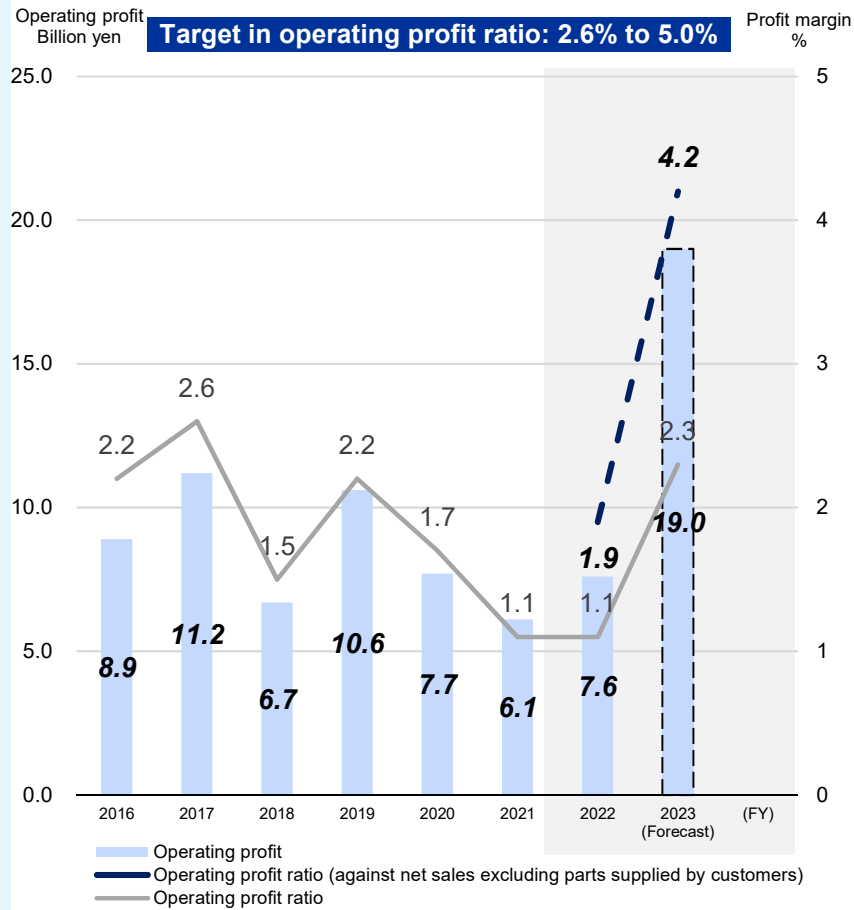
Percentage of Sales by Product Category in FY3/2024 (including parts supplied by customers)



Sales Breakdown by Product Category for FY3/2024 (excluding parts supplied by customers)



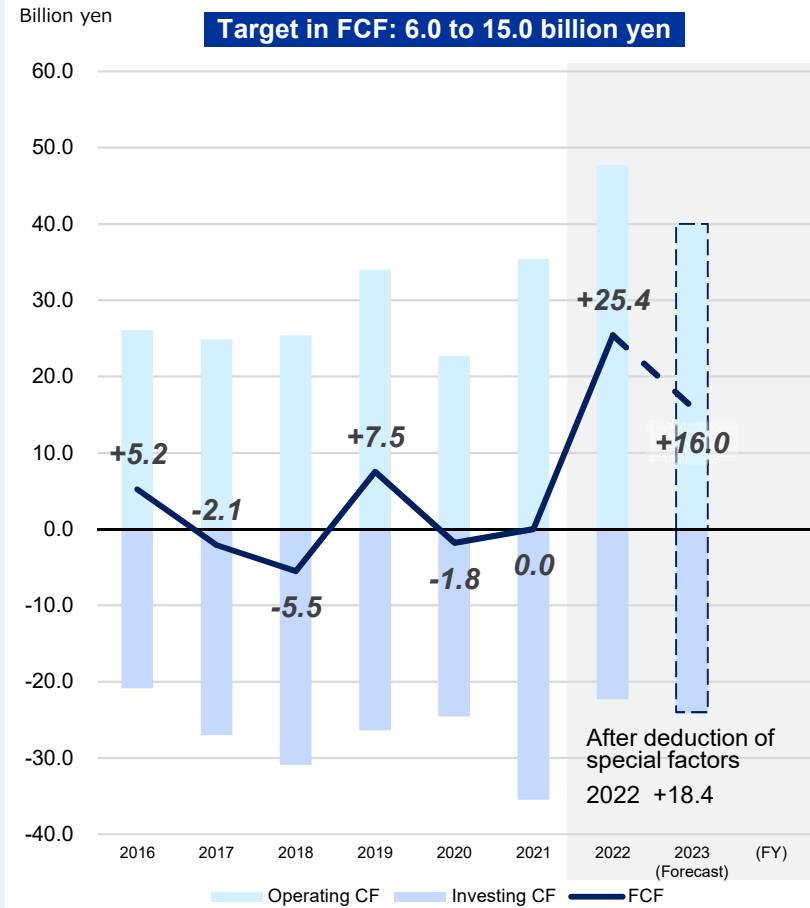
Operating profit ratio



Accelerate activities that lower the breakeven point in net sales.

Increase efficiency in terms of both variable and fixed costs.

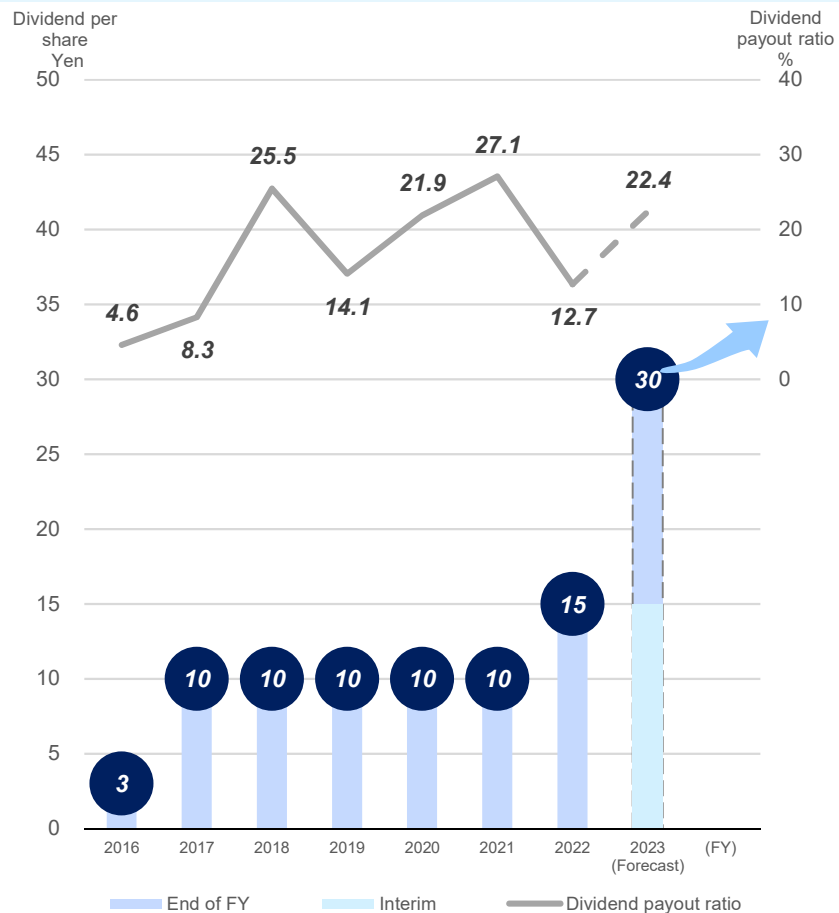
Free cash flows



Attain constant profitability.

Allocate to (1) shareholder returns, (2) repayment of interest-bearing debt, and (3) investments in growth (with a focus on advanced development).

(1) Shareholder returns

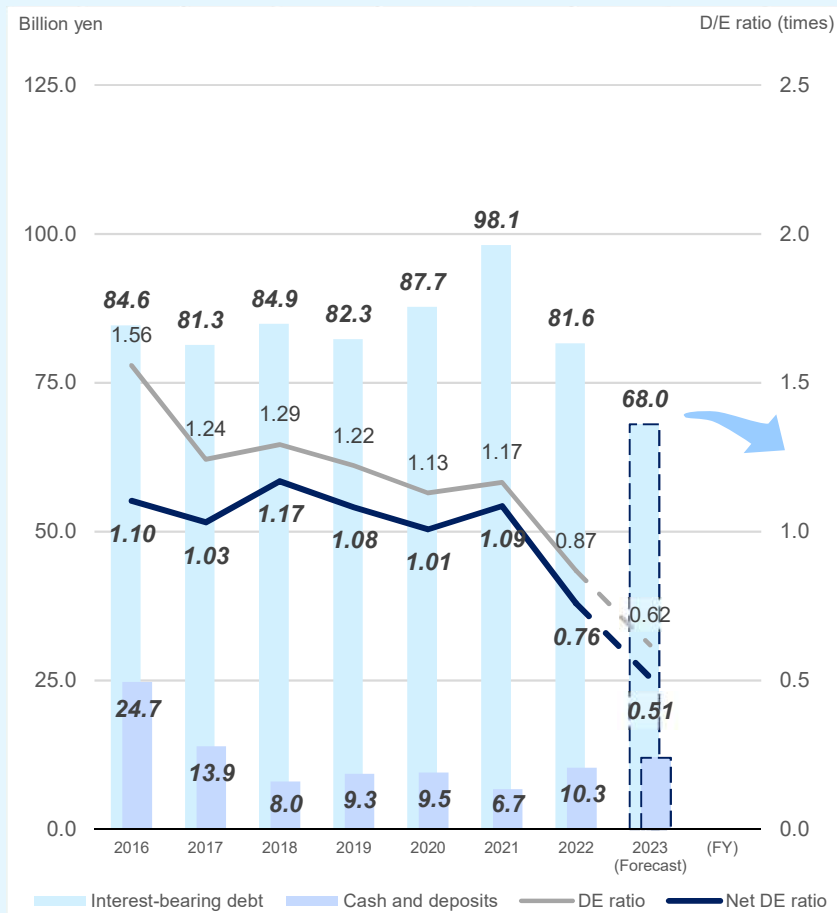


Payout ratio target set around 30%

Strive to maintain and increase the amounts of dividends.

*** An interim dividend was paid for the first time in 15 years.**

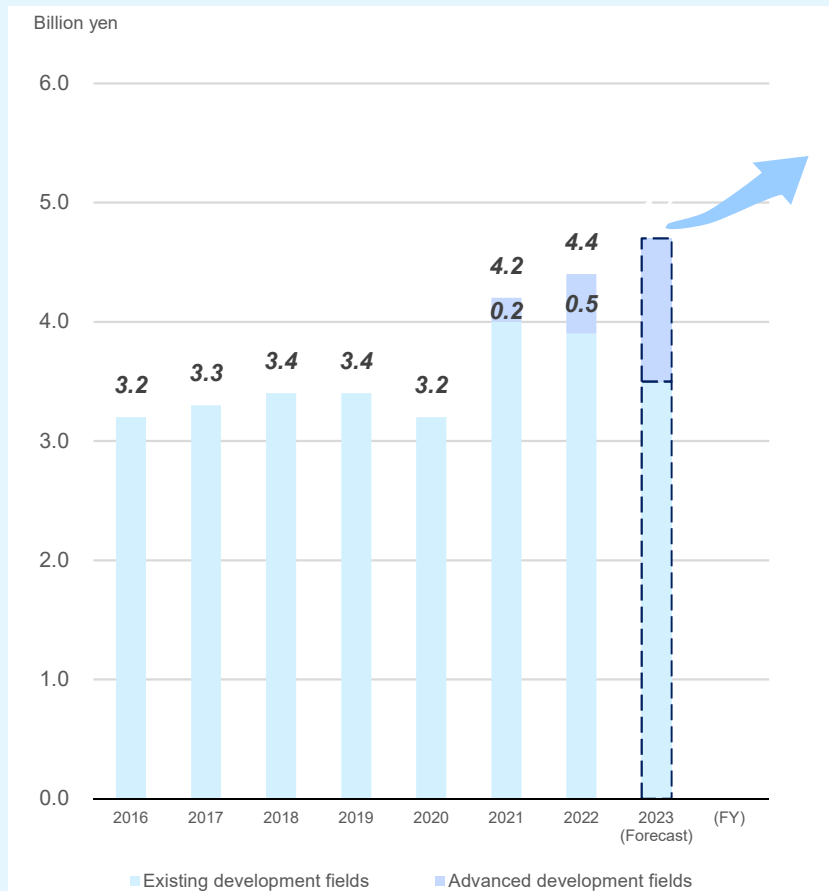
(2) Repayment of interest-bearing debt



Continue cutting interest-bearing debt.

Increase fund liquidity inside the Group to reduce interest-bearing debt.

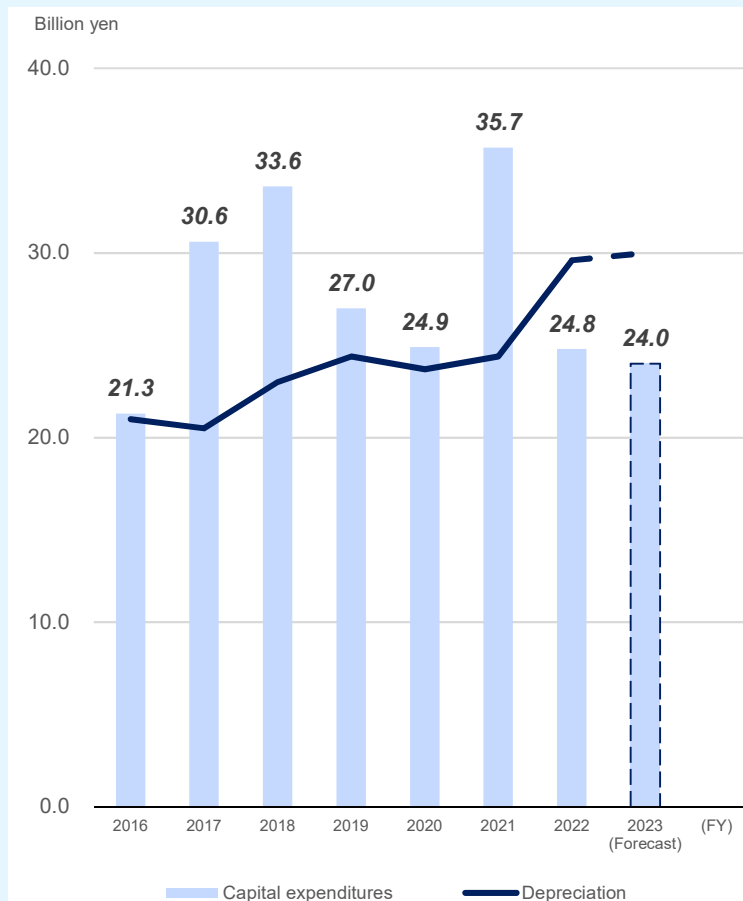
(3) Investments in growth (research and development expenses)



Increase the ratio of research and development expenses to net sales in real terms from around 1% to a range of 2% to 3%.

Shift from existing fields to advanced fields.

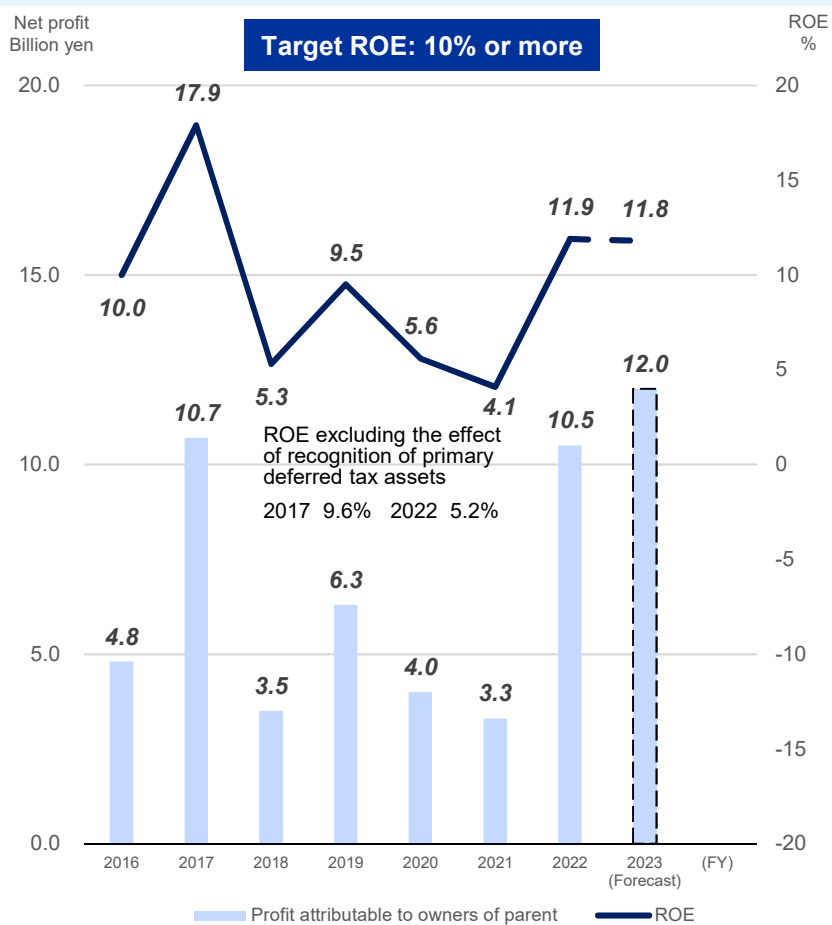
Capital expenditures



To achieve the free cash flow target, set the upper limit of capital expenditures at 25 to 30 billion yen.

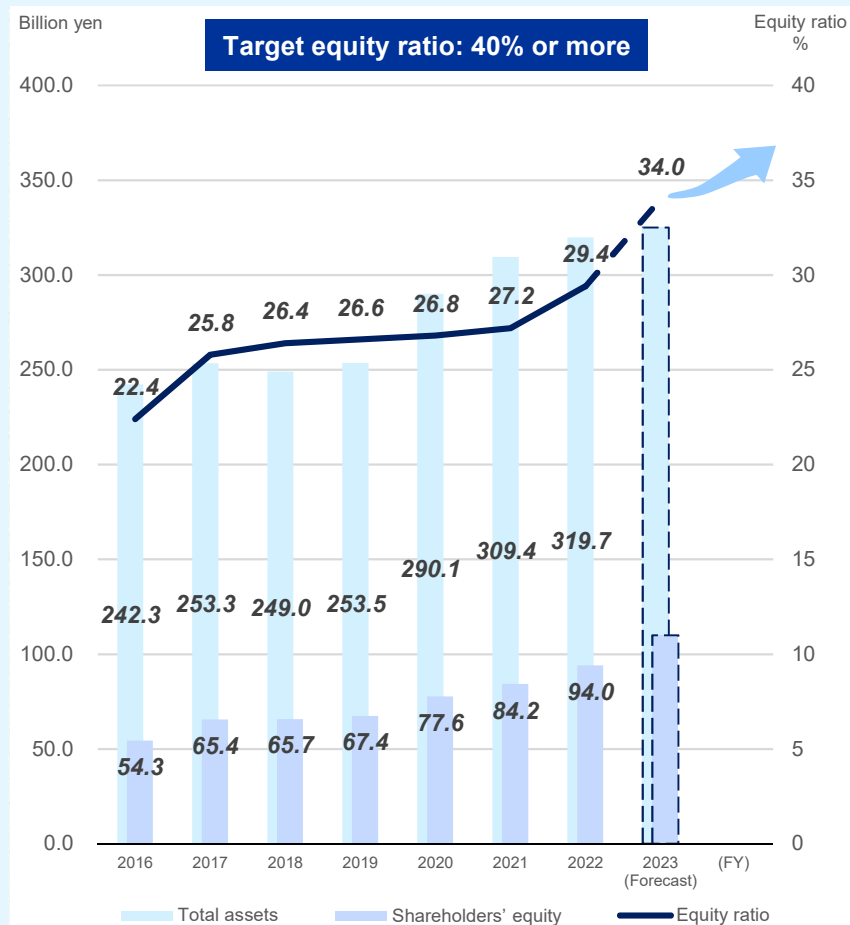
Follow a basic principle of making no investment exceeding the amount of depreciation.

ROE



Expressly specify an ROE target of 10% or more.
Work on realization of management that is conscious of cost of capital.

Equity ratio



Improve profitability and strengthen shareholders' equity.
Improve turnover of inventories and non-current assets.

FUTABA

Futaba Industrial Co., Ltd.

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

[Important Notes]

Forecasts and other forward-looking statements about the Company (including its consolidated subsidiaries) contained in this document are management's forecasts based on the information currently available to the Company and involve risks and uncertainties. Therefore, investors are advised not to make investment decisions based solely on these forecasts.

Please note that actual results may differ materially from the forecasts due to various key factors. Important factors that may affect actual results include, but are not limited to, economic conditions surrounding the business areas of the Company, its consolidated subsidiaries and equity method affiliates, market trends, and exchange rates of the yen against the U.S. dollar and other currencies.

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In this document, some figures are shown in billion yen for the purpose of providing a general overview of the Company's business performance. The total amount and difference shown in this document may appear to be inaccurate to the billion yen digit because the original figures, which are in millions of yen, are rounded.