

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 2024 [Japan GAAP]

February 1, 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 filing of quarterly report: February 9, 2024
 Scheduled date of commencement of dividend payment: –
 Supplementary materials for quarterly financial results: Yes
 Information meeting for quarterly financial results: None

(Yen in millions, rounded down)

1. Financial results for the first nine months of the fiscal year ending March 2024 (April 1, 2023 – December 31, 2023)

(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	
Nine months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 2023	610,166	18.5	16,009	547.4	15,609	541.2	10,765	–
December 2022	514,747	26.1	2,472	10.6	2,434	(23.7)	665	–

Note: Comprehensive income: 3Q FY3/2024: 17,312 million yen [273.9%] 3Q FY3/2023: 4,629 million yen [0.4%]

	Earnings per share	Earnings per share fully diluted
Nine months ended	Yen	Yen
December 2023	120.35	–
December 2022	7.44	–

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2023	322,788	114,692	33.6
March 31, 2023	319,768	99,747	29.4

Reference: Shareholders' equity As of December 31, 2023: 108,562 million yen As of March 31, 2023: 94,071 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
FY2023	–	0.00	–	15.00	15.00
FY2024	–	15.00	–		
FY2024 (estimated)				15.00	30.00

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

3. Forecast for the fiscal year ending March 2024 (Consolidated, April 1, 2023 – March 31, 2024)

(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	810,000	14.4	19,000	147.4	18,000	131.7	12,000	13.5	134.18

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): None
Newly consolidated company: None
Excluded: 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 3Q FY3/24:	89,580,827	End of FY3/23:	89,580,827
(b) Treasury shares	End of 3Q FY3/24:	114,352	End of FY3/23:	154,055
(c) Average number of shares outstanding	First nine months FY3/24:	89,450,465	First nine months FY3/23:	89,433,600

* 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 Nine Months 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 has been emphasizing three value propositions of environment, reassurance and enriched lifestyles. The environment represents exhaust system parts that reduce negative impacts on the natural environment. Reassurance represents body/interior parts that protect people from danger and provide them with peace of mind. Enriched lifestyles represent products and services that increase quality of life. The Group will continue to provide value and increase information transmission to shareholders, investors and all stakeholders, including customers, employees and local communities.

In the first nine months of the fiscal year under review, net sales increased 18.5% year on year to 610.1 billion yen, operating profit was 16.0 billion yen (up 547.4% year on year), ordinary profit was 15.6 billion yen (up 541.2% year on year), and profit attributable to owners of parent was 10.7 billion yen (15.2 times the profit attributable to owners of parent in the same period of the previous fiscal year), reflecting a recovery in customer operations, which had been stagnant due to the impact of parts shortages.

Geographic segment performance was as follows.

1) Japan

Net sales were 280.3 billion yen, an increase of 29.5% from the same period of the previous fiscal year. Segment profit was 8.6 billion yen, up 10 times year on year.

2) North America

Net sales were 165.4 billion yen, an increase of 34.9% from the same period of the previous fiscal year. The segment profit was 1.9 billion yen (compared to a segment loss of 2.2 billion yen in the same period of the previous fiscal year).

3) Europe

Net sales were 55.9 billion yen, an increase of 6.6% from the same period of the previous fiscal year. Segment profit was 1.2 billion yen, an increase of 29.8% year on year.

4) China

Net sales were 68.9 billion yen, a decrease of 12.8% from the same period of the previous fiscal year. Segment profit was 2.4 billion yen, an increase of 36.9% year on year.

5) Asia

Net sales were 46.2 billion yen, a decrease of 11.6% from the same period of the previous fiscal year. Segment profit was 1.4 billion yen, an increase of 63.4% year on year.

(2) Explanation of Financial Position

Total assets at the end of the first nine months of the fiscal year under review were 322.7 billion yen, an increase of 3.0 billion yen compared to the end of the previous fiscal year, mainly due to an increase in cash and deposits. Total liabilities amounted to 208.0 billion yen, a 11.9 billion yen decrease from the end of the previous fiscal year, mainly due to a decrease in short-term borrowings. Net assets increased 14.9 billion yen from the end of the previous fiscal year to 114.6 billion yen due mainly to an increase in retained earnings.

2. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and deposits	10,335	33,330
Notes and accounts receivable - trade	100,906	86,940
Finished goods	7,095	6,047
Work in process	15,354	15,639
Raw materials and supplies	7,894	7,429
Other	10,605	10,247
Total current assets	152,191	159,635
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,469	33,611
Machinery, equipment and vehicles, net	62,068	58,529
Tools, furniture and fixtures, net	14,188	14,475
Land	14,618	14,749
Leased assets, net	1,515	1,534
Construction in progress	13,375	7,324
Total property, plant and equipment	139,235	130,224
Intangible assets	1,660	1,786
Investments and other assets		
Investment securities	16,287	20,686
Long-term loans receivable	37	29
Retirement benefit asset	8,700	8,692
Deferred tax assets	1,226	1,312
Other	461	455
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	26,680	31,141
Total non-current assets	167,576	163,152
Total assets	319,768	322,788

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	96,153	93,456
Electronically recorded obligations - operating	5,699	7,192
Current portion of bonds payable	6,000	6,000
Short-term borrowings	9,464	635
Current portion of long-term borrowings	7,581	6,574
Income taxes payable	984	2,493
Accrued consumption taxes	1,393	2,834
Provision for bonuses for directors (and other officers)	33	15
Accrued expenses	12,909	12,081
Other	7,567	7,035
Total current liabilities	147,787	138,320
Non-current liabilities		
Bonds payable	6,000	6,000
Long-term borrowings	51,818	47,358
Deferred tax liabilities	3,117	5,004
Provision for product warranties	274	310
Retirement benefit liability	9,619	9,790
Other	1,403	1,312
Total non-current liabilities	72,233	69,776
Total liabilities	220,021	208,096
Net assets		
Shareholders' equity		
Share capital	16,820	16,820
Capital surplus	9,182	9,186
Retained earnings	48,641	56,827
Treasury shares	(62)	(46)
Total shareholders' equity	74,581	82,787
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,500	10,530
Foreign currency translation adjustment	9,802	13,314
Remeasurements of defined benefit plans	2,187	1,929
Total accumulated other comprehensive income	19,489	25,774
Non-controlling interests	5,675	6,130
Total net assets	99,747	114,692
Total liabilities and net assets	319,768	322,788

(2) Quarterly Consolidated Statement of Income and Comprehensive Income
Quarterly consolidated statement of income
For the first nine months

(Million yen)

	First nine months ended Dec. 31, 2022 (April 1, 2022 to December 31, 2022)	First nine months ended Dec. 31, 2023 (April 1, 2023 to December 31, 2023)
Net sales	514,747	610,166
Cost of sales	493,110	573,574
Gross profit	21,636	36,591
Selling, general and administrative expenses	19,163	20,581
Operating profit	2,472	16,009
Non-operating income		
Interest income	102	402
Dividend income	377	456
Gain on sales of scraps	341	286
Share of profit of entities accounted for using equity method	238	—
Insurance claim income	1	559
Miscellaneous income	639	589
Total non-operating income	1,701	2,295
Non-operating expenses		
Interest expenses	963	831
Share of loss of entities accounted for using equity method	—	122
Loss on abandonment of non-current assets	186	332
Foreign exchange losses	392	403
Loss on valuation of derivatives	—	174
Litigation settlement	—	573
Miscellaneous loss	196	258
Total non-operating expenses	1,739	2,695
Ordinary profit	2,434	15,609
Profit before income taxes	2,434	15,609
Income taxes	1,397	4,330
Profit	1,036	11,278
Profit attributable to non-controlling interests	370	512
Profit attributable to owners of parent	665	10,765

Quarterly consolidated statement of comprehensive income
For the first nine months

(Million yen)

	First nine months ended Dec. 31, 2022 (April 1, 2022 to December 31, 2022)	First nine months ended Dec. 31, 2023 (April 1, 2023 to December 31, 2023)
Profit	1,036	11,278
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,059)	3,029
Foreign currency translation adjustment	4,033	2,861
Remeasurements of defined benefit plans, net of tax	(347)	(257)
Share of other comprehensive income of entities accounted for using equity method	966	399
Total other comprehensive income	3,593	6,033
Comprehensive income	4,629	17,312
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,838	16,583
Comprehensive income attributable to non- controlling interests	791	729

(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 nine months 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.

(Additional information)

(Change of matters related to the fiscal years of consolidated subsidiaries)

The Company's seven overseas consolidated subsidiaries in China previously had their fiscal year end on December 31 and made the necessary adjustments to their financial statements as of December 31 to reflect any material transactions occurring between December 31 and the consolidated fiscal year end. However, to disclose consolidated quarterly financial statements more properly, the consolidated subsidiaries adopted a method of making a provisional settlement of accounts, starting from the first quarter of the fiscal year.

Following the above adoption, profitability in a three-month period from January 1, 2023 to March 31, 2023 has been reflected through the adjustment of retained earnings for the first nine months of the fiscal year under review.

(Segment information)

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

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	208,344	122,620	52,460	79,023	52,297	514,747	—	514,747
Of which inter- segment and transfers	8,141	18	—	103	2	8,265	(8,265)	—
Total	216,486	122,638	52,460	79,127	52,300	523,013	(8,265)	514,747
Segment profit (loss)	791	(2,244)	937	1,814	907	2,206	266	2,472

Notes: 1. The segment profit (loss) adjustment of 266 million yen is for the elimination of intersegment transactions.

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

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 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	273,579	165,481	55,901	68,989	46,215	610,166	—	610,166
Of which inter- segment and transfers	6,772	13	1	4	1	6,794	(6,794)	—
Total	280,352	165,494	55,902	68,994	46,216	616,960	(6,794)	610,166
Segment profit	8,672	1,980	1,217	2,483	1,483	15,837	172	16,009

Notes: 1. The segment profit adjustment of 172 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 nine months of the fiscal year ending March 2024

1. Consolidated financial results

(Million yen, rounded down)

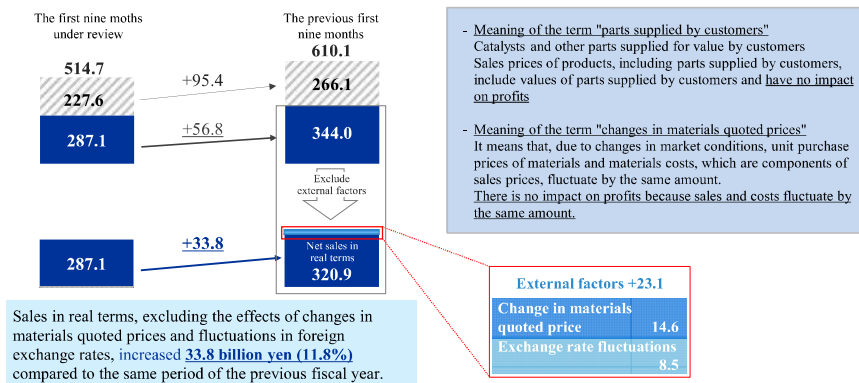
	The first nine months under review (From April 2023 to December 2023)		The previous first nine months (From April 2022 to December 2022)		Change	Change (%)
		% of total		% of total		
Net sales (including parts supplied by customers)	610,166		514,747		95,418	18.5%
(excluding parts supplied by customers)	344,029	(100.0%)	287,188	(100.0%)	56,841	19.8%
Operating profit	16,009	(4.7%)	2,472	(0.9%)	13,536	547.4%
Ordinary profit	15,609	(4.5%)	2,434	(0.8%)	13,174	541.2%
Profit attributable to owners of parent	10,765	(3.1%)	665	(0.2%)	10,100	-
Earnings per share	120.35 yen		7.44 yen			
Capital expenditures (Completion basis)	10,402		17,422		-7,020	-40.3%
Depreciation	22,750		21,527		1,223	5.7%
Foreign exchange rate (USD/Yen)	143.3 yen		136.5 yen			
Number of consolidated companies	21		21			

Full-year forecast (From April 2023 to March 2024)		Change	Change (%)
	% of total		
810,000		101,927	14.4%
455,000	(100.0%)	57,774	14.5%
19,000	(4.2%)	11,318	147.4%
18,000	(4.0%)	10,231	131.7%
12,000	(2.6%)	1,423	13.5%
134.18 yen			
27,000		2,198	8.9%
30,000		327	1.1%
140.0 yen			
21			

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

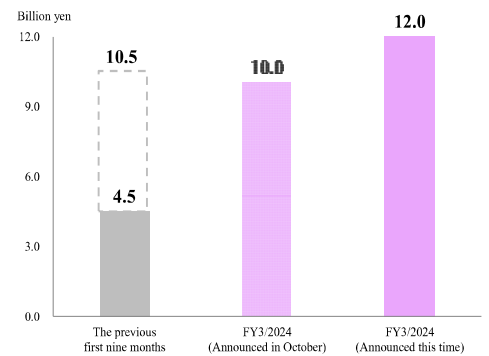
* Supplementary explanations regarding year-on-year change in net sales

■ Net sales (excluding parts supplied by customers) ▨ Amount of parts supplied by customers <> Change (%) Billion yen



* Supplementary explanation of profit for FY3/2024

Profit increased 7.5 billion yen (up 166.6%) 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.



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	10.0	Impact of inflation	2.1
Rationalization enhancement	4.6	Price fluctuations	1.6
Changes in product mix, etc.	3.6	Increase in depreciation	1.2
Increase in profit outside the Automotive Parts Business	0.2		
Total	18.4	Total	4.9
Net balance	Increase in operating profit	13.5	

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

(Million yen, rounded down)

		The first nine months under review (From April 2023 to December 2023)		The previous first nine months (From April 2022 to December 2022)		Change	Change (%)
			Profit margin		Profit margin		
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%
Elimination	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%

Full-year forecast (From April 2023 to March 2024)		Change	Change (%)
	Profit margin		
229,000		37,227	19.4%
9,400	4.1%	6,343	207.5%
113,000		18,999	20.2%
3,700	3.3%	4,439	-
41,000		7,736	23.3%
1,800	4.4%	824	84.5%
64,000		-8,640	-11.9%
2,000	3.1%	-626	-23.9%
17,000		791	4.9%
2,000	11.8%	497	33.1%
-9,000		1,659	
100		-159	
455,000		57,774	14.5%
19,000	4.2%	11,318	147.4%