

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

November 10, 2023

Company name: FUTABA CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6986 URL <https://www.futaba.co.jp/>
 Representative: President and Representative Director Motoaki Arima
 Chief Executive Officer
 Executive Officer
 Inquiries: General Manager Masayuki Nakamura TEL 0475-24-1111
 Corporate Administration Division
 Scheduled date to file Quarterly Securities Report: November 14, 2023
 Scheduled date to commence dividend payments: December 8, 2023
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	29,061	(1.6)	(1,172)	–	14	136.0	(3,059)	–
Six months ended September 30, 2022	29,519	12.7	(1,474)	–	6	–	(1,371)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	(72.13)		–	
Six months ended September 30, 2022	(32.34)		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	101,534	86,645	73.5
As of March 31, 2023	98,118	85,210	75.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2023	–	7.00	–	7.00	14.00
Year ending March 31, 2024	–	5.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	–	–

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	56,000	(7.2)	(1,200)	–	(530)	–	(3,800)	–	(89.59)

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2023	42,426,739 shares	As of March 31, 2023	42,426,739 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	10,366 shares	As of March 31, 2023	9,958 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	42,416,630 shares	Six months ended September 30, 2022	42,417,221 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	24,068	23,784
Notes and accounts receivable - trade	15,194	16,127
Electronically recorded monetary claims - operating	1,506	1,579
Securities	300	-
Merchandise and finished goods	5,724	6,017
Work in process	3,267	3,139
Raw materials and supplies	11,433	11,130
Other	1,408	1,219
Allowance for doubtful accounts	(786)	(923)
Total current assets	62,118	62,074
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,559	5,798
Machinery, equipment and vehicles, net	2,031	1,997
Tools, furniture and fixtures, net	320	361
Land	9,902	10,285
Leased assets, net	3	3
Construction in progress	166	97
Other	352	368
Total property, plant and equipment	18,335	18,911
Intangible assets		
Goodwill	13	-
Other	662	655
Total intangible assets	675	655
Investments and other assets		
Investment securities	9,772	11,762
Other	7,987	8,712
Allowance for doubtful accounts	(771)	(582)
Total investments and other assets	16,988	19,892
Total non-current assets	35,999	39,459
Total assets	98,118	101,534

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,534	3,191
Electronically recorded obligations - operating	508	637
Short-term borrowings	328	313
Accrued expenses	2,364	2,506
Income taxes payable	129	218
Provision for bonuses	758	861
Other	1,475	2,423
Total current liabilities	9,099	10,150
Non-current liabilities		
Deferred tax liabilities	2,710	3,588
Provision for retirement benefits for directors (and other officers)	57	7
Retirement benefit liability	378	392
Other	662	750
Total non-current liabilities	3,807	4,738
Total liabilities	12,907	14,889
Net assets		
Shareholders' equity		
Share capital	22,558	22,558
Capital surplus	21,555	21,258
Retained earnings	24,166	21,106
Treasury shares	(16)	(16)
Total shareholders' equity	68,263	64,906
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,508	3,905
Foreign currency translation adjustment	1,938	4,910
Remeasurements of defined benefit plans	1,076	908
Total accumulated other comprehensive income	5,523	9,725
Non-controlling interests	11,423	12,013
Total net assets	85,210	86,645
Total liabilities and net assets	98,118	101,534

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	29,519	29,061
Cost of sales	25,280	24,904
Gross profit	4,239	4,157
Selling, general and administrative expenses	5,714	5,329
Operating loss	(1,474)	(1,172)
Non-operating income		
Interest income	139	213
Dividend income	167	172
Foreign exchange gains	1,085	531
Other	117	359
Total non-operating income	1,509	1,277
Non-operating expenses		
Interest expenses	15	36
Loss of retirement of non-current assets	5	21
Other	7	31
Total non-operating expenses	28	90
Ordinary profit	6	14
Extraordinary income		
Gain on sale of non-current assets	18	15
Total extraordinary income	18	15
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on abandonment of non-current assets	1	0
Impairment losses	833	908
Loss on business restructuring	–	1,947
Total extraordinary losses	835	2,856
Loss before income taxes	(810)	(2,826)
Income taxes - current	211	179
Income taxes - deferred	223	59
Total income taxes	434	239
Loss	(1,245)	(3,065)
Profit (loss) attributable to non-controlling interests	126	(5)
Loss attributable to owners of parent	(1,371)	(3,059)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Loss	(1,245)	(3,065)
Other comprehensive income		
Valuation difference on available-for-sale securities	354	1,371
Foreign currency translation adjustment	3,088	3,790
Remeasurements of defined benefit plans, net of tax	(242)	(166)
Total other comprehensive income	3,200	4,994
Comprehensive income	1,955	1,929
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,689	1,141
Comprehensive income attributable to non-controlling interests	265	787

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Loss before income taxes	(810)	(2,826)
Depreciation	615	627
Amortization of goodwill	19	13
Impairment losses	833	908
Increase (decrease) in allowance for doubtful accounts	218	(118)
Decrease (increase) in retirement benefit asset	(157)	(577)
Increase (decrease) in retirement benefit liability	(3)	6
Increase (decrease) in remeasurements of defined benefit plans	(380)	29
Increase (decrease) in provision for bonuses	101	89
Interest and dividend income	(307)	(386)
Foreign exchange losses (gains)	(210)	(336)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	(16)	(15)
Loss of retirement of non-current asset	5	21
Loss on business restructuring	–	1,947
Decrease (increase) in trade receivables	(1,006)	483
Decrease (increase) in inventories	(1,521)	1,282
Increase (decrease) in trade payables	(1,665)	(1,037)
Increase (decrease) in other liabilities	(32)	(422)
Other, net	647	335
Subtotal	(3,671)	25
Interest and dividends received	318	393
Interest paid	(14)	(36)
Loss of business restructuring	–	(567)
Income taxes paid	(245)	(100)
Income taxes refund	13	–
Net cash provided by (used in) operating activities	(3,598)	(284)
Cash flows from investing activities		
Payments into time deposits	(11,294)	(4,186)
Proceeds from withdrawal of time deposits	12,855	6,879
Purchase of property, plant and equipment	(1,298)	(1,019)
Proceeds from sale of property, plant and equipment	14	15
Purchase of investment securities	(200)	(4)
Proceeds from sale and redemption of investment securities	600	300
Loan advances	(0)	(0)
Proceeds from collection of loans receivable	0	1
Other, net	(55)	(69)
Net cash provided by (used in) investing activities	622	1,916

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from financing activities		
Proceeds from short-term borrowings	480	396
Repayments of short-term borrowings	(565)	(430)
Repayments of lease liabilities	(104)	(100)
Purchase of treasury shares	(0)	(0)
Dividends paid	(596)	(296)
Dividends paid to non-controlling interests	(212)	(197)
Net cash provided by (used in) financing activities	(998)	(628)
Effect of exchange rate change on cash and cash equivalents	1,483	1,017
Net increase (decrease) in cash and cash equivalents	(2,491)	2,021
Cash and cash equivalents at beginning of period	20,582	15,523
Cash and cash equivalents at end of period	18,090	17,545