Futaba

Futaba Corporation

FINANCIAL STATEMENTS 2021

Year Ended 31st March, 2021

Highlights of the Year Year Ended 31st March, 2021

	Millions of Japanese Yen	
	2021	**2020**
Net Sales	48,826	57,210
Net Income (Loss) Attributable to Owners of the Parent	(5,430)	(10,119)
Net Income (Loss) per Share (Yen)	(128.02)	(238.59)
Cash Dividends	1,188	3,733

Corporate Data As of 31st March, 2021

Corporate Name	FUTABA CORPORATION	
Founded	1948	
Principal Office	629 Oshiba, Mobara, Chiba Prefecture 297-8588, Japan	
Common Stock	Authorized	196,099,900 shares
	Issued	42,426,739 shares
Capitalized	¥22,559 million	
Shareholders	11,108	
Employees	4,111	

Futaba Corporation and Consolidated Subsidiaries

Consolidated Financial Statements for the Year Ended March 31, 2021, and Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Marunouchi Nijubashi Building
3-2-3 Marunouchi
Chiyoda-ku, Tokyo 100-8360
Japan

Tel: +81 (3) 6213 1000
Fax: +81 (3) 6213 1005
www2.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Futaba Corporation:

Opinion

We have audited the consolidated financial statements of Futaba Corporation and its consolidated subsidiaries (the "Group"), which comprise the consolidated balance sheet as of March 31, 2021, and the consolidated statement of operations, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, all expressed in Japanese yen.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Evaluation of impairment of property, plant and equipment and intangibles held by FUTABA (Vietnam) Co., Ltd.	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
The Group recorded ¥16,619 million of property, plant and equipment and ¥766 million of goodwill and intangibles as of March 31, 2021, of which ¥663 million of property, plant and equipment and ¥162 million of intangibles, respectively, were held by FUTABA (Vietnam) Co., Ltd. (the "FVC"), which belonged to the machinery and tooling segment. These assets held by FVC represented approximately 5% of the balance of consolidated property, plant and equipment and goodwill and intangibles. Furthermore, the Group recognized an impairment loss of ¥224 million for FVC. (See Note 8 to the consolidated financial statements.) FVC continuously recorded operating losses, and an indicator of impairment was identified. Therefore, it was necessary to determine the recognition of impairment loss. Impairment loss is recognized when estimated future undiscounted cash flows over a period of remaining economic useful life of main assets, based on a business plan approved by the Board of Directors, are less than the carrying value of the property, plant and equipment and intangibles. Main assets of FVC consist of land use rights, buildings and machinery and equipment, and have a long economic useful life. Therefore, the estimated period of future cash flows will be long. The business plan used as the basis for estimated future cash flows is affected by future sales forecasts related to the main products. We identified the determination of recognition of impairment of property, plant and equipment and intangibles held by FVC as a key audit matter because evaluating the impairment losses discussed above is significantly affected by management judgment.	Our audit procedures to address this key audit matter included the following, among others: • We held discussions with members of management regarding the business plan used as the basis for estimated future cash flows, including the impact of COVID-19, and assessed its consistency with the business plan and the capital expenditure plan approved by management. • We held discussions with members of management and person responsible for preparing the business plan regarding future sales forecasts, and assessed the feasibility of the sales forecasts and current status of business environment by comparing them with the historical results and referencing to our understanding. • We evaluated the effectiveness of management's estimation process by comparing the historical results with the annual and medium term budgets. • With the assistance of our fair value specialists, we evaluated the specialists' valuation reports that were used by the management in estimating the net selling price at disposition of land use rights and buildings by management.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2021

Futaba Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2021

ASSETS	Millions of Japanese Yen 2021	Millions of Japanese Yen 2020	Thousands of U.S. Dollars (Note 1) 2021
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	¥ 25,667	¥29,585	$ 231,844
Marketable securities (Notes 5 and 17)	612	994	5,530
Short-term investments (Notes 6 and 17)	15,162	13,173	136,949
Receivables (Note 17):			
Trade notes	2,021	2,341	18,258
Trade accounts	12,055	10,924	108,892
Other	124	118	1,118
Allowance for doubtful receivables	(709)	(502)	(6,407)
Electronically recorded monetary claims (Notes 3 and 17)	826	925	7,458
Inventories (Note 7)	11,787	13,117	106,468
Prepaid expenses and other current assets	987	1,460	8,917
Total current assets	68,532	72,135	619,027
PROPERTY, PLANT AND EQUIPMENT:			
Land (Notes 8 and 10)	8,429	8,058	76,140
Buildings and structures (Notes 8 and 10)	35,175	34,592	317,720
Machinery and equipment (Note 8)	54,125	52,831	488,889
Lease assets (Notes 8 and 16)	5	62	43
Construction in progress (Note 8)	70	134	631
Other	395	427	3,565
Total	98,199	96,104	886,988
Accumulated depreciation	(81,580)	(79,447)	(736,872)
Net property, plant and equipment	16,619	16,657	150,116
INVESTMENTS AND OTHER ASSETS:			
Investments in unconsolidated subsidiaries	20	20	181
Investment securities (Notes 5, 10 and 17)	9,328	6,648	84,259
Goodwill (Note 8)	82	117	745
Intangibles (Note 8)	684	653	6,181
Asset for retirement benefits (Note 11)	3,726	469	33,655
Deferred tax assets (Note 13)	383	395	3,462
Other investments (Note 10)	832	944	7,499
Total investments and other assets	15,055	9,246	135,982
TOTAL	¥100,206	¥98,038	$ 905,125

(Continued)

Futaba Corporation and Consolidated Subsidiaries

Consolidated Balance Sheet
March 31, 2021

LIABILITIES AND EQUITY	Millions of Japanese Yen 2021	2020	Thousands of U.S. Dollars (Note 1) 2021
CURRENT LIABILITIES:			
Current portion of long-term debt (Note 10)	¥ 190	¥ 191	$ 1,713
Payables (Notes 10 and 17):			
Trade notes	213	208	1,925
Trade accounts	2,851	2,060	25,749
Unconsolidated subsidiaries	16	19	149
Other	688	763	6,217
Short-term bank loans (Notes 9 and 17)	408	720	3,686
Electronically recorded obligations (Note 17)	660	589	5,959
Accrued expenses	3,115	3,292	28,136
Income taxes payable	433	379	3,910
Other current liabilities (Note 10)	576	465	5,205
Total current liabilities	9,150	8,686	82,649
LONG-TERM LIABILITIES:			
Long-term debt (Notes 10 and 17)	445	463	4,024
Liability for retirement benefits (Note 11)	747	878	6,751
Retirement allowances for directors	60	61	538
Deferred tax liabilities (Note 13)	2,112	598	19,073
Other	192	226	1,731
Total long-term liabilities	3,556	2,226	32,117
CONTINGENT LIABILITIES (Note 19)			
EQUITY (Note 12):			
Common stock—authorized, 196,099,900 shares; issued, 42,426,739 shares in 2021 and 42,426,739 shares in 2020	22,559	22,559	203,763
Capital surplus	21,559	21,561	194,729
Retained earnings	32,412	39,030	292,776
Treasury stock—at cost, 8,981 shares in 2021 and 8,271 shares in 2020	(16)	(15)	(143)
Accumulated other comprehensive income (loss):			
Unrealized gain (loss) on available-for-sale securities	1,480	(641)	13,366
Foreign currency translation adjustments	(2,743)	(5,056)	(24,775)
Remeasurements of defined benefit plans	1,631	132	14,732
Total	76,882	77,570	694,448
Noncontrolling interests	10,618	9,556	95,911
Total equity	87,500	87,126	790,359
TOTAL	¥100,206	¥98,038	$ 905,125

See notes to consolidated financial statements.

(Concluded)

Futaba Corporation and Consolidated Subsidiaries

Consolidated Statement of Operations
Year Ended March 31, 2021

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET SALES	¥48,826	¥ 57,210	$ 441,030
COST OF SALES	41,135	48,339	371,557
Gross profit	7,691	8,871	69,473
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 14)	11,208	12,569	101,243
Operating loss	(3,517)	(3,698)	(31,770)
OTHER INCOME (EXPENSES):			
Interest and dividend income	410	637	3,706
Subsidy income	502		4,538
Foreign exchange loss—net	(48)	(406)	(431)
Gain on sales of property, plant and equipment	126	252	1,138
Loss on sales of property, plant and equipment	(0)	(60)	(3)
Loss on disposals of property, plant and equipment	(7)	(11)	(62)
Loss on valuation of investment securities	(60)	(317)	(545)
Impairment loss (Note 8)	(1,715)	(5,802)	(15,495)
Gain on sales of investment securities	64	107	574
Gain on sales of golf memberships	103		935
Restructuring loss (Note 15)	(177)	(291)	(1,599)
Other—net	139	163	1,253
Other expenses—net	(663)	(5,728)	(5,991)
LOSS BEFORE INCOME TAXES	(4,180)	(9,426)	(37,761)
INCOME TAXES (Note 13):			
Current	690	491	6,237
Deferred	206	(125)	1,851
Total income taxes	896	366	8,088
NET LOSS	(5,076)	(9,792)	(45,849)
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS	354	327	3,201
NET LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT	¥ (5,430)	¥(10,119)	$ (49,050)

	Japanese Yen		U.S. Dollars
AMOUNTS PER SHARE (Note 2.q):			
Net loss	¥(128.02)	¥(238.59)	$(1.16)
Cash dividends applicable to the year	28.00	88.00	0.25

See notes to consolidated financial statements.

Futaba Corporation and Consolidated Subsidiaries

Consolidated Statement of Comprehensive Income
Year Ended March 31, 2021

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
NET LOSS	¥(5,076)	¥ (9,792)	$(45,849)
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20):			
Unrealized gain (loss) on available-for-sale securities	2,245	(1,355)	20,279
Foreign currency translation adjustments	3,113	(2,769)	28,114
Remeasurements of defined benefit plans	1,463	(835)	13,219
Total other comprehensive income (loss)	6,821	(4,959)	61,612
COMPREHENSIVE INCOME (LOSS)	¥ 1,745	¥(14,751)	$ 15,763
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥ 503	¥(14,235)	$ 4,540
Noncontrolling interests	1,242	(516)	11,223

See notes to consolidated financial statements.

Futaba Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2021

	Thousands	Millions of Japanese Yen				
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Subtotal
BALANCE, APRIL 1, 2019	42,419	¥22,559	¥21,561	¥55,604	¥(2,737)	¥96,987
Net loss attributable to owners of the parent				(10,119)		(10,119)
Cash dividends				(3,733)		(3,733)
Purchase of treasury stock					(0)	(0)
Cancellation of treasury shares			(2,722)		2,722	
Transfer from retained earnings to capital surplus			2,722	(2,722)		
Net change in the year						
BALANCE, MARCH 31, 2020	42,419	22,559	21,561	39,030	(15)	83,135
Net loss attributable to owners of the parent				(5,430)		(5,430)
Cash dividends				(1,188)		(1,188)
Purchase of treasury stock	(1)				(1)	(1)
Disposal of treasury shares	0		(0)		0	
Transfer from retained earnings to capital surplus			0	(0)		
Change in ownership interest of the parent due to transactions with non-controlling interests			(2)			(2)
Net change in the year						
BALANCE, MARCH 31, 2021	42,418	¥22,559	¥21,559	¥32,412	¥ (16)	¥76,514

(Continued)

Futaba Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2021

	Millions of Japanese Yen					
	Accumulated Other Comprehensive Income (Loss)					
	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjust-ments	Remea-surements of Defined Benefit Plans	Total	Noncon-trolling Interests	Total Equity
BALANCE, APRIL 1, 2019	¥ 615	¥(3,077)	¥1,014	¥95,539	¥10,310	¥105,849
Net loss attributable to owners of the parent				(10,119)		(10,119)
Cash dividends				(3,733)		(3,733)
Purchase of treasury stock				(0)		(0)
Cancellation of treasury shares						
Transfer from retained earnings to capital surplus						
Net change in the year	(1,256)	(1,979)	(882)	(4,117)	(754)	(4,871)
BALANCE, MARCH 31, 2020	(641)	(5,056)	132	77,570	9,556	87,126
Net loss attributable to owners of the parent				(5,430)		(5,430)
Cash dividends				(1,188)		(1,188)
Purchase of treasury stock				(1)		(1)
Disposal of treasury shares						
Transfer from retained earnings to capital surplus						
Change in ownership interest of the parent due to transactions with non-controlling interests				(2)		(2)
Net change in the year	2,121	2,313	1,499	5,933	1,062	6,995
BALANCE, MARCH 31, 2021	¥1,480	¥(2,743)	¥1,631	¥76,882	¥10,618	¥ 87,500

(Continued)

Futaba Corporation and Consolidated Subsidiaries

Consolidated Statement of Changes in Equity
Year Ended March 31, 2021

	Thousands of U.S. Dollars (Note 1)				
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Subtotal
BALANCE, MARCH 31, 2020	$ 203,763	$ 194,749	$ 352,555	$ (138)	$ 750,929
Net loss attributable to owners of the parent			(49,050)		(49,050)
Cash dividends			(10,728)		(10,728)
Purchase of treasury stock				(7)	(7)
Disposal of treasury shares		(1)		2	1
Transfer from retained earnings to capital surplus		1	(1)		
Change in ownership interest of the parent due to transactions with non-controlling interests		(20)			(20)
Net change in the year					
BALANCE, MARCH 31, 2021	$ 203,763	$ 194,729	$ 292,776	$ (143)	$ 691,125

	Thousands of U.S. Dollars (Note 1)					
	Accumulated Other Comprehensive Income (Loss)					
	Unrealized Gain (Loss) on Available-for-Sale Securities	Foreign Currency Translation Adjust-ments	Remea-surements of Defined Benefit Plans	Total	Noncon-trolling Interests	Total Equity
BALANCE, MARCH 31, 2020	$ (5,791)	$ (45,665)	$ 1,190	$ 700,663	$ 86,309	$ 786,972
Net loss attributable to owners of the parent				(49,050)		(49,050)
Cash dividends				(10,728)		(10,728)
Purchase of treasury stock				(7)		(7)
Disposal of treasury shares				1		1
Transfer from retained earnings to capital surplus						
Change in ownership interest of the parent due to transactions with non-controlling interests				(20)		(20)
Net change in the year	19,157	20,890	13,542	53,589	9,602	63,191
BALANCE, MARCH 31, 2021	$ 13,366	$ (24,775)	$ 14,732	$ 694,448	$ 95,911	$ 790,359

See notes to consolidated financial statements.

(Concluded)

Futaba Corporation and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2021

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
OPERATING ACTIVITIES:			
Loss before income taxes	¥(4,180)	¥ (9,426)	$ (37,761)
Adjustments for:			
Income taxes—paid	(748)	(341)	(6,752)
Income taxes—refund	113	175	1,021
Depreciation and amortization	1,233	1,635	11,137
Amortization of goodwill	37	111	333
Impairment loss	1,715	5,802	15,495
Increase in provision for doubtful receivables	217	46	1,957
Increase (decrease) remeasurements of defined benefit plans (Note 3)	2,169	(881)	19,589
Increase in asset for retirement benefits	(3,234)	(590)	(29,214)
Decrease in liability for retirement benefits	(171)	(2)	(1,545)
Increase (decrease) in accrued bonuses	(103)	20	(933)
Foreign exchange gain	21	132	191
Gain on sales and disposal of property, plant and equipment	(119)	(181)	(1,072)
(Gain) loss on sales and valuation of investment securities	(3)	209	(29)
Restructuring loss	177	291	1,599
(Increase) decrease in trade receivables	(76)	3,737	(687)
Decrease in inventories	1,862	3,045	16,816
Increase (decrease) in trade payables	424	(2,553)	3,828
Other—net	157	288	1,432
Total adjustments	3,671	10,943	33,166
Net cash provided by (used in) operating activities	(509)	1,517	(4,595)
INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment	171	644	1,541
Purchases of property, plant and equipment	(1,867)	(1,797)	(16,860)
Purchases of intangible assets (Note 3)	(136)	(50)	(1,230)
Purchases of investment securities	(643)	(170)	(5,805)
Proceeds from sales and redemption of investment securities	1,267	1,355	11,441
(Increase) decrease in short-term investments and marketable securities—net	(1,370)	342	(12,378)
Gain on sales of golf memberships	103		935
Other—net	86	(267)	774
Net cash provided by (used in) investing activities	(2,389)	57	(21,582)
FORWARD	¥(2,898)	¥ 1,574	$ (26,177)

(Continued)

Futaba Corporation and Consolidated Subsidiaries

Consolidated Statement of Cash Flows
Year Ended March 31, 2021

	Millions of Japanese Yen		Thousands of U.S. Dollars (Note 1)
	2021	2020	2021
FORWARD	¥ (2,898)	¥ 1,574	$ (26,177)
FINANCING ACTIVITIES:			
Increase in short-term loans payable	247		2,233
Repayments of short-term bank loans	(595)	(89)	(5,377)
Repayments of long-term debt	(154)	(199)	(1,389)
Repurchases of treasury stock	(1)		(7)
Dividends paid	(1,192)	(3,733)	(10,768)
Other—net	(179)	(239)	(1,620)
Net cash used in financing activities	(1,874)	(4,260)	(16,928)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	854	(584)	7,717
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,918)	(3,270)	(35,388)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,585	32,855	267,232
CASH AND CASH EQUIVALENTS, END OF YEAR	¥25,667	¥29,585	$231,844

See notes to consolidated financial statements.

(Concluded)

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2020 consolidated financial statements to conform to the classifications used in 2021.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Futaba Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥110.71 to $1, the approximate rate of exchange at March 31, 2021. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation***—The consolidated financial statements as of March 31, 2021, include the accounts of the Company and its 26 (26 in 2020) significant subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investments in unconsolidated subsidiaries are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements***—Under Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force ("PITF") No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) ("US GAAP") tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; and (e) recording a gain or loss through profit or loss on the sale of an investment in an equity instrument for the difference between the acquisition cost and selling price, and recording impairment loss through profit or loss for other-than-temporary declines in the fair value of an investment in an equity instrument, where a foreign subsidiary elects to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument.

c. ***Business Combinations***—Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

d. ***Cash and Cash Equivalents***—Cash and cash equivalents include cash on hand, highly liquid bank accounts and investments, generally with original maturities of three months or less, which are readily convertible into known amounts of cash and are exposed to insignificant risk of changes in value.

e. ***Inventories***—Finished goods and work in process are stated at the lower of cost determined by the average cost method or net selling value, and raw materials and supplies are stated at the lower of cost determined by the moving-average cost method or net selling value for the Company and its consolidated domestic subsidiaries. Inventories are stated at the lower of cost determined by the moving-average cost method or market value for its consolidated foreign subsidiaries.

f. ***Marketable and Investment Securities***—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: available-for-sale securities, which are not classified as trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

   Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost.

   Depreciation of buildings of the Company and its consolidated subsidiaries is computed by the straight-line method.

   Depreciation of other property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed principally by the declining-balance method, while the straight-line method or the declining-balance method is applied to other property, plant and equipment of consolidated foreign subsidiaries.

   The range of useful lives is principally from 3 to 47 years for buildings and structures and 4 to 12 years for machinery and equipment.

h. ***Goodwill***—Goodwill is amortized using the straight-line method over a period of five to eight years.

i. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. ***Retirement and Pension Plans***—The Company and certain consolidated subsidiaries have funded defined benefit pension plans, unfunded retirement benefit pension plans, and defined contribution pension plans covering substantially all of their employees.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects and are recognized in profit or loss over 10 years no longer than the expected average remaining service period of the employees.

Retirement allowances for directors are recorded as a liability at the amount that would be required if all directors retired at each balance sheet date.

k. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

l. ***Leases***—Finance lease transactions are capitalized to recognize lease assets and lease obligations in the consolidated balance sheet.

m. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

n. ***Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of operations to the extent that they are not hedged by forward exchange contracts.

o. ***Foreign Currency Financial Statements***—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income (loss) in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate for the period.

p. ***Derivatives and Hedging Activities***—The Group uses derivative financial instruments, such as foreign exchange forward contracts, to manage foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, with gains or losses recognized in the consolidated statement of operations and (b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

Foreign currency forward contracts employed to hedge foreign currency exposures for export sales and import purchases are measured at fair value and the unrealized gains/losses are recognized in income. Deposits, trade receivables and payable denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rates if the forward contracts qualify for hedge accounting.

q. ***Per Share Information***—Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period.

The weighted-average number of shares used in the computation was 42,418,183 shares for 2021 and 42,410,637 shares for 2020.

Diluted net income per share is not disclosed as there were no securities with a dilutive effect.

Cash dividends per share presented in the accompanying consolidated statement of operations are dividends applicable to the respective years including dividends to be paid after the end of the year.

r. ***New Accounting Pronouncements***

Accounting Standard for Revenue Recognition

—"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020)

—"Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30, issued on March 26, 2021)

—"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Statement No. 19, issued on March 31, 2020)

(1) *Overview*

These are comprehensive accounting standards for revenue recognition. The following five-steps model is adopted to recognize revenue.

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

(2) *Date of adoption*

The Company and its consolidated domestic subsidiaries will adopt the issued accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(3) *Impact of the adoption of the accounting standard and implementation guidance*

The impact of adopting this accounting standard on the consolidated financial statements is immaterial.

Accounting Standard for Fair Value Measurement

—"Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, issued on July 4, 2019)

—"Accounting Standard for Measurement Inventories" (ASBJ Statement No. 9, issued on July 4, 2019)

—"Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, issued on July 4, 2019)

—"Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, issued on July 4, 2019)

—"Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Statement No. 19, issued on March 31, 2020)

(1) *Overview*

The International Accounting Standards Board and the Financial Accounting Standards Board have both formulated similar detailed guidance on fair value (IFRS 13 Fair Value Measurement under IFRS, and Accounting Standards Codification Topic 820 Fair Value Measurement under US GAAP).

The ASBJ announced "Accounting Standard for Fair Value Measurement" and other standards to seek compatibility between Japanese GAAP and international accounting standards mainly relating to guidance and disclosure about fair value of financial instruments.

The ASBJ's basic policy for developing the Accounting Standard for Fair Value Measurement was to incorporate basically all the provisions of IFRS 13 to improve the comparability between financial statements of corporations both inside and outside of Japan by adopting a unified calculation method, as well as to establish other treatments for individual items in consideration of business practices customary in Japan to the extent it does not greatly impair the comparability between different financial statements.

(2) *Date of adoption*

The Company and its consolidated domestic subsidiaries will adopt the issued accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022

(3) *Impact of the adoption of the accounting standard and implementation guidance*

The impact of adopting this accounting standard on the consolidated financial statements is immaterial.

3. CHANGE IN PRESENTATION

a. Consolidated Balance Sheet—Prior to April 1, 2020, electronically recorded monetary claims were included in trade notes among the current assets section of the consolidated balance sheet. The amount is disclosed separately in the current assets section of the consolidated balance sheet as of March 31, 2021, as the balance is material. As a result, trade notes which amount to ¥3,266 million have been reclassified as trade notes of ¥2,341 million and electronically recorded monetary claims of ¥925 million, respectively, in the consolidated balance sheet of the previous fiscal year.

b. ***Consolidated Statement of Cash Flows***—Prior to April 1, 2020, increase (decrease) in remeasurements of defined benefit plans was included in other—net among the operating activities section of the consolidated statement of cash flows. The amount is disclosed separately in the operating activities section of the consolidated statement of cash flows for the year ended March 31, 2021, as the amount is material. As a result, other—net which amounts to ¥(506) million has been reclassified as remeasurements of defined benefit plans of ¥(881) million and other—net of ¥288 million, respectively, in the consolidated statement of cash flows of the previous fiscal year.

Prior to April 1, 2020, purchases of intangible assets were included in other—net among the investment activities section of the consolidated statement of cash flows. The amount is disclosed separately in the investment activities section of the consolidated statement of cash flows for the year ended March 31, 2021, as the amount is material. As a result, other—net which amounts to ¥(317) million has been reclassified as purchases of intangible assets of ¥(50) million and other—net of ¥(267) million, respectively, in the consolidated statement of cash flows of the previous fiscal year.

4. ADDITIONAL INFORMATION

Accounting Estimates for the Impact of the Spread of COVID-19

The spread of COVID-19 has not been brought under control as of the date of preparation of the consolidated financial statements for the fiscal year ended March 31, 2021, and the situation remains uncertain. The Group has made accounting estimates based on the assumption that COVID-19 will gradually subside toward the end of the next fiscal year, although, at this point in time, the Group does not believe that this will have a significant impact on our estimates. However, due to the impact of the spread of COVID-19 which has many uncertainties, depending on the future situation, the COVID-19 pandemic may have an impact on the financial position and operating results of the Group in the following consolidated fiscal year and beyond.

5. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2021 and 2020, consisted of the following:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Current—Government and corporate bonds	¥ 612	¥ 994	$ 5,530
Total	¥ 612	¥ 994	$ 5,530
Non-current:			
Marketable equity securities	¥7,776	¥4,982	$ 70,237
Government and corporate bonds	1,507	1,606	13,615
Trust fund investments and other	45	60	407
Total	¥9,328	¥6,648	$ 84,259

The costs and aggregate fair values of marketable and investment securities at March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen			
March 31, 2021	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as—				
Available-for-sale:				
Equity securities	¥5,393	¥2,212	¥3	¥7,602
Debt securities	2,103	6	2	2,107

March 31, 2020	Millions of Japanese Yen Cost	 Unrealized Gains	 Unrealized Losses	 Fair Value
Securities classified as—				
Available-for-sale:				
Equity securities	¥5,736	¥127	¥1,115	¥4,748
Debt securities	2,604	6	10	2,600

March 31, 2021	Thousands of U.S. Dollars Cost	 Unrealized Gains	 Unrealized Losses	 Fair Value
Securities classified as—				
Available-for-sale:				
Equity securities	$48,713	$19,980	$26	$68,667
Debt securities	18,998	50	13	19,035

The information on available-for-sale securities which were sold during the years ended March 31, 2021 and 2020, is as follows:

	Millions of Japanese Yen Proceeds	 Realized Gains	 Realized Losses
March 31, 2021			
Available-for-sale—Equity securities	¥677	¥ 63	—
Total	¥677	¥ 63	—
March 31, 2020			
Available-for-sale—Equity securities	¥153	¥107	—
Total	¥153	¥107	—

March 31, 2021	Thousands of U.S. Dollars Proceeds	 Realized Gains	 Realized Losses
Available-for-sale—Equity securities	$6,118	$572	—
Total	$6,118	$572	—

The impairment losses on available-for-sale equity securities for the year ended March 31, 2021 and 2020, were ¥60 million ($545 thousand) and ¥317 million, respectively.

6. SHORT-TERM INVESTMENTS

Short-term investments at March 31, 2021 and 2020, consisted of time deposits of ¥15,162 million ($136,949 thousand) and ¥13,173 million, respectively.

7. INVENTORIES

Inventories at March 31, 2021 and 2020, consisted of the following:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Finished goods	¥ 2,905	¥ 4,095	$ 26,241
Work in process	2,612	2,622	23,596
Raw materials and supplies	6,270	6,400	56,631
Total	¥11,787	¥13,117	$106,468

8. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2021 and 2020. As a result, the Group recognized an impairment loss of ¥1,715 million ($15,495 thousand) and ¥5,802 million for the years ended March 31, 2021 and 2020, respectively, as further described below.

For 2021

Description	Classification	Location	Millions of Japanese Yen	Thousands of U.S. Dollars
Facilities for electronic devices	Machinery, construction in progress, etc.	Kaohsiung City, Taiwan	¥ 405	$ 3,660
Head office, etc.	Buildings, construction in progress, etc.	Chosei County, etc., Japan	350	3,158
Facilities for electronic devices	Construction in progress, machinery, etc.	Chosei County, Japan	323	2,918
Facilities for machinery and tooling	Buildings, machinery, etc.	Ho chi minh City, Vietnam	224	2,026
Facilities for machinery and tooling	Machinery, buildings, etc.	Chosei County, Japan	174	1,570
Facilities for machinery and tooling	Buildings, machinery, etc.	Iwate City, Japan	144	1,301
Facilities for electronic devices	Other investments, etc.	Shanghai City, China	33	301
Facilities for electronic devices	Construction in progress	Laguna, Philippines	24	212
Facilities for machinery and tooling	Construction in progress, tools furniture and fixtures, etc.	Tokyo, Japan	22	200
Facilities for electronic devices	Machinery, construction in progress	Huntsville, USA	9	85
Facilities for machinery and tooling	Other investments, tools furniture and fixtures, etc.	Kunshan City, China	7	64
Total			¥1,715	$15,495

FUTABA (Vietnam) Co., Ltd. which belongs to the machinery and tooling segment recorded an impairment loss of ¥224 million ($2,026 thousand). As a result, property, plant and equipment and intangibles held by FUTABA (Vietnam) Co., Ltd. were ¥663 million ($5,997 thousand) and ¥162 million ($1,472 thousand), respectively.

Considering the current business environment, the business forecast, and the recoverability of the relevant assets, the Group wrote down the carrying value of the facilities for head office, machinery and tooling, and electronic devices to their recoverable amounts.

The recoverable amounts of those facilities were measured at their net sale value or value in use. The net sale value was calculated by using the estimated disposal value. The value in use was determined to be zero because no future cash flow is expected.

A breakdown of impairment loss for the fiscal year ended March 31, 2021, is as follows:

Classification	Millions of Japanese Yen	Thousands of U.S. Dollars
Machinery and equipment	¥ 713	$ 6,438
Construction in progress	392	3,545
Buildings and structures	386	3,489
Software	105	952
Others	119	1,071
Total	¥1,715	$15,495

For 2020

Description	Classification	Location	Millions of Japanese Yen
Facilities for machinery and tooling	Goodwill, machinery, etc.	Chosei County, etc., Japan	¥3,015
Facilities for machinery and tooling	Buildings, machinery, etc.	Kunshan City, China	1,220
Facilities for electronic devices	Land, construction in progress, etc.	Chosei County, etc., Japan	434
Facilities for machinery and tooling	Buildings, machinery, etc.	Shenzhen City, China	314
Head office, etc.	Construction in progress, buildings, etc.	Chosei County, etc., Japan	279
Facilities for machinery and tooling	Other intangible assets, etc.	Tokyo, Japan	248
Facilities for electronic devices	Machinery, structures, etc.	Kaohsiung City, Taiwan	168
Facilities for electronic devices	Buildings, machinery, etc.	Huntsville, USA	108
Facilities for electronic devices	Construction in progress	Laguna, Philippines	16
Total			¥5,802

Considering the current business environment, the business forecast, and the recoverability of the relevant assets, the Group wrote down the carrying value of the facilities for head office, machinery and tooling and electronic devices to their recoverable amounts.

With regard to the goodwill at Kabuku Inc., goodwill had been reported based on the assumption of excess earning power at the time the shares were acquired. However, the initially assumed performance was no longer expected in the foreseeable future and therefore, the unamortized balance of goodwill of ¥885 million ($8,136 thousand) has been recognized as an impairment loss on goodwill. The recoverable amount of the goodwill is determined based on value in use, and the recoverable amount has been assessed as zero.

The recoverable amounts of those facilities were measured at their net sale value or value in use. The net sale value was calculated using the appraisal value by a real estate appraiser. The value in use was determined to be zero because no future cash flow is expected.

A breakdown of impairment loss for the fiscal year ended March 31, 2020, was as follows:

Classification	Millions of Japanese Yen
Buildings and structures	¥1,898
Machinery and equipment	1,248
Goodwill	885
Land	719
Others	1,052
Total	¥5,802

9. SHORT-TERM BANK LOANS

The annual interest rates applicable to the short-term bank loans ranged from 0.70% to 0.74% at March 31, 2021 and 2020, respectively.

10. LONG-TERM DEBT AND ASSETS PLEDGED AS COLLATERAL

Long-term debt at March 31, 2021 and 2020, consisted of the following:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Long-term loans of subsidiaries	¥ 49	¥ 45	$ 442
Long-term lease obligation	586	609	5,295
Less current portion	(190)	(191)	(1,713)
Long-term debt, less current portion	¥445	¥463	$4,024

Annual maturities of long-term debt as of March 31, 2021, for the next five years and thereafter were as follows:

Year Ending March 31	Millions of Japanese Yen	Thousands of U.S. Dollars
2022	¥190	$1,713
2023	99	893
2024	72	652
2025	52	474
2026	36	326
2027 and thereafter	186	1,679
Total	¥635	$5,737

The carrying amounts of assets pledged as collateral for accrued consumption taxes of ¥59 million ($534 thousand), trade accounts payable of ¥116 million ($1,049 thousand) and long-term loans of subsidiaries of ¥49 million ($442 thousand) at March 31, 2021, were as follows:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Land	¥1,030	$ 9,301
Buildings and structures—net	742	6,708
Investment securities	307	2,772
Other investments	25	226
Total	¥2,104	$19,007

11. RETIREMENT AND PENSION PLANS

Under the employees retirement benefit plans of the Company covering substantially all of the employees of the Company and its domestic subsidiaries, employees terminating their employment are entitled, under most circumstances, to either lump-sum payments or annuity payments, determined by reference to the current basic rate of pay, length of service, conditions under which the termination occurs and certain other factors. Those employees terminating their employment after 20 or more years of service with the Company are entitled to either lump-sum payments or annuity payments, at their option, and employees with more than 2 years but less than 20 years of service are entitled only to receive lump-sum payments upon retirement.

Certain consolidated foreign subsidiaries also have funded or unfunded retirement benefit plans covering substantially all of their employees. With minor exceptions, based on the conditions of termination, employees are entitled to receive lump-sum payments upon termination of employment.

The Company and certain consolidated subsidiaries adopted a defined contribution pension plan as part of their employees' retirement benefit plan. Certain domestic subsidiaries use the Smaller Enterprise Retirement Allowance Mutual Aid Plan or Specific Retirement Allowance Mutual Aid Plan as their defined contribution pension plan.

(1) The changes in defined benefit obligation for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥31,371	¥32,828	$ 283,363
Current service cost	338	383	3,053
Interest cost	233	255	2,101
Actuarial gains	(198)	(376)	(1,792)
Benefits paid	(2,246)	(1,562)	(20,285)
Others	278	(157)	2,517
Balance at end of year	¥29,776	¥31,371	$ 268,957

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Balance at beginning of year	¥30,963	¥32,324	$279,675
Expected return on plan assets	765	810	6,911
Actuarial gains (losses)	2,303	(882)	20,801
Contributions from the employer	530	377	4,791
Benefits paid	(2,042)	(1,531)	(18,445)
Others	236	(135)	2,128
Balance at end of year	¥32,755	¥30,963	$295,861

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets as of March 31, 2021 and 2020, is as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Funded defined benefit obligation	¥29,464	¥31,070	$266,136
Plan assets	(32,755)	(30,963)	(295,861)
Total	(3,291)	107	(29,725)
Unfunded defined benefit obligation	312	302	2,821
Net liability arising from defined benefit obligation	¥ (2,979)	¥ 409	$ (26,904)

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Liability for retirement benefits	¥ 747	¥878	$ 6,751
Asset for retirement benefits	(3,726)	(469)	(33,655)
Net liability arising from defined benefit obligation	¥(2,979)	¥409	$(26,904)

(4) The components of net periodic benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Service cost	¥ 338	¥ 383	$ 3,053
Interest cost	233	255	2,101
Expected return on plan assets	(766)	(810)	(6,912)
Amortization of prior service cost	(759)	(759)	(6,857)
Recognized actuarial losses	437	423	3,948
Net periodic benefit costs	¥(517)	¥(508)	$(4,667)

In addition to the net periodic benefit cost stated above, extra retirement benefits of ¥79 million ($714 thousand) and ¥73 million were recorded as operating expenses for the years ended March 31, 2021 and 2020, respectively.

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Prior service cost	¥ (759)	¥ (759)	$ (6,857)
Actuarial (gains) losses	2,920	(117)	26,377
Total	¥2,161	¥ (876)	$ 19,520

(6) Amounts recognized in accumulated other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrecognized prior service cost	¥1,328	¥2,088	$ 12,001
Unrecognized actuarial (gains) losses	1,101	(1,882)	9,943
Total	¥2,429	¥ 206	$ 21,944

(7) Plan assets

a. *Components of plan assets*

Plan assets as of March 31, 2021 and 2020, consisted of the following:

	2021	2020
Debt investments	28%	28%
Equity investments	20	19
Others	52	53
Total	100%	100%

b. *Method of determining the expected rate of return on plan assets*

The expected rate of return on plan assets is determined considering the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	Mainly 0.6%	Mainly 0.6%
Expected rate of return on plan assets	Mainly 2.5%	Mainly 2.5%

12. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. *Dividends*

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Board of Directors of companies with an audit and supervisory committee (as implemented under the Companies Act effective May 1, 2015) may also declare dividends at any time because such companies, by nature, meet the criteria under the Companies Act. However, the Company does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. *Increases/Decreases and Transfer of Common Stock, Reserve and Surplus*

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. *Treasury Stock and Treasury Stock Acquisition Rights*

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

13. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 30% for each of the years ended March 31, 2021 and 2020.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2021 and 2020, are as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Deferred tax assets:			
Inventories	¥ 581	¥ 578	$ 5,252
Accrued bonuses to employees	223	252	2,016
Depreciation	303	288	2,735
Liability for retirement benefits	400	239	3,611
Allowance for doubtful accounts	366	277	3,309
Loss on impairment of long-lived assets	7,102	6,496	64,151
Unrealized gain on available-for-sale securities		197	
Tax loss carryforwards	10,308	8,991	93,105
Other	275	305	2,485
Total deferred tax assets	19,558	17,623	176,664
Net of deferred tax liabilities in the same tax jurisdiction	(142)	(58)	(1,285)
Valuation allowance related to tax loss carryforwards	(10,301)	(8,960)	(93,043)
Valuation allowance related to total deductible temporary difference, etc.	(8,732)	(8,210)	(78,874)
Valuation allowance	(19,033)	(17,170)	(171,917)
Deferred tax assets—net	383	395	3,462
Deferred tax liabilities:			
Undistributed earnings of subsidiaries	35	24	312
Reserve for advanced depreciation of non-current assets	275	275	2,480
Asset for retirement benefits	1,040		9,395
Unrealized gain on available-for-sale securities	628		5,675
Other	276	357	2,496
Total deferred tax liabilities	2,254	656	20,358
Net of deferred tax assets in the same tax jurisdiction	(142)	(58)	(1,285)
Deferred tax liabilities—net	2,112	598	19,073
Net deferred tax liabilities	¥ 1,729	¥ 203	$ 15,611

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of operations for the year ended March 31, 2021, with the corresponding figures for 2020, is as follows:

	2021	2020
Normal effective statutory tax rate	30 %	30 %
Expenses not deductible for tax purposes	(2)	(1)
Valuation allowance for deferred tax assets	(22)	(14)
Expiration of loss carryforwards	(25)	(12)
Foreign tax credit	(1)	(2)
Goodwill impairment loss		(3)
Other—net	(1)	(2)
Actual effective tax rate	(21)%	(4)%

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets as of March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen						
March 31, 2021	Within 1 Year	Over 1 Year to 2 Years	Over 2 Years to 3 Years	Over 3 Years to 4 Years	Over 4 Years to 5 Years	Over 5 Years	Total
Tax loss carryforward	¥1,260	¥495	¥465	¥1,168	¥816	¥6,104	¥10,308
Valuation allowance	(1,260)	(495)	(465)	(1,168)	(816)	(6,097)	(10,301)
Deferred tax assets						7	7

	Millions of Japanese Yen						
March 31, 2020	Within 1 Year	Over 1 Year to 2 Years	Over 2 Years to 3 Years	Over 3 Years to 4 Years	Over 4 Years to 5 Years	Over 5 Years	Total
Tax loss carryforward	¥1,062	¥1,262	¥495	¥451	¥1,360	¥4,361	¥8,991
Valuation allowance	(1,062)	(1,260)	(489)	(447)	(1,357)	(4,345)	(8,960)
Deferred tax assets		2	7	4	2	16	31

	Thousands of U.S. Dollars						
March 31, 2021	Within 1 Year	Over 1 Year to 2 Years	Over 2 Years to 3 Years	Over 3 Years to 4 Years	Over 4 Years to 5 Years	Over 5 Years	Total
Tax loss carryforward	$11,381	$4,470	$4,196	$10,551	$7,371	$55,136	$93,105
Valuation allowance	(11,381)	(4,470)	(4,196)	(10,551)	(7,371)	(55,074)	(93,043)
Deferred tax assets						62	62

The amounts deducted from deferred tax assets (valuation allowance) have the significant changes. The main reason is increase in tax loss carryforward.

14. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥2,142 million ($19,349 thousand) and ¥1,900 million for the years ended March 31, 2021 and 2020, respectively.

15. RESTRUCTURING LOSS

For 2021

Restructuring loss was the loss on the reorganization of our production base in Taiwan, and it mainly consisted of the financial compensation.

For 2020

Restructuring loss was the loss on the reorganization of our production base in China, and it mainly consisted of the financial compensation.

16. LEASES

Finance Leases

As Lessee

The Group leases certain computer equipment, machinery and other assets. Total lease payments under finance leases for the years ended March 31, 2021 and 2020, were ¥126 million ($1,138 thousand) and ¥136 million, respectively.

Operating Leases

The obligations under noncancelable operating leases for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Due within one year	¥20	¥15	$184
Due after one year	51	13	455
Total	¥71	¥28	$639

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group uses financial instruments, mainly safe and reliable short-term cash deposits, and marketable and investment securities which are believed to be beneficial for the business, and fund management. In accordance with the Group's financing policy, the Group principally uses internal funds. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) *Nature and Extent of Risks Arising from Financial Instruments*

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using foreign currency forward contracts. Marketable and investment securities, mainly trading securities, debt securities and stocks of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Derivatives mainly include foreign currency forward contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables. Please see Note 18 for more details about derivatives.

(3) ***Risk Management for Financial Instruments***

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables based on internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to debt securities, the Group manages its exposure to credit risk by limiting its funding to high credit rated bonds in accordance with its internal guidelines. With reference to derivatives, it is reasonable to assume that there is a little credit risk to be recognized as the Group only deals with high credit rating financial institutions. Please see Note 18 for details about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2021.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged partially by foreign currency forward contracts.

Marketable and investment securities are managed by monitoring market values and the financial position of issuers on a regular basis.

The basic principles of derivative transactions are approved by management meetings based on the internal guidelines which prescribe the authority and the limits for each transaction by the corporate treasury department. Reconciliation of the transaction and balances with customers is made by the corporate accounting department, and the transactions data is reported to the management meeting on a monthly basis.

(4) ***Fair Values of Financial Instruments***

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) *Fair value of financial instruments*

	Millions of Japanese Yen		
March 31, 2021	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥25,667	¥25,667	
Short-term investments	15,162	15,162	
Receivables	14,200	14,200	
Electronically recorded monetary claims	826	826	
Marketable and investment securities	9,709	9,709	
Total	¥65,564	¥65,564	
Payables	¥ 3,769	¥ 3,769	
Short-term bank loans	408	408	
Electronically recorded obligations	660	660	
Long-term debt	445	445	
Total	¥ 5,282	¥ 5,282	

March 31, 2020	Millions of Japanese Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥29,585	¥29,585	
Short-term investments	13,173	13,173	
Receivables	13,383	13,383	
Electronically recorded monetary claims	925	925	
Marketable and investment securities	7,349	7,349	
Total	¥64,415	¥64,415	
Payables	¥ 3,050	¥ 3,050	
Short-term bank loans	720	720	
Electronically recorded obligations	589	589	
Long-term debt	463	463	
Total	¥ 4,822	¥ 4,822	

March 31, 2021	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 231,844	$ 231,844	
Short-term investments	136,949	136,949	
Receivables	128,268	128,268	
Electronically recorded monetary claims	7,458	7,458	
Marketable and investment securities	87,704	87,704	
Total	$ 592,223	$ 592,223	
Payables	$ 34,040	$ 34,040	
Short-term bank loans	3,686	3,686	
Electronically recorded obligations	5,959	5,959	
Long-term debt	4,024	4,024	
Total	$ 47,709	$ 47,709	

Cash and Cash Equivalents, Short-Term Investments, Receivables, Electronically Recorded Monetary Claims, Payables, Electronically Recorded Obligations and Short-Term Bank Loans

The carrying values of cash and cash equivalents, short-term investments, receivables, payables, electronically recorded obligations and short-term bank loans approximate fair value because of their short maturities.

Marketable and Investment Securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 5.

Long-Term Debt

The fair values are based on present value of principal and interest discounted at the current assumed rate for long-term loans payable.

(*b*) *Carrying amount of financial instruments whose fair value cannot be reliably determined*

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Investments in equity instruments that do not have a quoted market price in an active market	¥194	¥253	$1,750
Investments in limited partnership	57	60	516

(5) *Maturity Analysis for Financial Assets and Securities with Contractual Maturities*

	Millions of Japanese Yen			
March 31, 2021	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥25,667			
Receivables	14,200			
Electronically recorded monetary claims	826			
Marketable and investment securities:				
Government bonds		¥ 300		
Corporate bonds	600	1,200		
Other	12			¥45
Total	¥41,305	¥1,500		¥45

	Thousands of U.S. Dollars			
March 31, 2021	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$231,844			
Receivables	128,268			
Electronically recorded monetary claims	7,458			
Marketable and investment securities:				
Government bonds		$ 2,710		
Corporate bonds	5,420	10,839		
Other	110			$406
Total	$373,100	$13,549		$406

Please see Note 10 for annual maturities of long-term debt and Note 16 for the obligations under noncancelable operating leases.

18. DERIVATIVES

The Group enters into foreign currency forward contracts to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

The Group principally uses foreign currency forward contracts within the limits of the amounts of deposits, trade receivables and trade payables denominated in foreign currencies. The Group does not use any derivative contracts with terms longer than one year. Further, the Group does not hold or issue derivatives for trading purposes.

Derivatives are subject to market risk and credit risk. Market risk is the exposure created by potential fluctuations in market conditions, including interest or foreign exchange rates. Credit risk is the risk of loss resulting from a counterparty's failure to perform according to the terms and conditions of the contract. Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate losses arising from credit risk.

The basic policies for the use of derivatives are approved by the Board of Directors. Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount. The execution and control of the derivatives are managed by the finance department. The performances and positions of the derivative transactions are monitored by the accounting department and reported to the Board of Directors so that those risk positions can be appropriately controlled.

Derivative Transactions to Which Hedge Accounting Is Not Applied

There is no balance of derivatives at March 31, 2021.

Derivative Transactions to Which Hedge Accounting Is Applied

There is no balance of derivatives at March 31, 2021.

19. CONTINGENT LIABILITIES

There is no balance of contingencies at March 31, 2021.

20. OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss) for the years ended March 31, 2021 and 2020, were as follows:

	Millions of Japanese Yen		Thousands of U.S. Dollars
	2021	2020	2021
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥2,951	¥(1,832)	$26,657
Reclassification adjustments to profit or loss	(61)	208	(554)
Amount before income tax effect	2,890	(1,624)	26,103
Income tax effect	(645)	269	(5,824)
Total	¥2,245	¥(1,355)	$20,279
Foreign currency translation adjustments:			
Adjustments arising during the year	¥3,113	¥(2,769)	$28,114
Amount before income tax effect	3,113	(2,769)	28,114
Total	¥3,113	¥(2,769)	$28,114
Remeasurements of defined benefit plans:			
Adjustments arising during the year	¥2,645	¥ (474)	$23,892
Reclassification adjustments to profit or loss	(500)	(375)	(4,513)
Amount before income tax effect	2,145	(849)	19,379
Income tax effect	(682)	14	(6,159)
Total	¥1,463	¥ (835)	$13,219
Total other comprehensive income (loss)	¥6,821	¥(4,959)	$61,612

21. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2021, was approved at the Company's shareholders' meeting held on June 29, 2021:

	Millions of Japanese Yen	Thousands of U.S. Dollars
Cash dividends, ¥14 ($0.126) per share	¥594	$5,364

22. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The Group's reportable segments are those for which financial information is separately available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. Therefore, the Group's reportable segments consist of the electronic devices and machinery and tooling segments. The electronic devices segment consists of VFDs, VFD modules, OLEDs, touch panels, radio control equipment, engines for models and parts for robots. The machinery and tooling segment consists of press die set components, moldbase components, precision plates and equipment for automation.

(2) *Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets and Other Items for Each Reportable Segment*

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) ***Information about Sales, Profit (Loss), Assets and Other Items***

	Millions of Japanese Yen				
	Reportable Segment				
2021	Electronic Devices	Machinery and Tooling	Total	Reconcil-iations	Consol-idated
Sales:					
Sales to external customers	¥20,577	¥28,249	¥ 48,826		¥ 48,826
Intersegment sales or transfers	8	14	22	¥ (22)	
Total	¥20,585	¥28,263	¥ 48,848	¥ (22)	¥ 48,826
Segment profit (loss)	¥ (3,675)	¥ 158	¥ (3,517)	¥ 0	¥ (3,517)
Segment assets	51,698	48,508	100,206	(0)	100,206
Other:					
Depreciation	367	866	1,233		1,233
Increase in property, plant and equipment and intangible assets	1,254	839	2,093		2,093
Impairment losses of assets	794	571	1,365	350	1,715

	Millions of Japanese Yen				
	Reportable Segment				
2020	Electronic Devices	Machinery and Tooling	Total	Reconcil-iations	Consol-idated
Sales:					
Sales to external customers	¥27,059	¥30,151	¥57,210		¥57,210
Intersegment sales or transfers	13	8	21	¥ (21)	
Total	¥27,072	¥30,159	¥57,231	¥ (21)	¥57,210
Segment loss	¥ (3,669)	¥ (29)	¥ (3,698)		¥ (3,698)
Segment assets	48,568	49,470	98,038		98,038
Other:					
Depreciation	450	1,185	1,635		1,635
Increase in property, plant and equipment and intangible assets	1,174	1,014	2,188		2,188
Impairment losses of assets	726	4,797	5,523	¥279	5,802

2021	Thousands of U.S. Dollars				
	Reportable Segment				
	Electronic Devices	Machinery and Tooling	Total	Reconcil-iations	Consol-idated
Sales:					
Sales to external customers	$ 185,862	$ 255,168	$ 441,030		$ 441,030
Intersegment sales or transfers	76	127	203	$ (203)	
Total	$ 185,938	$ 255,295	$ 441,233	$ (203)	$ 441,030
Segment profit (loss)	$ (33,199)	$ 1,429	$ (31,770)	$ 0	$ (31,770)
Segment assets	466,973	438,152	905,125	(0)	905,125
Other:					
Depreciation	3,319	7,818	11,137		11,137
Increase in property, plant and equipment and intangible assets	11,328	7,579	18,907		18,907
Impairment losses of assets	7,176	5,161	12,337	3,158	15,495

(4) ***Information about Products and Services***

Information about products and services is omitted as the same information is disclosed within the segment information.

(5) ***Information about Geographical Areas***

a. *Sales*

2021

Millions of Japanese Yen				
Japan	America	Europe	Asia	Total
¥21,041	¥5,334	¥1,361	¥21,090	¥48,826

2020

Millions of Japanese Yen				
Japan	America	Europe	Asia	Total
¥23,776	¥7,490	¥1,530	¥24,414	¥57,210

2021

Thousands of U.S. Dollars				
Japan	America	Europe	Asia	Total
$ 190,055	$ 48,181	$ 12,295	$ 190,499	$ 441,030

Note: Sales are classified by country or region based on the location of customers.

b. *Property, Plant and Equipment*

2021

Millions of Japanese Yen				
Japan	America	Europe	Asia	Total
¥3,601	¥589	¥1	¥12,428	¥16,619

2020

Millions of Japanese Yen				
Japan	America	Europe	Asia	Total
¥3,741	¥622	¥1	¥12,293	¥16,657

2021

Thousands of U.S. Dollars				
Japan	America	Europe	Asia	Total
$32,533	$5,320	$7	$112,256	$150,116

(6) ***Information about Major Customers***

Information about major customers is omitted as no customer accounts for more than 10% of the net sales in the consolidated statement of operations.

* * * * * *

Board of Directors

As of 29 June, 2021

Representative Director and President	Motoaki Arima
Senior Managing Director	Toshihide Kimizuka
Directors	Hiroyuki Iwase
	Yasushi Nemoto
	Takemitsu Kunio
Directors, Audit and Supervisory Committee Members	Tadashi Ohmura
	Tatsuya Ikeda
	Hiroshi Shomura
	Akihiro Ishihara

Futaba Corporation
629 Oshiba, Mobara, Chiba Prefecture 297-8588, Japan
URL http://www.futaba.co.jp/