

Notice of Withdrawal from Vacuum Fluorescent Display and Vacuum Fluorescent Display Module Business

The company announces that the board of directors today adopted a resolution to withdraw from Vacuum Fluorescent Display (hereinafter called VFD) and VFD Module Business after dealing with the orders received by December, 2021.

1. Reasons for withdrawal from the VFD and VFD Module business

The company was established in 1948 for the purpose of manufacturing and selling vacuum tube for radio reception, and by evolving the vacuum technology, it started manufacturing and selling gas-discharge display tube in 1968, then enter display device business. Further, it started manufacturing and selling cylindrical single digit VFD in 1970, and it was the beginning of the VFD business.

Since then, the VFDs are used by a lot of customers, and the VFD business has been one of the main businesses of the company for many years. However, it is difficult for the VFD to meet recent customer needs, such as, full color and high resolution display, so maintaining and expanding the business is very difficult. Manufacturing bases once located in several places were consolidated to a subsidiary located in the Philippines. Moreover, procurement of the necessary parts and materials for manufacturing the VFD is getting difficult year by year.

The company entered Organic Electro Luminescence display (hereinafter called OLED) business in 2009 for the purpose of long-term growth. In considering the change of market requirements and business environments, the company decided to withdraw from the VFD and VFD Module business so that it can allocate business resources to the OLED business to strengthen it.

2. Business scale of the business

Consolidated sales: About 6,000 millions of Japanese Yen (Fiscal year ended March, 2020)

3. Summary of the main subsidiary manufacturing the products

(1) Corporate name	FUTABA Corporation of The Philippines
(2) Location	Laguna, Republic of the Philippines
(3) Name and position of representative	Akihiro Mihira, President
(4) Business activities	Manufacturing and selling of the VFD and touch sensor
(5) Capital	29,320 thousands of U.S. Dollars
(6) Established	February 23, 1995
(7) Major shareholder and stockholding ratio	Futaba Corporation 100%
(8) Number of employees	586 (541 for the VFD related business) (Fiscal year ended March, 2020)

4. Treatment of employees and assets

(1) Treatment of employees	Treatment of employees dealing with the businesses will be discussed hereafter.
(2) Treatment of assets	Assets belong to the business have taken impairment treatment.

5. Schedule

(1) Date of resolution by the board of directors	August 5, 2020
(2) Date of withdrawal	The company will withdraw from the business after dealing with the orders received by December, 2021.

6. Impact on the company group's financial results

Although the business environment of the VFD and VFD Module business of the company group is getting difficult, it will continue operation during the fiscal year ending March, 2021. The effect of this case on our consolidated business results for the fiscal year ending March 2021 will not be material, and it has reflected to consolidated earnings forecast of the fiscal year ending March, 2021.