

Summary of the 52nd Basic Survey on Overseas Business Activities (Conducted in July 2022)

Trends of overseas affiliates in the fiscal year (FY) 2021 survey

- The number of overseas affiliates was 25,325. The percentage accounted for by overseas affiliates of ASEAN10 among the total continued to increase.
- The number of employees at overseas affiliates was 5.69 million, up by 1.2% from the previous fiscal year.
- Sales of overseas affiliates increased by 25.9% from the previous fiscal year to 303.2 trillion yen. Ordinary profits and current net profits both increased.
- The overseas production ratio for manufacturing industries (based on all domestic companies) was 25.8%, up by 2.2 percentage points (pp) from the previous fiscal year.
- Both research and development expenses and the amount of capital investment increased in manufacturing industries.

Summary of findings

1. The percentage accounted for by overseas affiliates of ASEAN10 continued to increase.

- (1) The number of overseas affiliates as of the end of FY2021 was 25,325. It consists of 10,902 companies in the manufacturing industries and 14,423 companies in the non-manufacturing industries.
- (2) Manufacturing companies accounted for 43.0% and non-manufacturing companies accounted for 57.0% of the total.
- (3) By region, the number of overseas affiliates decreased in Asia, Europe. In Asia, the percentage of ASEAN10 increased for 11 consecutive years, while that of China decreased.

2. The number of employees at overseas affiliates increased.

- (1) The number of employees at overseas affiliates as of the end of FY2021 was 5.69 million, up by 1.2% from the previous fiscal year.
- (2) The number of employees increased in non-manufacturing industries (1.5 million, up by 4.6% from the previous fiscal year) while that in manufacturing industries remained unchanged (4.2 million, 0.0% (id.)).
- (3) By region, increases were seen in North America and Europe, but the number decreased in Asia. In Asia, the number decreased in China and other Asian countries, but increased in ASEAN10.

3. Sales of overseas affiliates increased. Ordinary profits and current net profits both increased.

- (1) Sales amounted to 303.2 trillion yen, up by 25.9% from the previous fiscal year. By sector, the amount increased in the wholesale trade sector, the transportation equipment sector, etc. By region, increases were seen all in Asia, North America and Europe.
- (2) Ordinary profits increased by 72.9% from the previous fiscal year to 17.1 trillion yen, while current net profits increased by 104.6% (id.) to 14.2 trillion yen.
- (3) The amount of current retained earnings was 6.1 trillion yen (up by 376.7% from the previous fiscal year), and the balance of retained earnings was 48.3 trillion yen (up by 28.5% (id.)).

4. Overseas production ratio of overseas affiliates in manufacturing industries increased.

- (1) The overseas production ratio for manufacturing industries (based on all domestic companies) was 25.8%, up by 2.2 percentage points (pp) from the previous fiscal year.
- (2) By sector, overseas production ratios increased in such sectors as the transportation equipment sector (47.0%) and the general-purpose machinery sector (34.4%), etc.

5. Both research and development expenses and the amount of capital investment increased of overseas affiliates in manufacturing industries.

- (1) Research and development expenses in manufacturing industries increased by 27.7% from the previous fiscal year to 907.5 billion yen.
- (2) Research and development expenses per company in manufacturing industries amounted to 564 million yen, up by 23.7% from the previous fiscal year. By sector, the amount increased in the chemicals sector, the transportation equipment sector, the information and communication electronics equipment sector, etc.
- (3) The amount of capital investment in manufacturing industries amounted to 3.7 trillion yen, up by 14.0% from the previous fiscal year. By sector, the amount increased in the transportation equipment sector, the chemicals sector, the food sector, etc.

1. Distribution of overseas affiliates

- The number of overseas affiliates as of the end of FY2021 was 25,325. It consists of 10,902 companies in the manufacturing industries and 14,423 companies in the non-manufacturing industries. Overseas affiliates in the manufacturing industries accounted for 43.0% of the total number of overseas affiliates of all industries (a 0.1 percentage point (pp) decrease from the previous fiscal year), and those in the non-manufacturing industries accounted for 57.0% of the total (a 0.1 pp increase (id.)). (Table 1)
- By region, the number of overseas affiliates decreased in Asia and Europe. (Table 2)
- In Asia (which accounted for 67.7% of all regions), ASEAN10's share increased for 11 consecutive years and reached 29.4% of all regions (up by 0.6 pp from the previous fiscal year), while China's share decreased to 28.8% (down by 0.3 pp (id.)). (Table 2, Figure 1)

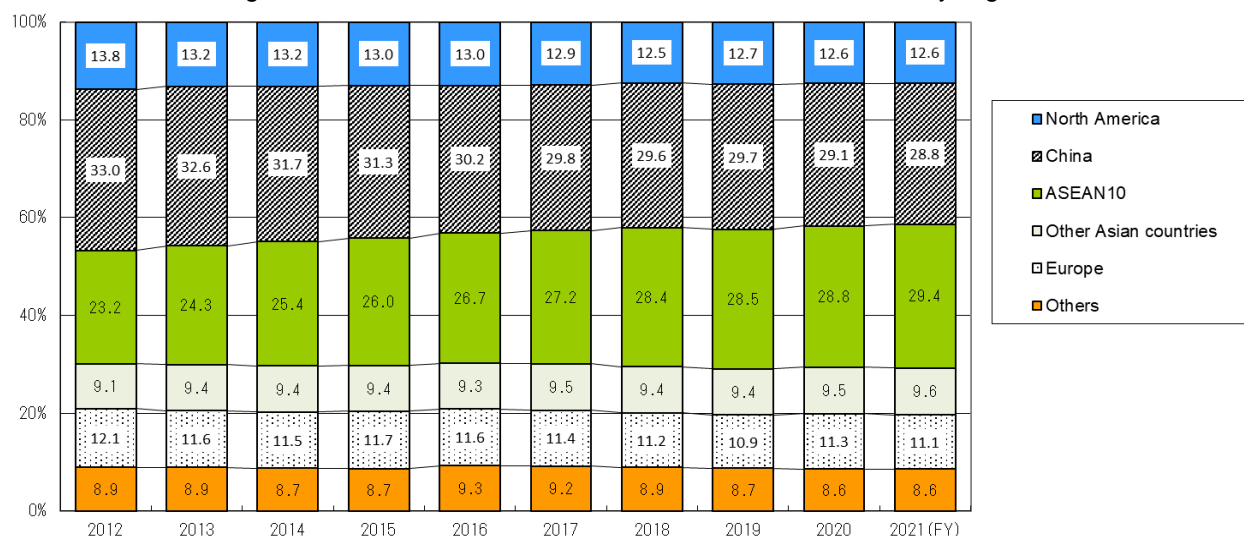
Table 1. Distribution of overseas affiliates by sector

| | End of FY2021 Number of overseas affiliates | Breakdown by sector | | |
|--|---|---------------------|-----------|------------------|
| | | FY2020 | | FY2021 |
| | | Breakdown | Breakdown | Change in points |
| All industries | 25,325 | 100.0 | 100.0 | - |
| Manufacturing industries | 10,902 | 43.1 | 43.0 | -0.1 |
| | | 100.0 | 100.0 | - |
| Food | 529 | 4.5 | 4.9 | 0.4 |
| Textiles | 434 | 4.2 | 4.0 | -0.2 |
| Lumber, wood, paper, and pulp | 197 | 1.8 | 1.8 | 0.0 |
| Chemicals | 1,063 | 9.9 | 9.8 | -0.1 |
| Petroleum and coal | 62 | 0.3 | 0.6 | 0.3 |
| Ceramic, stone, and clay products | 221 | 2.1 | 2.0 | -0.1 |
| Iron and steel | 308 | 2.9 | 2.8 | -0.1 |
| Non-ferrous metals | 330 | 3.1 | 3.0 | -0.1 |
| Metal products | 635 | 5.7 | 5.8 | 0.1 |
| General-purpose machinery | 471 | 4.3 | 4.3 | 0.0 |
| Production machinery | 819 | 7.8 | 7.5 | -0.3 |
| Business oriented machinery | 389 | 3.7 | 3.6 | -0.1 |
| Electrical machinery | 616 | 5.7 | 5.7 | 0.0 |
| Information and communication electronics equipment | 920 | 8.5 | 8.4 | -0.1 |
| Transportation equipment | 2,370 | 21.6 | 21.7 | 0.1 |
| Miscellaneous manufacturing industries | 1,538 | 14.0 | 14.1 | 0.1 |
| Non-manufacturing industries | 14,423 | 56.9 | 57.0 | 0.1 |
| | | 100.0 | 100.0 | - |
| Agriculture, forestry, and fisheries | 78 | 0.7 | 0.5 | -0.2 |
| Mining | 131 | 1.1 | 0.9 | -0.2 |
| Construction | 420 | 2.9 | 2.9 | 0.0 |
| Information and communications | 850 | 5.8 | 5.9 | 0.1 |
| Transport | 1,432 | 9.7 | 9.9 | 0.2 |
| Wholesale trade | 7,198 | 50.3 | 49.9 | -0.4 |
| Retail trade | 710 | 4.9 | 4.9 | 0.0 |
| Services | 2,541 | 17.5 | 17.6 | 0.1 |
| Miscellaneous non-manufacturing industries | 1,063 | 7.1 | 7.4 | 0.3 |

Table 2. Distribution of overseas affiliates by region

| | FY2020 | FY2021 |
|-----------------------|--------|--------|
| All regions | 25,703 | 25,325 |
| | 100.0 | 100.0 |
| North America | 3,235 | 3,201 |
| | 12.6 | 12.6 |
| Asia | 17,342 | 17,136 |
| | 67.5 | 67.7 |
| China | 7,486 | 7,281 |
| | 29.1 | 28.8 |
| ASEAN10 | 7,414 | 7,435 |
| | 28.8 | 29.4 |
| Other Asian countries | 2,442 | 2,420 |
| | 9.5 | 9.6 |
| Europe | 2,913 | 2,812 |
| | 11.3 | 11.1 |
| Others | 2,213 | 2,176 |
| | 8.6 | 8.6 |

Figure 1. Trends in distribution ratio of overseas affiliates by region



2. Advances and withdrawals of overseas affiliates

- The number of overseas affiliates that advanced to overseas markets (new establishment^{Note 1}) in FY2021 was 169 (a decrease by 31 companies from the previous fiscal year). When looking at the percentage by region, increases were seen in the percentage of companies that advanced to North America and Europe, while the percentage decreased for companies that advanced to ASEAN10, others and China. (Figure 2)
- The number of overseas affiliates withdrawn from overseas markets^{Note 2} in FY2021 was 792 (an increase by 22 companies from the previous fiscal year). 260 were companies in the manufacturing industries (a decrease by 45 companies (id.)) and 532 were companies in the non-manufacturing industries (an increase by 67 companies (id.)). (Figure 3)
- The ratio of withdrawals^{Note 3} was 3.0% (up by 0.1 percentage points (pp) from the previous fiscal year). By region, the ratio increased in Europe and decreased in ASEAN10. (Table 3)

Figure 2. Ratio of overseas affiliates by year of establishment or capital participation (by region)

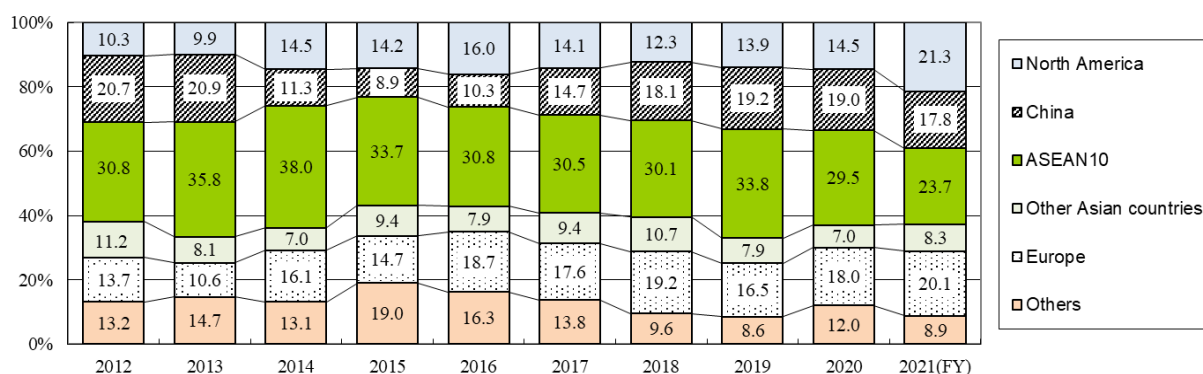


Figure 3. Trends in the number of overseas withdrawals

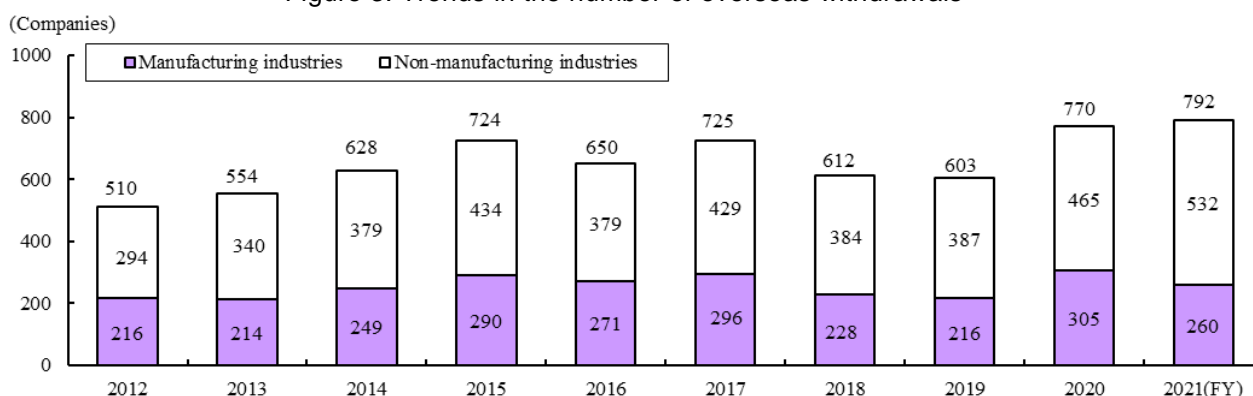


Table 3. Trends in the number of overseas withdrawals and ratio of overseas withdrawals by region

| | (Unit:Companies) | | | | | (Unit:%) | | | | |
|---------------|--------------------------------|------|------|------|----------|-------------------------------|------|------|------|----------|
| | Number of overseas withdrawals | | | | | Ratio of overseas withdrawals | | | | |
| | 2017 | 2018 | 2019 | 2020 | 2021(FY) | 2017 | 2018 | 2019 | 2020 | 2021(FY) |
| All regions | 725 | 612 | 603 | 770 | 792 | 2.8 | 2.3 | 2.3 | 2.9 | 3.0 |
| North America | 94 | 61 | 76 | 104 | 101 | 2.8 | 1.8 | 2.3 | 3.1 | 3.1 |
| Asia | 472 | 402 | 385 | 530 | 503 | 2.8 | 2.2 | 2.2 | 3.0 | 2.9 |
| China | 270 | 232 | 219 | 277 | 275 | 3.5 | 2.9 | 2.8 | 3.6 | 3.6 |
| ASEAN10 | 141 | 117 | 123 | 190 | 158 | 2.0 | 1.5 | 1.7 | 2.5 | 2.1 |
| Europe | 80 | 80 | 76 | 63 | 108 | 2.7 | 2.7 | 2.6 | 2.1 | 3.7 |

Note 1: The "Year of establishment or capital participation" counts the overseas affiliates that were newly established in the fiscal year being surveyed.

Note 2: The "Withdrawal" includes "dissolution, withdrawal/transfer" and "decline in control share (where the ratio of investments from the Japan side declines to between 0% and 10%)".

Note 3: Ratio of withdrawals = Number of overseas withdrawals / (Total number of overseas affiliates with valid responses + Number of overseas withdrawals) × 100.0

3. Employment at overseas affiliates

- The number of employees at overseas affiliates as of the end of FY2021 was 5.69 million, up by 1.2% from the previous fiscal year (or up by 1.9% when comparing only companies that gave valid responses for this year and the previous year). (Table 4)
- The number of employees in manufacturing industries was 4.2 million, which remained the same from the previous fiscal year. By sector, the number of employees increased in the electrical machinery sector (0.25 million, up by 12.3% from the previous fiscal year), the food sector (0.22 million, up by 6.5% (id.)), etc., but decreased in the transportation equipment sector (1.64 million, down by 2.0% (id.)), the information and communication electronics equipment sector (0.55 million, down by 5.2% (id.)), etc.
The number of employees in non-manufacturing industries was 1.5 million, up by 4.6% (id.). By sector, increases were observed in the wholesale trade sector (0.6 million, up by 5.5% (id.)), the retail trade sector (0.19 million, up by 9.7% (id.)), and the services sector (0.23 million, up by 2.7% (id.)). (Table 4, Figure 4)
- By region, the number of employees increased in North America (0.84 million, up by 9.9% from the previous fiscal year) and Europe (0.64 million, up by 1.7% (id.)), but decreased in Asia (3.78 million, down by 0.5% (id.)). (Figure 5)
- In Asia, the number decreased in China and other Asian countries, but increased in ASEAN10. (Figure 6)

Table 4. Trends in the number of employees at overseas affiliates

(Units: 10,000 persons, %)

| | 2017 | | 2018 | | 2019 | | 2020 | | 2021(FY) | |
|------------------------------|------|-----|------|-----|------|------|------|------|----------|-----|
| | | Y/Y | | Y/Y | | Y/Y | | Y/Y | | Y/Y |
| All industries | 595 | 6.5 | 605 | 1.7 | 564 | -6.9 | 563 | -0.2 | 569 | 1.2 |
| Manufacturing industries | 457 | 5.6 | 457 | 0.1 | 420 | -8.2 | 419 | -0.2 | 420 | 0.0 |
| Non-manufacturing industries | 139 | 9.5 | 148 | 6.7 | 144 | -2.9 | 143 | -0.2 | 150 | 4.6 |

Figure 4. Number of employees at overseas affiliates (by major sector)

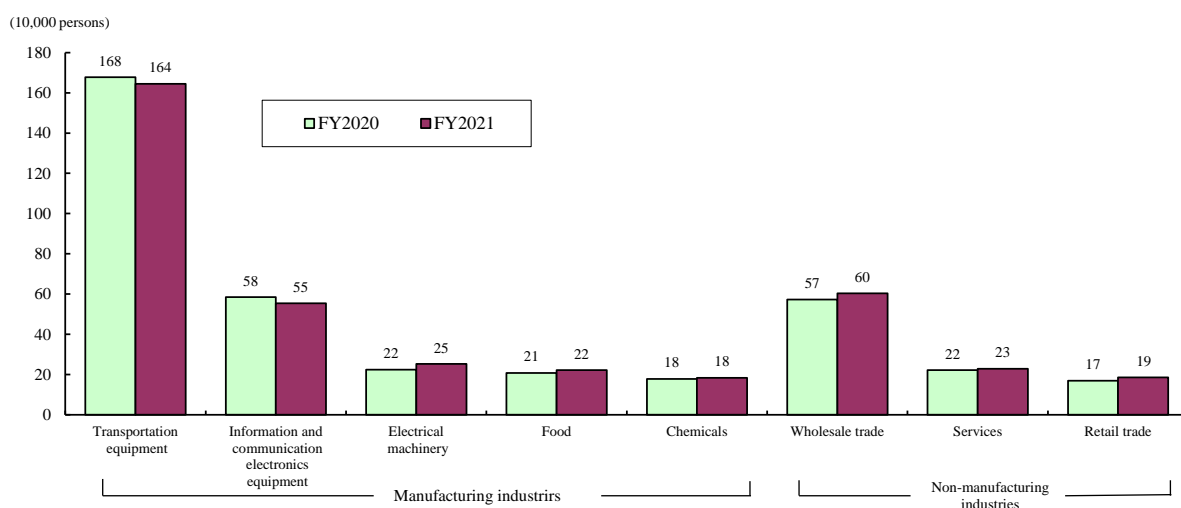


Figure 5. Number of employees at overseas affiliates (by region)

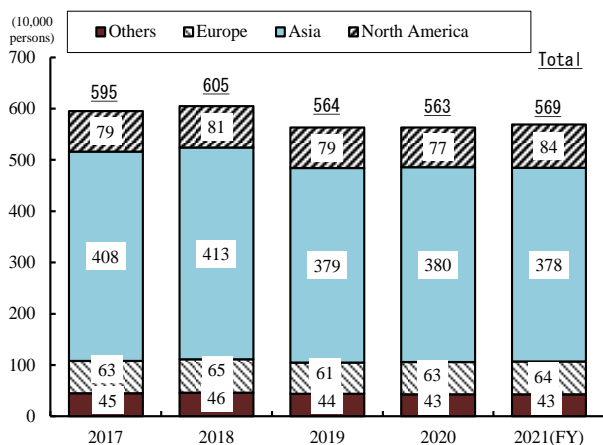
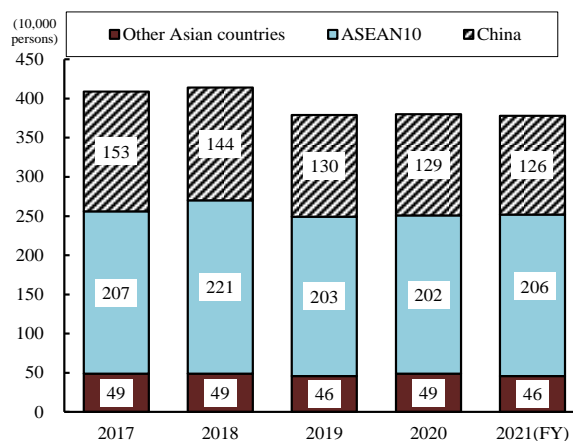


Figure 6. Number of employees at overseas affiliates (in Asia)



4. Sales of overseas affiliates

- Sales of overseas affiliates in FY2021 amounted to 303.2 trillion yen, up by 25.9% from the previous fiscal year (or up by 24.9% when comparing only companies that gave valid responses for this year and the previous year). (Figure 7)
- Manufacturing industries saw an increase to 139.4 trillion yen, up by 23.6% from the previous fiscal year. By sector, sales increased in the transportation equipment sector (66.3 trillion yen, up by 17.0% from the previous fiscal year), the chemicals sector (13.5 trillion yen, up by 51.0% (id.)), the electrical machinery sector (7.0 trillion yen, up by 58.6% (id.)) and others. Non-manufacturing industries saw a 27.9% increase to 163.8 trillion yen (id.). By sector, sales increased in the wholesale trade sector (114.7 trillion yen, up by 30.0% (id.)), the services sector (14.5 trillion yen, up by 20.7% (id.)) and others. (Figure 7, Figure 8)
- By region, sales increased in Asia (140.9 trillion yen, up by 27.5% from the previous fiscal year), North America (96.6 trillion yen, up by 24.7% (id.)) and Europe (41.5 trillion yen, up by 17.9% (id.)). (Figure 9)
- In Asia, increases were observed in ASEAN10, China and other Asian countries. (Figure 10)

Figure 7. Sales trends of overseas affiliates

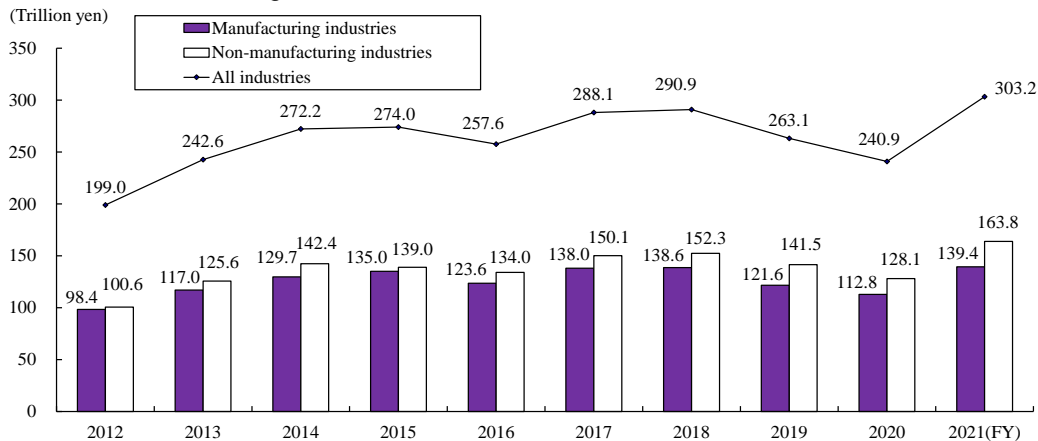


Figure 8. Sales of overseas affiliates (by major sector)

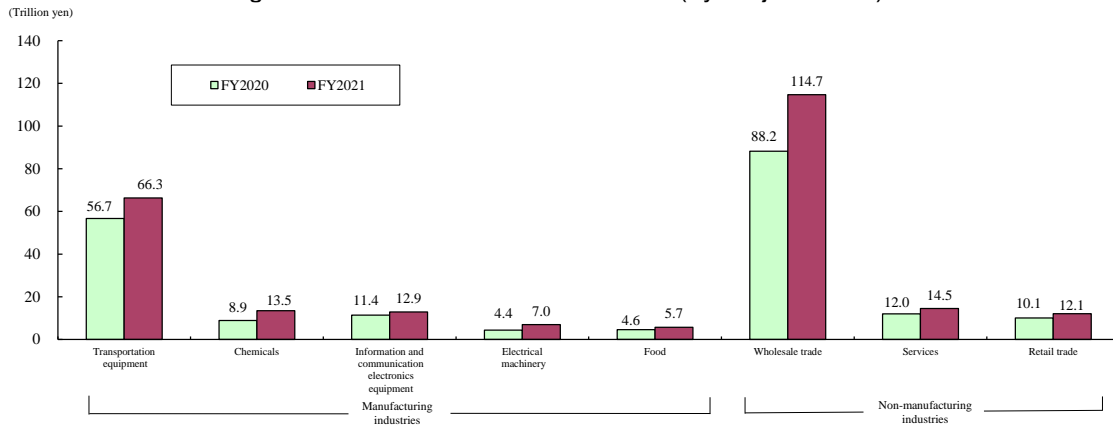


Figure 9. Sales trends of overseas affiliates (by region)

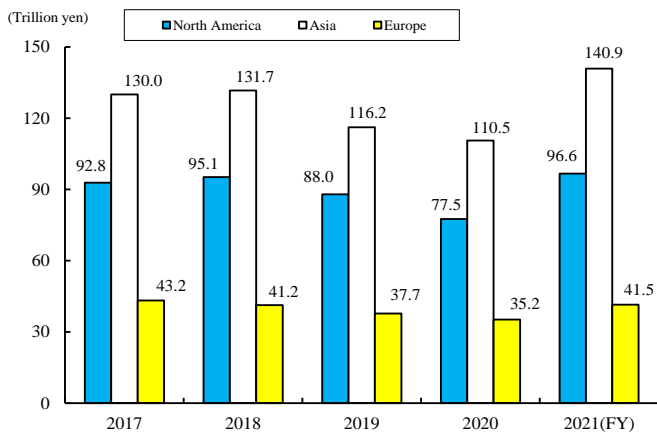
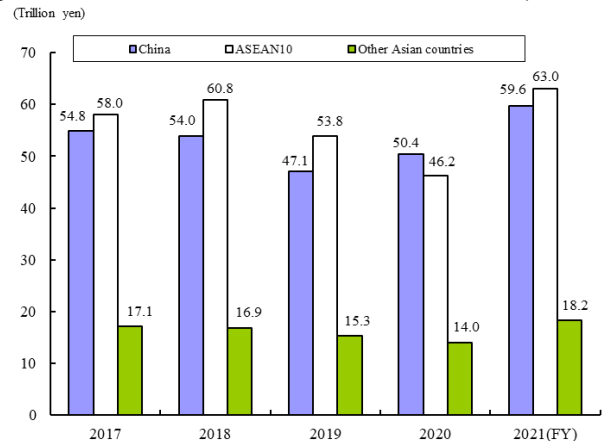


Figure 10. Sales trends of overseas affiliates (in Asia)



5. Overseas production ratio of overseas affiliates in manufacturing industries

- The overseas production ratio for manufacturing industries (based on all domestic companies)^{Note} in FY2021 was 25.8%, up by 2.2 percentage points (pp) from the previous fiscal year. (Figure 11)
- By sector, overseas production ratios increased in the transportation equipment sector (47.0%), the general-purpose machinery sector (34.4%), the chemicals sector (23.4%), etc. but decreased in the information and communication electronics equipment sector (27.4%), and the iron and steel sector (19.2%). (Table 5)

Figure 11. Trends in the overseas production ratio (manufacturing industries)

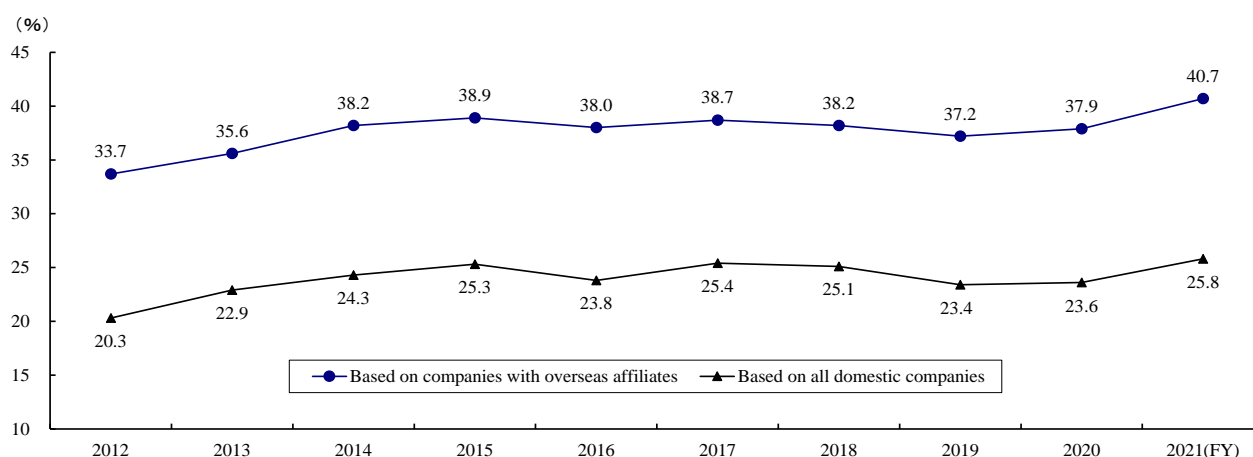


Table 5. Trends in the overseas production ratio by sector (calculated based on the total number of domestic companies (manufacturing industries))

(Unit: %)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021(FY) |
|---|------|------|------|------|------|------|------|------|------|----------|
| Total for manufacturing industries | 20.3 | 22.9 | 24.3 | 25.3 | 23.8 | 25.4 | 25.1 | 23.4 | 23.6 | 25.8 |
| Food | 5.7 | 8.3 | 11.4 | 12.2 | 10.6 | 11.4 | 10.7 | 9.8 | 9.9 | 12.0 |
| Textiles | 11.9 | 12.3 | 12.4 | 12.9 | 11.1 | 14.0 | 14.2 | 13.2 | 13.1 | 15.2 |
| Lumber, wood, paper, and pulp | 4.7 | 5.7 | 7.8 | 9.7 | 8.2 | 9.8 | 10.3 | 10.0 | 10.5 | 12.3 |
| Chemicals | 19.5 | 20.5 | 22.4 | 19.4 | 18.0 | 20.1 | 19.8 | 18.0 | 18.4 | 23.4 |
| Petroleum and coal | 9.8 | 12.5 | 10.1 | 9.6 | 6.3 | 12.8 | 17.4 | 3.1 | 5.4 | 11.1 |
| Ceramic, stone, and clay products | 15.2 | 16.2 | 14.1 | 17.4 | 16.3 | 19.0 | 19.5 | 17.4 | 15.5 | 17.6 |
| Iron and steel | 11.5 | 13.6 | 14.5 | 14.0 | 17.6 | 19.3 | 20.8 | 20.0 | 20.6 | 19.2 |
| Non-ferrous metals | 15.3 | 17.5 | 19.1 | 18.8 | 19.0 | 20.7 | 21.5 | 18.1 | 18.4 | 20.6 |
| Metal products | 5.3 | 6.2 | 8.1 | 6.4 | 5.7 | 7.9 | 7.2 | 6.7 | 6.8 | 8.8 |
| General-purpose machinery | 26.6 | 27.6 | 34.2 | 33.8 | 32.9 | 31.9 | 29.2 | 28.2 | 29.5 | 34.4 |
| Production machinery | 11.8 | 13.6 | 14.6 | 15.7 | 13.9 | 15.9 | 14.7 | 14.4 | 14.7 | 15.3 |
| Business oriented machinery | 18.4 | 18.4 | 19.6 | 18.5 | 16.2 | 17.0 | 17.5 | 17.0 | 17.0 | 18.0 |
| Electrical machinery | 14.3 | 17.7 | 17.2 | 17.3 | 14.5 | 16.3 | 15.3 | 14.6 | 13.3 | 19.2 |
| Information and communication electronics equipment | 28.3 | 30.4 | 30.7 | 29.4 | 27.3 | 29.3 | 27.8 | 28.7 | 30.3 | 27.4 |
| Transportation equipment | 40.2 | 43.7 | 46.9 | 48.8 | 46.1 | 47.2 | 46.9 | 44.2 | 44.4 | 47.0 |
| Miscellaneous manufacturing industries | 12.8 | 14.8 | 12.0 | 14.3 | 12.6 | 12.9 | 13.4 | 12.5 | 13.0 | 13.9 |

Note: Overseas production ratio based on all domestic companies = Sales of overseas affiliates (manufacturing industries) / (Sales of overseas affiliates (manufacturing industries) + Sales of domestic companies (manufacturing industries)) × 100.0

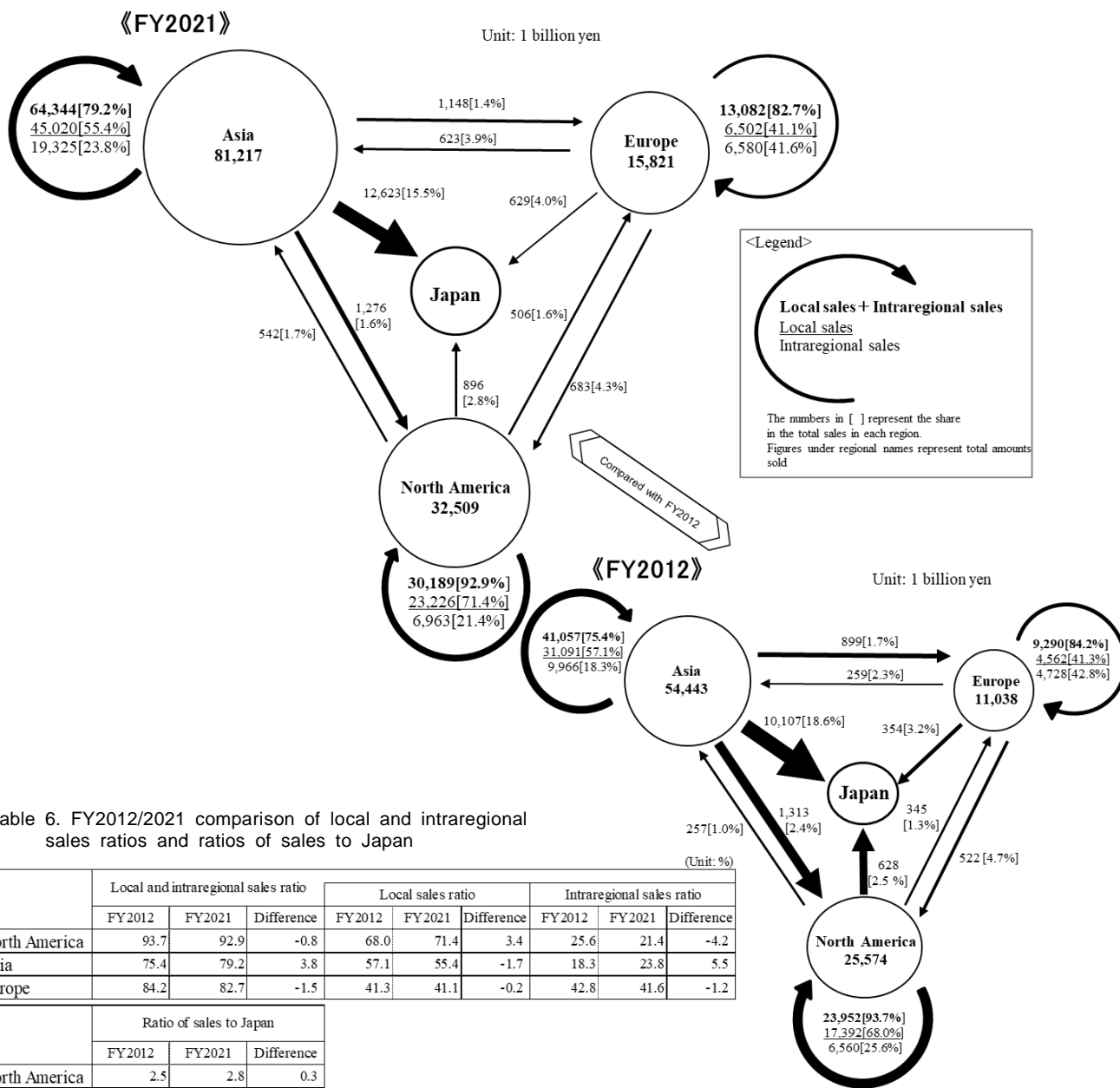
Overseas production ratio based on companies with overseas affiliates = Sales of overseas affiliates (manufacturing industries) / (Sales of overseas affiliates (manufacturing industries) + Sales of parent companies (manufacturing industries)) × 100.0

Source: Sales of domestic companies: "Financial Statements Statistics of Corporations by Industry" (Ministry of Finance)

6. Sale destinations of overseas affiliates in manufacturing industries

- When looking at the local and intraregional sales ratio^{Note 1} of overseas affiliates in manufacturing industries by region, the ratio in FY2021 was 92.9% in North America, 82.7% in Europe, and 79.2% in Asia.
- The ratio of sales to Japan was 15.5% in Asia, 4.0% in Europe, and 2.8% in North America.
- The local sales ratio increased in North America and decreased in Asia and Europe from FY2012. The intraregional sales ratio increased in Asia and decreased in North America and Europe. (Figure 12, Table 6)

Figure 12. Sale destinations (sales) of overseas affiliates in manufacturing industries



Note 1: Local: Country in which overseas affiliates of Japanese companies are located

Intraregional: Same region other than the country in which overseas affiliates of Japanese companies are located (regional classifications: North America, Asia, Europe, etc.)

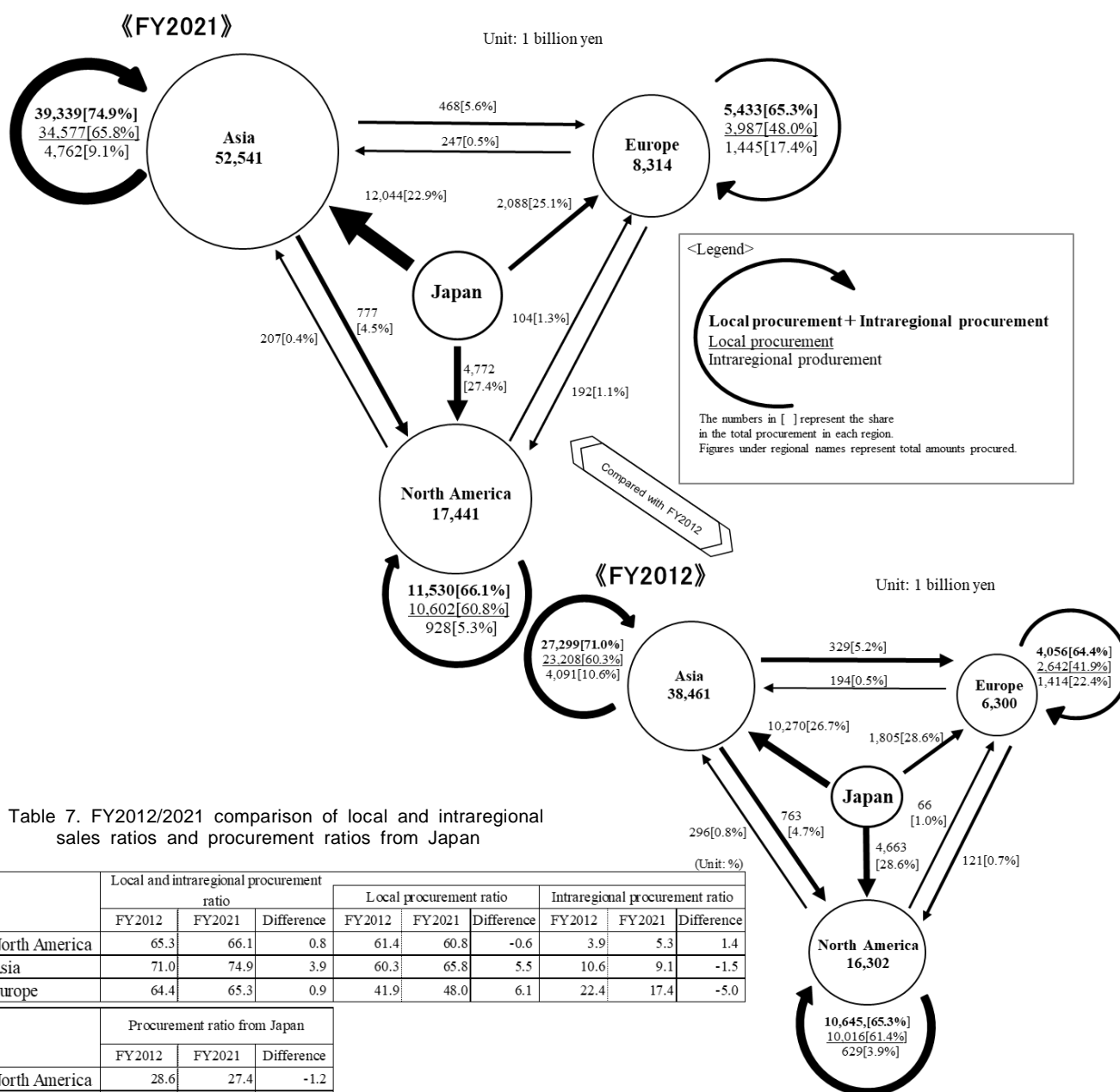
Local and intraregional sales ratio = Local and intraregional sales (sales) / Total sales of the region (total sales) × 100.0

Note 2: The amount of total sales includes the amount of sales to other regions.

7. Procurement destinations of overseas affiliates in manufacturing industries

- When looking at the local and intraregional procurement ratio^{Note 1} of overseas affiliates in manufacturing industries by region, the ratio in FY2021 was 74.9% in Asia, 66.1% in North America, and 65.3% in Europe.
- The procurement ratio from Japan was 27.4% in North America, 25.1% in Europe and 22.9% in Asia.
- Compared with FY2012, the local and intraregional procurement ratios increased in Asia, Europe and North America. On the other hand, Asia, Europe and North America all saw decreases in the procurement ratio from Japan. (Figure 13, Table 7)

Figure 13. Procurement destinations (purchases) of overseas affiliates in manufacturing industries



Note 1: Local: Country in which overseas affiliates of Japanese companies are located

Intraregional: Same region other than the country in which overseas affiliates of Japanese companies are located (regional classifications: North America, Asia, Europe, etc.)

Local and intraregional procurement ratio = Local and intraregional procurement (purchases) / Total procurement of the region (total purchases) × 100.0

Note 2: The amount of total procurement includes the amount of procurement from other regions.

8. Profits of overseas affiliates

- In FY2021, ordinary profits of overseas affiliates were 17.1 trillion yen, up by 72.9% from the previous fiscal year (or up by 66.9% when comparing only companies that gave valid responses for this year and the previous year). Manufacturing industries saw an increase to 6.4 trillion yen, up by 39.9% (id.), and non-manufacturing industries also saw an increase to 10.6 trillion yen, up by 101.8% (id.). (Figure 14)
- By region, ordinary profits increased in Asia (8.1 trillion yen, up by 44.6% from the previous fiscal year), North America (3.9 trillion yen, up by 71.8% (id.) and Europe (2.2 trillion yen, up by 156.1% (id.)). (Figure 15)
- The ratio of ordinary profits to sales^{Note} was 6.8%, up by 2.0 percentage points (pp) from the previous fiscal year. The ratio increased both for manufacturing industries to 5.7% (up by 0.8 pp from the previous fiscal year) and for non-manufacturing industries to 7.9% (up by 3.1 pp (id.)). (Table 8)

Figure 14. Trends in ordinary profits of overseas affiliates

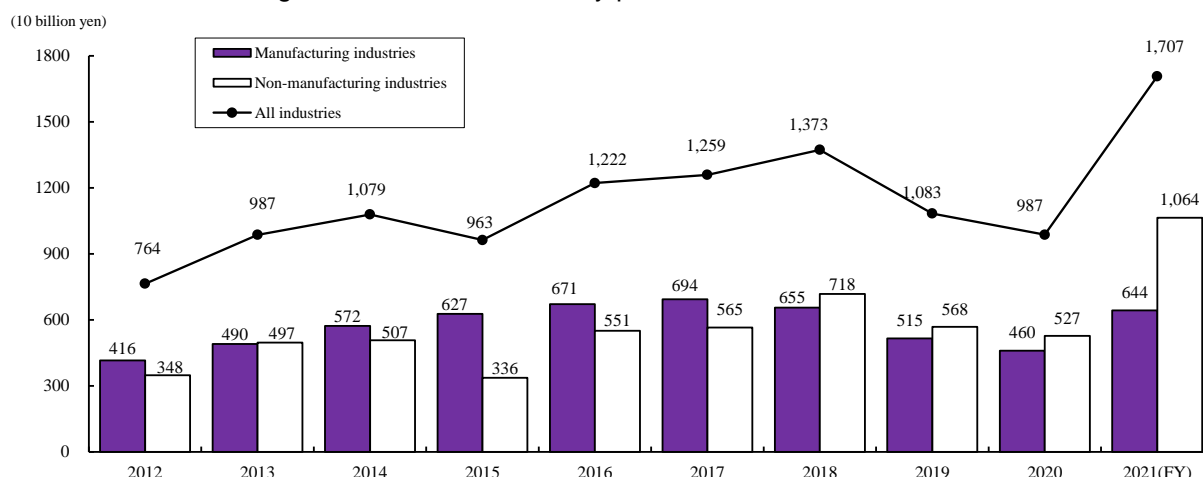


Figure 15. Trends in ordinary profits of overseas affiliates (by region)

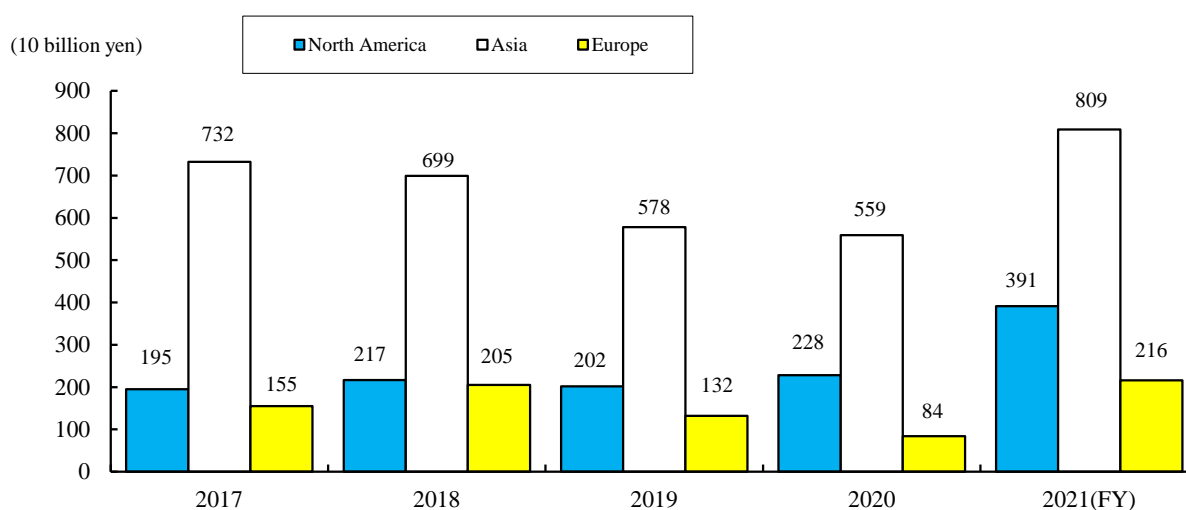


Table 8. Trends in the ratio of ordinary profits to sales of overseas affiliates

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021(FY) |
|--------------------------------|------|------|------|------|------|------|------|------|------|----------|
| All industries | 3.9 | 4.2 | 4.1 | 4.0 | 4.9 | 4.6 | 5.3 | 4.9 | 4.8 | 6.8 |
| Manufacturing industries | 4.6 | 4.6 | 4.7 | 5.0 | 5.8 | 5.4 | 5.5 | 5.0 | 4.9 | 5.7 |
| Non-manufacturing industries | 3.3 | 3.9 | 3.5 | 3.0 | 4.1 | 3.7 | 5.1 | 4.9 | 4.8 | 7.9 |
| (Reference) Domestic companies | 3.5 | 4.2 | 4.5 | 4.8 | 5.2 | 5.4 | 5.5 | 4.8 | 4.6 | 5.8 |
| Manufacturing industries | 4.1 | 5.5 | 5.9 | 5.9 | 6.1 | 7.0 | 6.6 | 5.7 | 6.0 | 8.3 |
| Non-manufacturing industries | 3.3 | 3.7 | 3.9 | 4.3 | 4.8 | 4.9 | 5.0 | 4.5 | 4.1 | 4.8 |

Note: Ratio of ordinary profit to sales = Ordinary profits / Sales × 100.0 (Calculated based on overseas affiliates that responded to questionnaires for both ordinary profits and sales.)

Source: Ratio of ordinary profits to sales in domestic companies: "Financial Statements Statistics of Corporations by Industry" (Ministry of Finance)

9. Profit appropriation of overseas affiliates

- In FY2021, current net profits of overseas affiliates totaled 14.2 trillion yen, up by 104.6% from the previous fiscal year (or up by 86.5% when comparing only companies that gave valid responses for this year and the previous year). Manufacturing industries saw an increase to 5.2 trillion yen, up by 74.9% (id.), and non-manufacturing industries also saw an increase to 9.0 trillion yen, up by 127.1% (id.). (Figure 16)
- The amount of current retained earnings^{Note 1} of overseas affiliates in FY2021 was 6.1 trillion yen, up by 376.7% from the previous fiscal year (or up by 338.4% when comparing only companies that gave valid responses for this year and the previous year). (Figure 17, Table 9)
- The balance of retained earnings^{Note 2} was 48.3 trillion yen, up by 28.5% from the previous fiscal year (or up by 22.7% when comparing only companies that gave valid responses for this year and the previous year). (Figure 17, Table 9)

Figure 16. Trends in current net profits

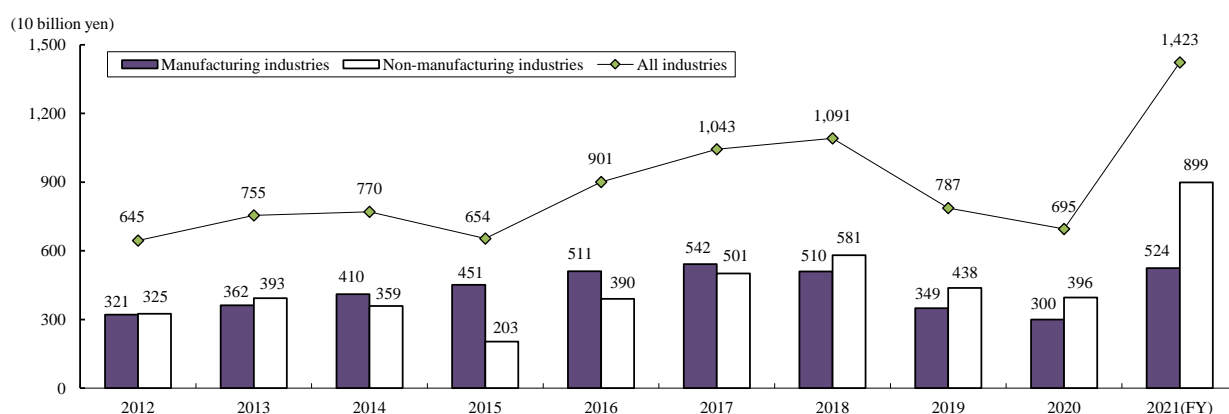


Figure 17. Trends in current retained earnings and balance of retained earnings

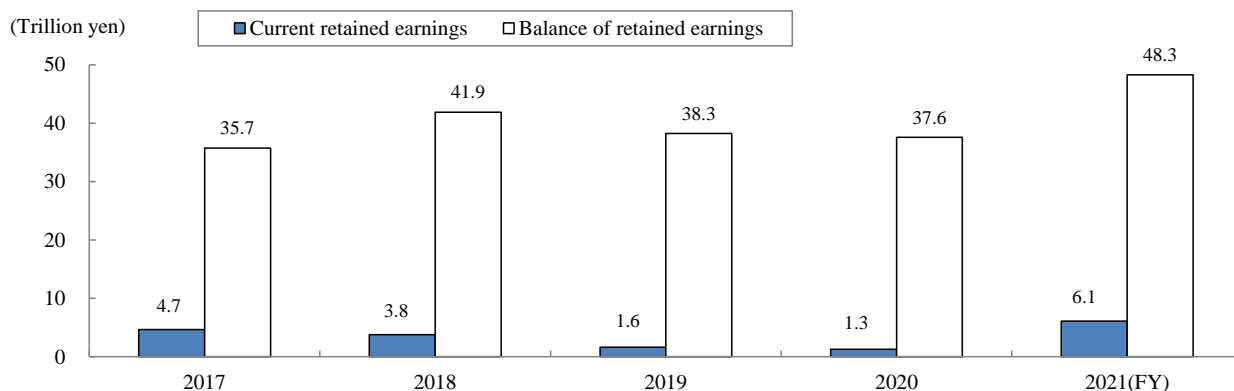


Table 9. Trends in current retained earnings and balance of retained earnings

(Units: 100 million yen, %)

| | Current retained earnings | | | Balance of retained earnings | | |
|------------------------------|---------------------------|--------|-------|------------------------------|---------|------|
| | FY2020 | FY2021 | Y/Y | FY2020 | FY2021 | Y/Y |
| All industries | 12,866 | 61,338 | 376.7 | 375,677 | 482,691 | 28.5 |
| Manufacturing industries | 3,341 | 17,657 | 428.6 | 175,421 | 204,337 | 16.5 |
| Non-manufacturing industries | 9,526 | 43,682 | 358.6 | 200,256 | 278,355 | 39.0 |

Note 1: Current retained earnings = Current net profit or loss - Dividends

Note 2: Year-end balance of retained earnings = Proprietary capital - Capital - Capital reserve

10. Research and development expenses of overseas affiliates in manufacturing industries

- In FY2021, research and development expenses of overseas affiliates in manufacturing industries were 907.5 billion yen, up by 27.7% from the previous fiscal year (or up by 13.8% when comparing only companies that gave valid responses for this year and the previous year).
- The ratio of overseas research and development expenses^{Note} was 7.2%, up by 1.6 percentage points (pp) from the previous fiscal year. (Figure 18)
- Research and development expenses per company in the manufacturing industries increased by 23.7% from the previous fiscal year to 564 million yen. By sector, the amount increased in the chemicals sector, the transportation equipment sector, the information and communication electronics equipment sector, etc. (Table 10) By region, the amount increased in North America, Europe and Asia. (Table 11)

Figure 18. Trends in research and development expenses of overseas affiliates and in the ratio of overseas research and development expenses (manufacturing industries)

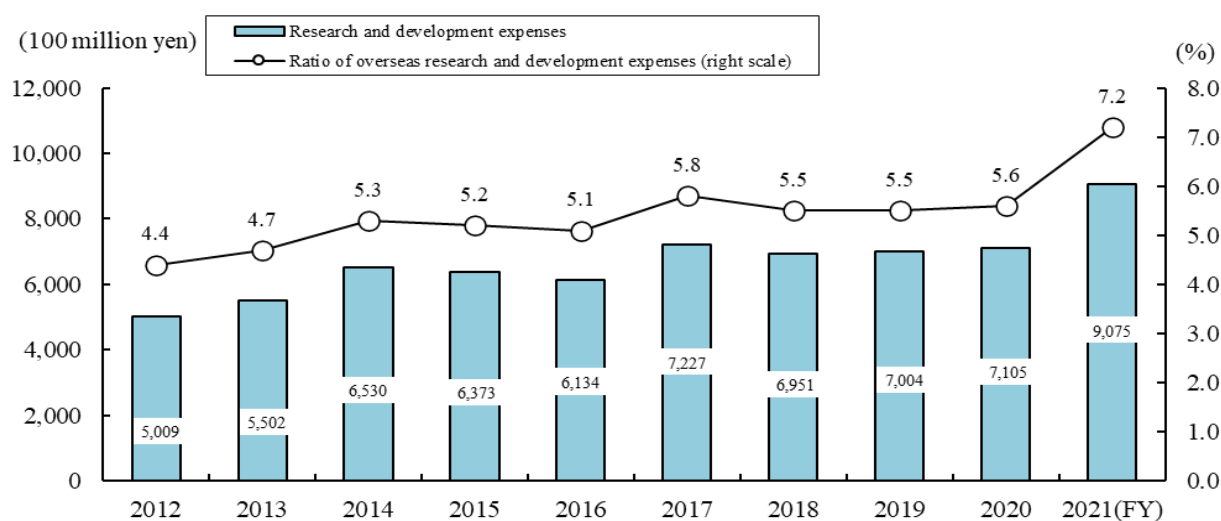


Table 10. Research and development expenses per company in manufacturing industries (by major sector)

(Units: Million yen, %)

| | FY2020 | FY2021 | |
|---|--------|----------------|-----------|
| | | Y/Y difference | Y/Y ratio |
| Manufacturing industries | 456 | 564 | 23.7 |
| Chemicals | 749 | 983 | 31.2 |
| Transportation equipment | 726 | 955 | 31.5 |
| Information and communication electronics equipment | 630 | 805 | 27.8 |
| Business oriented machinery | 478 | 566 | 18.4 |
| Iron and steel | 313 | 474 | 51.4 |

Table 11. Research and development expenses per company in manufacturing industries (by region)

(Units: Million yen, %)

| | FY2020 | | FY2021 | |
|---------------|----------------|-----------|----------------|-----------|
| | Y/Y difference | Y/Y ratio | Y/Y difference | Y/Y ratio |
| All regions | 456 | -0.7 | 564 | 23.7 |
| North America | 1,265 | 12.4 | 1,706 | 34.9 |
| Asia | 256 | -9.2 | 272 | 6.3 |
| Europe | 591 | -5.4 | 749 | 26.7 |

Note: Ratio of overseas research and development expenses (manufacturing industries) = Research and development expenses of overseas affiliates (manufacturing industries) / (Research and development expenses of overseas affiliates (manufacturing industries) + Research and development expenses of domestic companies (manufacturing industries)) × 100.0

Source: Research and development expenses of domestic companies: Total of labor costs, raw material costs, lease costs, other costs and depreciation costs in "Intramural expenditure on R&D of companies, etc. (costs)" in the Report on the Survey of Research and Development in Japan (Ministry of Internal Affairs and Communications)

11. Capital investment in overseas affiliates in manufacturing industries

- In FY2021, the amount of capital investment in overseas affiliates in manufacturing industries increased to 3.7 trillion yen, up by 14.0% from the previous fiscal year (or up by 8.6% when comparing only companies that gave valid responses for this year and the previous year). The ratio of overseas capital investment^{Note} was 20.8%, up by 1.4 percentage points (pp) from the previous fiscal year. (Figure 19)
- By sector, the amount of overseas capital investment increased in the transportation equipment sector (up by 18.2% from the previous fiscal year), the chemicals sector (up by 14.5% (id.)), the food sector (up by 23.4% (id.)), etc. (Figure 20)
- By region, the amount increased in Asia, Europe and North America. In Asia, increases were observed in other Asian countries, China and ASEAN10. (Figure 21, Figure 22)

Figure 19. Trends in capital investment in overseas affiliates and the ratio of overseas capital investment (manufacturing industries)

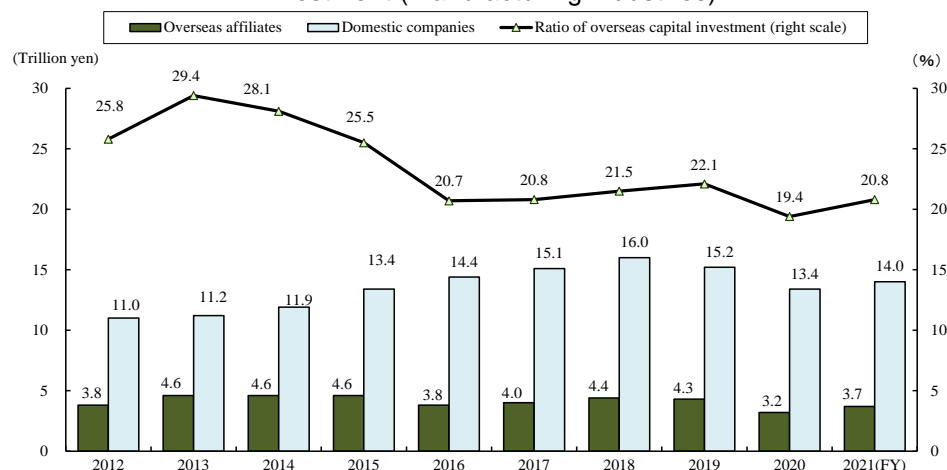


Figure 20. Capital investment in overseas affiliates (by major manufacturing sector)

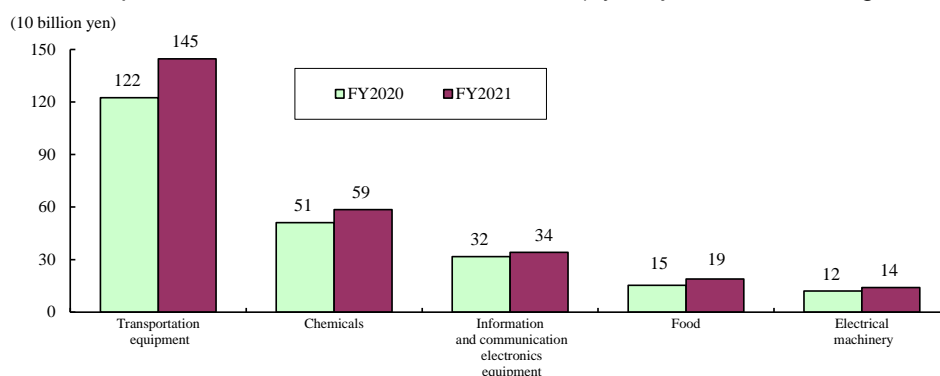


Figure 21. Capital investment in overseas affiliates in manufacturing industries (by region)

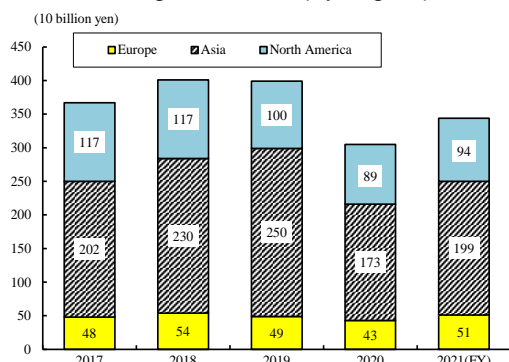
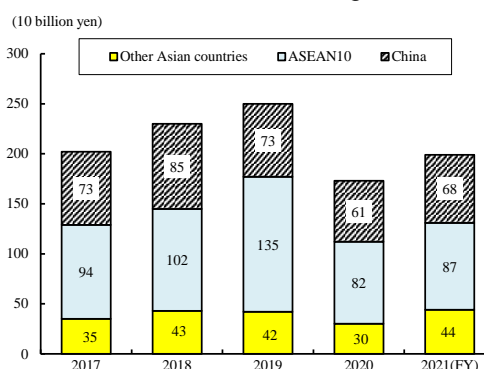


Figure 22. Capital investment in overseas affiliates in manufacturing industries (in Asia)



Note: Ratio of overseas capital investment (manufacturing industries) = Amount of capital investment in overseas affiliates (manufacturing industries) / (Amount of capital investment in overseas affiliates (manufacturing industries) + Amount of capital investment in domestic companies (manufacturing industries)) × 100.0

Source: Amount of capital investment in domestic companies: "Financial Statements Statistics of Corporations by Industry" (Ministry of Finance)

12. Payments from overseas affiliates to Japanese investors

- Payments (such as dividends and royalties) from overseas affiliates to Japanese investors in FY2021 amounted to 5.5 trillion yen, up by 32.1% from the previous fiscal year. (Figure 23)
- Looking at payments from overseas affiliates to Japanese investors by region, payments increased from Asia (up by 30.6% from the previous fiscal year), North America (up by 25.7% (id.)), Europe (up by 49.8% (id.)), and others (up by 41.2% (id.)). In Asia, increases were observed in other Asian countries, ASEAN10 and China. (Figure 24, Figure 25)
- By major sector, payments increased in the chemicals sector (up by 83.2% from the previous fiscal year), the wholesale trade sector (up by 18.1% (id.)), the transportation equipment sector (up by 12.9% (id.)), the services sector (up by 29.3% (id.)), etc. (Figure 26)

Figure 23. Trends in payments from overseas affiliates to Japanese investors (all industries)

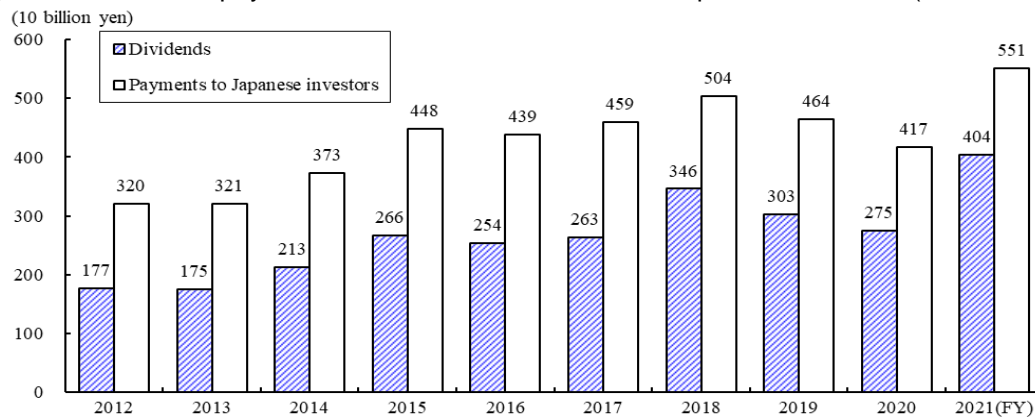


Figure 24. Payments from overseas affiliates to Japanese investors (by region)

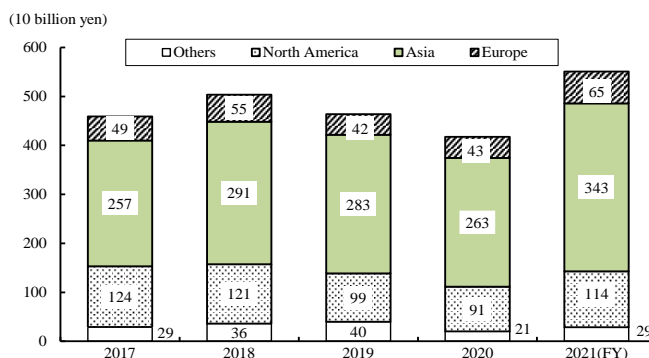


Figure 25. Payments from overseas affiliates to Japanese investors (in Asia)

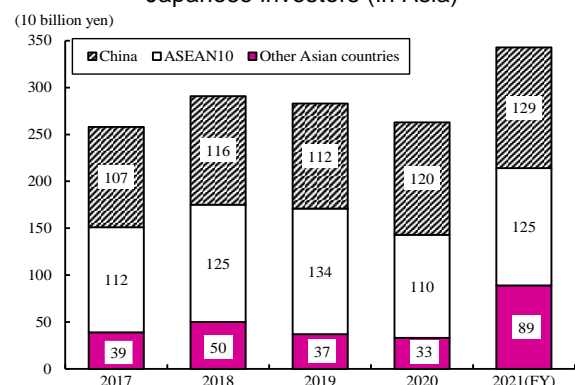


Figure 26. Payments from overseas affiliates to Japanese investors (by major sector)

