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May 12, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

Company name: Furukawa Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5715
 URL: <https://www.furukawakk.co.jp>
 Representative: Minoru Nakatogawa, President and Representative Director
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 Scheduled date of annual general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file annual securities report: June 29, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	214,190	7.6	9,031	16.8	9,348	3.9	6,211	(4.1)
March 31, 2022	199,097	24.7	7,734	38.3	8,996	32.8	6,477	(13.3)

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥ 8,830 million [10.1%]
 For the fiscal year ended March 31, 2022: ¥ 8,021 million [(56.7)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	161.97	–	6.2	4.0	4.2
March 31, 2022	165.87	–	6.9	4.0	3.9

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2023: ¥ (860) million

For the fiscal year ended March 31, 2022: ¥ 370 million

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (3) Number of issued shares (common shares)

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

As of March 31, 2023	40,445,568 shares
As of March 31, 2022	40,445,568 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2023	2,329,563 shares
As of March 31, 2022	1,621,936 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	38,351,979 shares
Fiscal year ended March 31, 2022	39,054,524 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	7,834	2.2	3,254	4.8	3,195	(12.7)	3,073	4.1
March 31, 2022	7,663	(9.4)	3,106	(26.8)	3,659	(23.2)	2,951	(59.9)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2023	80.14	—
March 31, 2022	75.58	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2023	149,860	65,727	43.9	1,724.42
March 31, 2022	148,144	64,968	43.9	1,673.42

Reference: Equity

As of March 31, 2023: ¥ 65,727 million

As of March 31, 2022: ¥ 64,968 million

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	4,800	(10.1)	2,300	(22.7)	2,400	(21.6)	2,200	(23.0)	57.72
Fiscal year ending March 31, 2024	7,200	(8.1)	2,300	(29.3)	2,200	(31.2)	2,000	(34.9)	52.47

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(1) Caution concerning forward-looking statements

The forward-looking statements, including earnings outlook, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. The Company makes no warranty as to the achievability of the projections. Actual business and other results may differ substantially from the statements herein due to a number of factors.

(2) Financial results briefing (for securities analysts and institutional investors)

The Company will hold a financial results briefing through livestreaming. Furthermore, the Company plans to post supplementary materials and a video of the results briefing on its website.

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1. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	14,469	13,606
Notes and accounts receivable - trade, and contract assets	28,344	35,502
Merchandise and finished goods	17,205	18,705
Work in process	10,813	12,213
Raw materials and supplies	20,818	15,584
Other	4,635	4,318
Allowance for doubtful accounts	(48)	(47)
Total current assets	96,238	99,882
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,051	23,435
Machinery, equipment and vehicles, net	8,789	9,384
Land	54,170	53,910
Leased assets, net	429	463
Construction in progress	517	900
Other, net	3,018	2,888
Total property, plant and equipment	90,976	90,981
Intangible assets	376	317
Investments and other assets		
Investment securities	35,860	34,711
Long-term loans receivable	4,495	4,573
Deferred tax assets	351	749
Retirement benefit asset	403	351
Other	1,746	1,947
Allowance for doubtful accounts	(720)	(769)
Total investments and other assets	42,136	41,563
Total non-current assets	133,489	132,862
Total assets	229,727	232,745

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,916	14,397
Electronically recorded obligations - operating	9,381	9,244
Short-term borrowings	13,504	16,607
Lease liabilities	188	186
Accounts payable - other	13,310	12,806
Income taxes payable	1,491	1,711
Provision for bonuses	138	137
Provision for loss on construction contracts	-	6
Provision for environmental measures	3	58
Other	5,924	7,954
Total current liabilities	59,859	63,111
Non-current liabilities		
Long-term borrowings	52,166	46,240
Lease liabilities	302	387
Deferred tax liabilities	10,501	10,141
Deferred tax liabilities for land revaluation	1,399	1,367
Retirement benefit liability	2,543	2,481
Provision for environmental measures	58	-
Other provisions	16	97
Asset retirement obligations	239	228
Other	2,565	2,638
Total non-current liabilities	69,793	63,583
Total liabilities	129,652	126,695
Net assets		
Shareholders' equity		
Share capital	28,208	28,208
Capital surplus	2	2
Retained earnings	54,557	58,847
Treasury shares	(2,197)	(3,086)
Total shareholders' equity	80,570	83,971
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,832	12,320
Deferred gains or losses on hedges	(292)	(77)
Revaluation reserve for land	2,602	2,582
Foreign currency translation adjustment	35	1,564
Remeasurements of defined benefit plans	2,506	2,584
Total accumulated other comprehensive income	16,683	18,974
Non-controlling interests	2,821	3,103
Total net assets	100,075	106,050
Total liabilities and net assets	229,727	232,745

(2) Consolidated statement of income and consolidated statement of comprehensive income**Consolidated statement of income**

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	199,097	214,190
Cost of sales	172,995	185,575
Gross profit	26,101	28,615
Selling, general and administrative expenses		
Freight and incidental costs	2,465	3,005
Salaries, allowances and bonuses	7,557	7,910
Provision for bonuses	108	78
Provision for retirement benefits	629	525
Provision of allowance for doubtful accounts	16	10
Research and development expenses	1,053	1,055
Other	6,535	6,998
Total selling, general and administrative expenses	18,366	19,583
Operating profit	7,734	9,031
Non-operating income		
Dividend income	752	847
Share of profit of entities accounted for using equity method	370	-
Foreign exchange gains	677	1,462
Other	1,244	836
Total non-operating income	3,044	3,146
Non-operating expenses		
Interest expenses	427	501
Share of loss of entities accounted for using equity method	-	860
Administrative expenses of inactive mountain	812	814
Other	543	654
Total non-operating expenses	1,782	2,829
Ordinary profit	8,996	9,348
Extraordinary income		
Gain on sale of non-current assets	76	47
Gain on sale of investment securities	92	362
Gain on bargain purchase	833	-
Other	111	0
Total extraordinary income	1,113	410
Extraordinary losses		
Loss on sale and retirement of non-current assets	157	302
Impairment losses	11	133
Loss on liquidation of subsidiaries	-	324
Demolition expenses of a rental building	668	470
Other	135	19
Total extraordinary losses	972	1,252
Profit before income taxes	9,137	8,506
Income taxes - current	2,715	2,811
Income taxes - deferred	(264)	(762)
Total income taxes	2,450	2,049
Profit	6,686	6,457
Profit attributable to non-controlling interests	208	245
Profit attributable to owners of parent	6,477	6,211

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	6,686	6,457
Other comprehensive income		
Valuation difference on available-for-sale securities	527	491
Deferred gains or losses on hedges	(483)	106
Foreign currency translation adjustment	723	1,413
Remeasurements of defined benefit plans, net of tax	547	77
Share of other comprehensive income of entities accounted for using equity method	20	282
Total other comprehensive income	1,335	2,373
Comprehensive income	8,021	8,830
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,771	8,522
Comprehensive income attributable to non-controlling interests	250	308

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	28,208	2	50,025	(1,862)	76,373
Changes during period					
Dividends of surplus			(1,953)		(1,953)
Profit attributable to owners of parent			6,477		6,477
Purchase of treasury shares				(334)	(334)
Reversal of revaluation reserve for land			7		7
Net changes in items other than shareholders' equity					
Total changes during period	—	—	4,531	(334)	4,196
Balance at end of period	28,208	2	54,557	(2,197)	80,570

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,303	351	2,609	(826)	1,959	15,396	2,594	94,364
Changes during period								
Dividends of surplus								(1,953)
Profit attributable to owners of parent								6,477
Purchase of treasury shares								(334)
Reversal of revaluation reserve for land								7
Net changes in items other than shareholders' equity	528	(644)	(7)	862	547	1,286	227	1,513
Total changes during period	528	(644)	(7)	862	547	1,286	227	5,710
Balance at end of period	11,832	(292)	2,602	35	2,506	16,683	2,821	100,075

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	28,208	2	54,557	(2,197)	80,570
Changes during period					
Dividends of surplus			(1,941)		(1,941)
Profit attributable to owners of parent			6,211		6,211
Purchase of treasury shares				(888)	(888)
Reversal of revaluation reserve for land			19		19
Net changes in items other than shareholders' equity					
Total changes during period	—	—	4,290	(888)	3,401
Balance at end of period	28,208	2	58,847	(3,086)	83,971

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,832	(292)	2,602	35	2,506	16,683	2,821	100,075
Changes during period								
Dividends of surplus								(1,941)
Profit attributable to owners of parent								6,211
Purchase of treasury shares								(888)
Reversal of revaluation reserve for land								19
Net changes in items other than shareholders' equity	487	215	(19)	1,529	77	2,291	282	2,573
Total changes during period	487	215	(19)	1,529	77	2,291	282	5,975
Balance at end of period	12,320	(77)	2,582	1,564	2,584	18,974	3,103	106,050

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	9,137	8,506
Depreciation	4,003	4,114
Loss (gain) on sale of property, plant and equipment	81	255
Loss (gain) on sale of investment securities	(92)	(362)
Share of loss (profit) of entities accounted for using equity method	(370)	860
Gain on bargain purchase	(833)	-
Increase (decrease) in retirement benefit liability	433	226
Interest and dividend income	(878)	(1,110)
Interest expenses	427	501
Decrease (increase) in trade receivables	345	(6,798)
Decrease (increase) in inventories	(10,328)	3,219
Increase (decrease) in trade payables	5,955	(2,143)
Increase (decrease) in accounts payable - other	3,700	(1,119)
Other, net	(877)	2,743
Subtotal	10,703	8,892
Interest and dividends received	885	1,073
Interest paid	(429)	(494)
Income taxes paid	(2,484)	(3,400)
Other, net	94	76
Net cash provided by (used in) operating activities	8,768	6,148
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,507)	(3,361)
Proceeds from sale of property, plant and equipment	91	239
Payments for retirement of property, plant and equipment	(123)	(261)
Proceeds from sale of investment securities	107	1,380
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(352)	-
Proceeds from a partial refund of consideration for acquisition from the seller by adjusting the consideration of shares of subsidiaries	-	420
Other, net	(71)	(34)
Net cash provided by (used in) investing activities	(5,857)	(1,617)
Cash flows from financing activities		
Proceeds from short-term borrowings	15,957	57,408
Repayments of short-term borrowings	(16,062)	(58,300)
Proceeds from long-term borrowings	220	3,200
Repayments of long-term borrowings	(4,140)	(5,176)
Repayments of finance lease liabilities	(232)	(208)
Purchase of treasury shares	(334)	(888)
Dividends paid	(1,953)	(1,942)
Other, net	(22)	(25)
Net cash provided by (used in) financing activities	(6,568)	(5,934)
Effect of exchange rate change on cash and cash equivalents	377	541
Net increase (decrease) in cash and cash equivalents	(3,279)	(862)
Cash and cash equivalents at beginning of period	17,748	14,468
Cash and cash equivalents at end of period	14,468	13,606

**Supplementary Material on Financial Results
for the Fiscal Year Ended March 31, 2023**

May 12, 2023
Furukawa Co., Ltd.

Net sales

(Yen amounts are rounded down to millions.)

	Fiscal year ended March 31, 2023	Year-on-year change	Fiscal year ending March 31, 2024	
			Forecast	Year-on-year change
Machinery business	81,658	4,719	87,000	5,341
Industrial Machinery segment	17,943	220	18,500	556
Rock Drill Machinery segment	35,752	4,841	36,000	247
UNIC Machinery segment	27,961	(343)	32,500	4,538
Materials business	126,804	8,640	91,600	(35,204)
Metals segment	111,424	8,429	74,800	(36,624)
Electronics segment	6,926	(345)	7,700	773
Chemicals segment	8,454	557	9,100	645
Real Estate segment	2,056	(58)	1,700	(356)
Others segment	3,671	1,791	4,200	528
Total	214,190	15,093	184,500	(29,690)

Operating profit

	Fiscal year ended March 31, 2023	Year-on-year change	Fiscal year ending March 31, 2024	
			Forecast	Year-on-year change
Machinery business	6,093	1,414	7,400	1,306
Industrial Machinery segment	1,515	118	1,500	(15)
Rock Drill Machinery segment	3,030	1,913	3,100	69
UNIC Machinery segment	1,547	(617)	2,800	1,252
Materials business	2,309	(40)	1,600	(709)
Metals segment	1,276	336	500	(776)
Electronics segment	500	(165)	400	(100)
Chemicals segment	532	(210)	700	167
Real Estate segment	835	92	400	(435)
Others segment	(133)	(150)	(150)	(16)
(Subtotal)	9,104	1,315	9,250	145
Eliminations/corporate	(73)	(18)	(50)	23
Total	9,031	1,297	9,200	168

Exchange rate • Copper price

		Fiscal year ended March 31, 2023	Year-on-year change	Fiscal year ending March 31, 2024	
				Forecast	Year-on-year change
Exchange rate	Yen/\$	135.5	23.1	135.0	(0.5)
Copper price	\$/mt	8,551	(1,140)	8,000	(551)

* Reference Information (the below values are reference values)

1. Industrial Machinery segment order balance

The Industrial Machinery segment mainly provides built-to-order manufacturing, and the order balance as of the end of the fiscal year under review is as follows.

	As of March 31, 2023	Year-on-year change
Order backlog	¥14.2 billion	¥4.8 billion

2. Profit or loss from metal price fluctuations in the Metals segment

	Fiscal year ended March 31, 2023	Year-on-year change
Operating profit	¥1.27 billion	¥0.33 billion
Of which was due to price fluctuations	¥1.18 billion	¥(0.33) billion
Copper	[¥0.07 billion]	[¥(1.10) billion]
Gold	[¥1.02 billion]	[¥0.75 billion]