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November 9, 2023

Consolidated Financial Results for the Six Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: Furukawa Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5715
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Scheduled date to file quarterly securities report: November 13, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes

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

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

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2023	94,793	(9.4)	4,599	36.4	6,074	16.4	12,911	274.4
September 30, 2022	104,576	6.9	3,372	(3.2)	5,219	27.6	3,448	49.2

Note: Comprehensive income For the six months ended September 30, 2023: ¥ 18,699 million [274.6%]
 For the six months ended September 30, 2022: ¥ 4,992 million [157.9%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2023	341.52	–
September 30, 2022	89.37	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2023	249,979	121,196	47.2
March 31, 2023	232,745	106,050	44.2

Reference: Equity

As of September 30, 2023: ¥ 117,929 million

As of March 31, 2023: ¥ 102,946 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	0.00	–	50.00	50.00
Fiscal year ending March 31, 2024	–	0.00			
Fiscal year ending March 31, 2024 (Forecast)			–	50.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of 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 attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	190,000	(11.3)	9,700	7.4	10,500	12.3	16,500	165.6	443.67

Note: Revisions to the forecast of financial results most recently announced: Yes

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) 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

(4) Number of issued shares (common shares)

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

As of September 30, 2023	40,445,568 shares
As of March 31, 2023	40,445,568 shares

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

As of September 30, 2023	3,255,387 shares
As of March 31, 2023	2,329,563 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2023	37,807,375 shares
Six months ended September 30, 2022	38,587,836 shares

* Quarterly financial results reports are exempt from quarterly review 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. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	13,606	20,364
Notes and accounts receivable - trade, and contract assets	35,502	29,031
Merchandise and finished goods	18,705	21,877
Work in process	12,213	13,604
Raw materials and supplies	15,584	12,725
Other	4,318	3,439
Allowance for doubtful accounts	(47)	(46)
Total current assets	99,882	100,997
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	23,435	23,405
Land	53,910	51,710
Other, net	13,636	14,939
Total property, plant and equipment	90,981	90,054
Intangible assets	317	352
Investments and other assets		
Investment securities	34,711	40,964
Other	7,622	18,442
Allowance for doubtful accounts	(769)	(832)
Total investments and other assets	41,563	58,574
Total non-current assets	132,862	148,982
Total assets	232,745	249,979

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,397	13,625
Electronically recorded obligations - operating	9,244	11,977
Short-term borrowings	16,607	14,897
Income taxes payable	1,711	2,512
Provisions	202	292
Other	20,947	16,595
Total current liabilities	63,111	59,900
Non-current liabilities		
Long-term borrowings	46,240	47,499
Provisions	97	4
Retirement benefit liability	2,481	2,266
Asset retirement obligations	228	231
Other	14,534	18,879
Total non-current liabilities	63,583	68,881
Total liabilities	126,695	128,782
Net assets		
Shareholders' equity		
Share capital	28,208	28,208
Capital surplus	2	2
Retained earnings	58,847	69,860
Treasury shares	(3,086)	(4,707)
Total shareholders' equity	83,971	93,364
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,320	16,625
Deferred gains or losses on hedges	(77)	(63)
Revaluation reserve for land	2,582	2,575
Foreign currency translation adjustment	1,564	2,944
Remeasurements of defined benefit plans	2,584	2,483
Total accumulated other comprehensive income	18,974	24,565
Non-controlling interests	3,103	3,267
Total net assets	106,050	121,196
Total liabilities and net assets	232,745	249,979

(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income
Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Net sales	104,576	94,793
Cost of sales	91,343	80,184
Gross profit	13,232	14,608
Selling, general and administrative expenses	9,860	10,008
Operating profit	3,372	4,599
Non-operating income		
Dividend income	501	580
Foreign exchange gains	2,142	1,080
Other	331	682
Total non-operating income	2,975	2,343
Non-operating expenses		
Interest expenses	248	245
Administrative expenses of inactive mountain	401	400
Other	479	223
Total non-operating expenses	1,128	869
Ordinary profit	5,219	6,074
Extraordinary income		
Gain on sale of non-current assets	5	13,423
Other	362	67
Total extraordinary income	368	13,490
Extraordinary losses		
Demolition expenses of a rental building	470	458
Loss on liquidation of subsidiaries	348	200
Other	368	42
Total extraordinary losses	1,187	701
Profit before income taxes	4,399	18,863
Income taxes - current	1,380	3,300
Income taxes - deferred	(565)	2,515
Total income taxes	814	5,816
Profit	3,584	13,046
Profit attributable to non-controlling interests	136	134
Profit attributable to owners of parent	3,448	12,911

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	3,584	13,046
Other comprehensive income		
Valuation difference on available-for-sale securities	(876)	4,309
Deferred gains or losses on hedges	5	(5)
Foreign currency translation adjustment	1,863	1,161
Remeasurements of defined benefit plans, net of tax	(89)	(100)
Share of other comprehensive income of entities accounted for using equity method	504	288
Total other comprehensive income	1,407	5,653
Comprehensive income	4,992	18,699
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,760	18,509
Comprehensive income attributable to non-controlling interests	231	190

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	4,399	18,863
Depreciation	2,047	2,161
Loss (gain) on sale and retirement of property, plant and equipment	206	(13,397)
Increase (decrease) in retirement benefit liability	(156)	(317)
Interest and dividend income	(605)	(778)
Interest expenses	248	245
Foreign exchange losses (gains)	(354)	(436)
Decrease (increase) in trade receivables	(985)	6,795
Decrease (increase) in inventories	(2,573)	(975)
Increase (decrease) in trade payables	(3,070)	1,372
Other, net	(4,651)	(3,812)
Subtotal	(5,493)	9,721
Interest and dividends received	589	784
Interest paid	(235)	(243)
Income taxes paid	(2,129)	(2,632)
Income taxes refund	78	813
Net cash provided by (used in) operating activities	(7,191)	8,443
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,289)	(3,695)
Proceeds from sale of property, plant and equipment	15	5,461
Proceeds from a partial refund of consideration for acquisition from the seller by adjusting the consideration of shares of subsidiaries	420	–
Other, net	256	180
Net cash provided by (used in) investing activities	(597)	1,946
Cash flows from financing activities		
Proceeds from short-term borrowings	26,341	7,748
Repayments of short-term borrowings	(10,331)	(8,247)
Proceeds from long-term borrowings	3,100	6,500
Repayments of long-term borrowings	(4,446)	(6,653)
Purchase of treasury shares	(888)	(1,621)
Dividends paid	(1,938)	(1,902)
Other, net	(130)	(136)
Net cash provided by (used in) financing activities	11,706	(4,312)
Effect of exchange rate change on cash and cash equivalents	794	680
Net increase (decrease) in cash and cash equivalents	4,712	6,757
Cash and cash equivalents at beginning of period	14,468	13,606
Cash and cash equivalents at end of period	19,181	20,364

Supplementary Material on Financial Results for the Six Months Ended September 30, 2023

November 9, 2023

Furukawa Co., Ltd.

Net sales

(Yen amounts are rounded down to millions.)

	Six months ended September 30,2022	Six months ended September 30,2023	Year-on-year change	Fiscal year ending March 31, 2024		
				Previously announced forecast	Forecast	Year-on-year change
Machinery business	39,933	40,302	369	87,000	85,600	3,941
Industrial Machinery segment	7,862	6,054	(1,807)	18,500	17,900	(43)
Rock Drill Machinery segment	18,003	19,961	1,957	36,000	38,700	2,947
UNIC Machinery segment	14,067	14,286	219	32,500	29,000	1,038
Materials business	61,964	51,503	(10,461)	91,600	98,300	(28,504)
Metals segment	53,903	43,359	(10,543)	74,800	81,900	(29,524)
Electronics segment	3,600	3,540	(59)	7,700	7,300	373
Chemicals segment	4,461	4,603	142	9,100	9,100	645
Real Estate segment	1,067	903	(164)	1,700	1,900	(156)
Others segment	1,610	2,083	473	4,200	4,200	528
Total	104,576	94,793	(9,783)	184,500	190,000	(24,190)

Operating profit

	Six months ended September 30,2022	Six months ended September 30,2023	Year-on-year change	Fiscal year ending March 31, 2024		
				Previously announced forecast	Forecast	Year-on-year change
Machinery business	1,882	2,581	698	7,400	6,600	506
Industrial Machinery segment	13	(283)	(296)	1,500	1,000	(515)
Rock Drill Machinery segment	1,057	2,146	1,089	3,100	4,100	1,069
UNIC Machinery segment	811	717	(93)	2,800	1,500	(47)
Materials business	1,175	1,912	737	1,600	2,800	490
Metals segment	492	1,254	761	500	1,700	423
Electronics segment	321	274	(46)	400	400	(100)
Chemicals segment	361	383	22	700	700	167
Real Estate segment	424	226	(198)	400	500	(335)
Others segment	(59)	(86)	(26)	(150)	(100)	33
(Subtotal)	3,422	4,634	1,211	9,250	9,800	695
Eliminations/corporate	(50)	(34)	16	(50)	(100)	(26)
Total	3,372	4,599	1,227	9,200	9,700	668

Exchange rate/Copper price

		Six months ended September 30,2022	Six months ended September 30,2023	Year-on-year change	Fiscal year ending March 31, 2024		
					Previously announced forecast	Forecast	Year-on-year change
Exchange rate	Yen/\$	134.0	141.0	7.0	135.6	143.0	7.5
Copper price	\$/mt	8,634	8,417	(217)	8,120	8,209	(342)

* 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 second quarter is as follows.

	As of September 30,2022	As of September 30,2023	Year-on-year change
Order backlog	¥12.7 billion	¥16.0 billion	¥3.2 billion

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

	Six months ended September 30,2022	Six months ended September 30,2023	Year-on-year change
Operating profit	¥0.49 billion	¥1.25 billion	¥0.76 billion
Of which was due to price fluctuations	¥0.52 billion	¥0.87 billion	¥0.34 billion
Copper	[¥(0.12) billion]	[¥0.12 billion]	[¥0.24 billion]
Gold	[¥0.62 billion]	[¥0.68 billion]	[¥0.06 billion]