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May 12, 2022

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (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, 2022
 Scheduled date to commence dividend payments: June 30, 2022
 Scheduled date to file annual securities report: June 29, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	199,097	24.7	7,734	38.3	8,996	32.8	6,477	(13.3)
March 31, 2021	159,702	(3.3)	5,592	(35.7)	6,773	(16.7)	7,468	68.5

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥ 8,021 million [(56.7)%]
 For the fiscal year ended March 31, 2021: ¥ 18,543 million [-%]

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, 2022	165.87	—	6.9	4.0	3.9
March 31, 2021	190.73	—	8.9	3.2	3.5

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

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

For the fiscal year ended March 31, 2021: ¥ 355 million

(2) 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, 2022	229,727	100,075	42.3	2,505.01
March 31, 2021	218,275	94,364	42.0	2,348.53

Reference: Equity

As of March 31, 2022: ¥ 97,253 million

As of March 31, 2021: ¥ 91,770 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	8,768	(5,857)	(6,568)	14,468
March 31, 2021	6,042	2,245	(3,123)	17,748

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2021	–	0.00	–	50.00	50.00	1,953	26.2	2.3
Fiscal year ended	–	0.00	–	50.00	50.00	1,941	30.1	2.0
March 31, 2022								
Fiscal year ending	–	0.00	–	50.00	50.00		41.3	
March 31, 2023 (Forecast)								

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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
Six months ending									
September 30, 2022	108,400	10.8	2,700	(22.5)	2,800	(31.5)	2,000	(13.5)	51.52
Fiscal year ending									
March 31, 2023	209,500	5.2	7,000	(9.5)	6,900	(23.3)	4,700	(27.4)	121.06

* 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: Yes
- (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, 2022	40,445,568 shares
As of March 31, 2021	40,445,568 shares

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

As of March 31, 2022	1,621,936 shares
As of March 31, 2021	1,369,919 shares

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

Fiscal year ended March 31, 2022	39,054,524 shares
Fiscal year ended March 31, 2021	39,157,784 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	7,663	(9.4)	3,106	(26.8)	3,659	(23.2)	2,951	(59.9)
March 31, 2021	8,456	(15.3)	4,243	(20.9)	4,763	(13.0)	7,361	60.0

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	75.58	—
March 31, 2021	187.99	—

(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, 2022	148,144	64,968	43.9	1,673.42
March 31, 2021	150,924	63,490	42.1	1,624.81

Reference: Equity

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

As of March 31, 2021: ¥ 63,490 million

2. Forecast of non-consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2022	4,900	(4.4)	2,500	(11.0)	2,400	(24.8)	2,300	(10.5)	59.24
Fiscal year ending March 31, 2023	7,400	(3.4)	2,600	(16.3)	2,400	(34.4)	2,000	(32.2)	51.52

* 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 in order to prevent the spread of the novel coronavirus disease (COVID-19). Furthermore, the Company plans to post supplementary materials and a video of the results briefing on its website.

Attached Material**Index**

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1. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	17,748	14,469
Notes and accounts receivable - trade	28,030	-
Notes and accounts receivable - trade, and contract assets	-	28,344
Merchandise and finished goods	15,990	17,205
Work in process	9,839	10,813
Raw materials and supplies	11,589	20,818
Other	5,568	4,635
Allowance for doubtful accounts	(141)	(48)
Total current assets	88,625	96,238
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	22,540	24,051
Machinery, equipment and vehicles, net	9,042	8,789
Land	53,436	54,170
Leased assets, net	537	429
Construction in progress	1,271	517
Other, net	2,988	3,018
Total property, plant and equipment	89,817	90,976
Intangible assets	341	376
Investments and other assets		
Investment securities	34,449	35,860
Long-term loans receivable	4,086	4,495
Deferred tax assets	-	351
Retirement benefit asset	194	403
Other	1,334	1,746
Allowance for doubtful accounts	(573)	(720)
Total investments and other assets	39,490	42,136
Total non-current assets	129,649	133,489
Total assets	218,275	229,727

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,638	15,916
Electronically recorded obligations - operating	6,863	9,381
Short-term borrowings	10,575	13,504
Lease liabilities	219	188
Accounts payable - other	10,511	13,310
Income taxes payable	1,054	1,491
Provision for bonuses	110	138
Provision for environmental measures	7	3
Other	6,859	5,924
Total current liabilities	47,839	59,859
Non-current liabilities		
Long-term borrowings	59,107	52,166
Lease liabilities	393	302
Deferred tax liabilities	9,761	10,501
Deferred tax liabilities for land revaluation	1,402	1,399
Retirement benefit liability	2,709	2,543
Provision for environmental measures	86	58
Other provisions	16	16
Asset retirement obligations	234	239
Other	2,360	2,565
Total non-current liabilities	76,071	69,793
Total liabilities	123,910	129,652
Net assets		
Shareholders' equity		
Share capital	28,208	28,208
Capital surplus	2	2
Retained earnings	50,025	54,557
Treasury shares	(1,862)	(2,197)
Total shareholders' equity	76,373	80,570
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,303	11,832
Deferred gains or losses on hedges	351	(292)
Revaluation reserve for land	2,609	2,602
Foreign currency translation adjustment	(826)	35
Remeasurements of defined benefit plans	1,959	2,506
Total accumulated other comprehensive income	15,396	16,683
Non-controlling interests	2,594	2,821
Total net assets	94,364	100,075
Total liabilities and net assets	218,275	229,727

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	159,702	199,097
Cost of sales	137,508	172,995
Gross profit	22,194	26,101
Selling, general and administrative expenses		
Freight and incidental costs	2,114	2,465
Salaries, allowances and bonuses	7,309	7,557
Provision for bonuses	35	108
Provision for retirement benefits	508	629
Provision of allowance for doubtful accounts	4	16
Research and development expenses	732	1,053
Other	5,896	6,535
Total selling, general and administrative expenses	16,601	18,366
Operating profit	5,592	7,734
Non-operating income		
Dividend income	749	752
Share of profit of entities accounted for using equity method	355	370
Foreign exchange gains	702	677
Gain on sales of waste goods	65	497
Other	876	746
Total non-operating income	2,749	3,044
Non-operating expenses		
Interest expenses	456	427
Administrative expenses of inactive mountain	769	812
Other	342	543
Total non-operating expenses	1,568	1,782
Ordinary profit	6,773	8,996
Extraordinary income		
Gain on bargain purchase	-	833
Other	4,105	280
Total extraordinary income	4,105	1,113
Extraordinary losses		
Loss on sale and retirement of non-current assets	151	157
Demolition expenses of a rental building	730	668
Other	89	146
Total extraordinary losses	971	972
Profit before income taxes	9,907	9,137
Income taxes - current	2,172	2,715
Income taxes - deferred	65	(264)
Total income taxes	2,237	2,450
Profit	7,670	6,686
Profit attributable to non-controlling interests	201	208
Profit attributable to owners of parent	7,468	6,477

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	7,670	6,686
Other comprehensive income		
Valuation difference on available-for-sale securities	5,941	527
Deferred gains or losses on hedges	641	(483)
Foreign currency translation adjustment	(434)	723
Remeasurements of defined benefit plans, net of tax	4,756	547
Share of other comprehensive income of entities accounted for using equity method	(31)	20
Total other comprehensive income	10,873	1,335
Comprehensive income	18,543	8,021
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,350	7,771
Comprehensive income attributable to non-controlling interests	193	250

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	28,208	–	44,507	(1,697)	71,018
Changes during period					
Dividends of surplus			(1,960)		(1,960)
Profit attributable to owners of parent			7,468		7,468
Purchase of treasury shares				(165)	(165)
Reversal of revaluation reserve for land			10		10
Merger of consolidated subsidiaries		2			2
Net changes in items other than shareholders' equity					
Total changes during period	–	2	5,518	(165)	5,355
Balance at end of period	28,208	2	50,025	(1,862)	76,373

	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	5,363	(322)	2,620	(339)	(2,797)	4,525	2,423	77,966
Changes during period								
Dividends of surplus								(1,960)
Profit attributable to owners of parent								7,468
Purchase of treasury shares								(165)
Reversal of revaluation reserve for land								10
Merger of consolidated subsidiaries								2
Net changes in items other than shareholders' equity	5,939	673	(10)	(487)	4,756	10,871	171	11,042
Total changes during period	5,939	673	(10)	(487)	4,756	10,871	171	16,397
Balance at end of period	11,303	351	2,609	(826)	1,959	15,396	2,594	94,364

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

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	9,907	9,137
Depreciation	3,879	4,003
Share of loss (profit) of entities accounted for using equity method	(355)	(370)
Gain on bargain purchase	-	(833)
Increase (decrease) in retirement benefit liability	184	433
Interest and dividend income	(929)	(878)
Interest expenses	456	427
Foreign exchange losses (gains)	(432)	(421)
Decrease (increase) in trade receivables	2,550	345
Decrease (increase) in inventories	645	(10,328)
Increase (decrease) in trade payables	(1,259)	5,955
Increase (decrease) in accounts payable - other	(2,560)	3,700
Other, net	(5,386)	(467)
Subtotal	6,699	10,703
Interest and dividends received	1,004	885
Interest paid	(462)	(429)
Income taxes paid	(1,863)	(2,484)
Other, net	664	94
Net cash provided by (used in) operating activities	6,042	8,768
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,403)	(5,507)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(352)
Other, net	5,648	3
Net cash provided by (used in) investing activities	2,245	(5,857)
Cash flows from financing activities		
Proceeds from short-term borrowings	10,330	15,957
Repayments of short-term borrowings	(10,465)	(16,062)
Proceeds from long-term borrowings	10,426	220
Repayments of long-term borrowings	(11,034)	(4,140)
Repayments of finance lease liabilities	(232)	(232)
Purchase of treasury shares	(165)	(334)
Dividends paid	(1,961)	(1,953)
Other, net	(22)	(22)
Net cash provided by (used in) financing activities	(3,123)	(6,568)
Effect of exchange rate change on cash and cash equivalents	(63)	377
Net increase (decrease) in cash and cash equivalents	5,101	(3,279)
Cash and cash equivalents at beginning of period	12,646	17,748
Cash and cash equivalents at end of period	17,748	14,468

(5) Notes to consolidated financial statements**Changes in accounting policies**

Application of accounting standard for revenue recognition, etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year under review was added to or deducted from the opening balance of retained earnings of the fiscal year under review, and thus the new accounting policy was applied from such opening balance; provided, however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the fiscal year under review, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

The effect of this change on the consolidated financial statements for the fiscal year under review was immaterial.

Due to the application of the Accounting Standard for Revenue Recognition, “Notes and accounts receivable - trade” under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been included in “Notes and accounts receivable - trade, and contract assets” under current assets from the consolidated balance sheet as of the end of the fiscal year under review. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

Application of accounting standard for fair value measurement, etc.

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019).

As a result, the Company changed the valuation criteria for other securities with readily determinable fair value from the fair value method based on average market price, etc. at one month before the accounting period closing date to the fair value method based on market price, etc. at the accounting period closing date.

Assumptions

		Fiscal year ended March 31, 2022	Year-on-year change
Copper price	Fiscal year ended March 31, 2022 (actual) \$/mt	9,691	2,812
	Fiscal year ending March 31, 2023 (forecast) \$/mt	9,400	(291)
Exchange rate	Fiscal year ended March 31, 2022 (actual) Yen/\$	112.4	6.3
	Fiscal year ending March 31, 2023 (forecast) Yen/\$	120.0	7.6

Supplementary Material on Financial Results for the Fiscal Year Ended March 31, 2022

May 12, 2022
Furukawa Co., Ltd.

Net sales

(Yen amounts are rounded down to millions.)

	Fiscal year ended March 31, 2022	Year-on-year change
Machinery business	76,938	8,303
Industrial Machinery segment	17,723	1,041
Rock Drill Machinery segment	30,910	6,761
UNIC Machinery segment	28,305	500
Materials business	118,163	29,960
Metals segment	102,995	26,900
Electronics segment	7,271	1,530
Chemicals segment	7,896	1,529
Real Estate segment	2,115	7
Others segment	1,879	1,123
Total	199,097	39,394

Fiscal year ending March 31, 2023	
Forecast	Year-on-year change
78,600	1,661
20,200	2,476
29,400	(1,510)
29,000	694
126,000	7,836
110,700	7,704
7,300	28
8,000	103
2,000	(115)
2,900	1,020
209,500	10,402

Operating profit

	Fiscal year ended March 31, 2022	Year-on-year change
Machinery business	4,679	710
Industrial Machinery segment	1,396	(717)
Rock Drill Machinery segment	1,117	2,442
UNIC Machinery segment	2,165	(1,014)
Materials business	2,349	1,308
Metals segment	940	441
Electronics segment	666	504
Chemicals segment	743	363
Real Estate segment	743	6
Others segment	17	99
(Subtotal)	7,789	2,125
Eliminations/corporate	(54)	16
Total	7,734	2,142

Fiscal year ending March 31, 2023	
Forecast	Year-on-year change
5,300	620
1,800	403
1,300	182
2,200	34
1,200	(1,149)
0	(940)
600	(66)
600	(143)
600	(143)
(20)	(37)
7,080	(709)
(80)	(25)
7,000	(734)

* 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, 2022	Year-on-year change
Order backlog	¥9.3 billion	¥(0.4) billion

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

	Fiscal year ended March 31, 2022	Year-on-year change
Operating profit	¥0.94 billion	¥0.44 billion
Of which was due to price fluctuations	¥1.51 billion	¥0.00 billion
Copper	[¥1.18 billion]	[¥0.23 billion]
Gold	[¥0.27 billion]	[¥(0.18) billion]