



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 11, 2022

Consolidated Financial Results for the Six Months Ended September 30, 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
 Inquiries: Akira Mikage, General Manager, Accounting Department
 Telephone: +81-3-6636-9502

Scheduled date to file quarterly securities report: November 14, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	104,576	6.9	3,372	(3.2)	5,219	27.6	3,448	49.2
September 30, 2021	97,804	30.1	3,483	135.1	4,089	88.5	2,311	(52.5)

Note: Comprehensive income For the six months ended September 30, 2022: ¥4,992 million [157.9%]
 For the six months ended September 30, 2021: ¥1,936 million [(79.4)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	89.37	–
September 30, 2021	59.14	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	245,362	102,212	40.4
March 31, 2022	229,727	100,075	42.3

Reference: Equity

As of September 30, 2022: ¥ 99,184 million

As of March 31, 2022: ¥ 97,253 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, 2022	–	0.00	–	50.00	50.00
Fiscal year ending March 31, 2023	–	0.00			
Fiscal year ending March 31, 2023 (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, 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
Fiscal year ending March 31, 2023	209,500	5.2	7,000	(9.5)	6,900	(23.3)	4,700	(27.4)	123.31

Note: Revisions to the forecast of financial results most recently announced: No

* 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, 2022	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 September 30, 2022	2,329,308 shares
As of March 31, 2022	1,621,936 shares

(iii) Average number of shares outstanding during the period

Six months ended September 30, 2022	38,587,836 shares
Six months ended September 30, 2021	39,075,582 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.

Please refer to “1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2022, (3) Information regarding consolidated earnings forecasts and other forward-looking statements” on page 6 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

(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 financial results briefing materials and a video of the results briefing on its website.

Attached Material**Index**

1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2022 ...	2
(1) Explanation of operating results	2
(2) Explanation of financial position.....	5
(3) Information regarding consolidated earnings forecasts and other forward-looking statements	6
2. Quarterly Consolidated Financial Statements and Significant Notes Thereto	7
(1) Quarterly consolidated balance sheet	7
(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income	9
Quarterly consolidated statement of income (cumulative).....	9
Quarterly consolidated statement of comprehensive income (cumulative).....	10
(3) Quarterly consolidated statement of cash flows	11
(4) Notes to quarterly consolidated financial statements	12
Notes on going concern assumptions	12
Notes on significant changes in the amount of shareholders' equity.....	12
Segment information	12
Supplementary Material on Financial Results for the Six Months Ended September 30, 2022.....	14

1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2022

Matters concerning forward-looking statements in the text are according to the judgment as of the end of the second quarter of the fiscal year ending March 31, 2023.

(1) Explanation of operating results

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	97,804	104,576	6,771
Operating profit	3,483	3,372	(111)
Ordinary profit	4,089	5,219	1,129
Profit attributable to owners of parent	2,311	3,448	1,137

The Japanese economy during the first six months of the fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022) continued to make progress towards a new post-COVID-19 stage. Corporate earnings stayed at high levels, supported by the gradual recovery of the economy. On the other hand, the future remains highly uncertain with increased downside risks such as soaring raw material prices, cost increases due to the rapid weakening of the yen, and slowdown of overseas economies.

Amid this economic environment, in the period under review, the Company group (the “Group”) recorded net sales of ¥104,576 million (up ¥6,771 million year on year) and operating profit of ¥3,372 million (down ¥111 million year on year). While revenue and profit increased for the Rock Drill Machinery segment, revenue and profit decreased for the Industrial Machinery and UNIC Machinery segments, which meant an increase in revenue and decrease in profit for the Machinery business as a whole. In the Materials business, revenue and profit increased for the Metals and Electronics segments, while revenue increased and profit decreased for the Chemicals segment, which meant an increase in revenue and profit for the Materials business as a whole. Meanwhile, the Real Estate segment saw an increase in revenue and profit. As a result of recording foreign exchange gains of ¥2,142 million in non-operating income, ordinary profit was ¥5,219 million (up ¥1,129 million year on year). We recorded a gain on sale of investment securities of ¥362 million under extraordinary income and ¥470 million for expenses corresponding to the progress of demolition work on the Furukawa Osaka Building under extraordinary losses. As a result, profit attributable to owners of parent was ¥3,448 million (up ¥1,137 million year on year).

The net sales and operating profit for the reportable segments are as follows:

Industrial Machinery

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	8,632	7,862	(769)
Operating profit	337	13	(324)

Net sales in the Industrial Machinery segment were ¥7,862 million (down ¥769 million year on year), and operating profit was ¥13 million (down ¥324 million year on year). The order balance as of the end of the second quarter of the fiscal year ending March 31, 2023 increased compared to the end of the previous fiscal year as a result of crushed stone plant orders received in materials-related machinery. While pump plant revenue increased, revenue for pump products and materials-related machinery decreased. In bridges and large-scale projects, revenue decreased despite recording net sales corresponding to volumes for a SICON[®] enclosed hanging conveyor for construction of the Shin-Kobotoke Tunnel on the Chuo Expressway.

Rock Drill Machinery

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	15,412	18,003	2,591
Operating profit	404	1,057	653

Net sales in the Rock Drill Machinery segment were ¥18,003 million (up ¥2,591 million year on year), and operating profit was ¥1,057 million (up ¥653 million year on year). In Japan, revenue decreased due to reduced shipments of tunnel drill jumbos, but profit increased with steady shipments of hydraulic breakers and ancillary parts. Overseas, revenue and profit increased mainly due to the increased deliveries of hydraulic breakers and ancillary parts to North America, combined with the impact of increased revenue as a result of the weak yen.

UNIC Machinery

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	14,606	14,067	(539)
Operating profit	1,351	811	(539)

Net sales in the UNIC Machinery segment were ¥14,067 million (down ¥539 million year on year), and operating profit was ¥811 million (down ¥539 million year on year). In Japan, revenue decreased mainly due to truck production delays and delays in crane installations owing to decreased production. Also, there was a decrease in the cost price ratio and a decrease in profit caused by the rise in the cost of raw materials, such as steel. Overseas, we achieved increased exports of mini crawler cranes to Europe and North America and increased exports of UNIC cranes to Southeast Asia, Oceania and the Middle East, which, combined with the impact of increased revenue as a result of the weak yen, resulted in an increase in both revenue and profit.

Machinery Business Total

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	38,650	39,933	1,282
Operating profit	2,093	1,882	(210)

Total net sales of the Machinery business—consisting of the Industrial Machinery, Rock Drill Machinery, and UNIC Machinery segments—amounted to ¥39,933 million (up ¥1,282 million year on year), and operating profit was ¥1,882 million (down ¥210 million year on year).

Metals

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	50,335	53,903	3,567
Operating profit	452	492	40

Net sales in the Metals segment were ¥53,903 million (up ¥3,567 million year on year), and operating profit was ¥492 million (up ¥40 million year on year). The overseas market price of electrolytic copper started at US\$10,247/ton. While it rose to US\$10,426/ton on April 5 due to growing concerns about metal supply shortages as a result of tighter economic sanctions against Russia following the invasion of Ukraine, the price subsequently declined due to accelerated

monetary tightening measures by major central banks and China's zero-COVID policy, and by July 15 the price dropped to US\$7,000/ton. The price then recovered to the US\$8,000/ton level in August on the back of the economic indicators of the US and China beating market forecasts, as well as expectations for additional Chinese economic measures, before weakening to US\$7,647/ton by the end of the period under review owing to concerns of a slowdown of the US economy and surge of the US dollar as a result of the rise in US interest rates. Despite a decline in sales volume of electrolytic copper, we achieved increased revenue helped by the increase in sales volume of electrolytic gold coupled with the weaker yen.

Electronics

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	3,584	3,600	15
Operating profit	228	321	92

Net sales in the Electronics segment were ¥3,600 million (up ¥15 million year on year), and operating profit was ¥321 million (up ¥92 million year on year). Sales of high-purity metallic arsenic were boosted by stable demand both domestically and internationally for compound semiconductors, a major application for that material, while sales of aluminum nitride increased due to greater demand for use in thermal management components and semiconductor manufacturing equipment components. There was a decrease in sales of coils due to an impact from the decrease in production of automobiles resulting from the semiconductor shortage.

Chemicals

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	3,836	4,461	624
Operating profit	410	361	(48)

Net sales in the Chemicals segment were ¥4,461 million (up ¥624 million year on year), and operating profit was ¥361 million (down ¥48 million year on year). Sales of cupric oxide increased due to higher unit prices, mainly reflecting higher copper prices, and strong demand for the use of that material in circuit boards. Meanwhile, sales of cuprous oxide increased due to a recovery in demand for ship bottom paints, a major application for the product, and higher unit prices, mainly reflecting higher copper prices. On the other hand, operating profit declined due to higher production costs owing to factors such as higher raw material costs.

Materials Business Total

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	57,756	61,964	4,207
Operating profit	1,091	1,175	84

The Materials business—consisting of the Metals, Electronics, and Chemicals segments—posted total net sales of ¥61,964 million (up ¥4,207 million year on year) and operating profit of ¥1,175 million (up ¥84 million year on year).

Real Estate

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	1,036	1,067	31
Operating profit	361	424	62

Net sales in the Real Estate segment were ¥1,067 million (up ¥31 million year on year), and operating profit was ¥424 million (up ¥62 million year on year). The commercial facilities of the Muromachi Furukawa Mitsui Building (commercial name: COREDO Muromachi 2), our main facility, are seeing customers gradually returning, although not yet reaching pre-COVID-19 levels. Also, partial exemptions for rent payments given to commercial tenants were eliminated, which caused an increase in sales.

Others

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Net sales	360	1,610	1,249
Operating profit	(30)	(59)	(29)

We run a metal powders business and a transportation business. Net sales were ¥1,610 million (up ¥1,249 million year on year), and operating loss was ¥59 million (increase in loss of ¥29 million year on year).

(2) Explanation of financial position

(i) Financial position

(Millions of yen)

	End of previous fiscal year	End of the second quarter of the fiscal year ending March 31, 2023	Change from end of previous fiscal year
Total assets	229,727	245,362	15,634
Liabilities	129,652	143,149	13,497
(Interest-bearing debt)	65,671	80,378	14,706
Net assets	100,075	102,212	2,137
Equity-to-asset ratio (%)	42.3	40.4	(1.9)

Total assets as of the end of the quarter under review were ¥245,362 million, an increase of ¥15,634 million compared to the end of the previous fiscal year. The main reasons for the increase were increases in current assets, including cash and deposits, and merchandise and finished goods. Interest-bearing debt (borrowings) was ¥80,378 million, an increase of ¥14,706 million compared to the end of the previous fiscal year. Net assets were ¥102,212 million, an increase of ¥2,137 million compared to the end of the previous fiscal year.

(ii) Cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Cash flows from operating activities	1,224	(7,191)	(8,415)
Cash flows from investing activities	(3,148)	(597)	2,551
Cash flows from financing activities	(2,093)	11,706	13,800
Cash and cash equivalents	13,973	19,181	5,207

In the period under review, net cash used in operating activities amounted to ¥7,191 million, resulting from profit after adjustment for non-cash expenses (calculated by adjusting profit before income taxes for non-cash expenses) of ¥6,320 million and other main factors including cash used in increases/decreases of assets and liabilities related to operating activities of ¥11,814 million and income taxes paid of ¥2,051 million. Net cash used in investing activities totaled ¥597 million, mainly due to the purchase of property, plant and equipment. Net cash provided by financing activities totaled ¥11,706 million, mainly due to cash inflow from borrowings. As a result, cash and cash equivalents as of the end of the quarter under review were ¥19,181 million, an increase of ¥4,712 million compared to the end of the previous fiscal year.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

Regarding the full-year consolidated financial results forecasts, there is no change from the previously announced forecasts (announced on May 12, 2022).

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	14,469	19,182
Notes and accounts receivable - trade, and contract assets	28,344	29,844
Merchandise and finished goods	17,205	20,841
Work in process	10,813	12,118
Raw materials and supplies	20,818	19,640
Other	4,635	11,546
Allowance for doubtful accounts	(48)	(53)
Total current assets	96,238	113,121
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,051	23,451
Land	54,170	54,107
Other, net	12,754	12,482
Total property, plant and equipment	90,976	90,042
Intangible assets	376	339
Investments and other assets		
Investment securities	35,860	34,778
Other	6,997	7,900
Allowance for doubtful accounts	(720)	(820)
Total investments and other assets	42,136	41,859
Total non-current assets	133,489	132,240
Total assets	229,727	245,362

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,916	14,166
Electronically recorded obligations - operating	9,381	8,801
Short-term borrowings	13,504	31,567
Income taxes payable	1,491	1,472
Provisions	142	147
Other	19,423	21,424
Total current liabilities	59,859	77,579
Non-current liabilities		
Long-term borrowings	52,166	48,810
Provisions	75	76
Retirement benefit liability	2,543	2,475
Asset retirement obligations	239	226
Other	14,768	13,980
Total non-current liabilities	69,793	65,569
Total liabilities	129,652	143,149
Net assets		
Shareholders' equity		
Share capital	28,208	28,208
Capital surplus	2	2
Retained earnings	54,557	56,080
Treasury shares	(2,197)	(3,085)
Total shareholders' equity	80,570	81,205
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,832	10,956
Deferred gains or losses on hedges	(292)	(141)
Revaluation reserve for land	2,602	2,586
Foreign currency translation adjustment	35	2,160
Remeasurements of defined benefit plans	2,506	2,417
Total accumulated other comprehensive income	16,683	17,979
Non-controlling interests	2,821	3,027
Total net assets	100,075	102,212
Total liabilities and net assets	229,727	245,362

(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, 2021	Six months ended September 30, 2022
Net sales	97,804	104,576
Cost of sales	85,162	91,343
Gross profit	12,642	13,232
Selling, general and administrative expenses	9,158	9,860
Operating profit	3,483	3,372
Non-operating income		
Foreign exchange gains	–	2,142
Other	1,668	832
Total non-operating income	1,668	2,975
Non-operating expenses		
Interest expenses	217	248
Administrative expenses of inactive mountain	432	401
Other	412	479
Total non-operating expenses	1,063	1,128
Ordinary profit	4,089	5,219
Extraordinary income		
Gain on sale of investment securities	45	362
Other	62	5
Total extraordinary income	107	368
Extraordinary losses		
Loss on valuation of investment securities	176	–
Demolition expenses of a rental building	466	470
Loss on liquidation of subsidiaries	–	348
Other	82	368
Total extraordinary losses	725	1,187
Profit before income taxes	3,470	4,399
Income taxes - current	996	1,380
Income taxes - deferred	35	(565)
Total income taxes	1,031	814
Profit	2,439	3,584
Profit attributable to non-controlling interests	128	136
Profit attributable to owners of parent	2,311	3,448

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,439	3,584
Other comprehensive income		
Valuation difference on available-for-sale securities	(157)	(876)
Deferred gains or losses on hedges	(929)	5
Foreign currency translation adjustment	508	1,863
Remeasurements of defined benefit plans, net of tax	128	(89)
Share of other comprehensive income of entities accounted for using equity method	(52)	504
Total other comprehensive income	(503)	1,407
Comprehensive income	1,936	4,992
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,782	4,760
Comprehensive income attributable to non-controlling interests	153	231

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,470	4,399
Depreciation	1,931	2,047
Loss (gain) on sale of investment securities	(45)	(362)
Loss (gain) on valuation of investment securities	176	–
Interest and dividend income	(509)	(605)
Interest expenses	217	248
Foreign exchange losses (gains)	(5)	(354)
Decrease (increase) in trade receivables	(406)	(985)
Decrease (increase) in inventories	1,030	(2,573)
Increase (decrease) in trade payables	2,546	(3,070)
Other, net	(5,822)	(4,238)
Subtotal	2,582	(5,493)
Interest and dividends received	529	589
Interest paid	(219)	(235)
Income taxes paid	(1,720)	(2,129)
Other, net	52	78
Net cash provided by (used in) operating activities	1,224	(7,191)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,158)	(1,289)
Payments for retirement of property, plant and equipment	(26)	(208)
Proceeds from sale of investment securities	52	493
Proceeds from a partial refund of consideration for acquisition from the seller by adjusting the consideration of shares of subsidiaries	–	420
Other, net	(15)	(13)
Net cash provided by (used in) investing activities	(3,148)	(597)
Cash flows from financing activities		
Proceeds from short-term borrowings	7,294	26,341
Repayments of short-term borrowings	(6,003)	(10,331)
Proceeds from long-term borrowings	100	3,100
Repayments of long-term borrowings	(1,383)	(4,446)
Purchase of treasury shares	(0)	(888)
Dividends paid	(1,951)	(1,938)
Other, net	(149)	(130)
Net cash provided by (used in) financing activities	(2,093)	11,706
Effect of exchange rate change on cash and cash equivalents	243	794
Net increase (decrease) in cash and cash equivalents	(3,774)	4,712
Cash and cash equivalents at beginning of period	17,748	14,468
Cash and cash equivalents at end of period	13,973	19,181

(4) Notes to quarterly consolidated financial statements**Notes on going concern assumptions**

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information

[Segment information]

1. Six months ended September 30, 2021

(1) Information relating to the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment					
	Industrial Machinery	Rock Drill Machinery	UNIC Machinery	Metals	Electronics	Chemicals
Net sales						
Net sales to external customers	8,632	15,412	14,606	50,335	3,584	3,836
Intersegment net sales or transfers	1,362	1	38	108	0	27
Total	9,994	15,413	14,644	50,443	3,584	3,863
Segment profit (loss)	337	404	1,351	452	228	410

	Reportable segment		Others (Note 1)	Total	Eliminations/corporate (Note 2)	Carrying amount (Note 3)
	Real Estate	Total				
Net sales						
Net sales to external customers	1,036	97,444	360	97,804	–	97,804
Intersegment net sales or transfers	6	1,544	809	2,353	(2,353)	–
Total	1,043	98,988	1,170	100,158	(2,353)	97,804
Segment profit (loss)	361	3,546	(30)	3,516	(32)	3,483

- Notes: 1. The “Others” category refers to business segments not included in the reportable segments, and includes the transportation business and other businesses.
2. Segment profit (loss) adjustment of ¥(32) million includes eliminations of intersegment transactions of ¥19 million and company-wide expenses not allocated to each reportable segment of ¥(52) million. Company-wide expenses are mainly expenses related to deserted metal mine assets and deserted coal mine assets that do not belong to the reportable segments.
3. Segment profit (loss) is adjusted to operating profit in the quarterly consolidated statement of income.

2. Six months ended September 30, 2022

(1) Information relating to the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment					
	Industrial Machinery	Rock Drill Machinery	UNIC Machinery	Metals	Electronics	Chemicals
Net sales						
Net sales to external customers	7,862	18,003	14,067	53,903	3,600	4,461
Intersegment net sales or transfers	1,396	2	83	126	–	27
Total	9,258	18,005	14,150	54,029	3,600	4,488
Segment profit (loss)	13	1,057	811	492	321	361

	Reportable segment		Others (Note 1)	Total	Eliminations/corporate (Note 2)	Carrying amount (Note 3)
	Real Estate	Total				
Net sales						
Net sales to external customers	1,067	102,965	1,610	104,576	–	104,576
Intersegment net sales or transfers	6	1,643	804	2,447	(2,447)	–
Total	1,074	104,608	2,414	107,023	(2,447)	104,576
Segment profit (loss)	424	3,482	(59)	3,422	(50)	3,372

- Notes: 1. The “Others” category refers to business segments not included in the reportable segments, and includes the metal powders business, transportation business and other businesses.
2. Segment profit (loss) adjustment of ¥(50) million includes eliminations of intersegment transactions of ¥5 million and company-wide expenses not allocated to each reportable segment of ¥(56) million. Company-wide expenses are mainly expenses related to deserted metal mine assets and deserted coal mine assets that do not belong to the reportable segments.
3. Segment profit (loss) is adjusted to operating profit in the quarterly consolidated statement of income.

Assumptions

		Six months ended September 30, 2022	Year-on-year change
Copper price	Six months ended September 30, 2022 (actual) \$/mt	8,634	(907)
	Third- and fourth-quarter forecast \$/mt	7,500	(2,341)
	Forecast \$/mt	8,067	(1,624)
Exchange rate	Six months ended September 30, 2022 (actual) Yen/\$	134.0	24.2
	Third- and fourth-quarter forecast Yen/\$	140.0	25.1
	Forecast Yen/\$	137.0	24.6

**Supplementary Material on Financial Results
for the Six Months Ended September 30, 2022**

November 11, 2022
Furukawa Co., Ltd.

Net sales

(Yen amounts are rounded down to millions.)

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change	Fiscal year ending March 31, 2023		
				Previously announced forecast	Forecast	Year-on-year change
Machinery business	38,650	39,933	1,282	84,100	82,100	5,161
Industrial Machinery segment	8,632	7,862	(769)	20,200	18,600	876
Rock Drill Machinery segment	15,412	18,003	2,591	35,500	35,600	4,689
UNIC Machinery segment	14,606	14,067	(539)	28,400	27,900	(405)
Materials business	57,756	61,964	4,207	120,500	121,800	3,636
Metals segment	50,335	53,903	3,567	105,200	106,400	3,404
Electronics segment	3,584	3,600	15	7,300	7,000	(271)
Chemicals segment	3,836	4,461	624	8,000	8,400	503
Real Estate segment	1,036	1,067	31	2,000	2,000	(115)
Others segment	360	1,610	1,249	2,900	3,600	1,720
Total	97,804	104,576	6,771	209,500	209,500	10,402

Operating profit

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change	Fiscal year ending March 31, 2023		
				Previously announced forecast	Forecast	Year-on-year change
Machinery business	2,093	1,882	(210)	5,300	5,200	520
Industrial Machinery segment	337	13	(324)	1,800	1,500	103
Rock Drill Machinery segment	404	1,057	653	2,000	2,500	1,382
UNIC Machinery segment	1,351	811	(539)	1,500	1,200	(965)
Materials business	1,091	1,175	84	1,200	1,300	(1,049)
Metals segment	452	492	40	0	500	(440)
Electronics segment	228	321	92	600	300	(366)
Chemicals segment	410	361	(48)	600	500	(243)
Real Estate segment	361	424	62	600	700	(43)
Others segment	(30)	(59)	(29)	(30)	(100)	(117)
(Subtotal)	3,516	3,422	(93)	7,070	7,100	(689)
Eliminations/corporate	(32)	(50)	(18)	(70)	(100)	(45)
Total	3,483	3,372	(111)	7,000	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 second quarter is as follows.

	As of September 30, 2021	As of September 30, 2022	Year-on-year change
Order backlog	¥9.1 billion	¥12.7 billion	¥3.6 billion

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

	Six months ended September 30, 2021	Six months ended September 30, 2022	Year-on-year change
Operating profit	¥0.45 billion	¥0.49 billion	¥0.04 billion
Of which was due to price fluctuations	¥0.74 billion	¥0.52 billion	¥(0.21) billion
Copper	[¥0.62 billion]	[¥(0.12) billion]	[¥(0.74) billion]
Gold	[¥0.08 billion]	[¥0.62 billion]	[¥0.54 billion]