



Financial Results Summary for the Nine Months Ended December 31, 2022 [Japanese GAAP] (Consolidated)

February 3, 2023

Company Name: Fukoku Co., Ltd.	Exchange listed on: Tokyo Stock Exchange
Securities Code: 5185	URL https://www.fukoku-rubber.co.jp/
Representative: (Title) President & CEO	(Name) Takashi Ogawa
Contact: (Title) General Manager of Finance Department	(Name) Yukio Yamazaki (TEL) 048-615-4400
Scheduled date for submission of quarterly report:	February 14, 2023
Scheduled commencement date of dividends payment:	--
Preparation of supplementary materials for quarterly report	: None
Convening quarterly results briefing	: None

(Amounts rounded down to the nearest millions of yen.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2022 (From April 1, 2022 to December 31, 2022)

(1) Consolidated Operating Results (cumulative)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended December 31, 2022	60,622	12.0	1,334	-26.2	2,493	0.2	1,911	1.9
Nine months ended December 31, 2021	54,149	--	1,808	--	2,487	--	1,875	--

(Note) Comprehensive income: Nine months ended December 31, 2022 5,232 million yen [107.5%]
 Nine months ended December 31, 2021 2,522 million yen [-%]

	Profit per share	Profit per share – diluted
Nine months ended December 31, 2022	118.74	--
Nine months ended December 31, 2021	113.80	--

(Note) The Company adopted the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc., at the beginning of the first quarter of the fiscal year ended March 31, 2022. For this reason, year-on-year changes in net sales for the nine months ended December 31, 2021, are not shown here.

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
Nine months ended December 31, 2022	75,298	38,865	48.4
As of March 31, 2022	65,039	34,377	49.5

(Reference) Shareholders' equity: Nine months ended December 31, 2022 36,472 million yen
 As of March 31, 2022 32,224 million yen

2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
As of March 31, 2022	--	29.00	--	20.00	49.00
Fiscal year ending March 31, 2023	--	27.00	--		
Fiscal year ending March 31, 2023 (forecast)				23.00	50.00

(Note) Revision of the consolidated results forecast released most recently : Yes

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2023 (from April 1, 2022, to March 31, 2023)

(Percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	80,000	11.9	1,900	8.6	3,100	22.9	2,100	0.7	130.36

(Note) Revision of the consolidated results forecast released most recently : Yes

* Notes

- (1) Changes in significant subsidiaries during the period : Yes
 Newly consolidated: -- company (Company name) --
 Excluded: 1 company (Company name) FUKOKU Czech s.r.o.
- (2) Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements : Yes
- (Note) For details, please see “2. Quarterly Consolidated Financial Statements and Key Notes, (3) Notes to quarterly consolidated financial statements (Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)” on Page 8 of the attachments.
- (3) Change in accounting policies or estimates and retrospective restatements
 (i) Change in accounting policies in accordance with revision of accounting standards: : None
 (ii) Change in accounting policies other than item i) above : None
 (iii) Change in accounting estimates : None
 (iv) Retrospective restatements : None

(4) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period (including treasury shares)	As of December 31, 2022	17,609,130 shares	As of March 31, 2022	17,609,130 shares
(ii) Number of treasury shares at the end of the period	As of December 31, 2022	1,499,954 shares	As of March 31, 2022	1,513,521 shares
(iii) Average number of shares issued during the period (cumulative from the beginning of the fiscal year)	As of December 31, 2022	16,101,626 shares	As of December 31, 2021	16,480,114 shares

* Quarterly financial results are not subject to quarterly reviews by a Certified Public Accountant or audit firm.

* Explanation of appropriate use of operating results forecasts and other special notes

Any forward-looking statements, such as the financial results outlook, included in this material are based on information the Company presently has and certain assumptions the Company considers reasonable, and they do not constitute a promise that the Company will achieve them. In addition, actual financial results may significantly differ due to various factors. For assumptions for operating results forecasts and points to consider in utilizing them, please see “1. Qualitative Information on Quarterly Financial Results under Review, (3) Explanation of future forecast information such as consolidated financial results forecasts” on Page 3 of the attachments.

* This document is an English translation of a statement initially written in Japanese. The Original Japanese document should be considered as the primary version.

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1. Qualitative Information on Quarterly Financial Results under Review

(1) Explanation of operating results

Japan's economy during the nine months ended December 31, 2022, showed signs of a recovery on the back of measures to balance infection prevention and social and economic activities, although the spread of COVID-19 infections repeatedly occurred. However, the economic outlook remains uncertain as concerns over an economic slowdown mounted gradually mainly due to disruptions in supply chains caused by the prolonged war in Ukraine and rising tensions between the US and China, surging energy prices, and a rise in the prices of imports by the rapid depreciation of the yen associated with a widening gap in interest rates between Japan and overseas.

In the automobile industry, automakers have been forced to revise their production plans downward as they cannot secure stable supplies of semiconductors and others supplies that can satisfy demand, although car demand remains high.

Under these economic circumstances, the Group has been significantly affected by the declining operation rate due to adjustments to production by automakers, rising raw material costs, transportation costs and fuel costs as a result of surging resource prices, despite an increased gain on conversion to the Japanese yen due to the depreciation of the yen.

Regarding financial results for the nine months ended December 31, 2022, consolidated net sales increased 12.0% year-on-year to 60,622 million yen due to the impact of foreign exchange rates despite an income decrease resulting from adjustments to production by automakers. Operating profit decreased 26.2% year-on-year to 1,334 million yen since streamlining efforts and others could not neutralize the impact of the rising costs of raw materials, transportation, and fuel. Ordinary profit rose 0.2% year-on-year to 2,493 million yen. Profit attributable to owners of parent increased 1.9% year-on-year to 1,911 million yen.

The Group's business performance by segment is as follows.

Functional Parts Business

Net sales increased 2.9% year-on-year to 24,845 million yen due to the impact of foreign currency translation despite a decline in the operation rate as a result of production adjustments by automakers. Segment income decreased 23.8% year-on-year to 1,903 million yen due to the significant impact of rising raw materials prices and surging transportation costs.

Anti-Vibration Parts Business

Net sales increased 21.0% year-on-year to 25,333 million yen due to steady orders for construction machinery, the launch of new products for electric vehicles, and foreign currency translation. Segment income increased 14.4% year-on-year to 1,017 million yen.

Metal Business

Net sales increased 17.8% year-on-year to 4,691 million yen due to steady orders for construction machinery. A segment loss of 8 million yen (which was a loss of 154 million yen in the same period last year) was posted although there was the effect of the streamlining efforts, and a rise in materials for metal parts was passed on to selling prices to customers.

Hose Business

Net sales increased 12.8% year-on-year to 3,758 million yen as orders were back on a recovery trend. Segment income decreased 10.7% year-on-year to 114 million yen due to surging raw material prices.

Industrial Equipment Business

Net sales increased 13.1% year-on-year to 2,531 million yen. Segment income increased 14.6% year-on-year to 477 million yen due to an improvement in the operation rate associated with the recovery in net sales.

(2) Explanation of financial position

Total assets as of December 31, 2022, were 75,298 million yen, an increase of 10,259 million yen from the end of the previous fiscal year.

Current assets increased 8,014 million yen from the end of the previous fiscal year to 45,759 million yen. This was mainly due to an increase in cash and deposits, and notes and accounts receivable-trade.

Non-current assets rose 2,244 million yen over the end of last fiscal year to total 29,539 million yen. This is due primarily to the effects of foreign currency translations and the acquisition of property, plant, and equipment.

Liabilities totaled 36,433 million yen, an increase of 5,771 million yen from the end of the previous fiscal year. This is primarily attributable to an increase in borrowings.

Net assets totaled 38,865 million yen, an increase of 4,488 million yen from the end of the previous fiscal year. This is primarily due to increases in retained earnings and foreign currency translation adjustments.

As a result, the shareholders' equity ratio came to 48.4%, down 1.1 percentage points from the end of the previous fiscal year.

(3) Explanation of future forecast information such as consolidated financial results forecasts

The Company has revised the forecast figures for consolidated results for the fiscal year ending March 31, 2023, announced on May 13, 2022, as well as the term-end dividends forecast, announced on October 31, 2022. For more information, please see the notice dated February 3, 2023, regarding the revisions to the full-year consolidated performance forecasts and dividends forecast.

The above forecasts represent the Company's best judgment based on information currently available. Actual results may vary from the above forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Million yen)

	Previous fiscal year As of March 31, 2022	Third quarter under review As of December 31, 2022
Assets		
Current assets		
Cash and deposits	9,301	12,113
Notes and accounts receivable - trade	17,394	20,696
Merchandise and finished goods	5,256	6,033
Work in process	1,236	1,428
Raw materials and supplies	3,112	3,581
Other	1,495	1,962
Allowance for doubtful accounts	-51	-57
Total current assets	37,744	45,759
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,848	8,434
Machinery, equipment and vehicles, net	9,640	9,984
Land	5,844	6,021
Other, net	1,419	2,000
Total property, plant and equipment	24,753	26,440
Intangible assets	878	1,368
Investments and other assets		
Investment securities	734	803
Other	928	926
Total investments and other assets	1,662	1,730
Total non-current assets	27,294	29,539
Total assets	65,039	75,298

(Million yen)

	Previous fiscal year As of March 31, 2022	Third quarter under review As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,741	5,646
Electronically recorded obligations - operating	4,589	6,214
Short-term borrowings	7,786	10,444
Income taxes payable	297	435
Provision for bonuses	934	500
Other	4,441	5,563
Total current liabilities	22,792	28,805
Non-current liabilities		
Long-term borrowings	3,143	3,689
Retirement benefit liabilities	2,540	1,348
Provision for retirement benefits for directors (and other officers)	146	168
Other	2,039	2,422
Total non-current liabilities	7,870	7,628
Total liabilities	30,662	36,433
Net assets		
Shareholders' equity		
Share capital	1,395	1,395
Capital surplus	1,572	1,573
Retained earnings	29,554	30,747
Treasury shares	-1,416	-1,403
Total shareholders' equity	31,106	32,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	93	101
Deferred gains or losses on hedges	-1	-28
Foreign currency translation adjustment	1,025	4,086
Total accumulated other comprehensive income	1,117	4,158
Non-controlling interests	2,152	2,393
Total net assets	34,377	38,865
Total liabilities and net assets	65,039	75,298

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(Nine months ended December 31, 2022)

(Million yen)

	Nine months ended in the previous fiscal year (From April 1, 2021 to December 31, 2021)	Nine months ended under review (From April 1, 2022 to December 31, 2022)
Net sales	54,149	60,622
Cost of sales	45,161	51,264
Gross profit	8,987	9,358
Selling, general and administrative expenses	7,179	8,024
Operating profit	1,808	1,334
Non-operating income		
Interest income	18	31
Dividend income	6	6
Share of profit of entities accounted for using equity method	4	6
Foreign exchange gains	176	555
Gain on sale of non-current assets	258	468
Subsidies for employment adjustment	199	184
Other	161	130
Total non-operating income	826	1,383
Non-operating expenses		
Interest expenses	75	115
Loss on retirement of non-current assets	30	77
Other	41	31
Total non-operating expenses	146	224
Ordinary profit	2,487	2,493
Extraordinary income		
Gain on sale of investment securities	31	2
Gain on termination of retirement benefit plan	-	554
Total extraordinary income	31	557
Extraordinary losses		
Loss on litigation	-	9
Total extraordinary losses	-	9
Profit before income taxes	2,518	3,040
Income taxes - current	499	717
Income taxes - deferred	162	331
Total income taxes	661	1,048
Profit	1,857	1,991
Profit (loss) attributable to non-controlling interests	-17	80
Profit attributable to owners of parent	1,875	1,911

(Quarterly consolidated statement of comprehensive income)
(Nine months ended December 31, 2022)

(Million yen)

	Nine months ended in the previous fiscal year (From April 1, 2021 to December 31, 2021)	Nine months ended under review (From April 1, 2022 to December 31, 2022)
Profit	1,857	1,991
Other comprehensive income		
Valuation difference on available-for-sale securities	-21	7
Deferred gains or losses on hedges	-30	-28
Foreign currency translation adjustment	680	3,201
Share of other comprehensive income of entities accounted for using equity method	36	60
Total other comprehensive income	664	3,240
Comprehensive income	2,522	5,232
Profit attributable to		
Comprehensive income attributable to owners of parent	2,512	4,952
Comprehensive income attributable to non-controlling interests	9	279

(3) Notes to quarterly consolidated financial statements

(Notes to assumptions for ongoing concerns)

Not applicable.

(Notes when there is a significant change in the amount of shareholders' equity)

Not applicable.

(Adoption of special accounting procedures used in preparation of the quarterly consolidated financial statements)

(Calculation of tax expenses)

With respect to tax expenses incurred by some consolidated subsidiaries, the Company reasonably estimated the effective tax rate after applying tax effect accounting to profit before income taxes in the fiscal year, including the third quarter under review, and calculated them by multiplying this estimated effective tax rate by profit before income taxes.

(Additional information)

(Shift of the retirement benefit plan)

On April 1, 2022, the Company completely shifted its defined-benefit corporate pension program to a defined-contribution corporate pension program. The Company adopted the Accounting Procedures for Shifting between Different Retirement Benefit Programs (ASBJ Implementation Guidelines No.1, revised on December 16, 2016) for the accounting procedures for the shift of the pension program. For this reason, the gain on termination of retirement benefit plan of 554 million yen was posted as the extraordinary income for the nine months ended December 31, 2022.

(Segment information)

Segment information

I. Nine months ended December 31, 2021 (from April 1, 2021, to December 31, 2021)

1. Information on net sales, income or loss by reporting segment

(Million yen)

	Reporting segment					Total	Adjustments (Note) 1	Quarterly consolidated statement of income amounts (Note) 2
	Functional Parts	Anti- Vibration Parts	Metals	Hoses	Industrial Equipment			
Net sales								
Sales to external customers	23,738	20,933	3,982	3,256	2,238	54,149	-	54,149
Intersegment sales or transfer	395	4	0	75	-	476	-476	-
Total	24,134	20,937	3,983	3,331	2,238	54,625	-476	54,149
Segment income (loss)	2,497	889	-154	128	416	3,777	-1,968	1,808

(Notes) 1. The adjustment of -1,968 million yen for segment income (loss) includes an inter-segment elimination of 9 million yen and corporate expenses that are not allocated to any reportable segments totaling -1,978 million yen. Corporate expenses are primarily general and administrative expenses that are not attributable to any reportable segments.

2. Segment income (loss) is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill and other by reporting segment

Not applicable.

II. Nine months ended December 31, 2022 (from April 1, 2022, to December 31, 2022)

1. Information on net sales, income or loss by reporting segment

(Million yen)

	Reporting segment					Total	Adjustments (Note) 1	Quarterly consolidated statement of income amounts (Note) 2
	Functional Parts	Anti- Vibration Parts	Metals	Hoses	Industrial Equipment			
Net sales								
Sales to external customers	24,387	25,327	4,691	3,685	2,531	60,622	-	60,622
Intersegment sales or transfer	458	5	0	72	-	537	-537	-
Total	24,845	25,333	4,691	3,758	2,531	61,160	-537	60,622
Segment income (loss)	1,903	1,017	-8	114	477	3,505	-2,171	1,334

(Notes) 1. The adjustment of -2,171 million yen for segment income (loss) includes an inter-segment elimination of 2 million yen and corporate expenses that are not allocated to any reportable segments totaling -2,173 million yen. Corporate expenses are primarily general and administrative expenses that are not attributable to any reportable segments.

2. Segment income (loss) is adjusted to be consistent with operating profit recorded in the quarterly consolidated statement of income.

2. Information on impairment loss on non-current assets and goodwill and other by reporting segment

Not applicable.