



## Financial Results Summary for the Nine Months Ended December 31, 2023 [Japanese GAAP] (Consolidated)

February 5, 2024

Company Name:	FUKOKU Co., Ltd.	Exchange listed on:	Tokyo Stock Exchange
Securities Code:	5185	URL:	<a href="https://www.fukoku-rubber.co.jp/">https://www.fukoku-rubber.co.jp/</a>
Representative:	(Title) President & CEO	(Name)	Ikuo Oshiro
Contact:	(Title) General Manager of Finance Department	(Name)	Yukio Yamazaki

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Scheduled date for submission of quarterly report: February 9, 2024

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, 2023 (From April 1, 2023 to December 31, 2023)

#### (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, 2023	66,233	9.3	2,254	69.0	2,607	4.6	1,846	-3.4
Nine months ended December 31, 2022	60,622	12.0	1,334	-26.2	2,493	0.2	1,911	1.9
(Note) Comprehensive income:	Nine months ended December 31, 2023		4,245 million yen		[-18.9%]			
	Nine months ended December 31, 2022		5,232 million yen		[107.5%]			

	Profit per share	Profit per share – diluted
	yen	yen
Nine months ended December 31, 2023	114.61	-
Nine months ended December 31, 2022	118.74	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio
	million yen	million yen	%
Nine months ended December 31, 2023	76,652	41,327	50.7
As of March 31, 2023	71,530	37,952	49.8

(Reference) Shareholders' equity: Nine months ended December 31, 2023 38,891 million yen  
As of March 31, 2023 35,619 million yen

### 2. Dividends

	Annual dividends				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
As of March 31, 2023	-	27.00	-	23.00	50.00
Fiscal year ending March 31, 2024	-	27.50	-	-	-
Fiscal year ending March 31, 2024 (forecast)	-	-	-	27.50	55.00

(Note) Revision of the consolidated results forecast released most recently: None

### 3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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	88,000	6.9	3,900	94.0	4,000	27.4	2,900	35.8	180.02

(Note) Revision of the consolidated results forecast released most recently: None

\* Notes

- (1) Changes in major subsidiaries during the period under review (Change in specific subsidiaries that will accompany a change in scope of consolidation) : None
- (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
- 1) Change in accounting policies in accordance with revision of accounting standards: : None
- 2) Change in accounting policies other than item 1) above : None
- 3) Change in accounting estimates : None
- 4) Retrospective restatements : None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)	As of December 31, 2023	17,609,130 shares	As of March 31, 2023	17,609,130 shares
2) Number of treasury shares at the end of the period	As of December 31, 2023	1,493,432 shares	As of March 31, 2023	1,500,004 shares
3) Average number of shares issued during the period (cumulative from the beginning of the fiscal year)	As of December 31, 2023	16,111,744 shares	As of December 31, 2022	16,101,626 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

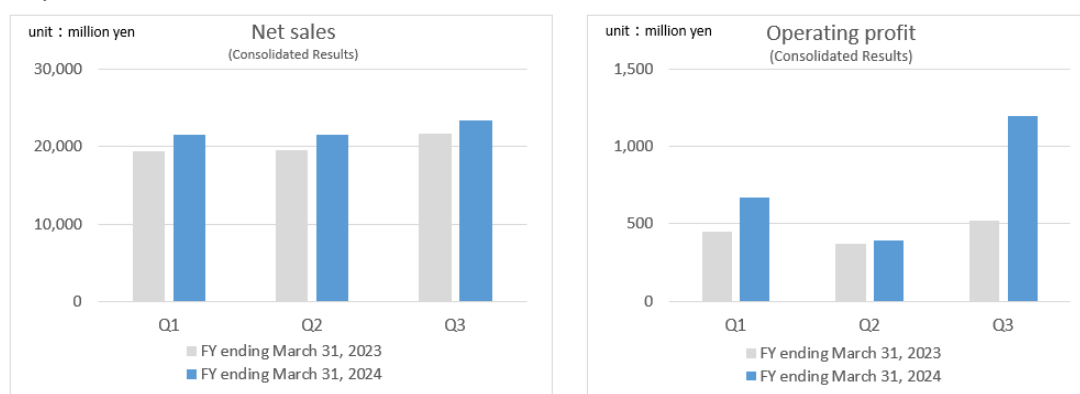
During the nine months ended December 31, 2023, Japan's economy continued on a path of slow recovery, with economic activity returning to normal as a result of the relaxation of restrictions on everyday activities and overseas travel due to COVID-19. However, prospects remain uncertain due to prolonged geopolitical instability, ongoing price escalation due to soaring resource prices, and fluctuations in the financial capital markets.

Demand in the automobile industry remains at high levels and supply shortages of semiconductors are being overcome.

Amid these economic conditions, the income of the Group has been affected by the slowing Chinese economy and persistently high raw material costs as a result of surging resource prices, while it has been positively affected by an increased gain on foreign currency conversions due to the weak yen and the decreasing impact of production adjustments by automakers due to a shortage of semiconductors.

With regard to financial results for the nine months ended December 31, 2023, consolidated net sales grew 9.3% year on year to 66,233 million yen due to the impact of foreign exchange rates and the decreasing impact of production adjustments by automakers. Operating profit was up 69.0% year on year to total 2,254 million yen due to streamlining efforts, cost pass-throughs, etc., which absorbed the impact of rising raw material and fuel costs. The graphs below show quarterly net sales and operating profits. The results described above were apparent in the third quarter under review.

Quarterly data



Ordinary profit increased 4.6% year on year, amounting to 2,607 million yen, even though one-time income that included a gain on sales of non-current assets owned by subsidiaries was posted in the same period last year. Likewise, since one-time income, such as earnings from the termination of the retirement benefit plan due to the change in our company's retirement benefit plan, was posted in the same period last year, profit attributable to owners of the parent decreased 3.4% to total 1,846 million yen.

If the one-time income is not factored in, net profit attributable to owners of the parent is higher than in the same period last year.

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

#### Functional Parts Business

Backed by recovering production at automakers and the impact of foreign exchange rates, net sales increased 9.3% year on year to 27,159 million yen. Segment income increased 36.7% year on year to total 2,601 million yen due to the effect of streamlining efforts and the passing of the rising cost of materials onto selling prices.

#### Anti-vibration Parts Business

Net sales increased 11.3% year on year to reach 28,188 million yen due to growing demand in Southeast Asia, India, and in the United States and the effect of currency translation. Segment income was up 49.3% year on year to total 1,519 million yen due to the effect of streamlining efforts and the passing of the rising cost of materials for metal parts onto selling prices.

#### Metal Business

Net sales increased 8.4% year on year to 5,087 million yen due to steady orders for construction machinery. Segment income (which was a loss of 8 million yen for the same period last year) came to 27 million yen due to the effect of streamlining efforts and the passing of the rising cost of materials for metal parts onto selling prices.

#### Hose Business

Net sales increased 6.5% year on year to total 4,001 million yen due to strong orders. Segment income fell by 47.8% year on year to 59 million yen due primarily to the recognition of additional product warranty costs in North America.

#### Industrial Equipment Business

Net sales fell 4.1% year on year to 2,427 million yen due primarily to declining demand for OA products in China and Southeast Asia, despite domestic steady orders for medical products. Segment income fell 1.9% year on year to no more than 468 million yen despite streamlining efforts.

## (2) Explanation of financial position

Total assets as of December 31, 2023 were 76,652 million yen, an increase of 5,122 million yen from the end of the previous fiscal year. Current assets increased 3,740 million yen from the end of the previous fiscal year to 46,268 million yen. This was due primarily to increases in cash and deposits, and in notes and accounts receivable - trade attributable to foreign currency translations. Non-current assets rose 1,382 million yen over the end of last fiscal year to total 30,384 million yen. This is due primarily to the effects of foreign currency translations, the acquisition of property, plant, and equipment. Liabilities totaled 35,325 million yen, an increase of 1,747 million yen from the end of the previous fiscal year, due primarily to inclusion of the unsettled amount of electronically recorded obligations - operating in the closing balance as of December 31, 2023, which was a bank holiday. Net assets totaled 41,327 million yen, an increase of 3,374 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 50.7%, up 0.9 percentage point from the end of the previous fiscal year.

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

The impact of production adjustments by automakers due to a shortage of semiconductors is receding. However, future economic prospects remain uncertain for various reasons, including the persistent Ukrainian conflict and the deteriorating Middle East situations, among other geopolitical uncertainties; exchange rate fluctuations due to tight monetary policies worldwide; and the continuing trend toward higher prices due to soaring resource prices. Working against this backdrop, Fukoku Group aims to stay on track with its New Medium Term Management Plan 2026, which was announced on June 28, 2023, through groupwide efforts designed to strengthen existing businesses and expand growth businesses as well as new businesses. In addition to these strategies, the Group will also work on reinforcing its business foundation with a focus on ESG, with the aim of maximizing profitability. There have been no changes made to the full year consolidated financial results forecasts for the fiscal year ending March 31, 2024 announced on May 15, 2023. 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, 2023	Third quarter under review As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	9,972	11,654
Notes and accounts receivable - trade	19,731	21,780
Merchandise and finished goods	5,858	5,810
Work in process	1,322	1,378
Raw materials and supplies	3,872	3,854
Other	1,802	1,822
Allowance for doubtful accounts	-31	-34
Total current assets	42,528	46,268
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,278	8,601
Machinery, equipment and vehicles, net	9,615	10,072
Land	5,996	6,153
Other, net	2,005	1,963
Total property, plant and equipment	25,896	26,790
Intangible assets	1,406	1,721
Investments and other assets		
Investment securities	824	936
Other	874	935
Total investments and other assets	1,699	1,872
Total non-current assets	29,001	30,384
Total assets	71,530	76,652

(Million yen)

	Previous fiscal year As of March 31, 2023	Third quarter under review As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,459	5,607
Electronically recorded obligations - operating	5,330	6,226
Short-term borrowings	9,800	9,367
Income taxes payable	383	424
Provision for bonuses	753	531
Other	4,618	5,538
Total current liabilities	26,345	27,695
Non-current liabilities		
Long-term borrowings	3,178	3,129
Retirement benefit liabilities	1,314	1,535
Provision for retirement benefits for directors (and other officers)	173	200
Other	2,565	2,763
Total non-current liabilities	7,232	7,629
Total liabilities	33,577	35,325
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,395	1,395
Capital surplus	1,573	1,575
Retained earnings	30,969	32,002
Treasury shares	-1,403	-1,397
Total shareholders' equity	32,534	33,576
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	108	158
Deferred gains or losses on hedges	-7	-55
Foreign currency translation adjustment	2,983	5,211
Total accumulated other comprehensive income	3,084	5,314
Non-controlling interests	2,333	2,436
Total net assets	37,952	41,327
<b>Total liabilities and net assets</b>	<b>71,530</b>	<b>76,652</b>

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income  
(Quarterly consolidated statement of income)  
(Nine months ended December 31, 2023)

	(Million yen)	
	Nine-month period in the previous fiscal year (From April 1, 2022 to December 31, 2022)	Nine-month period under review (From April 1, 2023 to December 31, 2023)
Net sales	60,622	66,233
Cost of sales	51,264	55,495
Gross profit	9,358	10,738
Selling, general and administrative expenses	8,024	8,484
Operating profit	1,334	2,254
Non-operating income		
Interest income	31	52
Dividend income	6	7
Share of profit of entities accounted for using equity method	6	28
Foreign exchange gains	555	407
Gain on sale of non-current assets	468	18
Other	314	172
Total non-operating income	1,383	687
Non-operating expenses		
Interest expenses	115	181
Loss on retirement of non-current assets	77	73
Other	31	78
Total non-operating expenses	224	333
Ordinary profit	2,493	2,607
Extraordinary income		
Gain on sale of investment securities	2	-
Gain on termination of retirement benefit plan	554	-
Total extraordinary income	557	-
Extraordinary losses		
Loss on litigation	9	-
Total extraordinary losses	9	-
Profit before income taxes	3,040	2,607
Income taxes - current	717	623
Income taxes - deferred	331	136
Total income taxes	1,048	760
Profit	1,991	1,847
Profit attributable to non-controlling interests	80	1
Profit attributable to owners of parent	1,911	1,846



(Quarterly consolidated statement of comprehensive income)

(Nine months ended December 31, 2023)

(Million yen)

	Nine-month period in the previous fiscal year (From April 1, 2022 to December 31, 2022)	Nine-month period under review (From April 1, 2023 to December 31, 2023)
Profit	1,991	1,847
Other comprehensive income		
Valuation difference on available-for-sale securities	7	50
Deferred gains or losses on hedges	-28	-50
Foreign currency translation adjustment	3,201	2,357
Share of other comprehensive income of entities accounted for using equity method	60	40
Total other comprehensive income	3,240	2,398
Comprehensive income	5,232	4,245
Profit attributable to		
Comprehensive income attributable to owners of parent	4,952	4,077
Comprehensive income attributable to non-controlling interests	279	168

(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.

(Segment information)

Segment information

I. 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	Metal	Hose	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 reporting 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, 2023 (from April 1, 2023 to December 31, 2023)

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	Metal	Hose	Industrial Equipment			
Net sales								
Sales to external customers	26,616	28,179	5,087	3,923	2,427	66,233	-	66,233
Intersegment sales or transfer	543	8	0	77	-	629	-629	-
Total	27,159	28,188	5,087	4,001	2,427	66,863	-629	66,233
Segment income	2,601	1,519	27	59	468	4,676	-2,422	2,254

(Notes) 1. The adjustment of -2,422 million yen for segment income includes an inter-segment elimination of 0 million yen and corporate expenses that are not allocated to any reportable segments totaling -2,423 million yen. Corporate expenses are primarily general and administrative expenses that are not attributable to any reporting segments.

2. Segment income 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.