



Fukoku Co., Ltd. (TSE Prime Market: 5185)

May 22, 2024

Financial Results Briefing

FY Ended March 31, 2024



Yes, We Do!

1. Financial Results: Key Points
2. Results for FY Ended March 31, 2024
3. Forecast of Results for FY Ending March 31, 2025
4. Status per Segment/Region
5. Returns to Shareholders
6. Progress of the Medium-Term Management Plan

1. Financial Results: Key Points



1. Financial Results: Key Points

Results for FY Ended March 31, 2024

The Company faced impacts such as the economic downturn in China and the continued high cost of raw materials due to high resource prices. However, mitigation of the impact of production adjustments by automobile manufacturers, increased sales in yen terms due to the impact of the yen's depreciation, as well as rationalization efforts against and price pass-through of the rising raw material and fuel costs, among others, contributed to the **increase in sales and profit**.

Forecast for FY Ending March 31, 2025

The trend of price increase is expected to remain the same due to factors such as the continuation of an unstable situation overseas, global fluctuations in foreign exchange rates, and soaring resource prices.

We aim to achieve the objectives in the first fiscal year of “New Medium-Term Management Plan 2026.” To this end, we are striving to maximize profitability with continuing efforts to improve profit margins through a recovery of orders from automobile manufacturers, initiatives to expand sales, rationalization of production processes, and responses to fluctuations, **aiming for record-high sales and profit**.

Dividends

Year-end dividend for FY ended March 31, 2024 **up 5 yen** to 32.5 yen, making for an annual dividend of 60 yen when combined with the interim dividend of 27.5 yen.

Annual dividend for FY ending March 31, 2025 is planned to **be up 15 yen year on year** to 75 yen.

2. Results for FY Ended March 31, 2024



2. Results for FY Ended March 31, 2024

Summary of Results (Consolidated)

(JPY Millions)

	FY ended March 31, 2023	FY ended March 31, 2024	Change	Change rate
	Results	Results		
Net sales	82,318	88,847	+6,529	+7.9%
Operating profit (Operating profit to net sales)	2,010 (2.4%)	3,646 (4.1%)	+1,636 (+1.7pp)	+81.4%
Ordinary profit (Ordinary profit to net sales)	3,139 (3.8%)	4,094 (4.6%)	+955 (+0.8pp)	+30.4%
Profit (Profit to net sales)	2,135 (2.5%)	3,050 (3.4%)	+915 (+0.9pp)	+42.9%

*pp = percentage point

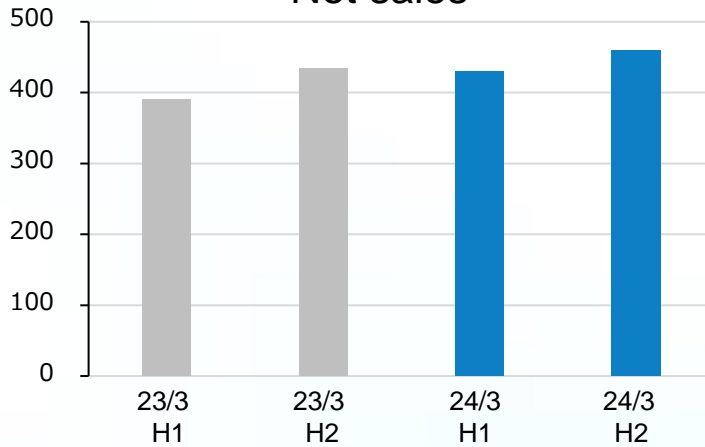
Sales and profit increased as the effects of rising raw material costs were absorbed through rationalization efforts, price pass-through, etc.

2. Results for FY Ended March 31, 2024

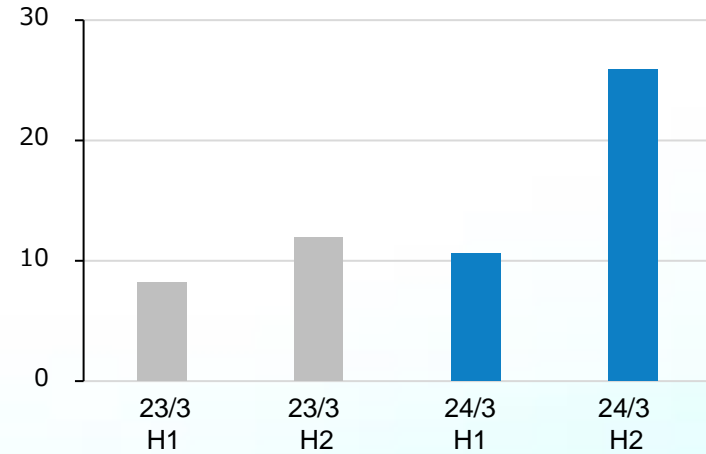
Business performance trends (Consolidated, Half-year financial results)

(JPY 100M)

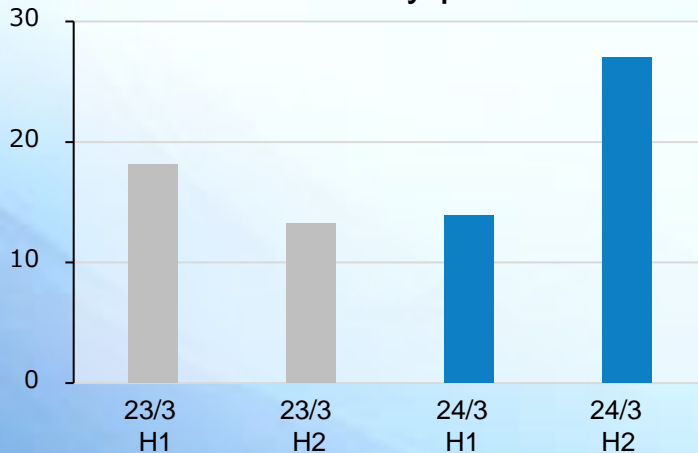
Net sales



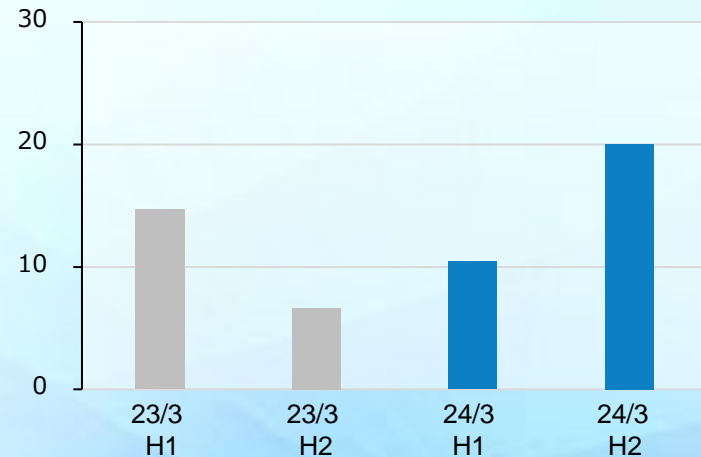
Operating profit



Ordinary profit



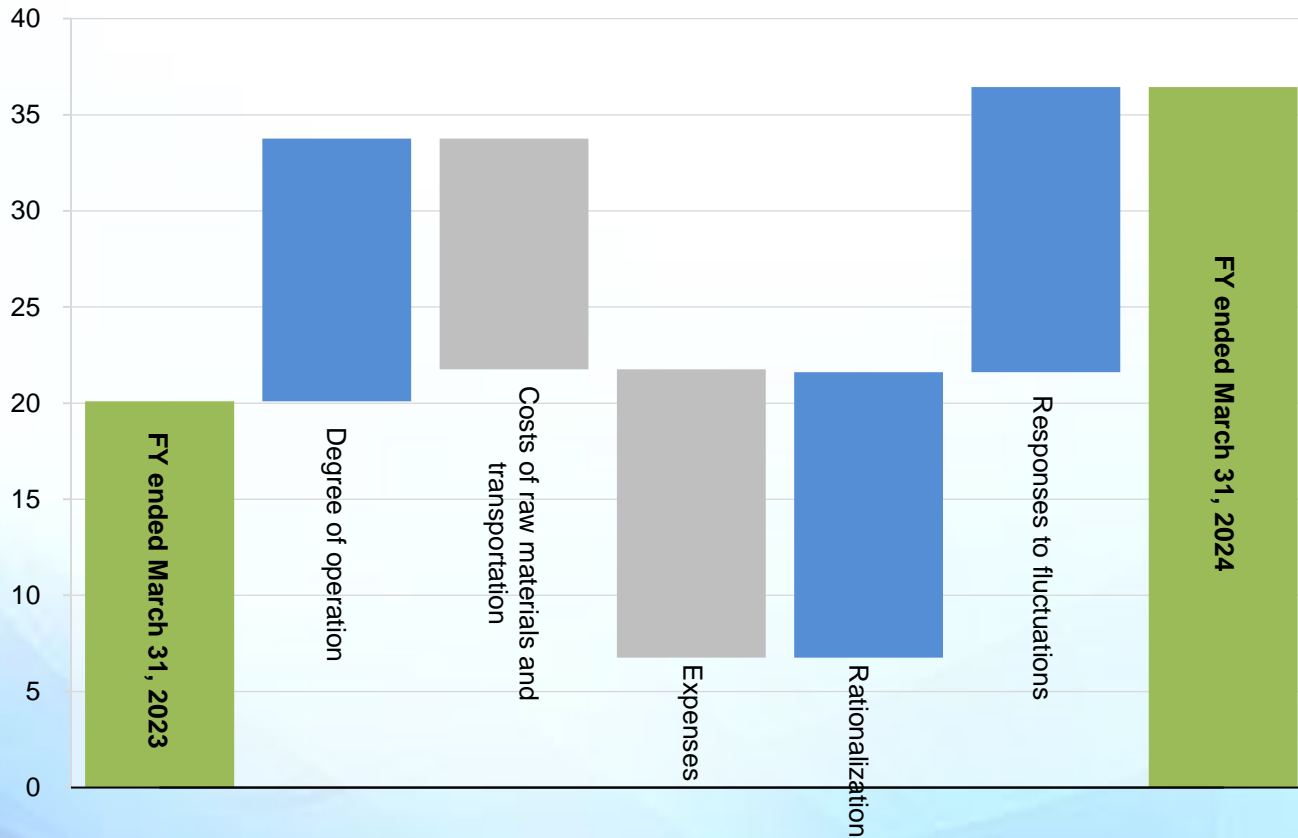
Profit



2. Results for FY Ended March 31, 2024

Difference _ consolidated operating profit (YoY)

(JPY 100M)



2. Results for FY Ended March 31, 2024

Financial Position, Cash Flow (Consolidated)

	FY ended March 31, 2023 Results	FY Ended March 31, 2024 Results	Change (YoY)
Cash and deposits	9,972	12,011	2,039
Receivables	19,731	20,591	860
Inventories	11,054	11,427	373
Other current assets	1,770	1,686	-83
Total current assets	42,528	45,718	3,189
Property, plant and equipment	25,896	26,695	799
Other non-current assets	3,105	3,619	514
Total non-current assets	29,001	30,315	1,313
Total assets	71,530	76,033	4,503
Borrowings	12,979	11,525	-1,453
Payables	11,342	12,330	987
Other current/non-current liabilities	9,255	10,167	911
Total liabilities	33,577	34,023	445
Total shareholders' equity	32,534	34,780	2,245
Non-controlling interests	2,333	2,472	139
Other	3,084	4,757	1,672
Total net assets	37,952	42,010	4,057
Total liabilities and net assets	71,530	76,033	4,503

(JPY Millions)

	FY ended March 31, 2023 Results	FY Ended March 31, 2024 Results
Profit before tax	3,511	4,093
Depreciation	4,471	4,653
Increase (-) / decrease (+) in trade receivables	-1,572	-122
Increase (-) / decrease (+) in inventories	-876	122
Increase (+) / decrease (-) in trade payables	971	213
Other	-2,990	-118
Cash flows from operating activities	3,515	8,843
Purchase of property, plant and equipment	-4,103	-4,027
Other	114	-438
Cash flows from investing activities	-3,988	-4,466
Proceeds from borrowings	4,104	2,055
Repayments of borrowings	-2,527	-3,934
Other	-823	-902
Cash flow from financing activities	753	-2,781
Free cash flow	-473	4,377

- Recovery of core business and collection of trade receivables improved the free cash flow.

- Cash and deposits increased due to currency translation during the depreciation of the yen.
- As the Company's closing date was a financial institution holiday, cash and deposits temporarily increased due to the inclusion of unsettled payment obligations.

3. Forecast of Results for FY Ending March 31, 2025



3. Forecast of Results for FY Ending March 31, 2025

Forecast of Results (Consolidated)

(JPY Millions)

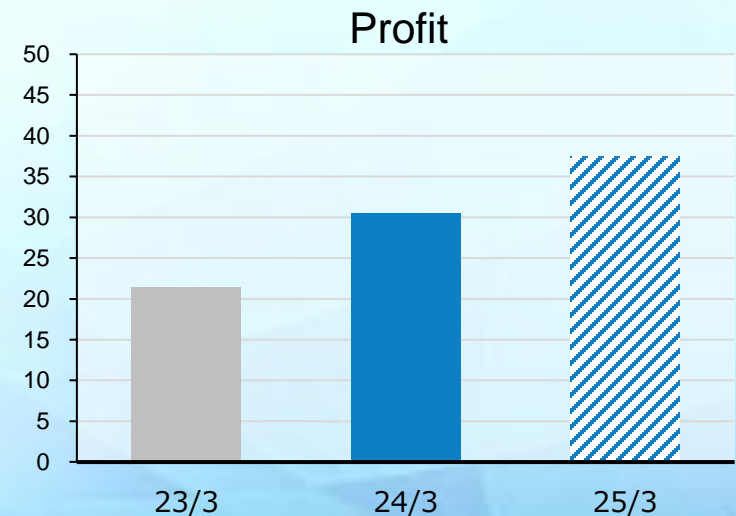
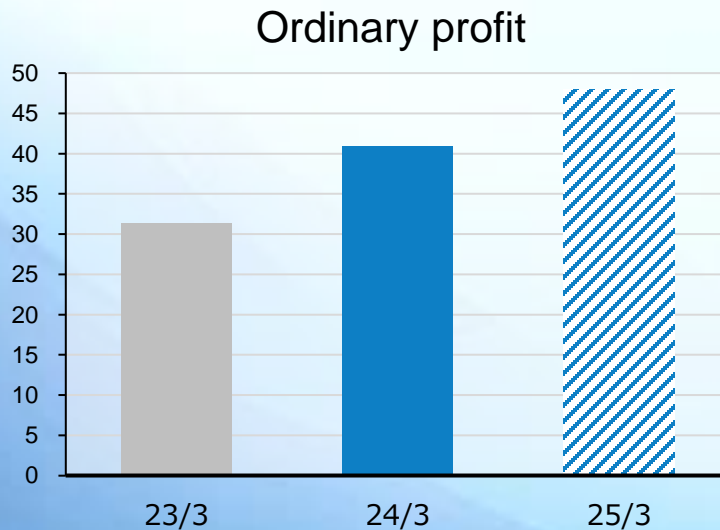
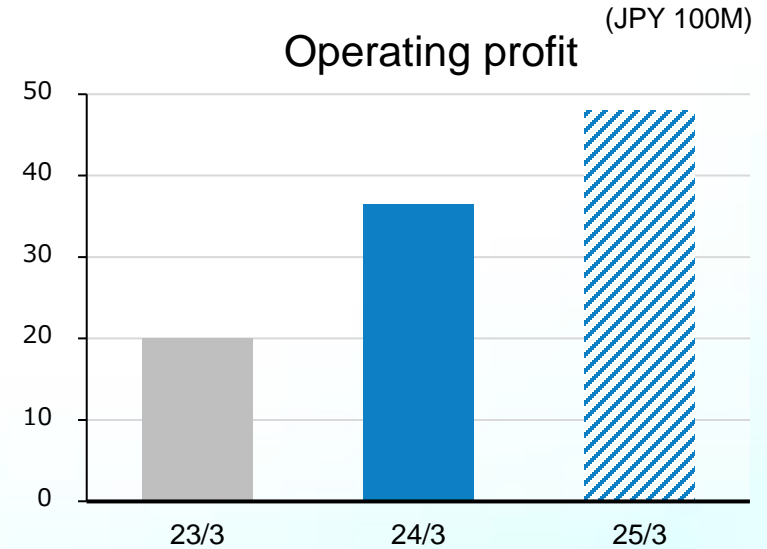
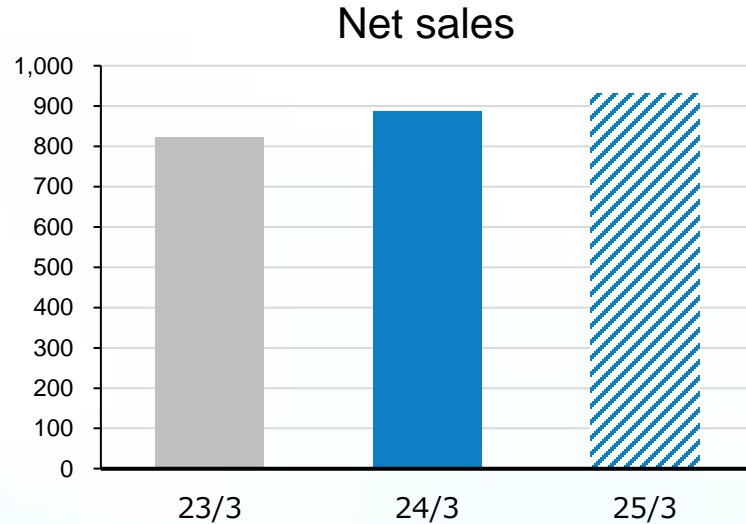
	FY ended March 31, 2024	FY ending March 31, 2025	Change	Change rate
	Results	Forecast		
Net sales	88,847	93,000	+4,153	+4.7%
Operating profit (Operating profit to net sales)	3,646 (4.1%)	4,800 (5.2%)	+1,154 (+1.1pp)	+31.6%
Ordinary profit (Ordinary profit to net sales)	4,094 (4.6%)	4,800 (5.2%)	+706 (+0.6pp)	+17.2%
Profit (Profit to net sales)	3,050 (3.4%)	3,750 (4.0%)	+700 (+0.6pp)	+22.9%

*pp = percentage point

Increase in sales and profit is expected due to favorable orders, rationalization of production processes, and responses to fluctuations in raw material prices.

3. Forecast of Results for FY Ending March 31, 2025

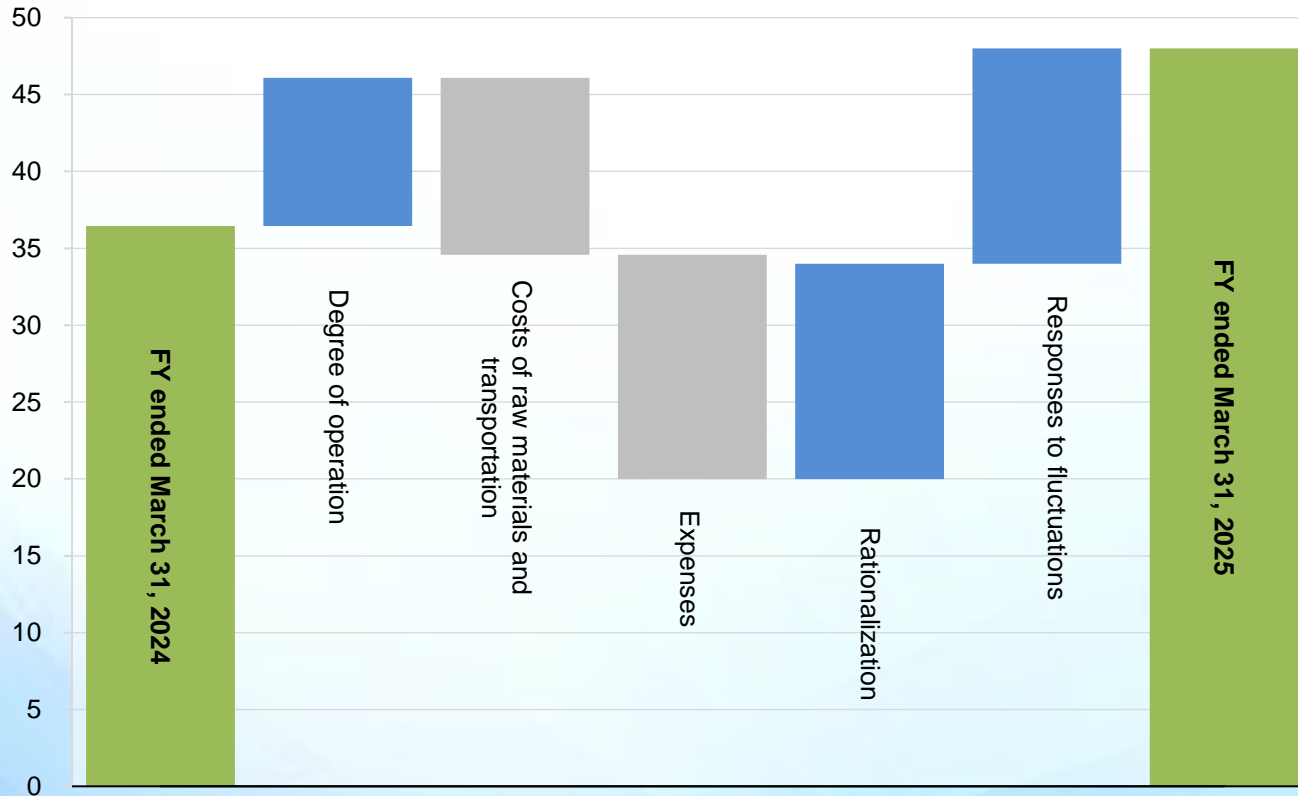
Forecast of Results (Consolidated)



3. Forecast of Results for FY Ending March 31, 2025

Difference _ consolidated operating profit (YoY)

(JPY 100M)






4. Status per Segment/Region



4. Status per Segment/Region

Per segment

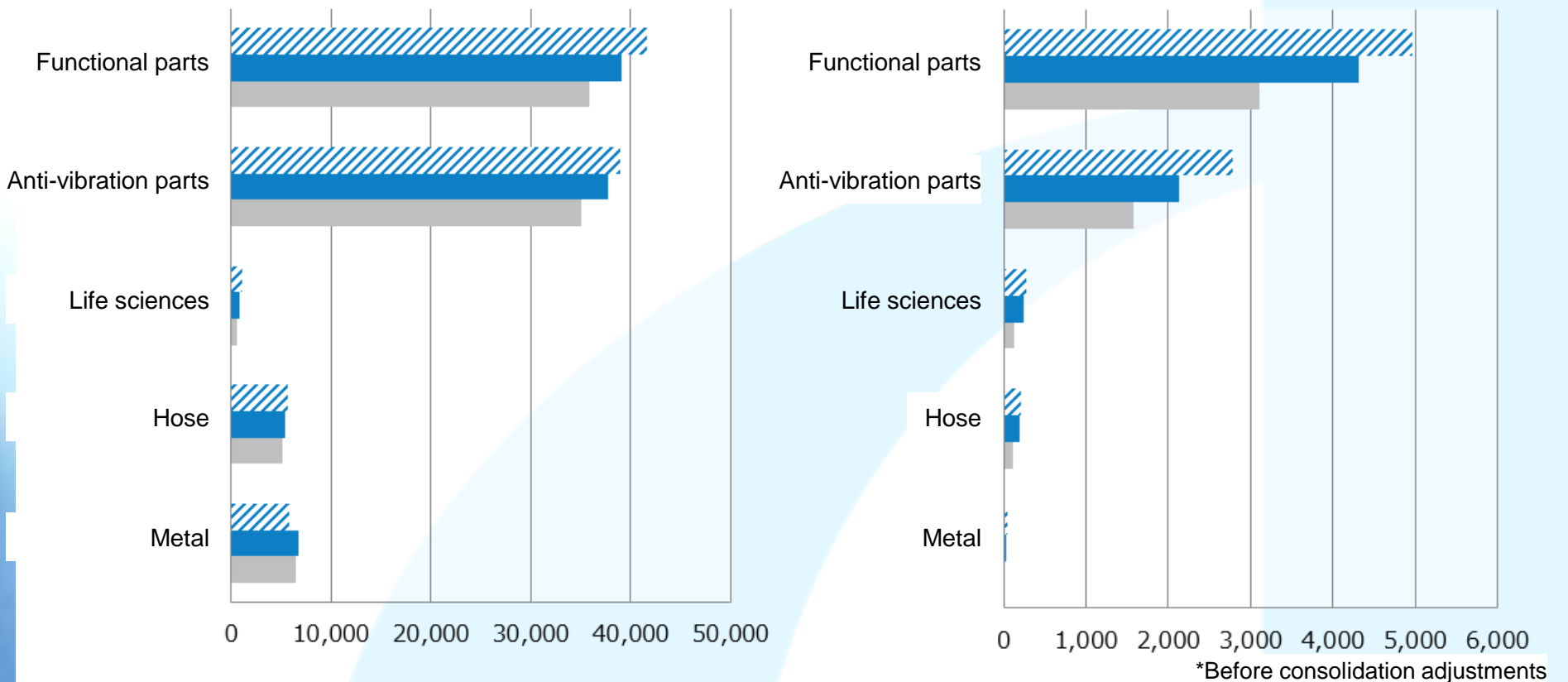
-  FY ending March 31, 2025
-  FY ended March 31, 2024
-  FY ended March 31, 2023

*Due to a change in the reporting segment, the figures for FYs ended March 31, 2023, and 2024 are after the reclassification of the industrial equipment segment.

(JPY Millions)

Net sales

Operating profit



*Before consolidation adjustments

A surplus was achieved in all segments in FY ended March 31, 2024, and this is expected to continue in the next fiscal year and beyond.

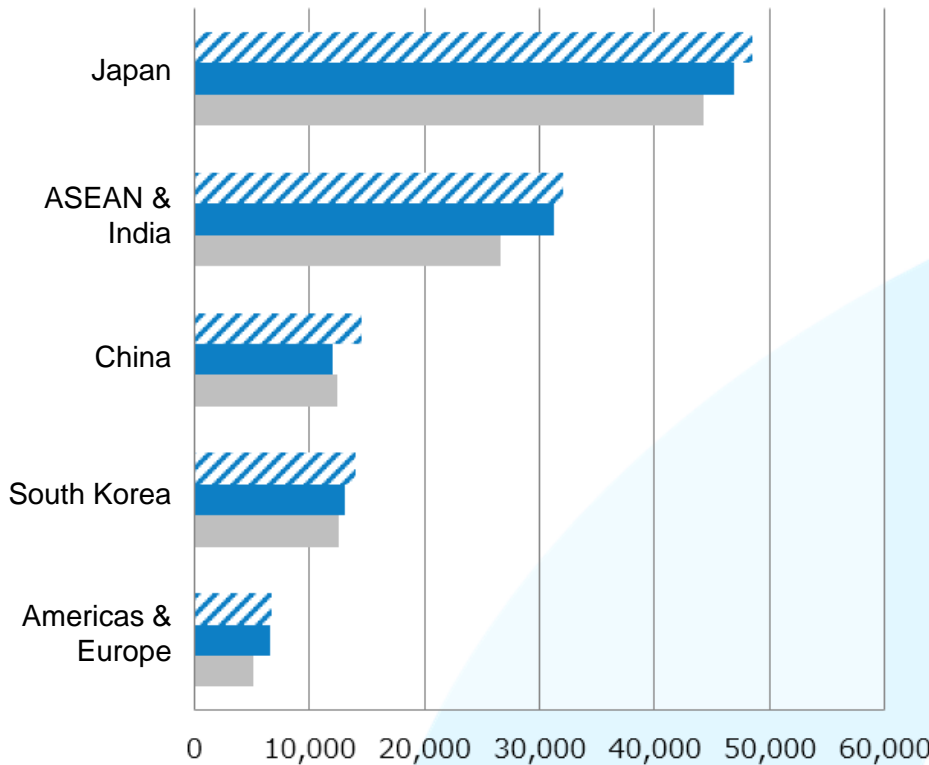
4. Status per Segment/Region

Per Region

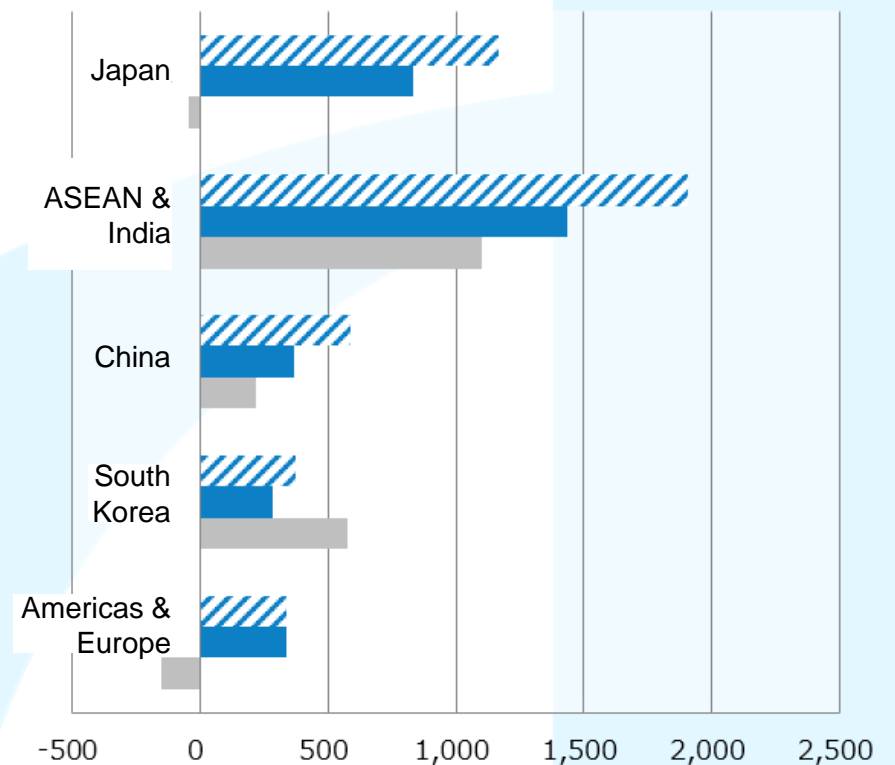
- ▨ FY ending March 31, 2025
- FY ended March 31, 2024
- FY ended March 31, 2023

(JPY Millions)

Net sales



Operating profit



*Before consolidation adjustments

Increase in sales and profit is planned in all regions for FY ending March 31, 2025.

5. Returns to Shareholders



5. Returns to Shareholders

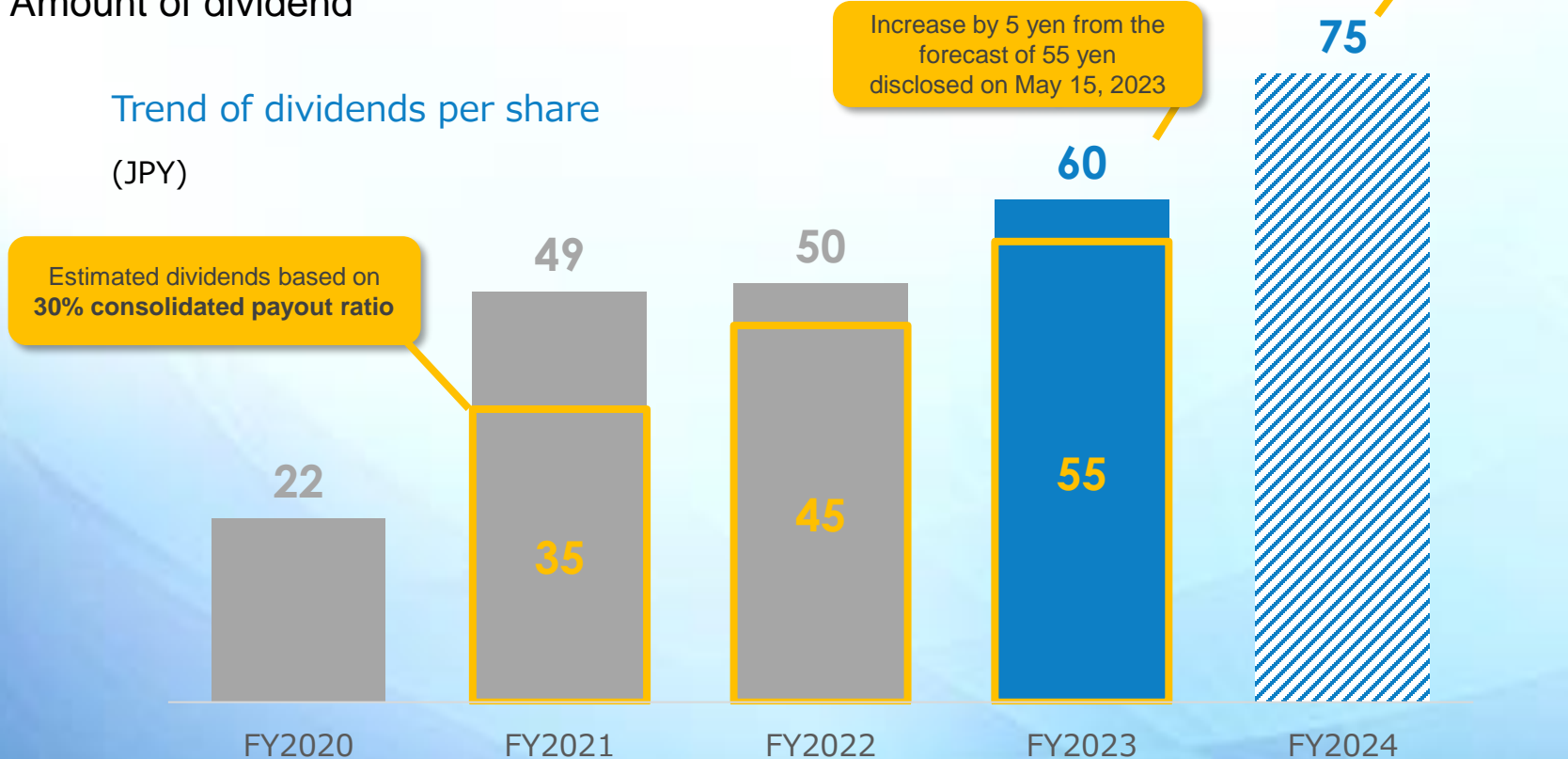
Views on shareholder returns (basic policy on dividends)

- Continue providing stable dividends with a consolidated dividend payout ratio of 30% as the standard
- Provide dividends of 20 yen per share a year as the minimum
*Except in the case where performance is extremely sluggish due to rapid changes in the management environment

Amount of dividend

Trend of dividends per share

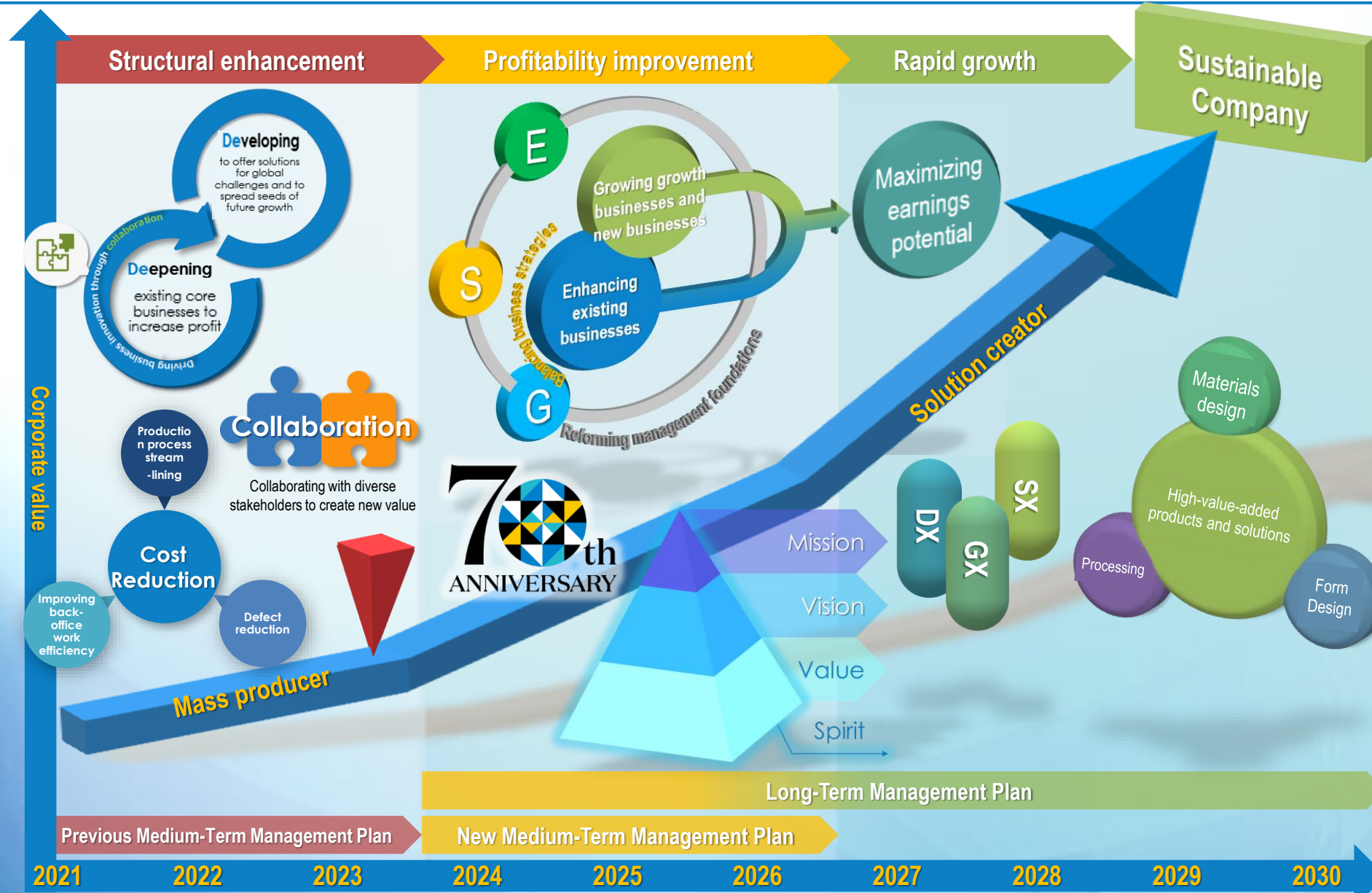
(JPY)



6. Progress of the Medium-Term Management Plan

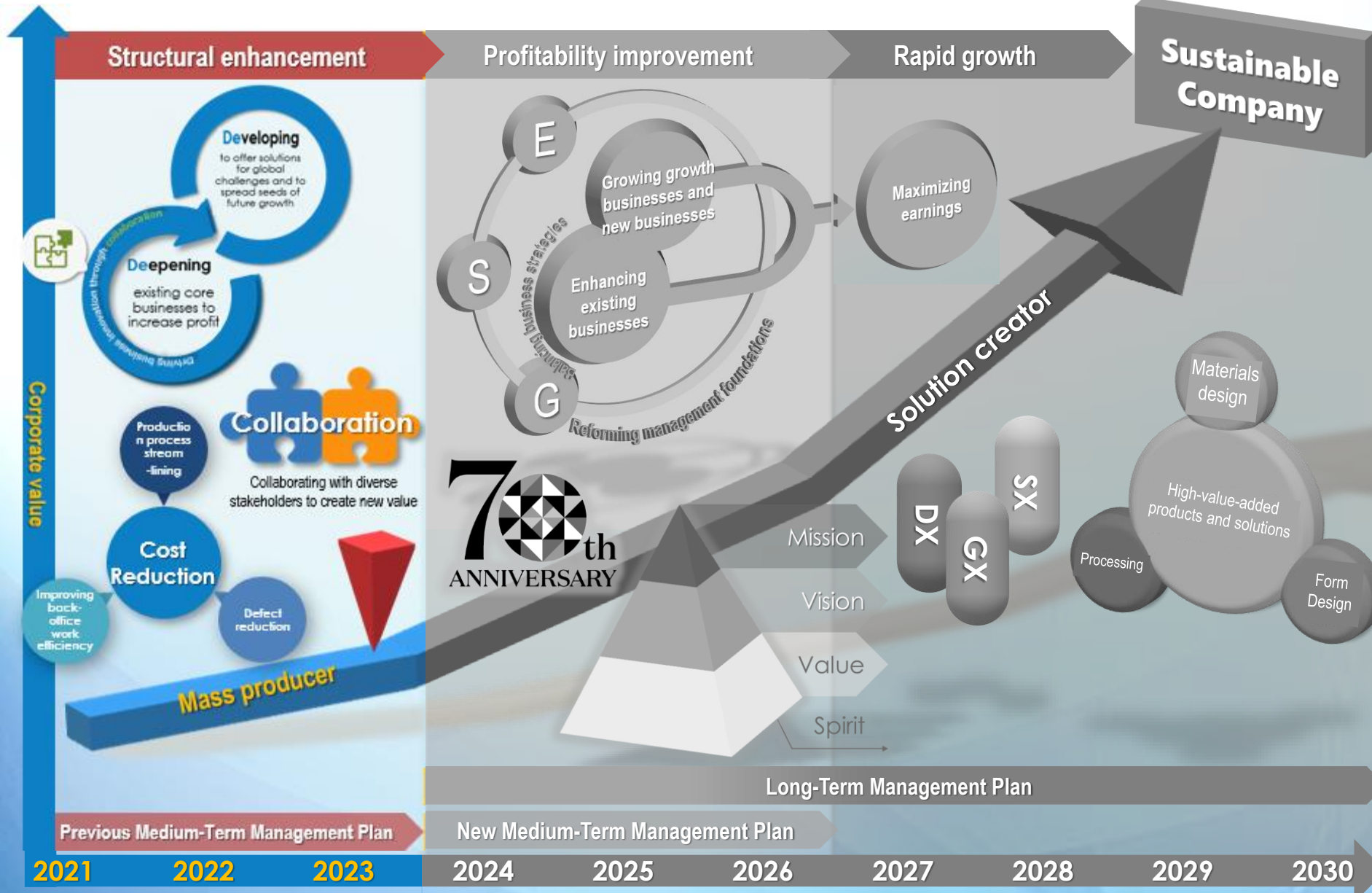


6. Overview of the new Medium-Term Management Plan 2026



6. Review of the previous Medium-Term Management Plan

(FY ended March 31, 2022 – FY ended March 31, 2024)

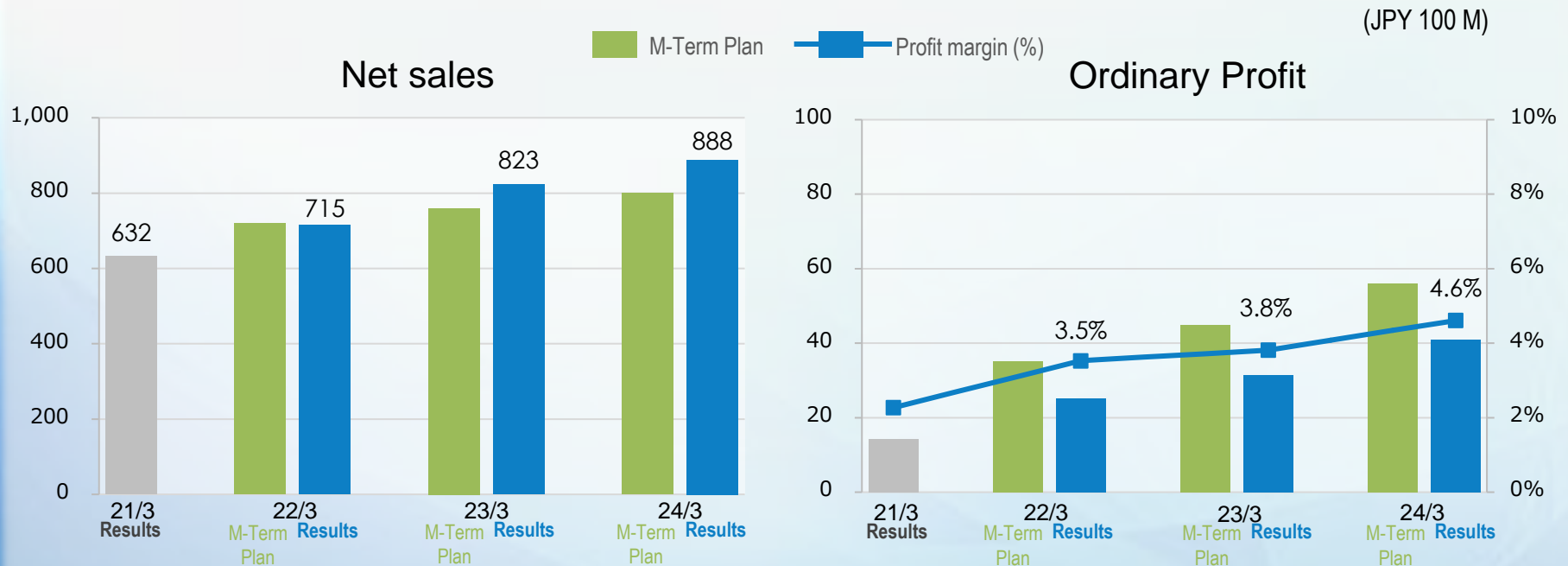


6. Review of the previous Medium-Term Management Plan

(FY ended March 31, 2022 – FY ended March 31, 2024)

Consolidated sales · Ordinary profit margin · ROE · Consolidated payout ratio

	Target (Year ending March 2024)	Results (Year ending March 2024)
Consolidated sales (JPY100M)	800	888
Ordinary profit margin	7%	4.6%
ROE	8%	8.1%
Consolidated payout ratio	30%	31.7%



6. Review of the previous Medium-Term Management Plan

(FY ended March 31, 2022 – FY ended March 31, 2024)

Deepening and Developing

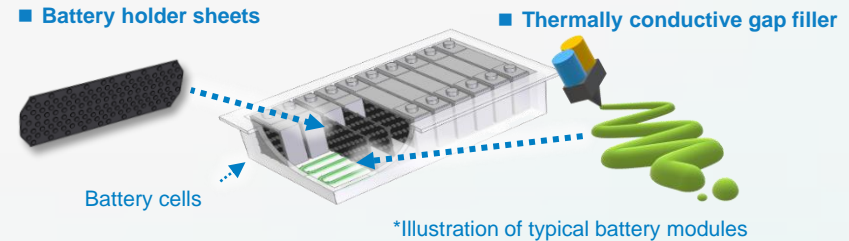
Overview



Achievement status

Expanding CASE businesses

- Expansion in sales of battery hold sheets and development of new structures
- Efficient cooling of battery cells
Development of “thermally conductive gap filler”



Creating life sciences business

- Applications of liquid media and cosmetics raw materials
Promoting development and pursuing safety
- Establishing mass production system of testing chips for drug-resistant bacteria, developing new products and publishing papers



Strengthening windshield wiper business

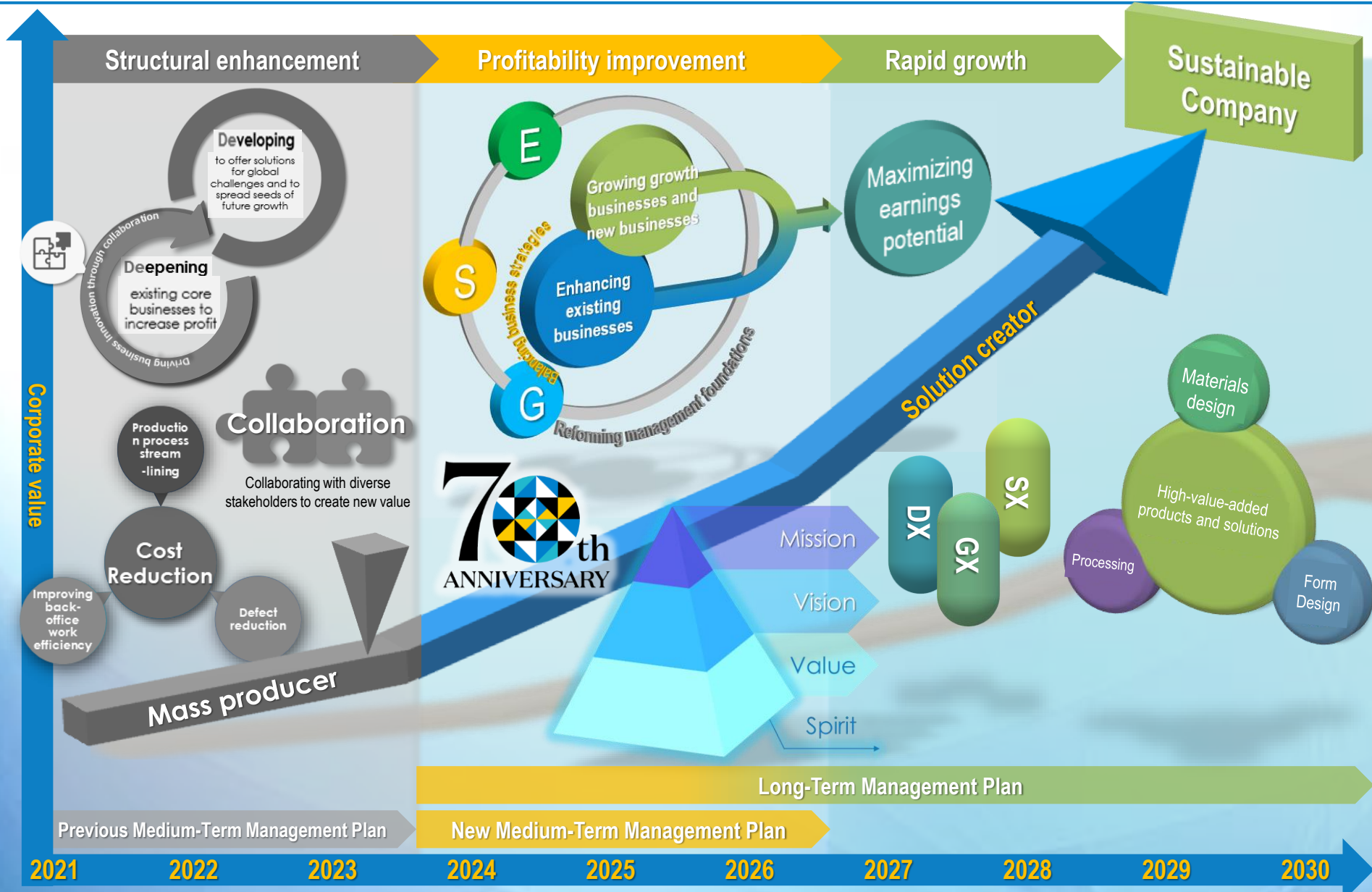
- Significantly shortening development time through designs using simulation technology and in-house evaluation using actual vehicles
- Increase production capacity of main plants in Thailand



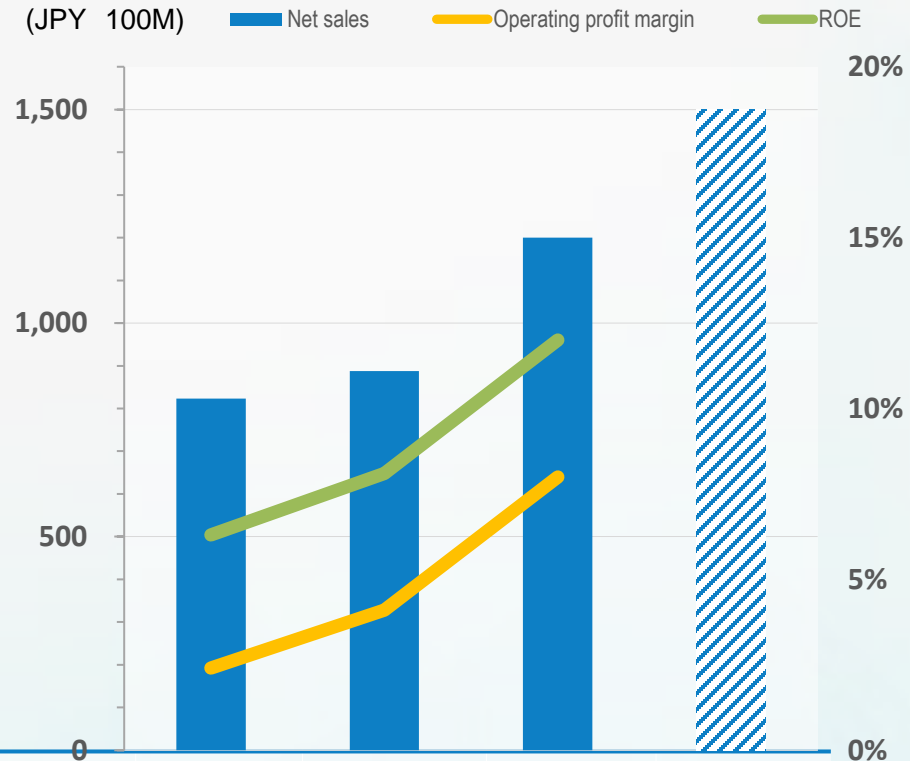
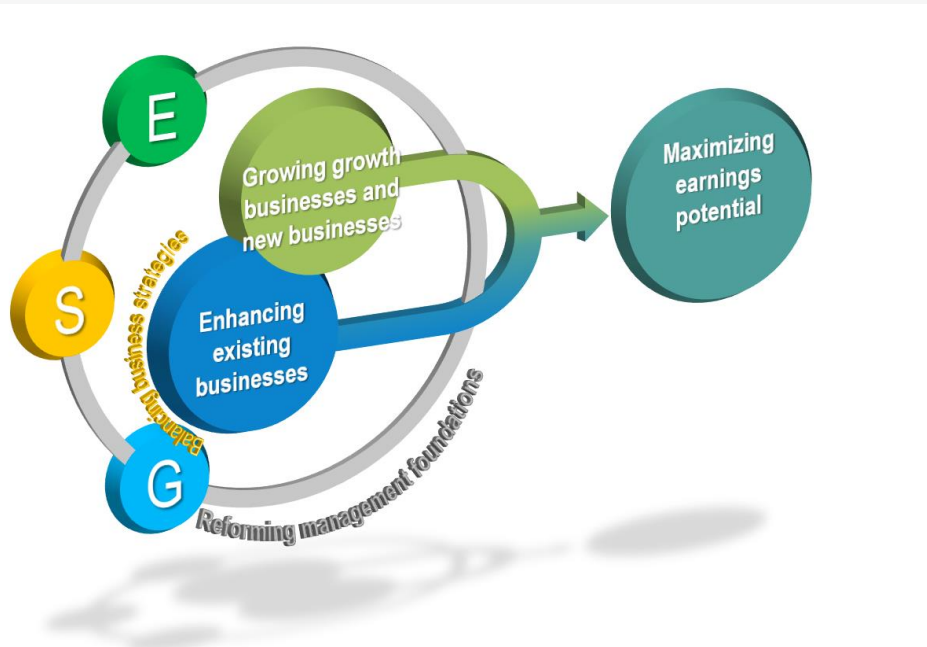
Selecting and focusing on overseas businesses

- Restructuring of European bases (closure of the Czech base)
- Restructuring of American bases

6. Overview of the new Medium-Term Management Plan 2026



6. New Medium-Term Management Plan 2026 Strategic Scheme



	2022	2023	2026	2030
Net sales	823	888	1,200	1,500
Operating profit margin	2.4%	4.1%	8.0%	-
ROE	6.3%	8.1%	12.0%	-

6. New Medium-Term Management Plan 2026

Balancing business strategies

Enhancing existing businesses

Growing sales through solutions businesses

- Simulation design through in-vehicle evaluation technologies/enhancing R&D in China
- Establishing an R&D function in India

Growing sales to high-growth regions

- Enhancing technology and production structures in India and Indonesia

Manufacturing-ability innovations and enhancing HR development

- Developing innovative construction methods/automation/IoT adoption
- Enhancing global HR development

Growing growth businesses and new businesses

Growing industrial and other products

Factory automation

Development of/establishment of mass-production systems for precision seals

New energy

Development of hydrogen-energy seals and vibration-proofing coatings for wind power

Aerospace

Development of vibration-proofing mounts

Growth in the CASE market

Batteries

Development and sales expansion of holding sheets for continually evolving EV products

Development and sales expansion of thermal radiation gap fillers and large-battery vibration-proofing products

Growing life-science products

Bio

Cell-culture bags and cultures and cosmetics raw materials

Microbiological testing

Establishment of mass-production systems and sales expansion for chemical-resistant microbiological-testing chips

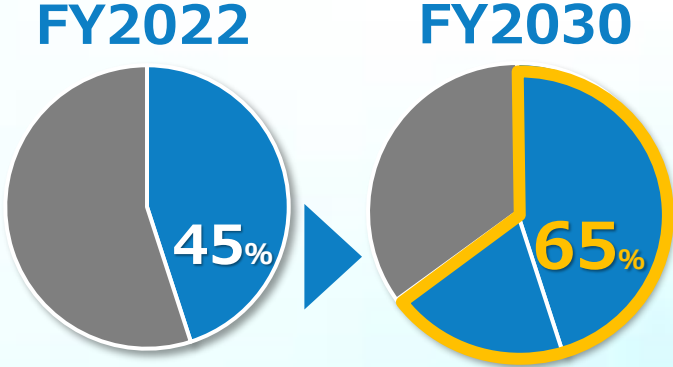
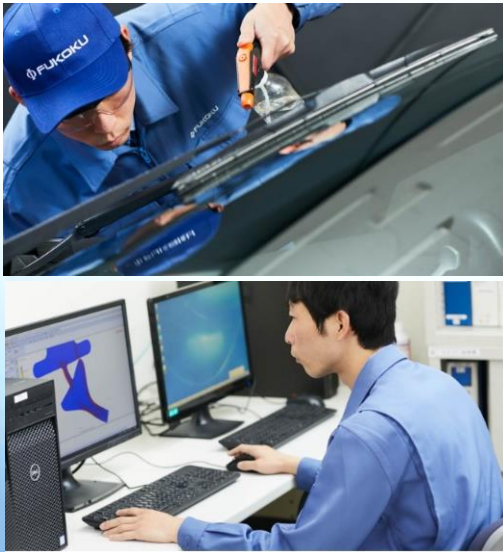
6. New Medium-Term Management Plan 2026 Enhancing existing businesses

Wiper rubber

Technological development
total solution

OEM global market
share expansion

Production capacity increase
at main factory in Thailand



Further solidifying our top global market share

Product introduction of Fukoku Wiper

FUKOKU

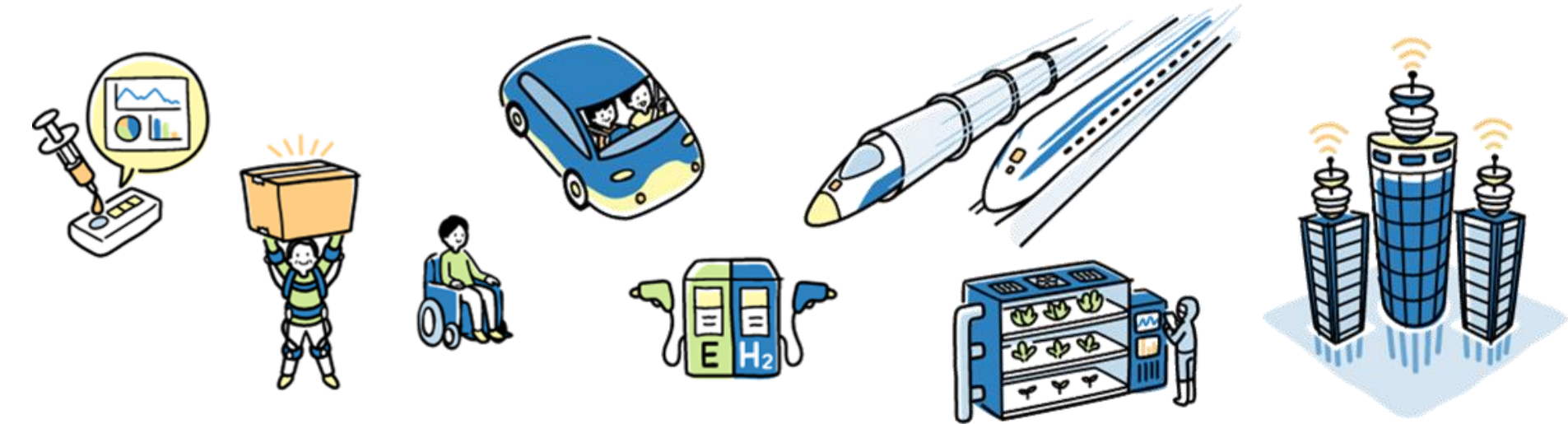
Please click the link to watch the movie.

fukoku-rubber.co.jp/dcms_media/other/wiper_introduction.mp4



Φ FUKOKU

To transform all wishes into excitement.



Φ FUKOKU

70th
ANNIVERSARY

Yes, We Do!

Note

- ◆ This document contains forward-looking statements including strategies and management plans of Fukoku Co., Ltd. and its group companies. All statements contained in this document, other than statements regarding past and present facts, are forward-looking statements. These forward-looking statements are based on assumptions and judgments that Fukoku Co., Ltd. and the Fukoku Group have made in light of the information currently available, and are thus inherently subject to risks and uncertainties. As such, the business environment surrounding us, future performance, and management results may differ from those presented in this document.
- ◆ Any forward-looking statements contained in this document only speak as of the date of this document, and we undertake no obligation to update any information included in this document to reflect new information or future events after the date of this document.

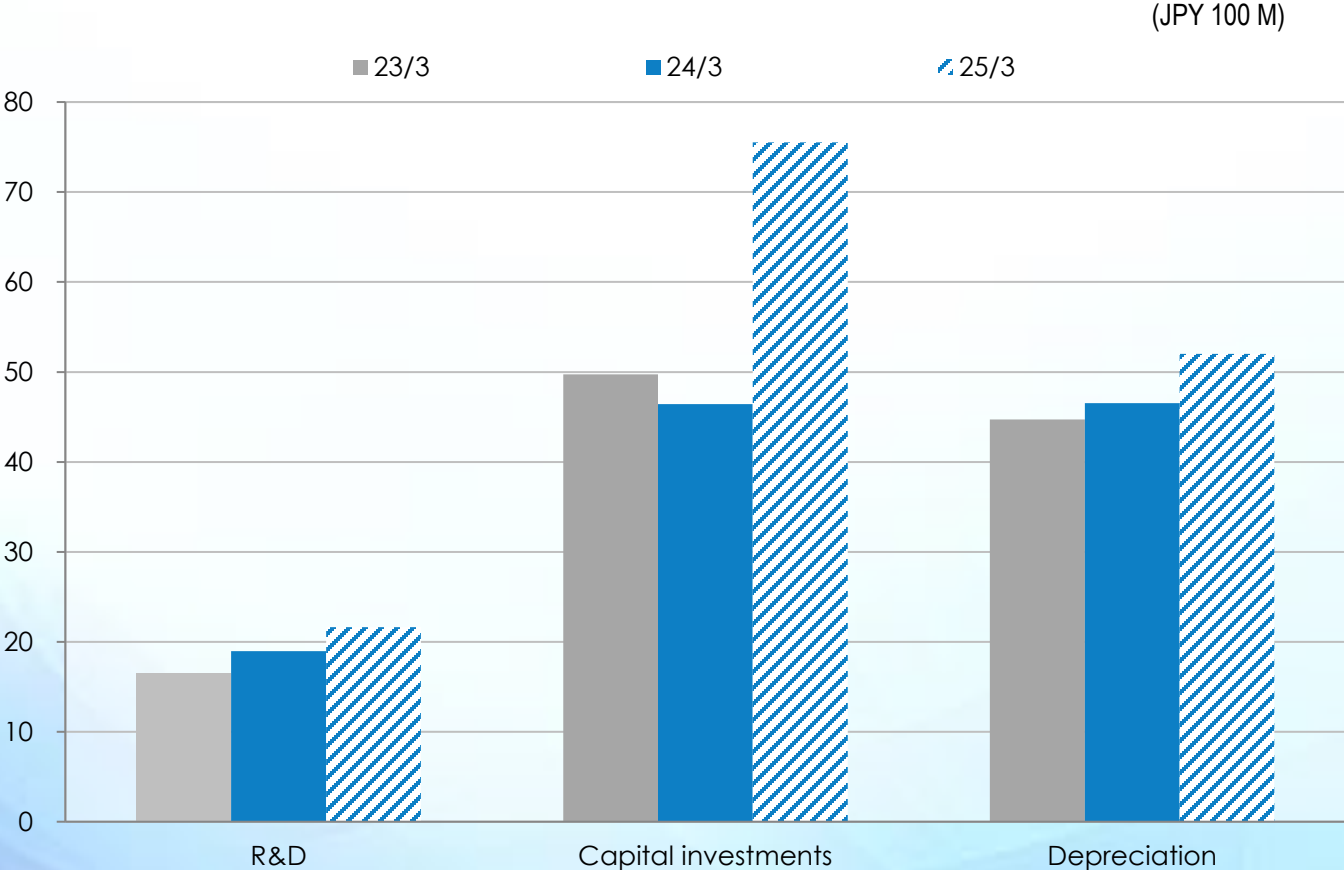
May 22, 2024
Fukoku Co., Ltd.

Appendix



Trend of R&D Expenditures, Depreciation and Capital investments

Trend of R&D Expenditures, Depreciation and Capital investments



Company Profile

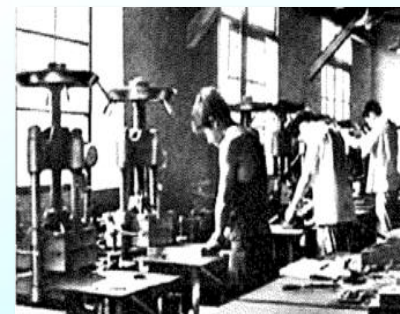
Company Profile

Business profile	Production and sales of Rubber products, Metal products•Plastic products, OA•Electric, devices•Medical devices etc.
Security code	Prime market, Tokyo Stock Exchange (5185)
Foundation	1953 December 24 (70 years since foundation)
Head office	Saitama, Ageo city
Representative	Ikuo Oshiro, President
No. of employees	Consolidation 4,594 Parent company 1,157 *as of March 31, 2024, except part time workers
No. of Shareholders	16,097 *as of March 31, 2024
Bases / Affiliate companies	<ul style="list-style-type: none">• Domestic bases<ul style="list-style-type: none">- 5 plants, 2business offices• Affiliate companies<ul style="list-style-type: none">- Consolidated subsidiaries: 2 in Japan and 14 overseas- Equity Method Affiliated Companies :1 overseas



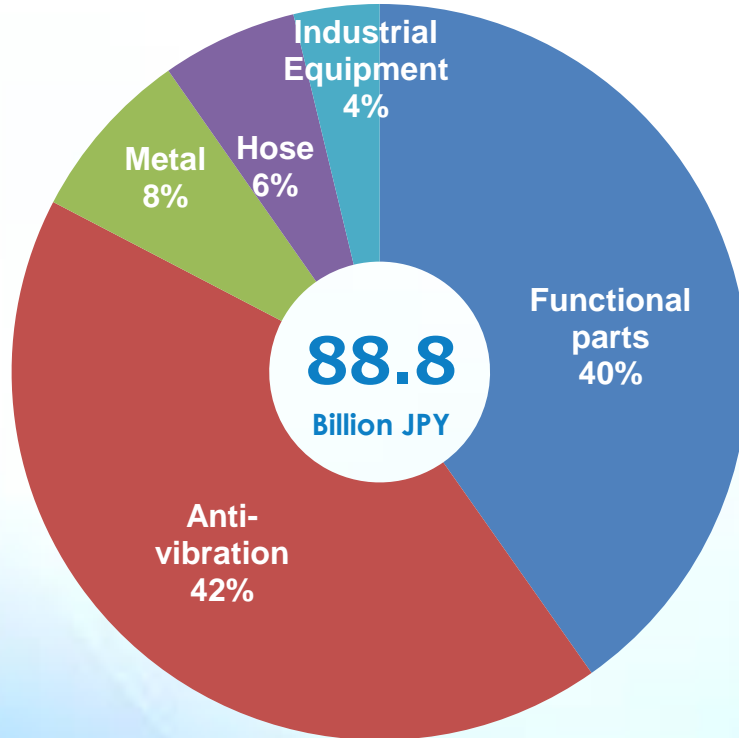
History

1953	Dec	Founder, Eiichi Kawamoto established Fukoku Rubber Industry Co., Ltd.
1956	Apr	Succeeded in developing Wiper blade rubber technology
1972	Sep	Invested in Sueyoshi Industries Co., Ltd.
1983	Jan	Thai Fukoku Co., Ltd. Was established in Bangkok, Thailand.
1986	Jan	Changed the company name to Fukoku Co., Ltd.
1994	Oct	Registered with Japan Securities Dealers' Association (currently JASDAQ) to list stocks for OTC market
1996	Feb	Invested in Tokyo Rubber MFG. Co., Ltd.
2004	Mar	Stock listed on the 2 nd section of the Tokyo Stock Exchange
2005	Mar	Stock upgraded to the 1st section of the Tokyo Stock Exchange
2020	Jun	Selected by the METI under the 2020 Global Niche Top Companies Selection 100 program
2022	Apr	Stock listed on the Prime market of the Tokyo stock exchange
2023	Jul	Ikuo Oshiro was appointed president



Company Profile

Sales per business (FY2023 Consolidation)



Functional Parts



Wiper blade rubber



CVJ boots



Diaphragm

Anti-Vibration Parts



Damper pulley




V-rod




Viscous mount

Metal



Fuel tank for construction machinery



Door cover for construction machinery

Industrial Equipment



Printer roller




Cell culture bag




Cell culture medium

Hose



Intercooler hose

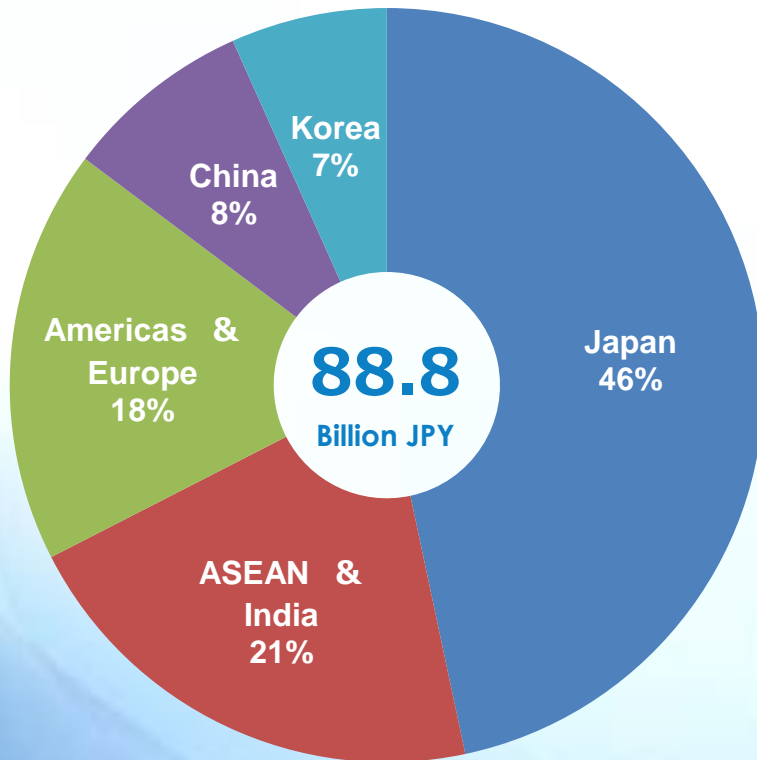


Water hose

Company Profile

Sales per region (FY2023 Consolidation)

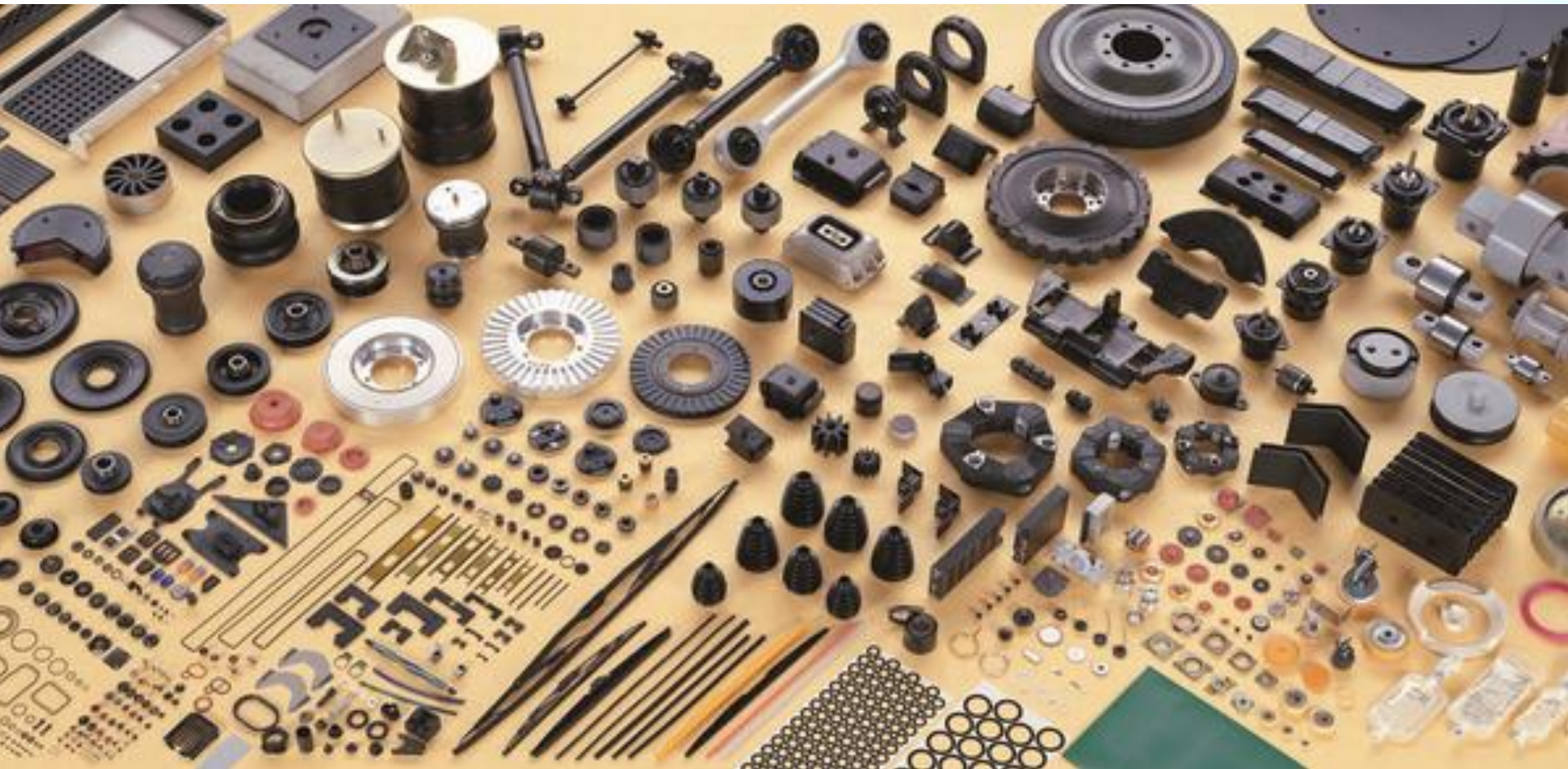
Global network



*Based on countries or regions of customers locations

Company Profile

| Our strength: Production and sales of a wide variety of products



Company Profile

High share product

■ Automotive industry

World Share* (%)

*our estimation

Crankshaft damper



15%

Diaphragm



30%

Piston Seals



17%

Wiper blade rubber



50%

Domestic share Over 90%

■ Other industries

Viscous mount (for Construction Machinery)



70%

Cell culture bag



35%

Ingot wire-saw main roller



30%

CVJ boots



12%

Producing many products with a high market share in niche fields

Award: 2020 Global niche Top 100 June 2020

Fukoku was selected by the Ministry of Economy, Trade and Industry under the **2020 Global Niche Top Companies Selection 100** program that recognizes companies striving to capture global markets, securing a high market share in niche sectors, and performing good management.

The examination committee consists of external experts who evaluate and select companies having:

1. both global share and profit,
2. unique and independent technology, and
3. importance in the supply chain.

