



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

November 15, 2024

Financial Results Briefing

2nd Quarter of

FY Ending March 31, 2025



Yes, We Do!

1. Financial Results: Key Points
2. Results for 2nd Quarter of FY Ending March 31, 2025
3. Forecast of Results for FY Ending March 31, 2025
4. Status per Segment/Region
5. Returns to Shareholders
6. Progress of the New Medium-Term Management Plan 2026

1. Financial Results: Key Points

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Results for 2nd Quarter of FY Ending March 31, 2025

Net sales **increased** due to sales growth in India and the U.S., as well as foreign currency effects, despite the impact of the stagnation in production volume of automobile manufacturers.

Operating profit **increased** due to streamlining and responses to fluctuations, which offset the hike in raw material costs, etc., resulting from the sharp rise in resource prices.

Forecast for FY Ending March 31, 2025

Situations overseas are expected to remain unstable on top of ongoing global monetary policy changes and resource price hikes.

We will continue efforts to improve profit margins by streamlining production processes and responding to fluctuations with an eye to maximizing profitability.

Net sales and **operating profit** targets remain as previously announced at **93.0 billion yen** and **4.8 billion yen, respectively.**

Dividends

The interim dividend is 37.5 yen as originally planned.

The year-end dividend remains unchanged from the original figure of 37.5 yen, for an annual dividend of 75 yen.

2. Results for 2nd Quarter of FY Ending March 31, 2025

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Summary of results

(JPY Millions)

| | FY ended March 31, 2024 | FY ending March 31, 2025 | | |
|---|-----------------------------------|------------------------------------|--------------------|--------------|
| | 2Q Results | 2Q Results | Change | Change rate |
| Net sales | 42,950 | 44,585 | +1,635 | 3.8% |
| Operating profit (Operating profit to net sales) | 1,059 (2.5%) | 2,060 (4.6%) | +1,001 (+2.1pp) | 94.5% |
| Ordinary profit (Ordinary profit to net sales) | 1,390 (3.2%) | 2,221 (5.0%) | +831 (+1.8pp) | 59.8% |
| Profit (Profit to net sales) | 1,047 (2.4%) | 1,542 (3.5%) | +495 (+1.1pp) | 47.2% |

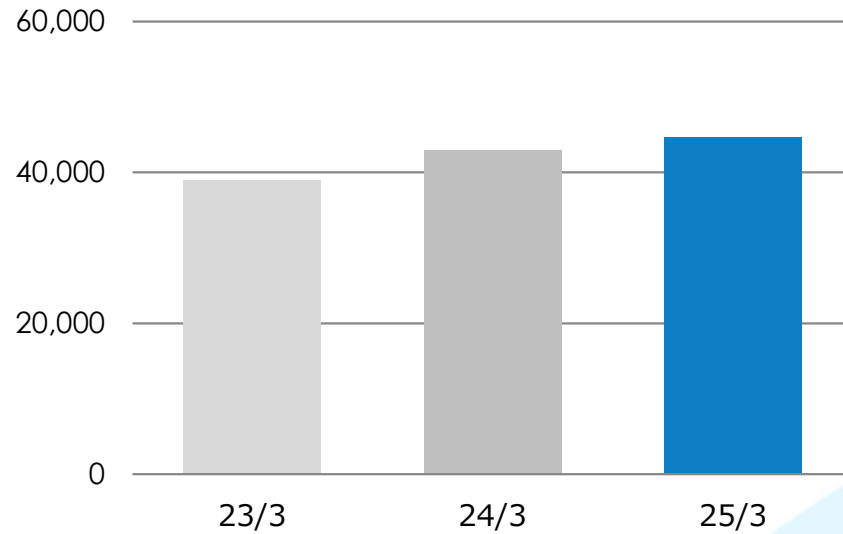
*pp = percentage point

2. Results for 2nd Quarter of FY Ending March 31, 2025

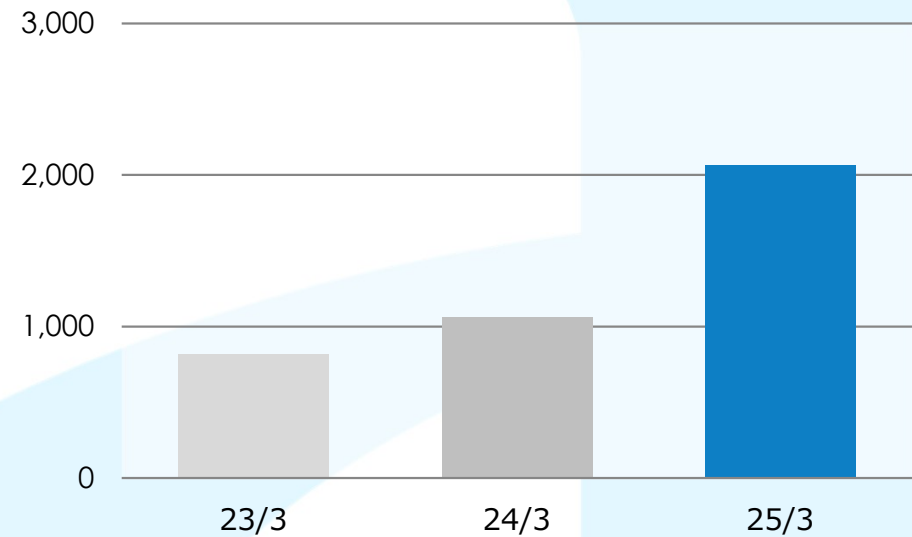
Business performance trends (1st Half)

(JPY Millions)

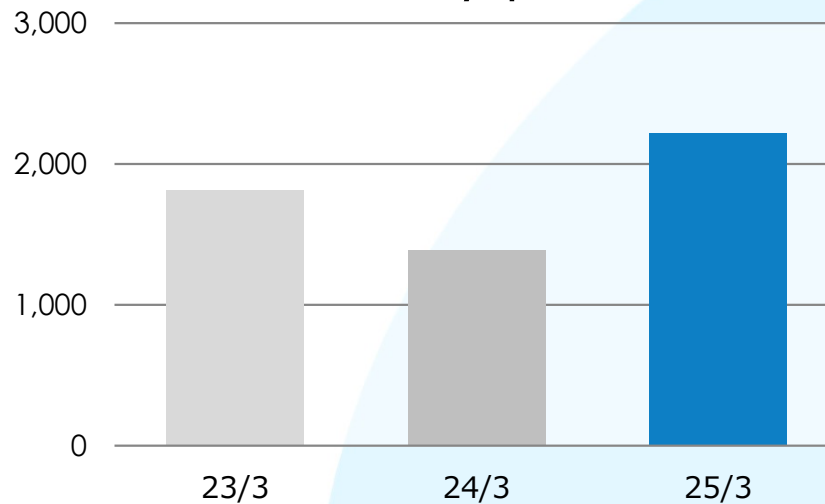
Net sales



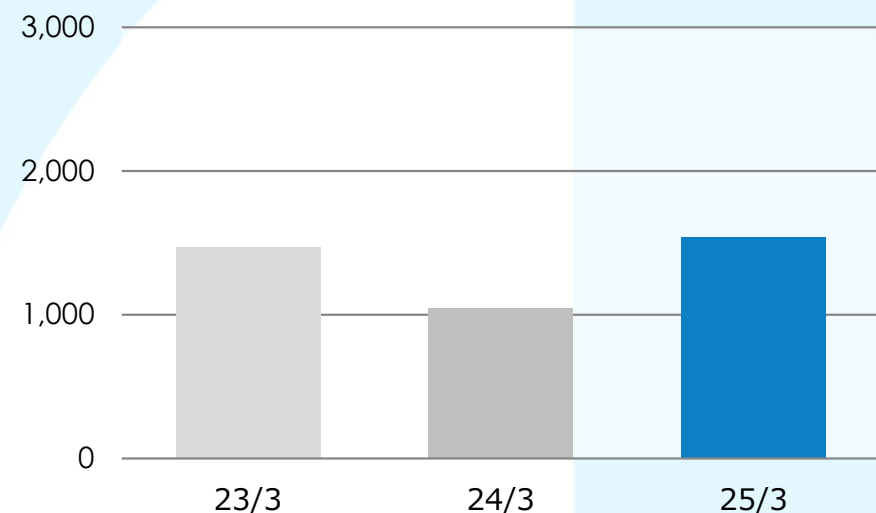
Operating profit



Ordinary profit



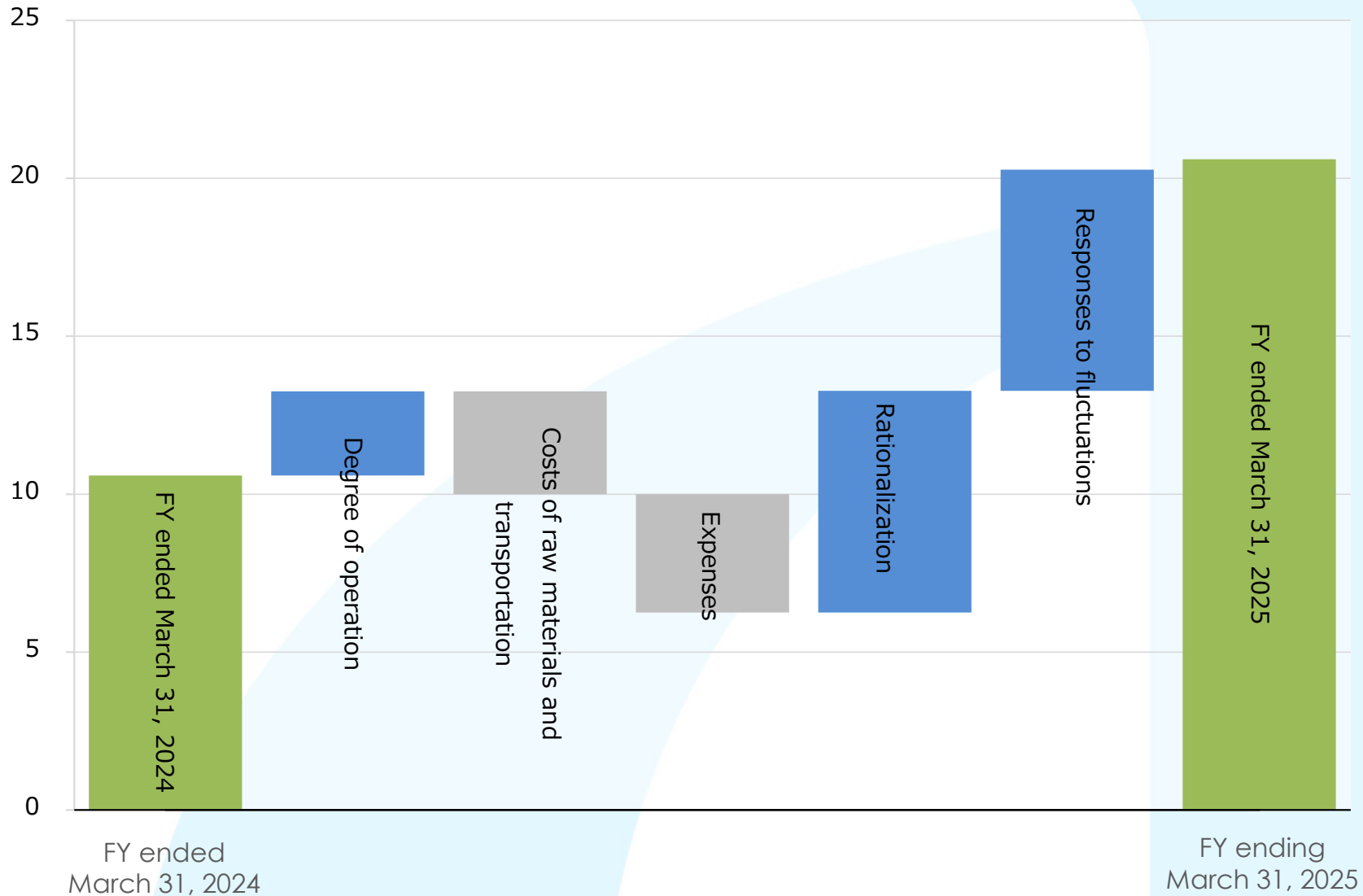
Profit



2. Results for 2nd Quarter of FY Ending March 31, 2025

Difference _ operating profit (YoY)

(JPY 100M)



2. Results for 2nd Quarter of FY Ending March 31, 2025

Financial Position, Cash Flow (Consolidated)

| | Results as of March 31, 2024 | Results as of September 30, 2024 | Change (YoY) |
|---|---------------------------------|-------------------------------------|---------------|
| Cash and deposits | 12,011 | 11,289 | -722 |
| Receivables | 20,591 | 20,640 | 49 |
| Inventories | 11,427 | 11,867 | 439 |
| Other current assets | 1,686 | 1,677 | -9 |
| Total current assets | 45,718 | 45,475 | -243 |
| Property, plant and equipment | 26,695 | 28,729 | 2,033 |
| Other non-current assets | 3,619 | 4,037 | 417 |
| Total non-current assets | 30,315 | 32,766 | 2,451 |
| Total assets | 76,033 | 78,242 | 2,208 |
| Borrowings | 11,525 | 12,572 | 1,046 |
| Payables | 12,330 | 9,799 | -2,531 |
| Other current/noncurrent liabilities | 10,167 | 10,311 | 143 |
| Total liabilities | 34,023 | 32,682 | -1,341 |
| Total shareholders' equity | 34,780 | 35,807 | 1,027 |
| Non-controlling interests | 2,472 | 2,614 | 141 |
| Other | 4,757 | 7,137 | 2,380 |
| Total net assets | 42,010 | 45,559 | 3,549 |
| Total liabilities and net assets | 76,033 | 78,242 | 2,208 |

- Cash and deposits were decreased and borrowings increased due to the purchase of property, plant and equipment.
- Trade payables decreased due to the inclusion of unsettled payment obligations since the end of the previous fiscal year fell on a bank holiday.

(JPY Millions)

| | Results 2Q for FY ended March 31, 2024 | Results 2Q for FY ending March 31, 2025 |
|---|--|---|
| Profit before tax | 1,390 | 2,387 |
| Depreciation | 2,208 | 2,404 |
| Increase (-) / decrease (+) in trade receivables | -282 | 941 |
| Increase (-) / decrease (+) in inventories | 439 | 168 |
| Increase (+) / decrease (-) in trade payables | -27 | -2,941 |
| Other | -32 | -885 |
| Cash flows from operating activities | 3,695 | 2,074 |
| Purchase of property, plant and equipment | -1,808 | -3,351 |
| Other | -206 | -4 |
| Cash flows from investing activities | -2,014 | -3,356 |
| Proceeds from borrowings | 1,159 | 2,305 |
| Repayments of borrowings | -1,570 | -1,582 |
| Other | -448 | -633 |
| Cash flow from financing activities | -860 | 89 |
| Free cash flow | 1,680 | -1,281 |

- We invested actively through the purchase of property, plant and equipment.
- The decrease in trade payables was due to a bank holiday at the end of the previous fiscal year, and the impact is temporary.

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

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Forecast of results

(JPY Millions)

| | FY ended March 31, 2024 | FY ending March 31, 2025 | | |
|---|-------------------------------|--------------------------------|--------------------|---------------|
| | Results | Forecast | Change | Change rate |
| 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% |

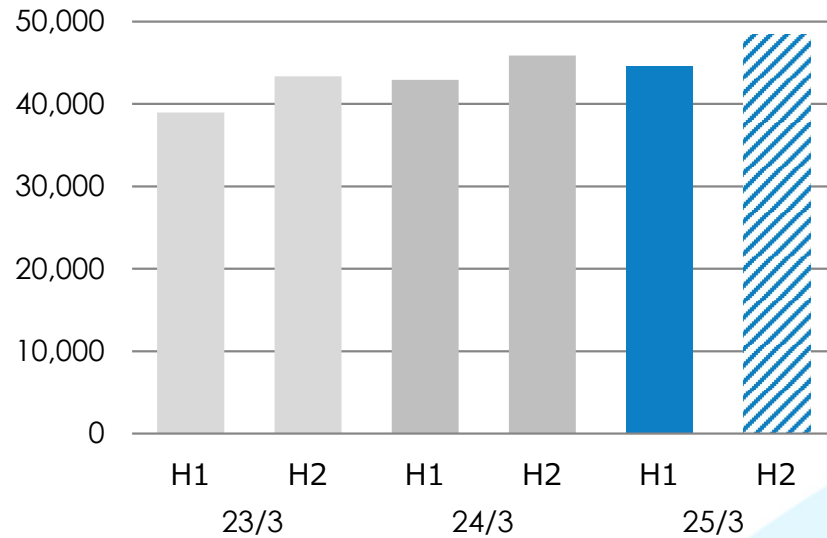
*pp = percentage point

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

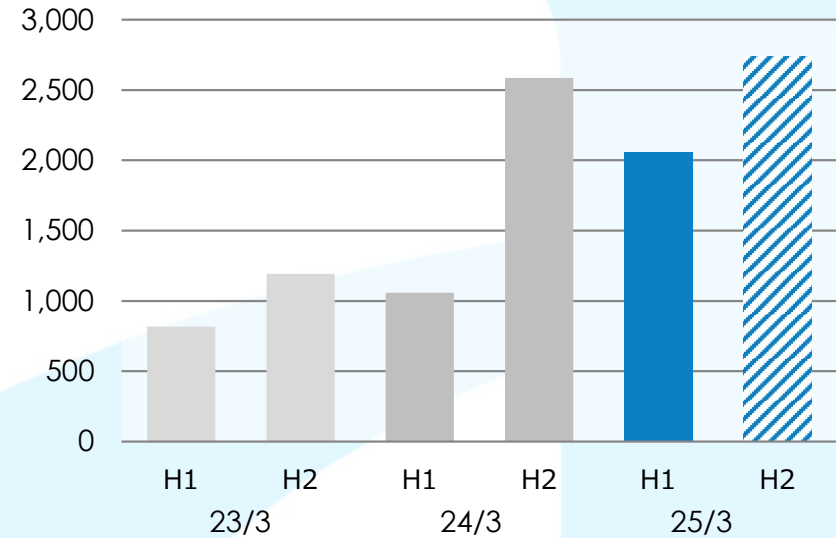
Forecast of results

(JPY Millions)

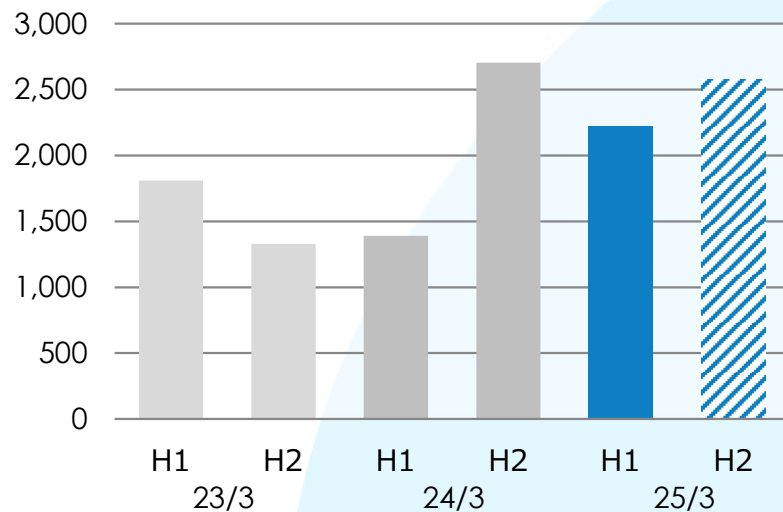
Net sales



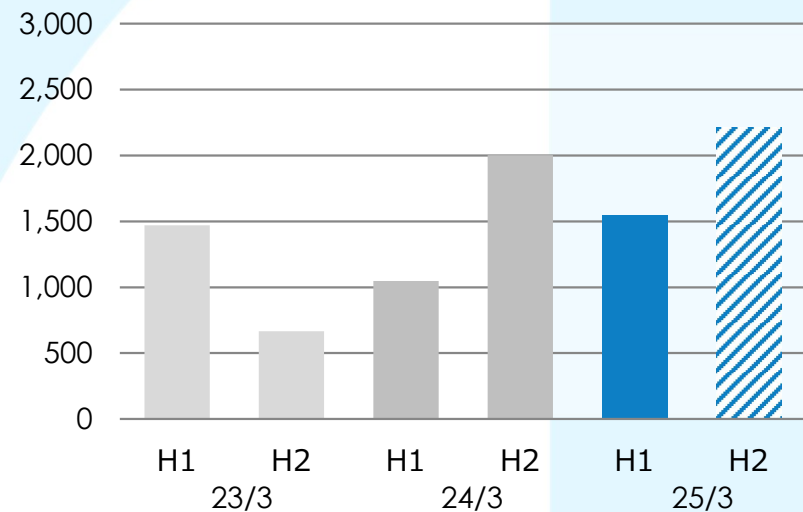
Operating profit



Ordinary profit



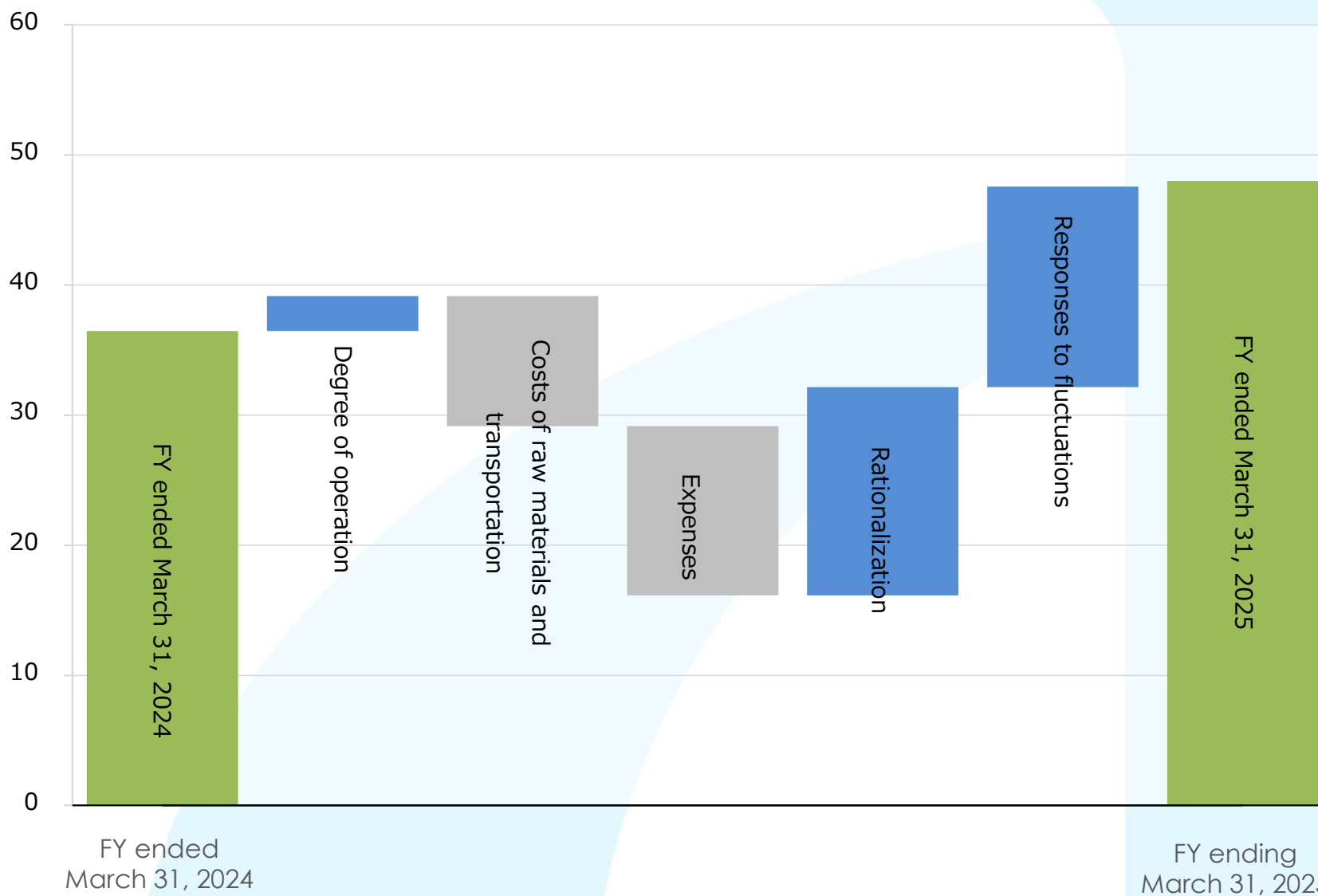
Profit



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

Difference _ operating profit (YoY)

(JPY 100M)



4. Status per Segment/Region

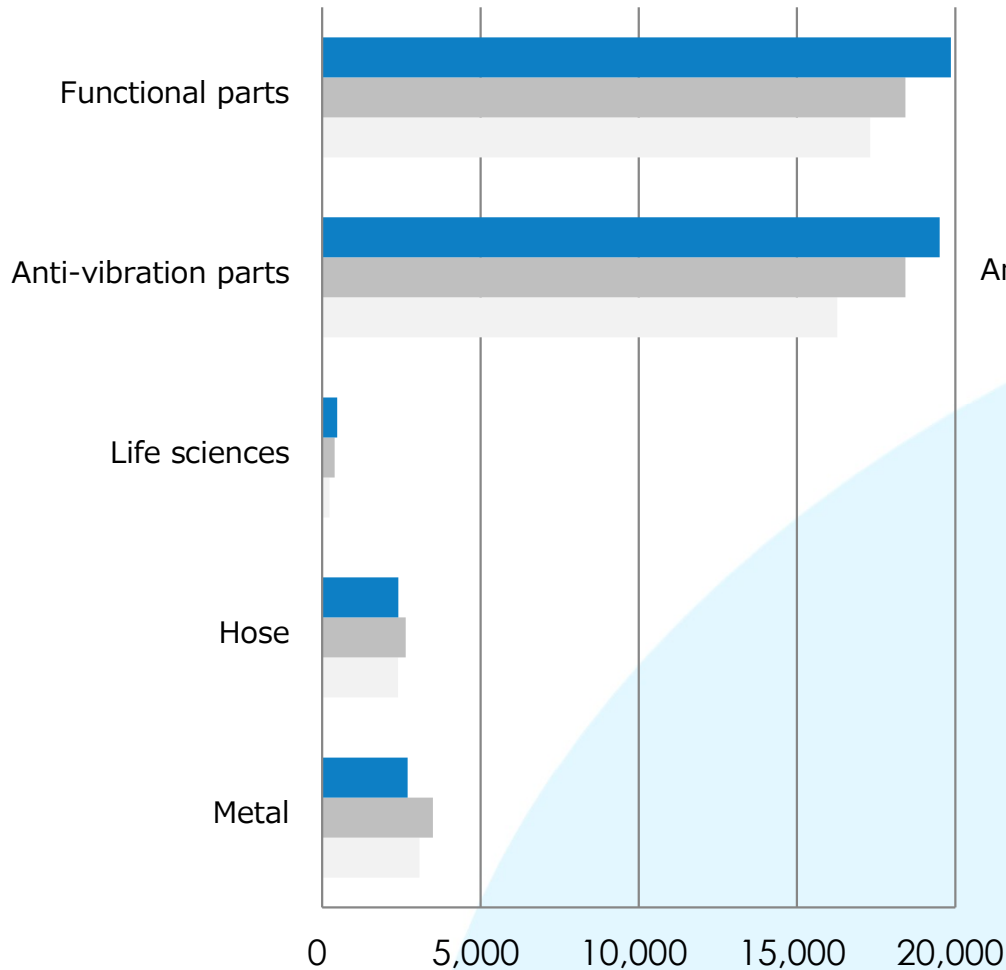


4. Status per Segment/Region

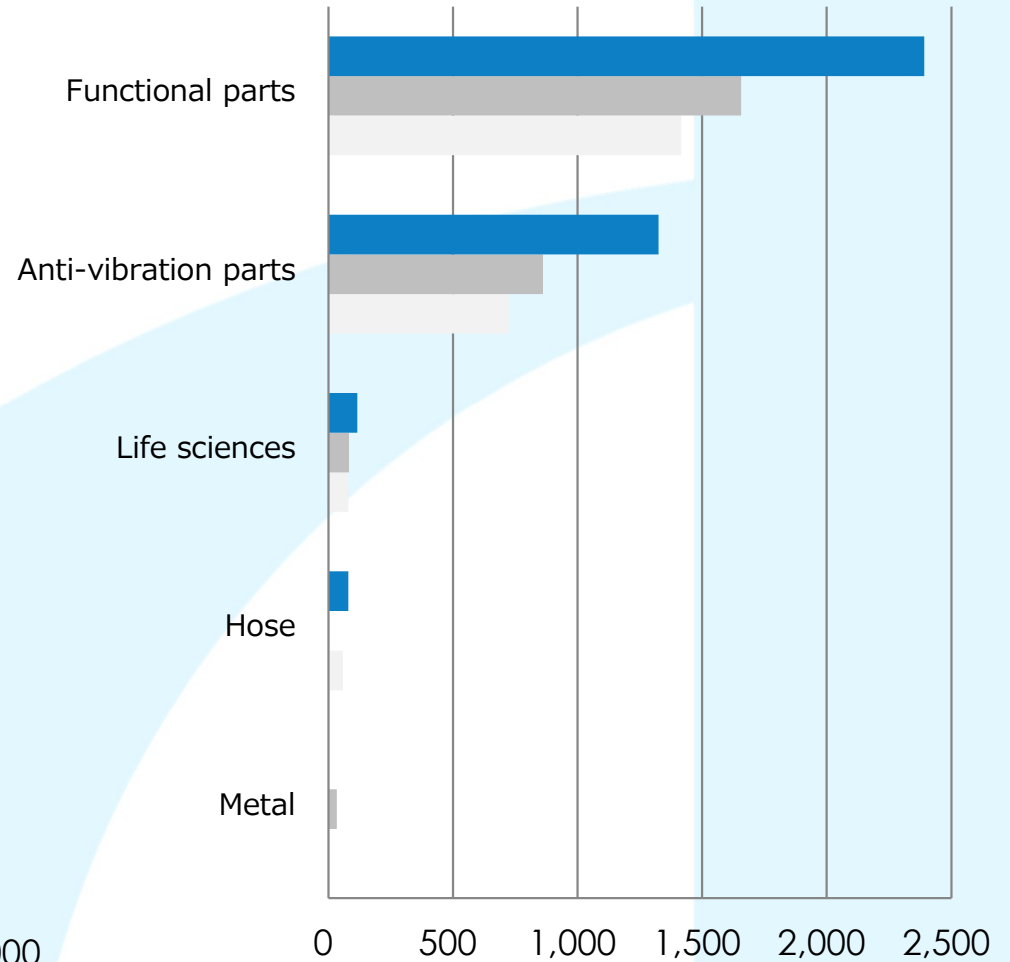
Per segment (1st Half)

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

Sales



Operation Profit



(JPY Millions)
*Before consolidation adjustments

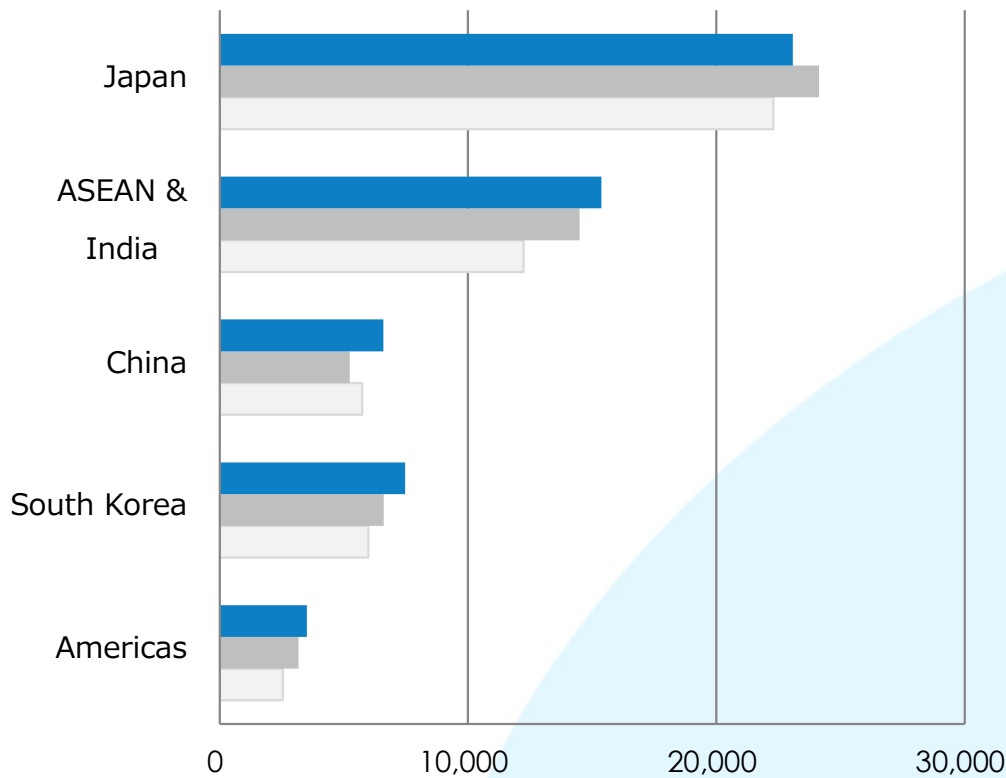
All segments achieved profit increase, excluding Metal, which is being downsized.

4. Status per Segment/Region

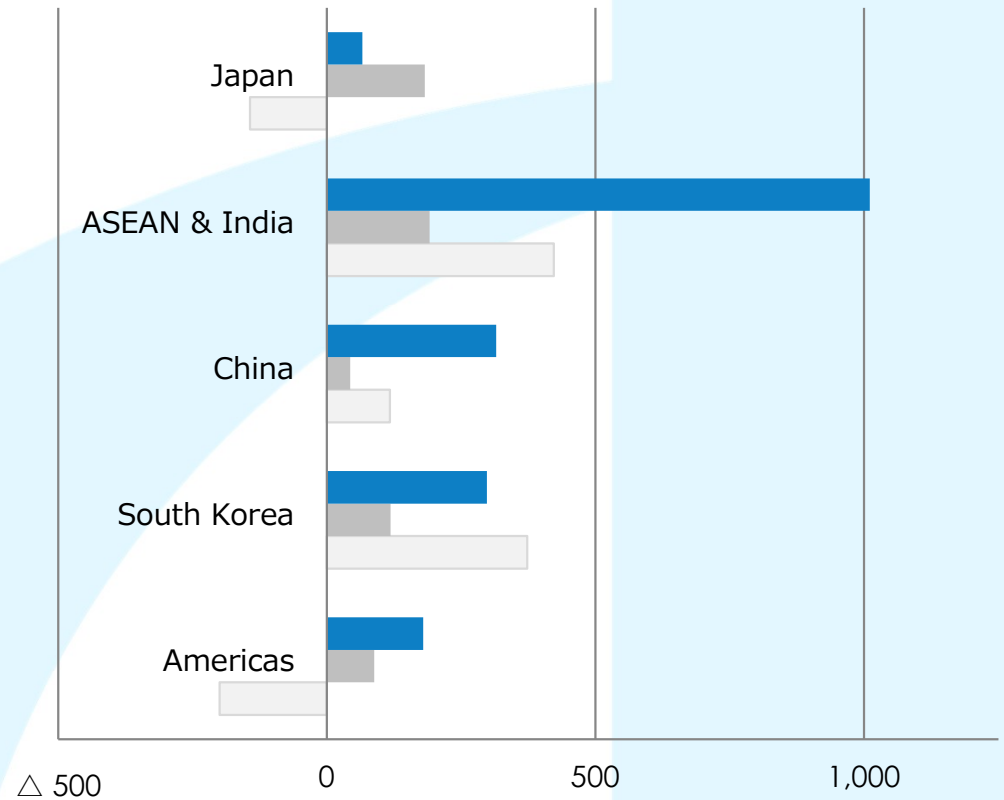
Per region (1st Half)

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

Sales



Operating Profit



(JPY Millions)
*Before consolidation adjustments

Overseas sales increased despite the downsizing of unprofitable parts operations aimed at improving profitability in Japan.

5. Returns to Shareholders



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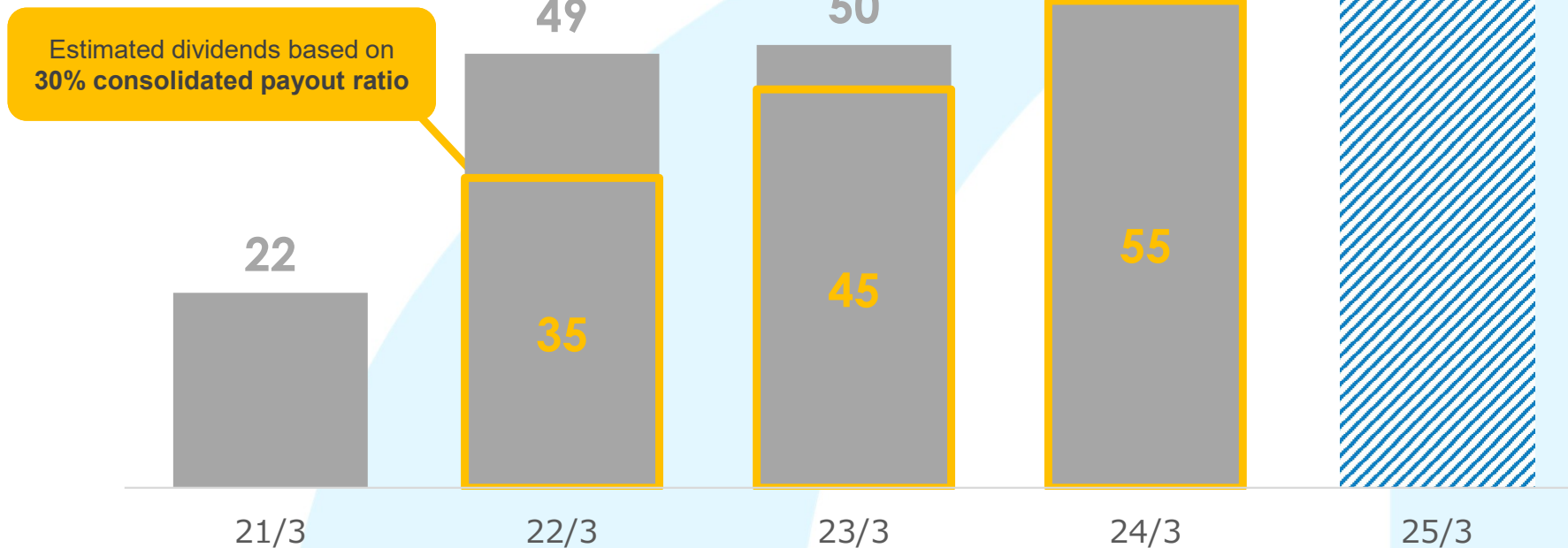
Views on shareholder returns (basic policy on dividends)

- 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)



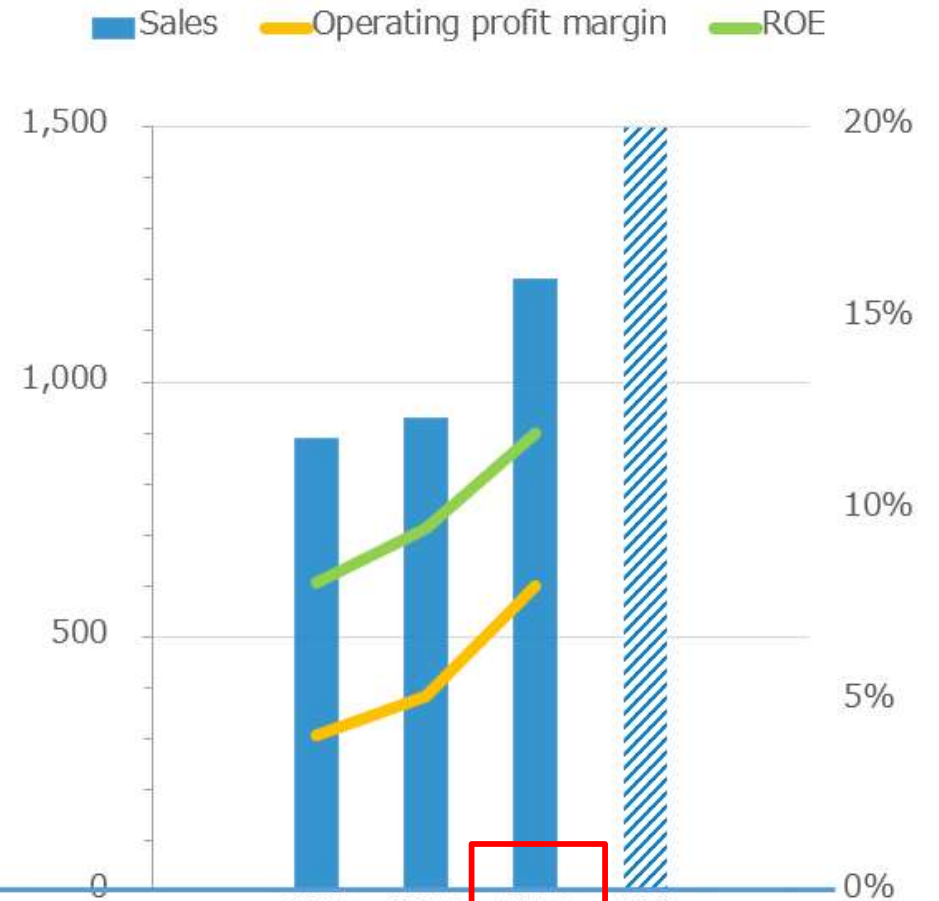
6. Progress of the New Medium-Term Management Plan 2026

6. New Medium-Term Management Plan 2026

Strategic scheme/Target



(JPY 100M)



| | | | | |
|-------------------------|------|------|-------|-------|
| Sales | 888 | 930 | 1,200 | 1,500 |
| Operating profit margin | 4.1% | 5.1% | 8.0% | |
| ROE | 8.1% | 9.5% | 12.0% | |

6. New Medium-Term Management Plan 2026

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

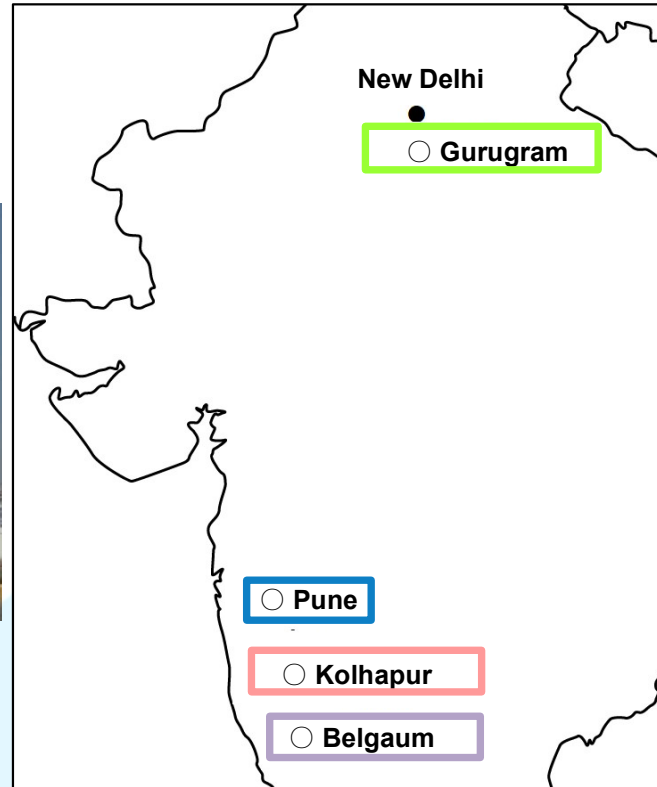
6. New Medium-Term Management Plan 2026

Growing sales to high-growth regions, India

Pune factory
 Technical center (in preparation)



Belgaum casting factory



Gurugram sales office
 (newly established)

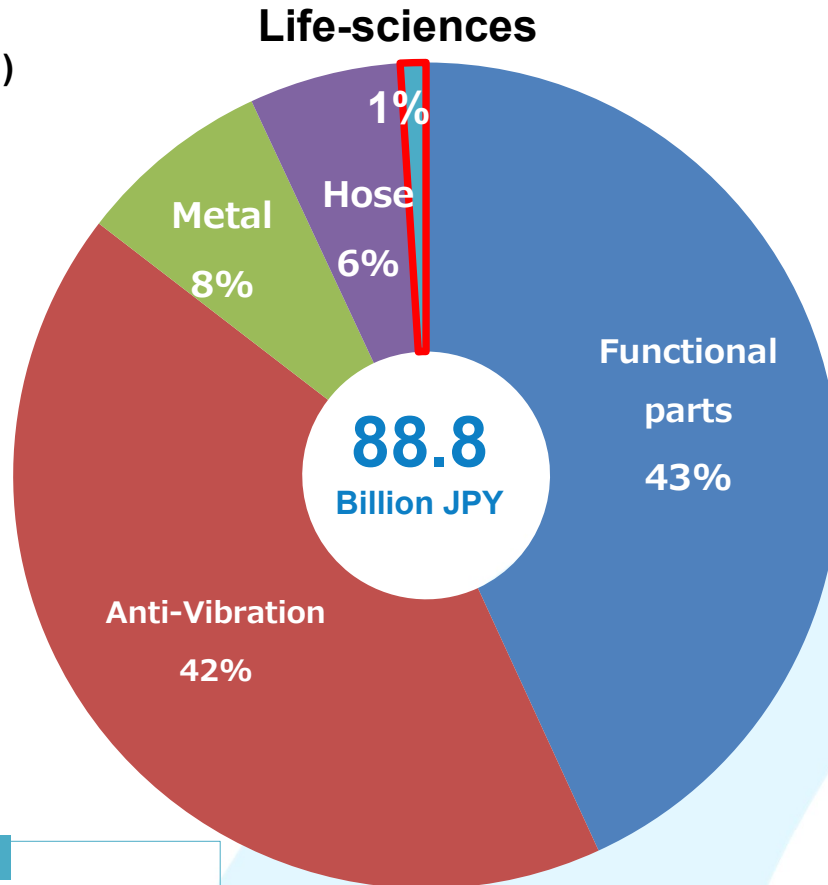


Kolhapur casting factory (preparing for production)

6. New Medium-Term Management Plan 2026

Expansion of life science products

Sales per business
(FY2023
Consolidation)



Functional Parts



Wiper blade rubber



CVJ boots



Diaphragm

Anti-Vibration Parts



Damper pulley




V-rod




Viscous mount
Cab Sus Mount

Metal




Fuel tank for
construction machinery




Door cover for
construction machinery

Hose



Intercooler hose



Water hose

Life-sciences



Cell culture bags



Cosmetic materials

6. New Medium-Term Management Plan 2026

Initiatives in the field of life sciences



Equipped with clean room environment



Rubber stoppers for infusion bags



Infusion bags



Cell culture bags



Cell culture media development



Cell culture media and other research reagents



Customized bags and culture media products
Collaboration products

Cell culture and evaluation technology



Human adipose derived stem cell conditioned media



Human adipose stromal cell exosomes



“Developing”

Freeze-drying technology

Human hair follicle cell conditioned media



Cryopreservation bags



SphereRing™



Cosmetic materials

1995

2024

Creating the future of life sciences with unique technologies starting with rubber

6. New Medium-Term Management Plan 2026

Life science products

Expanding into the life-sciences market through design and development capabilities in the field of life-sciences

Cell culture bags



Cell culture media



Cosmetic materials



We offer comprehensive solutions with highly flexible design and development tailored to applications (culture, storage, transport, etc.) and cells (lymphocytes, mesenchymal stem cells, etc.)

6. New Medium-Term Management Plan 2026

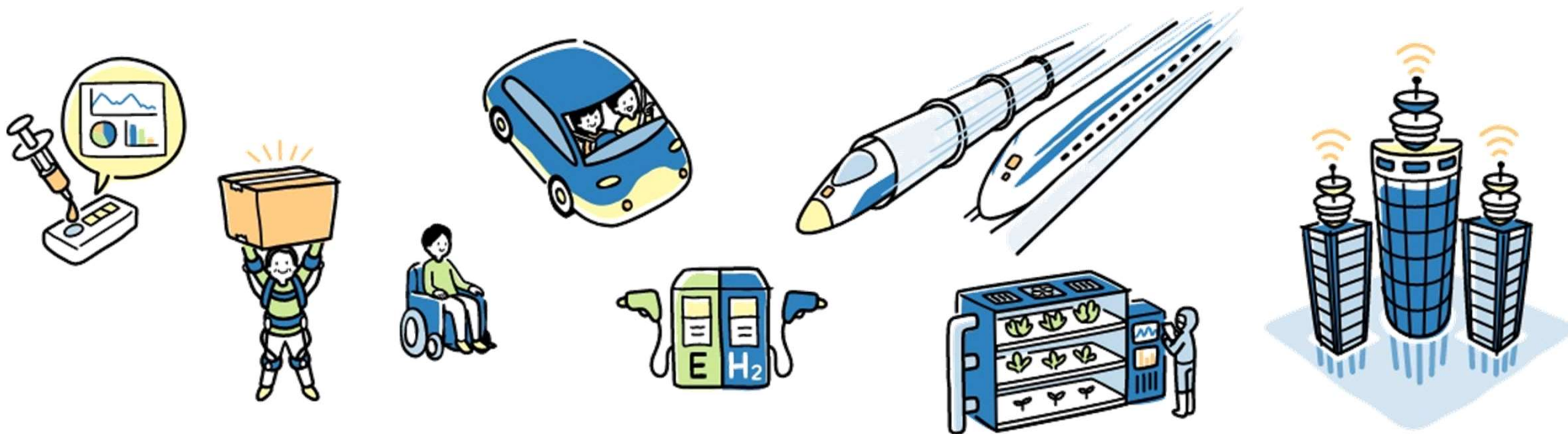
Establishment of Φ (PHI) Communication HUB





Φ FUKOKU

To transform all wishes into excitement.





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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.

November 15, 2024
Fukoku Co., Ltd.

Appendix



Other Indicators

Trend of R&D Expenditures, Capital investments and Depreciation

