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News Release (translation)

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Notice Concerning Recording of Extraordinary Losses and Costs related to Fraud caused by an Employee of the Company's Overseas Subsidiary, and Revisions to Full-Year Financial Results Forecasts

FUKOKU Co., Ltd. (the "Company") hereby announces that it has revised its full-year financial results forecasts for the fiscal year ended in March 31, 2025, which was announced on May 15, 2024, and it has recorded extraordinary losses and costs related to fraud caused by an employee of the Company's overseas Subsidiary in the third quarter consolidated financial results for the fiscal year ending March 31, 2025, as described below.

1. Recording Extraordinary Losses

The production equipment in the Anti-Vibration Parts Business segment held by the Company's consolidated subsidiary, Shanghai Fukoku Rubber & Plastics Industry Co., Ltd., (hereafter referred to as "Shanghai Fukoku"), will be fully written down due to a decline in profitability caused by the sluggish Chinese construction machinery market. The amount of the reduction will be recorded as an impairment loss of 269 million yen under extraordinary losses.

2. Recording Costs related to Fraud caused by an Employee of the Company's Overseas Subsidiary

As announced in the 'Notice Concerning Establishment of Special Investigation Committee' on November 29, 2024, and the 'Notice Concerning Receipt of the Investigation Report from Special Investigation Committee' on February 14, 2025, the Company established Special Investigation Committee to commit a fact-related investigation regarding this issue and received the investigation report. In conjunction with this, the cash and deposits that the employee of Shanghai Fukoku misappropriated for personal use during the period from January 2011 to October 2024 have been deemed to be a receivable, and a provision for allowance for doubtful accounts (non-operating expenses) of 439 million yen and corporate, residential, business taxes - current of 51 million yen have been recorded for the relevant costs. Furthermore, the Company has recorded 58 million yen in expenses related to a series of investigation commissions by a special investigation committee as non-operating expenses.

3. Revisions to Full-Year Financial Results Forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024, to March 31, 2025)

	(Million Yen)				
	Consolidated net sales	Consolidated operating profit	Consolidated ordinary profit	Profit attributable to owners of parent	Consolidated earnings per share
Previously announced forecasts (A)	93,000	4,800	4,800	3,750	232.69
Revised forecasts (B)	89,000	4,600	3,800	2,400	148.89
Change (B-A)	-4,000	-200	-1,000	-1,350	-
Change (%)	-4.3	-4.2	-20.8	-36.0	-
(Reference) Actual consolidated results for the previous fiscal year (FY ended in March 31, 2024)	88,847	3,646	4,094	3,050	189.35

(Reasons for revision)

Regarding the full-year consolidated financial results forecasts for the fiscal year ending March 31, 2025, although net sales are expected to exceed the result of the previous year due to the impact of foreign exchange rates, net sales are expected to be lower than planned due to factors such as a slow growth of automobile production volumes in Japan and sluggish sales by Japanese automakers in China and ASEAN countries. On the profit and loss side, the Company's efforts to improve its structure are steadily progressing, by offsetting the impact of declining orders and rising raw material costs through efforts including streamlining and price increases, etc. Still, because the company has recorded the extraordinary loss as stated in 1 above and the costs related to fraud committed by the employee of overseas subsidiary as stated 2 above, and additional special investigation costs will be incurred in the future, it is expected that the consolidated financial results forecast figures will be lower than the previous forecast. For this reason, the forecast for consolidated financial results has been revised.

There are no changes to the dividend forecast from the previous forecast.

*The above forecasts represent the Company's best judgment based on the information currently available. For various reasons, actual results may vary from these forecasts.

(End)