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August 9, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (Under Japanese GAAP)

Company name: Furukawa Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 5715
 URL: <https://www.furukawakk.co.jp>
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 Scheduled date to file quarterly securities report: August 12, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2022	52,611	15.3	2,192	0.3	3,459	29.8	2,351	59.4
June 30, 2021	45,613	29.4	2,187	176.4	2,664	108.1	1,475	77.9

Note: Comprehensive income For the three months ended June 30, 2022: ¥ 1,387million [(36.6)%]
 For the three months ended June 30, 2021: ¥ 2,189million [(69.8)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2022	60.56	–
June 30, 2021	37.75	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	249,416	99,495	38.7
March 31, 2022	229,727	100,075	42.3

Reference: Equity

As of June 30, 2022: ¥ 96,598million

As of March 31, 2022: ¥ 97,253million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	0.00	–	50.00	50.00
Fiscal year ending March 31, 2023	–				
Fiscal year ending March 31, 2023 (Forecast)		0.00	–	50.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2022	104,200	6.5	3,300	(5.3)	4,500	10.0	2,800	21.2	72.12
Fiscal year ending March 31, 2023	209,500	5.2	7,000	(9.5)	6,900	(23.3)	4,700	(27.4)	121.06

Note: Revisions to the forecast of financial results most recently announced: Yes

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	40,445,568shares
As of March 31, 2022	40,445,568shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2022	1,621,961shares
As of March 31, 2022	1,621,936shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	38,823,615shares
Three months ended June 30, 2021	39,075,641shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Caution Concerning Forward-looking Statements

The forward-looking statements, including earnings outlook, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. The Company makes no warranty as to the achievability of the projections. Actual business and other results may differ substantially from the statements herein due to a number of factors.

Attached Material

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1. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	14,469	17,806
Notes and accounts receivable - trade, and contract assets	28,344	29,198
Merchandise and finished goods	17,205	19,599
Work in process	10,813	12,068
Raw materials and supplies	20,818	35,070
Other	4,635	3,368
Allowance for doubtful accounts	(48)	(50)
Total current assets	96,238	117,061
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,051	23,725
Land	54,170	54,196
Other, net	12,754	12,500
Total property, plant and equipment	90,976	90,422
Intangible assets	376	353
Investments and other assets		
Investment securities	35,860	34,845
Other	6,997	7,514
Allowance for doubtful accounts	(720)	(780)
Total investments and other assets	42,136	41,579
Total non-current assets	133,489	132,354
Total assets	229,727	249,416

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,916	18,898
Electronically recorded obligations - operating	9,381	9,055
Short-term borrowings	13,504	24,240
Income taxes payable	1,491	845
Provisions	142	159
Other	19,423	29,011
Total current liabilities	59,859	82,211
Non-current liabilities		
Long-term borrowings	52,166	51,058
Provisions	75	75
Retirement benefit liability	2,543	2,269
Asset retirement obligations	239	225
Other	14,768	14,079
Total non-current liabilities	69,793	67,708
Total liabilities	129,652	149,920
Net assets		
Shareholders' equity		
Share capital	28,208	28,208
Capital surplus	2	2
Retained earnings	54,557	54,967
Treasury shares	(2,197)	(2,197)
Total shareholders' equity	80,570	80,980
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,832	11,085
Deferred gains or losses on hedges	(292)	(1,343)
Revaluation reserve for land	2,602	2,602
Foreign currency translation adjustment	35	802
Remeasurements of defined benefit plans	2,506	2,471
Total accumulated other comprehensive income	16,683	15,618
Non-controlling interests	2,821	2,896
Total net assets	100,075	99,495
Total liabilities and net assets	229,727	249,416

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	45,613	52,611
Cost of sales	39,103	45,785
Gross profit	6,510	6,826
Selling, general and administrative expenses	4,322	4,633
Operating profit	2,187	2,192
Non-operating income		
Dividend income	380	424
Foreign exchange gains	-	1,047
Other	577	181
Total non-operating income	957	1,652
Non-operating expenses		
Interest expenses	109	118
Administrative expenses of inactive mountain	199	187
Foreign exchange losses	100	-
Other	71	80
Total non-operating expenses	480	386
Ordinary profit	2,664	3,459
Extraordinary income		
Gain on sale of investment securities	26	51
Other	21	4
Total extraordinary income	47	55
Extraordinary losses		
Loss on valuation of investment securities	176	-
Loss on sale and retirement of non-current assets	16	68
Demolition expenses of a rental building	267	47
Other	0	8
Total extraordinary losses	459	124
Profit before income taxes	2,252	3,389
Income taxes - current	557	891
Income taxes - deferred	153	97
Total income taxes	711	988
Profit	1,540	2,401
Profit attributable to non-controlling interests	65	49
Profit attributable to owners of parent	1,475	2,351

Consolidated statement of comprehensive income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,540	2,401
Other comprehensive income		
Valuation difference on available-for-sale securities	510	(746)
Deferred gains or losses on hedges	(443)	(1,039)
Foreign currency translation adjustment	535	641
Remeasurements of defined benefit plans, net of tax	48	(35)
Share of other comprehensive income of entities accounted for using equity method	(1)	166
Total other comprehensive income	649	(1,013)
Comprehensive income	2,189	1,387
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,096	1,286
Comprehensive income attributable to non-controlling interests	93	101

Assumptions

		Three months ended June 30, 2022	Year-on-year change
Copper price	Three months ended June 30, 2022 (actual) \$/mt	9,526	(185)
	July 2022 onward (forecast) \$/mt	7,500	(2,184)
	Forecast \$/mt	8,007	(1,684)
Exchange rate	Three months ended June 30, 2022 (actual) Yen/\$	129.6	20.1
	July 2022 onward (forecast) Yen/\$	130.0	16.7
	Forecast Yen/\$	129.9	17.5

**Supplementary Material on Financial Results
for the Three Months Ended June 30, 2022**

August 9, 2022

Furukawa Co., Ltd.

Net sales

(Yen amounts are rounded down to millions.)

	Three months ended June 30, 2021	Three months ended June 30, 2022	Year-on-year change	Fiscal year ending March 31, 2023			
				Six month forecast	Year-on-year change	Forecast	Year-on-year change
Machinery business	17,971	18,177	206	40,400	1,749	84,100	7,161
Industrial Machinery segment	3,690	3,640	(49)	7,800	(832)	20,200	2,476
Rock Drill Machinery segment	7,203	7,619	415	18,200	2,787	35,500	4,589
UNIC Machinery segment	7,077	6,917	(159)	14,400	(206)	28,400	94
Materials business	26,950	33,047	6,097	61,150	3,393	120,500	2,336
Metals segment	23,311	28,832	5,520	52,800	2,464	105,200	2,204
Electronics segment	1,794	1,867	72	3,750	165	7,300	28
Chemicals segment	1,843	2,348	504	4,600	763	8,000	103
Real Estate segment	523	531	7	1,050	13	2,000	(115)
Others segment	167	854	686	1,600	1,239	2,900	1,020
Total	45,613	52,611	6,998	104,200	6,395	209,500	10,402

Operating profit

	Three months ended June 30, 2021	Three months ended June 30, 2022	Year-on-year change	Fiscal year ending March 31, 2023			
				Six month forecast	Year-on-year change	Forecast	Year-on-year change
Machinery business	902	940	38	2,400	306	5,300	620
Industrial Machinery segment	56	75	19	300	(37)	1,800	403
Rock Drill Machinery segment	101	431	330	1,100	695	2,000	882
UNIC Machinery segment	744	433	(311)	1,000	(351)	1,500	(665)
Materials business	1,125	1,064	(60)	600	(491)	1,200	(1,149)
Metals segment	768	612	(155)	0	(452)	0	(940)
Electronics segment	139	208	69	300	71	600	(66)
Chemicals segment	218	243	25	300	(110)	600	(143)
Real Estate segment	191	202	10	350	(11)	600	(143)
Others segment	(19)	4	23	(10)	20	(30)	(47)
(Subtotal)	2,199	2,211	12	3,340	(176)	7,070	(719)
Eliminations/corporate	(12)	(18)	(6)	(40)	(7)	(70)	(15)
Total	2,187	2,192	5	3,300	(183)	7,000	(734)

* Reference Information (the below values are reference values)

1. Industrial Machinery segment order balance

The Industrial Machinery segment mainly provides built-to-order manufacturing, and the order balance as of the end of the first quarter is as follows.

	As of June 30, 2021	As of June 30, 2022	Year-on-year change
Order backlog	¥10.2 billion	¥12.2 billion	¥1.9 billion

2. Profit or loss from metal price fluctuations in the Metals segment

	Three months ended June 30, 2021	Three months ended June 30, 2022	Year-on-year change
Operating profit	¥0.76 billion	¥0.61 billion	¥(0.15) billion
Of which was due to price fluctuations	¥0.88 billion	¥0.63 billion	¥(0.25) billion
Copper	[¥0.79 billion]	[¥0.24 billion]	[¥(0.55) billion]
Gold	[¥0.05 billion]	[¥0.37 billion]	[¥0.31 billion]