

# Financial Results for the Fiscal Year Ended March 2021 Presentation Material

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May 25, 2021

 **FURUKAWA CO.,LTD.**

This document contains forward-looking statements that reflect the Company's judgments based on various assumptions. The Company makes no guarantees or promises regarding the certainty, completeness, or implementation status of such statements.

1. Financial Results for the FY2021 (Consolidated)
2. Financial Forecasts for the FY2022 (Consolidated)
3. Outlook for the Formulation & Announcement of the New Medium-term Management Plan
4. Strengthening of the Group's Business Structure to be Achieved in FY2022・FY2023
5. Plan to Achieve Carbon Neutrality
6. Ref. Medium-term Management Plan 2023 (Supplementary Material)

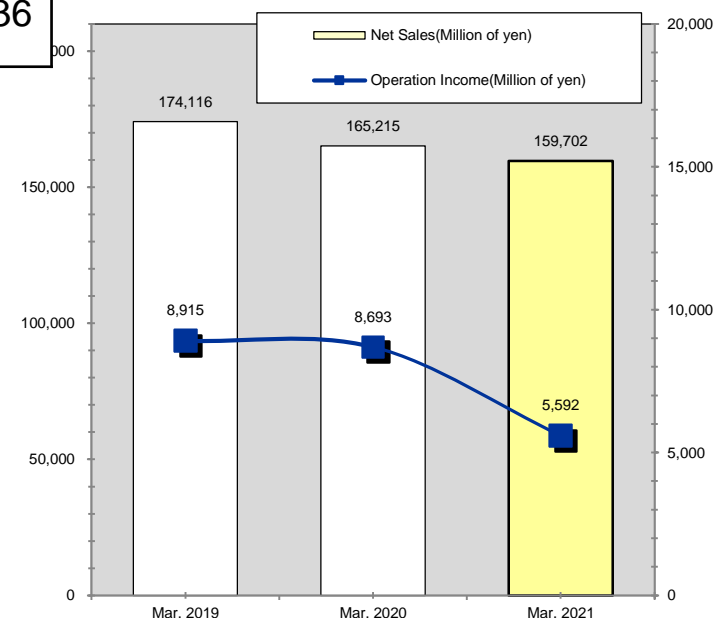
# 1. Financial Results for the FY2021 (Consolidated)

## 【Financial Results】

|  |                  | End of Mar.<br>2019 | End of Mar.<br>2020 | End of Mar.<br>2021 | VS 2020<br>Difference |
|--|------------------|---------------------|---------------------|---------------------|-----------------------|
| Net sales                                  | Million<br>y e n | 174,116             | 165,215             | 159,702             | -5,513                |
| Operating<br>i n c o m e                   | Million<br>y e n | 8,915               | 8,693               | 5,592               | -3,100                |
| Operating margin                           | %                | 5.1                 | 5.3                 | 3.5                 | -1.8                  |
| O r d i n a r y<br>i n c o m e             | Million<br>y e n | 8,235               | 8,135               | 6,773               | -1,361                |
| Profit attributable to<br>owners of parent | Million<br>y e n | 4,654               | 4,431               | 7,468               | 3,036                 |

## 【Financial Conditions】

|                                      |         | End of Mar.<br>2020 | End of Mar.<br>2021 | Difference |
|--------------------------------------|---------|---------------------|---------------------|------------|
| Total Assets                         | Million | 209,697             | 218,275             | 8,578      |
| Net Assets                           | Million | 77,966              | 94,364              | 16,397     |
| Capital adequacy<br>r a t i o        | %       | 36.0                | 42.0                | 6.0        |
| N e t a s s e t s<br>p e r s h a r e | Y e n   | 1,926.32            | 2,348.53            | 422.21     |
| R O E                                | %       | 5.8                 | 8.9                 | 3.1        |



# Affected by the Expansion of COVID-19

|           | Segment            | Affected by the expansion of COVID-19 infection  |
|-----------|--------------------|--|
| Machinery | <b>Industrial</b>  | The impact was limited, although there was some suspension and postponement of construction work.  |
|           | <b>Rock Drill</b>  | Shipments decreased in Japan due to lower machine utilization and suspended purchases.<br>No impact on demand for tunnel drill jumbos.<br>Overseas, with the exception of China and some other countries and regions, economic activity was stagnant due to restrictions on behavior and other factors, and customer companies remained reluctant to purchase machinery throughout the year.   |
|           | <b>U N I C</b>     | The impact in Japan was noticeable in the Tokyo metropolitan area, with orders being sluggish due to the postponement of truck deliveries, suspension and postponement of construction work, and postponement of investment by rental companies. However, demand for trucks entered a recovery trend in the second quarter, and orders for UNIC cranes were flat from the year - before level.<br>Overseas, the results in Southeast Asia were significantly affected by COVID - 19. Shipments of UNIC cranes decreased there. Shipments of mini crawler cranes decreased in Europe and the US due to the impact of interrupted construction work. |
| Materials | <b>M e t a l</b>   | Overseas market prices for electrolytic copper plummeted toward the end of the fiscal year ended March 2020 due to the prospect of a slowdown in the global economy, but turned up substantially in the fiscal year under review due to expectations of an economic recovery, the supply of vaccines, and the start of vaccinations. Demand for electric wires and copper products remained flat YoY from the third quarter onward due to the recovery of production in the automobile industry, but domestic demand for electrolytic copper decreased significantly.  |
|           | <b>Electronics</b> | Demand for crystal products and coils decreased due to the impact of production activity in the automobile industry and other sectors, but there was a recovery trend in the second quarter and thereafter.  |
|           | <b>Chemicals</b>   | Demand for sulfuric acid decreased due to inventory adjustments by customers.  |
| Other     | <b>Real Estate</b> | the commercial facility in the Muromachi Furukawa Mitsui Building (COREDO Muromachi 2) was temporarily closed following the declaration of a state of emergency in April last year. After the facility resumed operations, the number of visitors declined compared to the normal state.   |

※As for the details of the impact of COVID - 19 on each segment's performance, etc., please refer to Business and Other Risks on page 10 of the Summary of Financial Results for the Fiscal Year Ended March 2021.

# Financial Results by Segment (Consolidated)

(Unit: Million yen)

| Net Sales   | FY2020  | FY2021  | Difference |
|-------------|---------|---------|------------|
| Machinery   | 82,691  | 68,635  | -14,056    |
| Industrial  | 23,237  | 16,682  | -6,555     |
| Rock Drill  | 27,663  | 24,149  | -3,513     |
| UNIC        | 31,791  | 27,804  | -3,987     |
| Materials   | 79,366  | 88,203  | 8,836      |
| Metals      | 67,149  | 76,094  | 8,945      |
| Electronics | 5,506   | 5,741   | 235        |
| Chemicals   | 6,710   | 6,367   | -343       |
| Real Estate | 2,386   | 2,107   | -278       |
| Other       | 771     | 755     | -15        |
| Total       | 165,215 | 159,702 | -5,513     |

| Operating Income | FY2020 | FY2021 | Difference |
|------------------|--------|--------|------------|
| Machinery        | 7,343  | 3,968  | -3,374     |
| Industrial       | 3,208  | 2,113  | -1,094     |
| Rock Drill       | 142    | -1,324 | -1,467     |
| UNIC             | 3,992  | 3,180  | -812       |
| Material         | 776    | 1,040  | 264        |
| Metals           | 301    | 499    | 197        |
| Electronics      | -35    | 161    | 196        |
| Chemicals        | 510    | 380    | -130       |
| Real Estate      | 735    | 736    | 0          |
| Other            | -94    | -82    | 12         |
| Adjustment       | -68    | -71    | -2         |
| Total            | 8,693  | 5,592  | -3,100     |

|                   | FY2021       | Comparison to the previous fiscal year |
|-------------------|--------------|--|
| LME Copper Price  | 6,879 \$/Ton | 1,019 \$/Ton                           |
| JPY rate per US\$ | 106.1Yen/\$  | -2.7Yen/\$                             |

## Backlog of orders in the Industrial Machinery Segment

|                   | FY2021        | Comparison to the previous fiscal year |
|-------------------|---------------|--|
| Backlog of orders | ¥ 9.8 Billion | ¥ 1.0 Billion                          |

- Constructing a new bridge of Yamashiro Sports Park Joyo Line (Kyoto Prefecture)
- Sealed hanging conveyor (SICON®) for the construction of the Chuo Shinkansen 1<sup>st</sup> metropolitan area tunnel (Kitashinagawa Industrial Zone). etc.

## Impact of metal price fluctuations on operating profit in the Metals segment

|                       | FY2021         | Comparison to the previous fiscal year |
|-----------------------|----------------|--|
| Operating Income      | ¥490 million   | ¥190 million                           |
| Include price effects | ¥1.51 billion  | ¥1.01 billion                          |
| Copper                | (¥940 million) | (¥940 million)                         |
| Gold                  | (¥460 million) | (¥-40 million)                         |

# Increase/Decrease in Earnings by Segment (Consolidated)

## Net Sales

¥165.2billion

-5.5billion (down 3.3%)

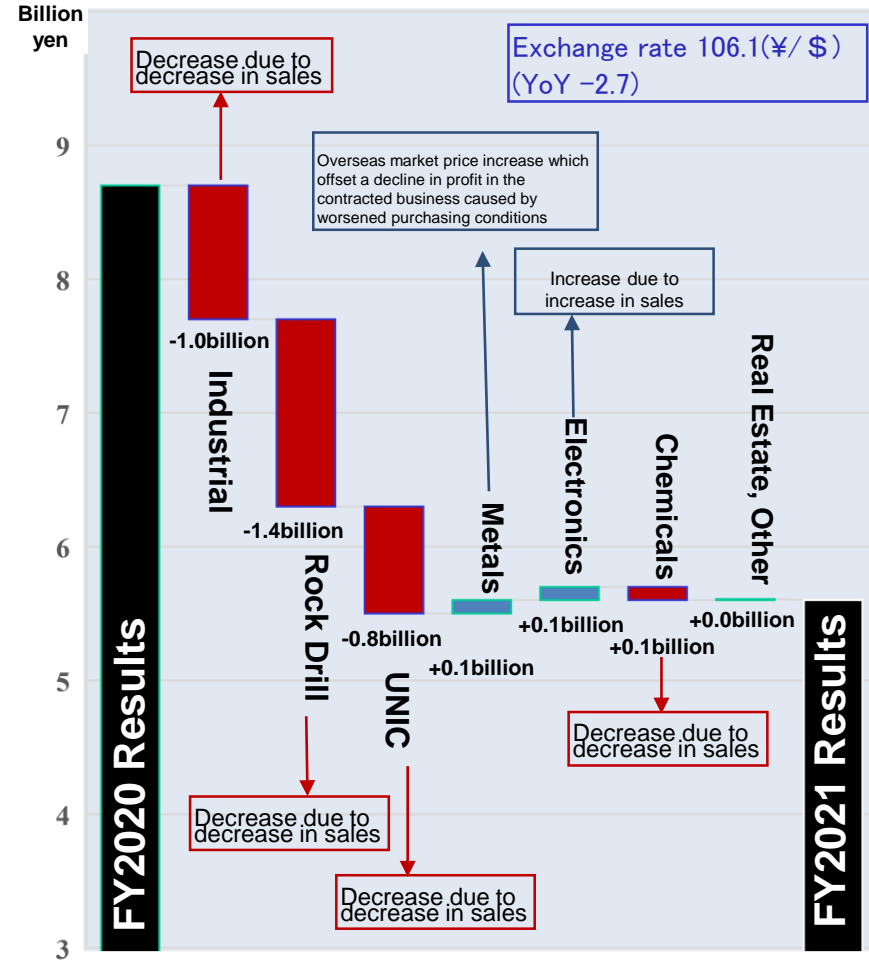
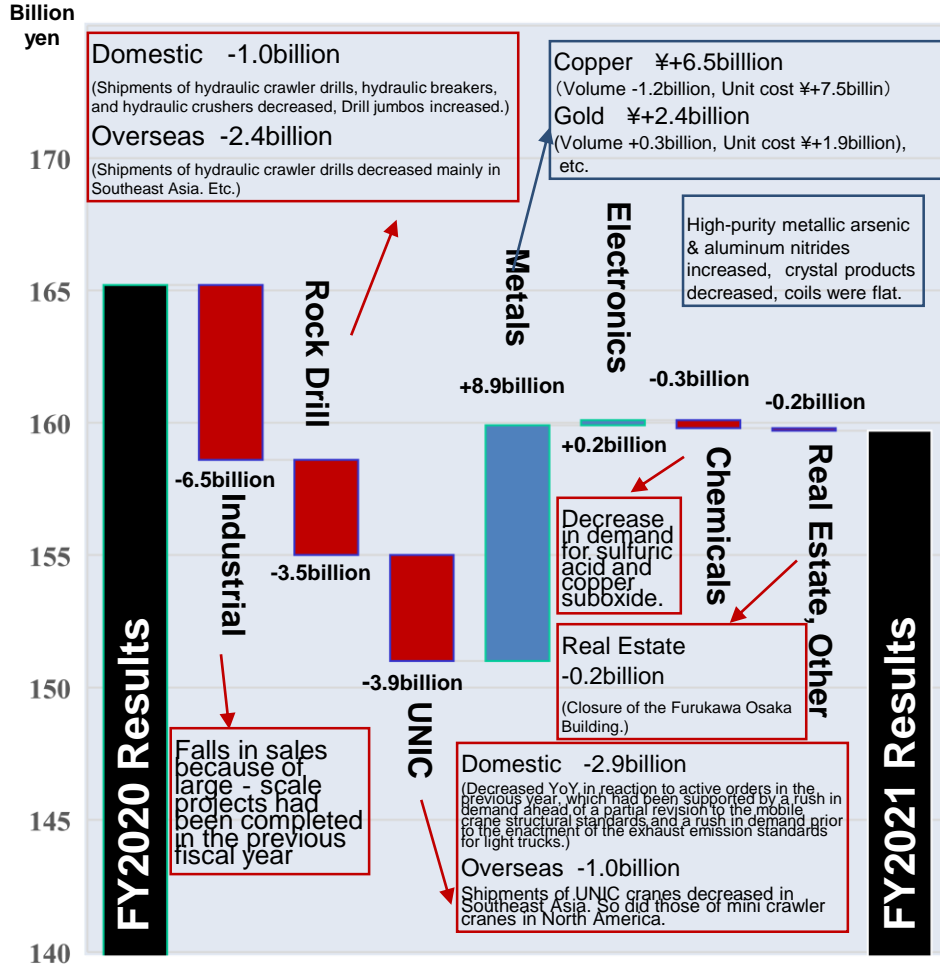
¥159.7billion

## Operating Income

¥8.6billion

-3.1billion (down 35.7%)

¥5.5billion



Sales and income increased in Metals segment & Electronics segment, but Sales and income decreased in 3 Machinery segment & Chemicals segment. significantly increase operating income from the forecast of JPY2 billion which announced in August last year.

# Consolidated Income Statement

(Unit:Million yen)

|   | FY2020  | FY2021  | Difference |
|---|---------|---------|------------|
| <b>Net sales</b>  | 165,215 | 159,702 | -5,513     |
| Cost of sales   | 138,940 | 137,508 | -1,431     |
| (Gross profit)  | 26,275  | 22,194  | -4,081     |
| Selling, general and administrative expenses                    | 17,582  | 16,601  | -980       |
| <b>Operating income</b>   | 8,693   | 5,592   | -3,100     |
| Non-operating income  | 1,595   | 2,749   | 1,154      |
| Dividend income   | 772     | 749     | -22        |
| Interest income   | 218     | 179     | -38        |
| Share of profit of entities accounted for using equity method   | -       | 355     | 355        |
| Exchange margin   | -       | 702     | 702        |
| Reversal of allowance for the tenant move-out compensation cost | 264     | -       | -264       |
| Other   | 340     | 762     | 421        |
| Non-operating expenses  | 2,153   | 1,568   | -584       |
| Interest Expenses   | 512     | 456     | -55        |
| Control cost of Suspended mines                                 | 715     | 769     | 54         |
| Exchange loss   | 553     | -       | -553       |
| Other   | 372     | 342     | -29        |
| <b>Ordinary income</b>  | 8,135   | 6,773   | -1,361     |
| Extraordinary income  | 701     | 4,105   | 3,403      |
| Gain on sales of investment securities                          | 20      | 4,078   | 4,058      |
| Other   | 681     | 26      | -654       |
| Extraordinary losses  | 1,555   | 971     | -584       |
| Loss on retirement and sale of fixed assets                     | 143     | 151     | 7          |
| Loss on revaluation of investment securities                    | 1,029   | -       | -1,029     |
| Demolition cost of leasing building                             | -       | 730     | 730        |
| Other   | 382     | 89      | -292       |
| Profit before income taxes                                      | 7,280   | 9,907   | 2,626      |
| Income taxes  | 1,425   | 2,172   | 746        |
| Income taxes adjustment   | 1,213   | 65      | -1,148     |
| Profit  | 4,641   | 7,670   | 3,028      |
| Profit attributable to non-controlling interests                | 209     | 201     | △8         |
| <b>Profit attributable to owners of parent</b>                  | 4,431   | 7,468   | 3,036      |

Mainly turnaround Hibi Joint Smelter.  
(Recorded investment loss in the previous fiscal year)

Recorded return of the allowance due to the end of negotiation for tenants to move out of Furukawa Osaka Building in the previous fiscal year.

Improvement of foreign exchange gains and losses.

Sold investment securities for effective use of assets and restoration of financial health.

The gain on the sale of Furukawa Daimyo Building (Fukuoka) was recorded by ¥583 million in the previous fiscal year.

Recorded investment securities valuation loss due to decline in stock prices in the previous fiscal year.

The cost of demolition work progress of the Furukawa Osaka Building.

# Consolidated Balance Sheet

(Unit: Million yen)

|                               | End of Mar. 2020 | End of Mar. 2021 | Difference   |
|-------------------------------|------------------|------------------|--------------|
| <b>Assets</b>                 |                  |                  |              |
| Current assets                | 85,725           | 88,625           | 2,900        |
| Non-current assets            | 123,971          | 129,649          | 5,678        |
| Property, plant and equipment | 89,838           | 89,817           | -20          |
| Intangible assets             | 361              | 341              | -20          |
| Investments and other assets  | 33,771           | 39,490           | 5,719        |
| <b>Total assets</b>           | <b>209,697</b>   | <b>218,275</b>   | <b>8,578</b> |

Increased cash and cash equivalents,  
Decreased notes and accounts  
receivable-trade, etc.

Increased investment securities due to  
rose on stock price, etc.

|                          |                |                |               |
|--------------------------|----------------|----------------|---------------|
| <b>Liabilities</b>       |                |                |               |
| Current liabilities      | 52,555         | 47,839         | -4,716        |
| Non-current liabilities  | 79,175         | 76,071         | -3,103        |
| <b>Total liabilities</b> | <b>131,730</b> | <b>123,910</b> | <b>-7,819</b> |

Decreased electronically recorded  
obligations-operating, account payable,  
retirement benefit liability, etc.

|   |                |                |               |
|---|----------------|----------------|---------------|
| <b>Net assets</b>                               |                |                |               |
| Shareholders' equity                            | 71,018         | 76,373         | 5,355         |
| Capital stock                                   | 28,208         | 28,208         | -             |
| Capital surplus                                 | -              | 2              | 2             |
| Retained earnings                               | 44,507         | 50,025         | 5,518         |
| Treasury stock                                  | -1,697         | -1,862         | -165          |
| Total accumulated other<br>comprehensive income | 4,525          | 15,396         | 10,871        |
| Non-controlling interests                       | 2,423          | 2,594          | 171           |
| <b>Total net assets</b>                         | <b>77,966</b>  | <b>94,364</b>  | <b>16,397</b> |
| <b>Total liabilities and net assets</b>         | <b>209,697</b> | <b>218,275</b> | <b>8,578</b>  |

Increased valuation difference on  
available-for-sale securities,  
remeasurements of defined benefit plans,  
etc.

## Interest-bearing debt

(Unit: Million yen)

|              | End of Mar.<br>2020 | End of Mar.<br>2021 | Difference  |
|--------------|---------------------|---------------------|-------------|
| Short-term   | 8,570               | 8,436               | -133        |
| Long-term    | 61,842              | 61,246              | -596        |
| <b>Total</b> | <b>70,412</b>       | <b>69,683</b>       | <b>-729</b> |



# 2. Financial Forecasts for the FY2022 (Consolidated)

## 【Financial forecasts】

(Unit: Million yen)

|   | End of Mar. 2021 | End of Mar. 2022 (Forecast) | Difference |
|---|------------------|-----------------------------|------------|
| Net sales                               | 159,702          | 184,400                     | 24,697     |
| Operating income                        | 5,592            | 6,600                       | 1,007      |
| Ordinary income                         | 6,773            | 6,600                       | -173       |
| Profit attributable to owners of parent | 7,468            | 3,600                       | -3,868     |
| Annual dividend                         | 50 yen           | 50 yen                      | —          |

- Sales and Operating income increased.
- Ordinary profit will decrease slightly YoY, as there were the foreign exchange gains in the previous year.
- Profit attributable to owners of parent is also expected to decrease YoY, as there was the gain on the sale of investment securities in the previous year.

|                   | End of Mar. 2021 | End of Mar. 2022 (Forecast) | Difference   |
|-------------------|------------------|-----------------------------|--------------|
| LME Copper Price  | 6,879 \$/Ton     | 8,000 \$/Ton                | 1,121 \$/Ton |
| JPY rate per US\$ | 106.1 yen/\$     | 108.0 yen/\$                | 1.9 yen/\$   |

Regard to exchange rate sensitivity

Operating income increase annually about ¥100 million due to ¥1 week to US dollar.

- Increase about ¥60 million in Machinery business (mainly Rock Drill)
- Increase about ¥40 million in Metals segment

(Unit: Million yen)

|             | End of Mar. 2021 | End of Mar. 2022 (Forecast) | Difference |
|-------------|------------------|-----------------------------|------------|
| Net sales   |                  |                             |            |
| Machinery   | 68,635           | 76,100                      | 7,464      |
| Industrial  | 16,682           | 18,700                      | 2,017      |
| Rock Drill  | 24,149           | 28,300                      | 4,150      |
| U N I C     | 27,804           | 29,100                      | 1,295      |
| Material    | 88,203           | 105,500                     | 17,296     |
| Metals      | 76,094           | 92,700                      | 16,605     |
| Electronics | 5,741            | 6,400                       | 658        |
| Chemicals   | 6,367            | 6,400                       | 32         |
| Real Estate | 2,107            | 2,100                       | -7         |
| Other       | 755              | 700                         | -55        |
| Total       | 159,702          | 184,400                     | 24,697     |

|                  | End of Mar. 2021 | End of Mar. 2022 (Forecast) | Difference |
|------------------|------------------|-----------------------------|------------|
| Operating Income |                  |                             |            |
| Machinery        | 3,968            | 6,300                       | 2,331      |
| Industrial       | 2,113            | 2,200                       | 86         |
| Rock Drill       | -1,324           | 750                         | 2,074      |
| U N I C          | 3,180            | 3,350                       | 169        |
| Material         | 1,040            | -100                        | -1,140     |
| Metals           | 499              | -700                        | -1,199     |
| Electronics      | 161              | 200                         | 38         |
| Chemicals        | 380              | 400                         | 19         |
| Real Estate      | 736              | 650                         | -86        |
| Other            | -82              | -180                        | -97        |
| Adjustment       | -71              | -70                         | 1          |
| Total            | 5,592            | 6,600                       | 1,007      |

# Increase/Decrease in Earnings by Segment FY2022

## Net Sales

¥159.7billion

+24.6billion (up15.5%)

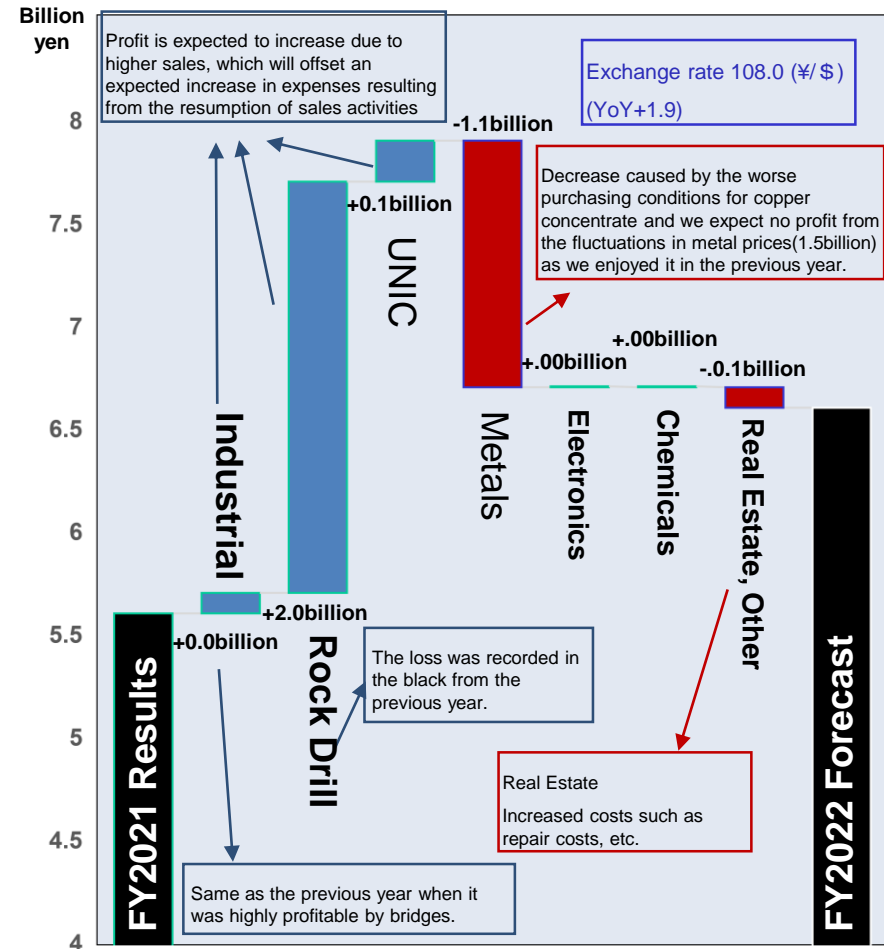
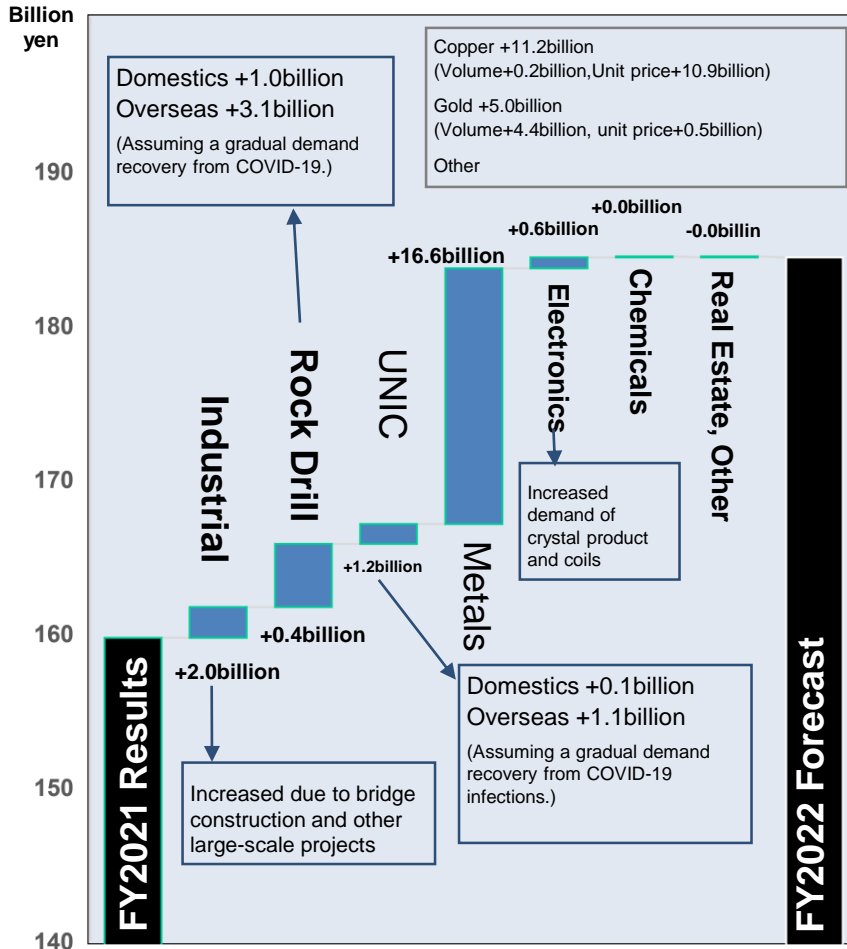
¥184.4billion

## Operating Income

¥5.5billion

+1.0billion (up18.0%)

¥6.6billion



Sales will increase on the assumption that they will show a gradual recovery from the drop in demand due to the impact of COVID - 19. Profit is expected to increase due to higher sales mainly in the 3 machinery segment.

# State of Capital Investment, Depreciation and Amortization, Research and Development Expenses (Consolidated)

## 【State of Capital Investment (Consolidated)】

(Unit: Million yen)

| Capital Investment   | End of Mar. 2019 | End of Mar. 2020 | End of Mar. 2021 | End of Mar. 2022 (Forecast) |
|----------------------|------------------|------------------|------------------|-----------------------------|
| Machinery Business   | 4,421            | 4,123            | 2,637            | 3,800                       |
| Industrial Machinery | 269              | 404              | 1,253            | 2,700                       |
| Rock Drill Machinery | 2,386            | 2,782            | 437              | 300                         |
| UNIC Machinery       | 1,765            | 936              | 946              | 800                         |
| Material Business    | 375              | 1,229            | 827              | 700                         |
| O t h e r            | 645              | 585              | 679              | 800                         |
| T o t a l            | 5,442            | 5,938            | 4,144            | 5,300                       |

Increased due to construction of a new office building at Oyama Works.

## 【State of Depreciation and Amortization (Consolidated)】

|                               |       |       |       |       |
|-------------------------------|-------|-------|-------|-------|
| Depreciation and Amortization | 3,473 | 3,589 | 3,879 | 4,000 |
|-------------------------------|-------|-------|-------|-------|

## 【State of Research and Development Expenses (Consolidated)】

|                                   |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|
| Research and Development Expenses | 1,504 | 1,177 | 1,164 | 1,300 |
|-----------------------------------|-------|-------|-------|-------|

## 【State of Metal Products, Foreign Exchange Rate (Consolidated)】

|   |         | End of Mar. 2019 | End of Mar. 2020 | End of Mar. 2021 | End of Mar. 2022 (Forecast) |
|---|---------|------------------|------------------|------------------|-----------------------------|
| Overseas market price of copper (average)   | €/pound | 287.6            | 265.8            | 312.0            | 362.8                       |
|   | \$/ton  | 6,341            | 5,860            | 6,879            | 8,000                       |
| JPY rate per US\$ (average for fiscal year) |         | 110.91           | 108.74           | 106.06           | 108.00                      |

| Production and marketing of Furukawa Metals & Resources Co., Ltd. | End of Mar. 2019 | End of Mar. 2020 | End of Mar. 2021 | End of Mar. 2022 (Forecast) |
|---|------------------|------------------|------------------|-----------------------------|
| Copper output (t)   | 81,346           | 77,069           | 74,386           | 73,746                      |
| Copper sales volume (t)   | 85,146           | 83,864           | 81,998           | 82,320                      |

<About copper output>  
 we plan to reduce copper output gradually from 88,004 ton/year at FY2018. As the first step, we have already reviewed the ratio of our consigned copper production at the joint smelting works.

## 【State of Employee (Consolidated)】

|   | End of Mar. 2019 | End of Mar. 2020 | End of Mar. 2021 | VS End of Mar. 2020 difference |
|---|------------------|------------------|------------------|--------------------------------|
| Number of consolidated employee (Persons) | 2,757            | 2,755            | 2,752            | -3                             |

# Long-term Performance

## [Consolidated Financial Results]

(Unit: Million yen)

|   | FY2008  | FY2009  | FY2010  | FY2011  | FY2012  | FY2013  | FY2014  | FY2015  | FY2016  | FY2017  | FY2018  | FY2019  | FY2020  | FY2021  | FY2022  | FY2023(Forecast) |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|
| Net sales                               | 200,749 | 213,426 | 161,857 | 142,925 | 165,638 | 157,566 | 165,539 | 163,026 | 172,544 | 161,799 | 149,829 | 167,695 | 174,116 | 165,215 | 159,702 | 184,400          |
| Operating income                        | 16,898  | 14,407  | 2,303   | 1,597   | 2,821   | 2,154   | 3,363   | 6,886   | 8,925   | 7,988   | 6,545   | 7,820   | 8,915   | 8,693   | 5,592   | 6,600            |
| Ordinary income                         | 15,613  | 12,940  | 993     | 111     | 1,231   | 1,268   | 2,763   | 6,150   | 6,603   | 6,227   | 7,202   | 8,105   | 8,235   | 8,135   | 6,773   | 6,600            |
| Profit attributable to owners of parent | 17,554  | 8,595   | -5,917  | 585     | 563     | -1,659  | 2,976   | 3,976   | 9,793   | 5,056   | 4,254   | 4,774   | 4,654   | 4,431   | 7,468   | 3,600            |

## Segment Performance

### [Net Sales]

(Unit: Million yen)

|             | FY2008  | FY2009  | FY2010  | FY2011  | FY2012  | FY2013  | FY2014  | FY2015  | FY2016  | FY2017  | FY2018  | FY2019  | FY2020  | FY2021  | FY2022  | FY2023(Forecast) |
|-------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|------------------|
| Machinery   | 67,795  | 75,841  | 62,639  | 44,313  | 47,025  | 53,198  | 56,852  | 71,111  | 75,990  | 72,232  | 66,803  | 73,453  | 77,580  | 82,691  | 68,635  | 76,100           |
| Industrial  | 14,119  | 17,331  | 15,836  | 12,783  | 10,655  | 12,949  | 12,894  | 18,527  | 16,712  | 14,926  | 14,041  | 15,871  | 17,971  | 23,237  | 16,682  | 18,700           |
| Rock Drill  | 33,046  | 37,497  | 29,427  | 20,386  | 23,880  | 24,143  | 23,305  | 26,842  | 30,910  | 30,076  | 26,979  | 30,199  | 30,372  | 27,663  | 24,149  | 28,300           |
| UNIC        | 20,629  | 21,012  | 17,375  | 11,142  | 12,490  | 16,105  | 20,651  | 25,741  | 28,367  | 27,229  | 25,782  | 27,381  | 29,237  | 31,791  | 27,804  | 29,100           |
| Material    | 100,656 | 112,796 | 80,175  | 82,128  | 92,203  | 77,917  | 88,026  | 90,162  | 93,270  | 85,644  | 78,968  | 89,987  | 92,722  | 79,366  | 88,203  | 105,500          |
| Metals      | 84,753  | 97,519  | 68,786  | 71,132  | 79,979  | 68,114  | 77,944  | 78,684  | 81,513  | 74,192  | 67,853  | 77,334  | 80,067  | 67,149  | 76,094  | 92,700           |
| Electronics | 9,364   | 8,751   | 5,568   | 5,969   | 7,147   | 4,615   | 4,987   | 5,381   | 5,743   | 5,477   | 5,816   | 6,307   | 6,527   | 5,506   | 5,741   | 6,400            |
| Chemicals   | 6,538   | 6,525   | 5,820   | 5,025   | 5,076   | 5,187   | 5,093   | 6,096   | 6,013   | 5,973   | 5,298   | 6,344   | 6,127   | 6,710   | 6,367   | 6,400            |
| Real Estate | 2,936   | 2,758   | 2,386   | 2,043   | 1,577   | 1,233   | 1,058   | 1,013   | 2,535   | 3,045   | 3,074   | 3,338   | 2,999   | 2,386   | 2,107   | 2,100            |
| Other       | 1,154   | 1,294   | 1,204   | 854     | 785     | 766     | 753     | 739     | 747     | 876     | 983     | 916     | 814     | 771     | 755     | 700              |
| Paints(*1)  | —       | —       | —       | 3,692   | 15,040  | 14,874  | 15,078  | —       | —       | —       | —       | —       | —       | —       | —       | —                |
| Fuels(*2)   | 28,206  | 20,735  | 15,452  | 9,893   | 9,004   | 9,576   | 3,770   | —       | —       | —       | —       | —       | —       | —       | —       | —                |
| Total       | 200,749 | 213,426 | 161,857 | 142,925 | 165,638 | 157,566 | 165,539 | 163,026 | 172,544 | 161,799 | 149,829 | 167,695 | 174,116 | 165,215 | 159,702 | 184,400          |

### [Operating Income]

(Unit: Million yen)

|             | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023(Forecast) |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|
| Machinery   | 5,901  | 6,837  | 1,733  | -3,022 | -566   | 1,970  | 2,923  | 5,333  | 6,551  | 5,882  | 3,580  | 5,083  | 6,567  | 7,343  | 3,968  | 6,300            |
| Industrial  | 72     | 837    | 767    | 433    | -29    | 708    | 778    | 1,851  | 1,711  | 1,037  | 104    | 1,005  | 2,088  | 3,208  | 2,113  | 2,200            |
| Rock Drill  | 3,120  | 3,702  | 255    | -2,584 | -350   | 333    | -67    | 341    | 1,225  | 2,217  | 897    | 1,782  | 1,689  | 142    | -1,324 | 750              |
| UNIC        | 2,708  | 2,297  | 710    | -870   | -186   | 928    | 2,212  | 3,141  | 3,614  | 2,627  | 2,578  | 2,295  | 2,789  | 3,992  | 3,180  | 3,350            |
| Material    | 10,925 | 7,661  | 229    | 3,985  | 3,044  | 325    | 324    | 1,695  | 1,770  | 983    | 1,870  | 1,648  | 1,396  | 776    | 1,040  | -100             |
| Metals      | 8,837  | 6,206  | 23     | 3,224  | 1,494  | 308    | 282    | 1,503  | 1,449  | 1,154  | 1,738  | 867    | 581    | 301    | 499    | -700             |
| Electronics | 1,386  | 984    | 4      | 657    | 1,279  | -234   | -262   | -123   | 52     | -368   | 17     | 330    | 407    | -35    | 161    | 200              |
| Chemicals   | 701    | 470    | 201    | 104    | 269    | 251    | 304    | 315    | 267    | 197    | 114    | 451    | 406    | 510    | 380    | 400              |
| Real Estate | 839    | 749    | 706    | 1,128  | 635    | 356    | 219    | -43    | 776    | 1,276  | 1,265  | 1,339  | 1,163  | 735    | 736    | 650              |
| Other       | -301   | -228   | -304   | -376   | -92    | -93    | -63    | -60    | -130   | -72    | -126   | -196   | -147   | -94    | -82    | -180             |
| Paints(*1)  | —      | —      | —      | -19    | -93    | -329   | 65     | —      | —      | —      | —      | —      | —      | —      | —      | —                |
| Fuels(*2)   | -114   | -430   | 202    | -29    | -56    | -13    | -28    | —      | —      | —      | —      | —      | —      | —      | —      | —                |
| Adjustment  | -351   | -181   | -264   | -69    | -49    | -60    | -78    | -39    | -42    | -80    | -44    | -55    | -64    | -68    | -71    | -70              |
| Total       | 16,898 | 14,407 | 2,303  | 1,597  | 2,821  | 2,154  | 3,363  | 6,886  | 8,925  | 7,988  | 6,545  | 7,820  | 8,915  | 8,693  | 5,592  | 6,600            |

\*1 Withdrew from the Paints business by transferring shares of Tohpe Corporation in March 2013.

\*2 Withdrew from the Fuels business by transferring shares of Furukawa Commerce Co., Ltd. in October 2012.

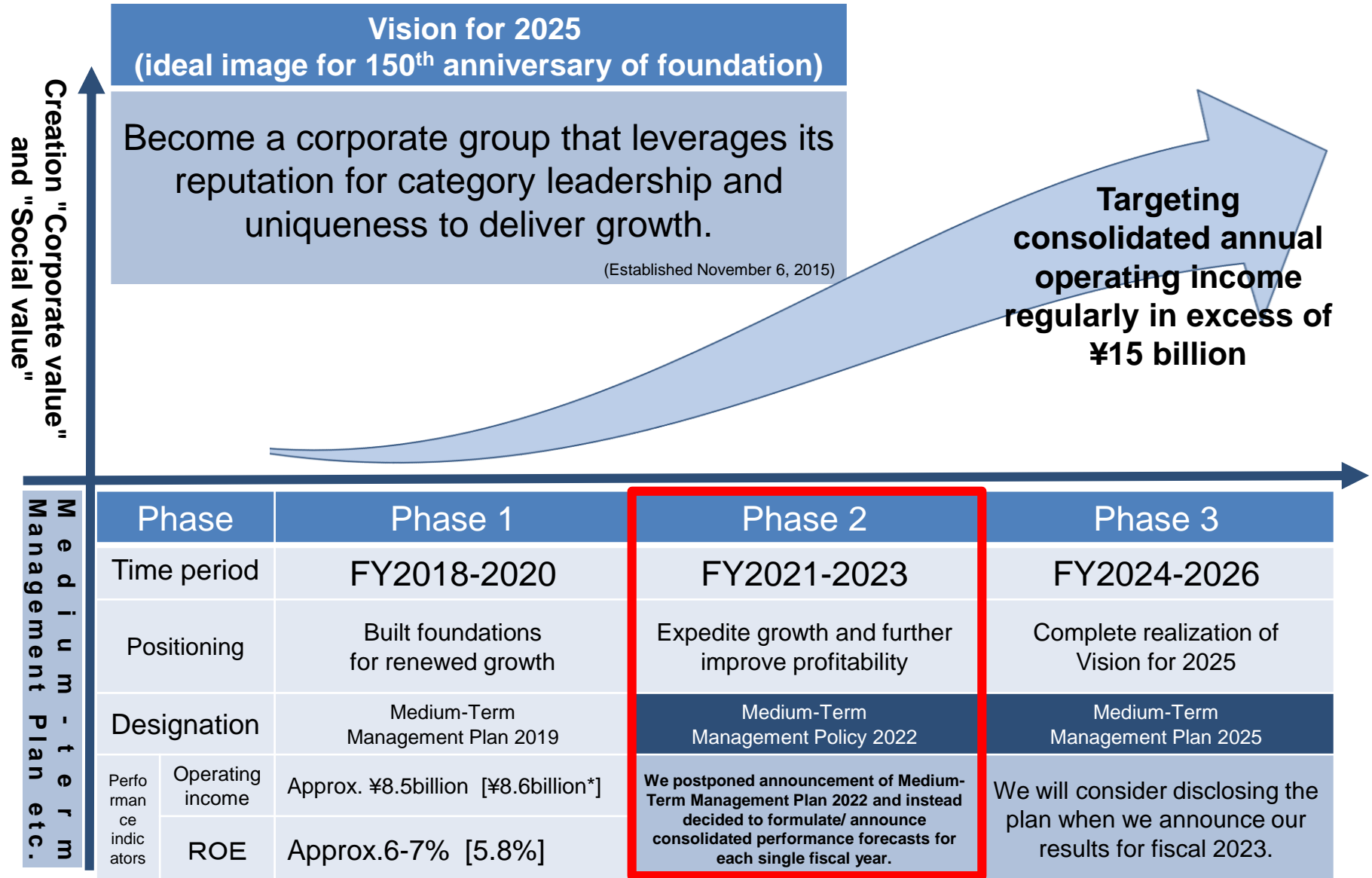
Notice: By applying "Accounting standards for disclosure of segment information, etc." (FY2012), we replace and display the figure for FY2011.

|                            |        |        |        |       |       |       |       |        |        |        |        |        |        |        |        |        |
|----------------------------|--------|--------|--------|-------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| LME copper price(US\$/ton) | 6,970  | 7,584  | 5,864  | 6,101 | 8,139 | 8,485 | 7,855 | 7,104  | 6,554  | 5,215  | 5,154  | 6,444  | 6,341  | 5,860  | 6,879  | 8,000  |
| JPY rate per US\$          | 118.03 | 114.28 | 100.54 | 92.85 | 85.71 | 79.07 | 83.10 | 100.24 | 109.93 | 120.13 | 108.42 | 110.85 | 110.91 | 108.74 | 106.06 | 108.00 |

# Intentionally Blank

1. Financial Results for the FY2021 (Consolidated)
2. Financial Forecasts for the FY2022 (Consolidated)
3. Outlook for the Formulation & Announcement of the New Medium-Term Management Plan
4. Strengthening of the Group's Business Structure to be Achieved in FY2022・FY2023
5. Plan to Achieve Carbon Neutrality
6. Ref. Medium-term Management Plan 2023 (Supplementary Material)

### 3. Outlook for the Formulation & Announcement of the New Medium-Term Management Plan

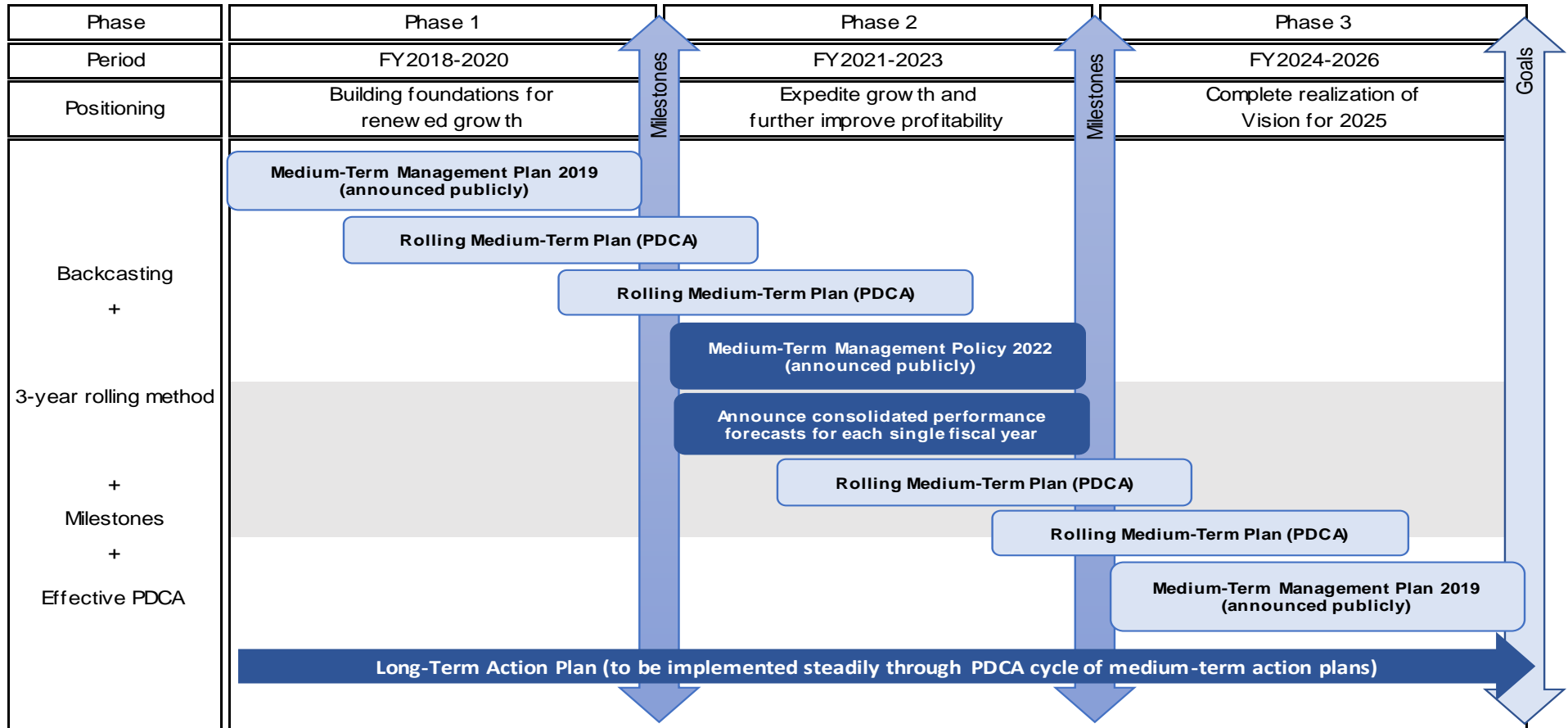




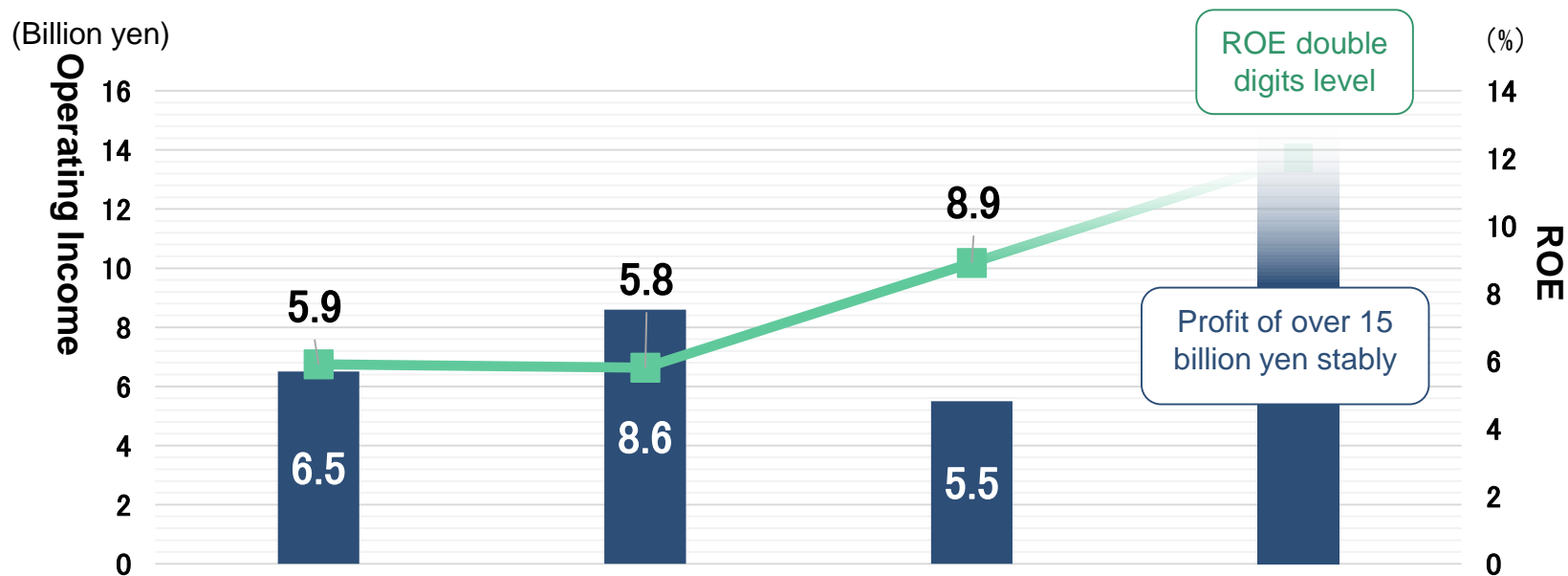
# Medium-Term Management Plan & PDCA Cycle

We have divided our Long-Term Management Plan "Vision for 2025" into 3 phases, set the milestones for PDCA(Non publishable) at phase1&2 in advance, and have used each Medium-Term Management Plan as an important tool to achieve our Vision for 2025 by rolling the plans. We positioned FY2021 and FY2022 as a period for carefully assessing changes in values, lifestyles, business models, and others caused by COVID - 19, vigorously promoting the strengthening of our business structure, and focusing on an early recovery of the Group's business performance.

\*1 Milestones for PDCA(Non publishable) : Numerical for PDCA(Non publishable) in advance was rolling the plan when publish Medium-Term Business Plan.



# Management & Financial Indicators



|                      |                                       | FY2016<br>(Base year for comparison) | FY2019           | FY2020           | FY2025 Image                       |
|----------------------|---------------------------------------|--------------------------------------|------------------|------------------|------------------------------------|
| Management Indicator | Operating Income                      | ¥6.5 billion                         | ¥8.6 billion     | ¥5.5 billion     | Regularly in excess of ¥15 billion |
|                      | ROE                                   | 5.9%                                 | 5.8%             | 8.9%             | Double digits level                |
| Financial Indicator  | Debt / Equity ratio                   | <b>0.9 times</b>                     | <b>0.9 times</b> | <b>0.8 times</b> | <b>Approx. 0.6~0.7 times</b>       |
|                      | Interest-bearing debt-to-EBITDA ratio | 7.6 times                            | 5.7 times        | 7.4times         | 4 times level                      |
|                      | Issuers rating                        | BBB (JCR)                            | BBB (JCR)        | BBB (JCR)        | BBB+以上 (Japanese rating firm)      |

(※) Debt / Equity ratio=Interest-bearing debt (Term end) / Equity (Term end)

(※) Interest-bearing debt-to-EBITDA ratio=Interest-bearing debt (Term end) / (Operating income+Depreciation and amortization)

# Segment Performance

| [Preconditions]   | FY2017<br>(Results) | FY2018<br>(Results) | FY2019<br>(Results) | FY2020<br>(Results) | FY2021<br>(Results) | FY2022<br>(Forecast) |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| JPY rate per US\$ | 108.4 YEN/USD       | 110.9 YEN/USD       | 110.9 YEN/USD       | 108.7 YEN/USD       | 106.1 YEN/USD       | 108.0 YEN/USD        |
| LME copper price  | 5,154 USD/t         | 6,444 USD/t         | 6,341USD/t          | 5,860 USD/t         | 6,879 USD/t         | 8,000 USD/t          |

Differ to announce "Mid-Term Business Plan 2022".  
Formulate & announce Forecast every single year.

(Unit: Million yen. Rounded down to million yen)

| Net Sales          | FY2017<br>(Results) | FY2018<br>(Results) | FY2019<br>(Results) | FY2020<br>(Results) | FY2021<br>(Results) | FY2022<br>(Forecast) | FY2023<br>(Undecided) |
|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|
| <b>Machinery</b>   | <b>66,803</b>       | <b>73,453</b>       | <b>77,580</b>       | <b>82,691</b>       | <b>68,635</b>       | <b>76,100</b>        | -                     |
| Industrial         | 14,041              | 15,871              | 17,971              | 23,237              | 16,682              | 18,700               | -                     |
| Rock Drill         | 26,979              | 30,199              | 30,372              | 27,663              | 24,149              | 28,300               | -                     |
| UNIC               | 25,782              | 27,381              | 29,237              | 31,791              | 27,804              | 29,100               | -                     |
| <b>Material</b>    | <b>78,968</b>       | <b>89,987</b>       | <b>92,722</b>       | <b>79,366</b>       | <b>88,203</b>       | <b>105,500</b>       | -                     |
| Metals             | 67,853              | 77,334              | 80,067              | 67,149              | 76,094              | 92,700               | -                     |
| Electronics        | 5,816               | 6,307               | 6,527               | 5,506               | 5,741               | 6,400                | -                     |
| Chemicals          | 5,298               | 6,344               | 6,127               | 6,710               | 6,367               | 6,400                | -                     |
| <b>Real Estate</b> | <b>3,074</b>        | <b>3,338</b>        | <b>2,999</b>        | <b>2,386</b>        | <b>2,107</b>        | <b>2,100</b>         | -                     |
| <b>Other</b>       | <b>983</b>          | <b>916</b>          | <b>814</b>          | <b>771</b>          | <b>755</b>          | <b>700</b>           | -                     |
| <b>[Total]</b>     | <b>149,829</b>      | <b>167,695</b>      | <b>174,116</b>      | <b>165,215</b>      | <b>159,702</b>      | <b>184,400</b>       | -                     |

# Operating Income Trends by Segment

We postponed announcement of Medium-Term Management Plan 2022 and instead decided to formulate/ announce consolidated performance forecasts for each single fiscal year.

(Unit: Million yen. Rounded down to million yen)

| Operating Income     | FY2017<br>(Results) | FY2018<br>(Results) | FY2019<br>(Results) | FY2020<br>(Results) | FY2021<br>(Results) | FY2022<br>(Forecast) | FY2023<br>(Undecided) |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|
| Machinery            | 3,580               | 5,083               | 6,567               | 7,343               | 3,968               | 6,300                | -                     |
| (*Composition ratio) | (53%)               | (63%)               | (72%)               | (83%)               | (69%)               | (92%)                | -                     |
| Industrial           | 104                 | 1,005               | 2,088               | 3,208               | 2,113               | 2,200                | -                     |
| Rock Drill           | 897                 | 1,782               | 1,689               | 142                 | -1,324              | 750                  | -                     |
| UNIC                 | 2,578               | 2,295               | 2,789               | 3,992               | 3,180               | 3,350                | -                     |
| Material             | 1,870               | 1,648               | 1,396               | 776                 | 1,040               | -100                 | -                     |
| (*Composition ratio) | (28%)               | (20%)               | (15%)               | (9%)                | (18%)               | (-%)                 | -                     |
| Metals               | 1,738               | 867                 | 581                 | 301                 | 499                 | -700                 | -                     |
| Electronics          | 17                  | 330                 | 407                 | -35                 | 161                 | 200                  | -                     |
| Chemicals            | 114                 | 451                 | 406                 | 510                 | 380                 | 400                  | -                     |
| Real Estate          | 1,265               | 1,339               | 1,163               | 735                 | 736                 | 650                  | -                     |
| (*Composition ratio) | (19%)               | (17%)               | (13%)               | (8%)                | (13%)               | (9%)                 | -                     |
| Other                | -126                | -196                | -147                | -94                 | -82                 | -180                 | -                     |
| (Sub Total)          | 6,590               | 7,875               | 8,980               | 8,761               | 5,663               | 6,670                | -                     |
| Adjustment           | -44                 | -55                 | -64                 | -68                 | -71                 | -70                  | -                     |
| [Total]              | 6,545               | 7,820               | 8,915               | 8,693               | 5,592               | 6,600                | -                     |

\*The formula for composition ratio is ratio to the excluded amount of Other & Adjustment from Total

## 4. Focus on Strengthening Our Company's Structure for FY2022 and FY2023

Strengthening our company's structure for FY2021 and FY2022 (Especially [strengthen and rebuild its overseas marketing capabilities in Rock Drill Machinery segment](#), fundamental review of the contracted smelting business in the Metals segment, realize a future concept of the Furukawa Osaka Building in the Real Estate business.) which we have positioned as a period to focus on the early recovery of our group's performance.

### - Strengthen and rebuild its overseas marketing capabilities in the Rock Drill Machinery segment

We will clarify our strategies by product and region, and drastically review and implement them, including the reorganization and consolidation of our overseas subsidiaries.

#### - Ensure selection and concentration

Establishment of priority regions :

Hydraulic breakers → Europe and the US

Highly evaluate the functions and performance of our original structure.

Tunnel drill jumbos → Southeast Asia

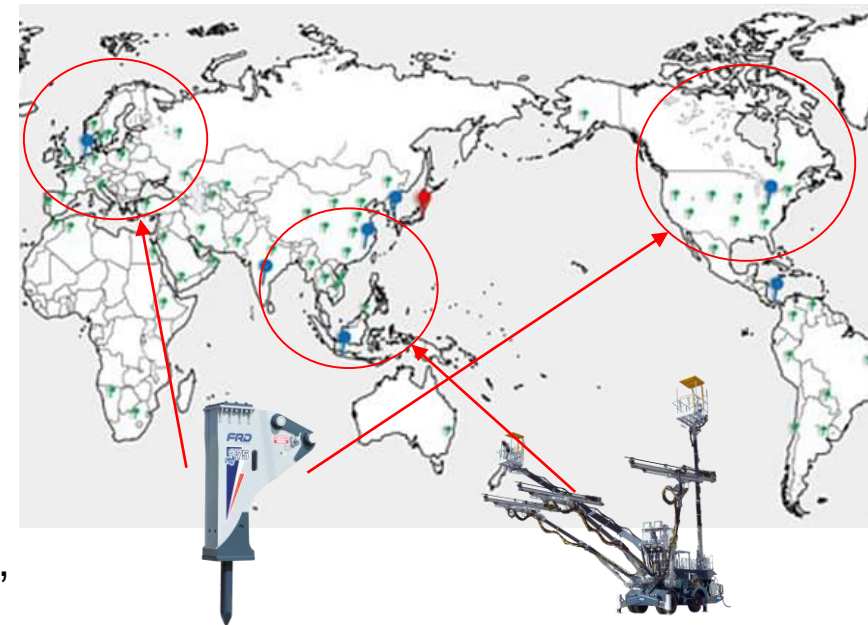
Expected infrastructure demand for tunnels and others.

Engage in intensive sales after the model selection

Review the model composition of hydraulic crawler drills, focus on models with high superiority

Review current structure :

In line with the establishment of priority regions, the current structure of 7 overseas subsidiaries will be reviewed, reorganized, and consolidated.



## 4. Focus on Strengthening Our Company's Structure for FY2022 and FY2023

Strengthening our company's structure for FY2021 and FY2022 (Especially [strengthen and rebuild its overseas marketing capabilities in Rock Drill Machinery segment](#), fundamental review of the contracted smelting business in the Metals segment, realize a future concept of the Furukawa Osaka Building in the Real Estate business.) which we have positioned as a period to focus on the early recovery of our group's performance.

### - Strengthen and rebuild its overseas marketing capabilities in the Rock Drill Machinery segment

#### - Strengthen our hydraulic crawler drill business by promoting lifecycle support approaches

By promoting the use of the ICT - based operation support system, which is attached to hydraulic crawler drills and catches information on operation, we will improve the accuracy of predicting replacement demand for hydraulic crawler drills and strengthen sales of new vehicles and components.

#### - Promote the development of new commercial channels for overseas sales of drill jumbos

We will strengthen our relationships with overseas general contractors and others to enhance our overseas project channels.

**we will promote marketing management more strongly than ever, not only overseas but also in Japan, and implement the business strategies of the Medium - Term Business Policy 2022.**

**We will also review the strategies.**





# 4. Focus on Strengthening Our Company's Structure for FY2022 and FY2023

Strengthening our company's structure for FY2021 and FY2022 (Especially strengthen and rebuild its overseas marketing capabilities in Rock Drill Machinery segment, [fundamental review of the contracted smelting business in the Metals segment](#), [realize a future concept of the Furukawa Osaka Building in the Real Estate business](#).) which we have positioned as a period to focus on the early recovery of our group's performance.

## ■ fundamental review of the contracted smelting business in the Metals segment

We will continue to reduce the production volume of electrolytic Copper as we recognize that the business feasibility of contracted smelting is severe due to the sharp fluctuation of earnings.

- FY2018 about 88,000ton/year
- >FY2021 about 74,000ton/year
- >FY2023 Plan to reduce at least about 70,000ton/year



Onahama Smelter



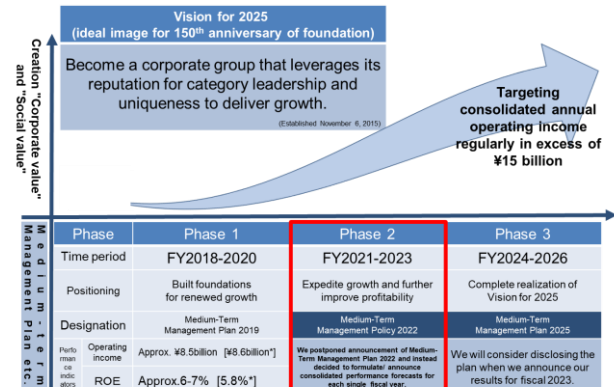
Hibi Joint Smelter

Although the Metals Segment is the Company's original business, we will not be bound by it and will continue to make further efforts to review it.

## ■ Realize a future concept of the Furukawa Osaka Building in the Real Estate Business

The Furukawa Osaka Building was closed in December 2019, and demolition work is currently underway. We will continue to study the future plans for this building.

We have positioned the 2 years from FY2021 as a period to focus on the early recovery of the Group's business performance by strengthening our business structure.



Vision for 2025  
(ideal image for 150<sup>th</sup> anniversary of foundation)

Become a corporate group that leverages its reputation for category leadership and uniqueness to deliver growth.  
(Established November 6, 2015)

Targeting consolidated annual operating income regularly in excess of ¥15 billion

# 5. Regard to Carbon neutrality

Our group aims for realizing carbon neutrality toward a decarbonized society and takes this initiative as an opportunity to practice marketing management. We will contribute to the realization of the carbon - free society by providing products, technologies, and services that are highly effective in reducing carbon dioxide and other greenhouse gas emissions.

## ■ Regard to the Group's carbon dioxide emissions

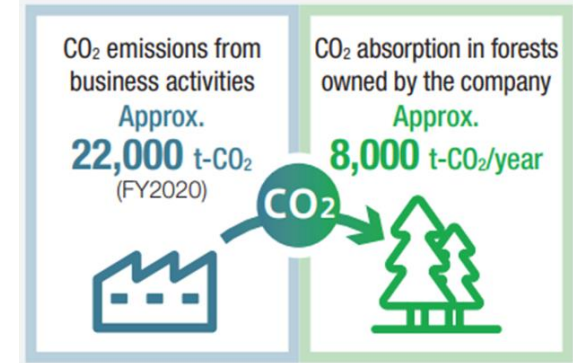
### Annual emissions of about 22,000 tons by businesses

although we have machinery and materials plants, the amount of energy input that generates greenhouse gases is small, and the absolute amount of CO2 emissions is also small.

(This is an overwhelmingly low amount in comparison with non - ferrous metals smelters.)

⇔ absorbs about 8,000 tons of carbon dioxide per year from the forests we own in Japan

We will continue to reduce CO2 emissions from our business activities by reducing energy consumption through the introduction of new equipment and more efficient production processes at each of our plants, and we hope to achieve carbon neutrality by further increasing the absorption amount of CO2 by our forests.



■ we will contribute to the realize a decarbonized society by providing products, technologies, and services that are highly effective in reducing greenhouse gas emissions.

### Ex.1: Belt conveyors (Industrial Machinery segment)

- From the perspective of decarbonization, we believe that the use of belt conveyors instead of dump trucks in tunnel excavation, construction of control reservoirs, and removal of sediment from dams will contribute to the reduction of CO2 emissions.

### Ex.2: Hydraulic crawler drills (Rock Drill Machinery segment)

- It can help reduce CO2 emissions from customers using them because they shorten the operating time due to the increased drilling speed achieved by the higher output of hydraulic drifters and the advanced functions of the control system.

\*We have already achieved a 35% reduction in CO2 emissions for medium - sized machines under the current Tier 4 exhaust gas emission regulations compared to the Tier 2 regulations ended 2006, and we are aiming for a 45% reduction under our current plan.





Thank you for your continuous understanding and support.



 **FURUKAWA CO.,LTD.**

# Forward-Looking Statements

This material contains information about the Furukawa Company Group's future prospects. Such information, which is based on information (predictions, anticipation, assumption, plan, recognition, evaluation, etc.) currently available to our group that our group deems to be reasonable at the time this report was prepared. Actual business environment and business activities were affected by various potential risks, uncertainty factors. Therefore, forecasts regarding future performance or contents was suggested by it may differ significantly from the forecasts.

The potential risks or uncertainty factors will affect to future prospects is not limited to that is described in business risks, etc. in the securities report or summary of financial results or website of Furukawa Co., Ltd..

Therefore, It does not commitment or guarantee the achievement of management indicators and forecasts as milestones and future performance.

In addition, regardless of the actual results, we don't have obligation to update the contents in this material from time to time, and also we don't have its policy after the time of publication.

The purpose of this material is to understand our business policy, management information etc. and is not intended to solicit investment in securities issued by Furukawa Co., Ltd.

Based on the above points, please make the final decision on investment is judged by your own risk.

Please use this material at the user's responsibility. Even if you suffer damage due to use this material which have the error and defects in the information, change in management indicators and forecast figures etc., we are not responsible at all.

## “Medium-Term Management Policy 2022”

- Expedite growth and further improve profitability. -



Disclosed May 25, 2020

\*May 25, 2021  
corrections Page 4  
Addition Page 7-8

 **FURUKAWA CO.,LTD.**

This document contains forward-looking statements that reflect the Company’s judgments based on various assumptions. The Company makes no guarantees or promises regarding the certainty, completeness, or implementation status of such statements.

# “Medium-Term Management Policy 2022” Contents

## 1. Vision for 2025 “FURUKAWA Power & Passion 150”

## 2. Positioning of “Medium-Term Management Policy”

## 3. Management Policy

- (1) Company wide strategy
- (2) Increase the value of the Furukawa brand through “marketing-based management” that incorporates CSV perspectives
- (3) Contribution to the SDGs through “marketing-based management” that incorporates CSV perspectives
- (4) Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group
- (5) Basic strategies and priority issues by segment
- (6) Product development system
- (7) Strengthen and expand our human resource base
- (8) Actively promote investments to increase corporate value
- (9) Establish a robust corporate foundation

# 1. Vision for 2025 "FURUKAWA Power & Passion 150"

May 8, 2020 partially revised (Under lined)

## Vision for 2025 "FURUKAWA Power & Passion 150"

Become a corporate group that leverages its reputation for category leadership and uniqueness to deliver growth.

### <Policy for achieving the vision>

Increase the value of the Furukawa brand through "marketing-based management"(\*1) that incorporates CSV(\*2) perspectives.

Sustainable expansion of the machinery business

Strengthen and expand our human resource base

Actively promote investments to increase corporate value

Establish a robust corporate foundation(\*3)

### Aiming for FY2026(150 anniversary of foundation)

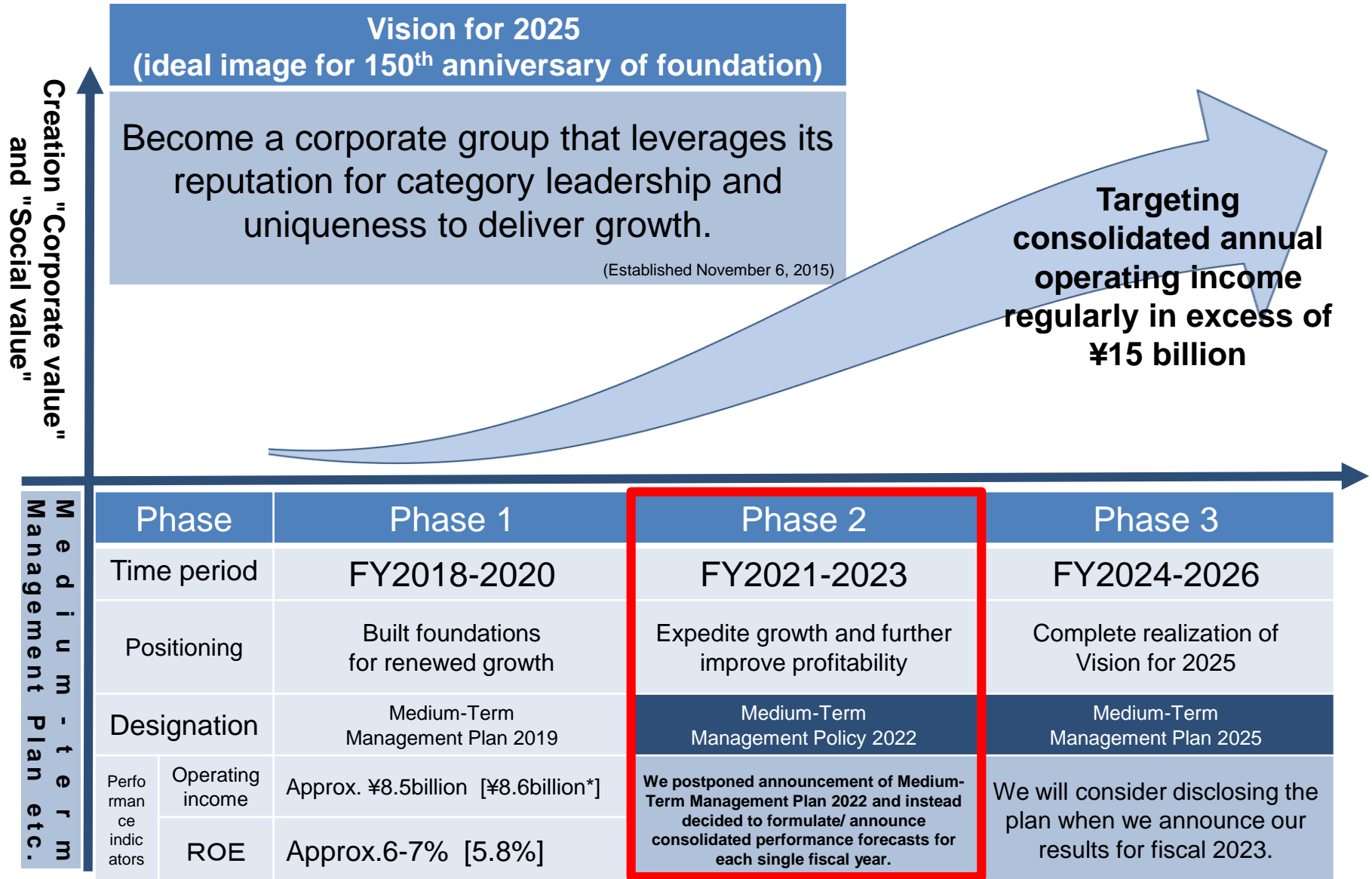
Targeting consolidated annual operating income regularly in excess of ¥15 billion.

(\*1) Marketing-based management incorporating CSV: This means incorporating marketing into the core of management to provide products and services recognized as valuable in changing markets, as well as to resolve issues and problems faced by customers, with the aims of increasing corporate value and achieving sustained growth. It also reflects the Group's intention to achieve the Sustainable Development Goals (SDGs) and otherwise resolve various social issues, including such domestic issues as building national resilience and the declining working-age population, and thus help realize a sustainable society.

(\*2) Creating shared value (CSV): This is a management framework that enables companies to co-create social value and corporate value by tackling social, environmental, and other issues.

(\*3) At the time of partial revision( May 8, 2020), we will work diligently to "Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group." which is one of the "Establish a robust corporate foundation"

# 2. Positioning of “Medium-Term Management Policy”





# 3. Management Policy

## (1) Companywide strategy

“Expedite growth and further improve profitability.”

Under Medium-Term Management Policy 2022, with the aim of realizing Vision for 2025, we will work to increase the value of the Furukawa brand by advancing marketing-based management, which has been redefined to incorporate CSV perspectives. We will also strengthen our ability to find and solve problems in the field and our ability to produce innovation. Targeting sustained growth, meanwhile, we will “Strengthen and expand our human resource base,” “Actively promote investments to increase corporate value,” and “Establish a robust corporate foundation.” Under Medium-Term Business Plan 2019, we built foundations for renewed growth. By making all-out efforts to solidify these foundations, we will work to “Expedite growth and further improve profitability.”

Sustainably expand the Machinery business, step up alliances and M&As, emphasizing business practices that reflect CSR/ESG issues recognized.

In particular, we will continue striving to “Sustainably expand the Machinery business”—positioned as a core business under Medium-Term Business Plan 2019—in order to clearly identify priority investments and growth businesses. We will also step up alliances and M&As to achieve discontinuous growth. In addition, we will work diligently to “Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group.”

## (2) Increase the value of the Furukawa brand through “marketing-based management” that incorporates CSV perspectives

We will generate corporate value by providing infrastructure, products, technologies, and services that help solve social issues. At the same time, we will continue striving to create social value building social infrastructure and realizing a safe, environmentally friendly, and prosperous society.

[Value creation process of Furukawa company group]



“marketing-based management” that incorporates CSV perspectives:

Marketing-based management incorporating and redefining CSV, this means incorporating marketing into the core of management to provide products and services recognized as valuable in changing markets, as well as to resolve issues and problems faced by customers, with the aims of increasing corporate value and achieving sustained growth. It also reflects the Group’s intention to achieve the Sustainable Development Goals (SDGs) and otherwise resolve various social issues, including such domestic issues as building national resilience and the declining working-age population, and thus help realize a sustainable society.






































### (3) Contribution of the SDGs through “marketing-based management” that incorporates CSV perspectives

Of the 17 SDGs, we are focusing particular attention on achieving Goal 11 (“Make cities and human settlements inclusive, safe, resilient and sustainable”) and Goal 9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”). We will also strive to create social value by building social infrastructure as stated in “The Furukawa Company Group’s Value Creation Process” (please see pages 2–3), while realizing a safe, environmentally friendly, and prosperous society.

| Segment              | Main Products, Technologies, and Services  | SDGs with High Contribution Levels (◎: Especially Important; ○: Important) |                              |                              |                               |   |                                       |   |                   |                     |
|----------------------|--|--|------------------------------|------------------------------|-------------------------------|---|---------------------------------------|---|-------------------|---------------------|
|                      |  | 2 ZERO HUNGER  | 3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER |
| Industrial Machinery |  Pumps<br> Belt conveyors<br> Steel bridges and steel structures              |  | ○                            | ◎                            |                               | ◎   | ◎                                     |   | ○                 | ◎                   |
| Rock Drill Machinery |  Tunnel drill jumbos<br> Hydraulic crawler drills<br> Hydraulic crushers      |  | ○                            |                              |                               | ◎   | ◎                                     | ○   |                   |                     |
| UNIC Machinery       |  UNIC cranes<br> Mini crawler cranes<br> Ocean cranes                         |  | ○                            |                              |                               | ◎   | ◎                                     |   |                   | ◎                   |
| Metals               |  Electrolytic copper   |  |                              |                              | ○                             | ◎   | ◎                                     |   |                   |                     |
| Electronics          |  High-purity metallic arsenic<br> Coils<br> Optical components (lenses) |  | ○                            |                              |                               | ◎   | ◎                                     |   |                   |                     |
| Chemicals            |  Sulfuric acid<br> Aluminum sulphate<br> Ferrous sulfate                | ○  | ○                            | ◎                            |                               | ◎   | ◎                                     |   |                   |                     |

## (4) Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group

One policy as part of our Vision for 2025 states our commitment to “increase corporate value by emphasizing practices that reflect CSR and ESG issues recognized and to be solved by the Group” as a core foundation of management. We also clarified the relationship between ESG, CSR priority issues and relevant major SDGs.

| ESG Section                 | CSR/ESG Priority Issues  | Major Related SDGs  |
|-----------------------------|--|---|
| <b>E</b><br>(Environmental) | Promote environmental protection activities  |        |
| <b>S</b><br>(Society)       | Offer products and services that satisfy customers   |        |
|                             | Build fair and impartial business relationships and relationships of reciprocal trust with business partners |        |
|                             | Promote social contribution activities   |      |
|                             | Realize comfortable working environments for employees and give them fair evaluation and treatment           |        |
| <b>G</b><br>(Governance)    | Build a meticulous group governance system   |     |
|                             | Communicate with shareholders and other investors  |    |
|                             | Strengthen compliance  |     |

# (5) Basic strategies and priority issues by segment: Industrial Machinery

## Basic strategy

We will continue our strategy of “Increasing our involvement in section plant construction projects and expanding our contractor business, including large-scale projects for both the public and private sectors, in order to transition from a standalone machinery manufacturer, strengthen our engineering capabilities, and enhance our business foundation in the domestic market,” and thus establish a solid growth trajectory.

## Priority issues

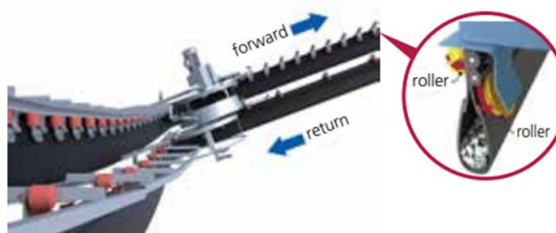
- Attract new orders by providing technical proposals for section plant construction projects and other projects.
- Cultivate demand for SICON® enclosed hanging conveyors.
- Strengthen earnings foundation by capturing replacement demand for pumps and material machinery.



GEOPUS C3 cone crusher



Belt Conveyors designed for the Tokyo Outer Ring Road project



SICON® Enclosed Hanging Conveyor designed for the Sakaigawa-Kanamori retention basin project (Machida City, Tokyo)

SICON® is a registered trademark of ContiTech Transportbandsysteme GmbH.

High efficiency energy saving  
slurry pump  
SPL e-Performance





## (5) Basic strategies and priority issues by segment: Rock Drill Machinery

### Basic strategy

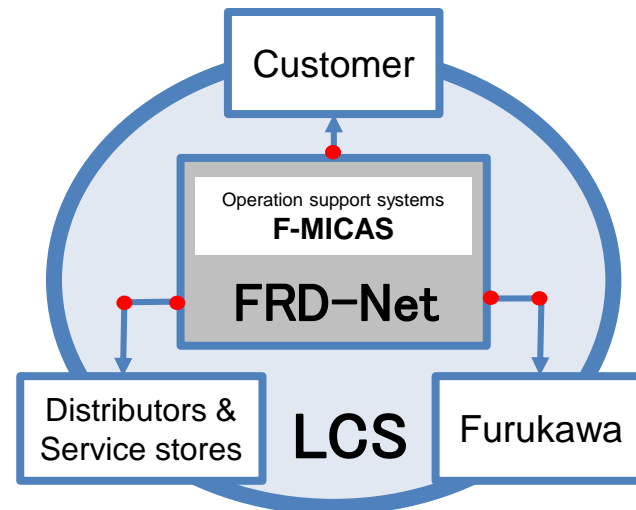
Strengthen our Life Cycle Support (LCS) capabilities, reinforce our earnings foundation for drill products (blast hole drills and drill jumbos), tap new markets, and launch new products to increase profits.

### Priority issues

- Strengthen and rebuild overseas marketing capabilities.
  - Reinforce overseas business foundation for blast hole drills.
  - Create overseas business foundation for drill jumbos.
- Build business models using Life Cycle Support (LCS).
  - Strengthen stock business by providing various services that benefit customers' businesses (extended warranty, full maintenance, proposals for using ICT-based operation support systems to enhance work efficiency, etc.).
- Further enhance lineup of products that contribute to safety and efficiency at tunnel excavation sites, such as fully automatic drill jumbos and automatic rock bolters.



Hydraulic Crawler Drill in operation at overseas quarry site



Drill Jumbo in operation at overseas tunnel excavation site

## (5) Basic strategies and priority issues by segment: UNIC Machinery

### Basic strategy

Secure stable income from domestic sales and expand income from overseas sales, by promoting advanced functions and higher added value in order to strengthen our competitiveness; advancing the stock business; and reinforcing our overseas product, sales, service, and technological capabilities.

### Priority issues

- Reap benefits from capital investment in Sakura Works and promote further automation.
- Strengthen competitiveness by increasing functionality and higher added value of UNIC cranes, mini crawler cranes, and UNIC carriers; develop new functions and options meet diversifying applications.
- Expand overseas sales network and enhance sales capabilities of dealers.
- Reinforce our service system.



UNIC products active overseas



Sakura Works

# (5) Basic strategies and priority issues by segment: Materials, Real Estate

## Metals

### Basic strategy

Conduct drastic review of contracted smelting and refining business.

### Priority issues

Identify profitability and future potential of contracted copper smelting business.



Electrolytic copper

## Chemicals

### Basic strategy

Expand income from existing products and start commercializing and fostering newly developed products

### Priority issues

#### - Existing products

Sulfuric acid: Strengthen differentiation by emphasizing high-quality sulfuric acid products

#### - Newly developed products

Metallic copper powder: Enhance product quality, establish mass production and sales systems, and expand sales channels by providing product samples



Metallic copper powder  
Purpose/ Conductive paste

## Electronics

### Basic strategy

Promote growth of strategic products and launch new strategic products.

### Priority issues

- Aluminum nitride: Utilize high-value-added firing technology to expand business; develop products with high levels of thermal conductivity and toughness.
- Diffractive optical elements (DOEs): Utilize microfabrication technology to increase applications to sensors (in addition to laser processing) in order to expand sales channels.
- Hybrid coils: Provide product samples in order to emphasize high design flexibility.



Aluminum nitride  
Purpose/ components for semiconductor manufacturing equipment (such as heater) and substrate materials

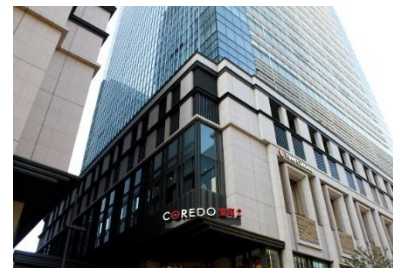
## Real Estate

### Basic strategy

Secure stable income from Muromachi Furukawa Mitsui Building and effectively utilize Furukawa Osaka Building and other real estate owned by the Group.

### Priority issues

Decide future plans for Furukawa Osaka Building.



Muromachi Furukawa Mitsui Building  
(commercial name: COREDO Muromachi 2)  
Nihonbashi Muromachi, Chuo-ku

## (6) Product development system

### Basic strategy

Turn development themes into products and businesses that directly contribute to Group operating companies; activate capabilities to find and solve problems in the field in order to improve productivity, which is essential for manufacturers.

### Priority issues

- Commercialize products under development, such as fully automatic drill jumbos.
- Promote development of solid electrolyte materials and mass production technology for all-solid-state batteries.
- Strengthen training of engineers to lead the next generation through full-scale deployment of engineer development program.
- Reduce environmental impact during mechanical system product development: Convert power load reduction (achieved through weight reduction and efficiency improvement) into CO2 reduction equivalent; set reduction targets for each main product; follow up using PDCA cycle.

## (7) Strengthen and expand our human resource base

### Basic strategy

Build a motivating company that encourages individual employees to maximize their abilities and create new value.

### Priority issues

- Develop human resources.
  - Undertake drastic review of education system.
- Promote Health and Productivity Management.
  - Reduce total working hours per year, promote diverse workstyles, and improve health examination/re-examination rates.
- Promote diversity.
  - Promote employment of female planning staff and people with disabilities, and actively hire foreign employees.
- Improve working environments.
  - Review and maintain working environments that can address emergencies; strongly promote operational reforms.



# (8) Actively promote investments to increase corporate value

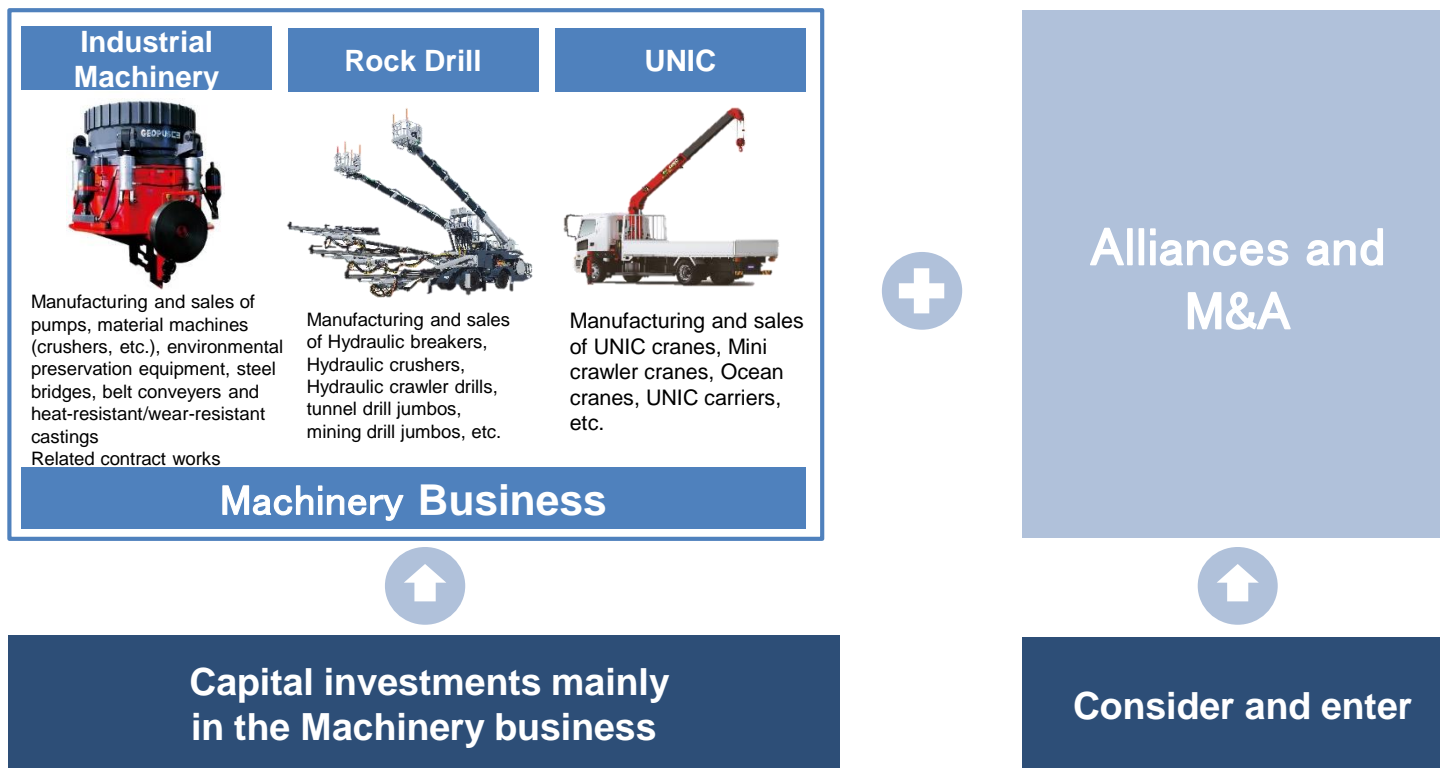
## 1 Capital investment plan\*10 to support stronger manufacturing capabilities

We will make capital investments mainly in the Machinery business (positioned as our core business)

In the Rock Drill Machinery segment, we started a capital investment plan aimed at increasing the production capacity of the Takasaki Works and other facilities. We decided to postpone and reassess capital investment from the second stage in light of this segment's business performance and other factors.

## 2 Alliances and M&A

We will consider and enter alliances and M&A with peripheral companies that fill the gaps and create continuity in our existing Machinery business, as well as with companies engaged in the fourth pillar of our Machinery business.

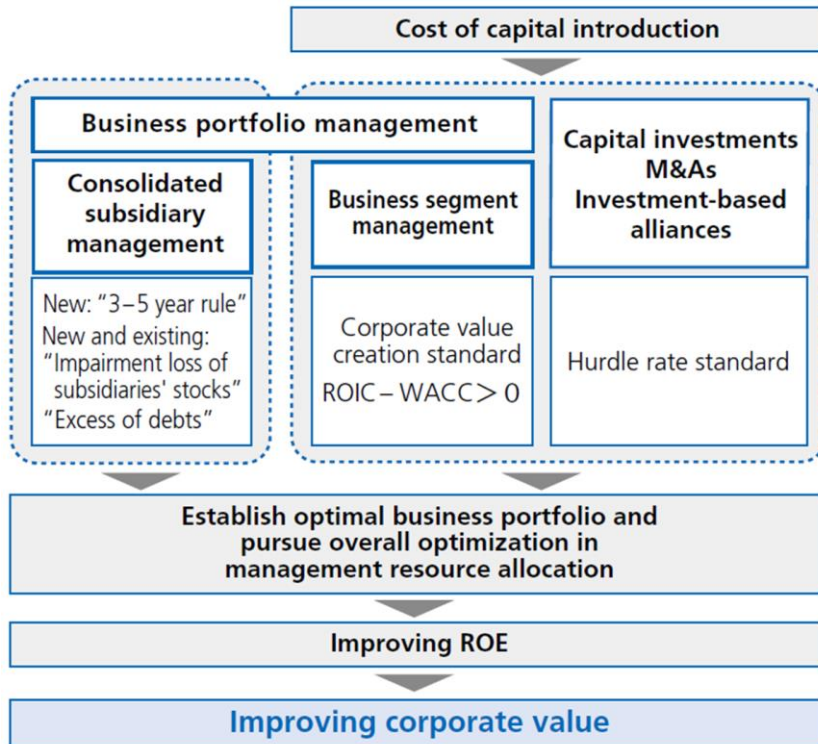




## (9) Establish a robust corporate foundation: Strengthen efforts to increase ROE

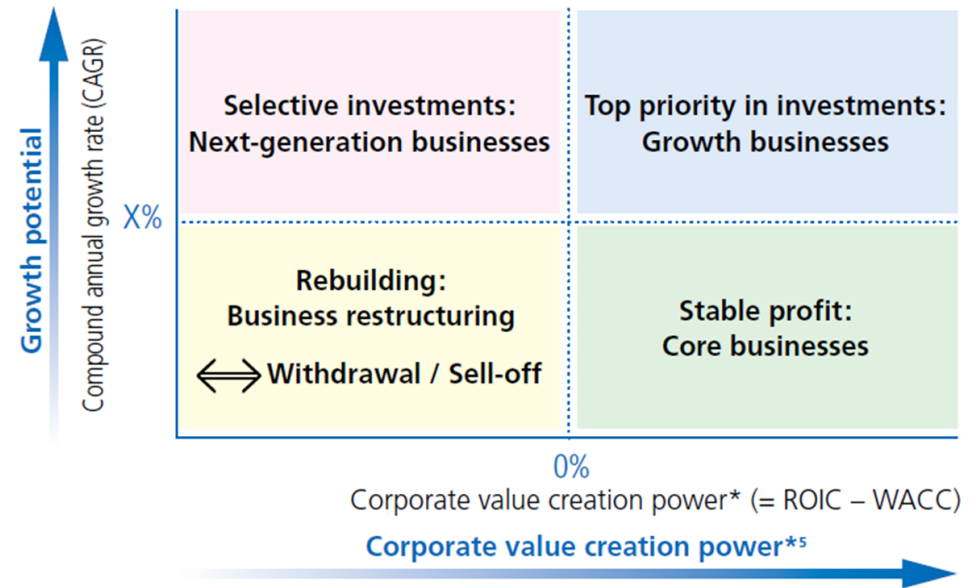
We will make individual investment decisions while paying attention to profitability and taking into account risks and capital costs associated with each investment. We will also step up efforts to improve efficiency and profitability. At the same time, we will pursue overall optimization of business resource allocations and improve corporate value by incorporating cost of capital in our business portfolio management.

### Corporate Value Improvement Process



### Bubble Chart Aiming for Business Portfolio Identification & Visualization

Illustrating the three performance indicators of each business segment onto the graph below enables the corporate value creation status of each business segment to be identified and visualized.



\*5 Both "Corporate value creation power" and "Amount of corporate value created/year" are terms coined by Furukawa Co., Ltd.

# (9) Establish a robust corporate foundation: Strengthen efforts to increase ROE

ROE

=

Profitability

Net income margin

×

Efficiency

Total asset turnover

×

Leverage

Financial leverage

ROE Tree for Creating Corporate Value

| Management / Performance Indicators                                   |  | Breakdown into Strategies and Measures                                   |  | KPIs into Frontline Operations (Examples)  |   |   |
|---|--|--|--|--|---|---|
| Be disclosed  | In-Group KPI (Performance Indicator [Improvement Driver])  |  |  |  |   |   |
| [ROE]<br>Net income<br>Net worth                                      | [ROA]<br>Net income<br>Total assets<br><br>Operating income is used instead of net income in calculations of segment-specific ROA.<br>Operating income<br>Total assets | [Profitability]<br>Operating margin<br><br>Operating income<br>Net sales | Gross margin   | Expand business areas; develop new businesses and products                                     | Expand business areas<br>Develop new businesses; launch new (high-value-added) products | Priority sectors / regions (domestic, overseas, countries) / new products/strategic products / new businesses                     |
|   |  |  |  | Increase sales prices (unit prices)  | Control sales prices  | Unit price (selling price)  |
|   |  |  |  | Reduce cost-of-sales ratio   | Promote centralized purchasing<br>Reduce defective products<br>Reduce logistics costs   | Variable cost reduction amount / rate<br>Defective product amount / rate  |
| [Efficiency]<br>Total asset turnover<br><br>Net sales<br>Total assets | SG&A expense ratio   |  | Reduce labor costs   | Reorganize operations; sell businesses   | Automate; save labor<br>Increase productivity   | Ratio of labor costs to net sales<br>Sales per employee<br>Operating income per employee  |
|   |  |  |  | Reduce costs; improve cost-effectiveness   | Reduce R&D expenses<br>Reduce sales promotion and advertising expenses                  | Ratio of R&D expenses to net sales<br>Ratio of sales promotion / advertising expenses to net sales                                |
|   |  |  |  | Increase sales volume  | Increase market share   | Sales volume; market share  |
| [Financial leverage]<br>Total assets<br>Net worth                     | Interest-bearing debt ratio<br>Interest-bearing debt / EBITDA<br>Interest coverage ratio   | Current asset turnover   | Increase accounts receivable turnover  | Shorten accounts receivable collection period  | Accounts receivable turnover period (days/months)                                       |   |
|   |  |  | Fixed asset turnover   | Increase inventory turnover  | Shorten lead times<br>Reduce inventories  | Lead time (time for delivery)<br>Inventory turnover period (days / months)<br>Disposal of slow-moving inventories for a long time |
|   |  |  |  | Improve capacity utilization rate<br>Improve capital investment efficiency<br>Sell idle assets | Tangible fixed asset turnover period (days/months)                                      |   |
|   |  | Increase shareholder returns   | Increase cash dividends<br>Share repurchase and retirement<br>Increase interest-bearing debt | Total shareholder return ratio<br>n/a (no set KPI)   |   |   |

Profitability improvement

Efficiency improvement

## (9) Establish a robust corporate foundation: Capital strategies: Pursue optimal capital structure based on rating strategy

### Allocation of operating cash flows

We will “actively promote investments that that contribute to increased corporate value” while aiming to establish a robust financial foundation. At the same time, we will endeavor to make optimal allocations of cash flows in consideration of shareholder returns.

### Dividends

Our policy is to return profits to shareholders in the form of dividends appropriated from retained earnings. Specific dividend amounts are based on consolidated profits/losses. With the exception of special profit/loss circumstances, we endeavor in principle to pay annual cash dividends of ¥50.00 per share with a consolidated payout ratio of 30% or higher. In this way, we strive for stable, continuous shareholder returns.

### Treasury stock purchase and cancellation

With respect to purchase and cancellation of treasury stock, our policy is to properly consider all relevant factors, including share price movements, capital efficiency, and cash flows.

#### \*Rating strategy:

By fiscal 2026 (ending March 2026), the final year of Vision for 2025, we aspire to achieve a financial soundness vision that will enable us to obtain a credit rating of BBB+ (or higher), which is one notch above the current rating issued 9 by a Japanese rating agency. To this end, we will continue striving to improve our financial soundness.

(\*) Debt-to-equity ratio: Interest-bearing liabilities (fiscal year-end) / Shareholders' equity (fiscal year-end)  
(\*) Interest-bearing debt/EBITDA ratio: Interest-bearing debt (fiscal year-end) / [Operating income + Depreciation]

| Financial Soundness Vision          |  |
|-------------------------------------|--|
| Debt-to-equity ratio*               | 0.6–0.7 times (range)                      |
| Interest-bearing debt/EBITDA ratio* | 4 times (range)                            |
| Issuer rating                       | BBB+ or higher<br>(Japanese rating agency) |

## (9) Establish a robust corporate foundation: Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group

We will formulate medium-term CSR targets (fiscal 2021 to 2023) and develop a PDCA cycle of planning, execution, evaluation and improvement.

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