

FURUKAWA

FURUKAWA CO.,LTD.

Financial Results Briefing for the Fiscal Year Ended March 31, 2022

May 25, 2022

[Number of Speakers]

3

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中戸川 稔よりご挨拶

Nakatogawa: Hello, everyone. I am Nakatogawa, President of FURUKAWA CO., LTD. Thank you very much for taking time out of your busy schedule to participate in our financial results briefing today.

Since our founding in 1875, we have undergone significant changes, and currently operate in six divisions, but we have received feedback from investors that it is difficult to understand our business activities.

As one of the ways to enhance our investor relations to help you better understand our company, we decided to hold this event online.

We would appreciate your active questions and comments.

1. 本日のサマリー

2. 古河機械金属グループの価値創造プロセス(おさらい)

3. 2022年3月期 決算および業績予想(連結)

4. 次期中期経営計画、気候変動、脱炭素への取り組みについて

5. トピックス

参考資料、補足資料

Today, as you can see, I will explain in the order of one to five.

We will omit the explanation on the reference materials, so please see them later.

1. 本日のサマリー



■ 2022年3月期業績について

- ・2022年3月期の売上高は1,990億円(対前期比+393億円)、営業利益は77億円(対前期比+21億円)。
- ・売上高は、機械事業、素材事業の全部門にて増収となった。
- ・営業利益は、産業機械部門とユニック部門で減益となるも、前期赤字のロックドリル部門で利益計上、素材事業3部門でも増益となり、連結でも増益となった。

■ 2023年3月期業績予想について

- ・2023年3月期の業績予想は、売上高2,095億円(対前期比+104億円)、営業利益70億円(対前期比△7億円)を予想。
- ・売上高は、ロックドリル部門と不動産事業を除き増収を予想。
- ・営業利益は、金属部門の金属価格変動影響による価格差益を見込まないため減益を予想。

■ 次期中期経営計画、気候変動、脱炭素への取り組みについて

- ・中期経営計画2025は2023年度に発表予定。
また、ESG指数銘柄入りを目指しFTSEのESGレーティングスコア向上を目指す。
- ・気候変動に係るリスクや収益機会については、CDPへの回答を利用することで、TCFDの枠組みに沿った開示を段階的に進める。
- ・CO₂ 排出量(スコープ1, 2)の約80%を占める電力については再生可能エネルギー由来の電力に転換し、約20%を占める非電力を含めてカーボン・ニュートラルを進める方針。
また、ネットゼロを実現するために、スコープ3の算定を進めるとともに、社有林の活用によるCO₂ 吸収施策も検討する。

This is the summary for today.

For the fiscal year ending March 31, 2022, net sales increased JPY39.3 billion from the previous year to JPY199 billion, and operating profit increased JPY2.1 billion from the previous year to JPY7.7 billion.

Net sales increased in all segments in the machinery business and materials businesses.

Operating profit was down in the industrial machinery segment and UNIC segment, but profit was recorded in the rock drill segment, which was in the red in the previous fiscal year. Also, three segments in the materials business increased profits, resulting in a profit increase in the consolidated results.

For the fiscal year ending March 31, 2023, we forecast net sales of JPY209.5 billion, up JPY10.4 billion YoY, and operating income of JPY7 billion, down JPY700 million YoY.

Net sales are expected to increase except for the rock drill segment and the real estate business.

Operating profit is expected to decrease due to the absence of expected price gains from the impact of metal price fluctuations in the metals segment.

Regarding the next medium-term management plan, including climate change and decarbonization initiatives, the medium-term management plan 2025 is scheduled to be announced in May 2023, at the time of the main closing of the fiscal year 2023.

We also aim to improve our ESG rating score in the FTSE with the aim of becoming an ESG index stock.

We will progressively disclose risks and revenue opportunities related to climate change in line with the TCFD framework by implementing our response to the CDP.

For electricity, which accounts for about 80% of CO2 emissions, Scope 1 and 2, we intend to switch to electricity derived from renewable energy sources and promote carbon neutrality, including non-electricity, which accounts for about 20% of CO2 emissions.

In addition, in order to achieve net zero emissions, we will promote Scope 3 calculations and consider measures to absorb CO2 through the use of company-owned forests.

I will explain the details later.

2. 古河機械金属グループの価値創造プロセス(おさらい)



古河機械金属は、当社グループの経営理念を基に、銅山開発技術を進化・発展させ、機械と素材を中核とした事業を展開しています。現在では、CSVの視点を織り込んだ「マーケティング経営」により、企業価値の創造に加え、社会価値を創造し、社会に必要とされる企業であり続けることを目指しています。



Since some of you are attending for the first time, I will briefly explain our value creation process.

Based on the Group's management philosophy, we have evolved and developed our copper mine development technology into a variety of technologies, with machinery and materials at the core of our business.

We have positioned the machinery business as one of our core businesses, and now, through marketing management that incorporates a CSV perspective, we aim to create not only corporate value but also social value and continue to be a company that is needed by society.

3. 2022年3月期 決算および業績予想(連結)

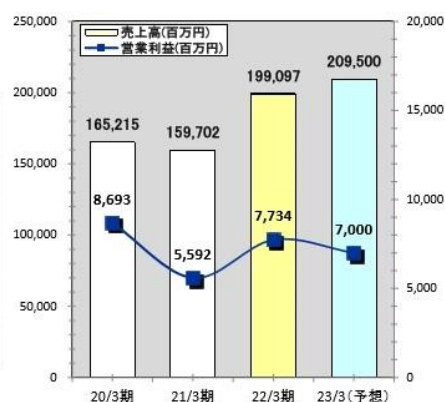


【業績】

		2020年3月期	2021年3月期	2022年3月期	対前期 増減	2023年3月期 (予想)	対2022年3月期 増減
売上高	百万円	165,215	159,702	199,097	39,394	209,500	10,402
営業利益	百万円	8,693	5,592	7,734	2,142	7,000	△ 734
営業利益率	%	5.3	3.5	3.9	0.4	3.3	△ 0.6
経常利益	百万円	8,135	6,773	8,996	2,223	6,900	△ 2,096
親会社株主に帰属する 当期純利益	百万円	4,431	7,468	6,477	△ 990	4,700	△ 1,777

【財務状況】

		2021年3月期	2022年3月期	対前期末 増減
総資産	百万円	218,275	229,727	11,452
純資産	百万円	94,364	100,075	5,710
自己資本比率	%	42.0	42.3	0.3
1株当り純資産	円	2,348.53	2,505.01	156.48
ROE	%	8.9	6.9	△ 2.0



This is the summary of financial results for the fiscal year ended March 31, 2022 and forecast for the fiscal year ending March 31, 2023.

For the fiscal year ended March 31, 2022, net sales increased JPPY39.3 billion YoY to JPY199 billion, operating profit increased JPY2.1 billion to JPY7.7 billion, and ordinary profit increased JPY2.2 billion to JPY8.9 billion.

However, profit attributable to owners of the parent decreased JPY900 million to JPY6.4 billion compared to the previous year, which recorded an extraordinary income on sales of investment securities of JPY4 billion.

The financial situation is as shown. As a result, ROE was down 2% to 6.9%.

For the fiscal year ending March 31, 2023, we forecast net sales of JPY209.5 billion, up JPY10.4 billion from the previous year, and operating income of JPY7 billion, down JPY700 million from the previous year.

Ordinary profit is expected to be JPY6.9 billion, down JPY2 billion from the previous year, when foreign exchange gains were recorded, and profit attributable to owners of the parent is expected to be JPY4.7 billion, down JPY1.7 billion.

連結損益計算書



(単位:百万円)

	2021年3月期	2022年3月期	対前期増減
売上高	159,702	199,097	39,394
売上原価	137,508	172,995	35,487
(売上総利益)	22,194	26,101	3,907
販売費及び一般管理費	16,601	18,366	1,765
営業利益	5,592	7,734	2,142
営業外収益	2,749	3,044	295
受取配当金	749	752	2
持分法による投資利益	355	370	14
為替差益	702	677	△24
不用品処分益	65	497	432
その他	876	746	△129
営業外費用	1,568	1,782	213
支払利息	456	427	△29
休館山管理費	769	812	42
その他	342	543	200
経常利益	6,773	8,996	2,223
特別利益	4,105	1,113	△2,991
負ののれん発生益	-	833	833
その他	4,105	280	△3,824
特別損失	971	972	1
固定資産除売却損	151	157	6
賃貸ビル解体費用	730	668	△62
その他	89	146	57
税金等調整前当期純利益	9,907	9,137	△769
法人税、住民税及び事業税	2,172	2,715	543
法人税等調整額	65	△264	△329
当期純利益	7,670	6,686	△983
非支配株主に帰属する当期純利益	201	208	6
親会社株主に帰属する当期純利益	7,468	6,477	△990

山石金属の株式取得に伴う負ののれん発生益を計上

前期に投資有価証券売却益(40億)を計上

古河大阪ビルの解体工事進捗分の費用

This is the income statement

Net sales and operating profit will be discussed by division later in this section.

In the area of operating income and below, there was an extraordinary income, including a gain on negative goodwill, resulting from the acquisition of shares in metal powder manufacturing and sales company, Yamaishi Metal Co., Ltd.

However, gain on sales of investment securities for effective use of assets and restoration financial health was posted in the previous year.

In addition, extraordinary losses including expenses for the demolition progress of the Furukawa Osaka Building, was posted, as in the previous fiscal year.

As a result, profit attributable to owners of the parent decreased by JPY900 million to JPY6.4 billion.

連結貸借対照表



(単位:百万円)

	2021年3月期	2022年3月期	対前期末 増減
資産の部			
流動資産	88,625	96,238	7,612
固定資産	129,649	133,489	3,839
有形固定資産	89,817	90,976	1,159
無形固定資産	341	376	34
投資その他の資産	39,490	42,136	2,646
資産合計	218,275	229,727	11,452
負債の部			
流動負債	47,839	59,859	12,020
固定負債	76,071	69,793	△6,278
負債合計	123,910	129,652	5,741
純資産の部			
株主資本	76,373	80,570	4,196
資本金	28,208	28,208	-
資本剰余金	2	2	-
利益剰余金	50,025	54,557	4,531
自己株式	△1,862	△2,197	△334
その他の包括利益累計額	15,396	16,683	1,286
非支配株主持分	2,594	2,821	227
純資産合計	94,364	100,075	5,710
負債純資産合計	218,275	229,727	11,452

現金及び預金の減少も、
原材料及び貯蔵品の増加など

建物及び構築物、土地の増加など

上場株式の株価上昇による
投資有価証券の増加など

支払手形および買掛金、電子記録債務、
未払金の増加など

■有利子負債(借入金)

(単位:百万円)

	2021年3月期	2022年3月期	対前期末 増減
短期	8,436	8,331	△105
長期	61,246	57,339	△3,906
有利子負債合計	69,683	65,671	△4,011

This is the balance sheet.

Total assets increased JPY11.4 billion to JPY229.7 billion, and net assets increased JPY5.7 billion to JPY100 billion.

Interest-bearing debt decreased JPY4 billion from the end of the previous period to JPY65.6 billion.

The main factors are as described here.

部門別業績(連結)



(単位:百万円)

売上高	2021年3月期	2022年3月期	対前期 増減	2023年3月期 (予想)	対2022年3月期 増減
機械事業	68,635	76,938	8,303	78,600	1,661
産業機械部門	16,682	17,723	1,041	20,200	2,476
ロックドリル部門	24,149	30,910	6,761	29,400	△1,510
ユニック部門	27,804	28,305	500	29,000	694
素材事業	88,203	118,163	29,960	126,000	7,836
金属部門	76,094	102,995	26,900	110,700	7,704
電子部門	5,741	7,271	1,530	7,300	28
化成品部門	6,367	7,896	1,529	8,000	103
不動産事業	2,107	2,115	7	2,000	△115
その他	755	1,879	1,123	2,900	1,020
合計	159,702	199,097	39,394	209,500	10,402

	2022年3月期	対前期 増減
銅 価	9,691 \$ / トン	2,812 \$ / トン
為 替	112.4円 / \$	6.3円 / \$

	2023年3月期 (予想)	対2022年3月期 増減
銅 価	9,400 \$ / トン	△291 \$ / トン
為 替	120.0円 / \$	7.6円 / \$

営業利益	2021年3月期	2022年3月期	対前期 増減	2023年3月期 (予想)	対2022年3月期 増減
機械事業	3,968	4,679	710	5,300	620
産業機械部門	2,113	1,396	△717	1,800	403
ロックドリル部門	△1,324	1,117	2,442	1,300	182
ユニック部門	3,180	2,165	△1,014	2,200	34
素材事業	1,040	2,349	1,308	1,200	△1,149
金属部門	499	940	441	0	△940
電子部門	161	666	504	600	△66
化成品部門	380	743	363	600	△143
不動産事業	736	743	6	600	△143
その他	△82	17	99	△20	△37
調整額	△71	△54	16	△80	△25
合計	5,592	7,734	2,142	7,000	△734

為替感応度について
 1円の円安で年間約1億円の営業利益増
 ・機械事業(主にロックドリル)で約60百万円増
 ・金属部門で約40百万円増

This is the results by segment.

Net sales for the fiscal year ended March 31, 2022 increased in all segments of both the machinery business and materials business. Sales in the machinery business, as a whole, increased by JPY8.3 billion to JPY76.9 billion, and sales in the materials business, as a whole, increased by JPY29.9 billion to JPY118.1 billion.

Operating profit increased, except for the industrial machinery segment and UNIC segment. Operating profit in the machinery business as a whole increased JPY700 million to JPY4.6 billion, and that in the materials business as a whole increased JPY1.3 billion to JPY2.3 billion.

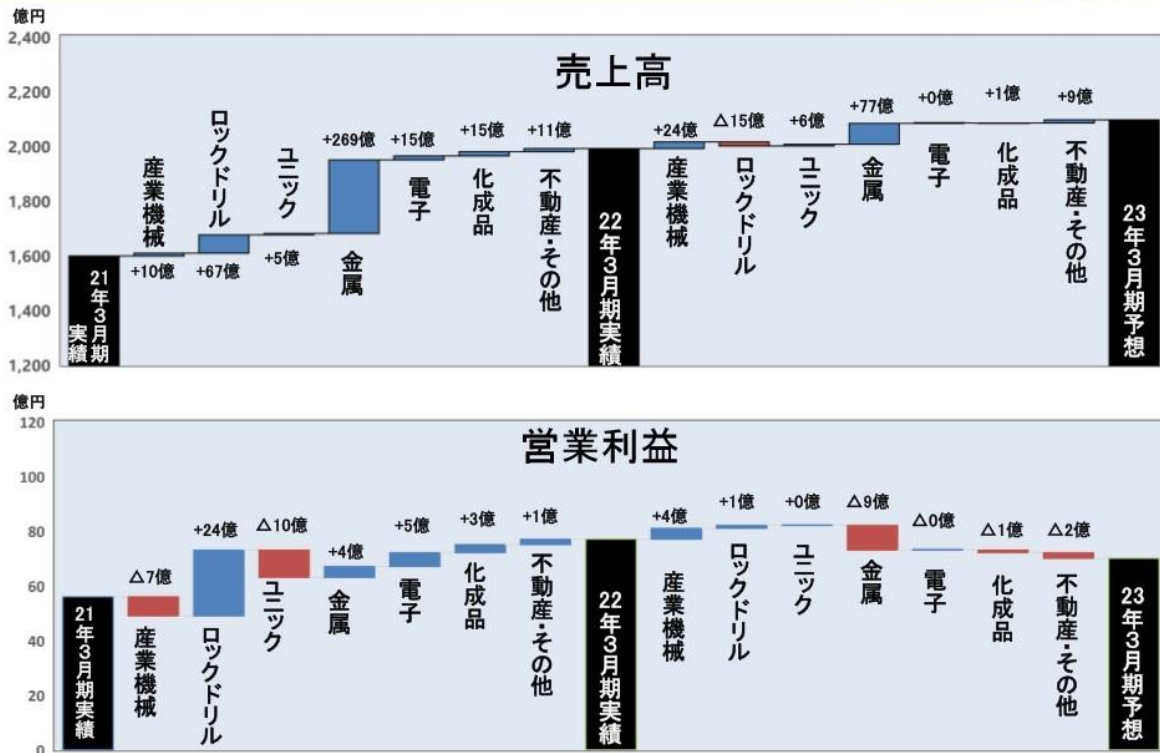
Net sales for the fiscal year ending March 31, 2023 are expected to increase except for the rock drill segment and the real estate business. Sales in the machinery business overall is expected to increase by JPY1.6 billion to JPY78.6 billion, and sales in the materials business overall is expected to increase by JPY7.8 billion to JPY126 billion.

Operating profit is expected to increase in the three segments in the machinery business but decrease in the three segments in the materials business.

For operating profit, the overall machinery business is expected to increase by JPY600 million to JPY5.3 billion, while the materials business overall is expected to decrease by JPY1.1 billion to JPY1.2 billion.

LME copper prices and exchange rates, as well as assumptions and exchange rate sensitivities, are as described. The copper price and exchange rate assumptions for the forecast for the fiscal year ending March 31, 2023 are USD9,400 and JPY120, respectively.

部門別業績の増減(連結) / 対前期



The changes in segment results from the previous year are as shown.

Net sales increased significantly in the fiscal year ended March 31, 2022, mainly due to higher sales in the metals segment and rock drill segment, while the forecast for the fiscal year ending March 31, 2023 is for overall sales to increase, mainly due to higher sales in the industrial machinery segment and metals segment, although sales will decrease in the rock drill segment.

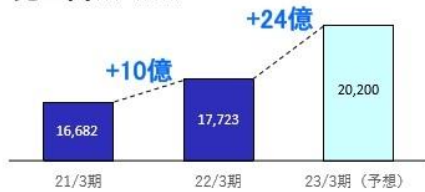
Although operating profit decreased in the industrial machinery segment and UNIC segment for the fiscal year ended March 31, 2022, overall operating profit increased, mainly due to an increase in the rock drill segment.

For the fiscal year ending March 31, 2023, we expect an increase in profit in the industrial machinery segment, but a decrease in profit in the metals segment and other factors will result in an overall decrease in profit.

部門別業績(産業機械部門)



売上高 (単位:百万円)



■2022年3月期の主な増減要因

【売上高】

・大型プロジェクト案件や橋梁等の出来高に応じた売上高の計上により増収。

【営業利益】

・マテリアル機械の部品、オーバーホール等の減収により減益。

	2022年3月期	対前期増減
受注残	93億円	△4億円

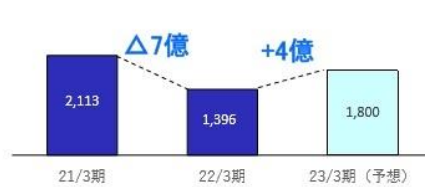
【橋梁】

東海環状大安2高架橋3鋼上部工事(三重県いなべ市) 亀戸駅前歩道橋架替工事(東京都江東区) 等

【大型案件】

中央自動車道新小仏トンネル工事向け密閉式吊下げ型コンベヤ(SICON®) 等

営業利益 (単位:百万円)



■2023年3月期(予想)の主な増減要因

【売上高】

・ポンプ、下水処理場の長距離移送設備等のポンプ設備、橋梁等の増収により全体でも増収予想。

【営業利益】

・増収による増益予想。

■参考:主な製品の特長、向け先、シェア

ポンプ

【強み】 鉱山開発で培われた耐久性、耐摩耗性等に優れたポンプ製品

【向け先】 シールドトンネル工事現場、下水処理場等

【シェア】

国内シェア

60%

国内シェア

40%

下水道用汚泥ポンプ スラリーポンプ

マテリアル機械

【強み】 機械の製造・販売をはじめ、セクションプラントに対応

【向け先】 砕石場、石灰鉱山、製鉄所等

【シェア】

国内シェア

15%

破砕機

コントラクタ事業

【強み】 工事の設計から施工まで一貫して受注できる総合力

【向け先】 鋼橋梁の新設工事、土砂搬送工事等

【注目】

ダンプトラックに替わる土砂搬送方法としてベルトコンベヤが注目、引き合い件数も増加

I will explain the results by segment in detail.

Please refer to the references at the bottom of the page when you have time, as they describe the features, destinations, market share, etc. of the main products of each division.

First is the industrial machinery segment. Net sales for the fiscal year ended March 31, 2022 increased due to sales from large projects, bridges, and other work in line with volume.

Operating profit decreased due to lower sales of material machinery parts and overhauls.

The order backlog was JPY9.3 billion, down JPY400 million from the previous fiscal year, and included orders for the construction of the upper part of the No.3 elevated bridge on the Tokai-Kanjo Expressway Daian No.2, and the replacement construction of the pedestrian bridge in front of Kameido Station for bridge projects, as well as an enclosed hanging conveyor for construction of the Shin-Kobutoke Tunnel on the Chuo Expressway, among other large projects.

Regarding factors for increase and decrease in the forecast for the fiscal year ending March 31, 2023, overall sales are expected to increase due to increased revenue from pumps, sewage plant extended transfer facilities and other pumping equipment, and bridges.

Operating profit is expected to increase due to higher sales.

■ 社会課題に貢献する土砂搬送方式としてベルトコンベヤの引き合いが増加

国土強靱化や防災・減災のためのダム新設・再生工事、河川の治水工事等での採用を目指し、コンサルや一般土木ゼネコン、海洋土木ゼネコンからの情報収集を強化。

現在の引き合い・相談件数

ダム新設工事2件、ダム機能再生工事3件、
河川治水工事2件、トンネル工事5件、その他4件

参考:近年の受注実績

小名浜港湾国際バルクターミナル向けの荷役設備 約60億円
境川金森調節池造成工事(東京都町田市)向けSICON® 約10億円
中央新幹線第一首都圏トンネル新設(北品川工区)工事向けSICON® 約8億円
中央自動車道新小仏トンネル工事向けSICON® 約6億円
北海道新幹線札幌トンネル向けベルトコンベヤ 約4億円 等

SICON®は、ContiTech Transportbandsysteme GmbH社の登録商標



境川金森調節池造成工事(東京都町田市)向け
密閉式吊下げ型コンベヤSICON®

■ マテリアル機械において戦略機を軸にしたセクションプラント案件

2023年3月期の新規受注としてセクションプラント大型案件(金額規模10億円強)を2件獲得を目指す。

【案件①】鉄鋼スラグメーカー

破碎機2台、スクリーン8台のセクションプラント

【案件②】セメントメーカー

破碎機2台、粉碎機1台、スクリーン4台のセクションプラント



破碎機
(コーンクラッシャー)
GEOPUS C3

In the industrial machinery segment, inquiries about belt conveyors are increasing as a method of conveying earth and sand that contributes to social issues.

We are strengthening information gathering from consultants, general civil engineering general contractors, and offshore civil engineering general contractors with the aim of adoption for new dam construction and restoration work for national land resilience and disaster prevention and mitigation, as well as for river flood control work.

As a result of these efforts, we are currently receiving many inquiries and consultations regarding this special earth and sand transport method, including two for new dam construction, three for dam function restoration, two for river flood control, and five for tunnel construction and other projects.

The size and certainty of each project varies, but we aim to obtain as many orders as possible.

For your reference, we have also listed recent orders for belt conveyors, which you can see later.

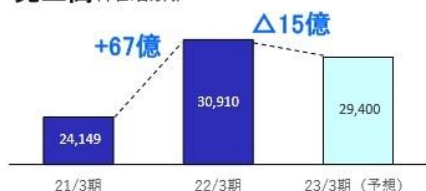
In material machinery, we are aiming to win orders for sectional plants centered on crushers, a strategic machine, and we are aiming to win two new orders for steel slag manufacturers and cement manufacturers in the fiscal year ending March 31, 2023.

Both are large properties with a value of over JPY1 billion.

部門別業績(ロックドリル部門)



売上高 (単位:百万円)



■2022年3月期の主な増減要因

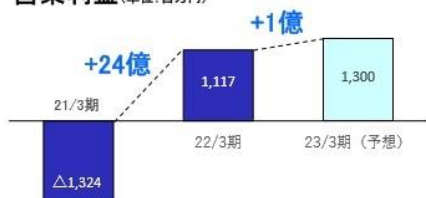
【売上高】 国内132億円 海外176億円

- ・国内外ともに増収 (国内+9億円、海外+57億円)。
- ・特に、海外は、円安による増収に加え、建設機械需要の旺盛な北米を中心に増収。油圧クローラドリルは北米、中近東、アフリカ、東南アジア、油圧ブレイカは欧米で増収。

【営業利益】

- ・増収による増益。

営業利益 (単位:百万円)



■2023年3月期(予想)の主な増減要因

【売上高】 国内121億円 海外173億円

- ・製品価格の値上げや円安により増収効果を見込むも、工期遅れ等でトンネルドリルジャンボ関連の売上が減少し、全体では減収予想。

【営業利益】

- ・減収による減益影響はあるものの、製品価格の値上げや円安により増益予想。

■参考:主な製品の特長、向け先、シェア

油圧ブレイカ

【強み】 小型から超大型までラインアップ
高品質かつ高打撃力

【向け先】 砕石場等の露天掘り現場、
土木・建築現場等

【シェア】 国内シェア **40%**

油圧ブレイカ

油圧クローラドリル

【強み】 岩盤の状態に応じた正確かつ
スピーディーな掘削技術

【向け先】 石灰鉱山等の露天掘り現場、
海外のインフラ整備等

【シェア】 国内シェア **65%**

油圧クローラドリル

トンネルドリルジャンボ

【強み】 山岳トンネルや長大トンネルでの
数多くの実績

【向け先】 山岳トンネル工事現場、
ダム等の導水路工事現場等

【シェア】 国内シェア **80%**

トンネルドリルジャンボ

Next is the rock drill segment.

Net sales for the fiscal year ended March 31, 2022 increased both in Japan and overseas, especially overseas where sales increased by JPY5.7 billion from the previous fiscal year, mainly in North America, where demand for construction machinery is strong, in addition to the increase due to the weaker yen.

Sales of hydraulic crawler drills increased in North America, the Middle East, Africa, and Southeast Asia, while sales of hydraulic breakers increased in Europe and North America.

Operating profit increased due to higher sales.

Regarding increase and decrease in the forecast for the fiscal year ending March 31, 2023, we expect an increase in net sales due to higher product prices and a weaker yen but expect a decline in overall sales due to a decrease in sales related to tunnel drill jumbos because of delays in the construction schedule of the Linear Central Shinkansen.

Operating profit is expected to increase due to product price hikes and yen depreciation, despite the negative impact of lower sales.

「台数重視」→「利益重視」への変革を継続

国内 ■ 販売機種の集中と市場に合わせた製品販売戦略の遂行

- ・アタッチメント製品である油圧ブレイカは大型機、油圧圧砕機は小割機に注力し集中販売。
本体だけでなく、整備や部品販売等のストックビジネスの更なる強化を図る。
- ・製品・部品の価格改定(値上げ)を実施。
- ・部品販売の捕捉率は高いため重要部品の定期交換を促進。

海外 ■ 欧米は「攻める市場」として機種を絞って販売を強化

- ・北米は、油圧クローラドリル、油圧ブレイカともに大型機を拡販。
- ・欧州は、油圧ブレイカの中大型機を軸足に拡販。
- ・製品・部品の価格改定(値上げ)を実施。
- ・保証期間の純正部品使用を必須化し、部品販売の拡大を図る。

■ 東南アジアは碎石市場の創造・販売店施策の転換

- ・空圧ドリルから油圧クローラドリルへの誘導施策として
作業性が高く購入しやすい価格設定のアタッチメントドリルを開発・上市。
今後、インドネシアの他、東南アジア諸国にも展開し、油圧化促進を図る。
これまで: 空圧ドリル→今後: アタッチメントドリル→将来: 油圧クローラドリル

■ 中国、インド、中南米の販売子会社は引き続き統廃合を検討中

■ LCS(ライフサイクルサポート)は海外サービス体制構築に遅れがあり、挽回への対応として組織体制の強化を図る



油圧クローラドリル



アタッチメントドリル

The rock drill segment continues its transformation from a focus on volume to a focus on profit.

In Japan, we are concentrating on sales models and executing product sales strategies tailored to the market. Specifically, we will concentrate our sales efforts on large-sized machines for hydraulic breakers, which is attachment product, and on small-sized machines for hydraulic crushers.

We will also further strengthen our recurring revenue model, including maintenance and parts sales, in addition to the main unit itself. In addition, we will implement price revisions for products and parts. Since the capture rate of parts sales is high, we will promote regular replacement of critical parts.

Overseas, we will strengthen sales by focusing on models in Europe and the US as markets to attack. Specifically, in North America, we will expand sales of large-sized machines for hydraulic crawler drills and hydraulic breakers.

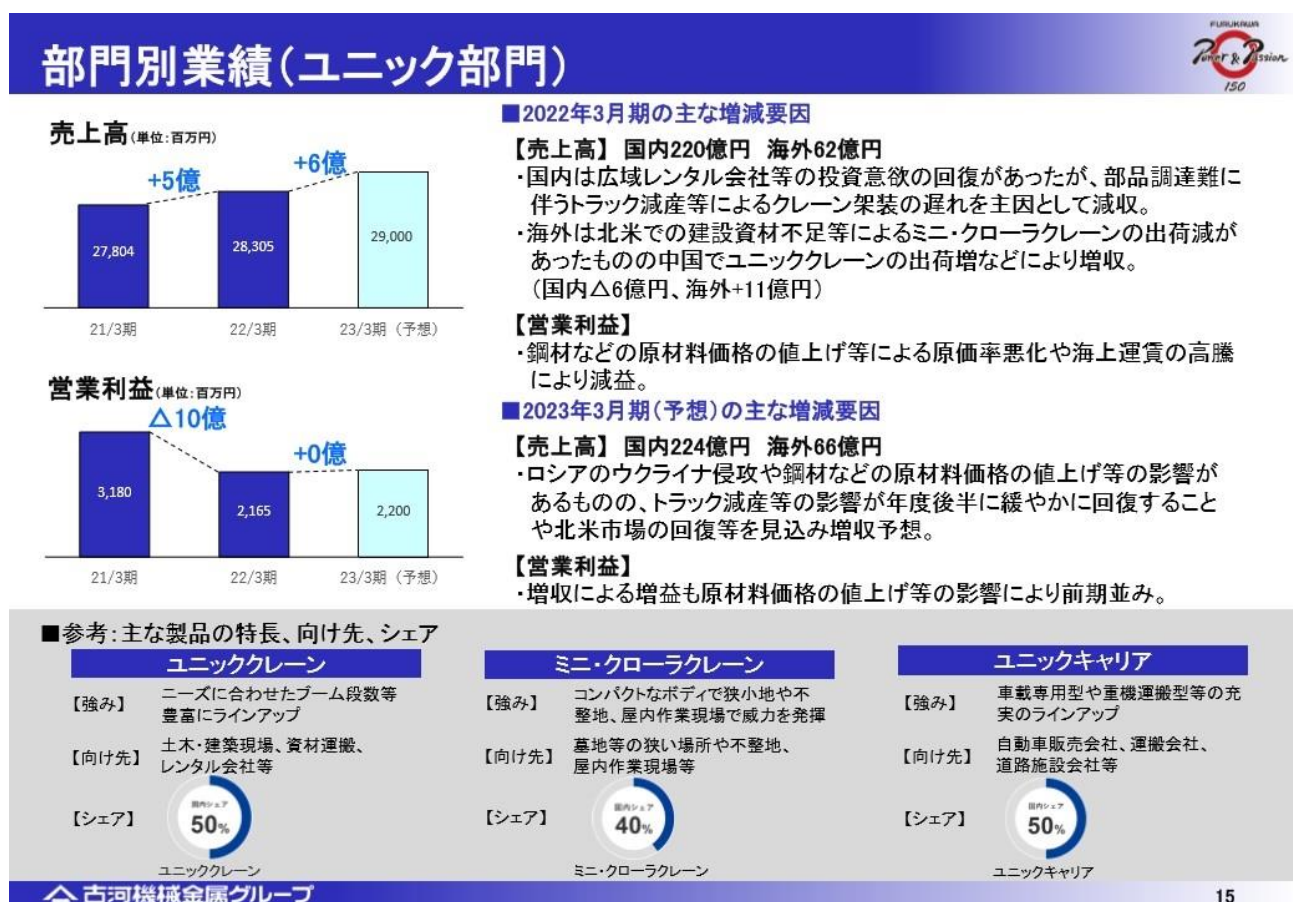
In Europe, we will expand sales of medium to large-sized machines for hydraulic breakers. In addition, as in Japan, we will implement price revisions for products and parts, as well as expand parts sales by making the use of genuine parts mandatory during warranty periods.

In Southeast Asia, we will create a crushed stone market and transform our dealer policies. Specifically, as a measure to induce customers to switch from pneumatic drills to hydraulic crawler drills, we developed and launched an attachment drill that is easy to work with and affordable.

In addition to Indonesia, we plan to expand our sales to other Southeast Asian countries to promote the switch to hydraulic drilling by inducing customers to switch from conventional pneumatic drilling to attachment drilling, and to hydraulic crawler drilling in the future.

We continue to consider consolidation of sales subsidiaries in China, India, and Latin America.

Life Cycle Support has lagged behind in building an overseas service system and will strengthen its organizational structure to make up for the delay.



Next is the UNIC segment.

Net sales in Japan for the fiscal year ended March 31, 2022 decreased mainly due to delays in crane erection due to truck production cutbacks caused by parts procurement difficulties, despite a recovery in investment appetite among wide-area rental companies and others.

Overseas, despite a decrease in shipments of mini-crawler cranes in North America due to a shortage of construction materials and other factors, overall sales increased due to higher shipments of UNIC cranes in China and other factors.

Operating profit decreased due to a worsening cost ratio caused by price hikes in steel and other raw materials, as well as soaring ocean freight costs.

Regarding increase and decrease in the forecast for the fiscal year ending March 31, 2023, we expect net sales to increase, despite the impact of Russia's invasion of Ukraine and price increases for steel and other raw materials, as we anticipate a gradual recovery in the second half of the fiscal year from the impact of truck production cuts and other factors, as well as a recovery in the North American market.

Operating profit is expected to remain at the same level as the previous year due to the impact of raw material price hikes and other factors, despite an increase in income from higher sales.

国内

■ ミニ・クローラクレーン等の拡販強化

- ・半導体不足等によるトラック減産の影響を受けないミニ・クローラクレーン、住宅用クレーン、船舶用クレーンを拡販。



■ 需要が安定している製品のシェアアップを図る

- ・ユニッククレーンは、シェアの低い地域向けに安全講習会の開催やユニック特有のラジコン性能等の促進により、底上げを図る。
- ・ユニックキャリアは、フラットタイプの拡販により、シェアアップを図る。

海外

■ ロシアのウクライナ侵攻による影響

- ・海外売上高の約3割を占めるロシアの販売が難しいことから、欧米や東南アジア、中東への販売を強化。

■ 販売力、製品力、技術サービス力の強化

- ・欧米向けには、新型ミニ・クローラクレーンを投入すべく開発中。
- ・東南アジア、中東等の新興国向けには泰安古河(中国)製大型搭載型クレーンを促進。
- ・販売店向け講習用ツール拡充・研修実施、人材育成・強化。



泰安古河製
大型積載型クレーン

As for measures in the UNIC segment, we will expand sales of mini-crawler cranes, residential cranes, ocean cranes, etc., which are not affected by truck production cutbacks due to the shortage of semiconductors and other factors in Japan.

We will also seek to increase our market share of products for which demand is stable. Specifically, for regions where the market share for UNIC cranes is low, we will work to raise the level of the market share by holding safety seminars and promoting the radio-controlled performance unique to UNICs, etc.

For UNIC carriers, we will increase the market share by expanding sales of flat-type carriers.

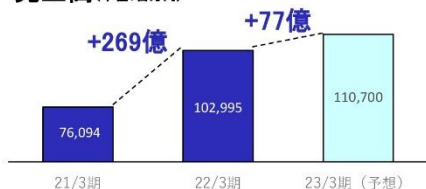
Overseas, we will strengthen sales to Europe, the US, Southeast Asia, and the Middle East, as sales to Russia, which accounts for about 30% of our overseas sales, are difficult due to the impact of Russia's invasion of Ukraine.

We will also strengthen our sales, product, and technical service capabilities. Specifically, we are developing a new mini-crawler crane for Europe and the US to be introduced, and we will promote large-size truck-mounted cranes manufactured by Taian Furukawa for emerging countries in Southeast Asia, the Middle East, etc.

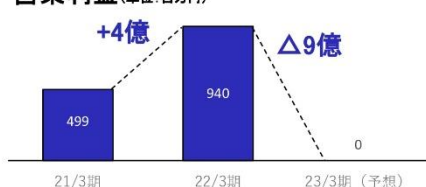
In addition, we will expand and enhance training tools for dealers, conduct training, and develop and strengthen human resources.

部門別業績(金属部門)

売上高(単位:百万円)



営業利益(単位:百万円)



■2022年3月期の主な増減要因

【売上高】

- 委託製錬費比率の見直しにより段階的に電気銅の生産量を減らしているため販売数量減少するも、海外相場の上昇により増収。
銅 +245億円(数量△34億円、単価+278億円)
金 +16億円(数量+11億円、単価+6億円)

【営業利益】

- 銅生産量減少による委託製錬収支の改善や銅価上昇による価格差益(右表)により増益。

金属価格変動影響による損益について

	2022年3月期	対前期増減
銅 価	9,691 \$/ト	2,812 \$/ト
為 替	112.38円/\$	6.32円/\$

	2023年3月期(予想)	対2022/3期増減
銅 価	9,400 \$/ト	△291 \$/ト
為 替	120.00円/\$	7.62円/\$

	2022年3月期	対前期増減
営業利益	9.4億円	4.4億円
内 価 格 影 響 分	15.1億円	0.0億円
銅	(11.8億円)	(2.3億円)
金	(2.7億円)	(△1.8億円)

■2023年3月期(予想)の主な増減要因

【売上高】

- 金属価格の上昇および円安等により増収。
銅 +20億円(数量△8億円、単価+29億円)
金 +58億円(数量+46億円、単価+11億円)

【営業利益】

- 委託製錬収支の改善を想定するが、金属価格変動による価格差益を見込まないため減益。
△9億円(委託損益+2億円 価格差益△12億円)

■小名浜製錬との委託契約終了により委託製錬事業の抜本的見直しに目処(詳細は次ページ)

■参考:主な製品の特長、向け先、シェア

電気銅

- 【強み】 創業当時から電気銅の供給責任を果たし、年間7万トン生産
- 【向け先】 電線、伸銅品、家電製品、通信機器、自動車等
- 【2023年度】 小名浜製錬との契約終了に伴い委託製錬事業の抜本的な見直しに目処 不採算の輸出大幅減

Next is metals segment.

Net sales for the fiscal year ended March 31, 2022 will increase due to higher overseas market prices, although sales volume will decrease due to a gradual reduction in electrolytic copper production as a result of a review of the ratio of consignment smelting costs. The main factors for changes are as described.

Operating profit increased due to an improvement in the balance of consignment smelting income and expenses resulting from a decrease in copper production and price gains from higher copper prices.

Of the operating profit, there was an operating income of JPY1.5 billion due to price gains, and excluding this, operating income was a loss of approximately JPY500 million. This structural deficit structure will be explained later.

With regard to increase and decrease in the forecast for the fiscal year ending March 31, 2023, we expect net sales to increase as stated, mainly due to higher metal prices and a weaker yen, under the assumptions of a copper price of USD9,400 and an exchange rate of JPY120.

Operating profit is expected to decrease due to the absence of expected price gains from metal price fluctuations, although we expect an improvement in the consignment smelting balance.

The breakdown of the JPY900 million decrease is an increase of JPY200 million in gains/losses on consignment and a decrease of JPY1.2 billion in price gains.

In addition, as already disclosed in a timely manner, we have terminated the consignment contract with Onahama Smelting and Refining Co., Ltd. and have reached a point of drastic review of the consignment smelting business.

I will explain the details on the next page.

部門別業績(金属部門)



■ 小名浜製錬との委託契約終了により委託製錬事業の抜本的見直しに目処

2023年3月末をもって銅の年間生産量の約34% (約24,000トン)を委託する小名浜製錬株式会社との委託製錬契約を終了することを決議(2022年5月12日適時開示)。

【今後の金属部門について】

- ・委託製錬先は持分法適用会社である日比共同製錬株式会社のみ。
- ・2023年度の銅生産量は約46,600トン/年となる見込み。
国内の販売量は約40,000トン/年のため、不採算である輸出を大幅に削減することが可能。

→これにより委託損益の採算確保は可能と判断。
2023年3月期予想と同じ前提条件で試算した場合、右表通り金属部門の営業利益は0億円から4億円改善。
連結ベースでは営業利益率3.3%から4.4%(+1%増)に改善。

【製錬会社の収益構造の変化について】

- ・近年、買鉱条件収入(TC/RC)は、中国の旺盛な買鉱需要を背景とした需給の不安定化により、製錬会社に不利な状態にあり、今後の買鉱条件収入の大幅な改善は見込みにくい。(右図①は縮小)
- ・一方で、環境対策投資や設備維持更新投資の増加やその減価償却費負担、電力料や重油代などの操業費用の高騰などにより、製錬費が増加傾向にある。(右図②は増加)
- ・この結果、製錬費が買鉱条件収入を上回り、従来あった収益が近年では赤字構造となっている。(右図③は縮小、赤字化)

金属部門損益影響	2023年3月期予想 (2022年3月12日発表)	小名浜製錬 契約終了後の試算	対2023年3月期予想 との増減
売上高	1,107億円	707億円程度	約400億円減
営業利益	0億円	4億円程度	約4億円増
銅生産量	70,816トン	約46,600トン	約24,000トン減
前提条件 銅値	9,400\$/mt		-
為替	120円/\$		-

連結損益影響	2023年3月期予想 (2022年3月12日発表)	小名浜製錬 契約終了後の試算	対2023年3月期予想 との増減
売上高	2,095億円	1,695億円程度	約400億円減
営業利益	70億円	74億円程度	約4億円増
営業利益率	3.3%	4.4%	1.0%改善
連結貸借対当表影響	2022年3月末 (2022年3月12日発表)	小名浜製錬 契約終了後の試算	対2023年3月期予想 との増減
総資産	2,297億円	2,212億円程度	約85億円減



On May 12, 2022, the Company resolved to terminate the consignment contract with Onahama Smelting and Refining Co., Ltd. to consign approximately 34% of its annual copper production, or 24,000 tons, at the end of March 2023.

With regard to the metals segment going forward, the only contract smelter will be the equity method affiliate Hibi Kyodo Smelting Co., Ltd.

Copper production in FY2024 is expected to be about 46,600 tons per year, and with domestic sales of about 40,000 tons per year, exports, which are unprofitable, can now be significantly reduced.

We believe that this will enable us to secure profitability in terms of profit and loss on consignment.

Based on the same assumptions as the forecast for the fiscal year ending March 31, 2023, operating profit in the metals segment will improve from JPY0 billion to JPY400 million, as shown in the table.

On a consolidated basis, the operating margin will improve by about 1% from 3.3% to 4.4%.

Let me explain the changes in the profit structure of smelting companies. As shown in the figure, in recent years, ore purchase condition income has been disadvantageous to smelters due to instability in supply and demand against the backdrop of China's strong demand for ore purchases, and it is difficult to expect a significant improvement in the ore purchase condition income in part one of the figure in the future.

On the other hand, smelting costs in part two of the figure are on the rise due to increased investment in environmental measures and facility maintenance and renewal, their depreciation burden, and soaring operating expenses such as electricity and heavy oil costs.

As a result, smelting costs have exceeded revenues from ore purchase terms and conditions, and the previously existing revenue in part three of the figure has become a deficit structure in recent years.

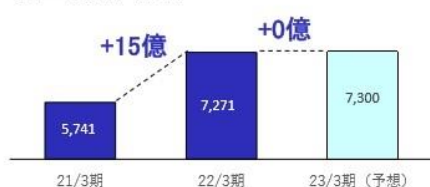
Apart from this, if profit and loss are generated by fluctuations in metal prices, and metal price rises as in the fiscal year ending March 31, 2022, it can boost profits by JPY1.5 billion.

The opposite is true if prices fall, so a fundamental review of the consignment smelting business was an important issue for the Company.

部門別業績(電子部門)



売上高(単位:百万円)



■2022年3月期の主な増減要因

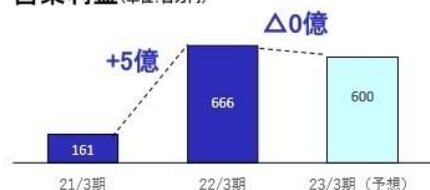
【売上高】

・結晶製品は半導体向け、コイルは車載向けに需要増。高純度金属ヒ素は化合物半導体向けに需要が安定。窒化アルミニウムは熱対策部品向けや半導体製造装置用部品向け等の需要増。全体で増収。

【営業利益】

・増収による増益。

営業利益(単位:百万円)



■2023年3月期(予想)の主な増減要因

【売上高】

・高純度金属ヒ素や窒化アルミニウムは旺盛な需要の継続を見込み、全体としては、前期並みと予想。

【営業利益】

・結晶製品の電気料金や原材料価格の上昇等の影響により若干の減益予想。

■参考:主な製品の特長、向け先、シェア

高純度金属ヒ素

【強み】 国内で唯一世界最高純度99.999995%(7N5)の高純度金属ヒ素を生産し、世界シェアトップ

【向け先】 PC、スマートフォン、赤外線発光部品、赤色LD・LED等

【シェア】



高純度金属ヒ素

窒化アルミニウム

【強み】 熱伝導性、絶縁性、均熱性、耐食性に優れた放熱部材で当社独自の成型・焼成・加工技術

【向け先】 半導体製造装置用部品、高出力LED、樹脂製放熱シート等

【フル生産】 優れた放熱部材としての認知が広がりがつつあり、需要拡大によるフル生産が継続、増産投資を実施中

Moving on to the electronics segment.

Net sales for the fiscal year ended March 31, 2022 increased due to increased demand for crystal products for semiconductors and coils for automotive applications, stable demand for high-purity metallic arsenic for compound semiconductors, and increased demand for aluminum nitride for use in thermal management components and semiconductor manufacturing equipment components, among others.

Operating profit increased due to higher sales.

Regarding increase and decrease in the forecast for the fiscal year ending March 31, 2023, we expect net sales to remain flat year on year, with continued strong demand expected for high-purity metallic arsenic and aluminum nitride.

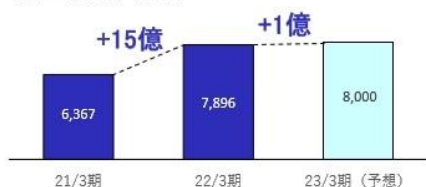
Operating profit is expected to decrease slightly due to higher electricity and raw material prices for crystalline products.

As for aluminum nitride, we plan to invest a total of JPY900 million to increase production.

部門別業績(化成品部門)



売上高 (単位:百万円)



■2022年3月期の主な増減要因

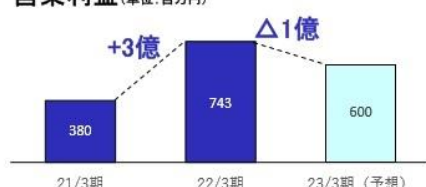
【売上高】

・酸化銅は銅価上昇による単価上昇に加え基板向けの需要が旺盛で増収。
 亜酸化銅はコロナ影響により修繕船向けの需要減少があったが銅価上昇により増収。

【営業利益】

・増収による増益。

営業利益 (単位:百万円)



■2023年3月期(予想)の主な増減要因

【売上高】

・酸化銅は基板向けの旺盛な需要継続を見込み、また銅価上昇による増収効果もあり増収。全体としては、増収予想。

【営業利益】

・酸化銅は増収による増益も、亜酸化銅の原材料価格の上昇等による原価率の悪化の影響により減益。全体としては、減益予想。

■参考:主な製品の特長、向け先、シェア

亜酸化銅

【強み】 船底へのフジツボ等の付着を防止する船底塗料用防汚剤

【向け先】 船底塗料メーカー等

【シェア】 国内シェア 45%

亜酸化銅

酸化銅

【強み】 酸化触媒やPC等のプリント基板用の高精度なめっき原料

【向け先】 パッケージ基板(パソコンやサーバーのプロセッサ向け)等

【フル生産】 電子機器の小型化や高性能化により、パッケージ基板の需要増。現有設備でフル生産増産投資を検討中

硫酸

【強み】 硫黄焙焼法で不純物が極めて少なく、食品添加物にも使用可能

【向け先】 化学・電子部材・鉄鋼・食品加工等の各工業等

【基礎材料】 各工業に不可欠な基礎材料として常に需要は安定

Moving onto the chemicals segment.

During the period, sales of cupric oxide increased due to higher unit prices, resulting from the rise in copper price, and strong demand for use in substrates, while sales of cuprous oxide increased due to higher copper prices, despite lower demand for use in repair vessels due to the impact of COVID-19.

Operating profit increased due to higher sales.

Regarding increase and decrease in the forecast for the fiscal year ending March 31, 2023, we expect sales of cupric oxide to increase due to continued strong demand for use in substrates and the effect of higher copper prices. We also expect an increase in overall sales.

Operating profit is expected to decrease overall due to the impact of deterioration in the cost ratio of cuprous oxide caused by higher raw material prices and other factors, although cupric oxide is expected to increase due to higher sales.

In addition, investment to increase production of cupric oxide is under consideration.

■機械事業の持続的拡大を目指して

中期経営方針2022の基本戦略に基づき、産業機械部門、ユニック部門に進捗が見られた。基本戦略を見直したロックドリル部門は、海外事業の抜本的な見直しが進捗。

- ・産業機械部門は、ベルトコンベヤの引き合い増加やマテリアル機械のセクションプラント工事案件など、単なる機器メーカーからの脱却を目指すなかで、案件、引き合いが増えつつある。
- ・ロックドリル部門は、海外体制の見直しの一環で不採算であった中国での油圧ブレーカ現地生産を終了、東南アジアの市場開拓の一翼としてアタッチメントドリルを上市するなど、戦略変更を進めた。
- ・ユニック部門は、海外市場において需要が増加している大型搭載型クレーンの開発を推進し、小型から大型までの製品ラインナップを図り、アジア・中東地域における拡販の足掛かりを構築した。

機械事業の持続的拡大の一環として粉末製造技術を有する山石金属を買収。

- ・山石金属の金属粉の取扱い技術・ノウハウを取り込むことで、当社グループが保有する成形技術、焼結技術、熱処理技術等を中心とした粉末冶金技術の展開を強化し、優れた耐摺動性、耐衝撃性、高熱伝導性等を持った機械製品の基幹部品・部材の創出を目指す。これにより競合他社との差別化と更なる付加価値向上に期待。

■金属部門において、委託製錬事業の抜本的な見直しに目処

2023年3月末をもって小名浜製錬との委託製錬契約終了。コア事業とする機械事業により一層注力。

- ・金属部門の銅生産量減により不採算の海外輸出を大幅削減、委託製錬事業の採算確保が可能。
- ・金属価格変動による損益影響は、小名浜製錬との契約終了で影響規模は縮小が可能。機械事業に注力し、営業利益の絶対額を増加することで、金属部門による損益影響を小さくしていく。

The next section summarizes the achievements of the year.

As we aim to sustainably expand our machinery business, progress was made in the industrial machinery segment and UNIC segment in accordance with the basic strategies of the medium-term management policy 2022. In the rock drill segment, where the basic strategy has been revised, a fundamental review of overseas operations has made progress.

Specifically, the industrial machinery segment is seeing an increase in projects and inquiries, as it seeks to move away from being a mere equipment manufacturer, including an increase in inquiries for belt conveyors and material machinery section plant construction projects.

In the rock drill segment, as part of a review of its overseas structure, the Company changed its strategy by terminating local production of unprofitable hydraulic breakers in China and launching an attachment drill as part of its market development efforts in Southeast Asia.

In the UNIC segment, we promoted the development of large-size truck-mounted cranes, for which demand is increasing in overseas markets, and worked to expand our product lineup from small to large cranes to establish a foothold for sales expansion in the Asia and Middle East regions.

Next, as part of the sustainable development of our machinery business, we acquired Yamaishi Metal Co., Ltd., which possesses powder manufacturing technology, in October last year.

By incorporating the metal powder handling technology and know-how of Yamaishi Metal, we will strengthen the development of the Group's powder metallurgy technology centered on molding, sintering, and heat treatment technologies, aiming to create key components and materials for machinery products with

excellent sliding resistance, impact resistance, and high thermal conductivity. This is expected to differentiate us from our competitors, and further add value.

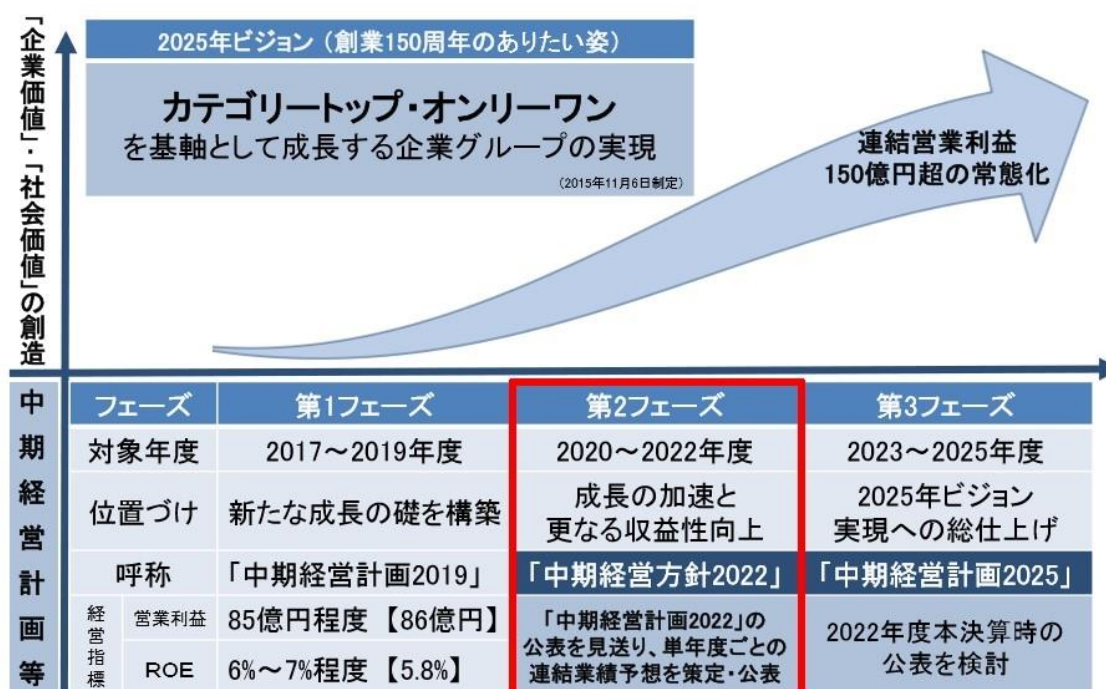
As for the metals segment, a drastic review of the consignment smelting business has been completed. At the end of March 2023, the consignment smelting contract with Onahama Smelting and Refining will be terminated, and the Company will further focus on its core machinery business.

Due to the decrease in copper production in the metals segment, we expect to be able to significantly reduce unprofitable overseas exports and ensure the profitability of the consignment smelting business.

The impact of metal price fluctuations on profit and loss can be reduced by terminating the contract with Onahama Smelting & Refining.

We will continue to focus on the machinery business to increase the absolute amount of operating income, thereby reducing the profit/loss impact of the metals division.

2025年ビジョンと各フェーズについて



Next, the 2025 vision and each phase are as described.

FY2023 is the second phase of the 2025 Vision, a long-term vision of where we want to be in our 150th year of business.

We have formulated and announced a single-year forecast in accordance with the Medium-Term Management Policy 2022.

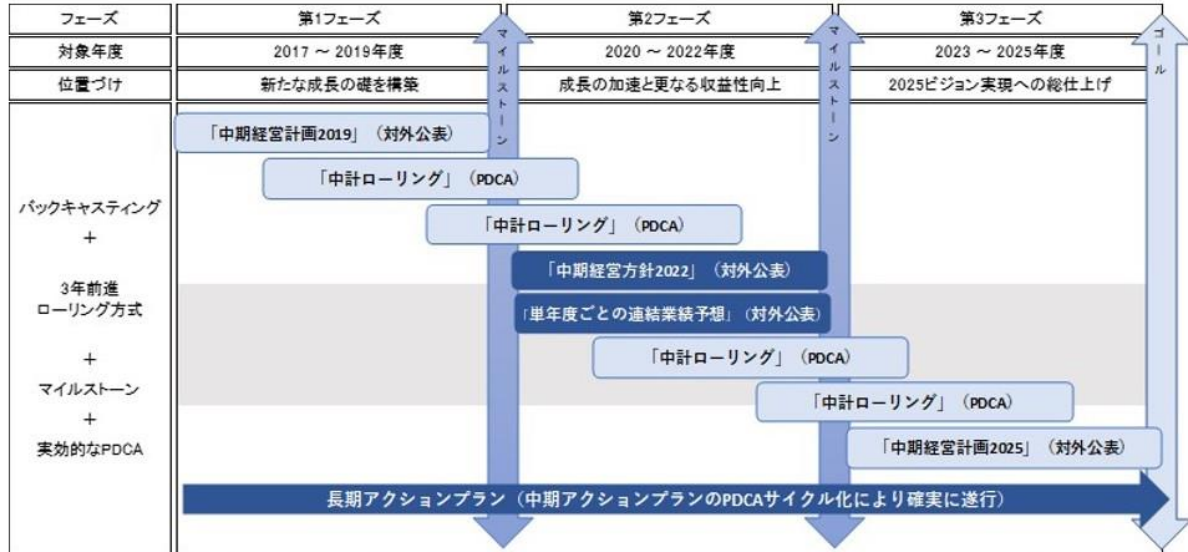
次期中期経営計画(2023-2025年度)について



長期ビジョンである2025年ビジョンを3つのフェーズに区分。第1・第2フェーズにPDCA用のマイルストーン(非開示)を設定し2025年ビジョン達成のための重要なツールとして中期経営計画をローリング。

PDCAサイクルを回しながら事業活動を推進するものの、新型コロナウイルス感染症の感染拡大やロシアによるウクライナ侵攻、半導体不足による原材料不足等、前提条件が変化。次期中期経営計画では織り込むよう検討。

→**企業の長期的成長に重要なESGの視点を持ち、事業の成長戦略や資本政策等の方向性を示す次期中期経営計画を策定し、2023年3月期決算発表時に公表予定。**



Currently, we have set milestones for PDCA and are rolling out a mid-term management plan as an important tool for achieving our 2025 vision.

However, although we will promote our business activities by following the PDCA cycle, preconditions are changing, including the spread of new COVID-19 infections, Russia's invasion of Ukraine, and raw material shortages due to the shortage of semiconductors.

We are considering incorporating these changes into the next medium-term management plan.

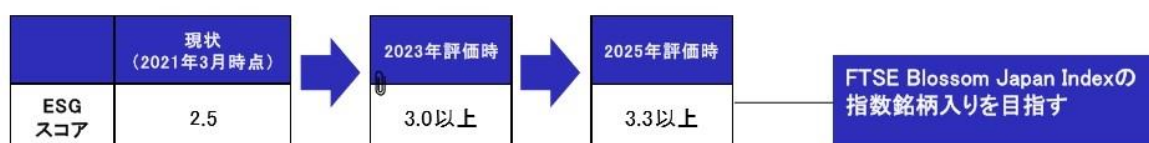
The next medium-term management plan, which will take an ESG perspective important for the Company's long-term growth and provide direction for business growth strategies, capital policies, etc., will be formulated and announced at the time of the announcement of financial results for the fiscal year ending March 31, 2023.

■ ESGレーティングに要求される開示を充実し、FTSE指数銘柄入りを目指す

今春、GPIFが指数として採用している「FTSE Blossom Japan Sector Relative Index」の構成銘柄に選定。より厳しい選定基準となる「FTSE Blossom Japan Index」や「FTSE 4Good Index」で要求されるESGへの取り組みや開示を強化していく。

2021年度時のFTSEのESGレーティングスコアは、総合スコア:2.5であったが、創業150年にあたる2025年度までには、総合スコア3.3以上を獲得し、指数銘柄入りを目指す。

FTSE Russell ESGレーティングスコア



We also view inclusion in ESG index stocks as important for confidence in the Company and stock price formation.

We intend to enhance the disclosures required for ESG ratings, and to strive for inclusion in the FTSE index issues.

This spring, we were selected as a component stock of the FTSE Blossom Japan Sector Relative Index, which is used by the GPIF as an index.

In the future, we will strengthen our ESG initiatives and disclosures required by the FTSE Blossom Japan Index and FTSE 4Good Index, which have stricter selection criteria.

Specifically, the FTSE ESG rating score for 2021 was 2.5 overall, but by 2025, the 150th anniversary of the Company's founding, we aim to achieve an overall score of 3.3 or higher and become an index stock.

■ 気候変動、脱炭素への考え方、取り組みについて

TCFDやそれと同等の枠組みに基づいた開示への対応

- ・気候変動に係るリスクや収益機会について、CDPへの回答を利用することで、TCFDの枠組みに沿った開示を段階的に進める。まずは、これまで未回答であったCDPへの回答を早期に実施する。

脱炭素(カーボン・ニュートラル、ネットゼロ)への取り組み

- ・政府発表のCO₂削減目標(2030年度までに2013年度比46%のCO₂排出量削減と2050年度までにカーボン・ニュートラル達成)に沿ったCO₂削減を実行するための計画を策定中。
- ・カーボン・ニュートラルについては、CO₂排出量(2020年度 CO₂排出量20,903t | スcope 1, 2)の約80%を占める電力は再生可能エネルギー由来の電力に転換することを検討。約20%を占める非電力のCO₂排出量削減計画を含め早期開示を目指す。
- ・ネットゼロについては、スコープ3の算定を進めるとともに、社有林の活用等によるCO₂吸収施策を検討。将来のネットゼロ実現を目指す。

■ 温室効果ガスの排出量削減効果の高い製品・技術・サービスなどを提供することで、脱炭素社会の実現に貢献

例1: ベルトコンベヤ(産業機械部門)

- ダンプトラックに代わる土砂搬送方法としてベルトコンベヤを採用することで、トンネル掘削、調節池造成、ダム機能再生等の工事でCO₂排出量削減に貢献。



例2: ユニッククレーン(ユニック部門)

- エコモデルではダブルポンプによる制御システムを採用し、エンジンの回転数を最大約47%抑え、軽油の消費量を最大約40%削減。最大約40%のCO₂排出量削減に貢献。



Next, I will explain our approach to climate change and decarbonization and our efforts.

Regarding our response to disclosures based on the TCFD and equivalent frameworks, we will gradually move forward with disclosures in line with the TCFD framework by using our responses to the CDP regarding risks and revenue opportunities related to climate change. First, we will implement early responses to CDPs that have not yet been responded to.

As for our efforts toward decarbonization, carbon neutrality, and net zero, we are currently developing a plan to implement CO₂ reductions in line with the government's announced CO₂ reduction targets of a 46% reduction in CO₂ emissions by FY2031 compared to FY2014 and achieving carbon neutrality by FY2051.

Regarding carbon neutrality, we are considering converting electricity, which accounts for about 80% of our CO₂ emissions, to electricity derived from renewable energy sources.

We will aim for early disclosure, including plans to reduce CO₂ emissions from non-electricity sources, which account for about 20% of our CO₂ emissions.

As for net-zero emissions, we are proceeding with Scope 3 calculations and considering measures to absorb CO₂ through the use of Company-owned forests, etc., with the aim of achieving net-zero emissions in the future.

We will also contribute to the realization of a decarbonized society by providing products, technologies, and services that are highly effective in reducing greenhouse gas emissions.

For example, belt conveyors can be used as an alternative to dump trucks for transporting earth and sand, thereby, contributing to the reduction of CO2 emissions in tunnel excavation, regulating reservoir development, dam function rehabilitation, and other construction projects.

In addition, the new control system of the UNIC crane reduces engine speed by up to 47%, reducing diesel oil consumption by up to 40% and contributing to a reduction of CO2 emissions by up to 40%.

4. トピックス



■「FTSE Blossom Japan Sector Relative Index」の構成銘柄に初選定

グローバルインデックスプロバイダーであるFTSE Russellにより、「FTSE Japan All Cap Index」1,391銘柄のうち、各セクターにおけるFTSE RussellのESG評価上位50%かつESGレーティング2.0以上の日本企業(493銘柄のうちの1社)として初選定。



FTSE Blossom
Japan Sector
Relative Index

■「健康経営銘柄2022」に初選定

東京証券取引所の上場企業の中から従業員の健康管理を経営的な視点で考え、戦略的に実践する「健康経営」の取り組みが特に優れた企業を選定する「健康経営銘柄2022」に初選出されました。(経済産業省が実施した健康経営度調査の回答結果をもとに、健康経営度上位20%の上場企業から、1業種1社を基本として選定。)



■その他の外部評価

・日経「SDGs経営」調査

国連の「持続可能な開発目標(SDGs)への取り組みを格付する日経「SDGs経営」調査2021において、星3.0を獲得。



・DBJ環境格付融資

日本政策投資銀行のDBJ環境格付融資を受け、「環境への配慮に対する取り組みが特に先進的」という最高ランクの格付を2015年から7年連続で取得。



Next are FY2022 topics.

FTSE Russell, a global index provider, has selected the Company as a component of the FTSE Blossom Japan Sector Relative Index for the first time.

The Company was also selected for the first time as one of the 2022 Health & Productivity Stock Selection, which selects companies with particularly outstanding health management initiatives that consider employee health management from a managerial perspective and strategically implement them.

Other external evaluations include a three-star rating in the Nikkei SDGs Management Survey 2021, which rates companies' commitment to the United Nations Sustainable Development Goals, SDGs, and a DBJ Environmental Rating Loan from the Development Bank of Japan, which gave the Company the highest rating of particularly advanced in its commitment to environmental considerations for the seventh consecutive year since 2015.

4. トピックス

■「古河機械金属グループ サステナビリティへの取り組みに関する基本方針」の制定

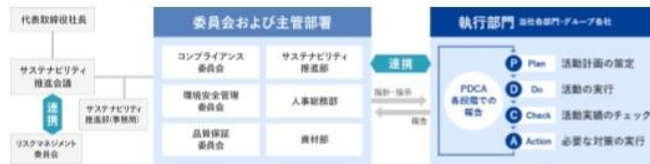
「CSVの視点を織り込んだ『マーケティング経営』による古河ブランドの価値向上」および「当社グループのCSR/ESG課題に配慮した事業運営の実践による企業価値の向上」を図るべく、「古河機械金属グループ サステナビリティへの取り組みに関する基本方針」を策定し、2021年12月1日より取り組みを開始。同時に、サステナビリティ活動等を推進する体制を強化・拡充。

基本方針

古河機械金属グループは、サステナビリティへの取り組みを経営の最重要課題の一つと位置づけ、持続可能な社会の実現に貢献していくとともに、事業を通じた「社会課題」の解決により、持続的な成長と中長期的な企業価値の向上を実現していきます。

■サステナビリティ推進体制

サステナビリティへの取り組みを一層強化するために、サステナビリティ推進会議を設置。全社的なリスクマネジメントに取り組むリスクマネジメント委員会とも連携し、あらゆる環境の変化への対応と経営基盤の強化を推進。



We will continue to enhance our disclosure.

To this end, we are stepping up our sustainability efforts.

In order to enhance the value of the Furukawa brand through marketing management that incorporates a CSV perspective, and to increase corporate value by implementing business operations that take into consideration the Group's CSR/ESG issues, we have formulated the basic policy as described above, and began implementing it on December 1, 2021.

At the same time, we are strengthening and expanding our system for promoting sustainability activities and other initiatives.

We will reduce risks and maximize opportunities through defensive and offensive sustainability.

The information on page 28 onward is for reference only, so please check it later.

That is all the explanation for today.

I would like to ask our shareholders and investors for their continued support of the ever-changing FURUKAWA.

Question & Answer

Questioner: My name is Abe from Daiwa Securities. I have two questions.

First, you mentioned that demand for construction equipment in North America is strong. Please tell us about the continuity of this demand and the business environment, including in Japan.

Second, you mentioned that sales in Russia account for 30% of your total sales. How much of the current sales have decreased, and how much of that has been covered by other regions?

Nakatogawa: First, regarding demand in North America, in the rock drill segment, the products we sell are hydraulic crawler drills, which are used in quarries and limestone piles. This was sold to a local company, also known as an explosive smasher, because the economy was booming over there.

In terms of continuity, there was a slight increase last year as a reaction to the portion restrained by COVID-19, but inquiries we are receiving this year continue to be strong and we expect the demand to continue this fiscal year as well.

As for UNIC segment, there was a slight decline in the previous fiscal year, but with the convergence of COVID-19, the business situation has improved, and we expect sales of mini-crawler cranes to be strong this fiscal year.

In Japan, the domestic market for both rock drill segment and UNIC segment is expected to remain flat. Under this circumstance, we would like to sell hydraulic crushers, which have yet to grow, and large hydraulic breakers, or mini-crawler cranes and residential cranes in UNIC segment.

As for Russia, more than 20% of our sales in the UNIC segment are from overseas markets. Of that more than 20%, roughly 30% is destined for Russia.

Currently, we are not shipping to Russia, but are selling local stock, all of which has been sold. In terms of operating profit in the UNIC segment, we expect this to be the factor of about JPY100 million decrease.

However, it is not a special model for Russia, and we are currently conducting sales activities to resell it in Southeast Asia and elsewhere.