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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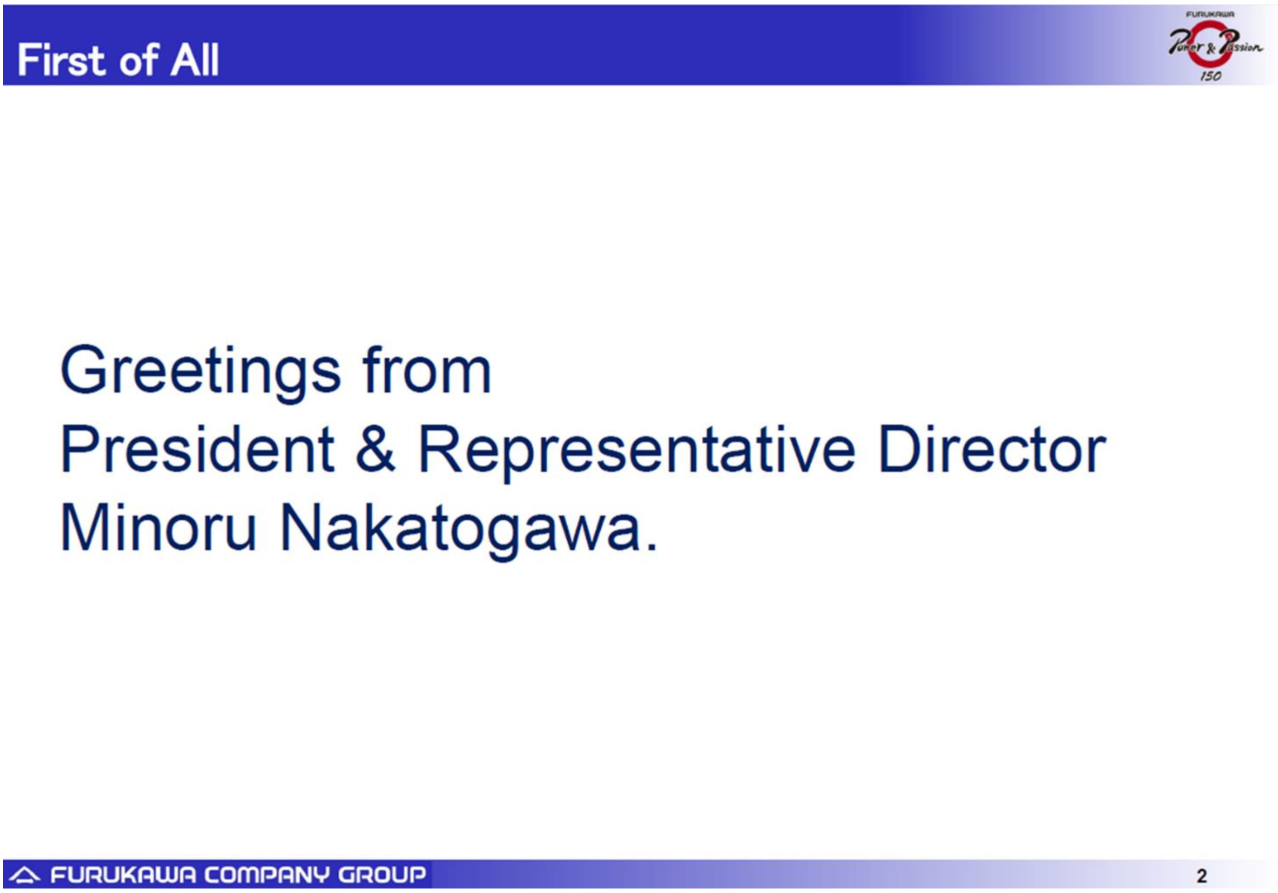
	Hiroyuki Sakai	Director and Senior Executive Officer, General Manager, Corporate Planning Department
	Ryohei Akutagawa	Manager, Public & Investor Relations Section, Corporate Planning Department



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.

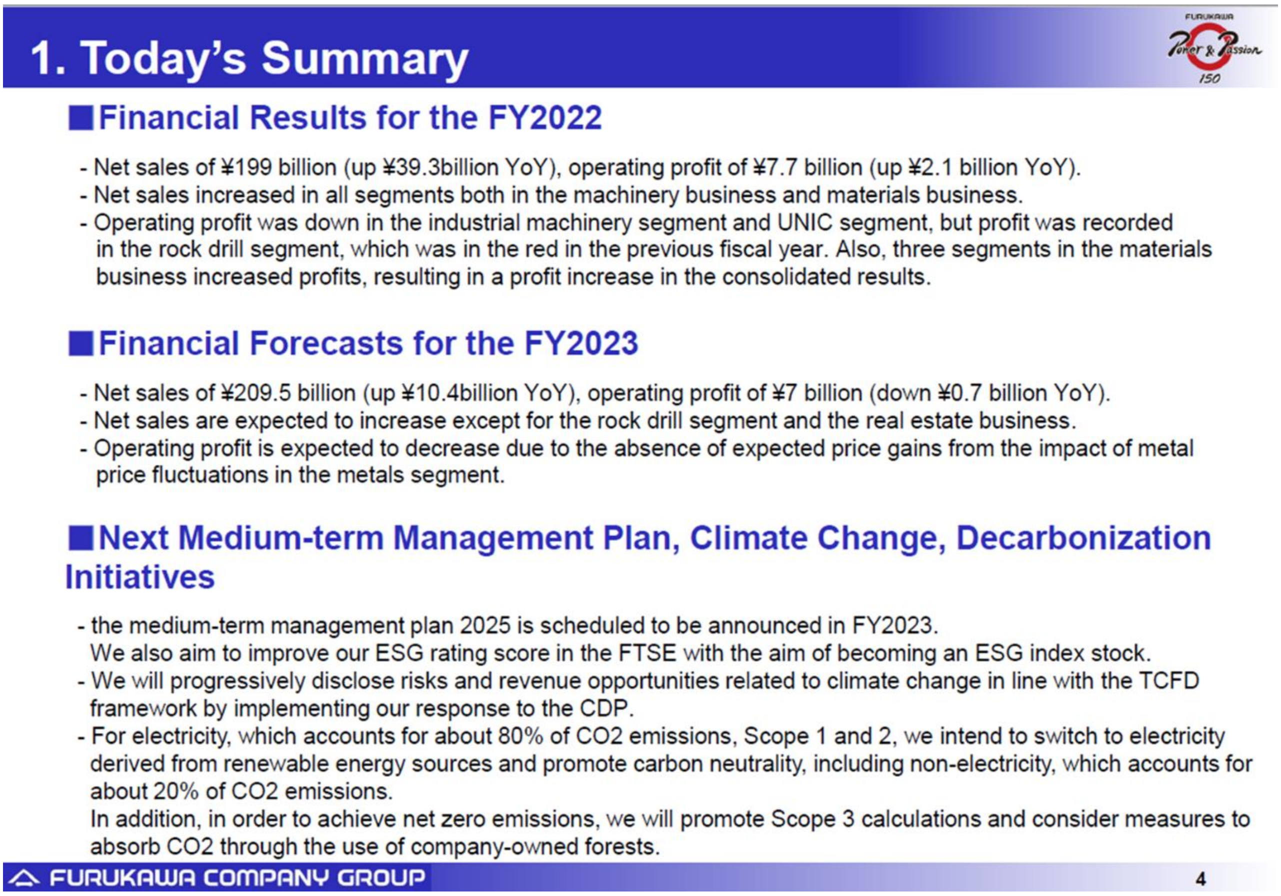
As one of the ways to enhance our investor relations to help you better understand our company, we decided to hold this event online.

We would appreciate your active questions and comments.

Contents

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.



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.

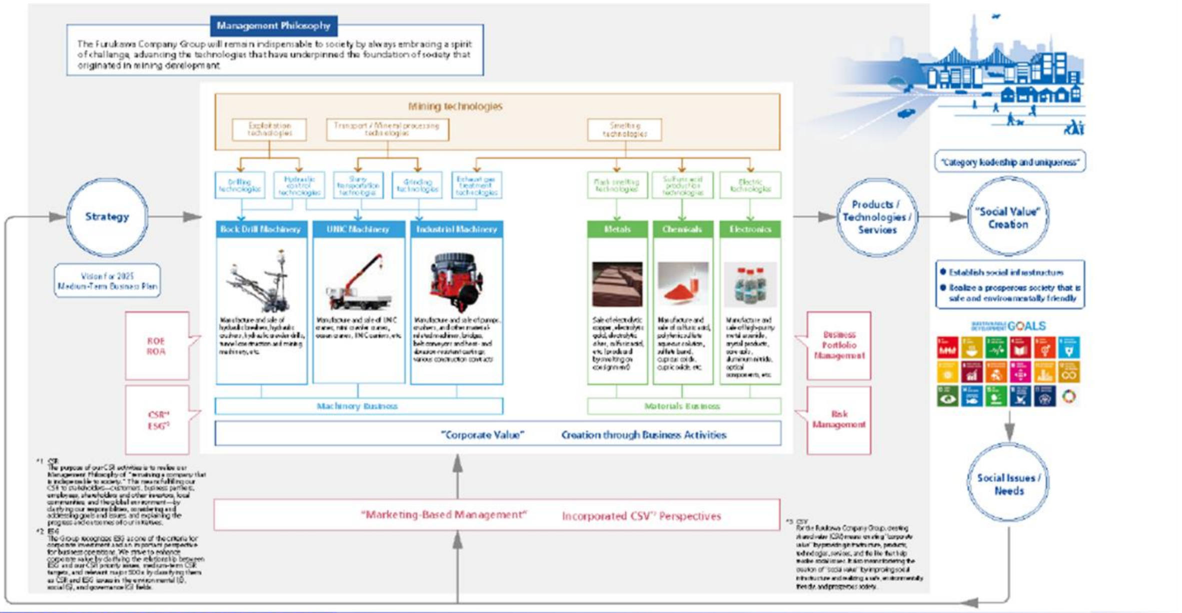
For electricity, which accounts for about 80% of CO_2 emissions, Scope 1 and 2, we intend to switch to electricity derived from renewable energy sources and promote carbon neutrality, including non-electricity, which accounts for about 20% of CO_2 emissions.

In addition, in order to achieve net zero emissions, we will promote Scope 3 calculations and consider measures to absorb CO_2 through the use of company-owned forests.

I will explain the details later.

2. FURUKAWA CO., LTD. Group's vale creation

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.



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.

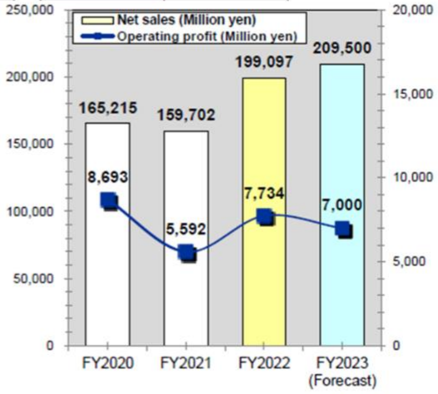
3. Financial Results for the FY2022 (Consolidated) & Financial Forecasts for the FY2023 (Consolidated)

【Financial Results】

		FY2020	FY2021	FY2022	VS FY2022 Difference	FY2023 (Forecast)	VS FY2022 Difference
Net sales	Million Yen	165,215	159,702	199,097	39,394	209,500	10,402
Operating profit	Million Yen	8,693	5,592	7,734	2,142	7,000	-734
Operating margin	%	5.3	3.5	3.9	0.4	3.3	-0.6
Ordinary profit	Million Yen	8,135	6,773	8,996	2,223	6,900	-2,096
Profit attributable to owners of parent	Million yen	4,431	7,468	6,477	-990	4,700	-1,777

【Financial Conditions】

		FY2021	FY2022	Difference
Total assets	Million yen	218,275	229,727	11,452
Net assets	Million yen	94,364	100,075	5,710
Capital adequacy Ratio	%	42.0	42.3	0.3
Net assets Per share	Yen	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.

Consolidated Income Statement

(Unit: Million yen)

	FY2021	FY2022	Difference
Net sales	159,702	199,097	39,394
Cost of sales	137,508	172,995	35,487
(Gross profit)	22,194	26,101	3,907
Selling, general and administrative expenses	16,601	18,366	1,765
Operating profit	5,592	7,734	2,142
Non-operating income	2,749	3,044	295
Dividend income	749	752	2
Share of profit of entities accounted for using equity method	355	370	14
Foreign exchange gains	702	677	-24
Gain on sales of waste goods	65	497	432
Other	876	746	-129
Non-operating expenses	1,568	1,782	213
Interest expenses	456	427	-29
Administrative expenses of inactive mountain	769	812	42
Other	342	543	200
Ordinary profit	6,773	8,996	2,223
Extraordinary income	4,105	1,113	-2,991
Gain on bargain purchase	-	833	833
Other	4,105	280	-3,824
Extraordinary losses	971	972	1
Loss on sale and retirement of non-current assets	151	157	6
Demolition expenses of a rental building	730	668	-62
Other	89	146	57
Profit before income taxes	9,907	9,137	-769
Income taxes – current	2,172	2,715	543
Income taxes – deferred	65	-264	-329
Profit	7,670	6,686	-983
Profit attributable to non-controlling interests	201	208	6
Profit attributable to owners of parent	7,468	6,477	-990

Recorded gain on bargain purchases due to stock acquisition in Yamaishi Metal Co., Ltd.,

Recorded gain on sale of investment securities (¥4 billion) in the previous fiscal year.

Expenses corresponding to the progress of demolition work on the Furukawa Osaka Buildings.

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.

Consolidated Balance Sheet

(Unit: Million yen)

	FY2021	FY2022	Difference
Assets			
Current assets	88,625	96,238	7,612
Non-current assets	129,649	133,489	3,839
Property, plant and equipment	89,817	90,976	1,159
Intangible assets	341	376	34
Investments and other assets	39,490	42,136	2,646
Total assets	218,275	229,727	11,452

Liabilities			
Current liabilities	47,839	59,859	12,020
Non-current liabilities	76,071	69,793	-6,278
Total liabilities	123,910	129,652	5,741
Net assets			
Shareholders' equity	76,373	80,570	4,196
Share capital	28,208	28,208	-
Capital surplus	2	2	-
Retained earnings	50,025	54,557	4,531
Treasury shares	-1,862	-2,197	-334
Accumulated other comprehensive income	15,396	16,683	1,286
Non-controlling interests	2,594	2,821	227
Total net assets	94,364	100,075	5,710
Total liabilities and net assets	218,275	229,727	11,452

Reduction in cash and deposits, Increases in raw materials and stock, etc.

Increases in buildings, structures, and land, etc.

Increases in investment securities due to rising prices of listed shares.

Increase in notes and accounts payable - trade, electronically recorded obligations - operating, and accounts payable - other.

Interest-bearing debt (Unit: Million yen)

	FY2021	FY2022	Difference
Short-term	8,436	8,331	-105
Long-term	61,246	57,339	-3,906
Total	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.

Financial Results by Segment (Consolidated)

(Unit: Million yen)

Net sales	FY2021	FY2022	Difference	FY2023 (Forecast)	VS FY2022 Difference
Machinery	68,635	76,938	8,303	78,600	1,661
Industrial	16,682	17,723	1,041	20,200	2,476
Rock Drill	24,149	30,910	6,761	29,400	-1,510
UNIC	27,804	28,305	500	29,000	694
Materials	88,203	118,163	29,960	126,000	7,836
Metals	76,094	102,995	26,900	110,700	7,704
Electronics	5,741	7,271	1,530	7,300	28
Chemicals	6,367	7,896	1,529	8,000	103
Real Estate	2,107	2,115	7	2,000	-115
Other	755	1,879	1,123	2,900	1,020
Total	159,702	199,097	39,394	209,500	10,402

Operating profit	FY2021	FY2022	Difference	FY2023 (Forecast)	VS FY2022 Difference
Machinery	3,968	4,679	710	5,300	620
Industrial	2,113	1,396	-717	1,800	403
Rock Drill	-1,324	1,117	2,442	1,300	182
UNIC	3,180	2,165	-1,014	2,200	34
Materials	1,040	2,349	1,308	1,200	-1,149
Metals	499	940	441	0	-940
Electronics	161	666	504	600	-66
Chemicals	380	743	363	600	-143
Real Estate	736	743	6	600	-143
Other	-82	17	99	-20	-37
Adjustment	-71	-54	16	-80	-25
Total	5,592	7,734	2,142	7,000	-734

	FY2022	Comparison to the previous fiscal year
LME Copper Price	9,691 $/ton	2,812 $/ton
JPY rate per US$	112.4 ¥/$	6.3 ¥/$

	FY2023 (Forecast)	Comparison to the previous fiscal year
LME Copper Price	9,400 $/ton	-291 $/ton
JPY rate per US$	120.0 ¥/$	7.6 ¥/$

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

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.

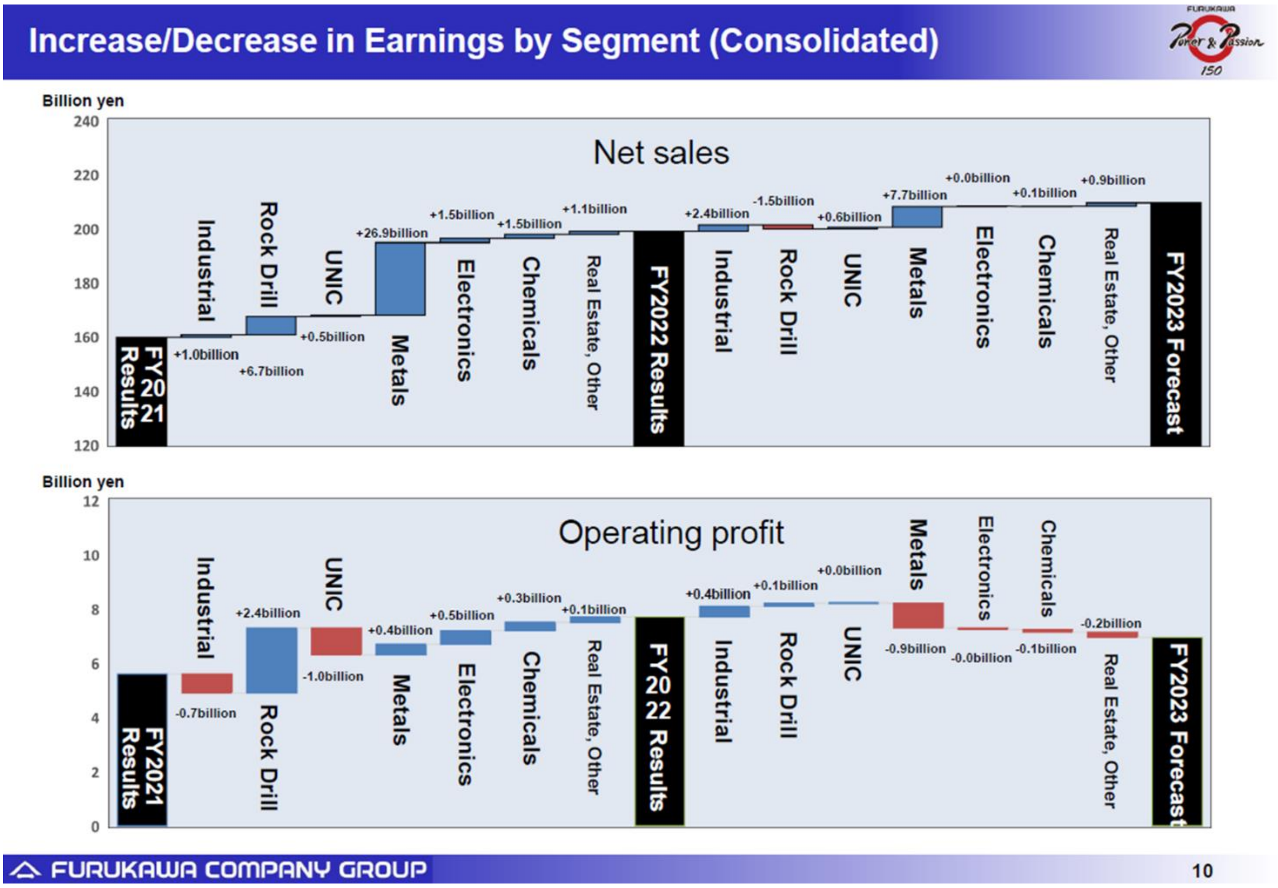
Operating profit increased, except for the industrial machinery segment and UNIC segment. Operating profit in the machinery business as a whole increased JPY700 million to JPY4.6 billion, and that in the materials business as a whole increased JPY1.3 billion to JPY2.3 billion.

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.

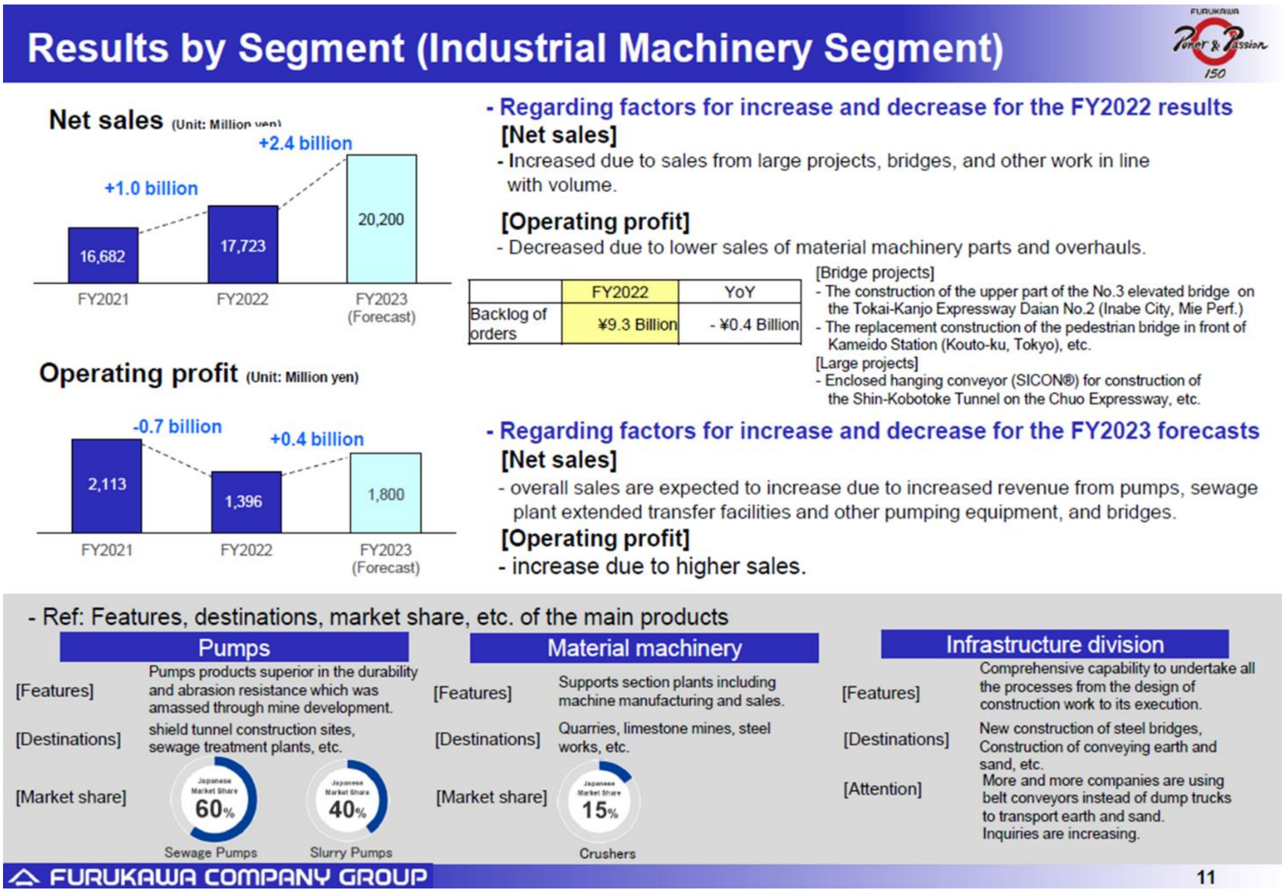


The changes in segment results from the previous year are as shown.

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.



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.

Results by Segment (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.

Number of current inquiries and consultations
New dam construction: 2, Dam function restoration: 3,
River flood control: 2, Tunnel construction: 5, Other projects: 4

Ref.: Recent orders
- Materials handling facilities for Onahama port international bulk terminal: approx. ¥6 billion
- Enclosed hanging belt conveyor (SICON®) for the Sakaigawa-Kanamori retention basin project (Machida City, Tokyo): approx. ¥1 billion
- Enclosed hanging belt conveyor (SICON®) for the construction of the Chuo Shinkansen No.1 metroporlitan area tunnel (Kita-Shinagawa industrial zone): approx. ¥0.8 billion
- Enclosed hanging conveyor (SICON®) for construction of the Shin-Kobotoke Tunnel on the Chuo Expressway: approx. ¥0.6 billion
- Belt conveyor for the construction of the Hokkaid Shinkansen Sasson tunnel: approx. ¥0.4 billion, etc.

SICON® is a registered trademark of ContiTech Transportbandsysteme GmbH.

Enclosed hanging belt conveyor (SICON®) for the Sakaigawa-Kanamori retention basin project (Machida City, Tokyo)

- Aiming to win orders for sectional plants centered on crushers in material machinery.

We are aiming to win two new orders for steel slag manufacturers and cement manufacturers in the FY2023.

[Order 1] Steel slag manufacturers
Section plant with two crushers and eight screens

[Order 2] Cement manufacturers
Section plant with two crushers, one grinders and four screens

Crushers
(Cone crushers)
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.

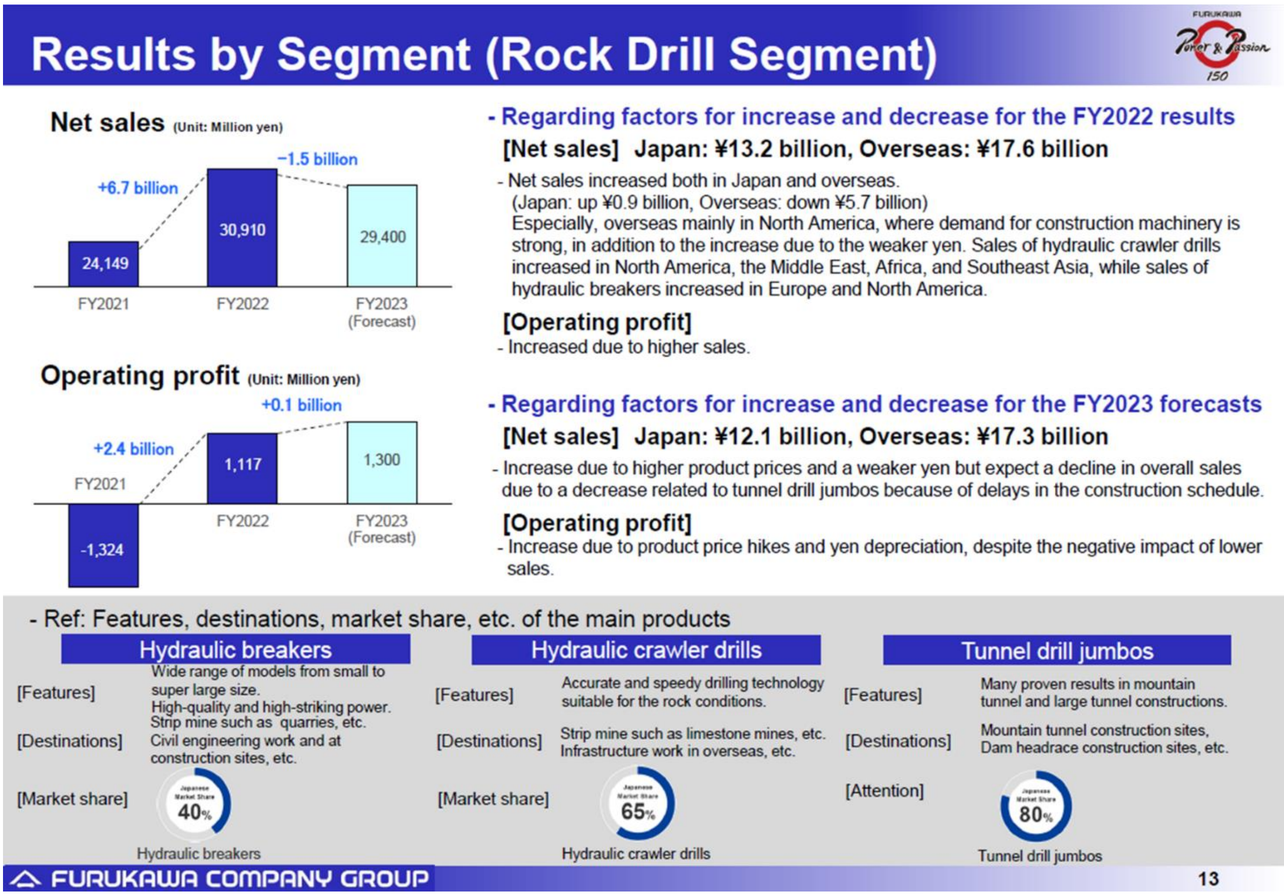
As a result of these efforts, we are currently receiving many inquiries and consultations regarding this special earth and sand transport method, including two for new dam construction, three for dam function restoration, two for river flood control, and five for tunnel construction and other projects.

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.



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.

Results by Segment (Rock Drill Segment)

Continue its transformation from focus on volume to focus on profit

Japan

- **Concentrating on sales models and executing product sales strategies tailored to the market.**
  - Concentrate our sales efforts on large-sized machines for hydraulic breakers and on small-sized machines for hydraulic crushers, which are attachment products.
    Further strengthen our recurring revenue model, including maintenance and parts sales, in addition to the main unit itself.
  - Implement price revisions for products and parts.
  - The capture rate of parts sales is high, we will promote regular replacement of critical parts.

Overseas

- **Strengthen sales by focusing on models in Europe and the US as markets to attack.**
  - Expand sales of large-sized machines for hydraulic crawler drills and hydraulic breakers in North America.
  - Expand sales of medium to large-sized machines for hydraulic breakers in Europe.
  - Implement price revisions for products and parts.
  - Expand parts sales by making the use of genuine parts mandatory during warranty periods.

Hydraulic crawler drills

- **Create a crushed stone market and transform our dealer policies in Southeast Asia**
  - 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 drills.
    So far: Pneumatic drills => Hereafter: Attachment drills => Future: Hydraulic crawler drills
- **Continue to consider consolidation of sales subsidiaries in China, India, and Latin America.**
- **LCS (Life Cycle Support) has lagged behind in building an overseas service system and will strengthen its organizational structure to make up for the delay.**

Attachment drill

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.

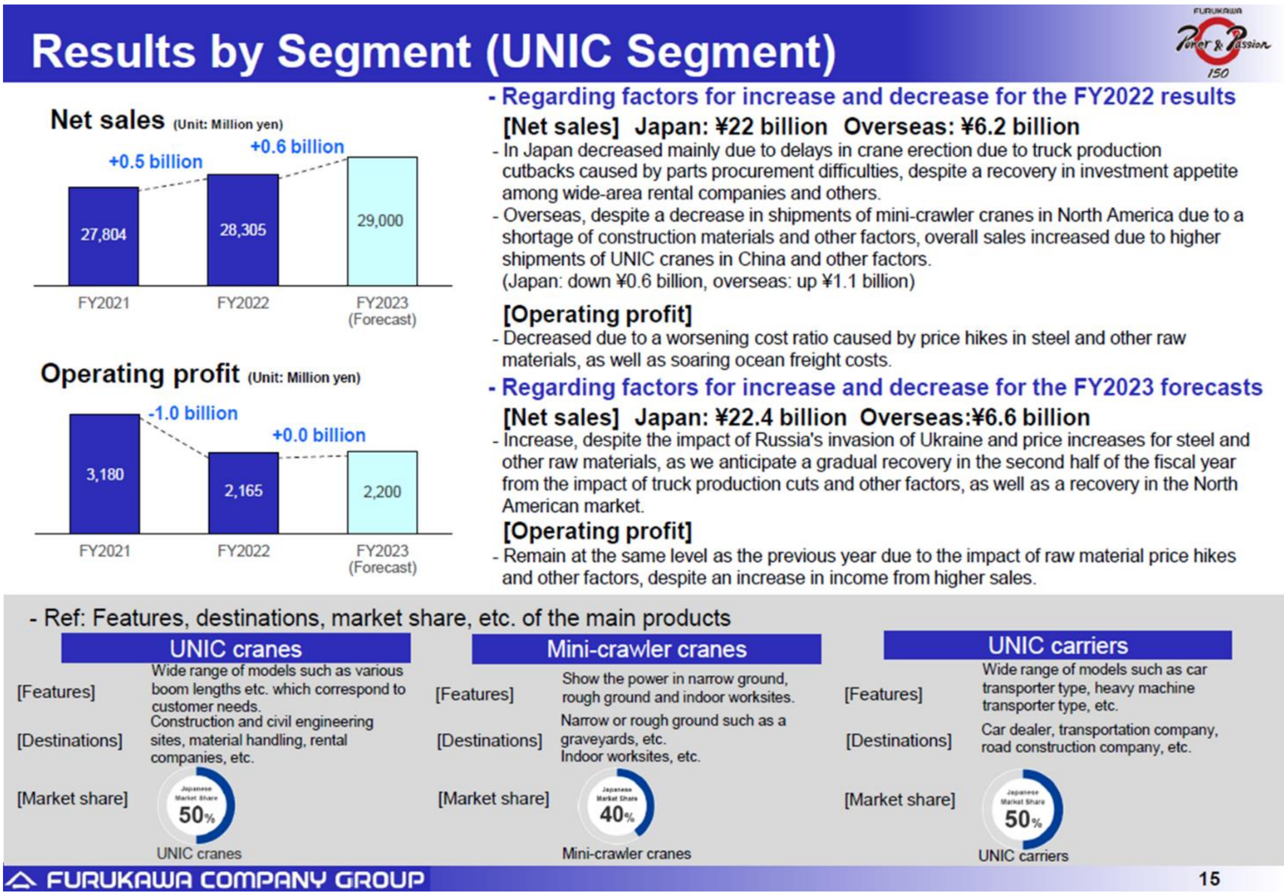
In Europe, we will expand sales of medium to large-sized machines for hydraulic breakers. In addition, as in Japan, we will implement price revisions for products and parts, as well as expand parts sales by making the use of genuine parts mandatory during warranty periods.

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.

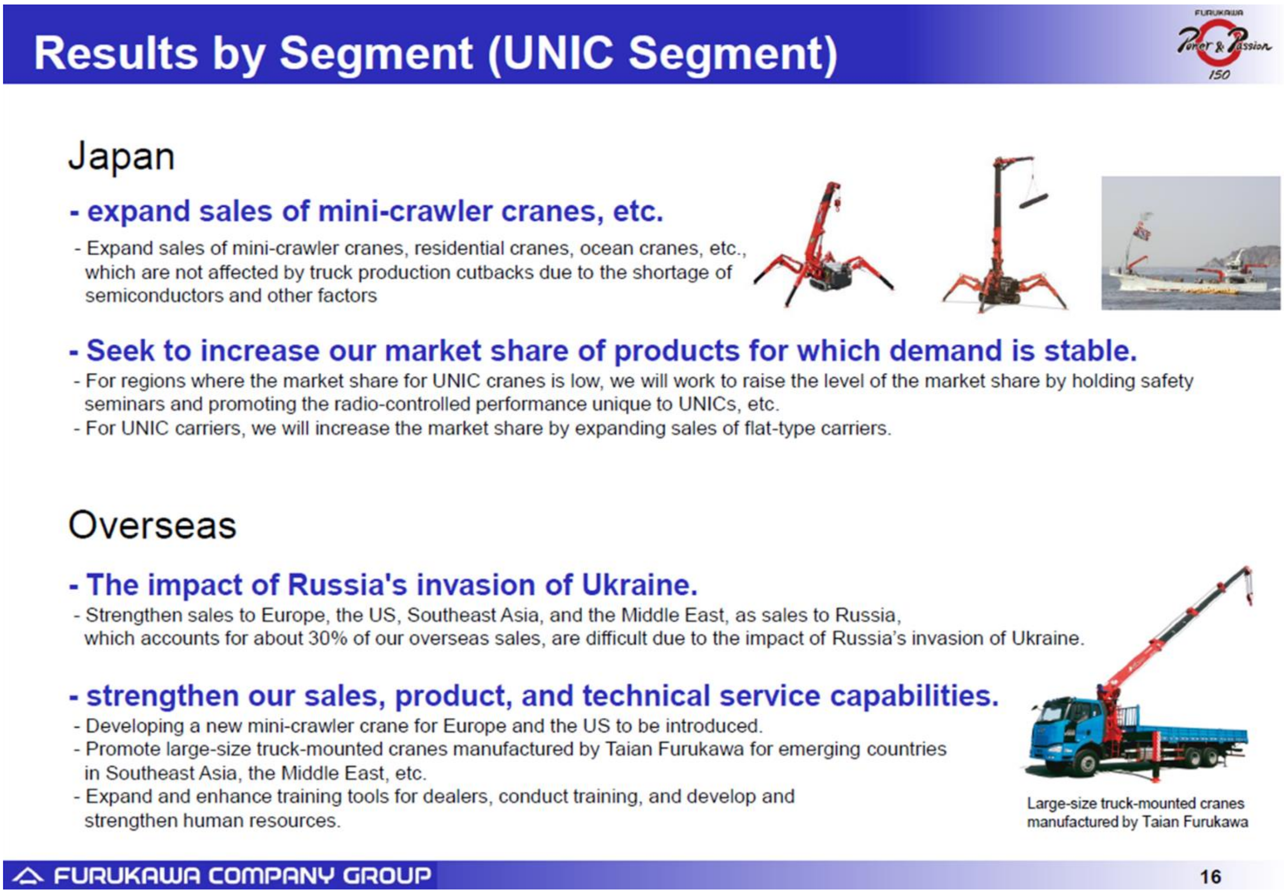
Net sales in Japan for the fiscal year ended March 31, 2022 decreased mainly due to delays in crane erection due to truck production cutbacks caused by parts procurement difficulties, despite a recovery in investment appetite among wide-area rental companies and others.

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.



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.

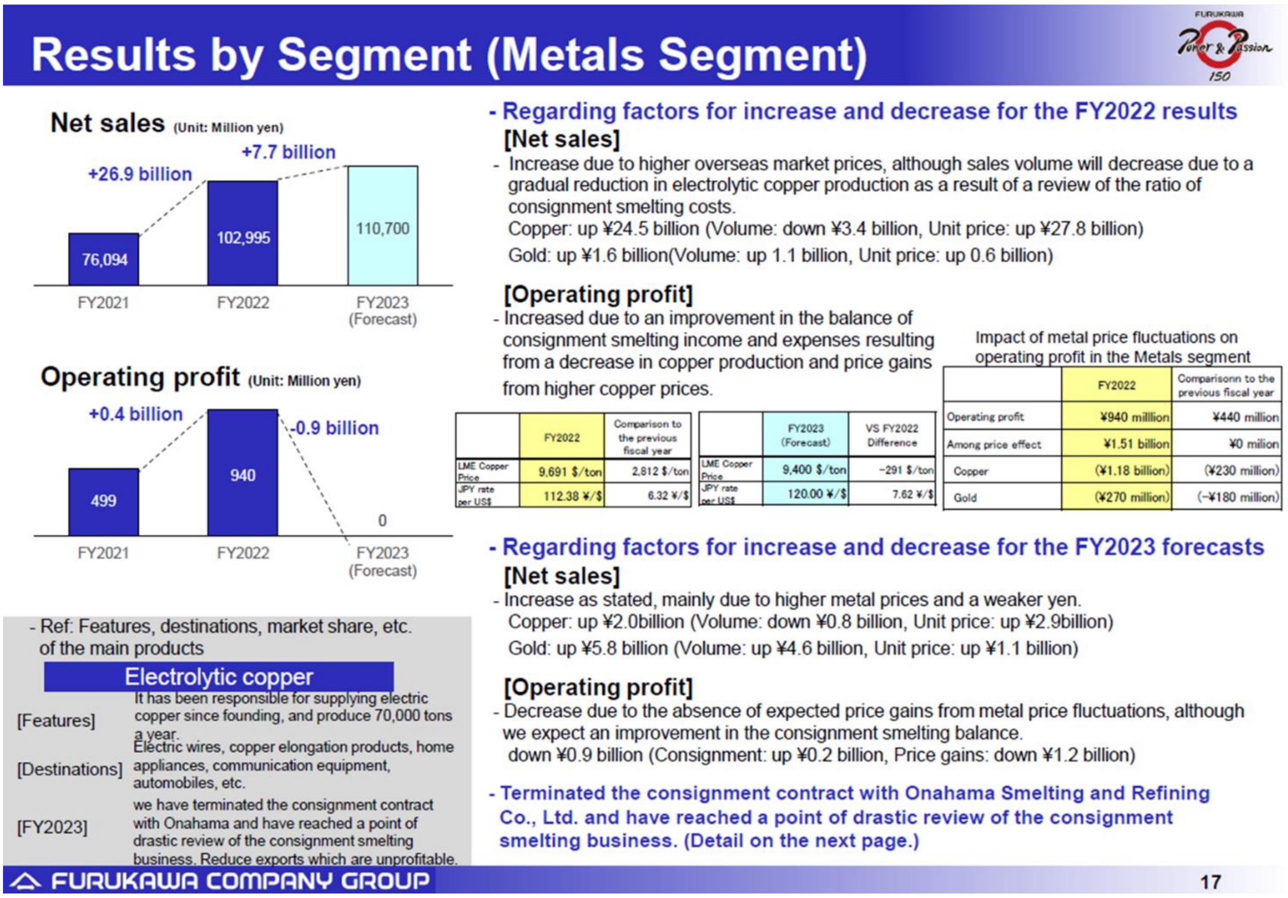
We will also seek to increase our market share of products for which demand is stable. Specifically, for regions where the market share for UNIC cranes is low, we will work to raise the level of the market share by holding safety seminars and promoting the radio-controlled performance unique to UNICs,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



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.

Results by Segment (Metals Segment)

- Terminated the consignment contract with Onahama Smelting and Refining Co., Ltd. and have reached a point of drastic review of the consignment smelting business.

Resolved to terminate the consignment contract with Onahama Smelting and Refining Co., Ltd. to consign approx. 34% (approx.24,000 tons) of its annual copper production. (Disclosed on May 12, 2022)

[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. Due to domestic sales of about approx. 40,000 tons per year, can now be significantly reduce exports, which are unprofitable.

=>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 FY2023, operating profit in the metals segment will improve from ¥0.0 billion to ¥0.4 billion, as shown in the right table.
On a consolidated basis, the operating margin will improve from 3.3% to 4.4%.

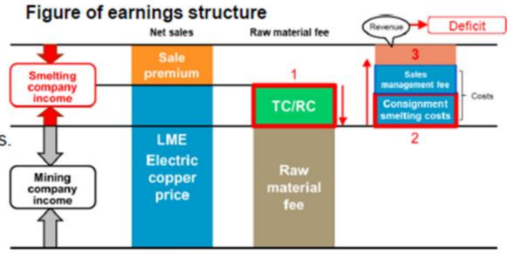
Metals segment profit and loss infection	FY2023 Forecast (Disclosed May 12.2022)	Trial calculation after terminated the contract with Onahama	VS FY2023 Forecast Difference
Net sales	110.7 billion	approx. 70.7 billion	Down approx. 40 billion
Operating profit	0.0 billion	approx. 0.4 billion	Up approx. 0.4 billion
Copper output	70,816 tons	approx. 46,600 tons	Down approx. 24,000 tons
Assumption LME Copper price	9,400 $ /mt		-
Exchange rate	120 yen/ $		-

Consolidated profit and loss infection	FY2023 Forecast (Disclosed May 12,2022)	Trial calculation after terminated the contract with Onahama	VS FY2023 Forecast Difference
Net sales	209.5 billion	approx. 169.5 billion	Down approx. 40 billion
Operating profit	7.0 billion	approx. 7.4 billion	Up approx. 0.4 billion
Operating margin	3.3%	4.4%	Improve 1.0%
Consolidated balance sheet infection	FY2023 Forecast (Disclosed May 12,2022)	Trial calculation after terminated the contract with Onahama	VS FY2023 Forecast Difference
Total assets	229.7 billion	approx. 221.2 billion	Down approx. 8.5 billion

[Changes in the profit structure of smelting companies]

- 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 the future. (In part 1 of the figure will decrease)
- 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. (In part 2 of the figure will increase)
- As a result, smelting costs have exceeded revenues from ore purchase terms and conditions, and the previously existing revenue has become a deficit structure in recent years. (In part 3 of the figure will decrease, become a deficit)

Figure of earnings structure



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%.

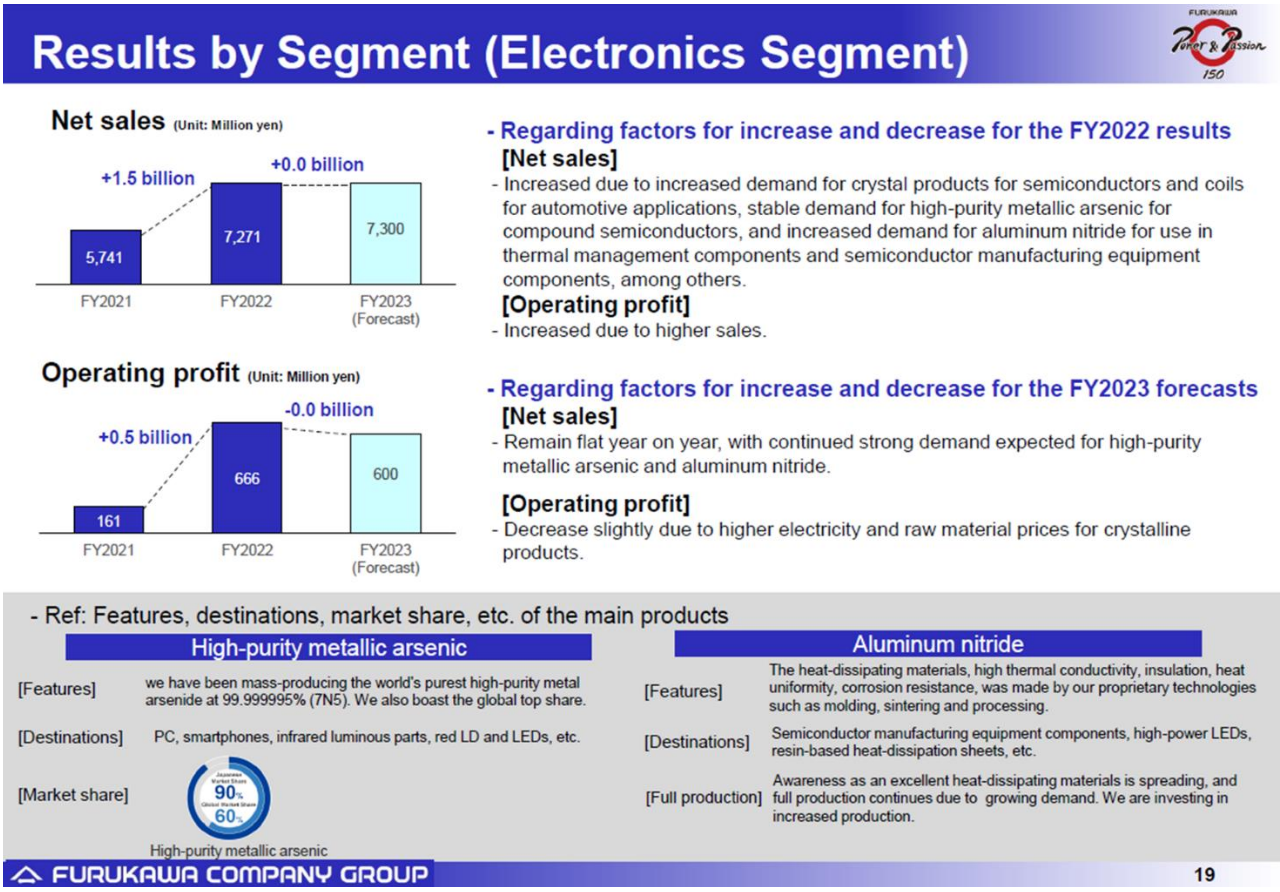
Let me explain the changes in the profit structure of smelting companies. As shown in the figure, in recent years, ore purchase condition income has been disadvantageous to smelters due to instability in supply and demand against the backdrop of China's strong demand for ore purchases, and it is difficult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



Moving on to the electronics segment.

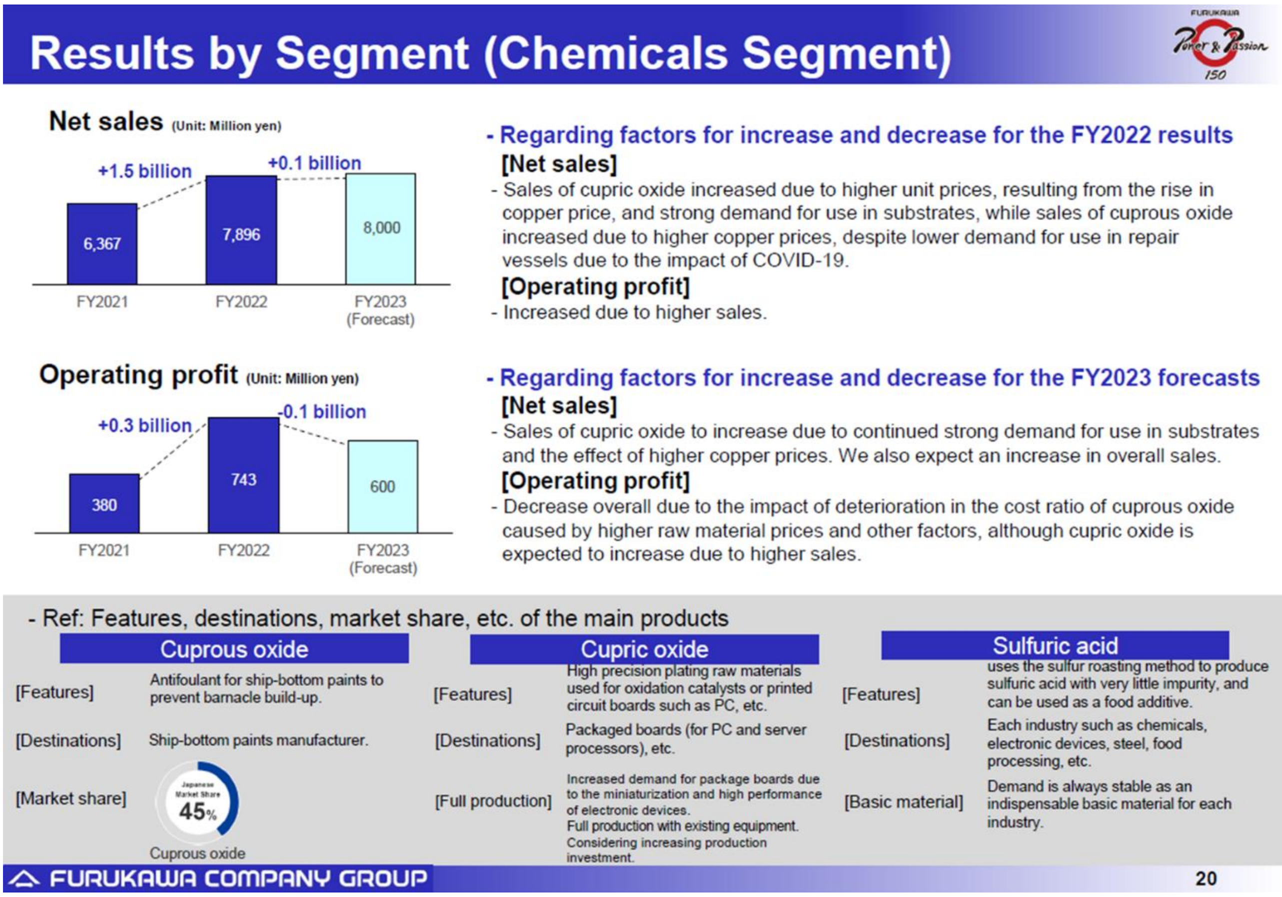
Net sales for the fiscal year ended March 31, 2022 increased due to increased demand for crystal products for semiconductors and coils for automotive applications, stable demand for high-purity metallic arsenic for compound semiconductors, and increased demand for aluminum nitride for use in thermal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



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.

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.

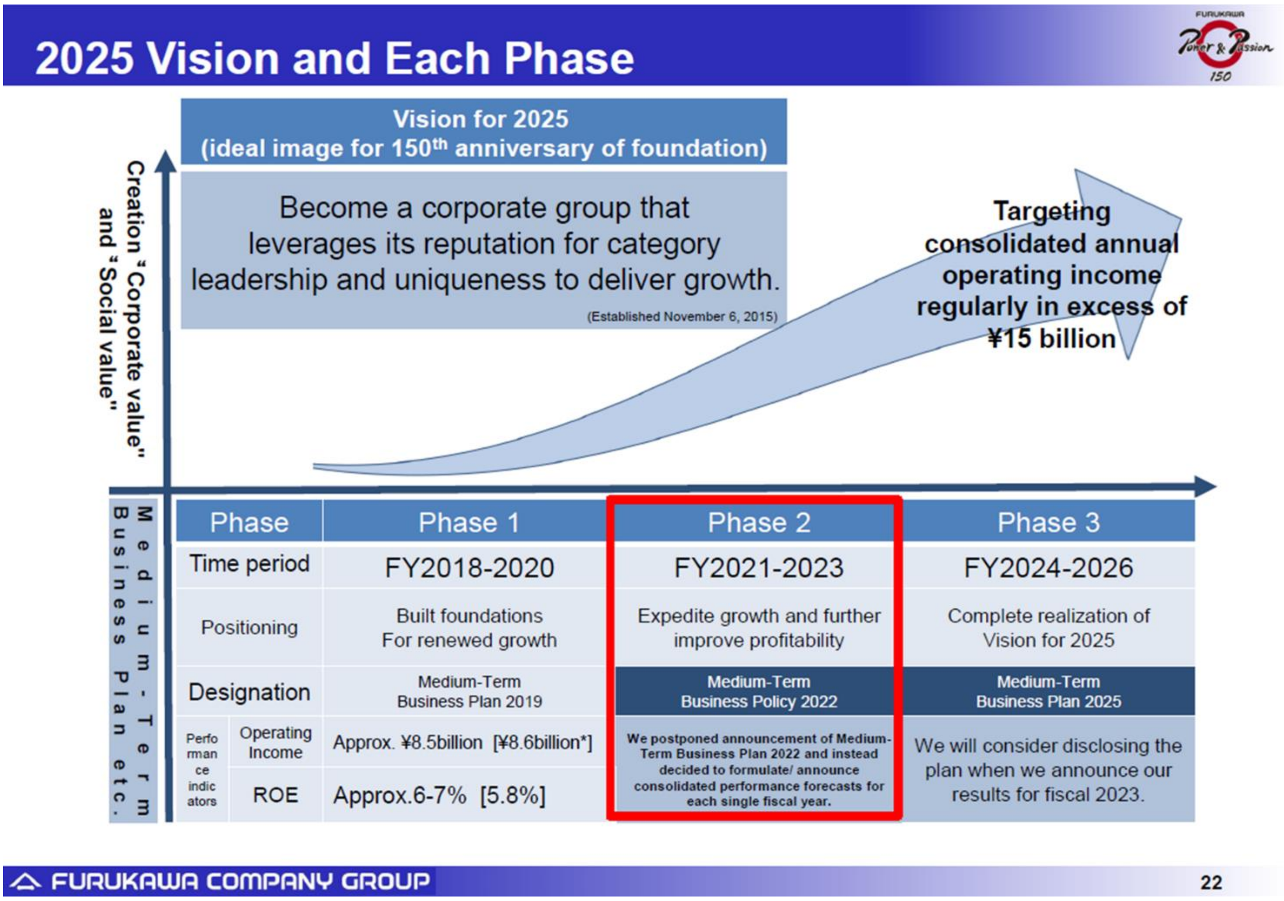
By incorporating the metal powder handling technology and know-how of Yamaishi Metal, we will strengthen the development of the Group's powder metallurgy technology centered on molding, sintering, and heat treatment technologies, aiming to create key components and materials for machinery products with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



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

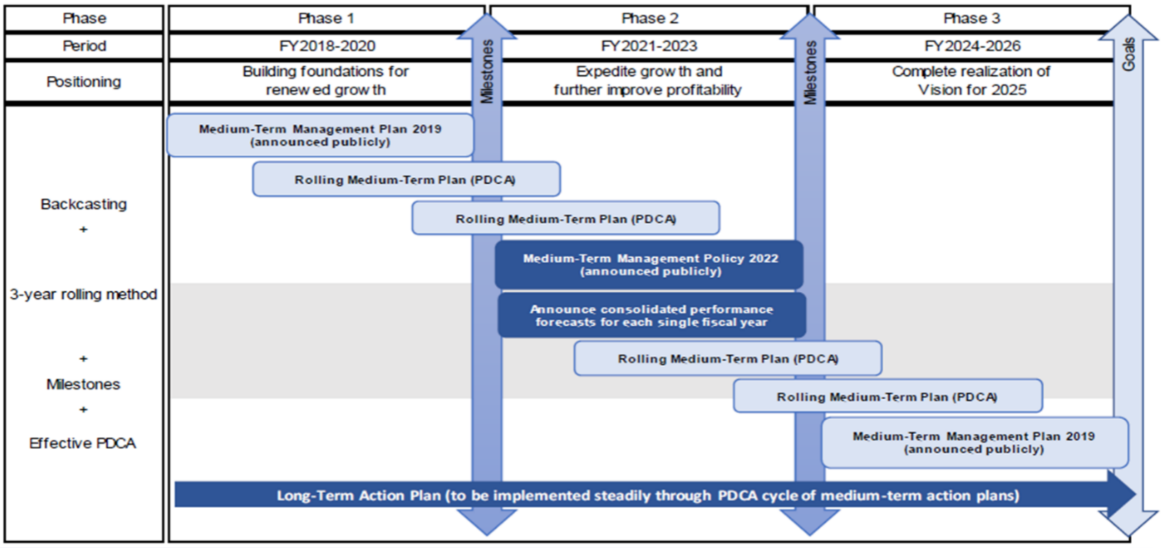
FY2023 is the second phase of the 2025 Vision, a long-term vision of where we want to be in our 150th year of business.

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

Next Medium-Term Management Plan (FY2024-2026)

We have divided our Long-Term Management Plan "Vision for 2025" into 3 phases. we have set milestones for PDCA at phase 1&2 and are rolling out a Medium-Term Management Plan as an important tool for achieving our 2025 vision.
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.
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 FY2023.

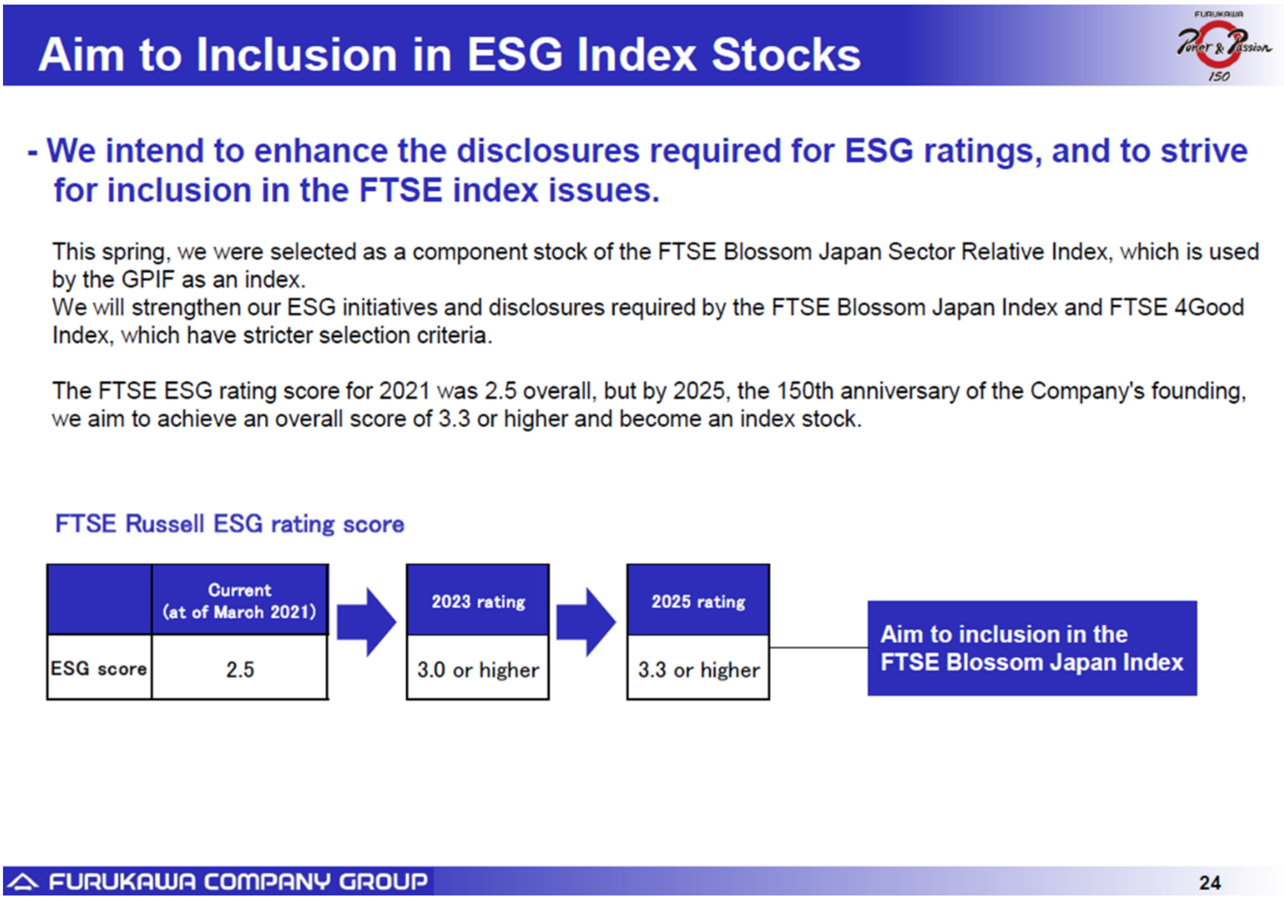


Currently, we have set milestones for PDCA and are rolling out a mid-term management plan as an important tool for achieving our 2025 vision.

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.



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.

Aim to Decarbonized Society

- 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.

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 (FY2021 CO2 emissions 20,903t | Scope 1&2), 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.

Ex.1) Belt conveyors (Industrial Machinery Segment)

=>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.

Ex.2) UNIC crane (UNIC Segment)

=> 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%.

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%.

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. Topics

- Formulated the Furukawa Company Group Basic Policy on Sustainability Initiatives.

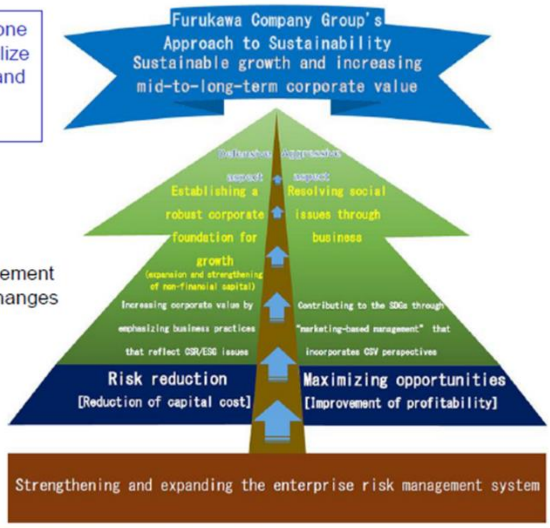
In order to enhance the value of the Furukawa brand through marketing management that incorporates a CSV perspective, and to increase corporate value by implementing business operations that take into consideration the Group's CSR/ESG issues, we have formulated the Furukawa Company Group Basic Policy, 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.

Basic Policy

The Furukawa Company Group has positioned efforts toward sustainability as one of its most important management issues. In addition to contributing to help realize a sustainable society, the Group is committed to achieving sustainable growth and increasing mid-to-long-term corporate value by establishing a robust corporate foundation for growth and resolving social issues through its business.

[Furukawa Company Group's Approach to Sustainability]



- Framework for Promoting Sustainability

Established Sustainability Promoting Meeting in order to vigorously strengthen sustainability initiatives. The meeting will also work closely with the Risk Management Committee, which deal with enterprise risk management, and respond to any changes in the business environment and strengthen the Group's management base.

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.