

Financial Results for the Fiscal Year Ended March 2022 Presentation Material

May 25, 2022



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

Greetings from
President & Representative Director
Minoru Nakatogawa.

1. Today's Summary

2. FURUKAWA CO., LTD. Group's value creation process

3. Financial Results for the FY2021 & Financial Forecasts for the FY2022 (Consolidated)

4. Next Medium-term management plan, climate change, decarbonization initiatives

5. Topics

Appendix

1. Today's Summary

■ Financial Results for the FY2021

- Net sales of ¥199 billion (up ¥39.3billion YoY), operating profit of ¥7.7 billion (up ¥2.1 billion YoY).
- Net sales increased in all segments both in the machinery business and materials business.
- 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.

■ Financial Forecasts for the FY2022

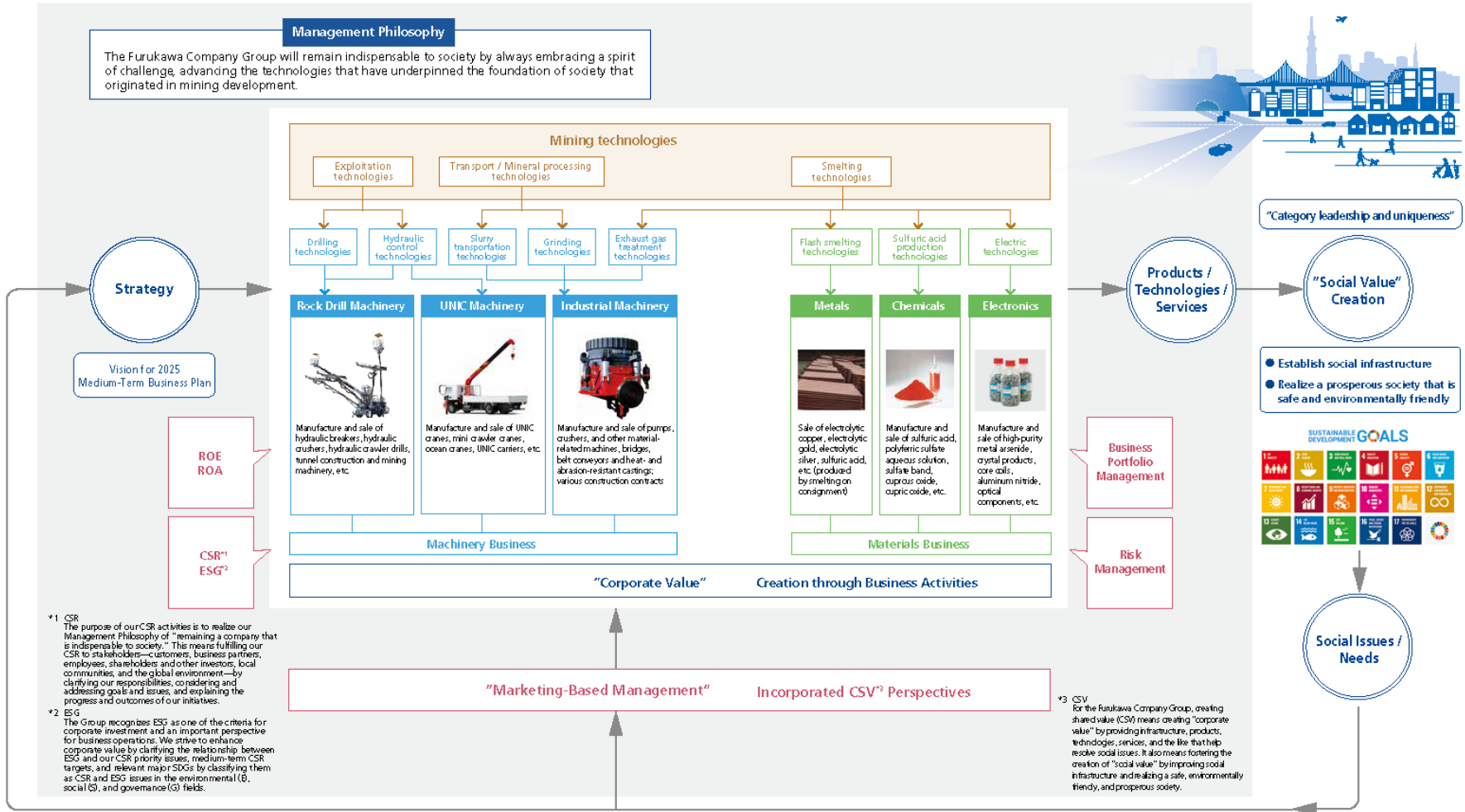
- Net sales of ¥209.5 billion (up ¥10.4billion YoY), operating profit of ¥7 billion (down ¥0.7 billion YoY).
- Net sales are expected to increase except for the rock drill segment and the real estate business.
- Operating profit is expected to decrease due to the absence of expected price gains from the impact of metal price fluctuations in the metals segment.

■ Next Medium-term Management Plan, Climate Change, Decarbonization Initiatives

- the medium-term management plan 2025 is scheduled to be announced in FY2023.
 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.

2. FURUKAWA CO., LTD. Group's value 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.



3. Financial Results for the FY2021 (Consolidated) & Financial Forecasts for the FY2022 (Consolidated)

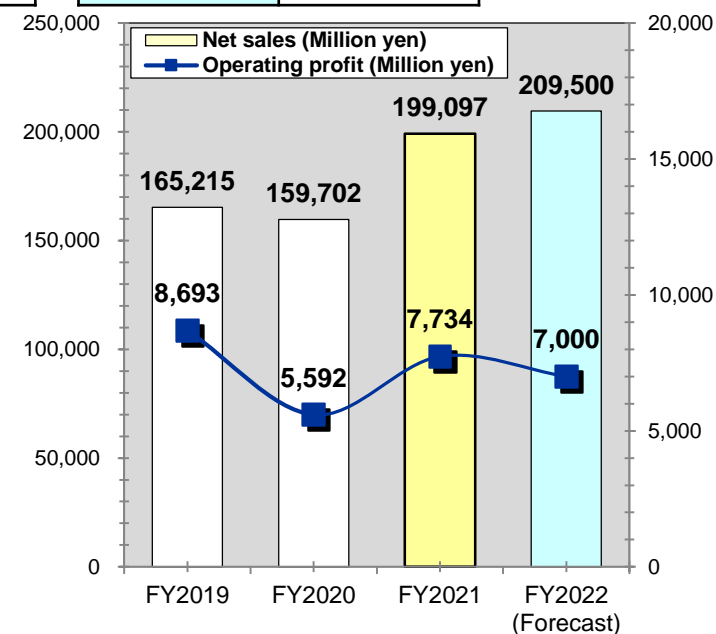
【Financial Results】

		FY2019	FY2020	FY2021	VS FY2020 Difference
Net sales	Million Yen	165,215	159,702	199,097	39,394
Operating profit	Million Yen	8,693	5,592	7,734	2,142
Operating margin	%	5.3	3.5	3.9	0.4
Ordinary profit	Million Yen	8,135	6,773	8,996	2,223
Profit attributable to owners of parent	Million Yen	4,431	7,468	6,477	-990

FY2022 (Forecast)	VS FY2021 Difference
209,500	10,402
7,000	-734
3.3	-0.6
6,900	-2,096
4,700	-1,777

【Financial Conditions】

		FY2020	FY2021	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
R O E	%	8.9	6.9	-2.0



Consolidated Income Statement

(Unit: Million yen)

	FY2020	FY2021	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.

Consolidated Balance Sheet

(Unit: Million yen)

	FY2020	FY2021	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

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.

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

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

Interest-bearing debt

(Unit: Million yen)

	FY2020	FY2021	Difference
Short-term	8,436	8,331	-105
Long-term	61,246	57,339	-3,906
Total	69,683	65,671	-4,011

Financial Results by Segment (Consolidated)

(Unit: Million yen)

Net sales	FY2020	FY2021	Difference
Machinery	68,635	76,938	8,303
Industrial	16,682	17,723	1,041
Rock Drill	24,149	30,910	6,761
UNIC	27,804	28,305	500
Materials	88,203	118,163	29,960
Metals	76,094	102,995	26,900
Electronics	5,741	7,271	1,530
Chemicals	6,367	7,896	1,529
Real Estate	2,107	2,115	7
Other	755	1,879	1,123
Total	159,702	199,097	39,394

FY2022 (Forecast)	VS FY2021 Difference
78,600	1,661
20,200	2,476
29,400	-1,510
29,000	694
126,000	7,836
110,700	7,704
7,300	28
8,000	103
2,000	-115
2,900	1,020
209,500	10,402

	FY2021	Comparison to the previous fiscal year
LME Copper Price	9,691 \$/ton	2,812 \$/ton
JPY rate per US\$	112.4 ¥/\$	6.3 ¥/\$

	FY2022 (Forecast)	Comparison to the previous fiscal year
LME Copper Price	9,400 \$/ton	-291 \$/ton
JPY rate per US\$	120.0 ¥/\$	7.6 ¥/\$

Operating profit	FY2020	FY2021	Difference
Machinery	3,968	4,679	710
Industrial	2,113	1,396	-717
Rock Drill	-1,324	1,117	2,442
UNIC	3,180	2,165	-1,014
Materials	1,040	2,349	1,308
Metals	499	940	441
Electronics	161	666	504
Chemicals	380	743	363
Real Estate	736	743	6
Other	-82	17	99
Adjustment	-71	-54	16
Total	5,592	7,734	2,142

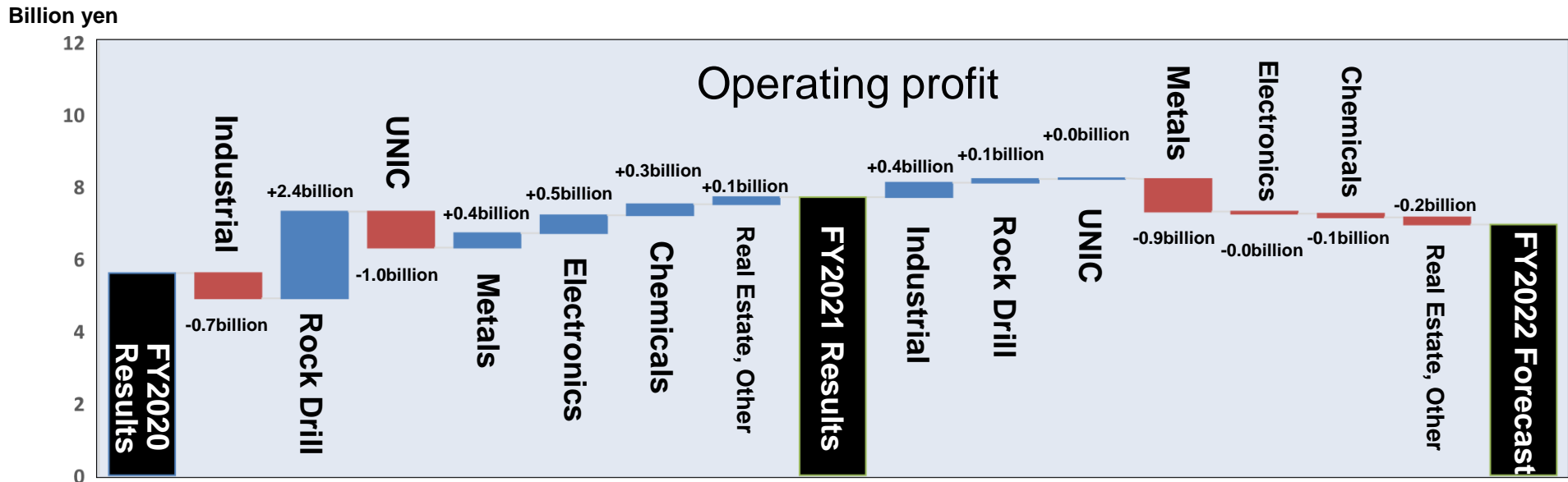
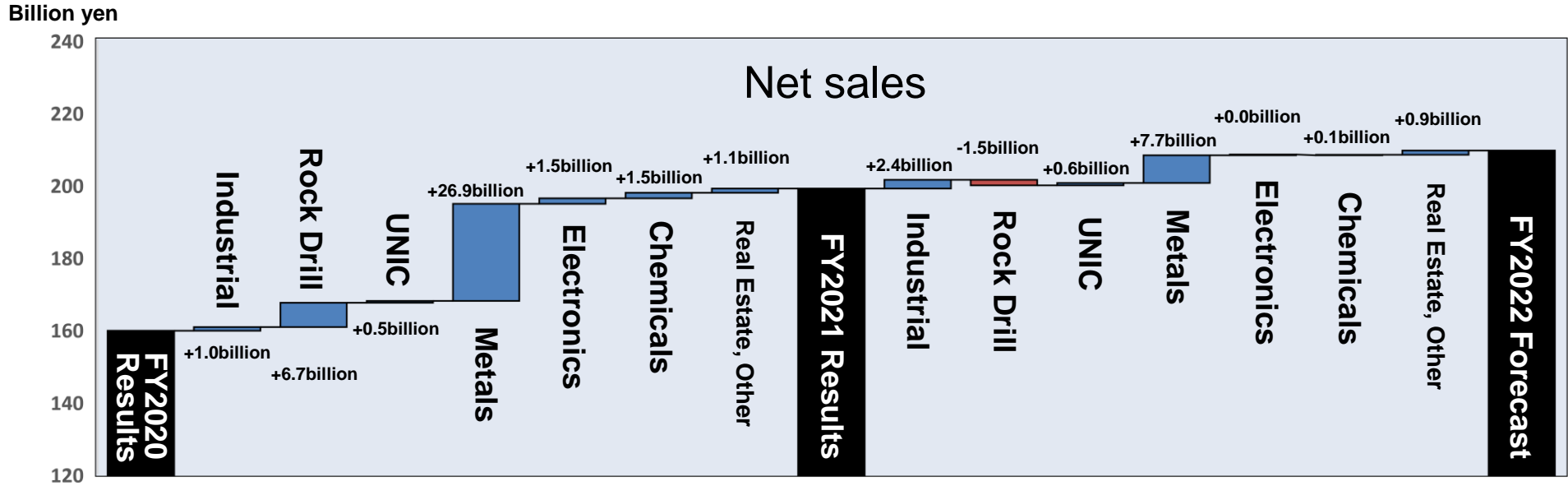
FY2022 (Forecast)	VS FY2021 Difference
5,300	620
1,800	403
1,300	182
2,200	34
1,200	-1,149
0	-940
600	-66
600	-143
600	-143
-20	-37
-80	-25
7,000	-734

Regard to exchange rate sensitivity

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

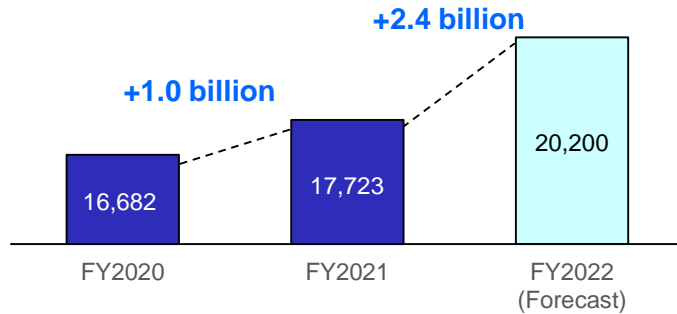
- Increase about ¥60 million in Machinery business (mainly Rock Drill)
- Increase about ¥40 million in Metals segment

Increase/Decrease in Earnings by Segment (Consolidated)



Results by Segment (Industrial Machinery Segment)

Net sales (Unit: Million yen)



- Regarding factors for increase and decrease for the FY2021 results

[Net sales]

- 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.

	FY2021	YoY
Backlog of orders	¥9.3 Billion	- ¥0.4 Billion

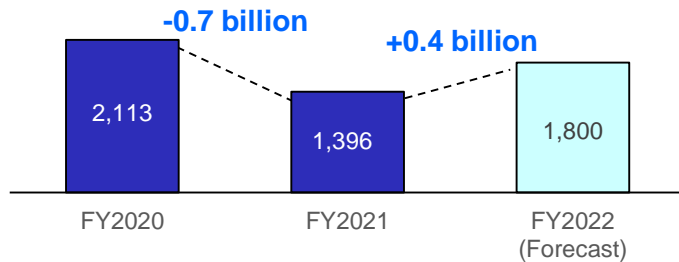
[Bridge projects]

- The construction of the upper part of the No.3 elevated bridge on the Tokai-Kanjo Expressway Daian No.2 (Inabe City, Mie Pref.)
- The replacement construction of the pedestrian bridge in front of Kameido Station (Kouto-ku, Tokyo), etc.

[Large projects]

- Enclosed hanging conveyor (SICON®) for construction of the Shin-Kobotoke Tunnel on the Chuo Expressway, etc.

Operating profit (Unit: Million yen)



- Regarding factors for increase and decrease for the FY2022 forecasts

[Net sales]

- 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]

- increase due to higher sales.

- Ref: Features, destinations, market share, etc. of the main products

Pumps

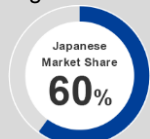
Pumps products superior in the durability and abrasion resistance which was amassed through mine development.

[Features]

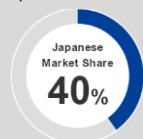
[Destinations]

shield tunnel construction sites, sewage treatment plants, etc.

[Market share]



Sewage Pumps



Slurry Pumps

Material machinery

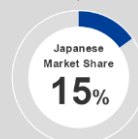
Supports section plants including machine manufacturing and sales.

[Features]

[Destinations]

Quarries, limestone mines, steel works, etc.

[Market share]



Crushers

Infrastructure division

Comprehensive capability to undertake all the processes from the design of construction work to its execution.

[Features]

[Destinations]

New construction of steel bridges, Construction of conveying earth and sand, etc.

[Attention]

More and more companies are using belt conveyors instead of dump trucks to transport earth and sand. Inquiries are increasing.

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 metropolitan 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.



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

SICON® is a registered trademark of ContiTech Transportbandsysteme GmbH.

- 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 FY2022.

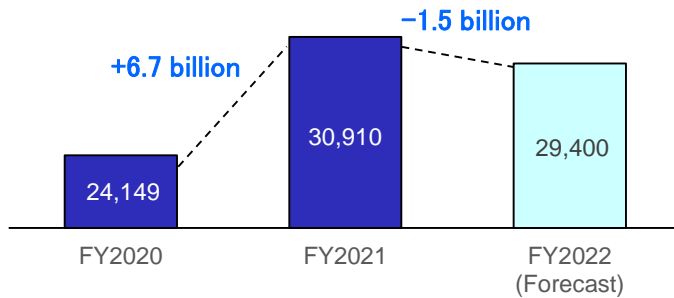
- [Order 1] Steel slag manufacturers
 Section plant with two crushers and eight screens
- [Order 2] Cement manufacturers
 Section plant with two crushers, one grinders and four screens



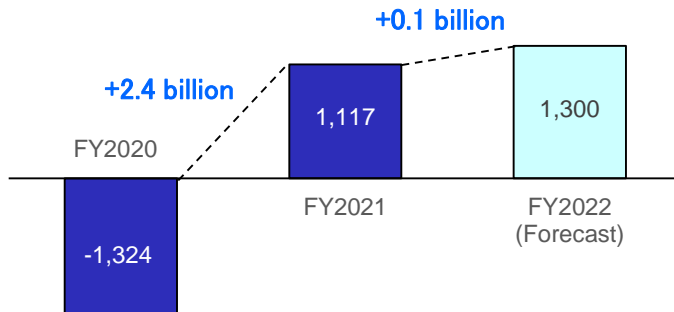
Crushers
 (Cone crushers)
 GEOPUS C3

Results by Segment (Rock Drill Segment)

Net sales (Unit: Million yen)



Operating profit (Unit: Million yen)



- Regarding factors for increase and decrease for the FY2021 results

[Net sales] Japan: ¥13.2 billion, Overseas: ¥17.6 billion

- Net sales increased both in Japan and overseas.
(Japan: up ¥0.9 billion, Overseas: down ¥5.7 billion)
Especially, overseas 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 factors for increase and decrease for the FY2022 forecasts

[Net sales] Japan: ¥12.1 billion, Overseas: ¥17.3 billion

- Increase due to higher product prices and a weaker yen but expect a decline in overall sales due to a decrease related to tunnel drill jumbos because of delays in the construction schedule.

[Operating profit]

- Increase due to product price hikes and yen depreciation, despite the negative impact of lower sales.

- Ref: Features, destinations, market share, etc. of the main products

Hydraulic breakers

[Features]

Wide range of models from small to super large size.
High-quality and high-striking power.
Strip mine such as quarries, etc.

[Destinations]

Civil engineering work and at construction sites, etc.

[Market share]



Hydraulic breakers

Hydraulic crawler drills

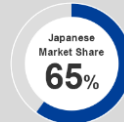
[Features]

Accurate and speedy drilling technology suitable for the rock conditions.

[Destinations]

Strip mine such as limestone mines, etc.
Infrastructure work in overseas, etc.

[Market share]



Hydraulic crawler drills

Tunnel drill jumbos

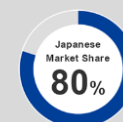
[Features]

Many proven results in mountain tunnel and large tunnel constructions.

[Destinations]

Mountain tunnel construction sites,
Dam headrace construction sites, etc.

[Attention]



Tunnel drill jumbos

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.

- **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.**



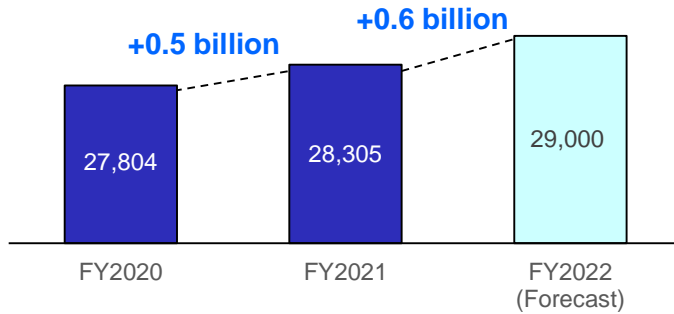
Hydraulic crawler drills



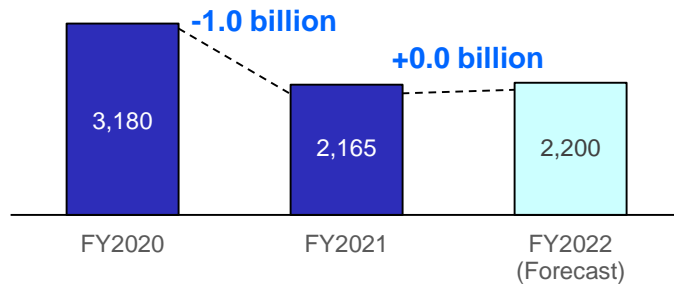
Attachment drill

Results by Segment (UNIC Segment)

Net sales (Unit: Million yen)



Operating profit (Unit: Million yen)



- Regarding factors for increase and decrease for the FY2021 results

[Net sales] Japan: ¥22 billion Overseas: ¥6.2 billion

- In Japan 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.
(Japan: down ¥0.6 billion, overseas: up ¥1.1 billion)

[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 factors for increase and decrease for the FY2022 forecasts

[Net sales] Japan: ¥22.4 billion Overseas: ¥6.6 billion

- 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]

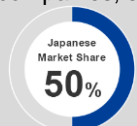
- Remain at the same level as the previous year due to the impact of raw material price hikes and other factors, despite an increase in income from higher sales.

- Ref: Features, destinations, market share, etc. of the main products

UNIC cranes

- [Features] Wide range of models such as various boom lengths etc. which correspond to customer needs.
- [Destinations] Construction and civil engineering sites, material handling, rental companies, etc.

[Market share]

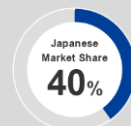


UNIC cranes

Mini-crawler cranes

- [Features] Show the power in narrow ground, rough ground and indoor worksites.
- [Destinations] Narrow or rough ground such as a graveyards, etc.
Indoor worksites, etc.

[Market share]

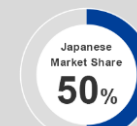


Mini-crawler cranes

UNIC carriers

- [Features] Wide range of models such as car transporter type, heavy machine transporter type, etc.
- [Destinations] Car dealer, transportation company, road construction company, etc.

[Market share]



UNIC carriers

Results by Segment (UNIC Segment)

Japan

- expand sales of mini-crawler cranes, etc.

- 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



- Seek to increase our market share of products for which demand is stable.

- 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

- The impact of Russia's invasion of Ukraine.

- 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.

- strengthen our sales, product, and technical service capabilities.

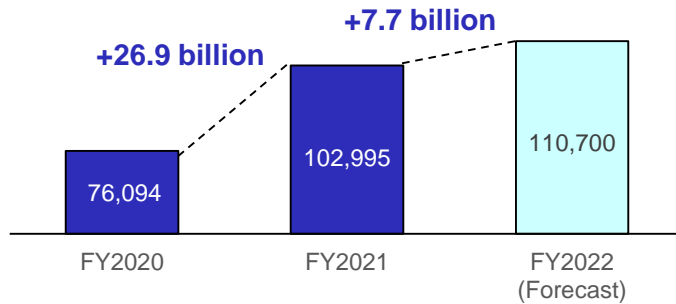
- Developing a new mini-crawler crane for Europe and the US to be introduced.
- Promote large-size truck-mounted cranes manufactured by Taian Furukawa for emerging countries in Southeast Asia, the Middle East, etc.
- Expand and enhance training tools for dealers, conduct training, and develop and strengthen human resources.



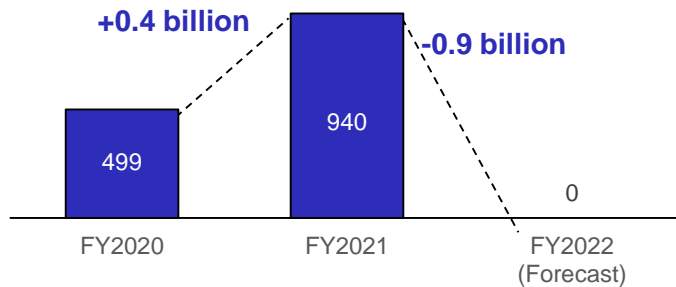
Large-size truck-mounted cranes manufactured by Taian Furukawa

Results by Segment (Metals Segment)

Net sales (Unit: Million yen)



Operating profit (Unit: Million yen)



- Ref: Features, destinations, market share, etc. of the main products

Electrolytic copper

It has been responsible for supplying electric copper since founding, and produce 70,000 tons a year.

Electric wires, copper elongation products, home appliances, communication equipment, automobiles, etc.

we have terminated the consignment contract with Onahama and have reached a point of drastic review of the consignment smelting business. Reduce exports which are unprofitable.

- Regarding factors for increase and decrease for the FY2021 results

[Net sales]

- 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.

Copper: up ¥24.5 billion (Volume: down ¥3.4 billion, Unit price: up ¥27.8 billion)

Gold: up ¥1.6 billion (Volume: up 1.1 billion, Unit price: up 0.6 billion)

[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.

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

	FY2021	Comparison to the previous fiscal year
LME Copper Price	9,691 \$/ton	2,812 \$/ton
JPY rate per US\$	112.38 ¥/\$	6.32 ¥/\$

	FY2022 (Forecast)	VS FY2021 Difference
LME Copper Price	9,400 \$/ton	-291 \$/ton
JPY rate per US\$	120.00 ¥/\$	7.62 ¥/\$

	FY2021	Comparison to the previous fiscal year
Operating profit	¥940 million	¥440 million
Among price effect	¥1.51 billion	¥0 million
Copper	(¥1.18 billion)	(¥230 million)
Gold	(¥270 million)	(¥-180 million)

- Regarding factors for increase and decrease for the FY2022 forecasts

[Net sales]

- Increase as stated, mainly due to higher metal prices and a weaker yen.

Copper: up ¥2.0 billion (Volume: down ¥0.8 billion, Unit price: up ¥2.9 billion)

Gold: up ¥5.8 billion (Volume: up ¥4.6 billion, Unit price: up ¥1.1 billion)

[Operating profit]

- Decrease due to the absence of expected price gains from metal price fluctuations, although we expect an improvement in the consignment smelting balance.

down ¥0.9 billion (Consignment: up ¥0.2 billion, Price gains: down ¥1.2 billion)

- Terminated the consignment contract with Onahama Smelting and Refining Co., Ltd. and have reached a point of drastic review of the consignment smelting business. (Detail 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 FY2023 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 FY2022, 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%.

[Changes in the profit structure of smelting companies]

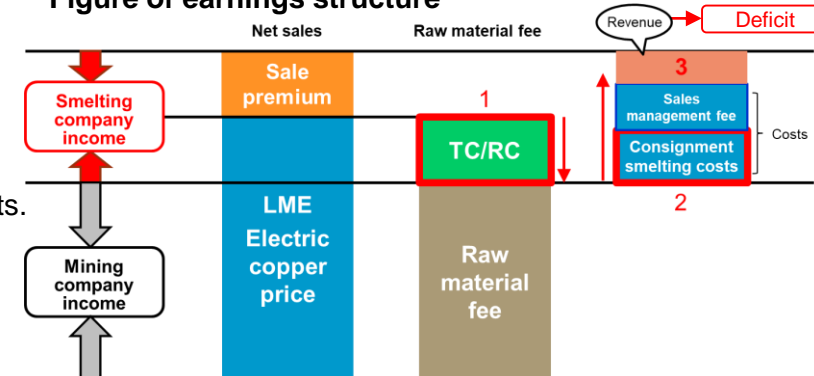
- In recent years, ore purchase condition income has been disadvantageous to smelters due to instability in supply and demand against the backdrop of China's strong demand for ore purchases, and it is difficult to expect a significant improvement in the ore purchase condition income in the future. (In 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)

Metals segment profit and loss infection	FY2022 Forecast (Disclosed May 12,2022)	Trial calculation after terminated the contract with Onahama	VS FY2022 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/ \$		-



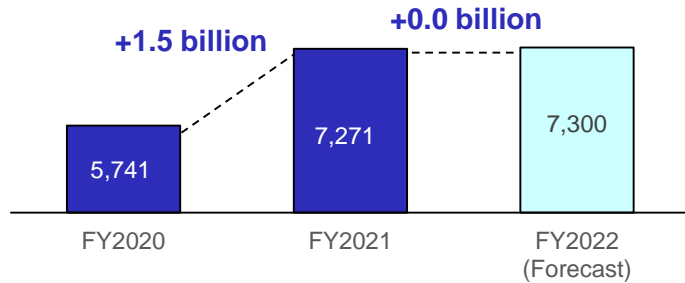
Consolidated profit and loss infection	FY2022 Forecast (Disclosed May 12,2022)	Trial calculation after terminated the contract with Onahama	VS FY2022 Forecast Difference
Net sales	209.5 billion	approx. 169.5 billion	Down approx. 40 billion
Operating profit	7.0 billion	approx. 7.4 billion	Up approx. 0.4 billion
Operating margin	3.3%	4.4%	Improve 1.0%
Consolidated balance sheet infection	FY2022 Forecast (Disclosed May 12,2022)	Trial calculation after terminated the contract with Onahama	VS FY2022 Forecast Difference
Total assets	229.7 billion	approx. 221.2 billion	Down approx. 8.5 billion

Figure of earnings structure

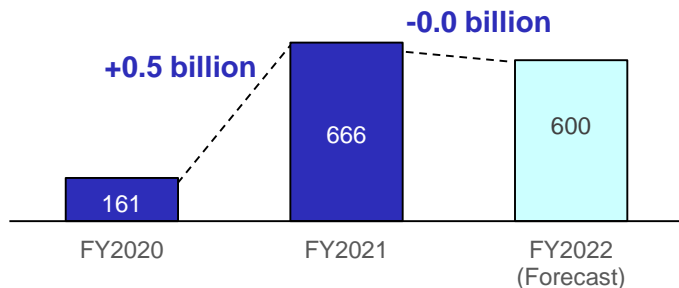


Results by Segment (Electronics Segment)

Net sales (Unit: Million yen)



Operating profit (Unit: Million yen)



- Regarding factors for increase and decrease for the FY2021 results [Net sales]

- 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 factors for increase and decrease for the FY2022 forecasts [Net sales]

- Remain flat year on year, with continued strong demand expected for high-purity metallic arsenic and aluminum nitride.

[Operating profit]

- Decrease slightly due to higher electricity and raw material prices for crystalline products.

- Ref: Features, destinations, market share, etc. of the main products

High-purity metallic arsenic

[Features] we have been mass-producing the world's purest high-purity metal arsenide at 99.999995% (7N5). We also boast the global top share.

[Destinations] PC, smartphones, infrared luminous parts, red LD and LEDs, etc.

[Market share]



High-purity metallic arsenic

Aluminum nitride

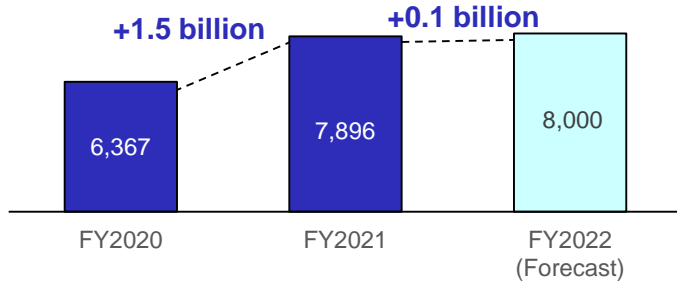
[Features] The heat-dissipating materials, high thermal conductivity, insulation, heat uniformity, corrosion resistance, was made by our proprietary technologies such as molding, sintering and processing.

[Destinations] Semiconductor manufacturing equipment components, high-power LEDs, resin-based heat-dissipation sheets, etc.

[Full production] Awareness as an excellent heat-dissipating materials is spreading, and full production continues due to growing demand. We are investing in increased production.

Results by Segment (Chemicals Segment)

Net sales (Unit: Million yen)



- Regarding factors for increase and decrease for the FY2021 results

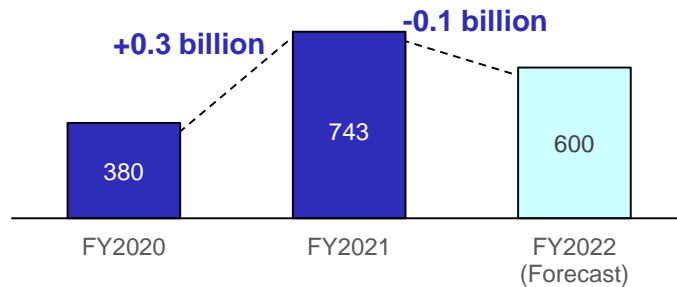
[Net sales]

- 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.

Operating profit (Unit: Million yen)



- Regarding factors for increase and decrease for the FY2022 forecasts

[Net sales]

- 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]

- 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.

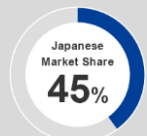
- Ref: Features, destinations, market share, etc. of the main products

Cuprous oxide

[Features] Antifoulant for ship-bottom paints to prevent barnacle build-up.

[Destinations] Ship-bottom paints manufacturer.

[Market share]



Cuprous oxide

Cupric oxide

[Features] High precision plating raw materials used for oxidation catalysts or printed circuit boards such as PC, etc.

[Destinations] Packaged boards (for PC and server processors), etc.

[Full production] Increased demand for package boards due to the miniaturization and high performance of electronic devices.
Full production with existing equipment.
Considering increasing production investment.

Sulfuric acid

[Features] uses the sulfur roasting method to produce sulfuric acid with very little impurity, and can be used as a food additive.

[Destinations] Each industry such as chemicals, electronic devices, steel, food processing, etc.

[Basic material] Demand is always stable as an indispensable basic material for each industry.

Summarizes the Achievements of the year

- 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.

- 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.
- 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.
- 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.

As part of the sustainable development of our machinery business, we acquired Yamaishi Metal Co., Ltd., which possesses powder manufacturing technology.

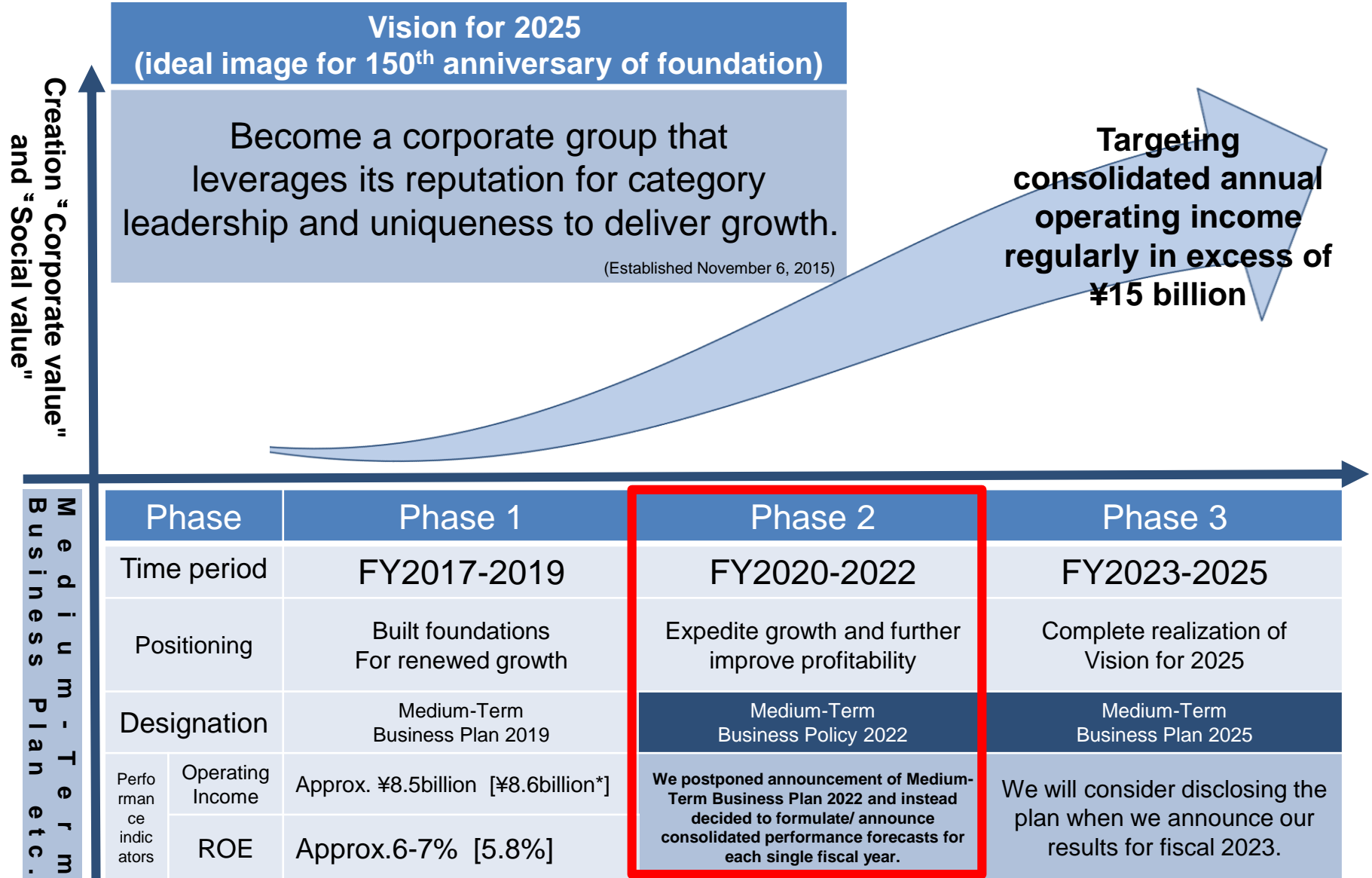
- By incorporating the metal powder handling technology and know-how of Yamaishi Metal, we will strengthen the development of the Group's powder metallurgy technology centered on molding, sintering, and heat treatment technologies, aiming to create key components and materials for machinery products 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. focus on the machinery business to increase the absolute amount of operating income, thereby reducing the profit/loss impact of the metals division.

2025 Vision and Each Phase



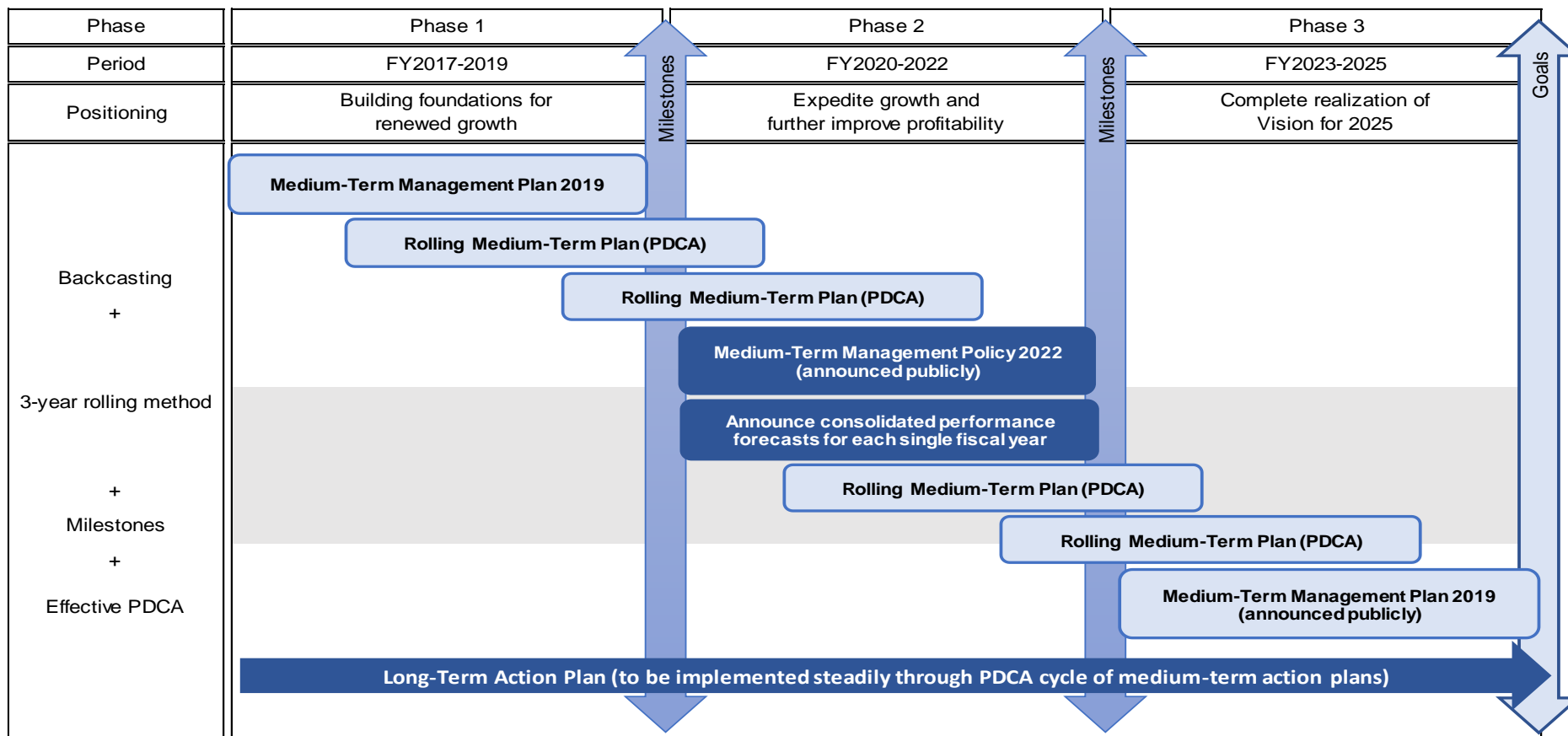
Next Medium-Term Management Plan (FY2023-2025)

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 FY2022.



Aim to Inclusion in ESG Index Stocks

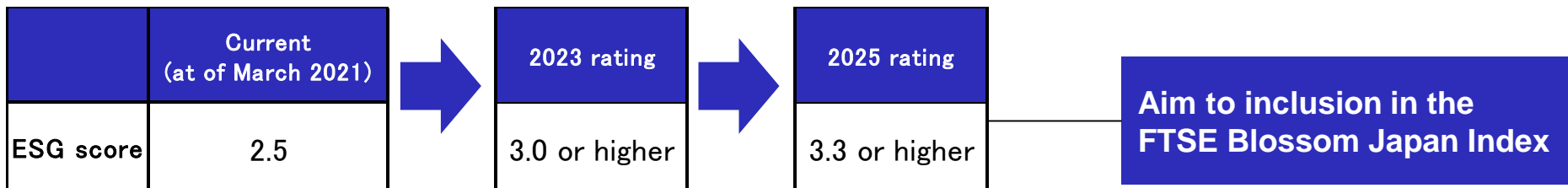
- We intend to enhance the disclosures required for ESG ratings, and to strive for inclusion in the FTSE index issues.

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.

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

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.

FTSE Russell ESG rating score



- 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 FY2030 compared to FY2013 and achieving carbon neutrality by FY2050.
- Regarding carbon neutrality, we are considering converting electricity, which accounts for about 80% of our CO2 emissions (FY2020 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%.



4. Topics

- Selected for the first time as a component of the FTSE Blossom Japan Sector Relative Index.

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 Index was selected among 1,391 brands Japanese company as a component of the FTSE Japan All Cap Index, as ESG evaluation 50% or higher and ESG rating 2.0 or higher in each sector.



**FTSE Blossom
 Japan Sector
 Relative Index**

- Selected for the first time as one of the 2022 Health & Productivity Stock Selection.

Selected for the first time as one of the 2022 Health & Productivity Stock Selection, which selects companies from the TSE listed company with particularly outstanding health management initiatives that consider employee health management from a managerial perspective and strategically implement them.
 (Based on the results of the health management survey which conducted by the Ministry of Economy, Trade and Industry, it was selected based on one company in one industry from the listed companies with the top 20% of health management.)



健康経営銘柄 2022
 Health and Productivity

- Other external evaluations

- Nikkei SDGs Management Survey 2021

Three-star rating in the Nikkei SDGs Management Survey 2021, which rates companies' commitment to the United Nations Sustainable Development Goals, SDGs.



- DBJ Environmental Rating Loan

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.

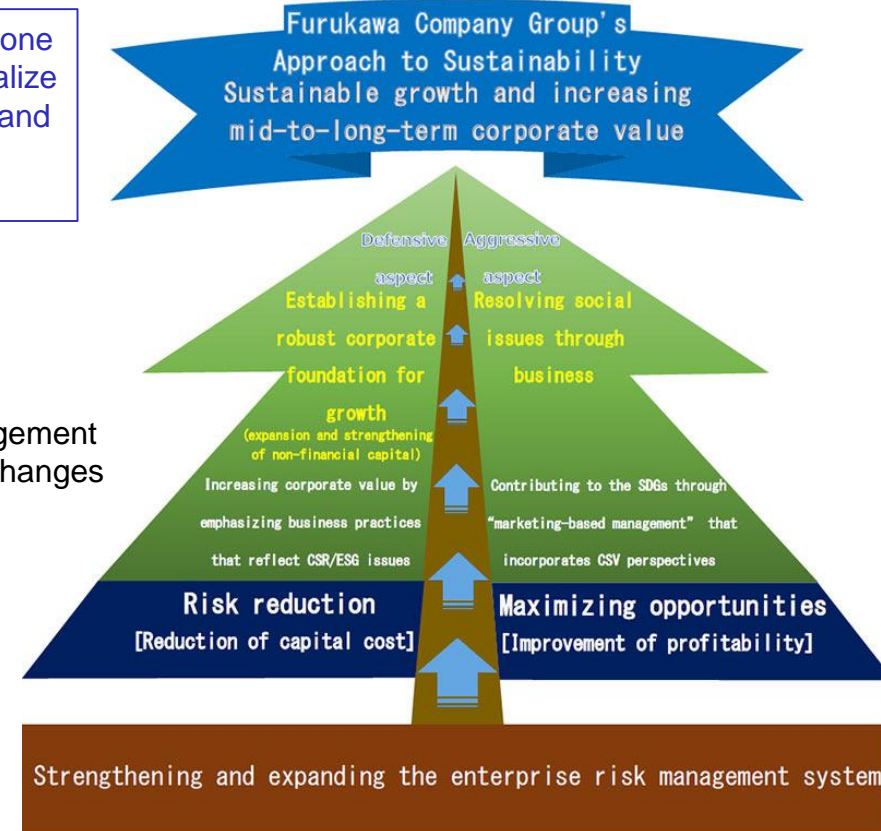
In order to enhance the value of the Furukawa brand through marketing management that incorporates a CSV perspective, and to increase corporate value by implementing business operations that take into consideration the Group's CSR/ESG issues, we have formulated the Furukawa Company Group Basic Policy,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

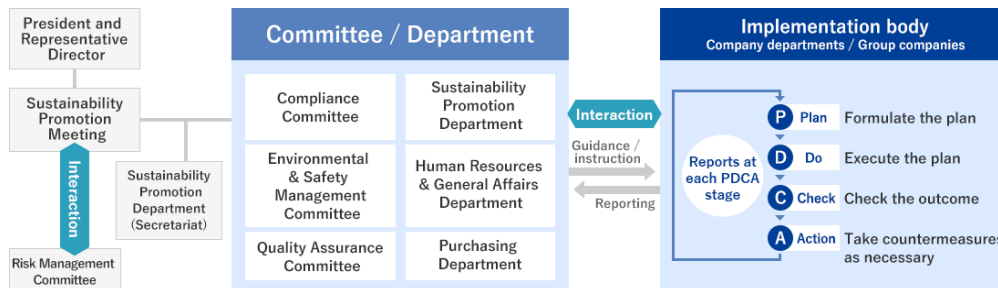
The Furukawa Company Group has positioned efforts toward sustainability as one of its most important management issues. In addition to contributing to help realize a sustainable society, the Group is committed to achieving sustainable growth and increasing mid-to-long-term corporate value by establishing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



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

【State of Capital Investment (Consolidated)】

(Unit: Million yen)

Capital Investment	FY2019	FY2020	FY2021	FY2022 (Forecast)
Machinery	4,123	2,637	2,669	2,800
Industrial	404	1,253	1,703	1,200
Rock Drill	2,782	437	247	900
UNIC	936	946	718	700
Materials	1,229	827	696	1,600
Other	585	679	1,413	300
Total	5,938	4,144	4,778	4,700

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

Increased due to the establishment of new medical waste disposal facilities (Expansion of incinerator, Total approx. ¥2.6 billion from FY2022 to FY2024) at Gunma Kankyo Recycle Center Co., Ltd., etc.

Increased due to the establishment of aluminum nitride production equipment (Total approx. ¥0.9 billion) in the Electronics Segment, etc.

【State of Depreciation and Amortization (Consolidated)】

Depreciation and amortization	3,589	3,879	4,003	4,100
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Acquisition of buildings in the Real Estate Business, etc.
Head office relocation work costs in the Other, etc.

【State of Research and Development Expenses (Consolidated)】

Research and Development Expenses	1,177	1,164	1,336	1,300
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【State of Metal Products, Foreign Exchange Rate (Consolidated)】

		FY2019	FY2020	FY2021	FY2022
Overseas market price of copper (Average)	€/£pound	265.8	312.0	439.6	426.4
	\$/ton	5,860	6,879	9,691	9,400
JPY rate per US\$ (Average)		108.74	106.06	112.38	120.00

Production and marketing of Furukawa Metals & Resources Co.,	FY2019	FY2020	FY2021	FY2022
Copper production (t)	77,069	74,386	71,149	70,816
Copper sale volume (t)	83,864	81,998	77,402	76,620

<About copper production>

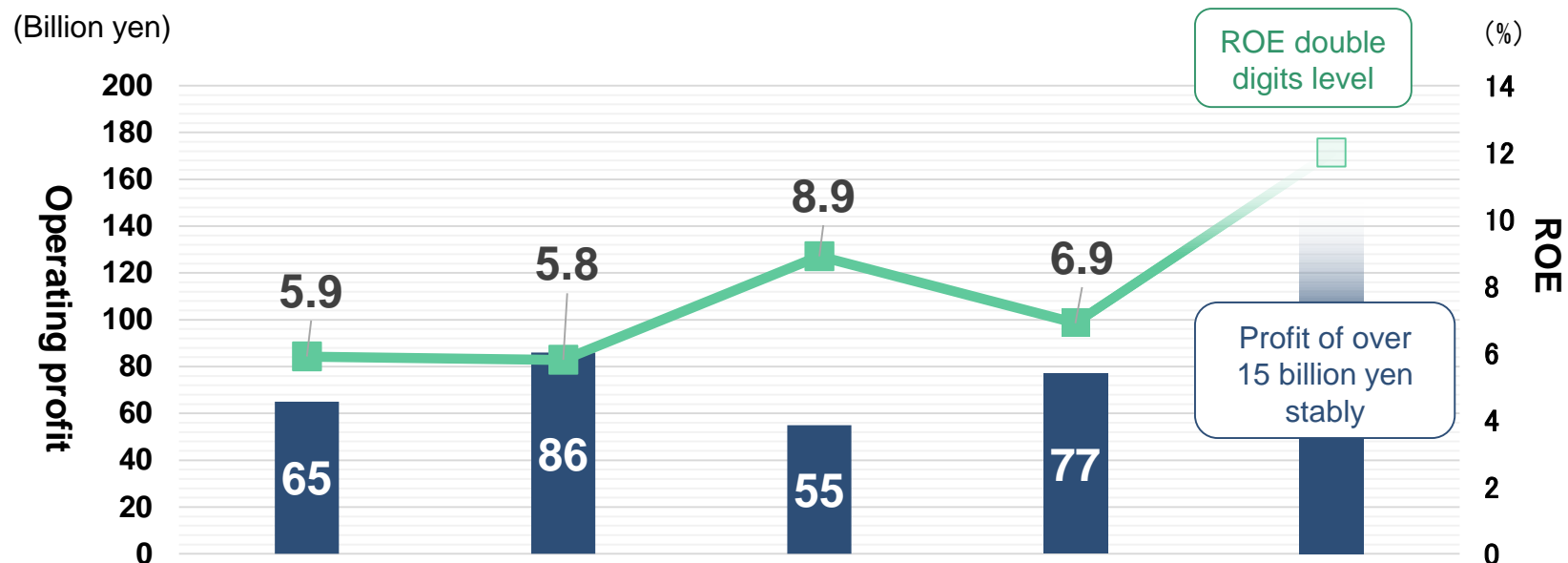
we have been reviewing our consignment ratio at the joint smelter and have been gradually reducing our copper production from 88,004 tons per year in FY2017.

Copper production after FY2023 is expected to be about 46,600 tons per year, due to terminate the consignment contract with Onahama Smelting and Refining Co., Ltd. (At the end of Mar. 2023)

【State of Employee (Consolidated)】

	End of Mar. 2020	End of Mar. 2021	End of Mar. 2022	VS End of Mar. 2021
Number of consolidated employee (Persons)	2,755	2,752	2,804	52

(Ref.) Management & Financial Indicators



		FY2016 <small>(Base year for comparison)</small>	FY2019	FY2020	FY2021	FY2025 Image
Management indicator	Operating profit	¥6.5 billion	¥8.6 billion	¥5.5 billion	¥7.7 billion	Regularly in excess of ¥15 billion
	ROE	5.9%	5.8%	8.9%	6.9%	Double digits level
Financial indicator	Debt / Equity ratio	0.9 times	0.9 times	0.8 times	0.7 times	Approx. 0.6-0.7 times
	Interest-bearing debt-to-EBITDA ratio	7.6 times	5.7 times	7.4 times	5.6 times	4 times level
	Issuers rating	BBB (JCR)	BBB (JCR)	BBB (JCR)	BBB (JCR)	BBB+ or higher (Japanese rating agency)

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

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

(Ref.) Segment Performance / Net sales

[Assumption]	FY2016 (Results)	FY2017 (Results)	FY2018 (Results)	FY2019 (Results)	FY2020 (Results)	FY2021 (Results)	FY2022 (Forecast)
JPY rate per US\$	108.4 ¥/\$	110.9 ¥/\$	110.9 ¥/\$	108.7 ¥/\$	106.1 ¥/\$	112.4 ¥/\$	120.0 ¥/\$
LME copper price	5,154 \$/t	6,444 \$/t	6,341 \$/t	5,860 \$/t	6,879 \$/t	9,691 \$/t	9,400 \$/t

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

Net sales	FY2016 (Results)	FY2017 (Results)	FY2018 (Results)	FY2019 (Results)	FY2020 (Results)	FY2021 (Results)	FY2022 (Forecast)
Machinery	66,803	73,453	77,580	82,691	68,635	76,938	78,600
Industrial	14,041	15,871	17,971	23,237	16,682	17,723	20,200
Rock Drill	26,979	30,199	30,372	27,663	24,149	30,910	29,400
UNIC	25,782	27,381	29,237	31,791	27,804	28,305	29,000
Materials	78,968	89,987	92,722	79,366	88,203	118,163	126,000
Metals	67,853	77,334	80,067	67,149	76,094	102,995	110,700
Electronics	5,816	6,307	6,527	5,506	5,741	7,271	7,300
Chemicals	5,298	6,344	6,127	6,710	6,367	7,896	8,000
Real Estate	3,074	3,338	2,999	2,386	2,107	2,115	2,000
Other	983	916	814	771	755	1,879	2,900
[Total]	149,829	167,695	174,116	165,215	159,702	199,097	209,500

(Ref.) Segment Performance / Operating profit

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

Operating profit	FY2016 (Results)	FY2017 (Results)	FY2018 (Results)	FY2019 (Results)	FY2020 (Results)	FY2021 (Results)	FY2022 (Forecast)
Machinery	3,580	5,083	6,567	7,343	3,968	4,679	5,300
(*Composition ratio)	(53%)	(63%)	(72%)	(83%)	(69%)	(60%)	(75%)
Industrial	104	1,005	2,088	3,208	2,113	1,396	1,800
Rock Drill	897	1,782	1,689	142	-1,324	1,117	1,300
UNIC	2,578	2,295	2,789	3,992	3,180	2,165	2,200
Materials	1,870	1,648	1,396	776	1,040	2,349	1,200
(*Composition ratio)	(28%)	(20%)	(15%)	(9%)	(18%)	(30%)	(17%)
Metals	1,738	867	581	301	499	940	0
Electronics	17	330	407	-35	161	666	600
Chemicals	114	451	406	510	380	743	600
Real Estate	1,265	1,339	1,163	735	736	743	600
(*Composition ratio)	(19%)	(17%)	(13%)	(8%)	(13%)	(10%)	(8%)
Other	-126	-196	-147	-94	-82	17	-20
(Sub total)	6,590	7,875	8,980	8,761	5,663	7,789	7,080
Adjustment	-44	-55	-64	-68	-71	-54	-80
[Total]	6,545	7,820	8,915	8,693	5,592	7,734	7,000

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

(Ref) Long-term Performance

Consolidated Financial Results

(Unit: Million yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Net sales	161,857	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702	199,097	209,500
Operating profit	2,303	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592	7,734	7,000
Ordinary profit	993	111	1,231	1,268	2,763	6,150	6,603	6,227	7,202	8,105	8,235	8,135	6,773	8,996	6,900
Profit attributable to owners of parent	-5,917	585	563	-1,659	2,976	3,976	9,793	5,056	4,254	4,774	4,654	4,431	7,468	6,477	4,700

Segment Performance

[Net sales]

(Unit: Million yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Machinery	62,639	44,313	47,025	53,198	56,852	71,111	75,990	72,232	66,803	73,453	77,580	82,691	68,635	76,938	78,600
Industrial	15,836	12,783	10,655	12,949	12,894	18,527	16,712	14,926	14,041	15,871	17,971	23,237	16,682	17,723	20,200
Rock Drill	29,427	20,386	23,880	24,143	23,305	26,842	30,910	30,076	26,979	30,199	30,372	27,663	24,149	30,910	29,400
UNIC	17,375	11,142	12,490	16,105	20,651	25,741	28,367	27,229	25,782	27,381	29,237	31,791	27,804	28,305	29,000
Materials	80,175	82,128	92,203	77,917	88,026	90,162	93,270	85,644	78,968	89,987	92,722	79,366	88,203	118,163	126,000
Metals	68,786	71,132	79,979	68,114	77,944	78,684	81,513	74,192	67,853	77,334	80,067	67,149	76,094	102,995	110,700
Electronics	5,568	5,969	7,147	4,615	4,987	5,381	5,743	5,477	5,816	6,307	6,527	5,506	5,741	7,271	7,300
Chemicals	5,820	5,025	5,076	5,187	5,093	6,096	6,013	5,973	5,298	6,344	6,127	6,710	6,367	7,896	8,000
Real Estate	2,386	2,043	1,577	1,233	1,058	1,013	2,535	3,045	3,074	3,338	2,999	2,386	2,107	2,115	2,000
Other	1,204	854	785	766	753	739	747	876	983	916	814	771	755	1,879	2,900
Paints (*1)	-	3,692	15,040	14,874	15,078	-	-	-	-	-	-	-	-	-	-
Fuels (*2)	15,452	9,893	9,004	9,576	3,770	-	-	-	-	-	-	-	-	-	-
Total	161,857	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702	199,097	209,500

[Operating profit]

(Unit: Million yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Machinery	1,733	-3,022	-566	1,970	2,923	5,333	6,551	5,882	3,580	5,083	6,567	7,343	3,968	4,679	5,300
Industrial	767	433	-29	708	778	1,851	1,711	1,037	104	1,005	2,088	3,208	2,113	1,396	1,800
Rock Drill	255	-2,584	-350	333	-67	341	1,225	2,217	897	1,782	1,689	142	-1,324	1,117	1,300
UNIC	710	-870	-186	928	2,212	3,141	3,614	2,627	2,578	2,295	2,789	3,992	3,180	2,165	2,200
Materials	229	3,985	3,044	325	324	1,695	1,770	983	1,870	1,648	1,396	776	1,040	2,349	1,200
Metals	23	3,224	1,494	308	282	1,503	1,449	1,154	1,738	867	581	301	499	940	0
Electronics	4	657	1,279	-234	-262	-123	52	-368	17	330	407	-35	161	666	600
Chemicals	201	104	269	251	304	315	267	197	114	451	406	510	380	743	600
Real Estate	706	1,128	635	356	219	-43	776	1,276	1,265	1,339	1,163	735	736	743	600
Other	-304	-376	-92	-93	-63	-60	-130	-72	-126	-196	-147	-94	-82	17	-20
Paints (*1)	-	-19	-93	-329	65	-	-	-	-	-	-	-	-	-	-
Fuels (*2)	202	-29	-56	-13	-28	-	-	-	-	-	-	-	-	-	-
Adjustment	-264	-69	-49	-60	-78	-39	-42	-80	-44	-55	-64	-68	-71	-54	-80
Total	2,303	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592	7,734	7,000

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

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

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

LME copper price (US\$/ton)	5,864	6,101	8,139	8,485	7,855	7,104	6,554	5,215	5,154	6,444	6,341	5,860	6,879	9,691	9,400
JPY rate per US\$	101	93	86	79	83	100	110	120	108	111	111	109	106	112	120

Thank you for your understanding and continued support.



 **FURUKAWA CO.,LTD.**

Cautionary Notes Regarding Forward-Looking Statements

Statements about future predictions contained in this document are based on various factors—including forecasts, expectations, assumptions, plans, acknowledgments, and evaluations—that derive from information currently at hand. Actual business conditions and activities involve various known and unknown risks and uncertainties and can be affected by them. Accordingly, forward-looking statements and suggestions based thereon may differ significantly from actual outcomes.

Known and unknown risks and uncertainties that can potentially affect future forecasts are described in the Company's Annual Report, Financial Statements and in the Business Risks section of the Company's corporate website. However, such risks and uncertainties are not limited to those described therein.

Consequently, the Company cannot promise or guarantee the achievement of key performance indicators [(KPIs)] or forecasts, nor of future results, as described in this document.

Irrespective of actual results, moreover, the Company is not obligated to update the content of this document after its release date, and does not have a policy to do so.

The purpose of preparing this document is to help shareholders, other investors, and the like obtain a better understanding of the Company's management policies and information, not to solicit any equity investments, including the purchase or sale of the Company's shares.

Investors are asked to take responsibility for final investment decisions in light of the aforementioned points.

Please take responsibility when using this document. The Company bears no responsibility for erroneous or defective information contained in this document, nor of changes in [key performance indicators/KPIs] or forecasts, nor of any other losses caused as a result of using this document.

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“Medium-Term Business Policy 2022”

- Expedite growth and further improve profitability. -



Disclosed May 25, 2020

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

 **FURUKAWA CO.,LTD.**

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

“Medium-Term Business Policy 2022” Contents

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

2. Positioning of “Medium-Term Business Policy”

3. Management Policy

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

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

May 8, 2020 partially revised (Under lined)

Vision for 2025 "FURUKAWA Power & Passion 150"

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

<Policy for achieving the vision>

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

Sustainable expansion of the machinery business

Strengthen and expand our human resource base

Actively promote investments to increase corporate value

Establish a robust corporate foundation(*3)

Aiming for FY2025(150 anniversary of foundation)

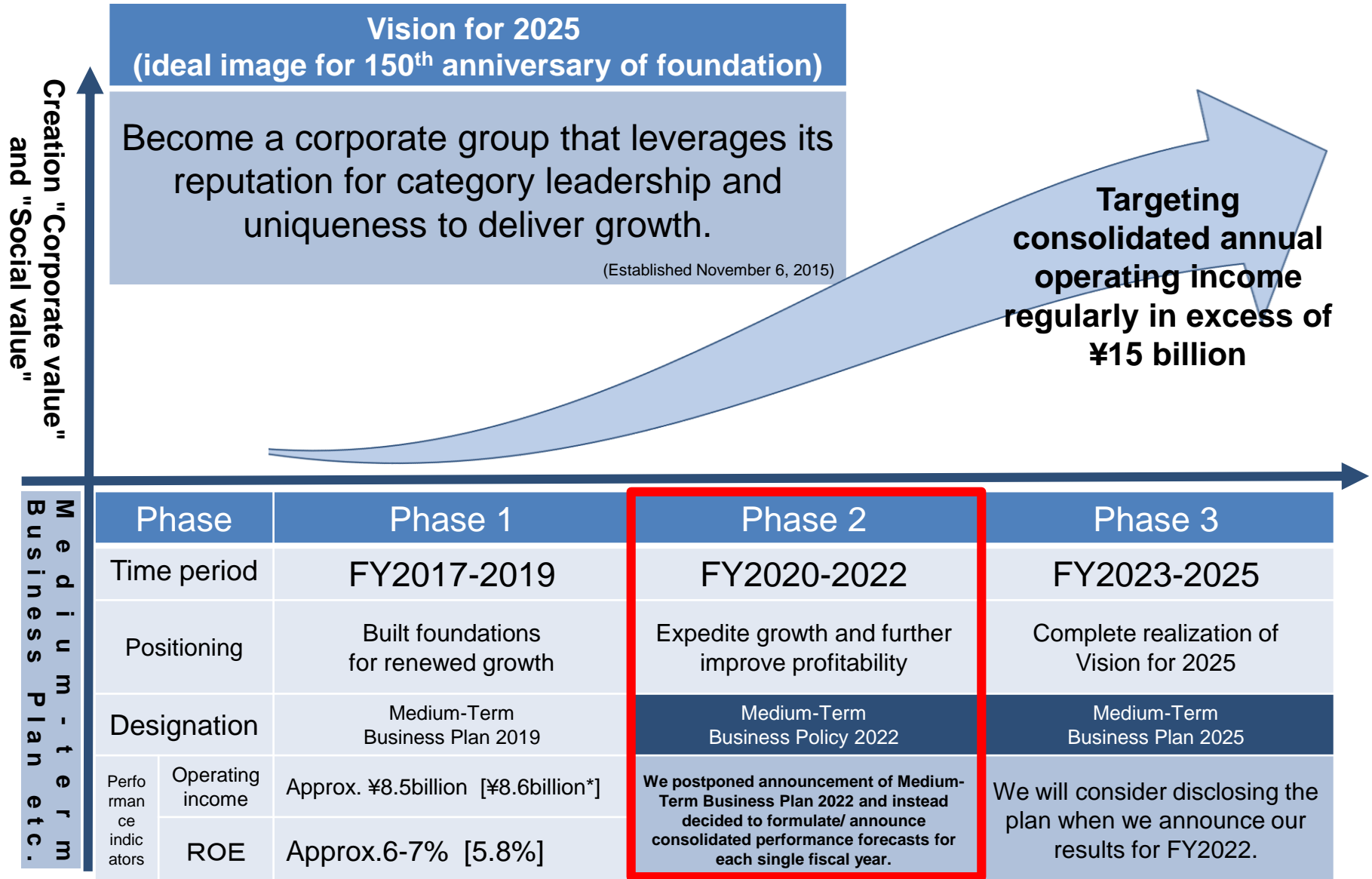
Targeting consolidated annual operating income regularly in excess of ¥15 billion.

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

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

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

2. Positioning of “Medium-Term Business Policy”



3. Management Policy

(1) Companywide strategy

“Expedite growth and further improve profitability.”

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

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

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

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

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

[Value creation process of Furukawa company group]



“marketing-based management” that incorporates CSV perspectives:

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




































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

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

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

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

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

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

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

Basic strategy

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

Priority issues

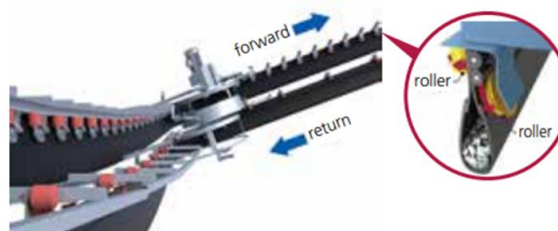
- Attract new orders by providing technical proposals for section plant construction projects and other projects.
- Cultivate demand for SICON® enclosed hanging conveyors.
- Strengthen earnings foundation by capturing replacement demand for pumps and material machinery.



GEOPUS C3 cone crusher



Belt Conveyors designed for the Tokyo Outer Ring Road project



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

SICON® is a registered trademark of ContiTech Transportbandsysteme GmbH.

High efficiency energy saving
slurry pump
SPL e-Performance



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

Basic strategy

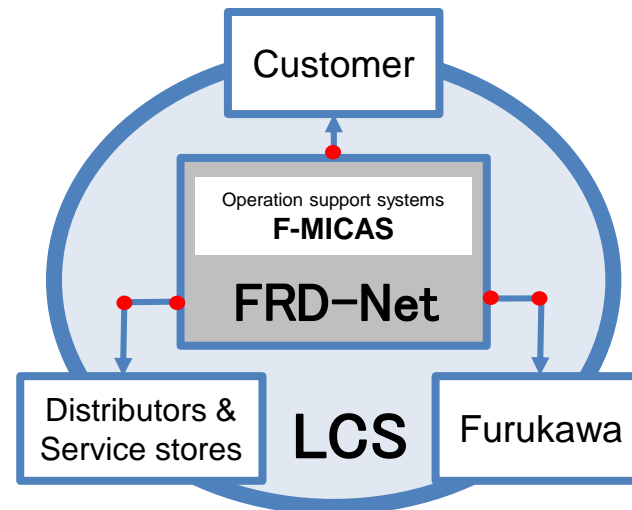
Strengthen our Life Cycle Support (LCS) capabilities, reinforce our earnings foundation for drill products (blast hole drills and drill jumbos), tap new markets, and launch new products to increase profits.

Priority issues

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



Hydraulic Crawler Drill in operation at overseas quarry site



Drill Jumbo in operation at overseas tunnel excavation site

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

Basic strategy

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

Priority issues

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



UNIC products active overseas



Sakura Works

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

Metals

Basic strategy

Conduct drastic review of contracted smelting and refining business.

Priority issues

Identify profitability and future potential of contracted copper smelting business.



Electrolytic copper

Chemicals

Basic strategy

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

Priority issues

- Existing products

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

- Newly developed products

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



Metallic copper powder
Purpose/ Conductive paste

Electronics

Basic strategy

Promote growth of strategic products and launch new strategic products.

Priority issues

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



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

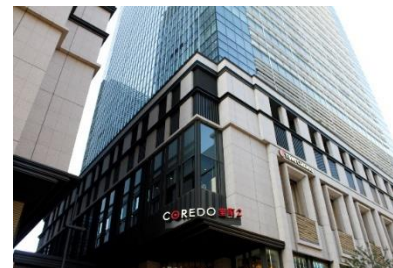
Real Estate

Basic strategy

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

Priority issues

Decide future plans for Furukawa Osaka Building.



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

(6) Product development system

Basic strategy

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

Priority issues

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

(7) Strengthen and expand our human resource base

Basic strategy

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

Priority issues

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

(8) Actively promote investments to increase corporate value

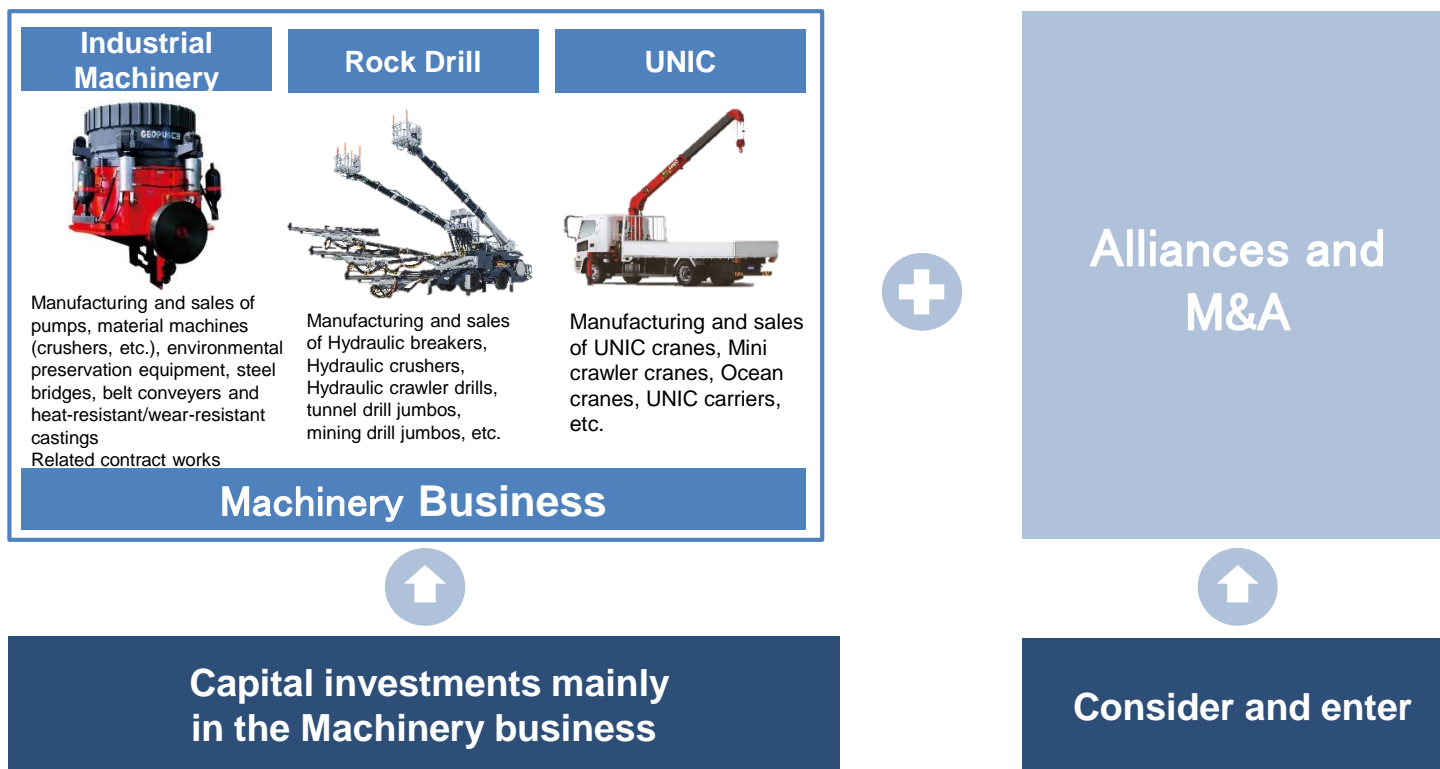
1 Capital investment plan*10 to support stronger manufacturing capabilities

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

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

2 Alliances and M&A

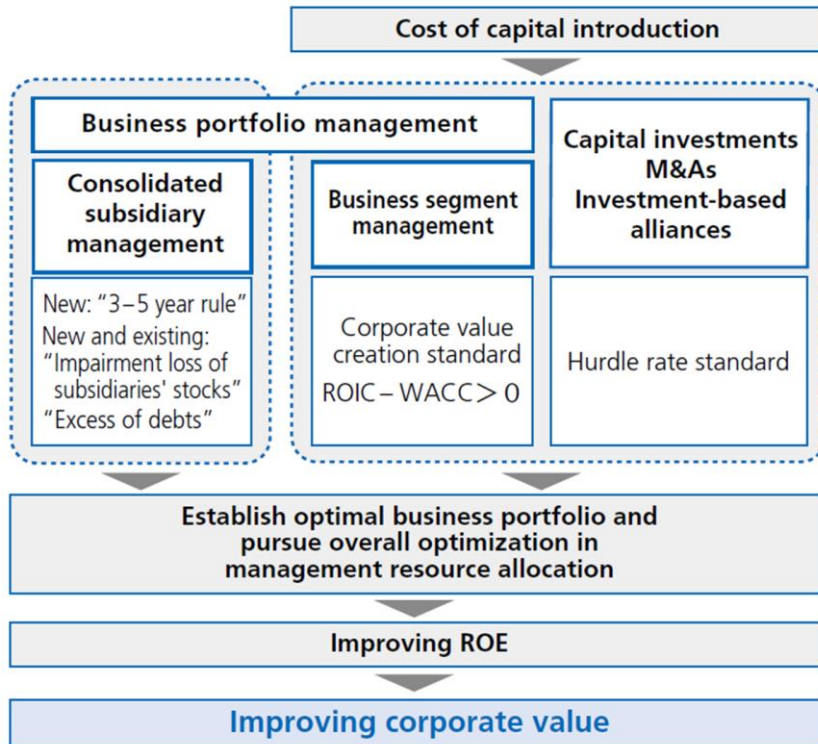
We will consider and enter alliances and M&A with peripheral companies that fill the gaps and create continuity in our existing Machinery business, as well as with companies engaged in the fourth pillar of our Machinery business.



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

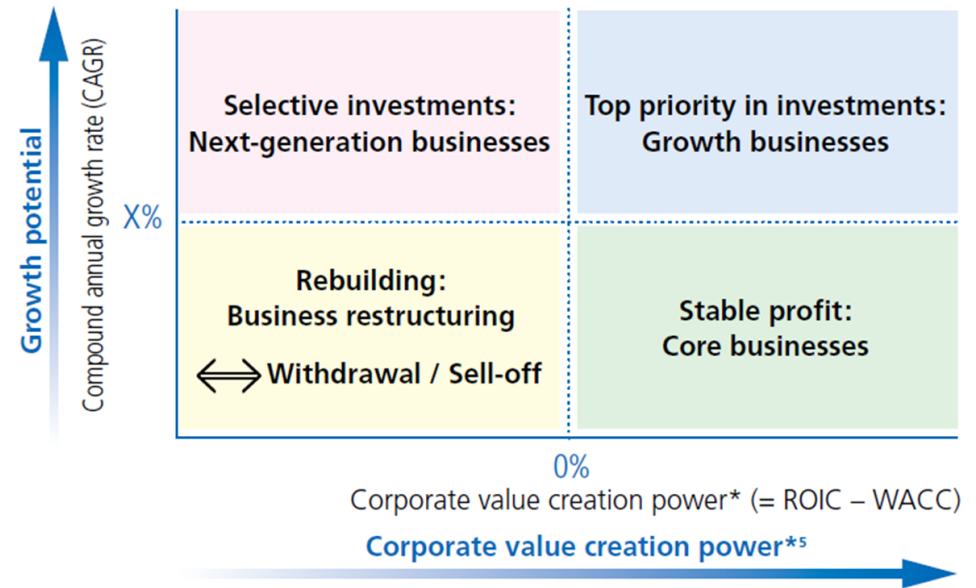
We will make individual investment decisions while paying attention to profitability and taking into account risks and capital costs associated with each investment. We will also step up efforts to improve efficiency and profitability. At the same time, we will pursue overall optimization of business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

Corporate Value Improvement Process



Bubble Chart Aiming for Business Portfolio Identification & Visualization

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



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

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

ROE

=

Profitability

Net income margin

×

Efficiency

Total asset turnover

×

Leverage

Financial leverage

ROE Tree for Creating Corporate Value

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

Profitability improvement

Efficiency improvement

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

Allocation of operating cash flows

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

Dividends

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

Treasury stock purchase and cancellation

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

*Rating strategy:

By FY2025 (ending March 2026), the final year of Vision for 2025, we aspire to achieve a financial soundness vision that will enable us to obtain a credit rating of BBB+ (or higher), which is one notch above the current rating issued 9 by a Japanese rating agency. To this end, we will continue striving to improve our financial soundness.

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

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

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

We will formulate medium-term CSR targets (fiscal 2020 to 2022) and develop a PDCA cycle of planning, execution, evaluation and improvement.