

# FY2021 Financial Results

President & CEO

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Furukawa Electric Co., Ltd.

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Projections of future sales and earnings in these materials are "forward-looking statements."

Management offers these projections in good faith and on the basis of information presently available.

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**FURUKAWA ELECTRIC CO., LTD.**

## Compared with last year

- Increased profit on higher revenue by capturing opportunities that arose as demand recovered from the impact of COVID-19 last year.
- Although COVID-19 had an impact on mainly the Automotive Products business in Southeast Asia (emergency transportation expenses, BCM related expenses, etc.) and all companies within the group were hit with soaring transportation and raw material expenses, profit increased in the Infrastructure and Functional Products segments.
- Although extraordinary income decreased, the improvement in profit/loss in equity method affiliates led to securing net income attributable to owners of the parent company of JPY 10.1 billion, generally on the same level as last year.

## Compared with the previous forecast

- Although operating income declined due to increased transportation expenses, etc. in mainly the Automotive Products business, the improvement in profit/loss in equity method affiliates led to achieving net income attributable to owners of the parent company exceeding the previous forecast.

	(JPY billion, JPY/kg, JPY/USD)					
	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts
	a	b	c	d	d-b	d-c
Net Sales	914.4	811.6	900.0	930.5	+118.9	+30.5
Operating income	23.6	8.4	13.0	11.4	+3.0	▲ 1.6
Ordinary income	22.8	5.2	17.5	19.7	+14.5	+2.2
Net income attributable to owners of the parent	17.6	10.0	7.0	10.1	+0.1	+3.1
Average copper price	682	770	1,105	1,136		
Average exchange rate	109	106	111	112		

\*Announced on February 3, 2022

# FY2022 Full-year Forecast

- Starting to feel the prolonged impact of the supply chain disruptions caused by the semiconductor shortage, situation in Russia and Ukraine and COVID-19 lockdown in Shanghai. These risks have been taken into consideration when formulating the FY2022 forecast

- **Net sales**

Higher revenue in the Infrastructure, Electronics & Automotive Systems and Functional Products segments\*.

- **Operating income**

While risks in relation to lower customer production volumes due to the soaring transportation and raw material expenses are anticipated, revenue is expected to increase in Automotive Products and Communications Solutions, taking into consideration the fact that the one-time expenses which arose in the Automotive Products business last year will not be incurred again this year and promoting incorporation in sales price, operating income is forecast to be JPY 22.5 billion.

\* Impact of changes in copper prices : JPY + 33.4 billion  
(JPY1,136/kg→JPY1,260/kg)  
Impact of exchange rate: JPY + 32.4 billion  
(JPY112/USD→JPY120/USD)

- **Net income attributable to owners of the parent company**






While profit/loss in equity method affiliates and extraordinary gain is expected to decrease, due to higher operating income, etc., net income attributable to owners of the parent company is forecasted to be JPY 14.0 billion.

(JPY billion, JPY/kg, JPY/USD)

	FY20 Results	FY21 Results	FY22 Forecasts	YoY change
	a	b	c	c-b
Net Sales	811.6	930.5	1,050.0	+119.5
Operating income	8.4	11.4	22.5	+11.1
Ordinary income	5.2	19.7	26.0	+6.3
Net income attributable to owners of the parent	10.0	10.1	14.0	+3.9
Average copper price	770	1,136	1,260	
Average exchange rate	106	112	120	

# FY2022 Full-year Forecast

- Since March 2022, there has been significant deterioration in the major economic indicators and automotive market environment

	Direction of changes	2022 Outlook
World's GDP		From 4.2 to 3.3% (▲0.9%)
Japan's GDP		From 3.7 to 2.6% (▲1.1%)
U.S. economy		From 4.2 to 2.8% (▲1.4%)
Automotive market		Global production is forecast to be from 83.3 million to 80.3 million cars (▲3.0 million cars)
Semiconductor market		Growth rate of semiconductor shipments is forecast to increase from 9% to 13% (+4%)

(Note) Our forecast

# Assumption of FY2022 Full-year Forecast

■ The risk factors and level of impact are anticipated based on the recent business environment. Then, the ability to implement measures such as passing on costs and increasing productivity is identified, and the operating income forecast is formulated. Thereafter, all group companies promote further measures.

- Raw material prices: Mainly resins and energy costs
- Transportation expenses: Increased cost mainly in the Automotive Products business
- Other fixed cost: Increased indirect manufacturing expenses resulting from higher operating levels and operating cost that was restrained due to the COVID-19

- Changes in net sales: Sales of optical fiber and cable will continue to increase  
Increased automotive products (recovery from COVID-19)
- Incorporate the soaring raw material and transportation expenses in the sales price, reduce the cost of manufacturing, etc.
- One-time expenses (eliminated): Emergency transportation expenses that arose in the Automotive Products business during FY2021

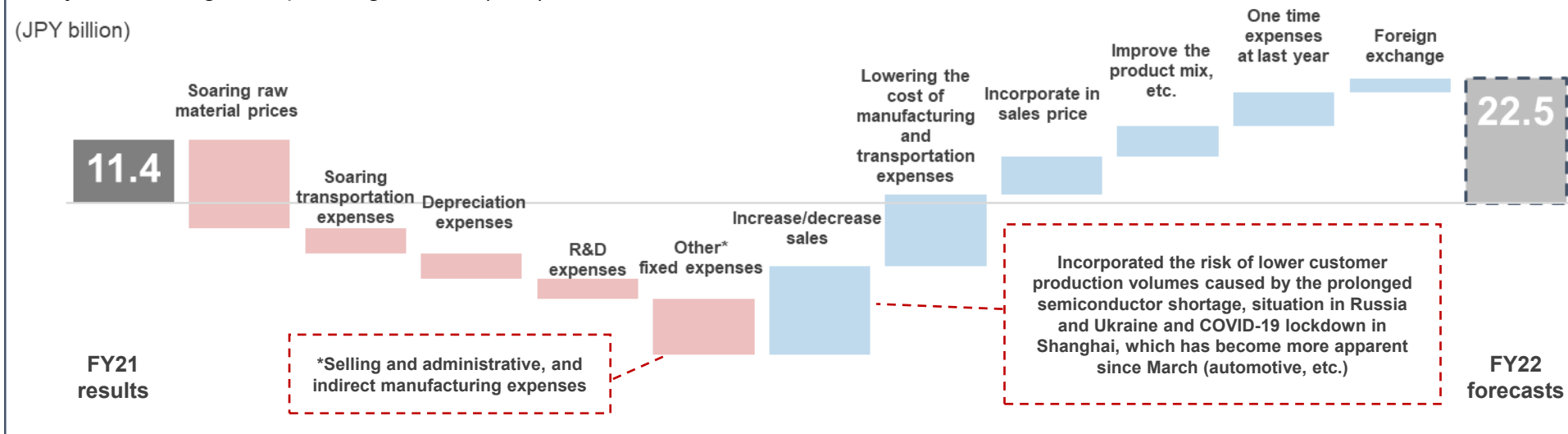
## Groupwide initiatives

Raw material shortages and soaring prices  
Soaring transportation expenses and logistics disruptions



- Incorporate in the sales price
- Reduce the cost of manufacturing
- Revise the procurement route
- Procure from multiple suppliers
- Consider alternative materials
- Revise the logistics route and service agreement type
- Increase packing efficiency

Analysis of change in Operating Income (YoY)



# Status of the optical fiber and cable business and current initiatives

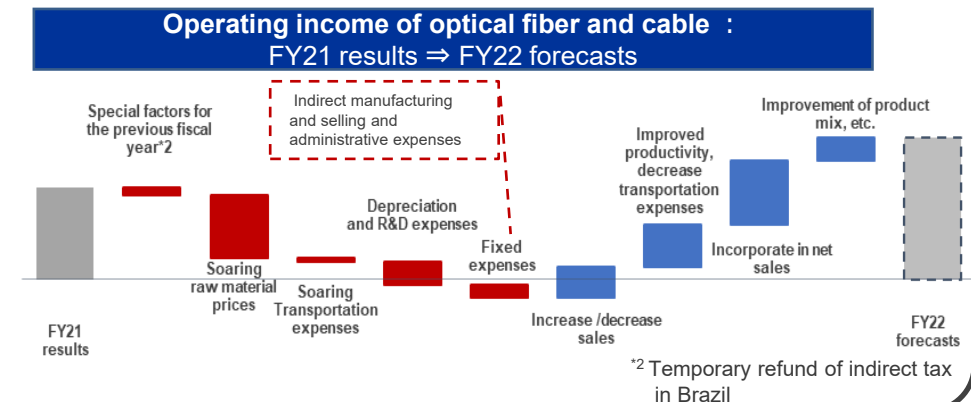
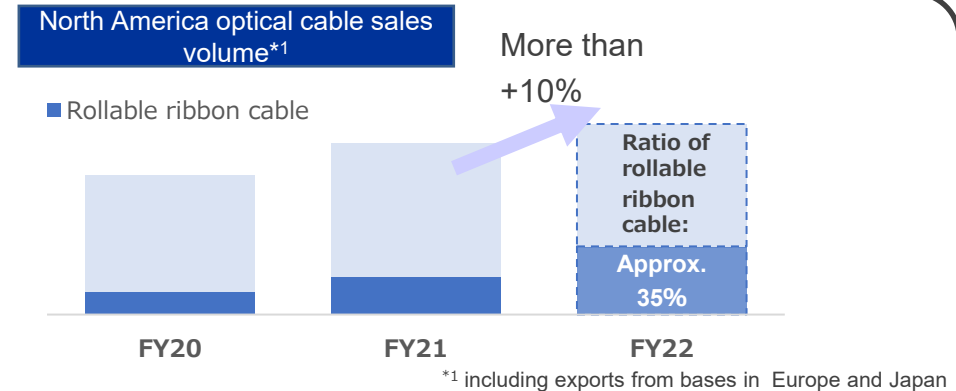
## Review of FY2021

In the North America optical cable business, although work attendance rates intermittently declined due to the impact of COVID-19, full-year productivity improved, and revenue increased by about 20%, mainly from value-added products.

Full-year operating income in the overall optical fiber and cable business was generally unchanged from the forecast issued when announcing the Q3 results.

## FY2022 initiatives

- Respond to growing demand in North America/ Europe**
  - Secure personnel with the aim of increasing production volumes at the optical fiber and cable manufacturing site in North America
  - Strengthen the optical cable site in Morocco (Increase the competitive position in Europe)
  - Increase sales of value-added products
- Continue to increase productivity and reduce costs**
  - Realize benefits from the investments in rationalization in Japan
- Work to ensure stable procurement of raw materials, incorporate the soaring raw material and transportation expenses in the sales price**



# Status of the Automotive Products business and current initiatives

## Review of FY2021

In the Automotive Products business, although revenue increased as the automotive market recovered from the impact of COVID-19 last year and deliveries started for new vehicle models, profit greatly declined due to lower work attendance rates at locations in Southeast Asia and emergency transportation expenses caused by COVID-19, as well as BCM related expenses and soaring transportation and raw material expenses.

## FY2022 initiatives

### 1. Respond to the project orders received this year / projects scheduled to start this year

- Realize benefits from investing in increased production of harnesses for global vehicle models and other products
- Expand the sales territory of functional products (SRC<sup>\*1</sup>, BSS<sup>®\*2</sup>, peripheral monitoring radar)

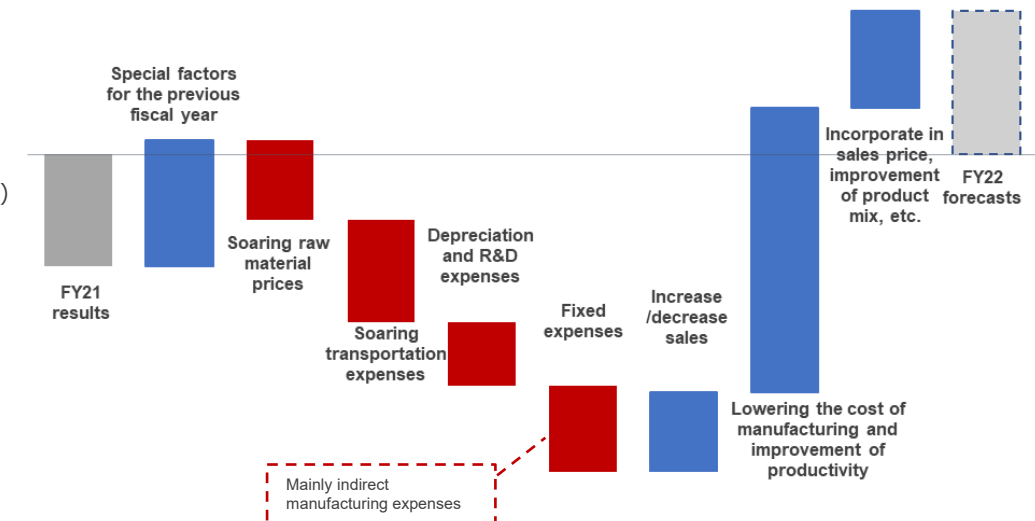
\*1 SRC (Steering roll connector)

\*2 BSS<sup>®</sup> (Lead battery state sensor)

### 2. Monozukuri capable of responding to sudden changes to the customer's production plan, and thorough inventory control (Including purchase requests to customers)

### 3. Incorporate the higher costs in the sales price, including the application of market based pricing for the soaring raw material and logistics expenses, and improve productivity, etc.

Operating income of Automotive Products & Batteries  
FY21 results ⇒ FY22 forecasts





# CAPEX, Depreciation & Amortization and R&D investment

## ■ Increase business profits and strengthen the responses directed at creating businesses that solve social issues based on an awareness of the SDGs.

- CAPEX: Investments for reducing business risk directed at expanding medium-term profit and realizing stable manufacturing
- R&D investment: Directed at solving the social issues with the goal of achieving Vision 2030, increase investment in maintaining and accelerating the activities aimed at creating new businesses

(JPY billion)

	FY20 Results	FY21 Results	FY22 Forecasts	YoY change
	a	b	c	c-b
<b>CAPEX</b>	<b>40.0</b>	<b>38.1</b>	<b>47.0</b>	<b>+8.9</b>
<b>Depreciation and amortization</b>	<b>32.2</b>	<b>33.7</b>	<b>38.0</b>	<b>+4.3</b>
<b>R&amp;D expenses</b>	<b>20.2</b>	<b>20.8</b>	<b>24.0</b>	<b>+3.2</b>

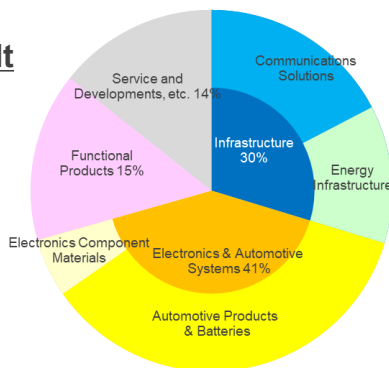
### <Focus area in FY2022>

#### CAPEX

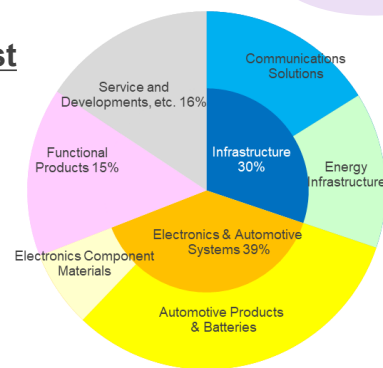
- Continue to invest with the aim of securing medium-term definite profits (Mainly Automotive Products and Infrastructure businesses)
- Reduce business risk by strengthening the foundation for stable manufacturing
- Responses directed at solving the social issues (DX/ Carbon neutral)

DX 5%  
Carbon neutral 2%

#### FY21 result



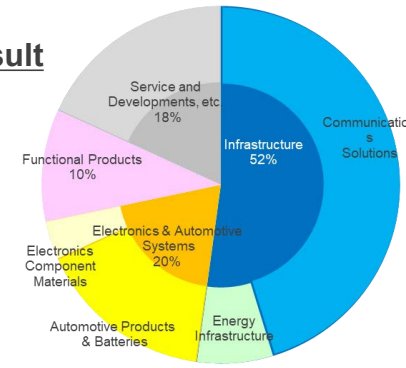
#### FY22 forecast



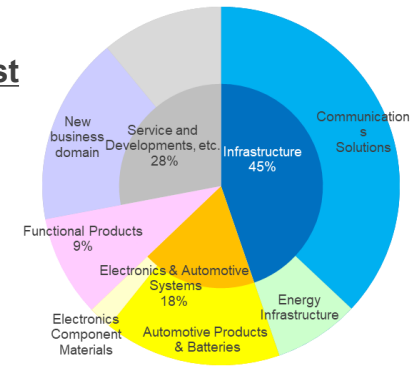
#### R&D expenses

- Increase the profits from existing businesses (Response to 5G/CASE, carbon neutral, etc.)
  - Create new businesses (Social infrastructure DX, life sciences, etc.)
- \* FY21: R&D expenses for new businesses are included in the service segment and each business segment

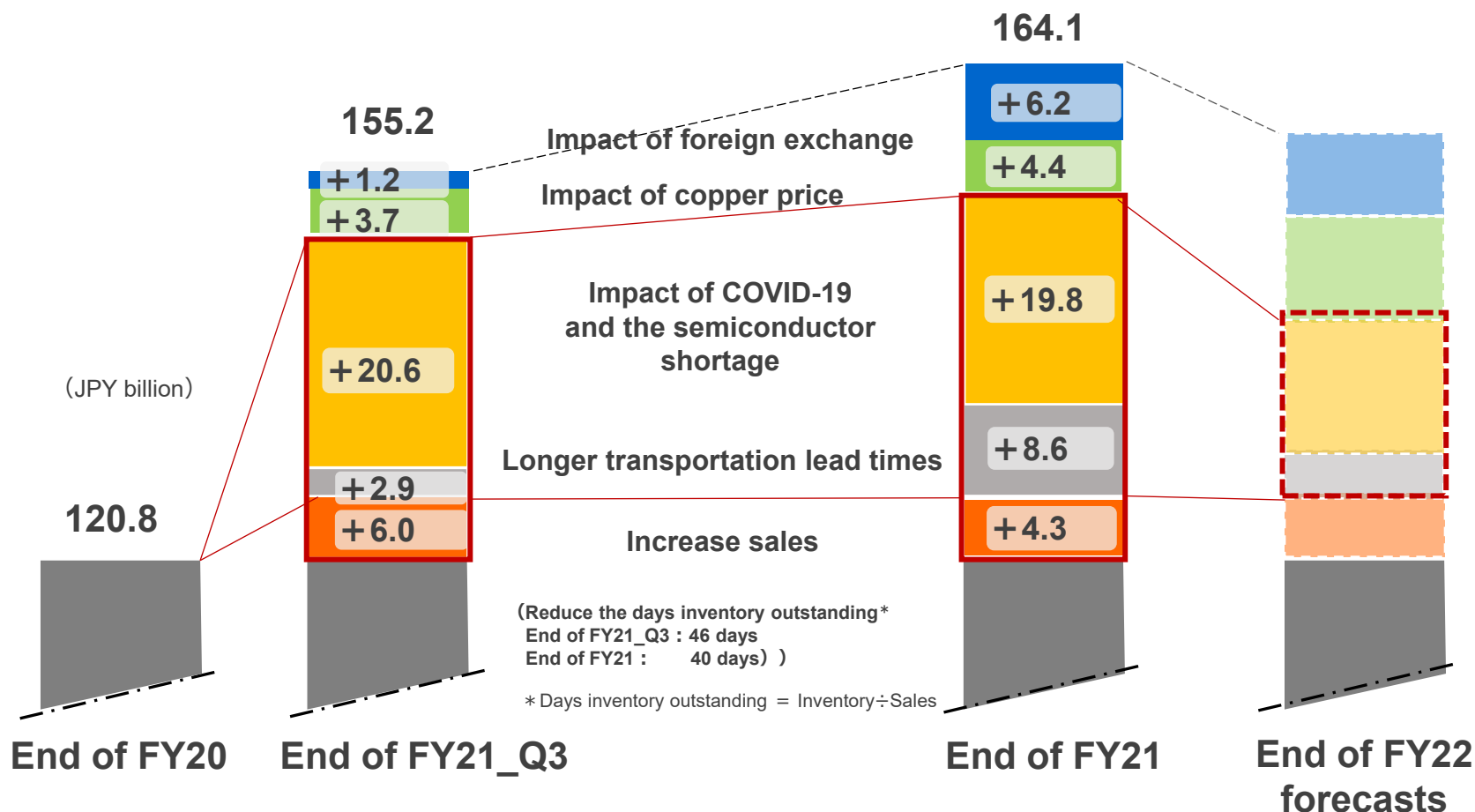
#### FY21 result



#### FY22 forecast



- In addition to the impact of COVID-19 and the semiconductor shortage, the rapid rise in copper prices and exchange rate fluctuations in Q4 also increase inventory at the end of fiscal year.
- Thoroughly control inventory and respond flexibly to changes in the customer production plan and longer transportation lead times.



## Groupwide initiatives

- Sudden changes in the customer's production plan
- Impact of the lower operating levels caused by COVID-19 lockdowns
- Longer transportation lead times due to supply chain disruptions
- Fluctuations in exchange rates, copper prices and other raw material prices



- Limit inventory levels through production responses and flexible management of raw material procurement (Including requesting purchase of products in inventory when a sudden change occurs in the customer's production plan)
- Set adequate inventory levels based on consideration of the risk factors
- While strategically holding stock, improve days inventory outstanding

- Although interest-bearing debt increased in FY2021 due to an increase in working capital resulting from factors including soaring copper prices, exchange rate fluctuations and supply chain disruptions, the higher profits resulted in an improvement to return on operating assets.
- With the aim of strengthening management focused on capital efficiency, introduce ROIC as a new indicator from FY2022 and reflect the ROIC spread in the decision making process when evaluating businesses.

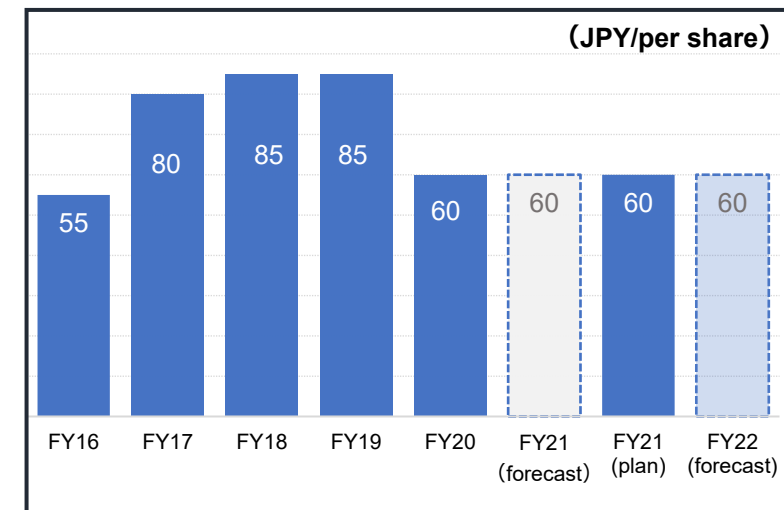
	FY19 Results	FY20 Results	FY21 Results	YoY change	FY22 Forecasts	YoY change
	a	b	c	c-b	d	d-c
ROIC			2.0%	-	3%	+1.0
ROE	7.2%	4.0%	3.7%	▲0.3	5%	+1.3
NET D/E ratio	0.8	0.8	1.0	+0.2	1.0	+0.0
Equity ratio	30.2%	31.2%	29.8%	▲1.4	30%	+0.2
Return on operating assets (Operating income/ Operating assets*)	6.1%	2.2%	2.6%	+0.4		-

\* Operating assets = inventories + tangible and intangible fixed assets

- **As the dividend for FY2021, based on the financial results for the current term, a dividend of JPY 60 per share (unchanged from the previous forecast) will be issued.**

Furukawa Electric is aiming to manage the company with a focus on capital efficiency and has set forth a basic policy of balancing between providing shareholder returns and making strategic investments in future growth, fostering next generation new businesses and improving financial health.

Under this basic policy, priority is given to allocating management resources to increasing profits in the key domains (infrastructure / automotive markets) for supporting sustainable growth of the Furukawa Electric Group and to CAPEX/ R&D aimed at creating new businesses. Along with enhancing the earnings capability of the group and securing a healthy financial foundation, providing shareholder returns has been designated a priority management issue, and we will continue to provide a stable dividend.



\*We conducted a one-for-ten reverse stock split of our company's common shares effective October 1, 2016. Therefore, the dividends per share for FY2013 to 2015 shown in the graph have been increased 10 fold to make them comparable to the dividends following the reverse stock split

- **Based on the forecast for FY2022, it is planned to issue a dividend of JPY 60 per share.**

# FY2021 Results



# FY2021 Results – P/L Summary

(JPY billion, JPY/kg, JPY/USD)

	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts	Breakdown of change (Full year YoY)
	a	b	c	d	d-b	d-c	
<b>Net sales</b>	<b>914.4</b>	<b>811.6</b>	<b>900.0</b>	<b>930.5</b>	<b>+118.9</b>	<b>+30.5</b>	<b>+118.9 (+15%)</b> <b>See page 15</b>
<b>Operating income</b>	<b>23.6</b>	<b>8.4</b>	<b>13.0</b>	<b>11.4</b>	<b>+3.0</b>	<b>▲ 1.6</b>	<b>+3.0 (+36%)</b> <b>See page 16</b>
(Margin)	2.6%	1.0%	1.4%	1.2%	+0.2	▲ 0.2	
Profit/loss in equity method affiliates	2.5	▲ 0.9	—	9.0	+9.9	—	
Foreign exchange gain/loss	▲ 1.0	0.5	—	1.5	+1.0	—	
<b>Ordinary income</b>	<b>22.8</b>	<b>5.2</b>	<b>17.5</b>	<b>19.7</b>	<b>+14.5</b>	<b>+2.2</b>	<b>+14.5 (+279%)</b>
(Margin)	2.5%	0.6%	1.9%	2.1%	+1.5	+0.2	
Extraordinary income/loss	8.0	16.1	0.2	0.8	▲ 15.4	+0.6	•Extraordinary income ▲23.8 (33.4 → 9.6)
Income taxes	11.8	9.2	-	7.2	▲ 2.0	-	
Net income attributable to non-controlling interests	1.4	2.1	-	3.1	+1.1	-	•Extraordinary loss +8.5 (▲17.3 → ▲8.8)
<b>Net income attributable to owners of parent</b>	<b>17.6</b>	<b>10.0</b>	<b>7.0</b>	<b>10.1</b>	<b>+0.1</b>	<b>+3.1</b>	<b>+0.1</b>
(Margin)	1.9%	1.2%	0.8%	1.1%	▲ 0.1	+0.3	
Average copper price	682	770	1,105	1,136			
Average exchange rate	109	106	111	112			

\*Announced on February 3, 2022

**Extraordinary income :**

- Social contribution refund for prior periods (1.7 : Q1、1.0 : Q4)
- Gain on the disposal of non-current assets (0.6 : Q1、1.1 : Q4)
- Gain on sales of investment securities (0.6 : Q3、1.3 : Q4)

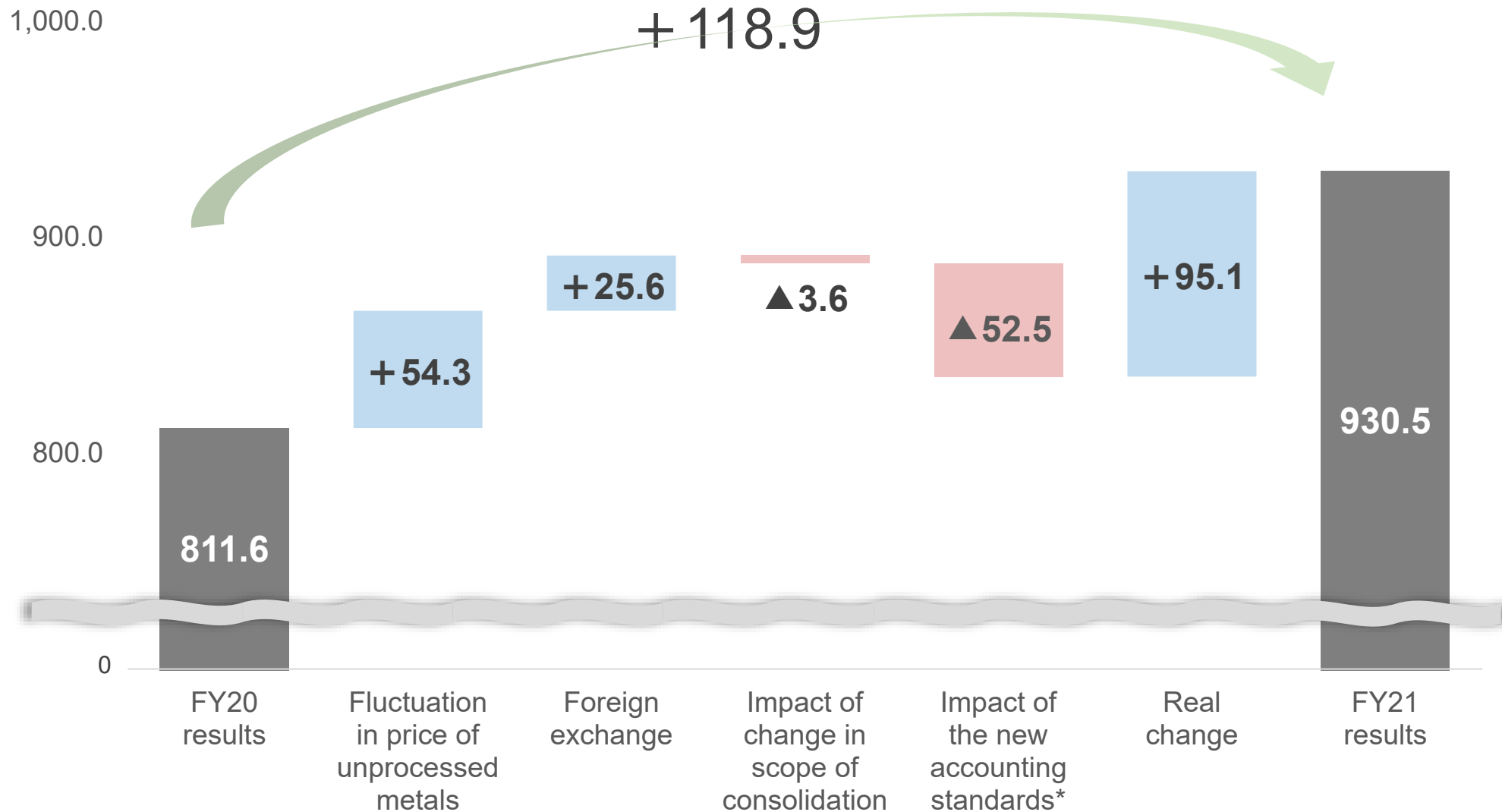
**Extraordinary loss :**

- Business restructuring expenses (2.1 : Q3、0.2 : Q4)
- Impairment loss (1.5 : Q4)
- Losses caused by COVID-19 (0.8 : Q3)
- Provision for product defect compensation (0.7 : Q4)

# Analysis of Change in Net Sales (YoY)

(JPY billion)

\*The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted from the fiscal year ending March 31, 2022.



# Analysis of Changes in Operating Income (YoY)

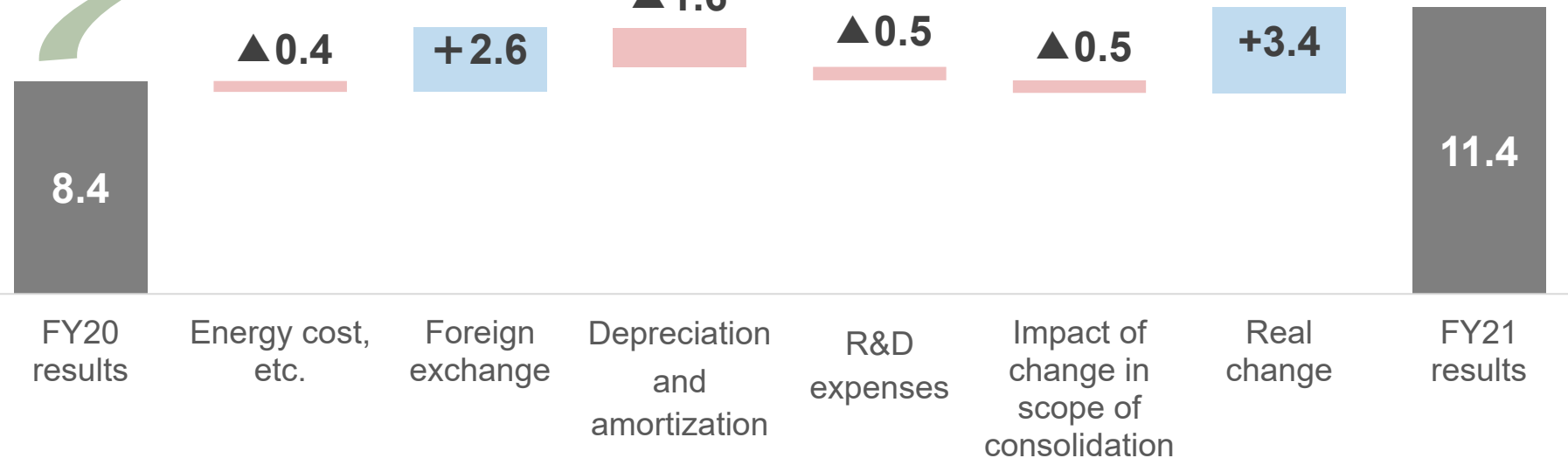
(JPY billion)

30

20

10

0



Changes in net sales, changes in the product mix, reduced cost of manufacturing, incorporate in sales price, etc. :  
 Impact of soaring raw material and transportation expenses:  
 Fixed costs and expenses\* (mainly indirect manufacturing expenses):

Approx. JPY +25.4 billion  
 Approx. JPY ▲17.5 billion  
 Approx. JPY ▲4.5 billion

\* excluding depreciation & amortization expenses and R&D expenses



# Net Sales and Operating Income by Segment

■ **Infrastructure**

**YoY change : Increases in both sales and profits**

**Change from previous forecasts : Generally unchanged**

(JPY: billion)

	Net Sales						Operating income							
	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts		(+) increase profits / (-) decrease profit
	a	b	c	d	d-b	d-c	e	f	g	h	h-f	h-g		
<b>Infrastructure</b>	<b>280.9</b>	<b>259.2</b>	<b>290.0</b>	<b>297.0</b>	<b>+37.8</b>	<b>+7.0</b>	<b>1.7</b>	<b>▲ 2.1</b>	<b>5.0</b>	<b>5.2</b>	<b>+7.3</b>	<b>+0.2</b>		
													YoY	<ul style="list-style-type: none"> <li>• <b>Increases in both sales and profits</b></li> <li>(+) Increased revenue of optical cables in North America (increases to productivity), FTTH and LAN solutions businesses in South America</li> <li>(+) Specialty fiber business</li> <li>(+) Digital coherent product</li> <li>(+) Network products in Japan</li> </ul>
Communications Solutions	166.4	158.3	185.0	191.3	+33.0	+6.3	1.6	▲ 0.2	3.5	3.8	+4.1	+0.3		<ul style="list-style-type: none"> <li>(-) Optical fiber strands to North America customers</li> <li>(-) Shortage of raw materials, higher raw material prices and soaring transportation expenses</li> <li>(-) Increased depreciation expenses</li> </ul>
													Compared to previous forecasts	<ul style="list-style-type: none"> <li>• <b>Generally unchanged</b></li> </ul>
													YoY	<ul style="list-style-type: none"> <li>• <b>Increases in both sales and profits</b></li> <li>(+) Overseas submarine, Japan underground power cable projects and the subsidiary in China</li> <li>(+) Increased productivity and realized the benefits of focusing on acquiring profitable projects</li> <li>(+) FY2020 : One time evaluation expenses following the adoption of new materials ended</li> </ul>
Energy infrastructure	114.5	100.9	105.0	105.7	+4.8	+0.7	0.1	▲ 1.9	1.5	1.4	+3.2	▲ 0.1		<ul style="list-style-type: none"> <li>(+) Overseas submarine, Japan underground power cable projects and the subsidiary in China</li> <li>(+) Increased productivity and realized the benefits of focusing on acquiring profitable projects</li> <li>(+) FY2020 : One time evaluation expenses following the adoption of new materials ended</li> </ul>
													Compared to previous forecasts	<ul style="list-style-type: none"> <li>• <b>Generally unchanged</b></li> </ul>

\*Announced on February 3, 2022

\*Announced on February 3, 2022

# 1-(1) Infrastructure (Communications Solutions)

## Optical fiber and cable operating income – Compared with the previous forecasts

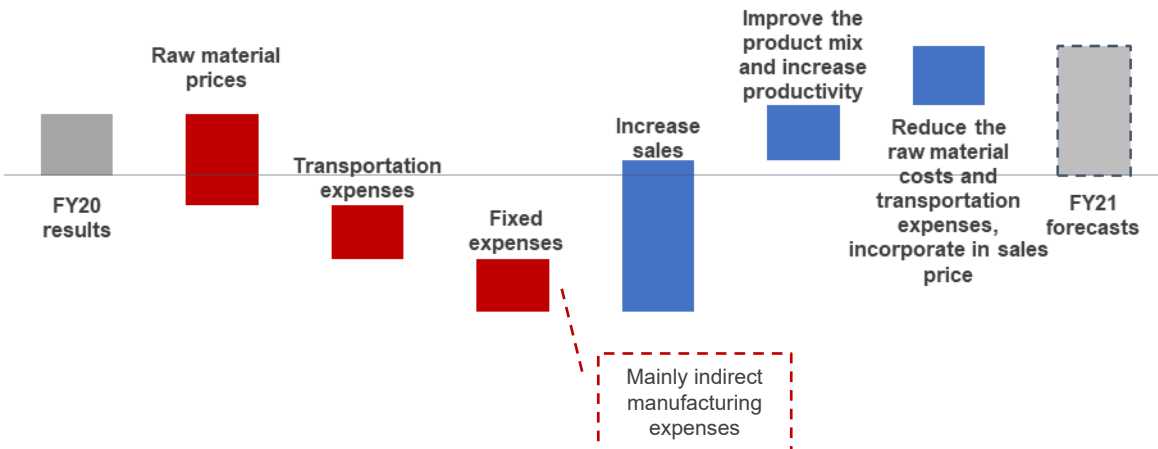
■ Although raw material prices continued to rise and the realization of cost-cutting effects from investment in rationalization in Japan was delayed, operating income was generally unchanged from the previous forecasts as a result of increased net sales in mainly Central and South America.

<Changes from previous forecasts>

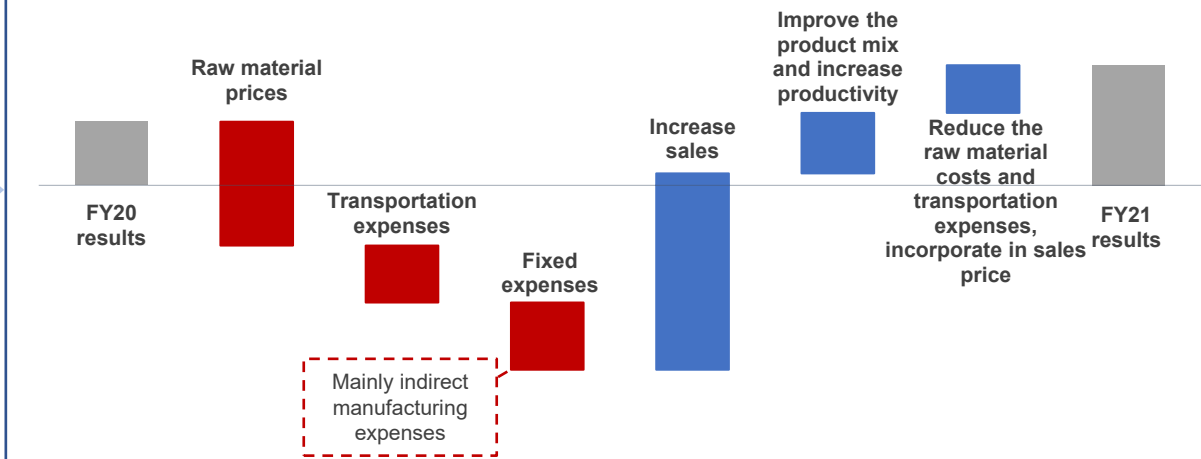
(+) Increased net sales  
(mainly Central and South America)

(-) • Higher raw material prices and increased transportation expenses  
 - Increased fixed cost (mainly indirect manufacturing expenses) due to increased net sales  
 - Delayed realization of the cost reduction benefits from the investments in rationalization in Japan

Previous forecasts



FY21 results (YoY)



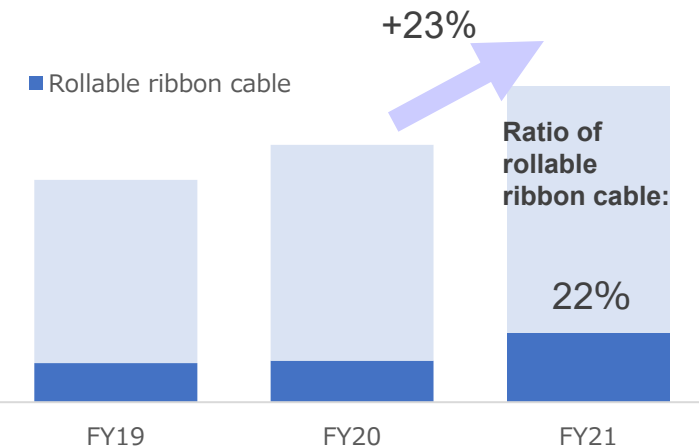
# 1-(1) Infrastructure (Communications Solutions)

## North America optical cable: Status of production and shipments

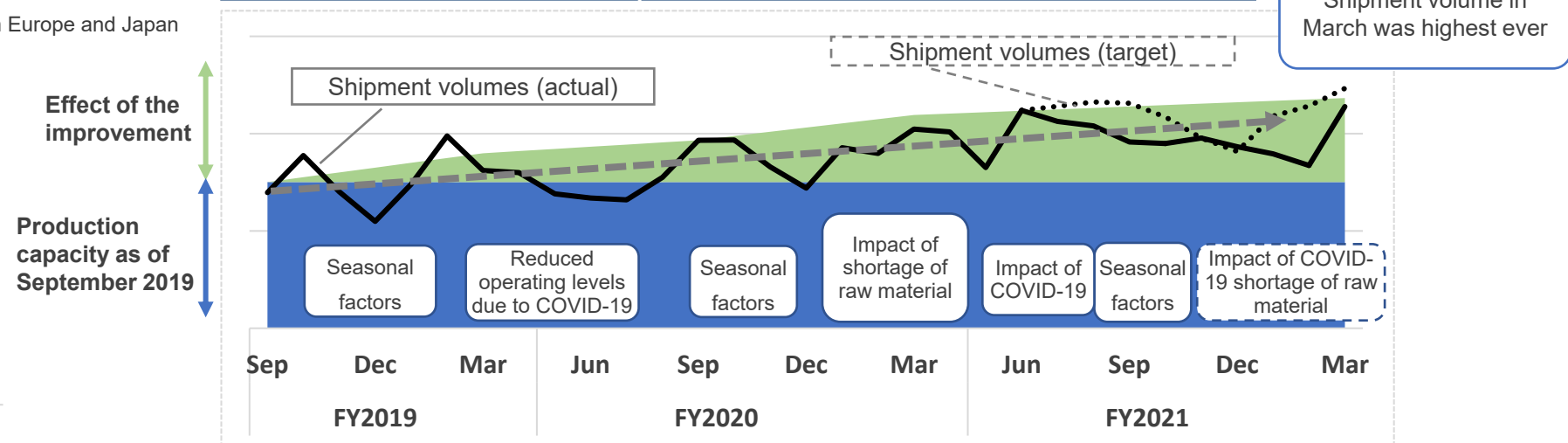
- Although sales volumes were below the forecast due to the impact of raw material shortages, they were still more than 20% higher compared to last year. Also, sales of rollable ribbon cable were 1.6 times higher compared to last year and were a driver of overall sales growth
- Through the benefits from the measures including the program for converting temporary workers to full-time employees, changing temporary staffing agencies, enhancing employee training and manager hiring, the turnover rate remained at a low level compared to last year. Given the continued low unemployment rate and rising wage environment, securing personnel continues to be an issue, and efforts will be made to further increase productivity by continuing the current initiatives.

### North America optical cable sales volume\*

\* including exports from bases in Europe and Japan



### Changes in North America optical cable capacity and shipment volumes



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# Net Sales and Operating Income by Segment

## ■ Electronics & Automotive Systems

YoY change : Increase in sales but decrease in profits

Change from previous forecasts : Underperformed

	Net Sales						Operating income						(+) increase profits / (-) decrease profit	
	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts		
	a	b	c	d	d-b	d-c	e	f	g	h	h-f	h-g		
<b>Electronics &amp; Automotive Systems</b>	<b>509.3</b>	<b>433.0</b>	<b>480.0</b>	<b>500.7</b>	<b>+67.7</b>	<b>+20.7</b>	<b>14.8</b>	<b>5.9</b>	<b>2.0</b>	<b>0.1</b>	<b>▲ 5.7</b>	<b>▲ 1.9</b>		
													YoY	<ul style="list-style-type: none"> <li>• <b>Increase in sales but decrease in profits</b></li> <li>(+) Increased revenue following recovery in the automotive market and launch of new vehicle models</li> <li>(-) In addition to the COVID-19 lockdowns at some of the company's locations in Southeast Asia, work attendance rates declined due to increased COVID-19 infections in several regions</li> <li>(-) Increase in BCM operation expenses, emergency transportation expenses, etc. corresponding to the COVID-19 (Approx. JPY 6.0 billion)</li> <li>(-) Soaring transportation expenses and raw material prices, and logistical disruptions</li> <li>(-) Impact of lower customer production volumes due to a shortage of semiconductor and resin</li> <li>(-) Increased depreciation expenses</li> </ul>
Automotive Products & Batteries	257.6	235.1	240.0	249.9	+14.9	+9.9*	10.9	5.0	▲ 2.0	▲ 4.6	▲ 9.6	▲ 2.6	Compared to previous forecasts	<ul style="list-style-type: none"> <li>• <b>Underperformed</b></li> <li>(-) Impact of lower customer production volumes and a delay in recouping the increased transportation expenses</li> </ul>
													YoY	<ul style="list-style-type: none"> <li>• <b>Increases in both sales and profits*</b></li> <li>*Includes the impact of higher copper prices : JPY 45.9 billion</li> <li>(+) In-vehicle and electronics products</li> <li>(+) Improvement to the product mix through expanded sales of strategic products and increased productivity</li> </ul>
Electronics Component Materials	251.7	198.0	240.0	250.8	+52.8	+10.8	3.9	0.9	4.0	4.8	+3.9	+0.8	Compared to previous forecasts	<ul style="list-style-type: none"> <li>• <b>Slightly overperformed</b></li> </ul>

\*Announced on February 3, 2022

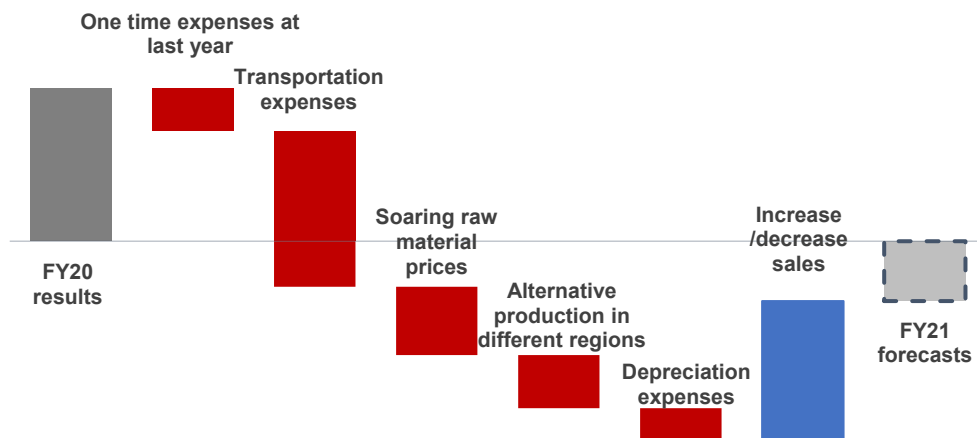
\*Announced on February 3, 2022

# 2-(1) Electronics & Automotive Systems (Automotive Products & Batteries)

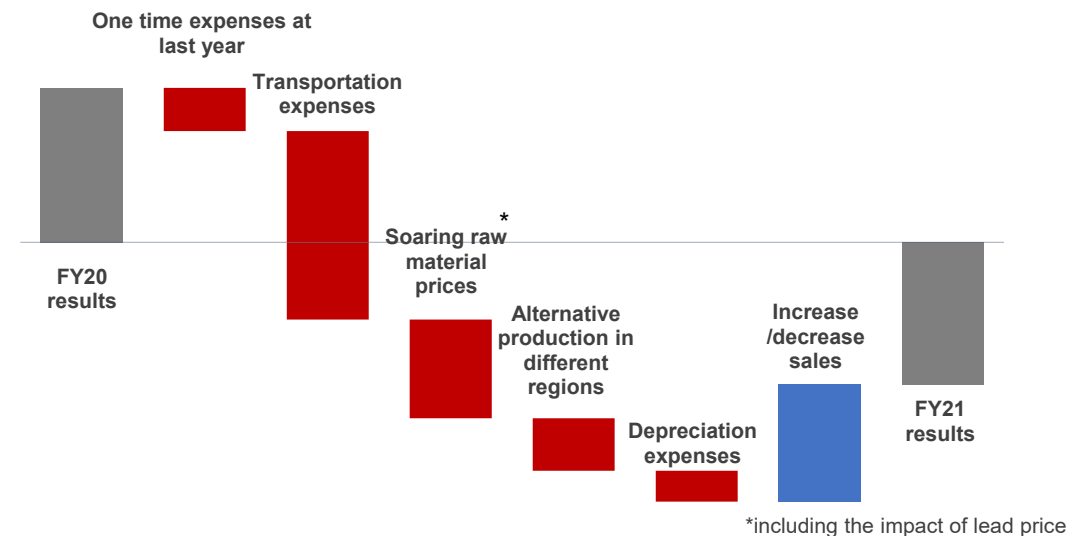
## Automotive Products & Batteries : Operating income - Change from previous forecasts

- Underachieved the previous forecasts as a result of soaring raw material prices, decreased net sales due to the impact of lower customer production volumes and increased transportation expenses due to soaring transportation costs, higher air freight costs and a delay in recouping these costs from customers

### Previous forecasts



### FY21 results (YoY)



# Net Sales and Operating Income by Segment

## ■ Functional Products

YoY change : Increases in both sales and profits

Change from previous forecasts : Generally unchanged

	Net Sales						Operating income						
	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts	FY19 Results	FY20 Results	*FY21 Previous forecasts	FY21 Results	YoY change	Change from previous forecasts	
	a	b	c	d	d-b	d-c	e	f	g	h	h-f	h-g	
<b>Functional Products</b>	115.9	114.7	130.0	130.0	+15.3	▲ 0.0	7.5	6.3	7.5	7.6	+1.3	+0.1	<p>YoY</p> <p>• <b>Increases in both sales and profits</b></p> <ul style="list-style-type: none"> <li>(+) Copper foil (increased orders for copper foil for printed wiring boards following the resatoration of production at the Taiwan plant after the fire, and recovering demand for copper foil for batteries)</li> <li>(+) Captured the demand mainly in relation to the booming semiconductor and data center</li> <li>(+) Started full-scale operations at the new heat dissipation / cooling products manufacturing location in the Philippines</li> <li>(-) Impact of soaring raw material prices and transportation expenses</li> <li>(-) Temporarily weaker demand for 5G and data center related products due to the impact of the semiconductor and raw material shortages</li> </ul> <p>Compared to previous forecasts</p> <p>• <b>Generally unchanged</b></p>
Service and Developments, etc.	50.3	38.7	35.0	34.5	▲ 4.2	▲ 0.5	▲ 0.3	▲ 1.7	▲ 1.5	▲ 1.4	+0.3	+0.1	
Elimination of intra-company transactions	▲ 42.0	▲ 34.0	▲ 35.0	▲ 31.6	+2.4	+3.4	▲ 0.1	0.1	0.0	▲ 0.1	▲ 0.2	▲ 0.1	
<b>Total</b>	<b>914.4</b>	<b>811.6</b>	<b>900.0</b>	<b>930.5</b>	<b>+118.9</b>	<b>+30.5</b>	<b>23.6</b>	<b>8.4</b>	<b>13.0</b>	<b>11.4</b>	<b>+3.0</b>	<b>▲ 1.6</b>	

\*Announced on February 3, 2022

\*Announced on February 3, 2022

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# FY2021 Results – B/S Summary

	(JPY billion)		
	End of 2020Q4	End of 2021Q4	Change
	a	b	b-a
<b>Current assets</b>	<b>429.8</b>	<b>503.0</b>	<b>+73.2</b>
Cash and bank deposits	84.4	65.2	▲ 19.2
Notes and accounts receivable trade	191.9	230.3	+38.4
Inventories	120.8	164.1	+43.3
<b>Non-current assets</b>	<b>402.2</b>	<b>432.9</b>	<b>+30.7</b>
Tangible fixed assets	246.7	260.2	+13.4
Intangible fixed assets	20.3	20.5	+0.3
Investments and other assets	135.2	152.2	+17.0
<b>Total Assets</b>	<b>832.0</b>	<b>935.9</b>	<b>+103.8</b>
<b>Current liabilities</b>	<b>315.2</b>	<b>379.7</b>	<b>+64.5</b>
<b>Non-current liabilities</b>	<b>225.2</b>	<b>242.1</b>	<b>+16.9</b>
<b>Total Liabilities</b>	<b>540.4</b>	<b>621.8</b>	<b>+81.4</b>
Shareholders' equity	260.4	266.0	+5.6
Accumulated other comprehensive income	▲ 0.5	13.2	+13.7
Net income attributable to non-controlling interests	31.7	34.8	+3.1
<b>Total Net assets</b>	<b>291.6</b>	<b>314.1</b>	<b>+22.4</b>
<b>Total Liabilities and Net assets</b>	<b>832.0</b>	<b>935.9</b>	<b>+103.8</b>
Interest-bearing liabilities	290.6	342.1	+51.5
Capital ratio	31.2%	29.8%	▲ 1.4
NET D/E ratio	0.8	1.0	+0.2
Return on operating assets	2.2%	2.6%	+0.4
ROE	4.0%	3.7%	▲ 0.3

## Notes, accounts receivable-trade and contract assets

Increased by JPY 38.4 billion

Increase in sales, Impact of foreign exchange, Impact of higher copper prices

## Inventories

Increased by JPY 43.3 billion

Secure inventory needed to ensure continuous supply despite the logistics disruptions and temporary increase due to the impact of COVID-19 in the Automotive Products business

Construction and other projects that are expected to be recorded as net sales in the future

Impact of foreign exchange, copper prices and new consolidation : JPY +17.5 billion

## Tangible / intangible non-current assets

Increased by JPY 13.7 billion

Impact of CAPEX and depreciation : JPY +4.4 billion

Mainly impact of foreign exchange : JPY+10.0 billion

## Total Assets

Increased by JPY 103.8 billion

Increased inventory : JPY +43.3 billion

Impact of foreign exchange : JPY +36.2 billion

Impact of new consolidation : JPY +3.9 billion

## Free cash flow

### FY2021

JPY ▲53.3 billion

Higher copper prices

Increased inventory

## NET interest-bearing debt

Increased by JPY 70.7 billion

(JPY 206.3 billion→ JPY 277.0 billion)

- Concerning capital expenditures, review the timing based on the demand trends, reduce the investment amount by reassessing the details of the investment.

(billion yen)

	FY19 Results	FY20 Results	*FY21 Previous Forecasts	FY21 Results	YoY change	Change from previous forecasts
	a	b	c	d	d-b	d-c
CAPEX	53.1	40.0	38.0	38.1	▲ 1.9	+0.1
Depreciation and amortization	29.4	32.2	35.0	33.7	+1.5	▲ 1.3
R&D expenses	21.7	20.2	22.0	20.8	+0.6	▲ 1.2

\*Announced on February 3, 2022

# FY2022 Full-year Forecasts

# FY2021 Full-year Forecasts – P/L Summary

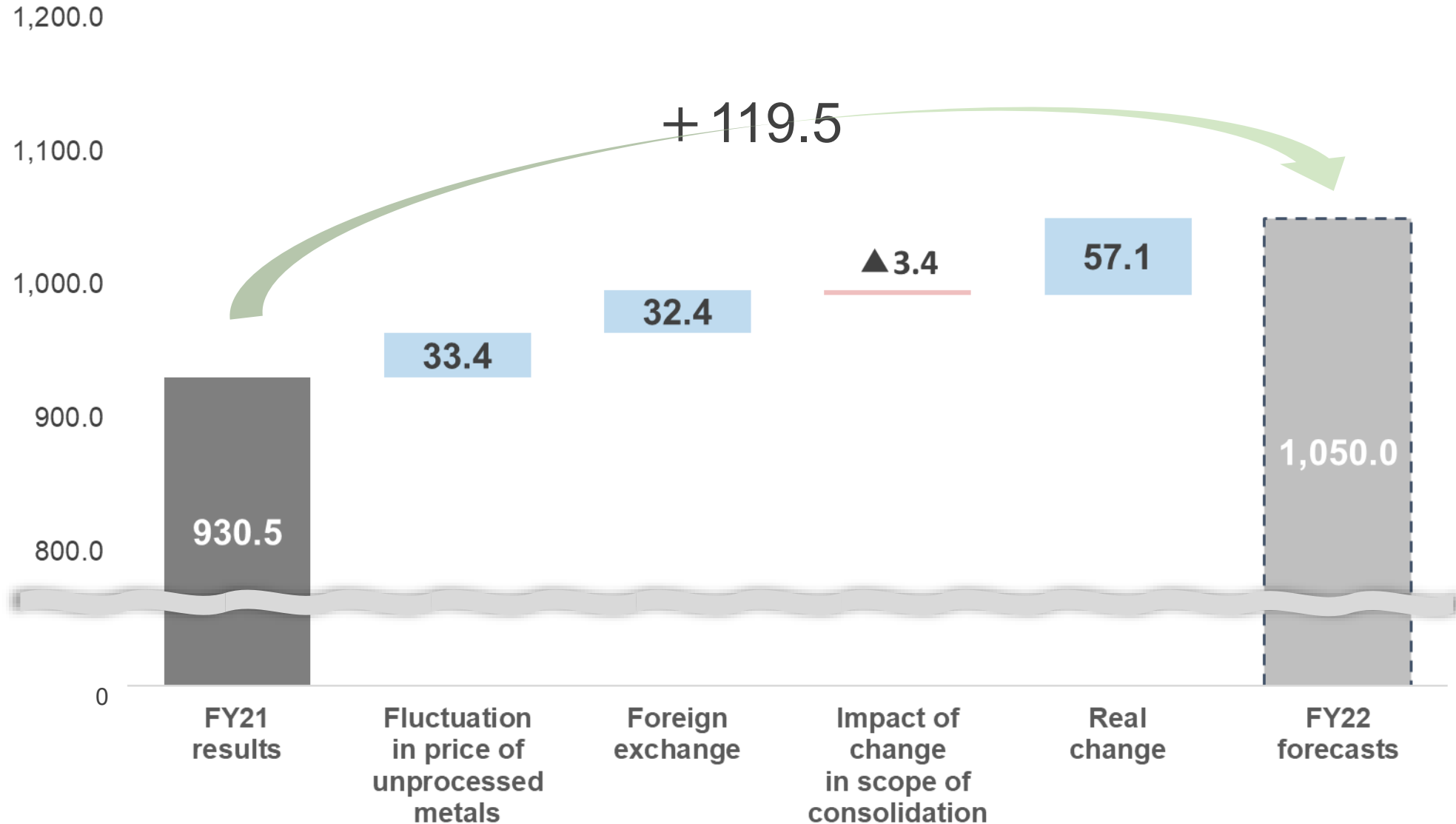
(JPY billion, JPY/kg, JPY/USD)

	FY20 Results	FY21 Results	FY22 Forecasts	YonY change	Breakdown of change
	a	b	c	c-b	
<b>Net sales</b>	<b>811.6</b>	<b>930.5</b>	<b>1050.0</b>	<b>+119.5</b>	<b>+119.5 (+13%)</b> See page 29
<b>Operating income</b>	<b>8.4</b>	<b>11.4</b>	<b>22.5</b>	<b>+11.1</b>	<b>+11.1 (+97%)</b> See page 30
(Ratio)	1.0%	1.2%	2.1%	+0.9	
Profit/loss in equity method affiliates	▲ 0.9	9.0	-	-	
Foreign exchange gain/loss	0.5	1.5	-	-	
<b>Ordinary income</b>	<b>5.2</b>	<b>19.7</b>	<b>26.0</b>	<b>+6.3</b>	<b>+6.3 (+32%)</b>
(Ratio)	0.6%*	2.1%	2.5%	+0.4	
Extraordinary income/loss	16.1	0.8	▲ 3.0	▲ 3.8	
Income taxes	9.2	7.2	-	-	
Net income attributable to non-controlling interests	2.1	3.1	-	-	
<b>Net income attributable to owners of parent</b>	<b>10.0</b>	<b>10.1</b>	<b>14.0</b>	<b>+3.9</b>	<b>+3.9(+39%)</b>
(Ratio)	1.2%	1.1%	1.3%	+0.2	
Average copper price	770	1,136	1,260	-	
Average exchange rate	106	112	120	-	

\* FY20 extraordinary income:  
JPY 22.1 billion gain on disposal of non-current assets

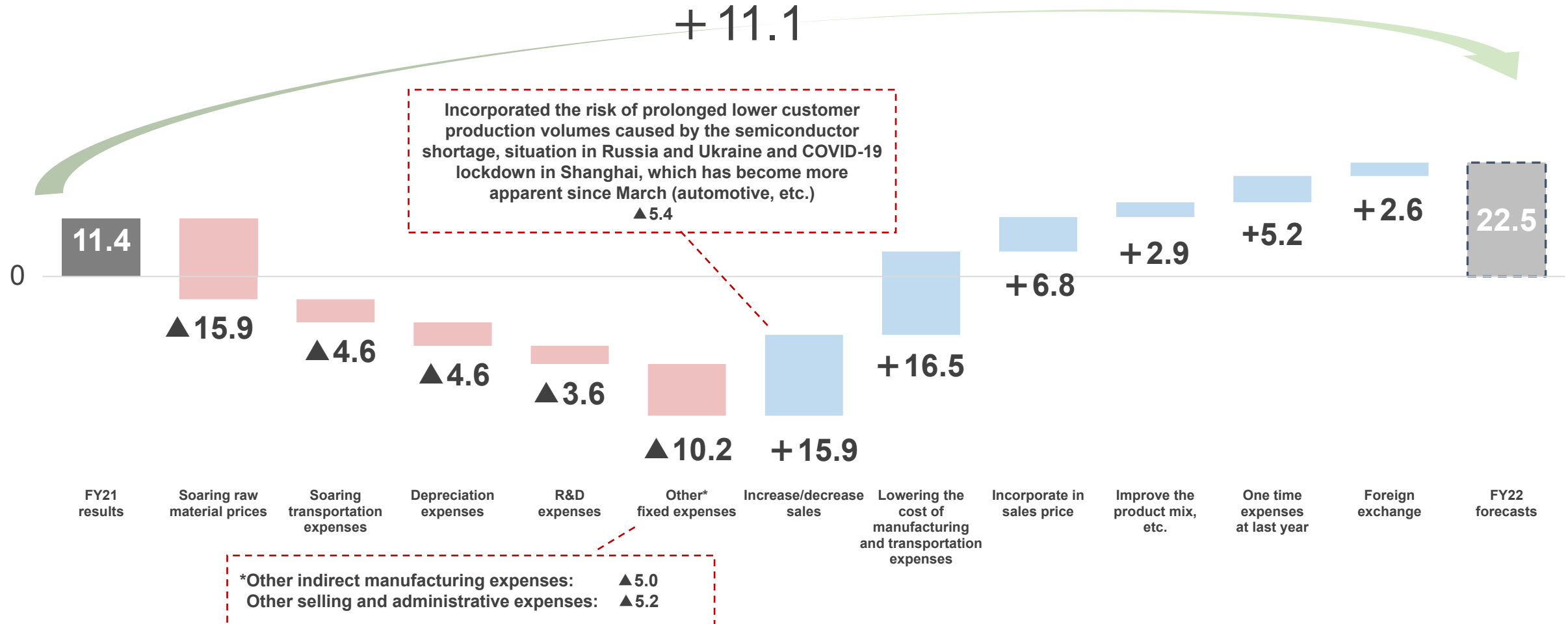
# Analysis of Change in Net Sales (YoY)

(JPY billion)



# Analysis of Changes in Operating Income (YoY)

(JPY billion)



# Net Sales and Operating Income by Segment

- Starting to feel the impact of the prolonged supply chain disruptions caused by the semiconductor shortage, situation in Russia and Ukraine and COVID-19 lockdown in Shanghai. These risks have been taken into consideration when formulating the FY2022 forecast

(JPY billion, JPY)

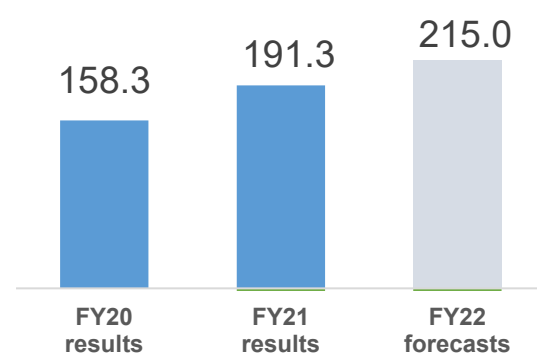
		FY20	FY21	FY22	YoY
		Results	Results	Forecasts	Change
		a	b	c	c-b
N e t  S a l e s	<b>Infrastructure</b>	<b>259.2</b>	<b>297.0</b>	<b>330.0</b>	<b>+33.0</b>
	Communications Solutions	158.3	191.3	215.0	+23.7
	Energy infrastructure	100.9	105.7	115.0	+9.3
	<b>Electronics &amp; Automotive Systems</b>	<b>433.0</b>	<b>500.7</b>	<b>575.0</b>	<b>+74.3</b>
	Automotive Products & Batteries	235.1	249.9	295.0	+45.1
	Electronics Component Materials	198.0	250.8	280.0	+29.2
	<b>Functional Products</b>	<b>114.7</b>	<b>130.0</b>	<b>155.0</b>	<b>+25.0</b>
	<b>Service and Developments, etc.</b>	<b>38.7</b>	<b>34.5</b>	<b>30.0</b>	<b>▲ 4.5</b>
	Elimination of intra-company transactions	▲ 34.0	▲ 31.6	▲ 40.0	▲ 8.4
	<b>Total</b>	<b>811.6</b>	<b>930.5</b>	<b>1050.0</b>	<b>+119.5</b>
O p e r a t i n g  I n c o m e	<b>Infrastructure</b>	<b>▲ 2.1</b>	<b>5.2</b>	<b>6.5</b>	<b>+1.3</b>
	Communications Solutions	▲ 0.2	3.8	5.0	+1.2
	Energy infrastructure	▲ 1.9	1.4	1.5	+0.1
	<b>Electronics &amp; Automotive Systems</b>	<b>5.9</b>	<b>0.1</b>	<b>10.0</b>	<b>+9.9</b>
	Automotive Products & Batteries	5.0	▲ 4.6	6.0	+10.6
	Electronics Component Materials	0.9	4.8	4.0	▲ 0.8
	<b>Functional Products</b>	<b>6.3</b>	<b>7.6</b>	<b>8.5</b>	<b>+0.9</b>
	<b>Service and Developments, etc.</b>	<b>▲ 1.7</b>	<b>▲ 1.4</b>	<b>▲ 2.5</b>	<b>▲ 1.1</b>
	Elimination of intra-company transactions	0.1	▲ 0.1	0.0	+0.1
	<b>Total</b>	<b>8.4</b>	<b>11.4</b>	<b>22.5</b>	<b>+11.1</b>

# 1-(1) Infrastructure (Communications Solutions)

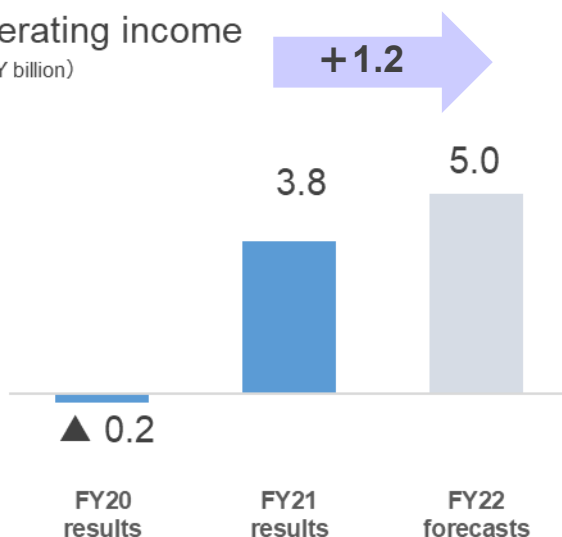
FY22\_Full year forecasts

YoY

Net sales  
(JPY billion)



Operating income  
(JPY billion)



■ FY2022

Net sales (YoY)

JPY +23.7 bil.

Operating income (YoY)

JPY +1.2 bil.

- (+) Improved optical fiber and cable productivity in North America and realizing benefits from the investments in rationalization in Japan
- (+) Increase sales of high value-added products (rollable ribbon cable, specialty fibers)
- (+) Incorporate the soaring raw material prices in the sales price
- (+) Increase sales of digital coherent products and industrial lasers
- (-) Higher raw material prices, transportation expense and energy costs
- (-) Ongoing supply chain issues (raw material procurement)
- (-) Lower optical cable sales to Europe due to the situation in Russia and Ukraine
- (-) Increased depreciation expenses

**【Focus points】**

- Stable procurement of raw materials
- Secure personnel directed at increasing production volumes at the optical fiber and cable manufacturing site in North America
- Continue to improve productivity (Locations in Japan and North America)
- Strengthen the optical cable site in Morocco



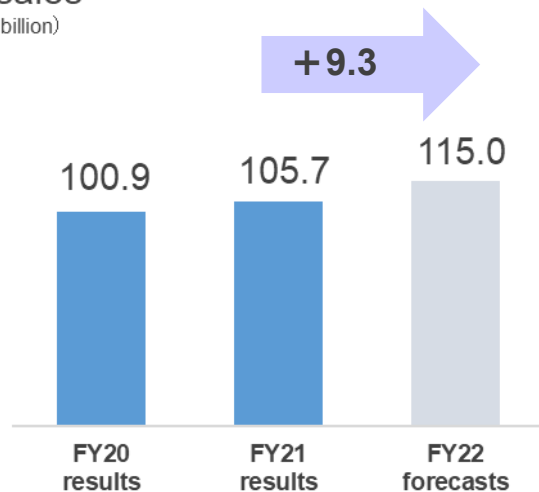
# 1-(2) Infrastructure (Energy Infrastructure)

FY22\_Full year forecasts

YoY

\*Impact of higher copper price : JPY +2.0 billion

Net sales  
(JPY billion)



■ FY2022

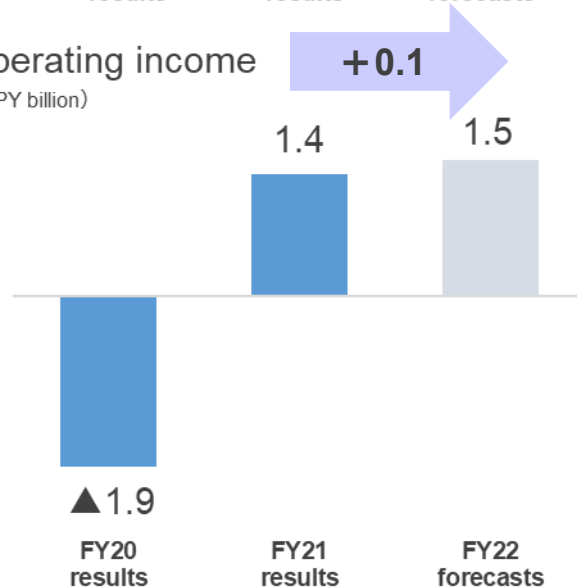
Net sales (YoY)

JPY +9.3 bil.\*

Operating income (YoY)

JPY +0.1 bil.

Operating income  
(JPY billion)



- (+) Increased revenue resulting from renewable energy
- (+) Power transmission components and functional cable such as aluminum CV cable
- (-) At the subsidiary in China, delays to customer construction projects and lower operating levels caused by the COVID-19 lockdowns
- (-) Increase in depreciation expenses

**【Focus points】**

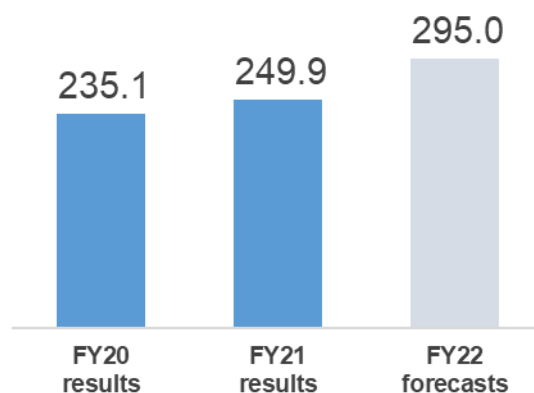
- Acquire project orders in the target markets (extra-high voltage underground power cable and renewable energy in Japan)
- Promote the development of technology for offshore wind power, and enhance the manufacturing capability of submarine cable for renewable energy
- Enhance installation capability in order to respond to the demand for electric power grid renewal
- Increase sales of power transmission components and functional cable such as the lightweight and flexible aluminum CV cable that contributes to less work and faster installation during construction projects

# 2-(1) Electronics & Automotive Systems (Automotive Products & Batteries)

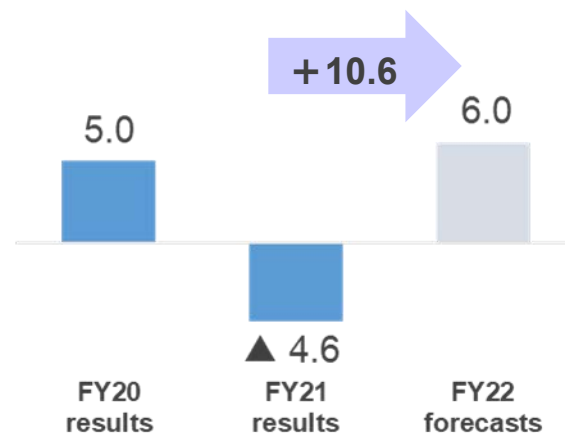
FY22\_Full year forecasts

YoY →

Net sales  
(JPY billion)



Operating income  
(JPY billion)



## ■ FY2022

**Net sales (YoY)**

**JPY +45.1 bil.**

**Operating income (YoY)**

**JPY +10.6 bil.**

- (+) Despite the impact of lower automobile production volumes caused by the shortage of semiconductors, increased revenue as the market recovers from the impact of COVID-19
- (+) Emergency transportation expenses will not be incurred again in FY2022
- (+) Incorporate the soaring raw material and logistics expenses in the sales price including the application of market based pricing
- (+) Realize the benefits from investing in increased production of harnesses for global vehicle models
- (-) Soaring raw material and transportation expenses
- (-) Increased depreciation expenses on the investments made for the accepted orders

### 【Focus points】

- Monozukuri capable of responding to sudden changes in the customer's production plan, and thorough inventory control
- Increase redundancy in the global supply chain to ensure BCM
- Initiatives directed at becoming carbon neutral
- Acquire more orders for aluminum wire harnesses for EV and functional products

# 2-(2) Electronics & Automotive Systems (Electronics Component Materials)

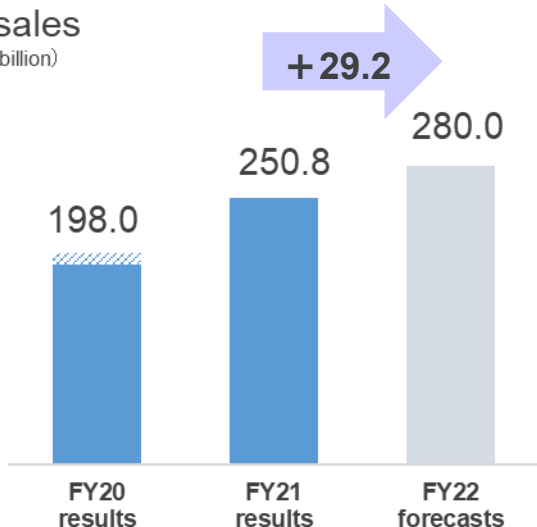
**FY22\_Full year forecasts**

YoY

Includes the copper tube business through March 2020 and the heavy magnet wire business through September 2020

\* Impact of higher copper prices :  
JPY +28.3 billion

Net sales  
(JPY billion)



■ **FY2022**

**Net sales (YoY)**

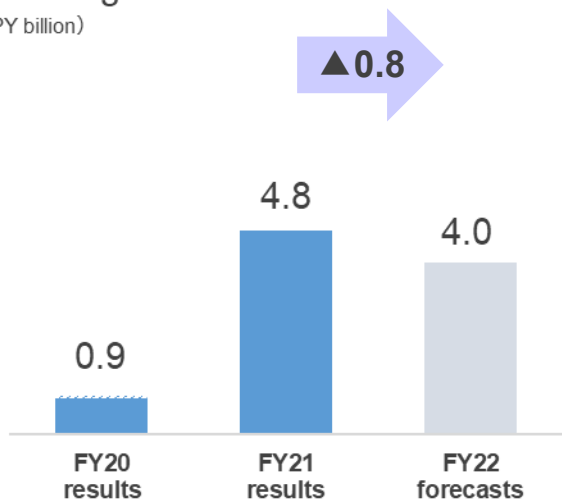
**JPY +29.2 bil.\***

**Operating income (YoY)**

**JPY ▲0.8 bil.**

- (+) Steadily capture the demand for in-vehicle, electronics, semiconductor and communications infrastructure products
- (+) Incorporate the soaring raw material and transportation expenses in the sales price
- (-) Impact of lower customer production volumes due to the shortage of semiconductors
- (-) Soaring raw material and transportation expenses

Operating income  
(JPY billion)



**【Focus points】**

- Further improvement of the product mix
  - Increase sales of heat-resistant oxygen-free copper strips for power semiconductors and heat dissipation materials
  - Increase sales of original alloys that support higher performance of electronic devices
  - Increase sales of highly differentiated magnet wire for inductors used in servers and for 5G communications infrastructure
- Contribute to realizing a carbon-free society throughout the value chain

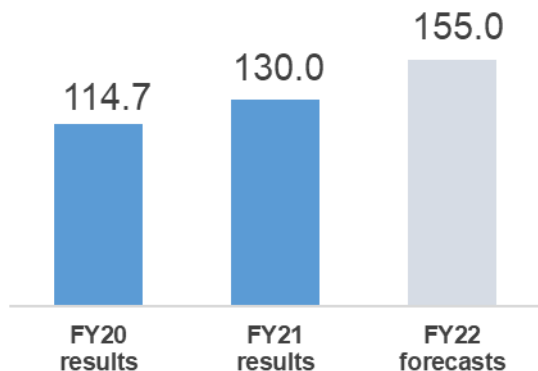
# 3 Functional Products

## FY22\_Full year forecasts

YoY

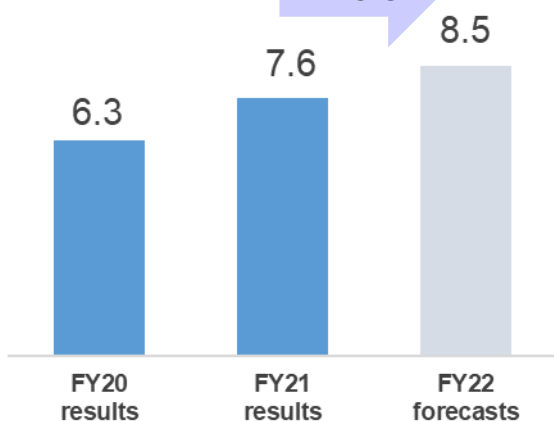
Net sales  
(JPY billion)

+25.0



Operating income  
(JPY billion)

+0.9



\* Impact of higher copper prices :  
JPY +1.9 billion

\*

### ■ FY2022

Net sales (YoY)

JPY +25.0 bil.

Operating income (YoY)

JPY +0.9 bil.

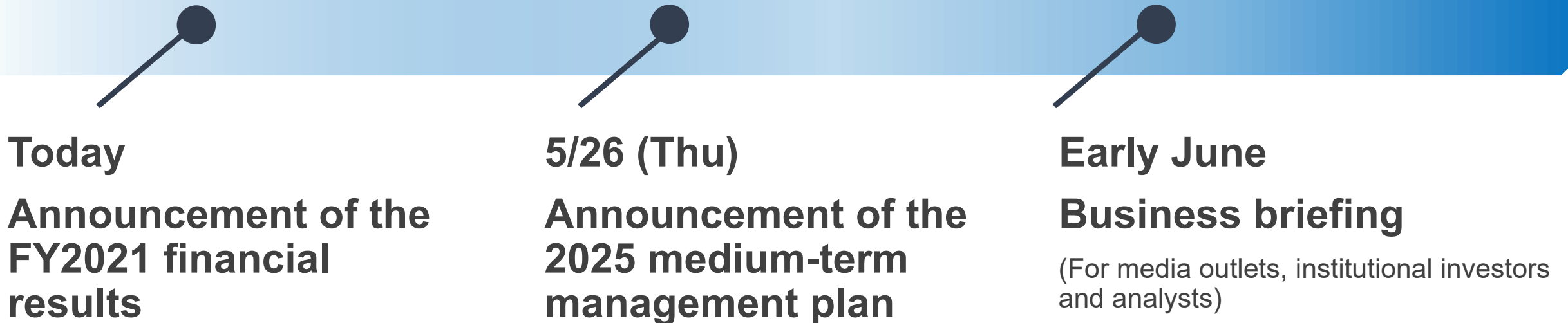
- (+) Capture the active semiconductor and data center product demand, mainly tape for semiconductor process and heat dissipation/ cooling products
- (+) In the copper foil business, increase productivity and net sales of high value-added products
- (+) Incorporate the soaring raw material in the sales price
- (-) Soaring raw material prices

#### 【Focus points】

- Mainly in the 5G, data center and renewable energy markets, continue to rapidly develop products that respond to the changing customer demands, and provide electronics products based on an awareness of “high performance” and “differentiation”

## FY2022 is

- First year of the new medium-term management plan (FY2022-2025)
- While prioritizing the response to the rapidly changing external environment, it is a year in which we will take a strong step toward maximizing profits in the existing businesses through a focus on capital efficiency directed at 2025



Thank you very much  
for your attention



# Appendix Segments and Business Divisions

Segment	Sub-segment	Business Division
<b>Infrastructure</b>	<b>Communications Solutions</b>	Optical Fiber and Cable Products
		FITEL Products
		Broadband Solutions Business
	<b>Energy Infrastructure</b>	Power Cable
Industrial Cable & Power Cable Accessories		
<b>Electronics &amp; Automotive Systems</b>	<b>Automotive Products &amp; Batteries</b>	Automotive Products
		Batteries
	<b>Electronics Component Materials</b>	Electric Conductor (including fine magnet wire)
		Copper & High Performance Material Products
<b>Functional Products</b>	AT & Functional Plastics	
	Thermal Management Solution & Products	
	Memory Disk	
	Copper Foil	
<b>Service and Developments, etc.</b>		