



Furukawa Electric Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2022

May 12, 2022

[Number of Speaker] 1

Akihiro Fukunaga

Director, Corporate Senior Vice
President and General Manager,
Finance & Accounting Division

FY2021 Results Highlights

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.

	FY19 Results	FY20 Results	FY21 Previous forecasts	FY21 Results	(JPY billion, JPY/kg, JPY/USD)	
	a	b	c	d	YoY change d-b	Change from previous forecasts 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		

All Rights Reserved, Copyright© FURUKAWA ELECTRIC CO., LTD. 2022

3

Fukunaga: Thanks, my name is Fukunaga. Thank you very much for taking time out of your busy schedule to attend this meeting.

I will now explain the financial results for FY2021. Now, please refer to page three of the handout.

We have included this information as a key point in the financial statements for FY2021.

The lower right hand corner is a form of P/L. The areas highlighted in blue are the results for FY2021. The figures show net sales of JPY930.5 billion, operating income of JPY11.4 billion, ordinary income of JPY19.7 billion, and net income attributable to the parent company of JPY10.1 billion. Both sales and income increased.

As explained in the upper left-hand corner, compared to the previous year, we have increased both sales and income by seizing the opportunity to recover demand from the impact of COVID-19.

On the other hand, there were impacts of COVID-19 mainly in the automotive products business and in Southeast Asia, which incurred emergency transportation costs and BCM response costs. The Group as a whole was also affected by rising transportation and material costs, but the Infrastructure and Functional Products segments posted higher earnings.

Extraordinary income decreased from the previous year, but net income attributable to owners of the parent was JPY10.1 billion, the same level as the previous year, due in part to an improvement in profit/loss in equity method affiliates.

Compared to the previous forecast, operating income was down due to an increase in transportation costs in the automotive products business, but ordinary income and net income attributable to owners of the parent were up from the previous forecast due to an improvement in profit/loss in equity method affiliates.

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.

	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	

Now, please refer to the page four.

This is the full-year forecast for FY2022, the current fiscal year.

The prolonged shortage of semiconductors, the situation in Russia and Ukraine, the Shanghai lockdown, and disruptions in the supply chain will have a variety of effects. Taking such effects into account, we have formulated our forecast for FY2022.

We estimate net sales of JPY1,050.0 billion, operating income of JPY22.5 billion, ordinary income of JPY26.0 billion, and net income attributable to owners of the parent of JPY14.0 billion. Net sales will increase in the Infrastructure, Electronics Component Material, and Functional Products segments.

In addition, as I will explain later, copper price fluctuations, copper price increases, and foreign exchange rates have also a positive impact.

As for operating income, although there is a risk of production cutbacks by customers and soaring raw material and transportation expenses, sales in the automotive products and telecommunication solution businesses will increase. In the automotive products business, the one-time expenses related to the impact of COVID-19 in the previous fiscal year, mainly in Southeast Asia, as mentioned earlier, will be eliminated.

We also forecast operating income of JPY22.5 billion by promoting incorporation in sales price. As for net income attributable to owners of the parent, profit/loss equity method affiliates and extraordinary income will decrease.

On the other hand, since operating income is expected to increase, net income attributable to owners of the parent is projected to be JPY14.0 billion.

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

Now, please refer to page five.

The following is a description of the market environment and indicators on which these forecasts are based.

In fact, major economic indicators have been deteriorating since March 2022. The automotive industry has also deteriorated significantly. The World's GDP, Japan's GDP, the US economy, and the automobile market are all currently down a few points from the figures we had forecast at the end of last fiscal year in December, and the number of automobiles is also declining.

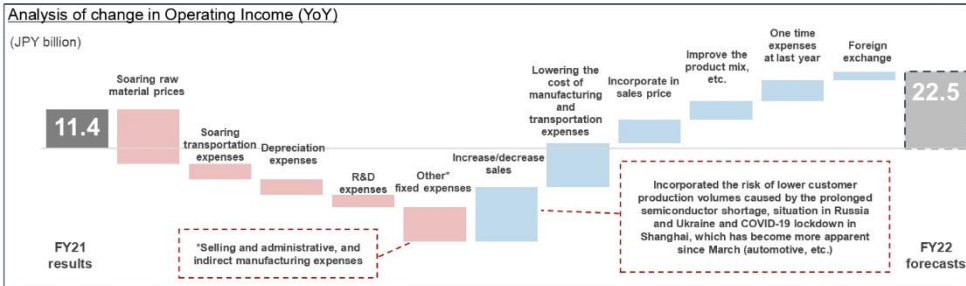
However, as for semiconductor market, we believe that the semiconductor manufacturers will continue to see a growth paradoxically due to the shortage of semiconductors.

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

The forecast is based on these assumptions, but we have also estimated risk factors and the amount of impact based on the current business environment and the situation I have just described.

The operating income projection is based on a series of self-help measures, such as incorporation in sales price and productivity improvement. Naturally, we will promote further efforts throughout the Group in the future.

There is a waterfall chart at the bottom. The part in red is a negative factor, and this is due to external factors. In addition, there are investments for the future, and increases in fixed costs, especially indirect manufacturing expenses, due to an increase in capacity utilization. These negative factors will be addressed through sales increase, cost reduction, incorporation in sales price, product mix, and productivity improvement.

In addition, we will eliminate one-time expenses, particularly those incurred in the automotive sector. In addition, we expect the yen to depreciate further against the US dollar, and this is the reason why we have decided on a figure of JPY22.5 billion.

Group-wide initiatives are described on the right. We will continue to make improvements by doing what we should do, such as incorporation in sales price, cost reductions, and reviewing procurement routes.

Status of the optical fiber and cable business and current initiatives

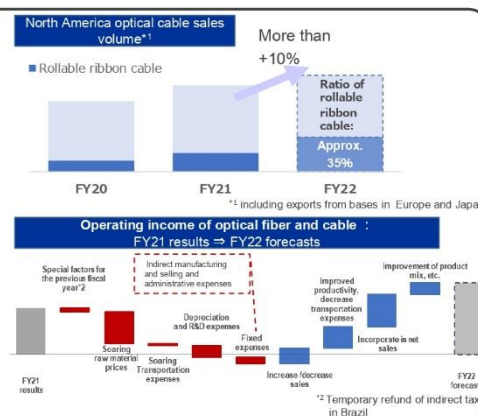
Review of FY2021

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

1. 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
2. Continue to increase productivity and reduce costs
 - Realize benefits from the investments in rationalization in Japan
3. Work to ensure stable procurement of raw materials, incorporate the soaring raw material and transportation expenses in the sales price



Next, please see page seven.

The report summarizes the status of the fiber cable business, which has been a challenge for us, and our efforts.

As a summary of FY2021, optical cable business in North America experienced intermittent declines in attendance for work due to the impact of COVID-19, but productivity improved throughout the year.

The Company secured a revenue increase of approximately 20%, mainly in value-added products. The graph shows that the growth of optical cable business in North America is expected to increase by about 10% from FY2021 in FY2022.

In addition, the ratio of rollable ribbon cable, a value-added product, is expected to grow from approximately 20% in FY2021 to 35% in FY2022.

As for specific initiatives for FY2022, we will be moving forward in response to increased demand in the US and Europe. We will, of course, continue to improve productivity and reduce costs.

The graph on the right shows negative factors, but we plan to increase profits by steadily accumulating positive factors through promoting the stable procurement of raw materials and the incorporation in sales price of raw material and transportation expense hikes.

Status of the Automotive Products business and current initiatives

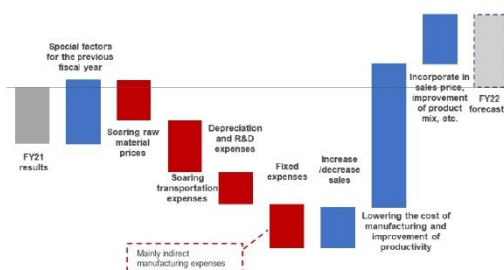
Review of FY2021

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^{*1}, BSS^{*2}, peripheral monitoring radar)
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



Next, please see page eight. This is a summary of the automotive products business in FY2021.

In FY2021, there were positive factors such as recovery from the impacts of COVID-19 in the previous year and the startup of deliveries of new models, but again, the impact of COVID-19 had a huge negative impact, and in addition to that, transportation costs and raw material prices also had a great impact. As a result, profits declined significantly.

In FY2022, we will complete the projects that have already been ordered and started up in the current fiscal year. In addition, we will promote manufacturing that can respond to customers' sudden changes in production plans, sudden production cuts, and sudden requests for production increases, as well as thorough inventory control.

Furthermore, in the event of a sudden change, we will request our customers to buy back if we are unable to control. In addition, as for raw material and logistics cost increases, we will promote incorporation in sales price including the application of market based pricing and productivity improvement.

Please look at the waterfall chart on the right. The first positive factor is the elimination of one-time expenses. This will be eliminated. On the other hand, there are the impact of price hikes and other factors. We will make investments for the future and the costs will increase due to higher capacity utilization, which is the same as Communications Solutions business, we will make significant improvements and return to profitability for the next fiscal year by increasing sales, improving productivity, incorporation in sales price, and improving the product mix.

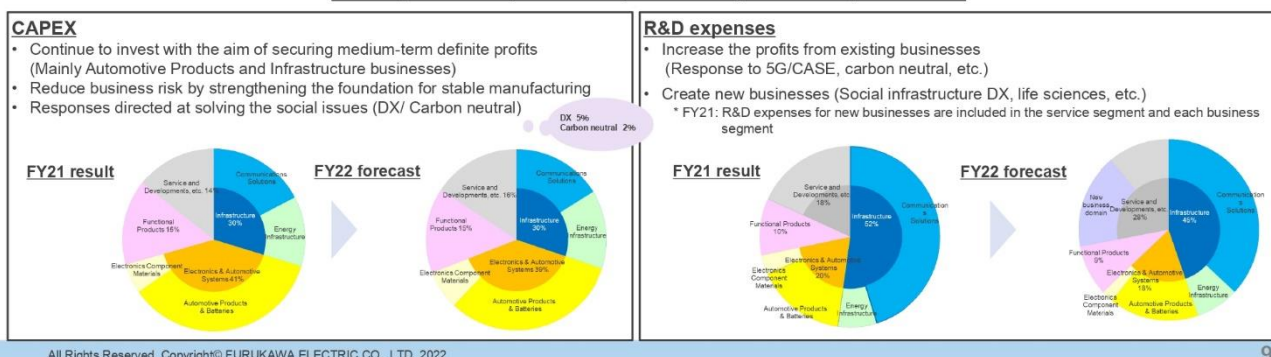
CAPEX, Depreciation & Amortization and R&D investment FURUKAWA ELECTRIC

■ 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

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

<Focus area in FY2022>



All Rights Reserved, Copyright© FURUKAWA ELECTRIC CO., LTD. 2022

9

Next, on page nine, is about capital expenditures, depreciation cost, and R&D investment.

For FY2021, we had initially planned capital investment of JPY45.0 billion at the beginning of the fiscal year. We have been steadily making the necessary investments every year toward our Vision 2030 from the perspective of “Backcast”.

On the other hand, we are also restraining or postponing investment in anticipation of changes in market conditions and customer conditions. As a result, the result for FY2021 was about JPY38.0 billion.

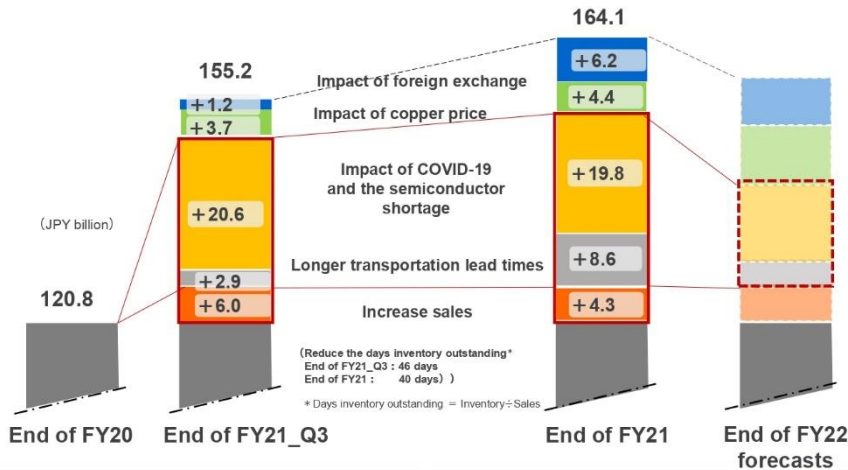
As for R&D investment, we continued to make investments for the future and in cutting-edge technologies in FY2021. For FY2022, we will proceed with JPY47.0 billion of capital investment, JPY38.0 billion of depreciation cost, and JPY24.0 billion of R&D investment. We will of course continue to monitor the situation of our customers and the market in FY2022.

As for investments in FY2022, we will continue to make capital investments to ensure profits in the medium term. We will also continue to make investments to reduce business risks in order to strengthen the foundation of the stable system.

In addition, we will continue to invest in DX and carbon neutral from the perspective of solving social issues, and we are also developing our investment plan with the aim of increasing such investments.

Inventories

- 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

Please turn to page 10. This is an explanation of inventories, which has been a challenge for us.

As you can see in the graph below, we had planned to optimize inventories based on JPY120.8 billion at the end of FY2020 by improving inventory turnover.

Although the increase of inventories due to an increase in sales is expected to be absorbed to a certain extent and because of temporary factors such as the impact of COVID-19 and the shortage of semiconductors, the need to secure inventories due to such impact, and the lengthening of lead times, the situation is not expected to improve from the third quarter of FY2021 or toward the end of FY2021.

In FY2022, we will thoroughly analyze the details of inventory, considering these situations. We will try to make it appropriate by making provisions for it. By doing so, inventories may decrease.

On the other hand, this will also be affected by exchange rate and copper price. Inventories will inevitably increase due to these effects. This part of the cost is at risk of increasing further in this fiscal year under the assumption that copper prices will rise further and that the yen will depreciate in the exchange rate. In this context, inventory optimization is a very important factor for working capital. We have a plan to make steady improvements.

- 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

Page 11 shows management indicators.

In FY2021, there was an increase in working capital, due to the effects of soaring copper prices, exchange rate fluctuations, supply chain disruptions, etc. As a result, interest-bearing debt increased, but the ratio of operating income to business assets improved as a result of the increase in profit. However, it is still not satisfactory, so we plan to achieve the numbers shown here in FY2022, based on the business environment.

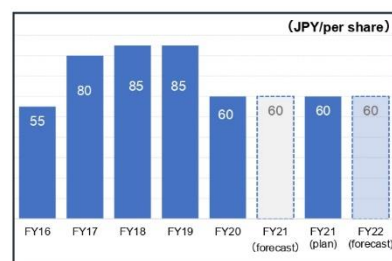
For us, financial and management indicators are very important. So, we would like to present our management process or roadmap, which emphasizes capital efficiency, in our mid-term plan to be released at the end of this month.

In FY2022, we will reflect ROIC as a new business management indicator and ROIC spread to raise awareness in our decision-making process in business evaluations.

- **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.**

Next, please refer to page 12. And now, let me talk about shareholder returns.

The dividend for FY2021 will be JPY60 per share as originally planned. Our basic policy is to maintain stable dividends. The dividend will be JPY60 per share. The dividend for FY2022 is also forecasted to be JPY60 per share, based on our business performance and other factors.

FY2021 Results – P/L Summary

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

	FY19	FY20	*FY21	FY21	YonY	Change from	Breakdown of change
	Results	Results	Previous	Results	change	previous	(Full year YoY)
	a	b	c	d	d-b	d-c	
Net sales	914.4	811.6	900.0	930.5	+118.9	+30.5	+118.9 (+15%) See page 15
Operating income	23.6	8.4	13.0	11.4	+3.0	▲ 1.6	+3.0 (+36%) See page 16
(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	—	
Ordinary income	22.8	5.2	17.5	19.7	+14.5	+2.2	+14.5 (+279%)
(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)
Net income attributable to owners of parent	17.6	10.0	7.0	10.1	+0.1	+3.1	+0.1
(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)

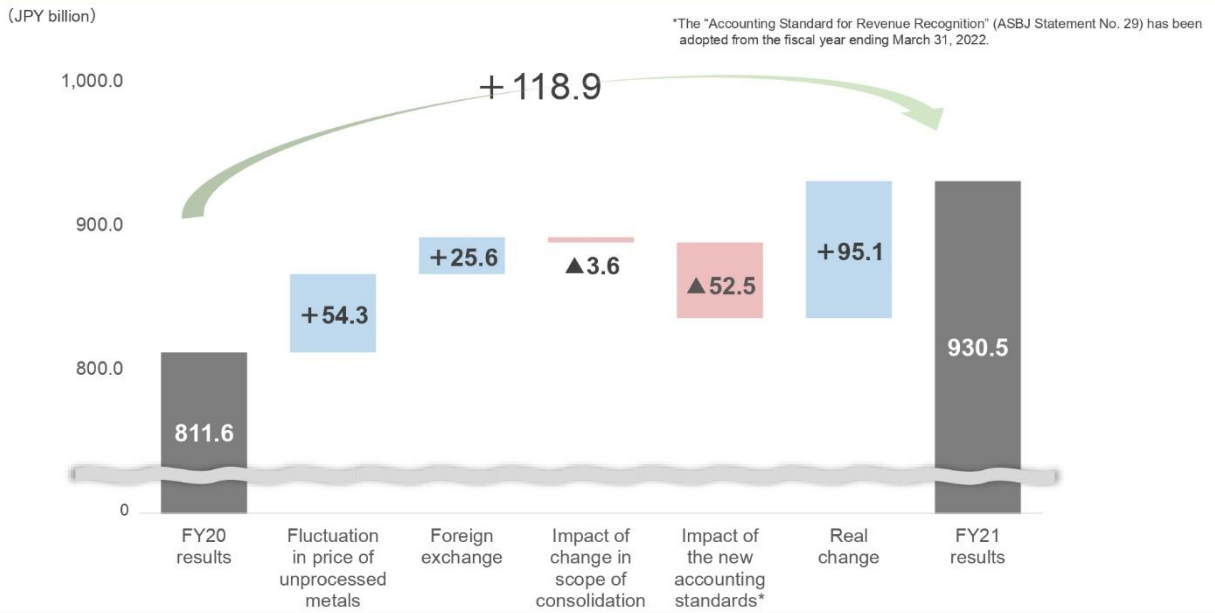
Extraordinary loss :

- 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)

Please continue on to page 14. This is the details of the FY2021 financial statements.

As for page 14, I mentioned the figures earlier, so I will supplement this page with the figures for profit/loss equity method affiliates. This shows an increase of JPY9.9 billion. This is due to an increase of UACJ Corporation.

Analysis of Change in Net Sales (YoY)

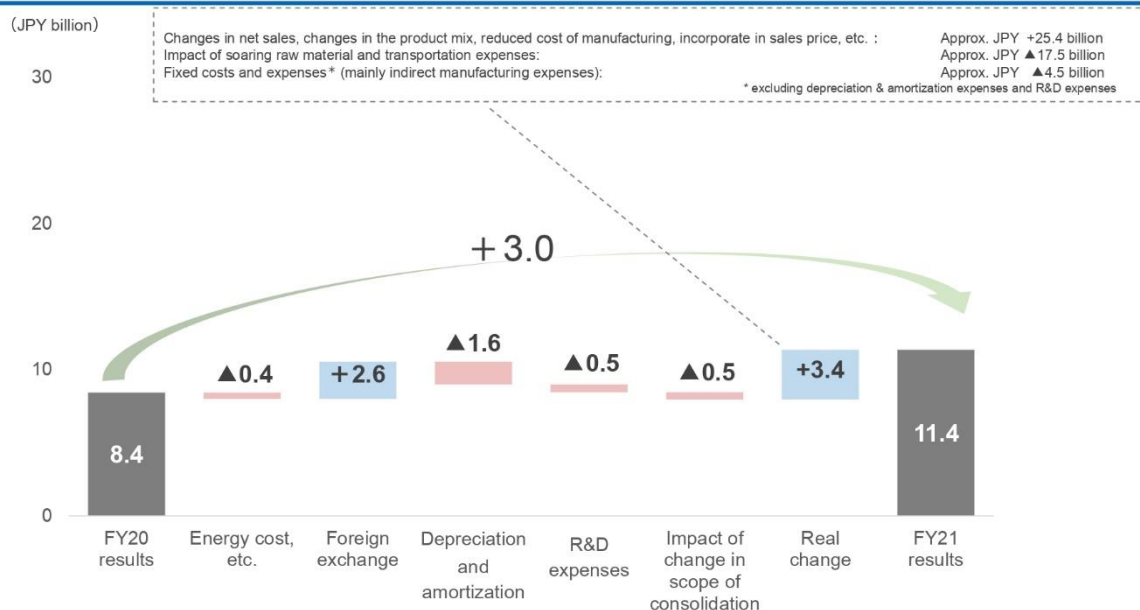


Next, please refer to page 15.

Sales increased by JPY118.9 billion from the previous year. The main reason for the increase in sales was the copper price, which rose from JPY770 to JPY1,136. The depreciation of the yen, from JPY106 to JPY112, has also had an impact.

On the other hand, there was a decrease in the revenue recognition due to a change in accounting standards, but the actual change was an increase of JPY95.1 billion.

Analysis of Changes in Operating Income (YoY)



Now, please refer to page 16. This is an analysis of the factors that contributed to the increase and decrease in operating income.

Compared to the previous year, operating income increased by JPY3.0 billion. There are various negative and positive factors, but the real change was an increase of JPY3.4 billion.

The increase and decrease in sales, product mix, cost reduction, incorporation in sales price, and other factors added JPY25.4 billion, but the impact of price hikes resulted in a negative JPY17.5 billion. Indirect manufacturing expenses in the context of rising capacity utilization were a negative JPY4.5 billion. There were these impacts on our business.

However, as for indirect expenses, some expenses were transferred to extraordinary losses due to the effect of COVID-19 in the previous year, so the actual change was an increase of JPY3.0 billion.

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				(+ increase profits / (-) decrease profit)				
	FY19 Results a	FY20 Results b	FY21 Previous forecasts c	FY21 Results d	YoY Change d-b	Change from previous forecasts d-c	FY19 Results e	FY20 Results f	FY21 Previous forecasts g	FY21 Results h	YoY Change h-f	Change from previous forecasts h-g	
Infrastructure	280.9	259.2	290.0	297.0	+37.8	+7.0	1.7	▲ 2.1	5.0	5.2	+7.3	+0.2	
											YoY	Increases in both sales and profits	
												(+) Increased revenue of optical cables in North America (increases to productivity), FTTH and LAN solutions businesses in South America	
												(+) Specialty fiber business	
												(+) Digital coherent product	
												(+) Network products in Japan	
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	
												(-) Optical fiber strands to North America customers	
												(-) Shortage of raw materials, higher raw material prices and soaring transportation expenses	
												(-) Increased depreciation expenses	
											Compared to previous forecasts	Generally unchanged	
											YoY	Increases in both sales and profits	
												(+) Overseas submarine, Japan underground power cable projects and the subsidiary in China	
												(+) Increased productivity and realized the benefits of focusing on acquiring profitable projects	
												(+) FY2020 : One time evaluation expenses following the adoption of new materials ended	
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	
												Compared to previous forecasts	Generally unchanged

*Announced on February 3, 2022

*Announced on February 3, 2022

The following are the results by segment.

First, as for infrastructure, both sales and profits increased over the previous year. Compared to the previous forecast, the results were almost in line with the forecast. I will not go into the details, as they are similar to what has already been explained.

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>

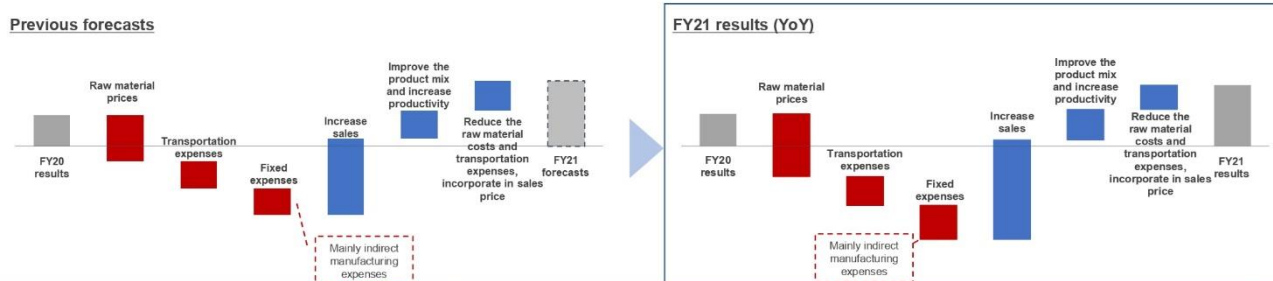
(+) Increased net sales

(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



All Rights Reserved, Copyright© FURUKAWA ELECTRIC CO., LTD. 2022

18

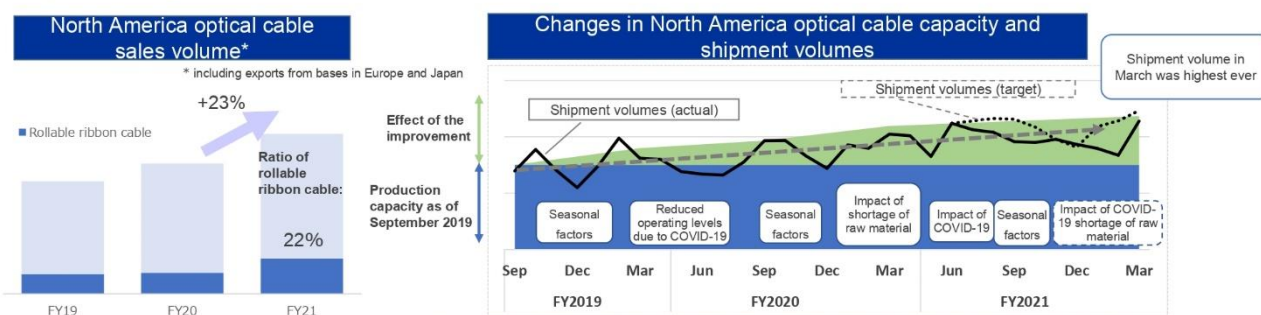
As for fiber cables, I would like to add a few words although the results were almost in line with our expectations. In fact, in the fourth quarter, there was a further increase in the cost of raw materials. In addition, there was a delay in the realization of the effects of rationalization investments, but this was compensated for by an increase in sales, mainly in Latin America, and the results were as expected.

The previous forecast waterfall chart is shown in the table below, which shows the contents of the previous forecast. On the right side is the YoY comparison, which is the actual results. I hope you will take a look at it.

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.



All Rights Reserved, Copyright© FURUKAWA ELECTRIC CO., LTD. 2022

19

Next is the production and shipment status of optical cables in North America for communications solutions.

As for the production capacity, the bottom right-hand side of the graph shows gradual improvement. Although there are some bumpy areas due to the effect of COVID-19 and other factors, steady improvement has been made. As a result, sales increased by 23% from FY2020 to FY2021, and the ratio of rollable ribbons also increased.

In March, we achieved a record high shipment volume, and we seem to have achieved almost the same level in April as well, so we will continue to make further improvements.

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						
	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	
Electronics & Automotive Systems	509.3	433.0	480.0	500.7	+67.7	+20.7	14.8	5.9	2.0	0.1	▲ 5.7	▲ 1.9	
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	
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	

* Differences from the forecast eliminated in consolidation due in fiscal year timing at overseas

YoY: Increase in sales but decrease in profits
 (+) Increased revenue following recovery in the automotive market and launch of new vehicle models
 (-) 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
 (-) Increase in BCM operation expenses, emergency transportation expenses, etc. corresponding to the COVID-19 (Approx. JPY 6.0 billion)
 (-) Soaring transportation expenses and raw material prices, and logistical disruptions
 (-) Impact of lower customer production volumes due to a shortage of semiconductor and resin
 (-) Increased depreciation expenses

Compared to previous forecasts: Underperformed
 (-) Impact of lower customer production volumes and a delay in recouping the increased transportation expenses

YoY: Increases in both sales and profits*
 (+) Includes the impact of higher copper prices : JPY 45.9 billion
 (+) In-vehicle and electronics products
 (+) Improvement to the product mix through expanded sales of strategic products and increased productivity

Compared to previous forecasts: Slightly overperformed

*Announced on February 3, 2022

*Announced on February 3, 2022

Next, please refer to page 21. This is about Electronics& Automotive Systems segment.

We will see the results individually rather than as a whole. This is a breakdown of the results for Automotive Products and Batteries businesses, which shows an increase in sales and a decrease in profit.

Electronics component materials businesses had slightly different trends and marked an increase in sales and profit. Therefore, we have explained separately.

In the area of Automotive Products and Batteries businesses, the effects of COVID-19 as mentioned earlier, the impact of COVID-19 in Southeast Asia, price hikes, and one-time expenses increases are expected to have significant negative impacts in this fiscal year. You can see a negative figure compared to the previous forecast, but this is due to a sudden decrease in production by our customers in March.

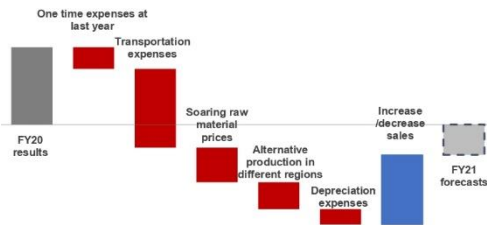
Due to these factors, we were not able to reduce air freight costs as initially anticipated. This was partly responsible for the overall decrease in profit and the Automotive Products and Batteries businesses marked a decrease in profit. Sales of Electronics Component Materials businesses remained strong throughout the fiscal year.

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

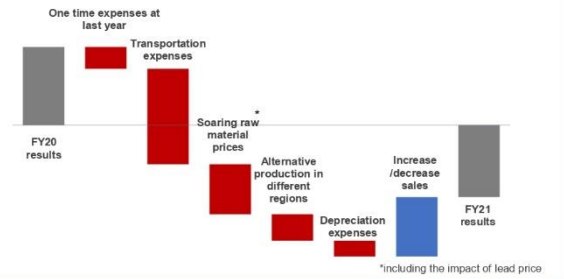
Automotive Products & Batteries : Operating income - Change from previous forecasts

- 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)



Then, on page 22, the Automotive Products and Batteries businesses. This is a slightly more detailed explanation of the comparison of operating income to the previous forecast.

Looking at the difference in waterfall charts, the decrease in sales, soaring transportation expenses, higher air freight costs, higher transportation costs due to delays in collections from customers, and higher raw material prices were the reasons for the downward revision compared to the previous forecast. As for the numbers, we hope that you can see them in the graphs or waterfall charts.

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						YoY		(+ increase profits / (-) decrease profit)
	FY19 Results	FY20 Results	FY21 Predictions forecasts	FY21 Results	YoY change	Change from previous forecasts	FY19 Results	FY20 Results	FY21 Predictions 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			
Functional Products	115.9	114.7	130.0	130.0	+15.3	▲ 0.0	7.5	6.3	7.5	7.6	+1.3	+0.1		•Increases in both sales and profits (+) Copper foil (increased orders for copper foil for printed wiring boards following the restoration of production at the Taiwan plant after the fire, and recovering demand for copper foil for batteries) (+) Captured the demand mainly in relation to the booming semiconductor and data center (+) Started full-scale operations at the new heat dissipation / cooling products manufacturing location in the Philippines (-) Impact of soaring raw material prices and transportation expenses (-) Temporarily weaker demand for 5G and data center related products due to the impact of the semiconductor and raw material shortages	
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	Compared to previous forecasts	•Generally unchanged	
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			
Total	914.4	811.6	900.0	930.5	+118.9	+30.5	23.6	8.4	13.0	11.4	+3.0	▲ 1.6			

*Announced on February 3, 2022

Next is about Functional Products businesses.

As for Functional Products businesses, both sales and profit increased from the previous year. Compared to the previous forecast, the results were almost in line with our expectations.

Semiconductor manufacturers, manufacturers that make semiconductors, are doing well here. Sales remained strong throughout the fiscal year.

On the other hand, manufacturers that use semiconductors including data centers were not able to procure materials easily. The demand was very strong, but there were quite a few ups and downs in demand.

In particular, there was a period during which we struggled to procure materials, and the situation in FY2021 was somewhat weaker because of this.

Also, we are dealing with a large number and volume of resin-related products. As a result, the situation in FY2021 was affected by a sharp rise in the cost of raw materials.

FY2021 Results – B/S Summary

(JPY billion)			
	End of 2020Q4	End of 2021Q4	Change
	a	b	b-a
Current assets	429.8	503.0	+73.2
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
Non-current assets	402.2	432.9	+30.7
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
Total Assets	832.0	935.9	+103.8
Current liabilities	315.2	379.7	+64.5
Non-current liabilities	225.2	242.1	+16.9
Total Liabilities	540.4	621.8	+81.4
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
Total Net assets	291.6	314.1	+22.4
Total Liabilities and Net assets	832.0	935.9	+103.8
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)

Here you see the balance sheet for FY2021.

Total assets have increased considerably, but the increase in inventories is still significant. There are also foreign exchange effects and copper price effects. In addition, we recognize that an increase in inventories due to distribution disruption is a challenge for us.

The free cash flow, as shown in the table above, was negative JPY53.3 billion, a very difficult result due to an increase in working capital.

Interest-bearing debt increased by JPY70.7 billion due to this impact. Working capital should be reduced. Therefore, our task for FY2022 is to focus on cash generation, including profit generation.

FY2021 Results

CAPEX, Depreciation & Amortization and R&D Expenses

- 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

Please refer to page 26.

As for capital investment, depreciation cost, and R&D expenses, I mentioned the figures earlier and I have already discussed the contents, so let me skip the explanation.

FY2021 Full-year Forecasts – P/L Summary

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

	FY20	FY21	FY22	YonY	Breakdown of change
	Results	Results	Forecasts	change	
	a	b	c	c-b	
Net sales	811.6	930.5	1050.0	+119.5	+119.5 (+13%) See page 29
Operating income	8.4	11.4	22.5	+11.1	+11.1 (+97%) 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	-	-	
Ordinary income	5.2	19.7	26.0	+6.3	+6.3 (+32%)
(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	-	-	
Net income attributable to owners of parent	10.0	10.1	14.0	+3.9	+3.9(+39%)
(Ratio)	1.2%	1.1%	1.3%	+0.2	
Average copper price	770	1,136	1,260	-	
Average exchange rate	106	112	120	-	

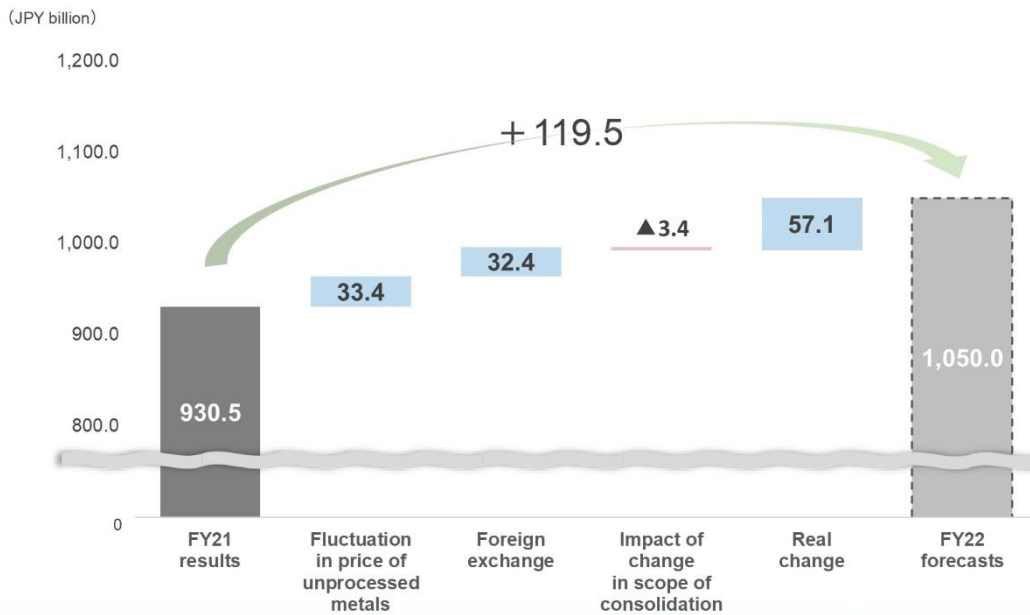
* FY20 extraordinary income: JPY 22.1 billion gain on disposal of non-current assets

Then skip to page 28, which is the forecast for FY2022.

The P&L figures are as I explained earlier. As for profit/loss equity method affiliates, the figures are not shown. As disclosed today, the figures of UACJ are considerably lower than the previous year after factoring in the decline in aluminum prices. Due to this impact, we forecast a negative outcome.

As for extraordinary income/loss, please understand that we have factored in JPY3.0 billion as not a definite risk but a general risk.

Analysis of Change in Net Sales (YoY)

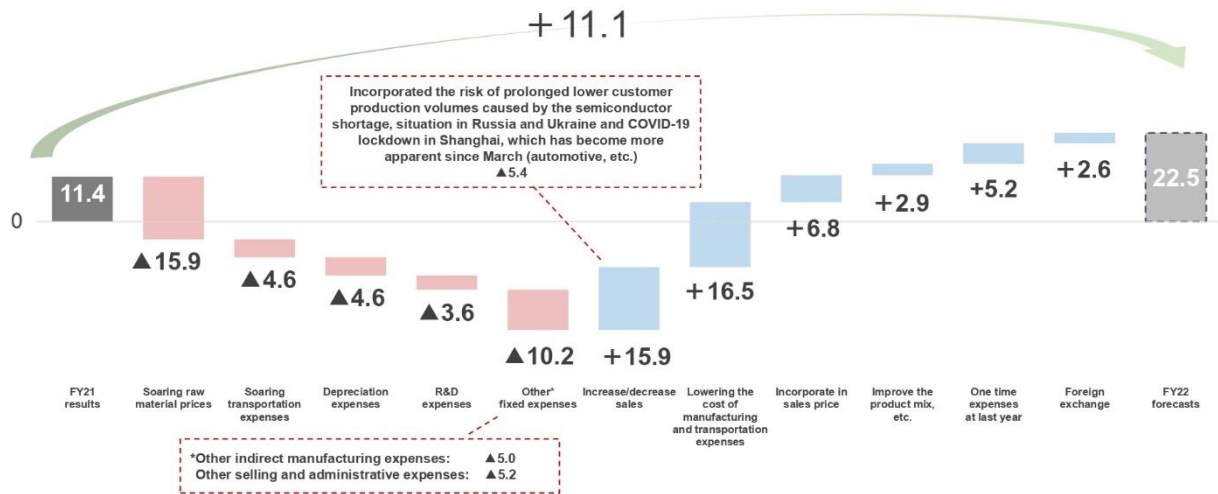


Next is page 29.

As for the reasons for the increase/decrease in net sales, an increase of JPY119.5 billion is expected due to the rise of price of unprocessed metals which is expected to rise further. We are even more concerned about the weakening of the yen in the exchange rate. The real change excluding these is JPY57.1 billion.

Analysis of Changes in Operating Income (YoY)

(JPY billion)



The following, page 30, is an analysis of the factors that contributed to the increase and decrease in operating income.

This shows an increase from JPY11.4 billion to JPY22.5 billion, up JPY11.1 billion. As mentioned previously, we have included numerical figures here so that you can see more specifics.

Again, we will basically absorb the negative effects of external factors, investments for the future, and cost increases associated with higher capacity utilization, through our own efforts. In terms of foreign exchange, the risk of yen depreciation is a positive factor, as I mentioned earlier.

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

Please turn to page 31. This is net sales and operating income by segment.

The details are explained in the following pages. The same is true here, as I mentioned earlier, regarding the view of market conditions, etc.

1-(1) Infrastructure (Communications Solutions)

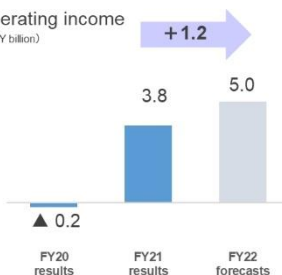
FY22_Full year forecasts

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

Page 32 is about Communications Solutions businesses.

As for Communications Solutions businesses, net sales, operating income, and both sales and profit increased. As for negative factors, the same situation will continue. The cable business in Europe is also affected by the situation in Russia and Ukraine.

On the other hand, productivity of fiber cables in North America has been improving, which is a plus. We also expect to see the effects of domestic rationalization.

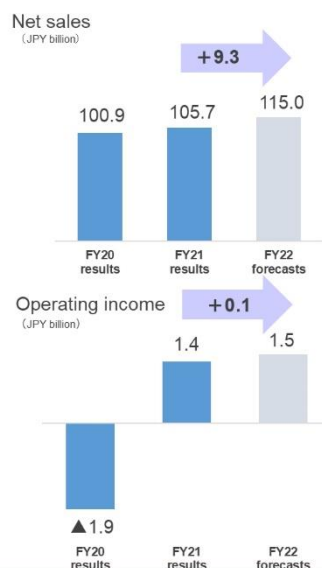
The ratio of high value-added products, rollable ribbon cables, may increase. The overall volume is also expected to increase. The sales of specialty fibers are expected to expand. The positive factor of incorporation in sales price has been factored in, resulting in an increase of JPY1.2 billion.

1-(2) Infrastructure (Energy Infrastructure)

FY22_Full year forecasts

YoY

*Impact of higher copper price : JPY +2.0 billion



■ FY2022

Net sales (YoY) JPY +9.3 bil.*
Operating income (YoY) JPY +0.1 bil.

- (+) 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

Page 33 is about Energy Infrastructure businesses.

Net sales are up JPY9.3 billion YoY and operating income is up JPY0.1 billion. However, since sales are affected by copper prices, foreign exchange rates, and other factors, the sales figure of JPY10.0 billion is actually an increase of JPY3.0 billion.

The positive factor is renewable energy projects that we will take in. We will promote sales expansion of functional products such as Rakuraku aluminum cable®.

We have an electric power subsidiary in Shenyang, China, which has been affected, including the lockdown of its operations and the suspension of construction work by customers. Since the fiscal year ends in December, the impact on our operations has already been felt since around March. But we have factored in these impacts.

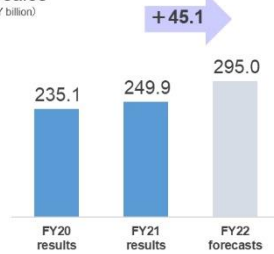
As a result, sales growth is expected to be slightly higher than the current fiscal year, due to a number of special factors, the current severe situation regarding operating income, and cost increases.

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

Next, on page 34, is the Automotive Products and Batteries businesses.

As for this side, net sales increased by JPY45.1 billion and operating income increased by JPY10.6 billion. As I explained earlier in another document, the major issue is to promote incorporation in sales price and to make sure that the customers shoulder an appropriate amount of the cost.

We have already recovered the one-time expenses from the previous year, so we are determined to make a profit in this area. In addition, we will proceed with the launch of new car models and aluminum wire harnesses.

We will reap the rewards of our investments, which will be a positive factor. Factoring in these factors, we expect to return to profitability this fiscal year from the previous year's deficit, and even significantly improve our profitability.

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.

Operating income
(JPY billion)



- (+) 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

[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

Next is about Electronics Component Materials businesses.

Here, net sales are up JPY29.2 billion from the previous year, and operating income is down JPY0.8 billion. As for net sales, the rise in copper prices is very significant. As a result, I would like you to understand that in real terms, net sales are down JPY10.0 billion.

Positive factors include in-vehicle electronics, semiconductors, and telecommunication infrastructure, which we will steadily work on and promote. On the other hand, the shortage of semiconductors in the automotive industry has had a negative impact on sales, and we are taking a stricter view of the impact of this shortage, resulting in a real decrease in sales.

We will pass on the impact of price hikes, but it has certain effects. Under these circumstances, we have set the operating income figure at negative JPY0.8 billion as a somewhat conservative estimate.

3 Functional Products

FY22_Full year forecasts

YoY

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

Net sales
(JPY billion)

+25.0



■ 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

Operating income
(JPY billion)

+0.9



【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"

Next, page 36, is about Functional Products businesses.

As for Functional Products businesses, net sales are expected to increase by JPY25.0 billion and operating income to increase by JPY0.9 billion. In the area of semiconductor manufacturing tapes, we expect that the demand will continue to be strong, given the extremely strong demand for semiconductors.

In terms of data centers, there was some difficulty in FY2021 due to a lack of supply of parts and materials, but as of now orders are actually returning. Demand is also returning. This is where we are going to take it to the next level. This means that we will also continue to improve copper foil. We will also cover the price increase of resin by incorporating in sales price of resin to our customers.

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



Lastly, please refer to page 37.

FY2022, this is the first year of the new mid-term plan.

We will make this year in which we will make a strong start to maximize earnings from existing businesses by focusing on capital efficiency toward FY2025, while giving the highest priority to responding to the rapidly changing external environment.

We will announce our new mid-term plan on May 26. We will explain the details at that time. In addition, we will hold a business briefing in early June, and we plan to provide a detailed explanation of each project and the situation.

That's all from me. Thank you very much for your kind attention.