

FURUKAWA



# Financial Results for the Fiscal Year Ended March 2024 Presentation Materials

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May 30, 2024

FURUKAWA CO.,LTD.

TSE Prime Market

Securities code: 5715



## Financial Results / Full-Year Forecasts (Consolidated)

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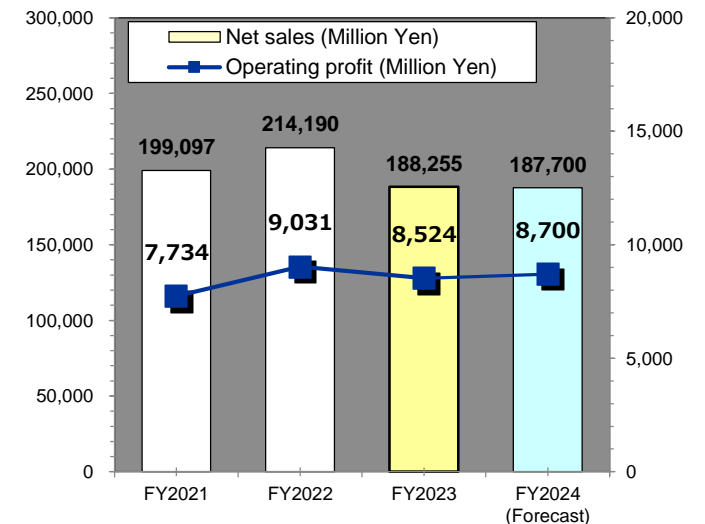
# Financial Results for the FY2023 (Consolidated) & Financial Forecasts for the FY2024 (Consolidated)

## [Financial Results]

		FY2021	FY2022	FY2023	VS FY2022 Difference	FY2024 (Forecast)	VS FY2023 Difference
Net sales	Million Yen	199,097	214,190	188,255	(-)25,934	187,700	(-)555
Operating profit	Million Yen	7,734	9,031	8,524	(-)507	8,700	175
Operating margin	%	3.9	4.2	4.5	0.3	4.6	0.1
Ordinary profit	Million Yen	8,996	9,348	10,384	1,036	8,000	(-)2,384
Profit attributable to owners of parent	Million Yen	6,477	6,211	16,097	9,885	14,000	(-)2,097
Annual dividends	Yen	50	50	55	5	60	5

## [Financial Conditions]

		FY2022	FY2023	Difference
Total Assets	Million Yen	232,745	259,878	27,132
Net assets	Million Yen	106,050	133,272	27,222
Capital adequacy ratio	%	44.2	50.0	5.8
Net assets per share	Yen	2,700.87	3,493.08	792.21
ROE	%	6.2	13.8	7.6

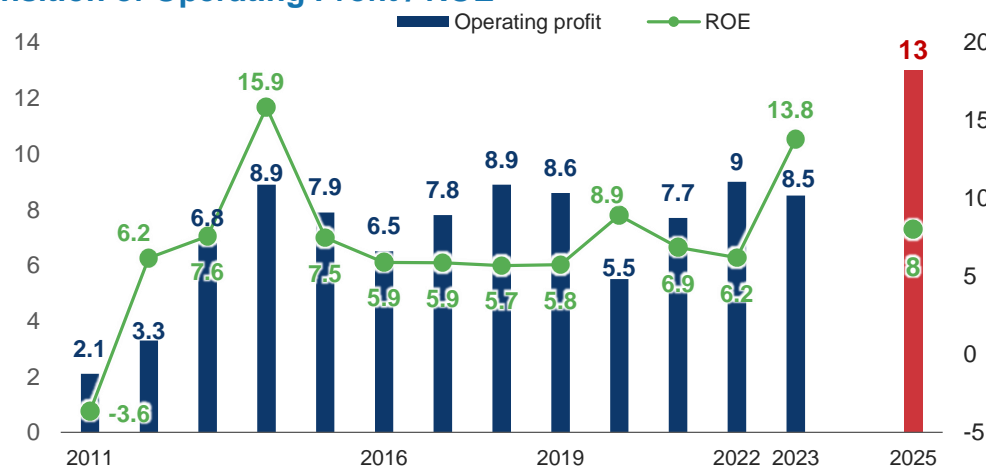


# Transition of the management indicators of Medium-Term Business Plan 2025

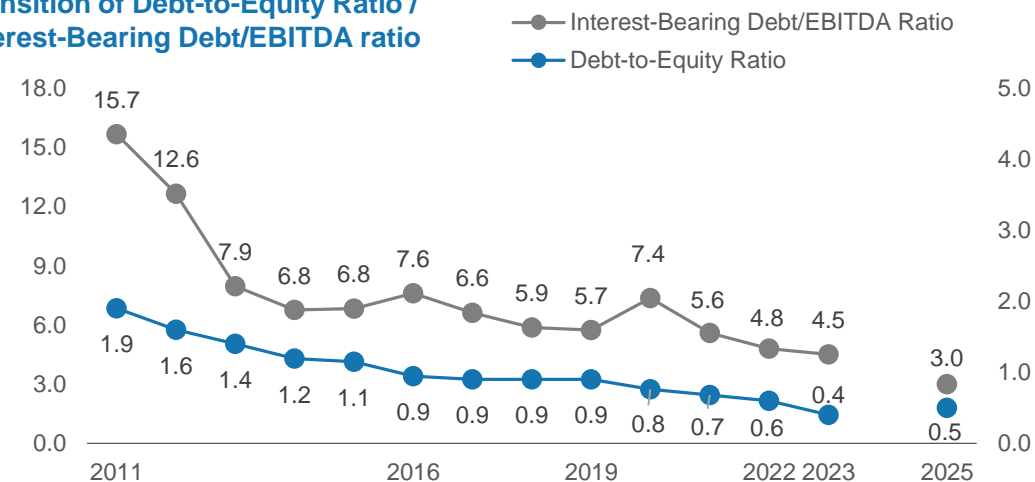
## [Management Indicators]

		FY2021	FY2022	FY2023	FY2025 (Medium-Term Business Plan image)
Operating profit	Million Yen	7,734	9,031	8,524	Approx. ¥13,000 Million
ROE	%	6.9	6.2	13.8	Approx. 8%
Debt-to-equity ratio	Times	0.7	0.6	0.4	0.5x range
Interest-bearing debt/EBITDA ratio	Times	5.6	4.8	4.5	3x range
Consolidated total return on equity	%	2.4	2.8	3.1	3% or more
Strategic shareholdings ratio	%	38.0	35.1	40.8	Less than 20% by March 31, 2025
Annual dividends	Yen	50	50	55	¥50 or more per share
Share buyback	Million Yen	334	888	1,620	Approx. ¥1,500-2,000 Million

### Transition of Operating Profit / ROE



### Transition of Debt-to-Equity Ratio / Interest-Bearing Debt/EBITDA ratio





# Consolidated Income Statement

(Unit: Million yen)

	FY2022	FY2023	Difference
<b>Net sales</b>	214,190	188,255	(-)25,934
Cost of sales	185,575	160,010	(-)25,565
(Gross profit)	28,615	28,245	(-)369
Selling, general and administrative expenses	19,583	19,721	137
<b>Operating profit</b>	9,031	8,524	(-)507
Non-operating income	3,146	3,655	509
Dividend income	847	991	143
Share of profit of entities accounted for using equity method	-	539	539
Foreign exchange gains	1,462	1,162	(-)300
Other	836	961	125
Non-operating expenses	2,829	1,795	(-)1,034
Interest expenses	501	510	9
Share of loss of entities accounted for using equity method	860	-	(-)860
Administrative expenses of inactive mountain	814	816	2
Other	654	467	(-)186
<b>Ordinary profit</b>	9,348	10,384	1,036
Extraordinary income	410	16,092	15,682
Gain on sales of non-current assets	47	13,433	13,385
Gain on sales of investment securities	362	2,659	2,296
Other	0	-	(-)0
Extraordinary losses	1,252	3,224	1,972
Demolition expenses of a rental building	470	458	(-)12
Loss on liquidation of investments and loans in affiliated companies	-	2,058	2,058
Other	781	708	(-)72
Profit before income taxes	8,506	23,252	14,745
Income taxes – current	2,811	5,378	2,566
Income taxes – deferred	(-)762	1,552	2,315
Profit	6,457	16,321	9,864
Profit attributable to non-controlling interests	245	224	(-)21
<b>Profit attributable to owners of parent</b>	6,211	16,097	9,885

- Equity in earnings of affiliates increased ¥1.4 billion from previous fiscal year.  
- A loss in the FY2022 was due to deteriorating performance of Hibi Kyodo Smelting (as for regular biennial repair year) etc.

Transfer of a portion of co-ownership of the former Furukawa Osaka Building site and other land.

Gain on sales of investment securities resulting from selling a part of the strategic shareholdings

Loss on the transfer of Cariboo Copper shares  
(\* Owns a 25% interest in the Gibraltar Copper Mine)

# Consolidated Balance Sheet / Consolidated Cash Flow

## Consolidated Balance Sheet

(Unit: Million yen)

	FY2022	FY2023	Difference
<b>Assets</b>			
Current assets	99,882	99,636	(-)246
Non-current assets	132,862	160,241	27,378
Property, plant and equipment	90,981	92,045	1,063
Intangible assets	317	342	25
Investments and other assets	41,563	67,853	26,289
<b>Total assets</b>	<b>232,745</b>	<b>259,878</b>	<b>27,132</b>
<b>Liabilities</b>			
Current liabilities	63,111	51,669	(-)11,442
Non-current liabilities	63,583	74,935	11,352
<b>Total liabilities</b>	<b>126,695</b>	<b>126,605</b>	<b>(-)89</b>
<b>Net assets</b>			
Shareholders' equity	83,971	96,549	12,577
Share capital	28,208	28,208	-
Capital surplus	2	2	-
Retained earnings	58,847	73,046	14,198
Treasury shares	(-)3,086	(-)4,707	(-)1,621
Accumulated other comprehensive income	18,974	33,358	14,383
Non-controlling interests	3,103	3,365	261
<b>Total net assets</b>	<b>106,050</b>	<b>133,272</b>	<b>27,222</b>
<b>Total liabilities and net assets</b>	<b>232,745</b>	<b>259,878</b>	<b>27,132</b>

- Increase in long-term accounts receivable, mainly due to the recording of proceeds from the transfer of a portion of co-ownership of the former Furukawa Osaka Building site and other land (up ¥12.5 billion)  
- Increase in investment securities, reflecting a rise in the share price of listed stocks (up ¥12.6billion) etc.

The issuance of bonds for the first time in about 23 years to diversify funding sources.

## Interest-Bearing Debt

(Unit: Million yen)

	FY2022	FY2023	Difference
Short-term	7,449	493	(-)6,955
Long-term	55,399	52,895	(-)2,503
Bonds payable	-	5,000	5,000
<b>Total</b>	<b>62,848</b>	<b>58,389</b>	<b>(-)4,459</b>

## Consolidated Cash Flow

(Unit: Million yen)

	FY2022	FY2023	Difference
Cash flows from operating activities	6,148	10,492	4,344
Cash flows from investing activities	(-)1,617	1,915	3,533
Cash flows from financing activities	(-)5,934	(-)8,446	(-)2,512
<b>Cash and cash equivalents</b>	<b>13,606</b>	<b>18,193</b>	<b>4,587</b>

# Financial Results by Segment (Consolidated)

(Unit: Million yen)

Net sales	FY2022	FY2023	Difference
Machinery	81,658	82,085	427
Industrial	17,943	15,548	(-)2,394
Rock Drill	35,752	38,682	2,930
UNIC	27,961	27,853	(-)108
Materials	126,804	100,388	(-)26,416
Metals	111,424	84,712	(-)26,711
Electronics	6,926	6,766	(-)159
Chemicals	8,454	8,908	454
Real Estate	2,056	1,873	(-)182
Other	3,671	3,908	237
Total	214,190	188,255	(-)25,934

Operating profit	FY2022	FY2023	Difference
Machinery	6,093	5,696	(-)397
Industrial	1,515	389	(-)1,125
Rock Drill	3,030	4,148	1,117
UNIC	1,547	1,158	(-)389
Materials	2,309	2,765	456
Metals	1,276	1,945	668
Electronics	500	212	(-)288
Chemicals	532	608	75
Real Estate	835	470	(-)365
Other	(-)133	(-)293	(-)160
Adjustment	(-)73	(-)114	(-)41
Total	9,031	8,524	(-)507

FY2024 (Forecast)	VS FY2023 Difference
87,700	5,614
19,100	3,551
36,200	(-)2,482
32,400	4,546
93,600	(-)6,788
76,700	(-)8,012
7,700	933
9,200	291
2,100	226
4,300	391
187,700	(-)555

FY2024 (Forecast)	VS FY2023 Difference
7,400	1,703
1,900	1,510
3,100	(-)1,048
2,400	1,241
1,000	(-)1,765
0	(-)1,945
400	187
600	(-)8
600	129
(-)200	93
(-)100	14
8,700	175

	FY2023	Comparison to the previous fiscal year
JPY rate per US\$	144.6 ¥/\$	9.1 ¥/\$
LME copper price	8,362 &/ton	(-)189 &/ton

	FY2024 (Forecast)	Comparison to the previous fiscal year
JPY rate per US\$	145.0 ¥/\$	0.4 ¥/\$
LME copper price	9,000 &/ton	638 &/ton

Regard to exchange rate sensitivity

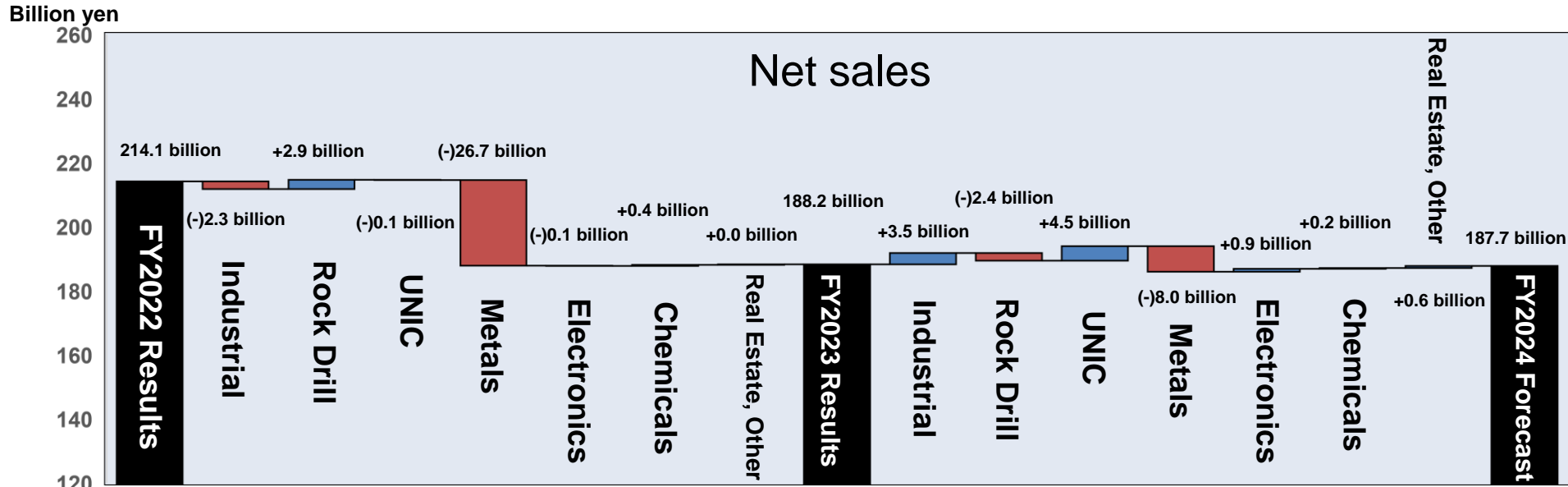
Operating income increase annually about ¥100 million due to ¥1 week to US dollar.

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

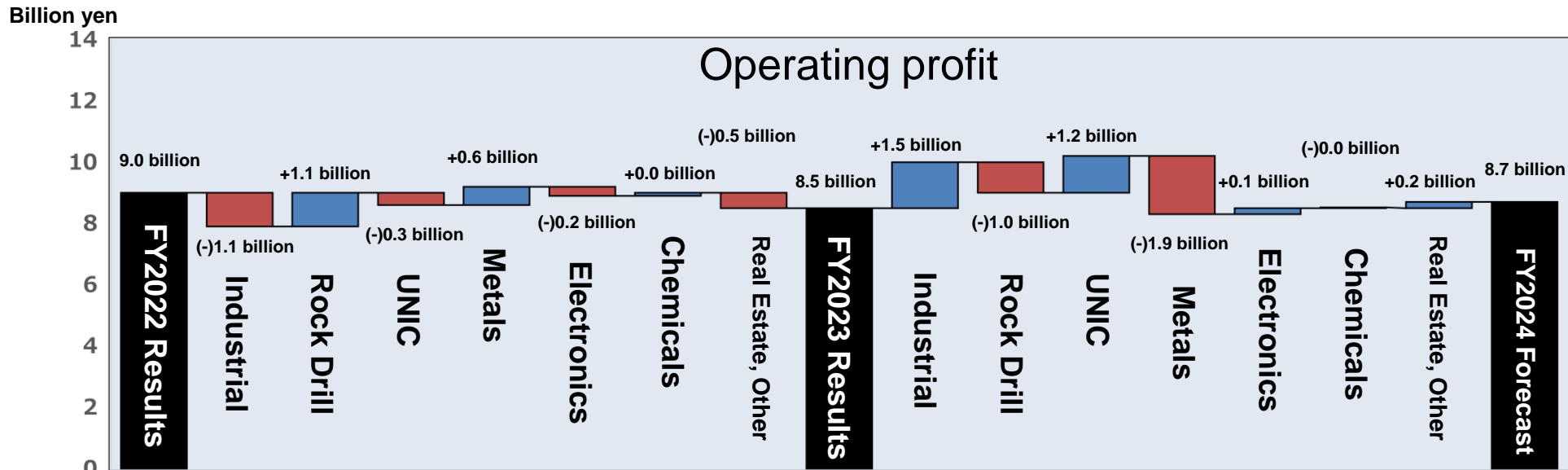
		FY2024 (Forecast)	Comparison to the previous fiscal year
Net sales	Million Yen	187,700	(-)555
Operating profit	Million Yen	8,700	175
Ordinary profit	Million Yen	8,000	(-)2,384
Profit attributable to owners of parent	Million Yen	14,000	(-)2,097

Extraordinary income  
Expect gain on sale of investment securities resulting from the sale of strategic shareholdings

# Increase/Decrease in Earnings by Segment (Consolidated)



Details about Industrial Machinery segment, Rock Drill segment, UNIC segment, Metals segment, Electronics segment and Chemicals segment are explained in the following pages.

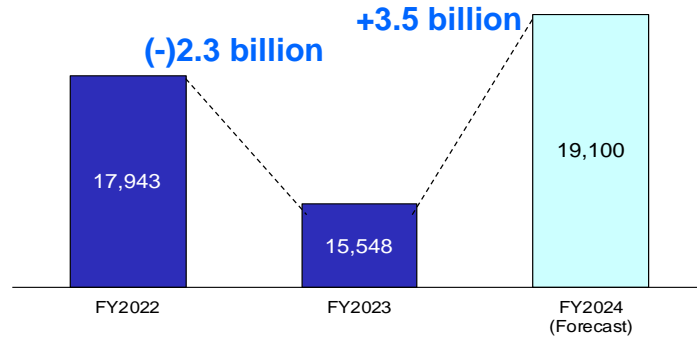


Real Estate business  
Both sales and profits declined in the FY2023 due to lower office rents and tenant replacements of Muromachi Furukawa Mitsui Building (commercial name: COREDO Muromachi 2), our main facility. Forecast an increase in both sales and profits based on an expected rise in office occupancy rates in the FY2024.

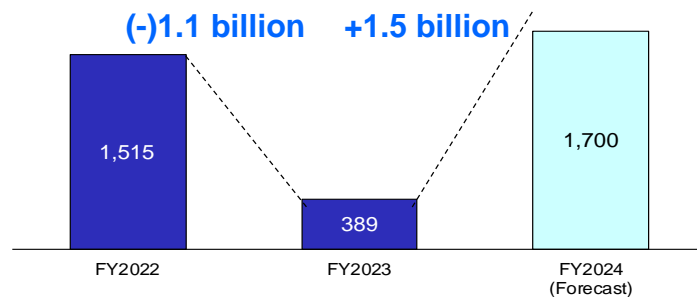
# Results by Segments (Industrial Machinery Segment)



## Net sales (Unit: Million yen)



## Operating profit (Unit: Million yen)



### - Main factors of FY2023 results

**[Net sales] ¥15.5 billion [(-)¥2.3 billion]**

- Bridges and belt conveyors posted higher revenues with volume-based sales.
- Material machinery sales were flat, but pump equipment posted lower revenue, especially due to significant decline in environmental product.

**[Operating profit] ¥0.3 billion [(-)¥1.1 billion]**

- Significant decrease in material machinery due to additional costs incurred as a result of plant construction delays.

	FY2023	VS FY2022 Difference
Order backlog	¥15.8 billion	¥1.6 billion

[Material machinery]

Crusher plants, quarry plants, etc.

[Bridges]

Ofuna-Terada Elevated Bridge Hachioji South Bypass, construction of Shimizu IC third viaduct, construction of Takasu 1<sup>st</sup> bridge and other two bridges Higashi-Kyushu expressway, construction of Joyo bridge Kyoto prefecture, etc.

[Belt conveyors]

Concrete transport equipment for dam construction, earth and sand transport equipment for tunnel excavation, etc.

### - Main factors of FY2024 forecasts

**[Net sales] ¥19.1 billion [+¥3.5 billion]**

- Forecast an overall increase in net sales, with a significant increase in material machinery sales, as well as in pumps, pump equipment, and bridges, in addition to a large-scale project for belt conveyors.

**[Operating profit] ¥1.9 billion [+¥1.5 billion]**

- Operating profit expected increase due to higher sales. No additional cost incurred for material machinery.

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

### Pumps

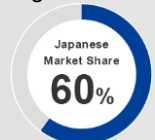
[Features]

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

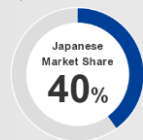
[Destinations]

Shield tunnel construction sites, sewage treatment plants, etc.

[Market share]



Sewage Pumps



Slurry Pumps

### Material machinery

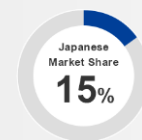
[Features]

Supports section plants including machine manufacturing and sales.

[Destinations]

Quarries, limestone mines, steel works, etc.

[Market share]



Crushers



### Infrastructure division

[Features]

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

[Destinations]

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

[Attention]

Belt conveyors attract attention which instead of dump trucks to transport earth and sand. Inquiries are increasing.

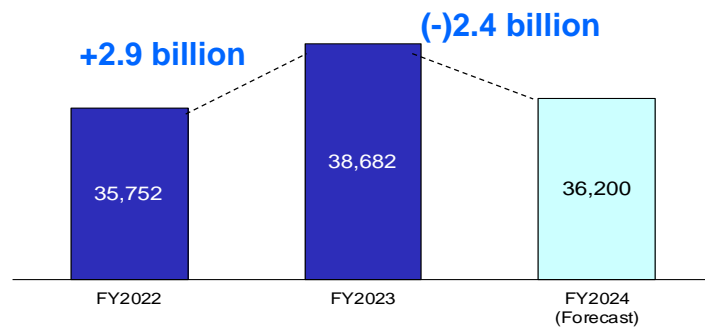




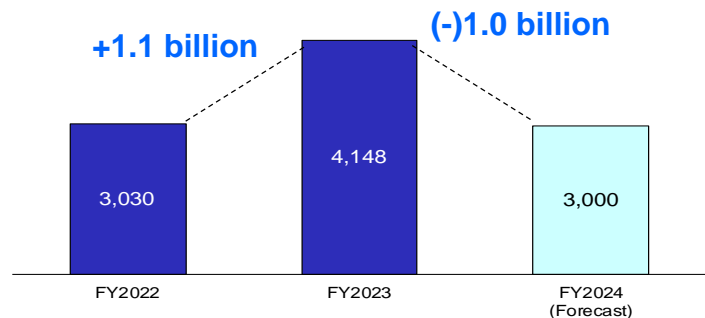
# Results by Segments (Rock Drill Segment)



## Net sales (Unit: Million yen)



## Operating profit (Unit: Million yen)



## - Main factors of FY2023 results

**[Net sales] Japan ¥14.4 billion, Overseas ¥24.2 billion [Japan +¥0.2billion, Overseas +¥2.6 billion]**

- Increased due to an increase in shipments of auxiliary parts for hydraulic crawler drills and other equipment and an increase in orders for maintenance business in Japan.
- Overseas, overall sales increased due to a significant increase in shipments of hydraulic breakers and large hydraulic crawler drills in North America. As well as in the Middle East and Africa, where shipments of hydraulic crawler drills increased, and the weaker yen also had the effect of increasing sales.

**[Operating profit] ¥4.1 billion [+¥1.1 billion]**

- Significant increase mainly due to increased sales in North America, as well as the effect of yen depreciation and other factors.

## - Main factors of FY2024 forecasts

**[Net sales] Japan ¥14.4 billion, Overseas ¥21.8 billion [Japan flat, Overseas (-)¥2.4 billion]**

- In Japan, the trend of reluctant purchases of hydraulic breakers for rental use has bottomed out, and sales of hydraulic crushers and hydraulic crawler drills are also expected to increase, but sales of tunnel drill jumbos are expected to decline due to lower shipments, and overall sales are expected to decrease.
- Overseas sales are expected to fall sharply due to a lull in demand, especially in North America, which is experiencing a reactionary decline from the previous year's advance.

**[Operating profit] ¥3.1 billion [(-)¥1.0 billion]**

- Operating profit expected to decrease by ¥1 billion mainly due to lower sales in North America.

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

### Hydraulic breakers

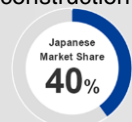
[Features]

Wide range of models from small to super large size.  
High-quality and high-striking power.

[Destinations]

Strip mine such as quarries, etc.  
Civil engineering work and at construction sites, etc.

[Market share]



Hydraulic breakers



### Hydraulic crawler drills

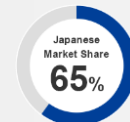
[Features]

Accurate and speedy drilling technology suitable for the rock conditions.

[Destinations]

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

[Market share]



Hydraulic crawler drills



### Tunnel drill jumbos

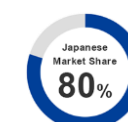
[Features]

Many proven results in mountain tunnel and large tunnel constructions.

[Destinations]

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

[Market share]



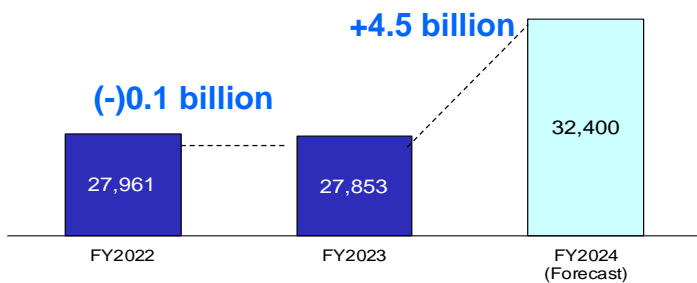
Tunnel drill jumbos



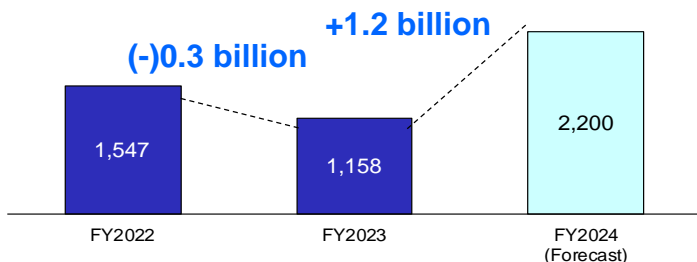
# Results by Segments (UNIC Segment)



## Net sales (Unit: Million yen)



## Operating profit (Unit: Million yen)



### - Main factors of FY2023 results

**[Net sales] Japan ¥21.5 billion, Overseas ¥6.3 billion [Japan +¥1.4 billion, Overseas (-)¥1.5 billion]**

- In Japan, truck production delays are recovering, and the number of trucks supplied increased compared to the previous fiscal year, leading to an increase in shipments of UNIC cranes and higher sales.
- Overseas sales decreased due to lower shipments to China, Southeast Asia, Europe, etc.

**[Operating profit] ¥1.1 billion [(-)¥0.3 billion]**

- Decreased due to a worsening cost ratio as a result of continued product shipments before price increase in response to soaring prices of steel and other raw materials.

### - Main factors of FY2024 forecasts

**[Net sales] Japan ¥23.9 billion, Overseas ¥8.5 billion [Japan +¥2.3 billion, Overseas +¥2.1 billion]**

- Net sales are expected to increase due to an increase in shipments resulting from an increase in truck production in Japan, and orders for UNIC cranes are expected to increase.
- Overseas sales are expected to increase due to stronger sales in Europe, the US, Southeast Asia, and the Middle East.

**[Operating profit] ¥2.4 billion [+¥1.2 billion]**

- Operating profit is expected to increase due to the increase in sales as well as the completion of product shipments before the price increase.

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

### UNIC cranes

[Features]

Wide range of models such as various boom lengths etc. which correspond to customer needs.

[Destinations]

Construction and civil engineering sites, material handling, rental companies, etc.

[Market share]



UNIC cranes



### Mini-crawler cranes

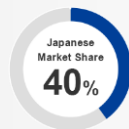
[Features]

Show the power in narrow ground, rough ground and indoor worksites.

[Destinations]

Narrow or rough ground, Indoor worksites, rental companies, etc.

[Market share]



Mini-crawler cranes



### UNIC carriers

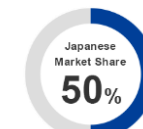
[Features]

Wide range of models such as car transporter type, heavy machine transporter type, etc.

[Destinations]

Car dealer, transportation company, road construction company, etc.

[Market share]



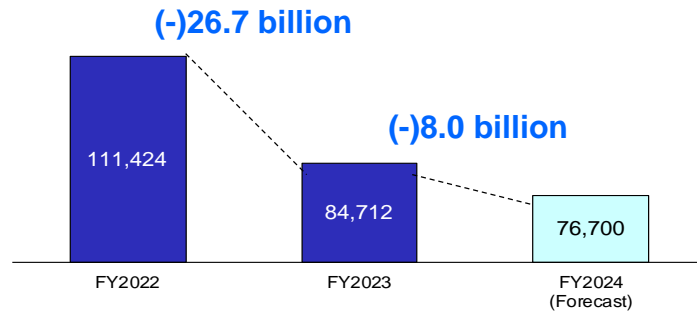
UNIC carriers



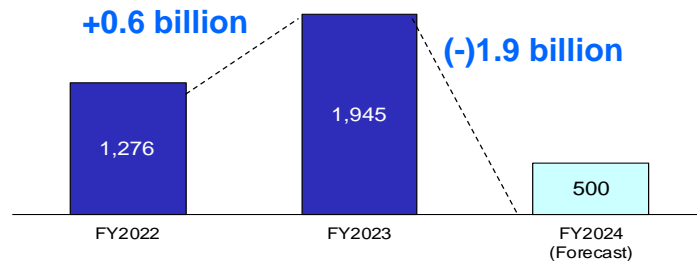
# Results by Segments (Metals Segment)



## Net sales (Unit: Million yen)



## Operating profit (Unit: Million yen)



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

### Electrolytic copper

[Features] It has been responsible for supplying electrolytic copper since founding, and produce approx. 46,000 tons a year.

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

[FY2023] Termination of entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd. and clear outlook on fundamentally review entrusted smelting business.

## - Main factors of FY2023 results

### [Net sales] ¥84.7 billion [(-)¥26.7 billion]

- Decreased due to the termination of the entrusted smelting contract with Onahama Smelting and Refining (end of March 2023), electrolytic copper production decreased by 21,924 tons from the previous year to 48,262 tons and sales volume decreased.

Copper (-)¥21.1 billion (Volume (-)¥24.1 billion, Unit price +¥2.9 billion)

Gold (-)¥4.9 billion (Volume (-)¥7.0 billion, Unit price +¥2.0 billion)

### [Operating profit] ¥1.9 billion [+¥0.6 billion]

- Increased by ¥0.6 billion due to marginal gains from the effects of metal price fluctuations (the table shown below) and an improvement in the balance of entrusted smelting.

## Profit/loss from metal price fluctuations in the metals segment

	FY2023	VS FY2022 Difference
Operating profit	¥1.94 billion	¥0.66 billion
Include price effect	¥1.31 billion	¥0.13 billion
Copper	[¥0.18 billion]	[¥0.1 billion]
Gold	[¥1.03 billion]	[¥0.01 billion]

	FY2023	VS FY2022 Difference
JPY rate per US\$	144.6 ¥/\$	9.1 ¥/\$
LME copper price	8,362 \$/ton	(-)189 \$/ton

	FY2024 (Forecast)	VS FY2023 Difference
JPY rate per US\$	145.0 ¥/\$	0.4 ¥/\$
LME copper price	9,000 \$/ton	638 \$/ton

## - Main factors of FY2024 forecasts

### [Net sales] ¥76.7 billion [(-)¥8.0 billion]

- Forecast a decrease in net sales because we expect electrolytic copper production to decline by 1,661 tons YoY to 46,601 tons, resulting in a decrease in sales volume.

Copper (-)¥4.2 billion (Volume (-)¥8.5 billion, Unit price +¥4.2 billion)

Gold (-)¥3.3 billion (Volume (-)¥3.0 billion, Unit price (-)¥0.2 billion)

### [Operating profit] ¥0.0 billion [(-)¥1.9 billion]

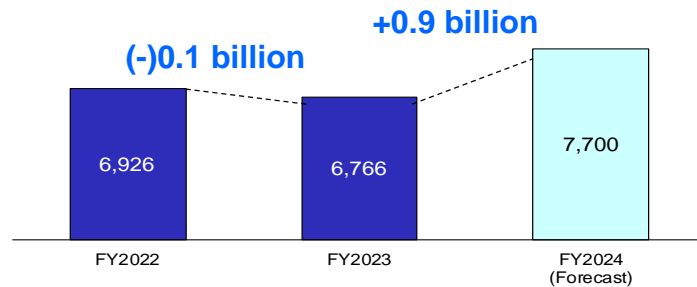
- Forecasted to decrease due to the expected deterioration of the balance of entrusted smelting as a result of worsening ore purchase conditions and the absence of price gains/losses from metal price fluctuation effects that existed in the fiscal year ended March 2024.



# Results by Segments (Electronics Segment)



## Net sales (Unit: Million yen)



### - Main factors of FY2023 results

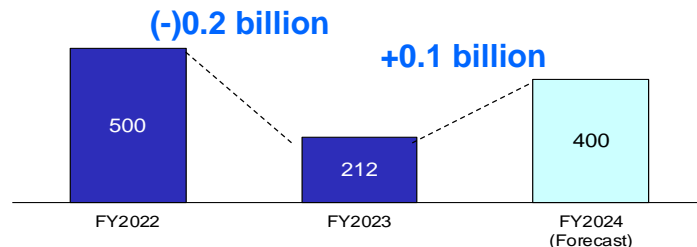
**[Net sales] ¥6.7 billion [(-)¥0.1 billion]**

- High-purity metallic arsenic sales flat YoY despite the bottoming out of the market cycle for compound semiconductors. Coil sales increased due to a recovery in automobile production.
- Sales of crystal products declined significantly due to the impact of inventory adjustments by customers, sales of aluminum nitride ceramics declined significantly due to sluggish demand for components used in semiconductor production equipment.

**[Operating profit] ¥0.2 billion [(-)¥0.2 billion]**

- Decreased due to lower sales in crystal products and aluminum nitride ceramics.

## Operating profit (Unit: Million yen)



### - Main factors of FY2024 forecasts

**[Net sales] ¥7.7 billion [+¥0.9 billion]**

- Forecast sales of high-purity metallic arsenic to increase due to market recovery, sales of crystal products to increase as inventory adjustments by customers will ease in H2 and thereafter, and sales of aluminum nitride ceramics will increase due to a recovery in demand for semiconductor production equipment components.

**[Operating profit] ¥0.4 billion [+¥0.1 billion]**

- Operating profit expected to increase due to the increase in sales.

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

### High-purity metallic arsenic

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

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

**[Market share]**



High-purity metallic arsenic



### Aluminum nitride ceramics

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

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

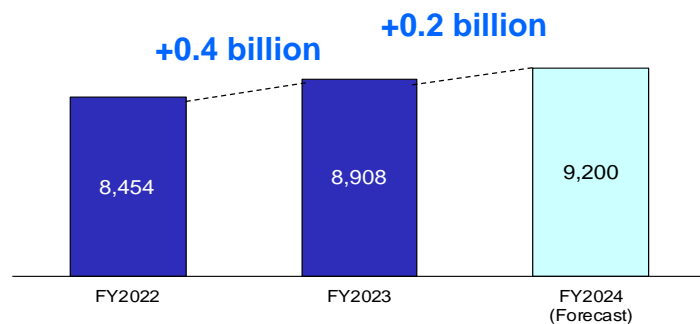
**[Full production]** Awareness as an excellent heat-dissipating materials is spreading. Capital investment has been implemented to increase production to meet future demand growth.



# Results by Segments (Chemicals Segment)



## Net sales (Unit: Million yen)



### - Main factors of FY2023 results

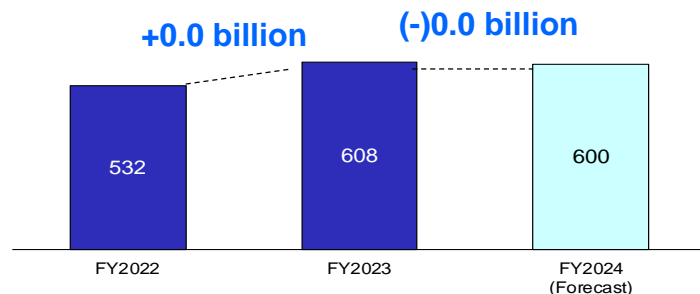
**[Net sales] ¥8.9 billion [+¥0.4 billion]**

- Copper oxide sales flat YoY due to lower demand for package substrates for PCs, smartphones, and servers, despite higher unit prices resulting from higher copper prices and price revisions.
- Cuprous oxide sales up due to higher copper prices and price revisions, in addition to strong demand for ship bottom paints.

**[Operating profit] ¥0.6 billion [+¥0.07 billion]**

- Increased mainly due to higher sales of copper oxide.

## Operating profit (Unit: Million yen)



### - Main factors of FY2024 forecasts

**[Net sales] ¥9.2 billion [+¥0.2 billion]**

- Net sales are expected to increase due to the gradual recovery in demand for copper oxide and other products.

**[Operating profit] ¥0.6 billion [Flat]**

- Operating profit is expected to remain flat YoY due to the impact of higher raw material costs.

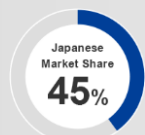
- Ref: Features, destinations, market share, etc. of the main products

### Cuprous oxide

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

[Destinations] Ship-bottom paints manufacturer.

[Market share]



Cuprous oxide



### Cupric oxide

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

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

[Full production] Expected increased demand for package boards due to the miniaturization and high performance of electronic materials. Plan to increase the production capacity of our existing facilities.

### Sulfuric acid

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

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

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

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

## [State of Capital Investment (Consolidated)]

(Unit: Million yen)

Capital Investment	FY2021	FY2022	FY2023	FY2024 (Forecast)
Machinery	2,669	2,125	4,430	3,600
Industrial	1,703	912	2,547	1,000
Rock Drill	247	708	1,025	900
UNIC	718	504	857	1,700
Materials	696	1,571	1,581	1,900
Other	1,413	489	2,001	3,000
Total	4,778	4,187	8,013	8,500

Increase due to the establishment of new medical waste disposal facilities (Expansion of incinerator, total approx. ¥2.8 billion from FY2022 to FY2023) at Gunma Kankyo Recycle Center Co., Ltd., etc.

Construction of the (crane) mounting factory in Nagano Prefecture, etc. (Approx.¥0.4 billion)

Increase due to the establishment of aluminum nitride ceramics production equipment (Total approx. ¥1 billion in the FY2022) in the Electronics segment, etc.

Renewal of facilities at Oita Mining and others in the Metals segment, etc.  
Renewal of sulfuric acid manufacturing equipment in the Chemicals segment, etc.

Acquisition of a rental building in Osaka in the real estate business (approx.¥1.2 billion in the FY2023, approx. ¥2.0 billion in the FY2024)

## [State of Depreciation and Amortization (Consolidated)]

Depreciation and amortization	4,003	4,114	4,387	4,500
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## [State of Research and Development Expenses (Consolidated)]

Research and development expenses	1,336	1,508	1,314	1,400
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## [State of Metal Products, Foreign Exchange Rate (Consolidated)]

		FY2021	FY2022	FY2023	FY2024 (Forecast)
Overseas market price of copper (Average)	¢/pound	439.6	387.9	379.3	408.2
	\$/ton	9,691	8,551	8,362	9,000
JPY rate per US\$ (Average)		112.38	135.47	144.62	145.00

Production and marketing of Furukawa Metals & Resources Co., Ltd.	FY2021	FY2022	FY2023	FY2024 (Forecast)
Copper production (t)	71,149	70,186	48,262	46,601
Copper sale volume (t)	77,402	74,070	53,505	46,525

<About copper production>

- Production volume is expected to decrease due to terminated entrusted smelting contract with Onahama Smelting and Refining Co., Ltd. on March 31, 2023. It will be produced only by Hibi Kyodo Smelting Co., Ltd., which is another contractor.

## [State of Employee (Consolidated)]

	End of Mar. 2022	End of Mar. 2023	End of Mar. 2024	VS End of Mar. 2023
Number of consolidated employee (Persons)	2,804	2,831	2,855	24

# References

## [Consolidated Financial Results]

(Unit: Million yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024(Forecast)
Net sales	161,857	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702	199,097	214,190	188,255	187,700
Operating profit	2,303	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592	7,734	9,031	8,524	8,700
Ordinary profit	993	111	1,231	1,268	2,763	6,150	6,603	6,227	7,202	8,105	8,235	8,135	6,773	8,996	9,348	10,384	8,000
Profit attributable to owners of parent	(-)5,917	585	563	(-)1,659	2,976	3,976	9,793	5,056	4,254	4,774	4,654	4,431	7,468	6,477	6,211	16,097	14,000

## Segment Performance

### [Net sales]

(Unit: Million yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024(Forecast)
Machinery	62,639	44,313	47,025	53,198	56,852	71,111	75,990	72,232	66,803	73,453	77,580	82,691	68,635	76,938	81,658	82,085	87,700
Industrial	15,836	12,783	10,655	12,949	12,894	18,527	16,712	14,926	14,041	15,871	17,971	23,237	16,682	17,723	17,943	15,548	19,100
Rock Drill	29,427	20,386	23,880	24,143	23,305	26,842	30,910	30,076	26,979	30,199	30,372	27,663	24,149	30,910	35,752	38,682	36,200
UNIC	17,375	11,142	12,490	16,105	20,651	25,741	28,367	27,229	25,782	27,381	29,237	31,791	27,804	28,305	27,961	27,853	32,400
Materials	80,175	82,128	92,203	77,917	88,026	90,162	93,270	85,644	78,968	89,987	92,722	79,366	88,203	118,163	126,804	100,388	93,600
Metals	68,786	71,132	79,979	68,114	77,944	78,684	81,513	74,192	67,853	77,334	80,067	67,149	76,094	102,995	111,424	84,712	76,700
Electronics	5,568	5,969	7,147	4,615	4,987	5,381	5,743	5,477	5,816	6,307	6,527	5,506	5,741	7,271	6,926	6,766	7,700
Chemicals	5,820	5,025	5,076	5,187	5,093	6,096	6,013	5,973	5,298	6,344	6,127	6,710	6,367	7,896	8,454	8,908	9,200
Real Estate	2,386	2,043	1,577	1,233	1,058	1,013	2,535	3,045	3,074	3,338	2,999	2,386	2,107	2,115	2,056	1,873	2,100
Other	1,204	854	785	766	753	739	747	876	983	916	814	771	755	1,879	3,671	3,908	4,300
Paints (*1)	—	3,692	15,040	14,874	15,078	—	—	—	—	—	—	—	—	—	—	—	—
Fuels (*2)	15,452	9,893	9,004	9,576	3,770	—	—	—	—	—	—	—	—	—	—	—	—
Total	161,857	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702	199,097	214,190	188,255	187,700

### [Operating profit]

(Unit: Million yen)

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024(Forecast)
Machinery	1,733	(-)3,022	(-)566	1,970	2,923	5,333	6,551	5,882	3,580	5,083	6,567	7,343	3,968	4,679	6,093	5,696	7,400
Industrial	767	433	(-)29	708	778	1,851	1,711	1,037	104	1,005	2,088	3,208	2,113	1,396	1,515	389	1,900
Rock Drill	255	(-)2,584	(-)350	333	(-)67	341	1,225	2,217	897	1,782	1,689	142	(-)1,324	1,117	3,030	4,148	3,100
UNIC	710	(-)870	(-)186	928	2,212	3,141	3,614	2,627	2,578	2,295	2,789	3,992	3,180	2,165	1,547	1,158	2,400
Materials	229	3,985	3,044	325	324	1,695	1,770	983	1,870	1,648	1,396	776	1,040	2,349	2,309	2,765	1,000
Metals	23	3,224	1,494	308	282	1,503	1,449	1,154	1,738	867	581	301	499	940	11,276	1,945	0
Electronics	4	657	1,279	(-)234	(-)262	(-)123	52	(-)368	17	330	407	(-)35	161	666	500	212	400
Chemicals	201	104	269	251	304	315	267	197	114	451	406	510	380	743	532	608	600
Real Estate	706	1,128	635	356	219	(-)43	776	1,276	1,265	1,339	1,163	735	736	743	835	470	600
Other	(-)304	(-)376	(-)92	(-)93	(-)63	(-)60	(-)130	(-)72	(-)126	(-)196	(-)147	(-)94	(-)82	17	(-)133	(-)293	(-)200
Paints (*1)	—	(-)19	(-)93	(-)329	65	—	—	—	—	—	—	—	—	—	—	—	—
Fuels (*2)	202	(-)29	(-)56	(-)13	(-)28	—	—	—	—	—	—	—	—	—	—	—	—
Adjustment	(-)264	(-)69	(-)49	(-)60	(-)78	(-)39	(-)42	(-)80	(-)44	(-)55	(-)64	(-)68	(-)71	(-)54	(-)73	(-)114	(-)100
Total	2,303	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592	7,734	9,031	8,524	8,700

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

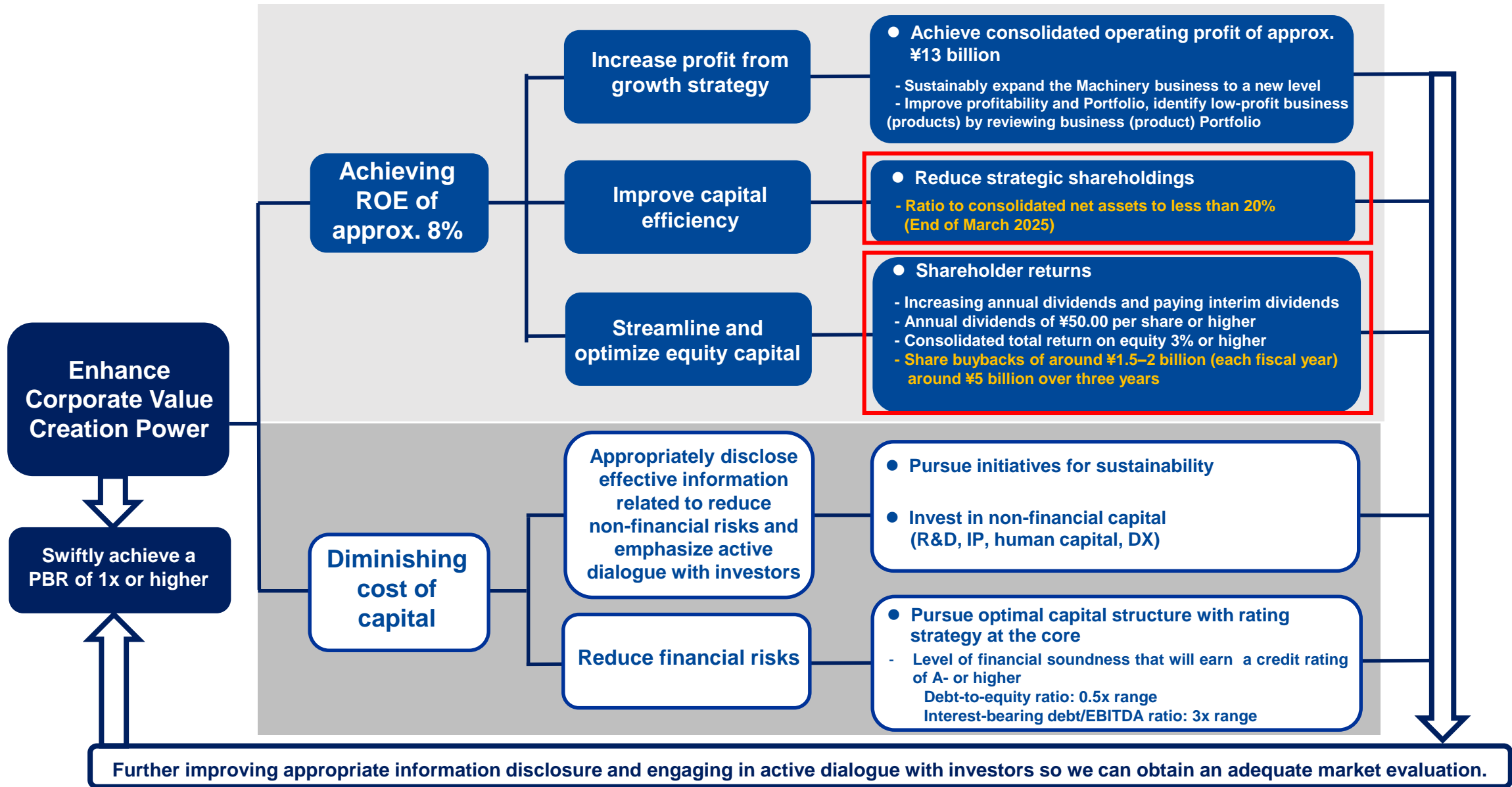
\*2 Withdrew from the Fuels business by transferring shares of Furukawa Commerce Co., Ltd. in October 2012.

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

LME copper price (US\$/ton)	5,864	6,101	8,139	8,485	7,855	7,104	6,554	5,215	5,154	6,444	6,341	5,860	6,879	9,691	8,551	8,362	9,000
JPY rat per US\$	100.54	92.85	85.71	79.07	83.10	100.24	109.93	120.13	108.42	110.85	110.91	108.74	106.06	112.38	135.47	144.62	145.00

# Intentionally Blank

# Initiatives to Enhance Our Corporate Values





# Achieving ROE of Approx. 8% - Reduce Strategic Shareholdings -

## - Policies on reducing strategic shareholdings\* (Medium-Term Business Plan 2025)

We closely examine each individual holding to determine its purpose and whether the benefits and risks associated with holding it are commensurate with the cost of capital. At the same time, we are working to reduce the amount of holdings by making comprehensive and careful examinations, including qualitative and quantitative judgments, and selling shares deemed no longer necessary.

### [Establishment of Target for Reducing ratio of Strategic Shareholdings to consolidated net assets]

**Feb. 2024**

**Set and announced the new reduction targets  
[Reducing the ratio to less than 20% by March 31, 2026]**

**May 2024**

**Reduction target was revised one year ahead of schedule.  
[Reduce the ratio to less than 20% by March 31, 2025]**

\* Strategic shareholdings  
Total amount of investment shares (in the Consolidated Balance Sheets) held for purposes other than pure investment (includes unlisted shares, but excludes shares in nonconsolidated subsidiaries and affiliates) + Shares deemed to be held for such purposes

## - Plan to utilize funds generated by the reduction of strategic shareholdings

### [Increase the amount share buybacks]

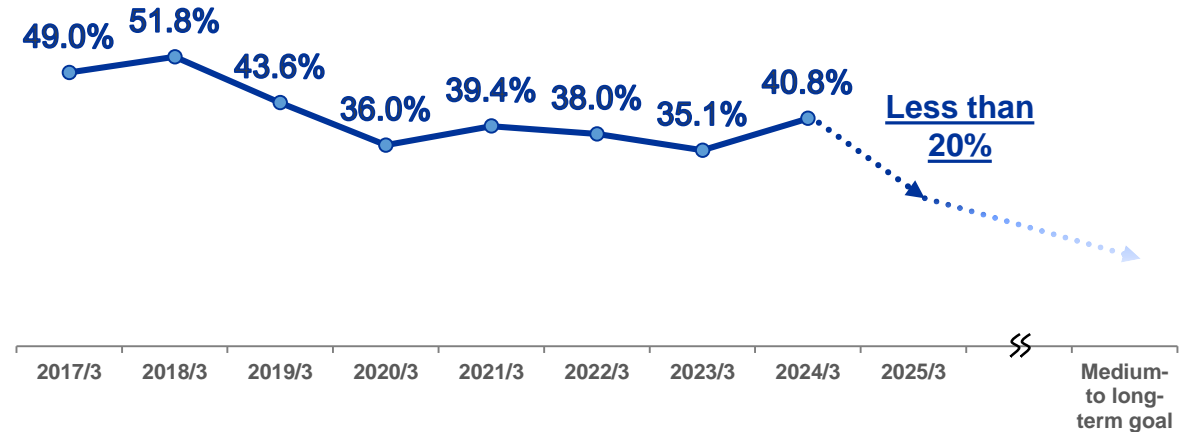
**In May 2024, increased the target amount of share repurchases over three years from around ¥3 billion to around ¥5 billion. (Increase from around ¥1.0 billion to ¥1.5-2 billion each fiscal year.)**

### [Plans for growth investments such as M&A and environmental investments]

In addition to growth investments such as M&A, we plan to use the funds for environmental investments related to carbon neutrality and environmental preservation.

\*Our roadmap toward carbon neutrality will be developed and announced by the end of FY2024 (one year ahead of schedule).

Strategic shareholdings reduction timeline



- At the time of the announcement in February 2024, we expected the ratio of strategic shareholdings to consolidated net assets to decline from 35.1% on March 31, 2023, to around 32% by March 31, 2024. Although some of the shares were sold, due to rising prices of listed shares, however, the ratio rose to 40.8% on March 31, 2024.

- In fiscal 2024, we plan to sell strategic shareholdings worth approximately ¥15 billion\*, which will bring the ratio down to less than 20% by March 31, 2025.

\*Estimated amount calculated from the price of strategic shareholdings as of March 31, 2024.



# Achieving ROE of Approx. 8% - Shareholder Returns -

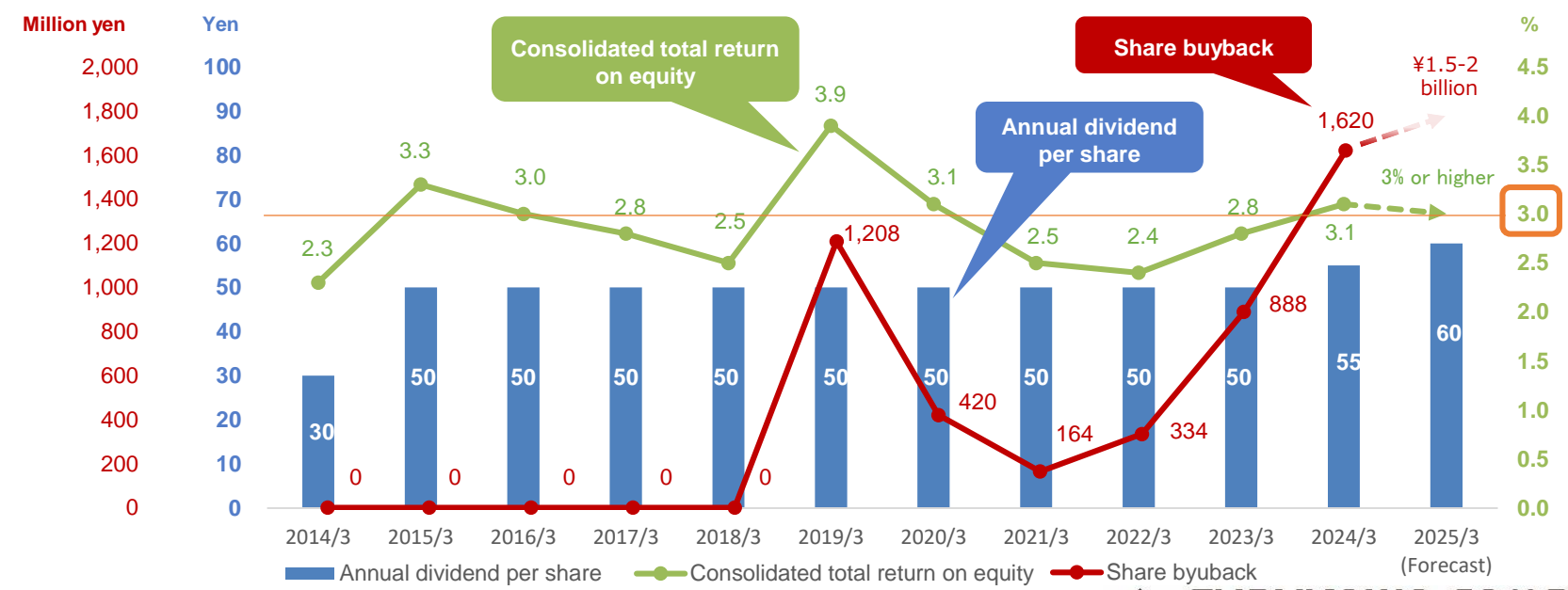
## Expanding shareholder returns

### - Dividend

- Dividend policy: In principle, we aim to pay annual dividends of ¥50.00 per share or higher with a consolidated total return on capital of at least 3%.
- FY2023 **Increased annual dividends to ¥55.00** from the recent forecast of ¥50.00.
- FY2024 **Plans to increase the annual dividend to ¥60 per share** (¥30 interim dividend and ¥30 year-end dividend).

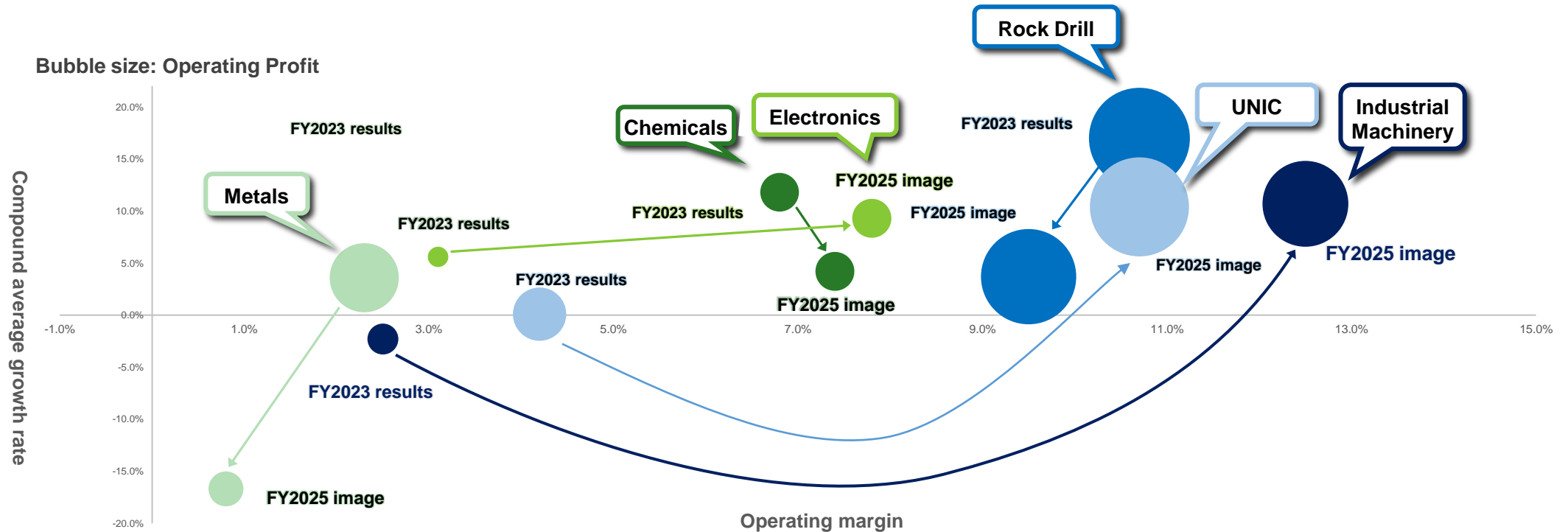
### - Share buybacks

- In line with the reduction of strategic shareholdings, the target for acquisition in each fiscal year will be **increased** from around ¥1.0 billion to around ¥1.5-2 billion.  
Total of around ¥3.0 billion in the three years ⇒ **Increased to around ¥5.0 billion in the three years**



# Earnings Plan (Comparison to FY2023 Results and FY2025 Image)

- Rock Drill machinery segment achieved the goals of the Medium-Term Business Plan 2025 ahead of schedule due to strong performance in North America and the impact of the yen's depreciation.
- Industrial machinery and UNIC machinery segments saw a decrease in profits in FY2023, and the gap with the Medium-Term Business Plan 2025 is widening.



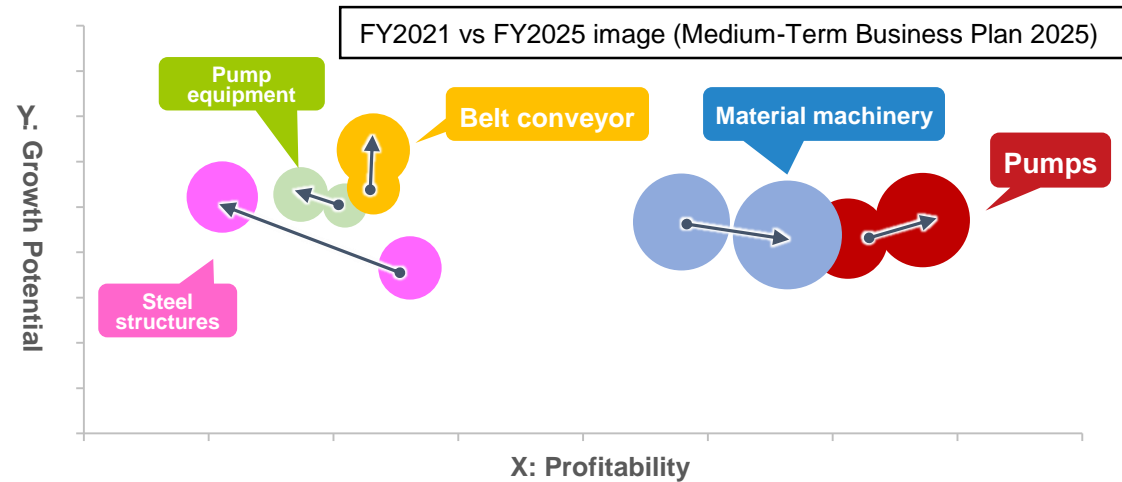
		Operating margin	Compound average growth rate	Operating profit (Million yen)	Sales (Million yen)
● Industrial Machinery	FY2023 results	2.5%	-2.3%	389	15,548
	FY2025 image	12.5%	10.7%	3,000	24,000
● Rock Drill	FY2023 results	10.7%	17.0%	4,148	38,682
	FY2025 image	9.5%	3.7%	3,700	39,000
● UNIC	FY2023 results	4.2%	0.1%	1,158	27,853
	FY2025 image	10.7%	10.4%	4,000	37,500

		Operating margin	Compound average growth rate	Operating profit (Million yen)	Sales (Million yen)
● Metals	FY2023 results	2.3%	3.6%	1,945	84,712
	FY2025 image	0.8%	-16.7%	500	63,500
● Electronics	FY2023 results	3.1%	5.6%	212	6,766
	FY2025 image	7.8%	9.3%	700	9,000
● Chemicals	FY2023 results	6.8%	11.8%	608	8,908
	FY2025 image	7.4%	4.2%	700	9,500

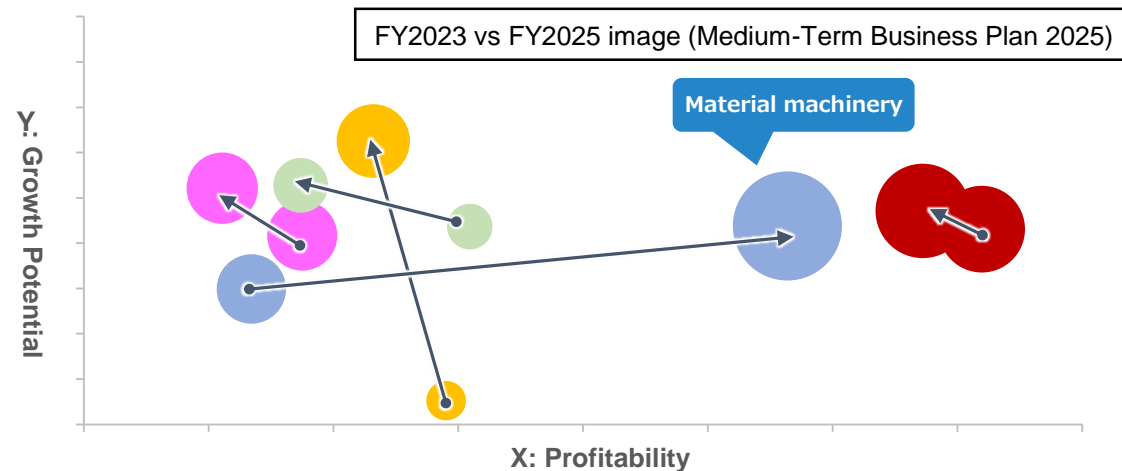
[Exchange assumptions] FY2023 results: 144.6 ¥/\$, FY2025 image : 135.0 ¥/\$

# Achieving ROE of Approx. 8% - Growth Strategy (Industrial Machinery) -

Business (product) portfolio presented in the Medium-Term Business Plan 2025



Business (product) portfolio compared to FY2023 results



## - Close-up of Major Measures

### [Material machinery]

- Aiming to expand market share and increase stock with the GEOPUS series of strategic machines to meet the demand for renewal of aging equipment.

West Japan -> Expand market share from 10% to 15%

Strengthening our sales structure in the Chugoku and Shikoku regions (Establish base in FY2023, increasing personnel).

Already selected targets mainly for replacing other companies' machines.

East Japan -> Maintain a 20% market share

Already selected targets for further replacement of our own and other companies' machines and new installations.

#### Strategic machines (GEOPUS series)



**Crushers**  
Identify issues at crushers that affect the productivity of our customers and propose the introduction of strategic machines.  
Lead to a stock business



**Screens**  
As a stepping stone to the introduction of crushers, building relationships with new customers by introducing a new type of screen.

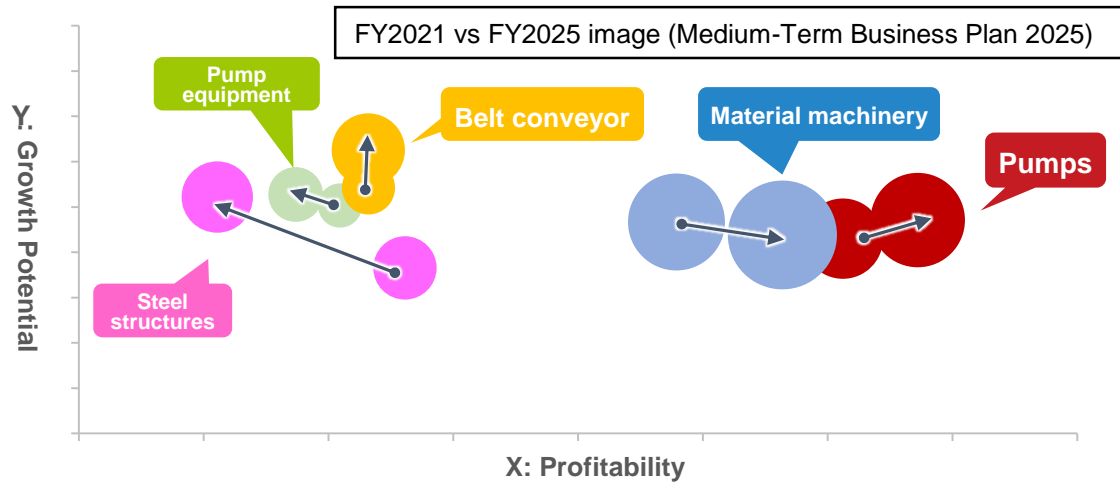
- Aim to build a new business model utilizing IoT.

Monitoring machine condition, promoting preventive maintenance, and supporting productivity improvement.

- In light of the additional cost incurred in FY2023 due to construction delays at material machinery, we will implement strict risk management through a segment-wide matrix organization.

# Achieving ROE of Approx. 8% - Growth Strategy (Industrial Machinery) -

Business (product) portfolio presented in the Medium-Term Business Plan 2025



## - Close-up of Major Measures

### [Belt conveyor]

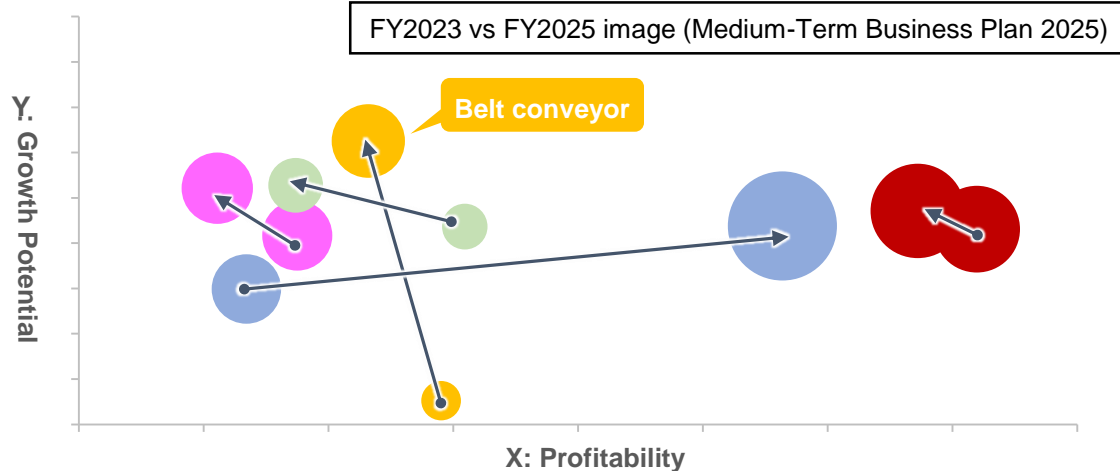
Promote the belt conveyor as a problem-solving sediment conveying method. Contribute to the 2024 problem and CO2 reduction.

- The number of specific inquiries are increasing.
  - Project related to the construction and renewal of dams
  - Project related to the river flood control
  - Others

The total estimated value of the projects is approximately ¥10 billion, based on the inquiries that are currently emerging.

-> Aim to win orders for these projects in FY2024 and FY2025.

Business (product) portfolio compared to FY2023 results



Dam steep inclination demonstration machine  
Enclosed hanging conveyor (SICON®)

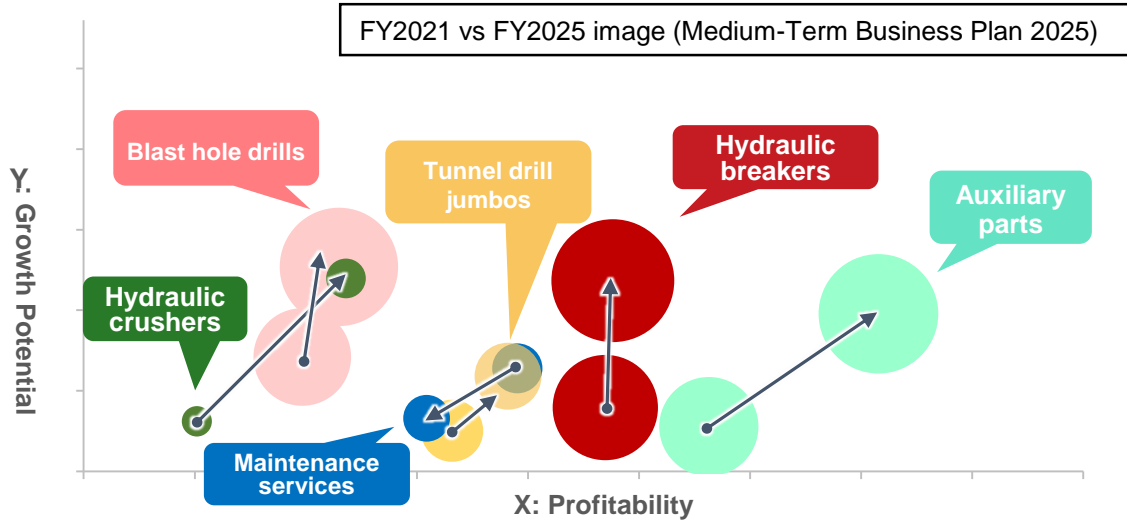


Examples of river flood control  
(Regulating reservoir construction)  
Enclosed hanging conveyor (SICON®)



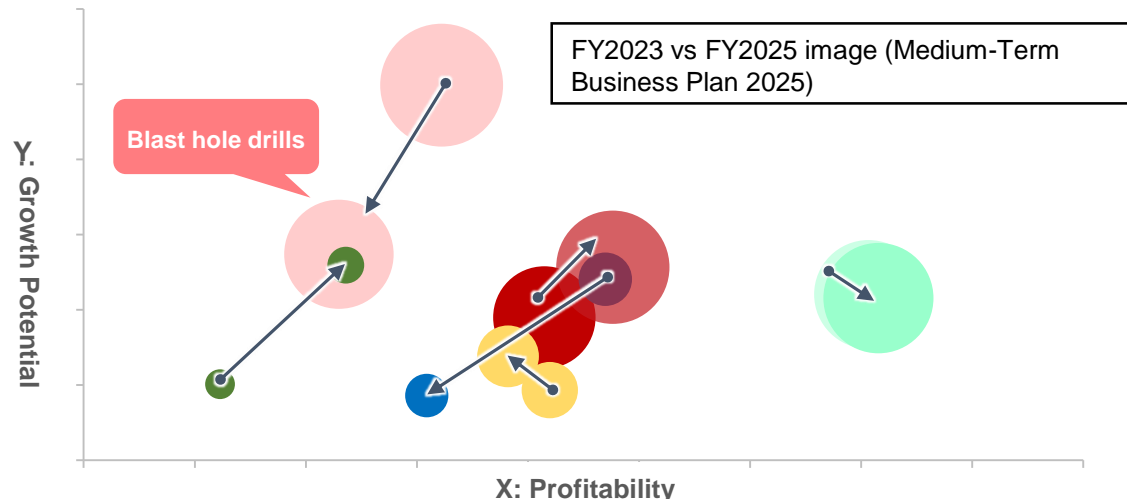
# Achieving ROE of Approx. 8% - Growth Strategy (Rock Drill Machinery) -

Business (product) portfolio presented in the Medium-Term Business Plan 2025



[Exchange assumptions]  
FY2021 results: 112.4 ¥/\$, FY2023 results: 144.6 ¥/\$, FY2025 image : 135.0 ¥/\$

Business (product) portfolio compared to FY2023 results



Basic strategies and key priorities of the Medium-Term Business Plan 2025, see "Medium-Term Business Plan 2025" Page18 to 19.

Click here for Business Briefing of Rock Drill Segment [https://www.furukawakk.co.jp/ir/library/pdf/Pre\\_157M.pdf](https://www.furukawakk.co.jp/ir/library/pdf/Pre_157M.pdf)

## - Close-up of Major Measures

**[Blast hole drills\*]** \*General term for hydraulic/pneumatic crawler drills, down-the-hole drills, and attachment drills.  
Japan

- Launched a machine with a semi-automatic drilling function in 2023 to solve the shortage of operators.

-> Contribute to solving our clients' problems of "difficulty in securing skilled operators".

Overseas

North America -> Concentrated production and sales

Established western base in FY2023. Reduce transportation time and costs, and strengthen price competitiveness.

Enhance sales to blasting contractor.

-> In FY2024, decrease as a reaction to the large increase in the previous year. Predict a recovery in demand in 2025.

Southeast Asia -> Create a quarry market (Working to foster a market for hydraulic crawler drills)

Introduced the attachment drills, which is the first machine to guide from pneumatic to hydraulic for the creation of a quarry market directly linked to infrastructure investment.

Won orders in five countries in FY2023, mainly in Indonesia.

-> Further strengthen demonstration activities (At least 30 locations in 4 countries in FY2023) and the development of new dealers, and in the future, we aim to create a quarry market in Southeast Asia as the third market following North America and Europe.



Hydraulic crawler drill with a semi-automatic drilling function



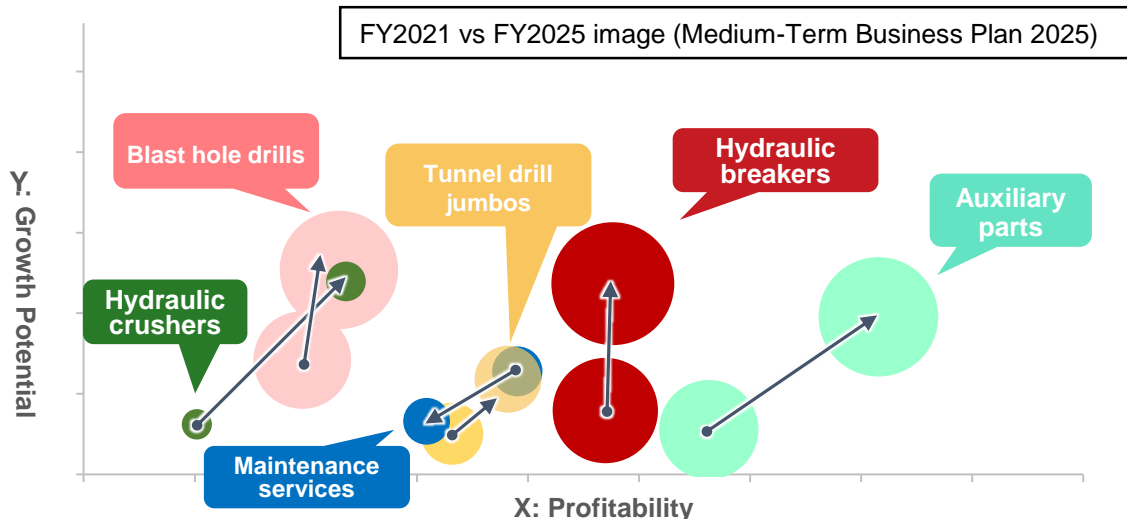
The western base in North America



Attachment drills

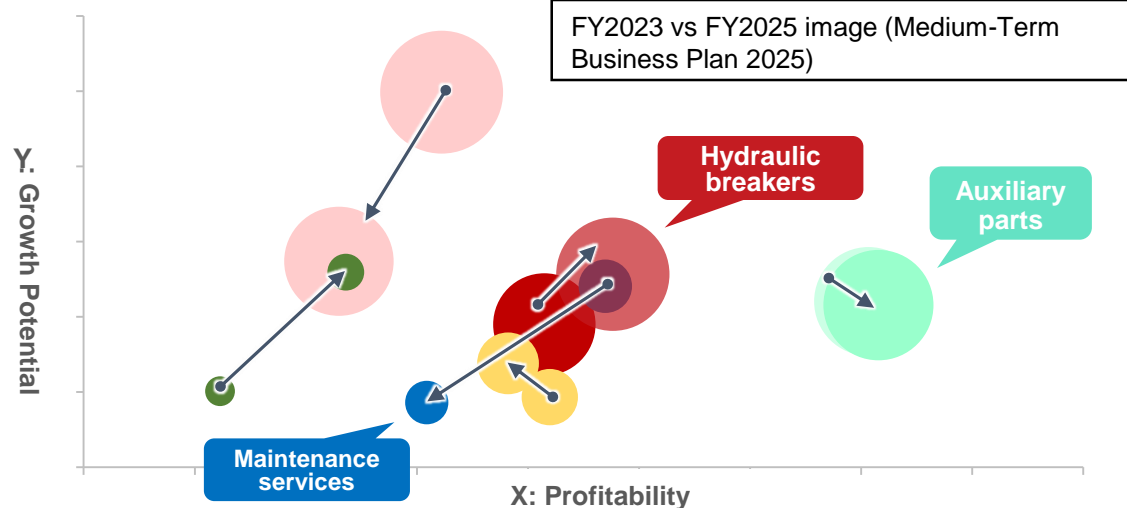
# Achieving ROE of Approx. 8% - Growth Strategy (Rock Drill Machinery) -

Business (product) portfolio presented in the Medium-Term Business Plan 2025



[Exchange assumptions]  
FY2021 results: 112.4 ¥/\$, FY2023 results: 144.6 ¥/\$, FY2025 image : 135.0 ¥/\$

Business (product) portfolio compared to FY2023 results



Basic strategies and key priorities of the Medium-Term Business Plan 2025, see "Medium-Term Business Plan 2025" Page18 to 19.

Click here for Business Briefing of Rock Drill Segment [https://www.furukawakk.co.jp/ir/library/pdf/Pre\\_157M.pdf](https://www.furukawakk.co.jp/ir/library/pdf/Pre_157M.pdf)

## - Close-up of Major Measures

### [Hydraulic breakers]

Japan

- Concentrate on developing super-large hydraulic breakers for the demolition market in the Tokyo metropolitan area.
- > Strengthen our presence in the demolition market by increasing our market share of super-large breakers in the Tokyo metropolitan area.

Overseas

- Expand sales of super-large breakers in North America.
- Expand sales of hydraulic breakers in the major European markets (France, the UK, Italy, Germany), and developing demand in Eastern Europe with a view to the reconstruction of Ukraine.



### [Auxiliary parts]

- Promote sales of auxiliary parts by strengthening free-of-charge inspections and purpose-specific maintenance proposals in line with the status of machines in operation and customer requests.
- Established a western base in North America in FY2023.
- > Strengthen our customer support business through a fixed price maintenance program for hydraulic breakers and other products, and by strengthening our immediate delivery system.

### [Maintenance services]

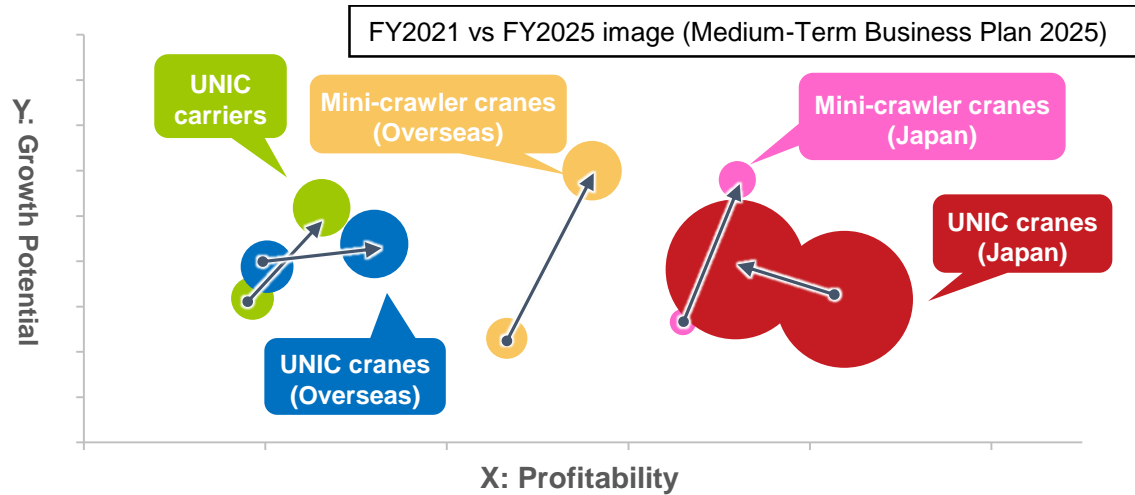
- Established an operating company in 2023 to directly provide maintenance services for blast hole drills and products in the North Kanto region.
- > Serve as a place to develop and strengthen our mechanic personnel.

### [Customer support]

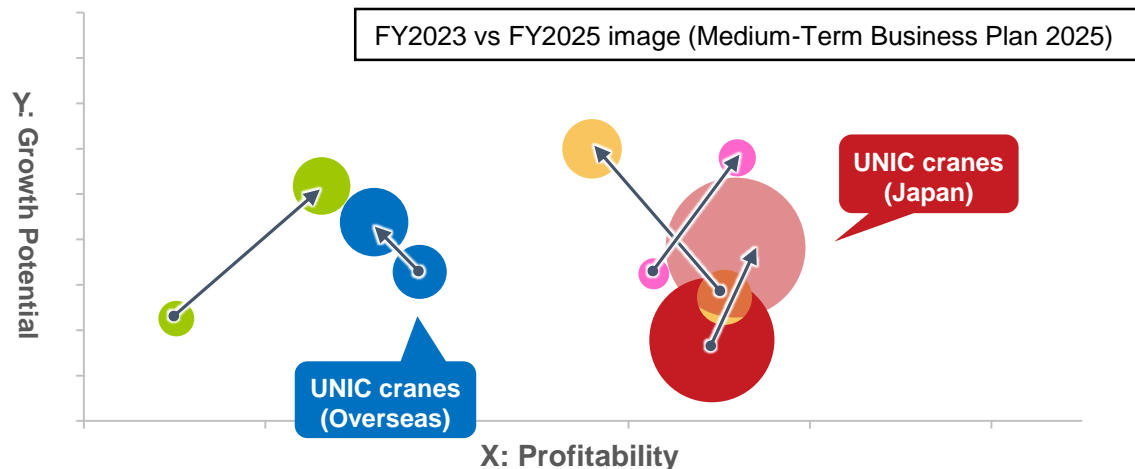
- Support customers' productivity improvement (customer success) through the operation support system.
- Based on the data obtained from the operation support system, launch two paid services in FY2023.
  1. Report Delivery: Analyzes operation data and delivers reports.
  2. Drill Operation: Analyzes drilling operation data and provides guidance on improving drilling operation efficiency
- > Strengthen the development and sale of these intangible services that support the success of customers' businesses and support our customers throughout their life cycle.

# Achieving ROE of Approx. 8% - Growth Strategy (UNIC Machinery) -

Business (product) portfolio presented in the Medium-Term Business Plan 2025



Business (product) portfolio compared to FY2023 results



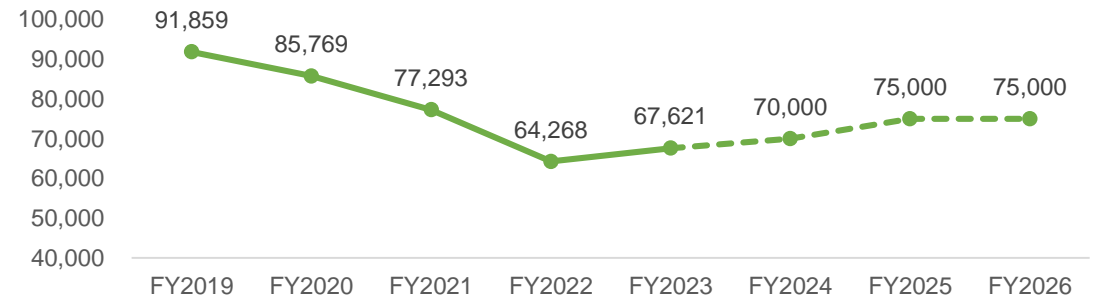
## - Close-up of Major Measures

### [UNIC cranes]

Japan

- Expand sales of superior products such as joystick-type radio-controlled cranes.
- Reflect cost increases in selling prices.
- Improve our mounting system (Increased production at Sakura Works, Construction of the mounting factory in Nagano Prefecture).
- Shift to electric truck vehicles (Reinforcing development system for the future).

### Registered number of standard trucks



Delivery time for the front-end process of crane installation has lengthened considerably

Pre COVID-19  
2 to 3 months



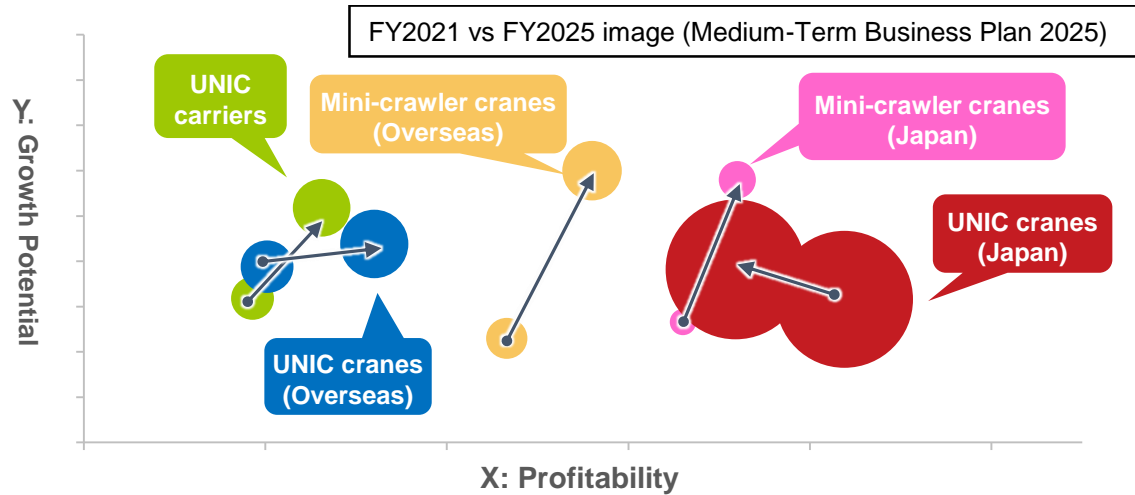
After COVID-19 (Present time)  
Prolonged to around 1 year  
Expected to take the entire year of 2024 to be resolved

Overseas

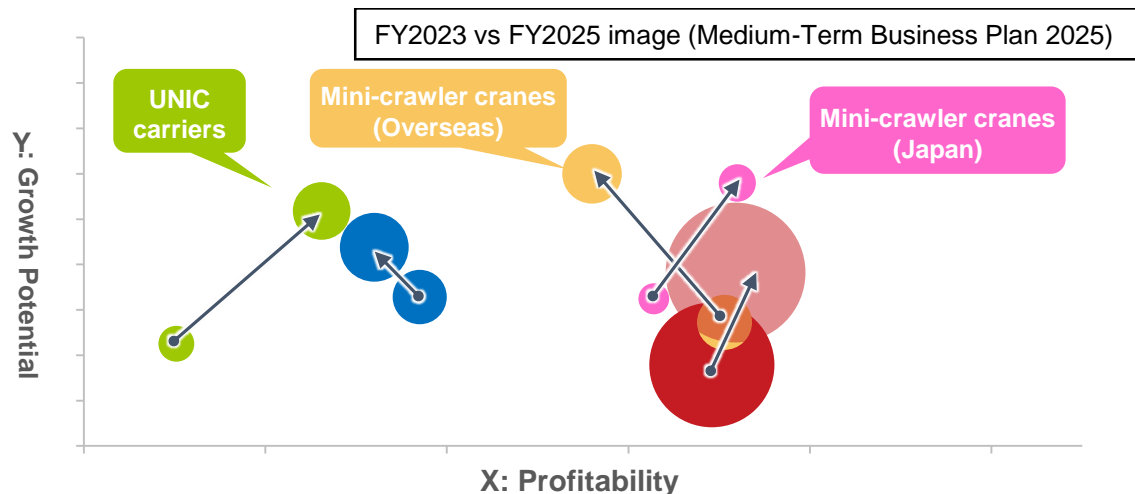
- Expand sales of large and super-large UNIC cranes in the Southeast Asian and Middle Eastern markets.
- Build a network of dealers (Upgrading dealers in existing regions, establishing dealers in future markets)
- Expand the functions of models sold, develop new products for the future.

# Achieving ROE of Approx. 8% - Growth Strategy (UNIC Machinery) -

Business (product) portfolio presented in the Medium-Term Business Plan 2025



Business (product) portfolio compared to FY2023 results



## - Close-up of Major Measures

### [Mini-crawler cranes]

Japan

- Cultivate the market and increasing sales with new electric mini-crawler cranes for overseas markets (Scheduled to be launched in FY2024).
- Start nationwide sales of cranes for residential construction (In FY2024).

Overseas

- Expanding sales of the new electric mini-crawler crane (UM325C) launched in Europe.
- Increasing sales of large mini-crawler cranes in North America.
- Cultivating demand in Southeast Asia by preparing demo equipment at dealers and strengthening promotions.



New electric mini-crawler crane (UM325C)



Cranes for residential construction

### [UNIC carriers]

- Introduce a new flat-type model of UNIC carrier which help to increase sales share (Scheduled to be launched in FY2024).



Flat-type model of UNIC carrier



# Cautionary Notes Regarding Forward-Looking Statements

This document contains forward-looking statements including forecasts, expectations, assumptions, plans, acknowledgements and evaluations regarding the Company and the Group. These statements are based on the information the Company has obtained as of the publication date and on assumptions the Company believes are reasonable. The forward-looking statements in this document and their implications may differ materially from actual results because the assumptions of the Company and the conclusions that it has reached are subjective in nature and the business environment and business activities are subject to latent risks and uncertainties. Latent risks and uncertainties that may affect the Company's forward-looking statements are explained in, but not limited to, the Company's Annual Securities Reports and the "Business Risks" section of the Company's corporate website.

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Thank you for your understanding and continued support.



 **FURUKAWA CO.,LTD.**



# Medium-Term Business Plan 2025

Complete Realization of Vision for 2025

Briefing for the Medium-Term Business Plan

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May 30, 2023

\*May 13, 2024

Page 10: Revised the amount of share buybacks  
Revised target for reduction of strategic  
shareholdings

\*February 9, 2024

Page 10: Added target for reduction of strategic shareholdings

# 1



## Review of Medium-Term Business Policy 2022

- (1) Review of Performance Indicators
- (2) Performance Highlight

# 2



## Theme & Positioning of Medium-Term Business Plan

- (1) Management Philosophy of the Furukawa Company Group
- (2) The Value Creation Process of the Furukawa Company Group
- (3) Complete Realization of Vision for 2025
- (4) Promote Cost of Capital and Stock Price Conscious Management
- (5) Growth Strategy

# 3



## Earning Plan / Capital Policy

- (1) Summary of Earnings plan / Capital policy
- (2) Review of Business Portfolio
- (3) Earnings Plan

# 4



## Strategies and Key Priorities Issues by Segment

- (1) **Machinery** Industrial Machinery / Rock Drill Machinery / UNIC Machinery
- (2) **Materials** Electronics / Chemicals / Metals
- (3) **Real estate business**

# 5

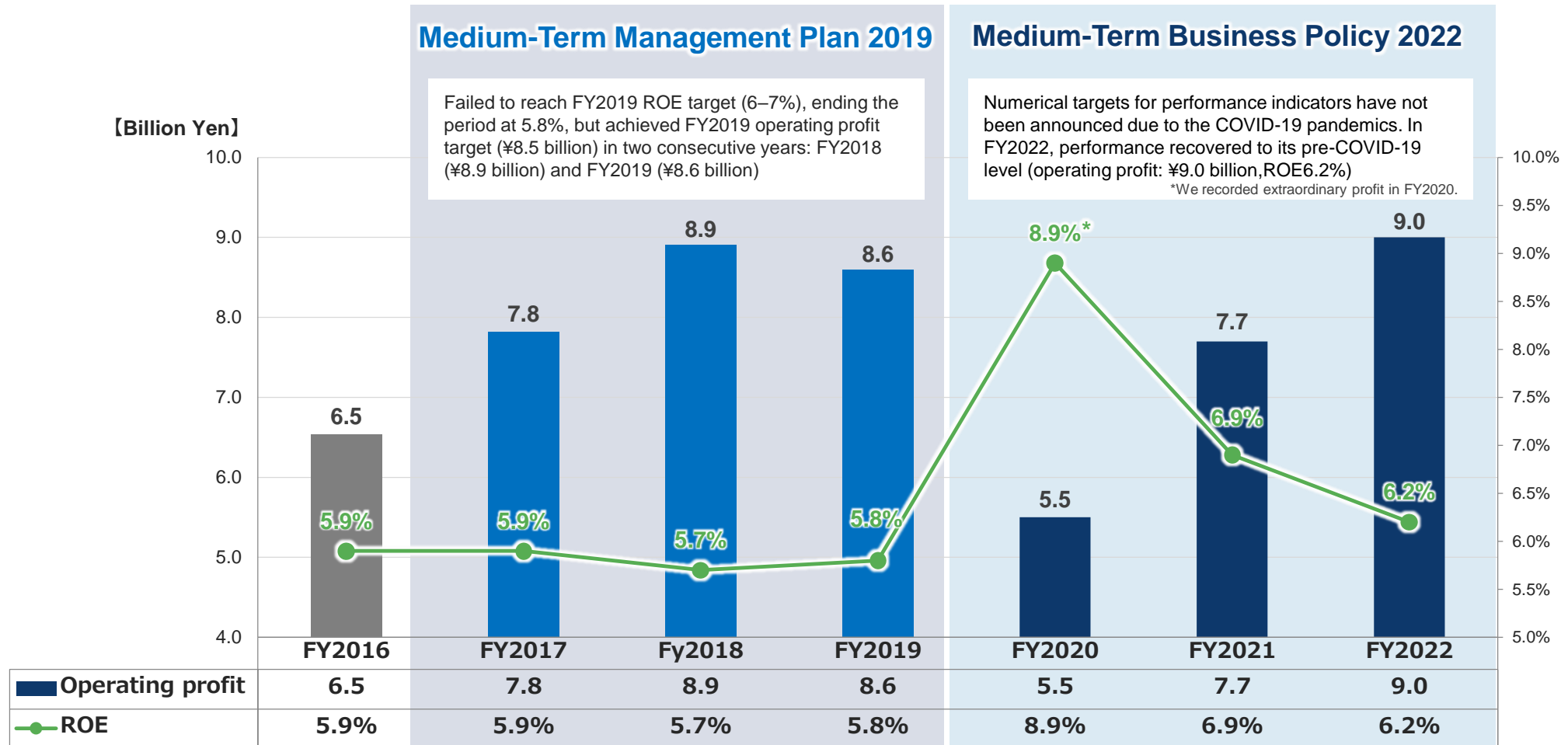


## Sustainability / Allocation of Management Resources

- (1) Sustainability Initiatives
- (2) Allocation of Management Resources, etc.

# (1) Review of Performance Indicators

- Established a robust earnings foundation with the Machinery business as the core business  
Performance recovered to pre-COVID-19 levels despite previous deterioration due to the pandemic



General note: In this document, we describe “FY202x” as the year starting April 1, 202x, and ending March 31 in the following year.



# (2) Performance Highlight

- Rock Drill Machinery segment strengthened and rebuilt its overseas marketing capabilities and achieved a V-shaped recovery in earnings as a result
- In the Metals segment, terminated our entrusted copper smelting contract with Onahama Smelting and Refining Co., Ltd. Proceed with the radical reform of the entrusted smelting business

## Compared to results for FY2016, FY2019, FY2022

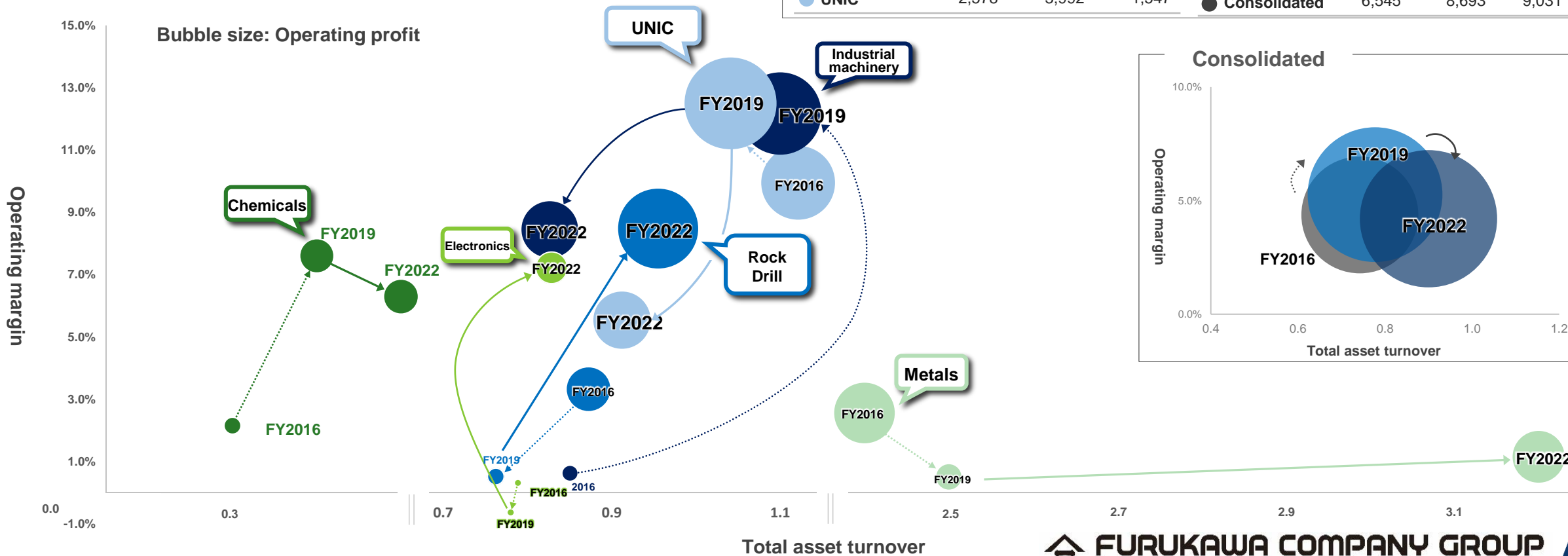
ROA(Operating Profit), Total Asset Turnover, Operating margin, Operating profit

Operating profit (Unit: Million yen)

	FY2016	FY2019	FY2022
● Industrial	104	3,208	1,515
● Rock Drill	897	142	3,030
● UNIC	2,578	3,992	1,547

	FY2016	FY2019	FY2022
● Metals	1,738	301	1,276
● Electronics	17	(-)35	500
● Chemicals	114	510	532
● Consolidated	6,545	8,693	9,031



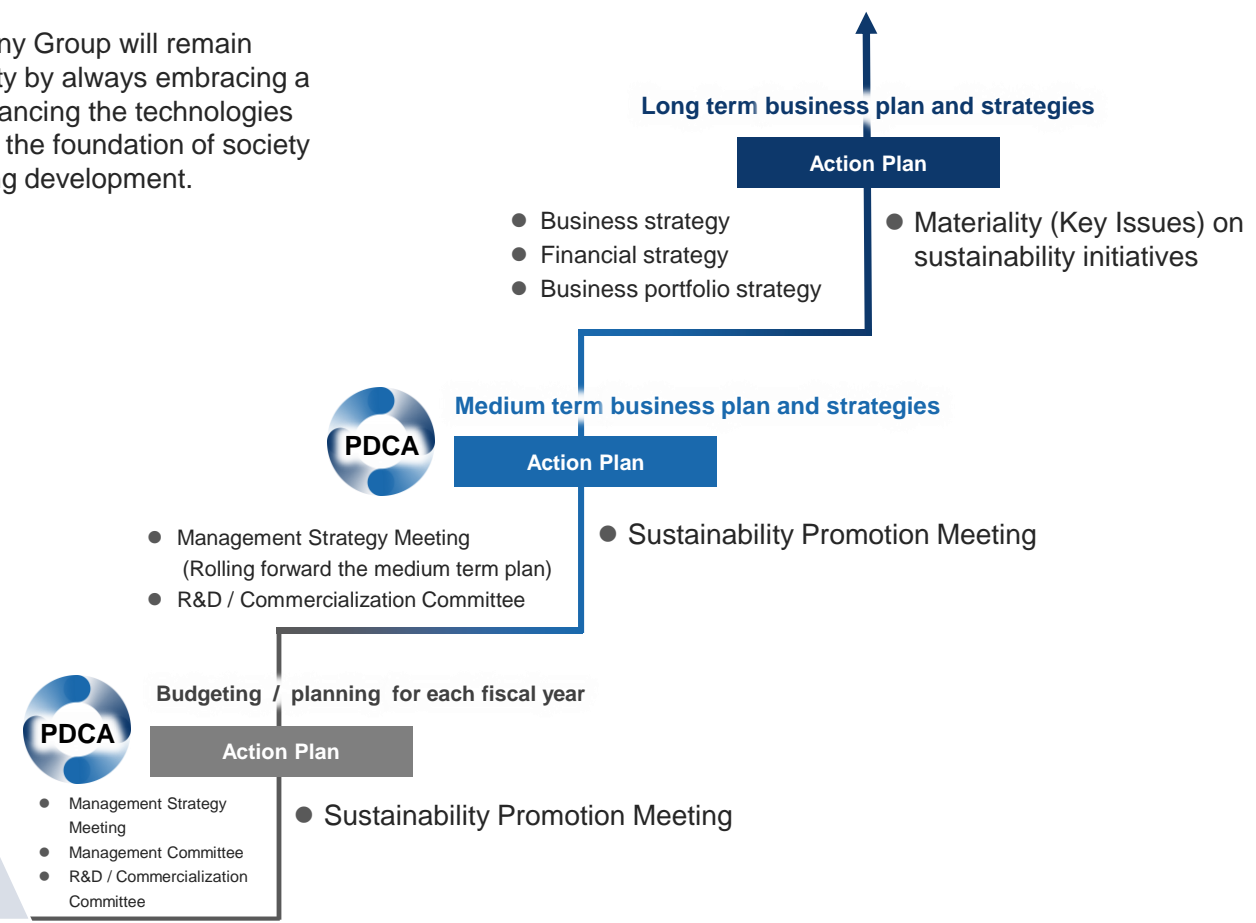
**Management Philosophy**

The Furukawa Company Group will remain indispensable to society by always embracing a spirit of challenge, advancing the technologies that have underpinned the foundation of society that originated in mining development.

**Vision for 2025**

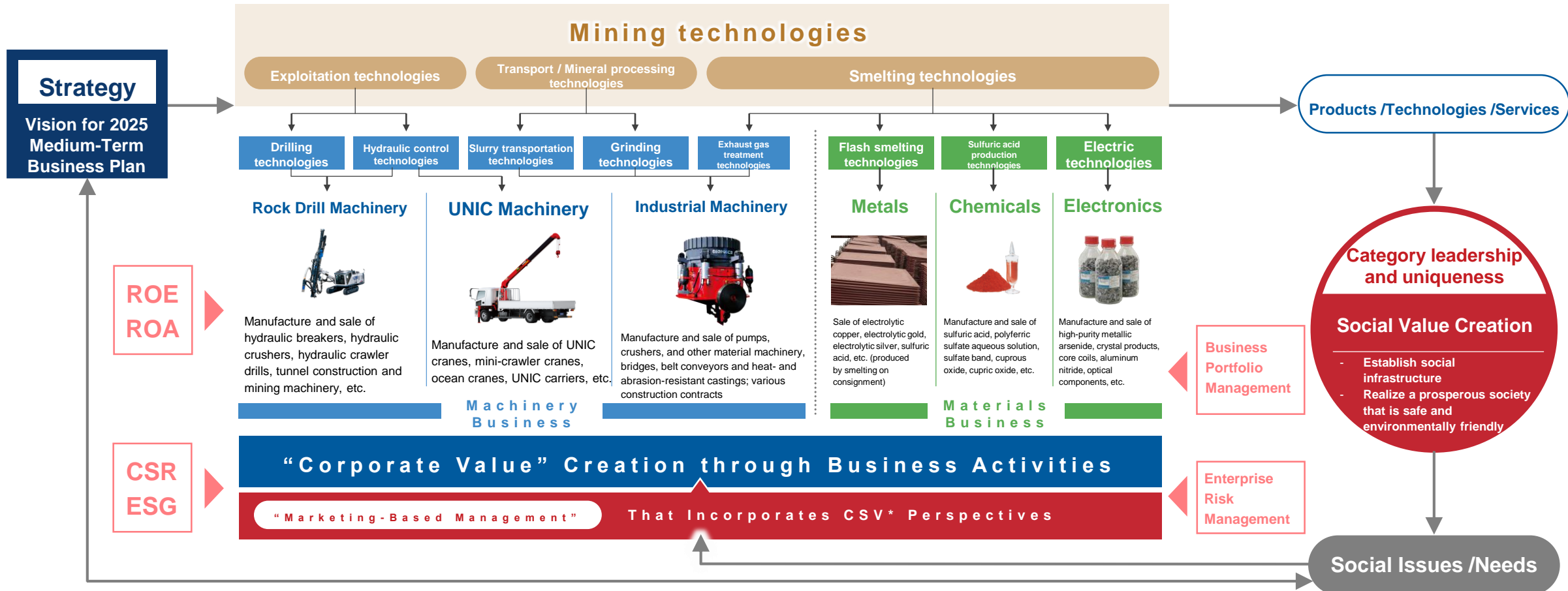
**FURUKAWA Power & Passion 150**

**Action guidelines**  
Innovation Creativity Harmony



# Management Philosophy

The Furukawa Company Group will remain indispensable to society by always embracing a spirit of challenge, advancing the technologies that have underpinned the foundation of society that originated in mining development.



\*CSV... For the Furukawa Company Group, creating shared value (CSV) means creating “corporate value” by providing infrastructure, products, technologies, services, and the like that help resolve social issues. It also means fostering the creation of “social value” by improving social infrastructure and realizing a safe, environmentally friendly, and prosperous society.

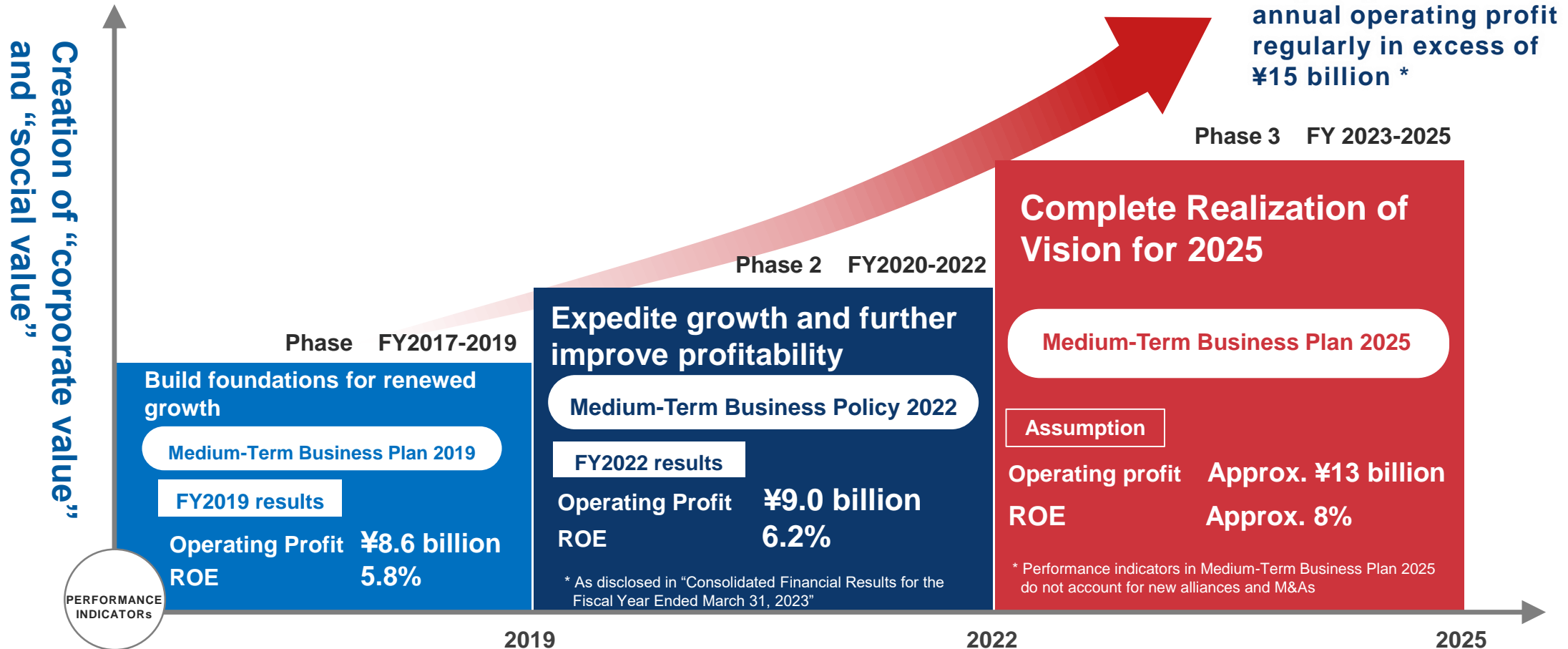


# (3) Complete Realization of Vision for 2025

Vision for 2025(Ideal image for 150th anniversary of our founding)\*  
Become a corporate group that leverages its reputation for category leadership and uniqueness deliver growth

- Leverage our unrivalled, distinctive technological capabilities to deliver growth in areas where we can demonstrate our Group strengths
- Differentiate ourselves by practicing "marketing-based management" that incorporates CSV perspectives
- Maintain and enhance our earnings base
- Increase our value as a company needed by society

\*Established November, 2015



- Swiftly achieve a PBR of 1x or higher by delivering sustainable growth and medium to long term enhancement of corporate value
- Take concrete measures to achieve ROE of approximately 8% and diminish the cost of capital
- Appropriately disclose information and pursuing active dialogue with investors

### Specific initiatives to expand and to strengthen our corporate value creation power:

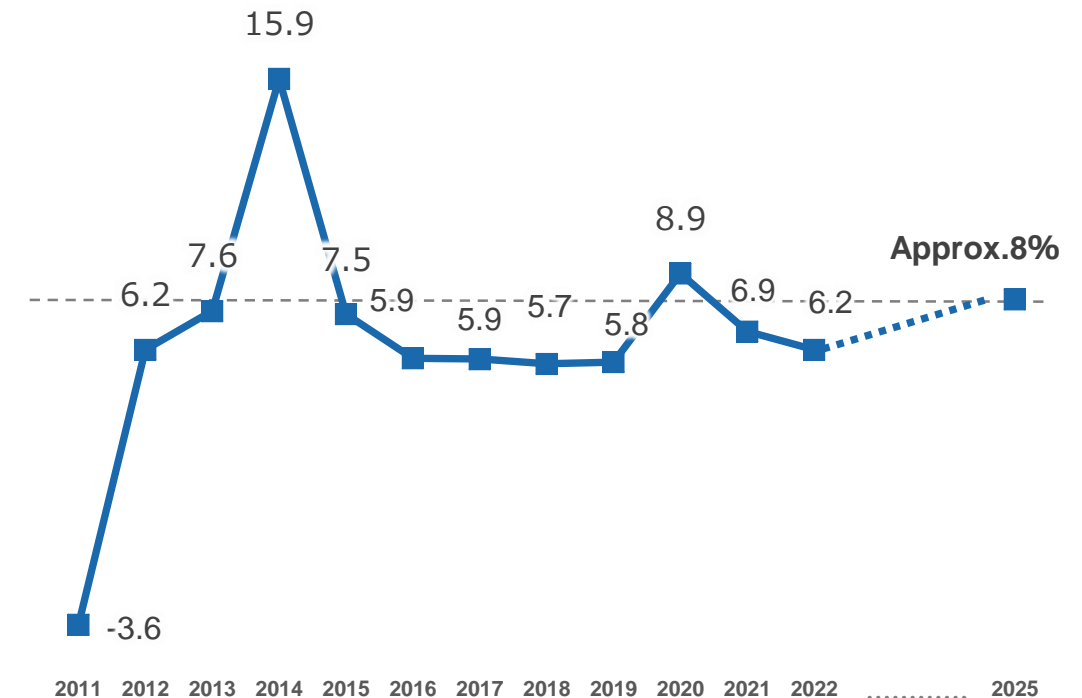
#### Achieving ROE of approx. 8%

- Achieve consolidated operating profit of approx. ¥13 billion in FY2025
- Improve capital efficiency
  - Reduce strategic shareholdings
- Streamline and optimize equity capital
  - Shareholder return

#### Diminishing cost of capital

- Appropriately disclose effective information related to reduce non-financial risks and emphasize active dialogue with investors
  - Pursue initiatives for sustainability
  - Invest in non-financial capital (R&D, intellectual property, human capital, DX)
- Reduce financial risks
  - Pursue optimal capital structure with rating strategy at the core

#### Transition of ROE



## ■ Concentrate management resources on Machinery business to increase returns

**Basic policies** Practice “marketing-based management” that incorporates CSV perspectives

**Machinery business, positioned as the core business**

- **Establish social infrastructure**  
Develop infrastructure that helps address social issues in such areas as preventing and mitigating disasters, which are increasing due to climate change
- **Realizing a prosperous society that is safe and environmentally friendly**  
Provide products, technologies, services, and other solutions to ensure safe and secure workplaces for workers and help resolve labor shortages.

Fostering the creation of “social value”

<b>Industrial Machinery segment</b>	<b>Rock Drill Machinery segment</b>	<b>UNIC Machinery segment</b>
Increase sales of pumps, material machinery, belt conveyors, equipment for large-scale domestic infrastructure projects	Build an “FRD model” to achieve customer success throughout the product life cycle	Expand earnings through overseas sales while securing stable earnings in Japan

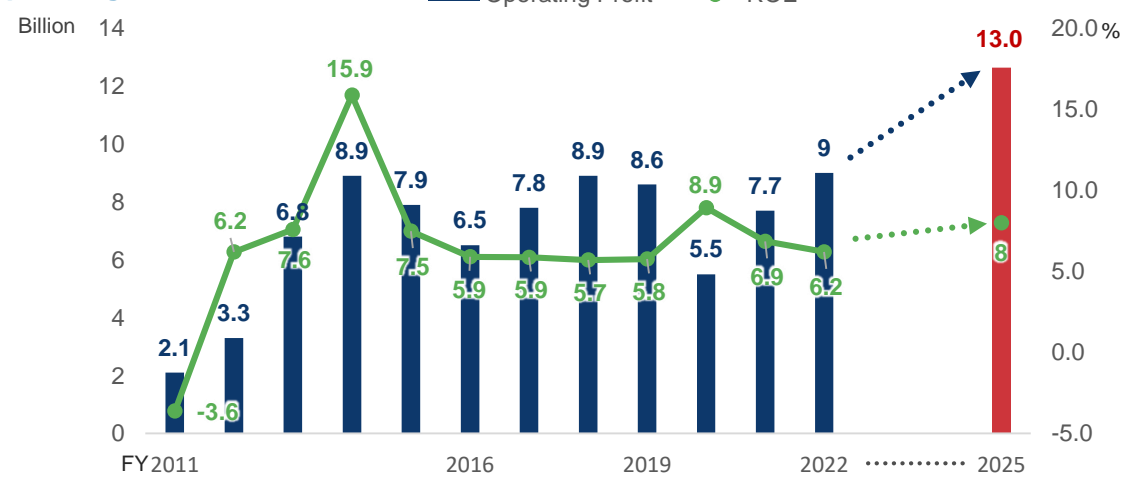
Devote 70% of cumulative capital investment to the Machinery business, with the aim of that business accounting for 50% or more of consolidated net sales and 80% or more of consolidated operating profit

**Step up efforts related alliances and M&As to achieve discontinuous future growth**

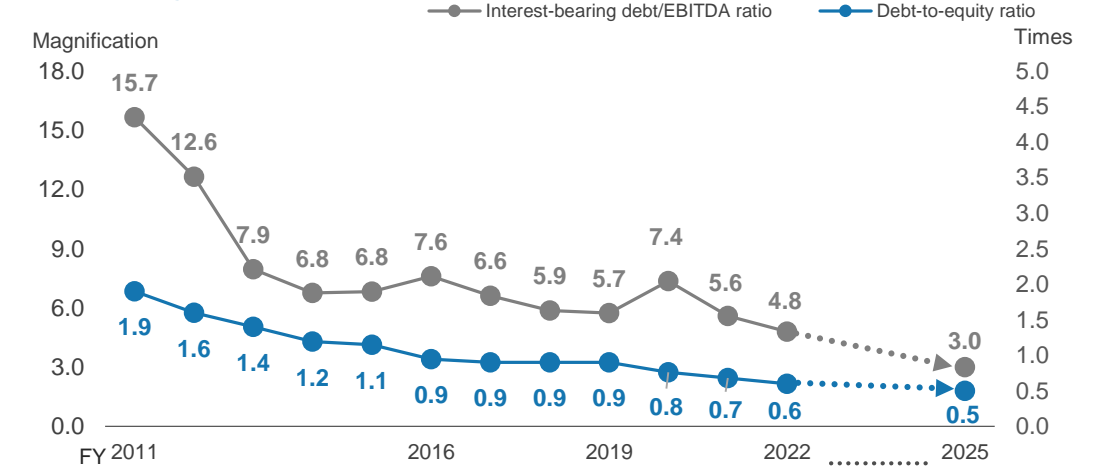
- Make individual investment decisions with attention to profitability, taking into account risks associated with the investment and cost of capital, while stepping up efforts to improve efficiency and profitability
- Seeking to establish a robust financial base enabling us to raise the necessary funds regardless of financial conditions
- Expansion of shareholder returns (consider increasing annual dividends and paying interim dividends, share buybacks)

<b>Earnings plan</b>	<ul style="list-style-type: none"> <li>- By deploying a business portfolio management system that utilizes cost of capital, to achieve sustainable growth and increase corporate value over the medium to long terms</li> </ul>	<p>➤ <b>Operating Profit Approx. ¥13 billion</b> <b>ROE Approx. 8%</b></p> <p>- Underlying assumption of exchange rate: ¥135/\$</p>
<b>Financial strategy</b>	<ul style="list-style-type: none"> <li>- Pursue optimal capital structure with rating strategy at its core</li> <li>- Raise ratings to A- or higher, from BBB+</li> </ul>	<p>➤ <b>Debt-to-equity ratio: 0.5x range</b> <b>Interest-bearing debt/EBITDA ratio: 3x range</b></p>
<b>Shareholder return</b>	<ul style="list-style-type: none"> <li>- Annual dividends of ¥50.00 per share or higher, consider increasing annual dividends and paying interim dividends</li> <li>- Share buybacks (approx. ¥1 billion -&gt; approx. ¥1.5 to 2 billion each fiscal year) Increase from approx. ¥3 billion to approx. ¥5 billion in total for three years</li> </ul>	<p>➤ <b>Consolidated total return on equity of 3% or higher</b></p>
<b>Reducing strategic shareholdings</b>	<ul style="list-style-type: none"> <li>- Conduct annual reviews of appropriateness of continued ownership based on comprehensive judgment of cost of capital and other factors</li> <li>- Continue disclose the ratio of strategic shareholdings to consolidated net assets</li> </ul>	<p>➤ <b>Strategic shareholdings ratio 35.1% (FY2022)</b> <b>Reduction target: Less than 20% at end of FY2024</b></p>

Transition of operating Profit /ROE



Transition of Debt-to-equity ratio / Interest-bearing debt/EBITDA ratio



**Basic strategy for investment**

- Diversify visualize and identify our business portfolio, and make rational business decisions that are not overly influenced by history

- Plot three factors—"corporate value creation power\*", "compound annual growth rate (CAGR)", "Corporate value created/year\*" for each segment on a bubble chart to accurately visualize our business portfolio
- Conduct a four-quadrant analysis based on growth potential and corporate value creation power

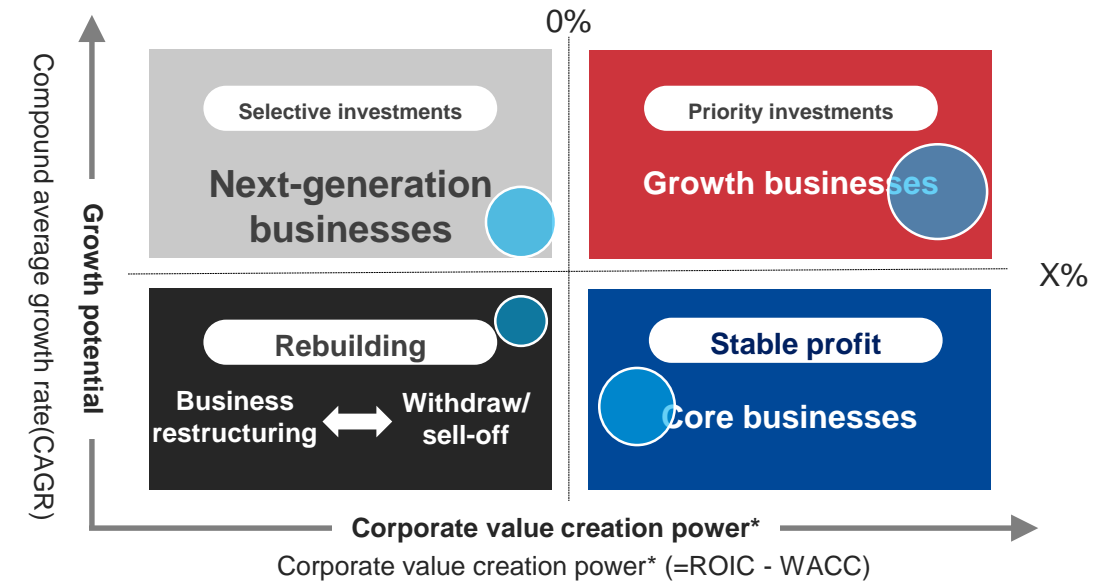
**Status of review**

- Materials** Conducted a fundamental review of our entrusted copper smelting business
  - Metal segment**
    - Terminated our entrusted copper smelting contract with Onahama Smelting and Refining Co., Ltd. on March 31, 2023
    - Furukawa Metals & Resources Co., Ltd., transferred all its shares in Onahama Smelting and Refining to Mitsubishi Materials Corporation
- Machinery** Strengthen and rebuild our overseas marketing capabilities
  - Rock Drill segment**
    - Liquidating our overseas subsidiaries in Panama and China
- Real Estate business** Solidifying earnings foundation
  - Use site of former Furukawa Osaka Building to promote lease business

\* "Corporate value creation power" and "Corporate value created/year" are terms coined by Furukawa Co., Ltd.

**[Business Portfolio Analysis]**

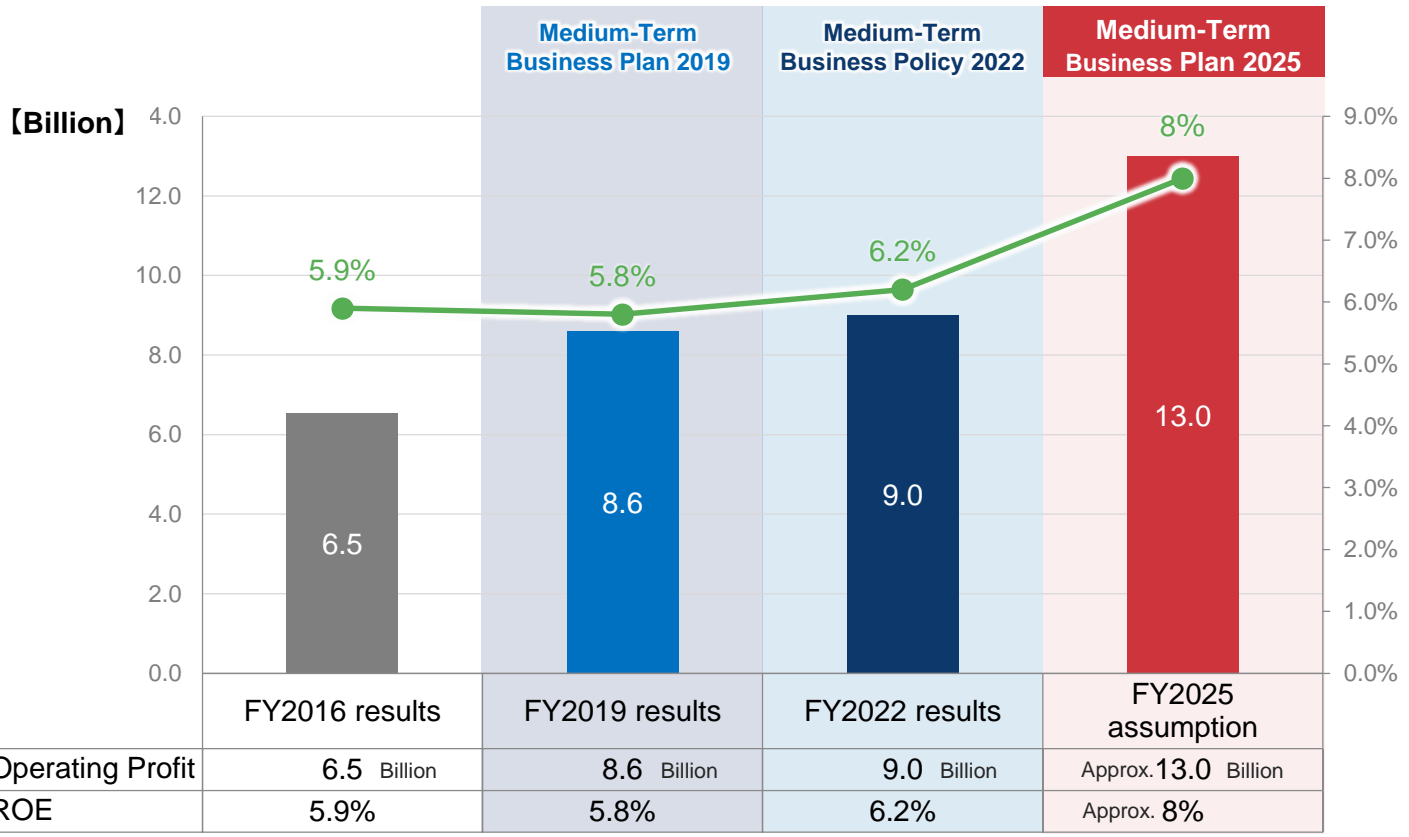
Bubble size: Corporate value created/year\* (= Corporate value creation power x Invested capital)





# 3 (3) Earnings Plan

- Make individual investment decisions with attention to profitability, taking into account risks associated with the investment and cost of capital
- Stepping up efforts to improve efficiency and profitability
- Optimize overall allocation of management resources to achieve sustainable growth and increase corporate value over the medium to long terms by deploying a business portfolio management system that utilizes cost of capital



\* As disclosed in "Consolidated Financial Results for the Fiscal Year Ended March 31, 2023"  
\* Performance indicators in Medium-Term Business Plan 2025 do not account for new alliances and M&As

**ROE** = Profitability × Efficiency × Leverage

Return on sales × Total asset turnover × Financial leverage

	Profitability	Efficiency	Leverage
<b>Results</b>			
FY2016	2.84%	0.74 times	2.80 times
FY2019	2.68%	0.78 times	2.76 times
FY2022	2.90%	0.93 times	2.31 times
<b>Assumption</b>			
FY2025 Approx.	↑ Improve	↑ Improve	↓ down
<b>8%</b>			

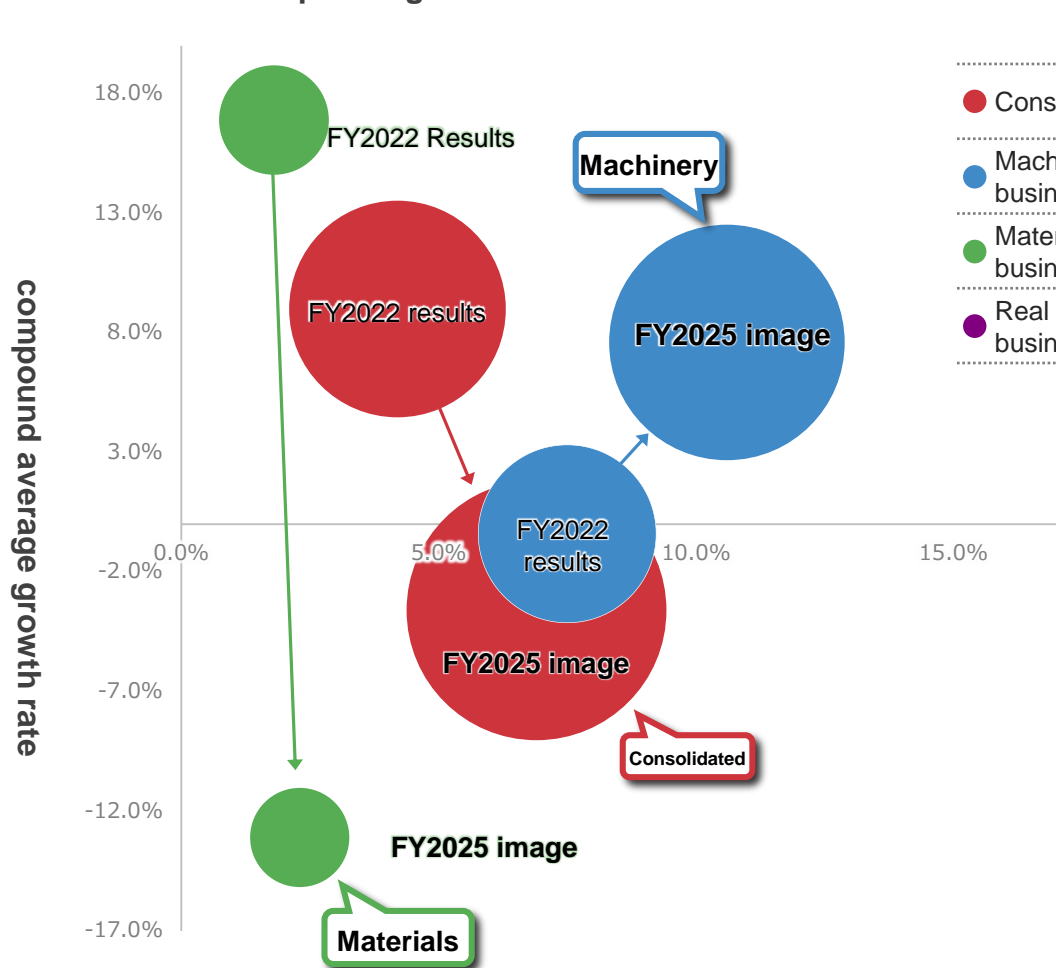
\*Compared to FY2016

\*Underlying assumption  
FY2022 Results: Exchange rate (¥/USD) 135.5  
FY2025 assumption: Exchange rate (¥/USD) 135.0

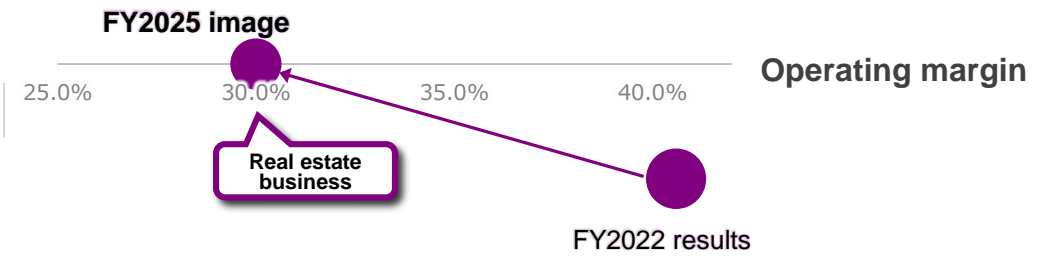
# (3) Earnings Plan

- Consolidated performance (FY2025 image):  
Although the compound average growth rate for net sales is expected to decline due to falling sales in the Metals segment, increased sales and profit in the Machinery business is projected to drive up the operating margin

Bubble size: Operating Profit

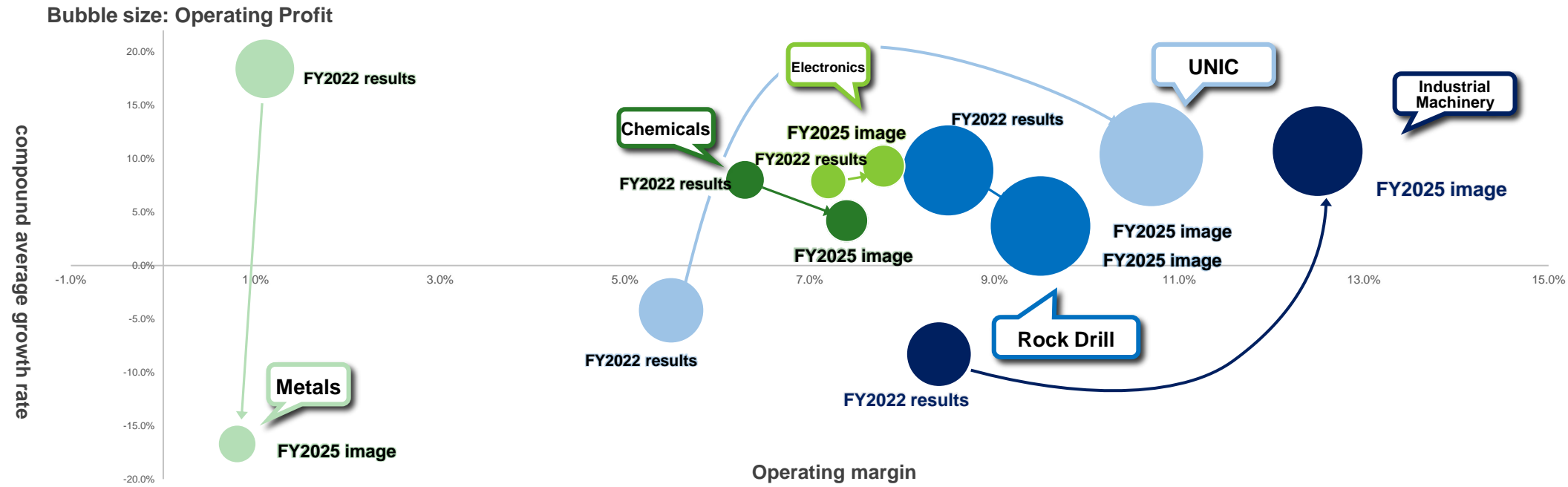


		Operating margin	Compound average growth rate	Operating Profit (million yen)	Sales (million yen)
● Consolidated	FY2022 results	4.2%	9.0%	9,031	214,190
	FY2025 image	6.9%	-3.6%	13,000	189,000
● Machinery business	FY2022 results	7.5%	-0.4%	6,093	81,658
	FY2025 image	10.6%	7.6%	10,700	100,500
● Materials business	FY2022 results	1.8%	16.9%	2,309	126,804
	FY2025 image	2.3%	-13.1%	1,900	82,000
● Real estate business	FY2022 results	40.6%	-4.8%	835	2,056
	FY2025 image	30.0%	-0.0%	600	2,000



# (3) Earnings Plan

- In the core Machinery business, we expect the Industrial Machinery and UNIC Machinery segments to post increases in growth rate, operating profit, and operating margin
- In the Rock Drill Machinery segment, we will maintain high profitability and post increases in operating profit and operating margin despite a declining growth rate
- In the Materials business, we expect the Electronics and Chemicals segments to post increases in operating profit and operating margin



		Operating margin	compound average growth rate	Operating Profit (million yen)	Sales (million yen)
Industrial Machinery	FY2022 results	8.4%	-8.3%	1,515	17,943
	FY2025 image	12.5%	10.7%	3,000	24,000
Rock Drill	FY2022 results	8.5%	8.9%	3,030	35,752
	FY2025 image	9.5%	3.7%	3,700	39,000
UNIC	FU2022 results	5.5%	-4.2%	1,547	27,961
	FY2025 image	10.7%	10.4%	4,000	37,500

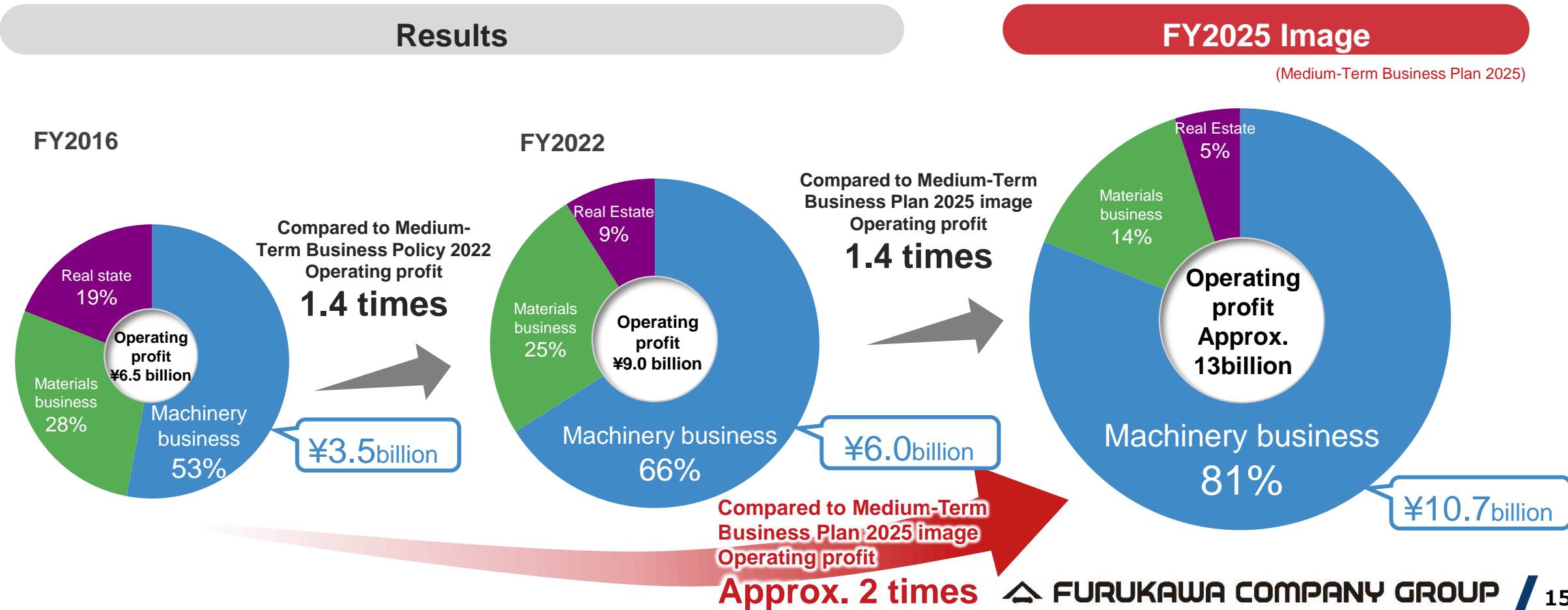
		Operating margin	compound average growth rate	Operating Profit (million yen)	Sales (million yen)
Metals	FY2022 results	1.1%	18.4%	1,276	111,424
	FY2025 image	0.8%	-16.7%	500	63,500
Electronics	FY2022 results	7.2%	7.9%	500	6,926
	FY2025 image	7.8%	9.3%	700	9,000
Chemicals	FU2022 results	6.3%	8.0%	532	8,454
	FY2025 image	7.4%	4.2%	700	9,500

# 3 (3) Earnings Plan

- Composition ratio of operating profit: Ratio of the core Machinery business is forecast to increase from 66% (¥6.0 billion) in FY2022 (final year of Phase 2) to 81% (¥10.7 billion) in FY2025
- Operating profit is forecast to approximately double for the Group as a whole and triple for the Machinery business compared with FY2016 (base year)

## Comparison of operating profit composition ratios

Note: "Composition ratio" refers to the percentage of the total after deducting others and adjustments.





**Basic strategy for investment**

- Further strengthen our engineering capabilities and promote cross-departmental initiatives and DX to move away from being a standalone equipment manufacturer
- Build a business foundation in the domestic market by pursuing the United Nations Sustainable Development Goals (SDGs) and working on infrastructure development projects that help resolve social issues (such as disaster prevention/mitigation)



Slurry Pumps (LK3)



Crushers



SICON® Enclosed Hanging Conveyor

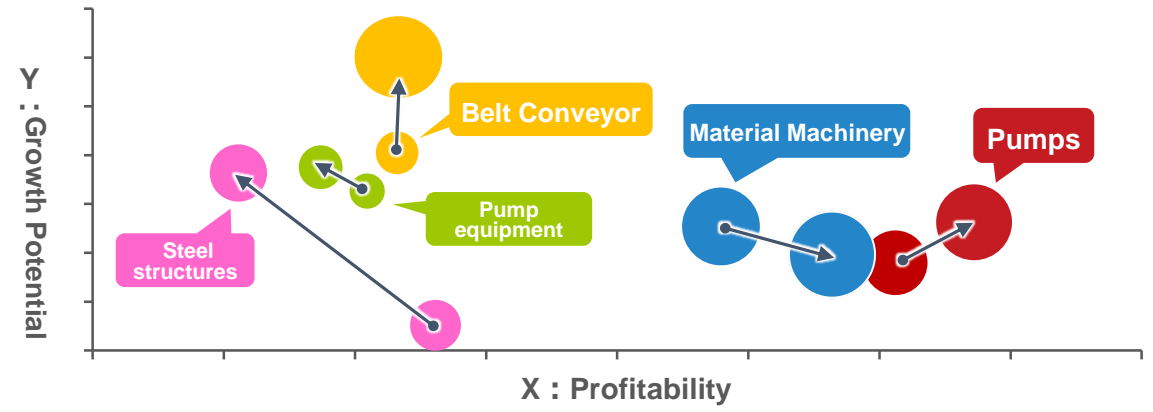
**Key priorities**

- Strengthen product competitiveness and promote proposal-based sales to win orders for section plant construction projects (pumps, material machinery)
- Establish earnings base through stock businesses (pumps, material machinery), including by utilizing customer information management to enhance services
- Generate demand and promote sales of SICON® enclosed hanging conveyors

**Industrial Machinery: Business (product) portfolio**

\* Comparison of FY2021 results and FY2025 image

<p><b>Pumps</b> Increasing profit due to growth and improved profitability</p>	<p><b>Belt Conveyor</b> Improving growth and higher profit despite flat profitability</p>
<p><b>Material Machinery</b> Improving profitability and higher profit despite lower growth</p>	<p><b>steel structures and Pump equipment</b> Increasing growth and higher profit (stemming from increased sales) despite declining profitability</p>







## Market environment

## Pumps

- Demand for renewal of aging facilities
- Improving energy efficiency and longer service life

## Material machinery

- Demand for renewal of aging facilities

## Infrastructure business

- Increasing trend in construction for national land resilience, disaster prevention/mitigation measures, etc.
- Growing awareness of belt conveyors as an alternative to dump trucks for transporting earth and sand, resulting in increased inquiries

## Main measures

## Slurry pumps

- Targeting the nonferrous and chemicals industries (where we anticipate solid stock business earnings), we will introduce a strategic machine (new, high-efficiency slurry pump (LK3)), aiming to replace other companies' pumps
- Strengthen our sales structure in Chugoku and Shikoku regions

## Pump equipment

- Further penetrate East Japan (where we have a good track record) and expand market share in West Japan

## West Japan

- Leverage our strategic machines (new screens, crushers (GEOPUS C3 and HPGR)) to tap new markets; expand market share and increase stock by encouraging customers to replace other companies' equipment with ours

## Utilize IoT technology

- Utilize IoT technology to formulate sales proposals for section plants aimed at productivity improvement and rationalization, and promote servitization (kotozukuri)

## Belt conveyors

- Win orders for currently planned projects (new/renewal dam construction, river flood control, tunnel construction, etc.) and solicit increased inquiries
- Emphasize features of SICON® (enclosed hanging conveyors) as a problem-solving method of transporting earth and sand; aim for domestic procurement and production of parts

## Steel structures

- Stabilize business profit by attracting firm orders for steel bridges and increasing sales of steel segments

## Expected outcomes

Contribute to customers' energy savings through higher efficiency and lower running costs due to longer service life

Improved productivity of customers' operations and more stable and reliable operation of customers' production facilities

Safe and environmentally friendly method for transporting earth and sand



**Basic strategy for investment**

- Build an “FRD model” to achieve customer success throughout the product life cycle

**Key priorities**

- Establish FRD model in Japan
  - Strengthen Life Cycle Support business
  - Strengthen sales of parts and consumables
  - Commercialize support program for blast hole drills\*
  - Establish trade-in resale business (tunnel drill jumbos, hydraulic crawler drills)
- \*Blast hole drills:  
General term for hydraulic/pneumatic crawler drills, down-the-hole drills, and attachment drills
- Emphasize centralized sales and production
- Overseas: Cultivate North American market for large blast hole drills and step up development of attachment drills as frontline machines for developing the Southeast Asian quarry market (hydraulic machinery)
- Japan: Strengthen sales in the quarry market and deepen our presence in the demolition equipment market through concentrated sales of small hydraulic crushers and concentrated rollout of demolition equipment in the Tokyo Metropolitan Area
- Production: Reduce costs through centralized production, enhance quality (to minimize complaints), and shorten lead times



Hydraulic breakers



Hydraulic crawler drills



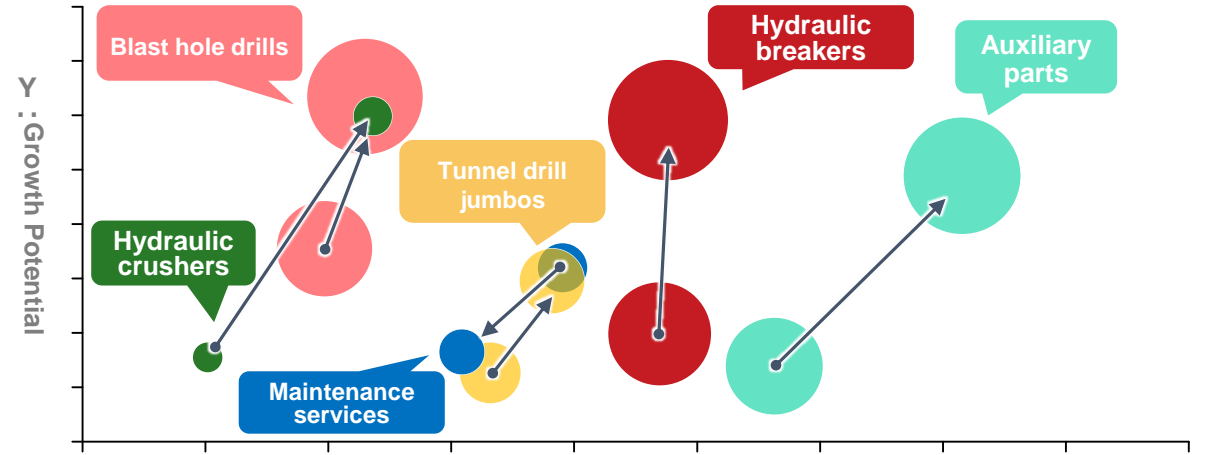
Tunnel drill jumbos

**Rock Drill Machinery: Business (product) portfolio**

\* Comparison of FY2021 results and FY2025 image

**Blast hole drills, hydraulic breakers, hydraulic crushers, tunnel drill jumbos, auxiliary parts**  
Increase in profit due to higher growth and profitability

**Maintenance services**  
Profit to remain mostly unchanged despite sluggish growth and profitability





## Market environment

## Japan

- Shortage of operators due to declining birth rate and aging population
- Demolition machine market: Increasing need for large-sized, high-impact equipment
- Tunnel projects: Strong demand for automated construction as a safety measure

## Overseas

- North America: Stimulus measures and infrastructure investments have led to strong demand for wide-area rentals
- Europe: Prolonged invasion of Ukraine and inflation will slow growth, but urban development projects will continue to drive rental demand
- Southeast Asia: Demand expected to shift from pneumatic to hydraulic machines as GDP grows in each nation

## Life Cycle Support (LCS)

- Japan: Shortage of skilled workers has led to an increase in demand for services to improve the skills of workers
- Demand for parts in regions where the Company's machines are operating

## Main measures

## Hydraulic crawler drills

- Semi-automatic drilling function added

## Hydraulic breakers, hydraulic crushers

- Cultivate the demolition equipment market in Tokyo Metropolitan Area (step up sales of large and super-large breakers)
- Concentrate on sales of small hydraulic crushers (for road general contractors and aggregate recycling)

## Tunnel-related products

- Step up sales of autonomous and labor-saving products (fully automatic drill jumbos, rock bolting machine (BOLTINGER), concrete spraying machines with erectors, etc.)

## Deeply penetrate market for large machines, which accounts for around 80% of North American market

- Concentrate on selling large blast hole drills
- Establish base in western region to strengthen sales to explosive crusher contactors

## Tap the breaker market in Europe

- Increase market share in the four countries driving European market (France, United Kingdom, Italy, and Germany) by strengthening and expanding our network of dealers for rental equipment

## Develop the Southeast Asian quarry market

- Highlight the superiority of Furukawa-brand drifters by promoting attachment drills as frontline machines (Indonesia, Cambodia, etc.)
- Launch small and medium-sized hydraulic crawler drills (currently under development) targeting Southeast Asian market (2025)

Establish FRD model in Japan  
Strengthen sales of parts

- Review pricing of parts
- Review overseas distributorship agreements
- Improve sales skills in stock business

## Strengthen maintenance service business

- Reconsider maintenance system for hydraulic breakers and hydraulic crushers
- Reinforce preventive maintenance services for hydraulic crawler drills and propose maintenance services for specific purposes

## Develop business model (for customer success)

- Hydraulic crawler drills: Leverage operational support systems to commercialize support programs (intangible services, subscription services)

## Expected outcomes

Achieve highly efficient and safe operation through automation and mechanization

Promote shift to hydraulic machines in the Southeast Asian quarry market

Ensure customer success by providing technologies and other solutions



### Basic strategy for investment

- Securing stable earnings from domestic sales and expanding earnings from overseas sales
- Japan: Enhance competitiveness by increasing product functionality and added value and improving service systems
- Overseas: Strengthening product, sales, and service technology capabilities



UNIC crane



Mini-crawler cranes



UNIC carriers

### Key priorities

- Japan: Strengthen competitiveness by increasing the functionality and added value of UNIC cranes and UNIC carriers and expand sales of mini-crawler cranes and ocean cranes (cranes for ships), which do not depend on trucks
- Overseas: Develop mounted cranes (large models) and new mini-crawler cranes, expand sales network, and strengthen sales capabilities of dealers
- Reinforce product development system and promote R&D to address the electrification of trucks
- Promote further automation, quality improvement, and cost reductions at the Sakura Works
- Strengthen our service system

### UNIC Machinery: Business (product) portfolio

\* Comparison of FY2021 results and FY2025 image

#### UNIC cranes (Japan and overseas)

Japan: Increase in growth and higher profit (stemming from increased sales) despite declining profitability

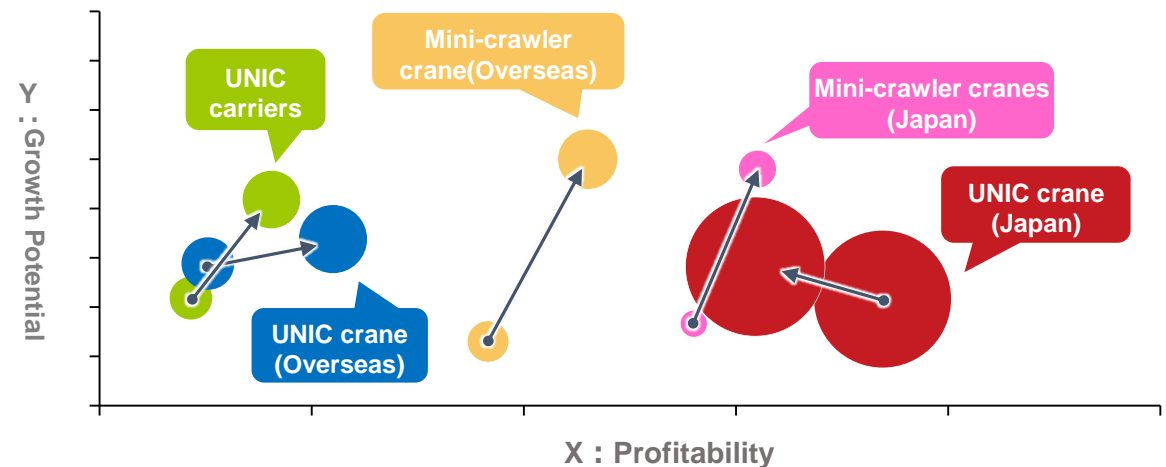
Overseas: Increase in profit due to higher growth and profitability

#### Mini-crawler cranes (Japan and overseas)

Increase in profit due to higher growth and profitability both in Japan and overseas

#### UNIC carriers

Increase in profit due to higher growth and profitability





## Market environment

## Japan

- Recovery in truck production
- Growing interest in decarbonization (adopting electrification trend)
- Intensifying price competition between large suppliers
- Existence of niche markets (e.g., narrow sites)
- Concerns about labor shortages and shrinking market size due to declining birth rate and aging population

## Overseas

- Increasing demand due to infrastructure development
- Growing rental market
- Growing demand for labor-saving machinery
- Multifunctioning of product
- Uncertain economic conditions (geopolitical risks, inflation, etc.)

## Main measures

## UNIC cranes ,UNIC carriers

- Step up direct sales and expand sales of products unique to UNIC
- Adapt to vehicle electrification trend

## Mini-crawler cranes

- Increase sales of high-value-added products (battery-operated models, disassembled models, etc.) for rental market; narrow target customers (electric power companies, general contractors, etc.) to focus on and cultivate new markets

## ocean cranes

- Reinforce contacts with existing customers and develop new ones

## Southeast Asia, East Asia, Middle East, Oceania

- Increase sales of UNIC cranes (large and super-large machines) and develop dealer network

## North America

- Increase sales of mini-crawler cranes for rental market

## Europe

- Strengthen dealer salesforce to restore market share

## Product development

- Expand lineup of large and super-large machines

## Expected outcomes

Ensure safe, efficient, and energy-saving operations at diverse sites

Build win-win relationships with dealers in each country to improve customer satisfaction





### Basic strategy for investment

- Expand business in strategic products to increase earnings

### Key priorities

- Aluminum nitride ceramics: Increase production capacity to reinforce sales
- Optical products: Develop and commercialize special optical material products; increase sales of diffractive optical elements (DOEs) for laser processing
- High-purity metallic arsenic: Establish stable supply system that reflects market needs as a category leader
- Coils: Develop products and expand sales in growth areas to bolster earnings

### Market environment

- Growing demand for heat-dissipating materials for semiconductor manufacturing equipment, etc.
- Growing market for high-quality laser processing
- Semiconductor market recovering moderately (due to increased demand for 5G communications, sensors, etc.) despite deterioration in the short term

### Main measures

#### Aluminum nitride ceramics

- Swiftly commission facilities to achieve 1.6-fold increase in production capacity; consider investments for further production increases; develop distinctive products

#### Optical components

- DOEs: Aim for mass adoption of laser processing
- Consolidate operations to stabilize profitability

#### High-purity metallic arsenic

- Maintain our facilities preventively and ensure stable procurement of raw materials

### Expected outcomes

Contribute to enhanced functionality of electronic devices, etc.



Aluminum nitride ceramics



Laser head equipped  
with DOEs



High-purity metallic arsenic



### Basic strategy for investment

- Increase earnings from existing products and nurture and expand newly developed products

### Key priorities

#### Existing products

- Sulfuric acid: Strengthen differentiation by emphasizing high-quality sulfuric acid
- Cupric oxide: Capacity enhancement to increase sales

#### Newly developed products

- Metallic copper powder: Expand sales channels by developing new applications

### Market environment

- Domestic market for chemical products generally shrinking due to population decline
- Growing demand for batteries and related electronic components due to shift to EVs and automation of automobiles, etc.
- Increasing demand for servers, etc., due to advances in networks stemming from ICT innovation

### Main measures

#### Sulfuric acid

- Strengthen differentiation by emphasizing high-quality sulfuric acid for battery applications for which demand is growing

#### Cupric oxide

- Increase production capacity and expand sales to address rising demand for packaged substrates used in servers, etc.

#### Metallic copper powder

- Shorten the process from sample rollout to formal adoption and develop applications other than conductive applications (such as multilayer ceramic capacitors (MLCCs)) to expand sales channels

### Expected outcomes

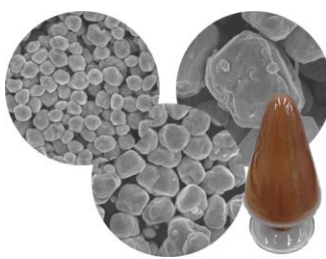
Help realize an environmentally friendly and prosperous society



Cupric oxide



Manufacturing plant of  
sulfuric acid



Metallic copper powder



## Metals

Basic strategy  
for investment

- Make efforts to optimize the entrusted smelting business

## Key priorities

- Pursue profitability and stabilization of the entrusted smelting business
- Termination of entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd. (March 31, 2023)
  - Strategically reduced scale of operations and drastically cut unprofitable exports
  - Obtained clear outlook on fundamental review of entrusted smelting business

Metals segment profit and loss infection	FY2022	FY2023(Forecast)	VS FY2022 difference
Net sales	¥111.4 billion	¥74.8 billion	(-)¥36.6 billion
Operating profit	¥1.2 billion	¥0.5 billion	(-)¥0.7 billion
(Operating profit exclude price effect)	(¥0.09 billion)	(¥0.5 billion)	(+)¥0.41 billion
Copper output	70,186 ton	48,592 ton	(-)21,594 ton
Assumption			
Copper price	8,551 \$/mt	8,000 \$/mt	-
Exchange rate	135.5 yen/\$	135.0 yen/\$	-



## Real estate business

Basic strategy  
for investment

- Stabilize earnings from Muromachi Furukawa Mitsui Building and effectively utilize other real estate holdings, including site of former Furukawa Osaka Building

## Key priorities

- Promote lease business using site of former Furukawa Osaka Building

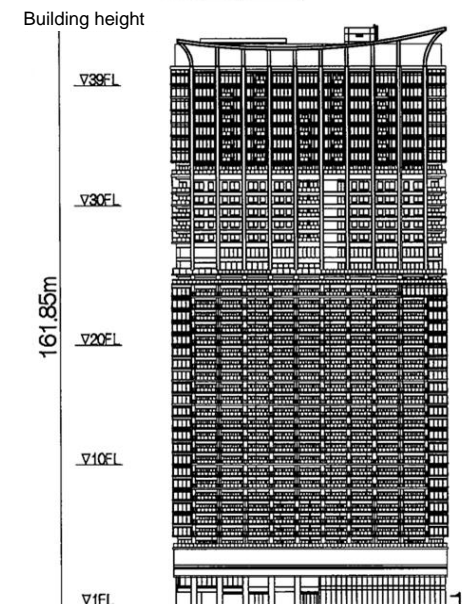
- Sell our interest in the site
  - Partial sale of the Company's interest in the site
- Lease business planned
  - Plan to use proceeds from the sale to lease a hotel and some residential units scheduled to be built on the site

## Overview of planned building project

Location	2-4-1 Dojimahama, Kita-ku, Osaka City and other land
Site area	Approx. 5,755 m <sup>2</sup>
Site area	Approx. 5,755 m <sup>2</sup>
Main uses	Construction of condominiums, hotel, restaurants, and offices
No. of floors	40 above grounds; 1 basement level
Scheduled completion	May 31, 2027

Note: Information shown in the architectural plan and the elevation is based on current plans and may be subject to change in the future.

Elevation of the south side  
[Condominiums, hotel, restaurants]



# 5 (1) Sustainability Initiatives

## Basic policies

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

## Furukawa Company Group’s Approach to Sustainability

### Proactive sustainability

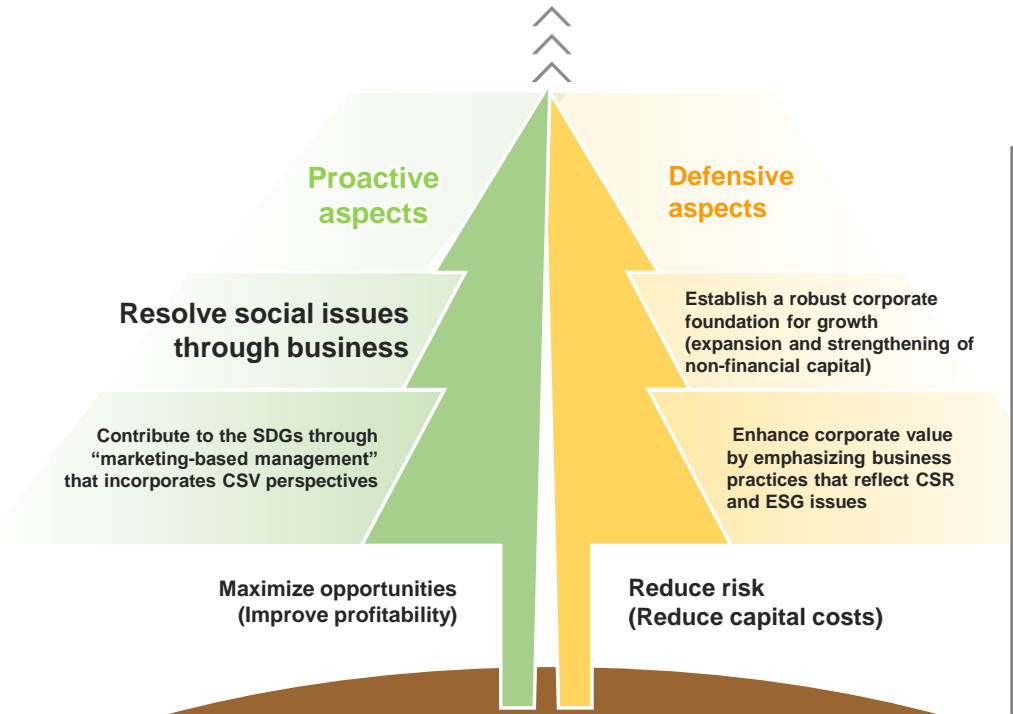
The Group will create corporate value and contribute to the creation of social value by developing infrastructure and providing products, technologies, and services that help to resolve social issues

**Materiality (Key Issues)**

**CSV issues**

- Providing environmentally friendly products, technologies, and services
- Contributing to the resolution of customer issues
- Contributing to the creation of a safe and comfortable society, including infrastructure development

←← Sustainable growth and enhancing medium to long term corporate value →→



### Defensive sustainability

The Group will strengthen and expand its enterprise risk management system and enhance corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group.

**Materiality (Key Issues)**

**CSR/ESG issues**

**E Environment**

- Promotion of climate change countermeasures in our business activities
- Promotion of biodiversity preservation activities

**S Social**

- Development of a safe and rewarding work environment that takes health into consideration
- Recruitment and development of diverse human resources
- Promotion of management that respects human rights

**G Governance**

- Development of an enterprise risk management system
- Thorough compliance

Strengthen and expand Groupwide risk management system
















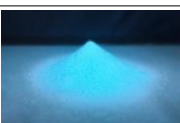


# 5 (1) Sustainability Initiatives

“Marketing-based management” that incorporates CSV perspectives

The Group will help achieve the United Nations Sustainable Development Goals (SDGs) by practicing “marketing-based management” that incorporates CSV perspectives and creating “social value” by improving social infrastructure and realizing a safe, environmentally friendly, and prosperous society.

## [SDG Contribution Targets by Segment]

Segment	Main Products, Technologies, and Services	SDGs with High Contribution Levels ( ◎ : Especially Important; ○ : Important)							
		3	6	7	9	11	12	13	14
● Industrial Machinery	 Pumps  Belt conveyors  Steel bridges and steel structures	○	◎		◎	◎		○	◎
● Rock Drill Machinery	 Tunnel drill jumbos  Hydraulic crawler drills  Hydraulic crushers	○			◎	◎	○		
● UNIC Machinery	 UNIC cranes  Mini-crawler cranes  Ocean cranes	○			◎	◎		◎	
● Metals	 Electrolytic copper			○	◎	◎			
● Electronics	 High-purity metallic arsenide  Coils  Optical components (lenses)	○			◎	◎			
● Chemicals	 Sulfuric acid  Aluminum sulphate  Ferrous sulfate	○	◎		◎	◎			



- Formulate roadmap toward carbon neutrality and conduct scenario analysis in line with TCFD recommendations aimed at addressing the CSR/ESG issue of “Promotion of climate change countermeasures in our business activities”
- Promote initiatives to address the CSV issue of “Provision of environmentally friendly products, technologies, and services”
- Enhance disclosure of information related to these initiatives

### Addressing decarbonization

#### CO<sub>2</sub> reduction plan

- CO<sub>2</sub> reduction measures at each production site

#### Implement a carbon-neutral declaration

- Work to complete a roadmap by FY2025
- Use of electricity derived from renewable energy sources, etc.

### Climate-related disclosure

#### Express our support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations

- Initiate scenario analyses in the Metals segment and Rock Drill Machinery segment
- Promote disclosure of relevant information

### External evaluations

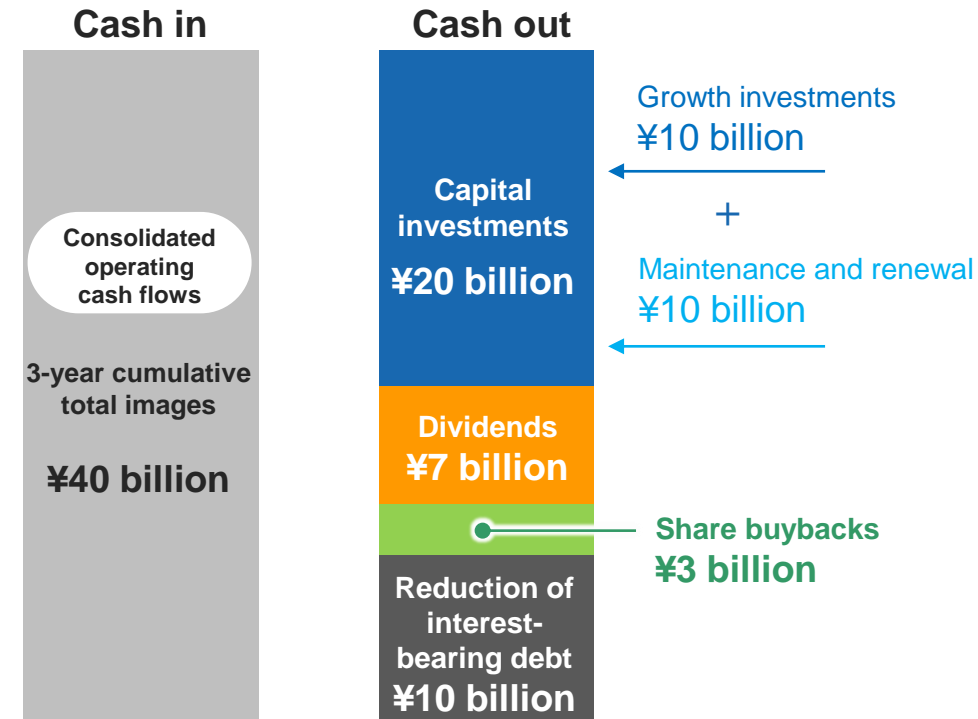
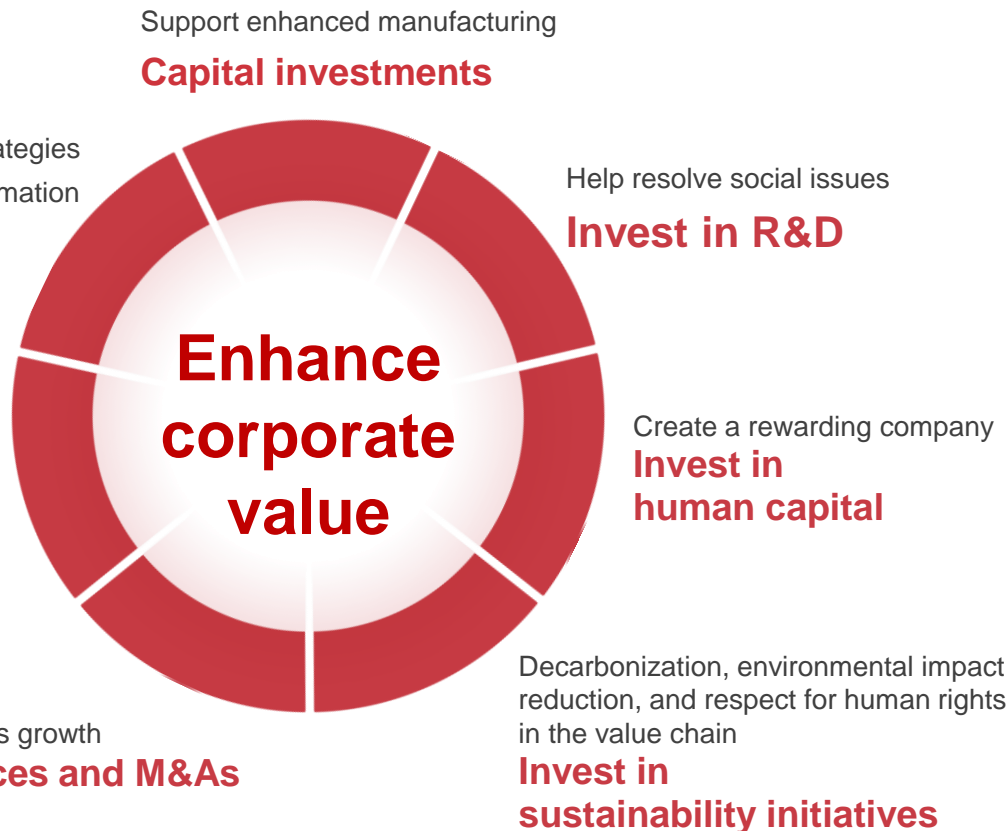
- Inclusion in SRI/ESG indexes
- Improving our external ESG-related evaluations

Basic policies

- Prioritizing investments to achieve sustainable growth and enhance corporate value over the medium to long terms
- Provide stable and continuous returns to shareholders
- Investment come from retained earnings and cash flows
- Invest in alliances and M&As through optimal financing (including sale of strategic shareholdings)

Allocation of operating cash flows

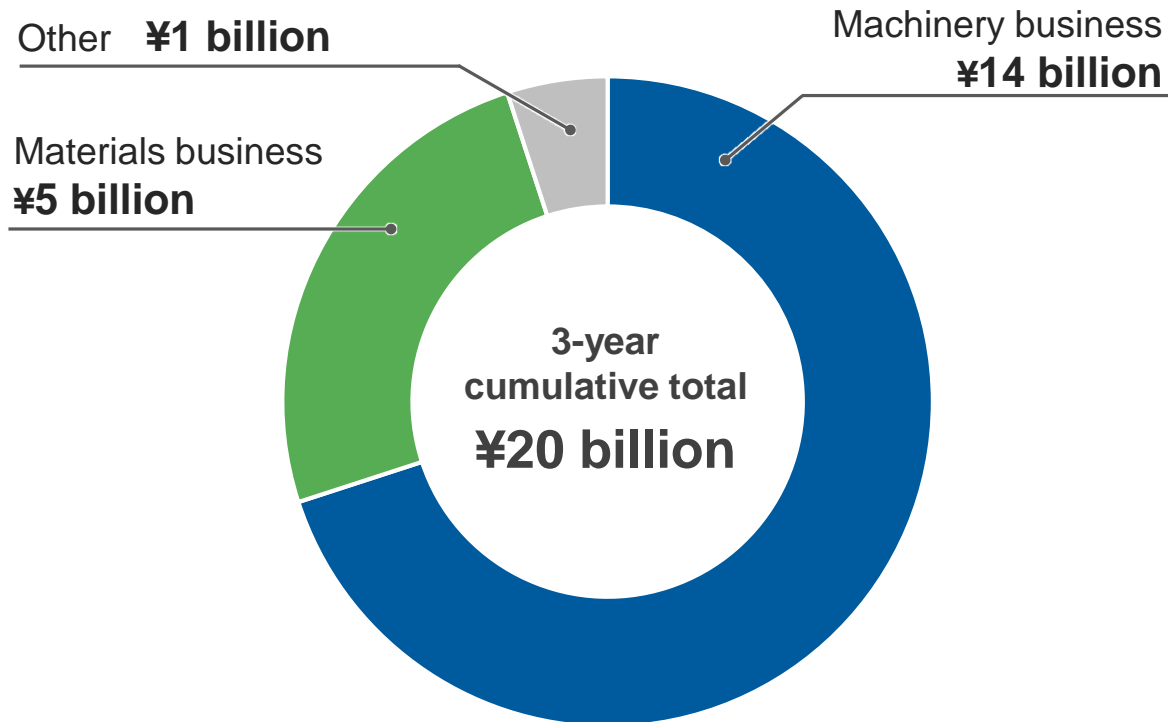
- While aiming to establish a robust financial base, we will make capital investments to enhance corporate value over the medium to long terms
- Endeavor to allocate operating cash flows in consideration of shareholder returns



## Capital investments

- Capital investment plan to support enhanced manufacturing  
Our capital investments will center on the Machinery business, which is positioned as our core business

### Capital investments allocation image



## Invest in R&D

- Promote the commercialization and industrialization of development projects that help resolve social issues
- Revitalize our on-site capabilities to improve productivity

### Key priorities

- Develop automation technology aimed at labor savings
- Develop materials and mass production technology for solid electrolytes used in all-solid-state batteries
- Develop machinery-related products and technologies that deliver higher efficiency and lighter weight and otherwise help reduce environmental impact
- Effectively utilize DX
- Fully deploy our Engineer HR Development Program to step up development of engineers who will lead the next generation

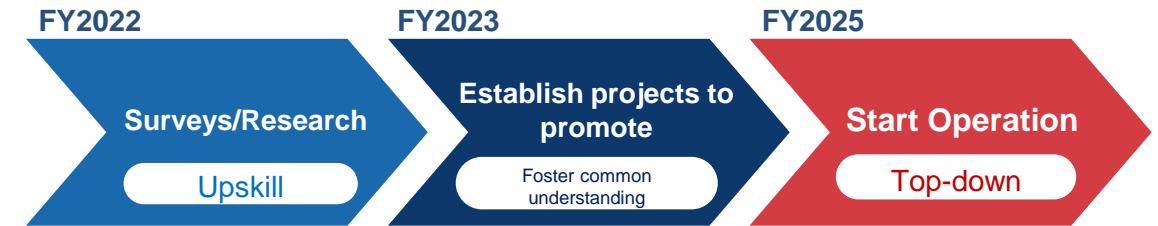
## Investment in intellectual property

- Develop systems that utilize IP information to secure a competitive advantage
- Properly assess the value of our entire business, including IP, based on the technology rights of each operating

### Key priorities

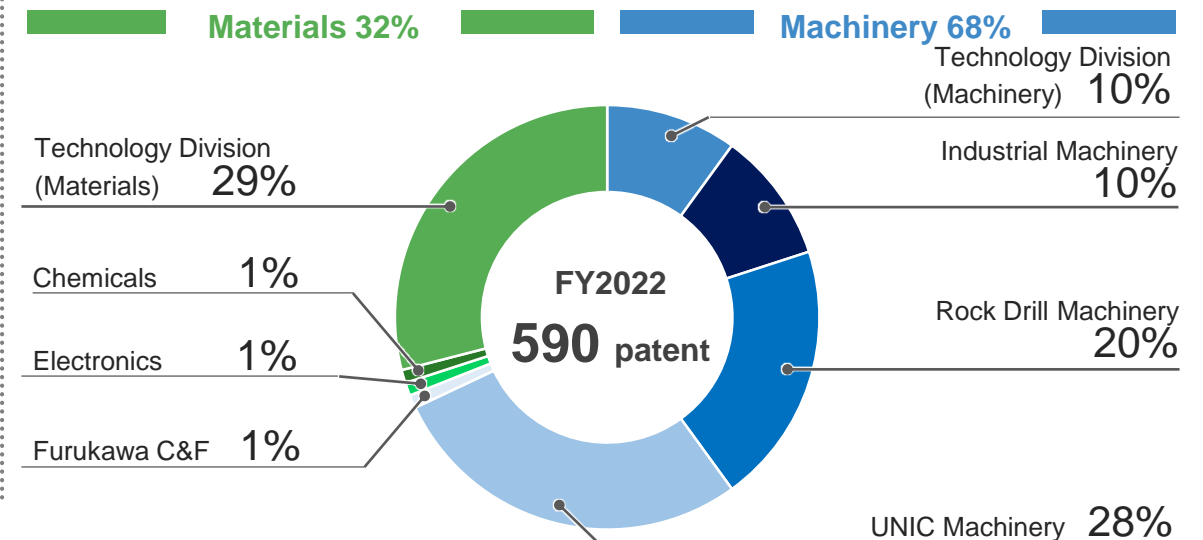
- Revitalize IP activities (discovery, acquisition, maintenance, and utilization of rights) to enable us to visibly evaluate our technological capabilities
- Assess the value of the industrial property rights we hold in order to utilize them effectively
- Collect and analyze patent information and formulate corporate strategies accordingly

## Effectively operate within the IP landscape\*



\*When determining their management and business strategies, companies conduct analyses that incorporate IP information into their management and business information. The results (overview of the current situation, future prospects, etc.) are shared with top executive and business managers, who obtain feedback and hold discussions and consultations for planning and consideration.

## Breakdown of Intellectual Property Rights Held (Domestic) by segment



## Investment in human capital

## Basic policies

- Create a rewarding company where all employees can maximize their abilities and create new value

## Human resource development policy

For the Group to resolve social issues through its business activities and achieve sustainable growth and increase corporate value, it is essential to develop human resources with a variety of personalities.

Commit to developing a diverse workforce capable of acting autonomously and willing to embrace the challenge of creating new value.

## Indicators/targets related to HR development policy

## Hire diverse human resources

Ratio of women among new graduates hired for general positions\*1

Indicator/target

20%

Latest result

13.00%

(Applicable period: Join in FY2023)

Female manager ratio\*2

3%

3.33%

(Applicable period: March 31, 2023)

Ratio of new hires in management/general positions who are experienced\*1

40%

43.75%

(Applicable period: Joined in FY2022)

Ratio of employees with subsidiaries\*3

Adoption of statutory employment rate

2.49%

(Applicable period: FY2022)

## Develop human resources who are willing to take on challenges and act autonomously

Training hours per year\*1

Indicator/target

1,500 hours

Latest result

843.6 hours

(Applicable period: FY2022)

Number of trainees per year\*1

3,600 persons

2,506 persons

(Applicable period: FY2022)

\*1 Applicable: Company-registered employees

\*2 Applicable: Consolidated

\*3 Among consolidated subsidiaries subject to employment ratio system for persons with disabilities



**In-house environmental improvement policy**

The Group is committed to creating comfortable workplaces where diverse human resources can perform their duties safely and efficiently while maintaining a rewarding and healthy work environment

**Indicators/targets related to internal environment improvement policy**

	Indicator/target	Latest result
Ratio of male employees taking childcare leave*	80%	72.20% (Applicable period: FY2022)
Ratio of employees returning to work after childcare leave*	100%	87.50% (Applicable period: FY2022)
Ratio of employees receiving health checkups*	100%	99.96% (Applicable period: FY2022)
Anomaly observation rate*	Age 40 and over: Less than 50%	61.20% (Applicable period: FY2021)
	Under age 40: Less than 30%	45.40% (Applicable period: FY2021)
Recognition as Health and Productivity Management Organization※	Obtain “White 500” certification	× (Year 2023)

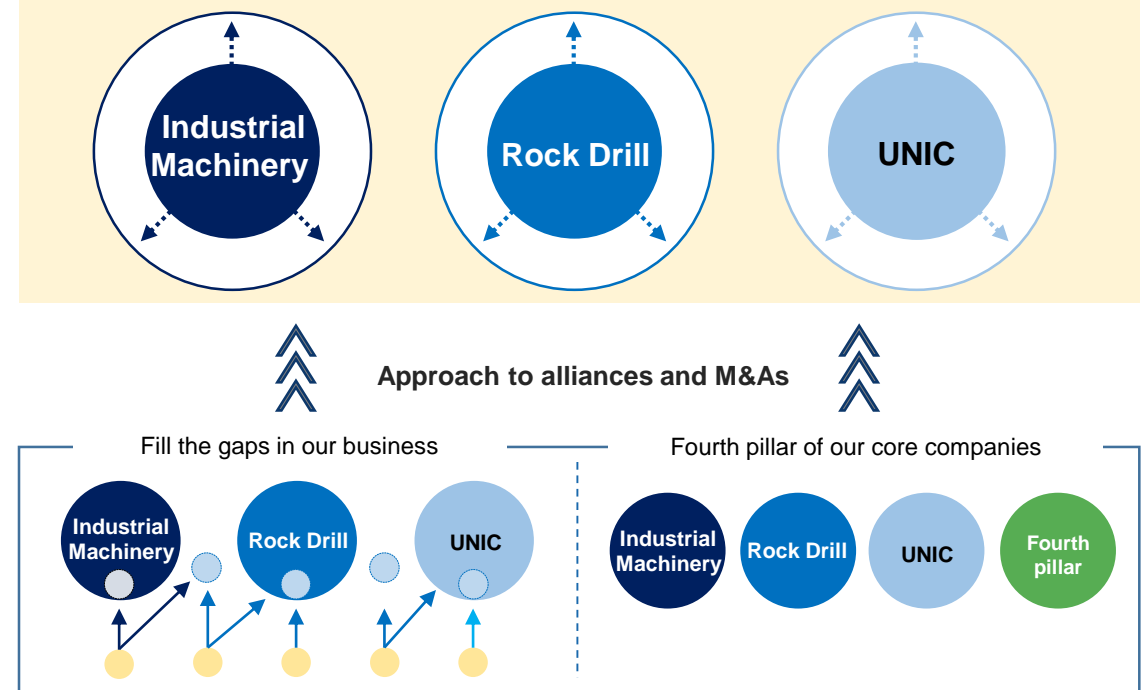
\*Applicable: Company-registered employees

**Investment in alliances and M&As**

- Consider alliances and M&As with peripheral companies that fill the gaps in our business and create continuity, as well as with companies that will form the fourth pillar of our core Machinery business

**Key priorities**

- Consider and enter alliances and M&As to achieve sustainable expansion and growth
- Pursue synergies in PMI



**Investment in DX**

- Promote DX to support accelerating the Group’s growth strategy and operational reforms that reflects market needs and supports reliable and attractive manufacturing and value creation



**Aim**

**Utilize digital technology to accelerate sustainable management**

- Engage in manufacturing (monozukuri) and servitization (kotozukuri) to resolve issues faced by customers, society, and the Group and help create value
- Improve and optimize technologies required to enhance productivity and improve and develop products
- Improve services and create new business model
- Promote operational reforms



Automation

Productivity enhancement

Labor-saving Efficiency enhancement

Optimization

Continuation and advancement of initiatives

**“Marketing-based management” that incorporates CSV perspectives**

**Opportunities/risks surrounding our business environment for practicing sustainable management**

Pursuit of improved productivity and efficiency

Frontline labor shortage

Workstyle reforms

Cost reduction

Safety and security

Transfer of technology and know-how

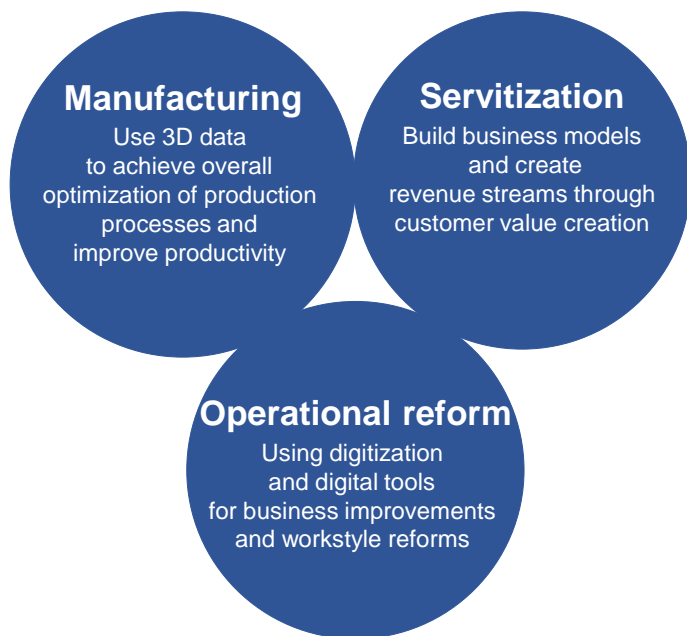
Harsh working conditions

**Examples of specific initiatives to date**

- Development of fully automatic drill jumbo
- Automatic adjustment of driller to optimum position
- Complete mechanization of dedicated rock bolting machines
- Start of DX of carrier manufacturing process
- Introduction of sales support tools

## Three Pillars of DX Promotion

## Cross-organizational DX development and promotion



## Common challenges in DX promotion

Fostering DX human resources

Improving the IT infrastructure

## Medium-Term Business Plan 2025: Measures

## Expected outcomes

Manufacturing  
(monozukuri)

## Launch Groupwide DX initiatives with view to building smart factories

- Utilize 3D data to improve productivity
- Target overall optimization of manufacturing processes from design to production
- Aim for streamlined manufacturing



- Accelerated product development ⇒ Engineering DX
- Improved labor productivity and reduced costs
- Visualization of know-how of skilled workers and establishment of technology transfer

Servitization  
(kotozukuri)

## Utilize digital technology to create new business model

- Enhance value-added services
- Analyze machine operating data, provide technical support and proposals



- Profits generated for customers (through increased productivity, optimization of maintenance operations, and predictive maintenance) and relationships of trust reinforced
- New sources of revenue

Operational  
reform

## Make Groupwide business improvements and workstyle reforms

- Expand electronic circulation and workflow
- Utilize digital platforms to improve operational efficiency and advance business



- Streamlined information management and decision-making and paperless operations
- Efficient sales promotion, service improvement, and visualization of sales activities

## Develop and strengthen DX human resources

- Use external training to develop IT human resources
- Improve digital literacy of staff working on DX
- Flexibly secure IT personnel from outside



- Effective digital technology use and enhanced business management capabilities due to improved IT/DX literacy of employees
- Enhanced problem-solving capabilities through reinforcement of in-house ICT human resources
- Steady promotion of DX through reinforcement of ICT human resources (who are in short supply)

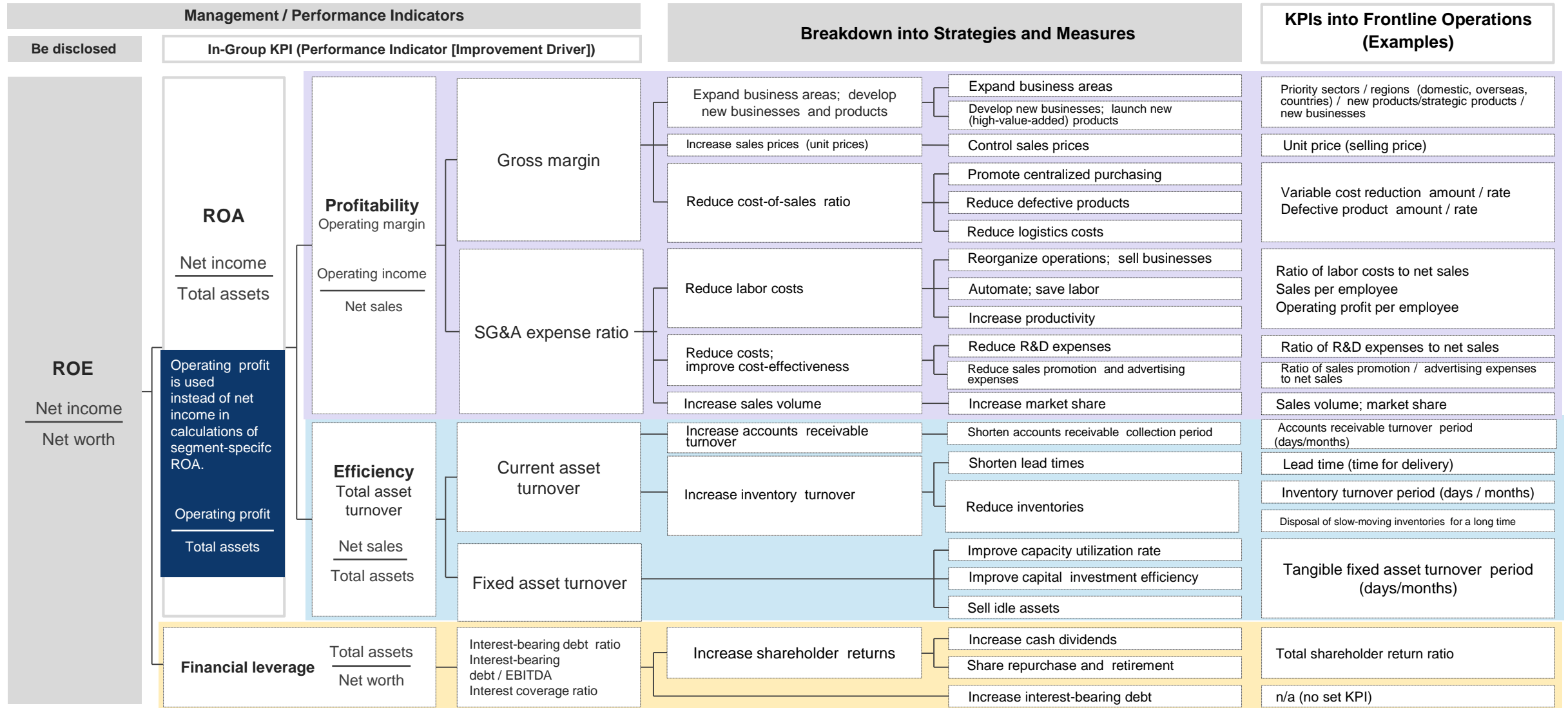
## Infrastructure, security, governance

- Build common information infrastructure for the Group
- Prepare for cyberattacks and reinforce information security
- Shift to cloud computing and/or environment for basic-operations systems



- Establish information infrastructure indispensable for promoting DX

## ROE Tree for Creating Corporate Value



Operating profit is used instead of net income in calculations of segment-specific ROA.