

FURUKAWA



Financial Results of FY2024 Q2 Business Briefing

- Industrial Machinery Segment-

Presentation Material

November 29, 2024

 FURUKAWA CO.,LTD.

TSE Prime Market

Securities code: 5715

Financial Results for the FY2024 Q2 (Consolidated)

		FY2023 Q2	FY2024 Q2	Difference
Net sales	Million yen	94,793	93,522	(1,270)
Operating profit	Million yen	4,599	3,489	(1,110)
Operating margin	%	4.9	3.7	(1.1)
Ordinary profit	Million yen	6,074	3,428	(2,645)
Profit attributable to owners of parent	Million yen	12,911	8,725	(4,185)

Financial Forecasts for the FY2024 (Consolidated)

		FY2023	FY2024 (Forecast)	Difference
Net sales	Million yen	188,255	187,700	(555)
Operating profit	Million yen	8,524	8,200	(324)
Operating margin	%	4.5	4.4	(0.2)
Ordinary profit	Million yen	10,384	7,400	(2,984)
Profit attributable to owners of parent	Million yen	16,097	16,000	(97)
Annual dividend	Yen	55	60	5

*FY2024 (Forecast) were announced on Nov. 11, 2024

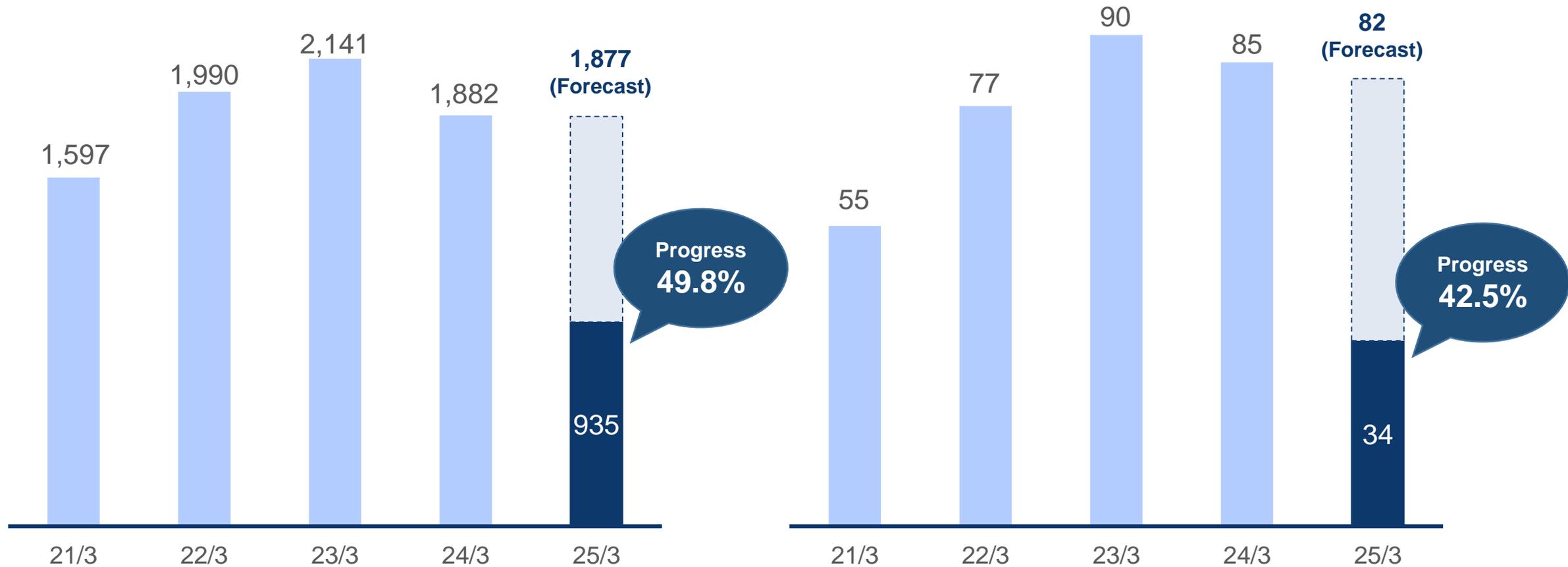
Trends in Consolidated Performance

[Net sales]

(Million yen)

[Operating profit]

(Million yen)



*25/3 were announced on Nov. 11, 2024

Consolidated Income Statement

(Million yen)

	FY2023 Q2	FY2024 Q2	Difference
Net sales	94,793	93,522	(1,270)
Operating profit	4,599	3,489	(1,110)
Non-operating income	2,343	1,368	(975)
Non-operating expenses	869	1,429	560
Ordinary profit	6,074	3,428	(2,645)
Extraordinary income	13,490	8,278	(5,211)
Extraordinary loses	701	142	(558)
Profit before income taxes	18,863	11,564	(7,298)
Income taxes – current	3,300	3,027	(273)
Income taxes – deferred	2,515	△278	(2,794)
Profit	13,046	8,815	(4,230)
Profit attributable to non-controlling interests	134	89	(44)
Profit attributable to owners of parent	12,911	8,725	(4,185)

Recorded of a foreign exchange gain (¥1,080 million) in the previous fiscal year.
Recording of foreign exchange loss (¥562 million) in the current fiscal year.

Recorded of gain on sales of non-current assets (¥13,423 million) in the previous fiscal year. (Transfer of a portion of co-ownership of the former Furukawa Osaka Building site and other land.)
Recording gain on sales of investment securities, mainly from the partial sales of strategic shareholdings in current fiscal year (¥8,248 million).

Recorded demolition expenses of a Furukawa Osaka Building, Furukawa Hamadori Building and Yamayo Building (¥458 million), and recorded loss on liquidation of two overseas subsidiaries in China and Panama in the Rock Drill segment (¥200 million), etc.

The effective corporate tax rate after the application of tax-effect accounting for current fiscal year was 23.8%, a significant deviation from the effective statutory tax rate of 30.6%, mainly due to a review of our total income taxes associated with our plan to reduce strategic shareholdings.

Consolidated Balance Sheet

(Million yen)

	FY2023	FY2024 Q2	Difference
Assets			
Current assets	99,636	113,566	13,929
Non-current assets	160,241	143,829	(16,411)
Property, plant and equipment	92,045	91,411	(633)
Intangible assets	342	320	(21)
Investment and other assets	67,853	52,097	(15,755)
Total assets	259,878	257,395	(2,482)
Liabilities			
Current liabilities	51,669	56,883	5,213
Non-current liabilities	74,935	70,469	(4,466)
Total liabilities	126,605	127,353	747
Net assets			
Shareholder's equity	96,549	101,771	5,222
Share capital	28,208	28,208	-
Capital surplus	2	10	8
Retained earnings	73,046	79,740	6,694
Treasury shares	(4,707)	(6,188)	(1,480)
Accumulated other comprehensive income	33,358	24,758	(8,599)
Non-controlling interests	3,365	3,512	146
Total net assets	133,272	130,042	(3,230)
Total liabilities and net assets	259,878	257,395	(2,482)

Increase in merchandise and finished goods, raw materials and supplies, etc.

Decline in the share prices of listed stocks and a decrease in investment securities resulting from the sale of some strategic shareholdings.

Increase in short-term borrowings, accounts payable, etc.

Decrease in deferred tax liabilities, etc.

decrease in valuation difference on available-for-sale securities owing to a reduction in strategic shareholdings.

Interest-Bearing Debt & Consolidated Cash Flow

[Interest-bearing debt]

(Million yen)

	FY2023	FY2024 Q2	Difference
Short-term	493	8,592	8,099
Long-term	52,895	51,150	(1,745)
Bonds payable	5,000	5,000	-
Total	58,389	64,743	6,354

Expected to decrease to around ¥57 billion in fiscal year ending March 2025.

[Consolidated cash flow]

(Million yen)

	FY2023 Q2	FY2024 Q2	Difference
Cash flows from operating activities	8,443	(15,421)	(23,864)
Cash flows from investing activities	1,946	7,125	5,178
Cash flows from financing activities	(4,312)	2,629	6,942
Cash and cash equivalents	20,364	12,951	(7,412)

Outflows from changes in assets and liabilities related to operating activities [¥(18,259) million], income taxes paid [¥(3,241) million], etc.

Purchase of property, plant and equipment [¥(3,045) million], proceeds from sale of investment securities [¥10,155 million], etc.

Repayments of borrowings [¥(17,269) million] and cash dividends paid [¥(2,042) million], proceeds from borrowings [¥23,598 million], etc.

Financial Results by Segment (Consolidated)

(Million yen)

	Net sales			Operating profit		
	FY2023 Q2	FY2024 Q2	Difference	FY2023 Q2	FY2024 Q2	Difference
Machinery	40,302	41,768	1,465	2,581	2,187	(393)
Industrial	6,054	8,778	2,723	(283)	11	294
Rock Drill	19,961	18,425	(1,535)	2,146	1,539	(607)
UNIC	14,286	14,564	277	717	636	(81)
Materials	51,503	48,659	(2,843)	1,912	952	(960)
Metals	43,359	40,589	(2,769)	1,254	579	(674)
Electronics	3,540	3,154	(386)	274	(2)	(276)
Chemicals	4,603	4,915	312	383	374	(8)
Real Estate	903	1,027	124	226	360	134
Other	2,083	2,066	(16)	(86)	26	112
Adjustment				(34)	(38)	(3)
Total	94,793	93,522	(1,270)	4,599	3,489	(1,110)

JPY rate per US\$	141.0 ¥/\$	152.6 ¥/\$	11.6 ¥/\$
LME copper price	8,417 \$/ton	9,477 \$/ton	1,060 \$/ton

Financial Forecasts by Segment (Consolidated)

(Million yen)

	Net sales			Operating profit		
	FY2023	FY2024 (Forecast)	Difference	FY2023	FY2024 (Forecast)	Difference
Machinery	82,085	83,500	1,414	5,696	5,700	3
Industrial	15,548	21,600	6,051	389	1,900	1,510
Rock Drill	38,682	32,900	(5,782)	4,148	2,300	(1,848)
UNIC	27,853	29,000	1,146	1,158	1,500	341
Materials	100,388	98,000	(2,388)	2,765	1,900	(865)
Metals	84,712	81,700	(3,012)	1,945	1,000	(945)
Electronics	6,766	6,800	33	212	300	87
Chemicals	8,908	9,500	591	608	600	(8)
Real Estate	1,873	2,100	226	470	700	229
Other	3,908	4,100	191	(293)	0	293
Adjustment				(114)	(100)	14
Total	188,255	187,700	(555)	8,524	8,200	(324)

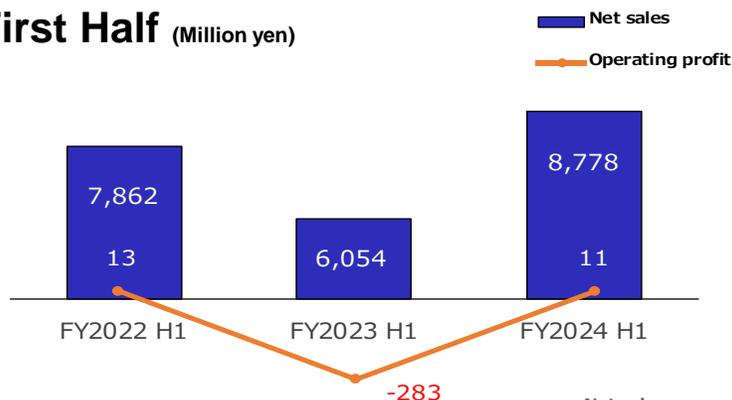
JPY rate per US\$	144.6 ¥/\$	148.8 ¥/\$	4.2 ¥/\$
LME copper price	8,362 \$/ton	9,489 \$/ton	1,127 \$/ton

*FY2024 (Forecast) were announced on Nov. 11, 2024

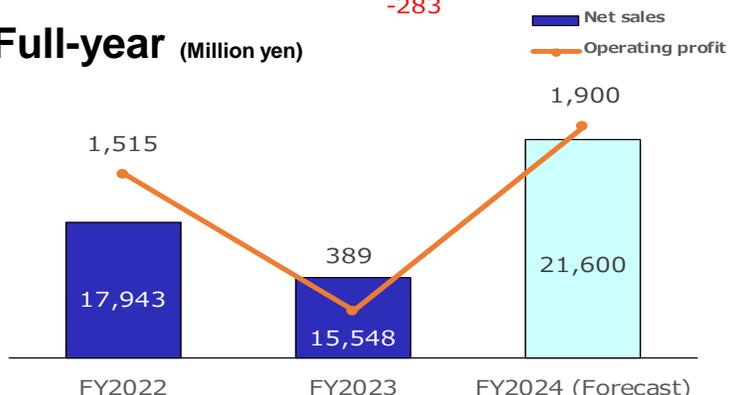
Results by Segment (Industrial Machinery Segment)



First Half (Million yen)



Full-year (Million yen)



- Main factor of first half results

[Net sales] ¥8.7 billion [+¥2.7 billion]

- Material machinery sales climbed thanks to the increased shipments of main units and volume of crushed stone plants, while in the contractor business, revenue increased due to the fluctuation in net sales in steel bridges in line with construction volume.

[Operating profit] ¥0.0 billion [+¥0.2 billion]

- Overall operating profit also rose thanks mainly to higher sales and profit from steel bridges. (Operating profit for the previous fiscal year was in the red due to additional costs incurred as a result of delays in plant construction for material machinery and other factors.)

	FY2024 Q2	VS FY2023 Q2
Order backlog	¥14.2 billion	¥(1.7) billion

[Pump facilities]
Morigasaki Water Reclamation Center, Hyogo East Basin Sewage Sludge Treatment Plant, etc.
[Bridges]
Moka IC South Overpass (Tochigi pref.), Takanezawa Overpass (Tochigi pref.), etc.
[Belt conveyors]
Concrete transport equipment for dam construction, earth and sand transport equipment for tunnel excavation, etc.

- Main factor of Full-year forecast

[Net sales] ¥21.6 billion [+¥6.0 billion]

- Expect an overall increase in net sales owing to the projected growth in sales of material machinery, steel bridges, pumps and pump equipment, and belt conveyors.

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

- Expect an overall increase in operating profit due to expected increase in sales and profits from material machinery, pump equipment, and belt conveyors. (In the previous fiscal year, additional costs were incurred due to delays in plant construction 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.

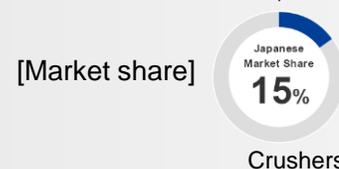
[Destinations] Shield tunnel construction sites, sewage treatment plants, etc.



Material machinery

[Features] Supports section plants including machine manufacturing and sales.

[Destinations] Quarries, limestone mines, steel works, etc.



Infrastructure division

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

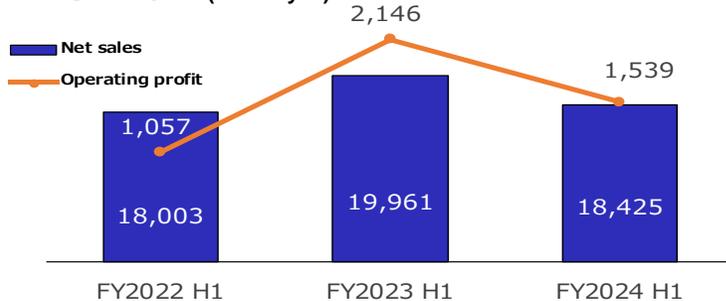
[Destinations] New construction of steel bridges, Construction of conveying earth and sand, etc.

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

Results by Segment (Rock Drill Machinery Segment)



First Half (Million yen)



- Main factor of first half results

[Net sales] Japan ¥6.4 billion [¥(0.2) billion], Overseas ¥11.9 billion [¥(1.3) billion]

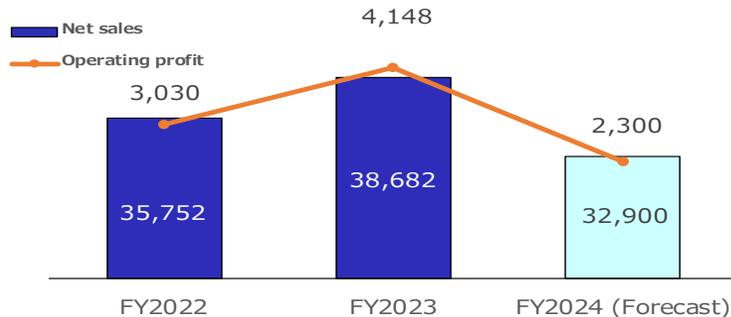
- In Japan, sales declined due to lower shipments of tunnel drill jumbos, hydraulic crawler drills, hydraulic breakers, and other products.

Overseas, sales dipped due to a lull in demand for hydraulic breakers in North America, despite the positive effect of the weaker yen on sales.

[Operating profit] ¥1.5 billion [¥(0.6) billion]

- Operating profit decreased mainly due to lower sales in North America.

Full-year (Million yen)



- Main factor of Full-year forecast

[Net sales] Japan ¥13.6 billion [¥(0.9) billion], Overseas ¥19.3 billion [¥(4.9) billion]

- In Japan, expect a decline in sales due to a projected decrease in shipments of tunnel drill jumbo units. Overseas sales are expected to decrease mainly due to the anticipated contraction in shipments of hydraulic breakers and hydraulic crawler drills in North America.

[Operating profit] ¥2.3 billion [¥(1.8) billion]

- Operating profit is projected to decrease mainly due to the expected decline in sales and profits overseas.

- 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]

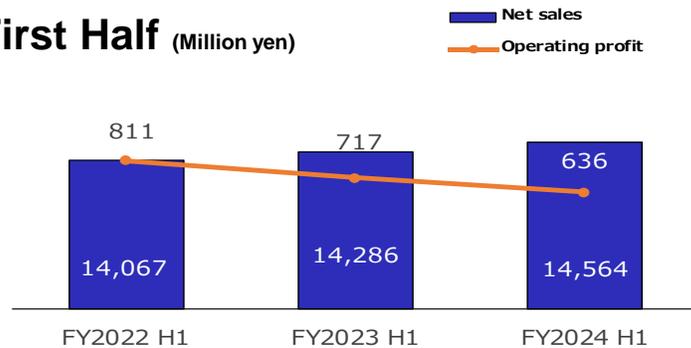


Tunnel drill jumbos

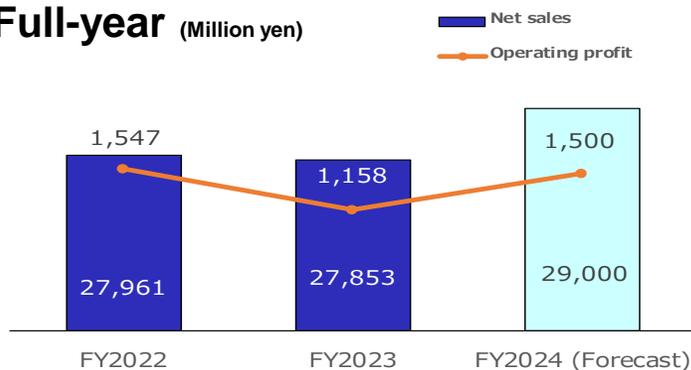
Results by Segment (UNIC Machinery Segment)



First Half (Million yen)



Full-year (Million yen)



- Main factor of first half results

[Net sales] Japan ¥11.1 billion [+¥0.0 billion], Overseas ¥3.4 billion [+¥0.1 billion]

- In Japan, shipments of UNIC cranes were on par with the previous fiscal year, although the supply of trucks was unstable.

Overseas, sales climbed thanks to increased shipments of UNIC cranes to Asia and the Middle East, despite the drop in shipments of mini-crawler cranes to North America.

[Operating profit] ¥0.6 billion [¥(0.0) billion]

- Overseas, sales climbed thanks to increased shipments of UNIC cranes to Asia and the Middle East, despite the drop in shipments of mini-crawler cranes to North America.

- Main factor of Full-year forecast

[Net sales] Japan ¥22.7 billion [+¥1.2 billion], Overseas ¥6.3 billion [¥(0.0) billion]

- Expects the situation in Japan in H1 to continue, but anticipates sales to increase due to a certain degree of recovery in the supply of trucks towards the end of the fiscal year.

Overseas, although shipments of UNIC cranes are expected to grow, shipments of mini-crawler cranes are projected to decrease, so we expect sales to remain unchanged from the previous year.

[Operating profit] ¥1.5 billion [+¥0.3 billion]

- Operating profit is projected to increase due to the expected increase in domestic sales and profit.

- 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.



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.

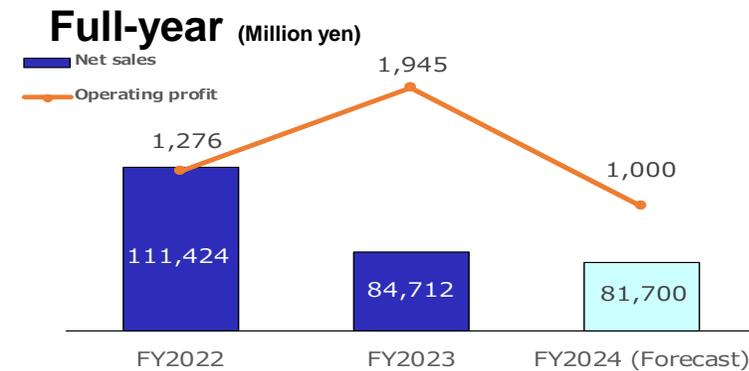
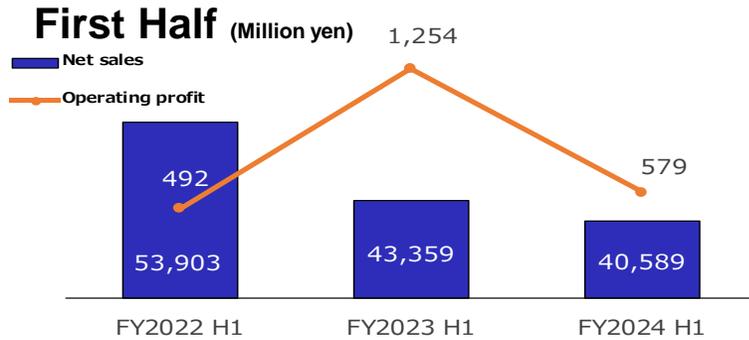


UNIC carriers

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



Results by Segment (Metals Segment)



- 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 factor of first half results

[Net sales] ¥40.5 billion [¥(2.7) billion]

- Electrolytic copper production dipped by 1,660 tons YoY to 23,300 tons, and although sales volume decreased, revenue still increased due to higher overseas market prices and a weaker yen. Revenue from electrolytic gold dropped due to lower sales volume, resulting in an overall dip in sales.
 - Copper +¥1.9 billion [Volume ¥(4.1) billion, Unit price +¥6.0 billion]
 - Gold ¥(4.6) billion [Volume ¥(5.7) billion, Unit price +¥1.1 billion]

[Operating profit] ¥0.5 billion [¥(0.6) billion]

- Overall operating profit dropped due to a deterioration in the entrusted smelting contract balance caused by worsening ore purchase conditions, as well as the effects of metal price fluctuations, especially for gold.

Profit/loss from metal price fluctuations in the metals segment

	FY2024 Q2	VS FY2023 Q2
Operating profit	¥0.57 billion	¥(0.67) billion
Include price affect	¥0.31 billion	¥(0.56) billion
Copper	[¥(0.01) billion]	[¥(0.13) billion]
Gold	[¥0.26 billion]	[¥(0.42) billion]

	FY2024 Q2	VS FY2023 Q2
JPY rate per US\$	152.6 ¥/\$	11.6 ¥/\$
LME copper price	9,477 \$/ton	1,060 \$/ton

	FY2024 (Forecast)	VS FY2023 Difference
JPY rate per US\$	148.8 ¥/\$	4.2 ¥/\$
LME copper price	9,489 \$/ton	1,127 \$/ton

- Main factor of Full-year forecast

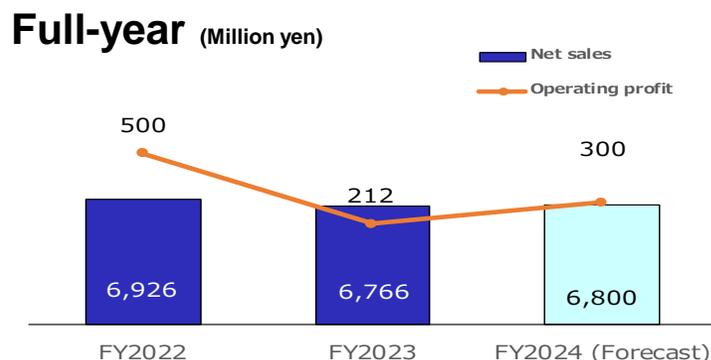
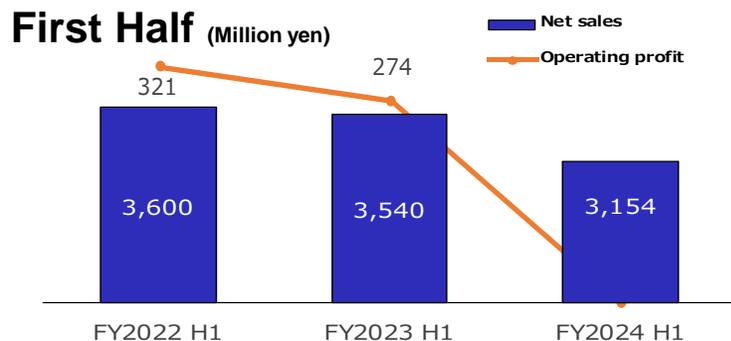
[Net sales] ¥81.7 billion [¥(3.0) billion]

- Net sales are expected to decline mainly due to contraction in sales volume of electrolytic copper and other products.

[Operating profit] ¥1.0 billion [¥(0.9) billion]

- Operating profit is expected to decrease due to a deterioration in the entrusted smelting contract balance caused by worsening ore purchasing conditions and the absence of expected price differential gains owing to the impact of metal price fluctuations in H2.

Results by Segment (Electronics Segment)



- Main factor of first half results

[Net sales] ¥3.1 billion [¥(0.3) billion]

- Sales of aluminum nitride ceramics increased due to a recovery in demand for parts for semiconductor manufacturing equipment.

Sales of high-purity metallic arsenic decreased due to lower exports, crystal products were affected by prolonged inventory adjustments by users, and coil sales went down due to the suspension of shipment by some automobile manufacturers.

[Operating profit] ¥(0.0) billion [¥(0.2) billion]

- Operating profit posted a loss owing to such factors as lower sales of high-purity metallic arsenic, crystal products, and coils.

- Main factor of Full-year forecast

[Net sales] ¥6.8 billion [+¥0.0 billion]

- Expect sales of aluminum nitride ceramics to increase thanks to the continued recovery in the demand for parts for semiconductor manufacturing equipment, but also project sales to remain mostly unchanged from the previous year due to the expected declines in shipments of high-purity metallic arsenic, crystal products, and coils.

[Operating profit] ¥0.3 billion [+¥0.0 billion]

- Operating profit to increase overall due to project reduced revenues and profits from high-purity metallic arsenic, crystal products, and coils, also expect increased revenues and profits from aluminum nitride ceramics and other products.

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

High-purity metallic arsenic

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

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

[Market share]



High-purity metallic arsenic

Aluminum nitride 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.

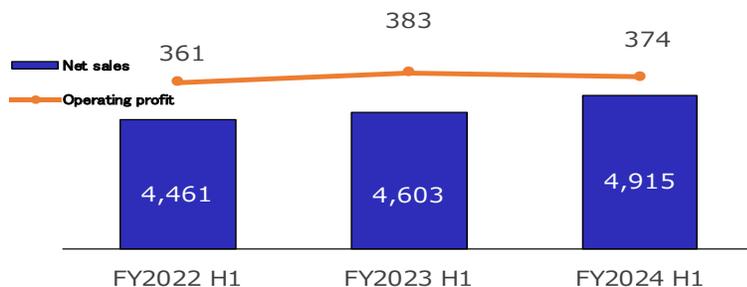
[Destinations] Semiconductor manufacturing equipment components, high-power LD/LEDs, resin-based heat-dissipation sheets, etc.

[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 Segment (Chemicals Segment)



First Half (Million yen)



- Main factor of first half results

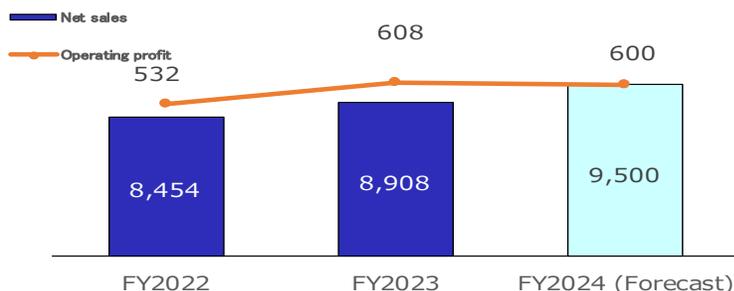
[Net sales] ¥4.9 billion [+¥0.3 billion]

- Although demand for cupric oxide for packaging substrates decreased, sales of cupric oxide increased due to the rise in copper prices and changes in the sales mix, Cuprous oxide sales jumped due to the strong demand for ship bottom paints, and the rise in copper prices and price revisions led to an increase in sales.

[Operating profit] ¥0.3 billion [¥(0.0) billion]

- Operating profit was almost unchanged from the previous year due to higher costs of raw materials for cuprous oxide and cupric oxide, despite the rise in cuprous oxide sales and profits.

Full-year (Million yen)



- Main factor of Full-year forecast

[Net sales] ¥9.5 billion [+¥0.5 billion]

- Expect a surge in revenue due to the increased sales volume and higher sales unit price of cuprous oxide and cupric oxide, resulting in an overall increase in net sales.

[Operating profit] ¥0.6 billion [¥(0.0) billion]

- Operating profit is expected unchanged from the previous year, due to the expected impact of the higher costs of raw materials for cuprous oxide and cupric oxide.

- 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.

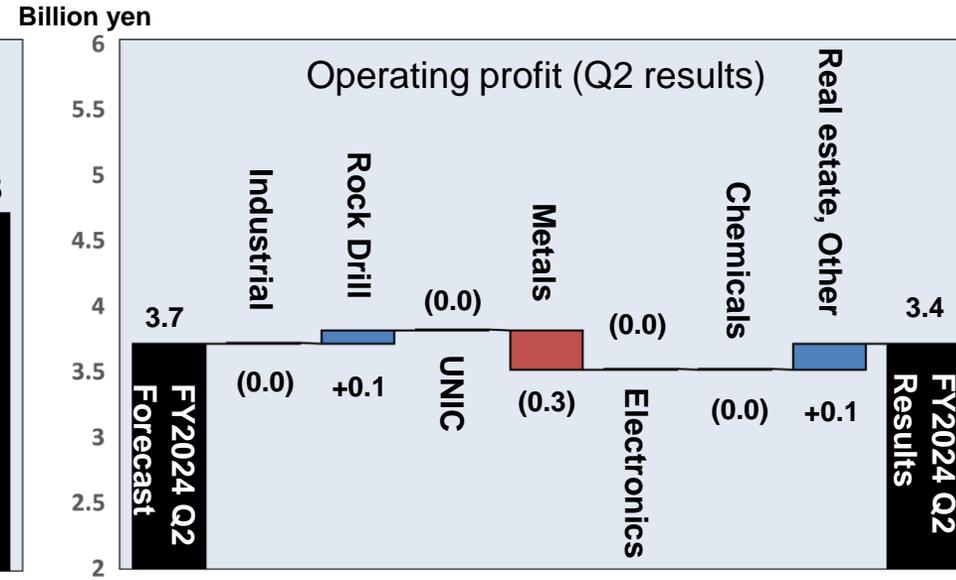
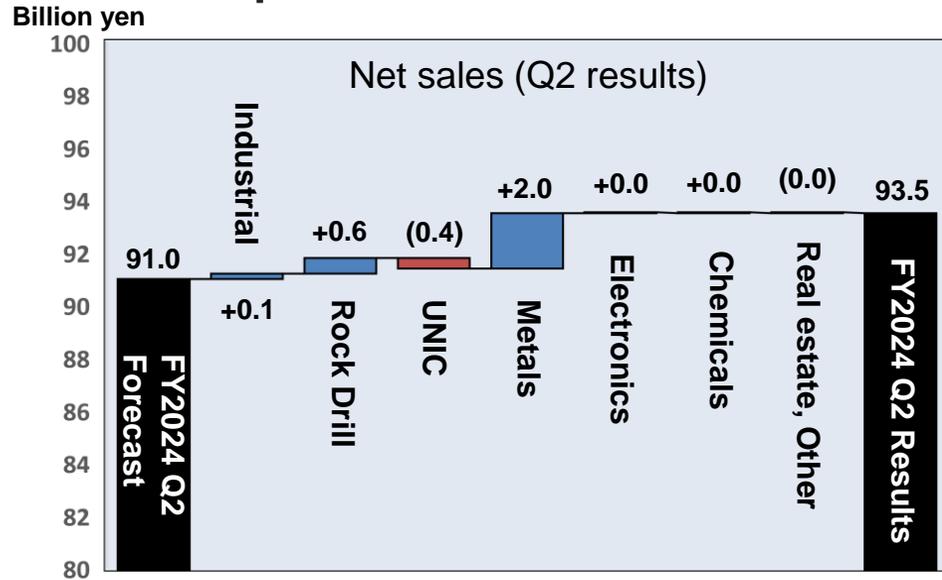
[Destinations] Manufacturer such as chemicals, electronic devices, steel, food processing, etc.

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

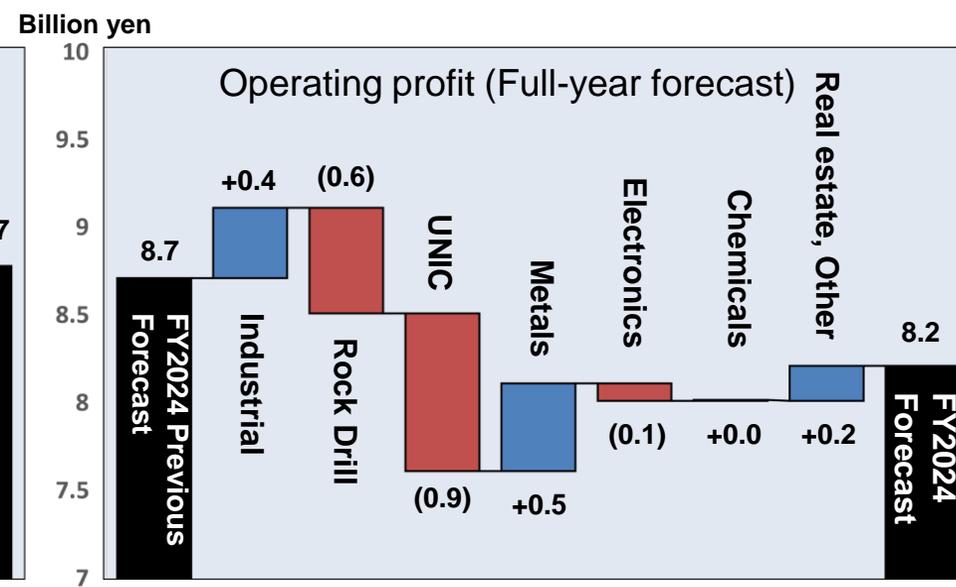
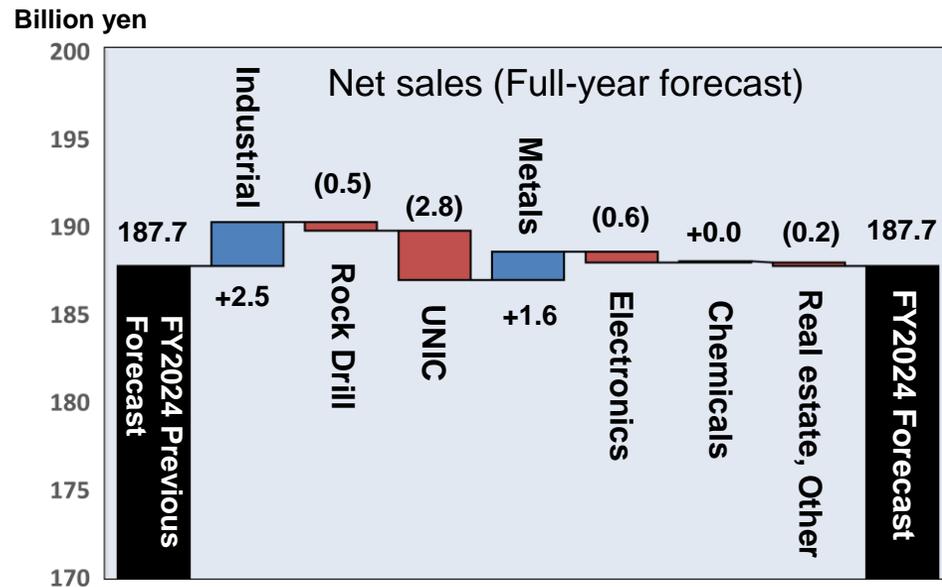
Financial Forecast / Compared to Previous Forecast

		Previous forecast (Announced on Aug. 7, 2024)	Revised forecast (Announced on Nov. 11, 2024)	Difference
Net sales	Million yen	187,700	187,700	-
Operating profit	Million yen	8,700	8,200	(500)
Operating margin	%	4.6	4.4	(0.3)
Ordinary profit	Million yen	8,000	7,400	(600)
Profit attributable to owner of parent	Million yen	14,000	16,000	2,000
JPY rate per US\$	¥/\$	151.5	148.8	(2.7)
LME copper price	\$/ton	9,188	9,489	301

Change in Earnings by Segment (Consolidated) / Compared to Previous Forecast



<Main factor of change in H1>
 Rock Drill machinery segment posted higher revenues and profits due to the effect of yen depreciation, while UNIC segment recorded lower revenues and profits due to delays in domestic truck deliveries and sluggish overseas sales. Metals segment saw increased sales thanks to the rising overseas prices for electrolytic copper and electrolytic gold, but profits still decreased due to the loss on valuation of copper inventories at the lower-of-cost-or-market method due to the impact of metal price fluctuations. In the Real Estate business, both revenue and profit went up due to higher rental income, resulting in an increase in revenue but decrease in profit on a consolidated basis.
 *Exchange rate assumptions
 Previous forecast 152.9 ¥/\$ => Results 152.6 ¥/\$



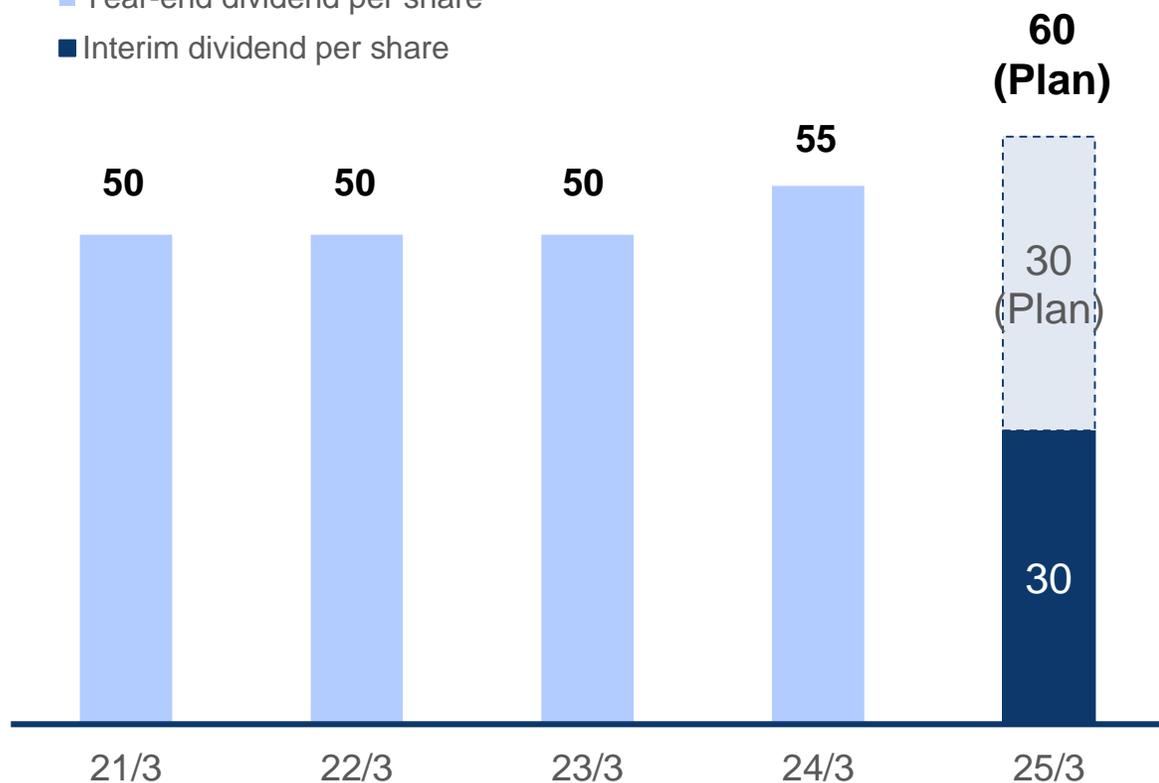
<Main factor of change in Full-year forecast>
 Industrial machinery segment is projecting increased sales and profit on higher orders for material machinery and strong sales of pump equipment and steel bridges. Metals segment is forecasting increased sales and profit given the anticipated growth in the sales volume of electrolytic gold and a reversal of the valuation loss on lower-of-cost-or-market method recorded in H1. UNIC segment is projecting lower revenues and profits due to the incomplete recovery in domestic truck supply and continued sluggish overseas sales. Rock Drill machinery segment forecasts lower sales and profits due to expected declines in shipments in North America. Based on the above, we forecast a decrease in profit for the full year on a consolidated basis.
 *Exchange rate assumptions
 Previous forecast 151.5 ¥/\$ => Forecast 148.8 ¥/\$

Dividends, Share buybacks

[Dividends]

(Yen)

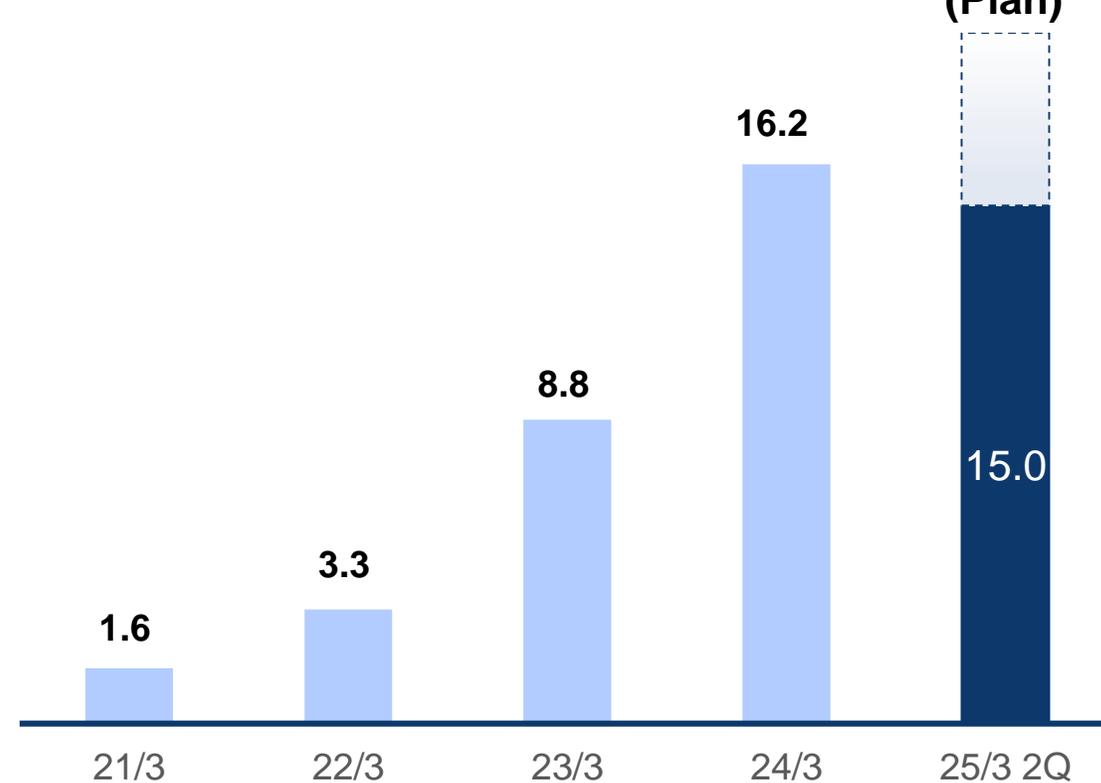
- Year-end dividend per share
- Interim dividend per share



[Share buybacks]

(Billion yen)

15-20
(Plan)



Consolidated total return on equity	2.5%	2.4%	2.8%	3.1%
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Dialogue with Shareholders and Other Investors

- Outlined items in which institutional investors have shown a great interest at individual IR meetings
- In this instance, four items indicated in the red box are explained

Main contents of dialogue with institutional investors

Theme	Matters of interest	
Management strategy	Business strategy (mainly in the core Machinery business)	> Industrial Machinery segment is explained on page 28 and beyond
	Action to Implement management that is Conscious of Cost of Capital and Stock Price	
	Future of Metals segment and Real Estate business	> Real Estate business is explained on page 20
	Overview of business portfolio management	
Shareholder returns	Allocation of management resources	> Explained on page 23
	Dividend policy, share buybacks, etc.	
Business results	Business performance and outlook	
	Progress of Medium-Term Business Plan	
ESG	Reduction of strategic shareholdings	> Explained on page 24
	Initiatives for human capital	
	Climate change and decarbonization initiatives	

Role of Real Estate Business

- Our approach to the Real Estate business

- The real estate business is positioned as a business that provides stable cash flow over the long term, as it leases real estate with low business fluctuation risk for the purpose of effectively utilizing our company's own real estate.
- The Tokyo and Osaka properties we own are located in popular areas, so they have low risk of price declines and vacancy, and are highly liquid and convertible into cash. Their locations on the east and west of Japan also help to diversify risk from earthquakes.
- Due to our company's historical background, we have a semi-permanent obligation, which is that we are required to pay the administrative expenses of inactive mountain. We believe that the real estate business is necessary as a long-term stable source of cash flow for this purpose.

The Real Estate segment assets at FY2022

Tokyo	Osaka	Other	Total
Approx. ¥20.0 billion	Approx. ¥4.0 billion	Approx. ¥2.5 billion	¥26.6 billion

**Operating profit
(5-year average)**

Approx. ¥0.7 billion

(The major leased property is only in Tokyo)

The Real Estate segment assets projected for FY2026 (After Osaka project goes into operation)

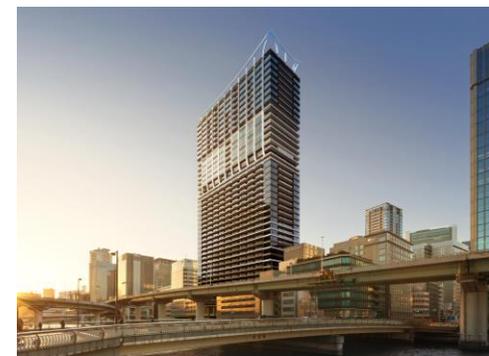
Tokyo	Osaka	Other	Total
Approx. ¥19.5 billion	Approx. ¥14.0 billion	Approx. ¥2.5 billion	Approx. ¥36.0 billion

**Projected operating
profit**

Approx. ¥1.1 to ¥1.2 billion



Muromachi Furukawa Mitsui Building
(COREDO Muromachi 2)



Exterior image of Dojimahama 2-chome,
Kita-ku, Osaka

- We plan to sell a portion of our interest in a site in Osaka in the fiscal year ended March 2024, and use the proceeds from the sale to lease a hotel (Scheduled for completion in May 2027) and some residences to be built on the site.
Record the proceeds from the sale as an asset under long-term accounts receivable.

* The projected operating profit includes Tokyo (Muromachi Furukawa Mitsui Building) and the Osaka project after it goes into operation in fiscal year 2027.

Role of Real Estate Business

- Obligation to management of suspended or abandoned mine

The main mines where the Group has mining rights and is required to take pollution control measures

**Ashio Mine
(Tochigi Pref.)**

**Iimori Mine
(Wakayama Pref.)**

**Ani Mine
(Akita Pref.)**

Specific measures for mine pollution prevention implemented by our Company and the legal basis

Legal basis	Content of the measures
Act on Special Measures for Pollution Caused by the Metal Mining Industry, etc.	Mine run-off treatment from mines or end-of-life piles
Mine Safety Act	Construction work related to in-use tailings dam and mine run-off treatment

- As long as mine run-off continues to be discharged from the suspended or abandoned mines, our company is obligated to take permanent pollution prevention measures (mine run-off treatment) under both the Mine Safety Act and the Act on Special Measures for Pollution Caused by the Metal Mining Industry, etc.
- We are also obligated to preserve the tailings dam after their end of use and to restore the area after a disaster.

In addition to these basic laws, we have entered into **pollution prevention agreements** with neighboring municipalities, and we have been managing suspended or abandoned mine and other aspects to **standards stricter than those set by the national government.** (Permissible limits of substances in mine run-off, water quality measurement, etc.)

* A tailings dam is a facility for the final disposal of mining waste, including waste rock that does not contain valuable materials extracted from the interior of formerly operational mines, waste generated during the smelting process at concentrators and smelters, and neutralization sludge generated from mine run-off treatment. There are 13 tailings dams within the Ashio Mine, and they are inspected and managed daily to ensure that no abnormalities occur due to rain, earthquakes, or other factors.



Sunokobashi tailings dam (in use)



Ani mine Ushigoya tailings dam (end of use)



Nakasai water purification plant

Role of Real Estate Business

- Capital expenditures related to the management of suspended or abandoned mines (Actual)

The capital expenditures from 2007 to the present amount to approx. **¥5.1 billion**. Additionally, approx. ¥0.3 billion is spent annually on maintenance and management costs, including equipment repairs, disaster recovery work, and the cost of chemicals such as lime.

Tailing dam	Mine run-off treatment	Interior of mine	Heavy machinery and communication
Approx. ¥3.0 billion	Approx. ¥1.6 billion	Approx. ¥0.3 billion	Approx. ¥0.2 billion

**Non-operation expenses on the P&L
 (Administrative expenses of inactive mountain)**

**Recorded as expenses of
 approx. ¥0.8 billion in FY2023**

- Capital investments that we need to consider in the future

<In recent years>

- Due in part to the effects of the 2011 Great East Japan Earthquake, companies owning inactive mines conducted stability assessments and reinforcement work on tailings dams, as well as planned maintenance work.
- Due in part to the effects of typhoons and other factors in 2019, the Ministry of Economy, Trade and Industry provided guidance to strengthen resilience at mines nationwide. **(The following three point.)**
 - Strengthen facilities to ensure that mine run-off treatment is not disrupted even if infrastructure (electricity, logistics, etc.) is interrupted for three days
 - Enhance backup facilities
 - Increase mine wastewater treatment capacity

=>Continued investment in facilities is necessary to properly manage inactive mines in the future.

**Expected non-operation expenses on the P&L in the future
 (Administrative expenses of inactive mountain)**

**Estimated annual expenses of
 approx. ¥0.8 to ¥1.0 billion**

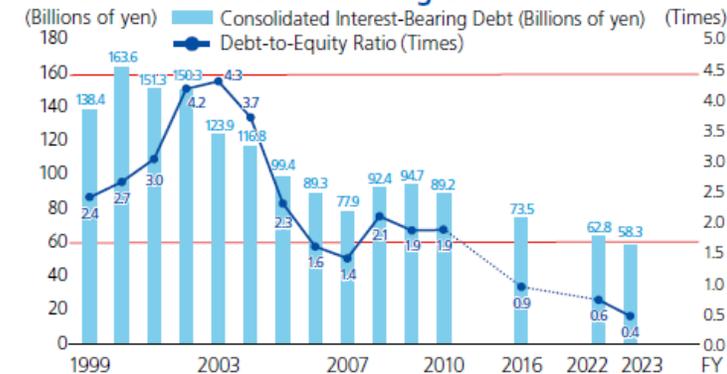
- **To fulfill our semi-permanent responsibilities, it is essential to secure cash flow resources that prioritize long-term stability. = There is a need for Real Estate business.**
- **Managing inactive mines is our social responsibility, and to prepare for future liabilities, we need to secure assets of a certain scale. The anchor asset for this purpose is the real estate business.**
- **Separately from investments in strengthening the profitability of core businesses (machinery and materials), M&A, and new businesses, we will firmly address the management of inactive mines using resources from the Real Estate business.**

Allocation of management resources

- Strengthening financial structure due to past financial difficulties

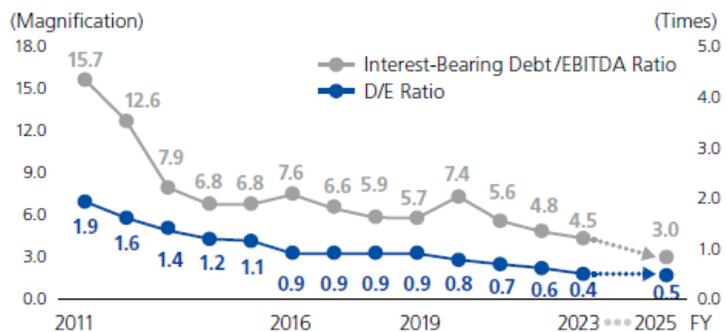
- We reduced the interest-bearing debt, which had increased to over ¥160 billion, to approx. ¥58 billion over a period of more than 20 years.
Even in the face of weak performance, we were still able to generate funds from our balance sheet to make capital investments and shareholder returns.
- Under our Medium-Term Business Plan 2025, we set targets for interest-bearing debt/EBITDA ratio in the 3 times range, and debt-to-equity ratio in the 0.5 times range. In order to enable secure financing through favorable means, the Company aims to raise its credit rating, which had deteriorated to BB+ as of 2003, to A-. (It has been raised to BBB+ in October 2022)

Consolidated Interest-Bearing Debt



FY2023 achievements	Interest-bearing debt/EBITDA ratio: 4.5 times (Target not met, but achievable) Debt-to-equity ratio: 0.4 times (Target achieved)
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Transition of D/E Ratio / Interest-Bearing Debt / EBITDA ratio



- Transitioning from Financial Strengthening to Strategic Capital Deployment

- The equity-to-asset ratio has reached 50%, marking the end of the traditional financial strengthening phase.
=> **Moving into a phase where we can allocate funds flexibly and with a focus on investment**
- In addition to capital investment for growth strategies, we are considering prioritizing funds for M&A and shareholder returns (dividends, share buybacks, and cancellations).
=> **Investing in core businesses to enhance capital efficiency and strengthening shareholder returns**

ROE	=	Profitability Return on sales	×	Efficiency Total asset turnover	×	Leverage Financial leverage
FY2016 (results) : 5.9%		2.84%		0.74 times		2.80 times
FY2019 (results) : 5.8%		2.68%		0.78 times		2.76 times
FY2022 (results) : 6.2%		2.90%		0.93 times		2.31 times
FY2023 (results) : 13.8%		8.55%		0.76 times		2.12 times
FY2025 (targets) : Approx. 8%		Improved		Improved		Down

We plan to shift to a phase where we leverage more.

Reduction of strategic shareholdings

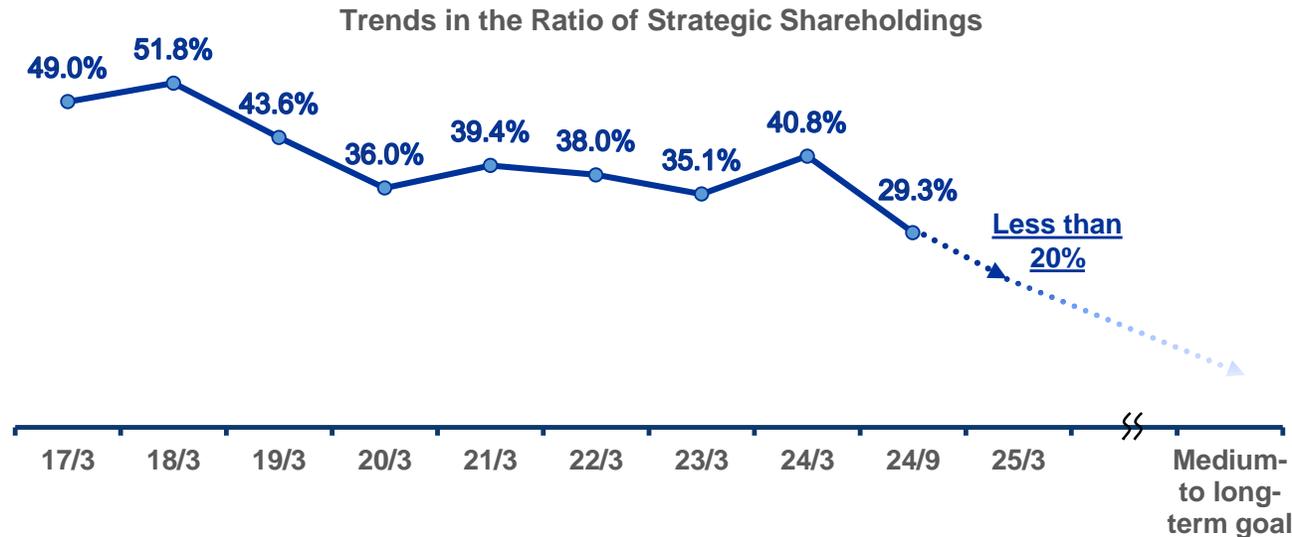
- Reduction target of strategic shareholdings*

In May 2024, announced our goal of reducing the ratio of strategic shareholdings to less than 20% of consolidated net assets by the end of March 2025

At End of Sep.
2024

Ratio of strategic shareholdings has
been reduced to 29.3%

* 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



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

* Estimates based on the prices of such holdings as of March 31, 2024.

- Medium-to long-term Goal

First priority is to achieve the reduction target of less than 20% by the end of March 2025.

After that reduction target is achieved, we plan to set a new target for further reduction.

[Capital Investment (Consolidated)]

(Million yen)

Capital investment	FY2022	FY2023		FY2024	
		(Q2)	(Full-year)	(Q2)	(Annual forecast)
Machinery	2,125		4,430		4,100
Industrial	912		2,547		900
Rock Drill	708		1,025		1,500
UNIC	504		857		1,700
Materials	1,571		1,581		2,100
Other	489		2,001		3,200
Total	4,187	3,111	8,013	1,683	9,400

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.

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
[FY2023 approx. ¥1.2 billion, FY2024 approx. ¥2.0 billion]

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

[Depreciation and Amortization (Consolidated)]

Depreciation and amortization	4,114	2,165	4,387	2,387	4,500
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[Research and Development Expenses (Consolidated)]

Research and development expenses	1,508	713	1,314	675	1,400
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[Metal Products, Foreign Exchange Rate (Consolidated)]

		FY2022	FY2023		FY2024	
			(Q2)	(Full-year)	(Q2)	(Q3, Q4 Forecast)
Overseas market price of copper (Average)	¢/pound	387.9	381.8	379.3	429.9	430.9
	\$/ton	8,551	8,417	8,362	9,477	9,500
JPY rate per US\$ (Average)		135.47	141.00	144.62	152.62	145.00

Production and marketing of Furukawa Metals & Resources Co., Ltd.	FY2022	FY2023		FY2024	
		(Q2)	(Full-year)	(Q2)	(Q3, Q4 Forecast)
Copper production (t)	70,186	24,961	48,262	23,300	22,890
Copper sales volume (t)	74,070	26,475	53,505	23,038	23,664

<About copper production>

- Production volume is expected to decrease from FY2023 due to terminated entrusted smelting contract with Onahama Smelting and Refining Co., Ltd. on March 31, 2023.
- Going forward, it will be produced only by Hibi Kyodo Smelting Co., Ltd., which is another contractor.

[Employee (Consolidated)]

	End of Mar. 2023	End of Mar. 2024	End of Sep. 2024	VS End of Mar. 2024
Number of consolidated employee (Person)	2,831	2,855	2,884	29

Reference Materials

[Consolidated Financial Results]

(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	8,200
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	7,400
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	16,000

Segment Performance

[Net sales]

(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	83,500
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	21,600
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	32,900
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	29,000
Materials	80,175	82,128	92,203	77,917	88,026	90,162	93,270	85,644	78,968	89,987	92,722	79,366	88,203	118,163	126,804	100,388	98,000
Metals	68,786	71,132	79,979	68,114	77,944	78,684	81,513	74,192	67,853	77,334	80,067	67,149	76,094	102,995	111,424	84,712	81,700
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	6,800
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	9,500
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	4,100
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]

(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	5,700
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	2,300
UNIC	710	(870)	(186)	928	2,212	3,141	3,614	2,627	2,578	2,295	2,789	3,992	3,180	2,165	1,547	1,158	1,500
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	1,900
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	1,000
Electronics	4	657	1,279	(234)	(262)	(123)	52	(368)	17	330	407	(35)	161	666	500	212	300
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	700
Other	(304)	(376)	(92)	(93)	(63)	(60)	(130)	(72)	(126)	(196)	(147)	(94)	(82)	17	(133)	(293)	0
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	8,200

*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	9,489
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	148.81

FURUKAWA



Business Briefing

- Industrial Machinery Segment-

November 29, 2024

 FURUKAWA CO.,LTD.

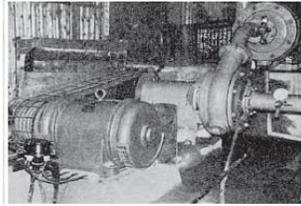
TSE Prime Market

Securities code: 5715

Main Business

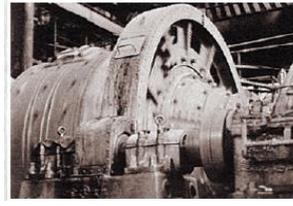
Mining technologies

Slurry transportation technologies



Slurry transportation (Pumps)

Mineral processing technologies



Grinding mills

Transport technologies



Belt conveyors



Furukawabashi

Pumps, Pump equipment



Strengths

Anti-wear, acid-resistant, non-clogging

- Slurry pumps (various Industries and Infrastructure)
- Sewage pumps (Sewage treatment)
- Sewage Treatment Plant Pump Equipment

Material machinery



Strengths

High efficiency, high durability

- Crushers
- Grinding mills
- Screens

Belt conveyors



Strengths

Conveyor Technology × Engineering Expertise

- Earth and sand transportation equipment for dam construction, tunnel construction, control pond construction

Steel structures



Strengths

Steel Processing Technology × On-site Construction Expertise

- Steel Bridges such as Highway Overpasses and Pedestrian Bridges

Medium-Term Business Plan 2025

Strengthen earnings base through stock business

- Expand orders in markets with expected revenue from stock businesses by utilizing strategic equipment (Pumps, Material machinery)
- Develop new business models utilizing IoT technology (Material Machinery)



Pumps



Material machinery

Expand business in the field of infrastructure development

- Develop domestic business foundations by engaging in Infrastructure development to address social issues (SDGs, Disaster prevention and mitigation, etc.)



Steel bridges

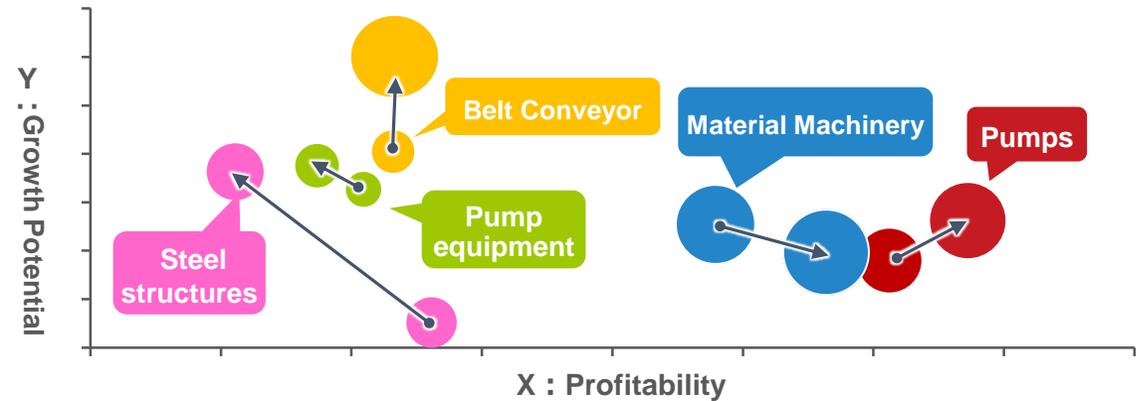


Belt conveyors

Contractor business

Business (product) portfolio

* Comparison of FY2021 results and FY2025 image



Pumps
Material machinery
Improve profitability

Contractor business
Business expansion

Strengthen Earnings Base Through Stock Business

- Expand orders in markets with expected revenue from stock businesses by utilizing strategic equipment (Pumps)

Strategic equipment for the non-ferrous, chemical, and semiconductor & electronic components industries
(New high-efficiency slurry pump, LK3)

Development with the theme of **life cycle cost***1 reduction

Product improvements based on feedback from our customers' maintenance staff. Achieving enhanced disassembly and assembly efficiency and extended product lifespan.

*1 Life cycle cost: Costs of products or structures considered comprehensively from procurement and manufacturing to usage and disposal.



New high-efficiency slurry pump (LK3)



Design considering workability

- Improvement in disassembly and assembly (enhanced maintainability, 50% reduction in work time)
- Easy clearance adjustment (significant reduction in work time)
- Extended bearing lifespan (enhanced dust and water resistance)
- Adoption of JIS flanges (improved material availability, reduced construction costs)

Customer issues

- shortage of maintenance personnel (especially shortage of skilled workers)
- Reduction of maintenance costs

Solutions through LK3

- Improvement in disassembly and assembly, and extension of component lifespan**
- Generalization of repair skills
 - Reduction of maintenance time
 - Reduction of maintenance frequency
- => **Contribute to address staff shortages and reduce maintenance costs**

Strengthen Earnings Base Through Stock Business

- Expand orders in markets with expected revenue from stock businesses by utilizing strategic equipment (Material machinery)

GEOPUS series



Cone crusher
GEOPUS C3



High-pressure grinding roll
GEOPUS GR



Jaw crusher
GEOPUS J2



New screen
GEOPUS SC

Expansion of the 'GEOPUS' series of strategic machinery for the crushed stone industry

Full lineup of key products used in the crushed stone and sand production flow. Equipped with our latest technology, contributing to improved productivity and quality.

Eastern Japan Strategy: Maintain market share (unearthing projects from existing customers)
Western Japan Strategy: Expand market share (acquire new customers, replace competitors' machines)

Capital investment proposals through the use of energy-saving subsidies*2

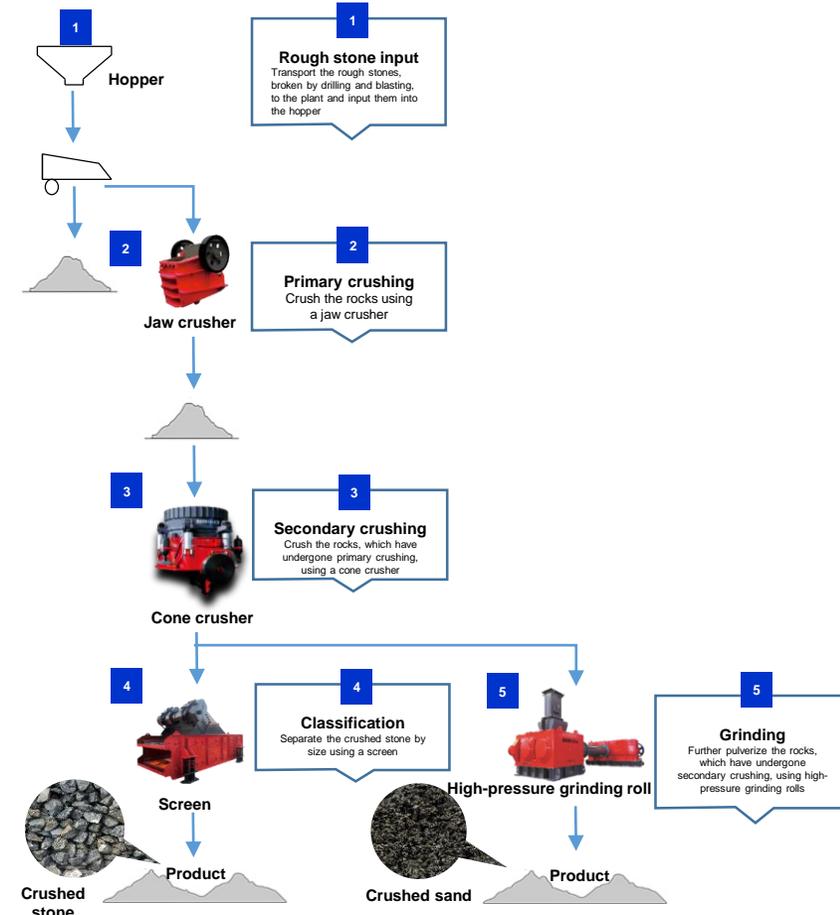
Cone crusher (GEOPUS C3), High-pressure grinding roll (GEOPUS GR) have been selected as **'subsidized equipment for advanced facilities and systems.'**

*2 Target significant energy savings across entire factories and business establishments by the Agency for Natural Resources and Energy.

Subsidies are granted for business category (I) factory and business type.

*3 The advanced equipment and systems are reviewed and selected by the Sustainable Initiative of Japan (SII), which is entrusted by the Agency for Natural Resources and Energy to execute subsidy operations.

Crushed stone production flow



Strengthen Earnings Base Through Stock Business

- Develop new business models utilizing IoT technology (Material Machinery)

Contribute to improving productivity across the entire plant, not just managing the operation of our own equipment.

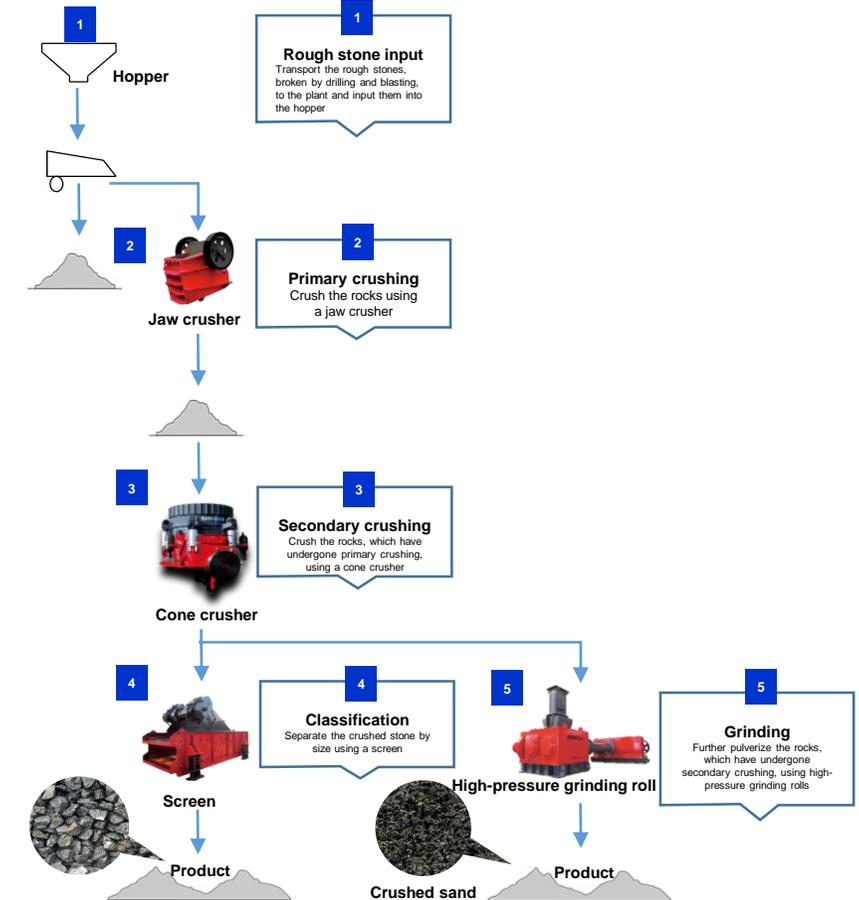
Focus on equipment utilization and production efficiency

	Inspection services	Monitoring services	Utilization of operation information
	Provide a plant that is difficult to stop	Provide a plant that can be operated with a small number of people	Support the improvement of plant productivity
Development elements	Detect anomalies in advance through condition monitoring and inspections to prevent unexpected shutdowns	Detect anomalies that could lead to failures in advance and prevent breakdowns	Analyze raw material size, equipment utilization rate, and crushed stone product yield, and propose improvements to the production methods
Customer value	Conduct planned maintenance to improve weekday utilization rates and reduce overtime and weekend work	Prevent failures in advance and reduce unnecessary tasks	Complete repairs during short periods on weekdays to avoid weekend work

Aiming to build a new business model

Sensing support	Maintenance support
Parts support	Document support

Crushed stone production flow



Expand Business in the Field of Infrastructure Development

- Develop domestic business foundations by engaging in Infrastructure development to address social issues (SDGs, Disaster prevention and mitigation, etc.)

Steel structures

Revenue Stabilization Through Steady Orders

[Direct public sector demand]
- Steady orders for steel bridges



Yokohama loop northwest line Higashikata and Kawamukai district viaduct



Tokai-Kanjo expressway Daian No.2 elevated bridge

[private sector demand]
- Expand Sales of Steel Segments and Other Steel Structures (Towards a Second Pillar)



Image of Steel Segments

Belt conveyor

Expand the belt conveyor business through problem-solving proposals

- Promote belt conveyors as an alternative to dump truck transportation for earth and sand conveyance (Especially the enclosed hanging conveyor SICON®)
- Also contribute to CO₂ emission reduction



Mountain tunnel construction

[Recent major achievements]

Fiscal year	Subject	Project	Application	Features	Main equipment	Amount	Status
2011	Rikuzentakata	Disaster recovery	Highland development, landfill on flat terrain	Mass transportation	Belt conveyor, crushing equipment, suspension bridge, central control equipment	Approx. ¥11 billion	Completion
2015	Gaikan	Road	Tunnel excavation earth and sand	Long-Distance Curved Transport	Belt conveyor, central control equipment	Approx. ¥7 billion	In progress
2017	Onahama	Port	Coal	Cargo Handling Equipment	Belt conveyor, central control equipment	Approx. ¥6 billion	In progress
2018, 19	Okuma	Disaster recovery	Removed earth and sand	Intermediate Storage Facility	Belt conveyor	Approx. ¥2.3 billion	Completion
2019	Sakaigawa	Control pond	Tunnel excavation earth and sand	Urban Civil Engineering	SICON®, central control equipment	Approx. ¥1 billion	Completion
2021	Kita-Shinagawa	Shinkansen	Tunnel excavation earth and sand	Urban Civil Engineering	SICON®, central control equipment	Approx. ¥0.8 billion	Being installed
2021	Shin-Kobotoke	Road	Tunnel excavation earth and sand	Environmental Consideration	SICON®	Approx. ¥0.6 billion	In progress
2021	Sattaru	Shinkansen	Tunnel excavation earth and sand	Transport equipment	Belt conveyor	Approx. ¥0.5 billion	In progress
2023	Asuwagawa	Dam	Concrete	Steep Incline Transport	SICON®	Approx. ¥0.7 billion	Being installed
2023	Hirakata	Road	Tunnel excavation earth and sand	Urban Civil Engineering	SICON®	Approx. ¥0.7 billion	Being Manufactured
2023	Shin-Maruyama	Dam	Dam aggregate	Transport equipment	SICON®	Approx. ¥0.8 billion	Being installed

Furukawa's Strength: The Enclosed Hanging Conveyor SICON®

To prevent spillage and dust emissions, the soil is enclosed in a bag-like structure. Unlike conventional belt conveyors, it enables a seamless transportation line without transfer area, thereby reducing noise and vibration typically generated at transfer sections. CO₂ emissions are nearly zero.



Mountain tunnel construction

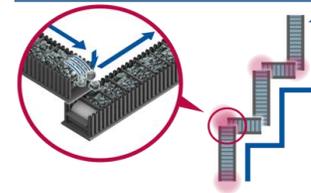


Domestic comparison	Dump truck transport	Conventional conveyors	SICON®
Conveying speed	△	◎	◎
Ore spillage and dust	×	△	◎
CO ₂ reduction	△	○	◎
Vibration and noise	×	△	◎
Installation space	—	○	◎

Only our company

- Energy-efficient and flexible transportation line
- Dust suppression

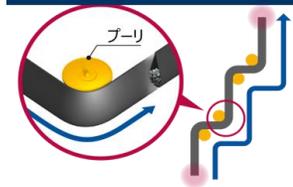
Conventional conveyor



- Distributed power placement along the route
=> Power reduction

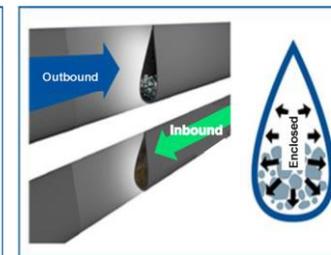
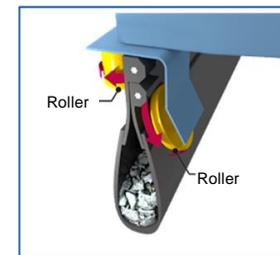
- Direction change possible with pulleys
=> Achieve a flexible transportation line

SICON®



- No transfer points or steps
=> Reduce dust and noise emissions

- Low noise, low vibration, dust suppression



- Adoption of a Hanging Structure
=> Reduce noise and vibration

- Wraps the material
=> Reduce ore spillage and dust

Case Study of the Installation of the Enclosed Hanging Conveyor SICON®

Dam-related



- For aggregate transportation at dam sites
Aggregate from a nearby quarry is crushed and stored in an aggregate production facility and transported to the batcher plant.
- Adoption of SICON® 2 lines (total length 768m)

Customer issues

- Complicated transport route
* **16 flat belt conveyors** are required
Securing installation space is a challenge
- Residential area was located near => **environmental considerations essential**

Solutions through SICON®

- Due to the ability to freely change angles, transportation is achieved with two conveyors
=> **Requires less installation space** compared to flat belt conveyors
No transfer parts, **significantly reduced maintenance costs**
- By using an enclosed hanging structure, it reduces ore spillage, vibration, and noise
=> **Significantly reduce environmental impact**

- Cross-departmental activities

On top of SICON®, material machinery equipment and pump products are also in use and operational.

- Aggregate manufacturing ... Material machinery

- Four unit of the cone crusher 'GEOPUS C3'
- Three unit of the vibration screens



- turbid water treatment equipment ... Pumps

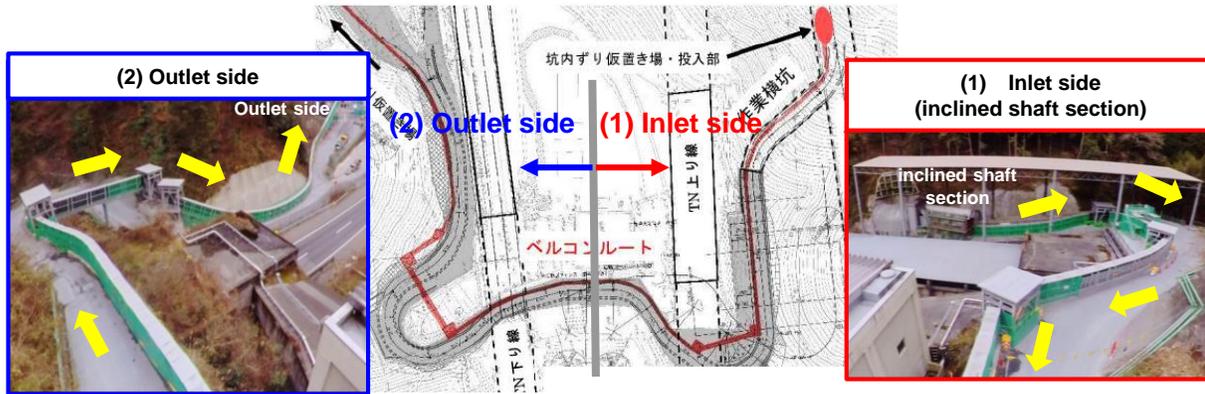
- 13 units of slurry pumps, and other equipment

Cone crusher
GEOPUS C3

Slurry pump
SPL3

Case Study of the Installation of the Enclosed Hanging Conveyor SICON®

Mountainous area (tunnel construction)



- For transporting excavated earth and sand in tunnel construction
Four-lane expansion project for highway congestion mitigation.
Transport excavated earth and sand from the new tunnel inclined shaft to the temporary earth and sand storage area.
- SICON® 1 line (total length 405m) in operation

Customer issues

- Complicated transport route
- Narrow terrain
* Dump transport difficulty
- Rare species inhabit the construction site
=> Environmental consideration is essential

Solutions through SICON®

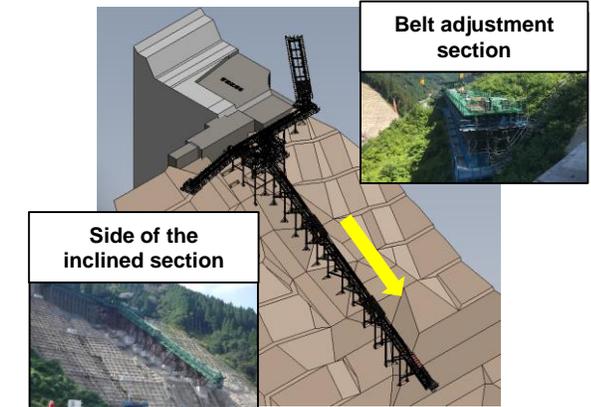
- Achieving soil transportation in narrow and complex terrains where dump transport is difficult
=> **Significant reduction in construction period and resolution of driver shortages**
- By using a sealed suspension structure, it prevents spillage and reduces vibration and noise
=> **Significantly reduce environmental impact**

Steep slope (dam-related)



Steep slope demonstration machine

- For transporting concrete for dam embankment construction
Transporting large quantities of concrete on steep slopes (up to 45° incline).
- SICON® 1 line (total length 111m, maximum lift -44m) in operation.



Customer issues

- Transporting large quantities of concrete on steep slopes (up to 45° incline).
- Existing transport equipment has limitations in transport capacity

Solutions through SICON®

- **Approx. doubling the transport capacity => Significant reduction in construction period**
- Adopting a structure that allows the conveyor length to be adjusted according to the construction of the embankment.

* The steep slope SICON® is a product jointly developed with Shimizu Corporation.

Future outlook for the enclosed hanging conveyor SICON®

Features	Functions	Usage locations (examples)
<p>Environmentally friendly</p> <p>Problem-solving</p>	<ul style="list-style-type: none"> • Prevention of spillage • Dust prevention • Quietness (vibration and noise reduction) • CO₂ reduction • Avoid traffic congestion and reduce construction period • Flexible transportation line 	<ul style="list-style-type: none"> • Residential Areas, Nature Reserves, etc. (Consideration for Surrounding Environment) • In mountainous areas with complex transportation lines • Steep slopes that are difficult to handle with dump trucks or conventional conveyors

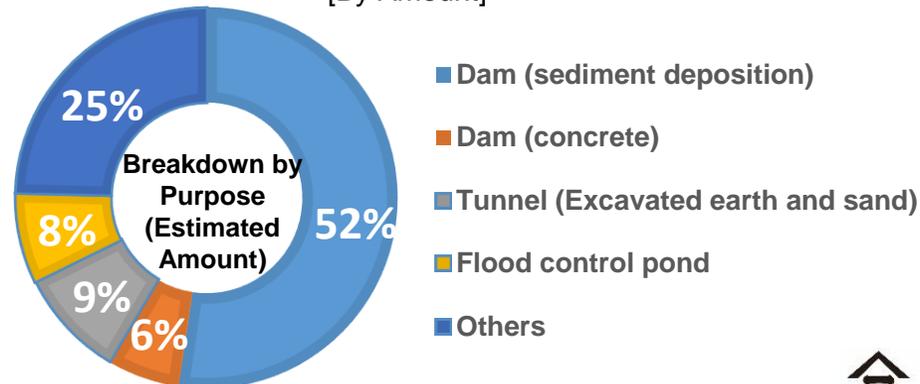
- Increased inquiries for tunnel construction, river flood control projects, new dam construction, dam life extension projects, and others
- Creating further demand and promoting sales

[Inquiry Status (Reference)] Total inquiry amount: Approx. ¥30 billion (including about 10 billion yen in specific projects)
 * Including flat belt conveyors

[By Number of Cases]

Inquiry Details (Purpose)	Number of cases
Dam (sediment deposition)	7
Dam (concrete)	2
Tunnel (Excavated earth and Sand)	2
Flood Control Pond	1
Others	4
Total	16

[By Amount]



Construction of flood control pond (Application examples in residential areas)

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

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**

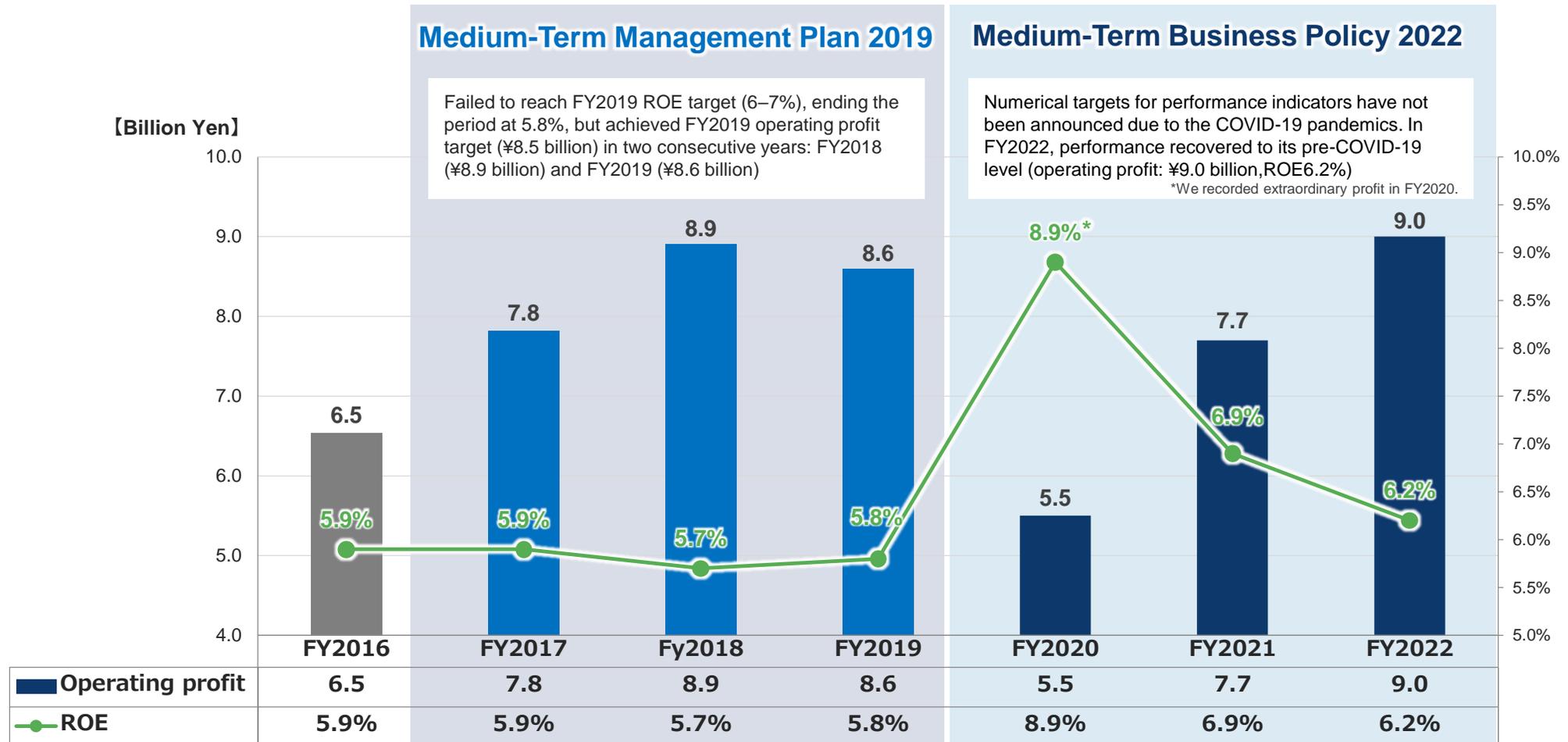
5



Sustainability / Allocation of Management Resources

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

- 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

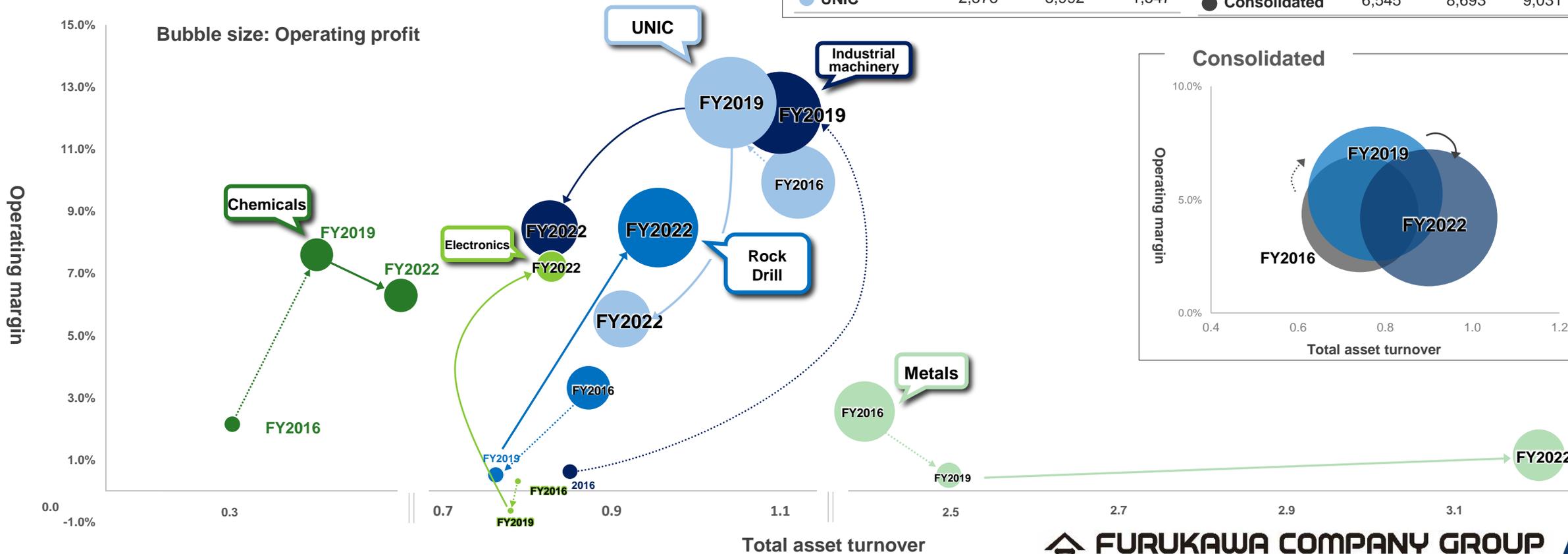
- Rock Drill Machinery segment strengthened and rebuilt its overseas marketing capabilities and achieved a V-shaped recovery in earnings as a result
- In the Metals segment, terminated our entrusted copper smelting contract with Onahama Smelting and Refining Co., Ltd. Proceed with the radical reform 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
● Metals	1,738	301	1,276
● Electronics	17	(-)35	500
● Chemicals	114	510	532
● Consolidated	6,545	8,693	9,031



Management Philosophy

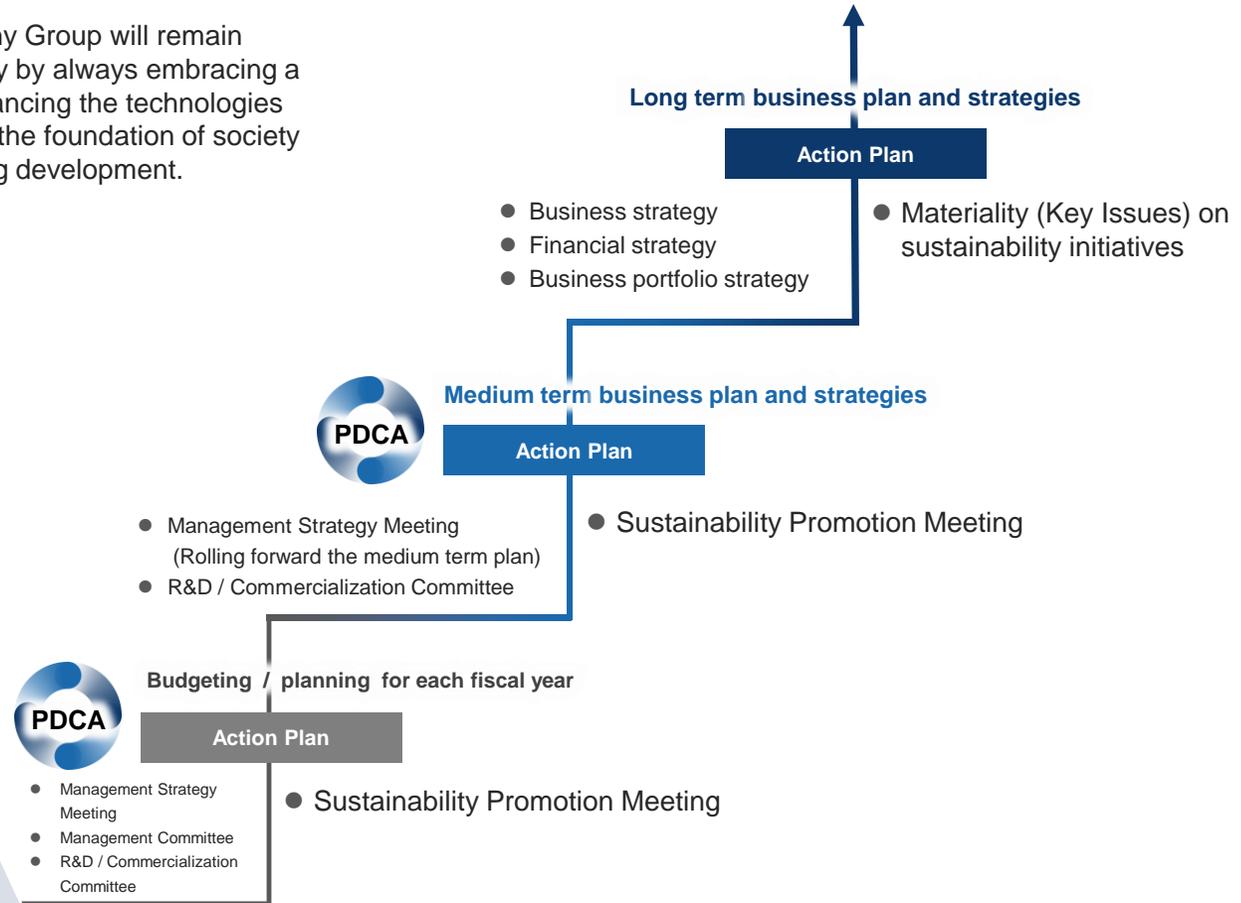
The Furukawa Company Group will remain indispensable to society by always embracing a spirit of challenge, advancing the technologies that have underpinned the foundation of society that originated in mining development.

Vision for 2025

FURUKAWA Power & Passion 150

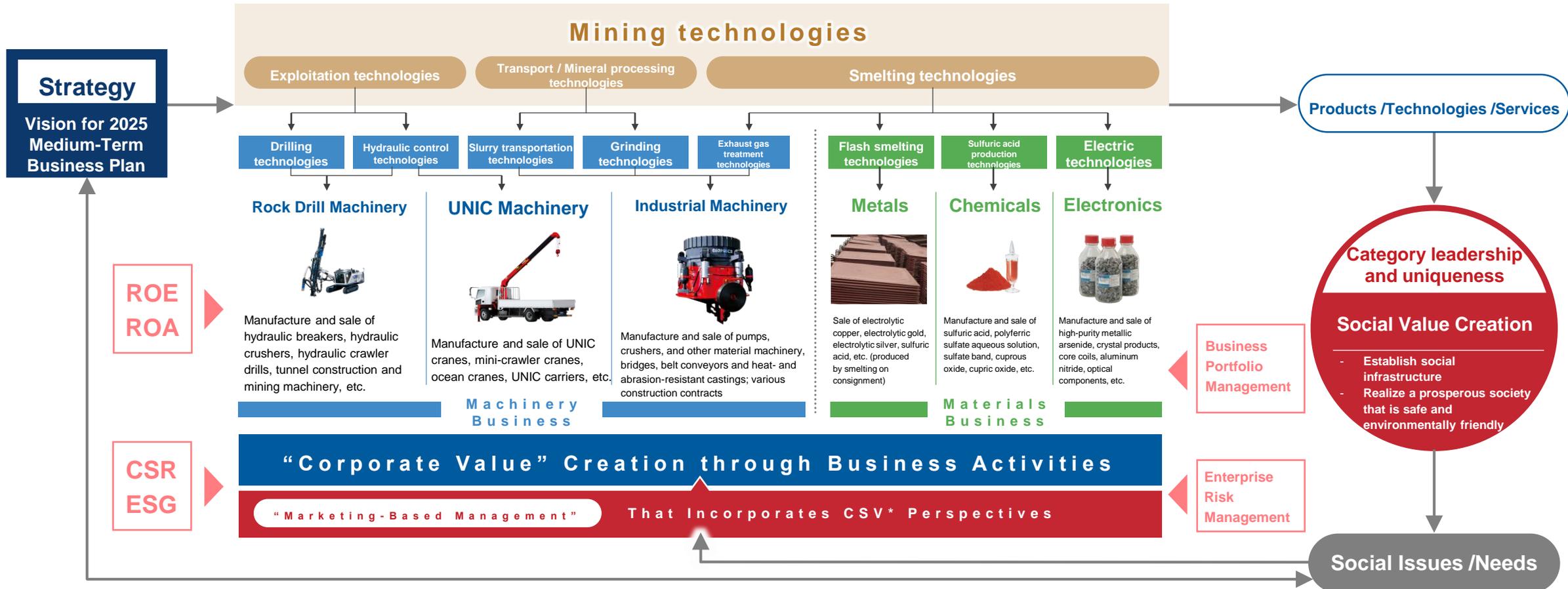
Action guidelines
Innovation Creativity Harmony

Vision for 2025
FURUKAWA Power & Passion 150



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.



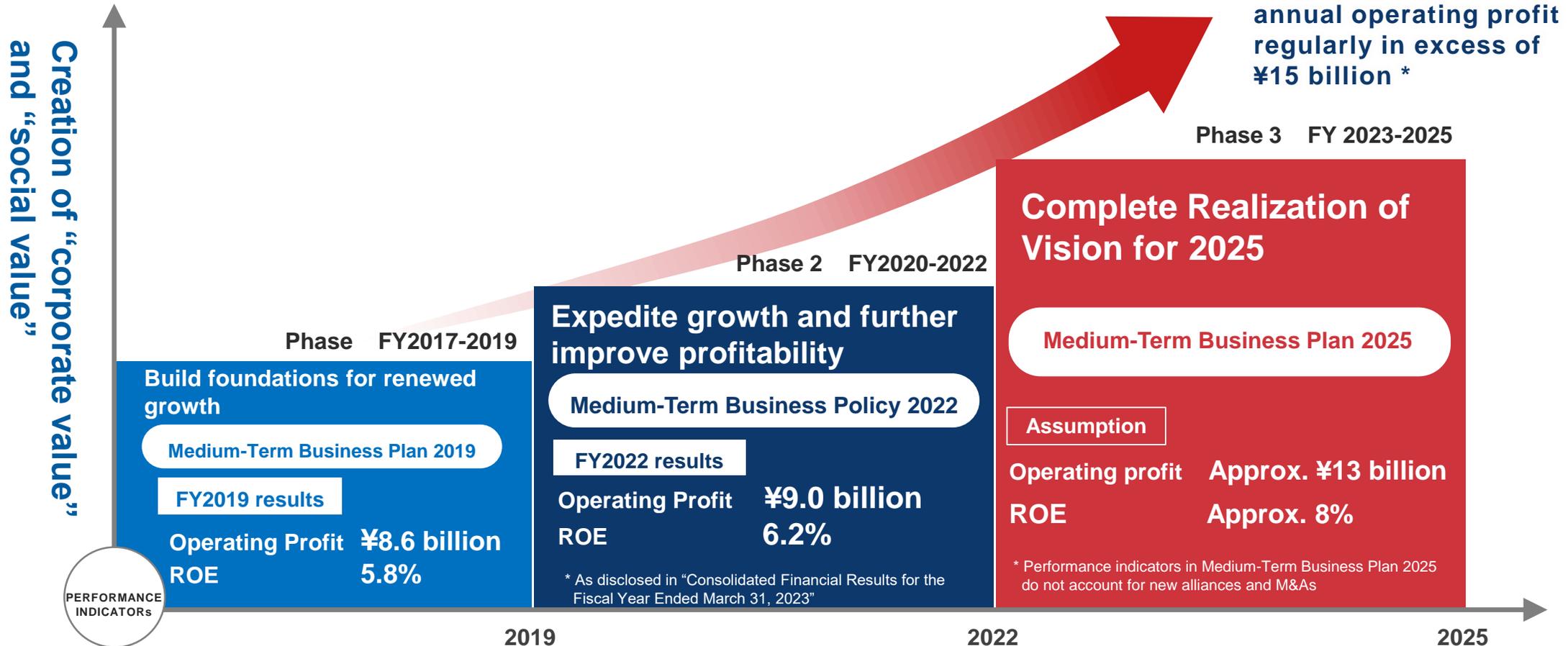
*CSV... For the Furukawa Company Group, creating shared value (CSV) means creating “corporate value” by providing infrastructure, products, technologies, services, and the like that help resolve social issues. It also means fostering the creation of “social value” by improving social infrastructure and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

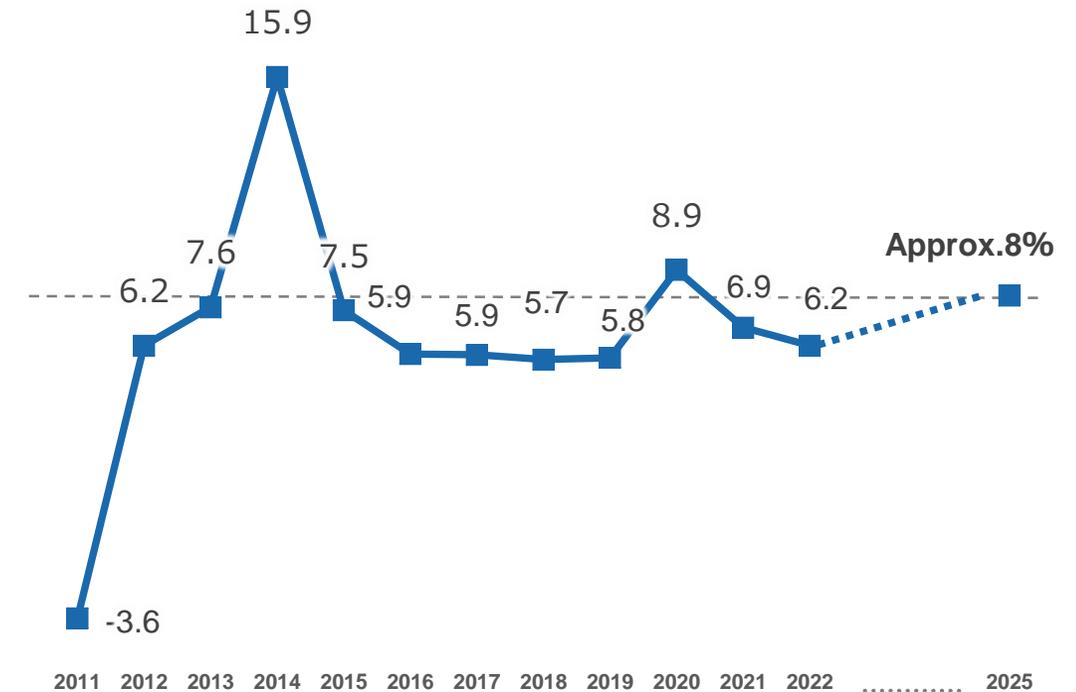
Achieving ROE of approx. 8%

- 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.



Industrial Machinery segment	Rock Drill Machinery segment	UNIC Machinery segment
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

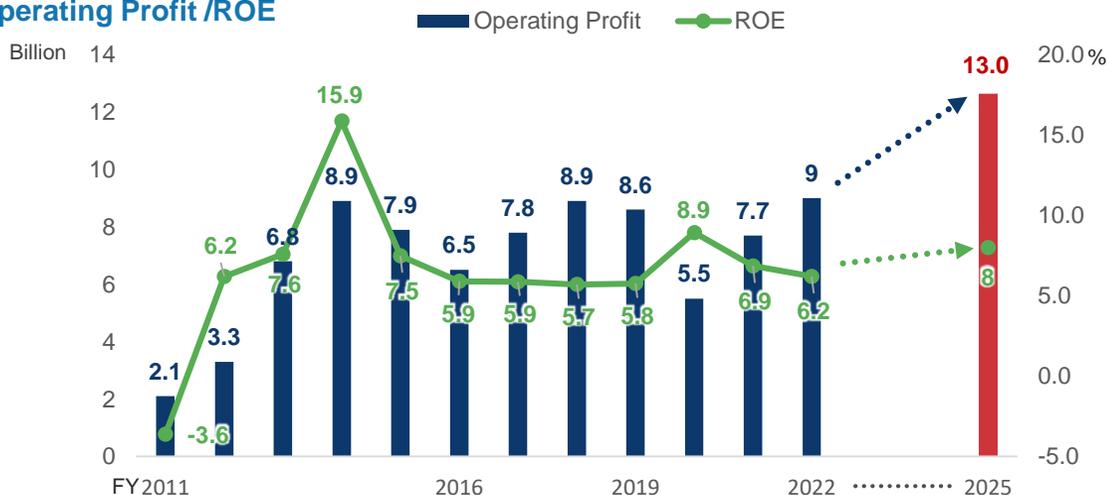
Devote 70% of cumulative capital investment to the Machinery business, with the aim of that business accounting for 50% or more of consolidated net sales and 80% or more of consolidated operating profit

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

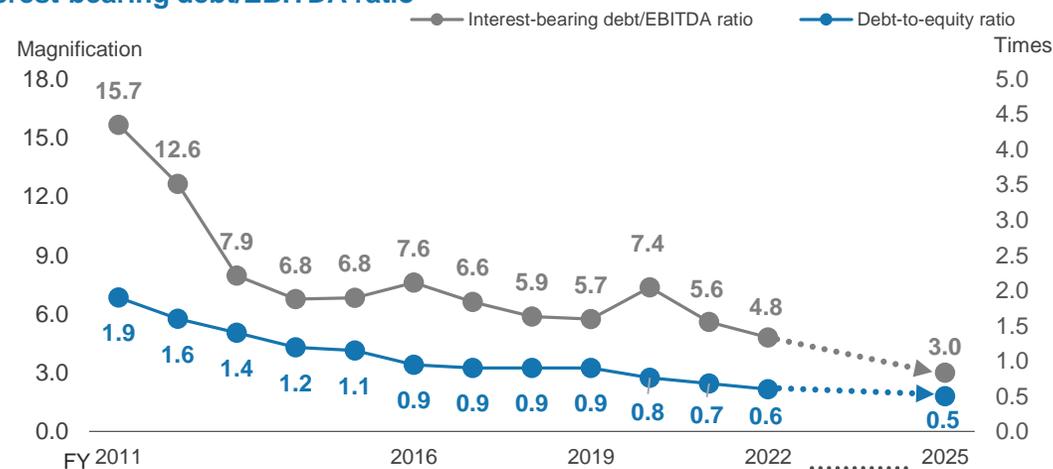
- Make individual investment decisions with attention to profitability, taking into account risks associated with the investment and cost of capital, while stepping up efforts to improve efficiency and profitability
- Seeking to establish a robust financial base enabling us to raise the necessary funds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

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

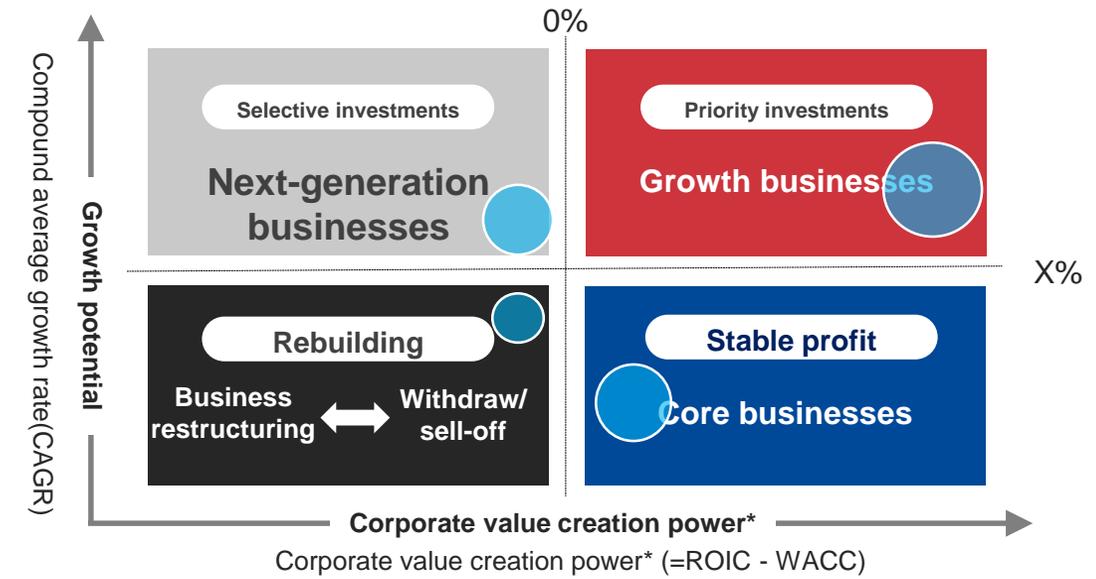
Status of review

- 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.

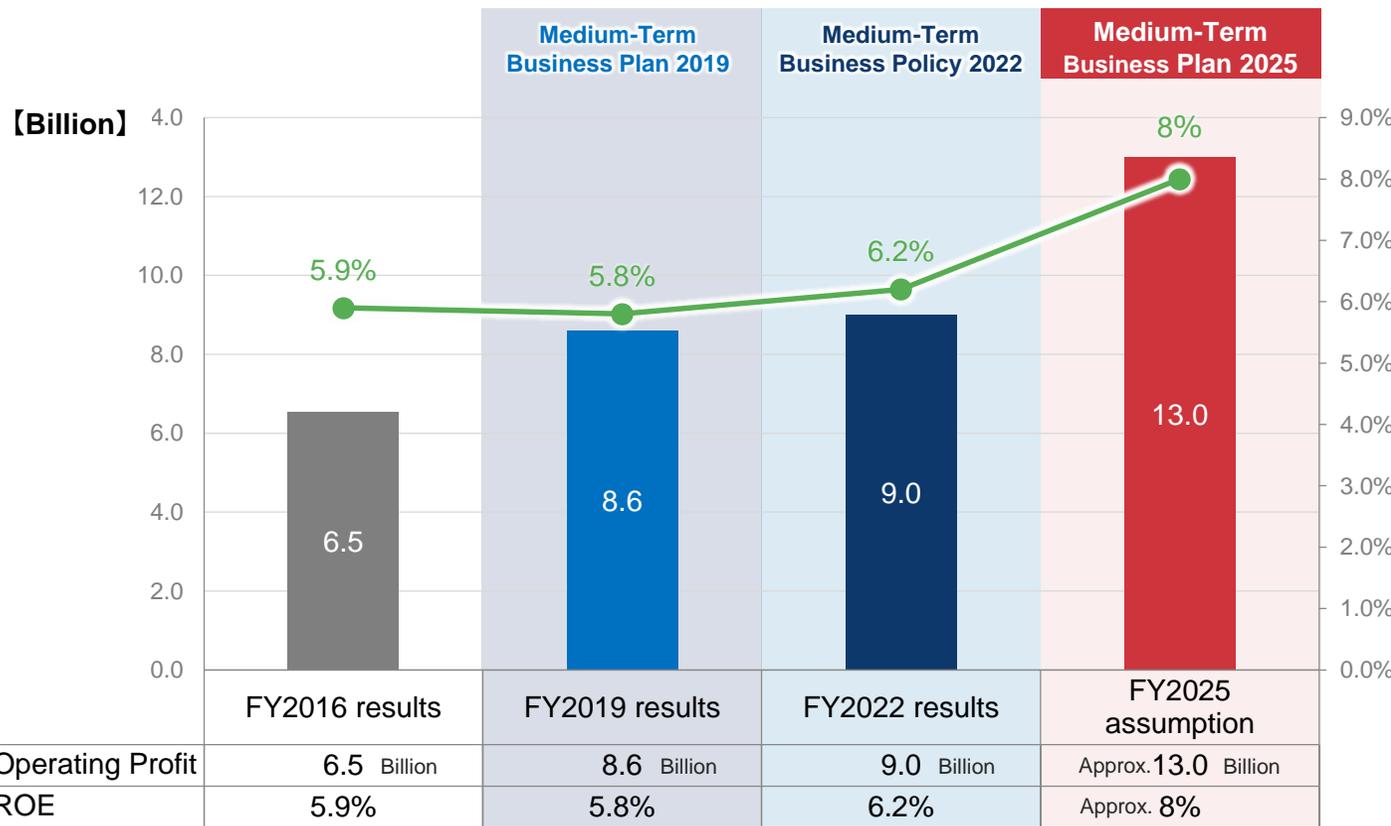
[Business Portfolio Analysis]

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

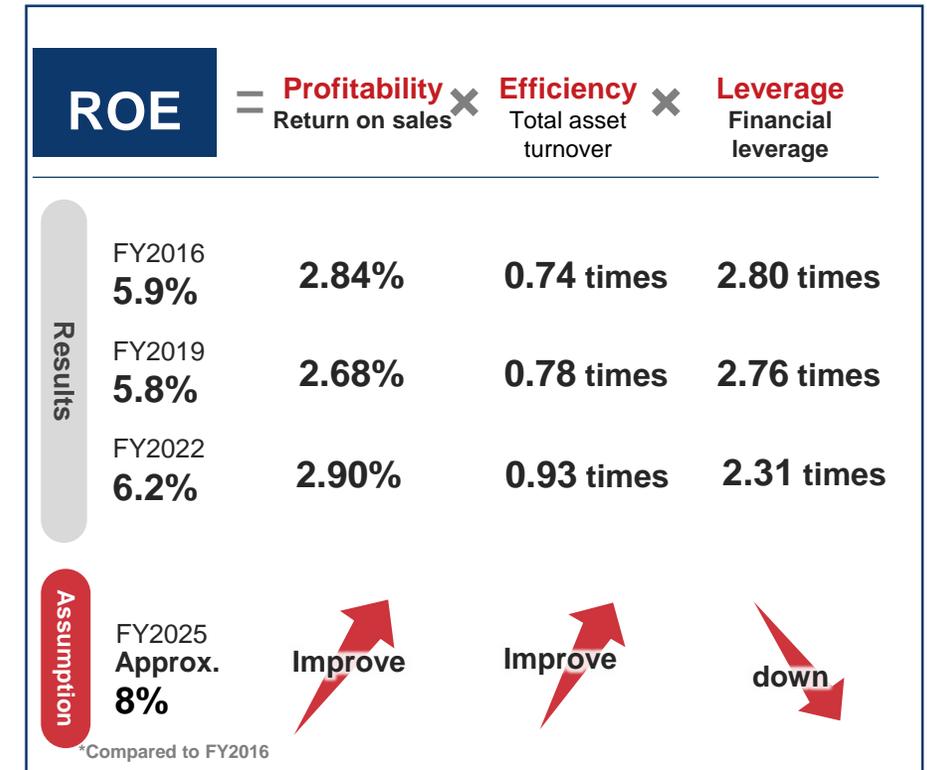


(3) Earnings Plan

- 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

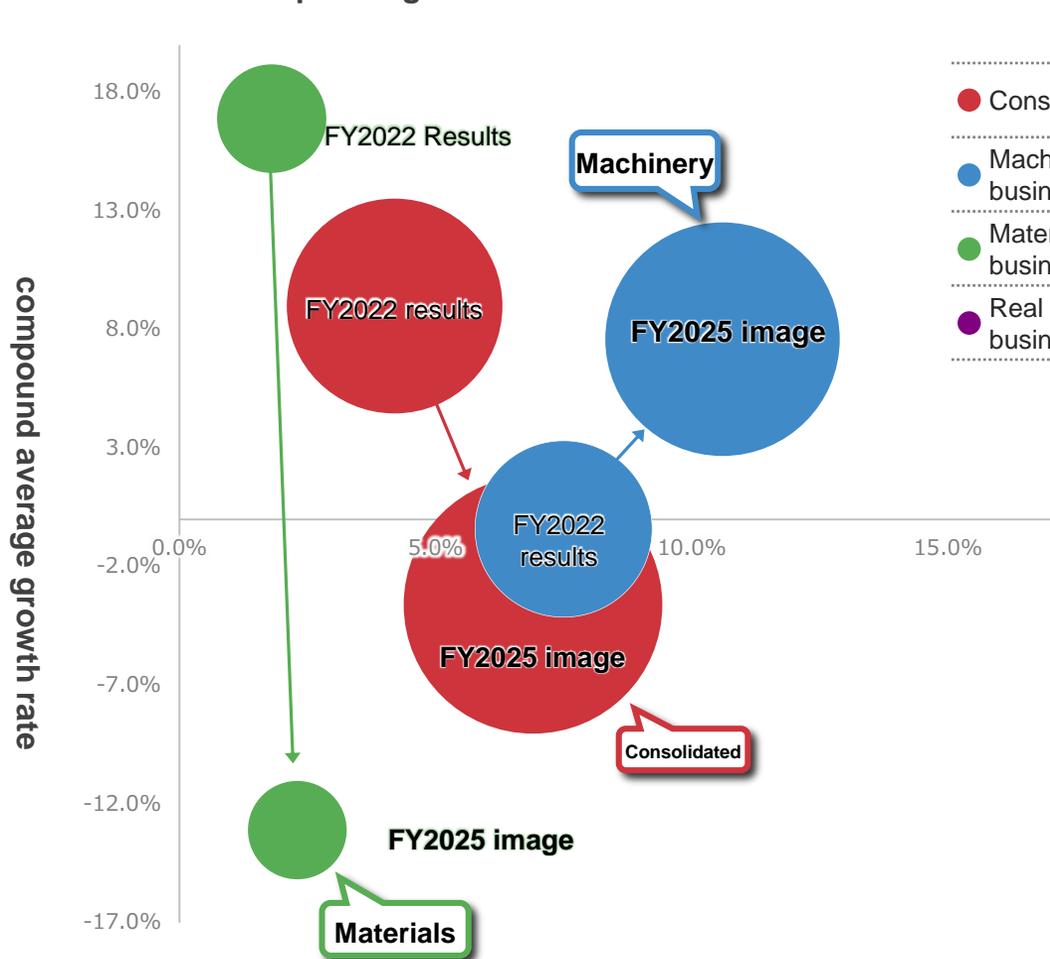


*Underlying assumption
FY2022 Results: Exchange rate (¥/USD) 135.5
FY2025 assumption: Exchange rate (¥/USD) 135.0

(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

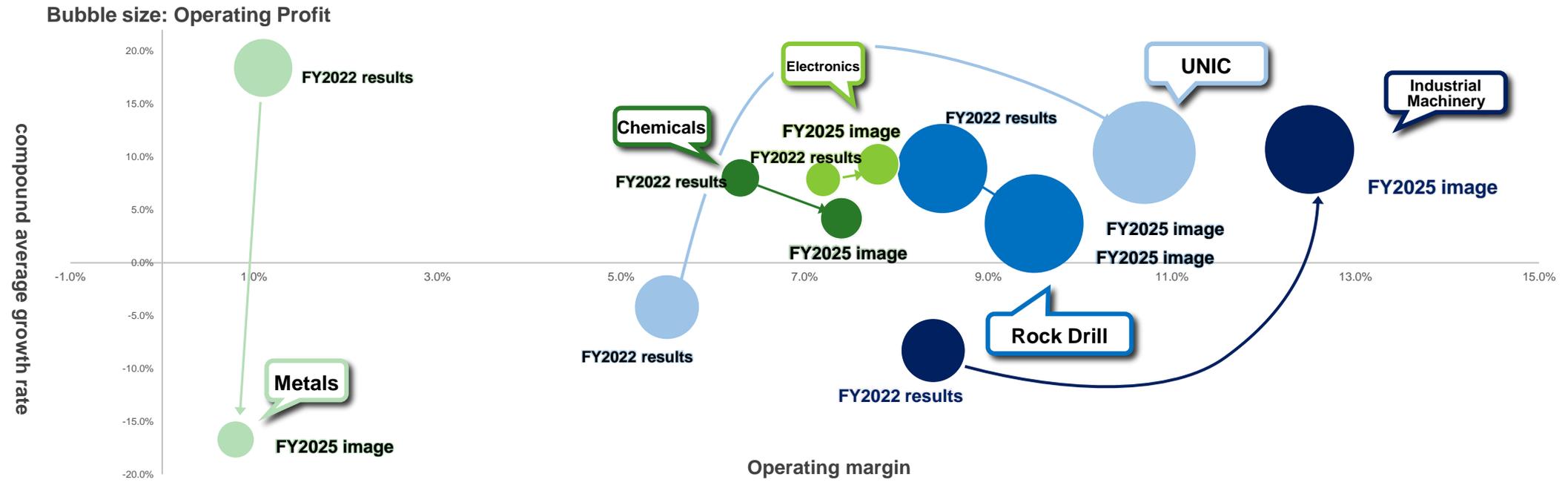


		Operating margin	Compound average growth rate	Operating Profit (million yen)	Sales (million yen)
● Consolidated	FY2022 results	4.2%	9.0%	9,031	214,190
	FY2025 image	6.9%	-3.6%	13,000	189,000
● Machinery business	FY2022 results	7.5%	-0.4%	6,093	81,658
	FY2025 image	10.6%	7.6%	10,700	100,500
● Materials 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)

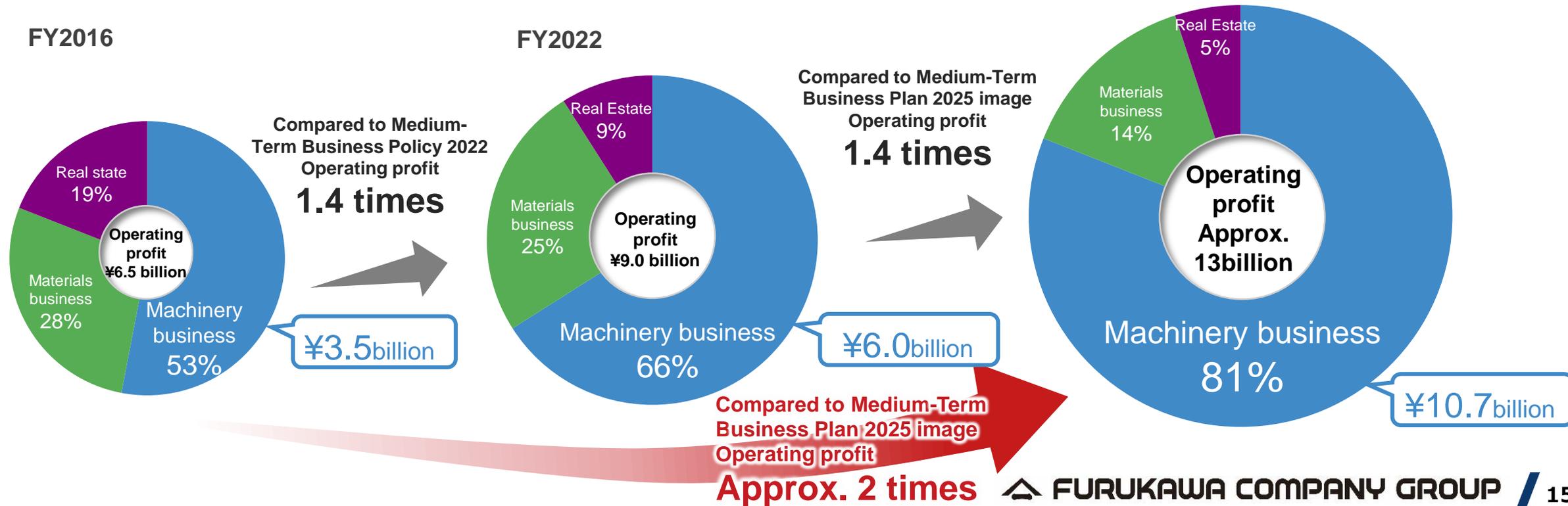
Comparison of operating profit composition ratios

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

Results

FY2025 Image

(Medium-Term Business Plan 2025)





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

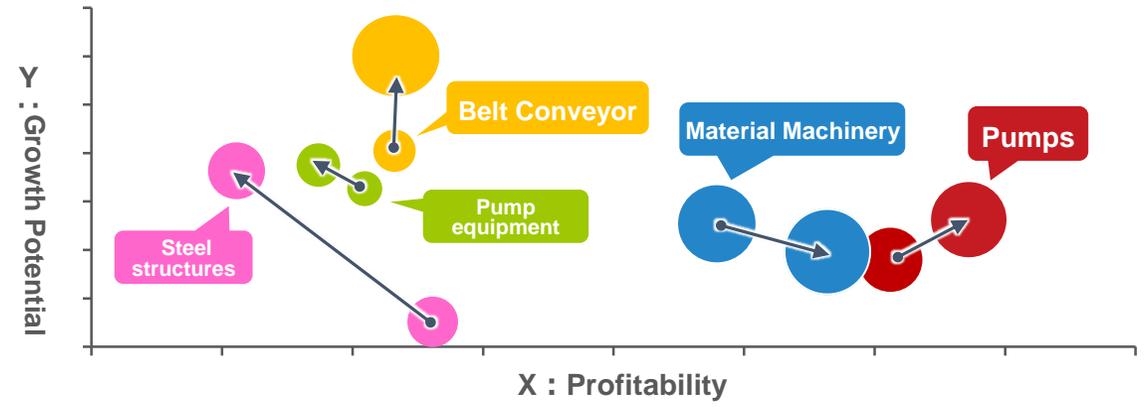
Key priorities

- 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>Pumps Increasing profit due to growth and improved profitability</p>	<p>Belt Conveyor Improving growth and higher profit despite flat profitability</p>
<p>Material Machinery Improving profitability and higher profit despite lower growth</p>	<p>steel structures and Pump equipment 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



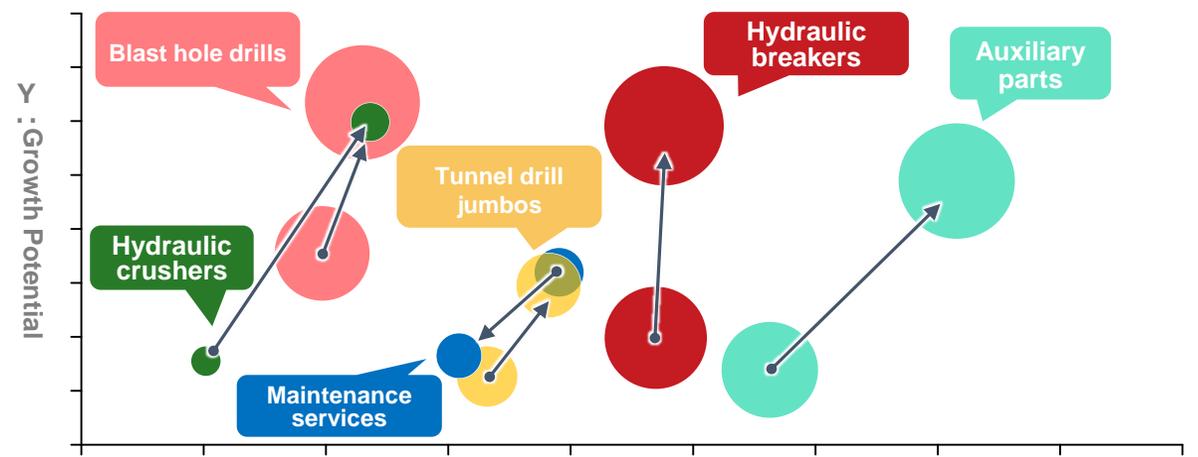
Tunnel drill jumbos

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

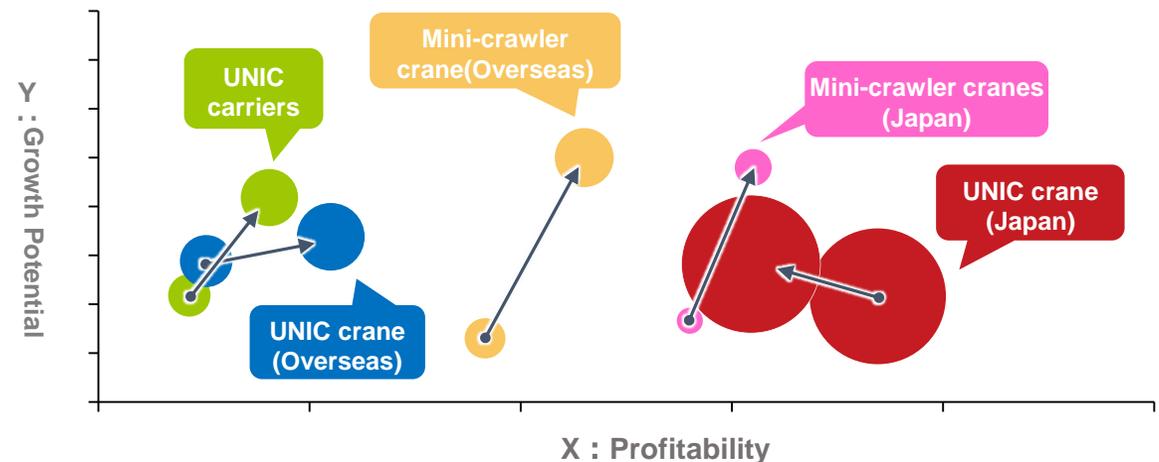
Overseas: Increase in profit due to higher growth and profitability

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



Aluminum nitride ceramics

Laser head equipped
with DOEs

High-purity metallic arsenic

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.


**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**

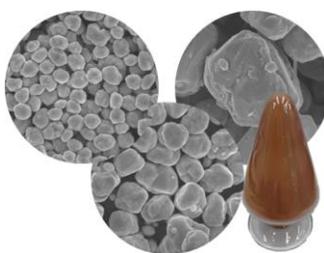
Help realize an environmentally friendly and prosperous society



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

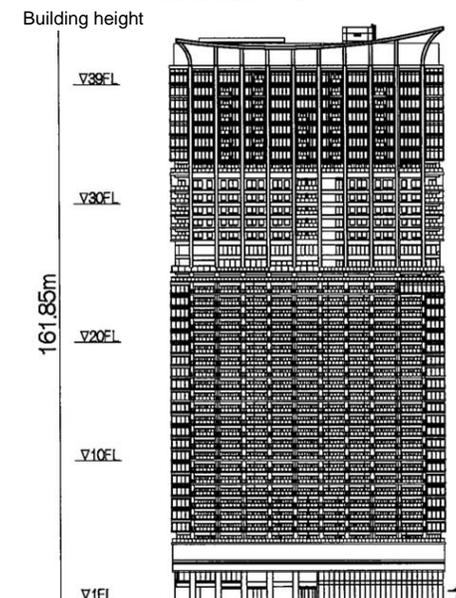
- Sell our interest in the site
 - Partial sale of the Company's interest in the site
- Lease business planned
 - Plan to use proceeds from the sale to lease a hotel and some residential units scheduled to be built on the site

Overview of planned building project

Location	2-4-1 Dojimahama, Kita-ku, Osaka City and other land
Site area	Approx. 5,755 m ²
Site area	Approx. 5,755 m ²
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]



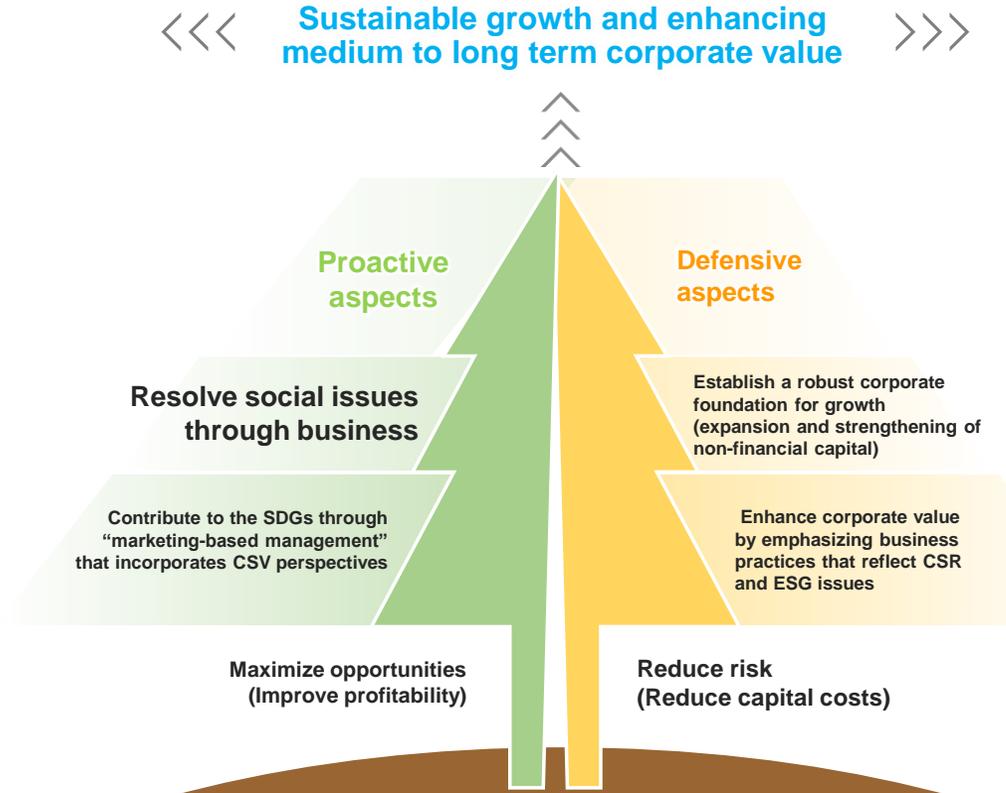
Basic policies

- 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



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)

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

Materiality (Key Issues)

CSR/ESG issues

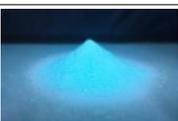
- E Environment**
 - Promotion of climate change countermeasures in our business activities
 - Promotion of biodiversity preservation activities
- S Social**
 - Development of a safe and rewarding work environment that takes health into consideration
 - Recruitment and development of diverse human resources
 - Promotion of management that respects human rights
- G Governance**
 - Development of an enterprise risk management system
 - Thorough compliance

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

CO₂ reduction plan

- CO₂ 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

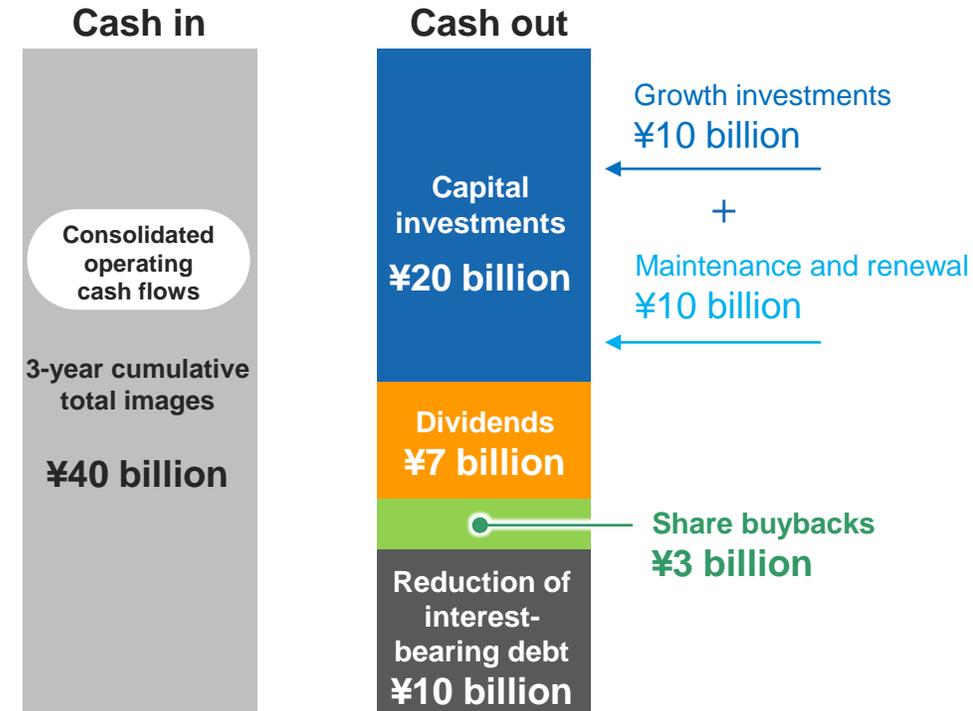
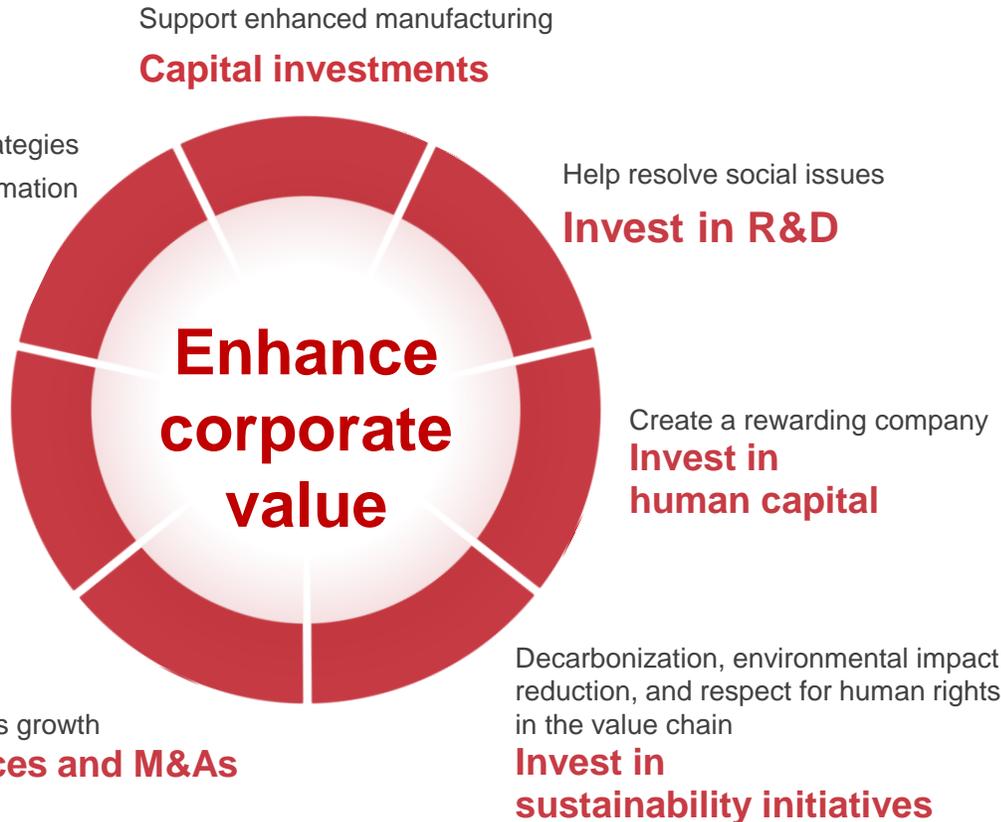
- Inclusion in SRI/ESG indexes
- Improving our external ESG-related evaluations

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

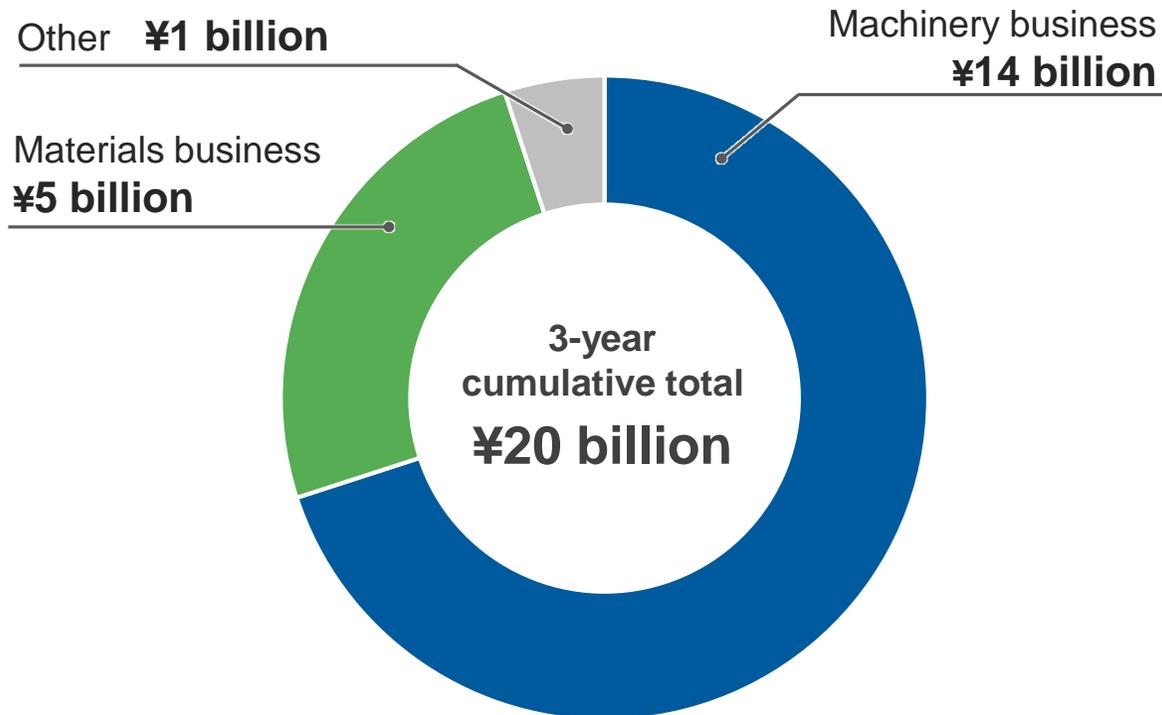
- While aiming to establish a robust financial base, we will make capital investments to enhance corporate value over the medium to long terms
- Endeavor to allocate operating cash flows in consideration of shareholder returns



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

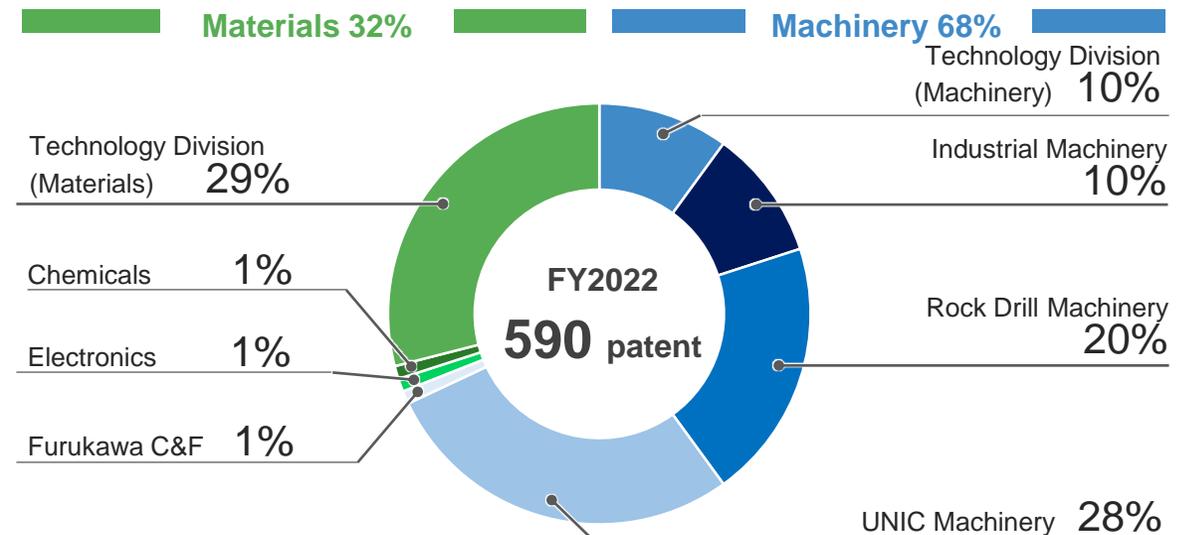
- Revitalize IP activities (discovery, acquisition, maintenance, and utilization of rights) to enable us to visibly evaluate our technological capabilities
- Assess the value of the industrial property rights we hold in order to utilize them effectively
- Collect and analyze patent information and formulate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

	Indicator/target	Latest result
Ratio of women among new graduates hired for general positions*1	20%	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

	Indicator/target	Latest result
Training hours per year*1	1,500 hours	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)

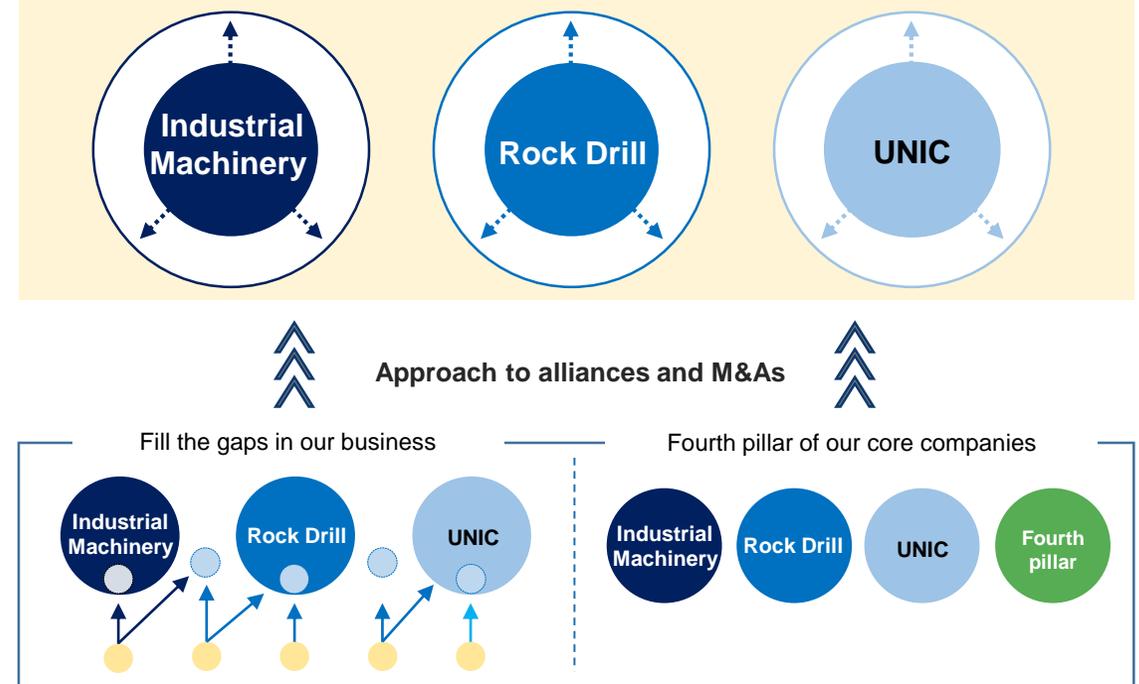
*Applicable: Company-registered employees

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

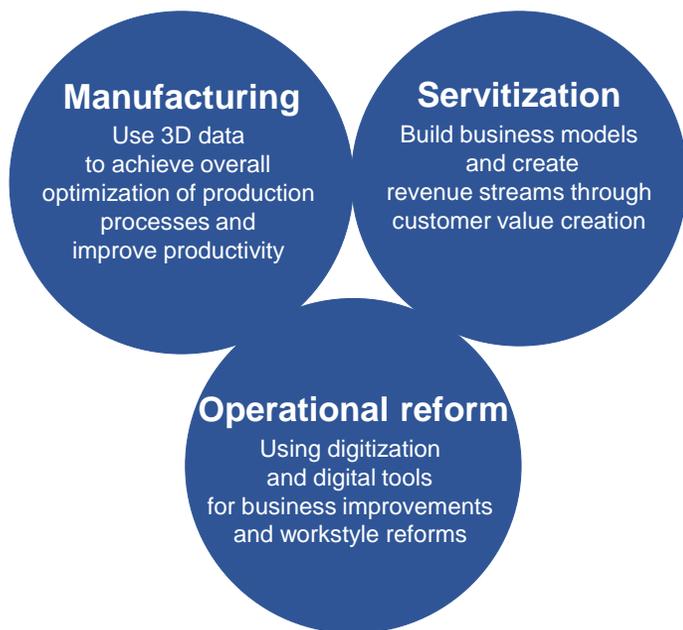
Harsh working conditions

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)

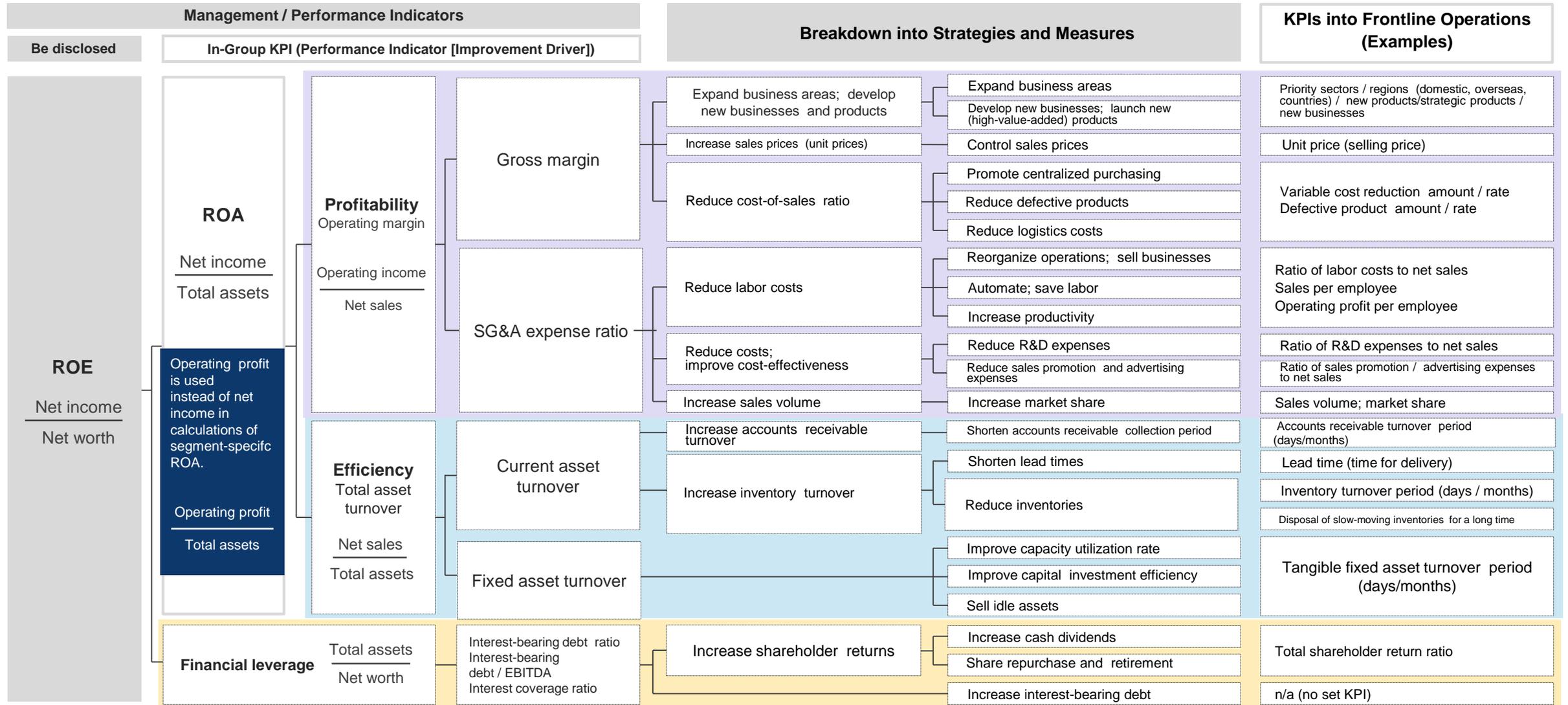
Infrastructure, security, governance

- 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.