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**FURUKAWA**  
Integrated Report 2024



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**About the Furukawa Company Group Integrated Report 2024**

**Editorial Policy**

From the fiscal 2023 edition, the Furukawa Company Group integrated its Annual Report and Sustainability Report (previously published separately) into a single report (Integrated Report).

We have also improved the content of the report, which is designed to provide all stakeholders with easier-to-understand information about our medium- and long-term strategies for sustainable enhancement of corporate value, as well as our approach and policies toward sustainability. For non-financial information not included in this document (reports on activities related to sustainability, numerical data, etc.), please refer to the separate Furukawa Company Group Sustainability Book 2024.

In addition to these reports, we post news releases and financial results briefing materials on our corporate website in a timely and appropriate manner.

We have created this report in coordination and collaboration with the departments concerned, and the edited result is published with the approval of the President & Representative Director and reported to the Board of Directors.

**Referenced Guidelines**

- *The International Integrated Reporting Framework*, IFRS Foundation
- *Guidance for Corporate Value Creation*, Ministry of Economy, Trade and Industry (METI)
- *Sustainability Reporting Standards*, Global Reporting Initiative (GRI)
- *Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures*, TCFD
- *JIS Z 26000:2012 Guidance on Social Responsibility (ISO 26000:2010)*, Japanese Standards Association
- *SASB Standards*, Sustainability Accounting Standards Board

**Target Period**

April 2023–March 2024  
(Some activities before and after this period are also included.)

**Target Organizations**

In principle, this report applies to Furukawa Co., Ltd., and its group companies.

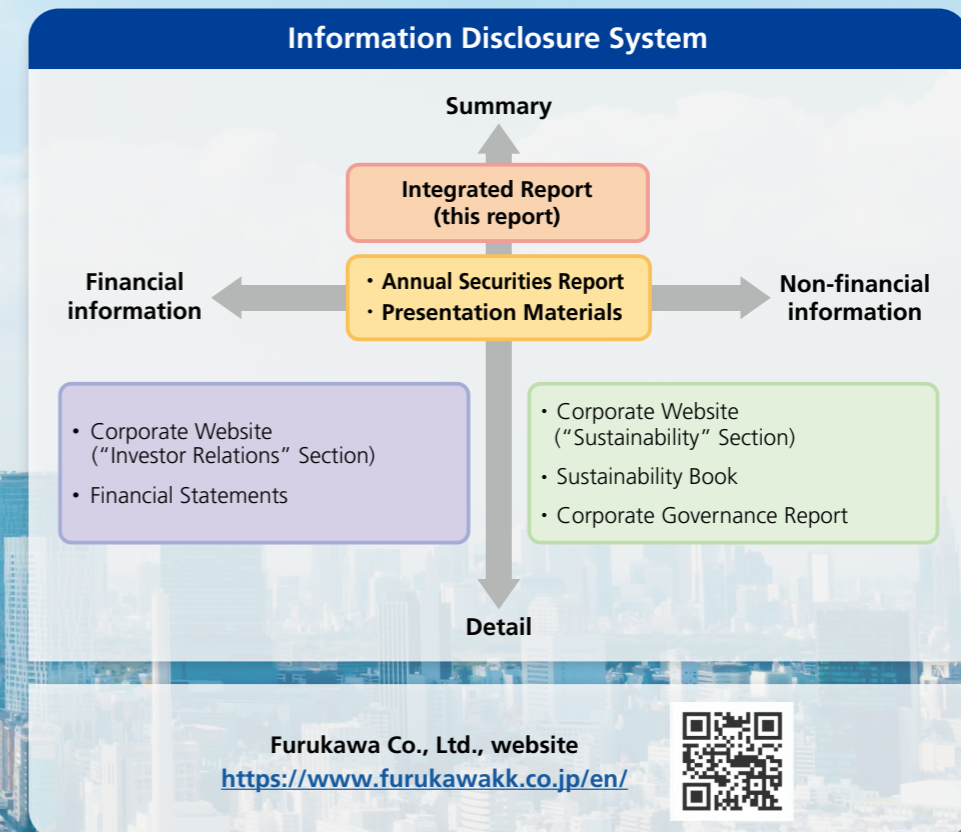
**Company Names**

**Furukawa Co., Ltd.:** The operating holding company of the Group  
**Furukawa Company Group:** 31 consolidated subsidiaries and three equity method affiliates

**Core operating companies:** Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa UNIC Corporation, Furukawa Metals & Resources Co., Ltd., Furukawa Denshi Co., Ltd., and Furukawa Chemicals Co., Ltd.

**Publication Period**

September 2024



**Statement about Changes to English Financial Statements**

As a company listed on the Prime Market of the Tokyo Stock Exchange, since April 2022 we have been translating and publishing financial statements and other materials into English for timely disclosure. For financial statements and other information in this report, therefore, we use the English translation of our financial statements, which are based on Japanese generally accepted accounting principles (Japanese GAAP). Those financial statements (based on Japanese GAAP) have been properly audited by the firm that audited the Company's Annual Securities Report.

**Forward-Looking Statements**

This Integrated Report contains information about the Furukawa Company Group's plans, strategies, and future prospects. Such information, which is based on information currently available and reflects determinations deemed rational by the Group at the present time, includes various risks and uncertainties. Actual results may differ significantly from forecasts contained herein due to these changing uncertain factors.



## Management Philosophy and Vision

### About the Furukawa Company Group

The key to the success of the Furukawa Company Group, which recently celebrated the 149th anniversary of its founding, began with the development of the Ashio Copper Mine by founder Ichibei Furukawa. Since then, we have moved in line with the times and developed and advanced our technologies, amassed through mine development, to build our two current business domains: the Machinery business and the Materials business. Today, we are increasing our focus on niche products that reflect our expertise and boast a high market share. We are also stepping up efforts to practice "marketing-based management"<sup>\*1</sup> that incorporates CSV<sup>\*2</sup> perspectives by deploying our unique technologies and past experience. In particular, our Machinery business, positioned as a core business, responds to market needs and contributes to the development of social infrastructure.

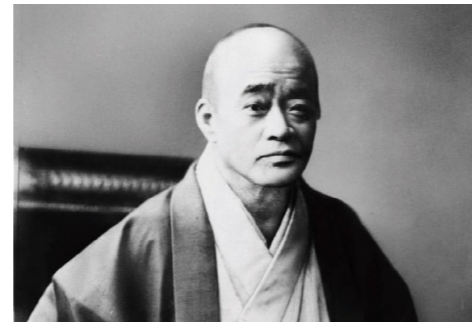
By continuing to offer products that are indispensable to society, we aim to resolve various social issues and help realize a sustainable society. We are working hard every day to achieve our Vision for 2025, entitled "FURUKAWA Power & Passion 150", as we approach fiscal 2025, the 150th anniversary of our founding.

**\*1 "Marketing-based management"**

This means incorporating marketing into the core of management to provide products and services recognized as valuable in changing markets, as well as to identify and resolve issues and problems faced by customers, with the aims of deepening ties with customers, achieving sustainable growth, and increasing corporate value.

**\*2 CSV (creating shared value)**

This is a management framework that enables companies to co-create "social value" and "corporate value" by tackling social, environmental, and other issues.



Founder Ichibei Furukawa



Ashio Copper Mine (around 1920)

### Management Philosophy, Action Guidelines, and Vision for 2025

#### 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.

#### Action Guidelines

In order to live up to our Management Philosophy, we put our Action Guidelines of Innovation, Creativity, and Harmony into practice, always bearing in mind the three key words that best represents the spirit of our founder: Luck, Stolidity, and Perseverance.

**Innovation**

We will work constantly at self-innovation by embracing a future-oriented mindset.

**Creativity**

We will seek to create reliable, appealing products that meet market needs.

**Harmony**

We will improve management transparency and contribute to the development of a society that is in harmony with the environment.

\* Luck=運 (Un), Stolidity=鈍 (Don), Perseverance=根 (Kon)

This means that, while humans may place highest importance on "luck," getting important things done requires "stolidity" and "perseverance."

#### Vision for 2025

##### "FURUKAWA Power & Passion 150"

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

**Targeting consolidated annual operating profit regularly in excess of ¥15 billion as we approach our 150th anniversary in fiscal 2025**

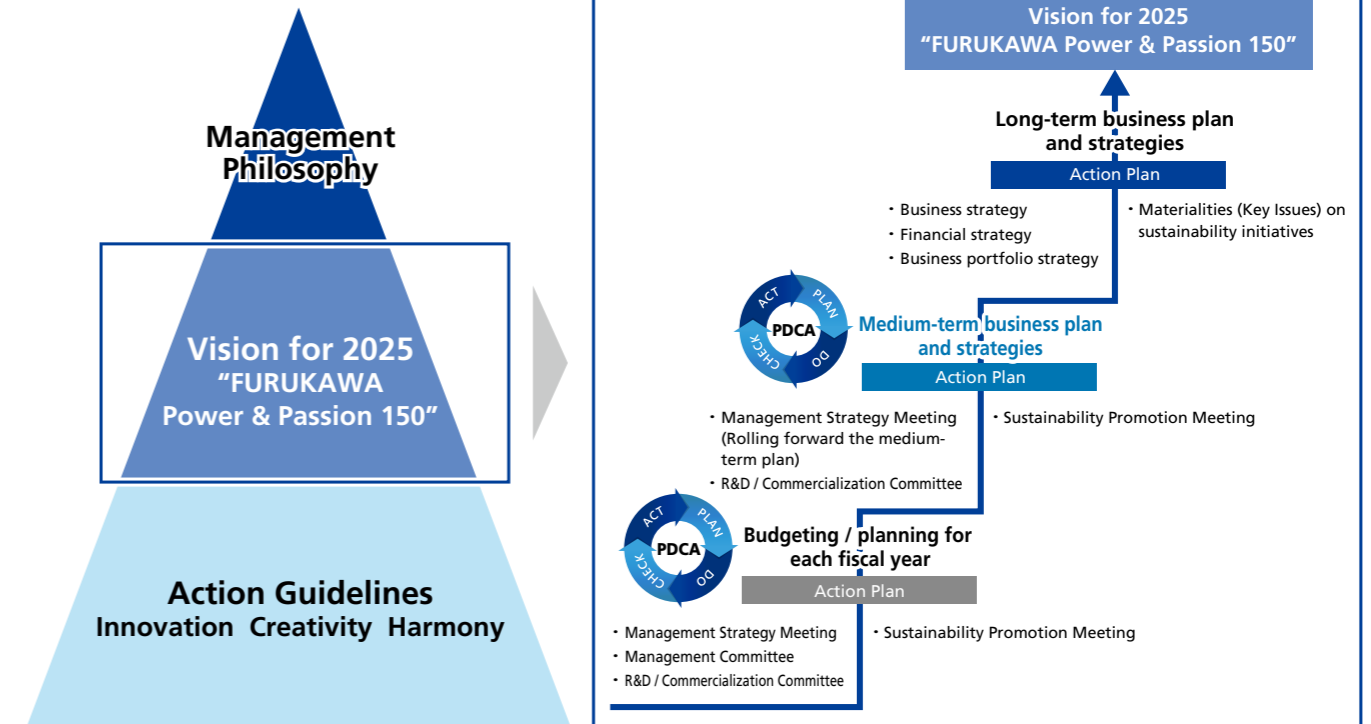


**"FURUKAWA Power & Passion 150"**

The "Power & Passion" symbol expresses the "power and speed" and the "passion and enthusiasm" aspects of our business approach. The perfect red circle conveys the connections and bonds we have with customers, and "150" represents the 150th anniversary of our founding in fiscal 2025, which is the year for achieving our vision.

### Positioning of Vision for 2025

Vision for 2025 embodies our Management Philosophy. As a pathway for realizing Vision for 2025, the Furukawa Company Group is implementing action plans with short-, medium-, and long-term horizons. In this process, we are employing the PDCA cycle in both our financial and non-financial meeting bodies.



#### Strategies for Achieving Vision for 2025

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

We will incorporate marketing into the core of management to provide products and services recognized as valuable in changing markets, as well as to resolve issues and problems faced by customers, with the aims of increasing corporate value and achieving sustainable growth. We will also strive to achieve the Sustainable Development Goals (SDGs) and otherwise resolve various social issues, including such domestic issues as building national resilience and the declining working-age population, and thus help realize a sustainable society.

- Reinforce technological sales capabilities (proposals and solutions) reflecting customer needs
- Develop products, technologies, and services that meet market needs
- Achieve category-leading positions by concentrating on niche products that have competitive advantages and using a differentiation strategy
- Cultivate and create new markets and product categories; build a new business model
- Enhance our products, technologies, and services, which underpin our social infrastructure, to help resolve social issues

**2 Sustainably expand the Machinery business**

- Reinforce revenue bases in growing overseas markets mainly in businesses related to infrastructure and resource development
- Strengthen and enhance stock business
- Maximize business opportunities by demonstrating comprehensive Group competencies and reinforcing engineering strengths

**3 Strengthen and expand our human resource bases**

- Build vibrant human resources and corporate culture for a new Furukawa
- Secure, utilize, and develop diverse human resources in Japan and overseas
- Put even more effort into training sales and marketing personnel

**4 Actively promote investments to increase corporate value**

- Make proactive capital investments necessary for growth
- Expand business through strategic M&As and alliances

**5 Establish a robust corporate foundation**

- Increase corporate value by improving profitability and capital efficiency, targeting ROE of more than 10%
- Establish a strong financial base
- Achieve balanced appropriations between investments for growth and return to shareholders
- Increase corporate value by emphasizing business practices that reflect CSR / ESG issues recognized and to be solved by the Group



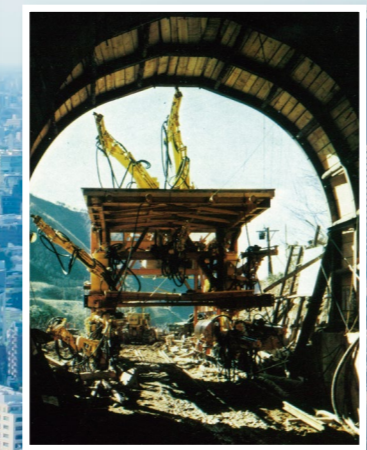
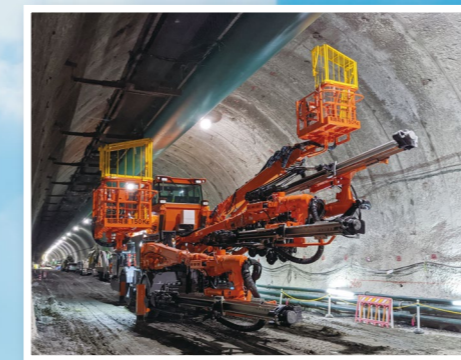
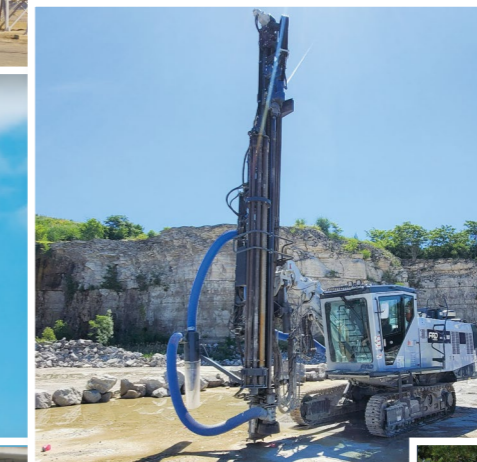
By advancing the technologies that have underpinned our social infrastructure, we will remain indispensable to society.

The Ashio Copper Mine was nearing closure due to its reliance on outdated, labor-intensive methods and severe resource depletion.

Through technological innovation and passion, we revitalized the Ashio Copper Mine into Japan's leading copper mine, contributing significantly to the nation's modernization.

This achievement is the cornerstone of the Furukawa Company Group.

As social issues, such as labor shortages due to the declining birth rate and aging population, become more serious, we will leverage our strengths as a "pillar of society" to remain indispensable to society.



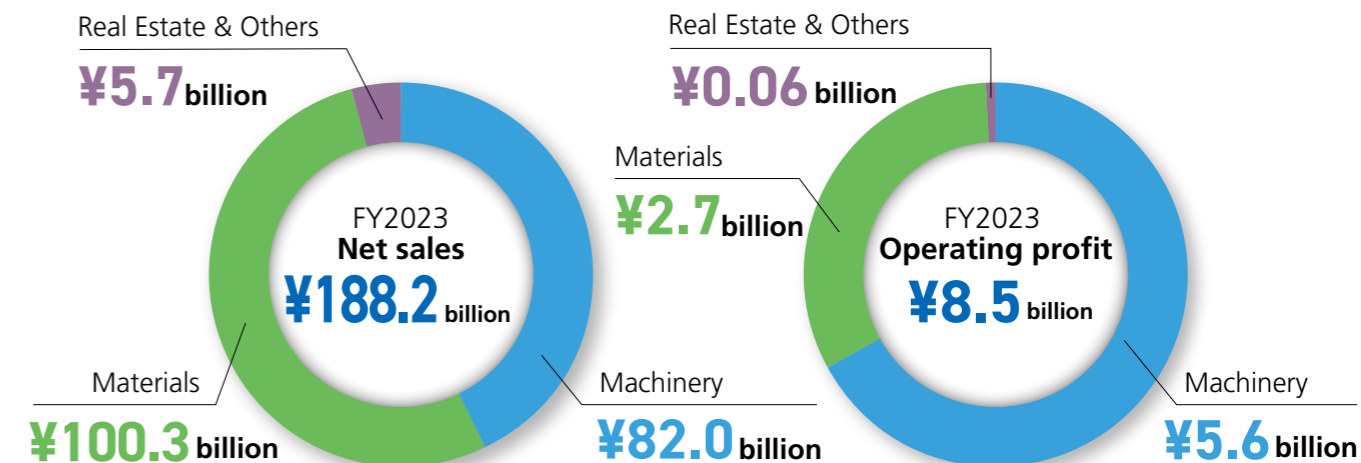


## Overview of the Furukawa Company Group (As of March 31, 2024)

The Furukawa Company Group has adopted a group management structure (31 subsidiaries and 9 affiliates) to prevail against global competition in a rapidly changing market environment. With a focus on the Machinery business (Industrial Machinery, Rock Drill Machinery, and UNIC Machinery segments) and the Materials business (Metals, Electronics, and Chemicals segments), we are committed to maximizing corporate value to remain indispensable to society.



**Real Estate: Furukawa Co., Ltd.**  
**Other: 6 companies**



Years since foundation  
**149** years  
 (As of August 8, 2024)

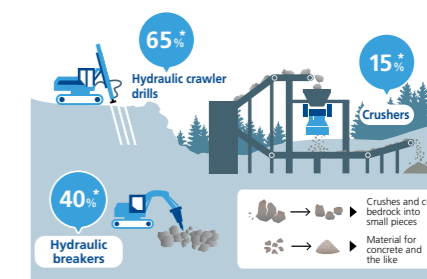
Number of employees (consolidated)  
**2,855** people

Number of Group companies  
**40** companies  
 (31 subsidiaries, 9 affiliates)

### Priority Fields in Core Machinery Business

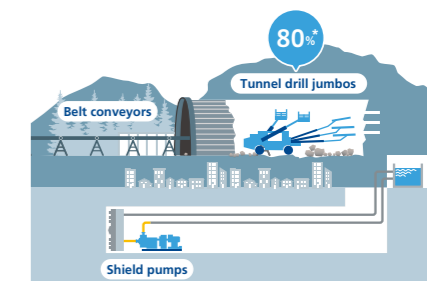
#### Concrete

To mine for crushed stone and limestone, which are raw materials for concrete, we supply hydraulic crawler drills that are used to drill holes in rock, in which gunpowder is inserted for blasting. We also have hydraulic breakers, which are used to break large rocks into small pieces, and crushers and screens, used at plants to achieve the desired rock sizes. These products contribute to demand for concrete in various areas.



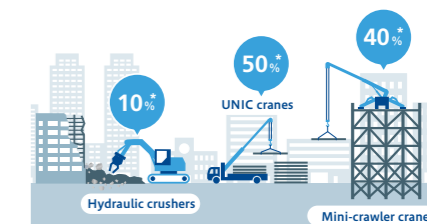
#### Tunnel projects

We develop and manufacture tunnel drill jumbos, which are used to create openings for loading gunpowder needed for rock blasting in mountain tunnel projects. We also develop and make belt conveyors for transporting large amounts of earth and sand, as well as shield pumps, which use water to pump excavated earth and sand in underground tunnel projects. Here, our drilling and transportation technologies, amassed through mine development, come to the fore.



#### Civil engineering and construction sites

A single UNIC crane can transport and unload building materials and the like. In addition to UNIC cranes, we offer mini-crawler cranes, which can operate independently in places inaccessible by truck, and hydraulic crushers that play a major role at demolition sites. Our construction machines feature exceptional functionality, operability, and safety and are also environmentally friendly.



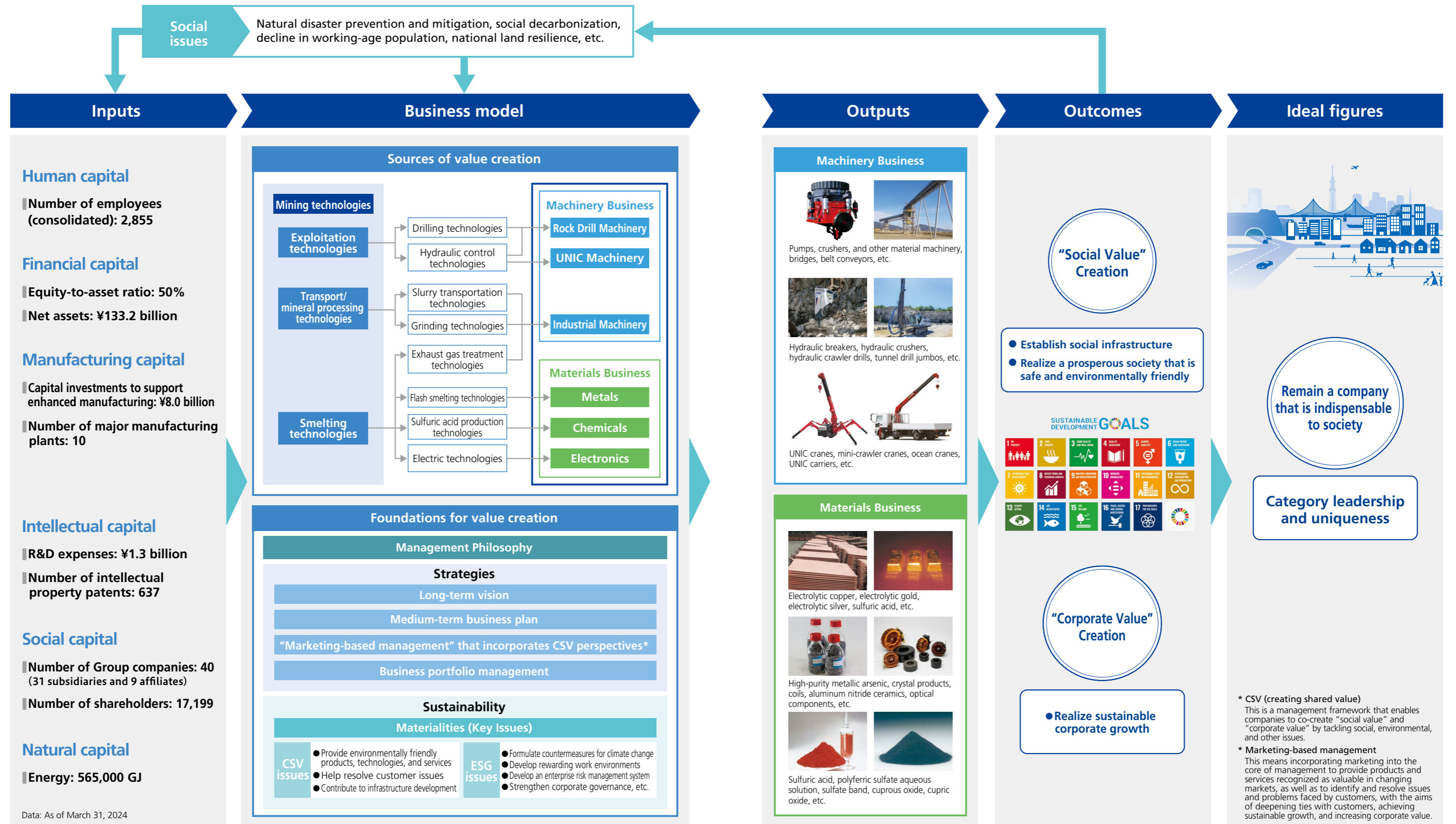
\* Domestic market share



# The Furukawa Company Group's Value Creation Process

In recent years, there has been growing demand to address various social issues, such as the need for natural disaster prevention and mitigation and social decarbonization, as well as the decline in the working-age population. In response, the Furukawa Company Group fully leverages its financial and non-financial capital to conduct business activities through technologies inherited from copper mine development and the strategies that support them. In so doing, we provide products, technologies, and services that help resolve social issues.

In the process, we will continue fostering the creation of "social value" by developing social infrastructure and realizing a safe, environmentally friendly, and prosperous society. At the same time, we will help create "corporate value" by delivering sustainable corporate growth. With a commitment to "category leadership and uniqueness," we will embody the Group's Management Philosophy of remaining a company that is indispensable to society. This is our value creation process.





## Specific Examples of Value Creation

### Our belt conveyor resolves issues related to transporting earth and sand using dump trucks

In recent years, social challenges have emerged in the transportation of earth and sand at civil engineering and construction sites. These include difficulties in securing truck drivers due to the decline in the working-age population, as well as environmental issues, such as dust and CO<sub>2</sub> emissions from the frequent movement of dump trucks, which also affect the surrounding environment. In response, belt conveyors are gaining attention as a new method for transporting earth and sand. This approach offers multiple advantages, including reduced construction time, lower labor costs, avoidance of traffic congestion and accidents, and decreased CO<sub>2</sub> emissions. Accordingly, they offer a promising alternative to dump trucks. One solution, sold exclusively in Japan by the Company, is the SICON® enclosed hanging belt conveyor, which offers additional benefits beyond traditional belt conveyors. By enclosing the earth and sand in bags that are suspended from it like a monorail, SICON® significantly reduces spillage, dust, and noise. Another key advantage is its ability to change direction without requiring transfer points, enabling the installation of highly efficient and space-saving conveyor lines customized to specific site conditions. These exceptional features have received acclaim, and SICON® has been adopted for projects aimed at enhancing national resilience and disaster prevention, including new dam construction and river flood control works. We will continue addressing social issues related to earth and sand transportation in future projects.

#### Social issues

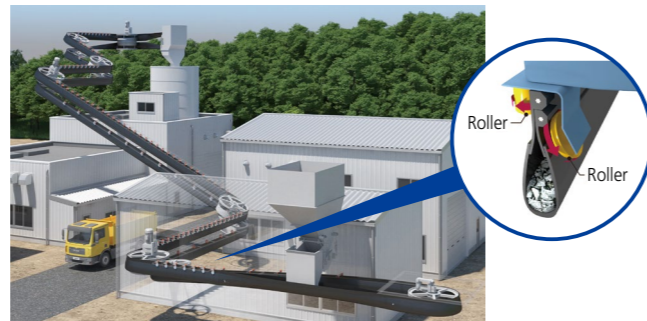
- [Issue 1] Shortage of truck drivers due to decrease in working-age population**
- [Issue 2] Traffic congestion on surrounding roads and risk of traffic accidents**
- [Issue 3] Environmental impact of dust and CO<sub>2</sub> emissions**
- [Issue 4] Generation of noise and vibration**

#### Issues resolved with SICON® enclosed hanging belt conveyor

- The SICON® conveyor wraps earth and sand in a bag-like enclosure to significantly reduce spillage and dust. Unlike traditional belt conveyors, it provides a continuous transportation line without the need for transfer points, which cuts down noise and vibration. Its efficient power distribution also allows for minimal electricity use, resulting in near-zero CO<sub>2</sub> emissions.
- Compared with dump trucks, the SICON® mitigates traffic congestion and accidents on surrounding roads. It also reduces the need for personnel, addressing labor shortages caused by the declining working-age population. Additionally, it shortens construction timelines for large-scale earth and sand transportation projects.



**Construction of an expressway tunnel**  
Long-distance, high-capacity, curved-belt conveyor



SICON® enclosed hanging belt conveyor



**Construction of a control pond**  
SICON® enclosed hanging belt conveyor



**Construction of a mountainous tunnel**  
SICON® enclosed hanging belt conveyor

**[Resolving social issues]** Transportation of earth and sand by belt conveyor system | Video ▶



### Mini-crawler cranes can be used in confined spaces and indoor settings

Cranes are indispensable at civil engineering and construction sites where materials often need to be transported. However, traditional cranes and truck-mounted cranes cannot access and be used in confined or indoor areas to perform their lifting tasks. This is where our mini-crawler cranes come into play, combining ease of operation, safety, noise control, and environmental performance. Thanks to their compact bodies, they can enter and work in tight spaces, making them useful at indoor construction sites, museums, inside tunnels, cemeteries, and the like. Our lineup includes a range of cranes designed to meet various needs. For example, our non-rider models can move independently even in narrow access routes, while our rider models focus on lifting capacity. We also have battery-powered models that are environmentally friendly with zero emissions. Additionally, we have cranes suited for residential construction in tight alleyways, as well as disassembled models that can be transported by helicopter to remote or mountainous areas where equipment access is challenging. We remain committed to enhancing the safety and usability of our mini-crawler cranes and will continue developing environmentally friendly products and contributing to infrastructure development around the world.

#### Social issues

- [Issue 1] Need to operate in confined spaces or indoors where cranes and other vehicles cannot normally enter**
- [Issue 2] Emissions from crane operations**
- [Issue 3] Difficulty in transporting machinery to mountainous areas and relatively inaccessible locations**

#### Issues resolved with mini-crawler cranes

- The compact body and self-propelled crawler allow the crane to move and work in confined areas, indoors, inaccessible landscapes, cemeteries, and complex residential construction sites.
- The electric battery-powered model generates zero exhaust emissions to create a comfortable indoor crane working environment.
- The crane's modular configuration allows for the disassembly and transport of major parts, thus improving portability.



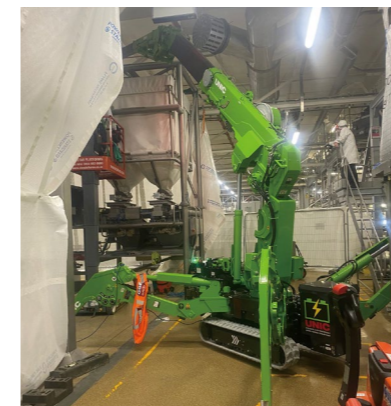
**Mini-crawler crane**  
Installation of plants and headstones in landscapes and cemeteries



**Disassembled crane**  
Assembling in mountainous area



**Battery-powered crane**  
Crane operation in tunnel



**Battery-powered crane**  
Indoor crane operation



**Residential construction crane**  
Residential construction work in tight alleyways

**[Resolving social issues]** Mini-crawler crane's performance in confined spaces | Video ▶





## Message from the President



**With passion, a spirit of challenge, and the strengths we have cultivated over our nearly 150-year history, we are committed to realizing our Vision for 2025 and achieving the goals of Medium-Term Business Plan 2025.**

Fiscal 2023 was the first year of Medium-Term Business Plan 2025, which represents Phase 3 of our Vision for 2025. Under the plan, we practice marketing activities that incorporate CSV perspectives to identify social issues and customer needs. We then leverage technologies developed through our copper mine management experience to maximize corporate value by offering products, technologies, and services that help address these issues and needs.

**Minoru Nakatogawa**  
President & Representative Director

## By advancing technologies that support the foundations of society, and driven by passion and a spirit of challenge, we aim to become a company that is indispensable to society.

The Company has a long history of nearly 150 years, but its business began with the operation of a copper mine. During the Meiji era, when Japan was striving for industrial development, mining was a key industry for producing copper, a vital material for the advancement of heavy industry. Our founder, Ichibei Furukawa, revitalized the Ashio Copper Mine, which was on the verge of closure due to preindustrial, labor-intensive methods dating back to the Edo period. Through his passion and technological innovation, he transformed it into Japan's leading copper mine. Contributing to the modernization of Japan through copper mine operations was the origin of the Furukawa Company Group.

Throughout the major political, social, and economic upheavals since the Meiji era, the Company has faced numerous crises. However, our predecessors were able to overcome these challenges with their accumulated technologies and their passion for embracing new challenges. The Furukawa Company Group of today exists as a result of those efforts.

Our current world is experiencing rapid and diverse changes, making it difficult to predict the future. Both in Japan and around

the world, we continue to witness evidence of climate change, such as increasing natural disasters due to global warming. At the same time, technological advancements, particularly in AI, are progressing at an astonishing pace. It is truly a time of significant transformation.

This transformative era also presents a tremendous opportunity for the Company to seize new and exciting possibilities. In times like these, we can contribute to society by leveraging the technical skills we have cultivated over the years. To address social challenges, I want the Group to provide products, technologies, and services that earn us the recognition of stakeholders, where they feel they "cannot do without Furukawa." To achieve this, we must maintain the passion and spirit of challenge that have driven us since our founding. As president, I firmly believe that my mission is to ensure that we become a company that supports the foundations of society—where employees feel proud and find their work rewarding, and where we are recognized as indispensable to society.

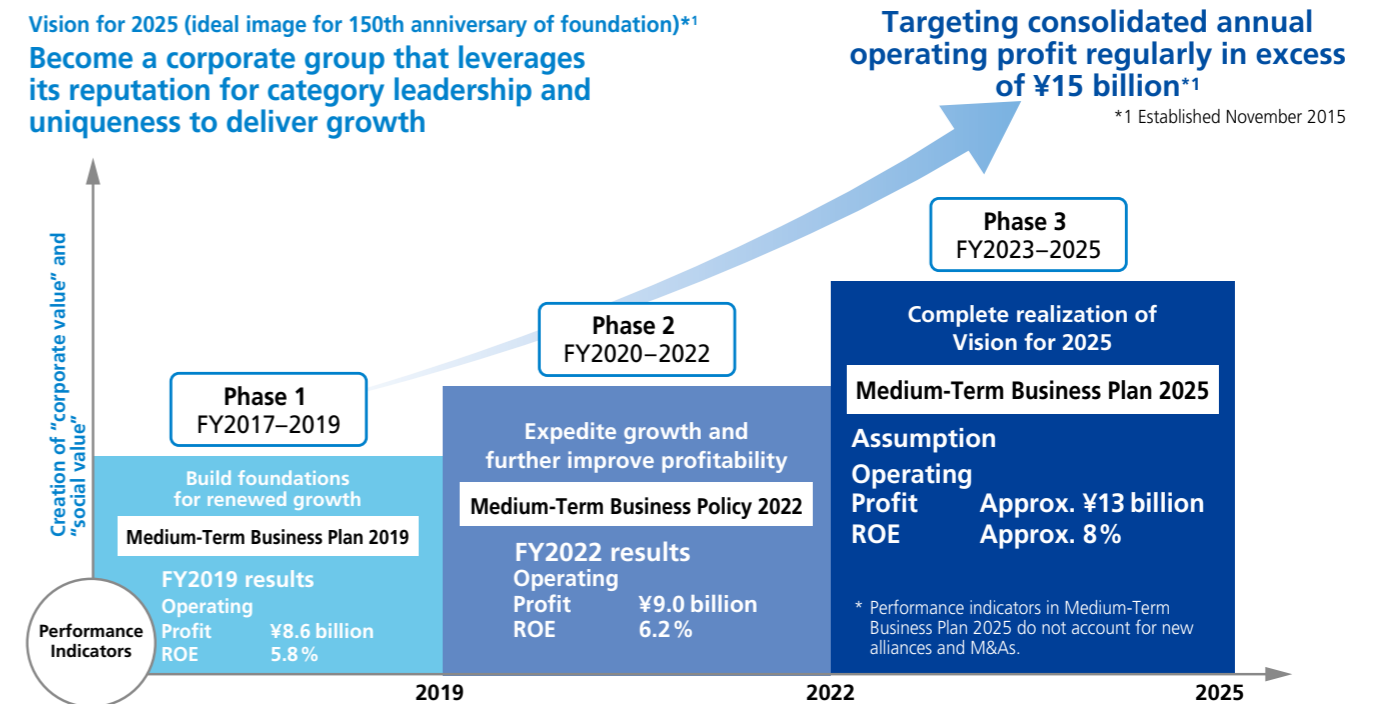
## By achieving the goals of Medium-Term Business Plan 2025, we aim to realize our Vision for 2025.

In 2015, the Company established "FURUKAWA Power & Passion 150," its long-term vision for the Furukawa Company Group aimed at the year 2025, which marks the 150th anniversary of our founding. The journey to realize this vision is divided into three phases. The first year of Medium-Term Business Plan 2025, which corresponds to Phase 3, has now been completed.

We have positioned the three years of the plan as a period to achieve "Complete realization of Vision for 2025" with the foundation of reinforced structure and improved earning capacity during Phase 2. It is also the final step in our quest to realize Vision for 2025. To this end, we will practice "marketing-based management" that incorporates CSV perspectives to provide products, technologies, and services that help resolve social issues and thus create "corporate value." At the same time, we will

strive to create "social value" by building social infrastructure while realizing a safe, environmentally friendly, and prosperous society. Looking beyond Vision for 2025, meanwhile, we will also lay the groundwork for establishing our next long-term vision.

For fiscal 2025, the final year of Medium-Term Business Plan 2025, we have set a consolidated operating profit target of approximately ¥13 billion and an ROE target of approximately 8%. We will work to achieve these goals by deploying the PDCA cycle for our business strategies and steadily progressing with specific measures. Furthermore, we will make every effort to explore and form alliances and M&As. At the same time, we will pursue various initiatives to achieve consolidated annual operating profit regularly in excess of ¥15 billion, as outlined in Vision for 2025.



## In fiscal 2023, the Rock Drill Machinery segment performed well, but overall consolidated net sales and operating profit both declined year on year.

In fiscal 2023, consolidated net sales and operating profit both declined from the previous fiscal year. Specifically, net sales decreased ¥25.9 billion year on year, to ¥188.2 billion, and operating profit was down ¥0.5 billion, to ¥8.5 billion. The main reason for the decline in sales was our strategic downsizing of the Metals segment. Regarding operating profit, our core Machinery business saw record-high operating profit in the Rock Drill Machinery segment, driven mainly by a strong performance in North America. However, the Industrial Machinery and UNIC Machinery segments posted declines in operating profit. In the Materials Business, both the Metals and Chemicals segments reported increases in operating profit, while the Electronics segment posted a decline in operating profit.

In describing our fiscal 2023 results, I would like to touch on the performances of the Industrial Machinery, Rock Drill Machinery, and Metals segments.

In the Industrial Machinery segment, sales decreased ¥2.3 billion year on year, to ¥15.5 billion. We reported increased sales corresponding to the volume of bridges and belt conveyors, but sales

of material machinery remained mostly unchanged, while sales of pump equipment were affected by a significant decline in sales of environmental products. Segment operating profit fell ¥1.1 billion, to ¥0.3 billion. The main factor was additional costs incurred due to delays in plant construction for material machinery, although this was a one-time event. To improve profitability as quickly as possible, we are reviewing the segment's business structure and cost control processes.

In the Rock Drill Machinery segment, domestic sales rose ¥0.2 billion, to ¥14.4 billion, and overseas sales climbed ¥2.6 billion, to ¥24.2 billion. In Japan, sales increased due to a rise in shipments of auxiliary parts, such as hydraulic crawler drills, and an increase in sales from maintenance services, an area of focus. Overseas, shipments of hydraulic breakers and hydraulic crawler drills to North America rose significantly, while shipments of hydraulic crawler drills to the Middle East and Africa also increased. Segment operating profit increased ¥1.1 billion, to a record-high ¥4.1 billion, exceeding the target set in Medium-Term Business Plan 2025. In addition to increased sales and profits in North



## Message from the President

America, our performance benefited from a weakening yen. We also attribute it to our strategy of selection and concentration, which involved streamlining product models and focusing on centralized production and sales.

In the Metals segment, sales decreased ¥26.7 billion, to ¥84.7 billion, and operating profit increased ¥0.6 billion, to ¥1.9 billion. Following a fundamental review of our entrusted smelting business, we terminated our copper smelting contracts with one of two refineries on March 31, 2023. By strategically reducing the scale of this business and limiting unprofitable exports, we were able to improve profitability. On the other hand, one factor affecting our business performance is the impact of fluctuations in the prices of copper and gold. In addition to improved profitability of smelting contracts, this segment's operating profit in fiscal 2023 benefited from favorable fluctuations in metal prices.

In fiscal 2024, we forecast consolidated net sales of ¥187.7 billion,

down ¥0.5 billion year on year, and operating profit of ¥8.7 billion, up ¥0.1 billion (forecasts as of August 7, 2024). In the Rock Drill Machinery segment, the political and economic outlook in North America remains uncertain, and in the Metals segment, we do not account for profit or loss from metal price fluctuations in our forecasts. As a result, we forecast year-on-year declines in operating profit for both segments. While market downturns and other external factors often influence our performance, we believe that the most important goal is to build a resilient profit structure that minimizes the impact of such factors. Therefore, each segment is focusing on securing stable profits that are not easily affected by external factors. To this end, we will work to strengthen the stock business of the Machinery business while leveraging IoT technology to create support services. These initiatives will not yield immediate results within one or two years, but we are committed to steadily pursuing them over the long term.

## We will rigorously practice "marketing-based management" that incorporates CSV perspectives while flexibly adjusting our strategies as needed based on each situation.

Our business model calls for us to practice "marketing-based management" that incorporates CSV perspectives to understand social issues and customer needs and provide products, technologies, and services that help address those issues and needs. In particular, we believe it is important to adopt a market-driven approach that quickly captures customer needs.

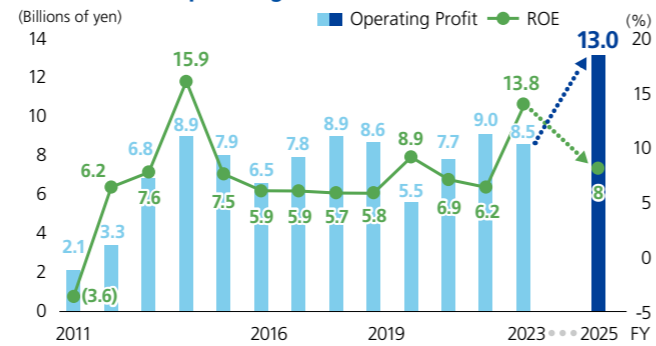
One successful example of our market-driven approach is a truck-mounted crane (UNIC crane) offered by the UNIC Machinery segment. In consideration of customer needs, we reduced the weight of the crane itself and introduced an LCD-equipped radio-controlled unit that can easily perform complex interlocking operations. Thanks to our efforts to meet the needs of transport vehicles and pursue safety and operability in crane operation, UNIC cranes now account for a 50% share of the domestic market. We see this as a clear indication that our customers appreciate the added value of our products.

In the Rock Drill Machinery segment, we have developed and launched automated and mechanized products, such as the fully automatic drill jumbo, which enhances operator safety and productivity and reduces labor requirements in mountain tunnel construction projects. These products were commercialized

following extensive discussions and repeated field tests with a general contractor involved in tunnel construction. They are a prime example of how we captured customer needs and successfully addressed issues related to operator shortages, safety measures, and so forth.

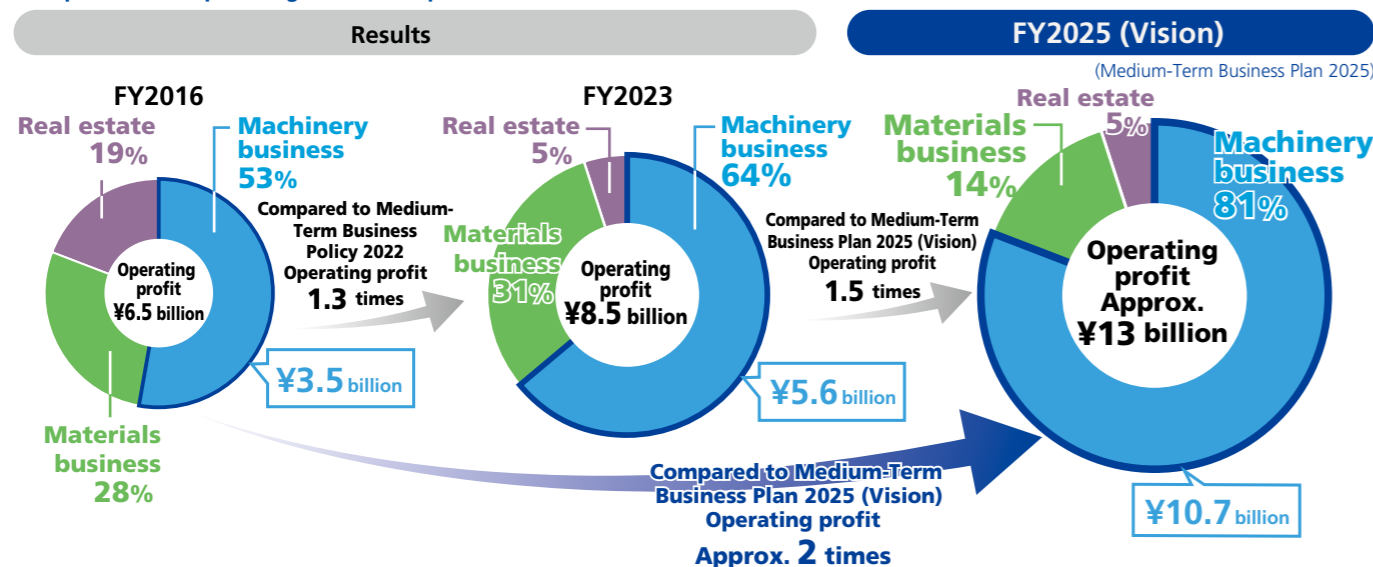
We are advancing our business under the policies outlined in Medium-Term Business Plan 2025, but business conditions for

### Transition of Operating Profit / ROE



### Comparison of Operating Profit Composition Ratios

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



companies continue to change in this so-called era of volatility, uncertainty, complexity, and ambiguity (VUCA)—an unpredictable and rapidly evolving time. Given the current global situation and unstable market trends, the outcomes of our efforts may not always align with the strategies and tactics we have developed. Therefore, we need to analyze the factors causing these deviations and flexibly review and adjust our strategies and tactics as needed. It is important to accomplish what we set out to do, whatever it takes, but if we hesitate to change those things that need to be changed, we will be unable to keep up with the changing times.

## We will continue targeting ROE of approximately 8% and diminishing the cost of capital.

Our price-to-book ratio (PBR) is currently below 1x, so achieving a PBR exceeding 1x is a critical management objective. To this end, we will continue focusing on goals set in Medium-Term Business Plan 2025, namely, "achieving ROE of approximately 8%" and "diminishing cost of capital."

To achieve an ROE of approximately 8%, we will continue targeting the sustained growth of our core Machinery business and working to increase profitability. In addition to business portfolio management, we will analyze the product portfolios of each segment to drive revenue growth and improvement. We will also make careful assessments regarding the discontinuation of low-profit products. In fiscal 2023, we posted extraordinary income, which pushed up ROE. From the perspective of generating operating profit from business activities, there is still work to do.

As Japan's era of zero interest rates comes to an end and the economy continues growing sustainably, we expect the cost of raw materials and labor to naturally keep rising. As a company, we will work to improve productivity, but we must also ensure that customers understand the need to pass on rising manufacturing costs to our selling prices.

To improve productivity and asset efficiency, we use an ROE breakdown tree to communicate to employees how improvements in their individual tasks contribute to enhancing return on assets (ROA). In town hall meetings, we carefully explain to sales employees the importance of increasing sales and market share of our products, as well as avoiding unnecessary discounts. For manufacturing employees, we emphasize the need for strict inventory management to improve production efficiency and the importance of minimizing costs wherever possible. We also encourage employees to understand that their individual efforts in the field help improve ROA, which, in turn, leads to an increase in ROE and ultimately enhances overall corporate value.

In addition, we have started working to improve capital efficiency by reducing strategic shareholdings. In February 2024, we announced our target for reducing such shareholdings, and

Between announcing Medium-Term Business Plan 2025 and June 2024, I visited all of our domestic business locations and conducted over 40 town hall meetings. In addition to explaining our Management Philosophy and policies, I shared my thoughts and perspectives. I also took questions and feedback from employees, which I believe has helped deepen mutual understanding. We have received many positive comments on our business operations, and recognize the need to understand the situation on the ground and steer management in a flexible manner.

In May we decided to move that target deadline forward by one year. By March 31, 2025, we aim to reduce the ratio of strategic shareholdings to consolidated net assets to less than 20%. The funds generated from these sales will be directed toward growth investments, such as M&As, as well as investments in non-financial capital, including R&D, intellectual property, human capital, and digital transformation (DX). As part of our shareholder return initiatives, meanwhile, we will increase dividend payouts and promote share buybacks. In May 2024, we announced our decision to increase cash dividends in fiscal 2023, as well as to raise dividends and the amount allocated to share buybacks in fiscal 2024.

Regarding "diminishing cost of capital," we will continue, as in the previous fiscal year, to actively invest in sustainability initiatives, R&D, intellectual property, human capital, and DX. We will also work to disclose information appropriately in a way that helps mitigate non-financial risks. Additionally, we will actively engage in dialogue with shareholders and other investors while pursuing an optimal capital structure, centered on our credit rating strategy, to appropriately manage financial risks.



## By addressing our Materialities (Key Issues), we aim to help resolve social challenges.

In fiscal 2022, our Board of Directors resolved that it had identified 10 Materialities (Key Issues) related to the Company's sustainability initiatives. These material issues have two components: "proactive" aspects, which focus on resolving social challenges through our business activities, and "defensive" aspects, which establish a robust corporate foundation for sustainable growth.

Our commitment to sustainability is a key element of Medium-Term Business Plan 2025. We emphasize to our employees the need for companies to engage in sustainability in today's era, while striving to ensure that they share the importance of our sustainability initiatives.

Meanwhile, we aim to help resolve social challenges by addressing



## Message from the President

our “proactive” material aspects. In recent times, labor shortages have become a common challenge in many areas. Our fully automatic drill jumbos and semi-automatic hydraulic crawler drills, provided by the Rock Drill Machinery segment, offer solutions to this problem. These products enable labor-saving operations that help address the issue of labor shortages. In addition, the belt conveyors developed by our Industrial Machinery segment can transport earth and sand with minimal CO<sub>2</sub> emissions, which helps reduce our carbon output. In these ways, we aim to address social challenges through our products while simultaneously generating profit, thereby enhancing both “social value” and “corporate value.” We now face numerous social challenges around the world. In response, we are stepping up our efforts with a focus on key themes, such as labor-saving actions to address workforce shortages, decarbonization to mitigate climate change, and enhancing safety to improve labor conditions. We are confident that we can

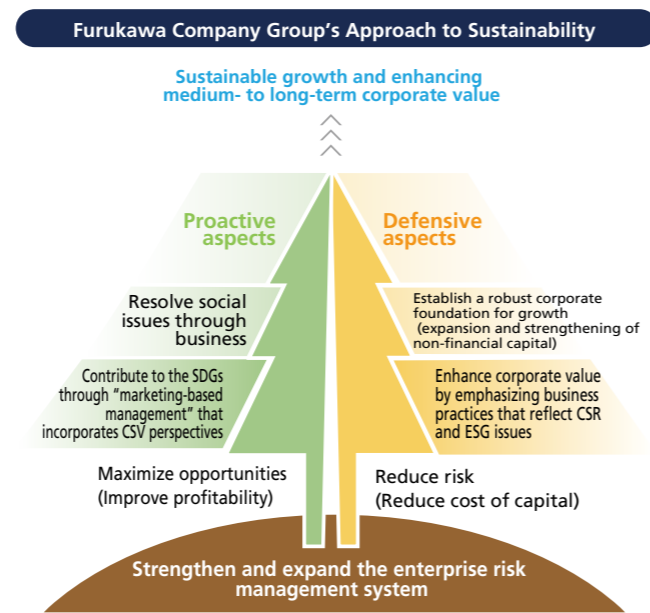


Belt conveyor



Fully automatic drill jumbo

leverage our core technologies to make a meaningful impact in these areas.



## We will continue working to help resolve the issues of climate change and human rights.

With respect to “defensive” aspects, we have identified seven Materialities (Key Issues), with a focus on climate change and respect for human rights.

Regarding climate change, in July 2024 we publicly announced our CO<sub>2</sub> emissions reduction targets along with a roadmap for achieving those targets. The Japanese government’s policy aims for a 38% reduction in CO<sub>2</sub> emissions by 2030 (compared with 2013) in the industrial sector. However, we have set our own target to reduce CO<sub>2</sub> emissions by 25% by 2030 (compared with fiscal 2023) for Scope 1 (energy origin) and Scope 2 emissions and achieve carbon neutrality by 2050. To this end, we will take specific measures, such as introducing or upgrading energy-saving equipment, installing solar power and other renewable energy generation equipment, and purchasing renewable energy. The UNIC Machinery segment is installing solar power generation equipment at its Sakura Works, and other segments are also considering similar systems for their plants. In addition, we own mountain forestland in Tochigi Prefecture, Shizuoka Prefecture, and elsewhere and plan to manage these forests properly and explore various initiatives for absorbing CO<sub>2</sub>.

Regarding human rights, the Furukawa Company Group’s Charter of Corporate Conduct and the Furukawa Company Group’s Code of Conduct for Officers and Employees state the

Group’s commitment to respecting the human rights of all individuals. When new employees join the Company, I personally let them know that discrimination of any sort, such as that based on race, gender, educational background, religion, or beliefs, is unacceptable and that they should always treat others with respect. In November 2023, we announced our Human Rights Policy and have since been conducting internal human rights training to raise awareness and promote understanding of the human rights issues that we should address. In March 2023, we conducted training for Outside Directors and other officers, as well as management-level employees. In these ways, we are strengthening our efforts to address human rights issues.

Meanwhile, there have been strong calls recently for companies to emphasize respect for human rights not only internally but across their entire supply chains. Through its purchasing department, the Group conducts surveys of business partners to assess their efforts in respecting human rights. Any issues identified are addressed through follow-up actions aimed at finding solutions. To date, we have primarily focused on surveying domestic business partners, but we have also started conducting questionnaire-based surveys of the business partners of our overseas subsidiaries as well.

## Since people are the Company’s most valuable asset, we will continue prioritizing the development and empowerment of our human capital.

I believe that the strength of a company lies in its people and that employees are the Company’s most valuable asset. To enhance corporate value, therefore, we must focus on developing and empowering each individual employee.

We have been actively investing in human capital and gave employees significant basic wage increases for two consecutive years to address recent inflation. We have also restructured and enhanced our existing education system to offer more comprehensive programs to our employees.

In addition, we are taking various steps to create a work environment that is both comfortable and fulfilling for our employees. As part of these efforts, we have established programs to help employees effectively balance their work with their child-care and/or elder care responsibilities. To improve operations, we are also leveraging digital tools to enhance efficiency and promote information sharing. Through these DX investments, we aim to reduce trivial tasks and encourage employees to focus on more creative work.

In addition, we have established a talent management system with the aim of understanding each employees’ unique traits and aptitudes. By placing them in the most appropriate positions, we seek to enhance both motivation and operational efficiency. We also arrange one-on-one meetings between supervisors and subordinates, which provide opportunities for supervisors to communicate their expectations and discuss what is needed for future career development. This helps create an environment where subordinates feel comfortable communicating with their supervisors on a regular basis. I believe that the manner in which supervisors observe, evaluate, and guide their subordinates is critically important from the perspective of talent development.

In recent years, we hear the word “diversity” quite often. For my part, I believe that diversity of human resources is most important for the development of the Company. When diverse individuals bring their unique perspectives to the table and engage in open discussions, new ideas and products emerge. Rather than assessing individuals based on a single set of criteria, it is essential to use various evaluation metrics to uncover the potential each person possesses. In this rapidly changing era, I believe that a diverse workforce is a valuable asset to the Company.

As a manufacturer, the Company has many employees working in factories and other facilities, making occupational health and safety a crucial issue. With this in mind, our management team and all employees work together to foster a safety-oriented culture.

Workplace accidents not only affect the individuals involved but also bring misfortune to their families and others around them. To prevent such accidents, we must not only improve equipment safety but also raise employees’ awareness of workplace safety. Moreover, the factories of each business segment work together with the Environmental & Safety Management Department to achieve accident-free workplaces.

## We will strengthen our corporate governance in response to requests from stakeholders.

In recent years, corporate scandals and compliance violations have continued to surface, highlighting the need for companies to establish and maintain robust corporate governance systems. Strengthening governance not only helps prevent misconduct but also enhances a company’s social reputation. Our basic policy on corporate governance focuses on increasing management transparency, conducting ongoing structural reforms to establish an efficient management system, generating stable profits to increase corporate value, and contributing to all stakeholders.

We commission an external agency every year to evaluate the effectiveness of the Board of Directors. In fiscal 2023, we received a rating of “slightly higher than other companies,” but there is still room for improvement in my opinion. Therefore, we will continue making improvements to promote lively discussions at Board of Directors’ meetings. The Outside Officers’ Council, which includes myself, Outside Directors, and Outside Audit &

Supervisory Board Members, receives feedback on management matters. One suggestion raised was that discussions by the Board of Directors should focus more on medium- to long-term policies. While we are able to discuss such matters at present, I believe we should allocate more time to broader topics that include medium- to long-term policies and the Company’s overall direction. I plan to explore ways to improve the operation of the Board of Directors to facilitate this.

In April 2024, the Board approved the introduction of a restricted share compensation plan as part of the Company executive remuneration system. I believe that the new system will provide executives with an incentive to sustainably enhance the Company’s corporate value while promoting greater value sharing with our shareholders.

## With our accumulated technologies and our passion for embracing new challenges, we are committed to further enhancing corporate value.

As I mentioned at the beginning, the Company has a nearly 150-year history, during which we have faced numerous crises. Each time, our employees came together, pooling their wisdom and overcoming challenges with passion and a spirit of innovation. This is precisely our strength and the driving force behind our growth.

We are living in an era of rapid, unpredictable changes. In times like these, we will leverage the expertise we have developed and our passion for embracing new challenges. We are committed to realizing Medium-Term Business Plan 2025 and looking beyond our Vision for 2025 to further enhance corporate value.

We ask for your continued understanding and support.





## Medium-Term Business Plan 2025

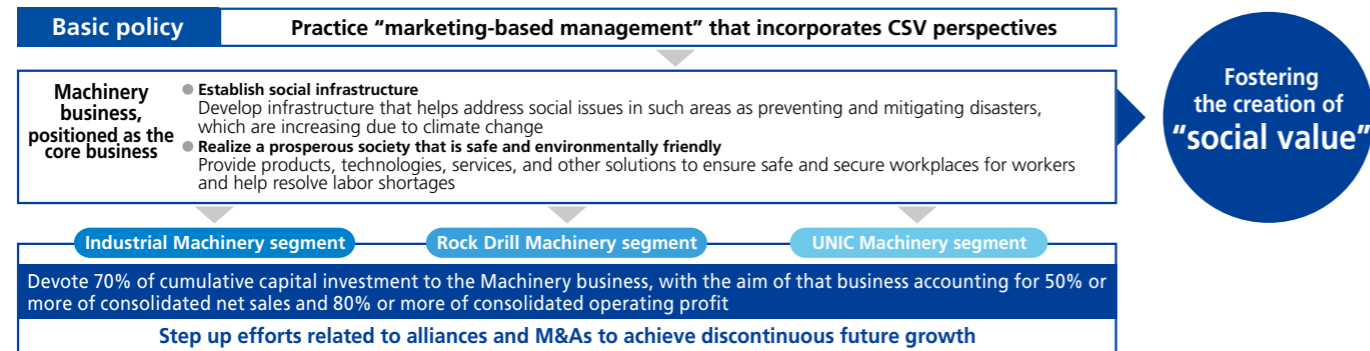
The Furukawa Company Group established Vision for 2025, "FURUKAWA Power & Passion 150," at the year 2025 which marks the 150th anniversary of our founding. The period of Medium-Term Business Plan 2025 is positioned as the final step in our quest to realize Vision for 2025. During this period, we will focus on laying the foundation for further growth beyond 2025.

### Initiatives to Enhance Our Corporate Value Creation Power

The Furukawa Company Group will practice "marketing-based management" that incorporates CSV perspectives to provide products, technologies, and services that help resolve social issues and thus create "corporate value." At the same time, we will strive to create "social value" by building social infrastructure while realizing a safe, environmentally friendly, and prosperous society.

This is the basic strategy of the business plan.

In our core Machinery business, we will develop infrastructure that helps resolve social issues, such as preventing and mitigating disasters, which are increasing due to climate change. We will provide products, technologies, and services that ensure safe and secure workplaces for workers and address labor shortages.

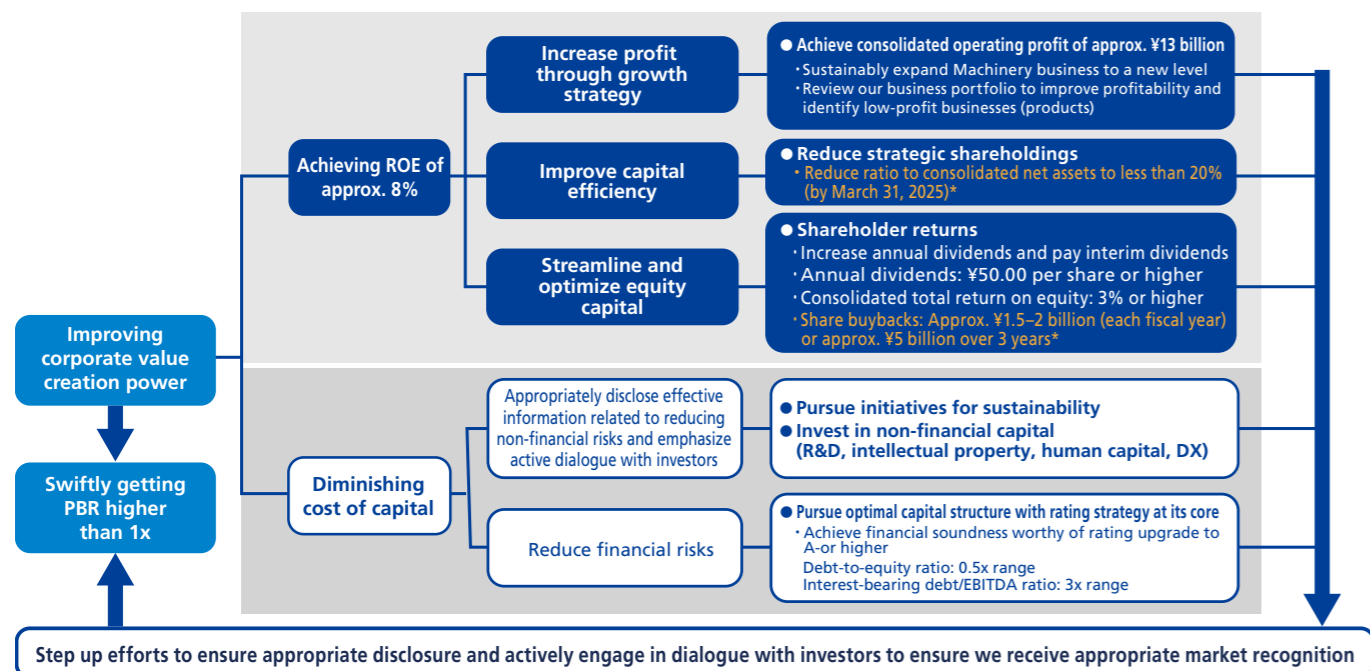


### Initiatives to Realize Management that Is Conscious of Cost of Capital and Stock Price

Since fiscal 2017, the Furukawa Company Group has calculated the cost of capital on a consolidated basis and for each business segment. We also set return on invested capital (ROIC) as a hurdle rate for ensuring our "corporate value creation power" and have been working to realize cost-conscious management by reviewing our business portfolio, capital investments, alliances involving equity participation, and M&A investment decisions. However, we have not been able to achieve a corporate value creation power that meets market expectations. Accordingly, the PBR also known as the "value creation barometer," has been below 1x for seven consecutive years since fiscal 2017, and swiftly getting PBR higher than 1x is a key management priority.

Under Medium-Term Business Plan 2025, therefore, we will expand and strengthen specific initiatives to enhance our corporate value creation power with the aim of achieving "sustainable growth and medium- to long-term enhancement of corporate value." We will also strive to achieve a PBR of more than 1x as soon as possible by further improving information disclosure and engaging in active dialogue with investors so we can obtain an appropriate market evaluation.

Note: "Corporate value creation power" is a term coined by the Company meaning ROIC minus weighted-average cost of capital (WACC).

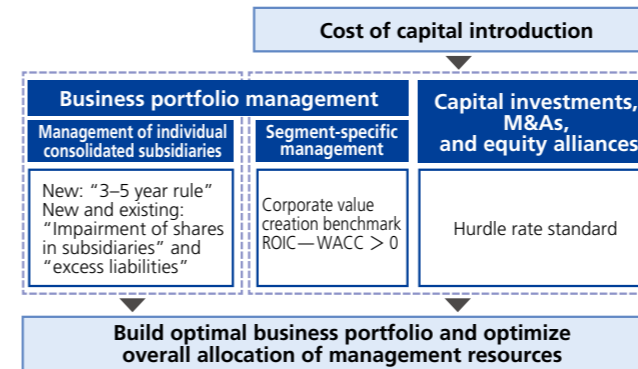


\* Items added or updated after announcement of Medium-Term Business Plan 2025

### Review of Business Portfolio

We calculate cost of capital for each of the seven business segments and plot three indicators—corporate value creation power, compound average growth rate (CAGR), and corporate value created/year—on a bubble chart to accurately visualize our business portfolio.

### Overview of Business Portfolio Management



### Earnings Plan and Capital Policy

With respect to our earnings plan, we will 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.

In terms of capital policy, we will continue seeking to establish a robust financial base enabling us to raise the necessary funds regardless of financial conditions.

### Reducing Strategic Shareholdings

In fiscal 2024, we plan to sell strategic shareholdings worth approximately ¥15 billion and aim to reduce the ratio of such holdings to consolidated net assets to less than 20% by March 31, 2025.

<b>Earnings plan</b>	<ul style="list-style-type: none"> <li>Deploy a business portfolio management system that utilizes cost of capital to achieve sustainable growth and increase corporate value over the medium to long terms</li> </ul>	<b>Operating profit: Approx. ¥13 billion ROE: Approx. 8%</b> * Underlying assumption of exchange rate of ¥135/\$
<b>Financial strategy</b>	<ul style="list-style-type: none"> <li>Pursue optimal capital structure with rating strategy at its core</li> <li>Raise ratings to A- or higher, from BBB+</li> </ul>	<b>Debt-to-equity ratio: 0.5x range</b> <b>Interest-bearing debt/EBITDA ratio: 3x range</b>
<b>Shareholder returns</b>	<ul style="list-style-type: none"> <li>Annual dividends of ¥50.00 per share or higher, consider increasing annual dividends and paying interim dividends</li> <li>Share buybacks (Increase from approx. ¥1 billion to approx. ¥1.5-2 billion each fiscal year) increase from approx. ¥3 billion to approx. ¥5 billion over three-year period</li> </ul>	<b>Consolidated total return on equity: 3% or higher</b>
<b>Reducing strategic shareholdings</b>	<ul style="list-style-type: none"> <li>Conduct annual reviews of appropriateness of continued ownership based on comprehensive judgment of cost of capital and other factors</li> <li>Continue to disclose the ratio of strategic shareholdings to consolidated net assets</li> </ul>	<b>Strategic shareholdings ratio: 35.1% (FY2022)</b> <b>Target date of achieving reduced ratio (20%): March 31, 2026 → March 31, 2025</b>

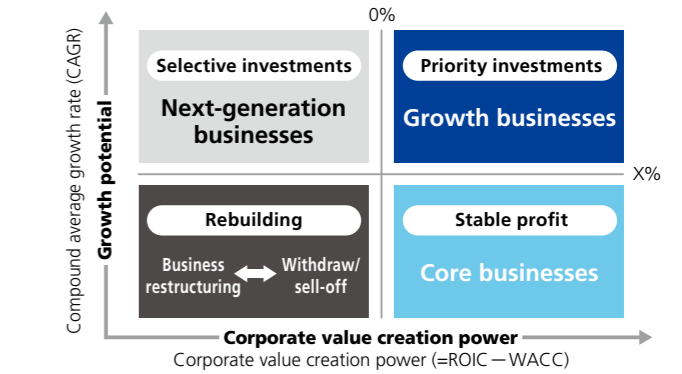
### Allocation of Management Resources

We will provide stable and continuous returns to shareholders, prioritizing the following investments to achieve sustainable growth and enhance corporate value over the medium- to long- terms.

- Make capital investments to support enhanced manufacturing
- Invest in R&D to help resolve social issues
- Invest in intellectual property to ensure competitive advantage
- Invest in human capital to create a rewarding company
- Invest in DX to accelerate growth strategies and business transformation
- Invest in alliances and M&As to achieve discontinuous future growth
- Invest in sustainability initiatives, such as decarbonization, environmental impact reduction, and respect for human rights in the value chain

We then conduct a four-quadrant analysis based on growth potential and corporate value creation power and make rational business decisions that are not overly influenced by history or preconceptions.

### Business Portfolio Analysis (Vision)



### Shareholder Returns

We will consider increasing annual dividends and paying interim dividends, prioritizing investments to achieve sustainable growth and enhance corporate value over the medium- to long-terms. In principle, we aim to pay annual dividends of ¥50.00 per share or higher with a consolidated total return on equity of 3% or higher.

Regarding share buybacks/cancellations, we will consider share buybacks and cancellations from time to time, taking into account trends in stock prices, capital efficiency, cash flows, and other factors.

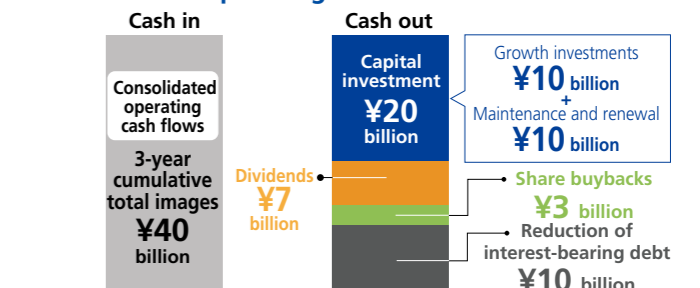
We will raise our target for share buybacks from approximately ¥1 billion each fiscal year to around ¥1.5-2 billion. Over the three years from fiscal 2023 through fiscal 2025, we will increase our target amount from approximately ¥3 billion to ¥5 billion, considering proceeds obtained from the sales of strategic shareholdings.

### Allocation of Operating Cash Flows

While aiming to establish a robust financial base, we will make capital investments to achieve sustainable growth and enhance corporate value over the medium- to long- terms.

We will also endeavor to allocate operating cash flows in consideration of shareholder returns.

### Allocation of Operating Cash Flows





## Message from the Director in Charge of Finance



**To achieve ROE of approximately 8%, we will focus on improving our operating margin and capital efficiency while working to reduce the cost of capital. We will also solidify our financial foundation and allocate capital in a flexible manner.**

**Koichiro Konno**  
Director & Senior Executive Officer

### Leveraging our experience in fundraising, I am committed to responsibly improving capital efficiency and optimizing capital allocation.

Since joining the Company in 1985, I have made it my primary mission to increase capital efficiency.

Around the year 2000, the Company undertook a full-scale restructuring to reduce interest-bearing debt, which had increased to more than ¥160 billion due to financial difficulties. At its peak, the Company made annual debt repayments exceeding ¥25 billion. Through a sustained cycle of refinancing and repayments, however, we gradually reduced interest-bearing debt to approximately ¥58 billion over a period of more than 20 years. Even during times of poor results, we managed to generate funds from the balance sheet to support capital investments and provide shareholder returns.

Now, as the director in charge of finance, I focus on not only fundraising but also capital allocation that carefully considers the profitability of investments, as well as associated risks and cost of capital. Going forward, we will continue focusing management resources on growth strategies for the Machinery business that will generate solid returns while transforming the Company's structure. We will also continue working to improve capital efficiency and allocate capital in a responsible manner.

### To achieve ROE of approximately 8%, we are committed to improving the operating margin.

To achieve ROE of approximately 8%, we will work to improve profitability and identify low-performing products. We will also strive to improve capital efficiency by reducing strategic shareholdings and streamlining equity capital through shareholder return initiatives. In fiscal 2023, we posted ROE of 13.8%. However, after excluding special factors, such as property sales and reduction of strategic shareholdings, the actual figure was around 5.6%, falling short of our 8% target. In fiscal 2023, the one-off factor of additional costs related to material machinery incurred by the Industrial Machinery segment had a negative impact on operating profit of approximately ¥1.1 billion. If this factor was excluded, we would have posted operating profit of just under ¥10 billion. Going forward, therefore, we will place top priority on improving the operating margin.

In the Rock Drill Machinery segment, the operating margin improved from 8.5% in fiscal 2022 to 10.7% in fiscal 2023, marking a V-shaped recovery over three years since posting an operating loss in fiscal 2020. We attribute this success to our strategy of "focused production and focused sales," which entails narrowing our attention to regions with high demand and products that sell well. The strong economy in North America and a weakening yen also contributed to the recovery in the segment's operating margin.

In the Industrial Machinery segment, the operating margin fell short of our target due to our inability to fully control additional costs. This prompted us to renew our focus on strict cost management, leading to a reassessment of our order acceptance criteria.

In the UNIC Machinery segment, the operating margin was impacted by reduced truck supply due to semiconductor shortages and recall issues faced by truck manufacturers. As a result, sales of truck-mounted cranes, which depend on truck supply volume, did not grow. In addition, products ordered at pre-price-increase levels, which did not account for rising costs, were shipped first. This limited our ability to pass on the soaring prices of steel and other raw materials to product prices, leading to a decline in the operating margin. In fiscal 2024 and thereafter, we expect the operating margin to improve thanks to our product price increases.

Meanwhile, we are conducting ongoing discussions between the Corporate Department and our business segments regarding total asset turnover. The Corporate Department has also established a system to ensure proper inventory checks, and we will continue maintaining appropriate inventory management going forward.

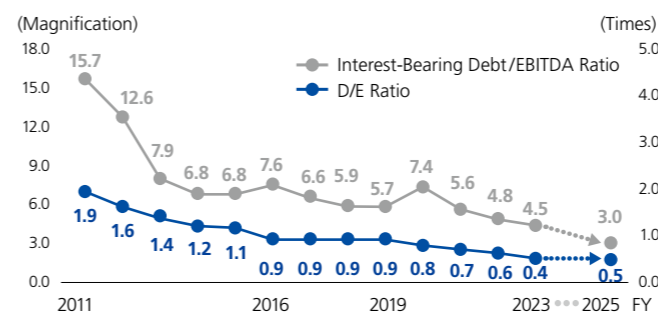
### We aim to achieve a one-notch upgrade to an A- credit rating and an interest-bearing debt/EBITDA ratio in the 3x range.

In our financial strategy, we pursue an optimal capital structure with rating strategy at its core to enable us to raise funds with more favorable conditions. We aim to achieve a one-notch upgrade from our current BBB+ rating back to our initial A- rating. To this end, we have set targets of an interest-bearing debt/EBITDA ratio in the 3x range and a D/E ratio in the 0.5x range.

Although we have been reducing interest-bearing debt, EBITDA in fiscal 2023 was ¥12.9 billion (operating profit of ¥8.5 billion and depreciation of ¥4.3 billion), resulting in an interest-bearing debt/EBITDA ratio of 4.5x. Achieving our target in the 3x range requires EBITDA of at least ¥15 billion. However, we believe this target is attainable going forward. If we can improve the interest-bearing debt/EBITDA ratio, we can secure more favorable financing terms, enabling us to undertake multiple investments in the ¥10 billion range. To achieve this, we will continue pursuing initiatives related to our growth strategy and thus increase operating profit.

Our D/E ratio is currently at 0.4x, which is better than our target of 0.5x. In addition, our equity ratio stands at 50%, which we consider to be a sound level. Therefore, I believe we can now shift gears to gain a little more leverage in the future. In particular, we will focus on capital investments to implement our growth strategy, as well as M&As and shareholder returns (share buybacks and dividend payments).

### Transition of D/E Ratio / Interest-Bearing Debt / EBITDA Ratio



### As part of our shareholder return initiatives, we will proceed with share buybacks in addition to dividend payments.

As we transform our corporate structure, we are positioning the Machinery business, which generates the majority of our profits, as our core business and concentrating management resources there. At the same time, we have been conducting portfolio management to optimize overall allocation of management resources and thus achieve sustainable growth and increase corporate value over the medium- to long-terms. In the past, we made significant investments in the construction machinery business in Europe and in the smelting business (part of the Company's original metals business) in Australia. However, we ultimately withdrew from both ventures, resulting in a difficult period that led to financial challenges in 2003. To rebuild our business, we issued approximately 8 million shares through a third-party allotment, which was underwritten by various companies in the Furukawa Group. To alleviate the burden on shareholders from such financing measures, we recognize the need to purchase and cancel treasury shares.

As of March 31, 2024, the Company had bought back approximately 3.25 million shares, with around 5 million shares remaining valued at roughly ¥9 billion. In addition to paying dividends, we aim to buy back shares as part of our shareholder return policy. During the period of Medium-Term Business Plan 2025, we plan to buy back shares worth ¥1.5–2 billion per fiscal year. In principle, we intend to cancel the shares we buy back, although we will allocate a portion of them to beneficial uses, such as our executive remuneration program.

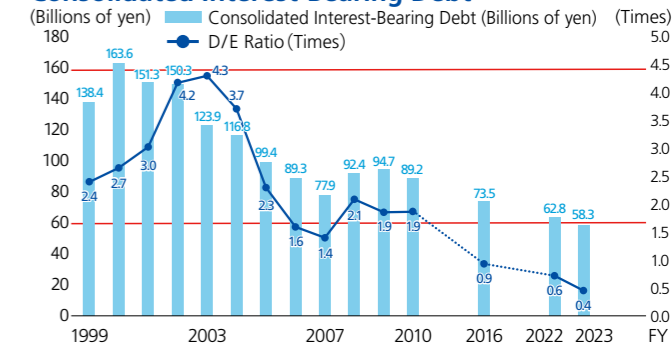
Note: When we announced Medium-Term Business Plan 2025, we set a share buyback target of approximately ¥3 billion over the plan's three-year period (approximately ¥1 billion per fiscal year). In May 2024, however, we announced our intention to raise that target to approximately ¥5 billion (approximately ¥1.5–2 billion per fiscal year).

### We will reduce strategic shareholdings and actively pursue investments aimed at enhancing corporate value.

As the head company of the former Furukawa conglomerate, Furukawa Co., Ltd., was a major holder of shares in Group companies. With the revision of Japan's Corporate Governance Code calling for companies to reduce their strategic shareholdings, we have engaged in ongoing discussions within the Group regarding cross-held shares and are gradually working to reduce our strategic shareholdings.

In February 2024, we announced our target to reduce the ratio of strategic shareholdings to consolidated net assets from 35.1% (on March 31, 2023) to less than 20% by March 31, 2026. As of March 31, 2024, the ratio had risen to 40.8%, mainly due

### Consolidated Interest-Bearing Debt



to increased prices of publicly listed shares. To respond swiftly to stakeholder requests, however, we brought forward our target by one year and now aim to reduce the ratio to less than 20% by March 31, 2025.

Through the sale of strategic shareholdings, we expect to raise approximately ¥15 billion in funds. We will allocate these funds to additional share buybacks under our shareholder return initiatives, as well as to M&As and other growth investments and investments related to carbon neutrality and environmental protection. We recognize that M&As in particular are essential to realizing our Vision for 2025. When considering M&As, we seek companies that can fill gaps and create continuity within our core Machinery business, as well as companies that could potentially become the fourth pillar for our operations. We aim to leverage synergies with our existing businesses to achieve sustainable expansion and growth, which will ultimately enhance capital efficiency even further.

With respect to investments in carbon neutrality, in July 2024 we disclosed our CO<sub>2</sub> emission reduction targets and the roadmap to reach those targets. To this end, we are installing energy-saving equipment and LED lighting and electrifying the forklifts in our factories while installing solar power generation systems on factory roofs and idle land. The Company also owns extensive forests in Ashio-machi (Tochigi Prefecture) and elsewhere. In the future, we plan to manage and maintain these forests as part of our efforts to reduce CO<sub>2</sub> through natural absorption. At the same time, we believe that investments in human capital and DX are essential for improving corporate value, and we intend to continue investing aggressively in these areas.

### To diminish the cost of capital and achieve PBR of more than 1x at an early stage, we will steadily execute our medium-term business plan and ensure transparent information disclosure.

In response to the Tokyo Stock Exchange's call for companies to practice management with a mindful approach to cost of capital and stock price, as well as to achieve PBR of more than 1x at an early stage, we have outlined our initiatives for enhancing corporate value in Medium-Term Business Plan 2025. To achieve ROE of approximately 8%, we aim to reach consolidated operating profit of approximately ¥13 billion by executing our growth strategy. We will also work to improve capital efficiency and streamline equity capital by reducing strategic shareholdings and expanding shareholder returns. To diminish the cost of capital, we will further improve appropriate information disclosure and engage in active dialogue with investors to obtain adequate market evaluation. Through this approach, we aim to achieve PBR of more than 1x at an early stage.



Strengths and Features

- Support for section plant construction, including pumps and material machinery, in addition to selling individual products
- Contractor business that undertakes orders ranging from design to construction (bridges, belt conveyors)
- Majority of sales generated in Japan

In fiscal 2023, additional costs caused by delays in material machinery plant construction led to a significant year-on-year decline in operating profit.

In fiscal 2024, we will promote rigorous risk management and strengthen our engineering capabilities by developing infrastructure that helps resolve social issues, such as the SDGs and the need for disaster prevention and mitigation. We will also leverage our strategic offerings—pumps and material machinery—to capture renewal demand while deploying our stock business to reinforce our earnings foundation. In addition, we will aim to generate demand and drive sales by promoting solution-based sales of our environmentally friendly SICON® enclosed hanging belt conveyor. This product effectively controls dust, noise, and vibration, making it ideal for use at sites that require consideration of the surrounding environment, such as residential areas, as well as for transporting earth and sand on steep slopes.

Furukawa Industrial Machinery Systems Co., Ltd.  
President & Representative Director  
**Kazuyoshi Iwama**



As of announcement of Medium-Term Business Plan 2025 (May 12, 2023)

Basic strategies

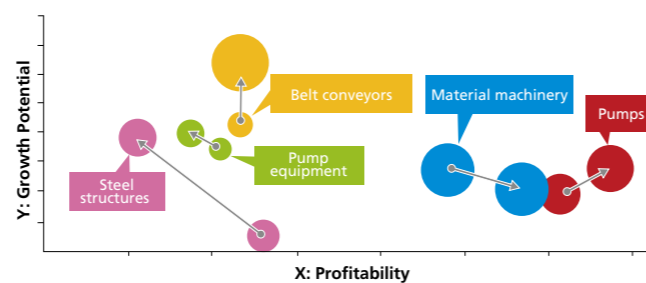
- Further strengthen our engineering capabilities and promote cross-departmental initiatives and DX to move away from being a stand-alone machinery manufacturer
- Build a business foundation in the domestic market by pursuing the SDGs and working on infrastructure development projects that help resolve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

Key priorities

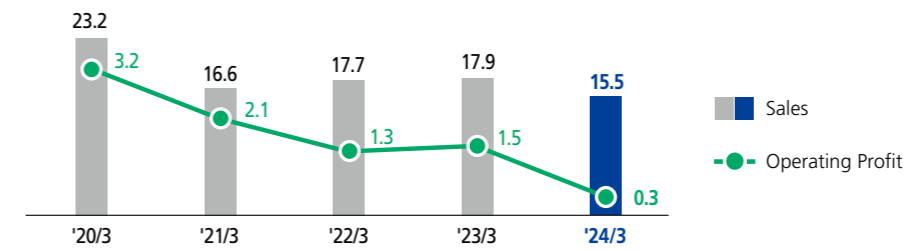
- Strengthen product competitiveness and promote proposal-based sales to win orders for section plant construction projects (pumps, material machinery)
- Establish earnings base through stock businesses (pumps, material machinery), including by utilizing customer information management to enhance services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

Business (product) portfolio

Comparison of FY2021 results and FY2025 image  
X-axis (profitability): Operating margin  
Y-axis (growth potential): Compound average growth rate (CAGR)  
Bubble size: Operating profit amount



Industrial Machinery Sales (Billions of yen) / Operating Profit (Billions of yen)



Category	Pumps	Material Machinery	Contractor Business
Main products and services	<ul style="list-style-type: none"> <li>● Pumps (slurry pumps, sewage pumps for sewage treatment)</li> <li>● Pump equipment</li> </ul>	<ul style="list-style-type: none"> <li>● Crushers</li> <li>● Screens</li> </ul>	<ul style="list-style-type: none"> <li>● Steel structures</li> <li>● Belt conveyors</li> </ul>
Social issues and needs	<ul style="list-style-type: none"> <li>● Increasing demand to replace aging equipment</li> <li>● Growing demand for energy efficiency and longer service life</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthening environmental regulations</li> <li>● Declining workforce due to low birth rate, aging population, etc.</li> <li>● Increasing demand to replace aging equipment</li> <li>● Growing demand for energy efficiency and longer service life</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing demand for national land resilience, disaster prevention/mitigation projects, etc.</li> </ul>
Future outlook	<ul style="list-style-type: none"> <li>● <b>Public sector demand</b> <ul style="list-style-type: none"> <li>• Progressive consolidation and centralization of sewage treatment plants due to population decline</li> <li>• Potential orders remain steady as other companies exit the market</li> </ul> </li> <li>● <b>Semiconductor and electronic materials industry</b> <ul style="list-style-type: none"> <li>• Global semiconductor market on a recovery trend</li> <li>• Continuing growth of domestic semiconductor market</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Crushed stone industry</b> <ul style="list-style-type: none"> <li>• Demand for crushed stone becoming polarized by region (areas with disaster recovery projects have high demand, while other regions have low demand)</li> <li>• IoT technology driving efforts to improve productivity</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Steel structures</b> <ul style="list-style-type: none"> <li>• Increasing demand for infrastructure upgrades (around 50% of the approximately 730,000 bridges in Japan will be more than 50 years old by around 2030)</li> </ul> </li> <li>● <b>Belt conveyors</b> <ul style="list-style-type: none"> <li>• Increasing demand for transporting earth and sand due to rising new dam construction and renewal work, river flood control work, and tunnel construction related to national land resilience, disaster prevention/mitigation, etc.</li> <li>• Increasing demand for belt conveyors as alternative to dump trucks for transporting earth and sand</li> </ul> </li> </ul>
Main measures	<ul style="list-style-type: none"> <li>● <b>Slurry pumps</b> <ul style="list-style-type: none"> <li>• 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</li> <li>• Strengthen our sales structure in Chugoku and Shikoku regions</li> </ul> </li> <li>● <b>Pump equipment</b> <ul style="list-style-type: none"> <li>• Further penetrate East Japan (where we have a good track record) and expand market share in West Japan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>West Japan</b> <ul style="list-style-type: none"> <li>• 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</li> </ul> </li> <li>● <b>Utilize IoT technology</b> <ul style="list-style-type: none"> <li>• Utilize IoT technology to formulate sales proposals for section plants aimed at productivity improvement and rationalization, and promote servitization (<i>kotouri</i>)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● <b>Steel structures</b> <ul style="list-style-type: none"> <li>• Stabilize business profit by attracting firm orders for steel bridges and increasing sales of steel segments</li> </ul> </li> <li>● <b>Belt conveyors</b> <ul style="list-style-type: none"> <li>• Emphasize features of SICON® (enclosed hanging belt conveyors) as a problem-solving method of transporting earth and sand; aim for domestic procurement and production of parts</li> </ul> </li> </ul>
Social value creation	<ul style="list-style-type: none"> <li>● <b>Contribute to customers' energy savings through higher efficiency and lower running costs due to longer service life</b></li> </ul>	<ul style="list-style-type: none"> <li>● <b>Improved productivity of customers' operations and more stable and reliable operation of customers' production facilities</b></li> </ul>	<ul style="list-style-type: none"> <li>● <b>Steel structures</b> <ul style="list-style-type: none"> <li>• Supporting infrastructure resilience through lifespan-extension initiatives</li> </ul> </li> <li>● <b>Belt conveyors</b> <ul style="list-style-type: none"> <li>• Safe and environmentally friendly method for transporting earth and sand</li> </ul> </li> </ul>

Slurry pumps



Domestic market share  
**40%**

Used in shield tunnel construction sites, etc.

Sewage pumps for sewage treatment



Domestic market share  
**60%**

Used in sewage treatment plants, etc.

Crushers



Domestic market share  
**15%**

Used in quarries, limestone mines, steel works, etc.

Steel structures



Used in new construction projects for pedestrian and other steel bridges, etc.

Belt conveyors



Used in projects for transporting earth and sand, etc.



# Machinery Business Rock Drill Machinery

## Strengths and Features

- High market share as the only comprehensive manufacturer of rock drill machinery in Japan
- In-house production of core hydraulic equipment (for high-precision machining and heat treatment)
- Approx. 60% of sales generated from overseas

In fiscal 2023, we were able to meet strong demand by concentrating on making and selling large hydraulic crawler drills for the North American market. We also improved profitability by revising our selling prices, and with the added benefit of favorable exchange rates, we posted a significant year-on-year increase in operating profit.

In the key North American market, we are currently sensing a lull in supply and a reluctance to buy new equipment in the lead-up to the presidential election. Meanwhile, prolonged Russian aggression in Ukraine and other factors make it difficult to see a recovery trend in the European market. In fiscal 2024, therefore, we expect to face difficulties in selling main units. In response, we will continue executing our medium-term business plan while updating our strategy based on more detailed local market research.



Furukawa Rock Drill Co., Ltd.  
President & Representative Director  
**Masaki Yamaguchi**

Production: Reduce costs through centralized production, enhance quality (to minimize complaints), and shorten lead times

## As of announcement of Medium-Term Business Plan 2025 (May 12, 2023)

### Basic strategy

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

### Key priorities

- Establish FRD model in Japan
  - Strengthen Life Cycle Support (LCS) 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

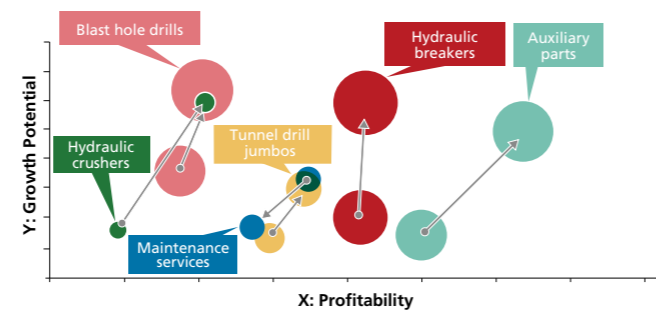
### Business (product) portfolio

Comparison of FY2021 results and FY2025 image

X-axis (profitability): Operating margin

Y-axis (growth potential): Compound average growth rate (CAGR)

Bubble size: Operating profit amount



### Hydraulic breakers



Domestic market share  
**40%**

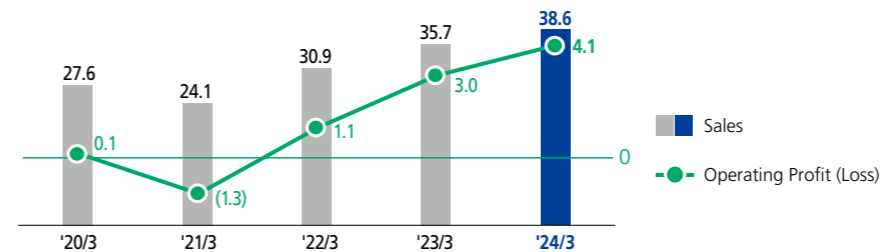
Used in strip mines (quarries, etc.), civil engineering and construction sites, etc.

### Hydraulic crushers



Used at building demolition sites, etc.

## Rock Drill Machinery Sales (Billions of yen) / Operating Profit (Loss) (Billions of yen)



Category	Japan	Overseas	Life Cycle Support (LCS)
Main products and services	<ul style="list-style-type: none"> <li>● Hydraulic breakers</li> <li>● Hydraulic crushers</li> <li>● Blast hole drills</li> <li>● Tunnel drill jumbos</li> </ul>	<ul style="list-style-type: none"> <li>● Hydraulic breakers</li> <li>● Blast hole drills</li> </ul>	<ul style="list-style-type: none"> <li>● Auxiliary parts</li> <li>● Maintenance services</li> </ul>
Social issues and needs	<ul style="list-style-type: none"> <li>● Shortage of operators due to declining birth rate and aging population</li> <li>● Demolition machine market: Increasing need for large-sized, high-impact equipment</li> <li>● Tunnel projects: Strong demand for automated construction as a safety measure</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing infrastructure demands due to economic growth</li> </ul>	<ul style="list-style-type: none"> <li>● Japan: Shortage of skilled workers has led to an increase in demand for services to improve the skills of workers</li> <li>● Steady demand for parts in regions where the Company's machines are operating</li> </ul>
Future outlook	<ul style="list-style-type: none"> <li>● Crushed stone market                             <ul style="list-style-type: none"> <li>• Strong awareness of need to introduce ICT-equipped construction machinery (for automated construction) to address operator shortage and disasters</li> </ul> </li> <li>● Tunnel construction                             <ul style="list-style-type: none"> <li>• Increase in new tunneling projects due to extension of Hokuriku Shinkansen and Linear Chuo Shinkansen lines</li> <li>• Increase in renewal work (around 40% of the approximately 10,000 tunnels in Japan will be more than 50 years old by around 2030)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● North America                             <ul style="list-style-type: none"> <li>• Sensing a lull in supply and a reluctance to buy new equipment due to presidential election and high interest rate policy</li> </ul> </li> <li>● Europe                             <ul style="list-style-type: none"> <li>• Prolonged Russian aggression in Ukraine and high interest rate policy making economic recovery sluggish</li> </ul> </li> <li>● Southeast Asia                             <ul style="list-style-type: none"> <li>• Anticipating a transition from pneumatic to hydraulic systems alongside GDP growth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Growing need to improve work efficiency for less-experienced operators as experienced operators retire</li> </ul>
Main measures	<ul style="list-style-type: none"> <li>● Hydraulic breakers, hydraulic crushers                             <ul style="list-style-type: none"> <li>• Strengthen sales of large and super-large hydraulic breakers by expanding into the demolition equipment market in the Tokyo Metropolitan Area</li> </ul> </li> <li>● Hydraulic crushers                             <ul style="list-style-type: none"> <li>• Concentrate on sales of small hydraulic crushers for road general contractors and aggregate recycling</li> </ul> </li> <li>● Blast hole drills                             <ul style="list-style-type: none"> <li>• Step up sales of hydraulic crawler drills with semi-automatic drilling function</li> </ul> </li> <li>● Tunnel drill jumbos                             <ul style="list-style-type: none"> <li>• Step up sales of autonomous and labor-saving products (fully automatic drill jumbos, rock bolting machine (BOLTINGER), concrete spraying machines with erectors, etc.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● North America                             <ul style="list-style-type: none"> <li>• Deeply penetrate and concentrate sales on market for large blast hole drills, which account for around 80% of North American market</li> <li>• Leverage our newly established Nevada branch to step up sales of large blast hole drills to blasting contractors in western United States</li> </ul> </li> <li>● Europe                             <ul style="list-style-type: none"> <li>• Tap the hydraulic breaker market</li> <li>• Step up sales outside existing market regions in anticipation of an economic recovery following the end of Russia's invasion of Ukraine</li> </ul> </li> <li>● Southeast Asia                             <ul style="list-style-type: none"> <li>• Develop quarry market</li> <li>• Highlight the superiority of Furukawa-brand drifters by promoting attachment drills as frontline machines</li> <li>• Launch small and medium-sized hydraulic crawler drills (currently under development) targeting Southeast Asian market (2025)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Auxiliary parts                             <ul style="list-style-type: none"> <li>• Review pricing of parts</li> <li>• Review overseas distributorship agreements</li> <li>• Improve sales skills in stock business</li> </ul> </li> <li>● Maintenance services                             <ul style="list-style-type: none"> <li>• Reconsider maintenance system for hydraulic breakers and hydraulic crushers</li> <li>• Reinforce preventive maintenance services for hydraulic crawler drills and propose maintenance services for specific purposes</li> <li>• Hydraulic crawler drills: Leverage operational support systems to promote and expand DX-enabled support program offerings (intangible services, subscription services)</li> </ul> </li> </ul>
Social value creation	<ul style="list-style-type: none"> <li>● Highly efficient and safe operation through automation and mechanization</li> </ul>	<ul style="list-style-type: none"> <li>● Promote shift to hydraulic machines in the Southeast Asian quarry market</li> </ul>	<ul style="list-style-type: none"> <li>● Ensure customer success by providing technologies and other solutions</li> </ul>

### Hydraulic crawler drills



Domestic market share  
**65%**

Used in strip mines (quarries, limestone mines, etc.), overseas infrastructure works, etc.

### Tunnel drill jumbos



Domestic market share  
**80%**

Used in mountain tunnel construction sites, dam headrace construction sites, etc.





Strengths and Features

- 50% share of domestic market for both truck-mounted cranes and UNIC carriers
- In-house production of core hydraulic equipment (such as cylinders, valves, and other key components)
- Approx. 80% of sales generated in Japan

In fiscal 2023, we focused on developing a new domestic market for our mini-crawler cranes—which do not need to be mounted on trucks—by promoting environmentally friendly battery-operated models. Overseas, we worked to expand sales of large and super-large truck-mounted cranes with 6–15 ton lifting capacities, achieving measurable results in each category.

In fiscal 2024, in Japan we will focus on enhancing our truck mounting capabilities, primarily at the Sakura Works, and a new truck-mounted crane facility currently under construction in Nagano Prefecture. We also plan to roll out cranes dedicated to residential construction in confined spaces nationwide. Overseas, we will continue working to expand sales of large and super-large truck-mounted cranes while promoting our new lithium-ion battery-operated mini-crawler crane, the UM325CB4, in the European and North American markets.



Furukawa UNIC Corporation  
President & Representative Director  
**Kenji Yamakawa**

As of announcement of Medium-Term Business Plan 2025  
(May 12, 2023)

Basic strategy

- 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: Strengthen product, sales, and service technology capabilities

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

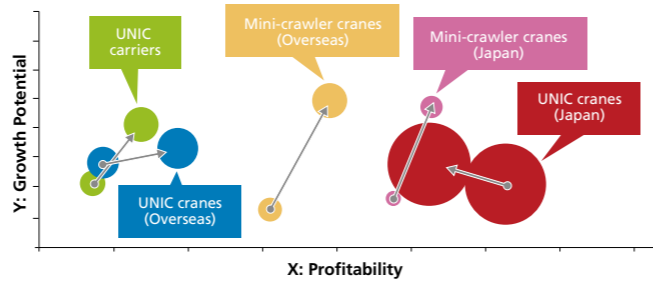
Business (product) portfolio

Comparison of FY2021 results and FY2025 image

X-axis (profitability): Operating margin

Y-axis (growth potential): Compound average growth rate (CAGR)

Bubble size: Operating profit amount



UNIC cranes



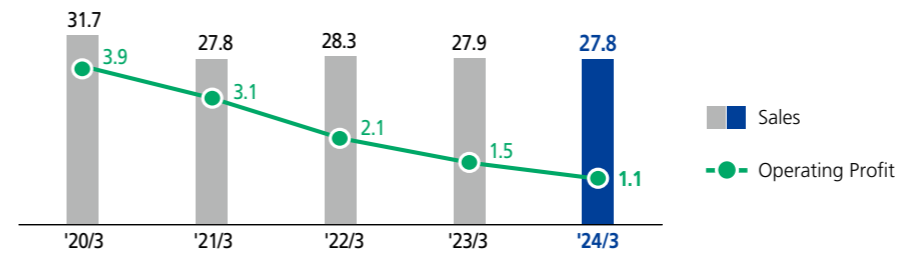
Used in civil engineering and construction sites, material handling projects, rental companies, etc.

Mini-crawler cranes



Used in sites with narrow or rough ground, indoor work sites, rental companies, etc.

UNIC Machinery Sales (Billions of yen) / Operating Profit (Billions of yen)



Category	Japan	Overseas
Main products and services	<ul style="list-style-type: none"> <li>● UNIC cranes</li> <li>● Mini-crawler cranes</li> <li>● UNIC carriers</li> </ul>	<ul style="list-style-type: none"> <li>● UNIC cranes</li> <li>● Mini-crawler cranes</li> </ul>
Social issues and needs	<ul style="list-style-type: none"> <li>● Concerns about labor shortages and shrinking market size due to declining birth rate and aging population</li> <li>● Rising interest in decarbonization and increasing demand for electrification solutions</li> <li>● Existence of niche markets (narrow sites, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>● Increasing demand due to infrastructure development in emerging nations</li> <li>● Growing demand for labor-saving machinery in emerging nations</li> <li>● Growing interest in decarbonization and rising demand for electrification in European and North American markets</li> <li>● Products becoming more multifunctional</li> </ul>
Future outlook	<ul style="list-style-type: none"> <li>● Recovery in truck production</li> <li>● Diversification of crane operators</li> <li>● Progress in reducing CO<sub>2</sub> emissions aimed at realizing a decarbonized society</li> </ul>	<ul style="list-style-type: none"> <li>● Emerging nations                             <ul style="list-style-type: none"> <li>· Increasing demand for large and super-large truck-mounted cranes</li> <li>· Growing rental market</li> <li>· Increasing demand for labor-saving machinery due to rising labor costs</li> <li>· Potential to expand dealer network to match market growth</li> </ul> </li> <li>● European market                             <ul style="list-style-type: none"> <li>· Progressive reductions of CO<sub>2</sub> emissions aimed at realizing a decarbonized society</li> <li>· Increasing demand for battery-operated models</li> </ul> </li> </ul>
Main measures	<ul style="list-style-type: none"> <li>● UNIC cranes                             <ul style="list-style-type: none"> <li>· Enhance lineup of UNIC-exclusive products to bolster sales</li> <li>· Achieve balance between dealer and direct sales to strengthen customer retention and expand market share</li> <li>· Refine product lineup to expand sales</li> <li>· Adapt to vehicle electrification trend</li> <li>· Strengthen mounting systems and service structure</li> </ul> </li> <li>● Mini-crawler cranes                             <ul style="list-style-type: none"> <li>· Increase sales of high-value-added products (battery-operated models, disassembled models, etc.)</li> <li>· Focus on target customers (transmission tower contractors, general contractors, etc.) to uncover new demand</li> </ul> </li> <li>● UNIC carriers                             <ul style="list-style-type: none"> <li>· Adapt to vehicle electrification trend</li> <li>· Increase production capacity to shorten delivery times</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>● Southeast Asia, East Asia, Middle East                             <ul style="list-style-type: none"> <li>· Expand sales of UNIC cranes by broadening lineup of large and super-large models and enhancing safety features and other functions</li> <li>· Develop and train dealership network to bolster sales</li> </ul> </li> <li>● North America                             <ul style="list-style-type: none"> <li>· Cultivate new demand for medium and large models in the mini-crawler crane market, which currently centers mainly on smaller machines</li> </ul> </li> <li>● Europe                             <ul style="list-style-type: none"> <li>· Introduce new battery-operated models with a wider range of attachments to bolster sales</li> </ul> </li> </ul>
Social value creation	<ul style="list-style-type: none"> <li>● Ensure safe, efficient, and energy-saving operations at diverse sites</li> </ul>	<ul style="list-style-type: none"> <li>● Build win-win relationships with dealers in each country to improve customer satisfaction</li> </ul>

UNIC carriers



Used by car dealers, transportation companies, road construction companies, etc.

Ocean cranes



Used in offshore operations, such as aquaculture rafts



## Materials Business Metals

- Strengths and Features**
- Production of electrolytic copper through entrusted smelting
  - Electrolytic copper production: Approx. 46,000 tons per year

In fiscal 2023, we strategically downsized our entrusted smelting business as part of a fundamental restructuring plan. While this led to a decline in sales, it also significantly reduced unprofitable exports, thereby improving the profitability of the entrusted smelting business. In addition, the segment benefited from fluctuations in metal prices and exchange rates, leading to a year-on-year increase in operating profit. Due to the reduction in business scale, our need for copper concentrate has declined, prompting us to reassess our investment in copper mining interests. As a result, in March 2024 we sold our shares in Cariboo Copper Corp., which holds a 25% interest in the Gibraltar Copper Mine in Canada.

We will continue working to optimize operations with the aim of enhancing the profitability and stability of the entrusted smelting business.

Furukawa Metals & Resources Co., Ltd. President & Representative Director  
**Tomotoshi Miyamoto**



### As of announcement of Medium-Term Business Plan 2025 (May 12, 2023)

#### Basic strategy

- 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	VS FY2022 Difference
Net sales	¥111.4 billion	¥84.7 billion	¥(26.7) billion
Operating profit	¥1.2 billion	¥1.9 billion	+¥0.6 billion
[Operating profit excluding price effect]	[¥0.09 billion]	[¥0.63 billion]	[+¥0.54 billion]
Copper output	70,186 tons	48,262 tons	(21,924) tons
Copper price	8,551 \$/mt	8,362 \$/mt	—
Exchange rate	135.5 yen/\$	144.6 yen/\$	—

## Materials Business Electronics

- Strengths and Features**
- High market share maintained for high-purity metallic arsenic
  - Growing demand for aluminum nitride ceramics (heat-dissipating material)

In fiscal 2023, we saw a sharp decline in demand for crystalline products and semiconductor manufacturing equipment components as various companies in the supply chain continued making inventory adjustments. This situation was further impacted by the Noto Peninsula Earthquake. We were unable to offset this by selling other products, resulting in a decline in segment sales. Meanwhile, increases in raw material costs have driven up production costs and negatively impacted profitability. Therefore, in addition to passing on costs to product prices, we also made pricing adjustments.

Going forward, we aim to fully utilize our expanded production capacity for aluminum nitride ceramics. For optical components and diffractive optical elements (DOEs), we plan to consolidate our manufacturing facilities, which are geographically dispersed, to streamline operations and better capture business opportunities. We will also actively pursue new approaches to expand sales of coils. To these ends, we will review our sales structure and work to strengthen our sales capabilities.

Furukawa Denshi Co., Ltd. President & Representative Director  
**Kenichiro Tamari**



### As of announcement of Medium-Term Business Plan 2025 (May 12, 2023)

#### Basic strategy

- Expand business in strategic products to increase earnings

#### Key priorities

- **Aluminum nitride ceramics:** Increase production capacity to reinforce sales
- **Optical components:** Develop and commercialize special optical material products; increase sales of 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

Main products and services	<ul style="list-style-type: none"> <li>● Aluminum nitride ceramics</li> <li>● High-purity metallic arsenic</li> <li>● Optical components</li> <li>● Coils</li> </ul>
Social issues and needs	<ul style="list-style-type: none"> <li>● Ongoing advances in electronic devices necessary for ICT-driven social transformation</li> </ul>
Future outlook	<ul style="list-style-type: none"> <li>● Increasing demand for aluminum nitride ceramics as a heat-dissipating material, particularly for semiconductor manufacturing equipment</li> <li>● Growing market for high-quality laser processing</li> <li>● Gradual recovery of semiconductor market due to rising demand for 5G communications and sensors</li> </ul>
Main measures	<ul style="list-style-type: none"> <li>● Aluminum nitride ceramics: Fully utilize enhanced facilities (1.6-fold increase in production capacity), consider investment for additional output, and expand lineup of differentiated products</li> <li>● DOEs: Consolidate facilities to strengthen business foundation aimed at mass production</li> <li>● High-purity metallic arsenic: Maintain our facilities preventively and ensure stable procurement of raw materials</li> </ul>
Social value creation	<ul style="list-style-type: none"> <li>● Enhanced functionality of electronic devices contributes to the IoT-driven transformation of society</li> </ul>

## Materials Business Chemicals

- Strengths and Features**
- Providing sulfuric acid and its derivative products, which are essential basic materials for various industries
  - Providing copper oxides for ship-bottom paints and copper plating

In fiscal 2023, unit prices of cupric oxide increased due to rising copper prices, but sales remained flat year on year as demand for its primary use in substrates was weak. On the other hand, sales of cuprous oxide increased on the back of steady demand for ship-bottom paints, a major application for that product, as well as higher unit prices driven by rising copper prices. As a result, we reported an increase in overall sales. Operating profit increased year on year thanks to higher sales of cuprous oxide and our success in passing on increased costs of raw materials to our product prices.

With respect to existing products, in fiscal 2024 we will focus on increasing the supply of cuprous oxide to meet rising demand. While demand for cupric oxide is currently sluggish, we are making preparations on the supply side to ensure we can respond promptly when demand increases. We will also continue pursuing new applications for metallic copper powder, a newly developed product.

Furukawa Chemicals Co., Ltd. President & Representative Director  
**Shin Imai**



### As of announcement of Medium-Term Business Plan 2025 (May 12, 2023)

#### Basic strategy

- 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

Main products and services	<ul style="list-style-type: none"> <li>● Sulfuric acid and its derivative products</li> <li>● Metallic copper powder</li> <li>● Cupric oxide and cuprous oxide</li> </ul>
Social issues and needs	<ul style="list-style-type: none"> <li>● Growing demand for batteries and related electronic components due to shift to EVs, automation of automobiles, etc.</li> <li>● Advancement of the networked society through ICT-driven innovation</li> </ul>
Future outlook	<ul style="list-style-type: none"> <li>● Domestic market for chemical products generally shrinking due to population decline</li> <li>● Growing demand for 5G-related products, cloud servers, batteries, and associated electronic components</li> </ul>
Main initiatives	<ul style="list-style-type: none"> <li>● Sulfuric acid: Strengthen differentiation by emphasizing high-quality sulfuric acid for battery applications for which demand is growing</li> <li>● Cupric oxide: Increase production capacity and expand sales to address rising demand for packaged substrates used in servers, etc.</li> <li>● 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</li> </ul>
Social value creation	<ul style="list-style-type: none"> <li>● Providing products that cater to a wide range of industries helps make society environmentally friendly and prosperous</li> </ul>

## Real Estate

COREDO 室町2

**Strengths and Features**

- Ownership of Muromachi Furukawa Mitsui Building (commercial name: COREDO Muromachi 2), containing offices, retail facilities, and a movie theater

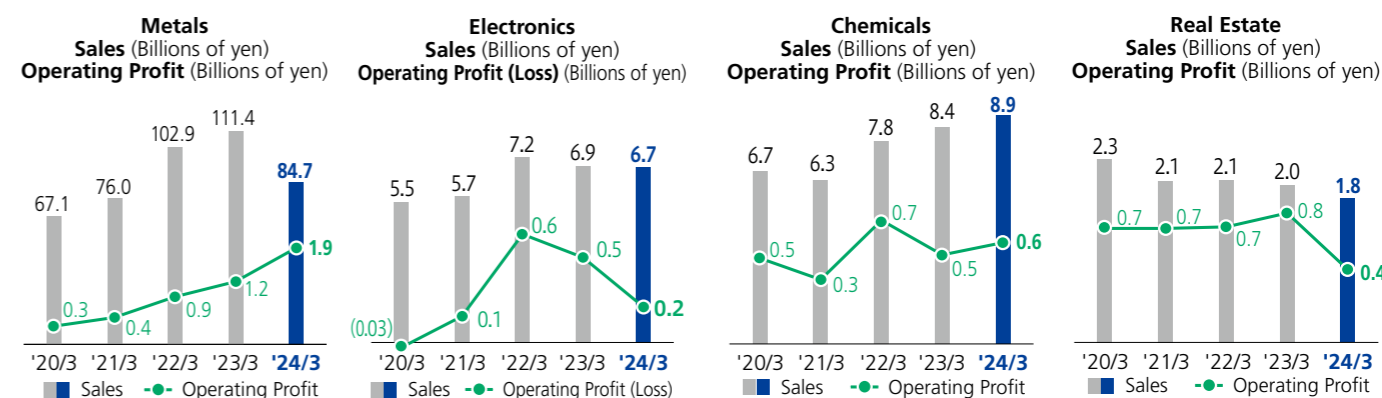
### As of announcement of Medium-Term Business Plan 2025 (May 12, 2023)

#### Basic strategy

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

#### Key priority

- Promote lease business using the site of the former Furukawa Osaka Building





## Innovation (R&D)



Corporate Officer,  
General Manager, Technology Division  
General Manager, Technological Strategy Department  
**Tsutomu Kaneko**

**We will continue advancing the technologies we have cultivated in mining development to address social challenges and customer needs.**

The source of innovation for the Furukawa Company Group lies in the modernization of mining. Since its early days, the Group has consistently pursued technological innovation and adapted to changing circumstances. Even now, our Technology Division continues to work closely with the technology departments at each Group company to share innovative new technologies for the next generation and promote the development of highly reliable category-leading products. By also stepping up cross-functional initiatives in each product area, we aim to create further added value that addresses social challenges and customer needs.

### ■ Policies and Strategies

The basic R&D policy of the Furukawa Company Group is to promote the commercialization and industrialization of product development projects that help resolve social challenges, according to our marketing-based management approach. Due to rapid recent technological advancements, customer needs are becoming more and more diverse. In response, we are actively embracing cutting-edge technologies and DX. By doing so, we aim to expand existing businesses and create new ones while striving to deliver reliable, appealing products and services.

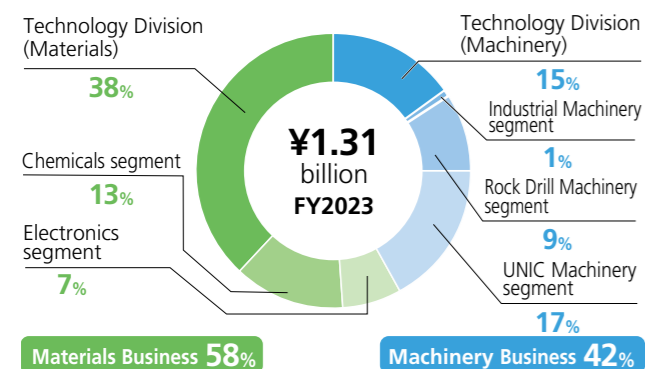
### ■ Priority Issues

- Promoting the development of automation technology aiming for labor saving
- Development of solid electrolyte materials for solid-state batteries and its mass production technology
- Development of machinery products and technologies that contribute to reducing environmental impact through their higher efficiency and lighter weight
- Effectively utilizing digital technologies
- Strengthen training of next-generation engineers through full-scale operation of engineer human resource development program

### ■ Status of Research and Development Investment

Research and development expenses in fiscal 2023 totaled ¥1.31 billion. The core operating companies and the Technology Division promoted the development of new products and new technologies for the resolution of social issues, including contributions toward labor saving and carbon neutrality.

### ● Research and Development Expenses and Ratios by Operating Companies

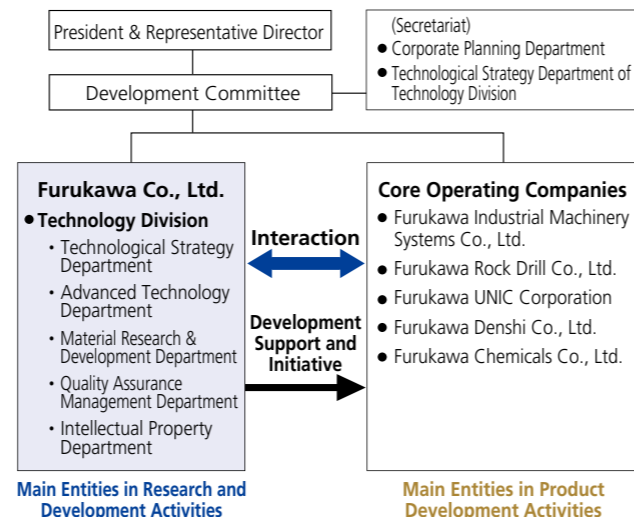


### ■ Governance Framework

At Furukawa Co., Ltd., we established the Development Committee to deliberate on new technology and new product development in the Group. The Committee is chaired by the President & Representative Director of the Company and deliberates on various issues, such as selecting R&D and product development themes and confirming the progress status of R&D and commercialization plans.

We also established the Technology Division within the Company to strengthen the Group's comprehensive technological capabilities by leading the development of advanced technologies and conducting basic research to support product development at core operating companies. We have accumulated product development and production capabilities that are essential for our growth as a manufacturer. To utilize these as part of the comprehensive strengths of the entire Group, the Technology Division is responsible for formulating Groupwide technological strategies, evaluating and managing development themes, and proposing the development of next-generation products and new materials that align with social trends and market needs.

### ● Development Framework Chart



## Innovation (Intellectual Property)

### ■ Policies and Strategies

The Group considers intellectual property (IP) activities as an important part of its management strategy and has established a system to utilize IP-related information to secure a competitive advantage. Based on the rights to the Group's technology, we will appropriately assess the value of our entire business, including our IP assets.

### ■ Priority Issues

- Engage in activities related to IP rights (discovery, rights acquisition, maintenance, utilization) to visualize evaluation of technological capabilities
- Assess the value of rights held to ensure their effective utilization
- Collect and analyze patent information to formulate a corporate strategy

### ● Intellectual Property Strategy

#### ■ Current Situation

The Intellectual Property Department supports the acquisition of rights on the basis of business strategies formulated by the core operating companies.

In the core operating companies, patent application targets are determined in development plans formulated on the basis of medium-term business plans and action plans. The Intellectual Property Department seeks to achieve these patent application targets by prioritizing the placement of human capital in key fields while broadly supporting the Group as a whole.



#### ■ The Ideal State

We seek to unify business strategy and intellectual property strategy by incorporating IP information as an important element in the formulation of business strategy. The core operating companies and the Intellectual Property Department also treat business analysis and IP analysis as an inseparable whole, and share the results of analysis with each other.

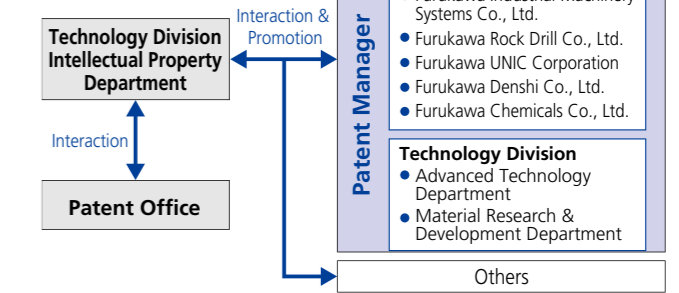
In other words, from the current state, in which IP strategy is led by the core operating companies, we will transition toward a strategy that combines business strategy and IP strategy through the cooperative efforts of the core operating companies and the Intellectual Property Department.



### ■ Governance Framework

The Intellectual Property Department, located within the Technology Division, is the core organization that manages the IP of the Group. Each research center and business location of the Company and its core operating companies also has a patent manager who serves as a coordinator between inventors and the Intellectual Property Department. In addition, the Intellectual Property Department and patent management staff of relevant business departments work closely together to promote IP activities as a group, manage development themes, and propose the development of next-generation products and new materials that align with social trends and market needs.

### ● IP Management Framework Chart

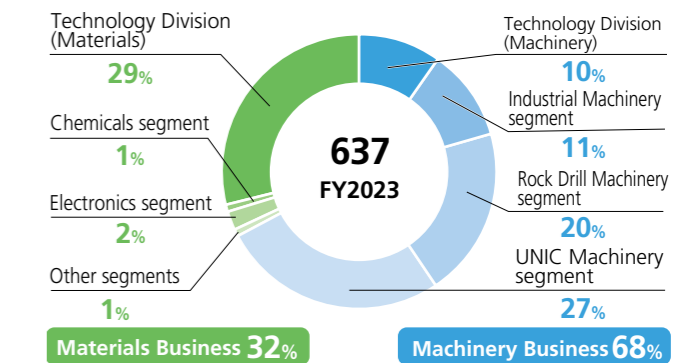


### ■ Initiatives

#### ■ IP Portfolio

In fiscal 2023, we owned 637 IP in Japan. In the Machinery business, the core operating companies are the main actors in development, and they own the IP relating to products. In the Materials business, a larger percentage is owned by the Technology Division, which is the division for basic research oriented toward commercialization of new material development with an eye to the future.

### ● Number of Domestic IP Owned by Operating Companies

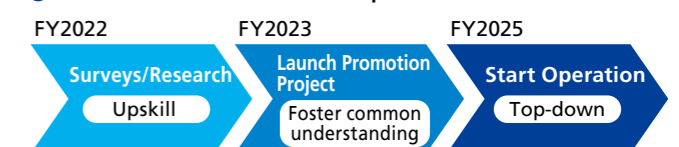


### ■ Effective Deployment of IP Landscaping\*

We have positioned the two-year period beginning in April 2023 as a phase for fostering common understanding, with the aim of launching a promotion project. One specific initiative is an IP education workshop for internal use. This workshop is intended not only for R&D departments but also for the sales and manufacturing departments. In addition to improving the IP literacy of employees, it will lay the groundwork for the future integration of business and IP strategies. In fiscal 2023, we held seven workshops within the Group, with a total of 226 participants. Since launching the workshops, the number of patent applications filed each year has increased. We consider this to be an effective measure for revitalizing our IP activities.

IP landscaping: This entails performing analyses that incorporate IP information into management and business information when defining a company's management and business strategies. The results of such analyses (overview of current situation, future prospects, etc.) are shared with executives and business managers, who provide feedback that is used in discussions and consultations for planning and consideration. (Source: Japan Patent Office website)

### ● Introduction Flow of IP Landscape





# Sustainability in the Furukawa Company Group

## ■ Policies and Strategies

### The Furukawa Company Group Basic Policy on Sustainability Initiatives (effective December 1, 2021)

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

#### 1. Defensive sustainability: Establishing a robust corporate foundation for growth

In order to establish a robust corporate foundation for growth, the Group will strengthen and expand its enterprise risk management system and increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group.

#### 2. Aggressive sustainability: Resolving social issues through business

In addition to increasing the value of the Furukawa brand through “marketing-based management” that incorporates CSV<sup>\*1</sup> perspectives, 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.

\*1 CSV (creating shared value): This is a management framework that enables companies to co-create “social value” and “corporate value” by tackling social, environmental, and other issues.

## ■ Ideal Image for Sustainability 2025

In 2016, the Furukawa Company Group formulated “Ideal Image for CSR 2025” in order to think about what sort of CSR activities should be conducted once Vision for 2025 “FURUKAWA Power & Passion 150” has been achieved. In May 2023, we changed the name to “Ideal Image for Sustainability 2025.” We are promoting activities to achieve the ideal image so we can remain a company that is indispensable to and trusted by society.

### ● Ideal Image for Sustainability 2025 (Updated May 2024)

#### ◆ Promote environmental and safety activities

Achieve accident- and disaster-free operations, reduce environmental impact, promote environmental protection and biodiversity preservation, publicly disclose results of environmental and safety activities, promote preventive maintenance and management of mine run-off treatment facilities and loading docks at suspended or abandoned mines, and improve the on-site capabilities through knowledge and technology transfers

#### ◆ Improve the brand strengths of Furukawa products and achieve top ranking in product categories

#### ◆ Expand and strengthen human resources

Build a rewarding company by providing comfortable work environments in which individual employees can maximize their abilities and create new value

#### ◆ Leverage sustainability activities to pursue QCD<sup>\*2</sup> and sustainably make and sell products that are trusted by customers

#### ◆ Promote sustainability initiatives

Expand and enhance enterprise risk management system, disclose information on activities related to sustainability and climate change, monitor and manage measures and targets for material issues related to sustainability initiatives, implement environmental and human rights due diligence measures, and promote GHG<sup>\*3</sup> reduction plan related to carbon neutrality

#### ◆ Ensure that all officers and employees are keenly aware of compliance as it applies to the international community

\*2 QCD: Quality, cost, and delivery

\*3 GHG: Greenhouse gas

## ■ Governance Framework

### Sustainability Promotion Framework

In December 2021, the Group reorganized its CSR Promotion Meeting, established in Furukawa Co., Ltd., to promote CSR initiatives, and renamed it the Sustainability Promotion Meeting to strengthen its sustainability initiatives. Since then, the Group has worked actively to resolve issues related to sustainability by clarifying its responsibilities to stakeholders and identifying priority issues that need to be addressed to realize “The Furukawa Company Group Basic Policy on Sustainability Initiatives.”

The Sustainability Promotion Meeting convenes annually, in principle, with the President & Representative Director serving as Chairperson and the Sustainability Promotion Department as Secretariat. The Meeting deliberates on a variety of sustainability and CSR issues, including formulation of basic policy and action plans for the Group’s sustainability and CSR activities, establishment of a promotion framework, verification and evaluation of the status of activities, and education and public information measures.

Other serving members of the Sustainability Promotion Meeting are the Company’s directors and the presidents of core operating companies, as well as the chairperson of the Compliance Committee, the Environmental & Safety Management Committee, and the Quality Assurance Committee, which are the Company’s organizations, together with the heads of the Sustainability Promotion Department, Human Resources & General Affairs Department, and Purchasing Department. Based on deliberations and suggestions made at the Meeting, we will develop a PDCA cycle of planning, execution, evaluation, and improvement in cooperation with relevant Group companies and business divisions that serve as executive departments for sustainability and CSR activities.

In cooperation with the Risk Management Committee, which is engaged in Groupwide risk management, we will develop a system to reduce risks and maximize opportunities related to the Group’s business.

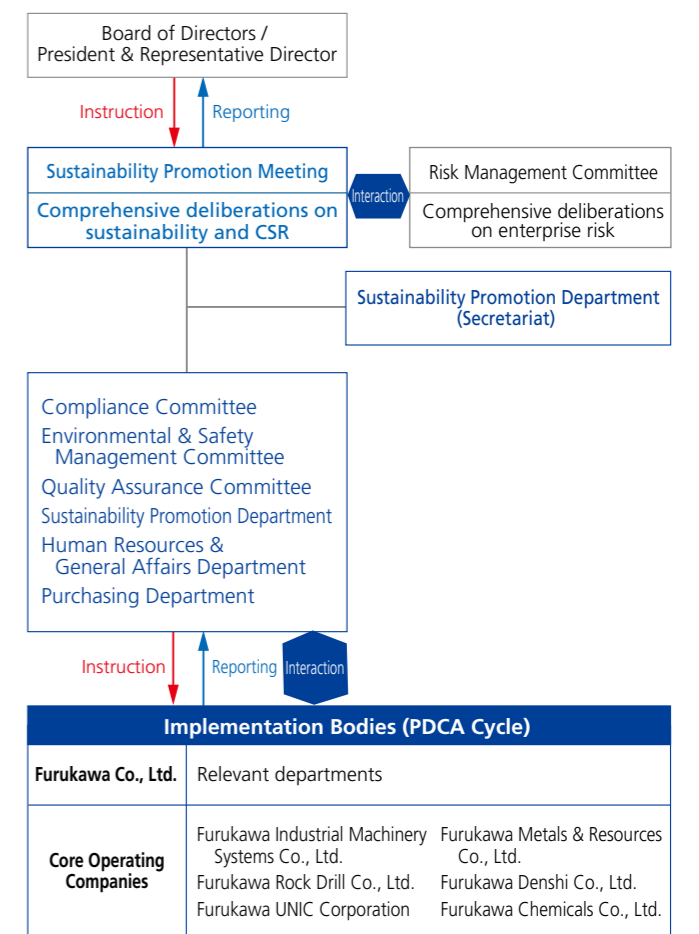
## ■ Initiatives

### Relationships with Stakeholders

In the course of strengthening our sustainability initiatives and implementing our Management Philosophy, we have identified our stakeholders as follows: customers, business partners, shareholders and other investors, employees, local communities, and the global environment. Moreover, we aim to build relationships of trust and accordingly maximize corporate value by engaging in appropriate communications that involve clearly conveying our responsibilities to each group of stakeholders.

Stakeholder	Responsibilities	Opportunities and Means for Communication
Customers	We shall provide customers with safe, high-quality products and services in order to increase satisfaction levels.	Service activities, sales activities, websites, exhibitions, meetings to exchange views with distributors and agencies, etc.
Business partners	We shall build and maintain mutually beneficial relationships conducive to harmonious coexistence through stable procurement activities based on the principles of fairness and economic rationality.	Procurement activities and information exchanges, CSR promotion guideline, CSR surveys, technical guidance, production briefings, etc.
Shareholders and other investors	We shall work to maximize corporate value through communications focusing on timely and appropriate information disclosure and IR activities.	Results briefings, shareholders’ meetings, IR meetings with institutional investors and analysts, factory tours, integrated reports and other such IR tools, information disclosure on the website, distribution of IR news, etc.
Employees	We shall create safe, healthy, and motivating workplaces in which our diversified human resources can excel while adopting appropriate evaluation standards and fair treatment.	Employment grade-specific training, personnel performance evaluation and target evaluation system, self-assessment system, discussions between management and labor unions, employee surveys, internal reporting system, etc.
Local communities	We shall build and maintain favorable relationships of trust by pursuing social contribution activities aimed at harmonious coexistence with local communities.	Contributions to local communities through business, participation in volunteer activities, etc.
Global environment	We shall protect biodiversity by developing environmentally friendly technologies and products while cutting CO <sub>2</sub> emissions and minimizing the environmental impact of our activities through savings of energy and resources and reduction of waste.	Cooperation with groups and NPOs that engage in tree planting activities, ecosystem restoration and recovery activities with local residents, disclosure of integrated reports and sustainability books that include environmental data, etc.

### ● Sustainability Promotion Structure





## Process for Identifying Materialities (Key Issues)

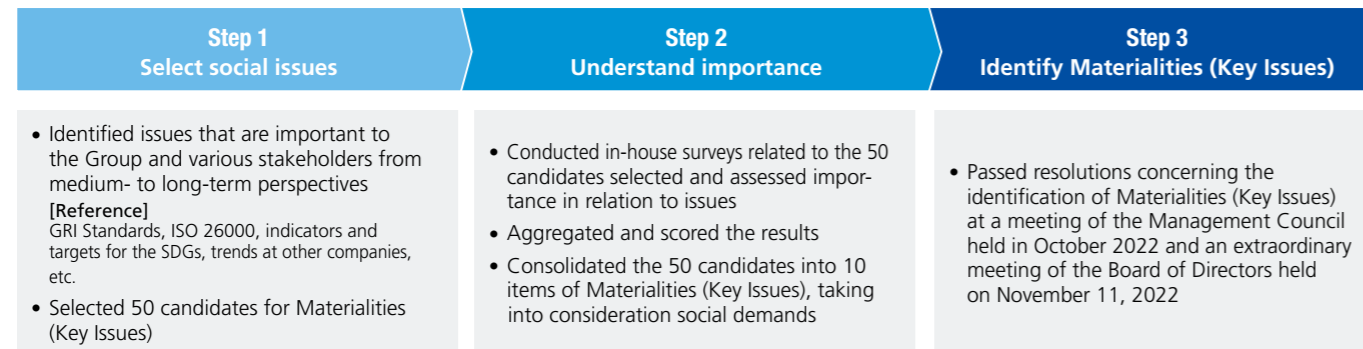
To further endeavor to make its Management Philosophy a reality and resolve social issues, the Furukawa Company Group reviewed CSR priority issues identified in 2013. Then, at a meeting held in November 2022, the Board of Directors resolved to identify 10 items of Materialities (Key Issues) based on "The Furukawa Company Group Basic Policy on Sustainability Initiatives" established in December 2021, as follows.

We are also considering targets and other measures to address those items. By steadily implementing the PDCA cycle in relation to any measures determined, we will work hard to "increase the value of the Furukawa brand through 'marketing-based management' that incorporates CSV perspectives" and "increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group," as is clearly stated in Vision for 2025. In the process, we will aim to achieve sustainable growth for society and the Group and increase corporate value over the medium to long term.






### Background

In 2013, when it launched a framework for promoting CSR, the Group identified CSR priority issues, established related targets, and worked to achieve those targets. In recent years, however, measures to address climate change and achieve the SDGs have come to be viewed as increasingly important. Accordingly, the Group decided to review its existing understanding of the issues and work harder to make its Management Philosophy a reality and resolve social issues. To this end, we formulated "The Furukawa Company Group Basic Policy on Sustainability Initiatives" on December 1, 2021, and reorganized our CSR promotion framework into a sustainability promotion framework. In addition, we reviewed our existing CSR priorities and identified sustainability-related Materialities (Key Issues) that we should focus on as a matter of priority.

### Process for Identifying Materialities (Key Issues)



### Materialities (Key Issues) on Sustainability Initiatives

<p><b>Proactive: CSV Issues</b> Materialities (Key Issues) on resolving "social issues" through our business</p> <ul style="list-style-type: none"> <li>Provide environmentally friendly products, technologies, and services</li> <li>Contribute to the resolution of customer issues</li> <li>Contribute to the creation of a safe and comfortable society, including infrastructure development</li> </ul>	<p><b>Main Related SDGs</b></p> 
<p><b>Defensive: CSR/ESG issues</b> Materialities (Key Issues) on establishing a robust corporate foundation for growth</p>	<p><b>Main Related SDGs</b></p> 
<p><b>E (Environmental)</b></p> <ul style="list-style-type: none"> <li>Promote climate change countermeasures in business activities</li> <li>Promote biodiversity preservation activities</li> </ul>	
<p><b>S (Social)</b></p> <ul style="list-style-type: none"> <li>Develop safe and rewarding work environments that take health into consideration</li> <li>Recruit and develop diverse human resources</li> <li>Promote management that respects human rights</li> </ul>	
<p><b>G (Governance)</b></p> <ul style="list-style-type: none"> <li>Develop an enterprise risk management system</li> <li>Ensure thorough compliance</li> </ul>	

## Resolving Social Issues through Business

The Group will generate "corporate value" by providing infrastructure, products, technologies, and services that help resolve social issues, while at the same time striving to create "social value." Of the 17 SDGs, we are focusing particular attention on achieving Goal 11 ("Make cities and human settlements inclusive, safe, resilient and sustainable") and Goal 9 ("Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation"). We will also strive to create "social value" by building social infrastructure as stated in "The Furukawa Company Group's Value Creation Process" (please see pages 9–10), while realizing a safe, environmentally friendly, and prosperous society.

Materialities (Key Issues)	Goals	Initiatives	Segment	
<b>Proactive: CSV Issues</b> Materialities (Key Issues) on resolving "social issues" through our business	Provide environmentally friendly products, technologies, and services	<ul style="list-style-type: none"> <li>Generate demand and promote sales of enclosed hanging belt conveyors (SICON®) that help reduce CO<sub>2</sub> emissions</li> <li>Introduce high-efficiency slurry pumps (LK3)</li> </ul>	Industrial Machinery	
		<ul style="list-style-type: none"> <li>Promote sales of fuel-efficient hydraulic crawler drills</li> <li>Propose solutions to improve work efficiency and reduce workloads through Life Cycle Support (LCS)</li> </ul>	Rock Drill Machinery	
		<ul style="list-style-type: none"> <li>Promote sales of energy-saving, low-noise eco-cranes</li> <li>Expand sales of high-value-added mini-crawler cranes (battery-operated models, disassembled models, etc.)</li> <li>Adapt UNIC cranes and UNIC carriers to vehicle electrification</li> </ul>	UNIC Machinery	
	Provide products that help customers reduce CO <sub>2</sub> emissions, save energy, and improve efficiency	<ul style="list-style-type: none"> <li>Promote sales of materials (high-purity metallic arsenic, crystal products, core coils, aluminum nitride ceramics, etc.) to support fuel-efficient automobiles and other energy-efficient products</li> </ul>	Electronics	
		Provide automated machinery products utilizing ICT/AI technologies	<ul style="list-style-type: none"> <li>Step up sales of autonomous and labor-saving products (fully automatic drill jumbos, rock bolting machines, etc.)</li> <li>Strengthen sales of hydraulic crawler drills with semi-automatic drilling function</li> <li>Improve customer productivity through the sale of support program products utilizing DX</li> </ul>	Rock Drill Machinery
			<ul style="list-style-type: none"> <li>Promote sales of cupric oxide, which contributes to miniaturization, weight reduction, and enhanced functionality of semiconductor components</li> </ul>	Chemicals
<b>Contribute to the resolution of customer issues</b>	Provide products and participate in projects to improve infrastructure and renew aging facilities	<ul style="list-style-type: none"> <li>Stabilize orders for steel bridges and expand sales of steel structural products</li> <li>Expand orders for large-scale projects, particularly in the social infrastructure business</li> <li>Promote sales of crushers, which facilitate the supply of aggregate for disaster recovery</li> </ul>	Industrial Machinery	
		<ul style="list-style-type: none"> <li>Step up sales of large and super-large hydraulic breakers for the demolition market</li> <li>Concentrate on sales of small hydraulic crushers (for road general contractors and aggregate recycling)</li> </ul>	Rock Drill Machinery	
		<ul style="list-style-type: none"> <li>Mini-crawler cranes: Narrow target customers (electric power companies, general contractors, etc.) to focus on and cultivate new markets</li> <li>Launch cranes for residential construction on small lots</li> </ul>	UNIC Machinery	
		<ul style="list-style-type: none"> <li>Develop and sell various sensors and materials (high-purity metallic arsenic, crystal products, core coils, aluminum nitride ceramics, optical components, etc.) to support infrastructure development</li> </ul>	Electronics	
		<ul style="list-style-type: none"> <li>Promote sales of products that help conserve water</li> </ul>	Chemicals	



**Establishing a Robust Corporate Foundation for Growth**

To establish a robust corporate foundation for growth, the Furukawa Company Group is working to enhance corporate value by engaging in business practices that take into consideration CSR / ESG issues, as shown below.

Materialities (Key Issues)		Goals
<b>Defensive: CSR/ ESG issues</b> <b>Materialities (Key Issues) on establishing a robust corporate foundation for growth</b>	<b>E: Environmental</b>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions (Scope 1 and 2) Develop and publish roadmap by FY2025</li> </ul>
		<ul style="list-style-type: none"> <li>Reduce water consumption (Reduction rate: -2% vs BAU* in FY2028) * BAU (business as usual): No action taken</li> </ul>
		<ul style="list-style-type: none"> <li>Reduce total waste generation (Reduction rate: -3% vs BAU in FY2028)</li> </ul>
		<ul style="list-style-type: none"> <li>Promote continuous forest management</li> </ul>
		<ul style="list-style-type: none"> <li>Promote ecosystem restoration activities on Company-owned land, former mine sites, etc.</li> </ul>
		<ul style="list-style-type: none"> <li>Reduce use of hazardous chemicals (% reduction in use of hazardous chemicals)</li> </ul>
	<b>S: Social</b>	<ul style="list-style-type: none"> <li>Develop safe and rewarding work environments that take health into consideration (occupational safety and health)</li> </ul> <ul style="list-style-type: none"> <li>Achieve accident- and disaster-free operations (industrial accident severity/frequency)</li> </ul>
		<ul style="list-style-type: none"> <li>Develop safe and rewarding work environments that take health into consideration (health and satisfaction)</li> </ul> <ul style="list-style-type: none"> <li>Certified as a 2024 Health and Productivity Management Outstanding Organization (White 500)</li> <li>Reduce health checkup anomaly ratio (By FY2031: 30% or less for those under 40, 50% or less for those 40 and over)</li> </ul>
		<ul style="list-style-type: none"> <li>Recruit and develop diverse human resources (diversity)</li> </ul> <ul style="list-style-type: none"> <li>Increase female employee ratio Increase ratio of female managers (consolidated): 3% Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 20%</li> <li>Increase hires of people with experience Percentage of new hires with experience in management/corporate planning: 40%</li> <li>Increase hires of people with disabilities (achieve statutory employment rate)</li> <li>Actively hire foreign nationals</li> </ul>
		<ul style="list-style-type: none"> <li>Recruit and develop diverse human resources (HR development)</li> </ul> <ul style="list-style-type: none"> <li>Develop human resources Annual training hours: 1,500 Increase number of trainees: 3,600</li> </ul>
		<ul style="list-style-type: none"> <li>Promote management that respects human rights</li> </ul> <ul style="list-style-type: none"> <li>Establish a human rights policy and promote education</li> <li>Increase human rights risk assessment implementation rate among suppliers and conduct follow-up</li> </ul>
		<ul style="list-style-type: none"> <li>Develop an enterprise risk management system</li> </ul> <ul style="list-style-type: none"> <li>Periodically verify business continuity plan (BCP) and promote business continuity management (BCM)</li> <li>Conduct risk assessments and improve response measures Periodically review high-risk items</li> <li>Strengthen cybersecurity system</li> </ul>
<ul style="list-style-type: none"> <li>Ensure thorough compliance</li> </ul> <ul style="list-style-type: none"> <li>Step up measures to prevent compliance violations</li> </ul>		

FY2023	
Numerical Results	Main Initiatives
<ul style="list-style-type: none"> <li>FY2023 (consolidated): 26,037 t-CO<sub>2</sub></li> </ul>	<ul style="list-style-type: none"> <li>Roadmap developed and published (July 30, 2024)</li> </ul>
<ul style="list-style-type: none"> <li>FY2023 reduction (vs BAU): -12.7%</li> </ul>	<ul style="list-style-type: none"> <li>To improve the environmental performance of each plant and business location, the Environmental &amp; Safety Management Department holds a Monthly Environmental Protection Data Reporting Meeting and provides guidance to each location.</li> </ul>
<ul style="list-style-type: none"> <li>FY2023 reduction (vs BAU): -17.4%</li> </ul>	
—	<ul style="list-style-type: none"> <li>Held discussions about forest management with local forest owners' cooperatives</li> </ul>
—	<ul style="list-style-type: none"> <li>Held Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive</li> <li>Continued firefly restoration activities in the Kune and Ashio areas</li> <li>Took steps to have property certified as a "Nationally Certified Sustainability Managed Natural Sites" by the 30by30 Alliance</li> </ul>
<ul style="list-style-type: none"> <li>Year-on-year change: -13.0%</li> </ul>	<ul style="list-style-type: none"> <li>To improve the environmental performance of each plant and business location, the Environmental &amp; Safety Management Department holds a Monthly Environmental Protection Data Reporting Meeting and provides guidance to each location.</li> </ul>
<ul style="list-style-type: none"> <li>Industrial accident severity: 1.58</li> <li>Industrial accident frequency: 1.25</li> </ul>	<ul style="list-style-type: none"> <li>To prevent accidents of each plant and business location, the Environmental &amp; Safety Management Department holds a Monthly Accident Prevention Data Reporting Meeting and provides guidance to each location.</li> <li>Discussed measures to prevent recurrence of industrial accidents</li> </ul>
<ul style="list-style-type: none"> <li>Under 40 years: 39.6%; 40 and over: 61.5%</li> </ul>	<ul style="list-style-type: none"> <li>Certified as a 2024 Health and Productivity Management Outstanding Organization (White 500)</li> <li>Planned, held, and evaluated health promotion events, seminars, etc.</li> </ul>
<ul style="list-style-type: none"> <li>Ratio of female managers (consolidated): 3.7%</li> <li>Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 6.7%</li> </ul>	<ul style="list-style-type: none"> <li>Stepped up recruitment of women among employees with experience</li> <li>Strengthened recruiting skills</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of new hires with experience in management/corporate planning: 60%</li> </ul>	<ul style="list-style-type: none"> <li>Engaged in referral recruiting and direct recruiting</li> </ul>
<ul style="list-style-type: none"> <li>Ratio of employees with disabilities (consolidated): 2.2% (statutory employment rate: 2.3%)</li> </ul>	<ul style="list-style-type: none"> <li>Visited organizations that support employment of persons with disabilities</li> <li>Provided information on employment promotion to each operating company</li> </ul>
<ul style="list-style-type: none"> <li>Number of new employees who are foreign nationals: 1</li> </ul>	<ul style="list-style-type: none"> <li>Direct recruiting</li> </ul>
<ul style="list-style-type: none"> <li>Annual training hours: 887</li> <li>Number of trainees: 2,632</li> </ul>	<ul style="list-style-type: none"> <li>Held hierarchical training, engineer training, and on-site manager training</li> <li>Held planning and educational training at each business location</li> </ul>
<ul style="list-style-type: none"> <li>Number of human rights training sessions: 6</li> </ul>	<ul style="list-style-type: none"> <li>Developed a human rights policy</li> <li>Identified and assessed human rights risks</li> </ul>
<ul style="list-style-type: none"> <li>Rate of implementation of human rights risk assessment (CSR survey) by suppliers: 0% increase in FY2023 (vs FY2022)</li> <li>Surveys, interviews, and training sessions related to human rights held (number of companies): +3 companies in FY2023 (vs FY2022)</li> </ul>	<ul style="list-style-type: none"> <li>Analyzed results of FY2022 CSR survey, selected interviewees, and conducted interviews</li> <li>Created English, Chinese, and Thai versions of the CSR survey</li> <li>Considered and planned supplier surveys for overseas subsidiaries</li> </ul>
<ul style="list-style-type: none"> <li>Periodic BCP verification: 1 time</li> </ul>	<ul style="list-style-type: none"> <li>Revised the Furukawa Company Group BCP</li> <li>Held Group BCP Sectional Meetings (2 times in FY2023)</li> </ul>
<ul style="list-style-type: none"> <li>Risk response improvements (reviews): 1</li> </ul>	<ul style="list-style-type: none"> <li>Conducted interviews at target business locations</li> </ul>
<ul style="list-style-type: none"> <li>Number of targeted-attack email training sessions: 1</li> <li>Number of security seminars for Furukawa Company Group executives and employees: 1</li> </ul>	<ul style="list-style-type: none"> <li>Developed the Incident Response Manual</li> </ul>
<ul style="list-style-type: none"> <li>Number of compliance training sessions: 8</li> </ul>	<ul style="list-style-type: none"> <li>Held compliance training for new employees and other ranks (including Group managers and directors)</li> <li>Held training on individual laws, such as Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors</li> <li>Revised manual (general provisions) on the Antimonopoly Act</li> </ul>



## E: Environmental

### Promote Climate Change Countermeasures in Business Activities



General Manager, Sustainability Promotion Department  
**Tomohiro Takagi**

#### We are developing a roadmap toward carbon neutrality to address the risks and opportunities posed by climate change.

Climate change action is an important theme in our quest to build a sustainable society.

The Furukawa Company Group announced its carbon neutrality roadmap on July 31, 2024, setting a goal to reduce CO<sub>2</sub> emissions (Scope 1 (energy origin) and Scope 2) by 25% compared with fiscal 2023 by 2030 and achieve carbon neutrality by 2050. We have already reduced annual CO<sub>2</sub> emissions by approximately 10,000 tons compared with the peak in fiscal 2014. However, we are pushing for a further reduction of 6,400 tons by fiscal 2030 through energy-saving measures and equipment optimization. We also established a sectional meeting to explore the introduction of solar power generation equipment at multiple facilities.

Additionally, based on recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in fiscal 2023 we conducted scenario analyses in the UNIC Machinery and Chemicals segments. Going forward, we will expand the analyses to cover the remaining segments and continuously review and update them.

Furthermore, we will step up efforts to improve awareness about climate change among executives and employees by publishing a series of articles on climate change in our in-house newsletter that explain Scope 1, Scope 2, and Scope 3 emissions.

#### ■ Policies and Strategies

We have identified “Promote climate change countermeasures in business activities” as one of the Materialities (Key Issues) for the Group and are actively advancing climate change initiatives accordingly. In August 2023, we expressed our support for the recommendations of the TCFD and announced our intention to disclose information based on the said recommendations.

Going forward, we will work to enhance the quality and quantity of information on the four core disclosure elements of the TCFD recommendations (Governance, Strategy, Risk Management, and Metrics and Targets).

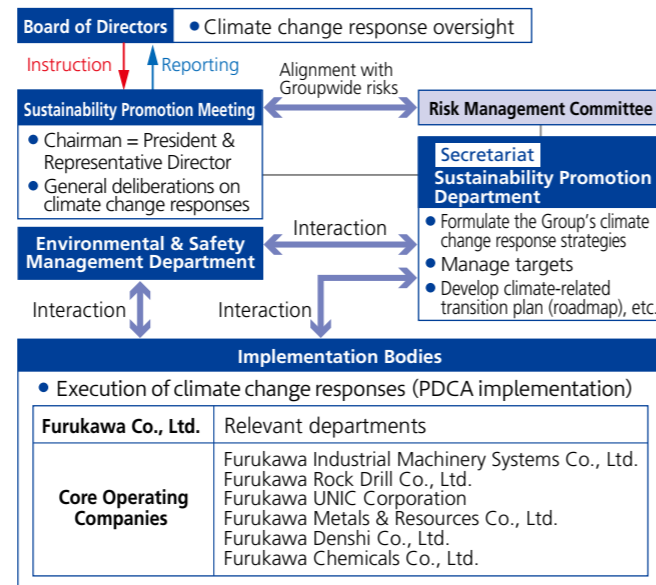
#### ■ Governance Framework

The Sustainability Promotion Meeting, chaired by the President & Representative Director, deliberates on how to address issues related to climate change and reports details of its deliberations to the Board of Directors.

The Sustainability Promotion Meeting discusses various matters related to climate change. These include formulation of basic policies and action plans for the Group’s climate change responses, development of a promotion framework, verification and evaluation of the status of activities, and education and public relations measures. In addition to Company directors and the presidents of each core operating company, the Meeting includes the chairman of the Environmental & Safety Management Committee (general manager of the Environmental & Safety Management Department) and the general manager of the Sustainability Promotion Department. The Sustainability Promotion Department and the Environmental & Safety Management Department formulate the Group’s climate change response strategies, manage targets, and develop a climate-related transition plan (roadmap) based on deliberations and suggestions made by the Meeting. Those departments also work together with the implementation bodies (Group companies and the Company’s relevant departments) to develop a PDCA cycle of planning, execution, evaluation, and improvement.

Implementation of climate change responses by the Group companies and the Company’s relevant departments are subject to institutional decisions by the Company’s Management Council, Board of Directors, and others according to the level of importance. The director in charge of the Sustainability Promotion Department reports on the progress and results of climate change responses to the Board of Directors from time to time, thereby providing proper oversight by the Board.

#### ● Governance Framework for Climate Change Responses



#### ● Climate Change Action Framework

Organizations and Meeting Bodies and Their Roles	
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Request/instruct the Sustainability Promotion Meeting on climate-related matters and deliberate on matters reported and/or proposed by the Meeting</li> <li>Oversee the resolution and execution of important matters related to climate change</li> </ul>
<b>Sustainability Promotion Meeting</b>	<ul style="list-style-type: none"> <li>Discuss and formulate basic policies and action plans for the Group's climate change responses, development of a promotion system, verification and evaluation of the status of activities, and education and public relations measures</li> <li>Meet once a year, in principle, and otherwise as needed</li> </ul>
<b>Sustainability Promotion Department</b> <b>Environmental &amp; Safety Management Department</b>	<ul style="list-style-type: none"> <li>Formulate the Group's climate change response strategies, manage targets, develop climate-related transition plan (roadmap), etc.</li> <li>Oversee the PDCA cycle in collaboration with the implementation bodies for climate change responses</li> </ul>
<b>Relevant departments of Furukawa Co., Ltd.</b> <b>Core operating companies</b>	<ul style="list-style-type: none"> <li>Serve as implementation bodies to deploy PDCA cycle for climate change responses</li> </ul>

#### ■ Risk Management

Assessment of climate-related risks and consideration of countermeasures are conducted by the Risk Management Committee, which comprehensively deliberates important matters related to Groupwide risk management. The Committee is chaired by the director in charge of sustainability of the Company, and the Sustainability Promotion Department serves as its Secretariat. The Committee meets twice a year in principle. Its members are selected from every Company department and core operating companies. Together with the Secretariat, the members assess climate-related risks affecting the Group, consider and formulate countermeasures, and report the results to the Board of Directors, which provides proper oversight.

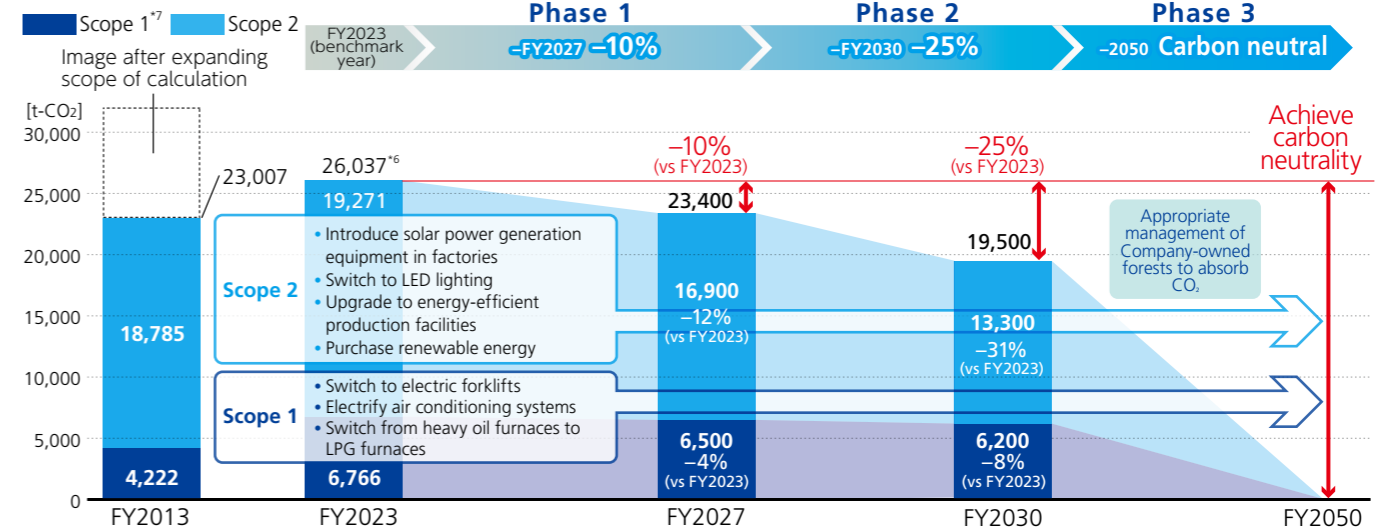
#### ■ Metrics and Targets

##### Scope 1 and 2

In fiscal 2023, we expanded the scope of calculation of CO<sub>2</sub> emissions, from major domestic production sites to a consolidated basis, including overseas sites. Accordingly, on July 30, 2024, we announced our new CO<sub>2</sub> emission reduction targets, using fiscal 2023 as the benchmark year. In line with the Paris Agreement and the targets set by the Japanese government, the Group aims to reduce Scope 1 (energy origin) and 2 emissions by 25% compared with fiscal 2023 by 2030 and achieve carbon neutrality by 2050\*1.

For Scope 1, we aim to achieve an 8% reduction (vs fiscal 2023) by fiscal 2030 by switching to electric forklifts, electrifying our air conditioning systems, and switching from heavy oil furnaces to liquefied petroleum gas (LPG) furnaces.

##### ● Roadmap to Carbon Neutrality



\*6 Total emissions increased due to expansion of calculation scope (scope changed from major domestic production sites to a consolidated basis, including overseas sites, in FY2023).

\*7 Scope 1 was calculated based on energy origin.

##### ● CO<sub>2</sub> Emissions

CO <sub>2</sub> emission volume	Data Metrics		Unit	FY2019	FY2020	FY2021	FY2022	FY2023*8
	Scope 1 (energy origin only)		t-CO <sub>2</sub>	4,838	4,192	4,296	3,996	6,766
Scope 2		t-CO <sub>2</sub>	17,092	16,711	17,808	15,540	19,271	
Scope 1 + 2 (total)		t-CO <sub>2</sub>	21,930	20,903	22,104	19,536	26,037	
Scope 3 (Category 4)		t-CO <sub>2</sub>	—	—	—	6,323	8,224	
Scope 3 (Category 5)		t-CO <sub>2</sub>	—	—	—	29	22	
Scope 3 (Category 6)		t-CO <sub>2</sub>	—	—	—	1,030	3,127	
Scope 3 (Category 11)		t-CO <sub>2</sub>	—	—	—	648,449	675,053	
Scope 3 (total)		t-CO <sub>2</sub>	—	—	—	655,831	686,426	

\*8 Total emissions increased due to expansion of calculation scope (scope changed from major domestic production sites to a consolidated basis, including overseas sites, in FY2023). However, Scope 3 (Category 11) emissions increased due to higher sales of some products

For Scope 2, we aim to achieve a 31% reduction (vs fiscal 2023) by fiscal 2030 by introducing solar power and other renewable energy power generation equipment, upgrading to energy-efficient production facilities, and purchasing renewable energy. To fund our carbon neutral initiatives, we are looking to invest approximately ¥2 billion, which we plan to raise through the sale of strategic shareholdings.

In addition, we will aim to achieve carbon neutrality by fiscal 2050 through appropriate management of Company-owned forests to absorb CO<sub>2</sub>.

##### Scope 3

The Group began disclosing its Scope 3 emissions (Category 4\*2, Category 5\*3, Category 6\*4, and Category 11\*5) in fiscal 2023.

Going forward, we will further expand the number of categories for such disclosure and consider reduction targets for Category 11.

\*1 This reduction target is based on the Japanese government's Plan for Global Warming Countermeasures, announced in October 2021, which includes a 38% reduction target for the industrial sector compared with fiscal 2013. Compared with the Group's estimated fiscal 2013 emissions, this target represents a 39.7% reduction by fiscal 2030.

\*2 Category 4: Emissions from upstream transportation and distribution.

\*3 Category 5: Emissions from waste generated in operations.

\*4 Category 6: Emissions from business travel.

\*5 Category 11: Emissions from the use of sold products. (In the Furukawa Company Group, this category covers products sold by the Rock Drill Machinery and UNIC Machinery segments.)



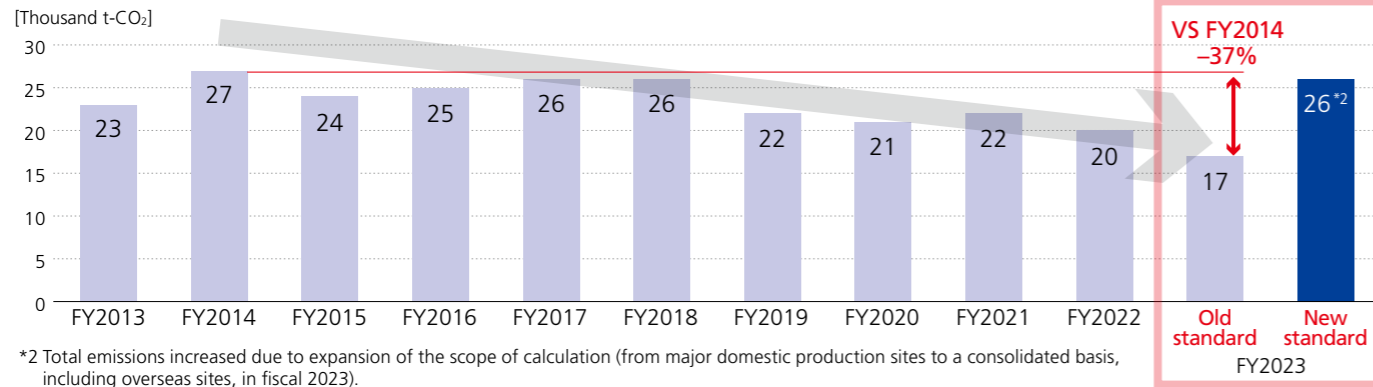
## E: Environmental

### Initiatives

#### Reducing CO<sub>2</sub> Emissions

The Furukawa Company Group has reduced CO<sub>2</sub> emissions (Scope 1 (energy origin) and 2) at its major domestic production sites by approximately 10,000 tons (37%\*) in fiscal 2023 from a peak of 27,000 tons in fiscal 2014 through energy conservation measures and other initiatives. As described in the "Metrics and Targets" section, we recently expanded the scope of CO<sub>2</sub> emissions calculation to a consolidated basis and set reduction targets. In these ways, we will step up efforts to reduce CO<sub>2</sub> emissions.

\*1 Comparison between 27,000 tons in fiscal 2014 and 17,000 tons (before expansion of the scope of calculation in fiscal 2023)



\*2 Total emissions increased due to expansion of the scope of calculation (from major domestic production sites to a consolidated basis, including overseas sites, in fiscal 2023).

\*3 Scope 1 was calculated based on energy origin.

#### Scenario Analyses

The Group operates numerous businesses and recognizes that the risks and opportunities associated with climate change vary from business to business. With this in mind, we previously conducted scenario analyses of the Rock Drill Machinery segment and Metals segment from two perspectives: the impact of climate change and the scale of business sales. In fiscal 2023, we conducted similar analyses of the UNIC Machinery segment and Chemicals segment. For the scenario analyses, we set 1.5°C and 4°C scenarios based on scientific evidence from the International Energy Agency (IEA) and other sources. We then evaluated the significance of climate-related risks and opportunities that could affect our business in 2030 (interim) and 2050 (long term).

Going forward, we will conduct scenario analyses of the remaining segments while continuously reviewing the analyses already conducted.

Scenarios	Worldview
<b>1.5°C scenario</b> Emergence of transition risks and opportunities ⇒ 2030 (interim) assumption	<ul style="list-style-type: none"> <li>There is a risk of cost increases due to the Japanese government's push to introduce GHG emission regulations and a carbon tax.</li> <li>With attention focused on products with low environmental impact, we see opportunities for increased revenues from sales of materials for EVs and renewable energy facilities, as well as products with high energy-saving performances.</li> </ul>
<b>4°C scenario</b> Emergence of physical risks and opportunities ⇒ 2050 (long term) assumption	<ul style="list-style-type: none"> <li>Extreme weather conditions will cause increases in natural disasters and rising temperatures, leading to the risk of damage to business sites and system facilities, as well as the risk of increased costs, such as higher raw material prices, due to difficulties in procuring materials.</li> <li>Given progress in technological countermeasures and investments to address extreme weather events, we see opportunities for increased revenues from related products, technologies, and services.</li> </ul>

#### Introduction of ICP

Having introduced internal carbon pricing (ICP) in fiscal 2022, the Group will promote environmental investment by applying ICP to evaluate the effect of CO<sub>2</sub> emission reductions as an investment return.

#### Addressing Climate Change

The Group is committed to reducing and addressing the impact of natural disasters caused by climate change. To this end, we are pursuing various activities, such as evaluating natural disaster risks and promoting BCM.

#### Participation in Climate-Related Initiatives

The Group supports the activities of organizations that contribute to climate change mitigation and adaptation. We also endorse and participate in various initiatives and industry associations related to climate change, including the TCFD.

For example, Furukawa Co., Ltd., is a member of the Japan Mining Industry Association, an industry organization for non-ferrous metals that promotes measures to achieve carbon neutrality.

If the activities of these organizations significantly diverge from the policies of the Group, we will engage with the organizations and take appropriate action.

#### List of Risks and Opportunities

Below are the risks and opportunities we have identified that have a "medium" or larger level of impact on our business.

##### Degree of Impact

Large: Very large impact on the Group; Medium: Limited impact on the Group; Small: Little impact on the Group

##### List of Risks

Type of Risk	Risk Description	Segment	Impact		Countermeasures	Segment
			1.5°C Medium term	4°C Long term		
Risk	Transition risk Government policies/regulations	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals	Medium	Small	<b>Switch to renewable energy, save energy, and reduce the environmental impact of our products</b> <ul style="list-style-type: none"> <li>Utilize renewable energy sources, such as solar power</li> <li>Introduce LED lighting and energy-saving equipment</li> <li>Increase use of environmentally friendly vehicles, such as EVs</li> <li>Reduce GHG emissions through purchase of non-fossil certificates, etc.</li> <li>Closely monitor raw material price trends, negotiate with customers regarding passing on product costs, and collaborate with suppliers to promote low-carbon initiatives</li> <li>Improve energy efficiency by reviewing manufacturing processes and strengthening GHG emission controls at production facilities</li> <li>Reduce environmental impact of our products by using recyclable materials and extending product life</li> <li>Transition Company-owned vehicles to EVs and electrify forklifts</li> <li>Promote modal shift and diversify transportation methods</li> </ul>	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals
						Rock Drill Machinery
	Technology	Rock Drill Machinery, UNIC Machinery	Medium	Small	<ul style="list-style-type: none"> <li>Collaborate with suppliers to manufacture and develop products with low environmental impact</li> </ul>	Rock Drill Machinery
Physical risk	Acute	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals	Small	Large	<b>Minimize damage and ensure proper management when disaster strikes</b> <ul style="list-style-type: none"> <li>Secure multiple means of transportation and procurement channels</li> <li>Diversify suppliers and work to minimize damage in the event of extreme weather conditions</li> <li>Reinforce flood countermeasures at factories</li> <li>Conduct regular water risk assessments at suppliers and sites and perform rigorous risk management in the event of flooding or inundation</li> <li>Implement a BCP as a support and reporting protocol in the event of damage</li> </ul>	Rock Drill Machinery, UNIC Machinery, Metals, Chemicals
		UNIC Machinery	Small	Medium		<ul style="list-style-type: none"> <li>Expand/upgrade air conditioning systems in factories</li> <li>Insulate factory buildings</li> <li>Use solar power and other self-generation methods to reduce costs</li> </ul>

##### List of Opportunities

Type of Opportunity	Opportunity Description	Segment	Impact		Countermeasures	Segment
			1.5°C Medium term	4°C Long term		
Opportunity	Market	Rock Drill Machinery	Medium	Small	<ul style="list-style-type: none"> <li>Make capital investments to meet demand</li> </ul>	Rock Drill Machinery
		Rock Drill Machinery, UNIC Machinery	Small	Large	<ul style="list-style-type: none"> <li>Make capital investments and develop products to meet demand</li> <li>Deploy ICT to develop and offer remote control and automated solutions</li> </ul>	Rock Drill Machinery, UNIC Machinery
	Technology	Rock Drill Machinery, UNIC Machinery	Medium	Small	<ul style="list-style-type: none"> <li>Collaborate with suppliers to expand lineup of energy-saving products</li> <li>Make capital investments to develop products and technologies that help reduce environmental impact</li> <li>Expand sales of energy-saving products, such as motorized mini-crawler cranes</li> </ul>	Rock Drill Machinery, UNIC Machinery
		UNIC Machinery	Medium	Small	<ul style="list-style-type: none"> <li>Collaborate with chassis manufacturers to swiftly develop cranes that can be installed on EVs</li> </ul>	UNIC Machinery



## E: Environmental

### Promote Biodiversity Preservation Activities



Chairman, Environmental & Safety Management Committee  
General Manager, Environmental & Safety Management Department  
**Yoshihiro Yamazaki**

**We will promote biodiversity protection activities by visualizing the outcomes of our environmental protection efforts.**

The Furukawa Company Group promotes biodiversity protection activities to help realize a sustainable society. In fiscal 2023, we focused on two key objectives: (1) Making improvements to minimize the impact of our business activities on ecosystems, and (2) Promoting environmental protection and ecological activities through ongoing greening initiatives and forest management on Company-owned land and former mine sites, including greening of plant sites. In April 2024, we held the 12th Ashio Cherry Tree-Planting Drive, bringing the total number of trees planted since the first event in 2009 to 660. In the same Ashio district, we launched a firefly restoration project in fiscal 2021 and have seen fireflies every year since the first sighting in fiscal 2022. In fiscal 2024, as well, we were once again able to see many fireflies in action. On the approximately 2,200 hectares of mountain forestland we own nationwide, we are working to preserve the ecosystem and maintain the functions of protective forests, such as groundwater recharge. We are also preparing to harvest aging trees and plant new ones. In addition, we have begun making efforts to have our property at the site of the former Ashio Copper Mine (Ashio-machi, Nikko City, Tochigi Prefecture) certified as a "Nationally Certified Sustainably Managed Natural Sites" by the 30by30 Alliance.

#### ■ Policies and Strategies

The Furukawa Company Group regards biodiversity protection as a key management issue. Based on our Biodiversity Action Guidelines established in 2012, we have been continuously evaluating the impact of our business activities on ecosystems and taking measures to minimize that impact.

[The Furukawa Company Group's Biodiversity Action Guidelines](#)

#### ■ Metrics and Targets

FY2023 targets:

- Promote environmental protection through ongoing greening activities, forest management, etc.
- Promote ecosystem restoration activities on Company-owned land, former mine sites, etc.

FY2023 results:

- Held discussions with local forest owners' cooperatives about forest management
- Held Ashio Cherry Tree-Planting Drive and Furukawa-no-mori Tree-Planting Drive
- Continued firefly restoration activities in the Kune and Ashio areas
- Took steps to have property certified as a "Natural Symbiosis Site" by the 30by30 Alliance

#### ■ Initiatives

##### Activities Related to 30by30

At each of our production sites, we monitor surrounding areas and focus on various activities, such as site greening, protection of local rare species, and restoration of plants and animals through reforestation efforts. In addition, we collaborate with local forest owners' cooperatives to engage in various activities aimed at the healthy growth of Company-owned forests.

As a concrete initiative for ecosystem preservation, we have designated the site of our former Ashio Copper Mine (Ashio-machi, Nikko City, Tochigi Prefecture) as an area for proactive biodiversity activities. There, we are engaging in tree planting and ecosystem restoration and are taking action to be certified as a "Nationally Certified Sustainably Managed Natural Sites" as we work to achieve the 30by30\* goal.

\* 30by30: A global goal aimed at halting and reversing biodiversity loss to achieve a "nature positive" outcome by 2030. The goal is to effectively conserve more than 30% of the earth's land and ocean areas as healthy ecosystems by 2030.



Former Ashio Copper Mine Site (Nikko, Tochigi Prefecture.)

[Furukawa Company Group Sustainability Book 2024](#)

#### Furukawa Company Group Sustainability Book 2024

##### [Environmental Management](#)

##### [Resource Circulation](#)

##### [Pollution Prevention](#)

##### [Water Resource Conservation](#)

##### [Dealing with Suspended or Abandoned Mines](#)

## S: Social

### Develop Safe and Rewarding Work Environments that Take Health into Consideration (Occupational Safety and Health)

**We will shift from corrective measures to preventive strategies and strengthen our efforts to achieve accident- and disaster-free operations.**

The Furukawa Company Group has stepped up efforts to achieve accident- and disaster-free operations. In fiscal 2023, these efforts focused on three key objectives: (1) Promoting activities to achieve accident- and disaster-free operations, (2) Enhancing safety initiatives to eliminate unsafe conditions and behaviors, and (3) Strengthening education and guidance to improve risk awareness based on the workstyles of each Group company. However, a serious workplace accident occurred in December 2023, resulting in the tragic death of an employee. To ensure this never happens again, each Group company and business location is working to prevent accidents and disasters with the goal of achieving accident- and disaster-free operations at all of its locations.

In response to the fatal accident, our key objectives for fiscal 2024 are: (1) Strengthening activities aimed at achieving accident- and disaster-free operations, (2) Enhancing safety initiatives to eliminate unsafe conditions and behaviors, and (3) Reinforcing education and guidance to improve risk awareness, considering the workstyles of each Group company. We are actively pursuing various initiatives to achieve these goals. For example, top managers and safety supervisors are conducting personal site inspections to provide guidance and implement corrective measures. This initiative aims to increase safety awareness among all employees, ensure adherence to safe work practices, and strengthen safety efforts toward achieving accident- and disaster-free operations.

Chairman, Environmental & Safety Management Committee  
General Manager, Environmental & Safety Management Department **Yoshihiro Yamazaki**

#### ■ Policies and Strategies

The Furukawa Company Group has identified "Develop safe and rewarding work environments that take health into consideration" as one of its Materialities (Key Issues) and is actively working on occupational health and safety initiatives. The Group strives to prevent industrial accidents and create a safe and healthy work environment (including by maintaining sound mental and physical health) in accordance with its Basic Principles of Occupational Safety and Health and its Occupational Safety and Health Policies. With this as a key management priority, we are actively working to improve our occupational health and safety management standards.

[Furukawa Company Group Basic Principles of Occupational Safety and Health & Occupational Safety and Health Policies](#)

#### ■ Governance Framework

The Sustainability Promotion Meeting, which is held annually, and the Environmental & Safety Management Committee hear reports and engage in deliberation on the results of the previous fiscal year's occupational safety and health activities, this fiscal year's occupational safety and health activity targets, and other such matters. We strive to improve safety management levels at each business location through our annual Environmental and Safety Audits and the Environment/Safety Promotion Meetings and through on-site inspections following accidents or disasters. In addition, each plant and business location has established a Safety and Health Committee, consisting of an equal number of representatives from both management and employees, who work together to prevent workplace accidents. The committees conduct thorough studies and deliberations to ensure that employees' perspectives are incorporated into key decisions, such as measures to prevent workplace hazards or health issues.

#### ■ Risk Management

When refurbishing facilities, installing new equipment, or reviewing work procedures at each plant or business location, the Group conducts risk assessments to eliminate hazardous sources and reduce industrial health and safety risks. At overseas business locations, we have established a health and safety management system based on local laws and regulations and conduct risk assessments similar to those in Japan to prevent accidents and disasters.

#### ■ Metrics and Targets

FY2023 targets:

- Achieve accident- and disaster-free operations (Industrial accident severity/frequency)

FY2023 results:

- Industrial accident severity: 1.58
- Industrial accident frequency: 1.25
- Continued firefly restoration activities in the Kune and Ashio areas

#### ■ Initiatives

##### Preventing Industrial Accidents

To prevent industrial accidents, the Furukawa Company Group regularly holds Safety and Health Committee meetings and carries out safety patrols at each plant and business location. We also provide systematic education and training (including risk sensitivity improvement training) to all employees, including managers and supervisors. In December 2023, a serious workplace accident occurred at the Sakura Works of Furukawa UNIC Corporation, resulting in the tragic death of an employee. To ensure this never happens again, each Group company and business location is working on prevention measures aimed at achieving accident- and disaster-free operations. In response to the aforementioned accident, in fiscal 2024 we are strengthening our guidance to reinforce and thoroughly implement Groupwide activities to prevent industrial accidents and disasters.

##### ● Furukawa Company Group: Number of accidents requiring leave of absence<sup>\*1</sup>, frequency<sup>\*2</sup>, and severity<sup>\*3</sup>

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of accidents requiring leave of absence	2	3	8	4	6 <sup>*4</sup>
Frequency	0.42	0.65	1.65	0.82	1.25
Severity	0.06	0.01	0.05	0.01	1.58

\*1 Accidents requiring leave of absence of at least one day

\*2 Frequency: Ratio of fatalities and injuries due to industrial accidents per 1 million total working hours

\*3 Severity: Ratio of working days lost per 1,000 total working hours

\*4 Includes one fatal accident

[Furukawa Company Group Sustainability Book 2024](#)



S: Social

## Develop Safe and Rewarding Work Environments that Take Health into Consideration (Health and Satisfaction)



Corporate Officer, General Manager,  
Human Resources & General Affairs Department  
**Atsushi Takano**

**We are promoting health management with the aim of creating a company where employees feel motivated to work.**

The Furukawa Company Group aims to create rewarding work environments where employees can maximize their abilities and create new value. To this end, we are committed to promoting health management. Our in-house environmental development policy is to create comfortable work environments where diverse personnel can perform their duties safely and efficiently while maintaining their health and fulfilling their duties.

In fiscal 2023, we introduced a health promotion smartphone app that allows employees to access their health checkup results, track exercise records, monitor calorie intake, and participate in walking events. We also organized health-related seminars to raise awareness and encourage a focus on health among employees.

### ■ Policies and Strategies

One of the Furukawa Company Group's Materialities (Key Issues) is to "Develop safe and rewarding work environments that take health into consideration." With this in mind, we are actively working to create health-conscious workplaces. On January 1, 2021, we announced our Health Declaration, further strengthening our commitment to health management.

#### The Furukawa Company Group Health Declaration

The Furukawa Company Group was the first in Japan to adopt the principle of SAFETY FIRST as "Anzen Sen'ichi."

As a pioneer of the industrial safety movement, we have been engaging in efforts to maintain and improve employee safety and health. The spirit lives on in our Management Philosophy of "remaining indispensable to society by always embracing the spirit of challenge, advancing the technologies that have underpinned the foundation of society that originated in mining development."

We consider the creation of a workplace environment that makes work satisfying and where every employee can take on the challenge every day of vibrantly realizing their capabilities and creating new value in good mental and physical health, to be an essential management issue. Going forward, we are committed to even more proactive efforts in promoting measures to maintain and improve the health of our employees.

The Group employs talented individuals who will proactively take on all challenges, while striving to recognize the diverse values of individuals, accordingly creating a rewarding corporate culture wherein human rights violations and discrimination do not occur and where individuals are evaluated fairly.

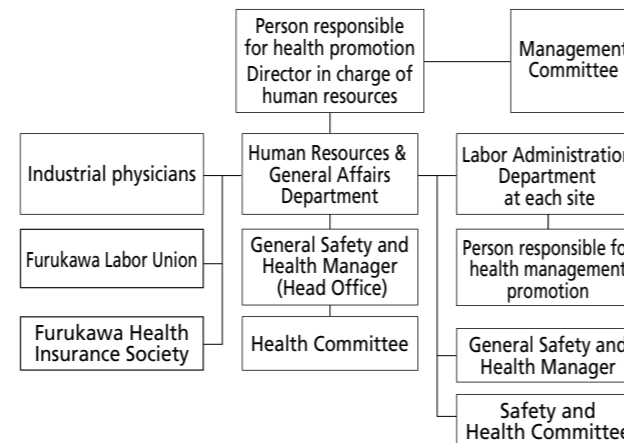
### ■ Governance Framework

The director of the Group in charge of human resources also has responsibility for health promotion and takes the lead in drafting and implementing various plans centered mainly in the Human Resources & General Affairs Department. The person responsible for health promotion also presents periodic reports on the status of employee health to the Management Committee and makes decisions on policy relating to matters such as the implementation of health management promotion.

The Human Resources & General Affairs Department coordinates health checkup data from the Furukawa Health Insurance

Society and the employee database to identify health issues, and plans and drafts appropriate measures while incorporating guidance from industrial physicians as well as opinions and requests from the labor union. Implementation of measures takes place through those in charge of health management promotion in each department, who communicate the measures to the employees. After implementation, information is shared with the Safety and Health Committee in each department, with its effectiveness also verified and used as feedback in review of the measures taken.

#### ● Health Management Promotion Framework Chart



### ■ Risk Management

We conduct organizational diagnostic surveys of the Group as a whole and each workplace. These surveys are systematically designed to cover morale, corporate culture, and other aspects. They enable us to gather information on and assess the extent to which our Management Philosophy and vision have been embraced, as well as employee awareness and feedback from the front lines. We use this information to aid in the planning and development of various initiatives. In addition, we conduct annual stress checks to assess workplace stress levels through organizational diagnostics. For high-stress workplaces, we provide guidance and support to managers to help them make improvements. At the same time, we measure presenteeism (a state in which employees come to work despite having an illness or condition, leading to reduced job performance and productivity) to raise awareness of health among employees.

### ■ Metrics and Targets

FY2023 targets:

- Reduce total annual hours worked (less than 2,000 hours)
- Take steps to acquire certification as a Health and Productivity Management Outstanding Organization (White 500)

FY2023 results:

- Total annual hours worked: 1,935.4 hours
- Certified as a 2024 Health and Productivity Management Outstanding Organization
- Introduced health promotion smartphone app, conducted health seminars, and encouraged employees with anomalies to undergo reexamination



### ■ Initiatives

#### Employee Health Management

In the Furukawa Company Group's health management divisions, employee health is managed by periodic health checkups, special health examinations for employees with designated duties, and so on. They also provide health guidance based on health check-up results and give support for promoting employee health. We are also taking steps to arrange separate in-house smoking areas based on the intent of the Health Promotion Act, and we are making every effort to prevent secondhand smoking.

#### Systems and Measures

The Furukawa Company Group recognizes the following as management risks: the presence of employees with anomalies revealed through periodic health checkups, the occurrence of employees leaving the workplace due to injury or illness, and the presence of employees whose ability to perform their duties is impaired due to working while suffering from an injury or illness. With this in mind, we are working to achieve a 100% participation rate for regular health checkups, improve the rate of retests and the percentage of employees participating in health programs, raise awareness about stress in the workplace, and reduce smoking.

#### Encouraging the Use of Annual Paid Leave

We encourage employees to take annual paid leave by setting incentive days and planned exercises. In April 2024, we increased the number of days of annual paid leave granted to employees in their first to fifth years after joining the Company, a period when employees tend to be reluctant to take leave due to concerns about the number of remaining days. We also introduced hour-based annual leave at business locations where flextime arrangements do not apply due to the nature of the work, making it easier for employees to take time off in accordance with their generation, workplace, and lifestyle. In addition, we have a system allowing employees to save and accumulate expired annual paid leave that can be used if employees require long-term medical treatment due to personal injury or illness.

### Efforts to Reduce Working Hours

We use our Companywide work system to properly monitor employee working hours. Employees who exceed the prescribed monthly limit by 80 hours or more are subject to corrective measures, including reviews of their work by department managers, with the aim of reducing long working hours and equalizing workloads.

### Realizing a Rewarding Workplace

The Group employs talented individuals who will proactively take on all challenges, while striving to recognize the diverse values of individuals, accordingly creating a rewarding corporate culture wherein human rights violations and discrimination do not occur and where individuals are evaluated fairly.

### Workstyle Reforms to Increase Productivity

We have identified the following issues and considerations for realizing rewarding work environments.

Improve work environments through automation and systemization; shorten and streamline meetings; implement various workstyles, such as flextime, teleworking, and staggered work hours; raise awareness to improve operational efficiency

### Establishing Healthy Workplaces

We have identified the following issues and considerations for realizing healthy work environments.

Reduce annual total working hours, improve the percentage of paid annual leave taken, improve the percentage of scheduled medical examinations received and actively implement health promotion activities



Health-related seminar



## S: Social

### Recruit and Develop Diverse Human Resources (Diversity)

For the Furukawa Company 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. To ensure diversity, we actively recruit and develop women, individuals with disabilities, foreign nationals, and experienced professionals.

In addition, we will ensure that our employment regulations and other HR systems are flexible and adaptable to support diversity.

Corporate Officer, General Manager, Human Resources & General Affairs Department  
**Atsushi Takano**

#### ■ Policies and Strategies

One of the Furukawa Company Group's Materialities (Key Issues) is to "Recruit and develop diverse human resources." The Group does not engage in any discrimination regarding human rights, beliefs, gender, disabilities, and so on in employment, and we endeavor to provide equal opportunities for all. Because Group businesses extend into a variety of fields, we are taking measures to stabilize our employment by formulating staffing and personnel plans with a clear view to business expansion and productivity increases, including in Group companies.

#### ■ Governance Framework

The Group's Human Resources & General Affairs Department is responsible for planning and promoting diversity-related initiatives.

#### ■ Metrics and Targets

FY2023 targets:

- Increase female manager ratio
- Actively recruit foreign nationals
- Step up recruitment of persons with disabilities (statutory minimum rate: 2.3%)

FY2023 results:

- Female manager ratio (consolidated): 3.7%
- Foreign nationals recruited (Furukawa Co., Ltd.): 1
- Persons with disabilities (consolidated): 2.2%

#### ■ Initiatives

##### Empowering Female Employees

In our ongoing effort to actively recruit and involve women, on April 1, 2021, we formulated our Action Plan for Promoting Support for Female Employees, and are stepping up support for the advancement of women.

##### ● Action Plan for Promoting Support for Female Employees (Planned period: April 1, 2021 to March 31, 2026)

Target 1	Ensure that women account for at least 20% of all new graduate recruits
Target 2	Appoint at least 10 female managers
Target 3	Reduce the turnover rate of female employees in planning positions for personal reasons to 10% or less during the first five years of employment
Target 4	Encourage use of annual paid leave (target: 12 days/year)

#### Support for Employees Raising Children

As part of measures to support rearing of the next generation, we have formulated and implemented the General Business Owner Action Plan. At the same time, we are promoting improvement of the workplace environment to make it easier for people to take part in childcare and home care.

#### Hiring People with Disabilities

The Furukawa Company Group promotes hiring people with disabilities in various workplaces and for various types of work, thereby promoting their independence and participation in society.

#### Hiring Foreign Nationals

Given its active pursuit of overseas expansion, the Group does not base its recruiting decisions on nationality. Moreover, we strive to deepen partnerships that transcend nationality as we promote a spirit of mutual respect for individual differences. The Group has multiple production and sales/service bases overseas, where we actively recruit and develop local talent. As of March 31, 2024, we had 510 locally hired employees. We will continue creating local employment opportunities and making regional contributions.

#### Hiring Elderly Employees

The mandatory retirement age was raised from 60 years to 65 years on April 1, 2020, in order to stabilize the employment of elderly people and expand their opportunities for work.

Going forward, we anticipate that these people, by passing on the technical know-how they have acquired over many years, will proactively participate in cultivating mid-level and younger employees as well as in other ways.

#### Diversity-Related Education

The Group conducts diversity-related training as part of its commitment to ensuring diversity. The training, which covers such topics as race, nationality, religion, sexual orientation, and disabilities, is designed to deepen employees' understanding of diversity.

### Recruit and Develop Diverse Human Resources (HR Development)

**We strive to develop independent and diverse human resources willing to embrace the challenge of creating new value.**

With advances in digital technologies, we expect that the way we work will undergo significant changes in the future.

With this in mind, the Furukawa Company Group has adopted a human resource development policy focused on fostering diverse individuals who can act independently with a spirit of challenge to create new value.

Corporate Officer, General Manager, Human Resources & General Affairs Department  
**Atsushi Takano**

#### ■ Policies and Strategies

One of the Furukawa Company Group's Materialities (Key Issues) is to "Recruit and develop diverse human resources." We also have a fundamental policy of "what supports limitless development of a company is people." We are committed to fostering individuals who actively take on challenges while recognizing diverse personal values. At the same time, we strive to create a rewarding corporate culture absent of human rights violations and discrimination, where individuals are evaluated fairly.

#### Human Resource Development Policy

For the Furukawa Company 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.



#### In-House Environmental Improvement Policy

The Furukawa Company 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.

#### ■ Governance Framework

The Furukawa Company Group's Human Resources & General Affairs Department is responsible for planning and promoting initiatives to develop diverse human resources and create a comfortable working environment.

#### ■ Metrics and Targets

FY2023 targets:

- Introduce talent management system
- Establish category-specific education policies
- Activate job rotation
- Study training program for young employees in specialized roles

FY2023 results:

- Introduced talent management system
- Decided general framework for categories for category-specific education
- Completed selection and implementation study for job rotation
- Implementation study completed for study training program for young employees in specialized roles

#### ■ Initiatives

##### Human Resource Development

The Furukawa Company Group is aiming to optimize its business framework and heighten its corporate value by developing professional human resources through human resource cultivation systems of all kinds and by building a workplace environment where they can exercise their capabilities to the fullest.

##### Education and Training

The Furukawa Company Group offers tiered training programs tailored to each grade, ensuring that employees acquire the fundamental knowledge required for their roles. We also focus on developing their ability to adapt to changes in the social environment. In addition, our new employee training includes sessions on the history of the Ashio Copper Mine, pollution control measures, current safety management practices, and reforestation efforts.

We also provide technical training and job-specific programs tailored to employees' areas of expertise and job performance. These are designed to help employees acquire a broad range of knowledge and specialized skills in their respective fields. Moreover, we actively encourage employees to participate in specialized external courses and acquire official certifications. We also support the dispatch of employees to external educational and research institutions or academic conferences, with the aim of developing personnel with a deep understanding of cutting-edge technologies and social trends.



S: Social

● List of Education and Training Activities

	Newly Hired Employees	Grades 1–4 (General Employees)	Grades 5–9 (Managerial Employees)
Employment Grade-Specific Training	Introductory training for newly hired employees		Grade 5 training
	Follow-up training	Fifth-year training for corporate planning staff	Grade 6 training
Special Training	Pre-hiring training	Mental health training	Diversity training
	Safety and health training		Life plan training
	Conversational English education		Line care training
	Human rights training		
		Compliance training	
		TOEIC testing	
Training by Specialty / Function		Engineer training	
		Job-specific training	
		Participation in specialized subject seminars (including those furthering acquisition of public qualifications)	
		Dispatch to external educational and research institutions and academic conferences	
Workplace Education	Health and safety education		
	OJT		
Language Training		Language training for employees dispatched overseas	
		Language training (foreign language training at sites)	
		Short-term overseas language training	
Self-Development		Correspondence courses of all types	
		Introduction of instructional materials, publications, etc.	
		Training in the form of open applications (e-learning)	
HR System and Measures	Coaching system		Personnel evaluator training
	Self-assessment and interviews based on personnel evaluation system		Interviews relating to goal management
		Rotation and secondment to affiliates in Japan and overseas	

**Communication to Facilitate Training of Subordinates**

Interviews are conducted between immediate supervisors and their subordinates on a twice-yearly basis, in addition to the daily communication that takes place between managers and their employees. In the interviews, managers provide feedback to employees regarding their work, achievements, points for reflection, and findings of performance evaluations, as well as advice based on their self-reports, and confirm and share the goals they have set. Meanwhile, supervisors also provide their assessments with respect to the self-analysis. The process of undergoing straightforward performance assessments by their supervisors enables employees to scrutinize themselves on a regular basis, thereby helping fuel their motivation for proactive career development. While diverse workstyles, such as flextime, shorter/staggered work hours, hot-desking, and teleworking, are becoming more common, it is difficult to communicate with subordinates, understand what they are thinking, and what problems and concerns they have. For this reason, we also conduct one-on-one meetings at the head office.

**Personnel Evaluation System**

Based on the system of assigning grades by function that is used in the Group, grades are set according to the magnitude of the role the employee is expected to fulfill. By assessing personnel results and behavioral characteristics in accordance with the personnel evaluation system, we are endeavoring to provide employee guidance and cultivation, develop their capabilities, and optimize their assignments. At the same time, this serves to provide fair and equitable treatment in terms of wages, bonuses, retirement benefits, and so on, and in establishing an environment wherein motivated employees can participate proactively with a sense of security.

**Human Resource Development and Deployment**

When developing and deploying diverse human resources, we focus on various challenges and considerations. For example, we strive to develop diverse human resources based on length of service, position, job description, ability, etc.; optimally deploy capable human resources regardless of length of service or job group to ensure that the right person is in the right position; and set challenging personal goals and evaluate personnel appropriately.

**Promote Management that Respects Human Rights**

**We will continue engaging in human rights due diligence in accordance with our human rights policy.**

Human rights are one of the Materialities (Key Issues) of the Furukawa Company Group and an important theme that should be addressed not only independently but also in cooperation with business partners.

The Furukawa Company Group's Human Rights Policy, published in November 2023, was developed through research and discussions conducted over the past several years. It was reviewed by the Human Rights Risk Sectional Meeting and the Risk Management Committee in fiscal 2023 and approved by the Board of Directors. To promote awareness of the policy and the concept of "business and human rights" within the Company, we held training sessions for senior management with guest speakers from a law firm. We also conducted training for attendees of the Human Rights Risk Sectional Meeting, inviting a lecturer from Japan's Legal Affairs Bureau. In these ways, we worked to enhance understanding of human rights among executives and employees.

Regarding human rights due diligence, we identified priority issues for employees, business partners, and local communities through a Companywide risk analysis. In fiscal 2024, we are furthering our understanding by conducting interviews across the entire value chain, including our overseas production sites.

General Manager, Sustainability Promotion Department

**Tomohiro Takagi**

**■ Policies and Strategies**

We have identified "Promote management that respects human rights" as one of our Materialities (Key Issues). In the Furukawa Company Group's Human Rights Policy, the Furukawa Company Group's Charter of Corporate Conduct, and the Furukawa Company Group's Code of Conduct for Officers and Employees, the Group states its commitment to respecting the human rights of all people, forbidding child labor and forced labor, and rejecting discriminatory treatment, behavior, and speech with regard to nationality, race, gender, age, faith, religion, social status, disability, and so on. In these ways, we emphasize business activities that respect human rights.

[Furukawa Company Group's Human Rights Policy](#)

[Furukawa Company Group's Charter of Corporate Conduct](#)

[Furukawa Company Group's Code of Conduct for Officers and Employees](#)

**■ Governance Framework**

The Furukawa Company Group is advancing its human rights initiatives under the supervision of the Board of Directors. Furthermore, we established the cross-lateral Human Rights Risk Sectional Meeting under the Risk Management Committee, which is chaired by the Director in charge of the Sustainability Promotion Department. The Human Rights Risk Sectional Meeting is responsible for investigating, deliberating, and drafting proposals on human rights issues, which are then reported to and submitted for consideration by the Risk Management Committee. The Committee reviews these proposals and reports them to the Board of Directors for consideration.

**■ Risk Management**

The Human Rights Risk Sectional Meeting, established under the Risk Management Committee, is responsible for evaluating and identifying human rights risks and addressing any negative impacts on human rights.

**■ Metrics and Targets**

FY2023 targets:

- Establish a human rights policy
- Human rights training sessions: At least once a year

FY2023 results:

- Established a human rights policy, identified and analyzed human rights risks
- Number of human rights training sessions: 6

**■ Initiatives**

The Group strives to create a corporate culture that recognizes the diverse values of individuals, is free from human rights violations and discrimination, is subject to fair evaluation, and is a rewarding place to work. Accordingly, we prohibit all forms of harassment and discrimination. Moreover, we resolutely take action against harassment and discrimination based on our internal rules.

**Human Rights Policy**

In accordance with the United Nations Guiding Principles on Business and Human Rights, we established the Furukawa Company Group's Human Rights Policy, which was approved by the Board of Directors in November 2023. We disclosed this policy on our corporate website in both Japanese and English to inform stakeholders in all countries and regions.

We also ask our suppliers and other business partners to support this policy and respect human rights.

**Human Rights Due Diligence**

The Furukawa Company Group is working to establish a framework for human rights due diligence to identify and mitigate negative impacts on human rights. In the meantime, we will engage in dialogue with relevant stakeholders. In fiscal 2023, we conducted desktop analyses to identify and assess human rights risks in each department, gathering input through interviews with relevant departments. We focused on various issues, such as occupational health and safety, harassment, human rights related to the environment and climate change, and human rights in the supply chain. These issues were discussed by the Human Rights Risk Sectional Meeting and the Risk Management Committee. The Human Rights Risk Sectional Meeting meets twice a year to continuously evaluate risks related to human rights. In addition, we are working steadily to expand the scope of our CSR survey, which previously focused on domestic suppliers and included human rights matters, to include suppliers of overseas subsidiaries with production bases.

[Supply Chain Management \(P.53\)](#)

[Furukawa Company Group Sustainability Book 2024](#)



## S: Social

### Quality Assurance

**By guaranteeing the reliability and safety of our offerings, we aim to achieve “product quality that impresses customers.”**

The Quality Assurance Committee engages in various initiatives to guarantee the reliability and safety of all products and services provided by the Furukawa Company Group and thus earn the trust and satisfaction of customers. We are strengthening collaboration between the quality assurance departments of our core operating companies to not only develop, manufacture, and deliver high-quality products but also pursue quality assurance across all departments, including procurement, services, and sales. By fostering a mindset where every employee consistently maintains a customer-focused approach to quality, we strive to achieve “product quality that impresses customers.”

Corporate Officer, General Manager, Technology Division, General Manager, Technological Strategy Department  
Chairman, Quality Assurance Committee

**Tsutomu Kaneko**

#### ■ Policies and Strategies

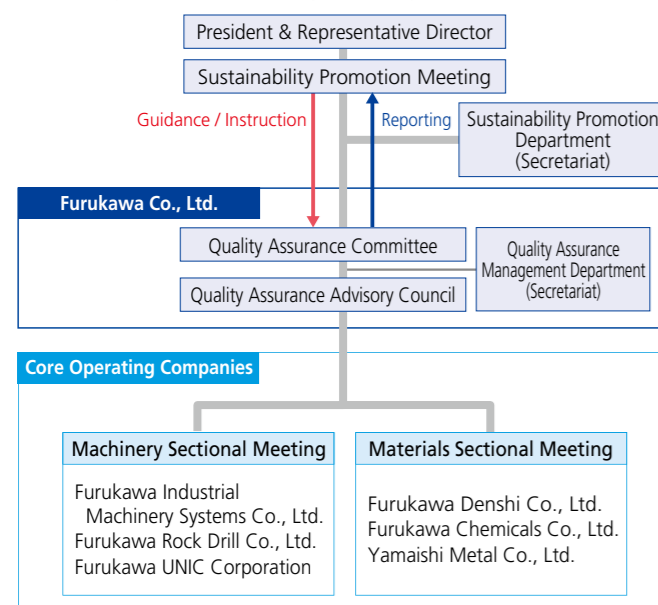
Based on its Quality Assurance Basic Policy and the Quality Assurance Action Guidelines, the Furukawa Company Group aims to provide quality products and services that earn the trust and satisfaction of customers and thus contribute to society.

[Quality Assurance Basic Policy & Quality Assurance Action Guidelines](#)

#### ■ Governance Framework

The Quality Assurance Committee was established within Furukawa Co., Ltd., to engage in comprehensive deliberations on important matters relevant to quality assurance in the Group. We also established the Quality Assurance Management Department within the Technology Division of Furukawa Co., Ltd., to manage the Group's quality assurance framework and promote activities for quality assurance and product safety. The two organizations work together while engaging the entire Group to provide products and services that earn the trust and satisfaction of our customers.

#### ● Quality Assurance Management System



#### Quality Assurance Committee

The Quality Assurance Committee, which is attended by the heads of the production divisions of the core operating companies, consists of the Quality Assurance Advisory Council, which brings together the quality assurance managers of the core operating companies, and sectional meetings, whose members pursue activities separately in the Machinery and Materials businesses.

To achieve the key objectives defined each fiscal year, we promote compliance with laws and regulations related to manufacturing, quality assurance, and product safety, as well as the development of products that customers can use safely and with confidence. At the same time, we share information on complaint analysis methods and reduction initiatives at each business operation and horizontally deploy these methods across our organization. Based on the understanding that product safety is an integral part of quality assurance, we also continuously promote risk assessment and other activities to elevate product safety levels.

#### ■ Risk Management

##### Machinery Sectional Meeting: Activity Report

The Machinery Sectional Meeting shares information among the three machinery-related core operating companies and promotes comprehensive activities to provide products that meet customer requirements and reduce claims. The products of each operating company are diverse, even though they all have mechanical structures. To reflect this diversity in our products, we share information and engage in continuous Groupwide activities to build the best quality assurance system for each company and ensure effective and efficient processes.

In fiscal 2022, we formulated the Quality Roadmap for Machinery Business Companies (fiscal 2023–2025), which defines our efforts to address 10 common themes that require the focused attention of the three machinery-related operating companies, and began deploying the roadmap in fiscal 2023. The three companies and the Quality Assurance Management Department are each responsible for the specific themes of the roadmap. Through mutual verification and synergistic operation of information and systems, we are working to create a virtuous cycle of Groupwide quality improvements.

The 10 themes are (1) engage in quality awareness activities for all officers and employees, (2) unify the quality management education system, (3) review the database of defect-related information and promote its utilization, (4) enhance communication (ensure timely delivery of necessary information to appropriate departments by appropriate means), (5) ensure proper design verification and validation, (6) establish a method for evaluating customer satisfaction, (7) ensure stable quality of outsourced parts, (8) identify and improve necessary quality-related competencies, (9) enhance responses to risks and opportunities, and (10) conduct regular quality audits across the board.

In addition, using digital technology at manufacturing sites is essential to achieve continuous quality improvement given the constraints of labor shortages and increasing product complexity. We believe that collecting and integrating quality-related data with emphasis on validity, efficiency, and convenience will greatly enhance our ability to address customer needs, pass on knowledge, and utilize data for processes. In parallel with the quality roadmap, therefore, we will promote the use of digital technology to ensure more reliable quality assurance.

##### Materials Sectional Meeting: Activity Report

The Materials Sectional Meeting consists of representatives of core operating companies whose materials are widely used in electronic devices and other products. It has embraced a customer-oriented approach and set a goal of “zero quality-related complaints” and is working to improve its quality assurance system, including for products procured overseas.

The Sectional Meeting works to raise the Group's overall level of quality assurance by sharing the activities of the materials-related operating companies. The common challenge is reducing in-process defects. In response, we exchange information on the root-cause investigation process, recurrence prevention measures, and verification results regarding defects at the operating companies, and each company uses this information as a reference for future activities. The core operating companies also use SDS<sup>\*1</sup> and other risk assessment tools to provide information related to risk. We view the release of defective products as a major risk and strive to prevent such release by emphasizing change-point control and highly reliable design and inspection automation.

In fiscal 2023, as part of our effort to introduce and improve FMEA<sup>\*2</sup> methodology, we conducted FMEA training sessions hosted by Furukawa Denshi Co., Ltd., and reorganized the necessary documentation. With the goal of achieving “zero quality-related complaints,” in fiscal 2024 we will continue striving to further improve our quality assurance system. Here, we will deploy FMEA to focus on highly reliable design, prevent the release of defective products, and otherwise improve our quality assurance system, including for items procured overseas. Our aim is to further raise the level of each company in the Materials Sectional Meeting.

\*1 Safety Data Sheet

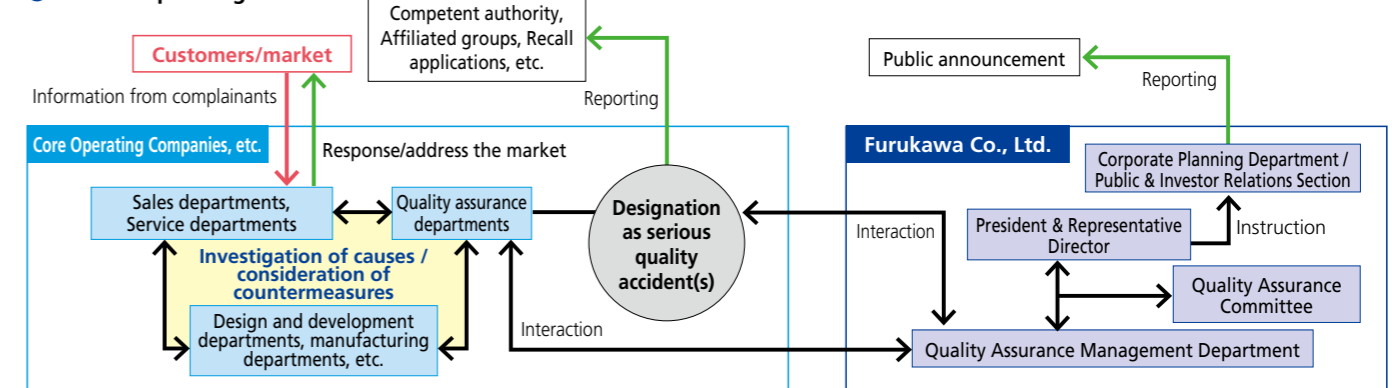
\*2 Failure Mode and Effects Analysis: Systematic method of analysis to prevent problems by predicting their causes at the design and process planning stages.

#### ■ Metrics and Targets

FY2023 targets:

- Establish and continuously improve quality assurance system: Implement activities in accordance with the quality roadmap (machinery-related operating companies)
- Reduce quality-related complaints (machinery-related operating companies)
- Strengthen quality assurance system: Review existing methods and consider new ones (materials-related operating companies)
- Strengthen activities to raise awareness about quality (Companywide)

#### ● Claim Responding Flow



FY2023 results:

- Followed quality roadmap in first year largely as planned (machinery-related operating companies)
- Reduced quality-related complaint expenses compared with the previous fiscal year (machinery-related operating companies)
- Raised the quality level of the Materials business by sharing information on FMEA methodology and improving existing activities (materials-related operating companies)
- Distributed quality assurance educational materials to all officers and employees on four occasions (Companywide)

#### ■ Initiatives

##### Human Resource Development to Support Quality Assurance

The Furukawa Company Group has a diverse product lineup, with each business segment conducting quality-related education activities tailored to its own product offerings. In addition, the Quality Assurance Management Department of the Technology Headquarters of Furukawa Co., Ltd., which serves as the Group's headquarters, distributes educational materials on quality assurance to all employees and staff across the Group. We aim to increase opportunities for employees to think about quality by providing explanations of basic quality assurance principles and sharing examples of quality assurance activities at Group companies. In these ways, we strive to foster a mindset that quality assurance activities are not solely the responsibility of the quality assurance department, but are a collective effort involving all employees. In parallel with information dissemination, we conduct surveys to verify the understanding level of employees in each company, department, and position and thus assess the effectiveness of our educational activities. At the same time, we identify issues and requests related to quality assurance in various operations. This information is used to enhance future educational content and strengthen quality assurance frameworks within each business segment.

##### Responding to Complaints

When complaints are made, the Quality Assurance Departments of core operating companies take the lead in immediately checking the facts and analyzing and verifying the causes. When problems with quality are deemed to be particularly serious, the departments make reports to the competent authorities according to laws and regulations, disclose information to customers through websites and other means, and promptly report the circumstances to management. Accordingly, we have established a system under which the Group comes together to take swift and appropriate action.



## S: Social

## Supply Chain Management



Executive Officer  
General Manager, Purchasing  
Department  
**Naoki Ikeda**

### We are strengthening partnerships with our suppliers and promoting procurement activities that prioritize sustainability.

In fiscal 2023, we reviewed and prepared the methodology for conducting our supplier CSR survey of two overseas subsidiaries of the Furukawa Company Group. The survey targets local suppliers and is designed to assess their sustainability practices. Approximately 100 companies are involved, with the primary locations being China and Southeast Asia.

In fiscal 2024, we initiated the supplier CSR survey of the two overseas subsidiaries, as we had planned in fiscal 2023. In the first round, we distributed questionnaires to approximately 30 companies and collected their responses. Going forward, we will analyze the collected responses and conduct site visits to suppliers if necessary. For the remaining 70 companies, we will distribute and collect questionnaires while assessing our local subsidiaries' operational conditions. Our goal is to complete the distribution and collection process by the end of fiscal 2024.

In fiscal 2023, meanwhile, Furukawa Co., Ltd., and the Group's core operating companies announced the Partnership Building Declaration. We will continue strengthening partnerships with our domestic suppliers to ensure mutual prosperity and thus contribute to society across the entire supply chain.

### ■ Policies and Strategies

The Basic Procurement Policies of the Furukawa Company Group have the four pillars of the principles of fairness and impartiality, mutual prosperity, compliance and confidentiality, and promotion of procurement activities that are considerate of CSR. In accordance with these policies, and on the assumption of cooperative relationships with suppliers, CSR Promotion Guidelines have been formulated that call for respect for human rights and the environment.

[Basic Procurement Policies](#)

[CSR Promotion Guidelines](#)

### ■ Governance Framework

Our Purchasing Department holds Purchasing Strategy Conferences twice a year, which consist of responsible personnel from Purchasing Departments of Machinery segment core operating companies.

At these conferences, each operating company's progress toward annual targets is checked and exchanges of views are held for the resolution of issues, with the overall purpose of promoting procurement activities based on the Furukawa Company Group Basic Procurement Policies.

For fiscal 2023, the core issue for the Purchasing Departments in Vision for 2025 was the fostering of partnerships. Toward that end, steps were taken to strengthen supplier management, conduct specific examinations relating to CSR procurement in the Purchasing Departments, and engage in exchanges of views.

Regular monthly meetings are also held separately at each operating company to provide occasions for more specific examination of initiatives in accordance with the policies of the Purchasing Strategy Conference. In addition, meetings are held on individual projects as the occasion arises and activities more closely tailored to circumstances are carried out.

### ■ Risk Management

The Furukawa Company Group's procurement departments consider it essential to have cooperative relationships not only within the Group but also with suppliers and others throughout the supply chain. In fiscal 2016, therefore, we began providing suppliers, including new suppliers, with an explanation of the purpose of the Group's CSR procurement and giving them the supplier CSR survey to complete. In fiscal 2019, we visited suppliers and exchanged views in order to promote understanding of our CSR activities.

Considering the points for reflection yielded by the initial survey, a second round of supplier CSR surveys has been conducted

from fiscal 2021. In order to promote these CSR activities that extend to the supply chain, and to maintain and improve them, we have been moving through the PDCA cycle for the process from conducting supplier CSR surveys to following up on them.

By the end of fiscal 2023, we conducted the second CSR survey of 141 key suppliers in Group 1<sup>\*1</sup> and Group 2<sup>\*2</sup>, achieving a 100% response rate.

Based on our risk assessments, we conducted follow-up activities, including monitoring (on-site inspections) and guidance aimed at risk reduction, for two companies in Group 1 and one company in Group 2.

We selected overseas suppliers associated with some overseas subsidiaries<sup>\*3</sup> for the CSR survey.

In fiscal 2024, we have started surveying those selected overseas suppliers and plan to extend the same survey to the overseas suppliers of our domestic subsidiaries as well.

\*1 Group 1: Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa UNIC Corporation, and Furukawa Denshi Co., Ltd.,

\*2 Group 2: Furukawa Chemicals Co., Ltd., Furukawa C&F Co., Ltd., Ashio Rock Drill Co., Ltd., and FRD Iwaki Co., Ltd.

\*3 TAIAN FURUKAWA UNIC CRANE CO., LTD., and FURUKAWA UNIC (THAILAND) CO., LTD.

#### Questions on the Supplier CSR Survey (Human Rights, Environment, etc.)

##### [Survey questions about respecting human rights and preventing human rights violations]

- (1) Prohibition of child labor, forced labor, unfairly low wages, etc.
- (2) Creating work environments free of discrimination and harassment of employees
- (3) Compliance with labor laws and regulations, improving work environments

##### [Survey questions about environmental conservation]

- (1) Compliance with international standards, laws, regulations, agreements, etc., related to environmental conservation
- (2) Energy-saving considerations, using resources effectively, reducing waste
- (3) Proper control of chemical substances in products and chemical substances discharged into the external environment during manufacturing processes

Moving forward, we will further enhance the questionnaire content related to human rights and the environment to promote activities that are more aligned with the SDGs.

### ■ Targets and Metrics

#### FY2023 targets:

- Conduct and analyze CSR surveys for overseas suppliers affiliated with domestic and overseas subsidiaries
- Conduct sustainability education focusing on human rights for personnel in the Purchasing Department
- Strengthen management (QCD + sustainability) of major suppliers
- Foster partnerships with suppliers
- Start Companywide activities to promote sustainability-conscious procurement

#### FY2023 results:

- Started selecting overseas suppliers for the CSR survey
- Provided sustainability education in the Purchasing Department focusing on human rights
- Conducted survey of procured goods and suppliers in consideration of the SDGs
- Announced Partnership Building Declaration

### ■ Initiatives

With regard to human rights in the supply chain, we conduct CSR surveys of key suppliers and engage in dialogue and verification through on-site visits to some suppliers.

#### Training Personnel Responsible for Procurement

Our Purchasing Department is constantly striving to strengthen the procurement system by holding seminars for the department members.

Themes of training include human rights, the environment, quality, and more, and the information is shared on a regular basis.

#### Providing Technical Guidance to Suppliers

In order to continue to maintain trust in the Group's products, we must maintain trust not only in the Company itself but also in the level of procured goods. Therefore, it is vital to survey, instruct, and manage suppliers—our partners—as to the quality of their products in addition to human rights, environmental issues, safety, and other aspects. Our Purchasing Department is cooperating with core operating companies in the Machinery segment (Furukawa Industrial Machinery Systems Co., Ltd., Furukawa Rock Drill Co., Ltd., Furukawa UNIC Corporation) to offer guidance and recommendations for supporting suppliers as necessary.



Giving guidance to a supplier

In fiscal 2023, conditions mostly returned to pre-pandemic levels. For domestic suppliers, we resumed conducting verifications and guidance using our standard methods. For overseas suppliers, we made in-person visits to inspect and provide guidance on processing procedures, materials management, and quality inspection systems. We also reviewed their environmental and safety measures and provided technical guidance accordingly.

#### Strengthening Relationships with Key Suppliers: Fostering partnerships

We view our suppliers as valuable partners with whom we aim for mutual growth.

In fiscal 2023, we engaged in communication with both domestic and overseas suppliers through site visits and production briefings.

In fiscal 2024, we will continue deepening mutual understanding through CSR initiatives and work to foster even stronger trust-based relationships.



Production briefing, Furukawa UNIC Corporation

#### Consideration in the Procurement of Copper Ore

As raw material for the copper ingots that are the main product of Furukawa Metals & Resources Co., Ltd., as well as for the gold and silver bullion that are its by-products, that company procures copper concentrate from mines in Chile, Peru, the United States, Australia, Indonesia, Papua New Guinea, and other places.

The Company ascertains the actual circumstances at these supplier mines with regard to environmental protection, human rights, employment and labor problems, and so on, and notes if sustainable development and appropriate mine operation are being carried out, thereby contributing to mitigation of environmental impact on a global scale.

Regarding conflict minerals, the Company also has the policy of not procuring minerals produced in areas where procurement would risk furthering conflict by serving as a source of funds for armed groups and human rights violations.

[Furukawa Company Group Sustainability Book 2024](#)

**Furukawa Company Group Sustainability Book 2024**  
**Coexistense with Local Communities**



G: Governance

Corporate Governance

Message from Chairman of the Board of Directors

In the lead-up to our 150th anniversary, we announced "Medium-Term Business Plan 2025: Complete Realization of Vision for 2025."

As the decision-making and oversight body for matters related to the entire Group, the Board of Directors discusses medium- and long-term management strategies and other matters, works to accelerate decision-making, and ensures appropriate oversight. As Chairman of the Board of Directors, I oversee efforts to achieve sustainable growth and enhance medium- to long-term corporate value. Here, I leverage the insights of outside directors, who have objective and diverse viewpoints, to invigorate discussions.

In 2015, we announced our Vision for 2025, a long-term management vision targeting the year 2025, the 150th anniversary of our founding. Since then, we have been working diligently to realize the vision. In May 2023, we announced "Medium-Term Business Plan 2025: Complete Realization of Vision for 2025." (Fiscal 2023 was the first year of the final phase of our Vision for 2025.)

In formulating Medium-Term Business Plan 2025, we enhanced our metrics and strategies aimed at improving both the business and financial aspects, and expanded our non-financial strategies. Details of these were discussed meticulously by the Board of Directors. We spent significant time discussing sustainability and capital policy, including the reduction of strategic shareholdings\*. In evaluating the effectiveness of the Board of Directors, we reaffirmed the importance of more free, vigorous, and constructive discussion, including issues raised by outside directors, when addressing specific management strategies and plans. Going forward, we intend to further revitalize the Board.

We have resolved to reduce the ratio of strategic shareholdings to consolidated net assets to less than 20% by March 31, 2025.

We regard the reduction of strategic shareholdings as a key governance issue. Following the announcement of Medium-Term Business Plan 2025, we continued our review and, at a meeting held in February 2024, the Board of Directors resolved to reduce the ratio of strategic shareholdings to consolidated net assets to less than 20% by March 31, 2026.

The ratio of strategic shareholdings to consolidated net assets decreased from 51.8% on March 31, 2018, to 35.1% on March 31, 2023. While we aimed to reduce it further, to around 32% by March 31, 2024, we ended the year at 40.8% due to increased prices of publicly listed shares. In light of this situation, the Board of Directors, at a meeting held in May 2024, resolved to accelerate the original plan and reduce the ratio to less than 20% by March 31, 2025, one year ahead of schedule. Having engaged in discussion on how to effectively utilize proceeds from the sale of such shareholdings, we will forge ahead with planned investments in such areas as M&As and carbon neutrality. We will continue working to further reduce strategic shareholdings over the medium- to long-term.

\* Includes 5.5% deemed to be held in retirement benefit trusts

We also announced targets for reducing CO<sub>2</sub> emissions. As part of its sustainability initiatives, the Group established targets for reducing CO<sub>2</sub> emissions and a roadmap for achieving those targets, both of which were published in July 2024. Specifically, we aim to reduce CO<sub>2</sub> emissions by 25% by 2030 (compared with fiscal 2023) for Scope 1 (energy origin) and Scope 2 emissions and achieve carbon neutrality by 2050.

When setting our targets and roadmap, we discussed various issues, such as addressing Scope 3 emissions and how to leverage our extensive Company-owned forests. We will continue evaluating these areas as we implement the roadmap.

We aim to invigorate discussions by welcoming diverse talent to the Board of Directors.

In 2024, we welcomed two new independent officers: Hiroaki Nakamura (Outside Director), who brings extensive experience in international business, and Ikuyo Yonemura (Outside Audit & Supervisory Board Member), with a wealth of expertise as a certified public accountant and a track record as an outside officer at other companies. Therefore, the Board of Directors is making gradual progress with respect to enhancing both the independence and diversity of its Outside Officers.

Aiming to invigorate discussions by promoting diversity of the Board of Directors, we believe it is essential to strengthen human resource development, recruitment, and personnel policies that foster diversity. This will help us bring people with a wide range of attributes and career backgrounds, including diversity in gender and nationality, to the Board of Directors.

We have established a restricted share compensation plan. As part of revisions to the officer remuneration plan, we introduced a restricted share compensation plan for Directors (excluding Outside Directors) in 2024. The aim of the new plan is to provide officers with an incentive to sustainably enhance the Company's corporate value while promoting greater value sharing with our shareholders.

As Chairman of the Board of Directors, I will continue working to enhance the quality of Board operations, and I kindly ask stakeholders for their ongoing support.



**Naohisa Miyakawa**  
Chairman of the Board of Directors  
Chairman & Representative Director

Policies

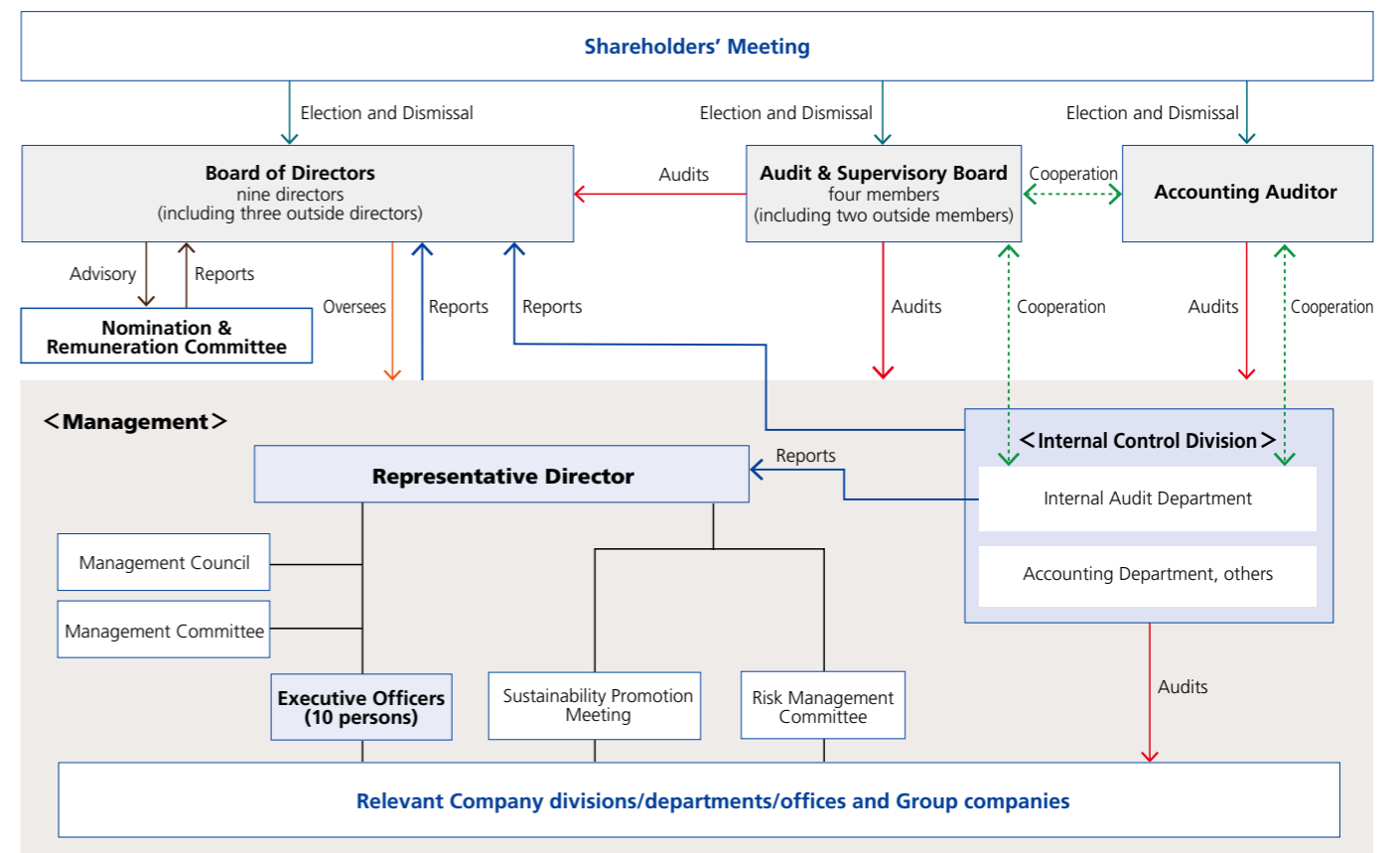
The Furukawa Company Group maintains fundamental policies regarding corporate governance with respect to heightening managerial transparency, building an effective managerial framework through ongoing efforts to transform its corporate structure, increasing its corporate value by generating consistent profits, and contributing to its shareholders and other stakeholders.

Under this basic policy, each of the Group's operating companies operates dynamically, ensuring clear asset management and profit and loss accountability while maintaining Group cohesion. By providing products and services that satisfy customers, we aim to maximize the overall corporate value of the Group.

Framework

Furukawa Co., Ltd., employs a company system with a Board of Directors and an Audit & Supervisory Board to supervise business execution. In addition, we have appointed Outside Directors to ensure the validity of decision-making and the objectivity and transparency of management. The Audit & Supervisory Board Members are managers of other companies and persons with knowledge of financial accounting, who use their specialized knowledge and experience to give advice to management and check the status of operations. We consider that management oversight is functioning effectively under the current system.

Corporate Governance System





G: Governance

Board of Directors (As of June 27, 2024)	
<b>Chairman</b>	Naohisa Miyakawa, Chairman of the Board of Directors
<b>Composition</b>	9 Directors (6 internal, 3 outside)
<b>Role</b>	Oversees the execution of business across the entire Furukawa Company Group as a supervisory body
<b>Number of meetings</b>	16 times (FY2023): Once a month, plus as needed
<b>Attendance</b>	98.6% (FY2023)
<b>Main matters discussed</b>	57 resolutions and 40 reports <ul style="list-style-type: none"> <li>• Matters related to financial results</li> <li>• Matters related to sustainability</li> <li>• Reduction of strategic shareholdings</li> <li>• Investments to enhance human capital, etc.</li> </ul>

Nomination & Remuneration Committee (As of June 27, 2024)	
<b>Chairman</b>	Yoichi Mukae, Outside Director
<b>Composition</b>	5 Directors (including 3 Outside Directors)
<b>Role</b>	Optional advisory body to the Board of Directors. Receives requests for advice from the Board of Directors regarding candidates for Directors and Audit & Supervisory Board Members, as well as selection and dismissal of Representative Directors and remuneration for Directors, then deliberates and reports as necessary.
<b>Number of meetings</b>	4 times (FY2023)
<b>Attendance</b>	100% (FY2023)
<b>Main matters considered</b>	<ul style="list-style-type: none"> <li>• Remuneration for Directors and Audit &amp; Supervisory Board Members</li> <li>• Nomination of candidates for Directors and Audit &amp; Supervisory Board Members</li> <li>• Succession planning for Directors, etc.</li> </ul>

Management Council (As of June 27, 2024)	
<b>Chairman</b>	Minoru Nakatogawa, President & Representative Director
<b>Composition</b>	All internal Directors (6 persons) Internal Audit & Supervisory Board Members may attend and express their opinions.
<b>Role</b>	Makes decisions about the basic management policies, strategic planning, and other important matters related to the Group. Important matters related to each Group company are submitted for deliberation after being approved by the respective company's internal decision-making body.

Management Committee (As of June 27, 2024)	
<b>Chairman</b>	Minoru Nakatogawa, President & Representative Director
<b>Composition</b>	Internal Directors and internal Audit & Supervisory Board Members, Executive Officers, General Managers of business divisions, Managers of departments not attached to business divisions (excluding General Manager of the Secretary Department), and the Presidents of core operating companies
<b>Role</b>	Reports on the execution of business by the Company and its core operating companies, examines them, and gives instructions
<b>Number of meetings</b>	12 times (FY2023): Once a month

**Executive Officer System**

The Company employs an Executive Officer System, which facilitates quicker decision-making, and defined responsibilities in terms of keeping management supervisory functions separate from executive functions. Executive Officers perform their tasks according to business plans determined by the Board of Directors, and report the status of business execution as appropriate to the

Board of Directors and the Management Committee. The Company has 10 Executive Officers as of June 27, 2024, including four serving concurrently as Directors.

Audit & Supervisory Board (As of June 27, 2024)	
<b>Chairman</b>	Kazuo Inoue, Full-Time Audit & Supervisory Board Member
<b>Composition</b>	2 full-time Audit & Supervisory Board Members and 2 Outside Audit & Supervisory Board Members Note: In preparation for regulation requiring a prescribed number of statutory auditors by law, we appointed one alternate auditor.
<b>Role</b>	The Audit & Supervisory Board makes decisions on audit policies, business operations, methods of investigating the status of assets, and other matters related to the execution of duties by its members. In accordance with the audit policies established by the Audit & Supervisory Board, auditors monitor the execution of duties by Directors and others. This is done by attending important forums, such as meetings of the Board of Directors and the Management Council, as well as listening to reports from Directors and conducting on-site inspections of business offices and subsidiaries.
<b>Number of meetings</b>	7 times (FY2023)
<b>Main matters considered</b>	<ul style="list-style-type: none"> <li>• Audit policies and plan</li> <li>• Audit report preparation</li> <li>• Evaluation and reappointment of independent Audit &amp; Supervisory Board Members, etc.</li> </ul>

**Status of Internal Audits and Audits by the Accounting Auditor and Audit & Supervisory Board Members**

We established the Internal Audit Department as an internal auditing organization. As of June 29, 2024, the Department has six members including the Internal Audit Department Manager, who conduct audits of the status of management and business execution across all management activities of the Group. Through a system in which the Internal Audit Department reports regularly (twice a year) to the Board of Directors, we ensure cooperation among Directors and Audit & Supervisory Board Members. Since

Audit & Supervisory Board Members also attend the Board of Directors' meetings, in principle, the Department further ensures collaboration by separately reporting to Audit & Supervisory Board Members as necessary on matters that do not overlap in content but are not regularly reported to the Audit & Supervisory Board.

The Audit & Supervisory Board has appointed Ernst & Young ShinNihon LLC as its accounting auditor based on its judgment that the firm possesses the systems for the execution of duties, as well as the auditing structure, independence, and expertise, necessary to serve as the Company's accounting auditor.

Audit & Supervisory Board Members work closely with the accounting auditor as part of the Company's audit policy. At the beginning of each fiscal year, the Company receives an explanation of the annual audit plan from the accounting auditor and prepares an audit plan for Audit & Supervisory Board Members. Audit & Supervisory Board Members also receive explanations of the audit results from the accounting auditor regarding the settlement of accounts for the fiscal year and request reports from time to time. In addition, they work closely with the Internal Audit Department, receiving reports on the results of internal audits. The Internal Audit Department and the accounting auditor also exchange opinions and information as needed.

**Evaluating the Effectiveness of the Board of Directors**

The Company evaluates the effectiveness of its Board of Directors annually and reports the results to the Board for discussion.

Evaluation Process	
Questionnaires sent to each Director and Audit & Supervisory Board Member (February–March 2024)	Each Director and Audit & Supervisory Board Member evaluates the following items: <ul style="list-style-type: none"> <li>• Matters related to the composition of the Board (such as size and diversity)</li> <li>• Matters related to the operation of the Board (such as frequency of meetings and provision of information in advance)</li> <li>• Matters related to discussions at Board meetings (such as content of agenda items)</li> <li>• Matters related to the monitoring function of the Board</li> <li>• Matters related to dialogue with shareholders and other investors, etc.</li> </ul>
Opinion exchange by Outside Directors and Outside Audit & Supervisory Board Members (May 2024)	Discuss the effectiveness of the Board of Directors, referring also to the results of aforementioned questionnaires at meetings where only Outside Directors and Outside Audit & Supervisory Board Members are invited to participate.
Discussion at Board of Directors' meeting (May 2024)	Based on the results of the aforementioned questionnaire and discussions in the exchange of opinions by Outside Directors and Outside Audit & Supervisory Board Members, the effectiveness of the Board of Directors in the previous fiscal year is evaluated. In addition, efforts aimed at further improving the effectiveness of the Board of Directors are also finalized.

**Evaluation Results for Fiscal 2023**

- Regarding the question of whether the Board of Directors is functioning effectively, the overall evaluation has slightly declined compared with the previous fiscal year. However, there were improvements in the evaluations of "free and constructive exchange of opinions" and "comprehensive, organized analysis of necessary information," resulting in generally high evaluation scores.
- We also identified four challenges: "Follow-up on the implementation of management plans," "Supervision of the internal control system," "Monitoring of risks and their mitigation strategies," and "Collaboration with the Internal Audit Department."
- We confirmed that the issues identified as items for improvement in the previous fiscal year are being addressed as follows.
  - We provide more detailed explanations, including specific images, of Medium-Term Business Plan 2025 to enable more in-depth discussions and facilitate comprehensive exchanges of opinions.
  - To enhance oversight of the internal control system's operational status, we regularly report to the Board of Directors on root-cause analysis and countermeasures regarding any issues or major compliance violations.
  - We arrange site inspections for Outside Directors to help them receive more information about the Group.

**Future Initiatives**

- We will conduct annual follow-ups on the progress of Medium-Term Business Plan 2025. These will include reporting on challenges related to both Companywide strategies and segment-specific strategies beyond just performance metrics.
- Based on the results of special audits conducted on specific issues, we will review the identified problems and challenges, along with their countermeasures, and explore ways to improve risk management across the entire Group.
- We will consider mechanisms needed to strengthen the supervisory (monitoring) function of the Board of Directors (priority issues for each department and risk management methods).
- We will provide more opportunities for Audit & Supervisory Board Members, including outside members, and the Internal Audit Department to exchange opinions on internal audits.
- In addition to explaining the Board of Directors' proposals, we will enhance supplementary explanations as needed regarding the deliberation process, discussions in subordinate meetings, and relevant background and context.

**Independence of Outside Directors and Outside Audit & Supervisory Board Members**

The Company appoints Outside Directors and Outside Audit & Supervisory Board Members with abundant experience and expertise in various fields, as well as impartial perspectives. This is to ensure the appropriateness of the Company's management decisions and the effectiveness of oversight and audits of management.

As of June 27, 2024, the Company has three Outside Directors and two Outside Audit & Supervisory Board Members.

In addition, the Company stipulates that Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members, including candidates) do not fall under the following criteria concerning independence. Outside Officers who meet such criteria are designated and registered as Independent Directors/Auditors under the rules of the Tokyo Stock Exchange. As of June 27, 2024, the Company has five Independent Officers.

**Independence Standards for Outside Officers**

To ensure the independence of Outside Officers, the Company has determined that they shall not fall under any of the categories listed below.

- Executive Directors, and employees of the Furukawa Company Group
- Business partners of the Group (those who provide products or services mainly to the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the business partners in the most recent fiscal year of such business partners) or executives of such business partners
- Main business partners of the Group (those who are provided products or services by the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the Group in the most recent fiscal year of the Group) or executives of such business partners
- Executives of financial institutions that are major lenders to the Group (lenders whose loan amounts were equivalent to more than 2% of the Group's consolidated total assets at the most recent fiscal year-end)
- Individuals earning ¥10 million or more per year from the Group in monetary or other benefits as specialists (including consultants, accountants, and lawyers) excluding executive remuneration, or individuals employed by companies earning ¥100 million or more per year from the Group
- Individual shareholders who hold 10% or more of the Company's voting rights (or Executive Directors, Executive Officers, or employees of corporations that hold 10% or more of the Company's voting rights)
- Individuals who had fallen under (1) to (6) above in the past three-year period
- Relatives (second degree or closer) of persons who fall under (1) to (7) above

**Remuneration for Directors and Audit & Supervisory Board Members**

The Company has established policies for determining the content of remuneration for each individual Director, but partially revised these policies on May 30, 2024, per resolution by the Board of Directors. The revised remuneration policies are described below.

- Basic policies
  - The remuneration system for Directors shall function soundly as an incentive for the sustainable enhancement of corporate value, and the amount of remuneration for each individual Director (hereinafter, "individual remuneration") shall be determined appropriately according to the responsibilities of each position.



G: Governance

- Remuneration for Directors shall consist of basic remuneration, additional remuneration for Directors, additional remuneration for Representative Directors, and restricted stock-based remuneration.
- (2) Policies for determining individual remuneration (including timing for granting remuneration)
  - Individual remuneration amounts shall be determined in accordance with the remuneration standards for Directors, taking into consideration the position, responsibilities, trends at other companies, and salary levels of employees, as well as business performance and other factors.
  - With respect to monetary remuneration for Directors, excluding Outside Directors, the fixed portion is calculated by multiplying the basic remuneration by 90%, along with additional amounts for Directors and Representative Directors, while the performance-linked portion is calculated by multiplying the basic remuneration by 0–20%. Both portions are paid monthly.
  - With respect to non-monetary remuneration for Directors, excluding Outside Directors, restricted stock units shall be granted annually at a designated time.
  - For Outside Directors, a fixed amount of base remuneration only is paid monthly as monetary remuneration in consideration of their duties.
- (3) Policy for determining calculation method for performance-linked remuneration
  - Performance-linked remuneration shall be linked to short-term business results, and consolidated operating profit shall be used as a performance indicator to raise awareness of the need to improve business performance in each fiscal year.
  - In principle, performance-linked remuneration shall be a sum equal to the basic remuneration multiplied by 0–20%, depending on the degree of achievement of the performance index against initially announced targets. However, if natural disasters or extraordinary circumstances significantly impact the achievement of performance indicators, the Nomination & Remuneration Committee may take such factors into consideration after deliberation.
- (4) Policy for determining non-monetary remuneration
  - The Company shall pay a prescribed amount of monetary remuneration to Directors on the condition that they use it to pay for restricted stock units, with the aim of providing medium- to long-term incentives and promoting shared values with shareholders.
  - Restricted stock units will generally have transfer restrictions lifted if the Director to whom they were granted retires during the restriction period due to term expiration, death, or other legitimate reasons.
- (5) Policy for determining payment breakdown by type of individual remuneration
  - The performance-linked portion of each individual’s remuneration shall be approximately 8%, and the rest shall be fixed (monetary) remuneration in the form of restricted stock units.
  - Restricted stock remuneration shall be approximately 15% of each individual’s remuneration.
- (6) Matters concerning the method of determining the content of individual remuneration
  - The Nomination & Remuneration Committee, whose principal members are Outside Independent Directors, shall deliberate on individual remuneration in accordance with the policies described in (1) through (5) above.
  - The President & Representative Director, who is in a position to oversee and control the overall performance of the Company,

shall decide specific details of individual remuneration based on discretionary assignment from the Board of Directors and the deliberations by the Nomination & Remuneration Committee. Remuneration for Audit & Supervisory Board Members is determined through consultation between such members.

● Remuneration for Directors and Audit & Supervisory Board Members

Officer Type	Total Remuneration (Millions of yen)	Total Remuneration by Type (Millions of yen)			Number of Eligible Officers (Persons)
		Fixed	Performance-Linked Remuneration	Non-Monetary Remuneration	
Directors (Excluding Outside Directors)	222	187	35	—	7
Audit & Supervisory Board Members (Excluding Outside Members)	18	18	—	—	3
Outside Directors	30	30	—	—	3
Outside Audit & Supervisory Board Members	17	17	—	—	3
<b>Total</b>	<b>289</b>	<b>253</b>	<b>35</b>	<b>—</b>	<b>16</b>

- Notes:
1. Furukawa Co., Ltd., resolved to abolish its retirement allowance system for Directors and Audit & Supervisory Board Members at the conclusion of the 140th Annual Shareholders’ Meeting held on June 28, 2007.
  2. The above figure for total fixed remuneration does not include payments (totaling ¥24 million) by four subsidiaries of the Company to three Directors concurrently serving as Directors or Audit & Supervisory Board Members of those subsidiaries. It also does not include payments (totaling ¥21 million) by six subsidiaries of the Company to three Audit & Supervisory Board Members concurrently serving as Directors or Audit & Supervisory Board Members of those subsidiaries.
  3. The total remuneration figure shown above is for fiscal 2023 and is based on the Company’s remuneration policy for Directors before it was revised by resolution of the Board of Directors on May 30, 2024.

Skills Required of Board of Directors

The following seven skills have been selected as those that the Board of Directors should possess in order to realize the Company’s Management Philosophy and management strategies and plans.

- (1) Corporate management
- (2) Business strategy and marketing
- (3) Technology development and IT
- (4) Finance and accounting
- (5) Legal affairs and risk management
- (6) Personnel and human resource development
- (7) International perspective

We have selected “(2) Business strategy and marketing” as a skill item because marketing, which forms the core of our management, goes beyond sales and marketing and goes hand in hand with business strategy. In the Machinery business, we selected “(7) International perspective” to reflect the Company’s commitment to strengthen and rebuild its overseas marketing capabilities and enhance its product, sales, and service technology capabilities overseas. We believe that the other items—(1) Corporate management, (3) Technology development and IT, (4) Finance and accounting, (5) Legal affairs and risk management, and (6) Personnel and human resource development—are skills that Board members of a manufacturing company should possess as a matter of course.

The Company’s policy is to strike a balance between the expertise and experience of Directors with respect to these skills, as well as diversity in terms of gender, work experience, and age, within the limits of the number of Directors stipulated in the Articles of Incorporation.

Election/Dismissal and Nomination Policies and Procedures

Candidates for Directors and Audit & Supervisory Board Members shall have the character, insight, and ethics appropriate for the position and be capable of fulfilling the duties and responsibilities of the position. In addition, candidates for internal Directors shall have sufficient experience and knowledge of the Company’s operations and excellent management judgment, and candidates for Audit & Supervisory Board Members must understand the importance of auditing in corporate management, possess the required knowledge, and have a high level of normative awareness. Nominations of candidates for Directors are deliberated by the Nomination & Remuneration Committee and decided by the Board of Directors. Nominations of candidates for Audit & Supervisory Board Members are deliberated by the Nomination & Remuneration Committee and decided by the Board of Directors with the consent of the Audit & Supervisory Board. The Board of Directors appoints senior management team members who are qualified from the perspective of realizing the Company’s Management Philosophy, management strategy, and so forth. The Nomination & Remuneration Committee deliberates on whether or not to reappoint such members based on a review of their achievement status against management plans and performance indicators, including by division, and on whether to dismiss them if they engage in fraudulent activities and the like.

■ Initiatives

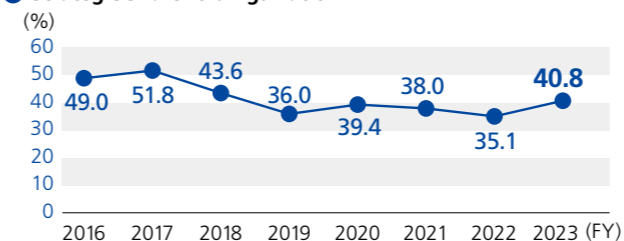
Strategic Shareholdings

The Furukawa Company Group owns strategic shareholdings for the purpose of improving corporate value over the medium and long terms by maintaining and strengthening relationships with important business partners.

Each year, the Board of Directors examines each stock of the Company’s strategic shareholdings and verifies the purpose for which the stock is held and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital. The Board of Directors also examines the appropriateness of continual ownership after comprehensive consideration of both qualitative and quantitative factors. We will endeavor to reduce the number of stocks that are no longer necessary to hold by selling them as appropriate. We will also continue disclosing the ratio of strategic shareholdings to consolidated net assets as an indicator of our progress in reducing such holdings. Our target is to reduce that ratio to less than 20% by March 31, 2025.

In exercising voting rights for the Group’s strategic shareholdings, we do not make uniform decisions on whether to approve or disapprove based on routine or short-term criteria. Rather, we exercise such rights after making appropriate judgments from a comprehensive perspective that fully respects the management policies and strategies of the issuing company. We also consider whether the shares will enhance the issuing company’s value and shareholder returns over the medium and long terms, and whether they will not undermine the significance of the Group’s shareholdings.

● Strategic Shareholdings Ratio



\* Strategic shareholdings ratio: Ratio of strategic shareholdings (including holdings deemed to be strategic) to consolidated net assets

Dialogue with Shareholders and Other Investors

We strive to disclose information to shareholders and other investors in a fair and timely manner and further enhance dialogue with them through proactive IR events, such as briefings and IR meetings. To promote a better understanding of the Company, we also make effective use of tools, such as videos, printed materials, and websites, and provide information in an easier-to-understand manner.

The following table shows the status of the Group’s dialogue with shareholders and other investors in fiscal 2023.

1. Implementation Status

- (1) For shareholders: Held Annual Shareholders’ Meeting, sent shareholder newsletters, etc.
- (2) For institutional investors:

	FY2023 Results	Main Hosts	Participants
Results briefings	2 times	President & Representative Director, Director in charge of Corporate Planning Dept.	62 persons from 47 companies (Fund managers, analysts, etc.)
Individual IR meetings	44 times	Director in charge of Corporate Planning Dept., General Manager of Corporate Planning Dept., IR managers, etc.	74 persons from 47 companies (Fund managers, analysts, etc.)

(3) Informative materials

- Institutional disclosures: Financial statements, Annual Securities Report, and Corporate Governance Report
- Voluntary disclosures: News releases, Integrated Report, Sustainability Book, financial results presentation materials, shareholder newsletters, and other materials (videos, brochures, etc.) to promote understanding of the Company

2. Main Content of Dialogue

Theme	Matters of Concern
Management strategies	Growth and business strategies (mainly in core Machinery business)
	Action to implement management that is conscious of cost of capital and stock price
	Future of Metals segment and Real Estate business
	Overview of business portfolio management Allocation of management resources
Shareholder returns	Dividend policy, share buybacks, etc.
Business results	Financial results and outlook
	Progress of medium-term business plan
ESG	Climate change and decarbonization initiatives
	Initiatives for human capital
	Reduction of strategic shareholdings

3. Feedback from Shareholders and Other Investors

Provide quarterly reports to Directors on the status of individual IR meetings (main questions and answers, opinions, etc.). Provide report to Directors on the status of briefing sessions, shareholder opinions, etc., as needed. Provide semiannual reports to the Board of Directors on the status of dialogue with shareholders and other investors.

For more information, please refer to our Corporate Governance Report.

[Corporate Governance Report](#)



G: Governance

Directors (As of June 27, 2024)

**Naohisa Miyakawa**  
 Chairman & Representative Director  
 April 1975: Joined the Company  
 June 2007: Executive Officer, General Manager, Human Resources & General Affairs Department, and General Manager, Secretary Department  
 June 2009: Executive Officer of the Company, President & Representative Director of Furukawa Denshi Co., Ltd.  
 June 2011: Director & Senior Executive Officer of the Company, President & Representative Director of Furukawa Denshi Co., Ltd.  
 June 2013: President & Representative Director  
 June 2021: Chairman & Representative Director (current position)  
 November 2022: Representative Director of General Incorporated Association Ichibei Furukawa Memorial Center (current position)  
 Holdings in the Company: 53,101 shares  
 Attendance at Board of Directors' meetings: 16/16 times (100%)

**Minoru Nakatogawa**  
 President & Representative Director  
 April 1983: Joined the Company  
 June 2017: Executive Officer of the Company, Deputy President & Director of Furukawa UNIC Corporation (In charge of Promotion of Mid-term Business Plan)  
 June 2018: Executive Officer of the Company, President & Representative Director of Furukawa UNIC Corporation  
 June 2019: Director & Senior Executive Officer of the Company, President & Representative Director of Furukawa UNIC Corporation  
 June 2020: Director & Managing Executive Officer of the Company, President & Representative Director of Furukawa UNIC Corporation  
 June 2021: President & Representative Director (current position)  
 Holdings in the Company: 21,449 shares  
 Attendance at Board of Directors' meetings: 16/16 times (100%)

**Masahiro Ogino**  
 Director, Deputy President & Executive Officer Assistant to the President; in charge of Machinery Business (Industrial Machinery, Rock Drill Machinery, and UNIC Machinery Segments) and Purchasing Department  
 April 1982: Joined the Company  
 June 2015: Executive Officer of the Company, President & Representative Director of Furukawa Metals & Resources Co., Ltd.  
 June 2017: Director, Senior Executive Officer, and General Manager, Corporate Planning Department  
 June 2019: Director, Managing Executive Officer, and General Manager, Corporate Planning Department  
 June 2021: Senior Managing Director & Senior Managing Executive Officer of the Company, President & Representative Director of Furukawa Rock Drill Co., Ltd.  
 June 2023: Director, Deputy President & Executive Officer (current position)  
 Holdings in the Company: 19,829 shares  
 Attendance at Board of Directors' meetings: 15/16 times (93%)

**Hiroyuki Sakai**  
 Director & Managing Executive Officer In charge of Metals Segment, Real Estate Business, Environmental & Safety Management Department, Human Resources & General Affairs Department, Legal Department, Information System Department, and Internal Audit Department  
 April 1982: Joined the Company  
 June 2017: Executive Officer and General Manager, Business Process Re-engineering Department  
 June 2019: Director & Senior Executive Officer and General Manager, Business Process Re-engineering Department  
 June 2021: Director & Senior Executive Officer and General Manager, Corporate Planning Department  
 June 2022: Managing Director  
 June 2023: Director & Managing Executive Officer (current position)  
 Holdings in the Company: 15,689 shares  
 Attendance at Board of Directors' meetings: 16/16 times (100%)

**Tatsuki Nazuka**  
 Director & Managing Executive Officer In charge of Electronics Segment, Chemicals Segment, and Technology Division  
 April 1981: Joined the Company  
 June 2015: Executive Officer and Deputy General Manager, Development Division  
 June 2017: Executive Officer and General Manager, Development Division  
 October 2017: Executive Officer and General Manager, Technology Division  
 June 2019: Director & Senior Executive Officer and General Manager, Technology Division  
 June 2022: Director & Managing Executive Officer of the Company and General Manager, Technology Division  
 June 2023: Director & Managing Executive Officer (current position)  
 Holdings in the Company: 12,712 shares  
 Attendance at Board of Directors' meetings: 16/16 times (100%)

**Koichiro Konno**  
 Director & Senior Executive Officer In charge of Corporate Planning Department, Sustainability Promotion Department, Accounting Department, and Financial Department  
 April 1985: Joined the Company  
 June 2021: Executive Officer and General Manager, Financial Department  
 June 2022: Executive Officer and General Manager, Corporate Planning Department  
 June 2023: Director & Senior Executive Officer, General Manager, Corporate Planning Department (current position)  
 Holdings in the Company: 2,676 shares  
 Attendance at Board of Directors' meetings: 13/13 times (100%)

**Yoichi Mukae**  
 Outside Director (Independent)  
 April 1975: Joined Ministry of International Trade and Industry  
 June 2004: Director-General for Commerce and Distribution Policy, Minister's Secretariat of Ministry of Economy, Trade and Industry  
 August 2006: Managing Director of The Shoko Chukin Bank, Ltd.  
 August 2008: Advisor of The Kansai Electric Power Company, Incorporated  
 June 2009: Managing Director of The Kansai Electric Power Company, Incorporated  
 June 2013: Director, Managing Executive Officer of The Kansai Electric Power Company, Incorporated  
 June 2015: President & Representative Director of The Kanden L&A Company, Limited, and President & Representative Director of KANDEN EL AUTO SYSTEM Co., Ltd.  
 June 2019: Director of the Company (current position)  
 June 2020: Advisor of The Kanden L&A Company, Limited, Representative Director of Research Institute of Economy, Trade and Industry and President of GS1 Japan  
 Holdings in the Company: 12,574 shares  
 Attendance at Board of Directors' meetings: 16/16 times (100%)

**Kazumi Nishino**  
 Outside Director (Independent)  
 April 1992: Joined Fuji Photo Film Co., Ltd. (resigned in March 1996)  
 April 2006: Associate Professor, Department of Management of Science & Technology, Graduate School of Management of Science & Technology, Tokyo University of Science Graduate School  
 April 2017: Associate Professor, Graduate School of Commerce and Management of Hitotsubashi University  
 June 2019: Associate Professor, Graduate School of Business Administration, Hitotsubashi University, Outside Director, Orient Corporation (current position), and Director of the Company (current position)  
 December 2019: Outside Director, MiRTEL Co., Ltd.  
 April 2022: Professor, Graduate School of Business Administration, Hitotsubashi University (current position)  
 June 2022: Outside Director, Makino Milling Machine Co., Ltd.  
 Holdings in the Company: 8,352 shares  
 Attendance at Board of Directors' meetings: 15/16 times (93%)

**Hiroaki Nakamura**  
 Outside Director (Independent)  
 April 1979: Joined Tokyo Rope Mfg. Co., Ltd.  
 July 2006: President of Tokyo Rope Vietnam Co., Ltd.  
 April 2011: Executive Officer of Tokyo Rope Mfg. Co., Ltd.  
 June 2012: Director and Executive Officer of Tokyo Rope Mfg. Co., Ltd.  
 June 2014: Representative Director, President, and Executive Officer of Tokyo Rope Mfg. Co., Ltd.  
 June 2018: Deputy Chairman of the Board of Tokyo Rope Mfg. Co., Ltd.  
 June 2019: Full-Time Corporate Auditor of Tokyo Rope Mfg. Co., Ltd.  
 June 2024: Director of the Company (current position)  
 Holdings in the Company: 0 shares  
 Attendance at Board of Directors' meetings: —

Audit & Supervisory Board Members (As of June 27, 2024)

**Kazuo Inoue**  
 Audit & Supervisory Board Member (Full-Time)  
 April 1980: Joined the Company  
 June 2011: General Manager, Real Estate Division  
 June 2014: Executive Officer, General Manager, Corporate Planning Department  
 June 2016: Senior Executive Officer, General Manager, Corporate Planning Department  
 June 2017: Audit & Supervisory Board Member (Full-time) (current position)  
 Holdings in the Company: 7,762 shares  
 Attendance at Audit & Supervisory Board's meetings: 7/7 times (100%)  
 Attendance at Board of Directors' meetings: 16/16 times (100%)

**Akira Mikage**  
 Audit & Supervisory Board Member (Full-Time)  
 April 1984: Joined the Company  
 June 2020: Executive Officer, General Manager, Accounting Department  
 June 2023: Audit & Supervisory Board Member (Full-time) (current position)  
 Holdings in the Company: 4,088 shares  
 Attendance at Audit & Supervisory Board's meetings: 7/7 times (100%)  
 Attendance at Board of Directors' meetings: 16/16 times (100%)

**Masatoshi Yano**  
 Outside Audit & Supervisory Board Member (Independent)  
 April 1980: Deputy The Dai-ichi Kangyo Bank, Ltd.  
 April 2007: Executive Officer, General Manager, Head Office of Mizuho Bank, Ltd.  
 April 2009: Managing Executive Officer of Mizuho Bank, Ltd.  
 April 2011: Deputy President of Mizuho Bank, Ltd.  
 June 2013: Representative Director & Deputy President of Chuo-Fudosan Co., Ltd.  
 June 2015: President & Representative Director of Chuo-Fudosan Co., Ltd.  
 June 2018: President & Representative Director of Seiwa Building Co., Ltd.  
 June 2019: Outside Audit & Supervisory Board Member of Seiko Holdings Corporation  
 June 2023: Outside Audit & Supervisory Board Member of Seiko Group Corporation (current position), Audit & Supervisory Board Member of the Company (current position)  
 Holdings in the Company: 0 shares  
 Attendance at Audit & Supervisory Board's meetings: 4/4 times (100%)  
 Attendance at Board of Directors' meetings: 13/13 times (100%)

**Ikuyo Yonemura**  
 Outside Audit & Supervisory Board Member (Independent)  
 April 1989: Joined FUJI Research Institute Co., Ltd. (resigned in September 1993)  
 October 1995: Joined Deloitte Touche Tohmatsu LLC (resigned in July 2022)  
 April 1999: Registered as Certified Public Accountant  
 August 2022: Founded Yonemura Certified Public Accountant Office (currently serving as Director)  
 December 2022: Outside Director and Audit & Supervisory Board Member of UniFa Co., Ltd. (current position)  
 June 2023: Outside Audit & Supervisory Board Member of Tribek Inc. (current position)  
 September 2023: Inspector General of the Japan Society for the Promotion of Science (current position)  
 June 2024: Audit & Supervisory Board Member of the Company (current position)  
 Holdings in the Company: 0 shares  
 Attendance at Audit & Supervisory Board's meetings: —  
 Attendance at Board of Directors' meetings: —

Executive Officers (As of June 27, 2024)

Deputy President & Executive Officer	Masahiro Ogino	President & Representative Director, Furukawa Industrial Machinery Systems Co., Ltd.
Managing Executive Officer	Hiroyuki Sakai	President & Representative Director, Furukawa UNIC Corporation
Managing Executive Officer	Tatsuki Nazuka	President & Representative Director, Oita Mining Co., Ltd.
Senior Executive Officer	Koichiro Konno	General Manager, Corporate Planning Department
Executive Officer	Kazuyoshi Iwama	President & Representative Director, Furukawa Denso Co., Ltd.
Executive Officer	Kenji Yamakawa	President & Representative Director, Furukawa UNIC Corporation
Executive Officer	Kenichi Kurita	President & Representative Director, Oita Mining Co., Ltd.
Executive Officer	Kenichiro Tamari	President & Representative Director, Furukawa Denshi Co., Ltd.
Executive Officer	Shin Imai	President & Representative Director, Furukawa Chemicals Co., Ltd.
Executive Officer	Tsuyoshi Tajika	General Manager, Accounting Department and General Manager, Financial Department

Directors' Expertise and Experience (Skills Matrix)

Name	Independence	Corporate Management	Business Strategy/Marketing	Technology Development/IT	Finance/Accounting	Legal Affairs/Risk Management	HR/HR Development	Internationality
Naohisa Miyakawa		○	○				○	○
Minoru Nakatogawa		○	○			○	○	
Masahiro Ogino			○		○			
Hiroyuki Sakai				○	○			
Tatsuki Nazuka				○				
Koichiro Konno					○			
Yoichi Mukae	★	○				○		
Kazumi Nishino	★		○	○				
Hiroaki Nakamura	★	○	○	○				○



## G: Governance

### Messages from Independent Outside Directors



Outside Director (Independent)  
**Yoichi Mukae**

**I engage in discussions from an objective perspective and work to promote continuous management improvement.**

During my time with the Ministry of Economy, Trade and Industry and the Cabinet Legislation Bureau, I was extensively involved in legislative and legal affairs. I hope to leverage this experience to contribute to the Group in the areas of compliance and risk management. Recently, there have been corporate scandals related to compliance violations that have garnered significant attention. In this context, I will provide guidance from an objective perspective to ensure that what is considered common sense within the Company does not become out of touch with social expectations. We are approaching a critical phase in realizing Medium-Term Business Plan 2025, the third and final phase of our Vision for 2025. Given the current situation, there is no denying that our targets are quite ambitious. In addition to the numbers, we need to foster growth expectations for the future, enhance competitiveness, and maintain a proactive approach.

I feel that the Board of Directors already engages in rigorous discussions. To more effectively realize our long-term vision and medium-term business plan, however, I will work to foster more dynamic discussions that drive management improvement.



Outside Director (Independent)  
**Kazumi Nishino**

**I will reevaluate our management issues through the lens of management theory and deepen discussions aimed at value creation.**

As a university faculty member, I specialize in business administration, management strategy, and technology management, and my research focuses on R&D management and technology management in the manufacturing industry. I make sure to raise questions and convey my opinions to the Board of Directors openly, drawing on management theory and examples from other companies. I aim to provide a multifaceted perspective, exploring what insights can be drawn when viewing complex realities through theoretical frameworks. This includes examining how other industries and companies have addressed similar management challenges.

I feel that the Board of Directors allows for open discussions, and I see no particular issues with this. However, the Group's business is broad, encompassing not only the six segments in the Machinery and Materials businesses but also real estate. Therefore, I would like to deepen discussions on several key topics, such as which areas each segment should focus on in the medium- to long-term, which new areas the Group should prioritize, and what kinds of value we should create to achieve further growth as we approach our 150th anniversary in 2025.



Outside Director (Independent)  
**Hiroaki Nakamura**

**With a focus on stakeholder perspectives, I aim to support the Group's long-term growth and development.**

I was appointed as an Outside Independent Director in June 2024. In this role, the skills I bring to corporate management include (1) experience in corporate management at long-established listed companies, (2) expertise in planning and launching new overseas ventures, along with handling everything from business development to management stabilization as president of an overseas subsidiary, (3) experience in restructuring Group businesses as an executive overseeing corporate functions such as corporate planning and finance, and (4) practical experience and knowledge as an engineering professional.

My role is to provide management oversight, the essence of which is to encourage the long-term growth and development of the Group from an external perspective.

Established companies often have stable foundations with relatively few concerns regarding governance or compliance. However, they also face unique challenges that come with a long history. To support the continued growth of the Group, I will draw on my experience to engage in timely and insightful discussions from a long-term perspective, incorporating the viewpoints of our stakeholders.

### Ensure Thorough Compliance



General Manager, Legal Department  
Chairman, Compliance Committee  
**Riichiro Tanaka**

**We will do our utmost to further promote compliance awareness, strengthen our management foundation, and enhance our corporate value.**

The Compliance Committee is the body responsible for deliberating on important compliance-related matters and promoting compliance within the Furukawa Company Group.

In fiscal 2023, we revised our basic guidelines for handling personal information and our compliance manual (general overview) for Japan's Antimonopoly Act from a contemporary perspective and ensured that all members of the Group are familiar with them.

As part of our efforts to better prevent compliance violations, we created training video content and delivered a variety of compliance training sessions to employees and officers of all levels. By combining in-person and online formats, we ensured these sessions were highly efficient and effective. In addition, we are fostering a stronger compliance mindset by appropriately sharing information on compliance violation cases.

Going forward, we will continue working to strengthen our management foundation and enhance corporate value. Our goal is for all officers and employees to develop a high level of compliance awareness that meets international standards.

#### ■ Policies

In addition to complying with laws and regulations, the Furukawa Company Group believes it has a corporate obligation to take serious and responsible action in terms of social and ethical aspects.

To fulfill this obligation, we established the Furukawa Company Group's Charter of Corporate Conduct and the Furukawa Company Group's Code of Conduct for Officers and Employees and are taking steps to foster comprehensive awareness to enable all Group officers and employees to engage in operations in awareness of the importance of compliance.

The Furukawa Company Group's Charter of Corporate Conduct places high priority on ensuring compliance, stating that "The Group shall engage in its corporate activities in a fair manner based on the ethical values expected of corporations and business persons as members of society." Meanwhile, the Furukawa Company Group's Code of Conduct for Officers and Employees states that "In addition to complying with domestic and international laws and regulations, the Group shall practice compliance that includes respecting corporate ethics and social norms."

Under the supervision of the Board of Directors, we ensure strict adherence with the Furukawa Company Group's Charter of Corporate Conduct, the Furukawa Company Group's Code of Conduct for Officers and Employees, and other guidelines.

[Furukawa Company Group's Charter of Corporate Conduct](#)

[Furukawa Company Group's Code of Conduct for Officers and Employees](#)

#### ■ Framework

##### Compliance

The Furukawa Company Group's chief executive for compliance is the President of Furukawa Co., Ltd. Personnel responsible for compliance are also present in every Company department and in Group companies as well. We also have a Compliance Committee that promotes Group compliance activities, deliberates on important matters relating to compliance, enhances the compliance system, and takes steps to strengthen awareness about compliance. Details of matters deliberated by the Committee are additionally reported to the Sustainability Promotion Meeting as required, and steps are taken to share information related to compliance with the Group as a whole.

If a suspected compliance violation arises, we conduct an investigation based on the Furukawa Company Group's Compliance Regulations. Should a violation be confirmed, we respond with strict measures and regularly report the findings of our investigations to the Board of Directors.

#### Internal Reporting System

The Group has adopted an internal reporting system to facilitate early detection and correction of compliance violations. This has involved developing a framework that enables an extensive range of reporting and inquiries by establishing points of contact for reporting and consultation requests inside and outside (law office) the Group. When reports and requests for consultation are received, the Compliance Committee investigates and takes measures as necessary. We accept internal reports, whether named or anonymous, concerning compliance violations within the Group, including legal breaches, sexual harassment, power harassment, and other misconduct. Personal information about whistleblowers who make reports and information that may lead to identification of whistleblowers who make reports are held under strict control at the Internal Reporting Desk. In addition, it is forbidden for Group officers and employees to seek out whistleblowers or, taking the fact of having made an internal report as the reason, to treat the whistleblowers in a disadvantageous manner.

We also facilitate awareness of the internal reporting system by posting such content to our in-house portal site and distributing brochures to Group officers and employees. In addition, we regularly report on the usage status of the internal reporting system to the Board of Directors, as we do with compliance violation cases.

#### ■ Initiatives

##### Compliance Education

We publish Compliance News to provide information on compliance to all officers and employees of the Group. Our top management also explains the importance and priority of compliance from time to time. In these and other ways, we work to foster a corporate climate that emphasizes compliance. In fiscal 2023, we conducted general compliance training in addition to topic-specific sessions focused on particular themes.

Training Type	No. of Participants (No. of Training Courses)
Compliance training for new employees	42 persons (2 times)
Training on the Construction Industry Act	103 persons (3 times)
Compliance training for officers	54 persons (1 time)
Training on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors	20 persons (1 time)
Training on the Antimonopoly Act	77 persons (1 time)

[Furukawa Company Group Sustainability Book 2024](#)



G: Governance

Develop an Enterprise Risk Management System



Chairman, Risk Management Committee Director & Senior Executive Officer General Manager, Corporate Planning Department  
**Koichiro Konno**

**We comprehensively manage the risks faced by the Group with the aim of minimizing damage and losses while enhancing corporate value.**

The purpose of the Risk Management Committee is to engage in comprehensive deliberations on important matters related to Groupwide risk.

In fiscal 2023, as in previous fiscal years, we conducted interviews with business divisions and the Environment & Safety Management Department regarding Companywide risks. Based on these discussions, we reported to the Board of Directors on the most significant risks and corresponding countermeasures. We will continue working to minimize and prevent these risks on an ongoing basis.

With respect to the activities of subordinate organizations under the Risk Management Committee, the Group BCP Sectional Meeting reviewed the business continuity plan (BCP), while the Information Security Sectional Meeting developed the Incident Response Manual. These efforts ensure that employees are thoroughly prepared and equipped to address risks appropriately.

To further strengthen the management foundation of the Group, we will continue managing a wide range of risks while working to raise risk management awareness among all officers and employees.

**Policies and Strategies**

The Furukawa Company Group will strengthen and expand its enterprise risk management system to strengthen its management foundation with a view toward growth. We will also work to enhance corporate value by engaging in business practices that take into consideration the Group's CSR / ESG issues.

The Risk Management Committee established at Furukawa Co., Ltd., works to protect lives and property and minimize damage and loss when risks that could interfere with the Group's business activities materialize.

**Framework**

**Risk Management**

The Risk Management Committee was established to manage all risks faced by the Furukawa Company Group. The Committee evaluates the risks of each Group company and division and examines and assesses measures to deal with those risks. When a risk is judged to pose a danger of seriously affecting Group

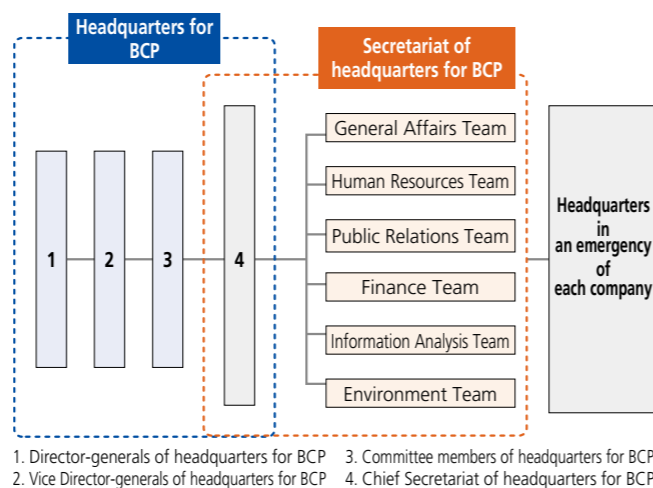
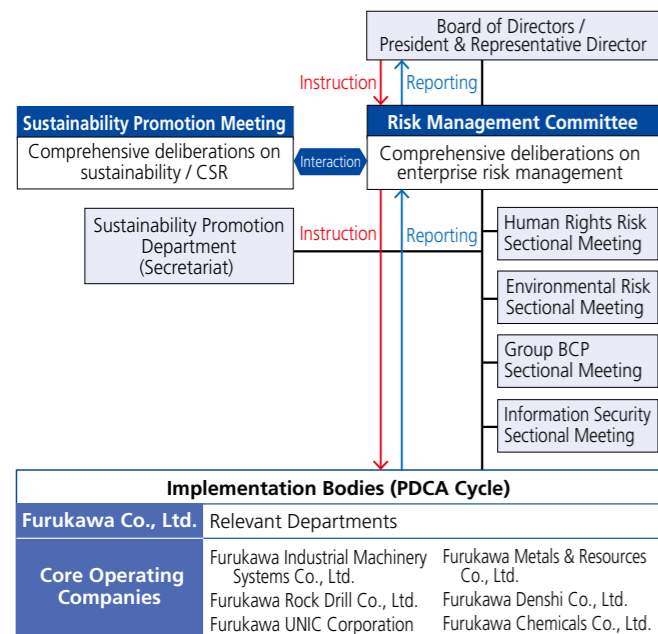
management, the Committee works to effectively manage that risk by reporting its evaluation results and the pros and cons of countermeasures to the Board of Directors. In principle, the Risk Management Committee meets twice a year.

Under the Risk Management Committee are four subordinate organizations: Human Rights Risk Sectional Meeting, Environmental Risk Sectional Meeting, Group BCP Sectional Meeting, and Information Security Sectional Meeting. These work to resolve various issues related to such matters as human rights, climate change (including carbon neutrality), business continuity (when crises occur), and information security. In terms of compliance, the Compliance Committee takes the lead by working in collaboration with other relevant bodies to address compliance-related matters.

**Business Continuity Management (BCM)**

The Group has established a BCM system, led by the Group BCP Sectional Meeting. This system oversees the development, review, and revision of BCPs for each Group company.

The Group BCP structure for handling emergencies is shown below.



**Initiatives**

**Risk Assessment**

The Furukawa Company Group assesses a wide range of risks, including those related to sustainability, such as climate change. Specifically, we identify potential risks for each Group company based on its business environment, evaluate major risk items in terms of potential frequency and severity, and consider countermeasures. For certain risks, we develop scenarios to assess their potential impact. We also continuously review the effectiveness of our risk assessments and countermeasures.

**Information Security**

The Group possesses confidential information and personal information related to R&D, production, sales, and other activities. To prevent system failures, as well as the leakage of confidential and personal information due to external attacks, unauthorized access, or malware infections, we are strengthening network security and enhancing system maintenance and updates as part of our protection and preservation measures. We are also working to strengthen our information management system by ensuring that all officers and employees comply with our information management rules and various guidelines. For example, we distribute security-related news to all Group officers and employees, and conduct security training sessions and email drills at least once a year. These efforts are aimed at improving Groupwide security literacy.

**Promoting BCM**

We have identified potential natural disaster risks at key business locations and developed BCPs for risks that could have a significant impact on our operations.

To ensure the safety of officers and employees in the event of a disaster and swiftly confirm the extent of damage at each location, we regularly conduct safety confirmation drills using our safety confirmation system and disaster reporting drills using transceivers installed at each key business location for emergency use. We also review the contents and management methods of our stockpiles of food, beverages, and other items.

**Natural Disaster Risk by Business Location**

	Head Office	Oyama Tochigi Works	Takasaki Yoshii Works	Sakura Works	Osaka Works	Iwaki Works
Earthquakes	◎	○	○	○	◎	◎
Floods	△	○	○	×	○	×
Landslides	×	△	×	×	×	×
Tsunami	×	×	×	×	◎	×
Typhoons	○	○	○	○	○	○

Potential risk magnitude: ◎High ○Medium △Low ×Very low

Furthermore, we have developed the Incident Response Manual to prepare for potential issues or crises involving computers and networks. We also plan to engage a security assessment service to ascertain the status of the Group's overall cyber risk countermeasures.

**Addressing Country Risk**

The Group engages in production, procurement, and sales activities on a global basis to expand its sales network, strengthen cost competitiveness, and reduce foreign exchange risks. Therefore, various factors may arise that could cause problems, including local political instability, sudden economic slowdown, deterioration of public safety, trade sanctions, differences in culture and legal systems, special labor-management relations, and terrorism. Such problems could hinder the smooth execution of the Group's business and affect its performance. In addition, geopolitical risks, such as the situations in Ukraine and the Middle East, have affected the Group's business performance in various ways, including a decrease in sales, an increase in costs due to higher prices of steel and other raw materials and fuel, and delays in marine transportation. Depending on future developments, these factors could persist for an extended period.

In response, the Group is working to address country risk by diversifying its supply chain and ensuring stable procurement through long-term contracts. We also collaborate with other Group companies to gather information and mitigate risks.



## Financial Information

### Consolidated 11-Year Data

Financial Data	2014/3	2015/3	2016/3	2017/3	2018/3
<b>For the year:</b> (Millions of yen)					
Net sales	¥163,026	¥172,544	¥161,799	¥149,829	¥167,695
Cost of sales	139,777	146,657	136,447	126,207	142,426
Gross profit	23,249	25,886	25,352	23,622	25,268
Selling, general and administrative (SG&A) expenses	16,362	16,961	17,363	17,076	17,447
Operating profit	6,886	8,925	7,988	6,545	7,820
Ordinary profit	6,150	6,603	6,227	7,202	8,105
Profit before income taxes	7,091	6,160	6,631	6,711	6,594
Profit attributable to owners of parent	3,976	9,793	5,056	4,254	4,774
Cash flows from operating activities	1,982	10,241	7,652	9,818	5,351
Cash flows from investing activities	(3,129)	(10,892)	(2,855)	(3,585)	(5,855)
Cash flows from financing activities	(4,562)	(3,318)	(8,166)	(5,030)	(2,529)
Capital investment	11,430	2,557	2,869	5,424	5,021
Depreciation	2,828	3,223	3,190	3,137	3,260
Research and development expenses	2,538	2,227	2,680	2,464	2,292
<b>At year-end:</b> (Millions of yen)					
Total assets	199,408	207,317	195,650	208,034	222,211
Current assets	76,839	80,564	76,314	79,578	87,845
Current liabilities	73,976	63,870	59,749	59,790	79,322
Net assets	56,313	70,581	68,262	79,584	87,086
Interest-bearing debt	77,219	82,053	76,241	73,507	73,311
Equity	54,694	68,783	66,459	77,658	85,011
<b>For the year:</b> (Millions of yen)	2014/3	2015/3	2016/3	2017/3	2018/3
<b>Segment performance</b>					
Sales of Machinery	71,111	75,990	72,232	66,803	73,453
Industrial	18,527	16,712	14,926	14,041	15,871
Rock Drill	26,842	30,910	30,076	26,979	30,199
UNIC	25,741	28,367	27,229	25,782	27,381
Sales of Materials	90,162	93,270	85,644	78,968	89,987
Metals	78,684	81,513	74,192	67,853	77,334
Electronics	5,381	5,743	5,477	5,816	6,307
Chemicals	6,096	6,013	5,973	5,298	6,344
Sales of Real Estate	1,013	2,535	3,045	3,074	3,338
Operating profit (loss) of Machinery	5,333	6,551	5,882	3,580	5,083
Industrial	1,851	1,711	1,037	104	1,005
Rock Drill	341	1,225	2,217	897	1,782
UNIC	3,141	3,614	2,627	2,578	2,295
Operating profit (loss) of Materials	1,695	1,770	983	1,870	1,648
Metals	1,503	1,449	1,154	1,738	867
Electronics	(123)	52	(368)	17	330
Chemicals	315	267	197	114	451
Operating profit (loss) of Real Estate	(43)	776	1,276	1,265	1,339

Financial Data	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
<b>For the year:</b> (Millions of yen)						
Net sales	¥174,116	¥165,215	¥159,702	¥199,097	¥214,190	¥188,255
Cost of sales	147,674	138,940	137,508	172,995	185,575	160,010
Gross profit	26,441	26,275	22,194	26,101	28,615	28,245
Selling, general and administrative (SG&A) expenses	17,526	17,582	16,601	18,366	19,583	19,721
Operating profit	8,915	8,693	5,592	7,734	9,031	8,524
Ordinary profit	8,235	8,135	6,773	8,996	9,348	10,384
Profit before income taxes	7,003	7,280	9,907	9,137	8,506	23,252
Profit attributable to owners of parent	4,654	4,431	7,468	6,477	6,211	16,097
Cash flows from operating activities	11,785	8,400	6,042	8,768	6,148	10,492
Cash flows from investing activities	(3,386)	(5,073)	2,245	(5,857)	(1,617)	1,915
Cash flows from financing activities	(4,205)	(4,843)	(3,123)	(6,568)	(5,934)	(8,446)
Capital investment	5,442	5,938	4,144	4,778	4,187	8,013
Depreciation	3,473	3,589	3,879	4,003	4,114	4,387
Research and development expenses	1,504	1,177	1,164	1,336	1,508	1,314
<b>At year-end:</b> (Millions of yen)						
Total assets	215,368	209,697	218,275	229,727	232,745	259,878
Current assets	87,441	85,725	88,625	96,238	99,882	99,636
Current liabilities	60,376	52,555	47,839	59,859	63,111	51,669
Net assets	80,447	77,966	94,364	100,075	106,050	133,272
Interest-bearing debt	72,597	70,412	69,683	65,671	62,848	58,389
Equity	78,216	75,543	91,770	97,253	102,946	129,907
<b>For the year:</b> (Millions of yen)	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
<b>Segment performance</b>						
Sales of Machinery	77,580	82,691	68,635	76,938	81,658	82,085
Industrial	17,971	23,237	16,682	17,723	17,943	15,548
Rock Drill	30,372	27,663	24,149	30,910	35,752	38,682
UNIC	29,237	31,791	27,804	28,305	27,961	27,853
Sales of Materials	92,722	79,366	88,203	118,163	126,804	100,388
Metals	80,067	67,149	76,094	102,995	111,424	84,712
Electronics	6,527	5,506	5,741	7,271	6,926	6,766
Chemicals	6,127	6,710	6,367	7,896	8,454	8,908
Sales of Real Estate	2,999	2,386	2,107	2,115	2,056	1,873
Operating profit (loss) of Machinery	6,567	7,343	3,968	4,679	6,093	5,696
Industrial	2,088	3,208	2,113	1,396	1,515	389
Rock Drill	1,689	142	(1,324)	1,117	3,030	4,148
UNIC	2,789	3,992	3,180	2,165	1,547	1,158
Operating profit (loss) of Materials	1,396	776	1,040	2,349	2,309	2,765
Metals	581	301	499	940	1,276	1,945
Electronics	407	(35)	161	666	500	212
Chemicals	406	510	380	743	532	608
Operating profit of Real Estate	1,163	735	736	743	835	470



## Consolidated 11-Year Data

### Financial Analysis Data

	2014/3	2015/3	2016/3	2017/3	2018/3
<b>Per share amounts: (Yen)*1</b>					
Basic earnings	98.40	242.34	125.13	105.29	118.16
Cash dividends	30.00	50.00	50.00	50.00	50.00
Net assets	1,353.41	1,702.21	1,644.81	1,922.04	2,104.07
<b>Profitability: (%)</b>					
Cost of sales margin	85.7	85.0	84.3	84.2	84.9
Gross margin	14.3	15.0	15.7	15.8	15.1
SG&A expense margin	10.0	9.8	10.7	11.4	10.4
Operating margin	4.2	5.2	4.9	4.4	4.7
Ordinary margin	3.8	3.8	3.8	4.8	4.8
Return on sales	2.4	5.7	3.1	2.8	2.8
<b>Efficiency and soundness:</b>					
Return on equity (ROE) (%) <sup>*2</sup>	7.6	15.9	7.5	5.9	5.9
Return on assets (ROA) (%) <sup>*3</sup>	2.1	4.8	2.5	2.1	2.2
Debt-to-equity (D/E) ratio (Times) <sup>*4</sup>	1.4	1.2	1.1	0.9	0.9
Interest-bearing debt/EBITDA ratio (Times) <sup>*5</sup>	7.9	6.8	6.8	7.6	6.6
Equity-to-asset ratio (%) <sup>*6</sup>	27.4	33.2	34.0	37.3	38.3
Total asset turnover (Times) <sup>*7</sup>	0.8	0.8	0.8	0.7	0.8
<b>Investment indicators:</b>					
Dividend payout ratio (%) <sup>*8</sup>	30.5	20.6	40.0	47.5	42.3
Consolidated total return on equity (%) <sup>*9</sup>	2.3	3.3	3.0	2.8	2.5
Strategic shareholdings ratio (%) <sup>*10</sup>	52.5	49.7	42.4	49.0	51.8
Price-to-book ratio (PBR) (Times) <sup>*11</sup>	1.4	1.2	1.0	1.1	0.9
Stock price at fiscal year-end (Yen)	1,860	2,120	1,660	2,050	1,985
Market capitalization (Millions of yen)	75,228	85,744	67,139	82,913	80,284

### ESG Data

Scope 1 and Scope 2 CO <sub>2</sub> emissions (Thousand tons) <sup>*12*13</sup>	23	27	24	25	26
Scope 3 CO <sub>2</sub> emissions (Thousand tons) <sup>*12</sup>	—	—	—	—	—
Drain volume (Thousand m <sup>3</sup> ) <sup>*12</sup>	429	455	471	465	410
Total emissions including waste, etc. (Tons) <sup>*12</sup>	7,746	6,266	6,832	5,347	6,884
Valuables <sup>*12</sup>	3,003	3,168	3,374	2,489	2,928
Waste <sup>*12</sup>	4,743	3,098	3,458	2,858	3,956
Energy (Thousand GJ) <sup>*12</sup>	454	474	429	458	483
Water resources (Thousand m <sup>3</sup> ) <sup>*12</sup>	633	651	666	671	623

Number of directors (Persons)	8	7	8	9	9
Number of outside directors (Persons)	1	1	2	3	3
Number of employees (Persons)	2,413	2,456	2,521	2,616	2,690
Number of female employees (Persons) <sup>*13</sup>	—	—	283	359	391
Total actual working hours (Hours)	2,075	2,136	2,105	2,064	2,138
Overtime hours (monthly average) (Hours)	25.50	26.27	23.80	20.65	26.85

### Other Data

LME copper price (average; US\$/ton)	7,104	6,554	5,215	5,154	6,444
JPY rate per US\$ (average for fiscal year)	100.24	109.93	120.13	108.42	110.85
Copper production volume (Tons)	87,767	90,447	86,466	84,062	88,004
Copper sales volume (Tons)	94,966	96,675	94,327	91,294	90,103

\*1. The Company conducted a 1-for-10 stock consolidation of shares of common stock, effective October 1, 2017. In the above table, per-share figures for fiscal 2017 and prior years have been recalculated based on the number of shares outstanding after the stock consolidation.

2. Return on equity (ROE) = [Profit attributable to owners of parent / Equity (average of beginning and end of period)] × 100  
 3. Return on assets (ROA) = [Profit attributable to owners of parent / Total assets (average of beginning and end of period)] × 100  
 4. Debt-to-equity (D/E) ratio = Interest-bearing debt (fiscal year-end) / Equity (fiscal year-end)  
 5. Interest-bearing debt/EBITDA ratio = Interest-bearing debt (fiscal year-end) / (Operating profit + Depreciation)

### Financial Analysis Data

	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3
<b>Per share amounts: (Yen)*1</b>						
Basic earnings	116.23	112.23	190.73	165.87	161.97	<b>429.28</b>
Cash dividends	50.00	50.00	50.00	50.00	50.00	<b>55.00</b>
Net assets	1,978.09	1,926.32	2,348.53	2,505.01	2,700.87	<b>3,493.08</b>
<b>Profitability: (%)</b>						
Cost of sales margin	84.8	84.1	86.1	86.9	86.6	<b>85.0</b>
Gross margin	15.2	15.9	13.9	13.1	13.4	<b>15.0</b>
SG&A expense margin	10.1	10.6	10.4	9.2	9.1	<b>10.5</b>
Operating margin	5.1	5.3	3.5	3.9	4.2	<b>4.5</b>
Ordinary margin	4.7	4.9	4.2	4.5	4.4	<b>5.5</b>
Return on sales	2.7	2.7	4.7	3.3	2.9	<b>8.6</b>
<b>Efficiency and soundness:</b>						
Return on equity (ROE) (%) <sup>*2</sup>	5.7	5.8	8.9	6.9	6.2	<b>13.8</b>
Return on assets (ROA) (%) <sup>*3</sup>	2.1	2.1	3.5	2.9	2.7	<b>6.5</b>
Debt-to-equity (D/E) ratio (Times) <sup>*4</sup>	0.9	0.9	0.8	0.7	0.6	<b>0.4</b>
Interest-bearing debt/EBITDA ratio (Times) <sup>*5</sup>	5.9	5.7	7.4	5.6	4.8	<b>4.5</b>
Equity-to-asset ratio (%) <sup>*6</sup>	36.3	36.0	42.0	42.3	44.2	<b>50.0</b>
Total asset turnover (Times) <sup>*7</sup>	0.8	0.8	0.7	0.9	0.9	<b>0.8</b>
<b>Investment indicators:</b>						
Dividend payout ratio (%) <sup>*8</sup>	43.0	44.6	26.2	30.1	30.9	<b>12.8</b>
Consolidated total return on equity (%) <sup>*9</sup>	3.9	3.1	2.5	2.4	2.8	<b>3.1</b>
Strategic shareholdings ratio (%) <sup>*10</sup>	43.6	36.0	39.4	38.0	35.1	<b>40.8</b>
Price-to-book ratio (PBR) (Times) <sup>*11</sup>	0.7	0.6	0.6	0.5	0.5	<b>0.5</b>
Stock price at fiscal year-end (Yen)	1,393	1,060	1,336	1,289	1,277	<b>1,811</b>
Market capitalization (Millions of yen)	56,340	42,872	52,205	50,043	48,674	<b>67,350</b>

### ESG Data

Scope 1 and Scope 2 CO <sub>2</sub> emissions (Thousand tons) <sup>*12*13</sup>	26	22	21	22	20	<b>26</b>
Scope 3 CO <sub>2</sub> emissions (Thousand tons) <sup>*12</sup>	—	—	—	—	656	<b>684</b>
Drain volume (Thousand m <sup>3</sup> ) <sup>*12</sup>	477	477	474	417	361	<b>391</b>
Total emissions including waste, etc. (Tons) <sup>*12</sup>	7,160	7,039	5,912	6,347	6,459	<b>7,860</b>
Valuables <sup>*12</sup>	3,357	3,203	2,456	3,045	3,046	<b>3,325</b>
Waste <sup>*12</sup>	3,803	3,836	3,456	3,302	3,413	<b>4,535</b>
Energy (Thousand GJ) <sup>*12</sup>	511	438	427	472	410	<b>565</b>
Water resources (Thousand m <sup>3</sup> ) <sup>*12</sup>	692	680	671	618	568	<b>650</b>

Number of directors (Persons)	9	9	9	9	9	<b>9</b>
Number of outside directors (Persons)	3	3	3	3	3	<b>3</b>
Number of employees (Persons)	2,757	2,755	2,752	2,804	2,831	<b>2,855</b>
Number of female employees (Persons) <sup>*14</sup>	415	411	413	437	462	<b>458</b>
Total actual working hours (Hours)	2,117	2,083	1,952	1,986	1,943	<b>1,935</b>
Overtime hours (monthly average) (Hours)	25.40	22.36	15.22	18.80	16.64	<b>16.20</b>

### Other Data

LME copper price (average; US\$/ton)	6,341	5,860	6,879	9,691	8,551	<b>8,362</b>
JPY rate per US\$ (average for fiscal year)	110.91	108.74	106.06	112.38	135.47	<b>144.62</b>
Copper production volume (Tons)	81,346	77,068	74,386	71,149	70,186	<b>48,262</b>
Copper sales volume (Tons)	85,146	83,863	81,998	77,402	74,070	<b>53,505</b>

\*6. Equity-to-asset ratio = [Equity (fiscal year-end) / Total assets (fiscal year-end)] × 100

7. Total asset turnover = Net sales / Total assets (average of beginning and end of period)

8. Dividend payout ratio = (Total cash dividends / Profit attributable to owners of parent) × 100

9. Consolidated total return on equity = [(Total cash dividends + Total amount of treasury stock acquisition) / Consolidated equity (average of beginning and end of period)] × 100

10. Ratio of strategic shareholdings shares (including deemed shares) to consolidated net assets

11. Price-to-book ratio (PBR) = Stock price (fiscal year-end) / Net assets per share

12. In fiscal 2023, we expanded the scope of calculation, from major domestic production sites to a consolidated basis, including overseas sites.

13. Scope 1 was calculated based on energy origin.

14. For number of female employees, only figures for fiscal 2015 and later are shown because numbers of male and female employees were not counted in some categories before then.



## Management's Analysis of Operating Results, Financial Position, and Cash Flows

### Operating Results

In fiscal 2023, ended March 31, 2024, consolidated net sales amounted to ¥188,255 million, down ¥25,934 million (12.1%) year on year, and operating profit totaled ¥8,524 million, down ¥507 million (5.6%). As a result, the operating margin increased 0.3 point, to 4.5%. In the Machinery business, the Industrial Machinery segment and the UNIC Machinery segment both reported decreases in sales and operating profit, while the Rock Drill Machinery segment posted increases in sales and operating profit. Accordingly, the Machinery business as a whole reported an increase in sales and a decrease in operating profit. In the Materials business, the Metals segment reported lower sales and higher operating profit, the Electronics segment lower sales and operating profit, and the Chemicals segment higher sales and operating profit. Accordingly, the Materials business as a whole posted a decrease in sales and an increase in operating profit. Meanwhile, the Real Estate business reported decreases in both sales and operating profit.

Non-operating income increased ¥509 million year on year, to ¥3,655 million, due to share of profit of entities accounted for using equity method of ¥539 million (share of loss of entities accounted for using equity method of ¥860 million in the previous fiscal year). Non-operating expenses decreased ¥1,034 million, to ¥1,795 million. As a result, ordinary profit increased ¥1,036 million (11.1%), to ¥10,384 million.

Extraordinary income jumped ¥15,682 million, to ¥16,092 million, mainly due to a ¥13,433 million gain on sales of non-current assets (up ¥13,385 million)—stemming primarily from the transfer of a portion of the former Furukawa Osaka Building site and other land as a co-ownership interest—and a ¥2,659 million gain on sales of investment securities (up ¥2,296 million). Extraordinary losses increased ¥1,972 million, to ¥3,224 million, due mainly to a ¥2,058 million loss on liquidation of investments and loans in affiliated companies associated with the transfer of shares in Cariboo Copper Corp. (25% interest in the Gibraltar Copper Mine in Canada). Accordingly, profit before income taxes surged ¥14,745 million (173.4%), to ¥23,252 million.

Total income taxes (including enterprise tax, inhabitants' tax, and business tax) increased ¥4,881 million, to ¥6,931 million.

The effective tax rate was 29.8%, up 5.7 points from the previous fiscal year, when we made adjustments from retained earnings of subsidiaries (-7.8%). Profit attributable to non-controlling interests decreased ¥21 million, to ¥224 million. As a result of the above, profit attributable to owners of parent jumped ¥9,885 million (159.2%), to ¥16,097 million.

Return on equity (ROE) increased 7.6 points, to 13.8%. Basic earnings per share rose 165.0%, to ¥429.28.

### Industrial Machinery

Sales in the Industrial Machinery segment amounted to ¥15,548 million, a decrease of ¥2,394 million, and operating profit was ¥389 million, a decrease of ¥1,125 million. The order backlog at year-end was higher than a year earlier due to orders received for the Hachioji South Bypass Ofuna-Terada Viaduct and for excavated earth and sand conveying equipment for tunnel construction, as well as aggregate conveying equipment related to new dam construction. As for revenue, sales of material machinery were on a par with the previous fiscal year, but sales of pump equipment and environmental products declined. In the contractor business, we reported sales corresponding to progress, including the Shimizu IC No. 3 Viaduct Steel Upper Structure and excavated earth and sand conveying equipment for tunnel construction, resulting in a year-on-year increase in sales. The decrease in operating profit resulted from additional costs incurred related to material machinery stemming from delays in plant construction and other factors.

### Rock Drill Machinery

Sales in the Rock Drill Machinery segment totaled ¥38,682 million, an increase of ¥2,930 million year on year, and operating profit was ¥4,148 million, an increase of ¥1,117 million. In Japan, sales increased due to a rise in shipments of auxiliary parts, such as hydraulic crawler drills, and an increase in orders for maintenance services. Overseas, shipments of hydraulic breakers and hydraulic crawler drills to North America were strong, while shipments of hydraulic crawler drills to the Middle East and Africa increased. With the added benefit of the yen's depreciation, overseas sales increased year on year.

### UNIC Machinery

Sales in the UNIC Machinery segment totaled ¥27,853 million, a decrease of ¥108 million, and operating profit was ¥1,158 million, a decrease of ¥389 million. In Japan, we reported an increase in sales due to a recovery in truck production, which had suffered delays, as well as higher shipments of UNIC cranes owing to a year-on-year increase in the number of trucks supplied. However, the cost of sales ratio deteriorated and earnings declined due to ongoing shipments of products sold before price hikes, which we implemented to address soaring prices of steel and other raw materials. Overseas, we posted a decrease in sales due to lower shipments to China, Southeast Asia, Europe, and other regions.

### Machinery Business Total

Total sales of the Machinery business—consisting of the Industrial Machinery, Rock Drill Machinery, and UNIC Machinery segments—amounted to ¥82,085 million, an increase of ¥427 million year on year, and operating profit was ¥5,696 million, a decrease of ¥397 million.

### Metals

Sales in the Metals segment amounted to ¥84,712 million, a decrease of ¥26,711 million year on year, and operating profit was ¥1,945 million, an increase of ¥668 million. The overseas market price of electrolytic copper started the period at US\$8,966/ton and rose to the US\$9,000/ton level in mid-April but fell below US\$8,000/ton in the latter half of May, mainly due to prolonged demand weakness in China. Subsequently, the price rose and fell repeatedly, mainly due to a mixture of expectations and uncertainty about a recovery in demand in China, and ended the period at US\$8,729/ton. The termination of our entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd., on March 31, 2023, resulted in electrolytic copper production of 48,262 tons (a decrease of 21,924 tons from the previous fiscal year), leading to decreases in sales volume and revenue. On the other hand, operating profit increased thanks to income fluctuations in metal prices and an improvement in the balance of entrusted smelting income and expenses.

### Electronics

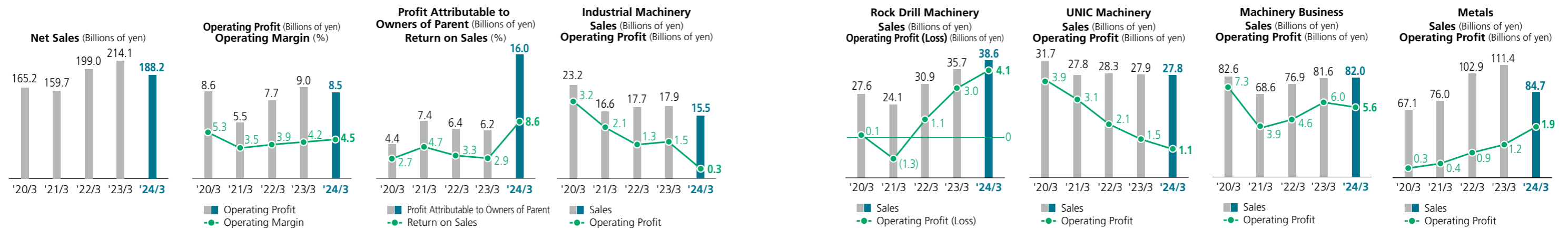
Sales in the Electronics segment amounted to ¥6,766 million, a decrease of ¥159 million year on year, and operating profit was ¥212 million, a decrease of ¥288 million. Sales of high-purity metallic arsenic remained at the same level as the previous fiscal year, although the market cycle for compound semiconductors, a major application for this material, bottomed out both in Japan and overseas. Sales of crystal products decreased significantly due to inventory adjustments by users, while sales of aluminum nitride ceramics declined significantly due to sluggish demand for components used in semiconductor manufacturing equipment. Sales of coils increased due to the recovery in automobile production as the semiconductor shortage was resolved.

### Chemicals

Sales in the Chemicals segment amounted to ¥8,908 million, an increase of ¥454 million year on year, and operating profit was ¥608 million, an increase of ¥75 million. Sales of cupric oxide benefited from an increase in unit selling prices stemming from higher copper prices and price revisions. However, demand for PCs and smartphones, as well as package substrates used in servers and other products, declined. Accordingly, overall sales of cupric oxide remained mostly unchanged year on year. Meanwhile, sales of cuprous oxide increased on the back of strong demand for ship-bottom paints, a major application for that product, as well as higher unit selling prices owing to rising copper prices and price revisions.

### Materials Business Total

Total sales of the Materials business—consisting of the Metals, Electronics, and Chemicals segments—amounted to ¥100,388 million, a decrease of ¥26,416 million year on year, and operating profit was ¥2,765 million, an increase of ¥456 million.



## Real Estate

Sales in the Real Estate business amounted to ¥1,873 million, a decrease of ¥182 million year on year, and operating profit was ¥470 million, a decrease of ¥365 million. As for the Muromachi Furukawa Mitsui Building (commercial name: COREDO Muromachi 2), our main facility, rent income, which varies according to sales of the commercial facility, recovered to the pre-COVID level. However, overall revenues from office rents declined due to lower unit rent prices affected by oversupply in the central Tokyo office market.

## Others

This segment covers metal powder, casting, transportation, and other businesses. In the fiscal year under review, the segment recorded sales of ¥3,908 million, an increase of ¥237 million year on year, and an operating loss of ¥293 million, an increase of ¥160 million.

## Financial Position

As of March 31, 2024, total assets amounted to ¥259,878 million, up ¥27,132 million (11.7%) from a year earlier. Current assets edged down ¥246 million (0.2%), to ¥99,636 million. This was mainly due to a ¥5,093 million (14.3%) decrease in notes and accounts receivable-trade, and contract assets. By contrast, there was a ¥4,906 million (36.1%) increase in cash and deposits. Non-current assets increased ¥27,378 million (20.6%), to ¥160,241 million. This was mainly due to an increase in long-term accounts receivable (included in "Other" under "Investments and other assets"), stemming primarily from the transfer of a portion of the former Furukawa Osaka Building site and other land as a co-ownership interest, as well as a ¥12,671 million (36.5%) increase in investment securities due to increases in the prices of our listed shareholdings.

Total liabilities at fiscal year-end amounted to ¥126,605 million, down ¥89 million (0.1%) from a year earlier. Current liabilities decreased ¥11,442 million (18.1%), to ¥51,669 million. This was due to a ¥10,049 million (60.5%) decline in short-term borrowings (including current portion of long-term debt). Non-current liabilities increased ¥11,352 million (17.9%), to ¥74,935 million. This was due to a ¥5,590 million (12.1%) increase in the sum of bonds payable and long-term borrowings, as well as an increase

in deferred tax liabilities related to valuation difference on available-for-sale securities.

Net assets increased ¥27,222 million (25.7%) year on year, to ¥133,272 million. This was mainly due to a ¥12,577 million (15.0%) increase in total shareholders' equity, stemming from ¥16,097 million in profit attributable to owners of parent and ¥1,905 million in dividends paid. Other factors included a ¥14,383 million (75.8%) jump in total accumulated other comprehensive income, mainly due to an increase in valuation difference on available-for-sale securities.

As a result of the above, equity at fiscal year-end totaled ¥129,907 million, and the equity-to-asset ratio was 50.0%, up 5.8 points from a year earlier. The debt-to-equity ratio improved 0.2 point, to 0.4x, and the interest-bearing debt/EBITDA ratio improved 0.3 point, to 4.5x.

## R&D and Capital Investment

The Furukawa Company Group actively engages in R&D on high-value-added products that meet wide-ranging market needs. In fiscal 2023, total research and development expenses amounted to ¥1,314 million, down 12.8% from the previous fiscal year. Of this total, ¥2 million was allocated to the Industrial Machinery segment, ¥112 million to the Rock Drill Machinery segment, ¥229 million to the UNIC Machinery segment, ¥88 million to the Electronics segment, ¥174 million to the Chemicals segment, and ¥19 million to Others. We also spent ¥686 million on corporate research aimed at developing basic technologies for each segment and creating new businesses. This was allocated to all of the business segments.

In fiscal 2023, capital investment (including purchase of intangible fixed assets) totaled ¥8,013 million, up 91.4% year on year. Of this total, ¥2,547 million was allocated to the Industrial Machinery segment, ¥1,025 million to the Rock Drill Machinery segment, ¥857 million to the UNIC Machinery segment, ¥428 million to the Metals segment, ¥720 million to the Electronics segment, and ¥432 million to the Chemicals segment, aimed primarily at improvements in production efficiency. In addition, ¥1,232 million was allocated to the Real Estate business for the purchase of business-use real estate and ¥769 million went to the Others segment, mainly for measures to prevent pollution at

suspended mines. Funds for these expenditures are sourced from internal funds and borrowings. Depreciation increased 6.6% year on year, to ¥4,387 million.

## Cash Flows

In the fiscal year under review, net cash provided by operating activities amounted to ¥10,492 million, up ¥4,344 million from the previous fiscal year. This was mainly due to a decrease in trade receivables, an increase in trade payables, and a decrease in expenditures resulting from changes in assets and liabilities related to operating activities.

Net cash provided by investing activities totaled ¥1,915 million, up ¥3,533 million from the previous fiscal year, when we posted net cash used in investing activities of ¥1,617 million. This was mainly due to ¥5,464 million in proceeds from sale of property, plant and equipment (up ¥5,225 million) and ¥3,128 million in proceeds from sale of investment securities (up ¥1,747 million), which contrasted with ¥6,405 million in purchase of property, plant and equipment (up ¥3,043 million). The increase in purchase of property, plant and equipment was mainly due to a ¥1,461 million increase in expenditures by the Machinery business, including for the construction of a new medical waste treatment facility by Gunma Kankyo Recycle Center Co., Ltd. The increase in proceeds from sale of property, plant and equipment was mainly due to the transfer of a portion of the former Furukawa Osaka Building site and other land as a co-ownership interest. The increase in proceeds from sale of investment securities stemmed from the Company's review of its strategic shareholdings. The Company annually examines the appropriateness of continuing to hold such shareholdings and sells them as necessary to make effective use of assets and improve financial soundness.

Net cash used in financing activities was ¥8,446 million, up ¥2,512 million from the previous fiscal year. This was mainly due to expenditures of ¥4,662 million (up ¥1,793 million) for reduction of interest-bearing debt (net decrease in proceeds from sum of short- and long-term borrowings and issuance of bonds, and repayments of short- and long-term borrowings).

As a result, the year-end balance of cash and cash equivalents totaled ¥18,193 million, up ¥4,587 million from a year earlier.

## Consolidated Operating Cash Flow Allocation and Capital Strategy

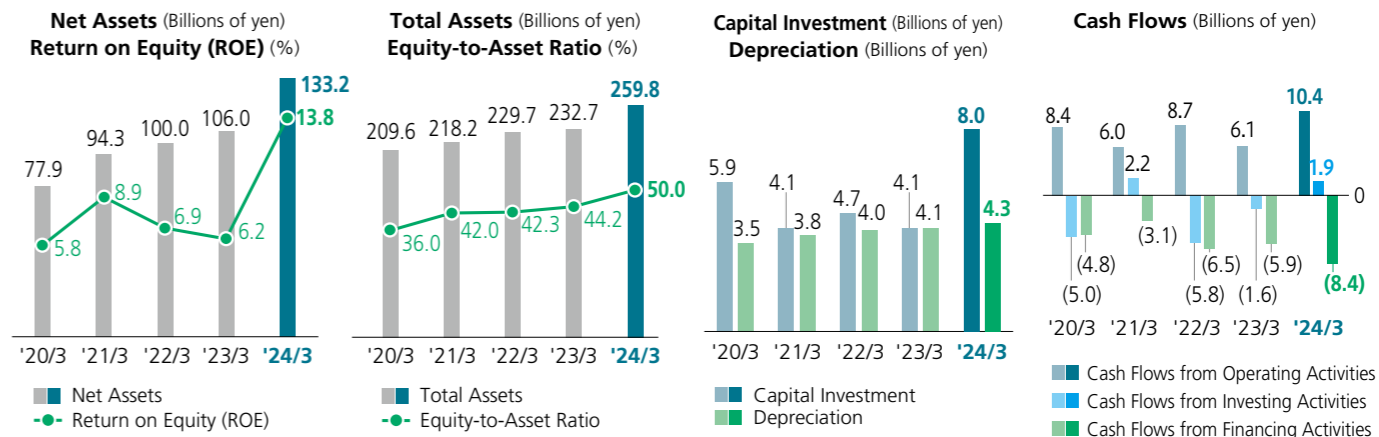
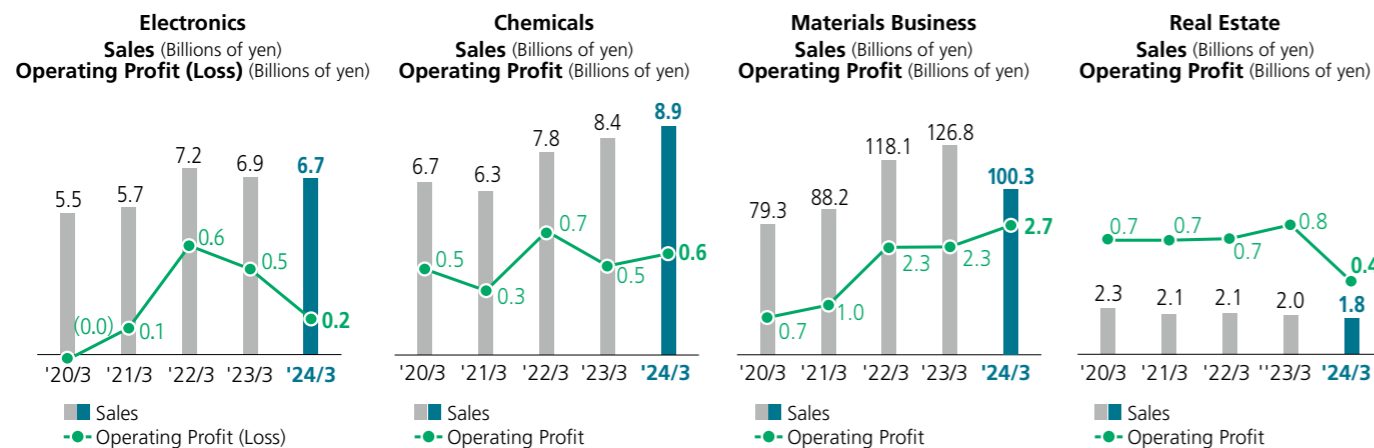
Our Medium-Term Business Plan 2025 (April 1, 2023–March 31, 2026) represents the final phase for realizing Vision for 2025. Under the plan, our basic policy for allocating management resources is to prioritize investments targeting sustainable growth and medium- to long-term improvements in corporate value, and then to deliver stable and continuous shareholder returns.

As for allocated consolidated cash flows, we will strive to establish a solid financial base while giving due consideration to shareholder returns. At the same time, we will make capital investments to achieve sustainable growth and enhance corporate value over the medium- to long-term.

A summary of consolidated cash flow allocations for each phase of Vision for 2025 is shown on page 76.

With respect to allocating funds to capital investments, the accumulated amount of actual capital investments in Phase 1 was ¥16,403 million (capital investments and other payments were ¥16,394 million) and Phase 2 was ¥13,110 million (capital investments and other payments were ¥12,459 million). In fiscal 2023, the accumulated amount was ¥8,013 million (capital investments and other payments were ¥6,526 million). We expect to make cumulative capital investments of ¥20 billion in Phase 3, of which ¥14 billion (or 70%) will go to our core Machinery business. We will continue making capital investments to strengthen our manufacturing capabilities.

Regarding the reduction of interest-bearing debt, the balance of interest-bearing debt as of March 31, 2017, was ¥73,507 million. Since then, we reduced the balance by ¥3,094 million in Phase 1, ¥7,564 million in Phase 2, and ¥4,459 million in fiscal 2023. (The increase/decrease in interest-bearing debt in "Consolidated Cash Flow Allocation" does not include the increase/decrease due to foreign exchange translation differences.) The balance of interest-bearing debt as of March 31, 2024, was ¥58,389 million. In Phase 3, we plan to reduce interest-bearing debt by ¥10 billion. To realize this, we will continue working to establish a solid financial base that will enable us to raise funds without being influenced by financial conditions. In fiscal 2025, the final year of Vision for 2025, we envisage a level of financial soundness that will prompt





Japanese rating agencies to raise their ratings to A- or higher, from the current BBB+. To this end, we will continue striving to improve our financial soundness.

With respect to dividends, we will strive to provide stable and continuous returns to shareholders by prioritizing investments to achieve sustainable growth and enhance corporate value over the medium- to long-term. At the same time, we will consider increasing dividends and paying interim dividends, aiming for annual dividends of at least ¥50 per share in principle and a consolidated total return on equity of 3% or higher. In Phase 1, cumulative appropriations of retained earnings totaled ¥5,958 million, and the average consolidated total return on equity was 3.2%. In Phase 2, cumulative appropriations of retained earnings totaled ¥5,800 million, and the average consolidated total return on equity was 2.6%. In fiscal 2023, appropriations of retained earnings totaled ¥2,045 million (annual dividends of ¥55.00 per share, up ¥5.00 year on year), for a consolidated total return on equity of 3.1%. As announced on May 13, 2024, in fiscal 2024 we plan to pay an interim dividend of ¥30.00 per share and a year-end dividend also of ¥30.00, bringing total annual dividends to ¥60.00 per share, up ¥5.00 year on year.

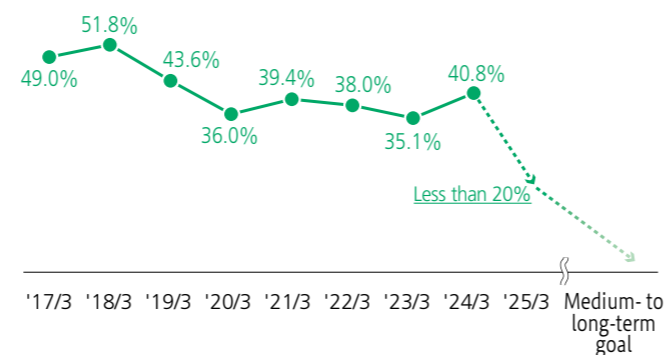
Regarding share buybacks/cancellations, we will consider share buybacks and cancellations from time to time, taking into account trends in stock prices, capital efficiency, cash flows, and other factors. In Phase 1, we bought back 1,186,300 shares at a total cost of ¥1,628 million, and in Phase 2 we bought back 1,099,400 shares at a cost of ¥1,387 million. In fiscal 2023, we bought back 925,700 shares at a cost of ¥1,620 million. (The number of shares bought back in "Consolidated Cash Flow Allocation" includes shares bought due to requests for the purchase of odd-lot shares.) Going forward, we will aim for share buybacks of approximately ¥1.5–2.0 billion each fiscal year, or ¥5.0 billion over the three-year period from April 2023 to March 2026.

With respect to reducing strategic shareholdings, each year we carefully examine the purpose of our holdings and whether the benefits and risks associated with each holding are commensurate with the cost of capital. We also examine the appropriateness of continuing to hold shares after a comprehensive review that includes both qualitative and quantitative aspects. We will strive to reduce holdings of shares deemed to be no longer necessary by selling them as appropriate. We will also continue disclosing the

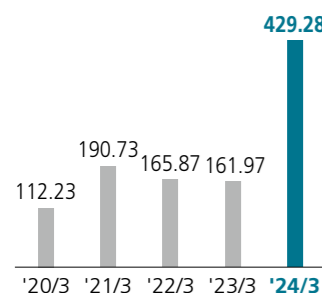
ratio of strategic shareholdings to consolidated net assets as an indicator of our progress in reducing such shareholdings. As of March 31, 2024, the ratio was 40.8%, up 5.8 points from a year earlier, due to an increase in the market value of our listed shareholdings.

In February 2024, we set a target to reduce our strategic shareholdings to less than 20% of consolidated net assets by March 31, 2026. We now plan to further accelerate these efforts and reach that target by March 31, 2025, one year ahead of schedule. Proceeds from the sale of strategic shareholdings will be used to increase the estimated amount of share buybacks (three-year period) from approximately ¥3 billion to approximately ¥5 billion, which we set as our shareholder return policy under Medium-Term Business Plan 2025. We will also use the funds for M&As and other growth investments, as well as for environmental investments related to carbon neutrality and environmental protection. (The cumulative figure for Phase 3 shown in "Consolidated Cash Flow Allocation" represents the distribution of net cash provided by operating activities and does not reflect proceeds from the sale of strategic shareholdings.)

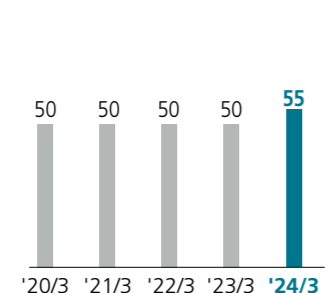
### Reductions in Strategic Shareholdings



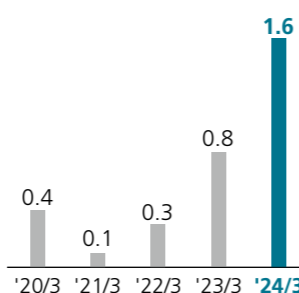
### Basic Earnings per Share (Yen)



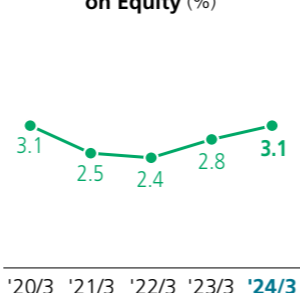
### Cash Dividends per Share (Yen)



### Share Buybacks (Billions of yen)



### Consolidated Total Return on Equity (%)



### Consolidated Cash Flow Allocation

(Millions of yen, rounded down)

	Phase 1 FY2017–2019 cumulative	Phase 2 FY2020–2022 cumulative	FY2023	Phase 3 FY2023–2025 cumulative (Image)
Cash flows from operating activities	25,537	20,959	10,492	40,000
Payments for capital investment, etc.	(16,394)	(12,459)	(6,526)	(20,000)
Payments/collections of other investments	2,078	7,230	8,441	
Cash flows from investing activities	(14,315)	(5,229)	1,915	(20,000)
Free cash flow	11,221	15,729	12,408	20,000
Interest-bearing debt	(3,058)	(7,636)	(4,662)	(10,000)
Cash dividends	(6,017)	(5,856)	(1,904)	(7,000)
Share buybacks	(1,631)	(1,388)	(1,621)	(3,000)
Others	( 870)	(744)	(257)	
Cash flows from financing activities	(11,577)	(15,626)	(8,446)	(20,000)

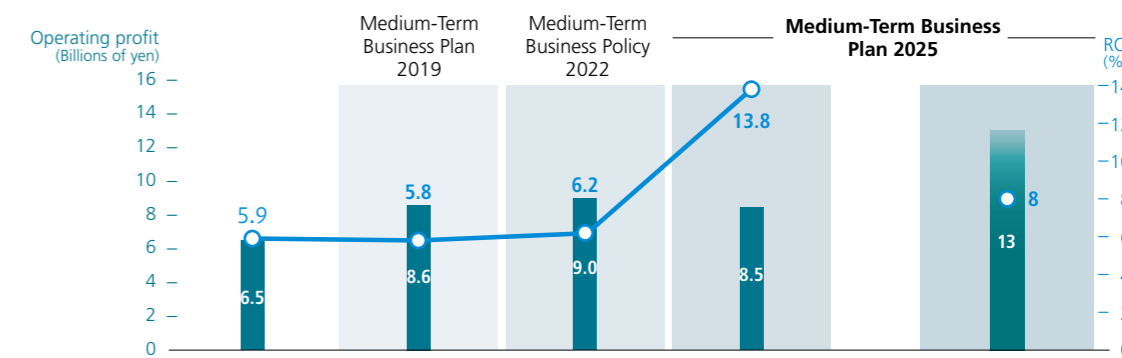
### Financial Indicators

Financial indicators	FY2016 (Base year for comparisons)	FY2019	FY2022	FY2023	FY2025 (Image)
Debt-to-equity (D/E) ratio*1	0.9 times	0.9 times	0.6 times	0.4 times	0.5x range
Interest-bearing debt/EBITDA ratio*2	7.6 times	5.7 times	4.8 times	4.5 times	3x range
Issuer credit rating	BBB (JCR)	BBB (JCR)	BBB+ (JCR)	BBB+ (JCR)	A- or higher (Japanese rating agencies)

\*1 Debt-to-equity (D/E) ratio = Interest-bearing debt (fiscal year-end) / Equity (fiscal year-end)

\*2 Interest-bearing debt/EBITDA ratio = Interest-bearing debt (fiscal year-end) / (Operating profit + Depreciation)

### Performance Indicators



Performance indicators	FY2016 (Results)	FY2019 (Results)	FY2022 (Results)	FY2023 (Results)	FY2025 (Targets)
Operating profit	¥6.5 billion	¥8.6 billion	¥9.0 billion	¥8.5 billion	Approx. ¥13 billion
ROE	5.9%	5.8%	6.2%	13.8%	Approx. 8%

\* Performance indicators in Medium-Term Business Plan 2025 do not account for new alliances and M&As.

### ROE Breakdown Analysis

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

\* Comparison with FY2016

## Analysis of Performance Indicators

Our Vision for 2025, "FURUKAWA Power & Passion 150," will end in fiscal 2025 when we mark the 150th anniversary of the Company's founding. Under Vision for 2025, we are targeting consolidated annual operating profit regularly in excess of ¥15 billion and double-digit ROE. Under Medium-Term Business Plan 2025, which covers the final phase of Vision for 2025, we have set the following performance targets for fiscal 2025, the final year of the plan: consolidated annual operating profit of approximately ¥13 billion and ROE of approximately 8%.

In fiscal 2023, the first year of the final phase, consolidated operating profit totaled ¥8,524 million. This was impacted by weak performances of the Industrial Machinery segment, which experienced additional costs due to delays in plant construction related to material machinery, and the UNIC Machinery segment, which continued to ship products ordered before its pricing increases and thus was affected by soaring prices of steel and other raw materials. Among extraordinary items, we reported a ¥13,433 million gain on sales of non-current assets related to the transfer of a portion of the former Furukawa Osaka Building site and other land as a co-ownership interest. As a result, profit attributable to owners of parent totaled ¥16,097 million, for an ROE of 13.8%.

As a growth strategy to achieve these targets, we will review and strengthen our business portfolio and visualize our business (product) portfolio strategies within each business segment to improve profitability and identify low profit businesses (products). We will concentrate our management resources to sustainably grow our core Machinery business to a new level.

We will also strengthen efforts to improve ROE. Here, we will 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. In addition, by deploying a business portfolio management system that utilizes cost of capital, we will optimize overall allocation of management resources to achieve sustainable growth and increase corporate value over the medium- to long-term.

## Segment Analysis

In order to strengthen and instill efforts to improve ROE, we have set return on assets (ROA) as a performance and management indicator for each segment, and we are working to improve profitability (operating margin) and efficiency (total asset turnover), which are components of ROA. The situation for fiscal 2023 is as follows. Our ROA results by segment in fiscal 2016 (benchmark year), fiscal 2019 (final year of Phase 1), fiscal 2022 (final year of Phase 2), and fiscal 2023 are shown on page 78.

### Industrial Machinery

Thanks to our efforts to strengthen our engineering capabilities and move away from being a mere equipment manufacturer, we expanded our contractor business and attracted orders through technical proposals for section plant construction projects related to material machinery. As a result, our business performance and profitability (operating margin) improved significantly. In fiscal 2023, however, profitability (operating margin) deteriorated significantly due to additional costs incurred from delays in plant

construction, which affected our material machinery performance. Efficiency (total asset turnover) also declined due to increased capital investments and inventory investments, resulting in an ROA of 1.4%.

### Rock Drill Machinery

In this segment, profitability (operating margin) has been improving alongside revenue growth since fiscal 2021 as business recovers from the impact of COVID-19. Efficiency (total asset turnover) is also improving, mainly due to an improved receivables turnover ratio and an improved inventory turnover ratio resulting from efforts to optimize inventory levels. Profitability (operating margin) improved further in fiscal 2023, mainly due to strong shipments of hydraulic breakers and hydraulic crawler drills to North America, coupled with the favorable impact of a weaker yen, resulting in an ROA of 10.8%.

### UNIC Machinery

Profitability (operating margin) in this segment further deteriorated in fiscal 2023 due to ongoing shipments of products sold before price hikes, which we implemented to address soaring prices of steel and other raw materials, resulting in an ROA of 3.7%. Due to capital investments at the Sakura Works between fiscal 2016 and fiscal 2021, the fixed asset turnover ratio has been deteriorating. Accordingly, improving profitability (operating margin) and maximizing the benefits of capital investments are our greatest challenges.

### Metals

Profitability (operating margin) in this segment improved further in fiscal 2023 due to profit gains from metal price fluctuations and improved profits from entrusted copper smelting, resulting in an ROA of 6.4%. As part of a fundamental review of our entrusted smelting business, we terminated our entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd., on March 31, 2023. This led to a decrease in our copper concentrate requirements, prompting us to reassess our investment in copper mining interests. Consequently, in March 2024 we transferred our shares in Cariboo Copper Corp., which has a 25% interest in the Gibraltar Copper Mine in Canada.

### Electronics

Profitability (operating margin) in this segment deteriorated in fiscal 2023, primarily due to the delayed recovery of the semiconductor market, resulting in an ROA of 2.4%. Looking ahead, we will make capital investments to increase aluminum nitride ceramics production to meet growing demand for heat-dissipating components due to advances in sophistication, integration, miniaturization, and thinning of electronic devices. In the process, we will reinforce the earnings foundation of this segment.

### Chemicals

Profitability (operating margin) in this segment improved in fiscal 2023, resulting in an ROA of 3.5%. This was driven mainly by solid demand for cuprous oxide for ship-bottom paints, a major application for that product, as well as higher unit selling prices owing to rising copper prices and price revisions. Meanwhile, we

are making capital investments to increase our cupric oxide production capacity in anticipation of growth in sales related to 5G communications and cloud servers.

### Real Estate

In this business, profitability (operating margin) deteriorated in fiscal 2023, resulting in an ROA of 1.5%. This was primarily due to a decrease in revenue resulting from lower office rental income from the Muromachi Furukawa Mitsui Building stemming from oversupply in the central Tokyo office market. To optimize the use of our management resources, in August 2023 we sold a portion of our co-ownership interest in the former Furukawa Osaka Building site and other land. We plan to use the proceeds as capital to launch a rental business involving a hotel and some residential units under construction on the site, with operations scheduled to begin in fiscal 2027.

## Consolidated ROA

Consolidated	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	3.2%	0.7	4.4%	6,545
FY2019 (base final year for Phase 1)	4.1%	0.8	5.3%	8,693
FY2022 (base final year for Phase 2)	3.9%	0.9	4.2%	9,031
FY2023	3.5%	0.8	4.5%	8,524

## ROA Transition by Segment

Industrial Machinery	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	0.5%	0.9	0.6%	104
FY2019 (base final year for Phase 1)	13.4%	1.1	12.2%	3,208
FY2022 (base final year for Phase 2)	6.0%	0.8	7.3%	1,515
FY2023	1.4%	0.7	2.1%	389

Rock Drill Machinery	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	2.9%	0.9	3.3%	897
FY2019 (base final year for Phase 1)	0.4%	0.8	0.5%	142
FY2022 (base final year for Phase 2)	8.1%	1.0	8.5%	3,030
FY2023	10.8%	1.0	10.7%	4,148

UNIC Machinery	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	11.2%	1.1	9.9%	2,578
FY2019 (base final year for Phase 1)	13.0%	1.0	12.5%	3,992
FY2022 (base final year for Phase 2)	5.0%	0.9	5.5%	1,547
FY2023	3.7%	0.9	4.1%	1,158

Metals	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	6.2%	2.4	2.6%	1,738
FY2019 (base final year for Phase 1)	1.1%	2.5	0.5%	301
FY2022 (base final year for Phase 2)	3.7%	3.2	1.1%	1,276
FY2023	6.4%	2.8	2.3%	1,945

Electronics	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	0.2%	0.8	0.3%	17
FY2019 (base final year for Phase 1)	(0.5%)	0.8	(0.6%)	(35)
FY2022 (base final year for Phase 2)	6.0%	0.8	7.2%	500
FY2023	2.4%	0.8	3.1%	212

Chemicals	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	0.7%	0.3	2.1%	114
FY2019 (base final year for Phase 1)	3.1%	0.4	7.6%	510
FY2022 (base final year for Phase 2)	3.1%	0.5	6.3%	532
FY2023	3.5%	0.5	6.8%	608

Real Estate	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	4.0%	0.1	39.4%	1,265
FY2019 (base final year for Phase 1)	2.7%	0.1	30.7%	735
FY2022 (base final year for Phase 2)	3.1%	0.1	40.4%	835
FY2023	1.5%	0.1	25.0%	470



## Business Risks

### (1) Foreign Exchange Fluctuations

The Furukawa Company Group engages in production, procurement, and sales activities in Japan and overseas, and therefore is at risk of foreign exchange fluctuations in connection with its export business, the import of raw materials, primarily copper ore, and smelting and processing income. While the Group utilizes foreign exchange contracts and other methods to mitigate this risk, its operating results and financial position may be adversely affected by significant movements in exchange rates.

### (2) Fluctuations in Nonferrous Metals Markets

International prices of electrolytic copper, a mainstay product of the Furukawa Company Group, and other nonferrous metals are decided by the London Metals Exchange (LME) in U.S. dollars to reflect international market conditions. Such prices fluctuate according to the international supply-demand balance, speculative transactions, international political and economic circumstances, and the like. Accordingly, the Group utilizes forward delivery transactions and other hedging techniques to minimize the impact of fluctuating LME prices. However, significant movements in such prices may affect the Group's operating results and financial position.

### (3) Interest Rates

The Furukawa Company Group's fiscal year-end balance of interest-bearing debt was ¥58,389 million, equivalent to 22.5% of total assets. Any increase in debt-related costs arising from changes in interest rates may adversely affect the Group's operating results and financial position.

Although funding costs may increase if market interest rates rise, the Group has prepared for sudden changes in interest rates by utilizing an optimal combination of borrowing arrangements, including fixed-rate instruments.

### (4) Investment Securities and Land

Historically, the Furukawa Company Group has maintained holdings of investment securities, which are subject to market valuations, as well as land. As of March 31, 2024, the carrying value of such securities as stated in the consolidated balance sheets was ¥45,706 million, while land stood at ¥51,765 million. Accordingly, the Group's operating results and financial position are at risk of impairment losses, losses from devaluation, and sales losses if securities and land prices decline significantly.

Regarding securities, every year the Board of Directors comprehensively considers the benefits and risks associated with individual holdings, both qualitatively and quantitatively, in order to verify the suitability of maintaining such holdings. Securities judged to be unsuitable as a result of such verification are sold.

As for other fixed assets held by the Group, a significant deterioration of business conditions could result in a decline in profitability, while falling market prices could lead to impairment losses. Any of these factors may adversely affect the Group's operating results and financial position.

### (5) Fluctuations in Demand

The Furukawa Company Group's products are sold both in Japan and overseas. Therefore, any major fluctuations in demand in its major markets—such as Japan, North America, Europe, and Asia—may adversely affect the Group's operating results and financial position.

Due to the nature of its products, moreover, sales from domestic public works projects account for a high proportion of net sales. Therefore, any major fluctuations in public investments may adversely affect the Group's operating results and financial position.

### (6) Country Risk

The Furukawa Company Group conducts its production, procurement, and sales activities on a global basis in order to expand its sales network, strengthen cost-competitiveness, and reduce currency risk. Any number of local events could hamper the Group's smooth business operations. These include local political unrest, sharp economic slowdown, deterioration of public security, trade sanctions, cultural and legal differences, special labor-management relations, and terrorism. Such events could affect the Group's operating results and financial position.

In addition, geopolitical risks, such as the situation in Ukraine and the Middle East, may lead to a decrease in sales, an increase in costs due to higher prices of steel and other raw materials and fuel, and delays in marine transportation. Any of these factors could affect the Group's operating results and financial position.

### (7) Natural Disasters, Infectious Diseases, and Other Force Majeure

The Furukawa Company Group takes various measures to ensure business continuity. These include formulating a business continuity plan (BCP) in preparation for earthquakes, large-scale fires, and other natural disasters, preparing an earthquake response manual, and establishing a communication system to address emergencies. Nevertheless, the occurrence of such events could cause substantial damage to the Group's production facilities and procurement sources and a breakdown of its distribution network. Also, the worldwide spread of infectious diseases, such as COVID-19, could render inoperable the Group's business operations and owned facilities, as well as the operations of its suppliers. Any of these events may prevent the Group from supplying products in a reliable manner, which could affect its operating results and financial position.

### (8) Product Quality

The Furukawa Company Group manufactures products in accordance with globally recognized quality control standards and strives constantly to establish, maintain, and improve its quality assurance system. However, there is no guarantee that all products will be defect-free in the future. To mitigate such risk, we take out product liability insurance, recall insurance, and the like. However, in the event that a product defect leads to major liability claims or recalls that exceed our expectations, public trust in the Group and its products may be lost, which could affect its operating results and financial position.

### (9) New Product Development

The Furukawa Company Group actively engages in new product development with the aim of bringing to market products incorporating new technologies and functions that meet customer needs. In some of our businesses, however, there are products that are in mature stages of their life cycles. Such products may be subject to reduced profit margins because they are difficult to differentiate from the competition. If the Group is unable to develop or market new products that will become future pillars of such businesses, its operating results and financial position could be affected as a result.

### (10) Human Resources

To achieve future growth, the Furukawa Company Group hires talented people—both new graduates and experienced professionals—and provides training to enhance their competitive strengths. If the Group is unable to attract sufficient human resources required for its business, however, its operating results and financial position could be affected as a result.

### (11) Environmental Protection

The Furukawa Company Group places the highest importance on environmental protection, environmental safety, and prevention of pollution at its various business sites, both in Japan and overseas, respecting all laws and regulations. Furthermore, in Japan the Group takes all necessary measures to ensure proper environmental management of suspended and abandoned mines, including prevention of water pollution from such mines, as well as managing the safety of tailing dams. Due to changes in relevant regulations, however, legislation may be tightened and unexpected situations may arise at each business site, which could increase the cost of responding and thus affect the Group's operating results and financial position.

### (12) Official Regulations

The Furukawa Company Group engages in business in Japan and overseas and thus is subject to legal regulations of various nations, including rules related to licensing, taxation, the environment, labor, antitrust, and export controls. The Group takes care to faithfully comply with such official regulations. Due to changes in laws and regulations, however, existing legislation may be tightened, or new legislation enacted, which could increase the cost of responding and impact business continuity, and thus affect the Group's operating results and financial position.

### (13) Retirement Benefit Obligation

The employees of the Furukawa Company Group are covered by a defined benefit corporate pension plan and a non-contributory funded employee pension plan. Liability for retirement benefits is provided at an amount calculated based on the retirement benefit obligation and the fair value of pension plan assets at the balance sheet date as of March 31, 2024. In calculating retirement benefit obligation, the Group adopts assumptions in connection with the discount rate and expected rate of return on plan assets, as well as other assumptions. However, the Group's operating results and financial position are at risk in the event that the actual discount rate and expected rate of return on plan assets differ materially from the assumptions, as well as in the event of a change in the assumptions on which retirement benefit obligation are made.

### (14) Climate Change

The Furukawa Company Group recognizes the risks and opportunities associated with climate change as an important management issue and is working to reduce greenhouse gas emissions, among other things. We have also expressed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and are analyzing the risks and opportunities associated with climate change to our business, with the aim of realizing a sustainable society and enhancing our corporate value. However, the introduction of a carbon tax or damage to business sites or factories due to extreme weather conditions could affect the Group's operating results and financial position.

### (15) Information Security

The Furukawa Company Group holds confidential and personal information related to research and development, production, sales, and other activities. We are strengthening our information management system by enhancing network security, upgrading maintenance and protection measures (such as system maintenance and renewal), and ensuring that employees comply with various information management rules and guidelines. However, external attacks, unauthorized access, malware infection, and/or other events could lead to system failure or leakage of confidential or personal information, which could affect the Group's operating results and financial position.

Forward-looking statements in the above section are based on judgments of the Group as of June 27, 2024.

## Consolidated Financial Statements

### Consolidated balance sheet

	(Millions of yen)		(Millions of yen)	
	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)	FY2022 (As of March 31, 2023)	FY2023 (As of March 31, 2024)
<b>Assets</b>			<b>Liabilities</b>	
Current assets			Current liabilities	
Cash and deposits	¥ 13,606	¥ 18,513	Notes and accounts payable—trade	¥ 14,397
Notes and accounts receivable—trade, and contract assets	35,502	30,408	Electronically recorded obligations—operating	9,244
Merchandise and finished goods	18,705	20,044	Short-term borrowings	16,607
Work in process	12,213	13,670	Lease liabilities	186
Raw materials and supplies	15,584	13,699	Accounts payable—other	12,806
Other	4,318	3,350	Income taxes payable	1,711
Allowance for doubtful accounts	(47)	(50)	Provision for bonuses	137
Total current assets	99,882	99,636	Provision for loss on construction contracts	6
			Provision for environmental measures	58
Non-current assets			Provision for loss on litigation	—
Property, plant and equipment			Other provision	—
Buildings and structures, net	23,435	23,365	Other	7,954
Machinery, equipment and vehicles, net	9,384	9,952	Total current liabilities	63,111
Land	53,910	51,765	Non-current liabilities	
Leased assets, net	463	592	Bonds payable	—
Construction in progress	900	3,412	Long-term borrowings	46,240
Other, net	2,888	2,957	Lease liabilities	387
Total property, plant and equipment	90,981	92,045	Deferred tax liabilities	10,141
Intangible assets	317	342	Deferred tax liabilities for revaluation	1,367
			Retirement benefit liability	2,481
Investments and other assets			Provision for environmental measures	—
Investment securities	34,711	47,383	Other provisions	97
Long-term loans receivable	4,573	5,112	Asset retirement obligations	228
Deferred tax assets	749	432	Other	2,638
Retirement benefit asset	351	2,692	Total non-current liabilities	63,583
Other	1,947	14,659	Total liabilities	126,695
Allowance for doubtful accounts	(769)	(2,426)	<b>Net assets</b>	
Total investments and other assets	41,563	67,853	Shareholders' equity	
Total non-current assets	132,862	160,241	Share capital	28,208
Total assets	¥232,745	¥259,878	Capital surplus	2
			Retained earnings	58,847
			Treasury shares	(3,086)
			Total shareholders' equity	83,971
			Accumulated other comprehensive income	
			Valuation difference on available-for-sale securities	12,320
			Deferred gains or losses on hedges	(77)
			Revaluation reserve for land	2,582
			Foreign currency translation adjustment	1,564
			Remeasurements of defined benefit plans	2,584
			Total accumulated other comprehensive income	18,974
			Non-controlling interests	3,103
			Total net assets	106,050
			Total liabilities and net assets	¥232,745

### Consolidated statement of income and consolidated statement of comprehensive income

	(Millions of yen)	
	FY2022 (Fiscal year ended March 31, 2023)	FY2023 (Fiscal year ended March 31, 2024)
<b>Consolidated statement of income</b>		
Net sales	¥214,190	¥188,255
Cost of sales	185,575	160,010
Gross profit	28,615	28,245
Selling, general and administrative expenses		
Freight and incidental costs	3,005	2,572
Salaries, allowances and bonuses	7,910	8,230
Provision for bonuses	78	78
Provision for retirement benefits	525	401
Provision of allowance for doubtful accounts	10	—
Research and development expenses	1,055	935
Other	6,998	7,503
Total selling, general and administrative expenses	19,583	19,721
Operating profit	9,031	8,524
Non-operating income		
Dividend income	847	991
Share of profit of entities accounted for using equity method	—	539
Foreign exchange gains	1,462	1,162
Other	836	961
Total non-operating income	3,146	3,655
Non-operating expenses		
Interest expenses	501	510
Share of loss of entities accounted for using equity method	860	—
Administrative expenses of inactive mountain	814	816
Other	654	467
Total non-operating expenses	2,829	1,795
Ordinary profit	9,348	10,384
Extraordinary income		
Gain on sales of non-current assets	47	13,433
Gain on sales of investment securities	362	2,659
Other	0	—
Total extraordinary income	410	16,092
Extraordinary losses		
Demolition expenses of a rental building	470	458
Loss on liquidation of investments in and loans to affiliated companies	—	2,058
Other	781	708
Total extraordinary losses	1,252	3,224
Profit before income taxes	8,506	23,252
Income taxes—current	2,811	5,378
Income taxes—deferred	(762)	1,552
Total income taxes	2,049	6,931
Profit	6,457	16,321
Profit attributable to non-controlling interests	245	224
Profit attributable to owners of parent	¥ 6,211	¥ 16,097
<b>Consolidated statement of comprehensive income</b>		
Profit	¥6,457	¥16,321
Other comprehensive income		
Valuation difference on available-for-sale securities	491	11,027
Deferred gains or losses on hedges	106	93
Foreign currency translation adjustment	1,413	996
Remeasurements of defined benefit plans, net of tax	77	2,587
Share of other comprehensive income of entities accounted for using equity method	282	(250)
Total other comprehensive income	2,373	14,454
Comprehensive income	8,830	30,776
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,522	30,488
Comprehensive income attributable to non-controlling interests	308	287



## Consolidated statement of cash flows

	(Millions of yen)	
	FY2022 (Fiscal year ended March 31, 2023)	FY2023 (Fiscal year ended March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	¥ 8,506	¥ 23,252
Depreciation	4,114	4,387
Loss (gain) on sales of property, plant and equipment	255	(13,150)
Loss (gain) on sales of investment securities	(362)	(2,659)
Share of loss (profit) of entities accounted for using equity method	860	(539)
Increase (decrease) in allowance for doubtful accounts	(7)	1,583
Interest and dividend income	(1,110)	(1,331)
Interest expenses	501	510
Foreign exchange losses (gains)	(81)	(482)
Decrease (increase) in trade receivables	(6,798)	5,366
Decrease (increase) in inventories	3,219	(314)
Increase (decrease) in trade payables	(2,143)	1,109
Increase (decrease) in accounts payable—other	(1,119)	(3,832)
Other, net	3,058	(1,074)
Subtotal	8,892	12,828
Interest and dividends received	1,073	1,381
Interest paid	(494)	(503)
Income taxes paid	(3,400)	(4,116)
Income taxes refunded	76	902
Net cash provided by (used in) operating activities	6,148	10,492
Cash flows from investing activities		
Payments into time deposits	(0)	(319)
Purchase of property, plant and equipment	(3,361)	(6,405)
Proceeds from sales of property, plant and equipment	239	5,464
Payments for retirement of property, plant and equipment	(261)	(255)
Proceeds from sales of investment securities	1,380	3,128
Proceeds from sale of shares of subsidiaries and associates	—	430
Proceeds from a partial refund of consideration for acquisition from the seller by adjusting the consideration of share of subsidiaries	420	—
Other, net	(34)	(128)
Net cash provided by (used in) investing activities	(1,617)	1,915
Cash flows from financing activities		
Proceeds from short-term borrowings	57,408	14,748
Repayments of short-term borrowings	(58,300)	(21,860)
Proceeds from long-term borrowings	3,200	6,630
Repayments of long-term borrowings	(5,176)	(9,180)
Proceeds from issuance of bonds	—	5,000
Repayments of finance lease liabilities	(208)	(231)
Purchase of treasury shares	(888)	(1,621)
Dividends paid	(1,942)	(1,904)
Other, net	(25)	(26)
Net cash provided by (used in) financing activities	(5,934)	(8,446)
Effect of exchange rate change on cash and cash equivalents	541	625
Net increase (decrease) in cash and cash equivalents	(862)	4,587
Cash and cash equivalents at beginning of period	14,468	13,606
Cash and cash equivalents at end of period	¥ 13,606	¥ 18,193

## Consolidated statement of changes in equity

		(Millions of yen)							
		Shareholders' equity					Total		
		Share capital	Capital surplus	Retained earnings	Treasury shares	shareholders' equity		Total	
Fiscal year ended March 31, 2023									
Balance at beginning of period		¥28,208	¥ 2	¥54,557	¥(2,197)			¥80,570	
Changes during period									
Dividends of surplus				(1,941)				(1,941)	
Profit attributable to owners of parent				6,211				6,211	
Purchase of treasury shares						(888)		(888)	
Reversal of revaluation reserve for land				19				19	
Net changes in items other than shareholders' equity									
Total changes during period				4,290	(888)			3,401	
Balance at end of period		¥28,208	¥ 2	¥58,847	¥(3,086)			¥83,971	
		Accumulated other comprehensive income							
		Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period		¥11,832	¥(292)	¥2,602	¥ 35	¥2,506	¥16,683	¥2,821	¥100,075
Changes during period									
Dividends of surplus									(1,941)
Profit attributable to owners of parent									6,211
Purchase of treasury shares									(888)
Reversal of revaluation reserve for land									19
Net changes in items other than shareholders' equity		487	215	(19)	1,529	77	2,291	282	2,573
Total changes during period		487	215	(19)	1,529	77	2,291	282	5,975
Balance at end of period		¥12,320	¥ (77)	¥2,582	¥1,564	¥2,584	¥18,974	¥3,103	¥106,050
Fiscal year ended March 31, 2024									
		Shareholders' equity					Total		
		Share capital	Capital surplus	Retained earnings	Treasury shares	shareholders' equity		Total	
Balance at beginning of period		¥28,208	¥ 2	¥58,847	¥(3,086)			¥83,971	
Changes during period									
Dividends of surplus				(1,905)				(1,905)	
Profit attributable to owners of parent				16,097				16,097	
Purchase of treasury shares						(1,621)		(1,621)	
Reversal of revaluation reserve for land						7		7	
Net changes in items other than shareholders' equity									
Total changes during period				14,198	(1,621)			12,577	
Balance at end of period		¥28,208	¥ 2	¥73,046	¥(4,707)			¥96,549	
		Accumulated other comprehensive income							
		Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period		¥12,320	¥ (77)	¥2,582	¥1,564	¥2,584	¥18,974	¥3,103	¥106,050
Changes during period									
Dividends of surplus									(1,905)
Profit attributable to owners of parent									16,097
Purchase of treasury shares									(1,621)
Reversal of revaluation reserve for land									7
Net changes in items other than shareholders' equity		11,022	113	(7)	667	2,587	14,383	261	14,645
Total changes during period		11,022	113	(7)	667	2,587	14,383	261	27,222
Balance at end of period		¥23,342	¥ 36	¥2,575	¥2,232	¥5,172	¥33,358	¥3,365	¥133,272

## Corporate Data

### Corporate Data (As of March 31, 2024)

Company Name:	Furukawa Co., Ltd.
Head Office:	2-6-4 Otemachi, Chiyoda-ku, Tokyo 100-8370, Japan (Tokiwabashi Tower)
Tel:	+81-3-6636-9501
Date of Foundation:	August 1875
Date of Establishment:	April 1918
Stock Exchange Listing:	Tokyo Stock Exchange: Prime Market
Securities Code Number:	5715
Employees:	2,855 (Consolidated)

### Principal Shareholders

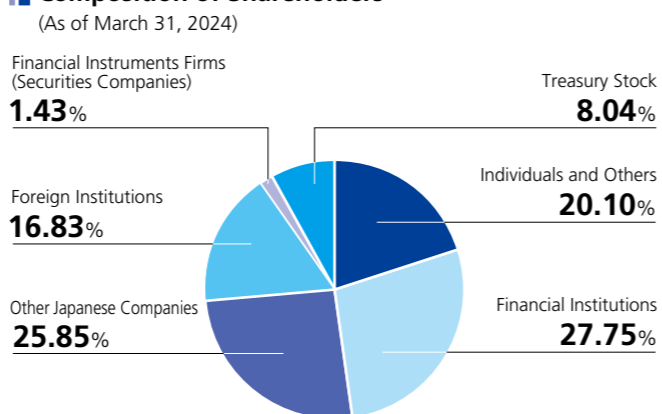
	Number of Shares (Thousands)	Percentage of Total Shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,994	10.73
Asahi Mutual Life Insurance Company	2,373	6.38
Custody Bank of Japan, Ltd. (trust account)	2,348	6.31
Seiwa Building Co., Ltd.	1,935	5.20
Kawashima Co., Ltd.	1,860	5.00
SANKO co., LTD.	1,090	2.93
Furukawa Electric Co., Ltd.	877	2.36
Akanekai, the Company's Employee Stock Holding Association	741	1.99
Chuo-Nittochi Co., Ltd.	687	1.84
ADEKA Corporation	663	1.78

Notes: 1. The above excludes the Company's holdings of treasury stock, totaling 3,255,730 shares.  
2. The Company's holdings of treasury stock, totaling 3,255,730 shares, are excluded from shareholding ratio calculations.

### Stock Data (As of March 31, 2024)

Number of Shares Authorized:	80,000,000 shares
Number of Shares Outstanding:	40,445,568 shares
Number of Shareholders:	17,199
Stock Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan

### Composition of Shareholders



\* For information on Directors and Audit & Supervisory Board Members, please see pages 61-62.

## For the latest IR information and video of our presentations, please visit our corporate website.

The Investor Relations section of our website provides the latest IR news, IR materials, management policies, and other information. Within that section, the IR Library contains archived materials, such as the Integrated Report, Annual Securities Report, and presentation materials, as well as videos of financial results briefings and medium-term business plan briefings for the most recent year, including Q&A sessions.

- IR News (financial results, timely disclosures, etc.)
- Management Policies (Management Plan, Corporate Governance, etc.)
- Consolidated Financial Highlights (Consolidated Statements of Income, Segment Performance, etc.)
- Shareholder Information (Composition of Shareholders, Dividend Policy, etc.)
- IR Library (Presentation Materials, Integrated Report, Annual Securities Report, etc.)



[Investor Relations](#)

## Videos introducing products of the Furukawa Company Group that help resolve social issues

The features and strengths of Group products that help resolve social issues are introduced in these videos (on YouTube). The Belt Conveyor video introduces the excellent characteristics of our belt conveyors, which improve efficiency (through labor savings, shorter construction periods, and the like), as well as environmentally friendly, safe, and secure conveyance. The Tunnel Drill Jumbo video introduces various products that have improved worker safety and productivity at mountain tunnel construction sites, along with third-party evaluations. The mini-crawler crane video introduces machines that excel in areas where truck-mounted cranes cannot operate, including confined spaces, rough terrain, and indoors. Please take a look.



[Introduction of the Group's products](#)



## Corporate History

1875	Began the operation of the Kusakura Copper Mine in Niigata (Company foundation).		2003	Established a joint company for the manufacturing and distribution of UNIC cranes in China.	
1877	Began the operation of the Ashio Copper Mine in Tochigi.	The key to the success of the Furukawa Company Group began with the development of the Ashio Copper Mine.	2005	Spun off the Machinery business, Metals business, and Electronic Materials and Chemicals business and shifted to a group management structure as the Furukawa Company Group to enhance management.	This is an affiliate company for the UNIC business established in Taian, Shandong, China, which manufactures and distributes truck-mounted cranes and other products.
1900	Set up a machinery works at the Ashio Copper Mine and entered into the machinery business.		2008	Furukawa Industrial Machinery Systems Co., Ltd., merged with Furukawa Otsuka Iron Works Co., Ltd.	
1914	Manufactured the first rock drill in Japan.	The first domestic rock drill was developed (for the Ashio Copper Mine).	2009	Made Tohpe Corporation, which manufactures and distributes paints and chemicals, into a consolidated subsidiary.	
1918	Spun off mining business from Furukawa General Partnership and established Furukawa Mining Co., Ltd.		2010	Acquired interest in Canadian copper mine.	
1944	Bought Osaka Smelter of Toa Chemical Smelting Co., Ltd., and established it as Osaka Cementation and Refining. Entered into the chemical business.	At the Oyama Works, pumps and mining machinery for copper mines were manufactured, not only for internal use but also to sell externally.	2011	Established a sales company of rock drill products in India.	
1950	Built the Takasaki Works of the Rock Drill Division in Gunma.	At the Takasaki Works, rock drills were mass produced, and we established the position of a leading rock drill manufacturer.	2012	Established a sales company for UNIC products in Russia.	
1951	Began manufacturing of titanium dioxide and cuprous oxide at Osaka Cementation and Refining.		2013	The Group exited the paints business with the sale of all of its shares in Tohpe Corporation.	
1962	Completed the Furukawa / Outokumpu flash smelting plant at Ashio Smelting and Refining.	Arsenic is one of the by-products generated during the smelting stage of copper concentrates.	2014	Completed Muromachi Furukawa Mitsui Building in Nihonbashi, Tokyo.	
1962	Completed research and development of high-purity (99.999%) metallic arsenic and commenced with sales of it.		2014	Established a coil processing company in the Philippines.	Muromachi Furukawa Mitsui Building, consists of a commercial facility (COREDO Muromachi 2), offices, and rental accommodation.
1987	Bought UNIC Corporation.		2015	Established the Tsukuba Development Center, which integrates technology research operation.	
1989	The Japanese name changed from Furukawa Kogyo Kabushiki Kaisha to Furukawa Kikai Kinzoku Kabushiki Kaisha.	"UNIC" has become a synonym for truck-mounted cranes in Japan.	2015	Renewed Management Philosophy and established Vision for 2025.	An affiliated company for the electronic materials business makes coils in Bulacan Province, Philippines.
1990	Bought an American breaker sales and manufacturing company.		2018	Established a sales company for rock drills and other products in Malaysia.	
1997	Established a manufacturer of UNIC products / components in Thailand.	This is an affiliate company for the UNIC business established in Rayong, Thailand, which manufactures truck-mounted cranes and other products.	2021	Consolidated head office functions and relocated to Tokiwabashi Tower in Otemachi, Tokyo.	
1998	Established a sales company of rock drill products in Holland.	This is an affiliate company for the construction and mining machinery business established in Utrecht, Holland, which distributes rock drill products.	2021	Acquired Yamaishi Metal Co., Ltd., a manufacturer of metal powder.	Tokiwabashi Tower (in Tokyo Torch redevelopment district)
			2022	Decided to dissolve two rock drill product sales companies (one in Panama and one in China).	
			2023	Terminated entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd.	
			2023	Established a maintenance services company for rock drill products in Tochigi Prefecture.	
			2024	Sold interest in Canadian copper mine.	



 **FURUKAWA CO.,LTD.**

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<https://www.furukawakk.co.jp/en/>