FURUKAWA

FURUKAWA CO., LTD.

Financial Results Briefing for the Fiscal Year Ended March 2025

May 30, 2025

[Number of Speakers]	3	
	Minoru Nakatogawa	President and Representative Director
	Koichiro Konno	Director & Senior Executive Officer, General Manager, Corporate Planning Department
	Ryohei Akutagawa	Deputy General Manager, Corporate Planning Department, Manager, Public & Investor Relations Section

Presentation

Akutagawa: After explaining the financial results for the fiscal year ended March 31, 2025 and the forecast for the current fiscal year, Mr. Nakatogawa, President and Representative Director, will explain the progress of the Medium-Term Business Plan 2025, followed by a question-and-answer period.

Nakatogawa: I am Nakatogawa, President of FURUKAWA CO., LTD. Thank you for taking time out of your busy schedule to attend our financial results briefing today.

We have undergone significant changes since our founding in 1875, and now our core business is machinery and materials, and we are celebrating our 150th anniversary this year. We will continue to enhance our IR activities so that our investors can better understand our company.

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In the first half of today's presentation, I will explain the financial results for the previous fiscal year and the full-year forecast, and in the second half, we will explain the progress of the Medium-Term Business Plan 2025.

Financial Results for the FY2024 (Consolidated)

		FY2023	FY2024	Difference
Net sales	Million Yen	188,255	201,216	12,961
Operating profit	Million Yen	8,524	9,763	1,239
Operating margin	%	4.5	4.9	0.4
Ordinary profit	Million Yen	10,384	9,705	(679)
Profit attributable to owners of parent	Million Yen	16,097	18,619	2,521

For the fiscal year ended March 31, 2025, YoY changes are as follows: net sales increased JPY12.9 billion to JPY201.2 billion, operating profit increased JPY1.2 billion to JPY9.7 billion, ordinary profit decreased JPY600 million to JPY9.7 billion, and profit attributable to owners of parent increased JPY2.5 billion to JPY18.6 billion.

Financial Forecasts for the FY2025 (Consolidated)

		FY2024	FY2025 (Forecast)	Difference
Net sales	Million Yen	201,216	193,000	(8,216)
Operating profit	Million Yen	9,763	7,000	(2,763)
Operating margin	%	4.9	3.6	(1.3)
Ordinary profit	Million Yen	9,705	7,000	(2,705)
Profit attributable to owners of parent	Million Yen	18,619	5,000	(13,619)

Annual dividends	Yen	70	70	—

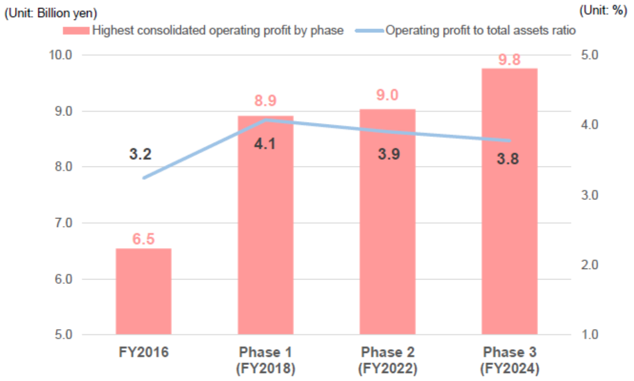
*FY2025 (Forecast) were announced on May 13, 2025

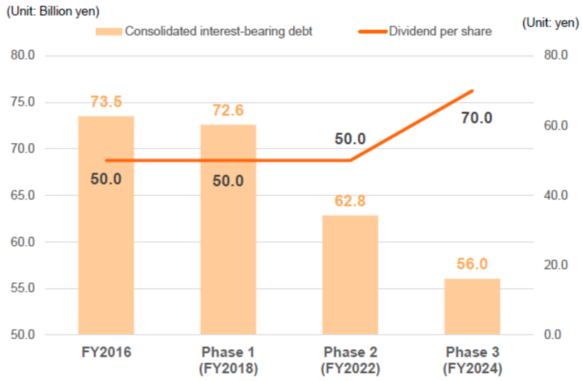
Here is a summary of this year's forecast. For the full year ending March 31, 2026, we expect net sales to decrease JPY8.2 billion to JPY193 billion, operating profit to decrease JPY2.7 billion to JPY7 billion, ordinary profit to decrease JPY2.7 billion to JPY7 billion, and profit attributable to owners of parent decrease by JPY13.6 billion to JPY5 billion. The annual dividend is expected to be JPY70 per share for the current fiscal year.

Performance Trends Under the 'Vision for 2025'

(Phase 1: FY2017–FY2019, Phase 2: FY2020–FY2022, Phase 3: FY2023–FY2025)

- Since FY2017, when the 2025 Vision was launched, the business and operating environment has fluctuated significantly, but as the phase progresses, consolidated operating profit has reached its highest level up to that point.
- We also focused on improving our financial position to support our growth strategy, reducing consolidated interest-bearing debt from ¥73.5 billion at the end of FY2016 to ¥56 billion at the end of FY2024.
- While improving our financial position, we are also strengthening measures to ensure sustainable and stable profit returns to shareholders. In the third phase of the plan, we raised the dividend from ¥50 per share until the second phase to ¥55 per share in FY2023. Furthermore, in FY2024, we plan to pay an interim dividend and raise the dividend per share to ¥70.





This is the actual change in the 2025 Vision. The lower left graph shows the highest consolidated operating profit and ROA for each phase. The lower-right graph shows consolidated interest-bearing debt and dividends per share for the year in which the highest consolidated operating profit was achieved.

Since FY2017, when the 2025 Vision was launched, the business and operating environment has fluctuated significantly, but as the phase progresses, consolidated operating profit has reached its highest level up to that point. We also focused on improving our financial position to support our growth strategy, reducing consolidated interest-bearing debt from JPY73.5 billion at the end of FY2016 to JPY56 billion at the end of FY2024.

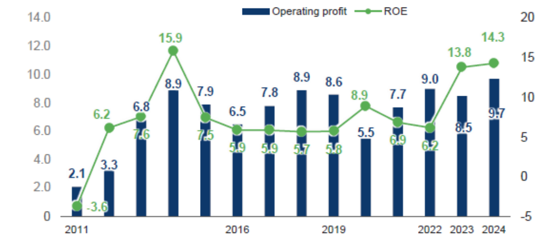
While improving our financial position, we are also strengthening measures to ensure sustainable and stable profit returns to shareholders. In the third phase of the plan, we raised the dividend from JPY50 per share until the second phase to JPY55 per share in FY2023. Furthermore, in FY2024, we plan to pay an interim dividend and raise the dividend per share to JPY70.

Transition of the Management Indicators of Medium-Term Business Plan 2025

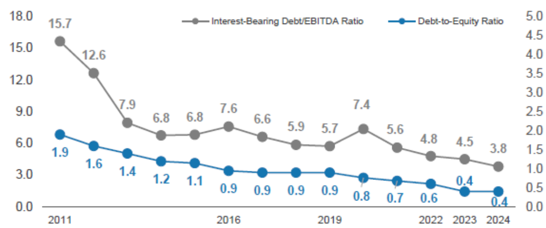
[Management Indicators]

		FY2025 (Medium-Term Business Plan image)	FY2023	FY2024	Achievement Status of the Medium-Term Business Plan
Operating profit	Million Yen	Approx. ¥13,000 Million	8,524	9,763	×
ROE	%	Approx. 8%	13.8	14.3	○
Debt-to-equity ratio	Times	0.5x range	0.4	0.4	○
Interest-bearing debt/EBITDA ratio	Times	3x range	4.5	3.8	○
Consolidated total return on equity	%	3% or more	3.1	4.6	○
Strategic shareholdings ratio	%	Less than 20% by March 31, 2025	40.8	16.6	○
Annual dividends	Yen	¥50 or more per share	55	70	○
Share buyback	Million Yen	Approx. ¥1,500-2,000 Million	1,620	3,440	○

Transition of Operating Profit / ROE



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



As you can see, we have made progress in the management indicators adopted in the Medium-Term Business Plan 2025. Although operating profit has not been achieved, the targets of the medium-term business plan have been achieved for the other indicators. Major progress will be described later.

Consolidated Income Statement

(Unit: Million yen)

	FY2023	FY2024	Difference
Net sales	188,255	201,216	12,961
Cost of sales	160,010	171,660	11,649
Gross profit	28,245	29,556	1,311
Selling, general and administrative expenses	19,721	19,793	72
Operating profit	8,524	9,763	1,239
Non-operating income	3,655	2,304	(1,351)
Dividend income	991	930	(61)
Share of profit of entities accounted for using equity method	539	620	80
Foreign exchange gains	1,162	-	(1,162)
Reversal of allowance for doubtful accounts	12	287	274
Other	948	466	(482)
Non-operating expenses	1,795	2,362	567
Interest expenses	510	539	29
Administrative expenses of inactive mountain	816	893	76
Foreign exchange losses	-	621	621
Other	467	307	(160)
Ordinary profit	10,384	9,705	(679)
Extraordinary income	16,092	17,535	1,442
Gain on sale of investment securities	2,659	17,077	14,418
Other	13,433	457	(12,976)
Extraordinary losses	3,224	2,032	(1,192)
Provision for environmental measures	-	1,785	1,785
Demolition expenses of a rental building	458	-	(458)
Loss on liquidation of investments and loans in affiliated companies	2,058	-	(2,058)
Other	708	246	(461)
Profit before income taxes	23,252	25,208	1,955
Income taxes – current	5,378	7,547	2,169
Income taxes – deferred	1,552	(1,102)	(2,655)
Profit	16,321	18,762	2,441
Profit attributable to non-controlling interests	224	143	(80)
Profit attributable to owners of parent	16,097	18,619	2,521

Operating profit increased by ¥1.2 billion; however, due to a foreign exchange loss of ¥1,783 million (the difference between loss of ¥621 million this fiscal year and gain of ¥1,162 million in the previous fiscal year), ordinary profit decreased by ¥600 million.

Gain on sale of investment securities related to the disposal of policy-held shares

In the previous fiscal year, a portion of the co-ownership interest in the Furukawa Osaka Building site and other land was transferred (¥13,423 million)

To prepare for the expenditure of remediation costs related to residual lead contamination in residential areas surrounding the site of the former smelter in Australia, the estimated amount of these costs has been recorded.

Losses from the transfer of Cariboo Copper Corp.* shares (*Holding a 25% interest in the Gibraltar Mine)

Income Statement. Net sales and operating profit will be discussed in detail for each segment later in this section. Ordinary profit decreased by JPY0.6 billion from the previous year to JPY9.7 billion, mainly due to the deterioration of foreign exchange gains and losses.

Extraordinary income increased from the previous fiscal year due to a gain on sales of fixed assets of JPY13.4 billion in the previous fiscal year, and a gain on sales of investment securities of JPY17 billion resulting from the sale of strategic share holdings. Extraordinary losses decreased from the previous fiscal year due to the loss on transfer of Cariboo Copper shares recorded in the previous fiscal year, although an estimated cost of JPY1.7 billion was recorded in the current fiscal year to prepare for expenditure on the cleanup of residual lead contamination in residential areas surrounding the former smelter site in Australia. As a result, profit attributable to owners of parent increased JPY2.5 billion to JPY18.6 billion.

Consolidated Balance Sheet

(Million yen)

	FY2023	FY2024	Difference
Assets			
Current assets	99,636	116,759	17,122
Non-current assets	160,241	140,347	(19,893)
Property, plant and equipment	92,045	94,796	2,750
Intangible assets	342	329	(12)
Investments and other assets	67,853	45,221	(22,631)
Total assets	**259,878**	**257,107**	**(2,770)**

- Current assets: Increase in cash and deposits, notes receivable, accounts receivable and contract assets, as well as prepaid expenses
- Investments and other assets: Reduction of Investment securities due to the partial sale of policy-held shares

	FY2023	FY2024	Difference
Liabilities			
Current liabilities	51,669	53,114	1,444
Non-current liabilities	74,935	70,420	(4,515)
Total liabilities	**126,605**	**123,534**	**(3,071)**
Net assets			
Shareholders' equity	96,549	108,655	12,106
Share capital	28,208	28,208	-
Capital surplus	2	2	-
Retained earnings	73,046	82,385	9,338
Treasury shares	(4,707)	(1,940)	2,767
Accumulated other comprehensive income	33,358	22,154	(11,203)
Non-controlling interests	3,365	2,763	(602)
Total net assets	**133,272**	**133,572**	**300**
Total liabilities and net assets	**259,878**	**257,107**	**(2,770)**

- Current liabilities: Decrease in electronically recorded obligations and short-term borrowings, along with an increase in accounts payable and accrued corporate taxes
- Non-current liabilities: Increase in environmental provisions and decrease in deferred tax liabilities
- Accumulated other comprehensive income: Decrease in valuation difference on available-for-sale securities owing to a reduction in strategic shareholdings

This is the balance sheet. In assets, current assets increased JPY17.1 billion, but total assets decreased JPY2.7 billion to JPY257.1 billion, mainly due to a decrease in investment securities from the sale of some strategic shareholding stocks in investments and other assets in fixed assets.

In liabilities, total liabilities decreased JPY3 billion to JPY123.5 billion, mainly due to a decrease in deferred tax liabilities, despite an increase in current liabilities and an increase in provision for environmental measures in non-current liabilities.

Net assets increased JPY0.3 billion to JPY133.5 billion due to an increase in shareholders' equity, despite a JPY11.2 billion decrease in accumulated other comprehensive income due to a decrease in unrealized gains on available-for-sale securities resulting from a reduction in strategic shareholdings.

Interest-Bearing Debt & Consolidated Cash Flow

[Interest-bearing debt]

(Million yen)

	FY2023	FY2024	Difference
Short-term	493	564	70
Long-term	52,895	50,470	(2,425)
Bonds payable	5,000	5,000	-
Total	58,389	56,034	(2,354)

[Consolidated cash flow]

	FY2023	FY2024	Difference
Cash flows from operating activities	10,492	5	(10,487)
Cash flows from investing activities	1,915	15,098	13,182
Cash flows from financing activities	(8,446)	(9,234)	(787)
Cash and cash equivalents	18,193	24,391	6,197

Adjusted income after non-cash profit and loss items (¥14,006 million), expenditures due to changes in assets and liabilities related to operating activities [(-)¥9,161 million], and net payments for corporate taxes [(-)¥5,347 million], etc.

Purchase of property, plant and equipment [(-)¥7,664 million], proceeds from sale of investment securities [¥23,529 million],etc.

Reduction of interest-bearing debt (¥(-)2,345 million, expenditures for the acquisition of treasury stock [(-)¥3,440 million], and dividend payments [(-)¥3,127 million], etc.

Interest-bearing debt decreased by JPY2.3 billion to JPY56 billion as stated here.

Consolidated cash flow from operating activities was only JPY5 million positive due to expenditures for changes in assets and liabilities related to operating activities and net income tax payments, while non-cash income items and other various adjusted income were recorded.

Cash flow from investing activities was positive JPY15 billion, mainly due to proceeds from sales of investment securities, despite expenditures for the acquisition of tangible fixed assets. Financing cash flow was negative JPY9.2 billion due to reduction of interest-bearing debt, purchase of treasury stock, and payment of dividends.

Financial Results by Segment (Consolidated)

(Million yen)

	Net sales			Operating profit		
	FY2023	FY2024	Difference	FY2023	FY2024	Difference
Machinery	82,085	86,301	4,216	5,696	5,980	284
Industrial	15,548	22,213	6,664	389	2,206	1,817
Rock Drill	38,682	35,003	(3,678)	4,148	2,795	(1,352)
UNIC	27,853	29,084	1,231	1,158	977	(180)
Materials	100,388	108,757	8,369	2,765	3,169	403
Metals	84,712	92,384	7,671	1,945	2,418	473
Electronics	6,766	6,545	(221)	212	125	(87)
Chemicals	8,908	9,827	918	608	625	17
Real Estate	1,873	2,071	198	470	686	216
Other	3,908	4,085	177	(293)	15	309
Adjustment				(114)	(89)	24
Total	188,255	201,216	12,961	8,524	9,763	1,239

JPY rate per US$	144.6 ¥/$	152.6 ¥/$	7.9 ¥/$
LME copper price	8,362 $/ton	9,370 $/ton	1,008 $/ton

In terms of divisional results, sales were down in the rock drill machinery segment, which had a strong year in the fiscal year ended on March 31, 2024, and in the electronics segment, but sales were up in other segments, resulting in an overall sales increase of JPY12.9 billion. The overall machinery business increased JPY4.2 billion to JPY86.3 billion, and the overall materials business increased JPY8.3 billion to JPY108.7 billion.

Operating profit increased overall, mainly in the industrial machinery and metals segments, although it decreased in the rock drill machinery, UNIC machinery, and electronics segments. The overall machinery business increased JPY0.2 billion to JPY5.9 billion, and the overall materials business increased JPY0.4 billion to JPY3.1 billion.

Foreign exchange and copper price results are shown in the table.

Financial Forecasts by Segment (Consolidated)

(Million yen)

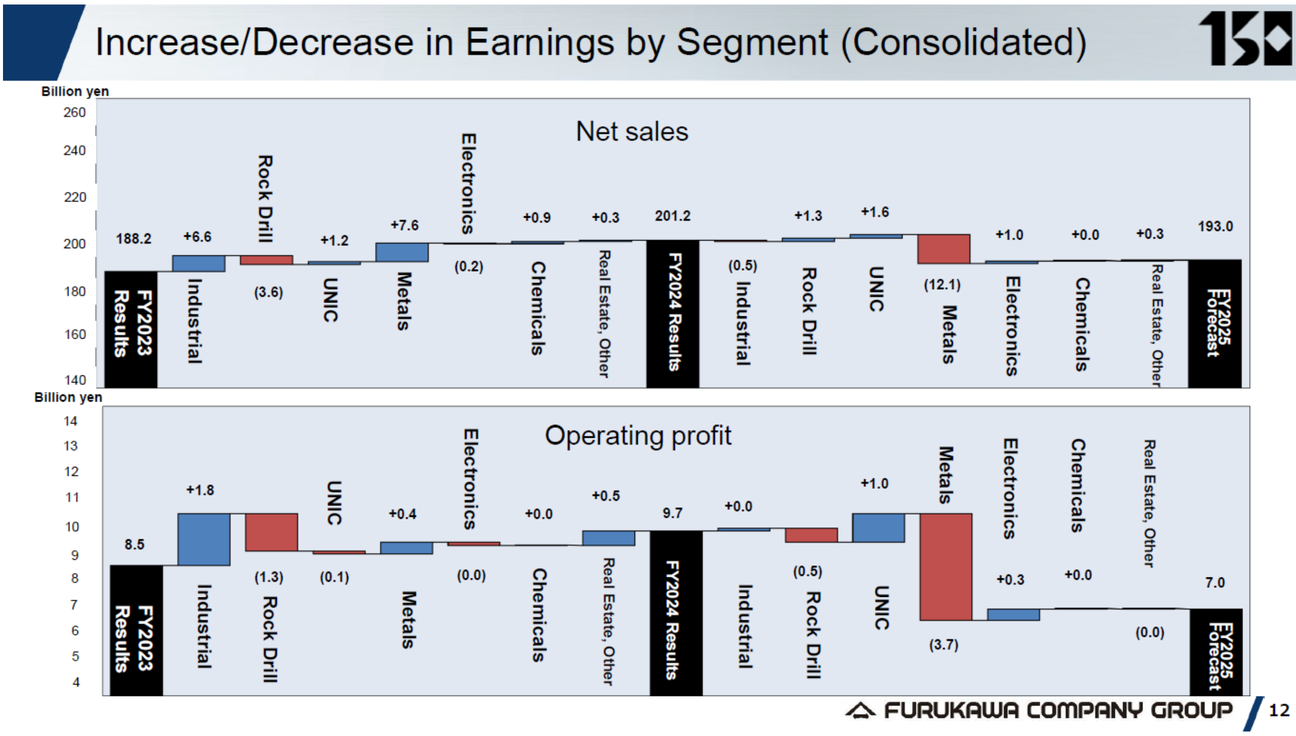
	Net sales			Operating profit		
	FY2024	FY2025 (Forecast)	Difference	FY2024	FY2025 (Forecast)	Difference
Machinery	86,301	88,800	2,498	5,980	6,500	519
Industrial	22,213	21,700	(513)	2,206	2,300	93
Rock Drill	35,003	36,400	1,396	2,795	2,200	(595)
UNIC	29,084	30,700	1,615	977	2,000	1,022
Materials	108,757	97,700	(11,057)	3,169	(100)	(3,269)
Metals	92,384	80,200	(12,184)	2,418	(1,300)	(3,718)
Electronics	6,545	7,600	1,054	125	500	374
Chemicals	9,827	9,900	72	625	700	74
Real Estate	2,071	2,100	28	686	700	13
Other	4,085	4,400	314	15	0	(15)
Adjustment				(89)	(100)	(10)
Total	201,216	193,000	(8,216)	9,763	7,000	(2,763)

JPY rate per US$	152.6 ¥/$	145.0 ¥/$	(7.6) ¥/$
LME copper price	9,370 $/ton	9,000 $/ton	(370) $/ton

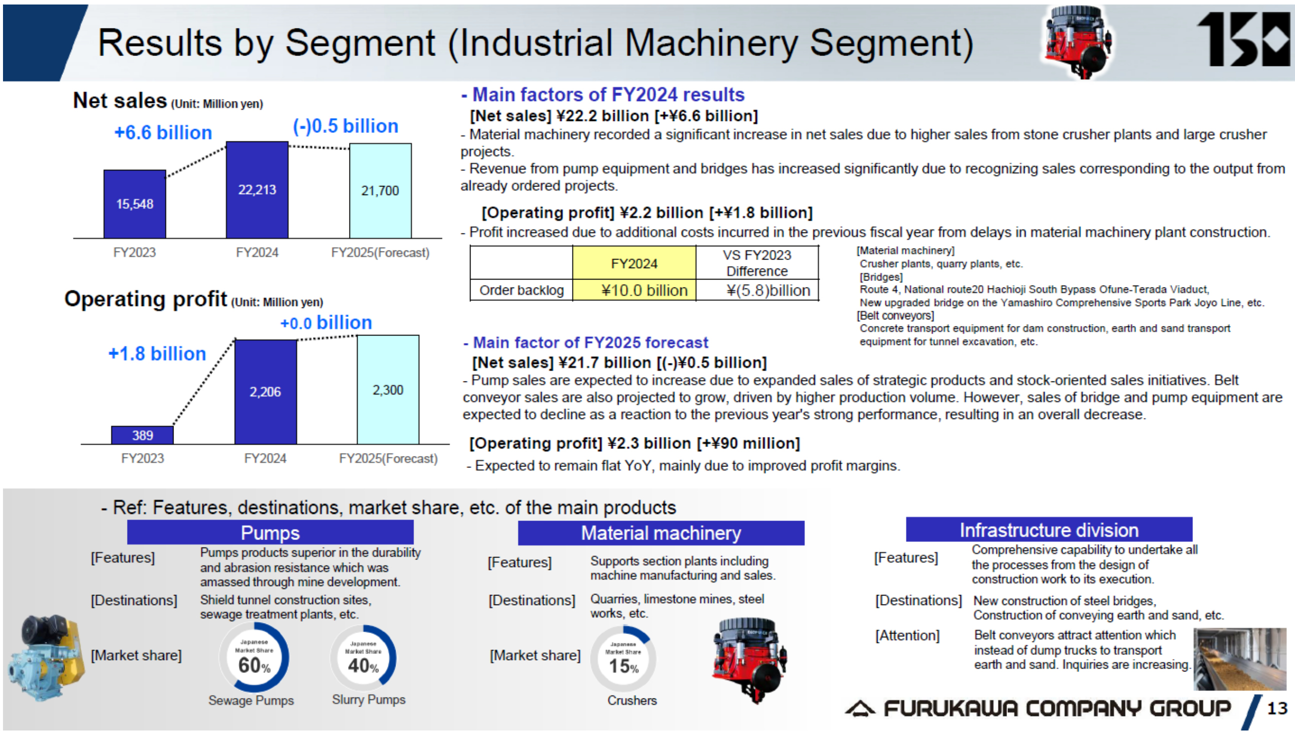
The full-year sales forecast for the current fiscal year calls for an increase in sales mainly in the rock drill machinery, UNIC machinery, and electronics segments, but a significant decrease in sales in the metals segment, which is significantly affected by the strong yen and metal prices, resulting in an overall decrease in sales forecast.

Operating profit is expected to increase mainly in the UNIC machinery and electronics segments, but overall operating profit is expected to decrease in the rock drill machinery and metals segments due to the impact of the strong yen, as well as a significant deterioration in conditions for purchasing copper concentrate in the metals segment.

Actual and assumed foreign exchange and copper prices are shown in the table.



The graph shows changes in results by segment. The upper part of the graph shows increase/decrease in sales, and the lower part shows increase/decrease in operating profit.

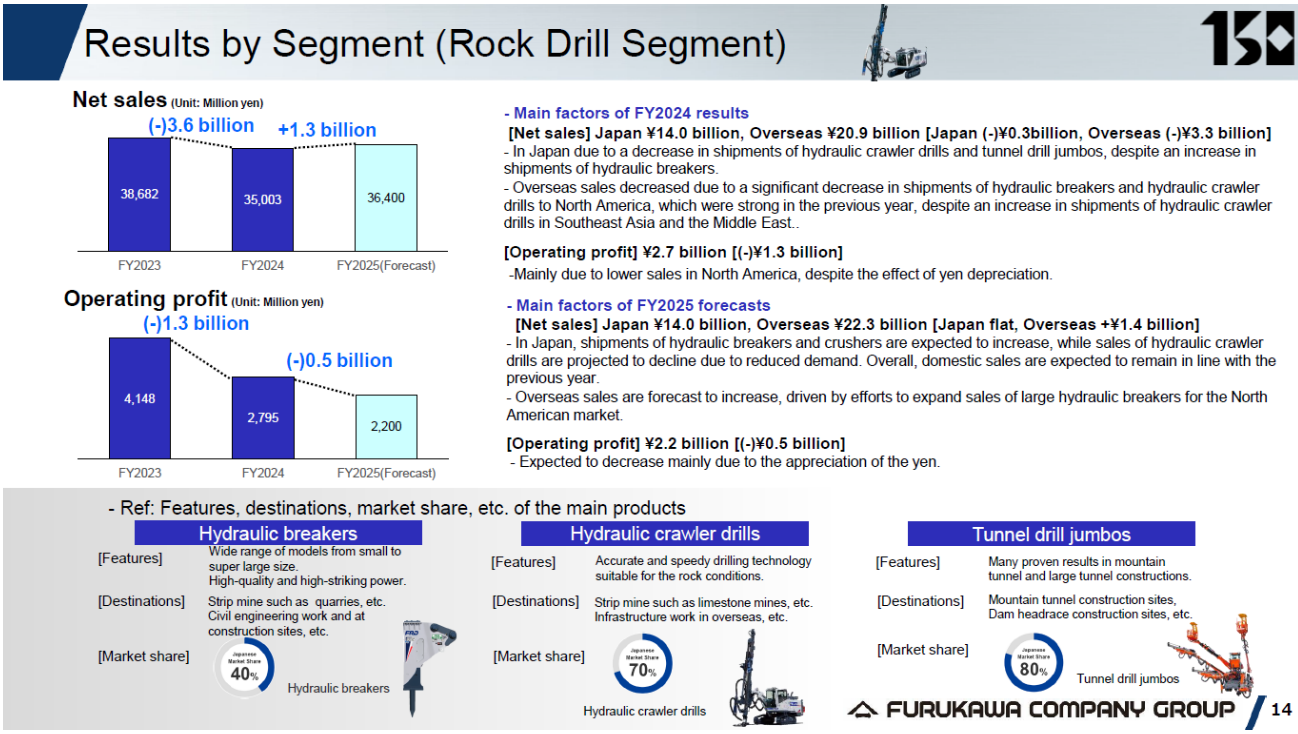


Here, we provide details by segment. Industrial machinery segment. For the fiscal year ended March 31, 2025, material machinery recorded a significant increase in net sales due to higher sales from stone crusher plants and large crusher projects, as well as sales from pump equipment for sewage treatment plants and bridges in line with volume from already ordered projects.

Operating profit increased by JPY1.8 billion due to the additional cost ordered in the previous year in material machinery as a result of delays in plant construction. The backlog of orders and projects received are as stated.

For the fiscal year ending March 31, 2026, net sales are expected to increase in pumps as a result of expanded sales of strategic products and stock-oriented sales measures. Belt conveyor sales are expected to increase due to an expected increase in volume, but bridge and pump equipment sales are expected to decline due to a rebound from the previous year's sales increase, resulting in an overall sales decline of JPY0.5 billion.

Operating profit is expected to remain flat YoY at JPY2.3 billion, mainly due to improved profit margins.

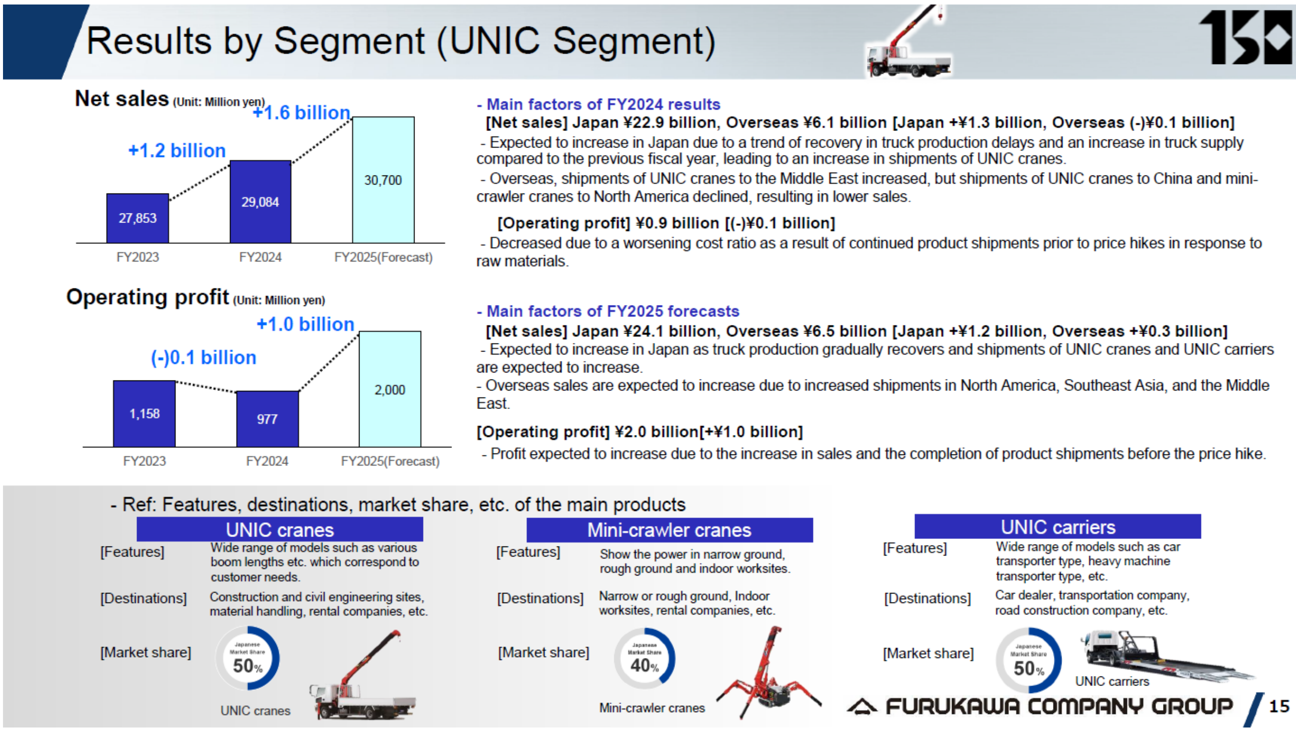


Rock drill machinery segment. Net sales for the fiscal year ended March 31, 2025 decreased by JPY300 million in Japan due to a decrease in shipments of hydraulic crawler drills and tunnel drill jumbos, despite an increase in shipments of hydraulic breakers. Overseas sales decreased by JPY3.3 billion due to a significant decrease in shipments of hydraulic breakers and hydraulic crawler drills to North America, which were strong in the previous year, despite an increase in shipments of hydraulic crawler drills in Southeast Asia and the Middle East.

Operating profit decreased by JPY1.3 billion, mainly due to lower sales in North America, despite the effect of yen depreciation.

For the fiscal year ending March 31, 2026, we expect domestic sales of hydraulic breakers and hydraulic crushers to increase in shipments, but sales of hydraulic crawler drills are expected to remain flat YoY due to lower demand. Overseas, we forecast an increase in sales by focusing on sales expansion of large models of hydraulic breakers for North America.

Operating profit is expected to decrease by JPY0.5 billion, mainly due to the appreciation of the yen.



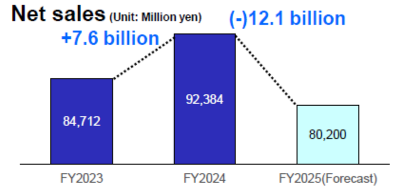
UNIC machinery segment. Net sales for the fiscal year ended March 31, 2025 are expected to increase in Japan due to a trend of recovery in truck production delays and an increase in truck supply compared to the previous fiscal year, leading to an increase in shipments of UNIC cranes. Overseas, shipments of UNIC cranes to the Middle East increased, but shipments of UNIC cranes to China and mini-crawler cranes to North America declined, resulting in lower sales. Overall, revenues increased by JPY1.2 billion.

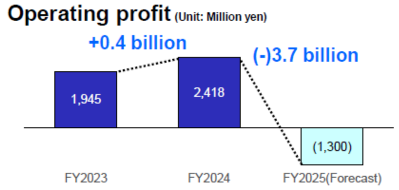
Operating profit decreased due to a worsening cost ratio as a result of continued product shipments prior to price hikes in response to soaring prices of steel and other raw materials.

For the fiscal year ending March 31, 2026, sales are expected to increase in Japan as truck production gradually recovers and shipments of UNIC cranes and UNIC carriers are expected to increase. Overseas sales are expected to increase due to increased shipments in North America, Southeast Asia, and the Middle East. Overall, we expect an increase of JPY1.6 billion in revenues.

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

Results by Segment (Metals Segment)





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

Electrolytic copper

[Features]	It has been responsible for supplying electrolytic copper since founding, and produce approx. 46,000 tons a year.
[Destinations]	Electric wires, copper elongation products, home appliances, communication equipment, automobiles, etc.
[FY2023 and Beyond]	Termination of entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd. and clear outlook on fundamentally review entrusted smelting business.

- Main factors of FY2024 results

[Net sales] ¥92.3 billion [+¥7.6 billion]

- Increased due to higher overseas market prices and the effect of yen depreciation, despite a decrease in sales volume of electrolytic copper production down 2,487 tons to 45,775 tons.

Copper +¥1.0 billion [Volume ¥(9.1) billion, Unit price +¥10.1 billion]
Gold ¥6.3 billion [Volume ¥(0.0) billion, Unit price +¥6.4 billion]

[Operating profit] ¥2.4 billion [+¥0.4 billion]

- Profit increased despite worsening conditions for ore purchases, due to price gains from the impact of metal price fluctuations and the effect of yen depreciation.

Profit/loss from metal price fluctuations in the metals segment

	FY2024	VS FY2023
Operating profit	¥2.41 billion	¥0.47 billion
Include price effect	¥2.18 billion	¥0.86 billion
Copper	[¥(0.30) billion]	[¥(0.11) billion]
Gold	[¥1.74 billion]	[¥(0.71) billion]

	FY2024	VS FY2023 Difference
JPY rate per US$	152.6 ¥/$	7.9 ¥/$
LME copper price	9,370 $/ton	1,008 $/ton

	FY2025 (Forecast)	VS FY2024 Difference
JPY rate per US$	145.0 ¥/$	(7.6) ¥/$
LME copper price	9,000 $/ton	(370) $/ton

- Main factors of FY2025 forecasts

[Net sales] ¥80.2 billion [(-)¥12.1 billion]

- Electrolytic copper production is expected to be 45,076 tons, down 699 tons from the previous year. Although the sales volume is projected to decline only slightly, overall sales are expected to decrease due to the appreciation of the yen.

Copper ¥(6.2) billion [Volume ¥(0.3) billion, Unit price ¥(5.8) billion]
Gold ¥(5.9) billion [Volume ¥(4.7) billion, Unit price ¥(1.1) billion]

[Operating profit] (-)¥1.3 billion [(-)¥3.7 billion]

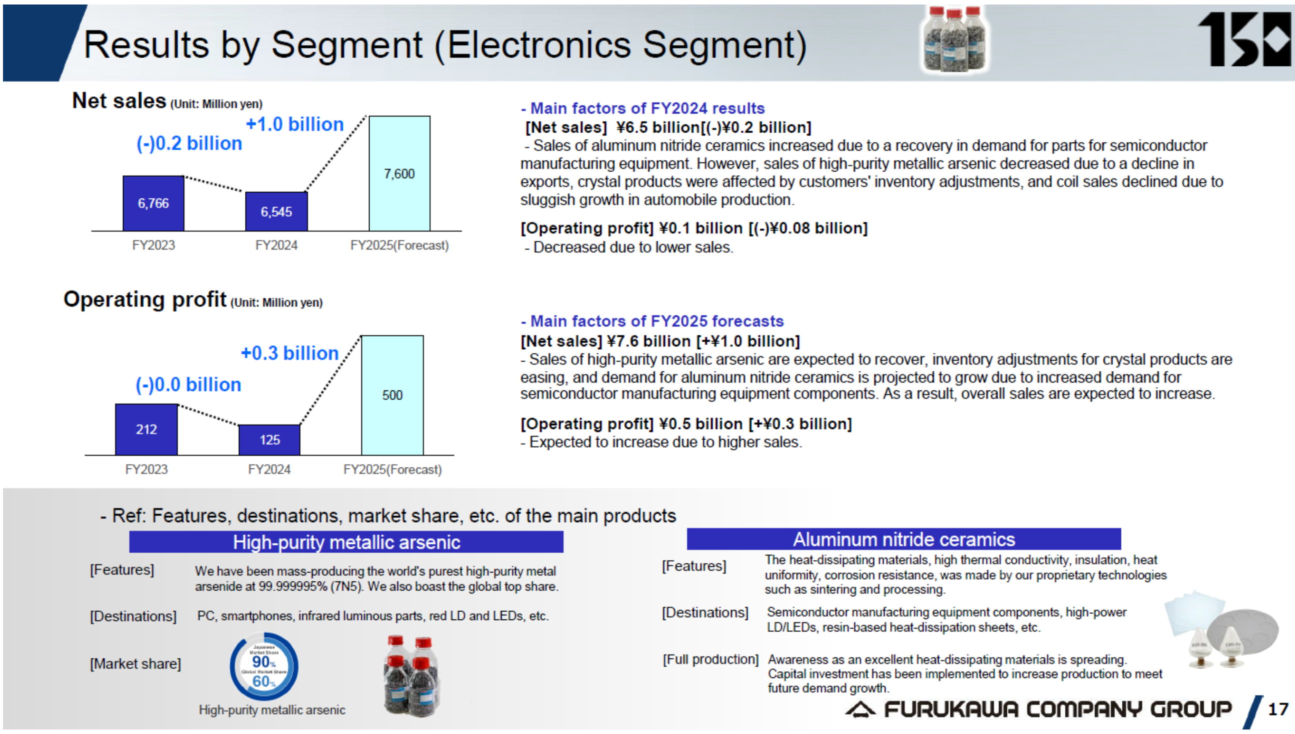
- Projected to be in the red due to the expected deterioration in P&L from consignment due to a drop in ore purchase terms and the absence of price gains from the impact of metal price fluctuations that existed in the fiscal year ended March 31, 2025.

Metals segment. Net sales for the fiscal year ended March 31, 2025 increased due to higher overseas market prices and the effect of yen depreciation, despite a decrease in sales volume of electrolytic copper production down 2,487 tons to 45,775 tons.

Operating profit increased despite worsening conditions for ore purchases, due to price gains from the impact of metal price fluctuations and the effect of yen depreciation.

The sales forecast for the fiscal year ending March 31, 2026 is for a decrease in electrolytic copper production of 45,076 tons, down 699 tons from the previous year, and a slight decrease in sales volume, but a decrease in sales is expected due to the appreciation of the yen.

Operating profit is projected to be in the red due to the expected deterioration in P&L from consignment due to a drop in ore purchase terms and the absence of price gains from the impact of metal price fluctuations that existed in the fiscal year ended March 31, 2025.

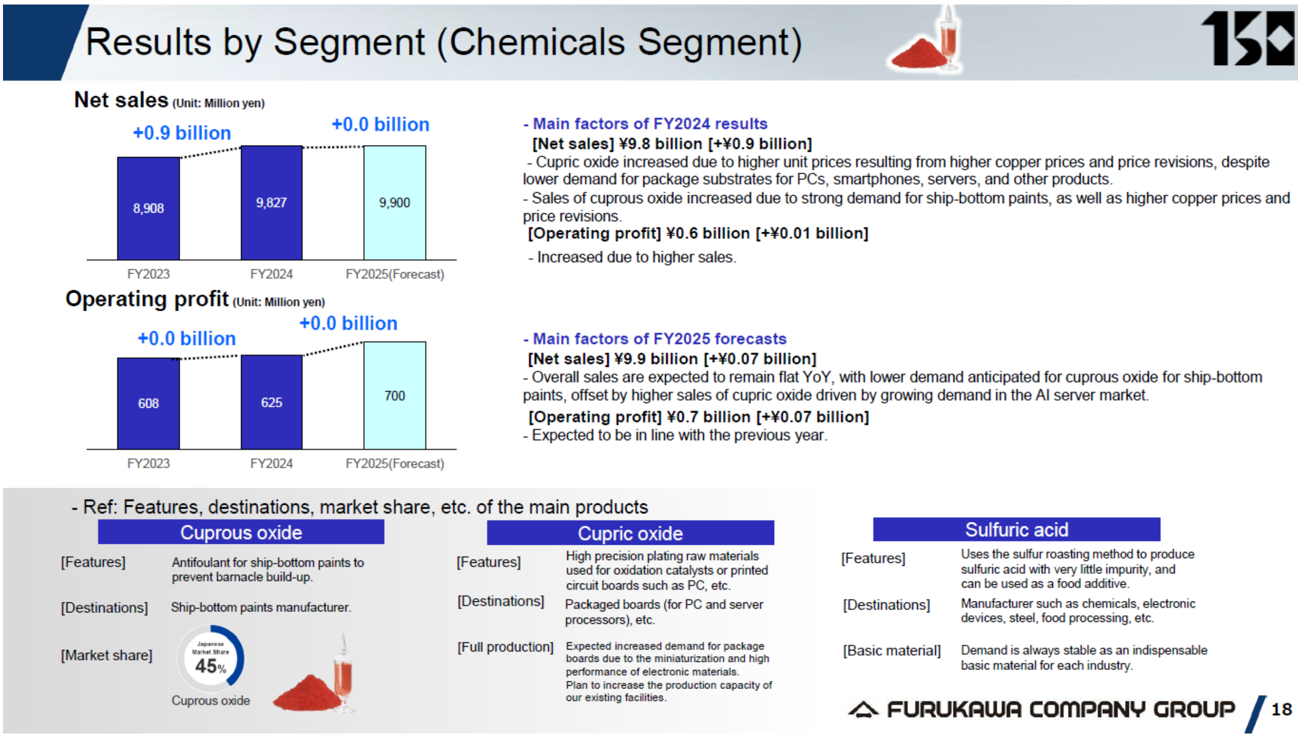


Electronics segment. For the fiscal year ended March 31, 2025, sales of aluminum nitride ceramics increased due to a recovery in demand for parts for semiconductor production equipment. However, sales of high-purity metallic arsenic decreased due to a decline in exports, crystal products were affected by customers' inventory adjustments, and coil sales declined due to sluggish growth in automobile production.

Operating profit decreased due to lower sales.

For the fiscal year ending March 31, 2026, we expect sales of high-purity metallic arsenic to recover, crystal products to see an easing of inventory adjustments by customers, and aluminum nitride ceramics to increase due to expected higher demand for parts for semiconductor production equipment.

Operating profit is expected to increase due to higher revenues.



Chemicals segment. For the fiscal year ended March 31, 2025, sales of cupric oxide increased due to higher unit prices resulting from higher copper prices and price revisions, despite lower demand for package substrates for PCs, smartphones, servers, and other products. Sales of cuprous oxide increased due to strong demand for ship-bottom paints, as well as higher copper prices and price revisions.

Operating profit increased mainly due to higher sales of cuprous oxide.

For the fiscal year ending March 31, 2026, we expect overall sales to remain flat YoY, as we anticipate lower demand for cuprous oxide for ship-bottom paints, but higher sales from cupric oxide in the AI server market, where we see a growing trend in the market.

Operating profit is expected to be in line with the previous year in proportion to net sales.

Impact of U.S. Tariffs

■ Rock drill machinery and UNIC machinery segments will be affected by the US tariffs in our group.

	Rock drill machinery segment	UNIC machinery segment
Overseas sales (FY2024 Results)	¥20.9 billion	¥6.1 billion
Export value to the United States (FY2024 Results)	Approx. ¥6.0 billion	Approx. ¥1.5 billion
Export routes to the United States	Japan -> U.S.	Japan ->Thailand -> U.S.
(Reference) Overseas production bases of competitors	Epiroc: Europe, China, South Korea and India Sandvik: Europe and India	MAEDA SEISAKUSHO CO., LTD. : Japan Jekko: Italy

■ **In the rock drill machinery segment, the main concern is the US economic slowdown caused by tariffs, rather than the tariff rates themselves, as it may lead to reduced purchasing activity.**

■ The impact of the US tariffs has not been factored into the forecast for the fiscal year ending March 31, 2026.

Next, we will discuss the impact of the US tariffs. The rock drill machinery and UNIC machinery segments will be affected by the US tariffs in our group. The rock drill machinery segment exports from Japan to the US, with exports in FY2024 totaling approximately JPY6 billion. The UNIC machinery segment exports from Japan to Thailand and then to the US, with exports totaling approximately JPY1.5 billion. We continue to view the decline in the US economy due to tariffs as more of a cause for concern than the impact of tariff rates on business performance, and we will continue to monitor the situation closely.

As a reference, we have listed the overseas production bases of our competitors for the products exported by our group, which we hope you will find useful.

The impact of the US tariffs has not been factored into the forecast for the fiscal year ending March 31, 2026.

Reduction of Strategic Shareholdings

- Reduction target of strategic shareholdings*

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

At End of Mar. 2025	Ratio of strategic shareholdings has been reduced to 16.6%, achiving the goals

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

Trends in the Ratio of Strategic Shareholdings

■ Future actions

We will continue to strive for reductions, including selling shares that are no longer deemed necessary to hold, and will consistently disclose the ratio of policy shareholdings.

I will continue with an explanation of the progress of the Medium-Term Business Plan 2025 and other matters.

First, I would like to discuss the reduction of strategic shareholdings as a way to improve asset efficiency. In May 2024, we announced a target to reduce the ratio of strategic shareholdings to consolidated net assets to less than 20% by the end of March 2025. As of March 31, 2025, the ratio of strategic shareholdings was reduced from 40.8% as of March 31, 2024, to 16.6% in one year, achieving the target.

We will continue to strive to achieve sustainable growth and increase long-term corporate value by improving asset efficiency and continuing to downsize by, for example, selling stocks that are no longer necessary to hold. We will continue to disclose the ratio of strategic shareholdings to consolidated net assets as a result of the reduction.

Achieving ROE of Approx. 8% - Shareholder Return -

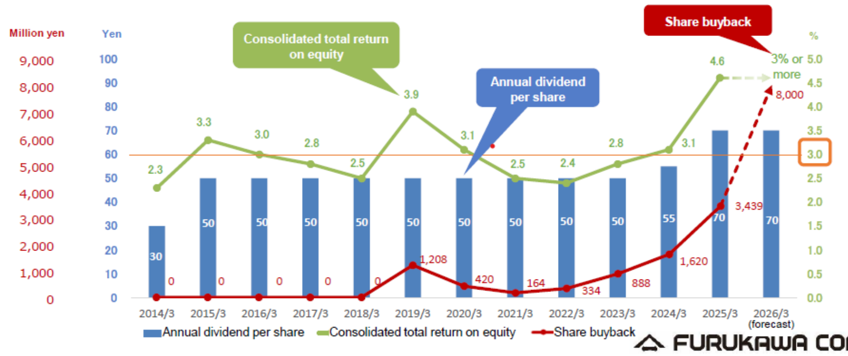
Expanding shareholder returns

- Dividend

- Dividend policy: In principle, we aim to pay annual dividends of ¥50.00 per share or higher with a consolidated total return on equity of at least 3%.
- FY2024 **Plans to increase the annual dividend to ¥70 per share** (¥30 interim dividend and ¥40 year-end dividend, which includes a commemorative dividend of ¥10).
- FY2025 **Plans to maintain an annual dividend of ¥70 per share** (¥30 interim dividend and ¥40 year-end dividend).

- Share buybacks

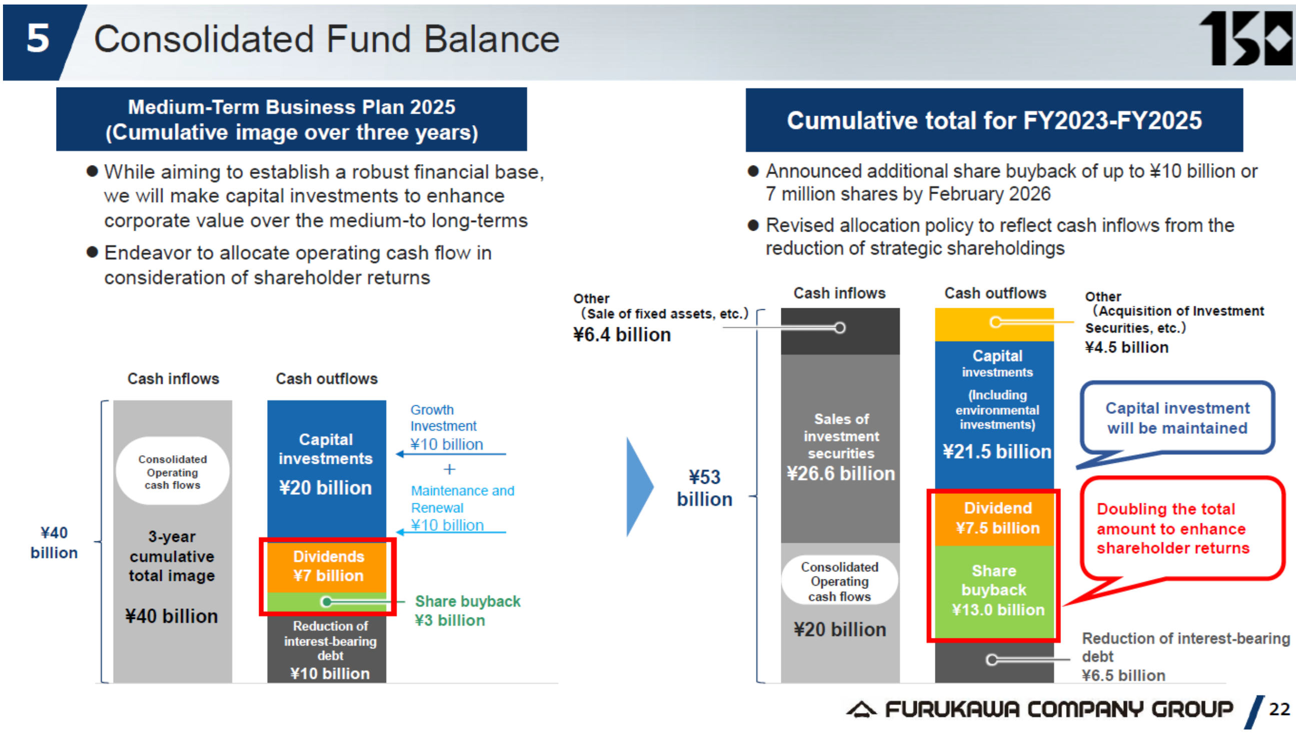
-The target for total share buybacks over the three years up to the fiscal year ending March 2026 has been increased to approximately ¥13 billion. (Published on February 10, 2025).
FY2023 acquisition amounts: ¥1.6 billion, FY2024 acquisition amounts: ¥3.4 billion.
FY2025 expects to acquire approximately ¥8.0 billion.



Next, I would like to discuss shareholder returns. In principle, the Company follows the dividend policy described here, but for the fiscal year ended March 31, 2025, the Company plans to pay an interim dividend of JPY30 and increase the year-end dividend to JPY40, including a commemorative dividend of JPY10, for an annual dividend of JPY70.

For the fiscal year ending March 31, 2026, the Company plans to continue to pay an annual dividend of JPY70 per share, consisting of an interim dividend of JPY30 per share and a year-end dividend of JPY40 per share.

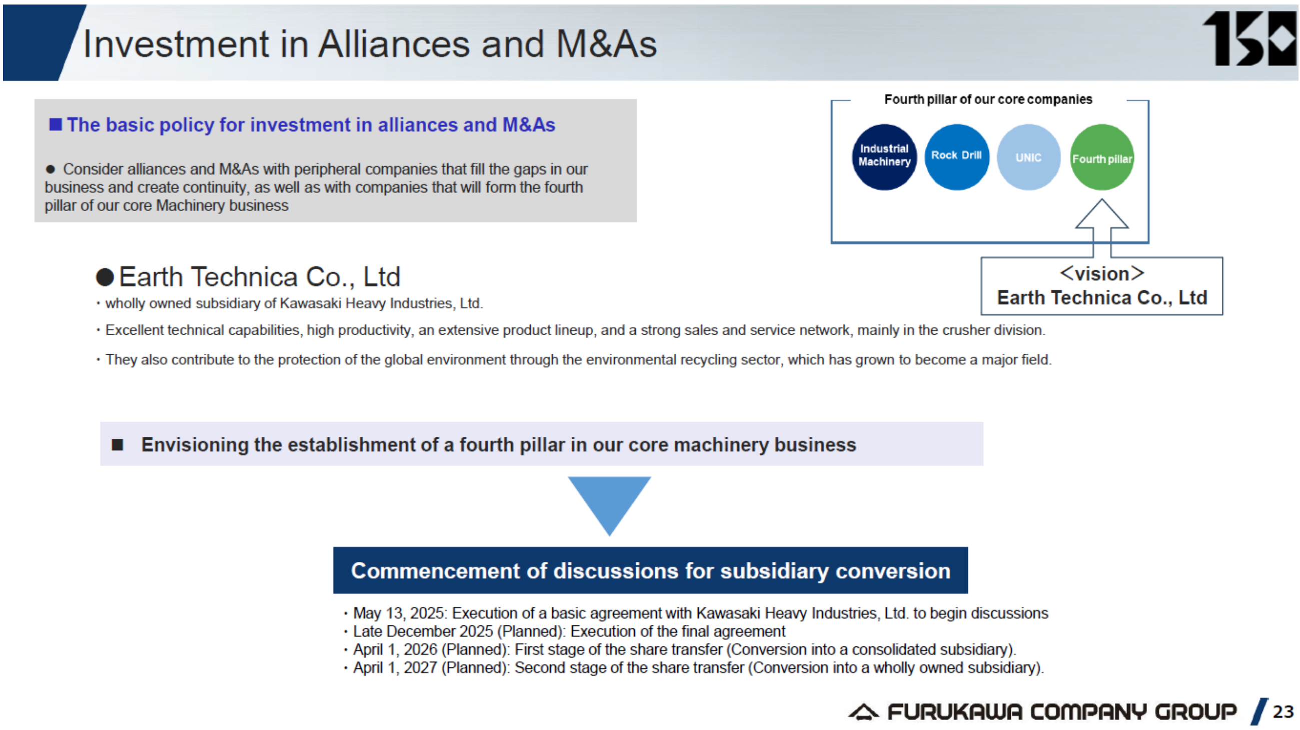
Regarding the acquisition of own shares, on February 10, 2025, the Company announced that it would increase its target for the total amount to be acquired over the three years through the fiscal year ending March 31, 2026 to approximately JPY13 billion. The Company acquired JPY1.6 billion of its own shares in the fiscal year ended March 31, 2024 and JPY3.4 billion in the fiscal year ended March 31, 2025, and expects to acquire approximately JPY8 billion in the fiscal year ending March 31, 2026.



Consolidated fund balance. Under Medium-Term Business Plan 2025, we aim to establish a solid financial base and make capital investments that will enhance our corporate value over the medium-to long-term. In addition, we have published the graph on the left as an allocation of operating cash flow in consideration of shareholder returns.

Taking into account the recent announcement of additional share buybacks of up to JPY10 billion or up to 7 million shares by February 2026, as well as cash inflows from the reduction of strategic shareholdings, we have changed the three-year cumulative allocation for FY2023 through FY2025 as shown in the graph on the right.

Operating cash flow is expected to be JPY20 billion, half the level targeted in the Medium-Term Business Plan 2025, but total cash inflows are estimated to be JPY53 billion, based on the expected sales of investment securities and other factors. In terms of cash outflows, we are strengthening shareholder returns, doubling the initial total of JPY10 billion to JPY20.5 billion, through aggressive dividend increases and share buybacks. Capital expenditure is also expected to maintain the amount of investment planned for the next three years.



Investment in alliances and M&As. The basic policy for investment in alliances and M&As is as stated. However, for the machinery business, which is positioned as our core business, we aim to account for more than 80% of consolidated operating profit, and we are stepping up our alliance and M&A efforts to achieve discontinuous growth in the future.

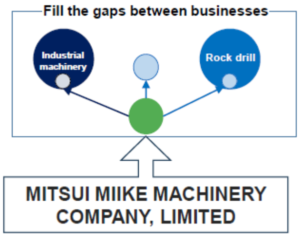
Specifically, on May 13, 2025, the Company announced the signing of a letter of intent to begin considering the transfer of shares of Earth Technica Co., Ltd. Earth Technica is a wholly owned subsidiary of Kawasaki Heavy Industries, Ltd., and has excellent technical capabilities, high productivity, an extensive product lineup, and a strong sales and service network, mainly in the crusher division. They also contribute to the protection of the global environment through the environmental recycling field, which has grown to become a major field.

We have already begun discussions to make Earth Technica a subsidiary. By welcoming Earth Technica into our group, we are looking to build a fourth pillar of our machinery business, which we position as our core business. The schedule for future discussions is as stated.

Investment in Alliances and M&As

■ **The basic policy for investment in alliances and M&As**

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



●MITSUI MIIKE MACHINERY COMPANY, LIMITED

- Engaged in the manufacture and sale of industrial machinery and equipment, mainly material handling machinery
- Handles products related to the Group's industrial machinery and rock drill machinery segments.

Conversion into an equity-method affiliate Acquired shares representing 20% of voting rights ratio

■ **Expect to create continuity by filling in the gaps in our machinery business, which is positioned as our core business, and to generate synergies in terms of sales and production.**

<Product complementarity>

	Industrial machinery	MITSUI MIIKE MACHINERY COMPANY, LIMITED		Rock drill machinery
Synergy	• Belt conveyor • Slurry pump	• Belt conveyor • Hydroelectric turbine	• Road header • Twin header	• Tunnel-related products
Fill the gaps	Capable of providing a full range of machinery for crushing plants Extraction ⇒ Transport ⇒ Crushing ⇒ Classification ⇒ Transport ⇒ Cargo Handling			
Exploration of new demand	—	• Bulk handling system • Power transmission business • Precision equipment business		—

On March 27, 2025, the Company announced the acquisition of shares in and conversion of MITSUI MIIKE MACHINERY COMPANY, LIMITED. MITSUI MIIKE MACHINERY is engaged in the manufacture and sale of industrial machinery and equipment, mainly material handling system, and has products related to the Group's industrial machinery and rock drill machinery segments. By becoming an equity-method affiliate, we expect to create continuity by filling in the gaps in our machinery business, which is positioned as our core business, and to generate synergies in terms of sales and production. The complementary relationship between the product lines of MITSUI MIIKE MACHINERY and those of the industrial machinery and rock drill machinery segments is described here.

Comparison Between FY2025 Forecast and FY2025 Image

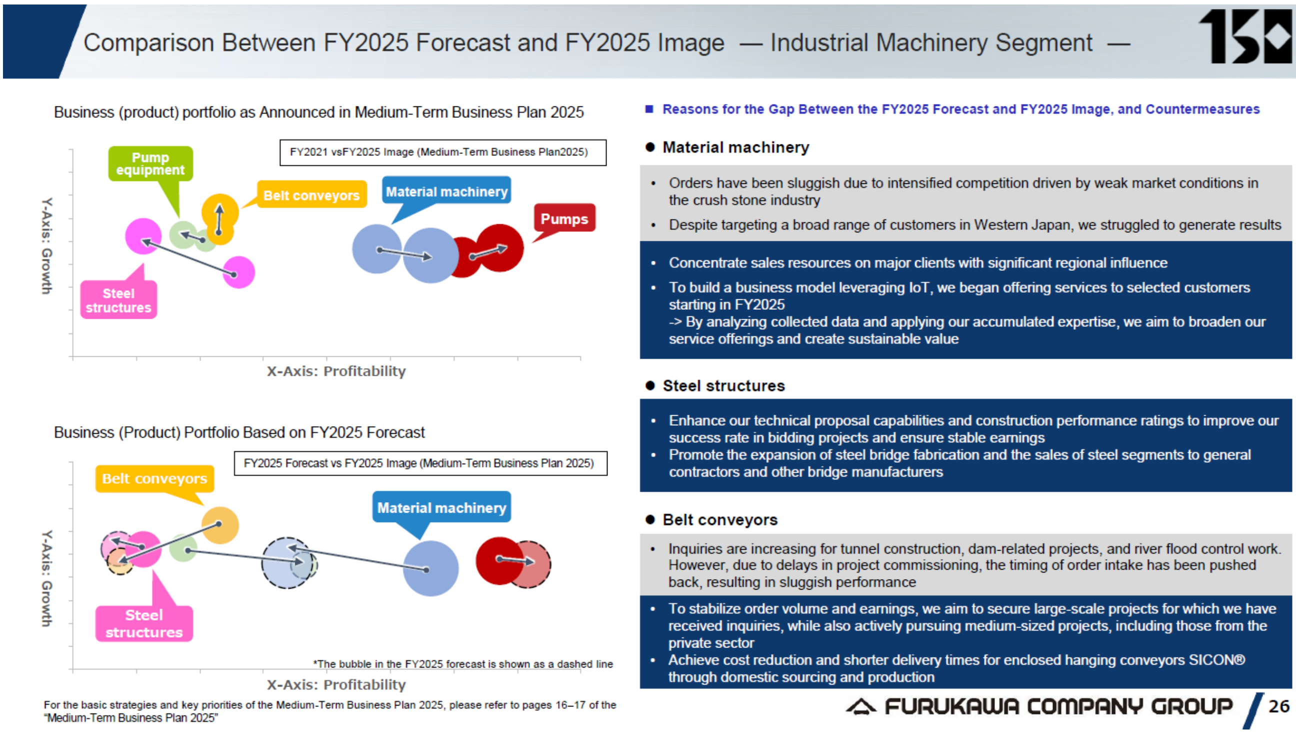
(Unit: Million yen)

Operating profit	FY2025 Forecast	FY2025 Image	Difference
Machinery	6,500	10,700	(4,200)
Industrial	2,300	3,000	(700)
Rock Drill	2,200	3,700	(1,500)
UNIC	2,000	4,000	(2,000)
Materials	(100)	1,900	(2,000)
Metals	(1,300)	500	(1,800)
Electronics	500	700	(200)
Chemicals	700	700	0
Real Estate	700	600	100
Other/Adjustment	(100)	(200)	-
Total	7,000	13,000	(6,000)

*FY2025 Forecast were announced on May 13, 2025

Next, we will explain the comparison of operating profit between the FY2025 forecast and the FY2025 image announced in the Medium-Term Business Plan 2025.

In the machinery business, the forecast for FY2025 is a decrease of JPY4.2 billion from the FY2025 image, and in the materials business, a decrease of JPY2 billion. The materials business is mainly attributable to the metals segment, the factors for which I have already explained, so I will skip that part. The progress of the machinery business, which is positioned as the core business, and the reasons for the deviation are explained on the next and subsequent pages.



The upper left corner of the page shows the bubble chart presented in the Medium-Term Business Plan 2025, which compares the FY2021 results by product with the FY2025 image. The size of the bubble represents the image of the amount of operating profit.

Below left is a bubble chart comparing the FY2025 forecast to the FY2025 image, with the bubble in the FY2025 forecast thinned out and shown as a dashed line. The main reasons for discrepancies and countermeasures for each product are explained.

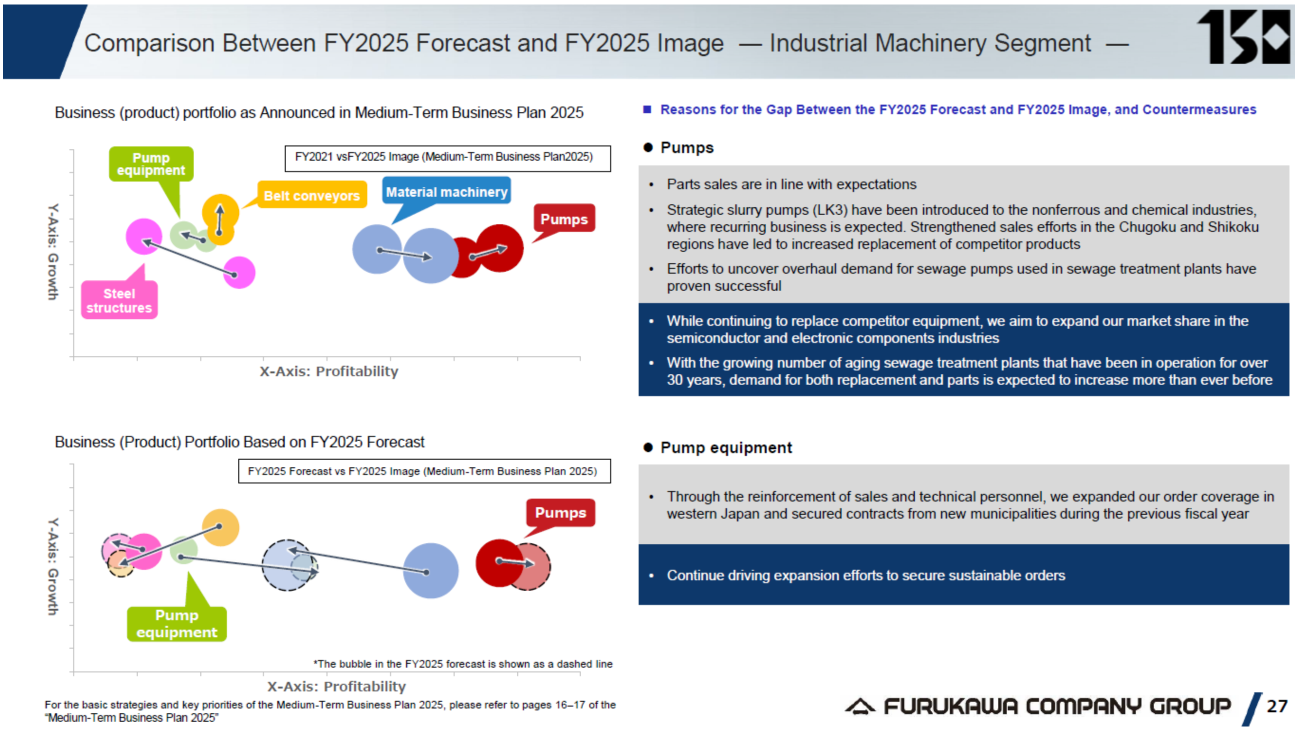
Industrial machinery segment. First, for material machinery, which has a large deviation from the FY2025 forecast, orders have been sluggish due to intensified competition caused by weak market conditions in the crusher industry, our main target. In the western Japan area, where we aimed to develop new customers and replace other companies, we selected a wide range of targets, but struggled to achieve results.

Going forward, we will concentrate our sales resources on major clients with significant regional influence, with the aim of increasing orders. In addition, to build a business model utilizing IoT, we started providing services to some of our customers in FY2025. By analyzing the collected data and utilizing the accumulated know-how, we aim to further expand service development and generate revenue.

For steel structures, since much progress was made on bridge construction in the previous fiscal year, we expect a reactionary decline in FY2025, but we see no major deviations so far. We will continue to improve our technical proposal capabilities and construction performance scores to increase the probability of receiving orders for bidding projects and secure stable earnings. In addition, to build a structure that is less susceptible to bidding results, we will promote the expansion of steel bridge fabrication and sales of steel segments from general contractors and other bridge manufacturers.

In the belt conveyor business, inquiries are increasing for tunnel construction, dam-related construction, river flood control work, etc. However, the timing of orders received has been delayed due to delays in construction orders, resulting in a sluggish business and a deviation from the medium-term business plan. However, we are responding well to the direction we are heading and have high hopes for the future.

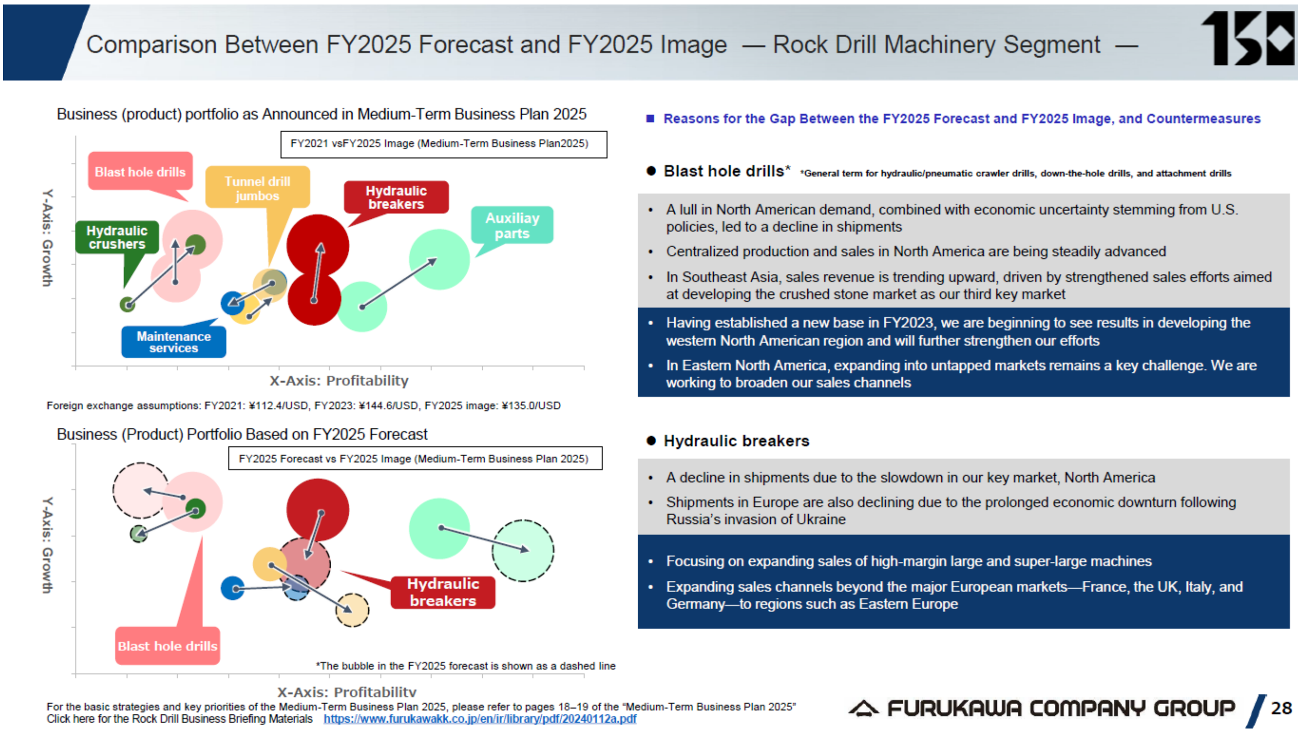
In addition to securing orders for large projects that we have received inquiries for, we will work to stabilize orders and earnings by acquiring orders for medium-sized projects, including those from the private sector. We will also reduce the cost and delivery time of SICON® enclosed suspension conveyors through domestic procurement and production.



Pumps are generally performing well. Parts sales are in line with expectations. In main unit sales, strategic slurry pumps were introduced to the nonferrous and chemical industries, where stock business is expected, and replacement of pumps from other companies is progressing due to strengthened sales in the Chugoku and Shikoku regions. Sewage pumps for sewage treatment plants have been successful in uncovering overhaul demand by strengthening the nationwide sales network.

We will continue to replace other companies' machines to expand our market share in the semiconductor and electronic components industry. In addition, with the increase in the number of aging sewage treatment plants that have been in operation for more than 30 years, demand for replacement as well as demand for parts is expected to increase more than ever.

Pump equipment is also performing well. By increasing the number of sales and technical personnel, we have expanded the area of orders in western Japan and won orders from new municipalities in the previous fiscal year. We will continue to promote expansion measures to win orders on a sustainable basis.



Rock drill machinery segment. In blast hole drills, there is a deviation from the medium-term business plan. This was mainly due to a lull in demand in North America, as well as economic uncertainty caused by US policies, which led to a decline in shipments, but we are steadily promoting centralized production and sales in North America.

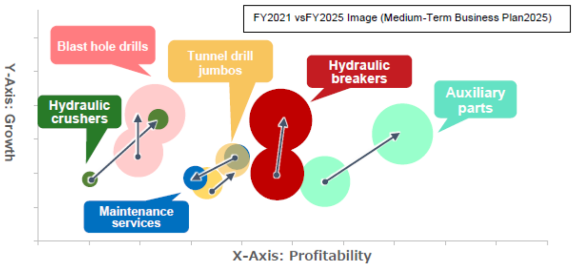
In Southeast Asia, sales revenue is on an increasing trend due to the strengthening of sales force to create the crusher market as the third largest market after North America and Europe.

The development of the western region of North America, where we established a base in FY2023, is beginning to show results and will be further strengthened. In the eastern region of North America, the challenge is to develop new markets in untapped areas, and we will strive to expand sales channels.

Hydraulic breakers also deviated from the medium-term business plan. In addition to the decline in shipments due to the impact in the major market of North America, shipments in Europe, where we had been looking ahead to the reconstruction of Ukraine, are also declining due to the economic downturn caused by the prolonged invasion of Ukraine by Russia.

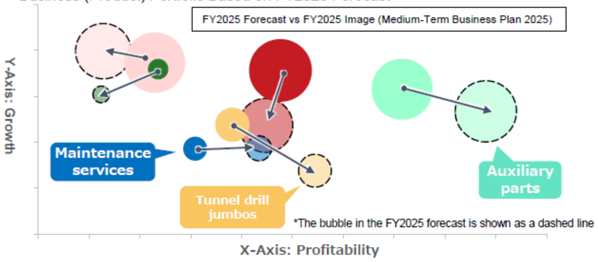
We will focus on expanding sales of large and super-large machines with high profit margins and expand our sales channels to major European markets, France, the UK, Italy, regions outside Germany, and Eastern Europe.

Business (product) portfolio as Announced in Medium-Term Business Plan 2025



Foreign exchange assumptions: FY2021: ¥112.4/USD, FY2023: ¥144.6/USD, FY2025 image: ¥135.0/USD

Business (Product) Portfolio Based on FY2025 Forecast



*The bubble in the FY2025 forecast is shown as a dashed line

■ **Reasons for the Gap Between the FY2025 Forecast and FY2025 Image, and Countermeasures**

● **Tunnel drill jumbos**

- While shipments are declining due to the peak of large tunnel construction projects, profitability is improving thanks to high value-added products such as fully automated drill jumbos, and profit levels are progressing as expected

● **Maintenance services**

- Around 80% of domestic maintenance involves tunnel drill jumbos, and the launch of high value-added products has led to increased demand for maintenance services
- Contracts for the hydraulic crawler drill operation support program are steadily increasing
  *Customer productivity support program (FD-CARE Drill Operation)
  Operation data delivery service（FD-CARE Report Delivery）

- Further enhance our service programs through digital transformation (DX)

● **Auxiliary parts**

- Sales expansion in key regions both in Japan and overseas has been successful
- Profitability improved following a revision of component pricing

For the basic strategies and key priorities of the Medium-Term Business Plan 2025, please refer to pages 18–19 of the "Medium-Term Business Plan 2025"
Click here for the Rock Drill Business Briefing Materials https://www.furukawakk.co.jp/en/ir/library/pdf/20240112a.pdf

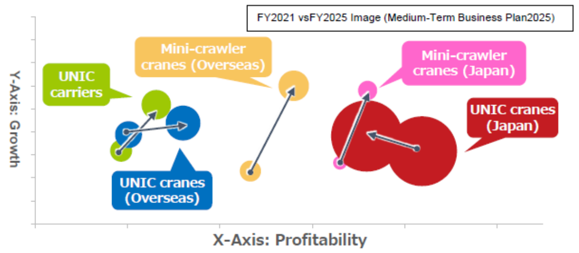
Tunnel drill jumbos are performing well. Although shipments are declining due to the peak-out of large tunnel construction projects, profitability is improving due to high value-added products that enable automation and mechanization, and profit levels are progressing as expected.

Maintenance services are above plan. Since approximately 80% of domestic maintenance is related to tunnel drill jumbos, maintenance services have also increased due to the launch of high value-added products such as fully automatic drill jumbos. In addition, the number of contracts for the hydraulic crawler drill operation support program is steadily increasing, as is the customer productivity improvement support program and the operation information distribution service. We will continue to further expand our service program with DX.

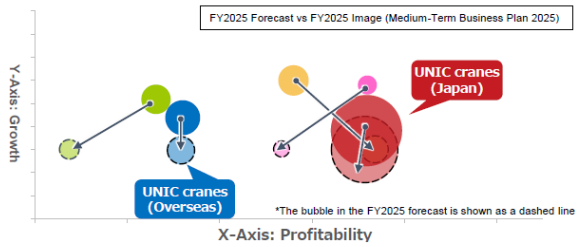
Auxiliary parts also exceeded the plan. Sales expansion in key regions both in Japan and overseas has been successful. Profitability has also improved due to a review of component prices.

Comparison Between FY2025 Forecast and FY2025 Image — UNIC Machinery Segment —

Business (product) portfolio as Announced in Medium-Term Business Plan 2025



Business (Product) Portfolio Based on FY2025 Forecast



For the basic strategies and key priorities of the Medium-Term Business Plan 2025, please refer to pages 20–21 of the "Medium-Term Business Plan 2025"

■ **Reasons for the Gap Between the FY2025 Forecast and FY2025 Image, and Countermeasures**

● **UNIC cranes**

Japan

- Due to ongoing constraints in the production capacity of body fabricators involved in truck manufacturing, the recovery of truck supply has been slower and more volatile than initially anticipated
- Truck sales experienced a temporary slowdown due to preparations for the rollout of new models
- Sales have been affected by delays in capital investment by logistics providers, driven by soaring fuel costs and the so-called '2024 problem'

- We strive to maintain and improve profitability by appropriately reflecting rising raw material costs in our pricing

Overseas

- Market conditions in Asia are rapidly deteriorating
  Vietnam: Limited truck supply China: Continued weakness in the real estate market
- Concerns remain that US tariffs will inevitably affect Asian economies, potentially leading to sluggish sales
- Sales expansion in the Middle East and for large and super-large machines is progressing as planned

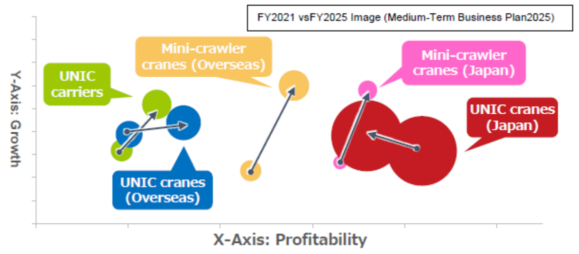
- Enhancing product functionality to attract new customers and strengthen our sales network
- Actively expanding sales in the Middle East, where the impact of tariff issues remains relatively limited

Finally, there is the UNIC machinery segment. UNIC cranes have deviated from the medium-term business plan. In Japan, the situation of production capacity of body fabricators involved in truck production remains tight, and the recovery of truck supply has been slower and more unstable than initially expected. In addition, we expect sales to be affected by a temporary slowdown in truck business due to preparations to switch to new trucks and other factors, as well as delays in capital investment by logistics providers due to soaring fuel costs and the 2024 problem. Even under such circumstances, we will strive to maintain and improve profitability by appropriately reflecting the sharp rise in raw material prices in our selling prices.

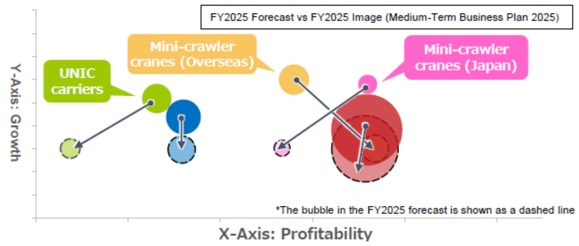
Overseas, market conditions in Asia are rapidly deteriorating due to a lack of truck supply in Vietnam, the center of increased sales in Southeast Asia, and sluggish real estate market conditions in China. In addition, there are concerns that the US tariffs will inevitably impact the economies of the Asian region, resulting in sluggish sales. Meanwhile, sales expansion in the Middle East market and sales of large and super-large machines are progressing as planned.

In the future, we intend to acquire new customers and expand our sales network by enhancing product functionality. We will also aggressively expand sales in the Middle East, where the impact of tariff issues is relatively minor.

Business (product) portfolio as Announced in Medium-Term Business Plan 2025



Business (Product) Portfolio Based on FY2025 Forecast



For the basic strategies and key priorities of the Medium-Term Business Plan 2025, please refer to pages 20–21 of the "Medium-Term Business Plan 2025"

■ **Reasons for the Gap Between the FY2025 Forecast and FY2025 Image, and Countermeasures**

● **Mini-crawler cranes**

Japan

- Although the market size has been expanding due to efforts to develop new markets, such as steel tower construction projects, raising awareness within the industry remains a challenge

- Strengthen product approach to accelerate market development and dissemination

Overseas

- North America: Gradual increase in large machine sales
- Europe: Sales stagnated due to delayed launch of new models and lack of differentiation from competitors

- Advance product improvements to facilitate market restructuring
- Expand our sales network to attract new customers

● **UNIC carriers**

- Despite efforts to shorten delivery times by increasing production capacity, the supply from truck manufacturers remains unstable

- Package differentiating features to improve product value
- Maintain profitability by adjusting selling prices to reflect rising raw material costs

Mini-crawler cranes are also showing deviations. In Japan, the market size has been expanding due to the strengthening of new market development, such as for steel tower construction projects, but raising awareness within the industry has been a challenge. We will strengthen our product approach to speed up market development and dissemination.

Overseas, sales of large mini-crawler cranes are gradually increasing in North America, but in Europe, the launch of new models has been delayed, and sales have been sluggish due to the lack of differentiation from competing machines. Going forward, we will first improve our products with the aim of rebuilding the market and then expand our sales network to attract new customers.

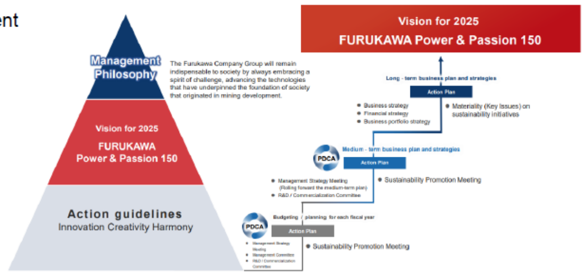
Despite efforts to shorten delivery times by increasing production capacity, the supply of UNIC carriers from truck manufacturers remains unstable. In the future, we will package differentiating features to improve product value, as well as maintain profitability by appropriately reflecting the rising cost of raw materials in selling prices.

■ **Review of the Management Philosophy Framework**

- In 2015, on our 140th anniversary, we introduced a new management philosophy and a long-term vision for the next decade

Considering a Review of the Management Philosophy Framework

Management Philosophy of the Furukawa Company Group



■ **Long-Term Vision and Medium-Term Business Plan**

- FY2025: The Final Year of Our Long-Term Vision, 'Vision for 2025'

New Long-Term Vision Under Consideration, Scheduled for Announcement in November 2025

Our basic policy of positioning the machinery business as our core growth driver remains unchanged

Next Medium-Term Business Plan Based on the New Long-Term Vision – Scheduled for Release in May 2026

Finally, I will explain the revision of the management philosophy framework and the next medium-term business plan that is currently under consideration.

Our current management philosophy framework was established on the occasion of our 140th anniversary in 2015 with a new management philosophy and a long-term vision of where we want to be in 10 years. Now that we are celebrating the 150th anniversary of our founding, we are considering a review of our management philosophy framework with a view to furthering our future.

In addition, since the current long-term vision will end in FY2025, a new long-term vision is being considered. We are preparing to make an announcement in November 2025, but we will not change our basic policy of making the machinery business our core business for growth. The next medium-term business plan based on the new long-term vision will also be discussed during this fiscal year and is scheduled to be announced in May 2026.

[State of Capital Investment (Consolidated)]

(Unit: Million yen)

Capital Investment	FY2022	FY2023	FY2024	FY2025 (Forecast)
Machinery	2,125	4,430	2,723	2,600
Industrial	912	2,547	418	200
Rock Drill	708	1,025	1,266	1,500
UNIC	504	857	1,038	900
Materials	1,571	1,581	1,447	1,600
Other	489	2,001	3,486	1,800
Total	4,187	8,013	7,657	6,000

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

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

Construction of disaster prevention check dams at Oita Mining in the Metals segment, etc.
Renewal of sulfuric acid manufacturing equipment in the Chemicals segment, etc.

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

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

[State of Depreciation and Amortization (Consolidated)]

	FY2022	FY2023	FY2024	FY2025 (Forecast)
Depreciation and amortization	4,114	4,387	4,835	5,000

[State of Research and Development Expenses (Consolidated)]

	FY2022	FY2023	FY2024	FY2025 (Forecast)
Research and development expenses	1,508	1,314	1,287	1,400

References

[State of Metal Products, Foreign Exchange Rate (Consolidated)]

		FY2022	FY2023	FY2024	FY2025 (Forecast)
Overseas market price of copper (Average)	¢/pound	387.9	379.3	425.0	408.2
	$/ton	8,551	8,362	9,370	9,000
JPY rate per US$ (Average)		135.47	144.62	152.57	145.00

Production and marketing of Furukawa Metals & Resources Co., Ltd.	FY2022	FY2023	FY2024	FY2025 (Forecast)
Copper production (t)	70,186	48,262	45,775	45,076
Copper sale volume (t)	74,070	53,505	46,039	45,800

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

[State of Employee (Consolidated)]

	End of Mar. 2023	End of Mar. 2024	End of Mar. 2025	VS End of Mar. 2024
Number of consolidated employee (Persons)	2,831	2,855	2,908	53

References

[Consolidated Financial Results]

(Unit: Million yen)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Forecast)
Net sales	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702	199,097	214,190	188,255	201,216	193,000
Operating profit	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592	7,734	9,031	8,524	9,763	7,000
Ordinary profit	111	1,231	1,268	2,763	6,150	6,603	6,227	7,202	8,105	8,235	8,135	6,773	8,996	9,348	10,384	9,705	7,000
Profit attributable to owners of parent	585	563	(1,659)	2,976	3,976	9,793	5,056	4,254	4,774	4,654	4,431	7,468	6,477	6,211	16,097	18,619	5,000

Segment Performance
[Net sales]

(Unit: Million yen)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Forecast)
Machinery	44,313	47,025	53,198	56,852	71,111	75,990	72,232	66,803	73,453	77,580	82,691	68,635	76,938	81,658	82,085	86,301	88,800
Industrial	12,783	10,655	12,949	12,894	18,527	16,712	14,926	14,041	15,871	17,971	23,237	16,682	17,723	17,943	15,548	22,213	21,700
Rock Drill	20,386	23,880	24,143	23,305	26,842	30,910	30,076	26,979	30,199	30,372	27,663	24,149	30,910	35,752	38,682	35,003	36,400
UNIC	11,142	12,490	16,105	20,651	25,741	28,367	27,229	25,782	27,381	29,237	31,791	27,804	28,305	27,961	27,853	29,084	30,700
Materials	82,128	92,203	77,917	88,026	90,162	93,270	85,644	78,968	89,987	92,722	79,366	88,203	118,163	126,804	100,388	108,757	97,700
Metals	71,132	79,979	68,114	77,944	78,684	81,513	74,192	67,853	77,334	80,067	67,149	76,094	102,995	111,424	84,712	92,384	80,200
Electronics	5,969	7,147	4,615	4,987	5,381	5,743	5,477	5,816	6,307	6,527	5,506	5,741	7,271	6,926	6,766	6,545	7,600
Chemicals	5,025	5,076	5,187	5,093	6,096	6,013	5,973	5,298	6,344	6,127	6,710	6,367	7,896	8,454	8,908	9,827	9,900
Real Estate	2,043	1,577	1,233	1,058	1,013	2,535	3,045	3,074	3,338	2,999	2,386	2,107	2,115	2,056	1,873	2,071	2,100
Other	854	785	766	753	739	747	876	983	916	814	771	755	1,879	3,671	3,908	4,085	4,400
Paints (*1)	3,692	15,040	14,874	15,078	—	—	—	—	—	—	—	—	—	—	—	—	—
Fuels (*2)	9,893	9,004	9,576	3,770	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702	199,097	214,190	188,255	201,216	193,000

[Operating profit]

(Unit: Million yen)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Forecast)
Machinery	(3,022)	(566)	1,970	2,923	5,333	6,551	5,882	3,580	5,083	6,567	7,343	3,968	4,679	6,093	5,696	5,980	6,500
Industrial	433	(29)	708	778	1,851	1,711	1,037	104	1,005	2,088	3,208	2,113	1,396	1,515	389	2,206	2,300
Rock Drill	(2,584)	(350)	333	(67)	341	1,225	2,217	897	1,782	1,689	142	(1,324)	1,117	3,030	4,148	2,795	2,200
UNIC	(870)	(186)	928	2,212	3,141	3,614	2,627	2,578	2,295	2,789	3,992	3,180	2,165	1,547	1,158	977	2,000
Materials	3,985	3,044	325	324	1,695	1,770	983	1,870	1,648	1,396	776	1,040	2,349	2,309	2,765	3,169	(100)
Metals	3,224	1,494	308	282	1,503	1,449	1,154	1,738	867	581	301	499	940	1,276	1,945	2,418	(1,300)
Electronics	657	1,279	(234)	(262)	(123)	52	(368)	17	330	407	(35)	161	666	500	212	125	500
Chemicals	104	269	251	304	315	267	197	114	451	406	510	380	743	532	608	625	700
Real Estate	1,128	635	356	219	(43)	776	1,276	1,265	1,339	1,163	735	736	743	835	470	686	700
Other	(376)	(92)	(93)	(63)	(60)	(130)	(72)	(126)	(196)	(147)	(94)	(82)	17	(133)	(293)	15	0
Paints (*1)	(19)	(93)	(329)	65	—	—	—	—	—	—	—	—	—	—	—	—	—
Fuels (*2)	(29)	(56)	(13)	(28)	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjustment	(69)	(49)	(60)	(78)	(39)	(42)	(80)	(44)	(55)	(64)	(68)	(71)	(54)	(73)	(114)	(89)	(100)
Total	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592	7,734	9,031	8,524	9,763	7,000

*1 Withdrew from the Paints business by transferring shares of Tohpe corporation in March 2013.
*2 Withdrew from the Fiels business by transferring shares of Furukawa commerce co., Ltd. in October 2012.
Notice: By applying "Accounting standards for disclosure of segment information, etc." (FY2012), we replace and display the figure for FY2011.

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025 (Forecast)
LME copper price (US$/ton)	6,101	8,139	8,485	7,855	7,104	6,554	5,215	5,154	6,444	6,341	5,860	6,879	9,691	8,551	8,362	9,370	9,000
JPY rat per US$	92.85	85.71	79.07	83.10	100.24	109.93	120.13	108.42	110.85	110.91	108.74	106.06	112.38	135.47	144.62	152.57	145.00

Pages 33 through 35 are for reference information, which we hope you will review later.

That is all for the explanation. I would like to ask all of our shareholders and investors for their continued support of Furukawa.

Question & Answer

Shibata [Q]: My name is Shibata from SBI Securities.

The first is about the impact of the tariff. The export value of your sales is quite large, and I believe that this is an issue that affects the machinery business, which is the focus of your company at this time. For example, at this point, are there any negative comments from customers regarding orders or the export environment? In addition to this, do you have any comments on the certainty of a more negative impact?.

Second, on page 32, there is a review of the management philosophy framework and the next medium-term business plan. While I understand your basic policy of making the machinery business the core of growth, I would like to ask you if you have any comments on the future direction of the metals segment, which still has a large sales volume.

Nakatogawa [A]: First, regarding the impact of tariffs, as I explained earlier, the rock drill machinery segment is the one that will be most affected. However, looking at the current situation, we see that the orders are quite strong. I think this may be due to the fact that the selling price may increase due to higher tariffs in the future, but I have heard that there is considerable demand for hydraulic crawler drills, our mainstay product.

Also, as you can see in the data, Epiroc is our largest competitor in Europe, but they, as well as we, do not have a factory in the US. So, currently, the EU and Japan are listed at 20% and 24%, respectively, and we believe that if the difference is that much, we can sell the products without any problem. As I mentioned, the uncertainty in the US is our biggest concern.

In addition, as for the next medium-term business plan, we will be considering how we should think about our business portfolio in the future. However, there are various related parties and employees involved in each of these businesses, and we will continue to monitor them. We believe that it is important to enhance our earning power, and we would like to develop a strategy that focuses on this issue.

Shibata [Q]: By earning power, you are referring to capital efficiency and profit margin, rather than the absolute amount of profit?

Nakatogawa [A]: Yes, that is correct. In any business segment, it is important to determine whether or not each product can contribute to the profit of the segment. In other words, what are the costs, manufacturing costs, and efficiency, and we would like to make our selections while keeping a close eye on these factors. If the case may be, or if there is an M&A that would be complementary to some of the factors, we would like to consider and take actions as well.