FURUKAWA CO., LTD.

Financial Results Briefing for the Fiscal Year Ended March 2026

May 28, 2026

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

Presentation

Akutagawa: As for today's agenda, first, Konno will explain the financial results for the fiscal year ended March 31, 2026 and the forecast for the current fiscal year, then Nakatogawa will give a review of the medium-term management plan 2025, the positioning of FY2026, and the direction for the formulation of the next medium-term management plan. After that, we will have time for questions and answers.

Financial Results for the FY2025 (Consolidated)

		FY2024	FY2025	Difference
Net sales	Million Yen	201,216	211,081	9,864
Operating profit	Million Yen	9,763	11,299	1,535
Operating margin	%	4.9	5.4	0.5
Ordinary profit	Million Yen	9,705	13,733	4,028
Profit attributable to owners of parent	Million Yen	18,619	12,777	(5,841)

Konno: I am Konno from FURUKAWA. Thank you very much for taking time out of your busy schedules to attend our financial results briefing today.

I will now explain the financial results and the forecast for the full fiscal year.

Regarding the YoY change for the fiscal year ended March 2026, net sales increased by JPY9.8 billion to JPY211 billion, operating profit increased by JPY1.5 billion to JPY11.2 billion, ordinary profit increased by JPY4 billion to JPY13.7 billion, and profit attributable to owners of parent decreased by JPY5.8 billion to JPY12.7 billion.

Financial Forecasts for the FY2026 (Consolidated)

		FY2025	FY2026 (Forecast)	Difference
Net sales	Million Yen	211,081	235,700	24,619
Operating profit	Million Yen	11,299	9,000	(2,299)
Operating margin	%	5.4	3.8	(1.6)
Ordinary profit	Million Yen	13,733	8,700	(5,033)
Profit attributable to owners of parent	Million Yen	12,777	5,100	(7,677)
Annual dividends	Yen	80	80	-

*FY2026 (Forecast) were announced on May 12, 2026

Regarding the YoY change for the full year forecast for the fiscal year ending March 2027, we forecast net sales to increase by JPY24.6 billion to JPY235.7 billion, operating profit to decrease by JPY2.2 billion to JPY9 billion, ordinary profit to decrease by JPY5 billion to JPY8.7 billion, and profit attributable to owners of parent to decrease by JPY7.6 billion to JPY5.1 billion.

The annual dividend is expected to be JPY80 per share for the current fiscal year.

Consolidated Income Statement

(Unit: Million yen)

	FY2024	FY2025	Difference
Net sales	**201,216**	**211,081**	**9,864**
Cost of sales	171,660	178,876	7,215
(Gross profit)	29,556	32,204	2,648
Selling, general and administrative expenses	19,793	20,905	1,112
Operating profit	**9,763**	**11,299**	**1,535**
Non operating income	2,304	4,982	2,677
Dividend income	930	627	(302)
Share of profit of entities accounted for using equity method	620	3,110	2,489
Foreign exchange gains	-	574	574
Other	753	670	(83)
Non-operating expenses	2,362	2,548	185
Interest expenses	539	560	20
Administrative expenses of inactive mountain	893	906	13
Foreign exchange losses	621	-	(621)
Commission for purchase of treasury shares	0	690	689
Other	306	390	83
Ordinary profit	**9,705**	**13,733**	**4,028**
Extraordinary income	17,535	7,257	(10,277)
Gain on sale of investment securities	17,077	7,223	(9,854)
Other	457	34	(423)
Extraordinary losses	2,032	2,387	355
Provision for environmental measures	1,785	2,194	409
Other	246	193	(53)
Profit before income taxes	25,208	18,603	(6,604)
Income taxes -current	7,547	4,119	(3,428)
Income taxes -deferred	(1,102)	1,553	2,656
Profit	18,762	12,929	(5,832)
Profit attributable to non-controlling interests	143	152	9
Profit attributable to owners of parent	**18,619**	**12,777**	**(5,841)**

Details of net sales and operating income by segment are provided on the following slides.

- +¥0.7 billion from the inclusion of earnings of Mitsui Miike Machinery Co., Ltd., which became an equity-method affiliate
- +¥1.5 billion from a gain on negative goodwill arising from the acquisition of shares of the company

- +¥1.1 billion in foreign exchange gains (vs. ¥0.6 billion loss in the previous fiscal year)

- Recorded gain on the sale of investment securities mainly due to the partial sales of strategic shareholdings (a large amount was sold in the previous year in line with the reduction policy).

- Provision for environmental measures recorded, as in the previous fiscal year

This is the income statement for the year ended March 31, 2026. Sales and operating profit will be discussed later in detail by segment.

Ordinary profit increased by JPY4 billion YoY to JPY13.7 billion, mainly due to an increase in equity in earnings of affiliates resulting from the conversion of MITSUI MIIKE MACHINERY CO., LTD. into an equity-method affiliate.

Extraordinary income decreased by JPY10.2 billion from the previous year, despite a JPY7.2 billion gain on sales of investment securities resulting from the sale of strategic shareholdings, because it did not reach the level of the previous year when a large amount of securities were sold, in accordance with the Company’s policy of reducing strategic shareholdings .

Extraordinary losses increased by JPY300 million from the previous year due to a provision for environmental measures to cover the cost of cleaning up residual lead contamination in residential areas surrounding the former smelter site in Australia, as in the previous year.

As a result, the profit attributable to owners of parent was JPY12.7 billion, a YoY decrease of JPY5.8 billion.

Consolidated Balance Sheet

(Unit: Million yen)

	FY2024	FY2025	Difference
Assets			
Current assets	116,759	115,267	(1,492)
Non-current assets	140,347	157,108	16,760
Property, plant and equipment	94,796	95,991	1,195
Intangible assets	329	357	28
Investments and other assets	45,221	60,758	15,536
Total assets	**257,107**	**272,376**	**15,268**
Liabilities			
Current liabilities	53,114	47,041	(6,072)
Non-current liabilities	70,420	75,133	4,712
Total liabilities	**123,534**	**122,174**	**(1,359)**
Net assets			
Shareholders' equity	108,655	111,246	2,591
Share capital	28,208	28,208	-
Capital surplus	2	2	-
Retained earnings	82,385	83,312	926
Treasury shares	(1,940)	(275)	1,664
Accumulated other comprehensive income	22,154	35,986	13,832
Non-controlling interests	2,763	2,967	204
Total net assets	**133,572**	**150,201**	**16,628**
Total liabilities and net assets	**257,107**	**272,376**	**15,268**

- Decrease in notes and accounts receivable and contract assets of ¥8.9 billion, mainly in the Industrial Machinery segment
- Increase in investment securities of ¥21.1 billion due to rising share prices of listed shares

- Deferred tax liabilities and interest-bearing debt increased (details of interest-bearing debt are provided on the next page)
- Decrease in accounts payable

- Treasury stock acquisition of ¥8.0 billion and cancellation of ¥9.4 billion, among other factors

- Increase in net unrealized gains on available-for-sale securities of ¥11.8 billion

Next is the balance sheet.

On the asset side, total assets increased JPY15.2 billion to JPY272.3 billion, mainly due to a JPY21.1 billion increase in investment securities resulting from higher share prices of listed stocks, despite a JPY8.9 billion decrease in trade notes and accounts receivable, and contract assets, mainly in the industrial machinery segment.

In liabilities, total liabilities decreased JPY1.3 billion to JPY122.1 billion due to a decrease in accounts payable – other, despite increases in deferred tax liabilities and interest-bearing debt.

Net assets increased JPY16.6 billion to JPY150.2 billion due to a JPY13.8 billion increase in accumulated other comprehensive income, mainly reflecting an increase in valuation difference on available-for-sale securities.

Interest-Bearing Debt & Consolidated Cash Flow

【Interest-bearing debt】

(Million yen)

	FY2024	FY2025	Difference
Short-term	564	3,438	2,874
Long-term	50,470	48,884	(1,586)
Bonds payable	5,000	5,000	-
Total	**56,034**	**57,323**	**1,288**

【Consolidated cash flow】

(Million yen)

	FY2024	FY2025	Difference
Cashflows from operating activities	5	3,409	3,404
Cashflows from investing activities	15,098	2,122	(12,975)
Cashflows from financing activities	(9,234)	(9,662)	(428)
Cash and cash equivalents	**24,391**	**20,352**	**(4,039)**

- Net cash provided after adjustments for non-cash items (profit before income taxes adjusted for non-cash items and other factors): ¥15.3 billion
- Net cash used due to changes in operating assets and liabilities: ¥6.3 billion
- Income taxes paid, net: ¥5.7 billion

- Payments for purchase of property, plant and equipment: ¥4.8 billion
- Payments for purchase of shares of affiliates: ¥2.6 billion
- Proceeds from sales of investment securities: ¥9.8 billion

- Proceeds from borrowings: ¥18.6 billion
- Repayments of borrowings: ¥17.4 billion
- Purchase of treasury shares: ¥8.0 billion
- Dividends paid: ¥2.4 billion

Interest-bearing debt and consolidated cash flow, presented are as noted.

Financial Results by Segment (Consolidated)

	Net sales (Million yen) FY2024	FY2025	Difference	Operating profit (Million yen) FY2024	FY2025	Difference
Machinery	86,301	84,256	(2,045)	5,980	5,771	(209)
Industrial	22,213	18,268	(3,944)	2,206	1,646	(560)
Rock Drill	35,003	36,424	1,420	2,795	2,851	55
UNIC	29,084	29,563	479	977	1,273	295
Materials	108,757	120,380	11,623	3,169	4,994	1,824
Metals	92,384	103,067	10,683	2,418	3,790	1,371
Electronics	6,545	6,953	407	125	365	240
Chemicals	9,827	10,359	532	625	837	212
Real Estate	2,071	2,228	156	686	693	6
Other	4,085	4,215	129	15	48	32
Adjustment	-	-	-	(89)	(207)	(118)
Total	**201,216**	**211,081**	**9,864**	**9,763**	**11,299**	**1,535**

	FY2024	FY2025	Difference
JPY rate per US$	152.6¥/$	150.8¥/$	(1.8¥/$)
LME copper price	9,370$/ton	10,816$/ton	1,446$/ton
LBMA Gold price	2,585$/oz	3,939$/oz	1,354$/oz

Next, here are the results by segment for the fiscal year ended March 31, 2026.

Net sales increased by JPY9.8 billion as sales in the industrial machinery segment declined, while sales in other segments increased.

Overall operating profit increased by JPY1.5 billion as sales in the industrial machinery segment declined, while sales increased mainly in the metal segment.

Exchange rates and metal prices are as stated in the materials.

Financial Forecasts by Segment (Consolidated)

	Net sales (Million yen)			Operating profit (Million yen)		
	FY2025	FY2026 (Forecast)	Difference	FY2025	FY2026 (Forecast)	Difference
Machinery	84,256	109,900	25,643	5,960	7,700	1,739
Industrial	18,268	18,900	631	1,670	1,800	129
Rock Drill	36,424	38,600	2,175	2,905	3,200	294
UNIC	29,563	31,200	1,636	1,384	1,700	315
EarthTechnica	-	21,200	21,200	-	1,000	1,000
Materials	120,380	119,500	(880)	5,043	2,000	(3,043)
Metals	103,067	101,200	(1,867)	3,814	400	(3,414)
Electronics	6,953	7,900	946	375	800	424
Chemicals	10,359	10,400	40	853	800	(53)
Real Estate	2,228	2,300	71	679	500	(179)
Other	4,215	4,000	(215)	321	200	(121)
Adjustment	-	-	-	(706)	(1,400)	(693)
Total	**211,081**	**235,700**	**24,618**	**11,299**	**9,000**	**(2,299)**

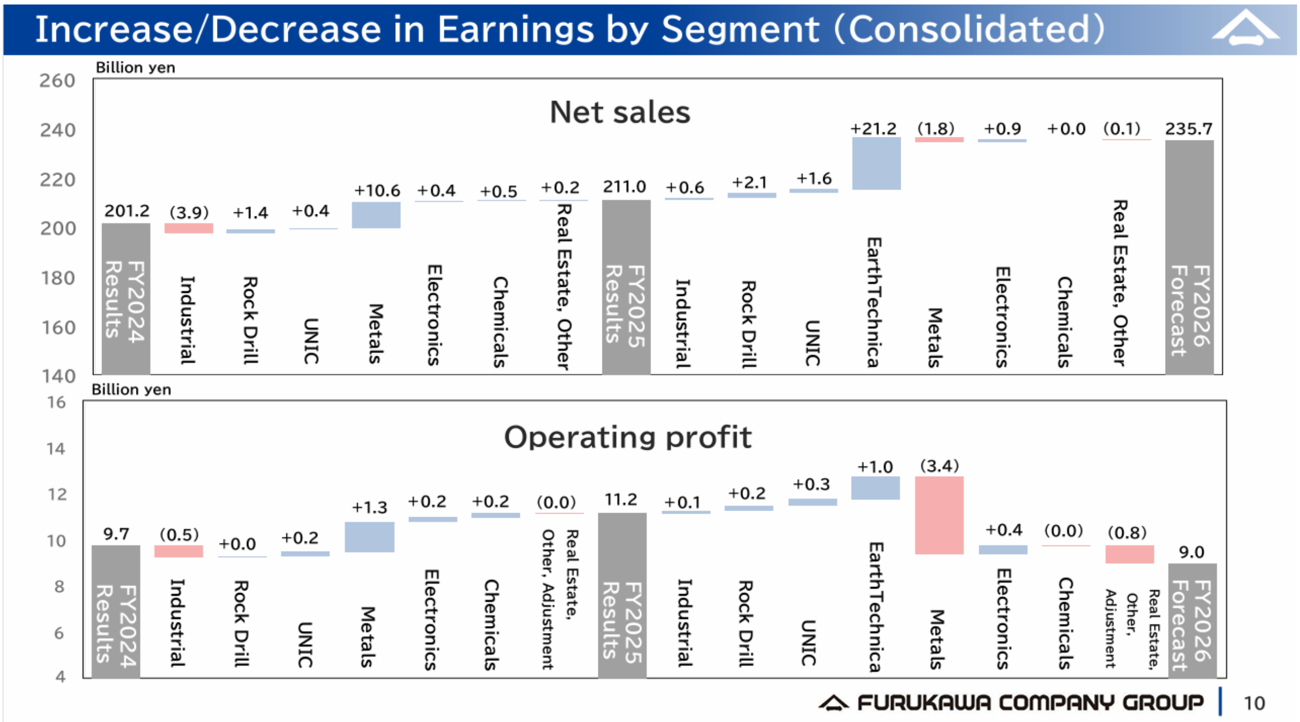
	FY2025	FY2026 (Forecast)	Difference
JPY rate per US$	150.8¥/$	155.0¥/$	4.2¥/$
LME copper price	10,816 $/ton	10,000 $/ton	(816 $/ton)
LBMA Gold price	3,939 $/oz	4,000 $/oz	61 $/oz

※Effective from the fiscal year ending March 31, 2027, the Company has revised the method of allocating company-wide expenses in order to more appropriately reflect the performance of its reportable segments. Accordingly, the year-on-year change against the forecast has been calculated based on the revised allocation method.

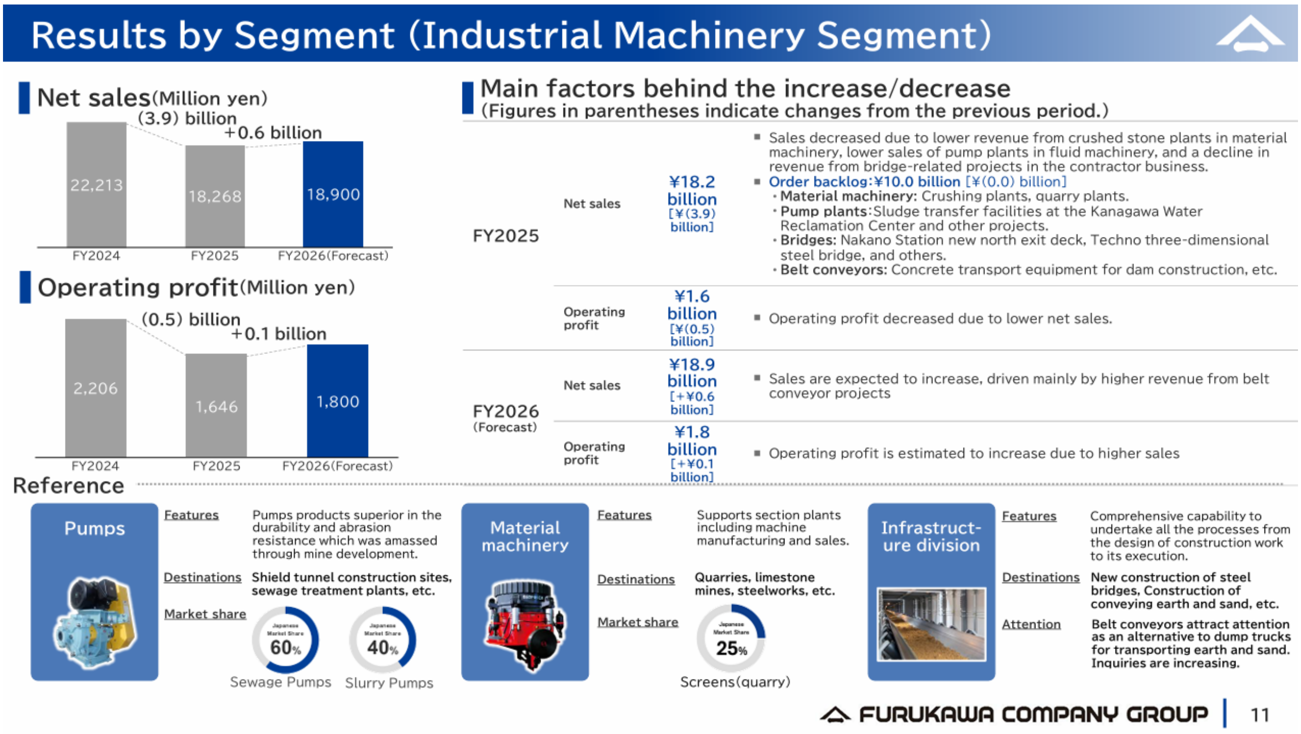
For the fiscal year ending March 31, 2027, we expect overall sales to increase, mainly in rock drill machinery, UNIC machinery, and electronics segments, although sales are expected to decline in the metal segment, which is affected by metal prices.

Operating profit is expected to increase mainly in the rock drill machinery, UNIC machinery, and electronics segments, while the metal segment is expected to decrease, resulting in an overall decrease in operating profit.

Assumptions are as stated.



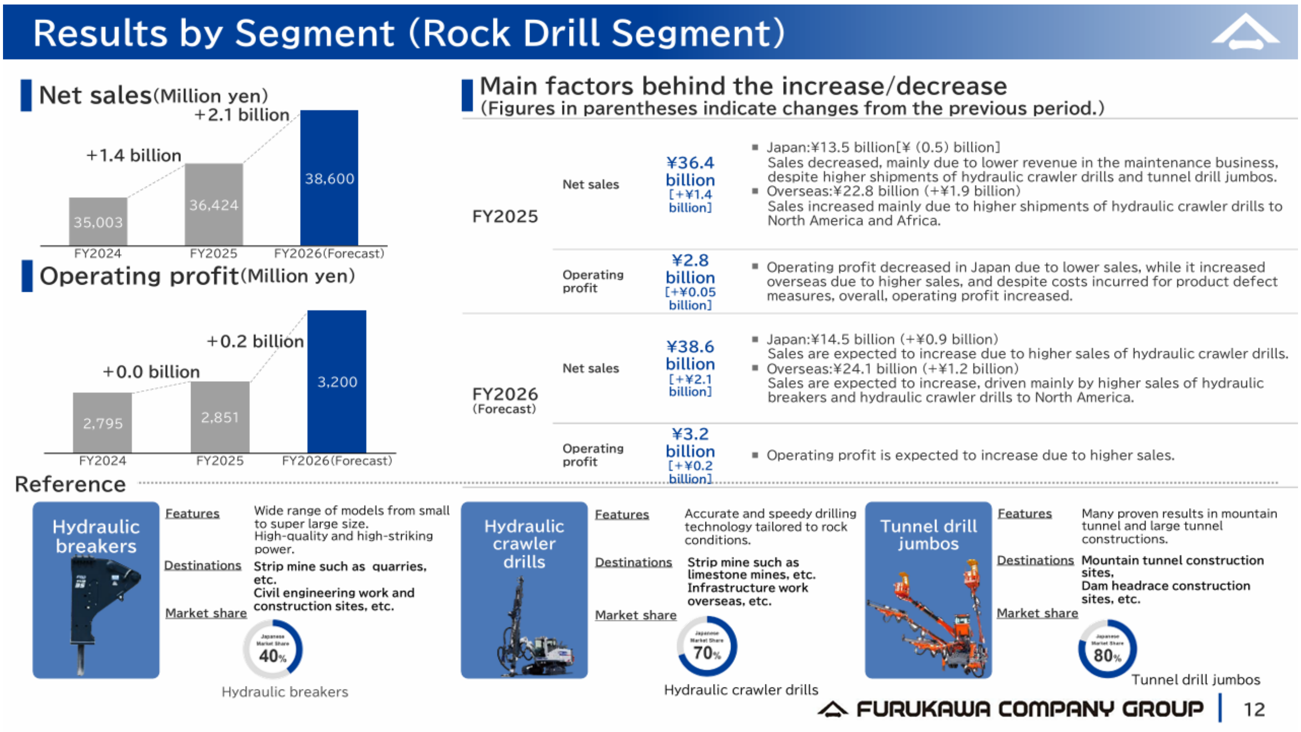
This page shows a graph of changes in results by segment.



The following is a detailed description by segment.

In the industrial machinery segment, sales for the fiscal year ended March 31, 2026 totaled JPY18.2 billion. Sales of material machinery declined due to lower sales of crushed stone plants, pumps saw a decline in sales of pump equipment, and then the contractors business saw a decline in sales due to lower bridge construction volume. Operating profit was JPY1.6 billion, a decrease due to lower sales. Backlog of orders at the end of the fiscal year and major orders received are as shown in the materials.

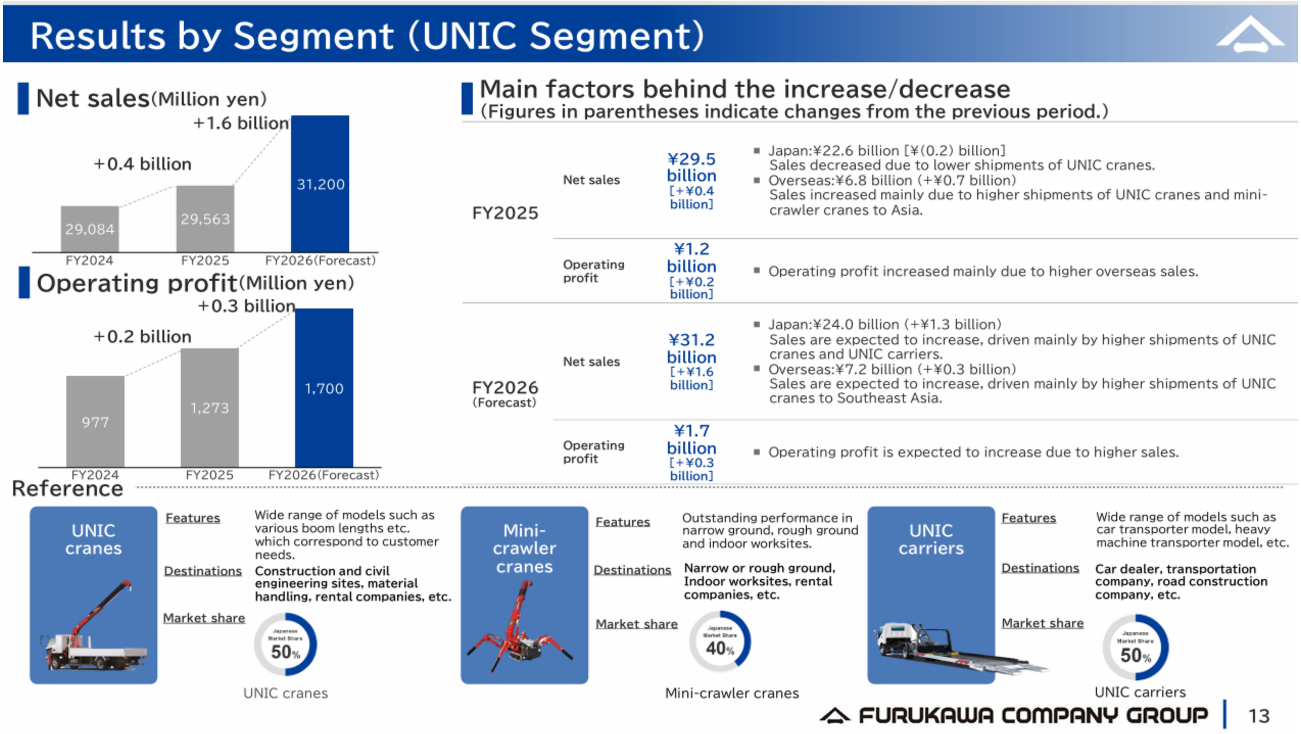
For the fiscal year ending March 31, 2027, we forecast an overall increase in net sales to JPY18.9 billion due to an expected increase in the volume of belt conveyor projects. Operating profit is estimated to be JPY1.8 billion, with an expected increase in profit due to higher sales.



Next is the rock drill machinery segment.

Net sales for the fiscal year ended March 31, 2026 totaled JPY36.4 billion, down in Japan, mainly due to lower sales in the maintenance business, despite higher shipments of hydraulic crawler drills and tunnel drill jumbos. Overseas sales increased mainly due to increased shipments of hydraulic crawler drills to North America and Africa. Operating profit decreased in Japan and increased overseas, in line with the increase and decrease in sales, and overall operating profit increased to JPY2.8 billion, despite the expenses incurred to address product defects.

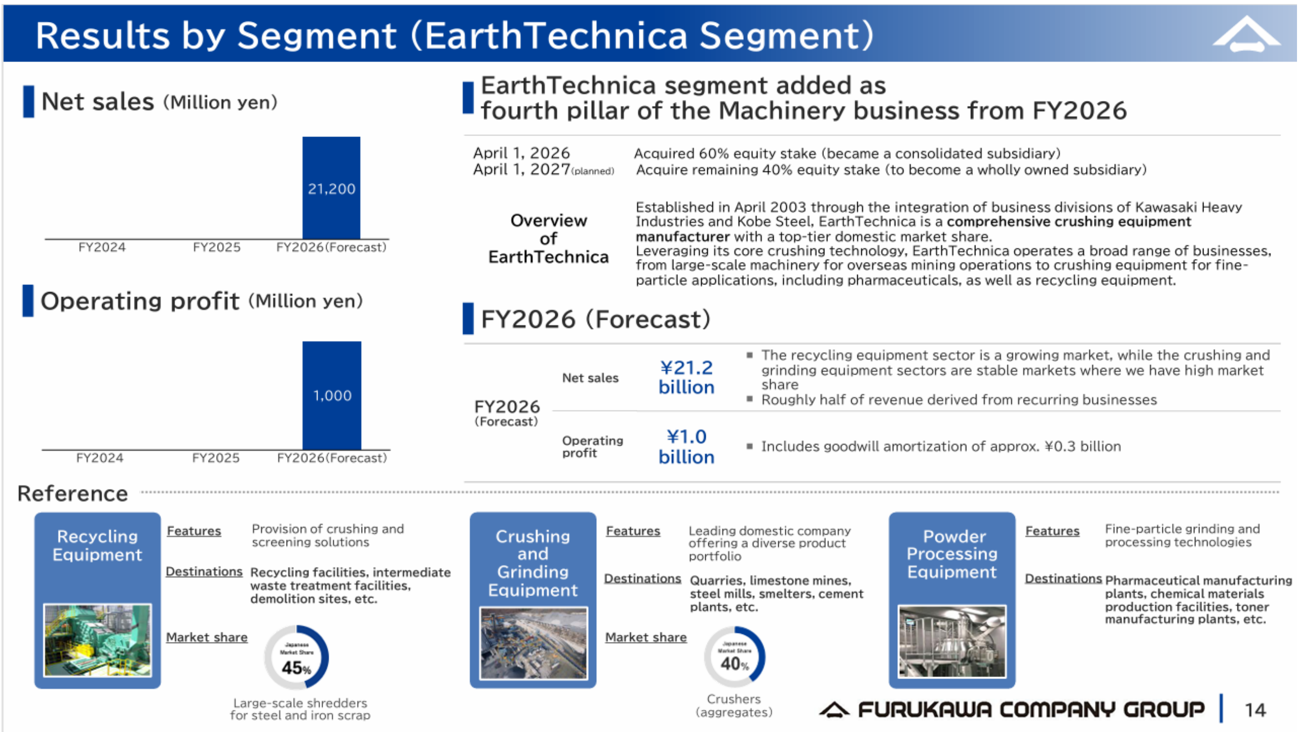
Net sales for the fiscal year ending March 31, 2027 are expected to increase in Japan due to increased sales of hydraulic crawler drills. In overseas, we expect an increase in sales of hydraulic breakers and hydraulic crawler drills for North America, and we forecast an increase in sales to JPY38.6 billion. Operating profit is estimated to be JPY3.2 billion, with an expected increase in profit due to higher sales.



This is the UNIC machinery segment.

Net sales for the fiscal year ended March 31, 2026 are JPY29.5 billion, with domestic sales declining due to a decrease in shipments of UNIC cranes. Overseas sales increased due to increased shipments of UNIC cranes and mini-crawler cranes to Asia. Operating profit was JPY1.2 billion, an increase mainly due to higher overseas sales.

For the fiscal year ending March 31, 2027, domestic sales are expected to increase due to an expected increase in shipments of UNIC cranes and UNIC carriers. Overseas sales are also expected to increase due to increased shipments of UNIC cranes to Southeast Asia and are forecast at JPY31.2 billion. Operating profit is estimated to be JPY1.7 billion, with an expected increase in profit due to higher sales.

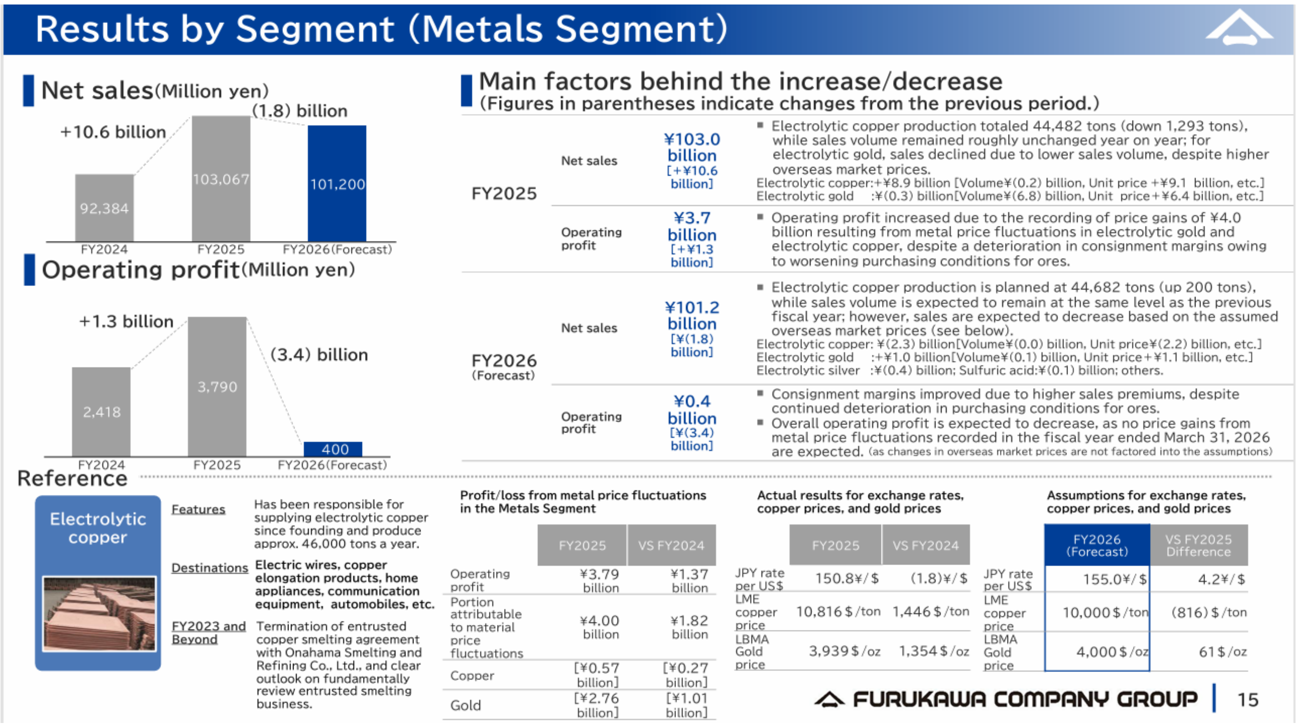


Next is the EarthTechnica segment.

In April this year, we acquired shares of EarthTechnica, which boasts the top share of the crusher market, and made it a consolidated subsidiary. This segment will be added as the fourth pillar of the machinery business in the fiscal year ending March 31, 2027.

For the fiscal year ending March 31, 2027, we forecast net sales of JPY21.2 billion and operating profit of JPY1 billion. Operating profit includes approximately JPY300 million of goodwill amortization.

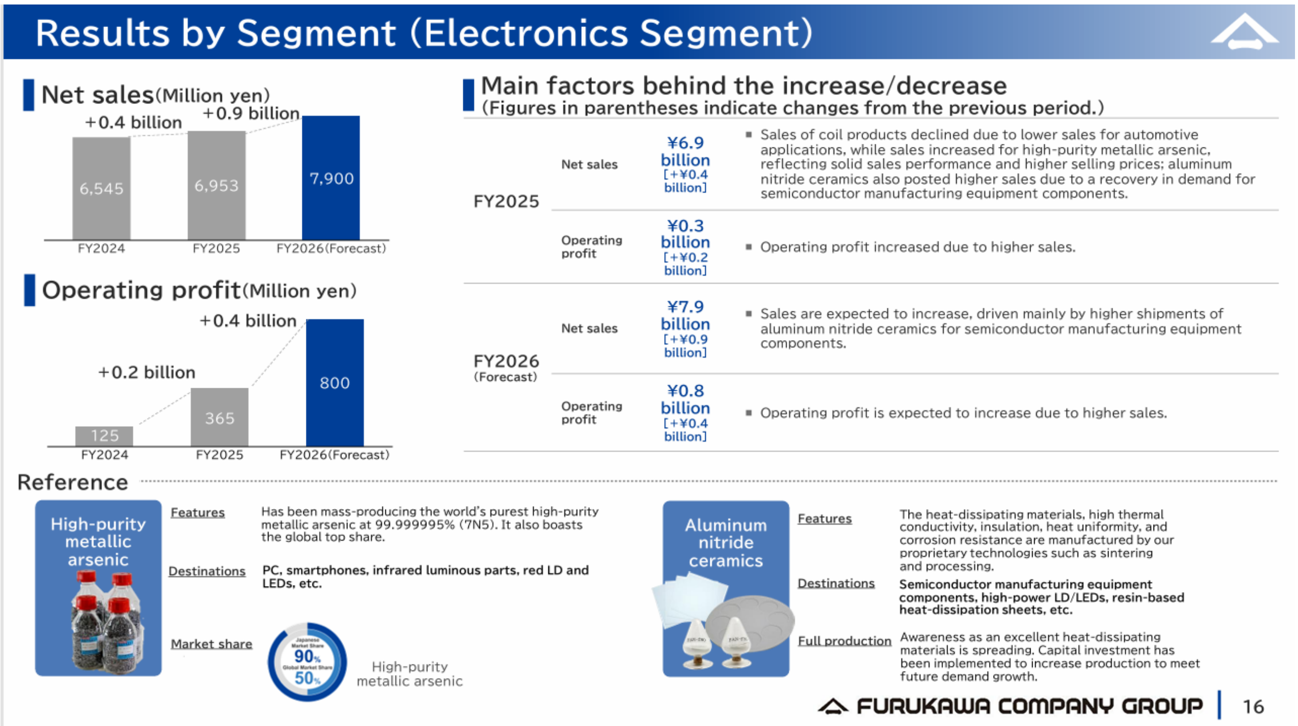
EarthTechnica mainly handles recycling equipment, crushing and grinding equipment, and powder processing equipment. As the business characteristics, recycling equipment is a growing market, and crushing & grinding equipment is a stable market with high shares. In addition, about half of the sales will be stock business.



Next is the metals segment.

For the fiscal year ended March 31, 2026, net sales were JPY103 billion and operating profit was JPY3.7 billion, resulting in high sales and profit. Operating profit increased mainly due to price gains of JPY4 billion from the impact of metal price fluctuations in electrolytic gold and electrolytic copper, despite worsening conditions for ore purchases.

For the fiscal year ending March 31, 2027, we forecast a decrease in sales and profit, with net sales of JPY101.2 billion and operating profit of JPY400 million. Operating profit is expected to improve on a consignment basis due to higher sales premiums, although conditions for ore purchase will continue to deteriorate. On the other hand, the Company does not expect price gains due to the impact of metal price fluctuations that existed in the fiscal year ended March 31, 2026 and therefore forecasts a significant decrease in profit.

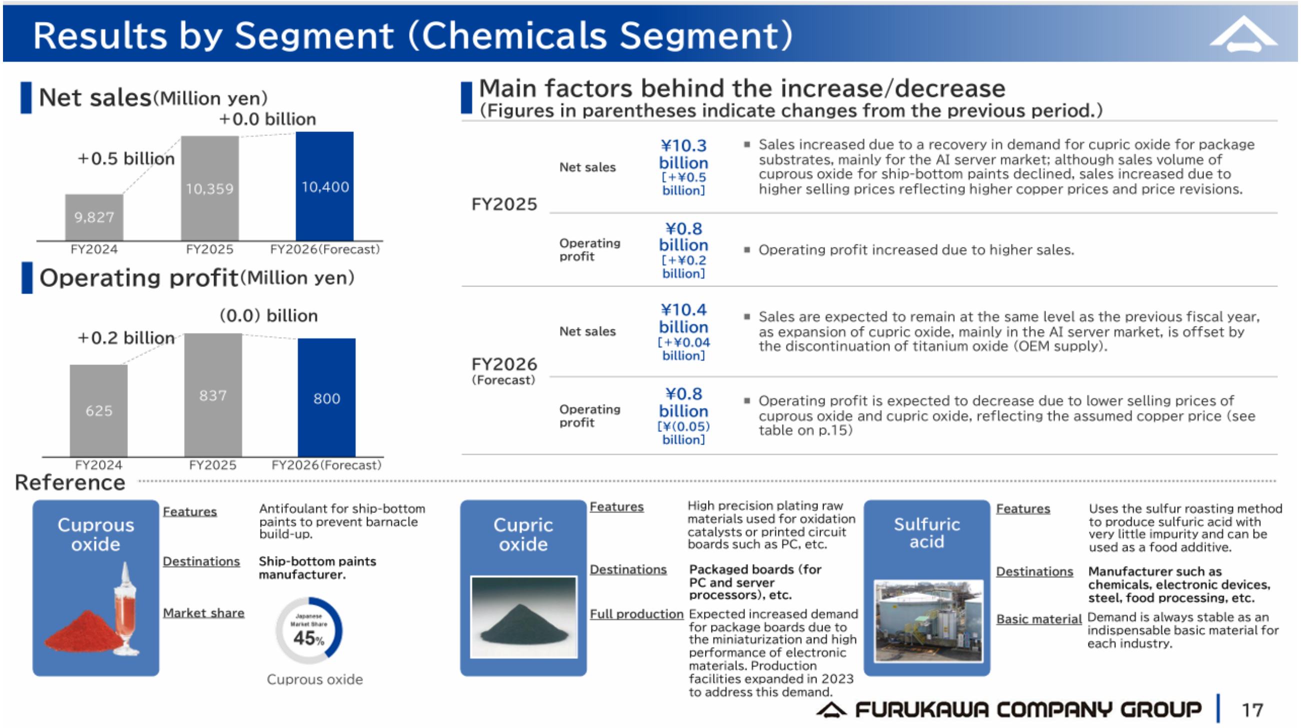


Next is the electronics segment.

For the fiscal year ended March 31, 2026, net sales were JPY6.9 billion and operating profit was JPY300 million, resulting in high sales and profit.

For the fiscal year ending March 31, 2027, we forecast an increase in sales and profit, with net sales of JPY7.9 billion and operating profit of JPY800 million.

Details are as stated.



Next is the chemicals segment.

For the fiscal year ended March 31, 2026, net sales were JPY10.3 billion and operating profit was JPY800 million, resulting in high sales and profit.

For the fiscal year ending March 31, 2027, we do not forecast much change, with net sales of JPY10.4 billion and operating profit of JPY800 million.

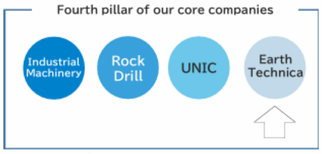
Details are as stated.

Investment in Alliances and M&As

Basic Policy | 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

EarthTechnica Co., Ltd

- 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 sector, which has grown to become a major field.



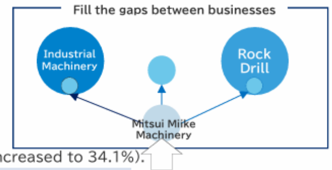
conversion into a consolidated subsidiary

April 1, 2026: Acquired a 60% stake (became a consolidated subsidiary).
April 1, 2027 (planned): Acquisition of the remaining 40% stake (to become a wholly owned subsidiary).

The establishment of a fourth pillar in our core machinery business.

Mitsui Miike Machinery Co., Ltd

- 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

April 1, 2025: Acquired shares (voting rights ratio: 20.0%).
April 1, 2026: Acquired additional shares (voting rights ratio increased to 34.1%).

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.

Next, I would like to discuss alliances and M&A.

As stated, we have successfully completed two deals and are strengthening our machinery business.

With the addition of EarthTechnica to our group, we are looking to build a fourth pillar of our machinery business, which we position as our core business. Furthermore, we purchased the shares of MITSUI MIIKE MACHINERY CO., LTD. and made it an equity-method affiliate. We expect to create continuity by filling in the gaps in the machinery business and creating synergies in terms of sales and production.

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%, achieving goals
At End of Mar. 2026	The ratio of strategic shareholdings increased to 25.8%, as a ¥6.1 billion reduction from sales was more than offset by an increase of ¥22.4 billion due to higher share prices.

※ 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】

【Factors behind changes in the balance of strategic shareholdings】

	Amount	Ratio to consolidated net assets
Balance at the end of FY2024	¥22.2 billion	16.6%
Sales	¥(6.1) billion	
Share price fluctuations	¥22.4 billion	
Acquisitions	¥0.3 billion	
Other	¥(0.0) billion	
Balance at the end of FY2025	¥38.8 billion	25.8%

■ Future actions

We will continue to work on reducing strategic shareholdings, including selling shares for which the necessity of holding is no longer recognized, and aim to keep the ratio below 20% of consolidated net assets.

Next, I would like to discuss the reduction of strategic shareholdings.

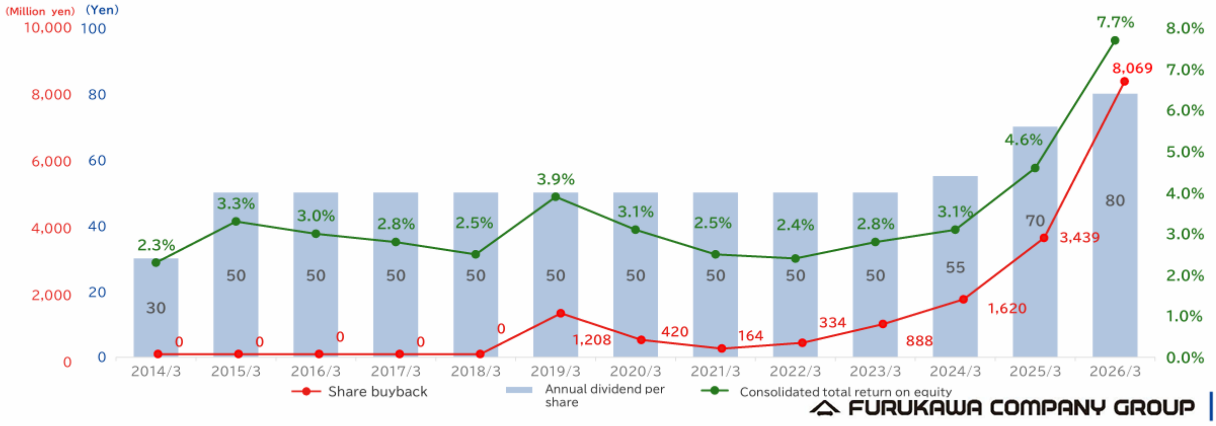
We set a target to reduce the ratio of strategic shareholdings to consolidated net assets to less than 20% by the fiscal year ended March 31, 2025 and reduced the ratio to 16.6% at the end of March 2025. In the fiscal year ended March 31, 2026, we reduced JPY6.1 billion by selling it, but there was an increase of JPY22.4 billion due to the rising share price. As a result, the ratio was 25.8% as of the end of March 2026, and we failed to achieve the target.

We will continue our efforts to reduce the strategic shareholdings and aim to maintain less than 20% of consolidated net assets.

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%. ▪ FY2023 Year-end dividend of ¥55 (up ¥5 from the previous fiscal year) ▪ FY2024 Interim dividend of ¥30 and year-end dividend of ¥30, plus a commemorative dividend of ¥10, for a total annual dividend of ¥70 (up ¥15 from the previous fiscal year) ▪ FY2025 Interim dividend of ¥30 and year-end dividend of ¥50, for a total annual dividend of ¥80 (up ¥10 from the previous fiscal year)
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 cost: **¥1.6 billion** ▪ FY2024 Acquisition cost: **¥3.4 billion** ▪ FY2025 Acquisition cost: **¥8.0 billion**



Next, I will explain the shareholder return.

As stated in the dividend policy, for the fiscal year ended March 31, 2026, the Company plans to pay an interim dividend of JPY30 and a year-end dividend of JPY50, for an annual dividend of JPY80, an increase of JPY10 from the previous year.

Regarding the acquisition of treasury stock, the Company had announced a target of approximately JPY13 billion in total for the three years through the fiscal year ended March 31, 2026. As a result of this performance, we achieved our goals by repurchasing JPY1.6 billion of treasury stock in the fiscal year ended March 31, 2024, JPY3.4 billion in the fiscal year ended March 31, 2025, and JPY8 billion in the last fiscal year ended March 31, 2026.

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

(Million yen)

Capital investment	FY2023	FY2024	FY2025	FY2026 (Forecast)
Machinery	4,430	2,723	2,519	6,900
Industrial	2,547	418	188	2,300
Rock Drill	1,025	1,266	1,799	2,100
UNIC	857	1,038	530	1,300
EarthTechnica	-	-	-	1,200
Materials	1,581	1,447	1,456	1,700
Other	2,001	3,486	2,317	12,400
Total	8,013	7,657	6,293	21,000
Depreciation and amortization	4,387	4,835	5,142	6,000
Research and development expenses	1,314	1,287	1,386	1,500

- Mainly due to equipment renewal
- Wastewater treatment equipment (¥2.0 billion), etc.
- Plan to acquire a hotel and some residences in Park Tower Osaka Dojimahama, which is being developed on the site of the former Osaka building in the real estate business: ¥10.4 billion
- Investment in an office building and production equipment at Yamaishi Metal Co., Ltd.: ¥0.7 billion

<R&D related to marine resource development> (not included in above R&D expenses)
Involvement in projects sponsored by Japan Organization for Metals and Energy Security (JOGMEC)

- [Study and Evaluation of Elemental Technologies for Mining and Lifting Systems for Seafloor Massive Sulfide Development]
  Participated in development of elemental technologies for seafloor massive sulfide ore lifting systems, including application of pumps and crushers (FY2018–2024)
- [Study on Self-Propelled Collector for Manganese Nodules]
  Indirectly participated in the development of elemental technologies for manganese nodule mining equipment, including the application of crawler drill travel systems (FY2019–2025)
- [Detailed Design, Fabrication, and Offshore Testing of a Mining Test Machine for Cobalt-Rich Crust Exploration, and Related Technology Development Studies]
  Participated in development of elemental technologies for a cobalt-rich crust mining test machine, including the application of drilling and ore collection technologies (FY2023–2027)

Capital expenditures, depreciation, and R&D expenses are as stated.

In the real estate business, we plan to acquire a hotel and some residences in Park Tower Osaka Dojimahama, which is being developed on the site of the former Osaka building, for JPY10.4 billion. This will be funded by the proceeds from the transfer of the land, so no new cash payments will be made.

In addition, I would like to supplement our focus on R&D in marine resource development, which is not included in the research and development.

We have participated in three of the four marine resource development projects of JOGMEC, a national organization. The details are as stated. The development of offshore resources, such as rare metals, is an important project for the country, and we expect that our participation in this project will contribute to our machinery business in the future.

Reference Materials

[Metal Products, Foreign Exchange Rate (Consolidated)]

		FY2023	FY2024	FY2025	FY2026 (Forecast)
Overseas market price of copper (Average)	¢/pound	379.3	425.0	490.6	453.6
	$/ton	8,362	9,370	10,816	10,000
JPY rate per US$ (Average)		144.62	152.57	150.77	155.0

Production and Sales of Furukawa Metals & Resources Co., Ltd.	FY2023	FY2024	FY2025	FY2026 (Forecast)
Copper production volume (t)	48,262	45,775	44,482	44,682
Copper sales volume (t)	53,505	46,039	45,898	45,840

<About copper production>
The entrusted smelting contract with Onahama Smelting and Refining Co., Ltd. was terminated at the end of March 2023.
From FY2024 onward, production will be carried out only at Hibi Kyodo Smelting Co., Ltd., resulting in lower production volume.

[Employee (Consolidated)]

	End of Mar. 2024	End of Mar. 2025	End of Mar. 2026	VS End of Mar. 2025
Number of consolidated employee (Person)	2,855	2,908	2,883	(25)

Reference Materials

Consolidated Financial Results

(Millions of yen)

	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3	2027/3 (Forecast)
Net sales	161,799	149,829	167,695	174,116	165,215	159,702	199,097	214,190	188,255	201,216	211,081	235,700
Operating profit	7,988	6,545	7,820	8,915	8,693	5,592	7,734	9,031	8,524	9,763	11,299	9,000
Ordinary Profit	6,227	7,202	8,105	8,235	8,135	6,773	8,996	9,348	10,384	9,705	13,733	8,700
Profit (loss) attributable to owners of parent	5,056	4,254	4,774	4,654	4,431	7,468	6,477	6,211	16,097	18,619	12,777	5,100

Segment Performance

(Net sales)

(Millions of yen)

		2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3	2027/3 (Forecast)
Machinery		72,232	66,803	73,453	77,580	82,691	68,635	76,938	81,658	82,085	86,301	84,256	109,900
	Industrial Machinery	14,926	14,041	15,871	17,971	23,237	16,682	17,723	17,943	15,548	22,213	18,268	18,900
	Rock Drill Machinery	30,076	26,979	30,199	30,372	27,663	24,149	30,910	35,752	38,682	35,003	36,424	38,600
	UNIC Machinery	27,229	25,782	27,381	29,237	31,791	27,804	28,305	27,961	27,853	29,084	29,563	31,200
	EarthTechnica	—	—	—	—	—	—	—	—	—	—	—	21,200
Materials		85,644	78,968	89,987	92,722	79,366	88,203	118,163	126,804	100,388	108,757	120,380	119,500
	Metals	74,192	67,853	77,334	80,067	67,149	76,094	102,995	111,424	84,712	92,384	103,067	101,200
	Electronics	5,477	5,816	6,307	6,527	5,506	5,741	7,271	6,926	6,766	6,545	6,953	7,900
	Chemicals	5,973	5,298	6,344	6,127	6,710	6,367	7,896	8,454	8,908	9,827	10,359	10,400
Real Estate		3,045	3,074	3,338	2,999	2,386	2,107	2,115	2,056	1,873	2,071	2,228	2,300
Other		876	983	916	814	771	755	1,879	3,671	3,908	4,085	4,215	4,000
Total		161,799	149,829	167,695	174,116	165,215	159,702	199,097	214,190	188,255	201,216	211,081	235,700

(Operating profit)

(Millions of yen)

		2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3	2027/3 (Forecast)
Machinery		5,882	3,580	5,083	6,567	7,343	3,968	4,679	6,093	5,696	5,980	5,771	7,700
	Industrial Machinery	1,037	104	1,005	2,088	3,208	2,113	1,396	1,515	389	2,206	1,646	1,800
	Rock Drill Machinery	2,217	897	1,782	1,689	142	- 1,324	1,117	3,030	4,148	2,795	2,851	3,200
	UNIC Machinery	2,627	2,578	2,295	2,789	3,992	3,180	2,165	1,547	1,158	977	1,273	1,700
	EarthTechnica	—	—	—	—	—	—	—	—	—	—	—	1,000
Materials		983	1,870	1,648	1,396	776	1,040	2,349	2,309	2,765	3,169	4,994	2,000
	Metals	1,154	1,738	867	581	301	499	940	1,276	1,945	2,418	3,790	400
	Electronics	- 368	17	330	407	- 35	161	666	500	212	125	365	800
	Chemicals	197	114	451	406	510	380	743	532	608	625	837	800
Real Estate		1,276	1,265	1,339	1,163	735	736	743	835	470	686	693	500
Other		- 72	- 126	- 196	- 147	- 94	- 82	17	- 133	-293	15	48	200
Adjustment		- 80	- 44	- 55	- 64	- 68	- 71	- 54	- 73	-114	-89	- 207	- 1,400
Total		7,988	6,545	7,820	8,915	8,693	5,592	7,734	9,031	8,524	9,763	11,299	9,000

(Note) Net sales and operating profit of Materials before Fiscal 2017 are reference values that totaled figures rounded down to the nearest million yen of Metals, Electronics and Chemicals.

(Note) Effective from the fiscal year ending March 31, 2027, the Company has revised the method of allocating company-wide expenses in order to more appropriately reflect the

	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3	2026/3	2027/3 (Forecast)
LME copper price (US$/ton)	5,215	5,154	6,444	6,341	5,860	6,879	9,691	8,551	8,362	9,370	10,816	10,000
JPY rat per US$	120.13	108.42	110.85	110.91	108.74	106.06	112.38	135.47	144.62	152.57	150.77	155.00
Copper production volume (Tons)	86,466	84,062	88,004	81,346	77,068	74,386	71,149	70,186	48,262	45,775	44,482	44,682
Copper sales volume (Tons)	94,327	91,294	90,103	85,146	83,863	81,998	77,402	74,070	53,505	46,039	45,898	45,840

Pages 22 to 23 are for reference only.

That is all from me.

Akutagawa: Nakatogawa will continue with the explanation.

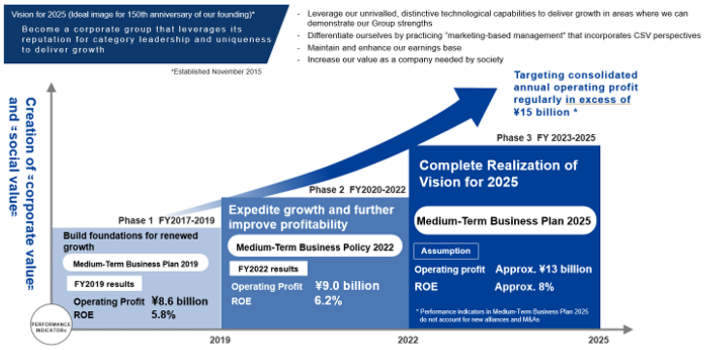
Review of the Medium-Term Business Plan 2025: Positioning Reaffirmation

Positioning reaffirmation of Medium-Term Business Plan 2025

- As the final phase toward realizing our Vision for 2025, "FURUKAWA Power & Passion 150," we worked to establish a management approach that simultaneously creates corporate and social value by bringing to completion our growth strategy centered on the Machinery business.

Objectives of the Plan

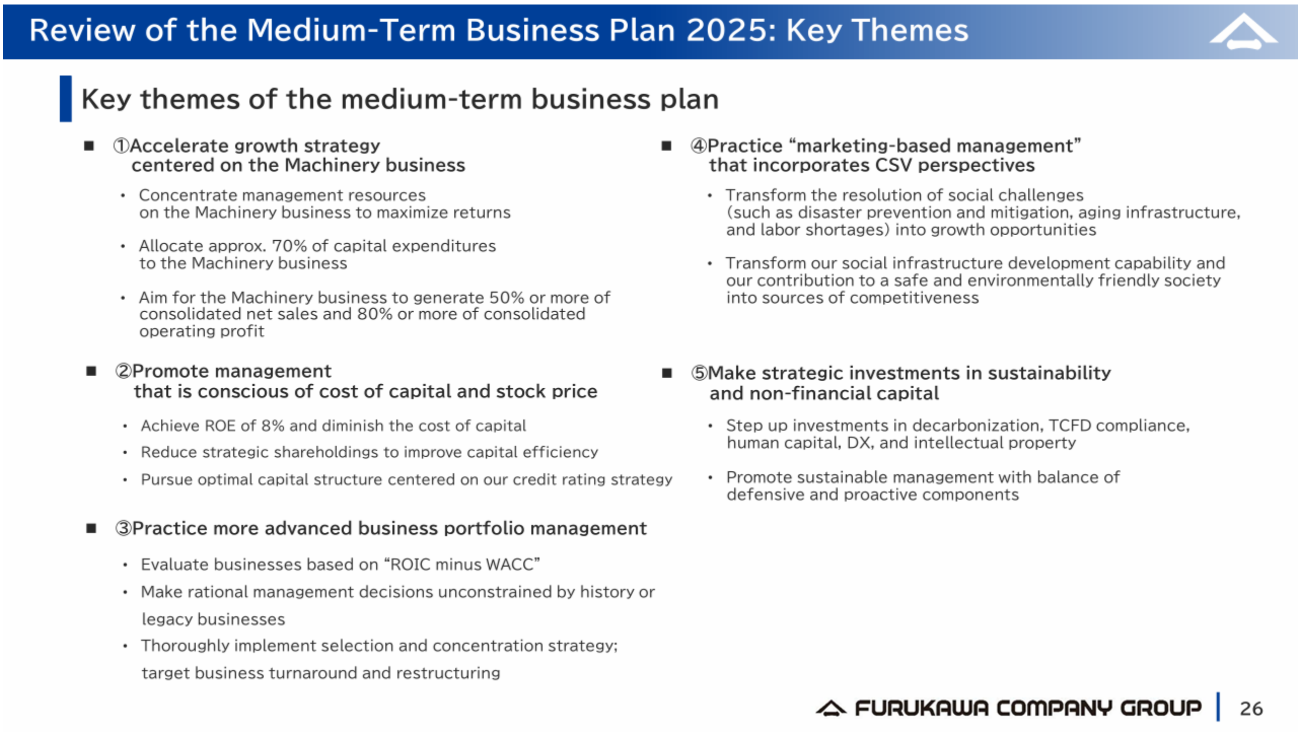
- Become a corporate group that leverages its reputation for category leadership and uniqueness to deliver growth
- Enhance profitability, capital efficiency, and management quality
- Enhance long-term corporate value by practicing management that is conscious of cost of capital and stock price



Nakatogawa: From here, I will give a review of the medium-term business plan 2025, how we will position the fiscal year ending March 31, 2027, and the concept behind the design of the next medium-term business plan.

As the final phase toward the realization of the 2025 vision, the medium-term business plan 2025 aimed to establish management that simultaneously creates corporate value and social value through the overall completion of a growth strategy, with the machinery business as its core.

There are three main objectives,



and under these objectives, the key themes are acceleration of growth strategies with the machinery business as the core, promotion of management that is conscious of capital cost and stock price, upgrading business portfolio management, “Marketing-Based Management”, that incorporates a CSV perspective, and strategic investment in sustainability and non-financial capital. We have been working on these five points.

Review of the Medium-Term Business Plan 2025: Quantitative Assessment (Financial Targets)

Quantitative evaluation (Financial targets)

- Fell short of targets for operating profit and Machinery business profit contribution ratio despite mostly meeting our targets for ROE, financial soundness, and shareholder returns

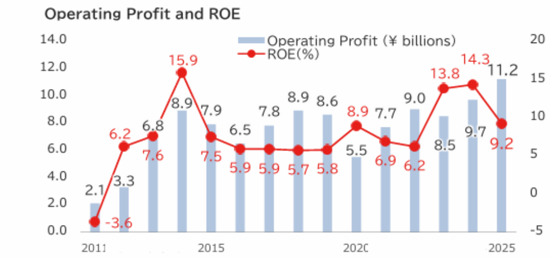
Metrics	Targets	Results	Evaluation
Consolidated operating profit	¥13 billion range	Approx. ¥11.2 billion	×
ROE	Approx. 8%	9.2%	○
Share of operating profit (Machinery business)	Approx. 80% or higher	Approx. 50%	×
D/E Ratio	0.5x range	0.4x	○
Interest-bearing debt/EBITDA ratio	3x range	3.5x	○
Consolidated total return on equity	3% or higher	7.7%	○
Strategic shareholdings ratio	20% or less	25.8%	△
Share buybacks	¥1,500–2,000 million	¥8,069 million	○

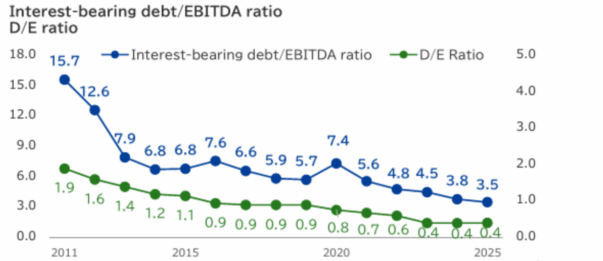
Targets achieved (ROE, financial position, shareholder returns)

- Most targets related to capital discipline, financial soundness, and shareholder returns were achieved
- Achievements to be carried forward into the next medium-term business plan

Targets not achieved (Operating profit, profit mix)

- Targets for consolidated operating profit (approx. ¥13.0 billion) and Machinery business contribution (80% or more) of total operating profit) were not achieved
- Primary factors: Sluggish order activity, delays in translating higher raw material costs to customers, and changing external business conditions





First, let me discuss our financial targets.

ROE, financial soundness, and shareholder returns were generally achieved. Specifically, ROE was 9.2%, the D/E ratio was 0.4 times, the Interest-bearing debt/EBITDA ratio was 3.5 times, and total return on equity and share buybacks were much higher than planned.

Although we made efforts to reduce our strategic shareholdings in FY2025 as we did in FY2024, the impact of rising stock prices resulted in a consolidated net asset ratio of more than 20% at the end of FY2025. We will continue to reduce the number of shareholdings and will thoroughly enforce our policy of selling stocks that are not deemed necessary.

On the other hand, consolidated operating profit and the profit composition of the machinery business have not been achieved. Operating profit was about JPY11.2 billion against a target of about JPY13 billion. The operating profit ratio of the machinery business was only about 50% compared to a target of about 80% or more.

Review of the Medium-Term Business Plan 2025: Reasons Behind Failure to Achieve Targets

Operating profit and profit mix

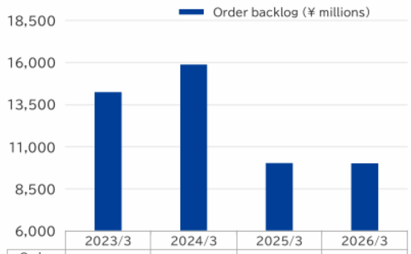
■ **Our targets for operating profit and the Machinery business profit contribution were not achieved. The structural factors underlying this shortfall in each business segment are summarized below.**

① Industrial Machinery

- Failed to achieve target because plan was based on the assumption of an increase in order intake

- Recorded an operating loss in FY2023 due to inadequate project management and cost control in plant construction projects for material machinery
  →Lack of management structure and operational capabilities for large-scale project-based business
- The need to devote significant human resources to follow-up actions hindered our order development efforts for FY2025
- Performance was also impacted by delays in work orders for several belt conveyor projects

Year-end order backlog



	2023/3	2024/3	2025/3	2026/3
Order backlog	14,242	15,870	10,021	10,012

Sales and Operating Profit (Industrial Machinery)

	2023/3	2024/3	2025/3	2026/3	Medium-Term Plan 2025
Sales	17,943	15,548	22,213	18,268	24,000
Operating profit	1,515	389	2,206	1,646	3,000
Profit Margin %	7.3	2.1	8.6	7.6	12.5

※Calculations of operating margin include intersegment sales and transfers

The reasons for the underachievement of consolidated operating profit and the profit composition of the machinery business were that the industrial machinery segment did not achieve its plan, which was based on the assumption of an increase in the number of projects on order.

As a background, we recorded a loss in FY2023 due to insufficient process and cost management for a material machinery plant construction project, and a lack of management structure and operational capabilities for the large-scale project business became apparent as an issue. We were forced to concentrate our human resources on post-operating measures, and our activities to win orders for FY2025 stagnated. Delays in orders for several belt conveyor projects also affected our business performance.

Review of the Medium-Term Business Plan 2025: Reasons Behind Failure to Achieve Targets

② Rock Drill Machinery

- Failed to achieve targets for both overseas sales volume growth and profit margin improvement
  - Further work is needed to build a framework for effectively addressing changing overseas demand and regional market dynamics while simultaneously achieving sales volume growth and profit margin improvement by product line

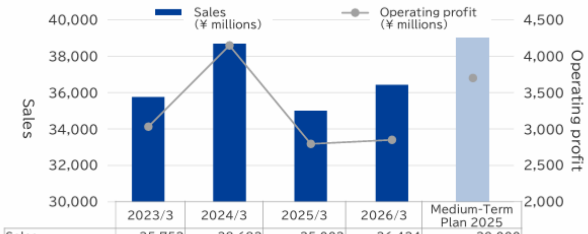
(¥ millions)

Description	2023/3	2024/3	2025/3	2026/3
Sales	35,752	38,682	35,003	36,424
Sales in North America	11,484	13,912	10,569	12,592
North America Sales ratio	32.1%	36.0%	30.2%	34.6%
Foreign exchange rate (FY average)	135.5	144.6	152.6	150.8

③ UNIC Machinery

- Delayed response to rising raw material prices
  - Delays in passing increased costs to customers amid soaring raw material prices
  - Performance also impacted by longer delivery lead times at truck body manufacturers

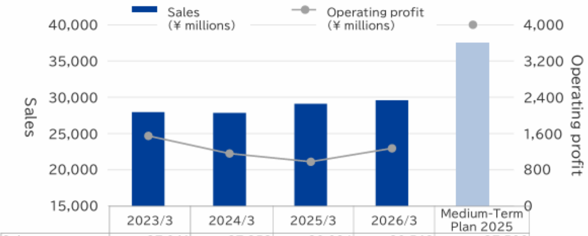
Sales and Operating Profit (Rock Drill Machinery)



	2023/3	2024/3	2025/3	2026/3	Medium-Term Plan 2025
Sales	35,752	38,682	35,003	36,424	39,000
Operating profit	3,030	4,148	2,795	2,851	3,700
Profit margin %	8.5	10.7	8.0	7.8	9.5

※Calculations of operating margin include intersegment sales and transfers

Sales and Operating Profit (UNIC Machinery)



	2023/3	2024/3	2025/3	2026/3	Medium-Term Plan 2025
Sales	27,961	27,853	29,084	29,563	37,500
Operating profit	1,547	1,158	977	1,273	4,000
Profit margin %	5.5	4.1	3.3	4.2	10.7

※Calculations of operating margin include intersegment sales and transfers

In the rock drill machinery segment, the simultaneous realization of overseas volume growth and profit margin improvement has yet to be fully achieved.

In the US, a major overseas market, high growth is being driven by investment in AI for data centers. Housing is weak with high interest rates. The roads segment remained stable due to infrastructure investment. Under these circumstances, the key to achieving both sales volume growth and profit margin improvement lies in identifying applications based on demand structure and characteristics by region, establishing a sales network, adding high value to products, and selectively expanding sales, et cetera. We are still in the process of building such a system.

In the UNIC machinery segment, price increases were implemented during the raw material price hikes phase, but the effect of price pass-on was delayed due to the remaining sales of ordered inventory before price pass-on, as well as the longer delivery time of truck body manufacturers.

In addition, increased fixed costs are also putting pressure on profits. Efficient operation of factories and optimization of production and sales systems are necessary.

Review of the Medium-Term Business Plan 2025:
Quantitative Assessment (Non-Financial Targets: Human Capital)

Non-financial targets: Investment in human capital

Metrics	Targets	Results	Evaluation
Ratio of female new graduate hires in corporate planning positions	20%	17.3%	△
Ratio of female managers	3% or higher	2.5%	△
Percentage of new hires with experience in management/corporate planning	40% or higher	50.0%	○
Ratio of employees with disabilities	Compliance with statutory employment rate for persons with disabilities	2.0%	△
Annual training hours	1,500 hours	1,041.2 hours	×
Number of trainees	3,600 persons	2,921 persons	△
Percentage of male employees taking childcare leave	80%	88.6%	○
Return-to-work rate following childcare leave	100%	100.0%	○
Health examination attendance rate	100%	100.0%	○
Abnormal findings ratio	Aged 40 and over: Less than 50% Under age 40: Less than 30%	To be determined	−
Certified as a Health and Productivity Management Outstanding Organization	Obtained "White 500" certification	×	×

The ratio of mid-career hires and the percentage of male employees taking childcare leave exceeded their respective targets, while the return-to-work rate and the health examination attendance rate remained at high levels. On the other hand, further efforts are required in such areas as women's advancement, employment of persons with disabilities, and talent development. We will continue strengthening employment opportunities and development initiatives from a medium- to long-term perspective.

Next, I would like to explain the human capital investment.

Recognizing that the growth of a diverse workforce is the foundation for sustainable growth and enhancement of corporate value, the Group exceeded its targets or maintained high levels for the ratio of experienced employees hired, the rate of male employees taking maternity leave, and the return-to-work and health checkup rates.

On the other hand, some indicators of women's activities, employment of persons with disabilities, and human resource development remain unachieved. We recognize that these are issues that need to be addressed as a qualitative shift, including on-site implementation and job area design, and we intend to restructure the contents of the next medium-term business plan to make them more conducive to results.

Review of the Medium-Term Business Plan 2025:
Qualitative Assessment (Non-Financial Targets: Sustainability)

Non-financial targets: Sustainability initiatives

Metrics	Targets	Results	Evaluation
Decarbonization initiatives	Announce carbon neutrality commitment and complete roadmap for its achievement	July 30, 2024 Press release issued	○
Response to climate-related disclosure requirements	Endorse the TCFD recommendations and strengthen climate-related information disclosure initiatives	August 9, 2023 Press release issued	○
Inclusion in SRI and ESG indexes and improvement in external ESG ratings	Achieve inclusion in the FTSE Blossom Japan Index	February 5, 2026 Press release issued	○

We achieved major sustainability-related targets as planned and made steady progress in enhancing information disclosure and improving external evaluations.

Next, I will explain our sustainability initiative.

First, with respect to addressing decarbonization, on July 30, 2024, we announced the carbon-neutral declaration and developed and disclosed a road map for achieving this goal. This clarifies specific action plans for reducing greenhouse gas emissions for the entire group.

With regard to climate change-related information disclosure, we endorse the TCFD recommendations and are promoting the advancement of information disclosure on climate change risks and opportunities. This has led to increased credibility in the capital markets and among stakeholders.

Regarding the improvement of ESG external evaluation, we achieved inclusion in the FTSE Blossom Japan Index as of February 5, 2026, resulting in external recognition of our commitment to ESG.

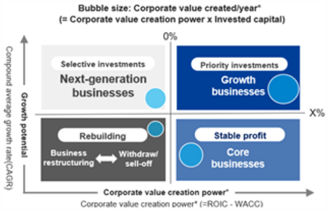
We will continue to aim for sustainable enhancement of corporate value by deepening our sustainability management and responding appropriately to social demands.

Review of the Medium-Term Business Plan 2025:
Achievements in Business Operations and Management Foundations (Qualitative)

①Evolution of business portfolio management

- We made progress in strengthening our management mindset and execution capabilities, which are not readily reflected in financial results, driving continued management transformation.
  - **Clarified strategy centered on the Machinery business**
    - Redesigned allocation of management resources, business evaluation, and growth strategies with focus on the Machinery business
  - **Introduced business valuation framework centered on "ROIC minus WACC"**
    - Embedded a mindset that prioritizes capital efficiency and rationality rather than founding traditions or history
  - **Restructured the portfolio**
    - Undertook business downsizing and restructuring
    - Established a reproducible management decision-making framework centered on selection and concentration

Business Portfolio Analysis



*Corporate value creation power = ROIC – WACC (Furukawa terminology)
*Corporate value created per year = Corporate value creation power x Invested capital (Furukawa terminology)

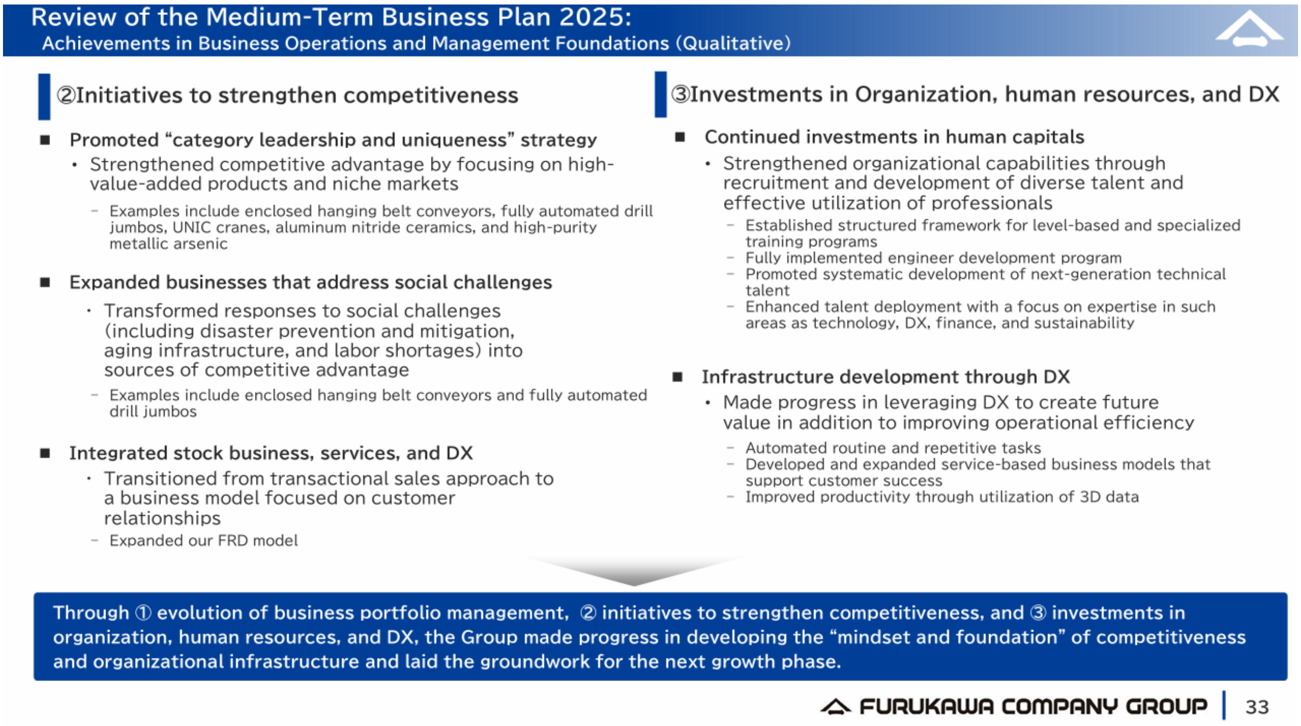
Review Status

Machinery Business	・Rock Drill Machinery: Liquidated subsidiaries in Panama and China (FY2023) ・Converted Mitsui Miike Machinery Co., Ltd., into an equity-method affiliate (April 2025) ・Signed share transfer agreement for EarthTechnica Co., Ltd. (February 2026)
Material Business	Metals: ・Terminated the contracted smelting agreement with Onahama Smelting and Refining Co., Ltd. (March 31, 2023) ・Furukawa Metals & Resources Co., Ltd., sold its entire shareholding in Onahama Smelting and Refining to Mitsubishi Materials Corporation ・Sold shares in Cariboo Copper Corp., which holds a 25% interest in the Gibraltar Copper Mine in Canada (March 2024)
Real Estate	・Transferred a portion of the former Furukawa Osaka Building site and other land as a co-ownership interest (August 2023); proceeds from the transfer will be used to fund a leasing business utilizing a hotel and residential units currently under development on the site ・Redefined the role of the Real Estate business: The Real Estate business serves as an anchor asset in Tokyo and Osaka to provide a stable foundation against structural funding requirements and potential loss risks associated with closed-mine management.

Next, I will explain the qualitative results in terms of business and management infrastructure.

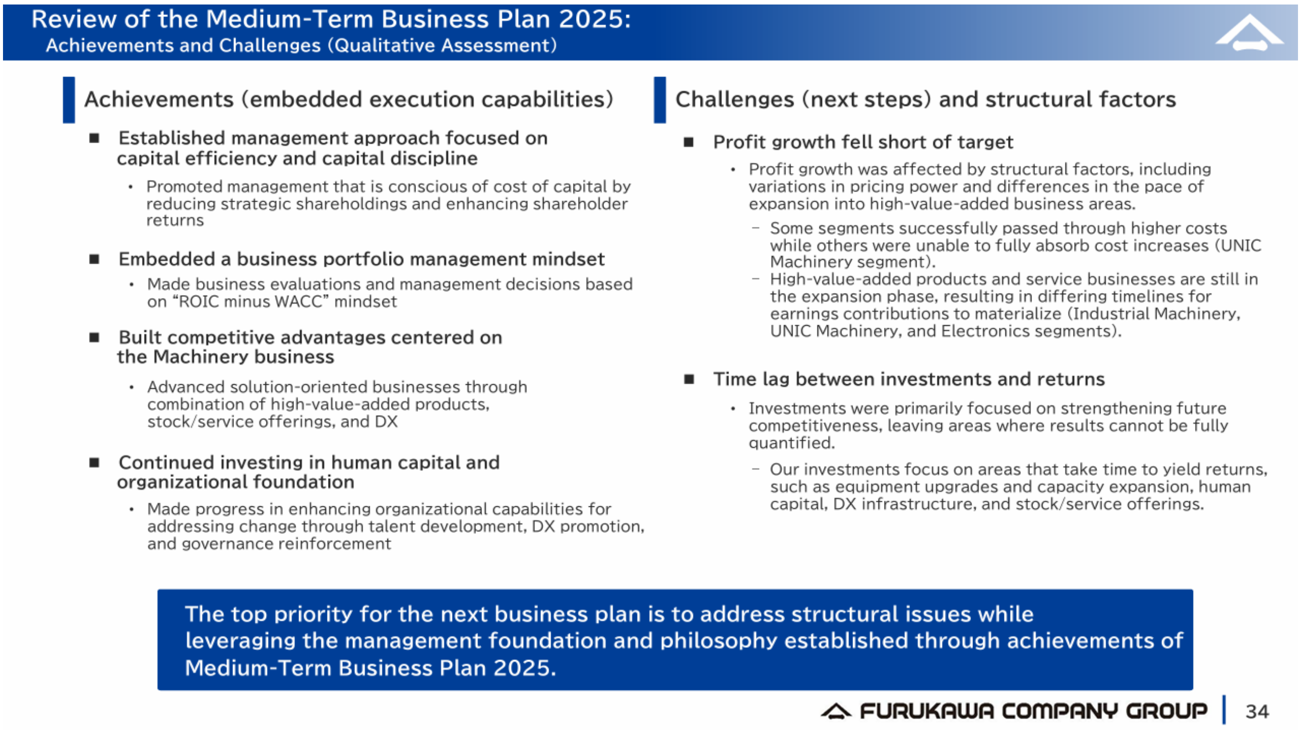
First is the evolution of business portfolio management. A major advance during this period was the incorporation of ROIC-WACC-based business evaluations into actual decision-making, going beyond mere analysis to the level of implementation, including business downsizing and restructuring.

Specifically, we have been executing portfolio reviews, including the sale of assets, redefinition of businesses, and even restructuring of affiliates. We consider the accumulation of selection and concentration as a repeatable management process that can be repeatedly practiced, rather than a one-time event, to be an important achievement.



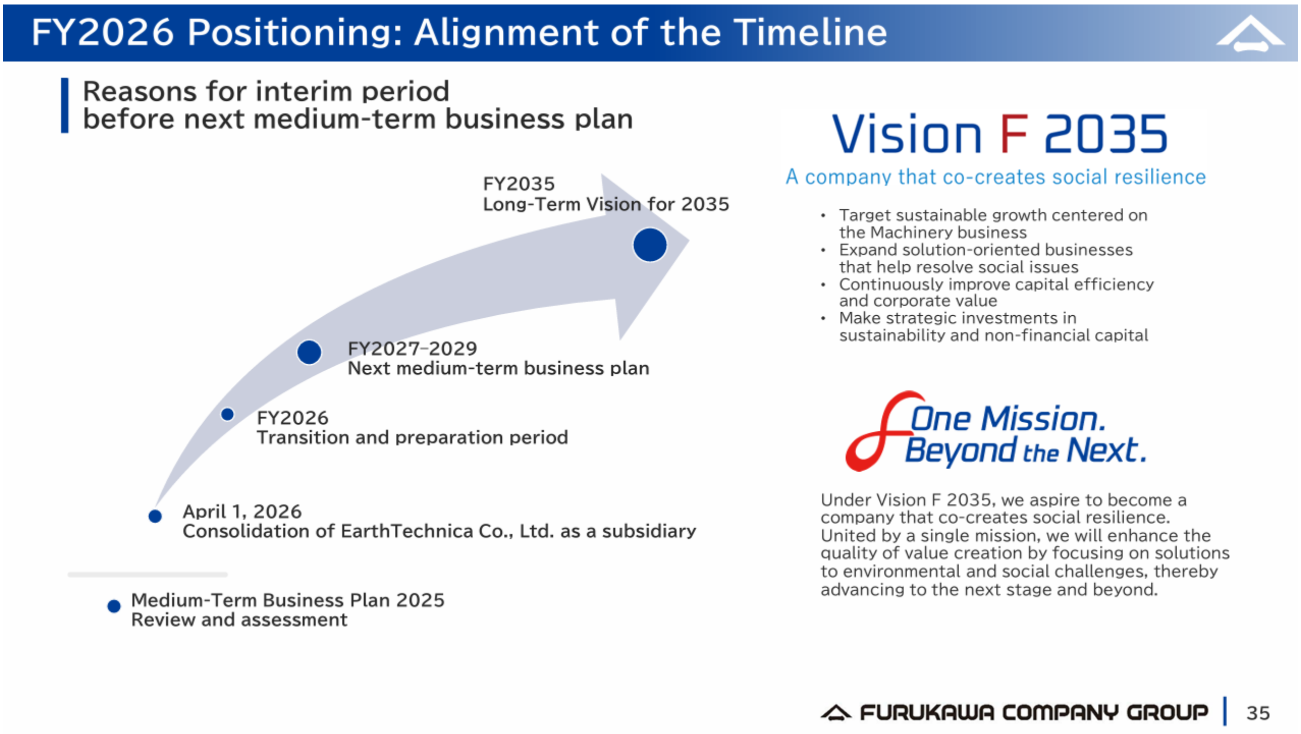
Next, we are working to strengthen competitiveness. As an embodiment of our category leadership and uniqueness strategy, in addition to strengthening the competitiveness of our core products, we have been working to transform our response to social issues, such as disaster prevention and mitigation, aging infrastructure, and labor shortages, into a competitive advantage itself. In addition, we are shifting our business model from the traditional single-product, sell-by-sale model, to a relationship-oriented business that combines stock services and DX.

Furthermore, through investments in human capital and DX, we are steadily raising the level of organizational capability to cope with change by developing technical personnel and upgrading operations.



On the other hand, we have also organized the remaining issues, as shown on the right side of this page. In each segment, issues related to production and sales systems, as well as products and services demanded by the market, have become clear, and we are working to clarify priorities for response.

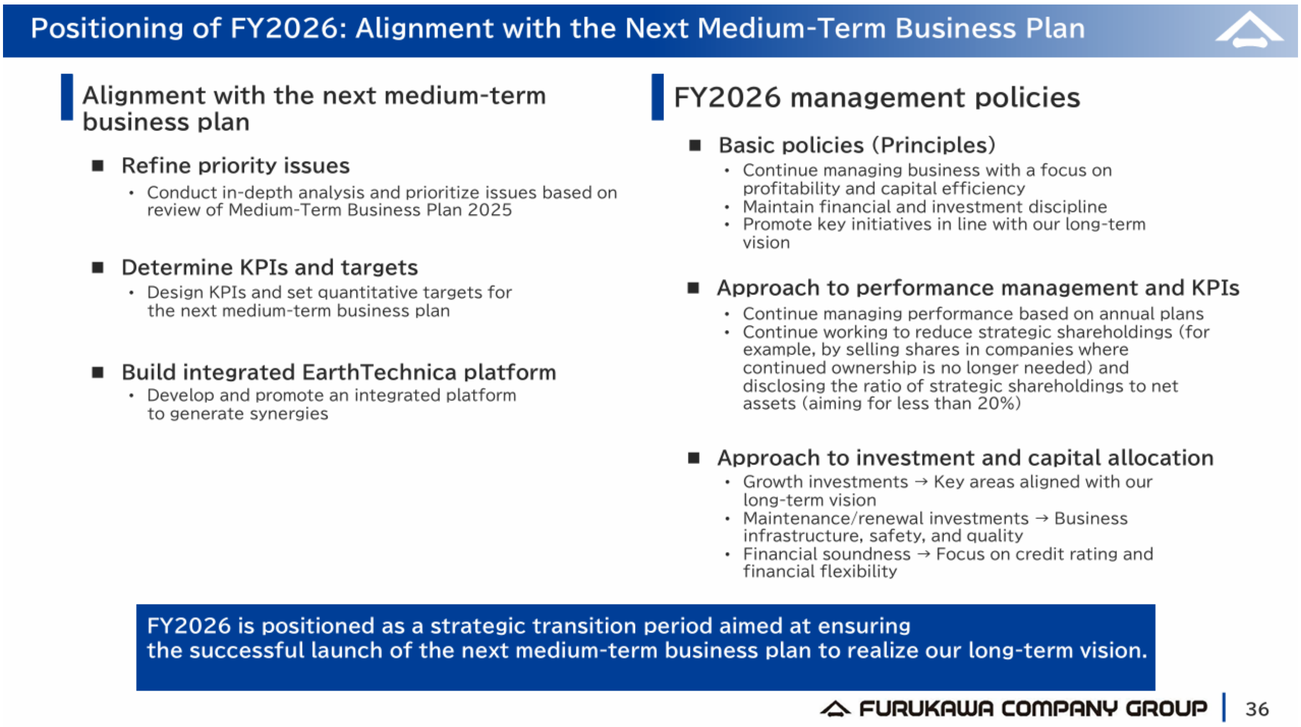
In summary, the medium-term business plan 2025 shows that the management approach and execution capability that emphasizes capital efficiency are firmly established, while the drivers of profit growth have not been fully explored. We believe that the most important theme of the next medium-term business plan is to incorporate specific and feasible measures to address these issues.



Next is the positioning for FY2026.

In the voluntary disclosure dated April 7, 2026, we indicated that while the Group’s business structure and profit model will change significantly by making EarthTechnica our consolidated subsidiary, it will take a certain amount of time to create synergies with EarthTechnica and establish an integrated operations execution system, which we could not fully consider due to competition law constraints.

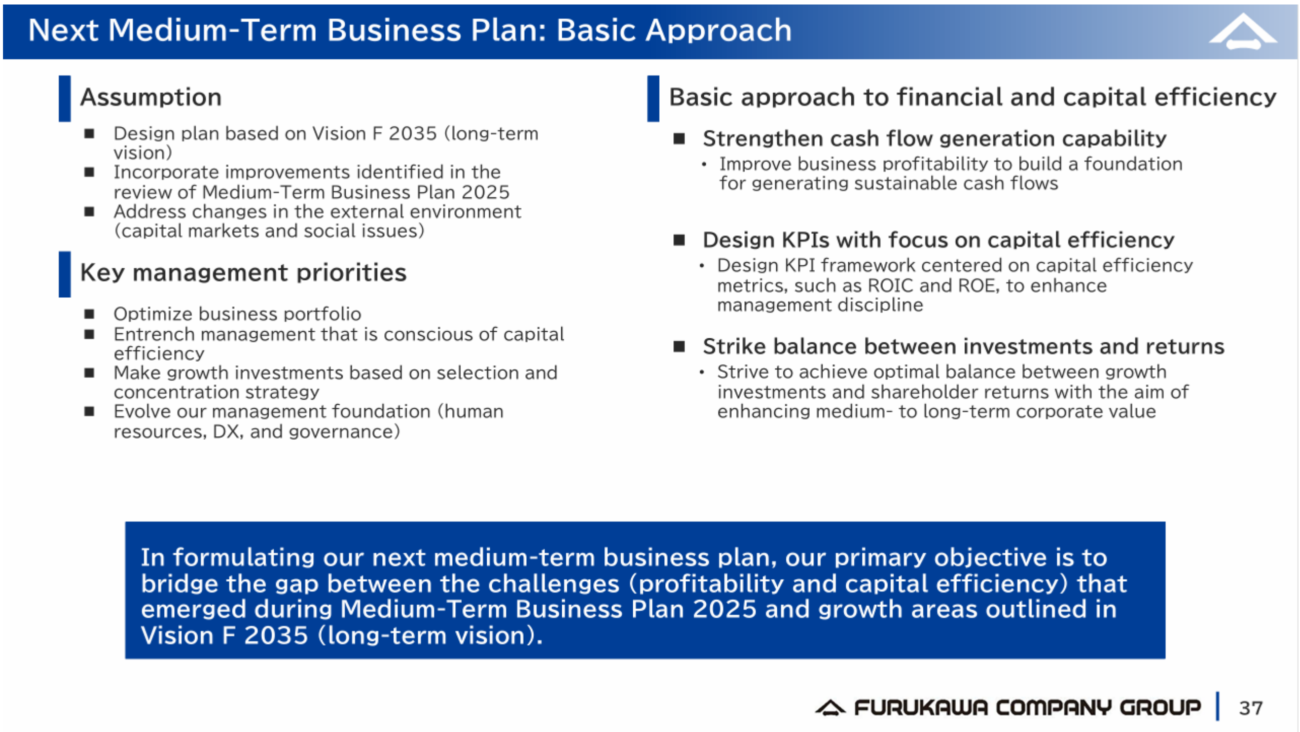
In light of this, and with the aim of creating a highly effective plan that reflects the effects of the integration, the next medium-term business plan covers the period from FY2027 to FY2029, with FY2026 positioned as a strategic transitional preparation period to ensure the launch of the next medium-term business plan for the realization of the long-term vision.



In other words, FY2026 is a year for management to deliberately prepare to elaborate on issues based on the review of the medium-term business plan 2025 and begin resolving them, to design the KPI system and quantitative targets for the next medium-term business plan, and to prepare growth measures, including M&A, in a form that will be launched in the next medium-term business plan. The key is not to relax discipline just because it is a transition period.

As a basic policy, we will continue to manage the Company with an awareness of profitability and capital efficiency, while maintaining financial and investment discipline. On this basis, we will promote priority measures in line with our long-term vision. While performance management continues in the single-year plan, we continue to reduce our strategic shareholdings and clarify our stance to continue disclosing our shareholding ratio and aim to keep it below 20%. In terms of investment and capital allocation, we will ensure that growth investments are made in priority areas in line with our long-term vision, maintenance and renewal investments are made in business infrastructure, including safety and quality, and financial soundness is based on an awareness of credit ratings and financial capacity.

Another important theme for FY2026 is the creation of an integrated foundation for EarthTechnica. We will give priority to the development and promotion of an integrated infrastructure, so that the results of these efforts will become apparent in the next medium-term business plan.



Finally, the direction for the formulation of the next medium-term business plan.

The main objective of the next medium-term business plan is clear. The goal is to bridge the gap that exists between the profitability and capital efficiency issues that have become apparent through the medium-term business plan 2025 and the growth areas set forth in the long-term vision 2035.

The starting point for the design is the long-term vision named Vision F 2035. We will incorporate the reflections gained from the review of the medium-term business plan 2025 and face the demands of the capital markets and changes in social issues head-on.

The management themes that we will focus on are clearly defined as optimizing our business portfolio, deepening management with an awareness of capital efficiency, selecting and focusing on growth investments, and evolving our management foundation, as well as strengthening our ability to generate cash flow.

Next Medium-Term Business Plan: Business Strategy and Approach to Growth Investments

① Business areas (directions) with growth potential

- Foundations for growth: Social issue areas with expected long-term demand growth, including infrastructure modernization, disaster prevention/mitigation, environmental initiatives, and labor shortages
  - Infrastructure renewal and national resilience initiatives | Demand for labor-saving, automation, and enhanced safety | Environmentally conscious and decarbonization solutions
- Expand value-added, solution-based businesses that combine products, engineering, and services

② Areas where we can leverage our competitive advantage

- Sources of competitive advantage: Technical expertise, engineering capabilities, and on-site responsiveness spanning machinery and materials
  - Create added value based on core products and technologies | Deliver value through design, construction, operation and maintenance | Strengthen customer relationships through stock businesses, services, and DX
- Accelerate shift to revenue structure that is not reliant on price competition

③ Positioning of M&As and alliances

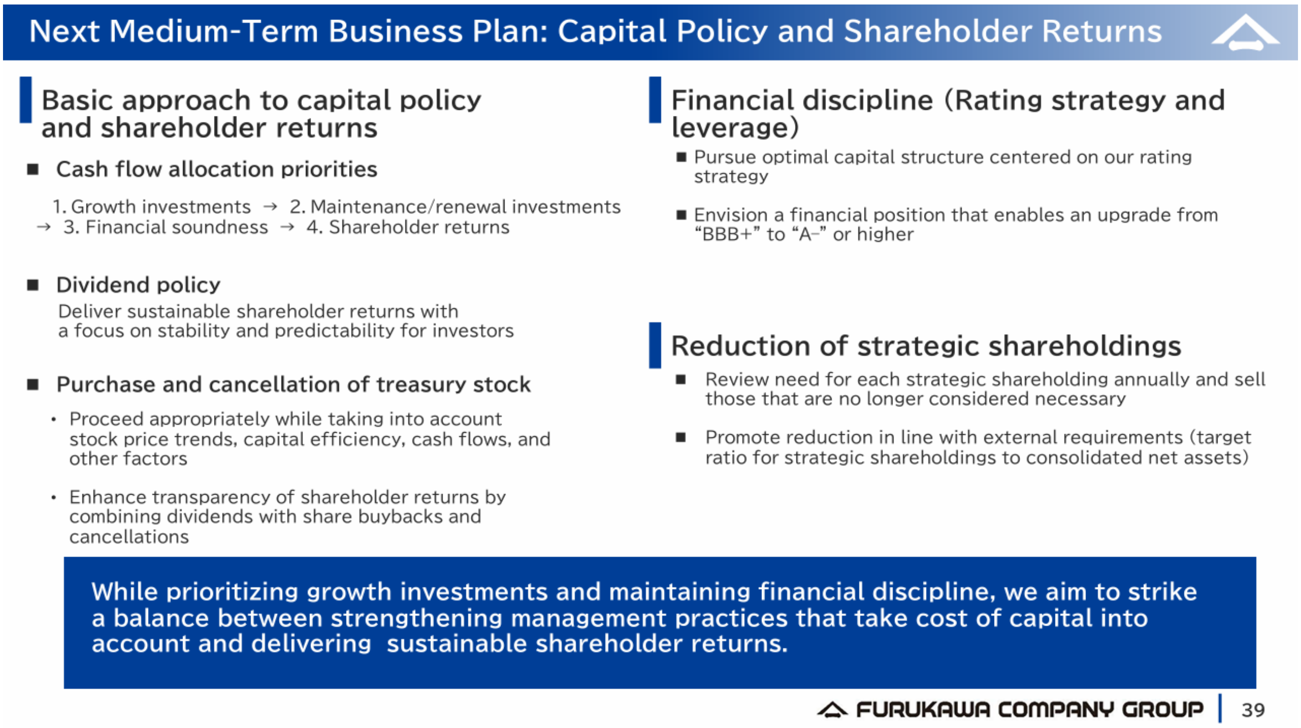
- Important growth drivers for achieving both sustainable expansion and transformative growth in the Machinery business
  - Fill gaps in our existing Machinery business to enhance business continuity
  - Strengthen competitiveness by enhancing our technology, products, and customer base
  - Focus on enhancing our corporate value creation power rather than merely expanding business scale
  - Prioritize integration benefits and synergies by making EarthTechnica Co., Ltd. a consolidated subsidiary and Mitsui Miike Machinery Co., Ltd. an equity-method affiliate

Under our next medium-term business plan, we will strengthen our competitive advantages in growth areas driven by social challenges. Centered on the Machinery business, we will pursue value creation through a combination of existing business growth and M&As.

The direction of our business strategy is to hone our competitive advantage in growth areas that are driven by social issues, with the machinery business, where we are strong, at the core of our business. Specifically, the starting point for growth will be in areas where demand is expected to expand over the medium to long term, such as the upgrading of social infrastructure, disaster prevention and mitigation, environmental response, and response to labor shortages.

On this basis, we will expand value-added and problem-solving businesses that combine products, engineering, and services, rather than products by themselves, and accelerate the shift to a profit structure that does not depend on price competition.

Also, with regard to M&A and alliances, we will focus on improving our ability to create corporate value, rather than simply expanding the scale of our operations. The main focus will be to fill in the gaps in the existing machinery business and complement the technology, products, and customer base to increase competitiveness. With regard to making EarthTechnica a consolidated subsidiary and MITSUI MIIKE MACHINERY CO., LTD. an equity-method affiliate, we will first prioritize the integration effect and synergy creation, and as a matter of fact, we will focus on value creation.



Next, I would like to discuss the capital policy and shareholder return.

Cash flow allocation priorities are, first and foremost, growth investment, followed by maintenance and renewal, financial health, and shareholder returns. We will maintain financial discipline, while prioritizing investment in growth, and balance the strengthening of management with an awareness of the cost of capital and sustainable shareholder returns. The Company's dividend policy is based on stability and ease of investor visibility, and the Company intends to repurchase and retire treasury stock as appropriate, taking into consideration stock price levels, capital efficiency, cash flow, and other factors.

We will also continue to emphasize our credit rating strategy as the core of our financial discipline. We intend to pursue an optimal capital structure, envisioning a financial level that will enable us to raise the rating from BBB+ to A- or higher.

We will also promote the reduction of strategic shareholdings in line with the perspective of external requests.

This was a review of the medium-term business plan 2025, the positioning of FY2026, and the direction of the next medium-term business plan. While building on the management model and execution capabilities centered on capital efficiency established under the medium-term business plan 2025, we will tackle head-on the issues that have contributed to our failure to achieve our goals and realize solid profit growth and increased corporate value.

We appreciate your continued understanding and support.

Cautionary Notes Regarding Forward-Looking Statements

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

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Question & Answer

No questions.