Financial Results for the Fiscal Year Ended March 2026
Review of the Mid-Term Business Plan 2025
Presentation Materials

May 28, 2026

FURUKAWA COMPANY GROUP

Index

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)

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

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

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

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

Financial Results by Segment (Consolidated)

Net sales (Million yen) / Operating profit (Million yen)

	Net sales FY2024	Net sales FY2025	Net sales Difference	Operating profit FY2024	Operating profit FY2025	Operating profit 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

Financial Forecasts by Segment (Consolidated)

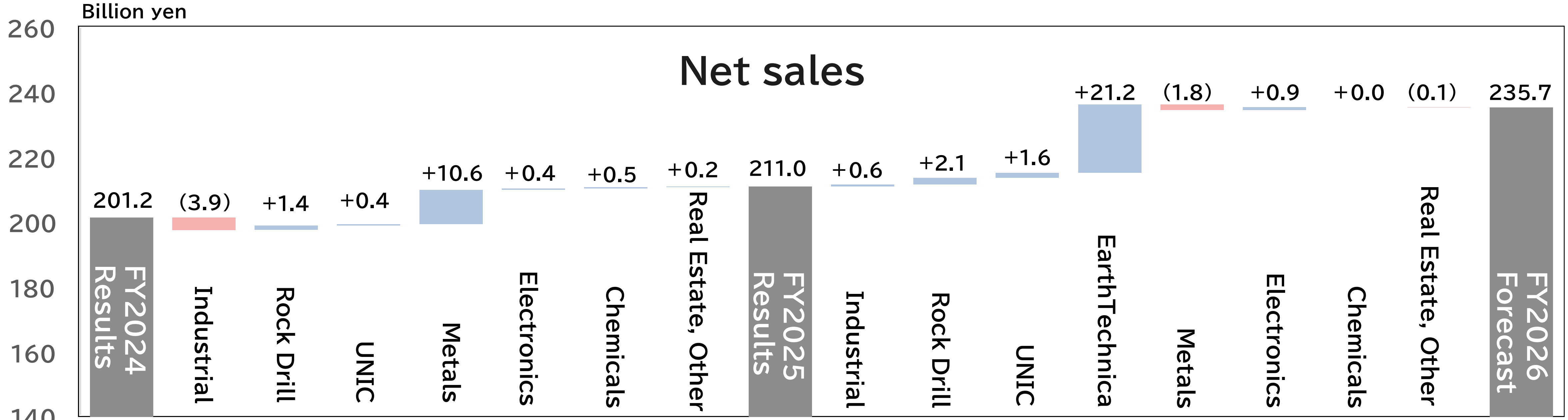
Net sales (Million yen) / Operating profit (Million yen)

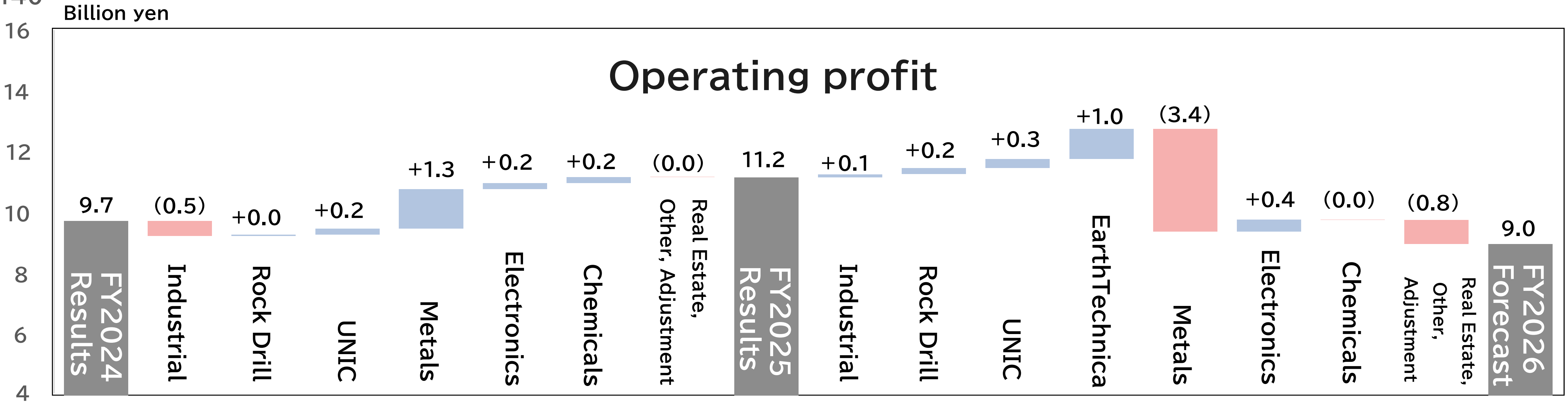
	Net sales FY2025	Net sales FY2026 (Forecast)	Net sales Difference	Operating profit FY2025	Operating profit FY2026 (Forecast)	Operating profit Difference
Machinery	84,256	109,900	25,643	5,960	7,700	1,739
Industrial	18,268	18,900	631	1,670	1,800	129
Rock Drill	36,424	38,600	2,175	2,905	3,200	294
UNIC	29,563	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.

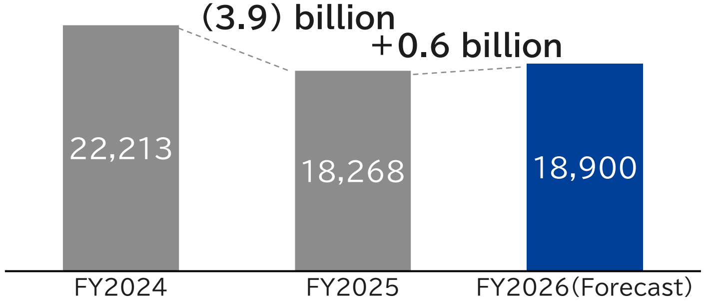
Increase/Decrease in Earnings by Segment (Consolidated)



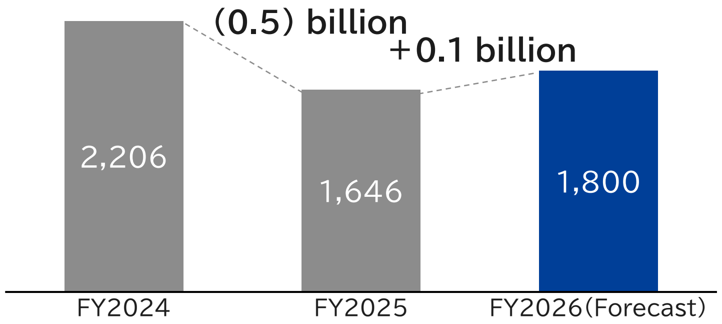


Results by Segment (Industrial Machinery Segment)

Net sales (Million yen)



Operating profit (Million yen)



Main factors behind the increase/decrease
(Figures in parentheses indicate changes from the previous period.)

FY2025	Net sales	¥18.2 billion [¥(3.9) billion]	■ Sales decreased due to lower revenue from crushed stone plants in material machinery, lower sales of pump plants in fluid machinery, and a decline in revenue from bridge-related projects in the contractor business. ■ Order backlog: ¥10.0 billion [¥(0.0) billion] ・**Material machinery:** Crushing plants, quarry plants. ・**Pump plants:** Sludge transfer facilities at the Kanagawa Water Reclamation Center and other projects. ・**Bridges:** Nakano Station new north exit deck, Techno three-dimensional steel bridge, and others. ・**Belt conveyors:** Concrete transport equipment for dam construction, etc.
	Operating profit	¥1.6 billion [¥(0.5) billion]	■ Operating profit decreased due to lower net sales.
FY2026 (Forecast)	Net sales	¥18.9 billion [+¥0.6 billion]	■ Sales are expected to increase, driven mainly by higher revenue from belt conveyor projects
	Operating profit	¥1.8 billion [+¥0.1 billion]	■ Operating profit is estimated to increase due to higher sales

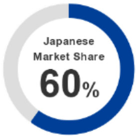
Reference

Pumps

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

Destinations: **Shield tunnel construction sites, sewage treatment plants, etc.**

Market share:



Sewage Pumps

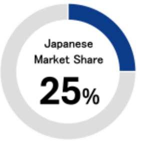
Slurry Pumps

Material machinery

Features: Supports section plants including machine manufacturing and sales.

Destinations: **Quarries, limestone mines, steelworks, etc.**

Market share:



Screens (quarry)

Infrastructure division

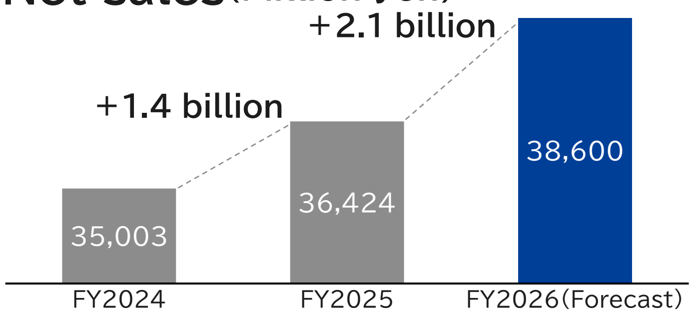
Features: Comprehensive capability to undertake all the processes from the design of construction work to its execution.

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

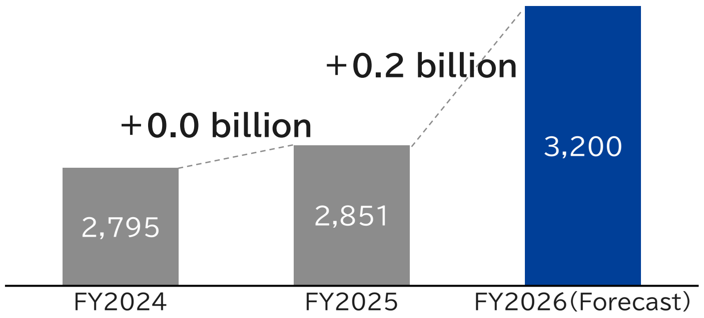
Attention: **Belt conveyors attract attention as an alternative to dump trucks for transporting earth and sand. Inquiries are increasing.**

Results by Segment (Rock Drill Segment)

Net sales (Million yen)



Operating profit (Million yen)



Main factors behind the increase/decrease
(Figures in parentheses indicate changes from the previous period.)

FY2025	Net sales	¥36.4 billion [+¥1.4 billion]	■ Japan:¥13.5 billion[¥ (0.5) billion] Sales decreased, mainly due to lower revenue in the maintenance business, despite higher shipments of hydraulic crawler drills and tunnel drill jumbos. ■ Overseas:¥22.8 billion (+¥1.9 billion) Sales increased mainly due to higher shipments of hydraulic crawler drills to North America and Africa.
	Operating profit	¥2.8 billion [+¥0.05 billion]	■ Operating profit decreased in Japan due to lower sales, while it increased overseas due to higher sales, and despite costs incurred for product defect measures, overall, operating profit increased.
FY2026 (Forecast)	Net sales	¥38.6 billion [+¥2.1 billion]	■ Japan:¥14.5 billion (+¥0.9 billion) Sales are expected to increase due to higher sales of hydraulic crawler drills. ■ Overseas:¥24.1 billion (+¥1.2 billion) Sales are expected to increase, driven mainly by higher sales of hydraulic breakers and hydraulic crawler drills to North America.
	Operating profit	¥3.2 billion [+¥0.2 billion]	■ Operating profit is expected to increase due to higher sales.

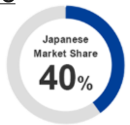
Reference

Hydraulic breakers

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

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

Market share



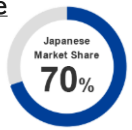
Hydraulic breakers

Hydraulic crawler drills

Features
Accurate and speedy drilling technology tailored to rock conditions.

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

Market share



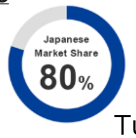
Hydraulic crawler drills

Tunnel drill jumbos

Features
Many proven results in mountain tunnel and large tunnel constructions.

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

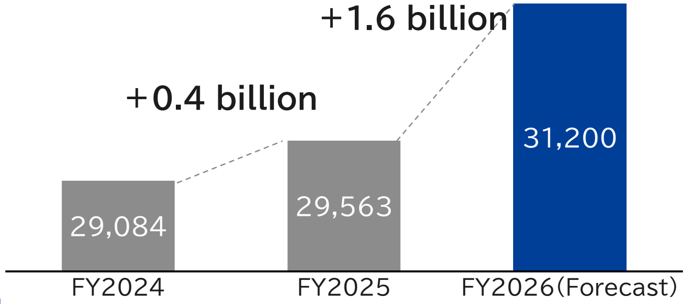
Market share



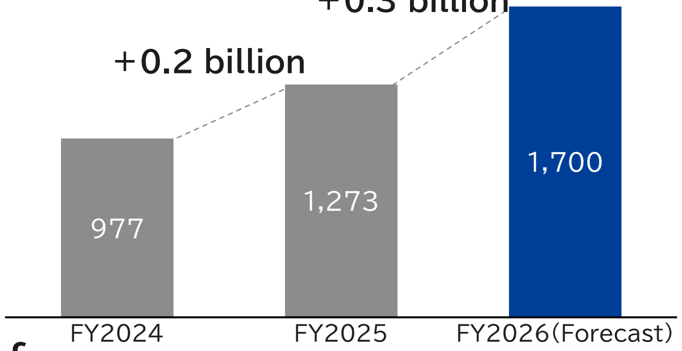
Tunnel drill jumbos

Results by Segment (UNIC Segment)

Net sales (Million yen)



Operating profit (Million yen)



Main factors behind the increase/decrease

(Figures in parentheses indicate changes from the previous period.)

FY2025	Net sales	¥29.5 billion [+¥0.4 billion]	■ Japan:¥22.6 billion [¥(0.2) billion] Sales decreased due to lower shipments of UNIC cranes. ■ Overseas:¥6.8 billion (+¥0.7 billion) Sales increased mainly due to higher shipments of UNIC cranes and mini-crawler cranes to Asia.
	Operating profit	¥1.2 billion [+¥0.2 billion]	■ Operating profit increased mainly due to higher overseas sales.
FY2026 (Forecast)	Net sales	¥31.2 billion [+¥1.6 billion]	■ Japan:¥24.0 billion (+¥1.3 billion) Sales are expected to increase, driven mainly by higher shipments of UNIC cranes and UNIC carriers. ■ Overseas:¥7.2 billion (+¥0.3 billion) Sales are expected to increase, driven mainly by higher shipments of UNIC cranes to Southeast Asia.
	Operating profit	¥1.7 billion [+¥0.3 billion]	■ Operating profit is expected to increase due to higher sales.

Reference

UNIC cranes

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

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

Market share

UNIC cranes

Mini-crawler cranes

Features: Outstanding performance in narrow ground, rough ground and indoor worksites.

Destinations: **Narrow or rough ground, Indoor worksites, rental companies, etc.**

Market share

Mini-crawler cranes

UNIC carriers

Features: Wide range of models such as car transporter model, heavy machine transporter model, etc.

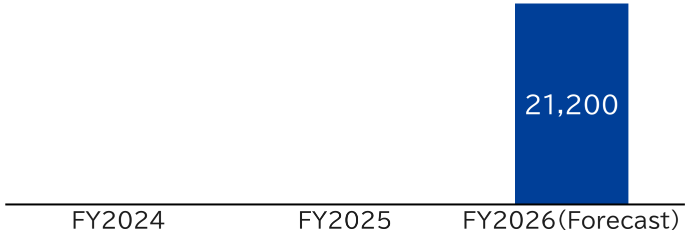
Destinations: **Car dealer, transportation company, road construction company, etc.**

Market share

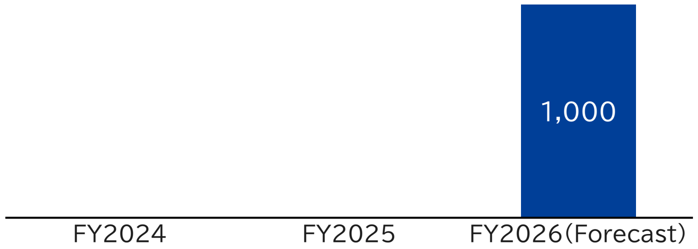
UNIC carriers

Results by Segment (EarthTechnica Segment)

Net sales (Million yen)



Operating profit (Million yen)



EarthTechnica segment added as fourth pillar of the Machinery business from FY2026

April 1, 2026	Acquired 60% equity stake (became a consolidated subsidiary)
April 1, 2027(planned)	Acquire remaining 40% equity stake (to become a wholly owned subsidiary)
Overview of EarthTechnica	Established in April 2003 through the integration of business divisions of Kawasaki Heavy Industries and Kobe Steel, EarthTechnica is a **comprehensive crushing equipment manufacturer** with a top-tier domestic market share. Leveraging its core crushing technology, EarthTechnica operates a broad range of businesses, from large-scale machinery for overseas mining operations to crushing equipment for fine-particle applications, including pharmaceuticals, as well as recycling equipment.

FY2026 (Forecast)

FY2026 (Forecast)	Net sales	¥21.2 billion	▪ The recycling equipment sector is a growing market, while the crushing and grinding equipment sectors are stable markets where we have high market share ▪ Roughly half of revenue derived from recurring businesses
	Operating profit	¥1.0 billion	▪ Includes goodwill amortization of approx. ¥0.3 billion

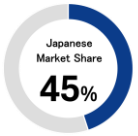
Reference

Recycling Equipment

<u>Features</u> Provision of crushing and screening solutions

<u>Destinations</u> **Recycling facilities, intermediate waste treatment facilities, demolition sites, etc.**

<u>Market share</u>



Large-scale shredders for steel and iron scrap

Crushing and Grinding Equipment

<u>Features</u> Leading domestic company offering a diverse product portfolio

<u>Destinations</u> **Quarries, limestone mines, steel mills, smelters, cement plants, etc.**

<u>Market share</u>

Crushers (aggregates)

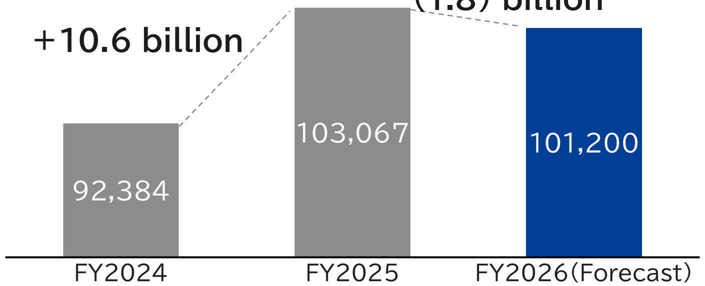
Powder Processing Equipment

<u>Features</u> Fine-particle grinding and processing technologies

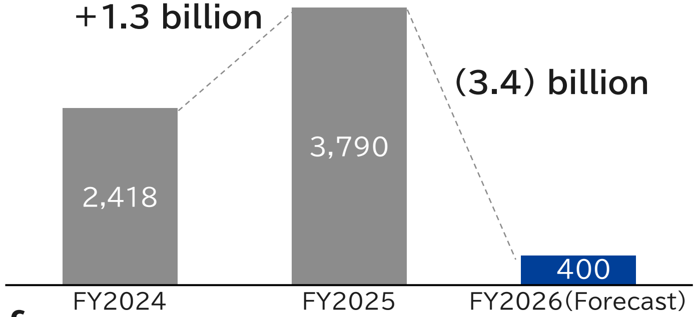
<u>Destinations</u> **Pharmaceutical manufacturing plants, chemical materials production facilities, toner manufacturing plants, etc.**

Results by Segment (Metals Segment)

Net sales (Million yen)



Operating profit (Million yen)



Main factors behind the increase/decrease
(Figures in parentheses indicate changes from the previous period.)

FY2025	Net sales	¥103.0 billion [+¥10.6 billion]	■ Electrolytic copper production totaled 44,482 tons (down 1,293 tons), while sales volume remained roughly unchanged year on year; for electrolytic gold, sales declined due to lower sales volume, despite higher overseas market prices. Electrolytic copper:+¥8.9 billion [Volume¥(0.2) billion, Unit price +¥9.1 billion, etc.] Electrolytic gold :¥(0.3) billion[Volume¥(6.8) billion, Unit price+¥6.4 billion, etc.]
	Operating profit	¥3.7 billion [+¥1.3 billion]	■ Operating profit increased due to the recording of price gains of ¥4.0 billion resulting from metal price fluctuations in electrolytic gold and electrolytic copper, despite a deterioration in consignment margins owing to worsening purchasing conditions for ores.
FY2026 (Forecast)	Net sales	¥101.2 billion [¥(1.8) billion]	■ Electrolytic copper production is planned at 44,682 tons (up 200 tons), while sales volume is expected to remain at the same level as the previous fiscal year; however, sales are expected to decrease based on the assumed overseas market prices (see below). Electrolytic copper: ¥(2.3) billion[Volume¥(0.0) billion, Unit price¥(2.2) billion, etc.] Electrolytic gold :+¥1.0 billion[Volume¥(0.1) billion, Unit price+¥1.1 billion, etc.] Electrolytic silver :¥(0.4) billion; Sulfuric acid:¥(0.1) billion; others.
	Operating profit	¥0.4 billion [¥(3.4) billion]	■ Consignment margins improved due to higher sales premiums, despite continued deterioration in purchasing conditions for ores. ■ Overall operating profit is expected to decrease, as no price gains from metal price fluctuations recorded in the fiscal year ended March 31, 2026 are expected. (as changes in overseas market prices are not factored into the assumptions)

Reference

Electrolytic copper

Features	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.

Profit/loss from metal price fluctuations in the Metals Segment

	FY2025	VS FY2024
Operating profit	¥3.79 billion	¥1.37 billion
Portion attributable to material price fluctuations	¥4.00 billion	¥1.82 billion
Copper	[¥0.57 billion]	[¥0.27 billion]
Gold	[¥2.76 billion]	[¥1.01 billion]

Actual results for exchange rates, copper prices, and gold prices

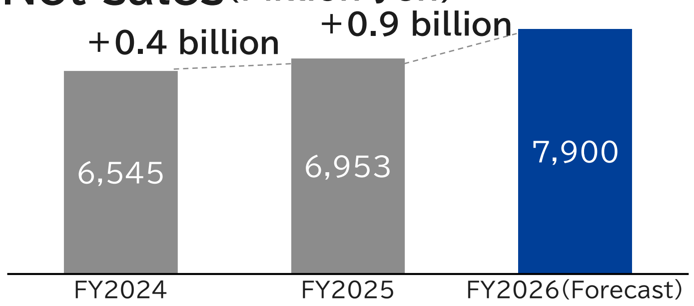
	FY2025	VS FY2024
JPY rate per US$	150.8¥/$	(1.8)¥/$
LME copper price	10,816 $/ton	1,446 $/ton
LBMA Gold price	3,939 $/oz	1,354 $/oz

Assumptions for exchange rates, copper prices, and gold prices

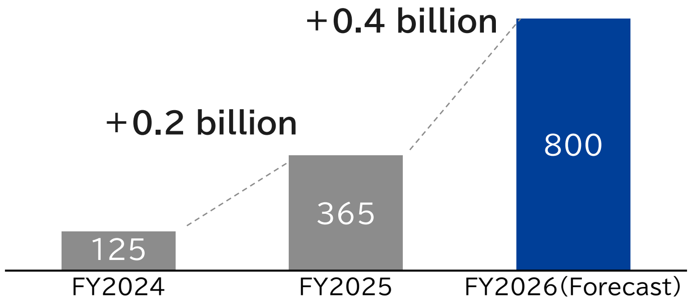
	FY2026 (Forecast)	VS FY2025 Difference
JPY rate per US$	155.0¥/$	4.2¥/$
LME copper price	10,000 $/ton	(816) $/ton
LBMA Gold price	4,000 $/oz	61 $/oz

Results by Segment (Electronics Segment)

Net sales (Million yen)



Operating profit (Million yen)



Main factors behind the increase/decrease
(Figures in parentheses indicate changes from the previous period.)

FY2025	Net sales	¥6.9 billion [+¥0.4 billion]	■ Sales of coil products declined due to lower sales for automotive applications, while sales increased for high-purity metallic arsenic, reflecting solid sales performance and higher selling prices; aluminum nitride ceramics also posted higher sales due to a recovery in demand for semiconductor manufacturing equipment components.
	Operating profit	¥0.3 billion [+¥0.2 billion]	■ Operating profit increased due to higher sales.
FY2026 (Forecast)	Net sales	¥7.9 billion [+¥0.9 billion]	■ Sales are expected to increase, driven mainly by higher shipments of aluminum nitride ceramics for semiconductor manufacturing equipment components.
	Operating profit	¥0.8 billion [+¥0.4 billion]	■ Operating profit is expected to increase due to higher sales.

Reference

High-purity metallic arsenic

<u>Features</u>
Has been mass-producing the world's purest high-purity metallic arsenic at 99.999995% (7N5). It also boasts the global top share.

<u>Destinations</u>
PC, smartphones, infrared luminous parts, red LD and LEDs, etc.

<u>Market share</u>

High-purity metallic arsenic

Aluminum nitride ceramics

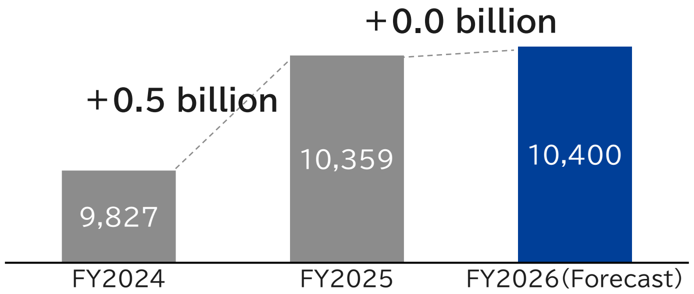
<u>Features</u>
The heat-dissipating materials, high thermal conductivity, insulation, heat uniformity, and corrosion resistance are manufactured by our proprietary technologies such as sintering and processing.

<u>Destinations</u>
Semiconductor manufacturing equipment components, high-power LD/LEDs, resin-based heat-dissipation sheets, etc.

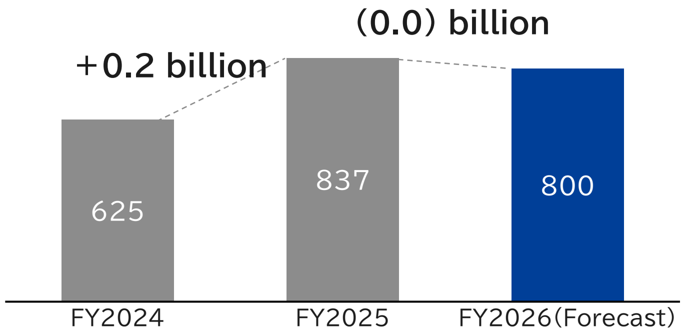
<u>Full production</u>
Awareness as an excellent heat-dissipating materials is spreading. Capital investment has been implemented to increase production to meet future demand growth.

Results by Segment (Chemicals Segment)

Net sales (Million yen)



Operating profit (Million yen)



Main factors behind the increase/decrease
(Figures in parentheses indicate changes from the previous period.)

FY2025	Net sales	¥10.3 billion [+¥0.5 billion]	■ Sales increased due to a recovery in demand for cupric oxide for package substrates, mainly for the AI server market; although sales volume of cuprous oxide for ship-bottom paints declined, sales increased due to higher selling prices reflecting higher copper prices and price revisions.
	Operating profit	¥0.8 billion [+¥0.2 billion]	■ Operating profit increased due to higher sales.
FY2026 (Forecast)	Net sales	¥10.4 billion [+¥0.04 billion]	■ Sales are expected to remain at the same level as the previous fiscal year, as expansion of cupric oxide, mainly in the AI server market, is offset by the discontinuation of titanium oxide (OEM supply).
	Operating profit	¥0.8 billion [¥(0.05) billion]	■ Operating profit is expected to decrease due to lower selling prices of cuprous oxide and cupric oxide, reflecting the assumed copper price (see table on p.15)

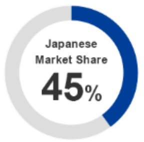
Reference

Cuprous oxide

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

Destinations
Ship-bottom paints manufacturer.

Market share



Cuprous oxide

Cupric oxide

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

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

Full production
Expected increased demand for package boards due to the miniaturization and high performance of electronic materials. Production facilities expanded in 2023 to address this demand.

Sulfuric acid

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

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

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

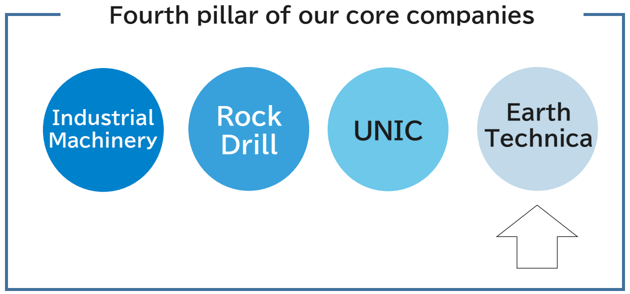
Investment in Alliances and M&As

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.



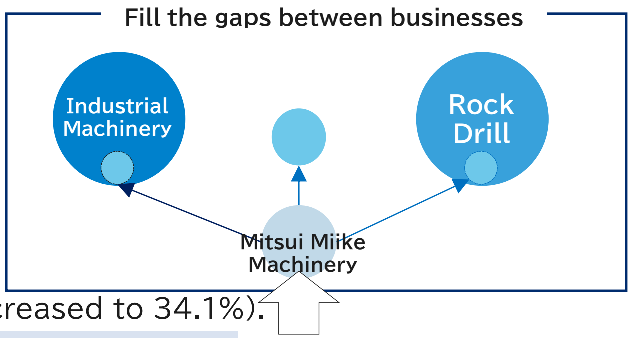
conversion into a consolidated subsidiary

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.

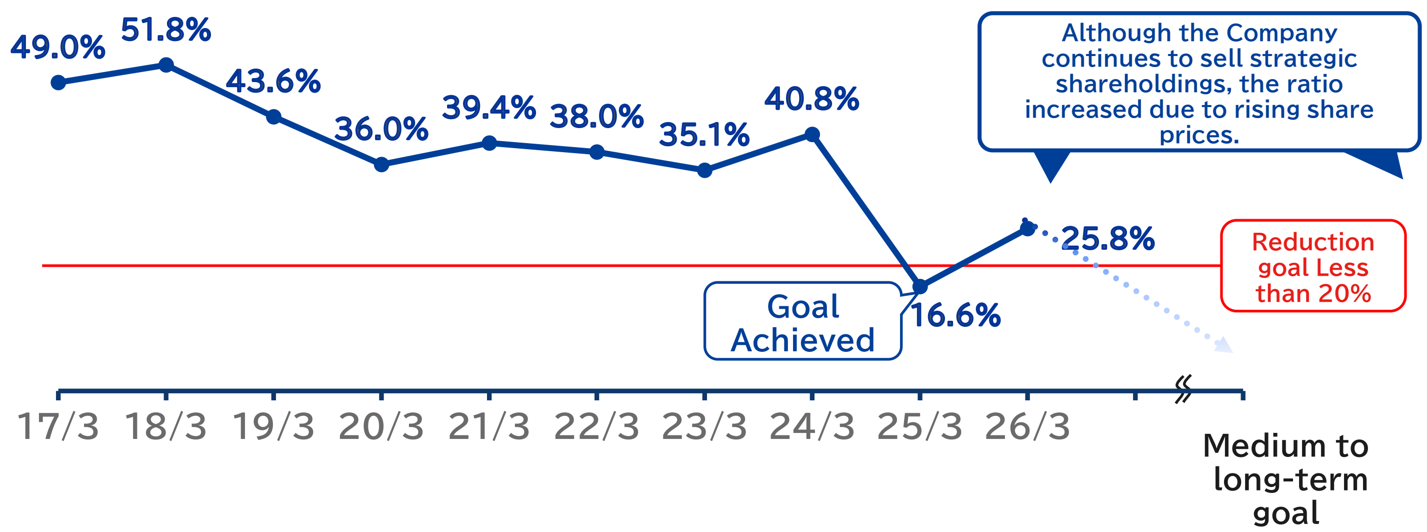
Reduction target of strategic shareholdings※

- 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%

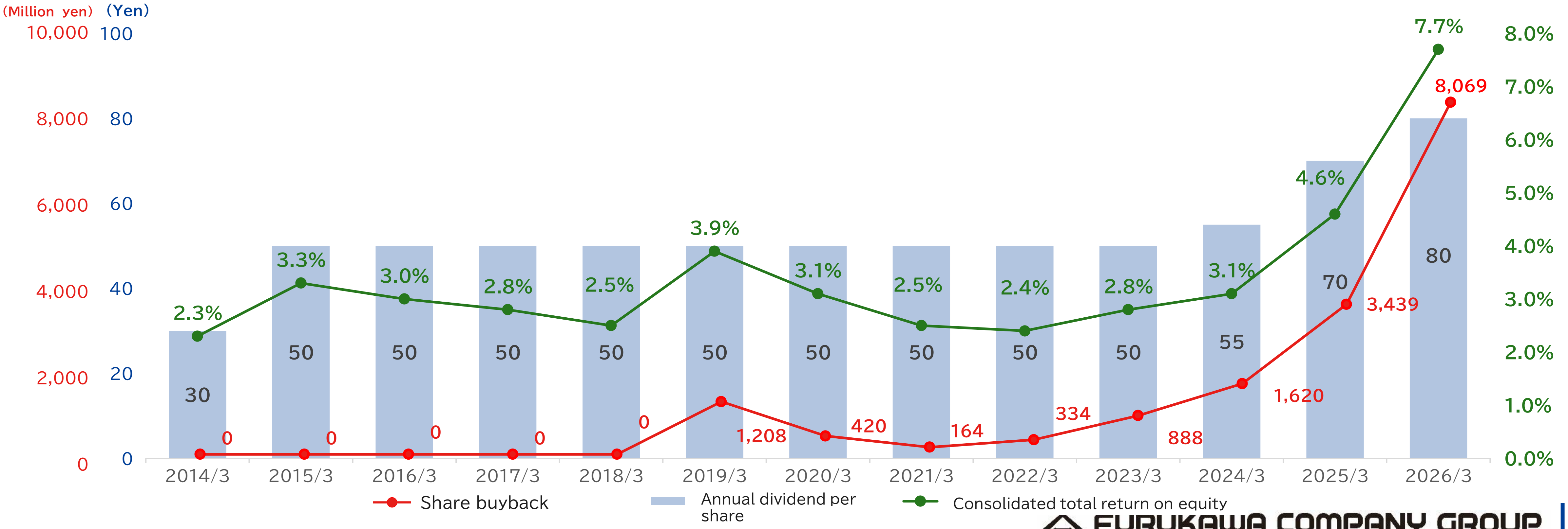
■ Future actions

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.

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**



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)

[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

Review of the Medium-Term Business Plan 2025
Positioning of FY2026
Strategic Direction of the Next Medium-Term Business Plan

May 28, 2026

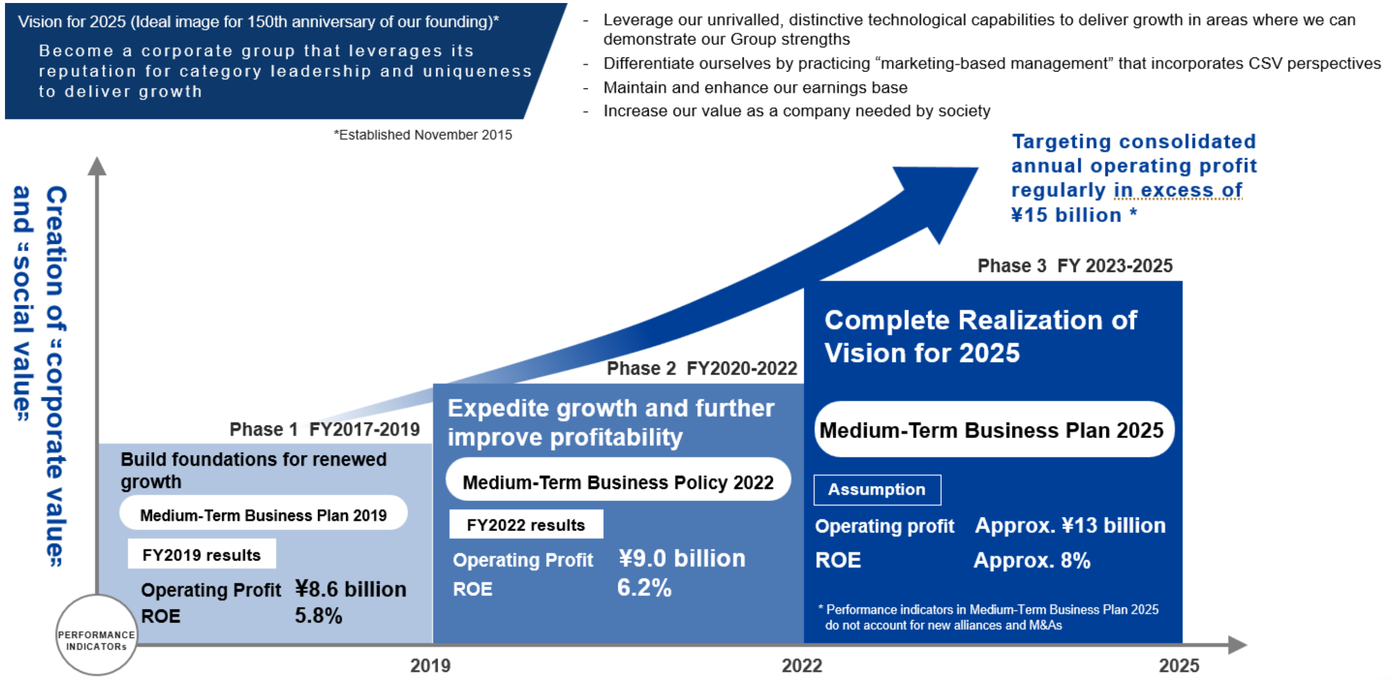
FURUKAWA COMPANY GROUP

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



Key themes of the medium-term business plan

■ ①Accelerate growth strategy centered on the Machinery business

- Concentrate management resources on the Machinery business to maximize returns
- Allocate approx. 70% of capital expenditures to the Machinery business
- Aim for the Machinery business to generate 50% or more of consolidated net sales and 80% or more of consolidated operating profit

■ ②Promote management that is conscious of cost of capital and stock price

- Achieve ROE of 8% and diminish the cost of capital
- Reduce strategic shareholdings to improve capital efficiency
- Pursue optimal capital structure centered on our credit rating strategy

■ ③Practice more advanced business portfolio management

- Evaluate businesses based on “ROIC minus WACC”
- Make rational management decisions unconstrained by history or legacy businesses
- Thoroughly implement selection and concentration strategy; target business turnaround and restructuring

■ ④Practice “marketing-based management” that incorporates CSV perspectives

- Transform the resolution of social challenges (such as disaster prevention and mitigation, aging infrastructure, and labor shortages) into growth opportunities
- Transform our social infrastructure development capability and our contribution to a safe and environmentally friendly society into sources of competitiveness

■ ⑤Make strategic investments in sustainability and non-financial capital

- Step up investments in decarbonization, TCFD compliance, human capital, DX, and intellectual property
- Promote sustainable management with balance of defensive and proactive components

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	○

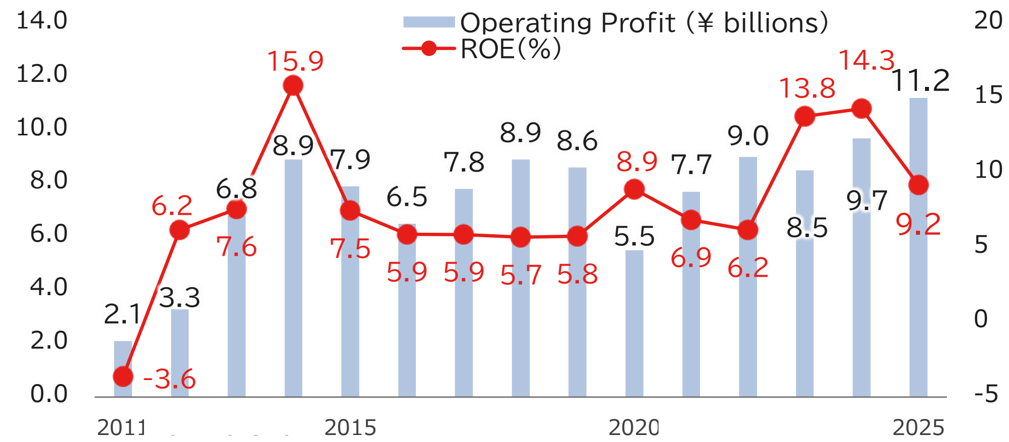
Targets achieved (ROE, financial position, shareholder returns)

- 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

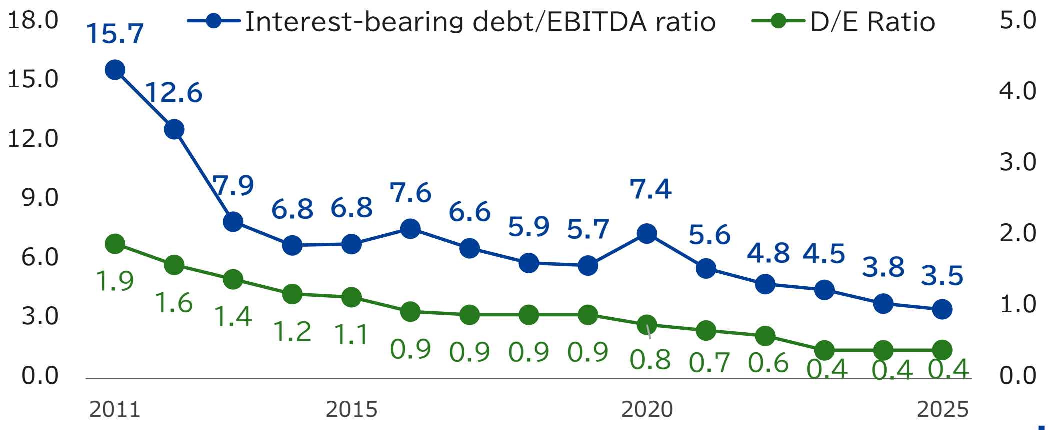
Targets not achieved (Operating profit, profit mix)

- 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

Operating Profit and ROE



Interest-bearing debt/EBITDA ratio
D/E ratio



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.**

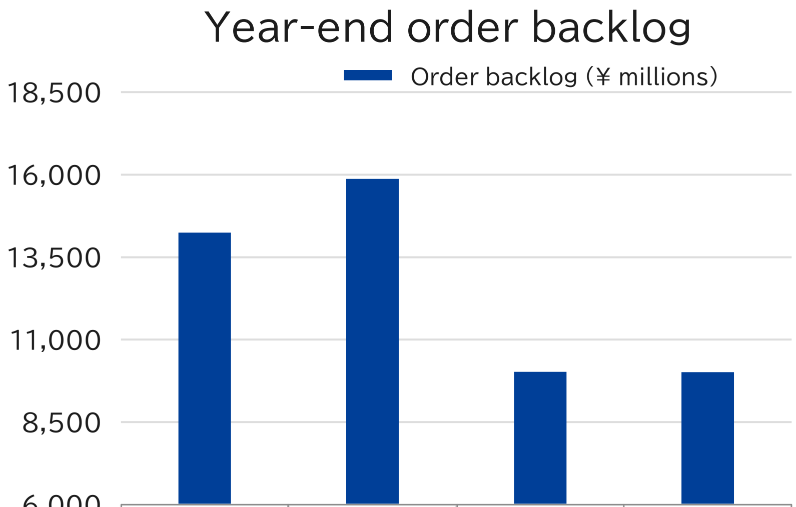
① Industrial Machinery

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

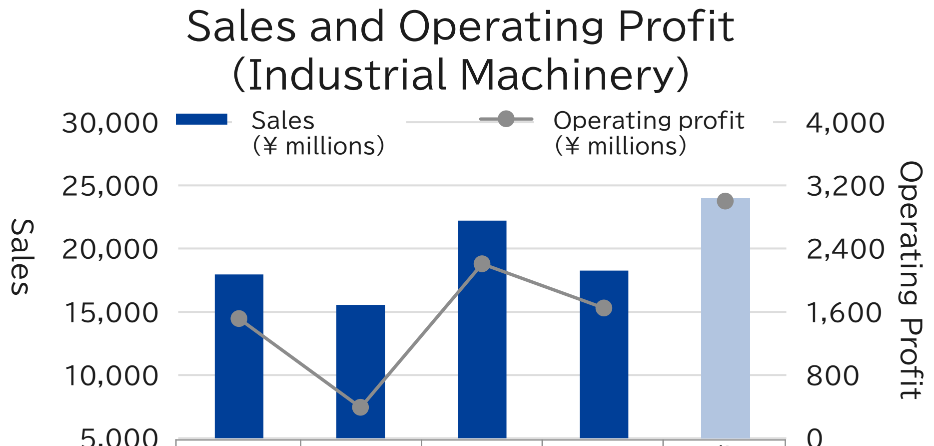
- Recorded an operating loss in FY2023 due to inadequate project management and cost control in plant construction projects for material machinery
  →Lack of management structure and operational capabilities for large-scale project-based business

- 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



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



	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

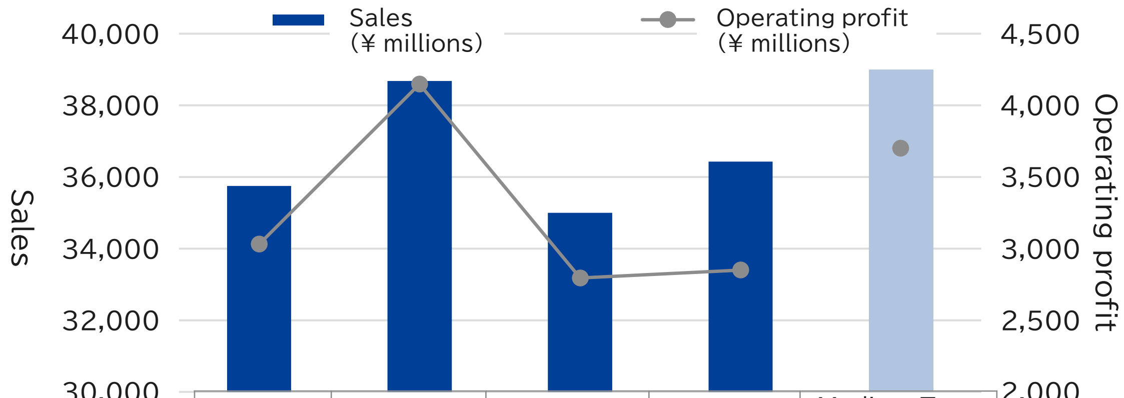
② Rock Drill Machinery

- 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

Sales and Operating Profit (Rock Drill Machinery)



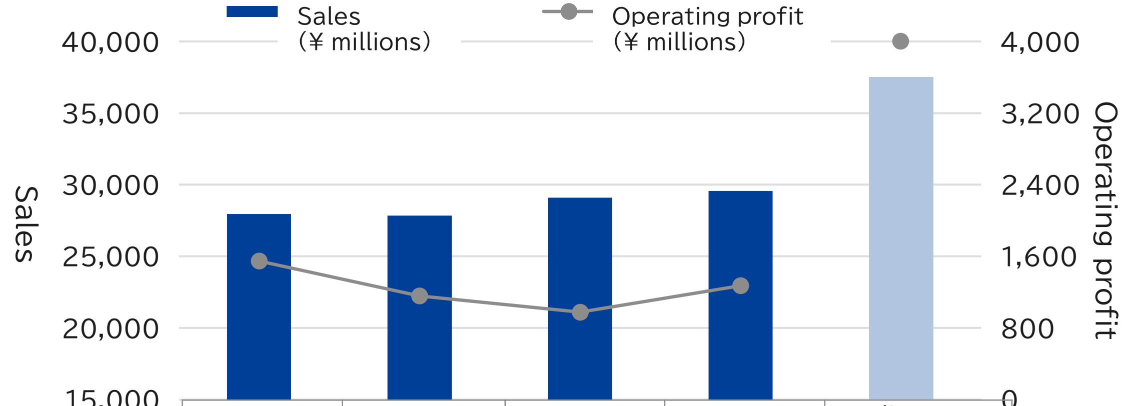
	2023/3	2024/3	2025/3	2026/3	Medium-Term Plan 2025
Sales	35,752	38,682	35,003	36,424	39,000
Operating profit	3,030	4,148	2,795	2,851	3,700
Profit margin %	8.5	10.7	8.0	7.8	9.5

※Calculations of operating margin include intersegment sales and transfers

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 (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

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.

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	○

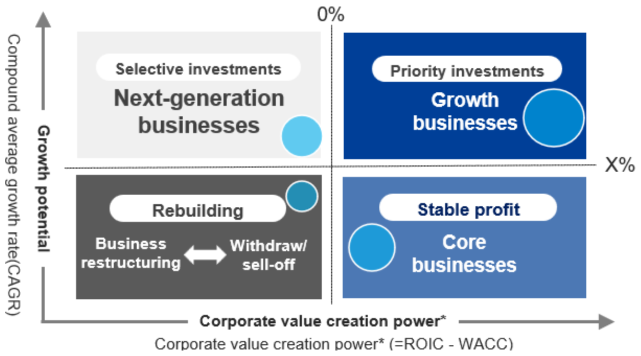
We achieved major sustainability-related targets as planned and made steady progress in enhancing information disclosure and improving external evaluations.

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

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



*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.

②Initiatives to strengthen competitiveness

- **Promoted "category leadership and uniqueness" strategy**
  - Strengthened competitive advantage by focusing on high-value-added products and niche markets
    - Examples include enclosed hanging belt conveyors, fully automated drill jumbos, UNIC cranes, aluminum nitride ceramics, and high-purity metallic arsenic
- **Expanded businesses that address social challenges**
  - Transformed responses to social challenges (including disaster prevention and mitigation, aging infrastructure, and labor shortages) into sources of competitive advantage
    - Examples include enclosed hanging belt conveyors and fully automated drill jumbos
- **Integrated stock business, services, and DX**
  - Transitioned from transactional sales approach to a business model focused on customer relationships
    - Expanded our FRD model

③Investments in Organization, human resources, and DX

- **Continued investments in human capitals**
  - Strengthened organizational capabilities through recruitment and development of diverse talent and effective utilization of professionals
    - Established structured framework for level-based and specialized training programs
    - Fully implemented engineer development program
    - Promoted systematic development of next-generation technical talent
    - Enhanced talent deployment with a focus on expertise in such areas as technology, DX, finance, and sustainability
- **Infrastructure development through DX**
  - Made progress in leveraging DX to create future value in addition to improving operational efficiency
    - Automated routine and repetitive tasks
    - Developed and expanded service-based business models that support customer success
    - Improved productivity through utilization of 3D data

Through ① evolution of business portfolio management, ② initiatives to strengthen competitiveness, and ③ investments in organization, human resources, and DX, the Group made progress in developing the "mindset and foundation" of competitiveness and organizational infrastructure and laid the groundwork for the next growth phase.

Achievements (embedded execution capabilities)

- **Established management approach focused on capital efficiency and capital discipline**
  - Promoted management that is conscious of cost of capital by reducing strategic shareholdings and enhancing shareholder returns
- **Embedded a business portfolio management mindset**
  - Made business evaluations and management decisions based on "ROIC minus WACC" mindset
- **Built competitive advantages centered on the Machinery business**
  - Advanced solution-oriented businesses through combination of high-value-added products, stock/service offerings, and DX
- **Continued investing in human capital and organizational foundation**
  - Made progress in enhancing organizational capabilities for addressing change through talent development, DX promotion, and governance reinforcement

Challenges (next steps) and structural factors

- **Profit growth fell short of target**
  - Profit growth was affected by structural factors, including variations in pricing power and differences in the pace of expansion into high-value-added business areas.
    - Some segments successfully passed through higher costs while others were unable to fully absorb cost increases (UNIC Machinery segment).
    - High-value-added products and service businesses are still in the expansion phase, resulting in differing timelines for earnings contributions to materialize (Industrial Machinery, UNIC Machinery, and Electronics segments).
- **Time lag between investments and returns**
  - Investments were primarily focused on strengthening future competitiveness, leaving areas where results cannot be fully quantified.
    - Our investments focus on areas that take time to yield returns, such as equipment upgrades and capacity expansion, human capital, DX infrastructure, and stock/service offerings.

The top priority for the next business plan is to address structural issues while leveraging the management foundation and philosophy established through achievements of Medium-Term Business Plan 2025.

FY2026 Positioning: Alignment of the Timeline

Reasons for interim period before next medium-term business plan

FY2035
Long-Term Vision for 2035

FY2027–2029
Next medium-term business plan

FY2026
Transition and preparation period

April 1, 2026
Consolidation of EarthTechnica Co., Ltd. as a subsidiary

- Medium-Term Business Plan 2025
Review and assessment

Vision F 2035

A company that co-creates social resilience

- Target sustainable growth centered on the Machinery business
- Expand solution-oriented businesses that help resolve social issues
- Continuously improve capital efficiency and corporate value
- Make strategic investments in sustainability and non-financial capital

One Mission. Beyond the Next.

Under Vision F 2035, we aspire to become a company that co-creates social resilience. United by a single mission, we will enhance the quality of value creation by focusing on solutions to environmental and social challenges, thereby advancing to the next stage and beyond.

Positioning of FY2026: Alignment with the Next Medium-Term Business Plan

Alignment with the next medium-term business plan

■ Refine priority issues

- Conduct in-depth analysis and prioritize issues based on review of Medium-Term Business Plan 2025

■ Determine KPIs and targets

- Design KPIs and set quantitative targets for the next medium-term business plan

■ Build integrated EarthTechnica platform

- Develop and promote an integrated platform to generate synergies

FY2026 management policies

■ Basic policies (Principles)

- Continue managing business with a focus on profitability and capital efficiency
- Maintain financial and investment discipline
- Promote key initiatives in line with our long-term vision

■ Approach to performance management and KPIs

- Continue managing performance based on annual plans
- Continue working to reduce strategic shareholdings (for example, by selling shares in companies where continued ownership is no longer needed) and disclosing the ratio of strategic shareholdings to net assets (aiming for less than 20%)

■ Approach to investment and capital allocation

- Growth investments → Key areas aligned with our long-term vision
- Maintenance/renewal investments → Business infrastructure, safety, and quality
- Financial soundness → Focus on credit rating and financial flexibility

FY2026 is positioned as a strategic transition period aimed at ensuring the successful launch of the next medium-term business plan to realize our long-term vision.

Next Medium-Term Business Plan: Basic Approach

Assumption

- Design plan based on Vision F 2035 (long-term vision)
- Incorporate improvements identified in the review of Medium-Term Business Plan 2025
- Address changes in the external environment (capital markets and social issues)

Key management priorities

- Optimize business portfolio
- Entrench management that is conscious of capital efficiency
- Make growth investments based on selection and concentration strategy
- Evolve our management foundation (human resources, DX, and governance)

Basic approach to financial and capital efficiency

- **Strengthen cash flow generation capability**
  - Improve business profitability to build a foundation for generating sustainable cash flows
- **Design KPIs with focus on capital efficiency**
  - Design KPI framework centered on capital efficiency metrics, such as ROIC and ROE, to enhance management discipline
- **Strike balance between investments and returns**
  - Strive to achieve optimal balance between growth investments and shareholder returns with the aim of enhancing medium- to long-term corporate value

In formulating our next medium-term business plan, our primary objective is to bridge the gap between the challenges (profitability and capital efficiency) that emerged during Medium-Term Business Plan 2025 and growth areas outlined in Vision F 2035 (long-term vision).

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.

Basic approach to capital policy and shareholder returns

■ Cash flow allocation priorities

1. Growth investments → 2. Maintenance/renewal investments → 3. Financial soundness → 4. Shareholder returns

■ Dividend policy

Deliver sustainable shareholder returns with a focus on stability and predictability for investors

■ Purchase and cancellation of treasury stock

- Proceed appropriately while taking into account stock price trends, capital efficiency, cash flows, and other factors
- Enhance transparency of shareholder returns by combining dividends with share buybacks and cancellations

Financial discipline (Rating strategy and leverage)

- ■ Pursue optimal capital structure centered on our rating strategy
- ■ Envision a financial position that enables an upgrade from “BBB+” to “A–” or higher

Reduction of strategic shareholdings

- ■ Review need for each strategic shareholding annually and sell those that are no longer considered necessary
- ■ Promote reduction in line with external requirements (target ratio for strategic shareholdings to consolidated net assets)

While prioritizing growth investments and maintaining financial discipline, we aim to strike a balance between strengthening management practices that take cost of capital into account and delivering sustainable shareholder returns.

Cautionary Notes Regarding Forward-Looking Statements

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