



# 150

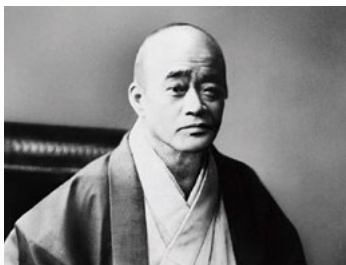
## **FURUKAWA**

Integrated Report 2025



# The 150-Year Journey of the Furukawa Company Group

Since its founding in 1875, the Furukawa Company Group has continually embraced change and pursued new technologies and products, overcoming numerous challenges along the way. Building on the technologies and spirit inherited from our predecessors, we will continue serving as a “pillar of society” and remain indispensable to the world.



Ichibei Furukawa, founder

## 1875



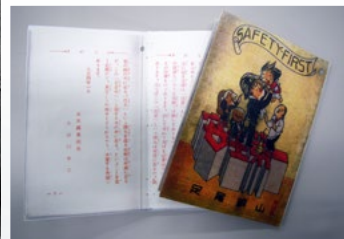
**1875**  
Began operation of the Kusakura Copper Mine in Niigata Prefecture (Company foundation)



**1877**  
Began operation of the Ashio Copper Mine in Tochigi Prefecture

**1884**  
Became Japan's largest copper producer

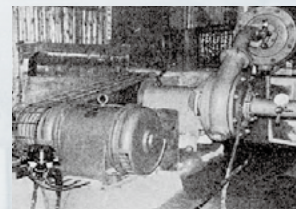
**1894**  
Entered the coal business by acquiring the Shimoyamada Coal Mine in Fukuoka Prefecture



**1912**  
Became the first in Japan to promote safety initiatives under the principle of Anzen Sen'ichi (Safety First)



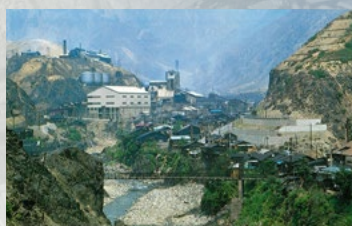
**1914**  
Manufactured the first rock drill in Japan



**1914**  
Began development of drainage pumps

**1918**  
Established Furukawa Mining Co., Ltd.

**1970**  
Withdrew from the coal mining business



**1973**  
Closed the Ashio Copper Mine



**1987**  
Acquired UNIC Corporation  
**1988**  
Discontinued copper smelting from copper concentrate at Ashio

## 1875-

## 1910-



# Everything began with a mine

## FURUKAWA CO.,LTD.

1989

Changed company name from Furukawa Mining Co., Ltd., to Furukawa Co., Ltd.



1990

Acquired a U.S. manufacturer and seller of breakers



2001

Established Gunma Kankyo Recycle Center Co., Ltd.

2004

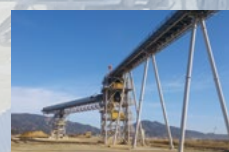
Sold the construction machinery business



## FURUKAWA COMPANY GROUP

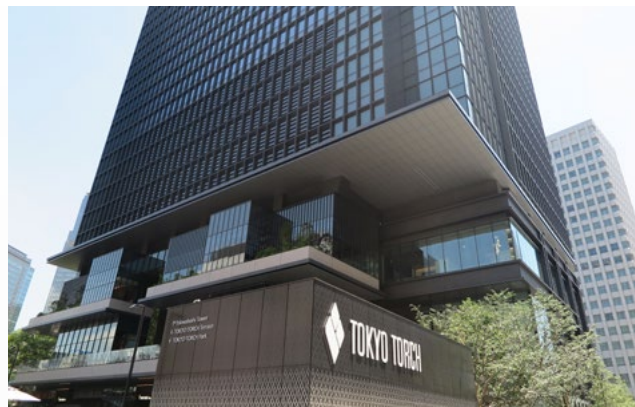
2005

Spun off six core businesses—Industrial Machinery, Rock Drill Machinery, UNIC Machinery, Metals, Electronics, and Chemicals—and transitioned to a holding company structure as the Furukawa Company Group



2011

Contributed to post-disaster reconstruction after the Great East Japan Earthquake through a hillside relocation project in Rikuzentakata City, Iwate Prefecture



2021

Consolidated head office functions and relocated to Tokiwabashi Tower in Otemachi, Tokyo

2025

150

2025

Celebrated 150th anniversary of founding

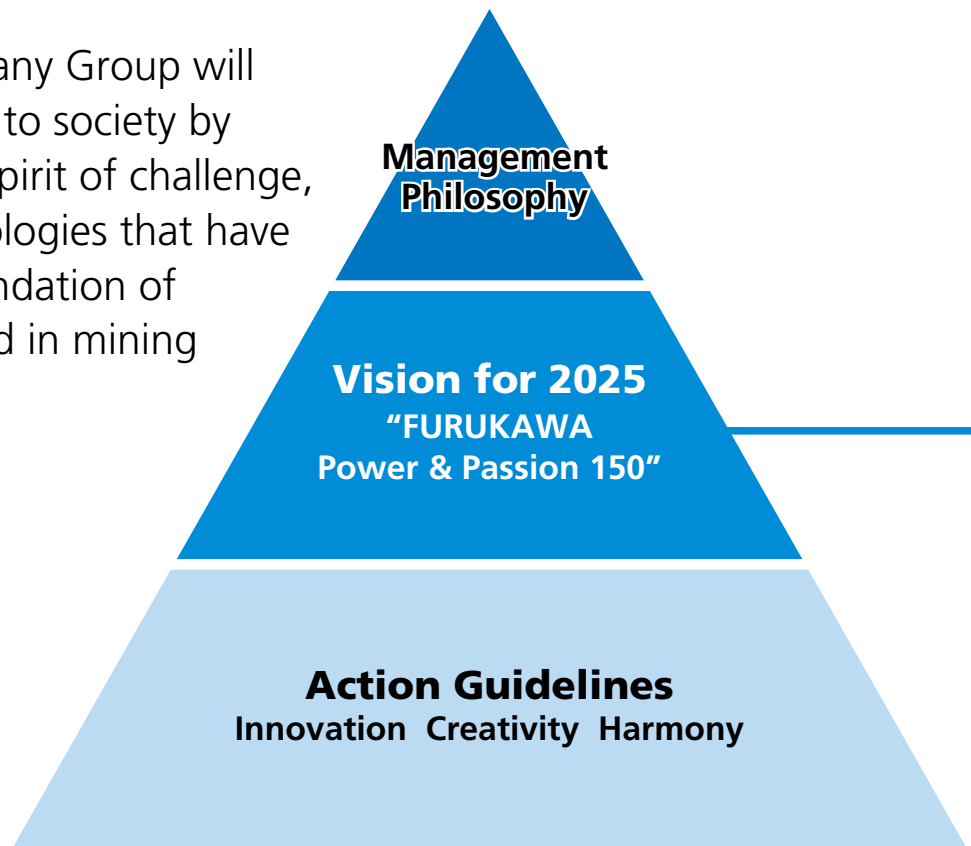
2020-

1990-

# Management Philosophy, Action Guidelines, and Long-Term Vision

## Management Philosophy

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



## Action Guidelines

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

### Innovation

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

### Creativity

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

### Harmony

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

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

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

## Vision for 2025

### "FURUKAWA Power & Passion 150"

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

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

Established on August 8, 2015

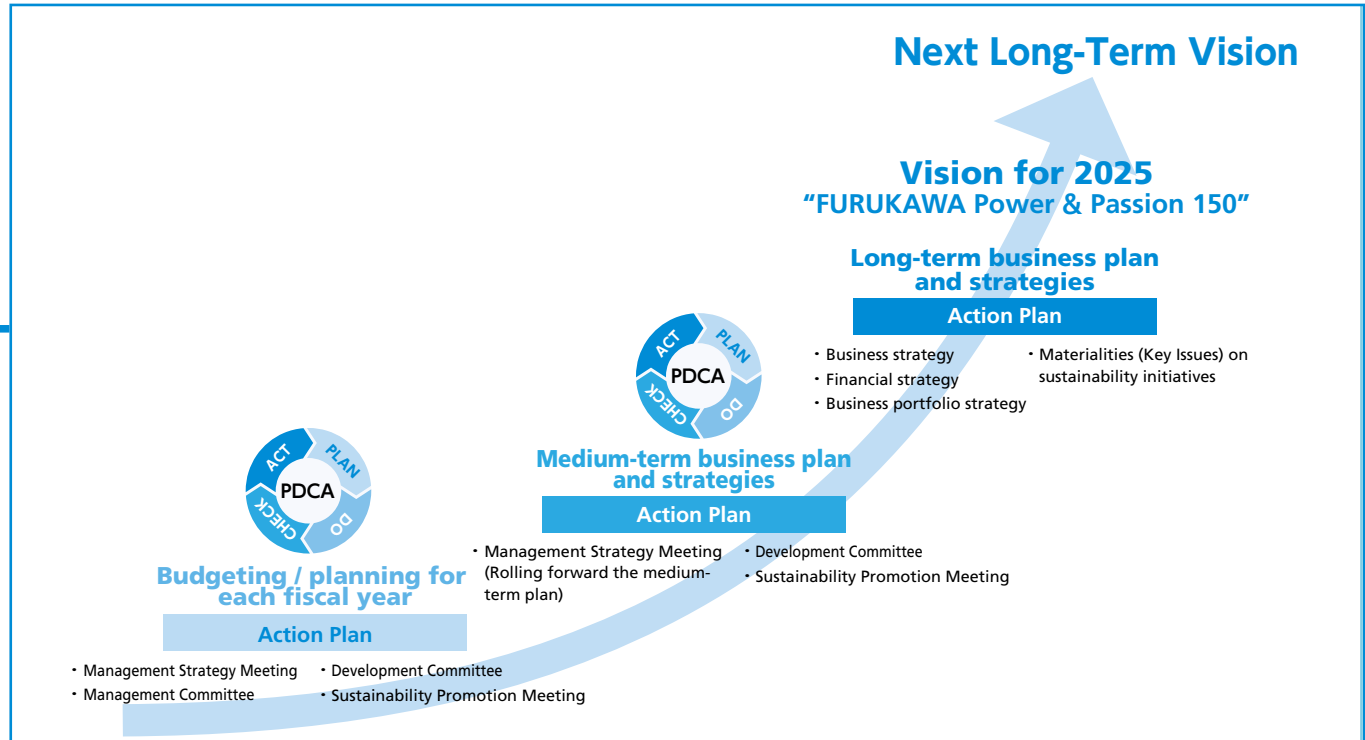


The "Power & Passion" symbol expresses the "power and speed" and the "passion and enthusiasm" aspects of our business approach. The perfect red circle conveys the connections and bonds we have with customers, and "150" represents the 150th anniversary of our founding in fiscal 2025, which is the year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



## Positioning of Vision for 2025

Vision for 2025 embodies our Management Philosophy. As a pathway for realizing Vision for 2025, the Furukawa Company Group is implementing action plans with short-, medium-, and long-term horizons. As fiscal 2025 is the final year of our Vision for 2025, we plan to announce our next long-term vision in November 2025.



## Strategies for Achieving Vision for 2025

### 1 Increase the value of the Furukawa brand through “marketing-based management”<sup>\*1</sup> that incorporates CSV<sup>\*2</sup> perspectives

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

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

#### \*1 “Marketing-based management”

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

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

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

### 2 Sustainably expand the Machinery business

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

### 3 Strengthen and expand our human resource bases

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

### 4 Actively promote investments to increase corporate value

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

### 5 Establish a robust corporate foundation

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

# About the Furukawa Company Group Integrated Report 2025

## Editorial Policy

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

We have also improved the content of the report, which is designed to provide all stakeholders with easier-to-understand information about our medium- and long-term strategies for sustainable enhancement of corporate value, as well as our approach and policies toward sustainability. For non-financial information not included in this document (reports on activities related to sustainability, numerical data, etc.), please refer to the separate Furukawa Company Group Sustainability Book 2025.

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

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

## Referenced Guidelines

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

## Target Period

April 2024–March 2025

(Some activities before and after this period are also included.)

## Target Organizations

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

## Company Names

**Furukawa Co., Ltd.:** The operating holding company of the Group

**Furukawa Company Group:** 31 consolidated subsidiaries and 8 affiliated companies (as of March 31, 2025)

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

## Publication Period

September 2025



## Statement about Changes to English Financial Statements

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

## Forward-Looking Statements

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



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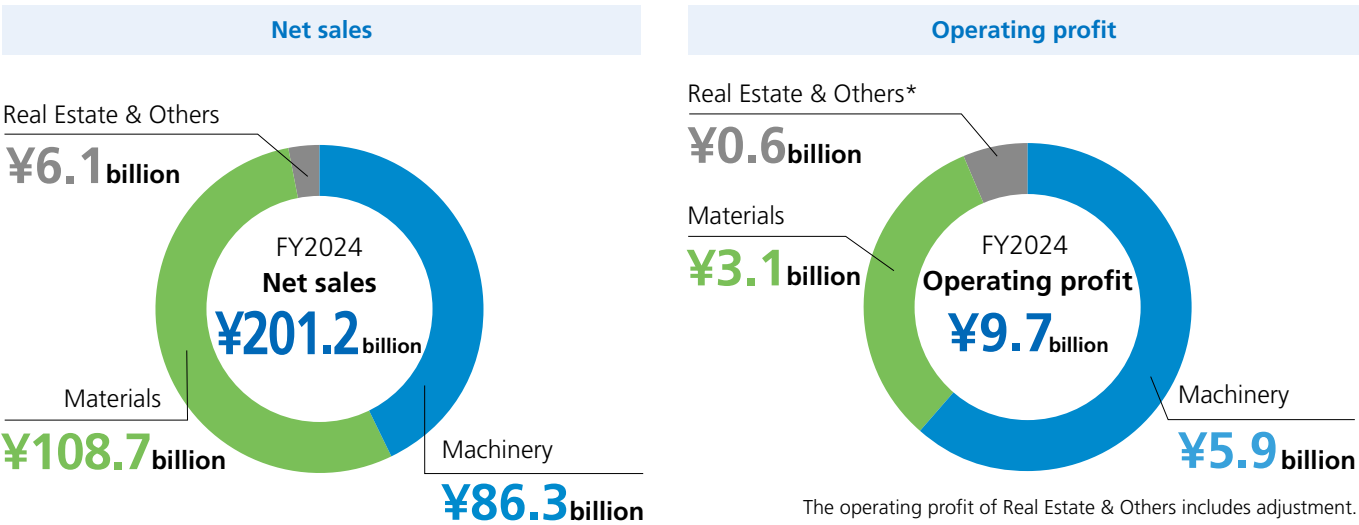
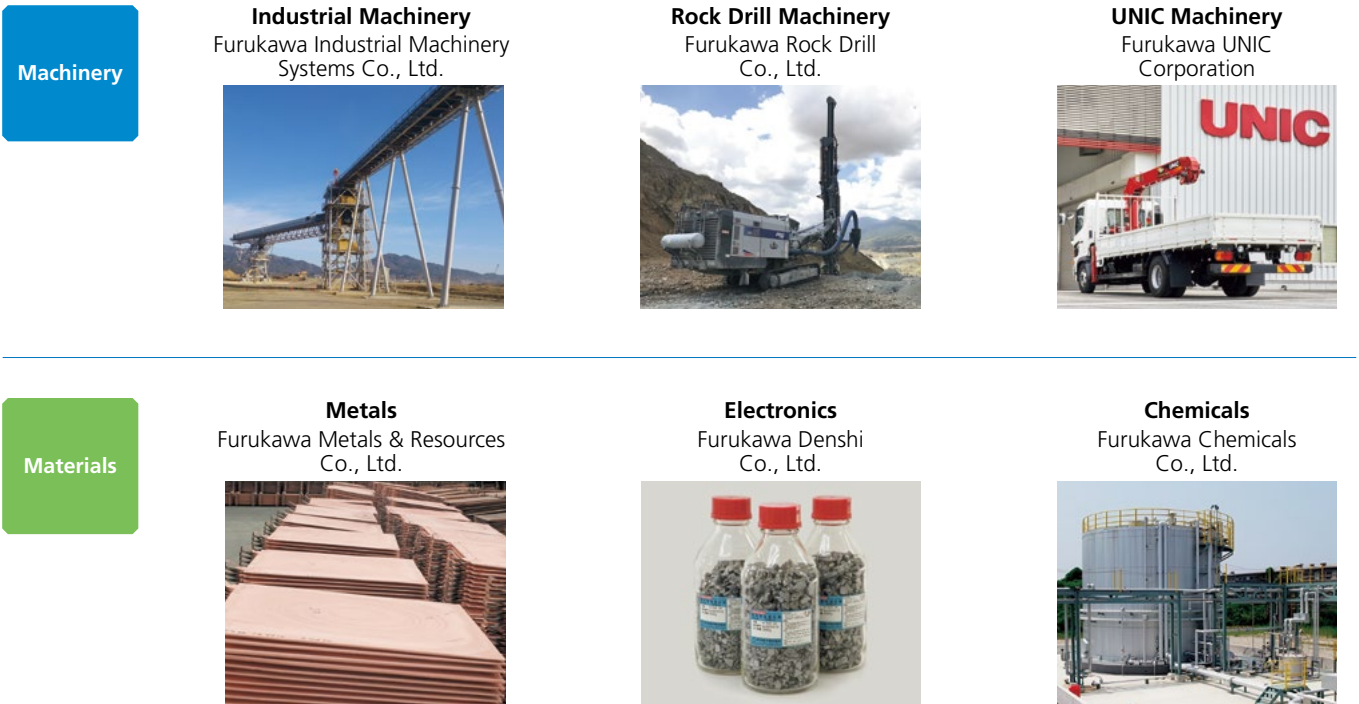
# Overview of the Furukawa Company Group (As of March 31, 2025)

The Furukawa Company Group traces its origins back to 1875, when founder Ichibei Furukawa began operating the Kusakura Copper Mine. Subsequently, at the Ashio Copper Mine, he introduced advanced technologies, such as hydroelectric power generation and electrification, transforming it into Japan's leading copper mine in terms of output. From 1900, the Company expanded into the machinery business, developing equipment essential for mine development. Even after the closure of the Ashio Copper Mine in 1973, we diversified our operations and transformed our business portfolio to focus on machinery and materials. In 1989, the Company changed its name to Furukawa Co., Ltd., marking a new beginning.

In 2005, the Company spun off 6 core businesses and transitioned to a holding company structure. To remain competitive in an increasingly volatile global market, the Group has adopted a corporate management structure consisting of 31 subsidiaries and 8 affiliated companies.

The Furukawa Company Group will continue working to maximize corporate value so that it remains indispensable to society.

## Business Structure





# Strengths and Features of the Furukawa Company Group

## Strength (1) Technologies cultivated through mine development

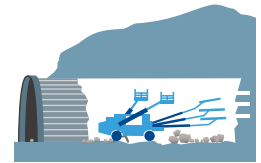
The history of the Furukawa Company Group dates back to 1875, when founder Ichibei Furukawa began operating a copper mine. The Group's mining technologies extend far beyond simply extracting ore and refining copper. They include a comprehensive range of technologies that bring together the best of multiple industrial fields—such as ore transportation, water supply and drainage, water treatment, and by-product processing, as well as the construction of power plants to serve as energy sources for such operations.

Many of the Group's globally competitive products have their origins in mining technologies, including rock drill machinery, sludge drainage pumps, ore-crushing machinery, and water and exhaust gas treatment systems. We also make by-products obtained from copper refining, such as concentrated sulfuric acid and rare metals.



## Strength (2) Machinery products essential for social infrastructure development

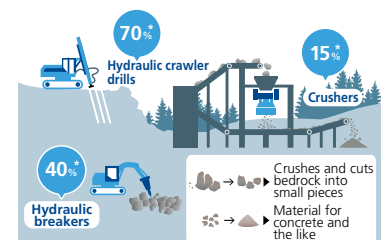
The products of the Machinery business play an active role in fields related to social infrastructure development. We have a strong market share with products used in tunnel construction, quarrying for concrete materials, and civil engineering and building projects, which together represent a key strength.



### Priority Fields in Core Machinery Business

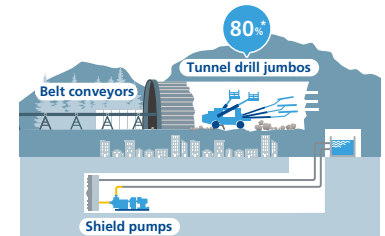
#### Concrete

At quarry sites where materials such as crushed stone and limestone are mined for use in concrete, hydraulic crawler drills are used to bore blast holes for explosives, while hydraulic breakers are employed to break down large rocks after blasting. In rock-crushing plants, jaw crushers and cone crushers are used to break down the rock, while screens are employed to sort the crushed material by size.



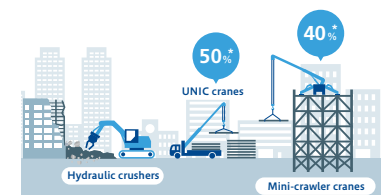
#### Tunnel projects

In mountain tunnel construction where the bedrock is hard, tunnel drill jumbos are used to bore holes in the rock for explosive charges. The adoption of belt conveyors for transporting excavated earth and sand is on the rise, as they contribute to labor savings and environmental protection. In underground tunnel construction, the shield tunneling method is often employed, using shield pumps to hydraulically convey excavated soil together with water.



#### Civil engineering and construction sites

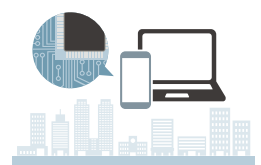
UNIC cranes, capable of performing multiple functions, such as material transport, loading and unloading, and installation with a single unit, have earned strong support for their efficiency and versatility. In confined areas or indoor worksites inaccessible to trucks, compact, self-propelled mini-crawler cranes provide an effective solution. Meanwhile, hydraulic crushers and hydraulic breakers—products designed for attachment to hydraulic excavators—play an active role at building demolition sites.



\* Domestic market share

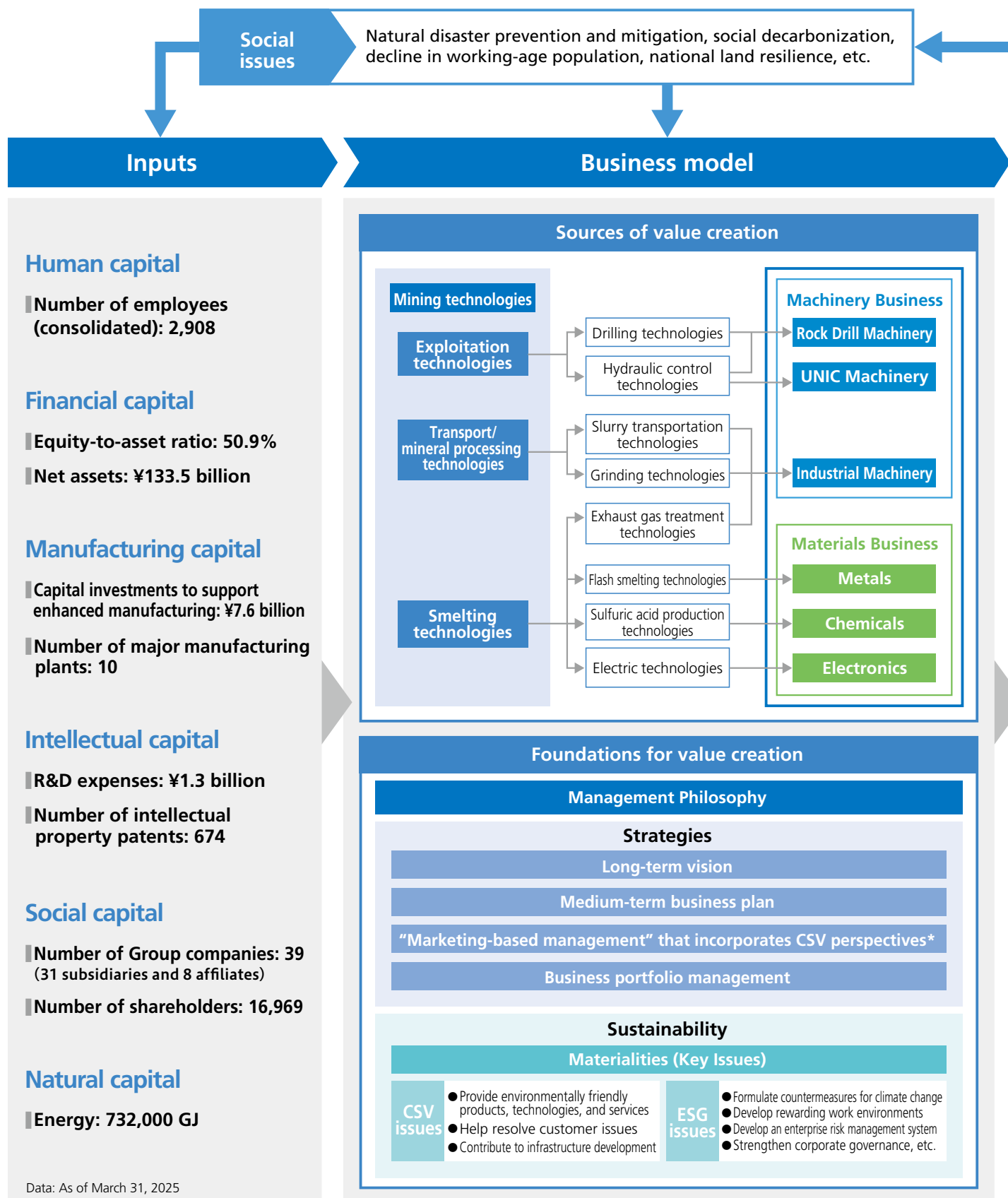
## Strength (3) Specialized material products that help realize a convenient and prosperous society

One of the Furukawa Company Group's key materials is high-purity metallic arsenic, which is used as a raw material for red laser diodes in high-frequency electronic devices, such as PCs and smartphones, as well as in distance measurement systems that support facial recognition and autonomous driving. We also offer aluminum nitride ceramics, which deliver high thermal conductivity, electrical insulation, uniform heat distribution, and excellent corrosion resistance, for use in heat-dissipating components in semiconductor manufacturing equipment. In addition, we offer environmentally conscious products including cuprous oxide, a ship-bottom antifouling agent that prevents barnacle attachment to ship hulls while also helping prevent marine pollution, and cupric oxide, which has been adopted as a high-precision copper plating material for printed circuit boards in PCs and smartphones. Through these specialized products, our Materials business helps realize a convenient and prosperous society.



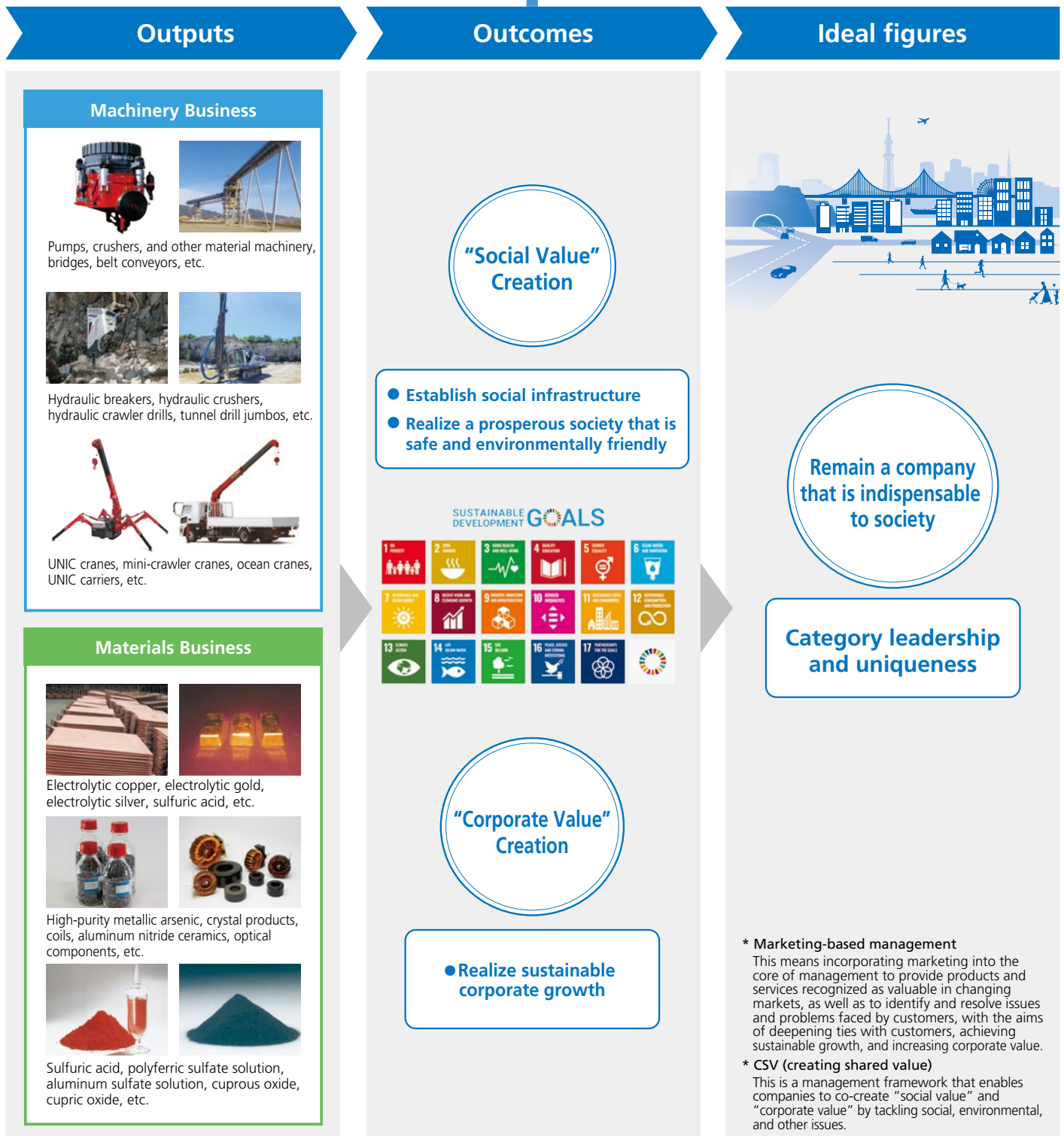
# The Furukawa Company Group's Value Creation Process

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





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



# Specific Examples of Value Creation

## Tunnel construction products that help improve safety, workability, and labor savings



ROBOROCK® (fully automatic drill jumbo)



BOLTINGER (rock bolting machine)

With an 80% share of the domestic market, the Furukawa Company Group's tunnel drill jumbos are indispensable to the development of transportation networks in Japan's mountainous regions. In recent years, mountain tunnel construction sites have faced challenges, such as labor shortages resulting from Japan's declining birthrate and aging population, as well as the need to improve safety in inherently hazardous work environments. Against this backdrop, expectations for the Group's tunnel construction-related products as a solution to these challenges are growing. Our products are in operation at various tunnel construction sites, including those for the Linear Chuo Shinkansen and the Hokkaido Shinkansen, and are expected to play an even greater role going forward.

Our ROBOROCK fully automatic drill jumbo and BOLTINGER rock bolting machine are officially registered in the New Technology Information System (NETIS) operated by Japan's Ministry of Land, Infrastructure, Transport and Tourism. These highly regarded technologies are eligible for bonus points in technical assessments during performance evaluations for public works projects and in comprehensive evaluation bidding processes.

Through automation and mechanization, the Furukawa Company Group helps improve safety, workability, and labor savings. At the same time, it provides products that help address social issues, such as national resilience, disaster prevention and mitigation, and the declining working-age population, thereby supporting infrastructure development.

### Leveraging our strengths and distinctive features to address social issues

- Improves workability and safety regardless of operator skill level, while addressing the challenge of securing operators amid a declining workforce
- Development of tunnel infrastructure strengthens national resilience
- Improves working conditions at tunnel faces (excavation sites), where disaster risks are high

### Creating social value

- Improves workability through the automation of complex drilling operations
- Improves work quality regardless of operator skill level
- Allows for reduced operator staffing
- Automation and mechanization reduce the need for operators at the tunnel face, thereby improving safety

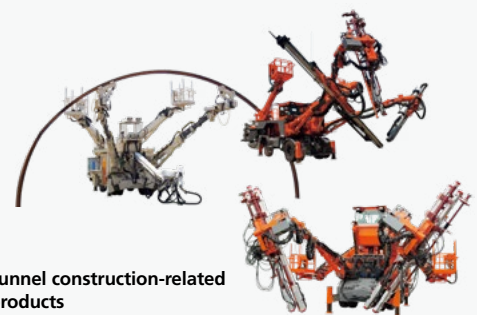
### Selected as a "Recommended Technology" under the Minister of Land, Infrastructure, Transport and Tourism Award for Excellence in Technology (announced October 10, 2024)

#### ROBO ARCH (steel arch erecting robot) and BOLTINGER (rock bolting machine)

Two of the Group's tunnel construction-related products—the ROBO ARCH (MTH1220) steel arch erecting robot and the BOLTINGER rock bolting machine—were recognized for their groundbreaking contribution to safety and productivity in mountain tunnel construction. These machines enhance efficiency in steel arch erection, concrete spraying on tunnel walls, and rock bolt installation. As a result, they were selected from among the new technologies registered in the NETIS as a "Recommended Technology" under the Minister of Land, Infrastructure, Transport and Tourism Award for Excellence in Technology (fiscal 2024).

Note: NETIS (short for New Technology Information System) is a database operated by Japan's Ministry of Land, Infrastructure, Transport and Tourism. It is designed to share and provide information on new technologies developed by private companies and others, with the aim of promoting their active use in public works projects.

[Tunnel construction machinery selected as a "Recommended Technology" under the Minister of Land, Infrastructure, Transport and Tourism Award for Excellence in Technology](#)



#### Tunnel construction-related products

From left: ROBO ARCH (MTH1220), BOLTINGER B32RL, and BOLTINGER B22RL





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



Disassembled crane



Battery-powered crane

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

### Leveraging our strengths and distinctive features to address social issues

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

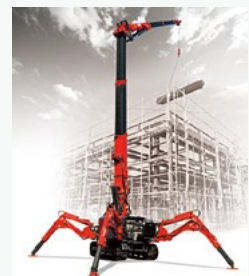
### Creating social value

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

### Addressing the Challenges of Residential Construction in Densely Populated and Confined Areas (announced October 29, 2024)

#### U-CUBE (mini-crawler crane)

While demand is increasing for new construction and renovation of reinforced concrete buildings to improve earthquake resistance and make effective use of land, it has been difficult for large crane-mounted trucks—with wide bodies and large turning circles—to access densely populated residential areas and narrow urban sites, particularly in convenient locations, such as city centers and near railway stations. In response, the Furukawa Company Group developed and launched the new U-CUBE mini-crawler crane, featuring a compact body for excellent portability, enhanced safety and operability through an LCD display, and both a vertical boom and folding boom that provide high lifting capacity. The crane significantly shortens construction periods while contributing to cost reduction and harmonious coexistence with local communities.



U-CUBE URW7035C4-HC1 (mini-crawler crane)

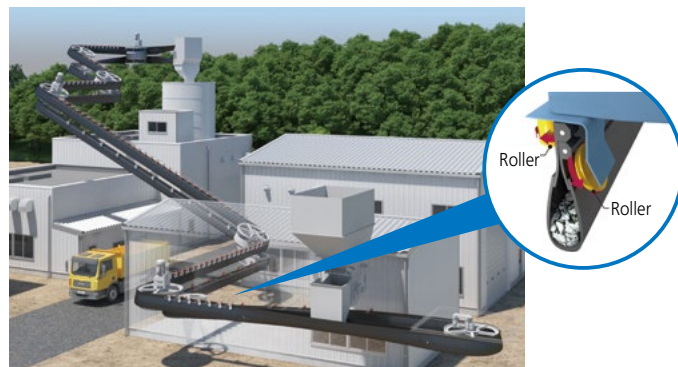
[Launch of U-CUBE mini-crawler crane for residential construction](#)



## Belt conveyors: Addressing the challenges of soil transport using dump trucks



SICON® enclosed hanging belt conveyor adopted for mountain tunnel construction



SICON® enclosed hanging belt conveyor

In recent years, social challenges have emerged in the transportation of earth and sand at civil engineering and construction sites. These include difficulties in securing truck drivers due to the decline in Japan's working-age population, as well as environmental issues, such as dust, noise, and CO<sub>2</sub> emissions from the frequent movement of dump trucks, which also affect the surrounding environment. In response, belt conveyors are gaining attention as a new method for transporting earth and sand. This approach offers multiple advantages, including reduced construction time, lower labor costs, avoidance of traffic congestion and accidents, consideration for the surrounding environment, and decreased CO<sub>2</sub> emissions. Accordingly, they offer a promising alternative to dump trucks. One solution, sold exclusively in Japan by the Company, is the SICON®

enclosed hanging belt conveyor, which offers additional benefits beyond traditional belt conveyors. By enclosing the earth and sand in bags that are suspended from it like a monorail, SICON® significantly reduces spillage, dust, and noise. Compared with regular belt conveyors, another key advantage is its ability to change direction without requiring transfer points, enabling the installation of highly efficient and space-saving conveyor lines customized to specific site conditions. These exceptional features have received acclaim, and SICON® has been adopted for projects aimed at enhancing national resilience and disaster prevention, including new dam construction and river flood control works, with inquiries increasing as a result. We will continue addressing social issues related to earth and sand transportation in future projects.

### Major Recent Achievements

FY	Project name	Project type	Application	Characteristics	Main equipment used	Amount (approx.)	Status
2011	Rikuzentakata	Earthquake reconstruction	Land elevation and embankment for hillside development	Large-volume transport	Belt conveyor, crushing equipment, suspension bridge, and central control facility	¥11.0 billion	Completed
2015	Gaikan (Tokyo Outer Ring Road)	Road	Tunnel excavation soil	Long-distance curved conveying	Belt conveyor and central control facility	¥7.0 billion	Currently in operation
2017	Onahama	Port	Coal	Cargo handling facility	Belt conveyor and central control facility	¥6.0 billion	Currently in operation
2018,19	Okuma	Earthquake reconstruction	Removed (decontaminated) soil	Interim storage facility	Belt conveyor	¥2.3 billion	Completed
2019	Sakaigawa	Control pond	Excavated soil	Urban civil engineering	SICON® and central control facility	¥1.0 billion	Completed
2021	Kitashinagawa	Shinkansen	Tunnel excavation soil	Urban civil engineering	SICON® and central control facility	¥0.8 billion	Installation in progress
2021	Shinkobotoke	Road	Tunnel excavation soil	Environmental consideration	SICON®	¥0.6 billion	Currently in operation
2021	Sasson (Sapporo-Otaru)	Shinkansen	Tunnel excavation soil	Conveying equipment	Belt conveyor	¥0.5 billion	Currently in operation
2023	Asuwagawa	Dam	Concrete	Steep-slope conveying	SICON®	¥0.7 billion	Installation in progress
2023	Hirakata	Road	Tunnel excavation soil	Urban civil engineering	SICON®	¥0.7 billion	Manufacturing in progress
2023	Shin-Maruyama	Dam	Dam aggregate	Conveying equipment	SICON®	¥0.8 billion	Installation in progress

[\[Resolving social issues\] Transportation of earth and sand by belt conveyor system | Video](#) ▶



### Leveraging our strengths and distinctive features to address social issues

- Fewer workers required compared with dump truck transportation, making it easier to secure required personnel
- Transportation operates with lower power consumption, enabling reduced CO<sub>2</sub> emissions
- Enables soil transportation that considers local residents and the surrounding environment

### Creating social value

#### Belt conveyor

- Compared with dump trucks, SICON® mitigates traffic congestion and accidents on surrounding roads.
- It reduces the need for personnel, addressing labor shortages caused by the declining working-age population.
- Shorter construction periods for large-scale soil transportation projects

#### SICON®

- The SICON® conveyor wraps earth and sand in a bag-like enclosure to significantly reduce spillage and dust.
- Unlike traditional belt conveyors, it provides a continuous transportation line without the need for transfer points, which cuts down noise and vibration.
- Its efficient power distribution allows for minimal electricity use, resulting in near-zero CO<sub>2</sub> emissions.

### Installation of SICON® enclosed hanging belt conveyor (announced November 29, 2024)

#### • Dam construction project

At dam construction sites, installing belt conveyors along complex transport routes with many slopes and curves has traditionally required multiple standard flat-belt conveyors, creating challenges in securing space for transfer sections and other connecting points. In this case, with residential areas located near the site, careful consideration for the surrounding environment was essential.



Dam construction project

The Furukawa Company Group's SICON® belt conveyor allows flexible angle adjustments, making it possible to install conveyors along complex transport routes without the need for transfer sections and within limited spaces. Its enclosed suspended structure also prevents material spillage and suppresses vibration and noise, thereby significantly reducing environmental impact.

#### • Large-volume transport on steep slopes

During dam embankment construction, the use of SICON® enabled large-volume concrete transport on steep slopes of up to 45 degrees, which would be difficult to achieve with conventional equipment. With roughly twice the transport capacity of conventional systems, it allows a significant reduction in construction time.

#### • Mountain tunnel construction

In mountain tunnel construction, SICON® enables the transport of excavated soil even at sites with complex terrain and narrow roads where access by dump trucks is difficult. Compared with dump truck transportation, SICON® not only enables significant reduction in construction time but also suppresses noise and vibration, allowing soil transport with minimal impact on the habitats of rare animal species.

## High-purity metallic arsenic: Essential material for semiconductors and communications



High-purity metallic arsenic

High-purity metallic arsenic is mainly used as a raw material for compound (gallium arsenide) semiconductors. These semiconductors are utilized in high-frequency electronic devices, as well as in red laser diodes (LDs) and light-emitting diodes (LEDs). In the past, they were primarily used in communication equipment, DVD pick-up lasers, red LEDs for traffic lights, and automobile tail lights. In recent years, metallic arsenic used for LD and LED applications has been increasingly replaced by lower-cost overseas products that do not require the same top-level purity. Accordingly, the Furukawa Company Group is focusing on supplying high-purity metallic arsenic (purity: 99.999995%) for cutting-edge technologies that require exceptional purity, such as high-speed communications and sensing technologies using high-output infrared LDs.

Among everyday applications, the most common use of our high-purity metallic arsenic is in high-frequency electronic devices, as it contributes to the advancement of high-speed communications in smartphones and communication base stations. Its use as a material for high-output infrared LDs has also been increasing in recent years. In addition, our high-purity metallic arsenic is used as a light source for Light Detection and Ranging (LiDAR) systems and contributes to technologies such as facial recognition and vehicle distance measurement for autonomous driving through infrared-based remote sensing. It is also used for measuring and monitoring crustal deformation caused by fault uplift and subsidence.



Facial recognition image



## Message from the President

### 150 years of empowering the next generation—Embracing change to remain a company indispensable to society

Since our founding, we have overcome numerous challenges and now stand at the milestone of our 150th anniversary. Learning from our history, we have confronted social changes and worked to strike a balance between resolving social issues and maximizing corporate value.

Fiscal 2025 marks the final year of our long-term Vision for 2025, formulated a decade ago. We are now preparing for our next stage of growth by developing a new long-term vision and a corresponding medium-term business plan to implement it.

**Minoru Nakatogawa**  
President & Representative Director

#### Honoring our history and challenging the future

On August 8, 1875, Furukawa Co., Ltd., began its journey when founder Ichibei Furukawa started the business from nothing. In 1877, the Company began managing the Ashio Copper Mine, and that success became the starting point for our growth and ultimately laid the foundation of the Furukawa conglomerate, a gathering of Japan's leading companies.

This year marks the significant milestone of our 150th anniversary. I take great pride in being part of a company that has continued operations for 150 years while overcoming countless challenges, and I feel a strong sense of responsibility as we set our sights on the next 100 to 150 years.

We have endured various political, social, and economic upheavals since the Meiji era. Starting with mining and copper smelting, we later expanded into coal, machinery, chemicals, and electronics. To address the demands of the times, we have reviewed and restructured our business portfolio. While at times we endured painful business withdrawals, we also actively pursued M&As to evolve as a corporate group. Throughout this time, our DNA of "Always embrace challenges without fear of change" has been passed down intact.

Today, we are facing an era of unprecedented uncertainty. From the rise in natural disasters caused by climate change to turbulent international affairs, uncertainty is increasing both in Japan and abroad. We are also expected to address rapid advances in technology, including AI. In such times, our ability to adapt, handed down over 150 years, is being put to the test. Drawing on this strength as our driving force, we are determined to evolve into our next chapter as a corporate group.

#### Second year of Medium-Term Business Plan 2025

In fiscal 2024, the second year of Medium-Term Business Plan 2025, we achieved our targets for key performance indicators, such as ROE and interest-bearing debt/EBITDA ratio. However, these results were largely supported by gains on sales of strategic shareholdings, with consolidated operating profit, the most fundamental indicator, falling well short of our target. While external factors, including rapidly changing business conditions and markets, played a role, we acknowledge that our efforts were not sufficient to meet the expectations of shareholders and other investors.

By business segment as well, consolidated operating profit was below our medium-term plan targets, with operating profit in the core Machinery business amounting to only ¥5.9 billion. This was due to various factors. For example, the Industrial Machinery segment faced delays in order placements for belt conveyor construction projects. In the Rock Drill Machinery segment, demand eased as supply in the core North American market had largely run its course, while economic uncertainty further dampened purchasing. In the UNIC Machinery segment, delays in shipments from truck body manufacturers, along with continued shipments made before we passed on rising raw material costs, also affected our results.

Nevertheless, we recognize that the social responsibilities entrusted to the Furukawa Company Group are becoming more and more significant. There is a rising need to develop infrastructure for disaster prevention, mitigation, and national resilience, and we are confident that our products and services are precisely suited to meet such need. In this context, we view our domestic

business strategies and overseas sales policies as aligned with social demands and market conditions. Going forward, we will continue pursuing sustainable growth with the Machinery business at the core. At the same time, we will steadily prepare for future non-linear growth.

### Cost of capital and improving ROE: Measures and challenges

In Medium-Term Business Plan 2025, our top priorities are to achieve ROE of around 8% and reduce the cost of capital. To this end, we have pursued a three-pronged approach of increasing consolidated operating profit, improving capital efficiency, and optimizing equity capital.

To improve capital efficiency, we steadily reduced our strategic shareholdings, bringing the ratio of such holdings to consolidated net assets down to 16.6% as of March 31, 2025. We also enhanced shareholder returns by increasing the scale of share buybacks and raising dividends. While we believe these initiatives represent tangible outcomes, our greatest challenge is that we have not reached our target for consolidated operating profit—the core driver of earning power.

Meanwhile, each business segment faces its own challenges and is taking specific measures to address them.

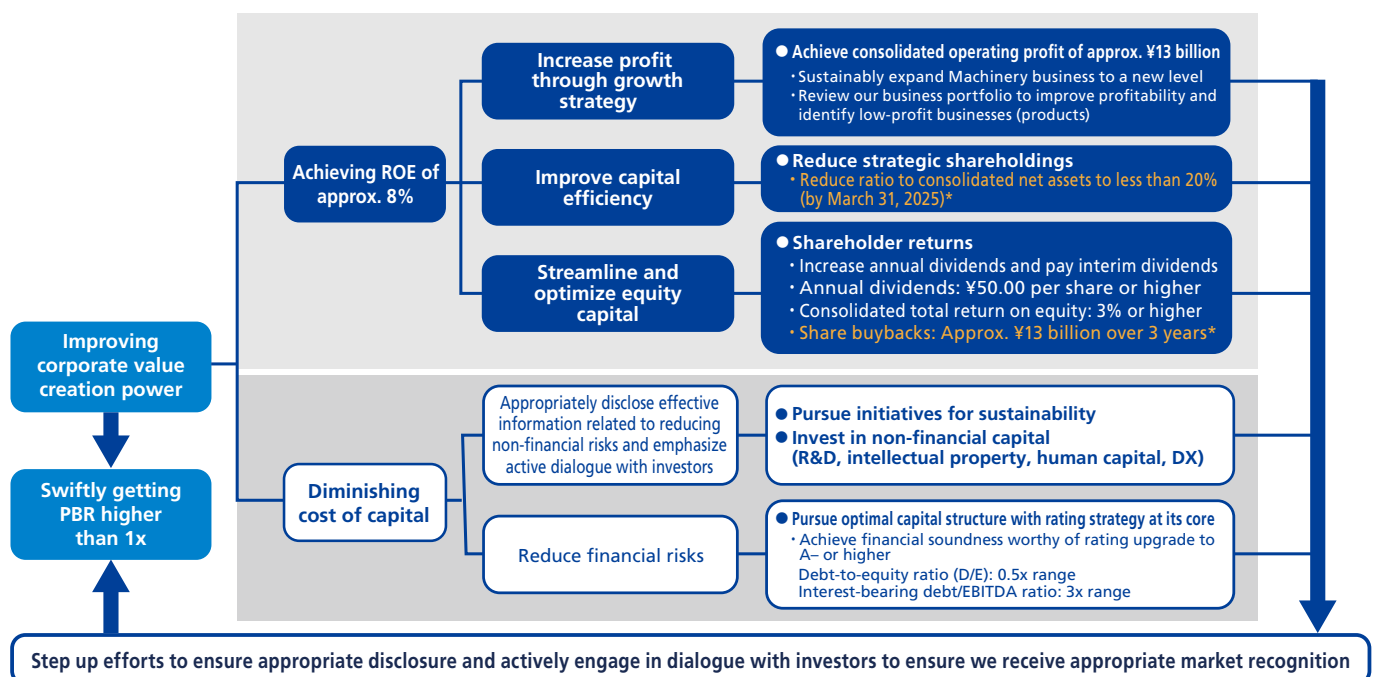
In the Industrial Machinery segment, despite efforts to enhance profitability centered on domestic infrastructure projects, delays in the delivery of material machinery resulted in substantial losses, which were a major problem. Learning from this, we are working to strengthen our project management framework and revise our systems to improve profitability. Furthermore, we will actively work

to increase orders and sales of high-value-added products, including our SICON® enclosed hanging belt conveyor, which is drawing attention for being environmentally friendly and a solution to the shortage of dump truck drivers.

In the Rock Drill Machinery segment, which operates a domestic production system, the primary challenge is foreign exchange fluctuations. Although we gain from a weaker yen, we are pursuing cost reductions and productivity enhancements to bolster our ability to withstand the yen's appreciation. At the same time, we are building an “FRD model” to achieve customer success throughout the product life cycle, and the number of contracts for user-support services—such as operation support programs for blast hole drills—has been steadily increasing. In the North American market, we are expanding sales of large blast hole drills and large and super-large hydraulic breakers. In addition to service bases in the western region, we are strengthening sales across the continent to steadily strengthen our business foundation. At the same time, we are working to develop markets outside North America, particularly in Southeast Asia, to mitigate the risks of overreliance on the North American market.

In the UNIC Machinery segment, prolonged production delays by truck body manufacturers have significantly affected the performance of our mainstay UNIC cranes. In addition, while we are expanding into Southeast Asia and the Middle East, our results have fallen short of our initial expectations. Going forward, we will maximize the benefits of price revisions while developing high-value-added products and strengthening our sales and service capabilities as we work to restore brand competitiveness and rebuild our earnings base.

### Approach to Achieve ROE of Around 8% and Reduce the Cost of Capital



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

The Metals segment faces a structural issue, as its performance is highly susceptible to volatility in international markets and in ore purchasing conditions. In response, we strategically downsized the business by terminating our entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd., in 2023. As a result, our need for copper concentrate has declined, prompting us to sell our shares in Cariboo Copper Corp. in 2024, which holds an interest in the Gibraltar Copper Mine in Canada, thereby reducing fixed costs and optimizing business risk. Guided by rational management judgment, we will strive to achieve a balance between profitability and stability going forward.

### Strategic alliances and M&As for growth

To realize our Vision for 2025, we have positioned strategic investments that contribute to the sustainable expansion of the Machinery business and the enhancement of corporate value as a key driver of growth acceleration. Under Medium-Term Business Plan 2025, we are continuously reviewing our business and product portfolio to strike a balance between deepening our core businesses and delivering breakthrough growth. As part of this effort, we recently started looking to transfer shares in EarthTechnica Co., Ltd., and decided to make an equity investment in Mitsui Miike Machinery Co., Ltd.

EarthTechnica is a company with strong technological capabilities and productivity centered on crushers, and enjoys deep trust from customers both in Japan and overseas. It has a broad product lineup and robust sales and service networks that are highly compatible with our Industrial Machinery segment and will significantly enhance competitiveness in crusher technology, production, and services. In addition, EarthTechnica focuses on the environmental recycling field, which is expected to grow in the future. Furthermore, collaboration between EarthTechnica and our Rock Drill Machinery segment will enable end-to-end support in the mining and quarrying fields, from upstream to downstream, which should strengthen our business foundation and generate synergies in the global market. We are currently continuing discussions and negotiations with EarthTechnica's parent company, Kawasaki Heavy Industries, Ltd., regarding the share transfer. Our aim is to make EarthTechnica a consolidated subsidiary by acquiring a majority stake on April 1, 2026, and then a wholly owned subsidiary on April 1, 2027. If successful, we will welcome EarthTechnica as a core operating company as we work to strengthen the resilience of our overall business portfolio.

Mitsui Miike Machinery has a long track record in the manufacture and sale of industrial machinery and equipment, including material handling systems, and its business is highly compatible with our Industrial Machinery and Rock Drill Machinery segments. Through this investment, we plan to evolve our existing business alliance into a more strategic and long-term collaboration. By linking our product lines, we will generate synergies in both sales and production, thereby accelerating growth.

These initiatives go beyond simple capital participation. Rather, they are strategic measures that directly contribute to sustainable growth, centered on the Machinery business, and enhance our capacity to create corporate value. At the same time, they serve as a way to promptly reform our business portfolio.

### Vision for 2025—Overview of the five strategies

Vision for 2025, announced in 2015, was a long-term vision that clearly articulated the Company's desired future state as it approached its 150th anniversary. Over the past nine years, the business environment has become far more complex and uncertain than originally anticipated, highlighted by rising geopolitical risks, climate change, and rapid technological innovations including AI. Nevertheless, we have embraced these changes and steadily advanced our initiatives in line with the five strategies for achieving Vision for 2025.

### Five Strategies of Vision for 2025

- 1 Increase the value of the Furukawa brand through "marketing-based management" that incorporates CSV perspectives
- 2 Sustainably expand the Machinery business
- 3 Strengthen and expand our human resource bases
- 4 Actively promote investments to increase corporate value
- 5 Establish a robust corporate foundation

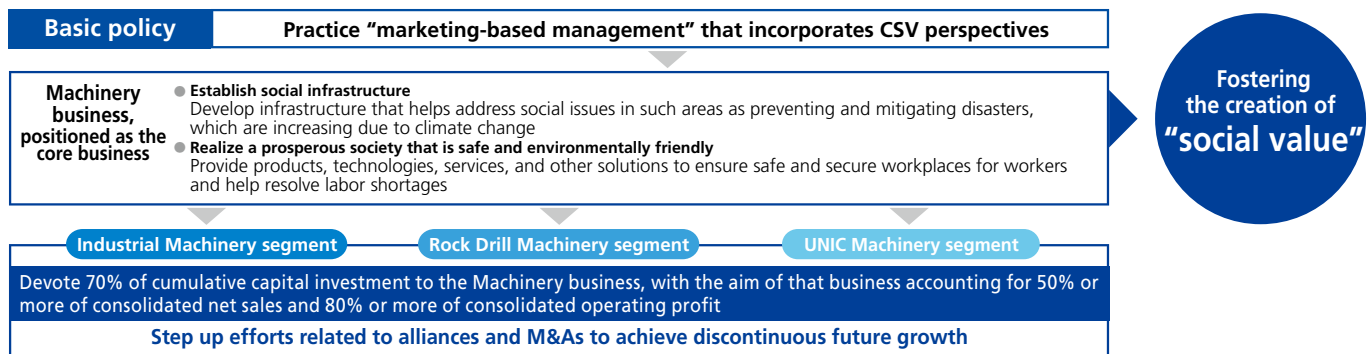
The first strategy is to "Increase the value of the Furukawa brand through 'marketing-based management' that incorporates CSV perspectives." To this end, we have promoted management that balances the resolution of social issues with the enhancement of corporate value. In the Industrial Machinery segment, for example, we have expanded the use of enclosed hanging belt conveyors to address challenges in earth and sand transport. In addition, with our strategic product, the new high-efficiency slurry pump (LK3), we incorporated feedback from customer maintenance staff to achieve a significant improvement in maintainability compared with previous models, leading to increased adoption. In the Rock Drill Machinery segment, we develop and provide operational support programs for rock bolt installation machines and blast hole drills, based on our policy of building a business model oriented toward customer success. These initiatives exemplify our shift toward delivering value from the customer's perspective.

Our second strategy is to "Sustainably expand the Machinery business." We have continued working to strengthen the profitability of the Machinery business, a central earnings pillar, with operating profit rising from ¥3.5 billion in the first year of Phase 1 of Vision for 2025 to ¥7.3 billion in Phase 2. Although the Industrial Machinery segment achieved solid results in fiscal 2024, the Rock Drill Machinery and UNIC Machinery segments fell short of their initial targets due in part to external factors. As a result, fundamentally strengthening earning power has become a key challenge for the next medium-term business plan.

Our third strategy is to "Strengthen and expand our human resource bases." Here, we have strengthened our human resources strategy, including by promoting diversity, equity, and inclusion (DEI), enhancing personnel development programs, and creating an environment where diverse talent can thrive. We are



## Initiatives to Enhance Our Corporate Value Creation Power



also steadily laying the foundation of our organization by raising digital literacy and advancing initiatives to respect human rights. Details on our human resources initiatives will be provided in the following section.

Our fourth strategy is to “Actively promote investments to increase corporate value.” In the Machinery business, we have made growth investments, formed alliances with EarthTechnica and Mitsui Miike Machinery, and pursued M&A prospects. In the Metals segment, we strengthened our business portfolio by terminating our entrusted copper smelting agreement with Onahama Smelting and Refining. We have also embraced renewable energy and otherwise consistently made investments from a medium- to long-term perspective, encompassing both financial and non-financial aspects.

Our fifth strategy is to “Establish a robust corporate foundation.” In addition to focusing on achieving double-digit ROE, we have worked to improve capital efficiency, including by reducing strategic shareholdings and enhancing shareholder returns. By also managing financial soundness indicators, such as the D/E ratio, we have established a robust corporate foundation. In addition, we have focused on enhancing the effectiveness of corporate governance.

Looking back, the results we have achieved over the past nine years are by no means insignificant. Although some challenges remain, we have mostly achieved the objectives of the five aforementioned strategies by instilling awareness of them among all employees. With this review of Vision for 2025 as a new starting point, we will formulate our next long-term vision and medium-term business plan. Our aim is to further evolve into a corporate group that is indispensable to society.

### Strengthening our human capital base

Since assuming the presidency, I have held repeated town hall meetings and taken every opportunity to speak directly with employees. This has reinforced my conviction that a company is built on its people and that talent forms the very core of an organization. Therefore, strengthening our human capital base is an essential initiative for ensuring the Furukawa Company Group’s continued sustainable development.

To strengthen our human capital base, we are focusing on three priority areas. First, we are developing talent who can adapt to the latest technologies and business needs and are capable of contributing to corporate value creation. Second, we are reinforcing our organizational capabilities by enhancing employee engagement. Third, we are fostering both individual growth and organizational vitality through career development.

Specifically, to enhance both the expertise and versatility of our employees, we conduct grade-specific training programs, as well as specialized skill training for technical staff, thereby promoting practical capability development. Furthermore, we have introduced digital transformation (DX) training programs to enhance digital literacy with the aim of strengthening our ability to address today’s rapidly changing business conditions. For younger employees, we support growth through practical experience by offering job rotation programs and opportunities to participate in new projects. Individual employees also have their own aspirations for personal growth. Through one-on-one meetings and other forms of dialogue, we seek to deepen communication and support the development of individual capabilities.

We are also working hard to promote DEI. In particular, we are encouraging the active participation of women by advancing proactive recruitment initiatives for female talent. At the same time, we are enhancing systems to help employees balance childcare and work, regardless of gender, so that we can secure and retain skilled personnel. By fostering a workplace where diverse talent can fully express their individuality and abilities, our organization will become more dynamic and capable of achieving sustainable growth.

Based on the belief that the growth of each individual employee leads to the growth of the Company, we will continue investing in our people and striving to enhance corporate value over the long term.

### Preparing for geopolitical risks

The additional U.S. tariffs announced in April 2025, commonly referred to as the “Trump tariffs,” are not without relevance to the Furukawa Company Group. Because we export to the United

States through the Rock Drill Machinery and UNIC Machinery segments, any future policy developments could potentially impact our business activities.

Our main competitors in these product areas are European and Japanese manufacturers, none of which have production bases in the United States. Accordingly, we believe the impact on our price competitiveness against rivals in the U.S. market will be limited. Nevertheless, we will closely monitor tariff effects and market conditions. Taking competitor trends into account, we will also consider flexible and strategic responses, such as price revisions, as needed.

With regard to local production, we currently have no plans to build our own factories in the United States. However, we will further strengthen collaboration with local partners and enhance our sales and service framework to maintain and improve our presence in the U.S. market.

As for the latest tariffs, our greater concern lies not in tariff rates themselves but in the inflationary pressures they may trigger through higher prices, as well as the accompanying risk of a slowdown in the U.S. economy. The North American market is an important growth driver for the Group, so we will continue monitoring economic trends closely and taking appropriate action.

### **Sustainability is our most important management issue**

The Furukawa Company Group regards sustainability as its most important management issue, and this fundamental policy is unwavering. We believe that initiatives related to sustainability are not only a source of corporate value but also fundamental to achieving coexistence with society.

Recently, there has been talk in the United States about the possibility of policy shifts accompanying the change in administration, while skeptical views about ESG and DEI are also emerging in some parts of Europe. Nevertheless, the need to address worsening climate change and embrace diversity is clear from both scientific and social perspectives. Unaffected by temporary shifts in sentiment, the Group will continue steadily advancing initiatives aimed at realizing a sustainable society.

Furthermore, with investors placing increasing emphasis on the reliability of ESG disclosures, we acknowledge our responsibility to ensure the accuracy of ESG-related data, including CO<sub>2</sub> emissions. Going forward, we will expand third-party verification of key indicators and promote information disclosure with greater transparency and reliability. At the same time, we will engage in constructive dialogue with our investors to further enhance the quality of our ESG disclosures.

To achieve sustainable growth as an organization, we must respect diverse values and foster a fair and inclusive environment. With this in mind, the Group will further strengthen its DEI initiatives to create a workplace where each individual's uniqueness is valued, thereby enhancing our organization's overall creativity and adaptability.

### **Environmental (E): Initiatives for carbon neutrality**

In July 2024, we formulated a roadmap toward carbon neutrality, setting clear targets of reducing CO<sub>2</sub> emissions by 25% from fiscal 2023 levels by fiscal 2030 and achieving carbon neutrality by fiscal 2050.

In the ensuing year, the Furukawa Company Group has been advancing initiatives based on this roadmap. In fiscal 2024, we reduced Scope 1 (energy origin) and Scope 2 emissions by 1% compared with fiscal 2023.

Since the start of fiscal 2025, Gunma Kankyo Recycle Center Co., Ltd., has switched all purchased electricity to renewable energy, and Furukawa UNIC Corporation's Sakura Works is also scheduled to introduce solar power generation facilities.

In pursuit of our fiscal 2030 target, we will continue making steady progress through proactive initiatives on the workplace front lines.

### **Social (S): People, diversity, safety, and human rights**

One of our Materialities (Key Issues) is to "Recruit and develop diverse human resources." To this end, we are committed to fostering a workplace environment that respects differences in gender, age, nationality, and career background, enabling all individuals to fully demonstrate their capabilities. On the recruitment side, we are promoting the hiring of women and experienced professionals while invigorating the organization through diverse channels, such as referral hiring and direct recruiting.

We fully recognize our responsibility to provide employees with a safe and secure workplace and take the accident that occurred in fiscal 2024 very seriously. To this end, management and frontline personnel are working together to foster a culture of safety, and we will continue instilling a mindset that prioritizes safety above all else.

From the perspective of respecting human rights, we continue to conduct human rights and harassment prevention training both internally and externally in line with the Furukawa Company Group's Human Rights Policy. Through our Partnership Building Declaration, meanwhile, we are promoting mutual growth and coexistence across the entire supply chain.

As noted earlier, we continue holding town hall meetings as a forum for dialogue with employees. These meetings allow me to directly communicate management policies and my own views while also incorporating frontline feedback into management.

To mark our 150th anniversary, we introduced a restricted share compensation plan for employees of the Company and its subsidiaries. In addition to supporting asset formation as part of employee benefits, the program is designed to strengthen employees' commitment to helping enhance corporate value.

### **Governance (G): Pursuing soundness and effectiveness**

Sound and effective corporate governance is the foundation that underpins both corporate trust and sustainable growth. In recent years, we have seen a series of compliance and governance scandals reported in Japan and overseas. Against this backdrop, we strongly recognize the need to always discipline ourselves and continue building and strengthening a management framework that is both transparent and sound.

The function of our Board of Directors, with diverse members that include Outside Directors, is to supervise the Company's management. To enhance effectiveness, we conduct annual surveys of Directors and Audit & Supervisory Board Members and

also hold opinion exchanges with Outside Directors and Outside Audit & Supervisory Board Members. Based on the results, we share issues and engage in repeated discussions aimed at making improvements.

The Board of Directors also receives regular reports on the progress of the medium-term business plan and the strategic challenges of each business division. To ensure the Board serves as a forum for constructive discussion, we place emphasis on sharing the internal deliberations and background that underpin business reports and agenda items. For particularly important matters, such as M&As, we also arrange prior briefings to facilitate understanding and constructive dialogue with Outside Directors and Outside Audit & Supervisory Board Members.

Furthermore, rigorous compliance forms the foundation of sound governance. Compliance at the Furukawa Company Group means more than just following rules. We emphasize that every employee should act with a strong sense of ethics and approach their daily work by asking, “Is this socially the right thing to do?” To this end, we foster awareness of compliance through ongoing education and training while embedding a culture of integrity and soundness throughout the organization.

### The next era—From 150 years of history to our future mission

Established in 2015 to mark our 140th anniversary, our management philosophy expresses our determination to evolve the technologies that began with mine development and have long supported social infrastructure, so that we remain indispensable to society. In the following year, we established Vision for 2025 as a long-term plan leading up to our 150th anniversary. We divided the nine-year period starting in fiscal 2017 into three phases and have made steady progress ever since.

By clarifying the direction for each employee and fostering unity under this vision, we have built the stable earnings foundation we enjoy today. In particular, the concept of “marketing-based management” set out in the Vision—an approach focused on solving customer issues and creating better outcomes together—has taken root among employees. I believe this has directly contributed to the results achieved in each business segment.

Meanwhile, the world continues to undergo significant change. In addition to addressing the SDGs, our commitment to DEI is both a corporate responsibility and a vital element for navigating change and sustaining growth. In addition, the stock markets are placing higher-than-ever expectations and demands on companies to continuously enhance corporate value.

In light of these changes, we are looking to develop a future-oriented management philosophy framework as we prepare our next long-term vision and the medium-term business plan starting in fiscal 2026. While carrying forward the essence of our existing philosophy, we will clearly articulate to our stakeholders the questions of “What is our mission?” and “What future do we aspire to?” We want to ensure that all Furukawa Company Group employees share this as a common understanding. By clearly defining this mission, we believe we can establish the Materialities (Key Issues) for its realization and the Action Guidelines that all employees should embrace.

### To our stakeholders

As we celebrate our 150th anniversary, we will take a new step toward the next era. While the responsibilities expected of companies are heavier than ever, we will continue upholding high ideals and moving forward with integrity and steady determination under any circumstances.

To continue making a contribution to our diverse stakeholders, it is essential that we secure earnings and enhance corporate value. Here, we will clarify our mission under a new management philosophy framework and work to formulate and steadily execute our next long-term vision and medium-term business plan.

Rather than concentrate on single businesses, the Furukawa Company Group aims to become a resilient and attractive corporate group through collaboration and development of diverse businesses. While responding swiftly to immediate changes, we always view our businesses from a medium- to long-term perspective, as we lay the groundwork for sustainable growth.

We hope to further build relationships of trust with investors and other stakeholders who share this commitment and walk alongside us as we look to the future. We sincerely ask for your continued understanding and support.





## Message from the Director in Charge of Finance

### Strengthening our financial base for the next stage of growth investments

**Koichiro Konno**

Director & Senior Executive Officer

#### Fiscal 2024: A year of clear achievements and challenges

Looking back on fiscal 2024, we achieved all our key financial strategy indicators—including ROE, financial soundness, and shareholder returns—ahead of schedule, reaching the targets originally set for the final year of Medium-Term Business Plan 2025. This represents the culmination of various initiatives I have continuously pursued since joining the Financial Department as a funding manager in 2000, with a mission to enhance capital efficiency. As the Director in Charge of Finance, I feel a strong sense of accomplishment.

On the other hand, operating profit rose 14.5% year on year, to ¥9.7 billion, but fell well short of the plan's final-year target of around ¥13 billion. We must also acknowledge that the most important target set in Vision for 2025—"consolidated annual operating profit regularly in excess of ¥15 billion"—will be difficult to achieve if we remain on our current trajectory. We take this harsh reality to heart and recognize more than ever the urgent need to fundamentally reform our earnings structure and implement decisive measures to strengthen sustainable profitability.

#### Turning around the Machinery business to drive improved operating margins

In the forecast announced in the first quarter of fiscal 2025, we projected operating profit for the year of ¥7.7 billion. This represents a significant 21.1% year-on-year decline and remains far below the medium-term plan target of ¥13 billion. One main factor is the sharp deterioration in earnings in the Metals segment.

Under Medium-Term Business Plan 2025, we assumed segment operating profit of ¥500 million in fiscal 2025, but the latest forecast has reversed this to an expected operating loss of ¥500 million. This is due to the sharp deterioration since last year in TC/RC (treatment and refining charges based on ore purchasing conditions), which has left copper smelter operators, including our Metals segment, unable to cover smelting costs and forced to incur structural losses. The Metals segment is also highly sensitive to fluctuations in metal prices. Volatility in gold and copper prices, for example, has led to valuation gains and losses, causing major swings in earnings.

Another key factor is the Machinery business. In the Rock Drill Machinery segment, we achieved our operating profit target in the first year of Medium-Term Business Plan 2025 but have found it difficult to maintain that level. This is due to a pause in demand following the completion of supply cycles in our main North American market, coupled with restrained purchasing amid economic uncertainty. The UNIC Machinery segment also posted a decline in operating profit, affected in part by extended delivery lead times among truck body manufacturers.

The Furukawa Company Group's business portfolio is highly diversified, and if we can raise the operating margin of our core Machinery business to 10% or higher, our total operating profit will come much closer to the target of ¥13 billion. To achieve this, each business segment must rigorously enhance productivity, implement appropriate pricing strategies, and maintain a firm focus on operating margins.

#### Performance Indicators

		FY2025 (Targets)	FY2023	FY2024	Medium-term plan targets: Achievement status
Operating profit	Millions of yen	Approx. ¥13,000 million	8,524	9,763	X
ROE	%	Approx. 8%	13.8	14.3	○
D/E ratio	Times	0.5x range	0.4	0.4	○
Interest-bearing debt/EBITDA ratio	Times	3x range	4.5	3.8	○
Consolidated total return on equity	%	3% or higher	3.1	4.6	○
Strategic shareholdings ratio	%	20% or less by March 31, 2025	40.8	16.6	○
Annual dividends	Yen	¥50.00/share or higher	55	70	○
Share buybacks	Millions of yen	Approx. ¥1,500-2,000 million	1,620	3,440	○

## ROE Breakdown Analysis

ROE		= Profitability Return on sales	× Efficiency Total asset turnover	× Leverage Financial leverage
Results	FY2016 5.9%	2.84%	0.74 times	2.80 times
	FY2019 5.8%	2.68%	0.78 times	2.76 times
	FY2022 6.2%	2.90%	0.93 times	2.31 times
	FY2023 13.8%	8.55%	0.76 times	2.12 times
	FY2024 14.3%	9.25%	0.78 times	1.98 times
Targets	FY2025 Approx. 8%	Improved	Improved	Down

\* Comparison with FY2016

### Consistently deliver ROE in the 8% range by accurately identifying its drivers

Our ROE in fiscal 2024 was 14.3%, significantly exceeding the target of around 8%. However, this result included special gains from the sale of strategic shareholdings. Excluding such a one-off factor, the underlying ROE was in the 5% range, mostly unchanged from previous fiscal years. Therefore, we recognize that enhancing profitability from core operations is the most critical challenge we must address over the medium to long term.

In terms of efficiency (total asset turnover), the result was 0.78x, showing little improvement from the previous fiscal year. In particular, there is room for improvement in working capital management in the Machinery business. In the Rock Drill Machinery segment, inventories have risen in line with sales. Although still within an appropriate range, we see scope to streamline inventories further. In the UNIC Machinery segment, our global inventories have expanded to around ¥9 billion, making inventory reduction and other measures an urgent priority.

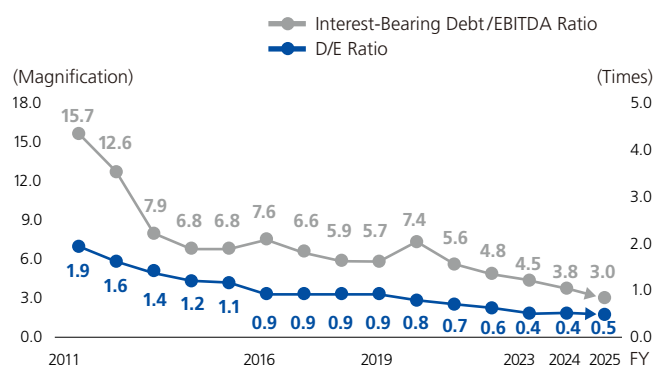
Financial leverage (the inverse of the equity ratio) stood at 1.98x, remaining at a conservative level. However, this reflects a deliberate strategic decision. Due to our focus on reducing interest-bearing debt over the past 25 years, we have now established a sound financial base. Going forward, we will leverage this base to actively pursue growth strategies, such as M&As, while making moderate use of financial leverage.

### Enhance EBITDA to achieve an A- rating

Our financial soundness has improved significantly over the past two fiscal years. The year-end interest-bearing debt/EBITDA ratio declined from 4.8x in fiscal 2022 to 3.8x in fiscal 2024, falling within our target range of around 3.0x. The year-end D/E ratio also improved from 0.6x in fiscal 2022 to 0.4x in fiscal 2024, coming in below our target range of around 0.5x.

With these improvements, our credit rating strategy is entering a new phase. In December 2023, we successfully completed direct financing through the issuance of ¥5 billion in straight bonds—the first such issuance in 23 years—which was well received by the market. We are aiming to raise our current credit rating from BBB+ to A-. If achieved, this will enable us to secure financing on more favorable terms and expand the scale of bond issuances. Particularly in the current environment of rising interest rates, the spread between BBB+ and A- ratings is significant.

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



We therefore regard an upgrade as a critically important strategy that will be key to executing multiple large-scale investments, including M&As.

Going forward, we must further increase EBITDA. Our goal is to build a financial structure that can keep the interest-bearing debt/EBITDA ratio in the 3x range even if interest-bearing debt were to increase to around ¥70 billion. Therefore, we will continue advancing various initiatives while targeting EBITDA of approximately ¥18 billion (¥13 billion in operating profit and ¥5 billion in depreciation).

### Methodically reduce strategic shareholdings through dialogue with the companies in the former Furukawa conglomerate

Our substantial reduction of strategic shareholdings, alongside improvements in financial soundness, is one of the greatest achievements of our financial strategy. The ratio of such holdings to consolidated net assets declined significantly from 40.8% in fiscal 2023 to 16.6% in fiscal 2024, thereby achieving our target of “less than 20%” by March 31, 2025.

Beyond simply selling shares, this achievement carries a deeper significance. As the head company of the former Furukawa conglomerate, Furukawa Co., Ltd., was a major holder of shares in Group companies. In line with the principles of Japan's Corporate Governance Code, however, we have engaged in constructive, individual dialogues with each company in the conglomerate to gradually unwind these holdings. Consequently, we sold our strategic shareholdings at appropriate times. As a result, over the two years since March 31, 2023, we raised approximately ¥26.6 billion, securing funds to finance future growth investments.

Regarding our policy on further reductions, we have not set specific targets or timelines at this stage. However, we remain open to flexible sales in line with funding needs for M&As and other initiatives, while continuing to improve asset efficiency. Going forward, we will continue working to reduce the ratio of strategic shareholdings to consolidated net assets while ensuring transparency through ongoing disclosures.

## Significantly enhancing shareholder returns through dividend increases and share buybacks

With regard to shareholder returns, we made a major shift from our traditional approach to a more proactive return policy during the period of our medium-term business plan. This shift was based on the clear objectives of improving our financial position and eliminating the burden on shareholders caused by past financing.

In fiscal 2024, we paid an annual dividend of ¥70.00 per share, including a ¥10.00 commemorative dividend, representing a significant increase from ¥55.00 in fiscal 2023. We also decided to significantly expand our share buyback program. In February 2025, we announced a share buyback authorization of up to ¥10 billion (or 7 million shares). As a result, total planned buybacks over the three years through fiscal 2025 have significantly increased, from the initial ¥3 billion to around ¥13 billion.

These share buybacks carry a clear strategic intent. Back in 2003, during a period of financial difficulty, we had the painful experience of asking the companies of the former Furukawa conglomerate to subscribe to approximately 8 million new shares through a third-party allotment. To offset the resulting dilution in shareholder value, we decided to establish the current share buyback program and execute share cancellations. Once this initiative is completed, we will have effectively resolved the dilution caused by the past third-party allotment.

We will continue maintaining a consolidated total return on equity of 3% or higher, which is our stated target. Meanwhile, we have received requests from investors to adopt dividend on equity as a key indicator and recognize that shifting to a dividend-focused return policy is an issue for future consideration.

## Strategically reviewing cash flow allocation to balance growth and shareholder returns

With operating cash inflows over the three years of the medium-term business plan now projected to fall by half—from the initially planned ¥40 billion to ¥20 billion—we have deliberately revised our cumulative cash allocation plan. Specifically, we will make full use of the ¥26.6 billion in funds raised through the sale of strategic shareholdings and allocate them in a balanced manner to support both growth and shareholder returns: ¥21.5 billion for capital investments (including environmental initiatives), ¥20.5 billion for shareholder returns (¥7.5 billion in dividends and ¥13.0 billion in share buybacks), and ¥6.5 billion for reducing interest-bearing debt.

Net cash provided by operating activities in fiscal 2024 was ¥5 million, which was lower than usual as it included a tax burden of approximately ¥2.0 billion associated with the sale of fixed assets and an increase of about ¥3.0 billion in working capital due to shorter payment terms under the Act against Delay in Payment of

Subcontract Proceeds, etc. to Subcontractors. However, this does not reflect any structural change in our earning capacity. In fiscal 2025, we expect a recovery over the full year.

In terms of cash flow allocation priorities, our foremost focus will be on growth investments, including M&As. At the same time, we intend to enhance shareholder returns, with dividends as the primary pillar. As for reducing interest-bearing debt, our policy is to forge ahead while keeping in mind the possibility of applying a certain level of leverage, taking into account future interest rate trends and other conditions.

## Selectively investing in deals that help improve profitability with M&As as a key strategy

To fundamentally improve profitability, we position business scale expansion and profit enhancement through M&As as a key strategy. For all M&A deals, we make investment decisions strictly based on hurdle rate standards. Rather than simply pursuing scale, we limit investments to deals that can deliver profitability above our weighted average cost of capital (WACC) to ensure strategic investments that help improve capital efficiency.

Examples of this M&A approach include our initiatives with EarthTechnica Co., Ltd., and Mitsui Miike Machinery Co., Ltd. In May 2025, we announced the signing of a Memorandum of Understanding (MOU) for the transfer of shares in EarthTechnica and have begun discussions about making it a wholly owned subsidiary. If realized, EarthTechnica will become a core operating company and the fourth pillar of our Machinery business, and will also further strengthen that business. In addition, Mitsui Miike Machinery, which became an equity-method affiliate in April 2025, has strong compatibility with both the Industrial Machinery and Rock Drill Machinery segments. Going forward, we will pursue synergies by positioning it as an adjacent business that fills gaps in the Machinery business as we work to enhance corporate value.

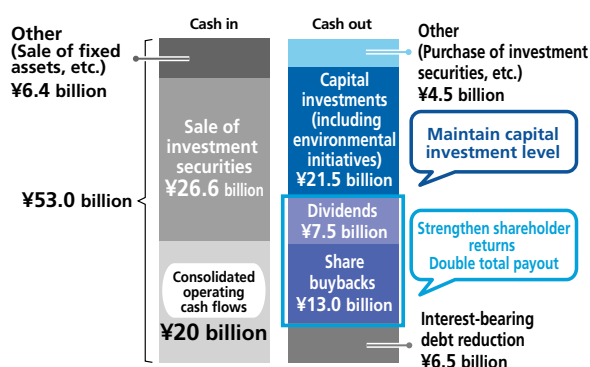
We require each segment to deliver ROIC above the cost of capital, and in portfolio management we promote rational decision-making through a four-quadrant analysis based on value creation power (ROIC minus WACC).

## Investing in non-financial areas to enhance long-term corporate value

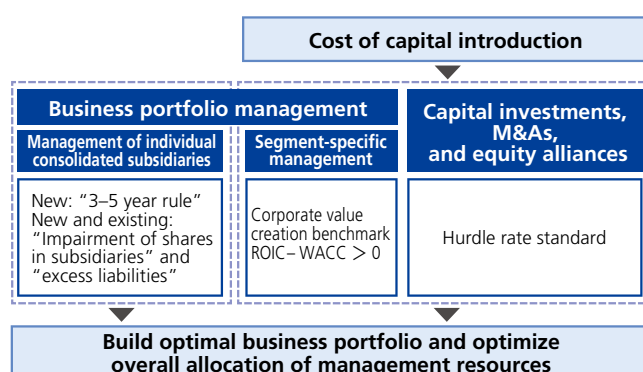
We also actively invest in non-financial areas—such as human capital, DX, and carbon neutrality—recognizing them as essential to enhancing corporate value over the medium to long term.

With regard to DX investments, we established the DX Promotion Committee in 2023 and launched related Companywide initiatives. These are already delivering tangible results, such as the systemization of routine tasks that previously relied on manual labor, the standardization of training through video-based work manuals, and the introduction of sales support tools. We

### Cash Flow Allocation

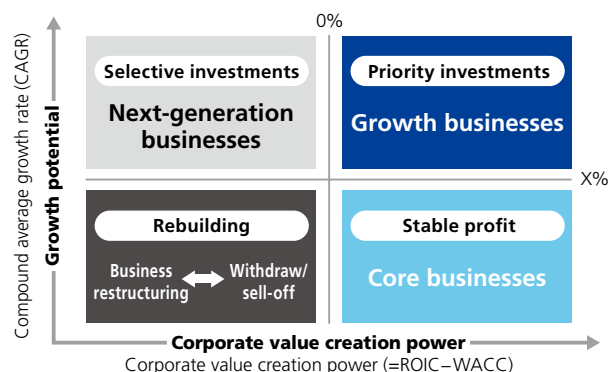


### Overview of Business Portfolio Management





## Business Portfolio Analysis



are focusing particularly on visualization and enhanced training in technology transfer, with the aim of delivering solid results from the perspective of investment efficiency as well.

In terms of human capital investment, we are providing employees with comfortable and attractive workplaces by upgrading air-conditioning systems at factories and introducing a free-address office system at our new head office. We are also making steady progress toward carbon neutrality by installing solar power facilities and procuring renewable energy.

In the past, investment in these non-financial areas was not always sufficient. However, we are now moving beyond that stage and will continue disclosing our efforts in non-financial areas to enhance corporate value over the medium to long term.

### Integrated approach to achieve PBR above 1x at an early stage

As of August 31, 2025, our PBR remained at 0.74x, and as the Director in Charge of Finance I feel strongly that it must be improved at the earliest opportunity. Over the past two fiscal years, we have steadily pursued financial strategy initiatives, such as reducing strategic shareholdings and implementing share buybacks. To achieve sustainable improvement in PBR, we will address management priorities, such as increasing operating profit, improving profit margins, enhancing capital efficiency, and strengthening cash flow, while deploying more effective initiatives.

In the past, our targets tended to emphasize volume, but going forward we will set KPIs that place greater emphasis on profitability and efficiency, including profit margins and capital efficiency.

On the financial side, we will continue stepping up initiatives, such as optimizing equity and enhancing shareholder returns (through share buybacks and dividend increases), while improving working capital efficiency through stricter management of receivables and inventories.

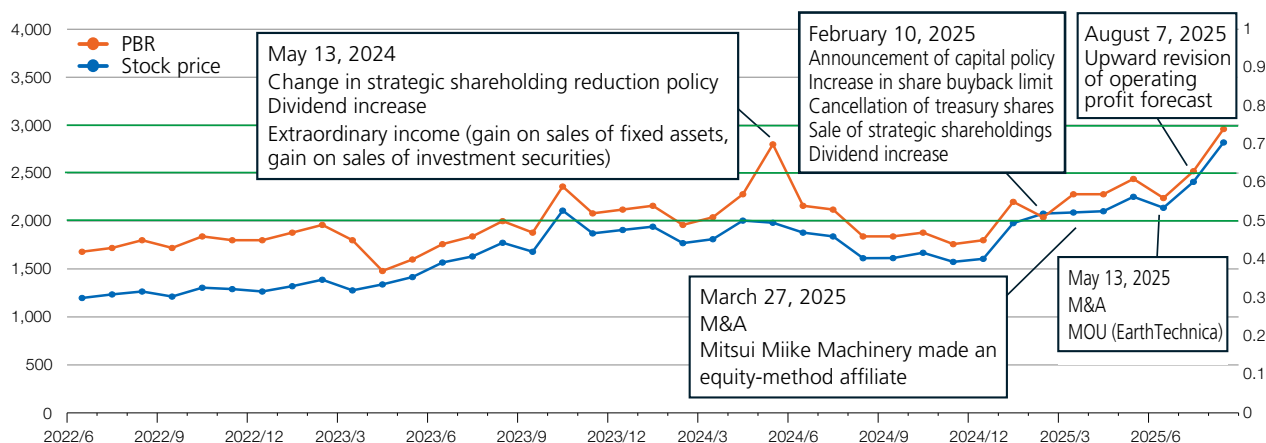
On the business side, we will drive improvements in profitability and efficiency, expand scale through M&As, and organically link these initiatives to enhance corporate value and achieve PBR above 1x at an early stage.

### In conclusion

Having reached the historic milestone of our 150th anniversary, we now stand at a new starting line for the next 150 years. Over the past 40 years since joining the Company, I have worked to improve our financial structure and now have finally established the financial foundation necessary to execute substantial growth investments.

This marks a clear shift from our previous approach, which focused on strengthening our financial position, to one that emphasizes enhanced profitability and cash flows. We aim to achieve sustainable increases in corporate value by improving profitability and efficiency, expanding business scale through M&As, and thoroughly practicing management that focuses on the cost of capital. As a company that delivers value to all stakeholders, we will chart a solid growth trajectory that connects to the next 150 years.

### Monthly Stock Price and PBR (June 2022–August 2025)



In fiscal 2024, despite a decline in sales caused by delays in major belt conveyor projects, we offset the shortfall with strong performances in pump facilities and steel structure infrastructure work, resulting in a significant year-on-year increase in segment profit.

In fiscal 2025, we will continue our cross-divisional initiatives and strengthen engineering capabilities, focusing on infrastructure development that helps address social issues, such as the SDGs, disaster prevention, and disaster mitigation. For pumps and material machinery, we will work to further strengthen our earnings base through strategic efforts to expand market share and grow our stock-based business. For belt conveyors, we aim to increase recognition by participating in not only large-scale projects but also medium-scale ones, thereby building a stable order base that is less affected by external factors.

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



## Business overview

The Industrial Machinery segment handles the design, manufacture, installation, and operational management of various machinery, including slurry pumps, sludge pumps, crushers, and screens, as well as steel bridges and belt conveyors. The roots of our industrial machinery products trace back to repairing mining equipment at the Ashio Copper Mine. Since then, we have expanded our business by continuously developing new equipment and driving technological innovation. Currently, we are leveraging our core technologies to develop highly competitive products and technologies while working to secure sectional plant construction projects and expand our contractor business, including large-scale construction projects. By evolving from a conventional equipment manufacturer into a company with stronger engineering capabilities, we seek to reinforce and broaden our domestic business foundation.

### Strengths and Features

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

## Main products and services

### Slurry pumps



Domestic  
market share  
**40%**

Used in steelworks smelters, factory wastewater treatment facilities, etc.

### Sewage pumps for sewage treatment



Domestic  
market share  
**60%**

Used in sewage treatment plants, etc.

### Crushers



Domestic  
market share  
**15%**

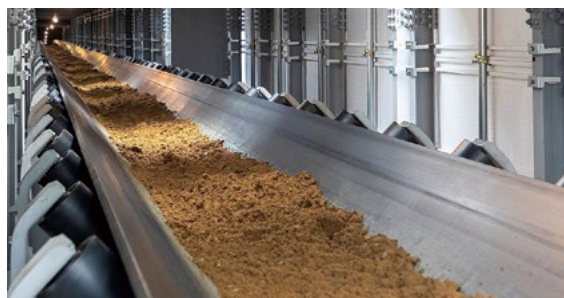
Used in quarries, limestone mines, steelworks, etc.

### Steel structures



Used in new steel bridge construction projects, including road and pedestrian bridges

### Belt conveyors



Used in projects for transporting earth and sand, etc.

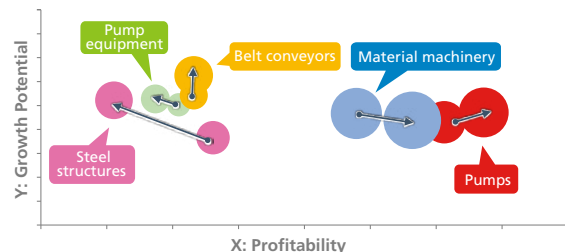
### Examples of Value Creation (P.13)

**Belt conveyors: Addressing the challenges of soil transport using dump trucks**

Category	Pumps	Material Machinery	Contractor Business
<b>Main products and services</b>	<ul style="list-style-type: none"> <li>• Pumps (slurry pumps, sewage pumps for sewage treatment)</li> <li>• Pump equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Crushers</li> <li>• Screens</li> </ul>	<ul style="list-style-type: none"> <li>• Steel structures</li> <li>• Belt conveyors</li> </ul>
<b>Social issues and needs</b>	<ul style="list-style-type: none"> <li>• Increasing demand to replace aging equipment</li> <li>• Growing demand for energy efficiency and longer service life</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening environmental regulations</li> <li>• Declining workforce due to low birth rate, aging population, etc.</li> <li>• Increasing demand to replace aging equipment</li> <li>• Growing demand for energy efficiency and longer service life</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing demand for national land resilience, disaster prevention/mitigation projects, etc.</li> </ul>
<b>Future outlook</b>	<ul style="list-style-type: none"> <li>• <b>Public sector demand</b> <ul style="list-style-type: none"> <li>• Progressive consolidation and centralization of sewage treatment plants due to population decline</li> <li>• Potential orders remain steady as other companies exit the market</li> </ul> </li> <li>• <b>Semiconductor and electronic materials industry</b> <ul style="list-style-type: none"> <li>• Global semiconductor market on a recovery trend</li> <li>• Continuing growth of domestic semiconductor market</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Crushed stone industry</b> <ul style="list-style-type: none"> <li>• Demand for crushed stone becoming polarized by region (areas with disaster recovery projects have high demand, while other regions have low demand)</li> <li>• IoT technology driving efforts to improve productivity</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Steel structures</b> <ul style="list-style-type: none"> <li>• Increasing demand for infrastructure upgrades (around 50% of the approximately 730,000 bridges in Japan will be more than 50 years old by around 2030)</li> </ul> </li> <li>• <b>Belt conveyors</b> <ul style="list-style-type: none"> <li>• Increasing demand for transporting earth and sand due to rising new dam construction and renewal work, river flood control work, and tunnel construction related to national land resilience, disaster prevention/mitigation, etc.</li> <li>• Increasing demand for belt conveyors as alternative to dump trucks for transporting earth and sand</li> </ul> </li> </ul>
<b>Main measures</b>	<ul style="list-style-type: none"> <li>• <b>Slurry pumps</b> <ul style="list-style-type: none"> <li>• Targeting the nonferrous and chemicals industries (where we anticipate solid stock business earnings), we will introduce a strategic machine (new high-efficiency slurry pump (LK3)), aiming to replace other companies' pumps</li> <li>• Strengthen our sales structure in Chugoku and Shikoku regions</li> </ul> </li> <li>• <b>Pump equipment</b> <ul style="list-style-type: none"> <li>• Further penetrate East Japan (where we have a good track record) and expand market share in West Japan</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>West Japan</b> <ul style="list-style-type: none"> <li>• Leverage our strategic machines (new screens, crushers (GEOPUS C3 and HPGR)) to tap new markets; expand market share and increase stock by encouraging customers to replace other companies' equipment with ours</li> </ul> </li> <li>• <b>Utilize IoT technology</b> <ul style="list-style-type: none"> <li>• Utilize IoT technology to formulate sales proposals for section plants aimed at productivity improvement and rationalization, and promote servitization (<i>kotouri</i>)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Steel structures</b> <ul style="list-style-type: none"> <li>• Stabilize business profit by attracting firm orders for steel bridges and increasing sales of steel segments</li> </ul> </li> <li>• <b>Belt conveyors</b> <ul style="list-style-type: none"> <li>• Emphasize features of SICON® (enclosed hanging belt conveyor) as a problem-solving method of transporting earth and sand; aim for domestic procurement and production of parts</li> </ul> </li> </ul>

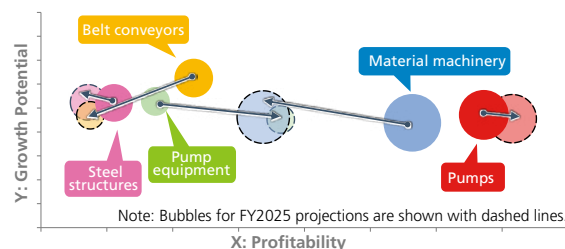
### Business (product) portfolio at time of Medium-Term Business Plan 2025 announcement

FY2021 vs. FY2025 image (Medium-Term Business Plan 2025)



### Business (product) portfolio projection for FY2025

FY2025 projection vs. FY2025 image (Medium-Term Business Plan 2025)



X-axis: Operating margin

Y-axis: Compound average growth rate (CAGR)

Bubble size: Operating profit amount

### FY2025 projection vs. FY2025 image: Variation analysis countermeasures

#### Material machinery

- Order slowdown caused by intensified competition in the weak crushed stone market
- Efforts to target a wide-ranging customer base in West Japan produced limited results
- Focus sales resources on major customers with strong regional influence
- FY2025: Launch services for certain customers as a first step to establish an IoT-driven business model  
→ Aim to expand service offerings and generate revenue by leveraging collected data analysis and accumulated expertise

#### Steel structures

- Enhance order success rate for bidding projects and ensure stable profitability by improving technical proposal capabilities and construction performance ratings
- Expand orders for steel bridge fabrication and steel segments from general contractors and other bridge manufacturers

#### Belt conveyors

- Delays in project orders pushed back timing of contracts, resulting in a sluggish performance despite an increase in inquiries about tunnel, dam, and river flood control projects
- Stabilize orders and profit by securing large-scale projects that are attracting inquiries and winning medium-scale projects, including from the private sector
- Reduce costs and shorten delivery times for SICON® conveyors through domestic procurement and production

#### Pumps

- Parts sales in line with projections
- Introduced strategic slurry pump (LK3) to the nonferrous and chemical industries, where stock-based business opportunities are anticipated; strengthened sales activities in the Chugoku and Shikoku regions leading to progress in replacing competitors' products
- Sludge pumps used in sewage treatment plants: Efforts to cultivate overhaul demand proved successful
- Continue replacing competitors' equipment while expanding market share in the semiconductor and electronic components sectors
- Anticipate increased demand for parts and equipment replacement given the growing number of aging sewage treatment plants in operation for over 30 years

#### Pump equipment

- Expanded order coverage in West Japan and secured contracts from new municipalities in the previous fiscal year through increases in sales and technical staff
- Continue pursuing business expansion to achieve sustained order growth



In fiscal 2024, domestic sales were affected by a sluggish market, while overseas sales were impacted by cautious purchasing ahead of the U.S. presidential election. Although parts sales supported profitability, we posted overall declines in segment sales and profit.

With respect to key initiatives, we made solid progress in rolling out our support program—a core pillar of our FRD model—and in collaborating with the Industrial Machinery segment to tap the crushed stone market in Southeast Asia.

By contrast, challenges remained in developing the large-scale machine market in North America and strengthening sales of medium- to large-sized breakers in Europe. Going forward, we will step up expansion into untapped sales regions in North America, focus on the quarrying and demolition sectors in Europe, and explore opportunities in Eastern Europe with an eye on postwar reconstruction in Ukraine.

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



## Business overview

The Rock Drill Machinery segment manufactures and sells rock drilling machines—such as hydraulic breakers, hydraulic crawler drills, and tunnel drill jumbos—that are essential for infrastructure development and mining operations. The segment's history dates back to repairing imported rock drills used at the Ashio Copper Mine. In 1914, we independently developed Japan's first domestically produced handheld rock drill designed to suit the physique of Japanese workers. Since then, our rock drills have been widely used in Japan's infrastructure projects, including dams and tunnels, establishing the Company as an industry leader and top manufacturer of rock drills. Currently, we are strengthening our Life Cycle Support (LCS) services—covering everything from equipment delivery to repair and replacement—both in Japan and overseas while working to expand our revenue base through product sales and recurring (stock-based) business.

### Strengths and Features

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

## Main products and services

### Hydraulic breakers



Domestic  
market share  
**40%**

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

### Hydraulic crushers



Used at building demolition sites, etc.

### Hydraulic crawler drills



Domestic  
market share  
**70%**

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

### Tunnel drill jumbos



Domestic  
market share  
**80%**

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

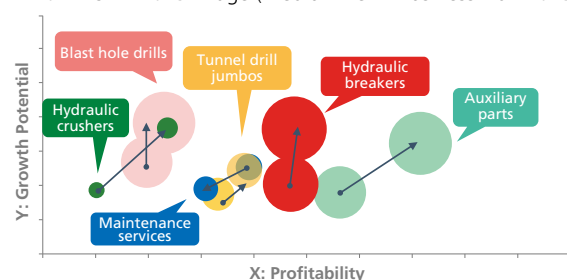
### Examples of Value Creation (P.11)

Tunnel construction products that help improve safety, workability, and labor savings

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

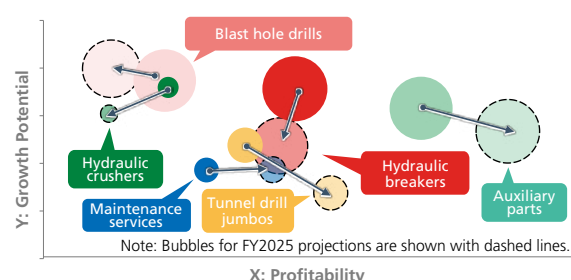
### Business (product) portfolio at time of Medium-Term Business Plan 2025 announcement

FY2021 vs. FY2025 image (Medium-Term Business Plan 2025)



### Business (product) portfolio projection for FY2025

FY2025 projection vs. FY2025 image (Medium-Term Business Plan 2025)



X-axis: Operating margin

Y-axis: Compound average growth rate (CAGR)

Bubble size: Operating profit amount

### FY2025 projection vs. FY2025 image: Variation analysis and countermeasures

#### Blast hole drills\*

\* General term referring to hydraulic and pneumatic crawler drills, down-the-hole drills, and attachment-type drills

- Decline in shipments amid a temporary pause in demand in North America and growing economic uncertainty in the United States resulting from government policies
- Made steady progress with a "focused production and sales" approach in North America
- Southeast Asia: Sales trending upward thanks to stronger marketing efforts aimed at developing that region as our third-largest market for stone-crushing machinery
- Development of North America's western region, where we established a new base in FY2023, has begun yielding results, and we will strengthen efforts accordingly
- Work to expand sales channels in North America's eastern region, where developing untapped areas remains a challenge

#### Hydraulic breakers

- Decline in shipments due to conditions in the main North American market
- Shipments also down in Europe due to the economic downturn caused by the prolonged Russian invasion of Ukraine
- Focus on expanding sales of large and super-large machinery with high profit margins
- Expand sales channels beyond Europe's main markets (France, the United Kingdom, Italy, and Germany) to include Eastern Europe

#### Tunnel drill jumbos

- Although shipments declined as large-scale tunnel construction projects reached their peak, profitability improved thanks to high-value-added products (such as fully automatic drill jumbos) that enable automation and mechanization, and profit levels progressed as planned

#### Maintenance services

- Around 80% of our domestic maintenance work relates to tunnel drill jumbos, and our introduction of high-value-added products has contributed to growth in maintenance service demand
- Our operation support programs\* for hydraulic crawler drills led to a steady increase in the number of contracts
- \* Programs that support customers in improving productivity (FD-CARE Drill Operation) and provide operational data delivery services (FD-CARE Report Delivery)
- Leverage DX to further expand service programs

#### Auxiliary parts

- Sales expansion efforts proved successful in major markets both in Japan and overseas
- Review of parts pricing led to improved profitability

In fiscal 2024, truck deliveries in Japan were disrupted by regulatory changes and longer lead times at truck body manufacturers. As a result, the wider time lag between orders and sales reduced the Company's ability to pass on rising raw material costs to selling prices, leading to higher sales but lower profit for the segment.

In fiscal 2025, we will work to secure profitability by optimizing selling prices and strengthening detailed sales activities and value proposals to end users. To achieve this, we must continuously create products and functions that differentiate the Company from competitors, so we will focus on strengthening our development capabilities.

Furukawa UNIC Corporation  
President & Representative Director  
**Teiji Kanno**



## Business overview

The UNIC Machinery segment manufactures and sells truck-mounted cranes, known as UNIC cranes, as well as mini-crawler cranes. The UNIC crane is a cargo-handling machine that revolutionized efficiency by enabling a seamless series of operations—lifting, loading, transporting, and working—simply by mounting it on a truck. In 1961, we developed Japan's first truck-mounted crane, and its nickname (UNIC) has since become so well known in Japan that it is virtually synonymous with truck-mounted cranes. By continually incorporating cutting-edge technology and relentlessly pursuing improvements in operability and safety, we have maintained a strong commitment to refinement that has led to our current high market share in Japan. At present, we are focusing on reinforcing competitiveness through functional enhancement and greater added value, as well as strengthening our sales capabilities in overseas markets.

### Strengths and Features

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

## Main products and services

### UNIC cranes



Domestic  
market share  
**50%**

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

### Mini-crawler cranes



Domestic  
market share  
**40%**

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

### UNIC carriers



Domestic  
market share  
**50%**

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

### Ocean cranes



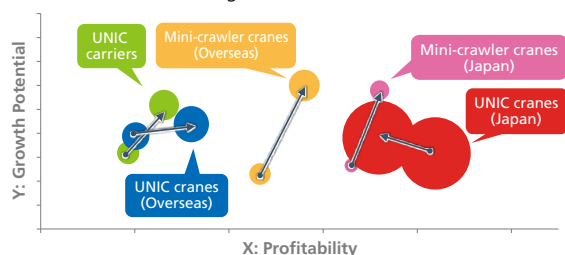
Used in offshore operations, such as aquaculture rafts



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

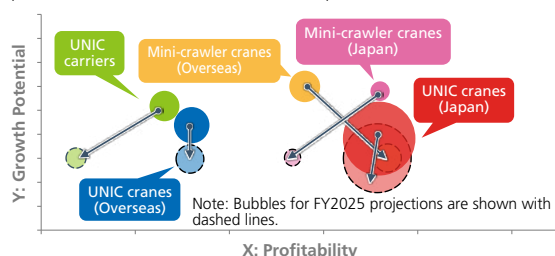
### Business (product) portfolio at time of Medium-Term Business Plan 2025 announcement

FY2021 vs. FY2025 image (Medium-Term Business Plan 2025)



### Business (product) portfolio projection for FY2025

FY2025 projection vs. FY2025 image (Medium-Term Business Plan 2025)



X-axis: Operating margin

Y-axis: Compound average growth rate (CAGR)

Bubble size: Operating profit amount

### FY2025 projection vs. FY2025 image: Variation analysis and countermeasures

Variation analysis  
Countermeasures

#### UNIC cranes (Japan)

- While production disruptions at truck body manufacturers are gradually being resolved, production instability continues as truck manufacturers face a surge of last-minute orders for existing models ahead of new model rollouts, resulting in production allocation and supply imbalances
- Temporary slowdown in truck sales negotiations due to preparations for transition to new models
- Sales affected by delays in capital investment by logistics operators caused by soaring fuel costs and issues related to the so-called "2024 problem"
- Maintain and enhance profitability by appropriately incorporating rising raw material costs into product pricing

#### UNIC cranes (Overseas)

- Rapidly deteriorating market conditions in Asia (truck shortages in Vietnam, sluggish real estate market in China, etc.)
- Impact of U.S. tariffs expected to inevitably affect Asian economies, raising concerns about potential sales slowdown
- Sales expansion in the Middle East and sales of large and super-large machines progressed as planned
- Enhance product functions to attract new customers and expand sales network
- Actively expand sales in the Middle East, where the tariff impact issue has been relatively limited

#### Mini-crawler cranes (Japan)

- Increasing recognition within the industry remains a challenge despite market expansion through stronger efforts to develop new niches (such as tower construction)
- Strengthen product-oriented initiatives to accelerate market development and adoption

#### Mini-crawler cranes (Overseas)

- North America: Sales of large machines gradually increasing
- Europe: Sales remained sluggish as delays in launching new models made it difficult to differentiate from competing products
- Work to improve products with the aim of rebuilding the market
- Expand sales network to attract new customers

#### UNIC carriers

- Supply of trucks remains unstable despite efforts to shorten delivery times by improving production capacity
- Enhance product value by packaging differentiated features
- Maintain profitability by appropriately reflecting rising raw material costs in selling prices

In fiscal 2024, we posted a year-on-year increase in segment profit thanks to the positive impact of fluctuations in metal prices and foreign exchange rates.

In fiscal 2025, although large-scale copper mine development projects have generally been completed, the commissioning of new smelters in Indonesia and other regions has led to a tightening of the copper concentrate supply-demand balance. Consequently, purchasing conditions have fallen to historically low levels, and profitability is expected to deteriorate. In response, we will strive to improve profitability by reducing costs to enhance contract smelting fees, promoting efficient sales activities, and reviewing by-product selling prices while maintaining stable supplies to customers.

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



### Business overview

The Metals segment manufactures and sells not only electrolytic copper but also electrolytic gold, electrolytic silver, and sulfuric acid, which are extracted from the gold, silver, and sulfur contained in copper ore. The copper business has been part of the Company since its founding, but the Ashio Copper Mine, once Japan's largest producer, was closed in 1973. We then shifted to smelting imported copper concentrates, but in 1988 we withdrew from in-house smelting operations at Ashio. We previously invested in two smelters—one in Okayama Prefecture and one in Fukushima Prefecture—but have since withdrawn from one (Fukushima) and now operate under a business model of contract smelting through the remaining smelter in Okayama.

### Strengths and Features

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

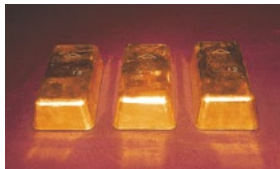
### Main products and services

#### Electrolytic copper



Widely used in various electric wire and copper products

#### Electrolytic gold



Gold and silver contained in copper ore are separated, recovered, and refined into products during the smelting process

Metals segment profit and loss fluctuations	FY2023	FY2024	VS FY2023 Difference
Net sales	¥84.7 billion	¥92.3 billion	+¥7.6 billion
Operating profit	¥1.9 billion	¥2.4 billion	+¥0.4 billion
Portion attributable to material price fluctuations	¥1.3 billion	¥2.1 billion	+¥0.8 billion
Copper	(¥0.18 billion)	(¥0.30 billion)	(+¥0.11 billion)
Gold	(¥1.03 billion)	(¥1.74 billion)	(+¥0.71 billion)
Copper output	48,262 tons	45,775 tons	-2,487 tons
Copper price	8,362 \$/mt	9,370 \$/mt	+1,008 \$/mt
Exchange rate	144.6 ¥/\$	152.6 ¥/\$	7.9 ¥/\$

In fiscal 2024, we were unable to offset a decline in exports of high-purity metallic arsenic through other products, resulting in challenging business results.

In fiscal 2025, we will make full use of our expanded production facilities for aluminum nitride ceramics while passing on higher costs that have eroded profitability to product prices while improving productivity and reducing costs across all product lines. Recognizing that each existing product line is at a turning point, we will leverage our customization capabilities to strengthen customer engagement and cross-application efforts. Making creative use of our limited human resources, we will also enhance our design and development capabilities, production technologies, and sales strength.

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



### Business overview

The Electronics segment originated from R&D efforts begun in 1961 to effectively utilize by-products from copper smelting. Today, we manufacture and sell a wide range of electronic materials essential to the advancement of the digital society. These include high-purity metallic arsenic used as a raw material for gallium arsenide semiconductors, gallium phosphide polycrystals, various high-purity compounds, cores and coils for automotive components, aluminum nitride ceramics for heat dissipation, and laser lenses and optical components. As a materials manufacturer, we are committed to ensuring stable supply while developing, nurturing, and strengthening sales of materials that help enrich people's lives.

### Strengths and Features

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

### Main products and services

#### High-purity metallic arsenic



Used as raw material for gallium arsenide semiconductors

#### Aluminum nitride ceramics



Used as heat-dissipating material due to its high thermal conductivity

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

Materials  
Business

## Chemicals

In fiscal 2024, sales of cupric oxide for its main applications remained sluggish, but demand for sulfuric acid showed signs of recovery, and cuprous oxide continued to perform strongly, resulting in year-on-year increases in segment sales and profit.

In fiscal 2025, we will respond swiftly and appropriately to changing conditions, including customer demand trends, to ensure stable profitability for existing products. At the same time, we will accelerate the development and expansion of new products that have been delayed.

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



## Business overview

The Chemicals segment manufactures and sells a wide range of chemical products essential to various industries. These include sulfuric acid, sulfuric acid-derived products (such as polyferric sulfate solution—an inorganic coagulant for water treatment—and aluminum sulfate solution), copper-related products (such as cuprous oxide used as a raw material for ship-bottom paints), and cupric oxide for copper plating. We commenced sulfuric acid production in 1935 and made a full-scale entry into the chemical products business in 1944 through the acquisition of a chemical smelting company. Having expanded operations from our base in Osaka, we are currently striving to secure stable earnings while advancing the early commercialization and development of newly developed products, such as metallic copper powder.

## Strengths and Features

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

## Main products and services

## Cuprous oxide



Utilized as an antifouling agent in ship-bottom paints

## Aluminum sulfate solution



Utilized as an inorganic coagulant for water treatment

Main products and services	<ul style="list-style-type: none"> <li>● Sulfuric acid and its derivative products</li> <li>● Cupric oxide and cuprous oxide</li> <li>● Metallic copper powder</li> </ul>
Social issues and needs	<ul style="list-style-type: none"> <li>● Growing demand for batteries and related electronic components due to shift to EVs, automation of automobiles, etc.</li> <li>● Advancement of the networked society through ICT-driven innovation</li> </ul>
Future outlook	<ul style="list-style-type: none"> <li>● Domestic market for chemical products generally shrinking due to population decline</li> <li>● Growing demand for 5G-related products, cloud servers, batteries, and associated electronic components</li> </ul>
Main initiatives and variances	<ul style="list-style-type: none"> <li>● Sulfuric acid: Strengthen differentiation by emphasizing high-quality sulfuric acid for battery applications for which demand is growing</li> <li>● Cupric oxide: Increase production capacity and expand sales to address rising demand for packaged substrates used in servers, etc.</li> <li>● Metallic copper powder: Shorten the process from sample rollout to formal adoption and develop applications other than conductive applications (such as multilayer ceramic capacitors (MLCCs)) to expand sales channels</li> </ul>

## Real Estate

## Business overview

Our Real Estate business engages in the leasing and management of office buildings owned by Furukawa Co., Ltd. (the business holding company of the Furukawa Company Group) in Tokyo and Osaka. The Muromachi Furukawa Mitsui Building (commercial name: COREDO Muromachi 2), completed in 2014, has helped strengthen the Company's earnings base as a new pillar of its real estate operations. In addition, the Company is working to develop a leasing business on the site of the former Furukawa Osaka Building.



## Strengths and Features

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

Reasons for  
owning real estate

Due to its historical background, the Company holds mining rights for three mines in Japan—in Ashio, Iimori, and Ani—and is obligated to implement permanent pollution control measures (closed-mine management) at these sites. Accordingly, we incur approximately ¥800 million each year in closed-mine management expenses, which are covered by funds generated from existing businesses. Under normal circumstances, there are no financial concerns, but in the event of an emergency—such as an unexpected major earthquake or an extremely large typhoon causing facility damage—substantial funds could be required for restoration and safety work. Since closed-mine management does not generate

revenue, it would be difficult to obtain loans from financial institutions to fund restoration work. In such cases, it may be necessary to raise funds by selling some of the Company's assets.

In the Real Estate business, we focus on effectively utilizing Company-owned properties through a low-risk leasing business, providing a stable source of cash flow over the long term. The properties the Company owns in Tokyo and Osaka are located in highly sought-after areas, with minimal risk of price declines or vacancies, and are highly liquid and easily convertible to cash. These properties in eastern and western Japan are held as "anchor assets" to provide funding in the unlikely event of an emergency that could threaten the Company's continuity.





General Manager, Technology Division  
General Manager, Development Department  
**Hitoshi Sasaki**

## Research and Development

### Policies and Strategies

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

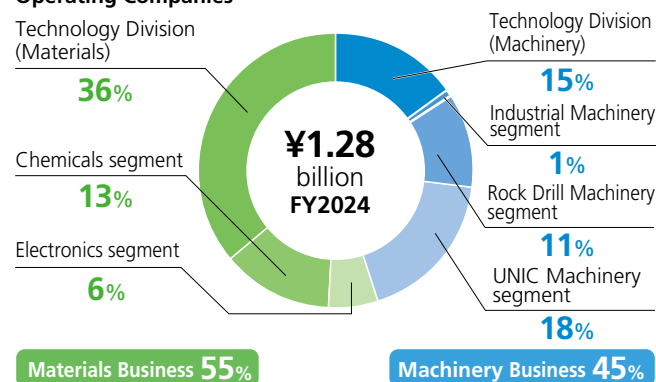
### Priority Issues

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

### Status of Research and Development Investment

Research and development expenses in fiscal 2024 totaled ¥1,287 million. The core operating companies and the Technology Division promoted the development of new products and new technologies for the resolution of social issues, including contributions toward labor saving and carbon neutrality.

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

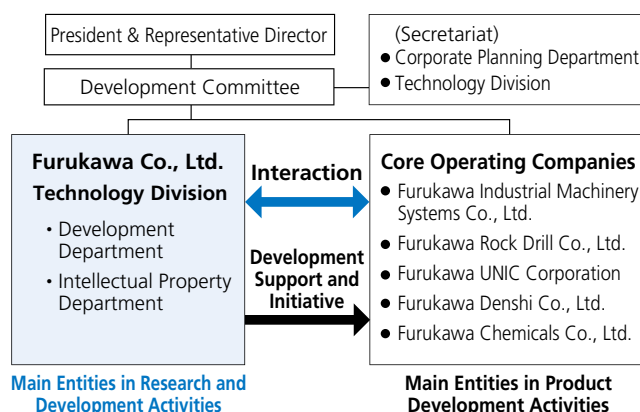


### Governance Framework

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

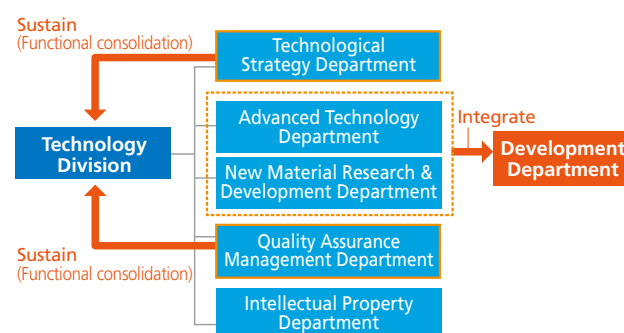
We also established the Technology Division within the Company to strengthen the Group's comprehensive technological capabilities by leading the development of advanced technologies and conducting basic research to support product development at core operating companies.

### Development Framework Chart



### Changes to R&D Structure

In July 2025, we reorganized the Technology Division. Specifically, we integrated its Advanced Technology Department and the New Material Research & Development Department into a single Development Department. Here, our aim was to strengthen the Division's cross-disciplinary development functions and accelerate the advanced use of AI and IoT—now essential for technological progress—as well as to develop information and environmental technologies, including new materials. We also consolidated the functions of the Technological Strategy Department and the Quality Assurance Management Department under the Technology Division.



### Outcomes of Development Activities

For details on the outcomes of our R&D and product development activities, please refer to "Specific Examples of Value Creation" on pages 11 to 14.

## Innovation (Intellectual Property)

### Policies and Strategies

Recognizing that technological innovation and stronger market competitiveness are essential to enhancing corporate value, the Furukawa Company Group considers intellectual property (IP) activities to be an important part of its management strategy and has established a system to utilize IP-related information to secure a competitive advantage. Based on the rights to the Group's technology, we will appropriately assess the value of our entire business, including our IP assets. We seek to unify our business strategy and intellectual property strategy by incorporating IP information as an important element in the formulation of business strategy. The core operating companies and the Intellectual Property Department also treat business analysis and IP analysis as an inseparable whole and share the results of their analyses with each other. Through this approach, we are transitioning toward an integrated business-IP strategy.

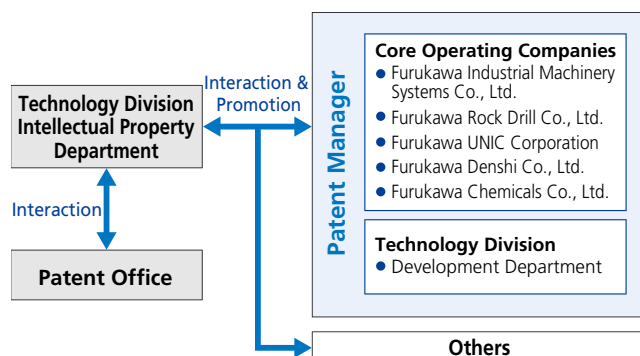
### Priority Issues

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

### Governance Framework

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

### Intellectual Property Strategy

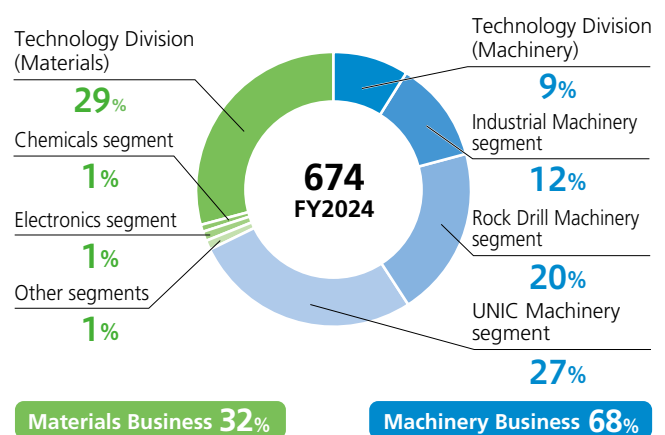


### Initiatives

#### IP Portfolio

At fiscal 2024 year-end, we owned a total of 674 IP holdings (sum of patents, utility models, and designs). In the Materials business, a larger percentage is owned by the Technology Division, which is the division for basic research oriented toward commercialization of new material development with an eye to the future.

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



### Ongoing IP Training

We continue to hold in-house IP seminars for not only the R&D departments but also our sales and manufacturing teams. These sessions serve to raise employees' IP literacy and lay the groundwork for integrating business and IP strategies in the future. In fiscal 2024, we held seven seminars within the Group, with a total of 235 participants. Since launching these seminars, the number of annual patent applications has increased, contributing to more active IP initiatives.

### Launch of IP Landscaping\*

In fiscal 2024, we started IP landscaping. Specifically, in consultation with business divisions, we apply IP landscaping to target technologies and products as part of our effort to integrate our business and IP strategies.

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

(Source: Japan Patent Office website)

### Contributing to the Machinery Business

As a result of the above initiatives, the IP portfolio of our core Machinery business—consisting of the Industrial Machinery, Rock Drill Machinery, and UNIC Machinery segments—has shown steady growth over the past three years, with annual growth rates of 6.6% and 7.0%.

# Sustainability in the Furukawa Company Group

## Policies and Strategies

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

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

The initiatives to realize this basic policy are as follows.

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

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

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

In addition to increasing the value of the Furukawa brand through “marketing-based management” that incorporates CSV<sup>\*1</sup> perspectives, the Group will create corporate value and contribute to the creation of social value by developing infrastructure and providing products, technologies, and services that help to resolve social issues.

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

## Ideal Image for Sustainability 2025

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

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

<b>Promote environmental and safety activities</b> Achieve accident- and disaster-free operations, reduce environmental impact, promote environmental protection and biodiversity preservation, publicly disclose results of environmental and safety activities, promote preventive maintenance and management of mine run-off treatment facilities and loading docks at suspended or abandoned mines, and improve the on-site capabilities through knowledge and technology transfers
<b>Improve the brand strengths of Furukawa products and achieve top ranking in product categories</b>
<b>Expand and strengthen human resources</b> Build a rewarding company by providing comfortable work environments in which individual employees can maximize their abilities and create new value
<b>Leverage sustainability activities to pursue QCD<sup>*2</sup> and sustainably make and sell products that are trusted by customers</b>
<b>Promote sustainability initiatives</b> Expand and enhance enterprise risk management system, disclose information on activities related to sustainability and climate change, monitor and manage measures and targets for material issues related to sustainability initiatives, implement environmental and human rights due diligence measures, and promote GHG <sup>*3</sup> reduction plan related to carbon neutrality
<b>Ensure that all officers and employees are keenly aware of compliance as it applies to the international community</b>

<sup>\*2</sup> QCD: Quality, cost, and delivery

<sup>\*3</sup> GHG: Greenhouse gas



## Governance Framework

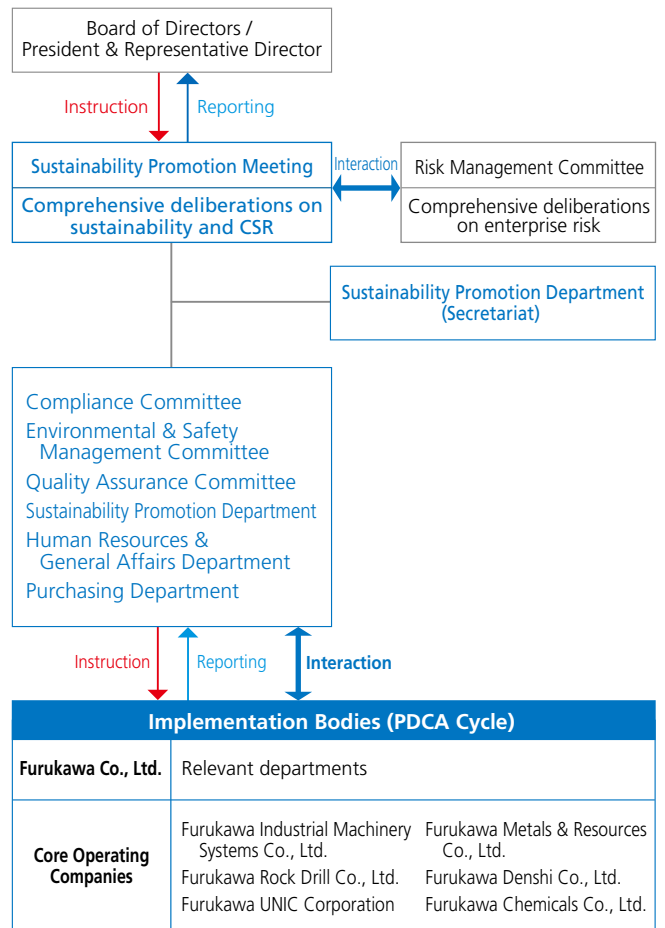
### Sustainability Promotion Framework

At the Furukawa Company Group, the Board of Directors is responsible for overseeing sustainability matters and addressing related risks and opportunities. Under the direction of the Board, the Sustainability Promotion Meeting actively spearheads initiatives to put “The Furukawa Company Group Basic Policy on Sustainability Initiatives” into practice.

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

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

### Sustainability Promotion Structure



## Initiatives

### Relationships with Stakeholders

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

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

## Process for Identifying Materialities (Key Issues)

To further realize our Management Philosophy and address social issues, we have identified 10 Materialities (Key Issues) based on “The Furukawa Company Group Basic Policy on Sustainability Initiatives” and established corresponding goals and targets.

By steadily implementing the PDCA cycle in relation to any measures determined, we will work hard to “increase the value of the Furukawa brand through ‘marketing-based management’ that incorporates CSV perspectives” as is clearly stated in Vision for 2025.



At the same time, we are working diligently to “increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group,” with the aim of creating social value and raising corporate value over the medium to long term.

We will regularly review our Materialities (Key Issues) as needed, taking into account changes in the business environment and revisions to our business strategies.

## Process for Identifying Materialities (Key Issues)

Step 1	Step 2	Step 3
Select social issues	Understand importance	Identify Materialities (Key Issues)
<ul style="list-style-type: none"> <li>Identified issues that are important to the Group and various stakeholders from medium- to long-term perspectives [Reference] GRI Standards, ISO 26000, indicators and targets for the SDGs, trends at other companies, etc.</li> <li>Selected 50 candidates for Materialities (Key Issues)</li> </ul>	<ul style="list-style-type: none"> <li>Conducted in-house surveys related to the 50 candidates selected and assessed importance in relation to issues</li> <li>Aggregated and scored the results</li> <li>Consolidated the 50 candidates into 10 items of Materialities (Key Issues), taking into consideration social demands</li> </ul>	<ul style="list-style-type: none"> <li>Passed resolutions concerning the identification of Materialities (Key Issues) at a meeting of the Management Council held in October 2022 and an extraordinary meeting of the Board of Directors held on November 11, 2022</li> </ul>

## Materialities (Key Issues) on Sustainability Initiatives

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

## Resolving Social Issues through Business

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

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



## Establishing a Robust Corporate Foundation for Growth

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

Materialities (Key Issues)			Goals
<b>Defensive: CSR/ESG issues</b> <b>Materialities (Key Issues) on establishing a robust corporate foundation for growth</b>	E: Environmental	<b>Promote climate change countermeasures in business activities</b>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions               <ul style="list-style-type: none"> <li>Reduce Scope 1 (energy origin) and Scope 2 emissions by 25% vs FY2023 by FY2030</li> <li>Achieve carbon neutrality by 2050</li> </ul> </li> </ul>
			<ul style="list-style-type: none"> <li>Reduce water consumption (Reduce by 2% vs BAU<sup>*1</sup> of FY2028 in FY2028) (FY2025 revision: Reduce water waste by 2% vs FY2023 (basic unit) in FY2027)</li> </ul>
			<ul style="list-style-type: none"> <li>Reduce total waste generation (Reduce by 3% vs BAU of FY2028 in FY2028) (FY2025 revision: Reduce total waste generation by 2% vs FY2023 in FY2027; reduce plastic waste by 2% vs FY2023 in FY2027)</li> </ul>
		<b>Promote biodiversity preservation activities</b>	<ul style="list-style-type: none"> <li>Promote continuous forest management</li> </ul>
			<ul style="list-style-type: none"> <li>Promote ecosystem restoration activities on Company-owned land, former mine sites, etc.</li> </ul>
			<ul style="list-style-type: none"> <li>Reduce use of hazardous chemicals (% reduction in use of hazardous chemicals) (FY2025 revision: Reduce emissions and transfers of PRTR<sup>*2</sup>-regulated substances by 2% vs FY2023 in FY2027)</li> </ul>
	S: Social	<b>Develop safe and rewarding work environments that take health into consideration</b>	<ul style="list-style-type: none"> <li>Achieve accident- and disaster-free operations (industrial accident severity/frequency)</li> </ul>
			<ul style="list-style-type: none"> <li>Certified as a Health and Productivity Management Outstanding Organization (White 500)</li> <li>Health and Productivity Management Survey score: 54.6 or higher (FY2024)</li> </ul>
		<b>Recruit and develop diverse human resources</b>	<ul style="list-style-type: none"> <li>Increase female employee ratio               <ul style="list-style-type: none"> <li>Ratio of female managers (hired by Furukawa Co., Ltd.): 3%</li> <li>Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 20%</li> </ul> </li> </ul>
			<ul style="list-style-type: none"> <li>Increase hires of people with experience               <ul style="list-style-type: none"> <li>Percentage of new hires with experience in management/corporate planning: 40%</li> </ul> </li> </ul>
			<ul style="list-style-type: none"> <li>Increase hires of people with disabilities (achieve statutory employment rate)</li> </ul>
			<ul style="list-style-type: none"> <li>Develop human resources               <ul style="list-style-type: none"> <li>Annual training hours: 1,500</li> <li>Expansion of trainees: 3,600</li> </ul> </li> </ul>
	G: Governance	<b>Promote management that respects human rights</b>	<ul style="list-style-type: none"> <li>Conduct human rights due diligence               <ul style="list-style-type: none"> <li>Human rights risk assessment of suppliers: Increase implementation rate and conduct follow-up</li> </ul> </li> </ul>
			<ul style="list-style-type: none"> <li>Promote business continuity management (BCM)               <ul style="list-style-type: none"> <li>Periodically verify business continuity plan (BCP)</li> </ul> </li> </ul>
			<ul style="list-style-type: none"> <li>Conduct risk assessments and improve response measures               <ul style="list-style-type: none"> <li>Periodically review high-risk items</li> </ul> </li> </ul>
		<b>Develop an enterprise risk management system</b>	<ul style="list-style-type: none"> <li>Strengthen cybersecurity system</li> </ul>
			<ul style="list-style-type: none"> <li>Ensure thorough compliance</li> </ul>
		<b>Ensure thorough compliance</b>	<ul style="list-style-type: none"> <li>Step up measures to prevent compliance violations</li> </ul>

FY2024	
Numerical Results	Main Initiatives
<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions               <ul style="list-style-type: none"> <li>Reduced Scope 1 (energy origin) and Scope 2 emissions by 1% vs FY2023</li> <li>Consolidated basis</li> <li>FY2024: 33,779 t-CO<sub>2</sub></li> <li>FY2023: 34,143 t-CO<sub>2</sub></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Considered introducing solar power generation equipment at core operating companies</li> <li>April 2025: Switched all electricity purchased at Gunma Kankyo Recycle Center Co., Ltd. to renewable energy</li> <li>Considered obtaining third-party verification for Scope 1 and 2 emissions (scheduled for August 2025)</li> </ul>
<ul style="list-style-type: none"> <li>FY2024 reduction (vs BAU): -9.1%</li> </ul>	<ul style="list-style-type: none"> <li>Improved environmental performance at each plant and site, distributed the Environmental Conservation Data Compilation Report to each site (2 times), and obtained feedback</li> <li>Shifted to cloud-based environmental conservation data aggregation</li> </ul>
<ul style="list-style-type: none"> <li>FY2024 reduction (vs BAU): -20.7%</li> </ul>	
—	<ul style="list-style-type: none"> <li>Concluded agreement with Aichi Prefecture on an erosion control project (Onuma Forest) and conducted thinning and mortar spraying of work roads (Onuma Forest)</li> <li>Conducted status survey of forests in the Ashio area; considered forest visualization and roadmap</li> </ul>
—	<ul style="list-style-type: none"> <li>Held forest tree-planting event</li> <li>Continued firefly restoration activities in Kune and Ashio areas; confirmed firefly flight status</li> <li>Conducted on-site inspections to have property certified as a “Nationally Certified Sustainably Managed Natural Site” (including the 30 by 30 Alliance)</li> </ul>
<ul style="list-style-type: none"> <li>Year-on-year change: +4.1%</li> </ul>	<ul style="list-style-type: none"> <li>Improved environmental performance at each plant and site, distributed the Environmental Conservation Data Compilation Report to each site (2 times), and obtained feedback</li> <li>Shifted to cloud-based environmental conservation data aggregation</li> </ul>
<ul style="list-style-type: none"> <li>Industrial accident severity: 1.55</li> <li>Industrial accident frequency: 1.03</li> </ul>	<ul style="list-style-type: none"> <li>Provided guidance to each location based on accident and disaster reports from each plant and site</li> <li>Produced and launched 17 occupational safety training videos</li> </ul>
<ul style="list-style-type: none"> <li>Health and Productivity Management Survey score: 54.6</li> </ul>	<ul style="list-style-type: none"> <li>Certified as a 2025 Health and Productivity Management Outstanding Organization (White 500)</li> <li>Planned, held, and evaluated health promotion events, seminars, etc.</li> <li>Considered conducting an engagement survey</li> </ul>
<ul style="list-style-type: none"> <li>Ratio of female managers (hired by Furukawa Co., Ltd.): 2.4%</li> <li>Ratio of new graduate hires (domestic hires by Furukawa Co., Ltd.) in corporate planning positions who are female: 6.7%</li> </ul>	<ul style="list-style-type: none"> <li>Stepped up recruitment of women among employees with experience</li> <li>Strengthened recruiting skills</li> </ul>
<ul style="list-style-type: none"> <li>Percentage of new hires with experience in management/corporate planning: 73%</li> </ul>	<ul style="list-style-type: none"> <li>Engaged in referral recruiting and direct recruiting</li> </ul>
<ul style="list-style-type: none"> <li>Ratio of employees with disabilities (consolidated): 1.91% (statutory employment rate: 2.5%)</li> </ul>	<ul style="list-style-type: none"> <li>Visited organizations that support employment of persons with disabilities</li> <li>Provided information on employment promotion to each operating company</li> </ul>
<ul style="list-style-type: none"> <li>Annual training hours: 1,130</li> <li>Number of trainees: 3,175</li> </ul>	<ul style="list-style-type: none"> <li>Introduced talent management system (systemized evaluations and goal management)</li> <li>Held hierarchical training, engineer training, and on-site manager training, as well as planning training and education at business sites and training for young employees in professional positions</li> </ul>
<ul style="list-style-type: none"> <li>Number of human rights training sessions: 6</li> </ul>	<ul style="list-style-type: none"> <li>Held 1 session for new employees, 1 session for newly appointed managers, 1 session for members of the Human Rights Risk Sectional Meeting, 1 session for participants of the Environmental Risk Sectional Meeting, and 2 human rights training sessions for the Purchasing Department</li> <li>Examined measures to improve the accuracy of human rights risk assessments)</li> </ul>
<ul style="list-style-type: none"> <li>Rate of implementation of human rights risk assessment (CSR survey) of suppliers: +74 companies in FY2024 (vs FY2022, cumulatively +52%)</li> <li>Surveys, interviews, and training sessions related to human rights held (number of companies): +74 companies, +15 interviews, and +0 training sessions in FY2024 (vs FY2022)</li> </ul>	<ul style="list-style-type: none"> <li>Finished conducting and analyzing supplier surveys at overseas subsidiaries (FUT*3 and Taian Furukawa*4) and began on-site surveys</li> <li>Created English, Chinese, and Thai versions of the CSR survey</li> <li>Plan to conduct supplier surveys for overseas procurement at 3 domestic Machinery business plants in FY2025</li> </ul>
<ul style="list-style-type: none"> <li>Periodic BCP verification: 1 time</li> </ul>	<ul style="list-style-type: none"> <li>Revised BCPs of some core operating companies</li> <li>Considered and planned BCP training (conducted in April 2025)</li> </ul>
<ul style="list-style-type: none"> <li>Reviews of risk countermeasures: 1 time</li> </ul>	<ul style="list-style-type: none"> <li>Conducted interviews with administrative divisions</li> <li>Identified key risks, considered countermeasures, and submitted report to the Board of Directors</li> <li>Conducted follow-up of key risks identified in FY2023</li> </ul>
<ul style="list-style-type: none"> <li>Number of targeted-attack email training sessions: 1</li> </ul>	<ul style="list-style-type: none"> <li>Held 1 security training session for officers and employees of Furukawa Company Group</li> <li>Issued Security News (2 times)</li> <li>Underwent external security audit and formulated security measures, taking urgency and importance into account (sequential implementation underway)</li> <li>Had cybersecurity personnel participate in an e-learning program</li> </ul>
<ul style="list-style-type: none"> <li>Number of training sessions: 7</li> </ul>	<ul style="list-style-type: none"> <li>Provided compliance training for new employees, compliance training for Group managers and officers, and compliance training tailored to the needs of core operating companies</li> <li>Posted compliance training video on the internal portal site</li> <li>Conducted compliance awareness survey</li> <li>Revised manual (sales edition) on the Antimonopoly Act</li> </ul>

\*3 FUT: FURUKAWA UNIC (THAILAND) CO., LTD.

\*4 Taian Furukawa: TAIAN FURUKAWA UNIC CRANE CO., LTD.

## E: Environmental Promote Climate Change Countermeasures in Business Activities



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

### Policies and Strategies

The progression of climate change brings more frequent and severe natural disasters and stricter regulations toward carbon neutrality, presenting the Furukawa Company Group with various risks and opportunities. With this in mind, we have identified “Promote climate change countermeasures in business activities” as one of our Materialities (Key Issues) and are advancing initiatives aimed at enhancing corporate value by both mitigating climate risks and creating new opportunities. Since declaring our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in August 2023, we have been working to enhance the quality and quantity of information on the four core disclosure elements of the TCFD recommendations (Governance, Strategy, Risk Management, and Metrics and Targets).

We are also committed to disclosing information to investors and other stakeholders. This includes responding to the 2024 Climate Change questionnaire conducted by CDP, an international nonprofit organization that evaluates and discloses corporate initiatives on climate change and related issues. Our fiscal 2024 score was B-.

In addition to enhancing disclosure, we are striving to achieve carbon neutrality and improve energy efficiency.

### Scenario Analyses

The Furukawa Company Group operates numerous businesses and recognizes that the risks and opportunities associated with climate change vary from business to business. We previously conducted scenario analyses for the Rock Drill Machinery, UNIC Machinery, Metals, and Chemicals segments, and more recently added the Industrial Machinery and Electronics segments, thereby completing scenario analyses for all core operating companies.

For the scenario analyses, we set 1.5°C and 4°C scenarios based on scientific evidence from the International Energy Agency (IEA) and other sources. We then evaluated the significance of climate related risks and opportunities that could affect our business in 2030 (medium-term) and 2050 (long-term). Based on these analysis results, we are advancing measures to mitigate risks and maximize opportunities.

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

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



The Furukawa Company Group is advancing specific climate change initiatives to address the risks and opportunities identified through its scenario analyses.

#### List of Risks

Type of Risk			Risk Description	Segment	Impact		Countermeasures	Segment
					1.5°C	4°C		
Risk	Transition risk	Government policies/regulations	Introduction of a carbon tax will increase transportation and other fuel procurement costs, as well as production costs and operational costs (GHG response costs related to electricity and delivery).	Industrial, Rock Drill, UNIC, Metals, Electronics, Chemicals	Medium	Small	Switch to renewable energy, save energy, and reduce the environmental impact of our products	
							<ul style="list-style-type: none"><li>Utilize renewable energy sources, such as solar power</li><li>Introduce LED lighting and energy-saving equipment</li><li>Reduce GHG emissions through purchase of non-fossil certificates, etc.</li><li>Closely monitor raw material price trends, negotiate with customers regarding passing on product costs, and collaborate with suppliers to promote low-carbon initiatives</li></ul>	Rock Drill, UNIC, Metals, Chemicals
							<ul style="list-style-type: none"><li>Improve energy efficiency by reviewing manufacturing processes and strengthening GHG emission controls at production facilities</li></ul>	Rock Drill, Chemicals
							<ul style="list-style-type: none"><li>Reduce environmental impact of our products by using recyclable materials and extending product life</li></ul>	Rock Drill
							<ul style="list-style-type: none"><li>Transition Company-owned vehicles to EVs and electrify forklifts</li></ul>	Industrial, Rock Drill, UNIC, Electronics, Chemicals
<ul style="list-style-type: none"><li>Promote modal shift and diversify transportation methods</li></ul>		Chemicals						
	Market	Decline in product sales due to the shrinking gasoline vehicle market	Electronics	Medium	Small	<ul style="list-style-type: none"><li>Develop products with a view to EV market expansion</li></ul>	Electronics	
	Technology	Decline in sales due to inability to meet market demand for environmentally friendly products	Rock Drill, UNIC	Medium	Small	<ul style="list-style-type: none"><li>Collaborate with business partners to develop and manufacture environmentally friendly products</li></ul>	Rock Drill	
Physical risk	Acute	Extreme weather events (such as floods) may cause shutdowns at business sites or factories, leading to a decrease in sales and an increase in recovery costs. Additionally, supply chain instability can result in higher operating costs, delayed deliveries, and potential damage to our reputation.	Industrial, Rock Drill, UNIC, Metals, Electronics, Chemicals	Small	Large	Minimize damage and ensure proper management when disaster strikes		
						<ul style="list-style-type: none"><li>Secure multiple means of transportation and procurement channels</li><li>Diversify suppliers and work to minimize damage in the event of extreme weather conditions</li><li>Reinforce flood countermeasures at factories</li><li>Conduct regular water risk assessments at suppliers and sites and perform rigorous risk management in the event of flooding or inundation</li><li>Implement a BCP as a support and reporting protocol in the event of damage</li></ul>	Industrial, Rock Drill, UNIC, Metals, Electronics, Chemicals	
		Extreme weather conditions may lead to increased air conditioning costs, reduced productivity, and a rise in health risks for employees working outdoors.	UNIC	Small	Medium	<ul style="list-style-type: none"><li>Expand/upgrade air conditioning systems in factories</li><li>Insulate factory buildings</li><li>Use solar power and other self-generation methods to reduce costs</li></ul>	UNIC	

#### List of Opportunities

Type of Opportunity	Opportunity Description	Segment	Impact		Countermeasures	Segment
			1.5°C	4°C		
			Medium-term	Long-term		
Opportunity	Market	Rock Drill	Medium	Small	<ul style="list-style-type: none"> <li>Make capital investments to meet demand</li> </ul>	Rock Drill
		Industrial, Rock Drill, UNIC	Small	Large	<ul style="list-style-type: none"> <li>Make capital investments and develop products to meet demand</li> </ul>	Industrial, Rock Drill
					<ul style="list-style-type: none"> <li>Deploy ICT to develop and offer remote control and automated solutions</li> </ul>	UNIC
		Industrial	Small	Medium	<ul style="list-style-type: none"> <li>Identify disaster prevention needs, actively propose equipment upgrades, and strengthen sales</li> <li>Actively propose and increase sales of pumps, conveyors, and bridges for river flood control measures</li> </ul>	Industrial
	Technology	Electronics	Medium	Small	<ul style="list-style-type: none"> <li>Expand production in anticipation of increased demand</li> <li>Monitor demand trends</li> </ul>	Electronics
		Industrial, Rock Drill, UNIC	Medium	Small	<ul style="list-style-type: none"> <li>Expand sales of new high-efficiency slurry pumps, SICON®, and other energy-saving products</li> </ul>	Industrial
					<ul style="list-style-type: none"> <li>Collaborate with suppliers to expand lineup of energy-saving products</li> </ul>	Rock Drill
					<ul style="list-style-type: none"> <li>Make capital investments to develop products and technologies that help reduce environmental impact</li> <li>Expand sales of energy-saving products, such as motorized mini-crawler cranes</li> </ul>	UNIC
	Timely responses to customer requests and technical support to address specification changes related to the shift to EVs will help bolster sales.	UNIC	Medium	Small	<ul style="list-style-type: none"> <li>Collaborate with chassis manufacturers to swiftly develop cranes that can be installed on EVs</li> </ul>	UNIC

<Degree of Impact>

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

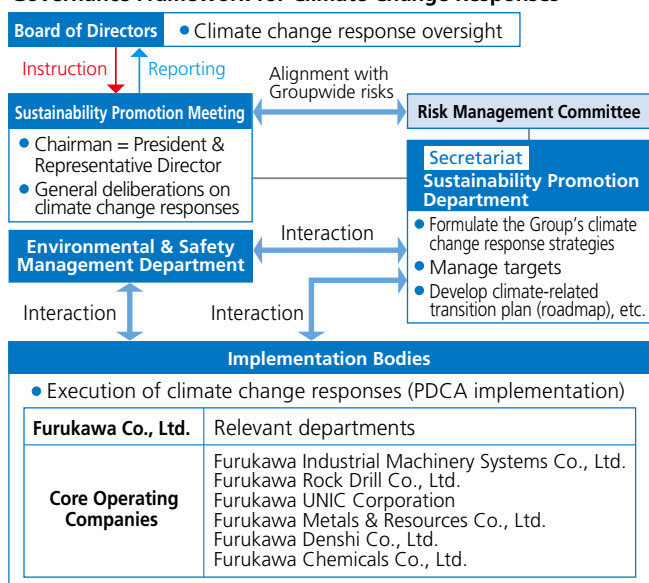
## Governance Framework

At the Furukawa Company Group, the Board of Directors holds oversight responsibility for sustainability matters, including climate change, as well as addressing related risks and opportunities. Under the direction of the Board of Directors, the President of Furukawa Co., Ltd., who serves as Chair of the Sustainability Promotion Meeting, assumes overall responsibility, while the director in charge of sustainability promotion and the respective subordinate organizations carry out execution.

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

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

### Governance Framework for Climate Change Responses



## Risk Management

Assessment of climate-related risks and consideration of countermeasures are conducted by the Risk Management Committee, which comprehensively deliberates important matters related to Groupwide risk management. The Committee is chaired by the director in charge of sustainability of the Company, and the Sustainability Promotion Department serves as its Secretariat.

The Committee meets twice a year in principle. Its members are selected from every Company department and core operating companies. Together with the Secretariat, the members assess climate-related risks affecting the Group, consider and formulate countermeasures, and report the results to the Board of Directors, which provides proper oversight.

To reduce and adapt to the impact of natural disasters caused by climate change, we are advancing a range of initiatives, including natural disaster risk assessments and the promotion of business continuity management (BCM).

## Develop an Enterprise Risk Management System

### Climate Change Action Framework

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

## Metrics and Targets

### FY2024 Targets:

- Reduce combined Scope 1 (energy-related) and Scope 2 emissions by 25% from FY2023 levels by FY2030

### FY2024 Results:

- Reduced Scope 1 (energy-related) and Scope 2 emissions by 1% from FY2023 levels

### Scope 1 and Scope 2

The Furukawa Company Group supports the Paris Agreement and targets set by the Japanese government. We aim to reduce combined Scope 1 (energy-related) and Scope 2 emissions by 25% from fiscal 2023 levels by fiscal 2030 and achieve carbon neutrality by fiscal 2050.

For Scope 1, we aim to reduce emissions by switching to electric forklifts, electrifying our air conditioning systems, and switching from heavy oil furnaces to liquefied petroleum gas (LPG) furnaces.

For Scope 2, we aim to reduce emissions by introducing solar power and other renewable energy power generation equipment, upgrading to energy-efficient production facilities, and purchasing renewable energy. To fund our carbon neutral initiatives, we are looking to invest approximately ¥2 billion, which we plan to raise through the sale of strategic shareholdings. In addition, we will aim to achieve carbon neutrality by fiscal 2050 through appropriate management of Company-owned forests to absorb CO<sub>2</sub>.

### Scope 3

The Furukawa Company Group discloses Scope 3 emissions in its Sustainability Book.

Since fiscal 2024, with the support of external consultants, we have been working to expand the calculation categories and improve the accuracy of the figures.

Going forward, we will work to further improve accuracy and examine reduction targets for Category 11.

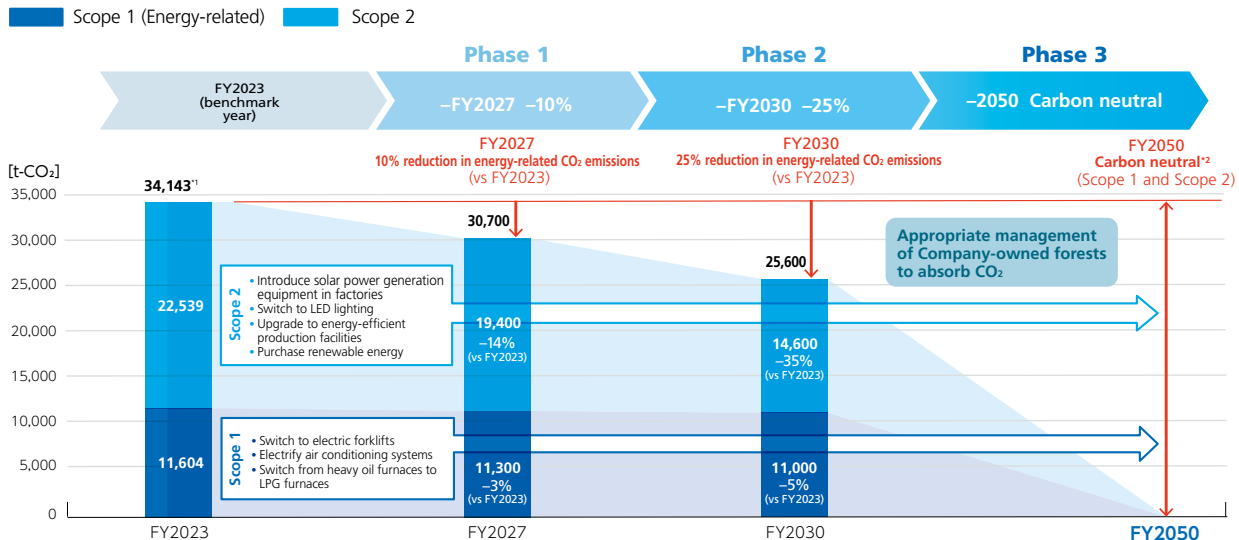
[Furukawa Company Group Sustainability Book 2025](#)

### Third-Party Verification

To enhance the reliability of its environmental data, the Furukawa Company Group obtained independent third-party verification for its fiscal 2024 CO<sub>2</sub> emissions (Scope 1 and Scope 2).

[Third-Party Verification Statement](#)

### Roadmap to Carbon Neutrality



\*1 Total emissions increased due to expansion of calculation scope (scope changed from major domestic production sites to a consolidated basis, including overseas sites, in FY2023).

\*2 Including non-energy-related sources

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

Data Metrics		Unit	FY2020	FY2021	FY2022	FY2023 <sup>*3</sup>	FY2024
CO <sub>2</sub> emission volume	Scope 1 (energy origin only)	t-CO <sub>2</sub>	4,192	4,296	3,996	11,604	11,137
	Scope 1 (non-energy origin only) <sup>*4</sup>	t-CO <sub>2</sub>	—	—	—	22,683	25,252
	Scope 2	t-CO <sub>2</sub>	16,711	17,808	15,540	22,539	22,642
	Scope 1 (energy origin only) + 2 (total)	t-CO <sub>2</sub>	20,903	22,104	19,536	34,143	33,779
	Scope 1 + 2 (total)	t-CO <sub>2</sub>	20,903	22,104	19,536	56,826	59,031
	Scope 3 (Category 11)	t-CO <sub>2</sub>	—	—	648,449	675,053	1,060,405
Scope 3 (total) <sup>*5</sup>		t-CO <sub>2</sub>	—	—	654,801	683,299	2,685,293

\*3 Total emissions increased due to expansion of calculation scope (scope changed from major domestic production sites to a consolidated basis, including overseas sites, in fiscal 2023). Figures were reviewed and recalculated in fiscal 2024.

\*4 For non-energy-related Scope 1 emissions, the main source is Gunma Kankyo Recycling Center Co., Ltd. (medical waste incineration facility), which became a wholly owned subsidiary in September 2024. While these emissions are excluded from the fiscal 2030 reduction target, they are included in the fiscal 2050 target.

\*5 From fiscal 2024, we revised the calculation scope of Scope 3 to cover the entire Group and updated the calculation categories. For data other than Category 11, please refer to our Sustainability Book.

### Initiatives

#### Purchase of Renewable Energy

Gunma Environmental Recycling Center Co., Ltd., a subsidiary, carries out intermediate incineration of medical waste. As of April 2025, it had switched all its purchased electricity to renewable energy. As a result, its Scope 2 CO<sub>2</sub> emissions from purchased electricity are expected to be zero from fiscal 2025 onward.

#### Introduction of ICP

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



## E: Environmental Biodiversity Protection Activities



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

### Policies and Strategies

Using resources sustainably, preventing pollution, and protecting biodiversity are essential for the Furukawa Company Group to earn the trust of stakeholders and foster the sustainable development of local communities. Through these initiatives, we aim to prevent the erosion of corporate value and promote the sustainable advancement of regional society. The Furukawa Company Group regards biodiversity protection as a key management issue. Based on our Biodiversity Action Guidelines established in 2012, we have been continuously evaluating the impact of our business activities on ecosystems and taking measures to minimize that impact.

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

### Metrics and Targets

#### FY2024 Targets:

- Promote environmental protection through ongoing greening activities, forest management, etc.
- Promote ecosystem restoration activities on Company-owned land, former mine sites, etc.
- Total waste generation<sup>\*1</sup>: Reduce by 1.8% vs FY2024 BAU<sup>\*2</sup>
- Hazardous chemicals (PRTR<sup>\*3</sup> substances)<sup>\*4</sup>: Target year-on-year reduction
- Water consumption<sup>\*1</sup>: Reduce by 1.2% vs FY2024 BAU

#### FY2024 Results:

- Held discussions with local forest owners' cooperatives about forest management
- Continued firefly restoration activities in the Kune and Ashio areas
- Took steps to have property certified as a "Nationally Certified Sustainably Managed Natural Sites" by the 30by30 Alliance
- Total waste generation<sup>\*1</sup>: 6,175 t (−20.7% vs FY2024 BAU)
- Hazardous chemicals (PRTR substances)<sup>\*4</sup>: +4.1% year on year
- Water consumption<sup>\*1</sup>: 552,000 m<sup>3</sup> (−9.1% vs FY2024 BAU)

<sup>\*1</sup> Results at major production sites

<sup>\*2</sup> BAU (business as usual): No action taken

<sup>\*3</sup> PRTR (Pollutant Release and Transfer Register): Notification system for release and transfer of chemical substances

<sup>\*4</sup> Consolidated basis

### Initiatives

#### Activities Related to 30 by 30

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

As a concrete initiative for ecosystem preservation, we have designated the site of our former Ashio Copper Mine (Ashio-machi, Nikko City, Tochigi Prefecture) as an area for proactive biodiversity activities. There, we are engaging in tree planting and ecosystem restoration and are taking action to be certified as a "Nationally Certified Sustainably Managed Natural Sites" as we work to achieve the 30 by 30<sup>\*5</sup> goal.

<sup>\*5</sup> 30 by 30: A global goal aimed at halting and reversing biodiversity loss to achieve a "nature positive" outcome by 2030. The goal is to effectively conserve more than 30% of the earth's land and ocean areas as healthy ecosystems by 2030.



Forest in Ashio (Nikko, Tochigi Prefecture)

### Resource Circulation

Based on its Fourth Medium-Term Reduction Targets, which cover production sites of core operating companies, the Furukawa Company Group has set a target of reducing total other emissions, including waste, by 3% compared with the level predicted for fiscal 2028. With this in mind, we are working to curb waste generation and promote recycling. Since the start of fiscal 2025, we have expanded the scope to cover the entire Group and, guided by the aforementioned targets, are strengthening initiatives to reduce waste, particularly plastic. Our activities to reduce waste and promote resource circulation cover the entire product life cycle, from initial design to manufacturing and final disposal.

Specifically, we are developing products that take yield improvement into consideration at the design stage, improving yield when cutting steel at the manufacturing stage, reducing paint scraps by enhancing coating efficiency, simplifying various types of packaging and reusing packaging materials, and emphasizing the use of returnable shipping cartons when delivering parts.

The final disposal rate (rate at which waste in the Group is disposed of as landfill) has generally remained in the 5–8% range over the past several years but fell below this range in fiscal 2024, coming in at 4.4%.

### Pollution Prevention

While chemical substances are indispensable in our daily lives, they also present social issues with respect to safety.

With this in mind, the Furukawa Company Group appropriately manages risks and works to reduce emissions of volatile organic compounds (VOCs) and other chemical substances in accordance with global laws, regulations, and trends.

Since the start of fiscal 2025, we have revised our Fourth Medium-Term Reduction Targets, adding new targets for reducing emissions and transfers of hazardous chemicals (PRTR), promoting resource conservation activities, and switching to alternative substances across all locations.

In fiscal 2024, an overseas Group company, TAIAN FURUKAWA UNIC CRANE CO., LTD., achieved a year-on-year reduction of approximately 95% in atmospheric xylene emissions by improving its painting process.

### Water Resource Conservation

Based on its Fourth Medium-Term Reduction Targets, the Furukawa Company Group has set a target of reducing water consumption by 2% compared with the level predicted for fiscal 2028. In fiscal 2024, we achieved a 9.1% reduction compared with the fiscal 2024 BAU, significantly surpassing our target. Starting in fiscal 2025, we have set reduction targets based on per-unit consumption to minimize the impact of fluctuations in production activities. To this end, we are working to improve water resource usage efficiency and promote reuse.

In addition, we are working to conserve water sources by promoting greening of Company-owned land nationwide, systematically maintaining Company-owned forests, and building cooperative relationships with local governments and forestry associations.

### Dealing with Suspended or Abandoned Mines

At mines where minerals have been extracted, acidic water containing heavy metal components continues to emanate from underground adits and tailing dams\*1 due to rainwater and other sources resulting in mine runoff\*2, even after mine closure. With this in mind, the Furukawa Company Group engages in ongoing

drainage treatment and safety measures at mines where extraction has ceased in compliance with Japan's Mine Safety Act and environmental regulations, to reduce environmental impact on surrounding areas. These perpetual activities involve annual expenditures of several hundred million yen. We are also working to secure sustainable financial resources for the establishment of a stable implementation framework.

These activities directly reflect our efforts to fulfill our environmental responsibilities while fostering the creation of sustainable corporate value and reinforcement of our non-financial capital. Based on our fundamental policy of "continuing safe operations" for the management of closed and abandoned mines, we formulate medium- to long-term plans for mining facilities and systematically promote preventive maintenance and resilience enhancement.

At the Nakasai water purification plant, the wastewater treatment facility for the Ashio Mine (Nikko City, Tochigi Prefecture), we have begun construction of a new sedimentation tank to accommodate increased rainfall caused by recent abnormal weather patterns and linear precipitation zones. Completion is scheduled for fiscal 2026.

\*1 Tailing dam: A facility for the final disposal of mining waste, including waste rock extracted from inactive mine shafts that contains no valuable minerals, waste generated during the ore dressing and smelting processes at concentrators and smelters, and neutralization of sludge produced from mine drainage treatment.

\*2 Mine runoff: "Mine water" (groundwater that springs from excavated mines) and "wastewater" (water that seeps from tailing dams).

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



Nakasai water purification plant

For details on our various activities, please refer to Furukawa Company Group Sustainability Book 2025.

Environmental Management

Biodiversity Protection Activities

Resource Circulation

Pollution Prevention

Water Resource Conservation

[The Furukawa Company Group Sustainability Book 2025](#)

## S: Social Develop Safe and Rewarding Work Environments that Take Health into Consideration



### Policies and Strategies

To fulfill its social responsibilities and achieve sustainable corporate growth, the Furukawa Company Group must prevent various risks, such as occupational accidents and employee turnover, from materializing while working to improve productivity. Under the principle of *Anzen Sen'ichi*<sup>\*1</sup>, the Group identifies “Develop safe and rewarding work environments that take health into consideration” as a Materiality (Key Issue) in accordance with its Basic Principles of Occupational Safety and Health and its Occupational Safety and Health Policies. We also actively promote health management based on “The Furukawa Company Group Health Declaration.” Our goal is to create a workplace environment where employees can maintain and enhance their physical and mental well-being while fully demonstrating their abilities and generating new value.

<sup>\*1</sup> In the early 1900s, Masayuki Odagawa, then Director of the Ashio Mine at Furukawa Mining, was inspired by the “Safety First” movement advocated in American industry. In 1912, he displayed signboards bearing the phrase *Anzen Sen'ichi* (“Safety First”) both inside and outside the mine to instill safety awareness among employees and promote safety initiatives. This effort is regarded as the origin of the safety movement in Japanese industry. In March 2020, the Company obtained trademark registration for *Anzen Sen'ichi*.

[!\[\]\(a03a7eb2f4046e1d3c76772003e549ea\_img.jpg\) Furukawa Company Group Basic Principles of Occupational Safety and Health & Occupational Safety and Health Policies](#)

[!\[\]\(cbe2492b119e39e02a1dab2af4a4b296\_img.jpg\) The Furukawa Company Group Health Declaration](#)

### Governance Framework

Under the supervision of the Board of Directors, the Group places top priority on employee safety and health and promotes occupational safety and health as well as health management.

### Occupational Safety and Health

With regard to occupational safety and health, the Group's Sustainability Promotion Meeting, which is held annually, and the Environmental & Safety Management Committee hear reports and engage in deliberations on the results of the previous fiscal year's occupational safety and health activities, as well as the current fiscal year's targets. We also strive to improve safety management levels at each business location through our annual Environmental and Safety Audits and the Environment/Safety Promotion Meetings and through on-site inspections following accidents or disasters.

In the event of an accident or disaster, countermeasures and preventive actions are discussed at the Management Committee, attended by internal directors, corporate auditors, executive officers, and the presidents of core operating companies. Particularly serious accidents are also reported to the Board of Directors, ensuring thorough oversight of occupational safety and health by top management.

We have also established safety and health committees at each site, where labor and management work together to prevent occupational accidents. In addition, we provide safety and health education to contract employees and external stakeholders, such as partner companies, to ensure they can perform their duties safely.

### Health Management

With respect to employee health management, the director in charge of human resources serves as a “health promotion officer” and takes the lead in planning and implementing various initiatives. The health promotion officer regularly reports employee health conditions to the Management Committee and determines policies for advancing health management, creating a framework in which top management actively engages in health management.

The Furukawa Company Group coordinates health checkup data from the Furukawa Health Insurance Society and the employee database to identify health issues. Based on this, we plan and draft appropriate measures while incorporating guidance from industrial physicians, as well as opinions and requests from the labor union.

Implementation of measures is communicated to employees through those in charge of health management promotion in each department. After implementation, we share information with each department's Safety and Health Committee, verify effectiveness, and use the findings to drive continuous improvements.

### Risk Management

#### Occupational Safety and Health

We promote ongoing occupational safety and health education for all employees to foster a healthy work environment. When upgrading or introducing new equipment, we conduct risk assessments and regular reviews to prevent accidents. We have also established safety and health management systems at our overseas sites.

#### Health Management

We designate the director in charge of human resources as a “health promotion officer,” with the Human Resources & General Affairs Department taking the lead in planning and implementing initiatives. Regular reports are submitted to the Management Committee, which decides on policies for promoting health management. We also utilize health checkup data and formulate initiatives by incorporating guidance from industrial physicians and input from the labor union. In addition, we conduct organizational surveys and stress checks to assess workplace stress levels while measuring presenteeism to raise health awareness.



## Metrics and Targets

### FY2024 Targets:

- Achieve accident- and disaster-free operations (Industrial accident severity/frequency)
- Reduce total annual hours worked (less than 2,000 hours)
- Take steps to acquire certification as a Health and Productivity Management Outstanding Organization (White 500)

### FY2024 Results:

- Industrial accident severity: 1.55
- Industrial accident frequency: 1.03
- Total annual hours worked: 1,922.2 hours
- Certified as a 2025 Health and Productivity Management Outstanding Organization
- Introduced health promotion smartphone app, conducted health seminars, and encouraged employees with anomalies to undergo reexamination
- Considered conducting engagement surveys

## Initiatives

### Preventing Industrial Accidents

To prevent industrial accidents, the Furukawa Company Group regularly holds Safety and Health Committee meetings and carries out safety patrols at each plant and business location. We also provide systematic education and training (including risk sensitivity improvement training) to all employees, including managers and supervisors. In February 2025, a serious occupational accident occurred at our subsidiary, Ashio Smelting Co., Ltd., resulting in the death of an employee. To ensure that such an incident never occurs again, all Group companies are stepping up efforts to prevent accidents and disasters at sites with the aim of achieving zero occupational accidents. Specifically, we are developing work procedure manuals at our factories while conducting regular risk assessments and revising the manuals as needed. We are also strengthening overall safety management systems and expanding the number of factories covered by environmental and safety audits. In addition, we carry out safety awareness initiatives aimed at every employee.

## Employee Health Management

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

The Company has been recognized through its certification as a 2025 Health and Productivity Management Outstanding Organization (Large Enterprise Category), an award jointly presented by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council).



### Establishing a Rewarding Workplace

The Furukawa Company Group actively hires people who are willing to take on challenges and works to foster a corporate culture that respects diverse values. By preventing human rights violations and discrimination and establishing a fair evaluation system, we provide an environment where employees can work with peace of mind. To improve working environments, we promote automation, systemization, and shorter, more efficient meetings. At the same time, we have introduced flexible work arrangements, such as flextime, telecommuting, and staggered working hours.

Through these initiatives, we aim to create a workplace environment where every employee can work with enthusiasm, achieve personal growth, and help create new value.



Environment/Safety Promotion Meetings (Safety Officers Meetings)



Health-related seminar

## S: Social Recruit and Develop Diverse Human Resources



Executive Officer, General Manager,  
Human Resources & General Affairs Department  
**Kenji Yamakawa**

### Policies and Strategies

In Japan, where the working-age population is in decline, securing and developing talent to enhance corporate value is becoming increasingly important. For this reason, the Furukawa Company Group promotes its human resources strategy under the fundamental policy of “what supports the limitless development of a company is people” and has identified “Recruit and develop diverse human resources” as a Materiality (Key Issue).

Given the Group’s wide range of businesses, achieving sustainable growth of both social value and corporate value requires people who have a spirit of challenge, can think and act independently, and are creative.

In securing talent, therefore, we strictly prohibit any form of discrimination based on human rights, beliefs, gender, or disability, and ensure equal opportunity and fair evaluation. We also work to foster a corporate culture where everyone can truly feel a sense of fulfillment in their work.

#### Human Resources Required



Furukawa Company Group's Human Resources Development Policy

Furukawa Company Group's Internal Environment Development Policy

[Furukawa Company Group Sustainability Book 2025](#)

### Governance Framework

The Furukawa Company Group’s Human Resources & General Affairs Department is responsible for planning and promoting initiatives for diversity, talent development, and the creation of a comfortable working environment.

### Metrics and Targets

#### FY2024 Targets:

- Introduce talent management system
- Establish category-specific education policies
- Activate job rotation
- Study training program for young employees in specialized roles
- Increase female manager ratio
- Step up recruitment of persons with disabilities (statutory minimum rate: 2.5%)

#### FY2024 Results:

- Introduced talent management system
- Decided general framework for categories for category-specific education
- Ongoing job rotation based on policy
- Implementation study completed for study training program for young employees in specialized roles
- Female manager ratio (Furukawa Co., Ltd. employees): 2.4%
- Persons with disabilities (consolidated): 1.9%

### Initiatives

#### Securing Foreign Nationals

The Furukawa Company Group defines its “required human resources” as those who possess a “spirit of challenge.” This means “people who like challenges and want to work globally.” To secure talent capable of thriving on the global stage, we are actively expanding overseas and conducting recruitment activities without regard to nationality. Given its active pursuit of overseas expansion, the Group does not base its recruiting decisions on nationality. Moreover, we strive to deepen partnerships that transcend nationality as we promote a spirit of mutual respect for individual differences. The Group has multiple production and sales/service bases overseas, where we actively recruit and develop local talent. As of March 31, 2025, we had 477 locally hired employees. We will continue creating local employment opportunities and making regional contributions.

#### Securing Veteran Talent

Passing on skills and experience to younger employees is growing in importance. With this in mind, we extended the mandatory retirement age from 60 to 65 as of April 1, 2020, with the aim of securing experienced veteran talent and expanding opportunities for their active contribution. In April 2025, we revised our existing employment extension system and established a system that allows employees to be reemployed after retirement until the age of 70. Going forward, we anticipate that these people, by passing on the technical know-how they have acquired over many years, will proactively participate in cultivating mid-level and younger employees as well as in other ways.

### Empowering Female Employees

Labor shortages are intensifying, highlighting the growing need for diverse opinions to drive innovation. Accordingly, we are committed to supporting the advancement of female employees. Since announcing our Action Plan for Promoting Support for Female Employees on April 1, 2021, we have been stepping up support for the advancement of women.

### Support for Employees Raising Children

To secure and retain talent, we have formulated and implemented the General Business Owner Action Plan as part of measures to support the next generation. At the same time, we are working to improve workplace environments to make it easier for people to take part in childcare and home care through such initiatives as leave programs, flexible work hours, and telecommuting.

### Diversity-Related Education

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

### Personnel Evaluation System

To help employees with a spirit of challenge think and act independently and demonstrate creativity, it is essential to have the proper human resource support systems.

Based on the system of assigning grades by function that is used in the Furukawa Company Group, grades are set according to the magnitude of the role the employee is expected to fulfill. By assessing personnel results and behavioral characteristics in accordance with the personnel evaluation system, we are endeavoring to provide employee guidance and cultivation, develop their capabilities, and optimize their assignments. At the same time, we strive to ensure fair and equitable treatment in terms of wages, bonuses, retirement benefits, and so on.

### Talent Development Training

To attract our "required human resources," we conduct tier-specific training programs tailored to each grade. These programs provide employees with the fundamental knowledge needed for their respective roles while developing their ability to adapt to changes in the social environment.

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

### List of Education and Training Activities

	Newly Hired Employees	Grades 1–4 (General Employees)	Grades 5–9 (Managerial Employees)
Employment Grade-Specific Training	Introductory training for newly hired employees		Grade 5 training
	Follow-up training		Grade 6 training
		Fifth-year training for corporate planning staff Grade 4 training	Grade 8 training Training to cultivate next-generation executives
Special Training	Pre-hiring training	Safety and health training	Mental health training
	Conversational English education	Human rights training	Diversity training
			Life plan training
			Line care training
	Compliance training		
	TOEIC® testing		
Training by Specialty / Function	Engineer training		
		Job-specific training	
		Participation in specialized subject seminars (including those furthering acquisition of public qualifications) Dispatch to external educational and research institutions and academic conferences	
Workplace Education	Health and safety education		
	OJT		
Language Training		Language training for employees dispatched overseas	
	Language training (foreign language training at sites)		
		Short-term overseas language training	
Self-Development	Correspondence courses of all types		
	Introduction of instructional materials, publications, etc.		
	Training in the form of open applications (e-learning)		
HR System and Measures	Coaching system		Personnel evaluator training
	Self-assessment and interviews based on personnel evaluation system		Interviews relating to goal management
		Rotation and secondment to affiliates in Japan and overseas	

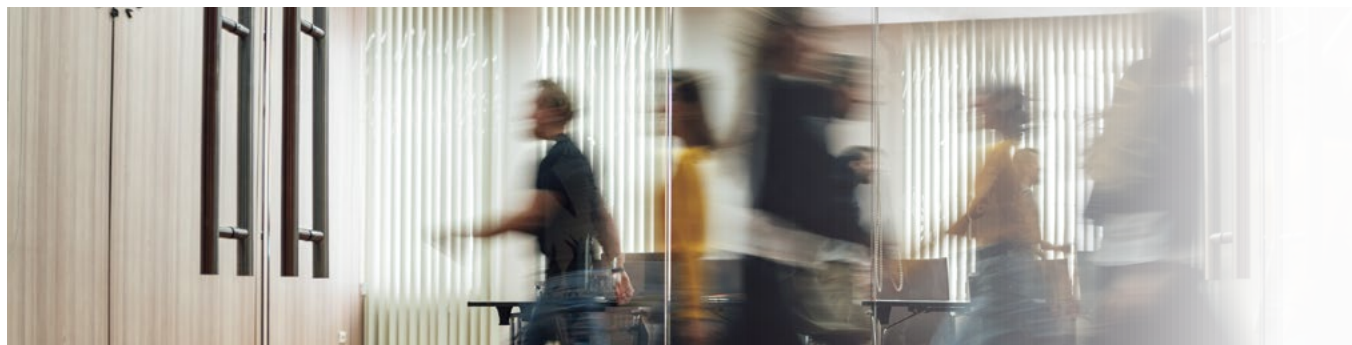
### Communication for Human Resource Development

Developing young talent requires close communication between supervisors and their team members. Interviews are conducted between immediate supervisors and their subordinates on a twice-yearly basis, in addition to the daily communication that takes place between managers and their employees. In the interviews, managers provide feedback to employees regarding their work, achievements, points for reflection, and findings of performance evaluations, as well as advice based on their self-reports, and confirm and share the goals they have set. Meanwhile, supervisors also provide their assessments with respect to the self-analysis. The process of undergoing straightforward performance assessments by their supervisors enables employees to scrutinize themselves on a regular basis, thereby helping fuel their motivation for proactive career development.

While diverse workstyles, such as flextime, shorter/staggered work hours, hot-desking, and teleworking, are becoming more common, it is difficult to communicate with subordinates, understand what they are thinking, and what problems and concerns they have. For this reason, we also conduct one-on-one meetings at the head office and some offices.



## S: Social Promote Management that Respects Human Rights



### Policies and Strategies

Amid growing social attention to human rights, the Furukawa Company Group must conduct its business activities with respect for human rights to fulfill its social responsibilities and achieve sustainable corporate growth. For this reason, our Group has identified “Promote management that respects human rights” as a Materiality (Key Issue).

In line with the United Nations Guiding Principles on Business and Human Rights, we established the “Furukawa Company Group’s Human Rights Policy.” This is published on our website in both Japanese and English to ensure awareness among stakeholders in each country and region. We also ask our business partners, including suppliers, to support this policy and make efforts to respect human rights.

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

The Group recognizes the diverse values of individuals and, in order to foster a rewarding corporate culture free from human rights violations and discrimination and grounded in fair evaluation, strictly prohibits all forms of harassment and discrimination. We also respond firmly to harassment and discriminatory behavior in accordance with internal regulations.

[!\[\]\(003082e50e3009141f59bd5df831749f\_img.jpg\) Furukawa Company Group’s Human Rights Policy](#)

[!\[\]\(17413706fd4997a1a4bdf85c6864eee1\_img.jpg\) Furukawa Company Group’s Charter of Corporate Conduct](#)

[!\[\]\(faf942dc3e59ce8eb64b4ac481eca7e0\_img.jpg\) Furukawa Company Group’s Code of Conduct for Officers and Employees](#)

### Governance Framework

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

### Metrics and Targets

#### FY2024 Targets:

- Conduct human rights due diligence
- Human rights training sessions: At least once a year

#### FY2024 Results:

- Considered measures to enhance human rights risk assessment accuracy
- Number of human rights training sessions: 6

### Initiatives

#### Human Rights Risk Assessment

In fiscal 2023, the Furukawa Company Group conducted a desktop analysis to identify and assess human rights risks that are specific and significant to its business activities. We focused on various issues, such as occupational health and safety, harassment, human rights related to the environment and climate change, and human rights in the supply chain. In fiscal 2024, we reviewed plans to enhance the accuracy of the desktop analysis results, and will roll out those plans in fiscal 2025.

The Human Rights Risk Sectional Meeting meets twice a year to continuously evaluate risks related to human rights. In addition, we are working steadily to expand the scope of our CSR survey, which previously focused on domestic suppliers and included human rights matters, to include suppliers of overseas subsidiaries with production bases.

[!\[\]\(bff896c19919791b89ab521f039b410a\_img.jpg\) Furukawa Company Group Sustainability Book 2025](#)

### Preventing Child Labor and Forced Labor

The Furukawa Company Group's Code of Conduct for Officers and Employees stipulates that they will not engage in child labor or forced labor, and that they will demand that their business partners do not engage in such practices. When hiring, we ask applicants to submit documents required by employment regulations and thoroughly check applicants' age and other relevant information.

### Reducing Excessive Working Hours

The Furukawa Company Group is working to reduce overtime and optimize working hours to ensure the sound mental and physical health of its employees and help them achieve a good work-life balance.

### Preventing Harassment (Harassment Training for Management-Level Employees)

The Furukawa Company Group's Policy on Measures to Prevent and Eliminate Harassment in the Workplace includes (1) definition of harassment, (2) scope of application, (3) responsibilities of superiors, (4) cooperation of employees, (5) consultation and complaint handling contact point, (6) prohibition of prejudicial treatment, (7) confidentiality obligation, and (8) disciplinary actions. In addition, we provide training for management-level employees on the Group's harassment responses, including examples of harassment, reporting and measures to be taken when a case of harassment is identified, and consultation services, with the aim of preventing harassment.

### Consideration in the Procurement of Copper Ore

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

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

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

### Human Rights Training

In fiscal 2024, the Furukawa Company Group conducted a total of six human rights training sessions tailored by level and target group—such as new employees, newly appointed managers, and the Purchasing Department. The purpose of these sessions was to instill the principles of our Human Rights Policy among employees and promote understanding needed to put respect for human rights into practice. We are also working to raise awareness on human rights by providing education about business and human rights, including our Human Rights Policy, through internal newsletters and educational videos. The training covers not only our Human Rights Policy and business and human rights but also harassment and discrimination related to persons with disabilities and LGBTQ individuals.



Human rights training session

### Whistleblowing System

The Furukawa Company Group has introduced a whistleblowing system to facilitate the early detection and correction of compliance violations, including issues related to respecting human rights and prohibiting discrimination. Reporting and consultation channels are available both internally and externally (law office). It is prohibited to seek out whistleblowers and/or treat them unfavorably on the grounds of having made a report. If it becomes clear that the Group has caused or been part of any negative impact on human rights, it will work to remedy the situation through appropriate procedures.



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



### Policies and Strategies

The Furukawa Company Group promotes responsible procurement practices that respect human rights and the environment. Through such initiatives as surveys and on-site visits, we are working to ensure sustainability throughout the entire supply chain. Our Basic Procurement Policies are underpinned by four pillars: Fairness and impartiality, mutual prosperity, compliance and confidentiality, and sustainability-oriented procurement activities. Based on these policies, we formulated our sustainable procurement guidelines in cooperation with our suppliers and are steadily advancing related initiatives.

[Furukawa Company Group Basic Procurement Policies](#)

[The Furukawa Company Group Sustainable Procurement Guidelines](#)

### Governance Framework

The Furukawa Company Group holds Purchasing Strategy Conferences twice a year, bringing together responsible personnel from the purchasing departments of core operating companies in the Machinery business. At these conferences, we confirm each operating company's progress toward annual targets and exchange opinions to address issues, with the aim of promoting procurement activities in line with the aforementioned Basic Procurement Policies.

In fiscal 2024, we positioned the fostering of partnerships as the central issue for the purchasing departments in realizing our Vision for 2025. To this end, we held concrete discussions and exchanged opinions on strengthening supplier management and sustainability-oriented procurement in the purchasing departments. We also separately hold regular monthly meetings at each operating company to examine more specific initiatives in accordance with the policies of the Purchasing Strategy Conference. In addition, we hold meetings on individual projects as appropriate and engage in more detailed activities accordingly.

### Risk Management

The Furukawa Company Group's purchasing departments believe that collaboration across the entire supply chain is essential. As part of our risk management efforts, we provide explanations on the purpose of sustainable procurement and conduct CSR surveys of both new and existing suppliers. We then analyze the collected questionnaires to identify potential supplier risks, and based on this analysis we visit selected suppliers to promote understanding of our sustainability initiatives.

To promote, maintain, and enhance CSR initiatives across the supply chain, we are advancing the PDCA cycle, starting with the CSR surveys and continuing through follow-up activities. Using this approach, we aim to properly manage risks and ensure the sustainability of the entire supply chain.

### Metrics and Targets

#### FY2024 Targets:

- Conduct/analyze CSR surveys
  - Conduct CSR surveys of overseas suppliers
  - Strengthen management of key suppliers (QCD + sustainability)
  - Foster partnerships with suppliers
  - Launch Groupwide initiatives to promote sustainability-conscious procurement

#### FY2024 Results:

- Conducted CSR surveys of overseas suppliers doing business with overseas subsidiaries
- Provided sustainability training focused on human rights for procurement staff and other relevant personnel
- Conducted survey of procured goods and suppliers in consideration of the SDGs
- Revised the Partnership Building Declaration (November 2024 edition)

### Initiatives

#### CSR Survey

By the end of fiscal 2023, we conducted the second CSR survey of 141 key suppliers from eight core Group companies and affiliated companies with manufacturing sites, achieving a 100% response rate. Based on our risk assessments, we conducted follow-up activities, including monitoring (on-site inspections) and guidance aimed at risk reduction, for three companies. In addition, we selected overseas suppliers associated with two overseas subsidiaries for the CSR survey. In fiscal 2024, we conducted a CSR survey of the selected overseas suppliers, analyzed the collected responses, and identified potential risks. In fiscal 2025, we plan to visit suppliers identified as high risk. Moving forward, we also intend to extend the same survey to the overseas suppliers of our domestic subsidiaries as well.

## S: Social Quality Assurance



Chairman, Quality Assurance Committee  
General Manager, Technology Division General Manager, Development Department  
**Hitoshi Sasaki**

### Policies and Strategies

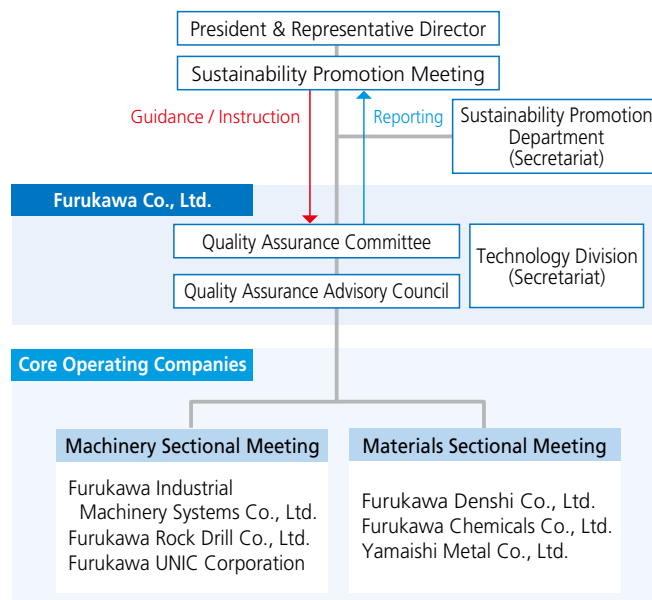
The Furukawa Company Group works continuously to improve the quality of its products and services in line with its Quality Assurance Basic Policy and the Quality Assurance Action Guidelines. Through reliable manufacturing, we strive to build trust with our customers while pursuing sustainable growth and contributing to society.

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

### Governance Framework

The Quality Assurance Committee was established within Furukawa Co., Ltd., to engage in comprehensive deliberations on important matters relevant to quality assurance in the Group. In addition, the Technology Division manages the Group's quality assurance system and promotes activities for quality assurance and product safety. These organizations work together while engaging the entire Group to provide products and services that earn the trust and satisfaction of our customers.

### Quality Assurance Management System



### Risk Management

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

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

### Metrics and Targets

#### FY2024 Targets:

- Continue activities based on the quality roadmap (Machinery business companies)
- Reduce quality-related complaints (Machinery business companies)
- Strengthen quality assurance system: Review existing methods and consider new ones (Materials business companies)
- Strengthen activities to raise awareness about quality (Groupwide)

#### FY2024 Results:

- Continued activities based on the quality roadmap (Machinery business companies)
- Reduced quality-related complaint expenses compared with the previous fiscal year (Machinery business companies)
- Raised the quality level of the Materials business by sharing information on FMEA methodology and improving existing activities (Groupwide)
- Distributed quality assurance educational materials to all officers and employees on four occasions (Groupwide)

### Initiatives

#### Human Resource Development to Support Quality Assurance

The Furukawa Company Group has a diverse product lineup, with each business segment conducting quality-related education activities tailored to its own product offerings. In addition, the Technology Division distributes educational materials on quality assurance to all officers and employees across the Group. We aim to increase opportunities for employees to think about quality by providing explanations of basic quality assurance principles and sharing examples of quality assurance activities at Group companies. In these ways, we strive to foster a mindset that quality assurance activities are not solely the responsibility of the quality assurance department, but are a collective effort involving all employees. In parallel with information dissemination, we conduct surveys to identify issues and requests related to quality assurance in various operations. This information is used to enhance future educational content and strengthen quality assurance frameworks within each business segment.



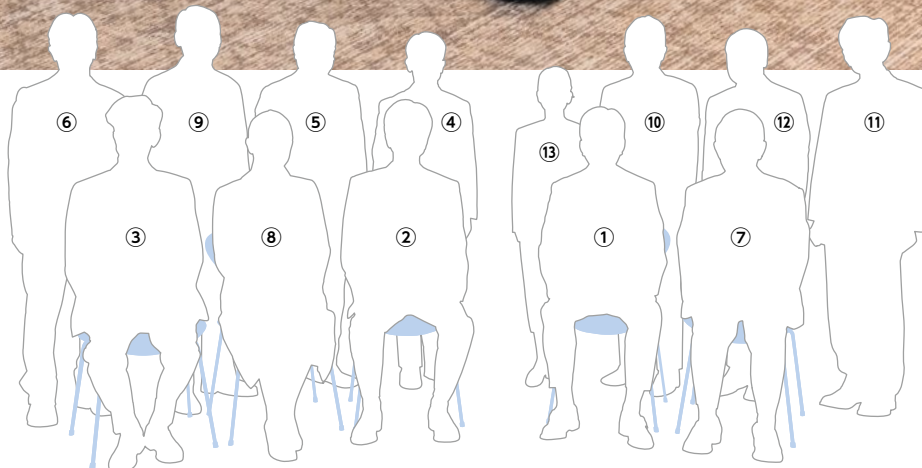
## G: Governance List of Officers (As of June 27, 2025)



- ① Naohisa Miyakawa    Chairman & Director
- ② Minoru Nakatogawa    President & Representative Director
- ③ Masahiro Ogino    Director, Deputy President & Executive Officer
- ④ Tatsuki Nazuka    Director & Managing Executive Officer
- ⑤ Koichiro Konno    Director & Senior Executive Officer
- ⑥ Kazuyoshi Iwama    Director & Senior Executive Officer

- ⑦ Yoichi Mukae    Outside Director (Independent)
- ⑧ Kazumi Nishino    Outside Director (Independent)
- ⑨ Hiroaki Nakamura    Outside Director (Independent)
- ⑩ Hiroyuki Sakai    Audit & Supervisory Board Member (Full-Time)
- ⑪ Akira Mikage    Audit & Supervisory Board Member (Full-Time)
- ⑫ Masatoshi Yano    Outside Audit & Supervisory Board Member (Independent)
- ⑬ Ikuyo Yonemura    Outside Audit & Supervisory Board Member (Independent)







## Directors (As of June 27, 2025)



### Naohisa Miyakawa

#### Chairman & Director

April 1975: Joined the Company  
 June 2007: Executive Officer, General Manager, Human Resources & General Affairs Department, and General Manager, Secretary Department  
 June 2009: Executive Officer of the Company, President & Representative Director of Furukawa Denshi Co., Ltd.  
 June 2011: Director & Senior Executive Officer of the Company, President & Representative Director of Furukawa Denshi Co., Ltd.  
 June 2013: President & Representative Director  
 June 2021: Chairman & Representative Director  
 November 2022: Representative Director of General Incorporated Association Furukawa Ichibee Memorial Center  
 June 2025: Chairman & Director (current position)  
 Holdings in the Company: 57,930 shares  
 Attendance at Board of Directors' meetings: 17/17 times (100%)



### Minoru Nakatogawa

#### President & Representative Director

April 1983: Joined the Company  
 June 2017: Executive Officer of the Company, Deputy President & Director of Furukawa UNIC Corporation (In charge of Promotion of Mid-term Business Plan)  
 June 2018: Executive Officer of the Company, President & Representative Director of Furukawa UNIC Corporation  
 June 2019: Director & Senior Executive Officer of the Company, President & Representative Director of Furukawa UNIC Corporation  
 June 2020: Director & Managing Executive Officer of the Company, President & Representative Director of Furukawa UNIC Corporation  
 June 2021: President & Representative Director (current position)  
 Holdings in the Company: 26,276 shares  
 Attendance at Board of Directors' meetings: 17/17 times (100%)



### Masahiro Ogino

#### Director, Deputy President & Executive Officer Assistant to the President; in charge of Rock Drill Machinery segment, UNIC Machinery segment, Metals segment, Human Resources & General Affairs Department, Legal Department, and Internal Audit Department

April 1982: Joined the Company  
 June 2015: Executive Officer of the Company, President & Representative Director of Furukawa Metals & Resources Co., Ltd.  
 June 2017: Director, Senior Executive Officer, and General Manager, Corporate Planning Department  
 June 2019: Director, Managing Executive Officer, and General Manager, Corporate Planning Department  
 June 2021: Senior Managing Director & Senior Managing Executive Officer of the Company, President & Representative Director of Furukawa Rock Drill Co., Ltd.  
 June 2023: Director, Deputy President & Executive Officer (current position)  
 Holdings in the Company: 23,853 shares  
 Attendance at Board of Directors' meetings: 17/17 times (100%)



### Tatsuki Nazuka

#### Director & Managing Executive Officer

#### In charge of Electronics segment, Chemicals segment, Technology Division, Environmental & Safety Management Department, and Purchasing Department

April 1981: Joined the Company  
 June 2015: Executive Officer and Deputy General Manager, Development Division  
 June 2017: Executive Officer and General Manager, Development Division  
 October 2017: Executive Officer and General Manager, Technology Division  
 June 2019: Director & Senior Executive Officer and General Manager, Technology Division  
 June 2022: Director & Managing Executive Officer of the Company and General Manager, Technology Division  
 June 2023: Director & Managing Executive Officer (current position)  
 Holdings in the Company: 16,247 shares  
 Attendance at Board of Directors' meetings: 17/17 times (100%)



### Koichiro Konno

#### Director & Senior Executive Officer

#### In charge of Corporate Planning Department, Sustainability Promotion Department, Accounting Department, Financial Department, and Information System Department

April 1985: Joined the Company  
 June 2021: Executive Officer and General Manager, Financial Department  
 June 2022: Executive Officer and General Manager, Corporate Planning Department  
 June 2023: Director & Senior Executive Officer, General Manager, Corporate Planning Department (current position)  
 Holdings in the Company: 5,568 shares  
 Attendance at Board of Directors' meetings: 17/17 times (100%)



### Kazuyoshi Iwama

#### Director & Senior Executive Officer

#### In charge of Industrial Machinery segment and Real Estate business

April 1985: Joined the Company  
 June 2017: Managing Director, Furukawa Metals & Resources Co., Ltd.  
 June 2019: President & Representative Director, Furukawa Chemicals Co., Ltd.  
 June 2021: Executive Officer of the Company, President & Representative Director, Furukawa Chemicals Co., Ltd.  
 June 2022: Executive Officer of the Company, President & Representative Director, Furukawa Industrial Machinery Systems Co., Ltd.  
 June 2025: Director & Senior Executive Officer of the Company, President & Representative Director, Furukawa Industrial Machinery Systems Co., Ltd. (current position)  
 Holdings in the Company: 4,805 shares  
 Attendance at Board of Directors' meetings: —



### Yoichi Mukae

#### Outside Director (Independent)

April 1975: Joined Ministry of International Trade and Industry  
 June 2004: Director-General for Commerce and Distribution Policy, Minister's Secretariat of Ministry of Economy, Trade and Industry  
 August 2006: Managing Director of The Shoko Chukin Bank, Ltd.  
 August 2008: Advisor of The Kansai Electric Power Company, Incorporated  
 June 2009: Managing Director of The Kansai Electric Power Company, Incorporated  
 June 2013: Director, Managing Executive Officer of The Kansai Electric Power Company, Incorporated  
 June 2015: President & Representative Director of The Kanden L&A Company, Limited, and President & Representative Director of KANDEN EL AUTO SYSTEM Co., Ltd.  
 June 2019: Director of the Company (current position)  
 June 2020: Advisor of The Kanden L&A Company, Limited, Representative Director of Research Institute of Economy, Trade and Industry and President of GS1 Japan  
 Holdings in the Company: 14,567 shares  
 Attendance at Board of Directors' meetings: 17/17 times (100%)



### Kazumi Nishino

#### Outside Director (Independent)

April 1992: Joined Fuji Photo Film Co., Ltd. (resigned in March 1996)  
 April 2006: Associate Professor, Department of Management of Science & Technology, Graduate School of Management of Science & Technology, Tokyo University of Science Graduate School  
 April 2017: Associate Professor, Graduate School of Commerce and Management of Hitotsubashi University  
 June 2019: Associate Professor, Graduate School of Business Administration, Hitotsubashi University, Outside Director, Orient Corporation (current position), Director of the Company (current position)  
 December 2019: Outside Director, MiTeL Co., Ltd.  
 April 2022: Professor, Graduate School of Business Administration, Hitotsubashi University (current position)  
 June 2022: Outside Director of Makino Milling Machine Co., Ltd.  
 September 2024: Vice President, Hitotsubashi University (current position)  
 Holdings in the Company: 9,682 shares  
 Attendance at Board of Directors' meetings: 15/17 times (88%)



### Hiroaki Nakamura

#### Outside Director (Independent)

April 1979: Joined Tokyo Rope Mfg. Co., Ltd.  
 July 2006: President of Tokyo Rope Vietnam Co., Ltd.  
 April 2011: Executive Officer of Tokyo Rope Mfg. Co., Ltd.  
 June 2012: Director and Executive Officer of Tokyo Rope Mfg. Co., Ltd.  
 June 2014: Representative Director, President, and Executive Officer of Tokyo Rope Mfg. Co., Ltd.  
 June 2018: Deputy Chairman of the Board of Tokyo Rope Mfg. Co., Ltd.  
 June 2019: Full-Time Corporate Auditor of Tokyo Rope Mfg. Co., Ltd.  
 June 2024: Director of the Company (current position)  
 Holdings in the Company: 0 shares  
 Attendance at Board of Directors' meetings: 14/14 times (100%)

Note: Director, Deputy President & Executive Officer Masahiro Ogino passed away on September 12, 2025. Even after his departure, the number of directors remains in compliance with the requirements stipulated by law and the Company's Articles of Incorporation.

## Audit & Supervisory Board Members (As of June 27, 2025)



### Hiroyuki Sakai

Audit & Supervisory Board Member (Full-Time)

April 1982: Joined the Company

June 2017: Executive Officer and General Manager, Business Process Re-engineering Department

June 2019: Director & Senior Executive Officer and General Manager, Business Process Re-engineering Department

June 2021: Director & Senior Executive Officer and General Manager, Corporate Planning Department

June 2022: Managing Director

June 2023: Director & Managing Executive Officer

June 2025: Audit & Supervisory Board Member (Full-Time) (current position)

Holdings in the Company: 19,552 shares

Attendance at Audit & Supervisory Board's meetings: —

Attendance at Board of Directors' meetings: 17/17 times (100%) (Attended as a Director)



### Akira Mikage

Audit & Supervisory Board Member (Full-Time)

April 1984: Joined the Company

June 2020: Executive Officer, General Manager, Accounting Department

June 2023: Audit & Supervisory Board Member (Full-Time) (current position)

Holdings in the Company: 4,764 shares

Attendance at Audit & Supervisory Board's meetings: 9/9 times (100%)

Attendance at Board of Directors' meetings: 17/17 times (100%)



### Masatoshi Yano

Outside Audit & Supervisory Board Member (Independent)

April 1980: Joined The Dai-Ichi Kangyo Bank, Ltd.

April 2007: Executive Officer, General Manager, Head Office of Mizuho Bank, Ltd.

April 2009: Managing Executive Officer of Mizuho Bank, Ltd.

April 2011: Deputy President of Mizuho Bank, Ltd.

June 2013: Representative Director & Deputy President of Chuo-Fudosan Co., Ltd.

June 2015: President & Representative Director of Chuo-Fudosan Co., Ltd.

June 2018: President & Representative Director of Seiwa Building Co., Ltd.

June 2019: Outside Audit & Supervisory Board Member of Seiko Holdings Corporation

June 2023: Outside Audit & Supervisory Board Member of Seiko Group Corporation (current position), Audit & Supervisory Board Member of the Company (current position)

Holdings in the Company: 0 shares

Attendance at Audit & Supervisory Board's meetings: 9/9 times (100%)

Attendance at Board of Directors' meetings: 16/17 times (94%)



### Ikuyo Yonemura

Outside Audit & Supervisory Board Member (Independent)

April 1989: Joined FUJI Research Institute Co., Ltd. (resigned in September 1993)

October 1995: Joined Deloitte Touche Tohmatsu LLC (resigned in July 2022)

April 1999: Registered as Certified Public Accountant

August 2022: Founded Yonemura Certified Public Accountant Office (currently serving as a Director)

December 2022: Outside Director and Audit & Supervisory Board Member of UniFa Co., Ltd. (current position)

June 2023: Outside Audit & Supervisory Board Member of Tribeck Inc. (current position)

September 2023: Inspector General of the Japan Society for the Promotion of Science (current position)

June 2024: Audit & Supervisory Board Member of the Company (current position)

Holdings in the Company: 0 shares

Attendance at Audit & Supervisory Board's meetings: 6/6 times (100%)

Attendance at Board of Directors' meetings: 14/14 times (100%)

## Executive Officers (As of June 27, 2025)

Deputy President & Executive Officer	Masahiro Ogino	
Managing Executive Officer	Tatsuki Nazuka	
Senior Executive Officer	Koichiro Konno	General Manager, Corporate Planning Department
Senior Executive Officer	Kazuyoshi Iwama	President & Representative Director, Furukawa Industrial Machinery Systems Co., Ltd.
Executive Officer	Takayuki Kitagawa	Deputy President & Director, Furukawa Industrial Machinery Systems Co., Ltd., Deputy President & Director, Furukawa Rock Drill Co., Ltd., Deputy President & Director and General Manager, Sales Division, Furukawa UNIC Corporation
Executive Officer	Masaki Yamaguchi	President & Representative Director, Furukawa Rock Drill Co., Ltd.

Executive Officer	Tomotoshi Miyamoto	President & Representative Director, Furukawa Metals & Resources Co., Ltd.
Executive Officer	Kenichi Kurita	President & Representative Director, Oita Mining Co., Ltd.
Executive Officer	Kenichiro Tamari	President & Representative Director, Furukawa Denshi Co., Ltd.
Executive Officer	Shin Imai	President & Representative Director, Furukawa Chemicals Co., Ltd.
Executive Officer	Tsuyoshi Tajika	General Manager, Accounting Department and General Manager, Financial Department
Executive Officer	Kenji Yamakawa	General Manager, Human Resources & General Affairs Department

\* Ratio of female executive officers: 0%

## Directors' Expertise and Experience (Skills Matrix)

(As of June 27, 2025)

Name	Independence	Corporate Management	Business Strategy/Marketing/DX	Technology/Production/Quality	Sustainability/Environment/Safety	Finance/Accounting	Legal Affairs/Risk Management	HR/HR Development	Internationality
Naohisa Miyakawa		○	○		○			○	○
Minoru Nakatogawa		○	○		○		○	○	○
Masahiro Ogino			○		○	○		○	○
Tatsuki Nazuka			○	○	○				
Koichiro Konno			○		○	○	○		
Kazuyoshi Iwama			○		○	○		○	
Yoichi Mukae	★	○					○		○
Kazumi Nishino	★		○	○	○				
Hiroaki Nakamura	★	○	○	○		○			○



## G: Governance Enhancement of Corporate Governance



### Policies

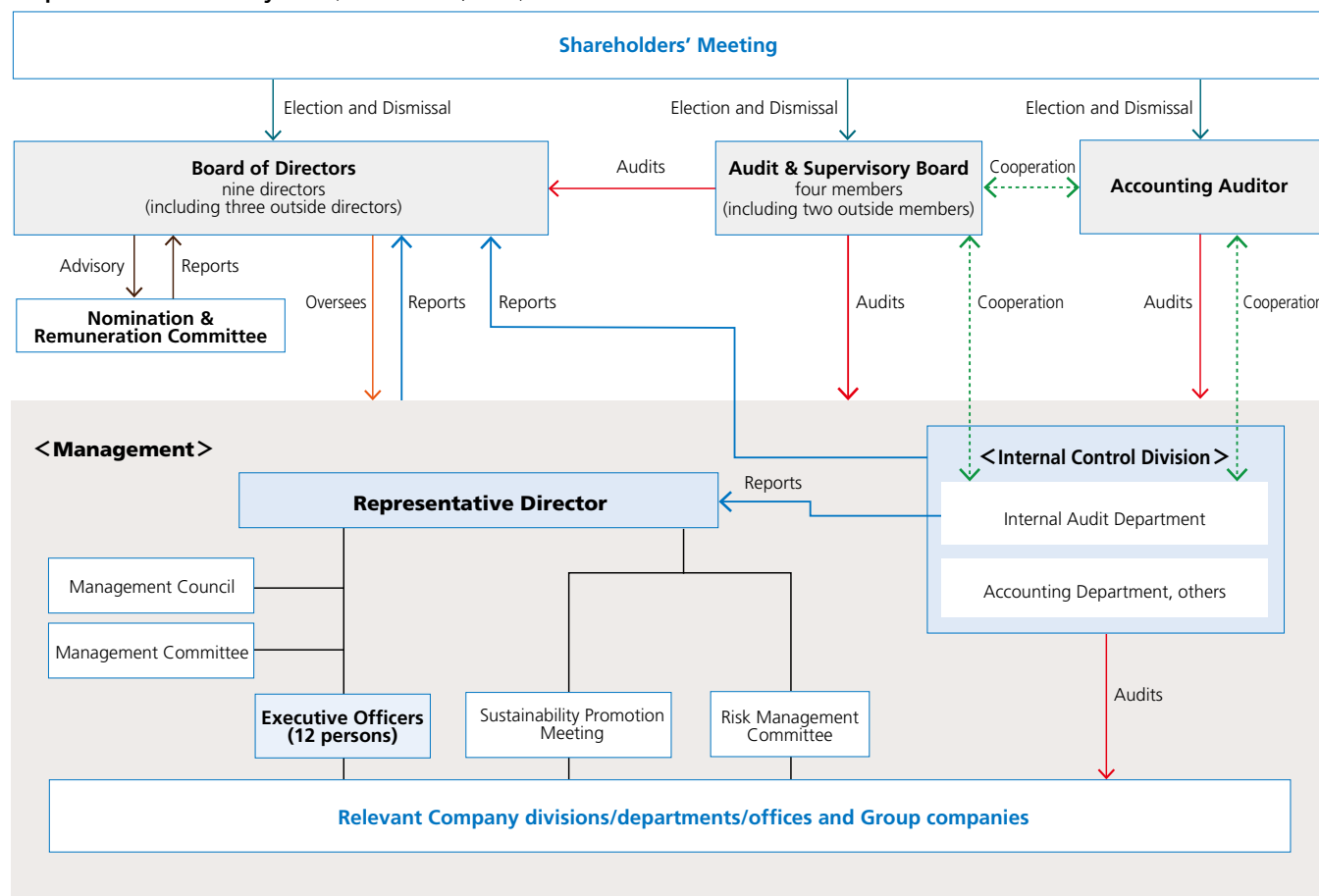
The Furukawa Company Group maintains fundamental policies regarding corporate governance with respect to heightening managerial transparency, building an effective managerial framework through ongoing efforts to transform its corporate structure, increasing its corporate value by generating consistent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

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

### Framework

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

### Corporate Governance System (As of June 27, 2025)



Board of Directors (As of June 27, 2025)	
<b>Chairman</b>	Naohisa Miyakawa, Chairman & Director
<b>Composition</b>	9 Directors (6 internal, 3 outside)
<b>Role</b>	Oversees the execution of business across the entire Furukawa Company Group as a supervisory body
<b>Number of meetings</b>	17 times (FY2024): Once a month, plus as needed
<b>Attendance</b>	98.6% (FY2024)
<b>Main matters discussed</b>	<ul style="list-style-type: none"> <li>61 resolutions and 50 reports</li> <li>• Matters related to financial results</li> <li>• Matters related to sustainability</li> <li>• Reduction of strategic shareholdings</li> <li>• Matters related to restricted stock</li> <li>• Matters related to capital policy, etc.</li> </ul>

Nomination & Remuneration Committee (As of June 27, 2025)	
<b>Chairman</b>	Yoichi Mukae, Outside Director
<b>Composition</b>	5 Directors (including 3 Outside Directors)
<b>Role</b>	Optional advisory body to the Board of Directors. Receives requests for advice from the Board of Directors regarding candidates for Directors and Audit & Supervisory Board Members, as well as selection and dismissal of Representative Directors and remuneration for Directors, then deliberates and reports as necessary.
<b>Number of meetings</b>	4 times (FY2024)
<b>Attendance</b>	100% (FY2024)
<b>Main matters discussed</b>	<ul style="list-style-type: none"> <li>• Remuneration for Directors and Audit &amp; Supervisory Board Members</li> <li>• Nomination of candidates for Directors and Audit &amp; Supervisory Board Members</li> <li>• Director remuneration calculation standards, etc.</li> </ul>

Management Council (As of June 27, 2025)	
<b>Chairman</b>	Minoru Nakatogawa, President & Representative Director
<b>Composition</b>	All internal Directors (6 persons) Internal Audit & Supervisory Board Members may attend and express their opinions.
<b>Role</b>	Makes decisions about the basic management policies, strategic planning, and other important matters related to the Group. Important matters related to each Group company are submitted for deliberation after being approved by the respective company's internal decision-making body.

Management Committee (As of June 27, 2025)	
<b>Chairman</b>	Minoru Nakatogawa, President & Representative Director
<b>Composition</b>	Internal Directors and internal Audit & Supervisory Board Members, Executive Officers, General Managers of business divisions, Managers of departments not attached to business divisions (excluding General Manager of the Secretary Department), and the Presidents of core operating companies
<b>Role</b>	Reports on the execution of business by the Company and its core operating companies, examines them, and gives instructions
<b>Number of meetings</b>	12 times (FY2024): Once a month

Audit & Supervisory Board (As of June 27, 2025)	
<b>Chairman</b>	Hiroyuki Sakai, Audit & Supervisory Board Member (Full-Time)
<b>Composition</b>	2 Audit & Supervisory Board Members (Full-Time) and 2 Outside Audit & Supervisory Board Members Note: In preparation for regulation requiring a prescribed number of statutory auditors by law, we appointed one alternate auditor.
<b>Role</b>	The Audit & Supervisory Board makes decisions on audit policies, business operations, methods of investigating the status of assets, and other matters related to the execution of duties by its members. In accordance with the audit policies established by the Audit & Supervisory Board, auditors monitor the execution of duties by Directors and others. This is done by attending important forums, such as meetings of the Board of Directors and the Management Council, as well as listening to reports from Directors and conducting on-site inspections of business offices and subsidiaries.
<b>Number of meetings</b>	9 times (FY2024)
<b>Main matters discussed</b>	<ul style="list-style-type: none"> <li>• Audit policies and plan</li> <li>• Audit report preparation</li> <li>• Evaluation and reappointment of independent Audit &amp; Supervisory Board Members, etc.</li> </ul>

### Executive Officer System

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

As of June 27, 2025, the Company has 12 Executive Officers, four of whom also serve concurrently as Directors.

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

We established the Internal Audit Department as an internal auditing organization to conduct audits of the status of management and business execution across all management activities of the Group. As of June 27, 2025, the Department has five members, including the Internal Audit Department Manager. The Department reports the results of internal audits regularly (twice a year) to the Board of Directors and to the Audit & Supervisory Board as needed (three times in fiscal 2024), thereby ensuring cooperation among Directors and Auditors.

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

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

## Evaluating the Effectiveness of the Board of Directors

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

Evaluation Process	
Questionnaires sent to each Director and Audit & Supervisory Board Member (March–April 2025)	<p>Each Director and Audit &amp; Supervisory Board Member evaluates the following items:</p> <ul style="list-style-type: none"> <li>• Matters related to the composition of the Board (such as size and diversity)</li> <li>• Matters related to the operation of the Board (such as frequency of meetings and provision of information in advance)</li> <li>• Matters related to discussions at Board meetings (such as content of agenda items)</li> <li>• Matters related to the monitoring function of the Board</li> <li>• Matters related to dialogue with shareholders and other investors, etc.</li> </ul>
Opinion exchange by Outside Directors and Outside Audit & Supervisory Board Members (May 2025)	Discuss the effectiveness of the Board of Directors, referring also to the results of aforementioned questionnaires at meetings where only Outside Directors and Outside Audit & Supervisory Board Members are invited to participate.
Discussion at Board of Directors' meeting (May 2025)	Based on the results of the aforementioned questionnaire and discussions in the exchange of opinions by Outside Directors and Outside Audit & Supervisory Board Members, the effectiveness of the Board of Directors in the previous fiscal year is evaluated. In addition, efforts aimed at further improving the effectiveness of the Board of Directors are also finalized.
Evaluation Results for Fiscal 2024	
<p>(1) For matters related to materials presented to the Board of Directors ("timing of advance distribution" and "comprehensive, organized analysis of necessary information") and "quality of presentations," evaluations declined slightly compared with the previous fiscal year. However, regarding the question of whether the Board of Directors is functioning effectively, the evaluation showed improvement.</p> <p>(2) Evaluation of coordination between Directors, Audit &amp; Supervisory Board Members, and the Internal Audit Department improved significantly.</p> <p>(3) We also identified three challenges: "Providing materials in a well-organized and clearly analyzed form," "Follow-up on the progress of business plans," and "Enhancing the Board of Directors' supervisory (monitoring) function."</p> <p>(4) We confirmed that the issues identified as items for improvement in the previous fiscal year are being addressed as follows.</p> <ol style="list-style-type: none"> <li>① Regarding follow-up on the progress of Medium-Term Business Plan 2025, at the Extraordinary Board of Directors' meeting held on August 7, 2024, we reported on not only performance but also challenges related to overall corporate strategy and divisional strategies.</li> <li>② We will continue conducting special audits in response to specific issues while also examining the mechanisms needed to strengthen our supervisory functions.</li> <li>③ We held multiple exchanges of opinions on internal audits between the Internal Audit Department and Audit &amp; Supervisory Board Members (including outside members).</li> <li>④ For important matters submitted to the Board of Directors, we held individual briefing sessions to allow for meticulous discussion. The Chairman and President also provided additional explanations as required.</li> </ol>	

## Future Initiatives

- (1) "Providing materials in a well-organized and clearly analyzed form"
  - ① By revising the layout of agenda summaries, we will improve the readability and accessibility of the materials.
  - ② By adjusting the timing of material distribution and accepting questions in advance, we will work to deepen understanding of agenda items and ensure the efficient operation of the Board of Directors.
  - ③ For routine agenda items, we will provide focused explanations, but for certain matters we will allocate more time for questions and answers.
- (2) "Follow-up on the progress of business plans"
  - ① We will continue reporting on issues related to overall corporate strategy and divisional strategies in addition to business performance.
  - ② We will work to ensure ample opportunities for discussion on the Management Philosophy, the next medium-term business plan, and related matters.
- (3) "Enhancing the Board of Directors' supervisory (monitoring) function"
  - ① Continuing from fiscal 2024, we will conduct special audits in response to specific issues. Based on the results, we will review the problems and challenges identified along with corresponding countermeasures and consider ways to further strengthen risk management across the Group.
  - ② We will examine the mechanisms needed to strengthen the Board's supervisory function, including key issues in each department and risk management methods.

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

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

As of June 27, 2025, the Company has three Outside Directors and two Outside Audit & Supervisory Board Members.

In addition, the Company stipulates that Outside Officers (Outside Directors and Outside Audit & Supervisory Board Members, including candidates) do not fall under the following criteria concerning independence. Outside Officers who meet such criteria are designated and registered as Independent Directors/Auditors under the rules of the Tokyo Stock Exchange. As of June 27, 2025, the Company has five Independent Officers.

## Independence Standards for Outside Officers

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

- (1) Executive Directors, and employees of the Furukawa Company Group
- (2) Business partners of the Group (those who provide products or services mainly to the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the business partners in the most recent fiscal year of such business partners) or executives of such business partners
- (3) Main business partners of the Group (those who are provided products or services by the Group and whose transactions with the Group were equivalent to more than 2% of net sales of the Group in the most recent fiscal year of the Group) or executives of such business partners
- (4) Executives of financial institutions that are major lenders to the Group (lenders whose loan amounts were equivalent to more than 2% of the Group's consolidated total assets at the most recent fiscal year-end)
- (5) Individuals earning ¥10 million or more per year from the Group in monetary or other benefits as specialists (including consultants, accountants, and lawyers) excluding executive remuneration, or individuals employed by companies earning ¥100 million or more per year from the Group

- (6) Individual shareholders who hold 10% or more of the Company's voting rights (or Executive Directors, Executive Officers, or employees of corporations that hold 10% or more of the Company's voting rights)
- (7) Individuals who had fallen under (1) to (6) above in the past three-year period
- (8) Relatives (second degree or closer) of persons who fall under (1) to (7) above

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

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

- (1) Basic policies
  - The remuneration system for Directors shall function soundly as an incentive for the sustainable enhancement of corporate value, and the amount of remuneration for each individual Director (hereinafter, "individual remuneration") shall be determined appropriately according to the responsibilities of each position.
  - Remuneration for Directors shall consist of basic remuneration, additional remuneration for Directors, additional remuneration for Representative Directors, and restricted stock-based remuneration.
- (2) Policies for determining individual remuneration (including timing for granting remuneration)
  - Individual remuneration amounts shall be determined in accordance with the remuneration standards for Directors, taking into consideration the position, responsibilities, trends at other companies, and salary levels of employees, as well as business performance and other factors.
  - With respect to monetary remuneration for Directors, excluding Outside Directors, the fixed portion is calculated by multiplying the basic remuneration by 90%, along with additional amounts for Directors and Representative Directors, while the performance-linked portion is calculated by multiplying the basic remuneration by 0–20%. Both portions are paid monthly.
  - With respect to non-monetary remuneration for Directors, excluding Outside Directors, restricted stock units shall be granted annually at a designated time.
  - For Outside Directors, a fixed amount of base remuneration only is paid monthly as monetary remuneration in consideration of their duties.
- (3) Policy for determining calculation method for performance-linked remuneration
  - Performance-linked remuneration shall be linked to short-term business results, and consolidated operating profit shall be used as a performance indicator to raise awareness of the need to improve business performance in each fiscal year.
  - In principle, performance-linked remuneration shall be a sum equal to the basic remuneration multiplied by 0–20%, depending on the degree of achievement of the performance index against initially announced targets. However, if natural disasters or extraordinary circumstances significantly impact the achievement of performance indicators, the Nomination & Remuneration Committee may take such factors into consideration after deliberation.
- (4) Policy for determining non-monetary remuneration
  - The Company shall pay a prescribed amount of monetary remuneration to Directors on the condition that they use it to pay for restricted stock units, with the aim of providing medium- to long-term incentives and promoting shared values with shareholders.

- Restricted stock units will generally have transfer restrictions lifted if the Director to whom they were granted retires during the restriction period due to term expiration, death, or other legitimate reasons.
  - (5) Policy for determining payment breakdown by type of individual remuneration
    - The performance-linked portion of each individual's remuneration shall be approximately 8%, and the rest shall be fixed (monetary) remuneration in the form of restricted stock units.
    - Restricted stock remuneration shall be approximately 15% of each individual's remuneration.
  - (6) Matters concerning the method of determining the content of individual remuneration
    - The Nomination & Remuneration Committee, whose principal members are Independent Outside Directors, shall deliberate on individual remuneration in accordance with the policies described in (1) through (5) above.
    - The President & Representative Director, who is in a position to oversee and control the overall performance of the Company, shall decide specific details of individual remuneration based on discretionary assignment from the Board of Directors and the deliberations by the Nomination & Remuneration Committee.
- Remuneration for Audit & Supervisory Board Members is determined through consultation between such members.

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

Officer Type	Total Remuneration (Millions of yen)	Total Remuneration by Type (Millions of yen)			Number of Eligible Officers (Persons)
		Fixed	Performance-Linked Remuneration	Non-Monetary Remuneration	
Directors (Excluding Outside Directors)	223	172	23	27	6
Audit & Supervisory Board Members (Excluding Outside Members)	19	19	—	—	2
Outside Directors	30	30	—	—	4
Outside Audit & Supervisory Board Members	18	18	—	—	3
<b>Total</b>	<b>291</b>	<b>240</b>	<b>23</b>	<b>27</b>	<b>15</b>

#### Notes:

- Furukawa Co., Ltd., resolved to abolish its retirement allowance system for Directors and Audit & Supervisory Board Members at the conclusion of the 140th Annual Shareholders' Meeting held on June 28, 2007.
- The above figure for total fixed remuneration does not include payments (totaling ¥19 million) by four subsidiaries of the Company to two Directors concurrently serving as Directors or Audit & Supervisory Board Members of those subsidiaries. It also does not include payments (totaling ¥21 million) by six subsidiaries of the Company to two Audit & Supervisory Board Members concurrently serving as Directors or Audit & Supervisory Board Members of those subsidiaries.
- The total remuneration figure shown above is for fiscal 2024.



## Skills Required of Board of Directors

In November 2021, we defined seven skills that members of the Board of Directors should possess in order to realize the Company's Management Philosophy and management strategies and plans. We reviewed these in fiscal 2024 and now define the following eight skills that Board members should possess.

- (1) Corporate management
- (2) Business strategy, marketing, and DX
- (3) Technology, production, and quality
- (4) Sustainability, the environment, and safety
- (5) Finance and accounting
- (6) Legal affairs and risk management
- (7) Personnel and human resource development
- (8) International perspective

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

### Reasons for Selecting Each Skills Matrix Item

Item	Reasons for Selection
Corporate management	To help realize a sustainable society while enhancing the Group's corporate value over the long term, it is important to present a vision for the future, demonstrate leadership that guides officers and employees toward its realization, possess the ability to oversee the entire Group, and have business management experience in those areas.
Business strategy, marketing, and DX	It is important to have the ability to formulate strategies for delivering valued products and services, the expertise and capabilities to drive business transformation through DX, and the experience in those areas to lead various businesses.
Technology, production, and quality	It is important to have broad technical expertise to accelerate innovation, along with knowledge to achieve efficient and stable production capabilities and maintain and improve quality, as well as business experience in those areas.
Sustainability, the environment, and safety	To conduct business activities that help realize a sustainable society, it is important to have knowledge of sustainability and expertise in reducing environmental impact and managing safety—areas in which we have been engaged since our founding—as well as business experience in those areas.
Finance and accounting	To build, maintain, and strengthen the Group's financial foundation and ensure the optimal allocation of management resources, it is important to have expertise in finance and accounting, as well as business experience in those areas.

Legal affairs and risk management	To establish a governance framework, strengthen compliance, and manage the diverse risks associated with business operations, it is important to have expertise in legal affairs and risk management, as well as business experience in those areas.
Personnel and human resource development	To create a workplace environment where officers and employees can fully demonstrate their abilities while securing and developing diverse talent, it is important to have expertise in human resources and talent development, as well as business experience in those areas.
International perspective	To advance overseas business development as a global company, it is important to have expertise in international affairs, overseas markets, and the cultures of different countries, as well as business experience in those areas.

## Policies and Procedures for Officer Nomination, Election and Dismissal

Candidates for Directors and Audit & Supervisory Board Members shall have the character, insight, and ethics appropriate for the position and be capable of fulfilling the duties and responsibilities of the position. In addition, candidates for internal Directors shall have sufficient experience and knowledge of the Company's operations and excellent management judgment, and candidates for Audit & Supervisory Board Members must understand the importance of auditing in corporate management, possess the required knowledge, and have a high level of normative awareness.

Nominations of candidates for Directors are deliberated by the Nomination & Remuneration Committee and decided by the Board of Directors. Nominations of candidates for Audit & Supervisory Board Members are deliberated by the Nomination & Remuneration Committee and decided by the Board of Directors with the consent of the Audit & Supervisory Board.

The Board of Directors appoints senior management team members who are qualified from the perspective of realizing the Company's Management Philosophy, management strategy, and so forth. The Nomination & Remuneration Committee deliberates on whether or not to reappoint such members based on a review of their achievement status against management plans and performance indicators, including by division, and on whether to dismiss them if they engage in fraudulent activities and the like.

## Initiatives

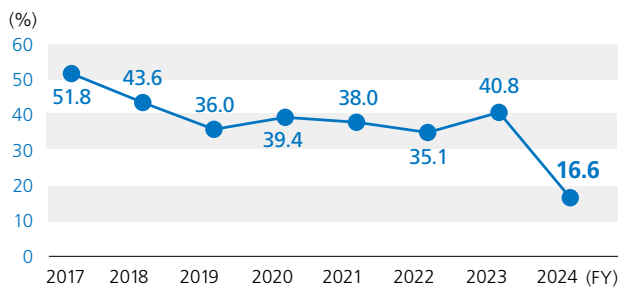
### Strategic Shareholdings

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

Each year, the Board of Directors examines each stock of the Company's strategic shareholdings and verifies the purpose for which the stock is held and whether the benefits and risks associated with holding the stock are commensurate with the cost of capital. The Board of Directors also examines the appropriateness of continual ownership after comprehensive consideration of both qualitative and quantitative factors. We will endeavor to reduce the number of stocks that are no longer necessary to hold by selling them as appropriate. With regard to the reduction target for strategic shareholdings, our original target was to reduce the ratio to less than 20% of consolidated net assets by March 31, 2026. This target was subsequently brought forward by one year, to March 31, 2025. We have already achieved the target, with the ratio down to 16.6% as of March 31, 2025.

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

#### Strategic Shareholdings Ratio\*



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

#### Dialogue with Shareholders and Other Investors

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

The following table shows the status of the Group's dialogue with shareholders and other investors in fiscal 2024.

#### 1. Implementation Status

##### (1) For shareholders

Held Annual Shareholders' Meeting, sent shareholder newsletters, etc.

##### (2) For institutional investors

	FY2024 Results	Main Hosts	Participants
Results briefings	2 times	President & Representative Director, Director in charge of Corporate Planning Dept.	56 persons from 44 companies (Fund managers, analysts, etc.)
Individual IR・SR meetings	63 times	Director in charge of Corporate Planning Dept., General Manager of Corporate Planning Dept., IR managers, etc.	104 persons from 61 companies (Fund managers, analysts, etc.)

##### (3) Informative materials

Institutional disclosures: Financial statements, Annual Securities Report, and Corporate Governance Report

Voluntary disclosures: News releases, Integrated Report, Sustainability Book, financial results presentation materials, shareholder newsletters, and other materials (videos, brochures, etc.) to promote understanding of the Company

#### 2. Main Content of Dialogue

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

#### 3. Feedback from Shareholders and Other Investors

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

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

[Corporate Governance Report](#)

## Message from Chairman of the Board of Directors



**Naohisa Miyakawa**

Chairman of the Board of Directors  
Chairman & Director

### Initiatives Concerning the Role and Effectiveness of the Board of Directors in an Era of Change

In August 2025, the Furukawa Company Group reached a major milestone—its 150th anniversary. With the future vision of our founder, Ichibei Furukawa, in our hearts, we once again face the question of how we will shape the next 100 and 150 years.

Fiscal 2025 is the final year of our long-term Vision for 2025, established in 2015. The Board of Directors plays a central role in defining the Group's direction with a view to the future. Through discussions on medium- to long-term management strategies, we share our aspirations and convictions as a company, and by making swift and accurate decisions, we continue moving forward with strength even in this era of rapid change. Through appropriate supervision of the management team's execution of duties, we also help strengthen governance and maintain a sound management structure.

In the Board's effectiveness evaluation conducted in fiscal 2023, issues such as "Follow-up on the implementation of management plans" were identified through a questionnaire targeting Directors and Audit & Supervisory Board Members. In addition to annual follow-ups on the progress of the medium-term business plan, in fiscal 2024 we created an opportunity to report to the Board on issues related to overall corporate strategy and the strategies of each business division. We also increased opportunities for Audit & Supervisory Board Members, including outside ones, and the Internal Audit Department to exchange opinions regarding internal audits. In addition to explaining Board agenda items, we provide Outside Directors and Outside Audit & Supervisory Board Members with briefings on the deliberation process, discussions held in subordinate bodies, and related context and background. We also organize plant visits to UNIC Machinery facilities to help deepen their understanding of the business. As Chairman of the Board of Directors, I work to invigorate discussions and enhance the effectiveness of the Board by drawing on the objective and diverse perspectives of Outside Directors. I feel that such ongoing dialogue is enhancing the effectiveness of the Board and helping it make better decisions.

### Strategies and Governance for Business Growth

Positioning the Machinery business as a core domain, the Group is enhancing alliances and M&A initiatives to pursue non-linear growth in the future. When considering an M&A, we assess whether the deal will ensure the creation of the expected corporate value. In March 2025, we announced our acquisition of shares in Mitsui Miike Machinery Co., Ltd., making it an equity-method affiliate. In May 2025, we disclosed that we had reached a Memorandum of Understanding to consider transferring shares in EarthTechnica Co., Ltd. In both cases, the key focus of discussion was how much synergy could be expected in enhancing the Group's corporate value and how best to allocate management resources. Before reaching these resolutions, we held multiple prior briefing sessions for Outside Directors and Outside Audit & Supervisory Board Members and engaged in careful deliberations at the Board meetings.

In the course of making these important decisions, Outside Directors and Outside Audit & Supervisory Board Members provided objective perspectives and, at times, critical opinions and comments. Management faced these with sincerity before reaching a resolution.

In fiscal 2024, we also focused on capital strategy. As for strategic shareholdings, we significantly reduced the ratio to 16.6% as of March 31, 2025, down significantly from 40.8% a year earlier. In terms of shareholder returns, we raised our target for total share buybacks over the three years through fiscal 2025 to approximately ¥13.0 billion, which is 2.6 times the previous level. We also paid an interim dividend and decided to increase annual dividends for fiscal 2024. The Board of Directors also conducted ongoing discussions on the balance between financial soundness and shareholder returns, while moving forward by incorporating constructive opinions from Outside Directors.

In non-financial areas as well, management regularly reports to the Board of Directors on important risks related to the Group and response measures, as well as on carbon neutrality targets and progress, and the Board in turn provides appropriate oversight. Compared with 10 years ago when we formulated Vision for 2025, I feel that the number of sustainability-related agenda items and reports handled by the Board has certainly increased, and that our initiatives have made good progress.

### Enhancing Governance through Diverse Perspectives

As of July 2025, two of our officers (out of nine Directors and four Audit & Supervisory Board Members) were women, underscoring progress in increasing the diversity of the Board of Directors. In addition, our Outside Directors include individuals with diverse backgrounds, such as former presidents of overseas subsidiaries and experts in business strategy. This allows us to incorporate opinions from global and multifaceted perspectives and engage in active discussion.

While aiming to stimulate discussions by promoting diversity on the Board, we will work to appoint individuals with diverse backgrounds in terms of gender and career. To this end, we are strengthening talent development and recruitment while advancing HR initiatives that promote diversity.

### Building a Future with Stakeholders Founded on 150 Years of History

Since our current long-term Vision for 2025 concludes in fiscal 2025, we are reviewing the results achieved to date and advancing discussions on the next long-term vision, with a basic policy that positions the Machinery business as our core growth driver. As we celebrate our 150th anniversary this year, I will, in my role as Chairman of the Board of Directors, continue promoting Board operations with an emphasis on enhancing quality to ensure another 150 years of growth. I kindly ask stakeholders for their ongoing support.



## Messages from Independent Outside Directors



**Yoichi Mukae**

Outside Director  
(Independent)

### **With steady progress in M&As and financial improvements, we look forward to achieving our operating profit and ROE targets aimed at sustainable growth.**

Over the past year, we made progress in M&As, which had been a challenge, as evidenced by our announcement of several deals. We also made advances on the financial and capital fronts. For example, we issued corporate bonds for the first time in 23 years, increased share buybacks, canceled treasury shares, and achieved our strategic shareholding reduction target.

At the same time, sales and operating profit in existing businesses have not grown as much as expected, which is an issue.

There has been debate over whether the numerical targets in Medium-Term Business Plan 2025 are achievable. Rather than being unattainable, however, I believe they are ambitious goals

that reflect a positive drive for growth. While annual forecasts are greatly influenced by external conditions at any given time, looking at the plan as a whole, it is regrettable that things did not proceed as hoped.

As an outside director, I believe my role is to monitor and oversee management from an external perspective while providing opinions and advice. Going forward, I hope to support the internal directors and executive officers, who are well versed in the market and business operations, in formulating and executing concrete measures for sustainable growth and enhanced corporate value.

Building on the technologies and spirit passed down through the Company's 150-year history, I hope we will continue to address social issues and create social value. At the same time, I am confident that we will achieve our targets—operating profit regularly in excess of ¥15 billion and ROE in the 8% range—in the near future.



**Kazumi Nishino**

Outside Director  
(Independent)

### **Initiatives to enhance competitiveness through alliances and M&A are commendable, but challenges remain in developing new businesses and products.**

Our new alliances and M&As deserve positive recognition. In our core Machinery business, enhancing the product portfolio is essential to strengthening the Company's competitiveness, in my view. Going forward, I expect management to maintain close communication with alliance partners to maximize synergies across production and sales.

There are various reasons, including external factors, for the significant gap between the targets of Medium-Term Business Plan 2025 and our fiscal 2025 forecasts. However, I believe our challenges lie in not having articulated concrete growth strategies for each business and in not continuously delivering attractive new products to customers. I would like to

continue discussing these issues at the Board of Directors' meetings.

Outside Directors are tasked with supervising management's execution of duties objectively and independently, drawing on their respective accumulated abilities and knowledge. Because Outside Directors come from diverse backgrounds, they provide differing perspectives and raise issues accordingly in Board discussions. A characteristic of our Board is that members are free to express their opinions, and I hope we will continue valuing this diversity and engage in active discussions.

We recently celebrated our 150th anniversary. Just as new businesses created by our predecessors have become today's core operations, we are now expected to develop new businesses and products that will become pillars for the future. While respecting our roots in mine development, I believe we must approach business development with strong determination as we look ahead to the next 50 and 100 years.



**Hiroaki Nakamura**

Outside Director  
(Independent)

### **We need to drive transformation to enhance corporate value through business portfolio reforms and further pursuit of M&As.**

Over the past year, our performance was generally strong, aided in part by favorable external conditions in the Metals segment. I also highly commend our progress on several M&A deals. However, the external environment for the Metals segment is expected to deteriorate in fiscal 2025, so we must secure and increase earnings across all segments. I believe our medium- to long-term

challenges include accelerating business portfolio reforms and further promoting M&As.

At the Board meetings, we received analyses and explanations on the main factors behind the gap between the targets of Medium-Term Business Plan 2025 and our fiscal 2025 forecasts. However, further discussion is still needed. Regarding our fiscal

2025 performance targets, I feel the Board should continue deepening discussions on identifying issues and exploring ways to increase the budget.

While my role is to oversee management, I believe it essentially means leveraging my external perspectives to help drive the Company's sustainable growth and development. As an independent Outside Director, I hope to provide appropriate oversight and advice from a fair and neutral standpoint and long-term perspective.

With a history spanning 150 years, the Company has contributed to society's progress through diverse products and technologies, and we can be proud of this. At the same time, conditions surrounding the Company are constantly changing, and the pace of technological innovation is accelerating. In this context, I am confident that the Group will continue transforming itself with a strong spirit of renewal and a commitment to creating new value. By delivering that value to society in a timely manner, the Company will remain an enterprise that is indispensable to society.

## G: Governance Ensure Thorough Compliance



General Manager, Legal Department  
Chairman, Compliance Committee

**Riichiro Tanaka**

### Policies

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

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

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

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

[!\[\]\(c50c8b7b2cc2cf9ff925edec0ee94c0d\_img.jpg\) Furukawa Company Group's Charter of Corporate Conduct](#)

[!\[\]\(6a9b39b98eb945faa14c645ec99e4eaa\_img.jpg\) Furukawa Company Group's Code of Conduct for Officers and Employees](#)

### Framework

#### Compliance

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

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

### Internal Reporting System

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

Effective April 1, 2025, we renamed our whistleblowing system the Furukawa Group Compliance Helpline. The clearer name is intended to further raise awareness of the system and its point of contact.

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

### Metrics and Targets

#### FY2024 Targets:

- Achieve zero major compliance violations

#### FY2024 Results:

- Achieved zero major compliance violations
- Total political contributions ¥1,670,000
- Number of compliance training events 7 times (10 sessions in total)

## Initiatives

### Compliance Education

We publish Compliance News to provide information on compliance to all officers and employees of the Group. Our top management also explains the importance and priority of compliance from time to time. In these and other ways, we work to foster a corporate climate that emphasizes compliance. In fiscal 2024, we conducted general compliance training in addition to topic-specific sessions focused on particular themes. To support continuous learning of training content, we produced compliance training videos and made them available on the Company's internal portal site. This enables employees to watch them flexibly during breaks in their work and promotes more self-directed learning.

Training Type	No. of Participants (No. of Training Courses)
Compliance training for new employees	35 persons (2 times)
Training on the Construction Industry Act	84 persons (3 times)
Compliance training for officers	57 persons (1 time)
Training on the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors	80 persons (1 time)
Credit management training	119 persons (1 time)
Basic legal knowledge required for business	38 persons (1 time)
Training on eliminating antisocial forces	85 persons (1 time)

### Compliance Awareness Surveys

The Furukawa Company Group conducts regular compliance awareness surveys with the aim of raising compliance awareness among officers and employees and identifying items that pose a high risk of compliance violations. Based on the results, we implement effective compliance initiatives.

The most recent compliance awareness survey was conducted in fiscal 2024.

In this survey, we included questions from multiple perspectives, such as awareness of legal compliance and ethical behavior in the workplace, and analyzed overall trends across the Group. The survey results revealed various challenges, including differences in awareness among Group companies and departments, as well as insufficient understanding of certain themes.

Based on these results, we will roll out training and awareness-raising activities tailored to the issues of each Group company and department with the aim of strengthening our compliance framework.

### Preventing Bribery and Corruption

In January 2021, after submitting a report to the Board of Directors, the Furukawa Company Group established its Basic Policy for Preventing Bribery and Corruption and the Basic Guidelines for Preventing Bribery and Corruption.

The Basic Policy for Preventing Bribery and Corruption, which explicitly states externally our corporate stance regarding prevention of bribery and corruption, is posted on our corporate website.

The Basic Guidelines for Preventing Bribery and Corruption clarify procedures for preventing acts that constitute or may be suspected of constituting bribery in business activities. Such acts include excessive entertainment, the exchange of gifts, collusion and other forms of unfair competition, embezzlement, coercion, fraud, improper accounting, money laundering, and obstruction of justice. Specifically, we have clarified the scope of "public officials, etc." as potential counterparts in bribery and corruption and outlined the types of actions, such as providing benefits, covering expenses, and making donations or grants, that are prohibited. The guidelines also establish procedures for dealing with bribery and corruption and define procedures for appointing agents, consultants, and similar parties. In addition, we established a duty to report any recognized violations of the guidelines and stipulated that such violations will be subject to disciplinary action or other penalties.

The Group conducts compliance education and training on measures to prevent bribery and corruption and includes prevention of bribery and corruption as a regular audit item in internal audits carried out by the Internal Audit Department. Going forward, we will continue to ensure full compliance with the Basic Policy for Preventing Bribery and Corruption and the Basic Guidelines for Preventing Bribery and Corruption.

[Furukawa Company Group Basic Policy for Preventing Bribery and Corruption](#)



## G: Governance Develop an Enterprise Risk Management System



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



### Policies and Strategies

To strengthen its management foundation for growth, the Furukawa Company Group has identified “Develop an enterprise risk management system” as one of its Materialities (Key Issues). The Furukawa Company Group will strengthen and expand its enterprise risk management system to strengthen its management foundation with a view toward growth. We will also work to enhance corporate value by engaging in business practices that take into consideration the Group’s CSR/ESG issues.

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

### Framework

#### Risk Management

The Risk Management Committee was established to manage all risks faced by the Furukawa Company Group. The Committee evaluates the risks of each Group company and division and examines and assesses measures to deal with those risks.

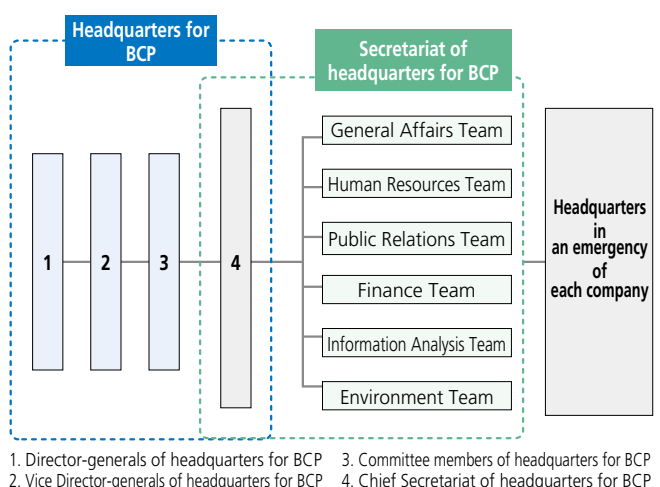
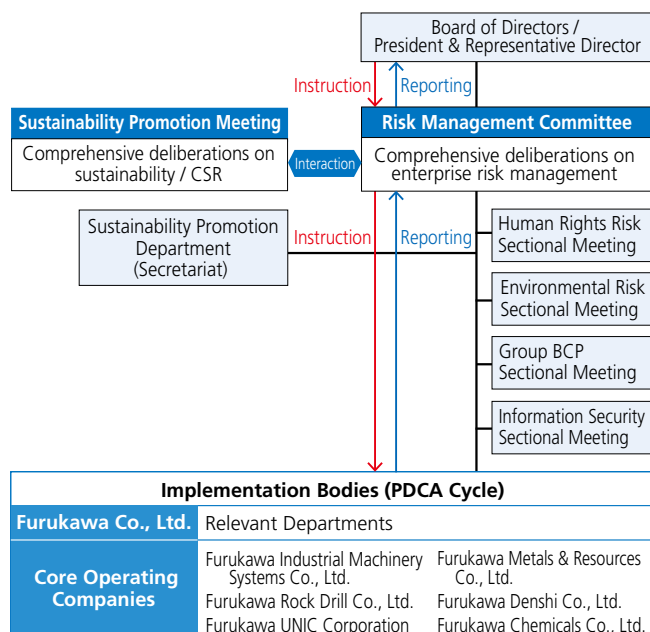
When a risk is judged to pose a danger of seriously affecting Group management, the Committee works to effectively manage that risk by reporting its evaluation results and the pros and cons of countermeasures to the Board of Directors. In principle, the Risk Management Committee meets twice a year.

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

#### Business Continuity Management (BCM)

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

The Group BCP structure for handling emergencies is shown below.



## Initiatives

### Risk Assessment

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

### Information Security

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

In addition, we have developed an incident response manual to prepare for problems and crises involving computers and networks. In fiscal 2024, we launched a security assessment service and are pursuing initiatives based on the cyber risk issues and countermeasures identified across the Group.

### Promoting BCM

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

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

### Natural Disaster Risk by Business Location

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

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

### Addressing Country Risk

The Furukawa Company Group engages in production, procurement, and sales activities on a global basis to expand its sales network, strengthen cost competitiveness, and reduce foreign exchange risks. Therefore, various factors may arise that could cause problems, including local political instability, sudden economic slowdown, deterioration of public safety, trade sanctions, differences in culture and legal systems, special labor-management relations, and terrorism. Such problems could hinder the smooth execution of the Group's business and affect its performance. In addition, geopolitical risks, such as the situations in Ukraine and the Middle East, may lead to lower sales, higher steel and other raw materials, and fuel costs, and adverse effects on our U.S. business due to changes in U.S. trade policy. Any of these factors could affect the Group's operating results.

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

## Business Risks

### ■ Foreign Exchange Fluctuations

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

### ■ Fluctuations in Nonferrous Metals Markets

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

### ■ Interest Rates

The Furukawa Company Group’s fiscal year-end balance of interest-bearing debt was ¥51,034 million, equivalent to 19.9% of total assets. Any increase in debt-related costs arising from changes in interest rates may adversely affect the Group’s operating results and financial position. Although funding costs may increase if market interest rates rise, the Group has prepared for sudden changes in interest rates by utilizing an optimal combination of borrowing arrangements, including fixed-rate instruments.

### ■ Investment Securities and Land

Historically, the Furukawa Company Group has maintained holdings of investment securities, which are subject to market valuations, as well as land. As of March 31, 2025, the carrying value of such securities as stated in the consolidated balance sheets was ¥17,719 million, while land stood at ¥52,553 million. Accordingly, the Group’s operating results and financial position are at risk of impairment losses, losses from devaluation, and sales losses if securities and land prices decline significantly.

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

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

### ■ Fluctuations in Demand

The Furukawa Company Group’s products are sold both in Japan and overseas. Therefore, any major fluctuations in demand in its major markets—such as Japan, North America, Europe, and Asia—may adversely affect the Group’s operating results and financial position. Due to the nature of its products, moreover, sales from domestic public works projects account for a high proportion of net sales. Therefore, any major fluctuations in public investments may adversely affect the Group’s operating results and financial position.

### ■ Country Risk

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

In addition, geopolitical risks, such as the situations in Ukraine and the Middle East, may lead to a decrease in sales or an increase in costs due to higher prices of steel and other raw materials and fuel, while changes in U.S. trade policy may impact our U.S. business. Any of these factors could affect the Group’s operating results and financial position.

### ■ Natural Disasters, Infectious Diseases, and Other Force Majeure

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

### ■ Product Quality

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



public trust in the Group and its products may be lost, which could affect its operating results and financial position.

### ■ New Product Development

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

### ■ Human Resources

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

### ■ Environmental Protection

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

### ■ Official Regulations

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

### ■ Retirement Benefit Obligation

The employees of the Furukawa Company Group are covered by a defined benefit corporate pension plan and a non-contributory funded employee pension plan. Liability for retirement benefits is provided at an amount calculated based on

the retirement benefit obligation and the fair value of pension plan assets at the balance sheet date as of March 31, 2025. In calculating retirement benefit obligation, the Group adopts assumptions in connection with the discount rate and expected rate of return on plan assets, as well as other assumptions. However, the Group's operating results and financial position are at risk in the event that the actual discount rate and expected rate of return on plan assets differ materially from the assumptions, as well as in the event of a change in the assumptions on which retirement benefit obligation are made.

### ■ Climate Change

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

### ■ Information Security

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

Forward-looking statements in the above section are based on judgments of the Group as of June 25, 2025.

## Financial Information

### Consolidated 11-Year Data

#### Financial Data

	2015/3	2016/3	2017/3	2018/3	2019/3
<b>For the year:</b> (Millions of yen)					
Net sales	172,544	161,799	149,829	167,695	174,116
Cost of sales	146,657	136,447	126,207	142,426	147,674
Gross profit	25,886	25,352	23,622	25,268	26,441
Selling, general and administrative (SG&A) expenses	16,961	17,363	17,076	17,447	17,526
Operating profit	8,925	7,988	6,545	7,820	8,915
Ordinary profit	6,603	6,227	7,202	8,105	8,235
Profit before income taxes	6,160	6,631	6,711	6,594	7,003
Profit attributable to owners of parent	9,793	5,056	4,254	4,774	4,654
Cash flows from operating activities	10,241	7,652	9,818	5,351	11,785
Cash flows from investing activities	(10,892)	(2,855)	(3,585)	(5,855)	(3,386)
Cash flows from financing activities	(3,318)	(8,166)	(5,030)	(2,529)	(4,205)
Capital investment	2,557	2,869	5,424	5,021	5,442
Depreciation	3,223	3,190	3,137	3,260	3,473
Research and development expenses	2,227	2,680	2,464	2,292	1,504
<b>At year-end:</b> (Millions of yen)					
Total assets	207,317	195,650	208,034	222,211	215,368
Current assets	80,564	76,314	79,578	87,845	87,441
Current liabilities	63,870	59,749	59,790	79,322	60,376
Net assets	70,581	68,262	79,584	87,086	80,447
Interest-bearing debt	82,053	76,241	73,507	73,311	72,597
Equity	68,783	66,459	77,658	85,011	78,216
<b>For the year:</b> (Millions of yen)					
<b>Segment performance</b>					
Sales of Machinery	75,990	72,232	66,803	73,453	77,580
Industrial	16,712	14,926	14,041	15,871	17,971
Rock Drill	30,910	30,076	26,979	30,199	30,372
UNIC	28,367	27,229	25,782	27,381	29,237
Sales of Materials	93,270	85,644	78,968	89,987	92,722
Metals	81,513	74,192	67,853	77,334	80,067
Electronics	5,743	5,477	5,816	6,307	6,527
Chemicals	6,013	5,973	5,298	6,344	6,127
Sales of Real Estate	2,535	3,045	3,074	3,338	2,999
Operating profit of Machinery	6,551	5,882	3,580	5,083	6,567
Industrial	1,711	1,037	104	1,005	2,088
Rock Drill	1,225	2,217	897	1,782	1,689
UNIC	3,614	2,627	2,578	2,295	2,789
Operating profit of Materials	1,770	983	1,870	1,648	1,396
Metals	1,449	1,154	1,738	867	581
Electronics	52	(368)	17	330	407
Chemicals	267	197	114	451	406
Operating profit of Real Estate	776	1,276	1,265	1,339	1,163

## Financial Data

	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
<b>For the year:</b> (Millions of yen)						
Net sales	165,215	159,702	199,097	214,190	188,255	<b>201,216</b>
Cost of sales	138,940	137,508	172,995	185,575	160,010	<b>171,660</b>
Gross profit	26,275	22,194	26,101	28,615	28,245	<b>29,556</b>
Selling, general and administrative (SG&A) expenses	17,582	16,601	18,366	19,583	19,721	<b>19,793</b>
Operating profit	8,693	5,592	7,734	9,031	8,524	<b>9,763</b>
Ordinary profit	8,135	6,773	8,996	9,348	10,384	<b>9,705</b>
Profit before income taxes	7,280	9,907	9,137	8,506	23,252	<b>25,208</b>
Profit attributable to owners of parent	4,431	7,468	6,477	6,211	16,097	<b>18,619</b>
Cash flows from operating activities	8,400	6,042	8,768	6,148	10,492	<b>5</b>
Cash flows from investing activities	(5,073)	2,245	(5,857)	(1,617)	1,915	<b>15,098</b>
Cash flows from financing activities	(4,843)	(3,123)	(6,568)	(5,934)	(8,446)	<b>(9,234)</b>
Capital investment	5,938	4,144	4,778	4,187	8,013	<b>7,657</b>
Depreciation	3,589	3,879	4,003	4,114	4,387	<b>4,835</b>
Research and development expenses	1,177	1,164	1,336	1,508	1,314	<b>1,287</b>
<b>At year-end:</b> (Millions of yen)						
Total assets	209,697	218,275	229,727	232,745	259,878	<b>257,107</b>
Current assets	85,725	88,625	96,238	99,882	99,636	<b>116,759</b>
Current liabilities	52,555	47,839	59,859	63,111	51,669	<b>53,114</b>
Net assets	77,966	94,364	100,075	106,050	133,272	<b>133,572</b>
Interest-bearing debt	70,412	69,683	65,671	62,848	58,389	<b>56,034</b>
Equity	75,543	91,770	97,253	102,946	129,907	<b>130,809</b>
<b>For the year:</b> (Millions of yen)						
<b>Segment performance</b>						
Sales of Machinery	82,691	68,635	76,938	81,658	82,085	<b>86,301</b>
Industrial	23,237	16,682	17,723	17,943	15,548	<b>22,213</b>
Rock Drill	27,663	24,149	30,910	35,752	38,682	<b>35,003</b>
UNIC	31,791	27,804	28,305	27,961	27,853	<b>29,084</b>
Sales of Materials	79,366	88,203	118,163	126,804	100,388	<b>108,757</b>
Metals	67,149	76,094	102,995	111,424	84,712	<b>92,384</b>
Electronics	5,506	5,741	7,271	6,926	6,766	<b>6,545</b>
Chemicals	6,710	6,367	7,896	8,454	8,908	<b>9,827</b>
Sales of Real Estate	2,386	2,107	2,115	2,056	1,873	<b>2,071</b>
Operating profit (loss) of Machinery	7,343	3,968	4,679	6,093	5,696	<b>5,980</b>
Industrial	3,208	2,113	1,396	1,515	389	<b>2,206</b>
Rock Drill	142	(1,324)	1,117	3,030	4,148	<b>2,795</b>
UNIC	3,992	3,180	2,165	1,547	1,158	<b>977</b>
Operating profit (loss) of Materials	776	1,040	2,349	2,309	2,765	<b>3,169</b>
Metals	301	499	940	1,276	1,945	<b>2,418</b>
Electronics	(35)	161	666	500	212	<b>125</b>
Chemicals	510	380	743	532	608	<b>625</b>
Operating profit of Real Estate	735	736	743	835	470	<b>686</b>



## Consolidated 11-Year Data

### Financial Analysis Data

	2015/3	2016/3	2017/3	2018/3	2019/3
<b>Per share amounts:</b> (Yen)*1					
Basic earnings	242.34	125.13	105.29	118.16	116.23
Cash dividends	50.00	50.00	50.00	50.00	50.00
Net assets	1,702.21	1,644.81	1,922.04	2,104.07	1,978.09
<b>Profitability:</b> (%)					
Cost of sales margin	85.0	84.3	84.2	84.9	84.8
Gross margin	15.0	15.7	15.8	15.1	15.2
SG&A expense margin	9.8	10.7	11.4	10.4	10.1
Operating margin	5.2	4.9	4.4	4.7	5.1
Ordinary margin	3.8	3.8	4.8	4.8	4.7
Return on sales	5.7	3.1	2.8	2.8	2.7
<b>Efficiency and soundness:</b>					
Return on equity (ROE) (%)*2	15.9	7.5	5.9	5.9	5.7
Return on assets (ROA) (%)*3	4.8	2.5	2.1	2.2	2.1
Debt-to-equity (D/E) ratio (Times)*4	1.2	1.1	0.9	0.9	0.9
Interest-bearing debt/EBITDA ratio (Times)*5	6.8	6.8	7.6	6.6	5.9
Equity-to-asset ratio (%)*6	33.2	34.0	37.3	38.3	36.3
Total asset turnover (Times)*7	0.8	0.8	0.7	0.8	0.8
<b>Investment indicators:</b>					
Dividend payout ratio (%)*8	20.6	40.0	47.5	42.3	43.0
Consolidated total return on equity (%)*9	3.3	3.0	2.8	2.5	3.9
Strategic shareholdings ratio (%)*10	49.7	42.4	49.0	51.8	43.6
Price-to-book ratio (PBR) (Times)*11	1.2	1.0	1.1	0.9	0.7
Stock price at fiscal year-end (Yen)	2,120	1,660	2,050	1,985	1,393
Market capitalization (Millions of yen)	85,744	67,139	82,913	80,284	56,340

### ESG Data

Scope 1 and Scope 2 CO <sub>2</sub> emissions (Thousand tons)*12*13	27	24	25	26	26
Scope 3 CO <sub>2</sub> emissions (Thousand tons)*12	—	—	—	—	—
Drain volume (Thousand m <sup>3</sup> )*12	455	471	465	410	477
Total emissions including waste, etc. (Tons)*12	6,266	6,832	5,347	6,884	7,160
Valuables*12	3,168	3,374	2,489	2,928	3,357
Waste*12	3,098	3,458	2,858	3,956	3,803
Energy (Thousand GJ)*12	474	429	458	483	511
Water resources (Thousand m <sup>3</sup> )*12	651	666	671	623	692
Number of directors (Persons)	7	8	9	9	9
Number of outside directors (Persons)	1	2	3	3	3
Number of employees (Persons)	2,456	2,521	2,616	2,690	2,757
Number of female employees (Persons)*14	—	283	359	391	415
Total actual working hours (Hours)	2,136	2,105	2,064	2,138	2,117
Overtime hours (monthly average) (Hours)	26.27	23.80	20.65	26.85	25.40

### Other Data

LME copper price (average; US\$/ton)	6,554	5,215	5,154	6,444	6,341
JPY rate per US\$ (average for fiscal year)	109.93	120.13	108.42	110.85	110.91
Copper production volume (Tons)	90,447	86,466	84,062	88,004	81,346
Copper sales volume (Tons)	96,675	94,327	91,294	90,103	85,146

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

2. Return on equity (ROE) = [Profit attributable to owners of parent / Equity (average of beginning and end of period)] × 100

3. Return on assets (ROA) = [Profit attributable to owners of parent / Total assets (average of beginning and end of period)] × 100

4. Debt-to-equity (D/E) ratio = Interest-bearing debt (fiscal year-end) / Equity (fiscal year-end)

5. Interest-bearing debt/EBITDA ratio = Interest-bearing debt (fiscal year-end) / (Operating profit + Depreciation)

## Financial Analysis Data

	2020/3	2021/3	2022/3	2023/3	2024/3	2025/3
<b>Per share amounts:</b> (Yen)*1						
Basic earnings	112.23	190.73	165.87	161.97	429.28	<b>510.64</b>
Cash dividends	50.00	50.00	50.00	50.00	55.00	<b>70.00</b>
Net assets	1,926.32	2,348.53	2,505.01	2,700.87	3,493.08	<b>3,696.26</b>
<b>Profitability:</b> (%)						
Cost of sales margin	84.1	86.1	86.9	86.6	85.0	<b>85.3</b>
Gross margin	15.9	13.9	13.1	13.4	15.0	<b>14.7</b>
SG&A expense margin	10.6	10.4	9.2	9.1	10.5	<b>9.8</b>
Operating margin	5.3	3.5	3.9	4.2	4.5	<b>4.9</b>
Ordinary margin	4.9	4.2	4.5	4.4	5.5	<b>4.8</b>
Return on sales	2.7	4.7	3.3	2.9	8.6	<b>9.3</b>
<b>Efficiency and soundness:</b>						
Return on equity (ROE) (%) <sup>*2</sup>	5.8	8.9	6.9	6.2	13.8	<b>14.3</b>
Return on assets (ROA) (%) <sup>*3</sup>	2.1	3.5	2.9	2.7	6.5	<b>7.2</b>
Debt-to-equity (D/E) ratio (Times) <sup>*4</sup>	0.9	0.8	0.7	0.6	0.4	<b>0.4</b>
Interest-bearing debt/EBITDA ratio (Times) <sup>*5</sup>	5.7	7.4	5.6	4.8	4.5	<b>3.8</b>
Equity-to-asset ratio (%) <sup>*6</sup>	36.0	42.0	42.3	44.2	50.0	<b>50.9</b>
Total asset turnover (Times) <sup>*7</sup>	0.8	0.7	0.9	0.9	0.8	<b>0.8</b>
<b>Investment indicators:</b>						
Dividend payout ratio (%) <sup>*8</sup>	44.6	26.2	30.1	30.9	12.8	<b>13.7</b>
Consolidated total return on equity (%) <sup>*9</sup>	3.1	2.5	2.4	2.8	3.1	<b>4.6</b>
Strategic shareholdings ratio (%) <sup>*10</sup>	36.0	39.4	38.0	35.1	40.8	<b>16.6</b>
Price-to-book ratio (PBR) (Times) <sup>*11</sup>	0.6	0.6	0.5	0.5	0.5	<b>0.6</b>
Stock price at fiscal year-end (Yen)	1,060	1,336	1,289	1,277	1,811	<b>2,090</b>
Market capitalization (Millions of yen)	42,872	52,205	50,043	48,674	67,350	<b>76,171</b>

## ESG Data

Scope 1 and Scope 2 CO <sub>2</sub> emissions (Thousand tons) <sup>*12 *13</sup>	22	21	22	20	34	<b>34</b>
Scope 3 CO <sub>2</sub> emissions (Thousand tons) <sup>*12</sup>	—	—	—	655	683	<b>2,685</b>
Drain volume (Thousand m <sup>3</sup> ) <sup>*12</sup>	477	474	417	361	438	<b>473</b>
Total emissions including waste, etc. (Tons) <sup>*12</sup>	7,039	5,912	6,347	6,459	8,256	<b>7,918</b>
Valuables <sup>*12</sup>	3,203	2,456	3,045	3,046	3,557	<b>3,311</b>
Waste <sup>*12</sup>	3,836	3,456	3,302	3,413	4,699	<b>4,607</b>
Energy (Thousand GJ) <sup>*12</sup>	438	427	472	410	737	<b>732</b>
Water resources (Thousand m <sup>3</sup> ) <sup>*12</sup>	680	671	618	568	727	<b>783</b>
Number of directors (Persons)	9	9	9	9	9	<b>9</b>
Number of outside directors (Persons)	3	3	3	3	3	<b>3</b>
Number of employees (Persons)	2,755	2,752	2,804	2,831	2,855	<b>2,908</b>
Number of female employees (Persons) <sup>*14</sup>	411	413	437	462	458	<b>457</b>
Total actual working hours (Hours)	2,083	1,952	1,986	1,943	1,935	<b>1,922</b>
Overtime hours (monthly average) (Hours)	22.36	15.22	18.80	16.64	16.20	<b>15.35</b>

## Other Data

LME copper price (average; US\$/ton)	5,860	6,879	9,691	8,551	8,362	<b>9,370</b>
JPY rate per US\$ (average for fiscal year)	108.74	106.06	112.38	135.47	144.62	<b>152.57</b>
Copper production volume (Tons)	77,068	74,386	71,149	70,186	48,262	<b>45,775</b>
Copper sales volume (Tons)	83,863	81,998	77,402	74,070	53,505	<b>46,039</b>

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

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

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

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

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

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

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

\*13. Scope 1 was calculated based on energy origin.

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

# Consolidated Financial Statements

## Consolidated balance sheet

(Millions of yen)			(Millions of yen)		
	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)		FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
<b>Assets</b>			<b>Liabilities</b>		
Current assets			Current liabilities		
Cash and deposits	¥ 18,513	¥ 24,846	Notes and accounts payable—trade	¥ 14,267	¥ 13,982
Notes and accounts receivable—trade, and contract assets	30,408	33,621	Electronically recorded obligations—operating	11,135	7,296
Merchandise and finished goods	20,044	22,387	Short-term borrowings	6,558	4,306
Work in process	13,670	12,518	Lease liabilities	250	301
Raw materials and supplies	13,699	15,898	Accounts payable—other	9,862	14,141
Other	3,350	7,510	Income taxes payable	3,169	5,675
Allowance for doubtful accounts	(50)	(24)	Provision for bonuses	145	147
			Provision for environmental measures	5	188
			Provision for loss on litigation	136	—
			Other provision	67	95
			Other	6,070	6,979
Total current assets	99,636	116,759	Total current liabilities	51,669	53,114
Non-current assets			Non-current liabilities		
Property, plant and equipment			Bonds payable	5,000	5,000
Buildings and structures, net	23,365	26,121	Long-term borrowings	46,831	46,728
Machinery, equipment and vehicles, net	9,952	10,579	Lease liabilities	657	865
Land	51,765	52,553	Deferred tax liabilities	17,083	11,578
Leased assets, net	592	842	Deferred tax liabilities for revaluation	1,364	1,393
Construction in progress	3,412	1,107	Retirement benefit liability	956	995
Other, net	2,957	3,592	Provision for environmental measures	15	1,616
			Other provisions	5	8
Total property, plant and equipment	92,045	94,796	Asset retirement obligations	234	239
Intangible assets	342	329	Other	2,788	1,995
			Total non-current liabilities	74,935	70,420
			Total liabilities	126,605	123,534
Investments and other assets			<b>Net assets</b>		
Investment securities	47,383	19,903	Shareholders' equity		
Long-term loans receivable	5,112	4,244	Share capital	28,208	28,208
Deferred tax assets	432	1,271	Capital surplus	2	2
Retirement benefit asset	2,692	7,004	Retained earnings	73,046	82,385
Other	14,659	14,326	Treasury shares	(4,707)	(1,940)
Allowance for doubtful accounts	(2,426)	(1,528)	Total shareholders' equity	96,549	108,655
			Accumulated other comprehensive income		
Total investments and other assets	67,853	45,221	Valuation difference on available-for-sale securities	23,342	8,237
Total non-current assets	160,241	140,347	Deferred gains or losses on hedges	36	293
			Revaluation reserve for land	2,575	2,512
			Foreign currency translation adjustment	2,232	3,861
			Remeasurements of defined benefit plans	5,172	7,248
			Total accumulated other comprehensive income	33,358	22,154
			Non-controlling interests	3,365	2,763
			Total net assets	133,272	133,572
Total assets	¥259,878	¥ 257,107	Total liabilities and net assets	¥259,878	¥257,107

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

### Consolidated statement of income

(Millions of yen)

	FY2023 (Fiscal year ended March 31, 2024)	FY2024 (Fiscal year ended March 31, 2025)
Net sales	¥188,255	201,216
Cost of sales	160,010	171,660
Gross profit	28,245	29,556
Selling, general and administrative expenses		
Freight and incidental costs	2,572	2,389
Salaries, allowances and bonuses	8,230	8,498
Provision for bonuses	78	79
Provision for retirement benefits	401	178
Research and development expenses	935	979
Other	7,503	7,668
Total selling, general and administrative expenses	19,721	19,793
Operating profit	8,524	9,763
Non-operating income		
Dividend income	991	930
Share of profit of entities accounted for using equity method	539	620
Foreign exchange gains	1,162	—
Reversal of allowance for doubtful accounts	12	287
Other	948	466
Total non-operating income	3,655	2,304
Non-operating expenses		
Interest expenses	510	539
Administrative expenses of inactive mountain	816	893
Foreign exchange losses	—	621
Other	467	307
Total non-operating expenses	1,795	2,362
Ordinary profit	10,384	9,705
Extraordinary income		
Gain on sales of investment securities	2,659	17,077
Other	13,433	457
Total extraordinary income	16,092	17,535
Extraordinary losses		
Provision for environmental measures	—	1,785
Demolition expenses of a rental building	458	—
Loss on liquidation of investments in and loans to affiliated companies	2,058	—
Other	708	246
Total extraordinary losses	3,224	2,032
Profit before income taxes	23,252	25,208
Income taxes—current	5,378	7,547
Income taxes—deferred	1,552	(1,102)
Total income taxes	6,931	6,445
Profit	16,321	18,762
Profit attributable to non-controlling interests	224	143
Profit attributable to owners of parent	¥ 16,097	18,619

### Consolidated statement of comprehensive income

(Millions of yen)

	FY2023 (Fiscal year ended March 31, 2024)	FY2024 (Fiscal year ended March 31, 2025)
Profit	16,321	18,762
Other comprehensive income		
Valuation difference on available-for-sale securities	11,027	(15,105)
Deferred gains or losses on hedges	93	256
Revaluation reserve for land	—	(39)
Foreign currency translation adjustment	996	1,736
Remeasurements of defined benefit plans, net of tax	2,587	2,076
Share of other comprehensive income of entities accounted for using equity method	(250)	0
Total other comprehensive income	14,454	(11,074)
Comprehensive income	30,776	7,688
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	30,488	7,438
Comprehensive income attributable to non-controlling interests	287	249



## Consolidated Financial Statements

### Consolidated statement of cash flows

(Millions of yen)

	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Cash flows from operating activities		
Profit before income taxes	23,252	25,208
Depreciation	4,387	4,835
Loss (gain) on sales of investment securities	(2,659)	(17,077)
Share of loss (profit) of entities accounted for using equity method	(539)	(620)
Increase (decrease) in allowance for doubtful accounts	1,583	(931)
Increase (decrease) in retirement benefits	(89)	(1,066)
Increase (decrease) in provision of environmental measures	(37)	1,783
Interest and dividend income	(1,331)	(1,047)
Interest expenses	510	539
Foreign exchange losses (gains)	(482)	252
Decrease (increase) in trade receivables	5,366	(2,813)
Decrease (increase) in inventories	(314)	(2,430)
Increase (decrease) in trade payables	1,109	(4,448)
Increase (decrease) in accounts payable—other	(3,832)	4,880
Other, net	(14,096)	(2,219)
Subtotal	12,828	4,845
Interest and dividends received	1,381	1,045
Interest paid	(503)	(537)
Income taxes paid	(4,116)	(5,458)
Other, net	902	110
Net cash provided by (used in) operating activities	10,492	5
Cash flows from investing activities		
Payments into time deposits	(319)	(585)
Proceeds from withdrawal of time deposits	—	476
Purchase of property, plant and equipment	(6,405)	(7,664)
Proceeds from sales of property, plant and equipment	5,464	382
Proceeds from sales of investment securities	3,128	23,529
Purchase of shares of subsidiaries and associates	—	(827)
Proceeds from sale of shares of subsidiaries and associates	430	—
Other, net	(383)	(213)
Net cash provided by (used in) investing activities	1,915	15,098
Cash flows from financing activities		
Proceeds from short-term borrowings	14,748	35,673
Repayments of short-term borrowings	(21,860)	(35,575)
Proceeds from long-term borrowings	6,630	3,630
Repayments of long-term borrowings	(9,180)	(6,067)
Proceeds from issuance of bonds	5,000	—
Repayments of finance lease liabilities	(231)	(302)
Purchase of treasury shares	(1,621)	(3,440)
Dividends paid	(1,904)	(3,127)
Other, net	(26)	(24)
Net cash provided by (used in) financing activities	(8,446)	(9,234)
Effect of exchange rate change on cash and cash equivalents	625	328
Net increase (decrease) in cash and cash equivalents	4,587	6,197
Cash and cash equivalents at beginning of period	13,606	18,193
Cash and cash equivalents at end of period	18,193	24,391

## Consolidated statement of changes in equity

Fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of period	¥28,208	¥ 2	¥58,847	¥(3,086)	¥83,971			
Changes during period								
Dividends of surplus			(1,905)		(1,905)			
Profit attributable to owners of parent			16,097		16,097			
Purchase of treasury shares				(1,621)	(1,621)			
Reversal of revaluation reserve for land			7		7			
Net changes in items other than shareholders' equity								
Total changes during period	—	—	14,198	(1,621)	12,577			
Balance at end of period	¥28,208	¥ 2	73,046	(4,707)	96,549			
Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥12,320	¥(77)	¥2,582	¥1,564	¥2,584	¥18,974	¥3,103	¥106,050
Changes during period								
Dividends of surplus								(1,905)
Profit attributable to owners of parent								16,097
Purchase of treasury shares								(1,621)
Reversal of revaluation reserve for land								7
Net changes in items other than shareholders' equity	11,022	113	(7)	667	2,587	14,383	261	14,645
Total changes during period	11,022	113	(7)	667	2,587	14,383	261	27,222
Balance at end of period	¥23,342	¥ 36	¥2,575	¥2,232	¥5,172	¥33,358	¥3,365	¥133,272

Fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity			
Balance at beginning of period	¥28,208	2	¥73,046	¥(4,707)	¥96,549			
Changes during period								
Dividends of surplus			(3,133)		(3,133)			
Profit attributable to owners of parent			18,619		18,619			
Purchase of treasury shares				(3,440)	(3,440)			
Disposal of treasury shares		8		28	37			
Cancellation of treasury shares		(6,178)		6,178	—			
Reversal of revaluation reserve for land			22		22			
Transfer of balance of capital surplus		6,170	(6,170)		—			
Net changes in items other than shareholders' equity								
Total changes during period	—	—	9,338	2,767	12,106			
Balance at end of period	¥28,208	2	¥82,385	¥(1,940)	¥108,655			
Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥23,342	¥36	¥2,575	¥2,232	¥5,172	¥33,358	¥3,365	¥133,272
Changes during period								
Dividends of surplus								(3,133)
Profit attributable to owners of parent								18,619
Purchase of treasury shares								(3,440)
Disposal of treasury shares								37
Cancellation of treasury shares								—
Reversal of revaluation reserve for land								22
Transfer of balance of capital surplus								—
Net changes in items other than shareholders' equity	(15,104)	256	(62)	1,629	2,076	(11,203)	(602)	(11,805)
Total changes during period	(15,104)	256	(62)	1,629	2,076	(11,203)	(602)	300
Balance at end of period	¥ 8,237	¥293	¥2,512	¥3,861	¥7,248	¥22,154	¥2,763	¥133,572

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

## Operating Results

In fiscal 2024, ended March 31, 2025, the Furukawa Company Group posted consolidated net sales of ¥201,216 million, an increase of ¥12,961 million (6.9%) from the previous fiscal year, and operating profit of ¥9,763 million, up ¥1,239 million (14.5%). As a result, the operating margin increased 0.4 point, to 4.9%. In the Machinery business, the Industrial Machinery segment posted higher sales and operating profit; the Rock Drill Machinery segment recorded lower sales and operating profit; and the UNIC Machinery segment posted higher sales but lower operating profit. Accordingly, the Machinery business as a whole reported increases in sales and operating profit. In the Materials business, the Metals and Chemicals segments recorded higher sales and operating profit, while the Electronics segment recorded lower sales and operating profit. Accordingly, the Materials business as a whole posted increased sales and operating profit. Meanwhile, the Real Estate business reported increases in both sales and operating profit.

Non-operating income declined ¥1,351 million year on year, to ¥2,304 million. Non-operating expenses increased ¥567 million, to ¥2,362 million, due partly to a foreign exchange loss of ¥621 million (compared with foreign exchange gains of ¥1,162 million in the previous fiscal year). As a result, ordinary profit decreased ¥679 million (6.5%), to ¥9,705 million.

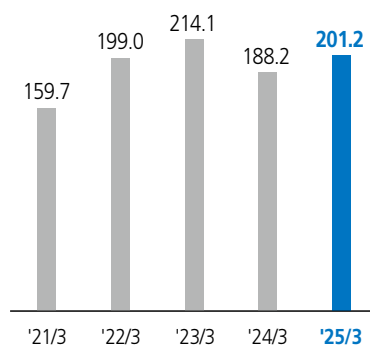
Extraordinary income rose ¥1,442 million, to ¥17,535 million. For the fiscal year, we reported a ¥136 million gain on sales of non-current assets, down ¥13,296 million from the previous fiscal year, when we transferred a portion of the former Furukawa Osaka Building site and other land as a co-ownership interest. By contrast, we recorded a ¥17,077 million gain on sales of investment securities, up ¥14,418 million, primarily from the partial sale of strategic shareholdings.

Extraordinary losses amounted to ¥2,032 million, down ¥1,192 million from the previous fiscal year, when we posted a ¥2,058 million loss on liquidation of investments and loans in affiliated companies associated with the transfer of shares in Cariboo Copper Corp. By contrast, we made a ¥1,785 million provision for environmental measures in preparation for expenditures related to the remediation of residual lead contamination in residential areas surrounding a former smelter site in Australia. Accordingly, profit before income taxes increased ¥1,955 million (8.4%), to ¥25,208 million.

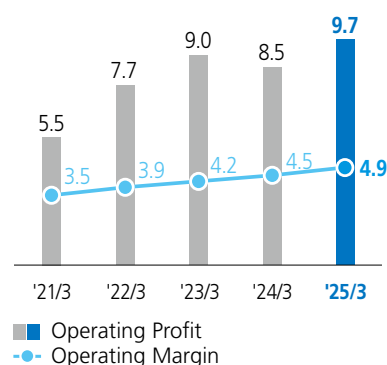
Total income taxes (including enterprise tax, inhabitants' tax, and business tax) declined ¥485 million, to ¥6,445 million. The effective tax rate was 25.6%, down 4.2 points, mainly due to adjustments related to changes in the valuation allowance (-6.1%). Profit attributable to non-controlling interests decreased ¥80 million, to ¥143 million. As a result of the above, profit attributable to owners of parent increased ¥2,521 million (15.7%), to ¥18,619 million.

Return on equity (ROE) increased 0.5 point, to 14.3%. Basic earnings per share rose 19.0%, to ¥510.64.

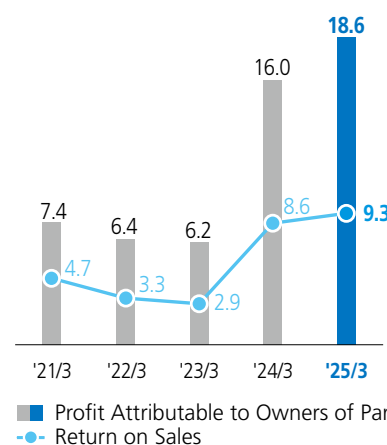
**Net Sales** (Billions of yen)



**Operating Profit** (Billions of yen)  
**Operating Margin** (%)



**Profit Attributable to Owners of Parent** (Billions of yen)  
**Return on Sales** (%)



## Analysis of Performance Indicators

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

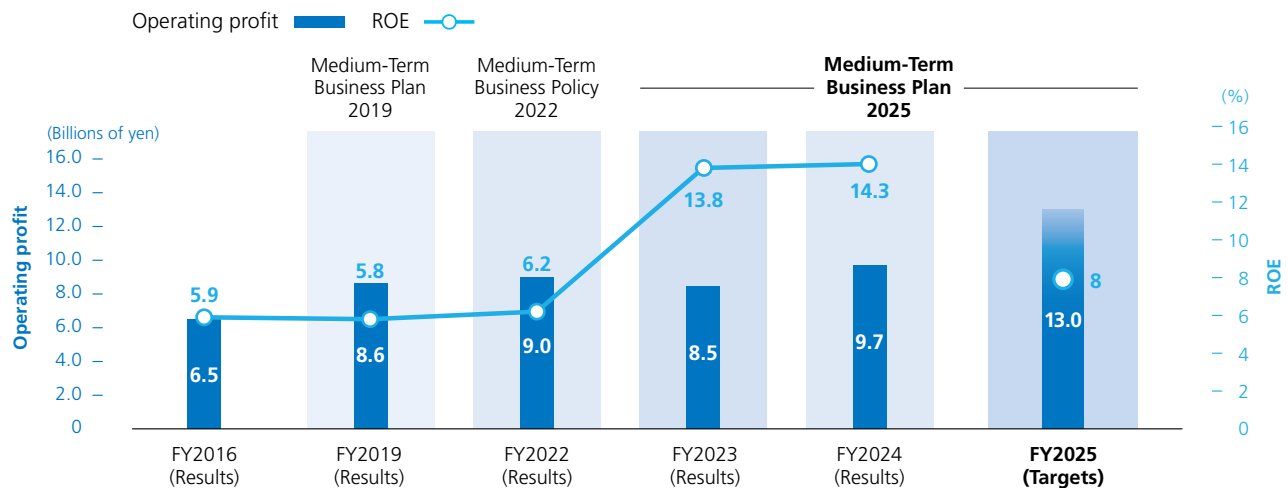
In fiscal 2024, the second year of the final phase, consolidated operating profit totaled ¥9,763 million. This was impacted by weak performances of the Rock Drill Machinery segment, where shipments of hydraulic breakers and hydraulic crawler drills to North America declined, and the UNIC Machinery segment, where the cost ratio deteriorated due to soaring prices of steel and other raw materials. Among extraordinary items, we reported a ¥17,077 million gain on sales of investment securities, primarily

from the partial sale of strategic shareholdings. As a result, profit attributable to owners of parent totaled ¥18,619 million, for an ROE of 14.3%.

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

We will also strengthen efforts to improve ROE. Here, we will make individual investment decisions with attention to profitability, taking into account risks associated with the investment and cost of capital, while stepping up efforts to improve efficiency and profitability. In addition, by deploying a business portfolio management system that utilizes cost of capital, we will optimize overall allocation of management resources to achieve sustainable growth and increase corporate value over the medium to long term.

### Performance Indicators



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

### ROE Breakdown Analysis

ROE		=	Profitability Return on sales	×	Efficiency Total asset turnover	×	Leverage Financial leverage
FY2016 (results)	: 5.9%		2.84%		0.74 times		2.80 times
FY2019 (results)	: 5.8%		2.68%		0.78 times		2.76 times
FY2022 (results)	: 6.2%		2.90%		0.93 times		2.31 times
FY2023 (results)	: 13.8%		8.55%		0.76 times		2.12 times
FY2024 (results)	: 14.3%		9.25%		0.78 times		1.98 times

FY2025 (targets) : Approx. 8%

Improved

Improved

Down

\* Comparison with FY2016



## Segment Analysis

In order to strengthen and instill efforts to improve ROE, we have set return on assets (ROA) as a performance and management indicator for each segment, and we are working to improve profitability (operating margin) and efficiency (total asset turnover), which are components of ROA. Our consolidated performance in fiscal 2024 is shown on the right, and our ROA results by segment in fiscal 2016 (benchmark year), fiscal 2019 (final year of Phase 1), fiscal 2022 (final year of Phase 2), and fiscal 2024 are as follows.

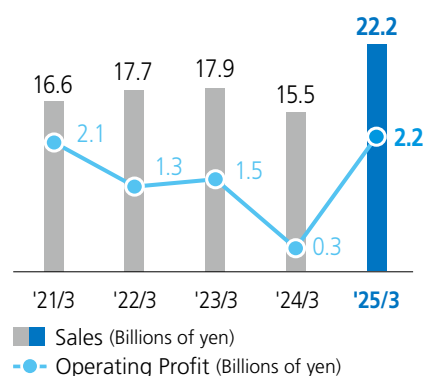
### Consolidated ROA

Consolidated	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
<b>FY2016 (base year for comparisons)</b>	3.2%	0.7	4.4%	6,545
<b>FY2019 (base final year for Phase 1)</b>	4.1%	0.8	5.3%	8,693
<b>FY2022 (base final year for Phase 2)</b>	3.9%	0.9	4.2%	9,031
<b>FY2024</b>	3.8%	0.8	4.9%	9,763

## Industrial Machinery

### Operating Results

The Industrial Machinery segment posted sales of ¥22,213 million, up ¥6,664 million year on year, and operating profit of ¥2,206 million, up ¥1,817 million. Sales of material machinery increased due to greater shipments of crushed stone plants and higher sales from large-scale crusher projects. Sales of pump equipment increased in line with progress on various projects, including equipment renewal for sewage treatment plants. In the contractor business, we reported sales corresponding to progress of bridge-related projects, including the linuma River Viaduct, resulting in sales growth. Operating profit rose significantly due to higher sales, as well as a decline in additional costs incurred in the previous fiscal year due to delays in material machinery plant construction.



### Analysis of Performance Indicators

Thanks to our efforts to strengthen our engineering capabilities and move away from being a mere equipment manufacturer, we expanded our contractor business and attracted orders through technical proposals for section plant construction projects related to material machinery. These efforts have greatly boosted our business performance, with profitability (operating margin) increasing since the benchmark year of fiscal 2016. In fiscal 2024, profitability (operating margin) improved in the material machinery category, driven by greater shipments of crushed stone plants and higher sales from large-scale crusher projects, as well as a decline in additional costs incurred from delays in plant construction since fiscal 2023. As a result, ROA rose to 6.9%.

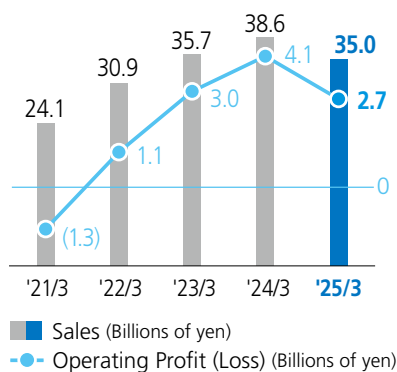
### ROA Transition by Segment

Industrial Machinery	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
<b>FY2016 (base year for comparisons)</b>	0.5%	0.9	0.6%	104
<b>FY2019 (base final year for Phase 1)</b>	13.4%	1.1	12.2%	3,208
<b>FY2022 (base final year for Phase 2)</b>	6.0%	0.8	7.3%	1,515
<b>FY2024</b>	6.9%	0.8	8.6%	2,206

## Rock Drill Machinery

### Operating Results

Sales in the Rock Drill Machinery segment totaled ¥35,003 million, down ¥3,678 million year on year, and operating profit was ¥2,795 million, down ¥1,352 million. In Japan, sales declined due to a decrease in shipments of hydraulic crawler drills and tunnel drill jumbos, despite increased shipments of hydraulic breakers. Overseas, shipments of hydraulic crawler drills to Southeast Asia and the Middle East rose, but overall sales decreased due to a significant drop in shipments of hydraulic breakers and hydraulic crawler drills to North America, which had performed strongly in the previous fiscal year.



### Analysis of Performance Indicators

In this segment, profitability (operating margin) has been improving alongside revenue growth since fiscal 2021 as business recovers from the impact of COVID-19. Efficiency (total asset turnover) is also improving, mainly due to an improved inventory turnover ratio resulting from efforts to optimize inventory levels. In fiscal 2024, however, profitability (operating margin) declined due to reduced shipments of hydraulic breakers and hydraulic crawler drills to North America, which had performed strongly in fiscal 2023. As a result, ROA fell to 7.1%.

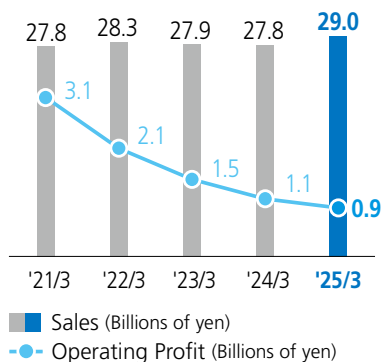
### ROA Transition by Segment

Rock Drill Machinery	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	2.9%	0.9	3.3%	897
FY2019 (base final year for Phase 1)	0.4%	0.8	0.5%	142
FY2022 (base final year for Phase 2)	8.1%	1.0	8.5%	3,030
FY2024	7.1%	0.9	8.0%	2,795

## UNIC Machinery

### Operating Results

Sales in the UNIC Machinery segment amounted to ¥29,084 million, up ¥1,231 million year on year, and operating profit was ¥977 million, down ¥180 million. In Japan, shipments of UNIC cranes increased in line with a recovery in the supply of trucks, resulting in higher sales and profit. Overseas, shipments of UNIC cranes to the Middle East increased, but shipments of UNIC cranes to China and mini-crawler cranes to North America decreased, resulting in lower sales and profit.



### Analysis of Performance Indicators

Profitability (operating margin) in this segment further deteriorated in fiscal 2024 due to continued surges in prices of steel and other raw materials, resulting in an ROA of 3.1%. Efficiency (total asset turnover) also deteriorated, primarily due to a decline in fixed asset turnover following capital investments at the Sakura Works between fiscal 2016 and fiscal 2021. Accordingly, improving profitability (operating margin) and maximizing the benefits of capital investments are our greatest challenges.

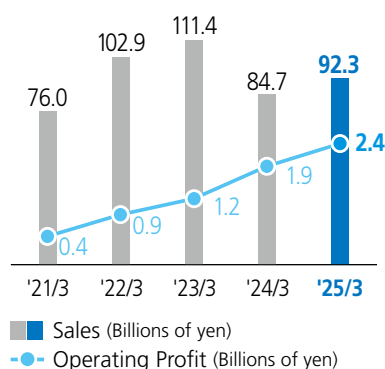
### ROA Transition by Segment

UNIC Machinery	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	11.2%	1.1	9.9%	2,578
FY2019 (base final year for Phase 1)	13.0%	1.0	12.5%	3,992
FY2022 (base final year for Phase 2)	5.0%	0.9	5.5%	1,547
FY2024	3.1%	0.9	3.3%	977

## Metals

### Operating Results

Sales in the Metals segment amounted to ¥92,384 million, up ¥7,671 million year on year, and operating profit was ¥2,418 million, up ¥473 million. The overseas market price for electrolytic copper started the period at US\$8,920/ton and hit a two-year high of US\$10,857/ton on May 20, 2024, due to continued speculative buying. Subsequently, concerns over the outlook for the Chinese economy led to a temporary decline in prices. In March 2025, however, increased spot demand in anticipation of potential U.S. tariffs on copper pushed up the price, which ended the fiscal year at US\$9,673/ton. Electrolytic copper production was 45,775 tons, down 2,487 tons. Despite a decrease in sales volume, sales in value terms increased due to higher overseas market prices and a weaker yen. Sales of electrolytic gold also increased owing to higher global prices and the yen's depreciation.



### Analysis of Performance Indicators

In this segment, we continue to pursue profitability and stability in the face of fluctuations in earnings driven by international market trends and copper concentrate purchasing conditions. Despite deterioration of entrusted copper smelting margins, profitability (operating margin) in fiscal 2024 improved due to gains from metal price fluctuations, resulting in an ROA of 7.7%.

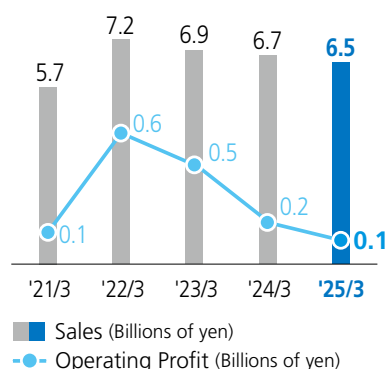
### ROA Transition by Segment

Metals	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	6.2%	2.4	2.6%	1,738
FY2019 (base final year for Phase 1)	1.1%	2.5	0.5%	301
FY2022 (base final year for Phase 2)	3.7%	3.2	1.1%	1,276
FY2024	7.7%	3.0	2.6%	2,418

## Electronics

### Operating Results

The Electronics segment posted sales of ¥6,545 million, down ¥221 million year on year, and operating profit of ¥125 million, down ¥87 million. Sales of aluminum nitride ceramics increased due to a recovery in demand for parts for semiconductor manufacturing equipment. However, sales of high-purity metallic arsenic were affected by a decrease in exports, sales of crystal products were impacted by protracted inventory adjustments by users, and sales of coils were affected by sluggish growth in automobile production, resulting in a year-on-year decline in segment sales.



### Analysis of Performance Indicators

Profitability (operating margin) in this segment deteriorated in fiscal 2024, primarily due to a decline in exports of high-purity metallic arsenic and a fall in sales of coils stemming from sluggish automobile production, resulting in an ROA of 1.5%. Looking ahead, we will make capital investments to increase aluminum nitride ceramics production to meet growing demand for thermal management components and semiconductor manufacturing equipment. These efforts are aimed at increasing sales and reinforcing the earnings foundation of this segment.

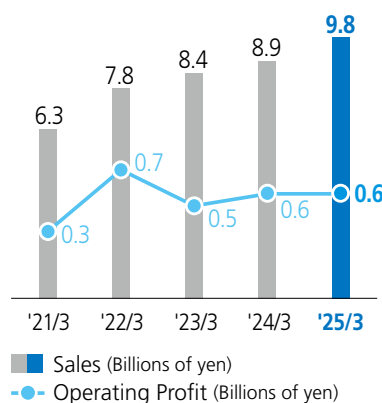
### ROA Transition by Segment

Electronics	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	0.2%	0.8	0.3%	17
FY2019 (base final year for Phase 1)	(0.5%)	0.8	(0.6%)	(35)
FY2022 (base final year for Phase 2)	6.0%	0.8	7.2%	500
FY2024	1.5%	0.8	1.9%	125

## Chemicals

### Operating Results

Sales in the Chemicals segment amounted to ¥9,827 million, up ¥918 million year on year, and operating profit was ¥625 million, up ¥17 million. Sales of cupric oxide increased due to higher unit sales prices resulting from rising copper prices and a change in our sales mix. This was despite lower demand related to package substrates for servers, as well as PCs and smartphones. Meanwhile, sales of cuprous oxide increased on the back of strong demand for ship-bottom paints, a major application for that product, as well as higher unit sales prices resulting from rising copper prices and price revisions.



### Analysis of Performance Indicators

Profitability (operating margin) in this segment declined in fiscal 2024 due to higher raw material costs. This was despite an increase in segment sales driven by solid demand for cuprous oxide for ship-bottom paints, a major application for that product, as well as higher selling prices for cupric oxide due to rising copper prices and price revisions. However, efficiency (total asset turnover) improved, primarily due to better fixed asset turnover, resulting in an ROA of 3.5%. Meanwhile, we made capital investments to increase our cupric oxide production capacity in anticipation of growth in sales related to 5G communications and cloud servers.

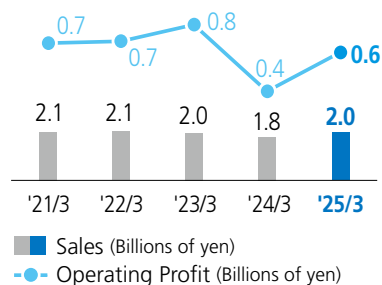
### ROA Transition by Segment

Chemicals	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	0.7%	0.3	2.1%	114
FY2019 (base final year for Phase 1)	3.1%	0.4	7.6%	510
FY2022 (base final year for Phase 2)	3.1%	0.5	6.3%	532
FY2024	3.5%	0.6	6.3%	625

## Real Estate

### Operating Results

Sales in the Real Estate business amounted to ¥2,071 million, up ¥198 million year on year, and operating profit was ¥686 million, up ¥216 million. The increase in revenue was primarily due to improved office occupancy rates at the Muromachi Furukawa Mitsui Building (commercial name: COREDO Muromachi 2), our main facility.



### Analysis of Performance Indicators

In this business, profitability (operating margin) improved in fiscal 2024, resulting in an ROA of 1.9%. This was primarily due to an increase in revenue resulting from improved occupancy of office space in the Muromachi Furukawa Mitsui Building. To optimize the use of our management resources, in August 2023 we sold a portion of our co-ownership interest in the former Furukawa Osaka Building site and other land. We plan to use the proceeds as capital to launch a rental business involving a hotel and some residential units under construction on the site. Preparations are going smoothly, with operations scheduled to begin in fiscal 2027.

### ROA Transition by Segment

Real Estate	ROA (Operating profit)	Total Asset Turnover (Times)	Operating Margin	Operating Profit (Millions of yen)
FY2016 (base year for comparisons)	4.0%	0.1	39.4%	1,265
FY2019 (base final year for Phase 1)	2.7%	0.1	30.7%	735
FY2022 (base final year for Phase 2)	3.1%	0.1	40.4%	835
FY2024	1.9%	0.1	33.0%	686



## Financial Position

As of March 31, 2025, total assets amounted to ¥257,107 million, down ¥2,770 million (1.1%) from a year earlier. Current assets increased ¥17,122 million (17.2%) year on year, to ¥116,759 million. The main factors were a ¥6,333 million (34.2%) increase in cash and deposits, a ¥3,212 million (10.6%) increase in notes and accounts receivable-trade, and contract assets due to higher net sales; and a ¥2,741 million (1,113.3%) jump in advance payments (included in "Other") related to payments for metal ore raw materials. Non-current assets decreased ¥19,893 million (12.4%), to ¥140,347 million, mainly reflecting a ¥27,479 million (58.0%) decline in investment securities due to the partial sale of strategic shareholdings.

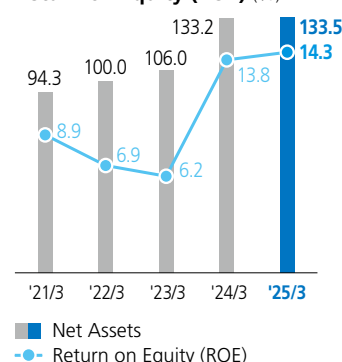
Total liabilities at fiscal year-end amounted to ¥123,534 million, down ¥3,071 million (2.4%) from a year earlier. Current liabilities increased ¥1,444 million (2.8%), to ¥53,114 million. The main factors were a ¥2,506 million (79.1%) rise in income taxes payable and a ¥1,841 million (278.3%) jump in consumption taxes payable (included in "Other"). This was despite a ¥2,252 million (34.3%) decline in short-term borrowings (including current portion of long-term debt). Non-current liabilities decreased ¥4,515 million (6.0%), to ¥70,420 million. This was mainly due to a ¥5,505 million (32.2%) decline in deferred tax liabilities related to valuation difference on available-for-sale securities.

Net assets increased ¥300 million (0.2%) year on year, to ¥133,572 million. This was mainly due to a ¥12,106 million (12.5%) increase in total shareholders' equity, stemming from ¥18,619 million in profit attributable to owners of parent, ¥3,133 million in dividends from surplus, and ¥3,440 million in purchase of treasury shares. By contrast, there was a ¥11,203 million (33.6%) fall in total accumulated other comprehensive income, mainly due to a decrease in valuation difference on available-for-sale securities.

As a result of the above, equity at fiscal year-end totaled ¥130,809 million, and the equity-to-asset ratio was 50.9%, up 0.9 point from a year earlier. The debt-to-equity (D/E) ratio remained unchanged at 0.4 times year on year, and the interest-bearing debt/EBITDA ratio improved 0.7 point, to 3.8x.

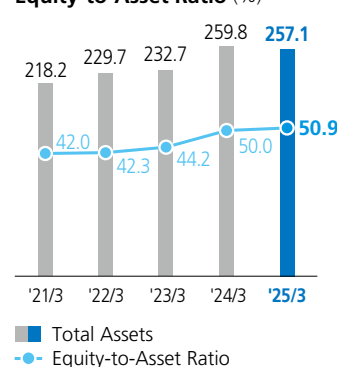
Net Assets (Billions of yen)

Return on Equity (ROE) (%)



Total Assets (Billions of yen)

Equity-to-Asset Ratio (%)



## Financial Indicators

Financial indicators		FY2016 (Base year for comparisons)	FY2019	FY2022	FY2023	FY2024	FY2025 (Image)
	Debt-to-equity (D/E) ratio*1	0.9 times	0.9 times	0.6 times	0.4 times	0.4 times	0.5x range
	Interest-bearing debt/EBITDA ratio*2	7.6 times	5.7 times	4.8 times	4.5 times	3.8 times	3x range
	Issuer credit rating	BBB (JCR)	BBB (JCR)	BBB+ (JCR)	BBB+ (JCR)	BBB+ (JCR)	A- or higher (Japanese rating agencies)

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

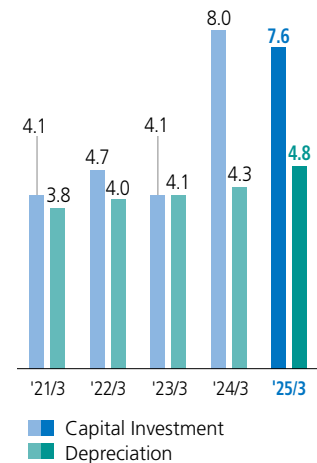
\*2 Interest-bearing debt/EBITDA ratio = Interest-bearing debt (fiscal year-end) / (Operating profit + Depreciation)

## R&D and Capital Investment

The Furukawa Company Group actively engages in R&D on high-value-added products that meet wide-ranging market needs. In fiscal 2024, total research and development expenses amounted to ¥1,287 million, down 2.1% from the previous fiscal year. Of this total, ¥4 million was allocated to the Industrial Machinery segment, ¥145 million to the Rock Drill Machinery segment, ¥229 million to the UNIC Machinery segment, ¥77 million to the Electronics segment, ¥169 million to the Chemicals segment, and ¥14 million to Others. We also spent ¥646 million on corporate research aimed at developing basic technologies for each segment and creating new businesses. This was allocated to all of the business segments.

In fiscal 2024, capital investment (including purchase of intangible fixed assets) totaled ¥7,657 million, down 4.4% year on year. Of this total, ¥418 million was allocated to the Industrial Machinery segment, ¥1,266 million to the Rock Drill Machinery segment, ¥1,038 million to the UNIC Machinery segment, ¥307 million to the Metals segment, ¥349 million to the Electronics segment, and ¥791 million to the Chemicals segment, aimed primarily at improvements in production efficiency. In addition, ¥2,074 million was allocated to the Real Estate business for the purchase of business-use real estate and ¥1,411 million went to the Others segment, mainly for measures to prevent pollution at suspended mines. Funds for these expenditures are sourced from internal funds and borrowings. Depreciation increased 10.2% year on year, to ¥4,835 million.

**Capital Investment** (Billions of yen)  
**Depreciation** (Billions of yen)



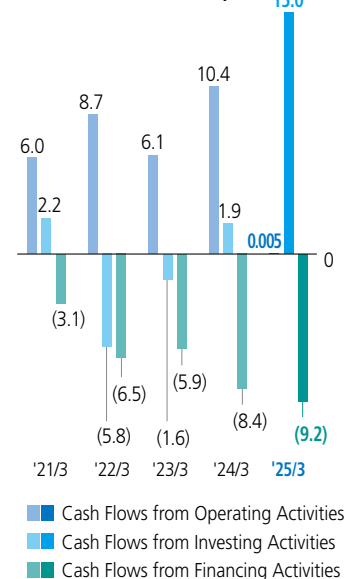
## Cash Flows

Net cash provided by operating activities amounted to ¥5 million, down ¥10,487 million from the previous fiscal year. The main factors were an increase in notes and accounts receivable–trade and a decrease in notes and accounts payable–trade, as well as an increase in expenditures resulting from changes in assets and liabilities related to operating activities.

Net cash provided by investing activities totaled ¥15,098 million, up ¥13,182 million from the previous fiscal year. This was mainly due to ¥23,529 million in proceeds from sales of investment securities (up ¥20,401 million), which contrasted with ¥382 million in proceeds from sales of property, plant and equipment (down ¥5,081 million). The year-on-year decrease in proceeds from sales of property, plant and equipment was mainly due to the transfer in the previous fiscal year of a portion of the former Furukawa Osaka Building site and other land as a co-ownership interest. The increase in proceeds from sales of investment securities stemmed from the Company's review of its strategic shareholdings. The Company annually examines the appropriateness of continuing to hold such shareholdings and sells them as necessary to make effective use of assets and improve financial soundness.

Net cash used in financing activities was ¥9,234 million, up ¥787 million from the previous fiscal year. The main factors were ¥3,440 million in purchase of treasury shares (up ¥1,818 million) and ¥3,127 million in dividends paid (up ¥1,222 million) stemming from a year-on-year increase in cash dividends. By contrast, we incurred expenditures of ¥2,339 million (down ¥2,323 million) for reduction of interest-bearing debt (net decrease in proceeds from sum of short- and long-term borrowings and issuance of bonds, and repayments of short- and long-term borrowings). As a result, cash and cash equivalents at the end of the period amounted to ¥24,391 million, up ¥6,197 million from a year earlier.

**Cash Flows** (Billions of yen)



## Consolidated Operating Cash Flow Allocation and Capital Strategy

Our Medium-Term Business Plan 2025 (April 1, 2023–March 31, 2026) represents the final phase for realizing Vision for 2025. Under the plan, our basic policy for allocating management resources is to prioritize investments targeting sustainable growth and medium- to long-term improvements in corporate value, and then to deliver stable and continuous shareholder returns. As for allocated consolidated cash flows, we will strive to establish a solid financial base while giving due consideration to shareholder returns. At the same time, we will make capital investments to achieve sustainable growth and enhance corporate value over the medium to long term.

A summary of consolidated cash flow allocations for each phase of Vision for 2025 is shown on page 90.

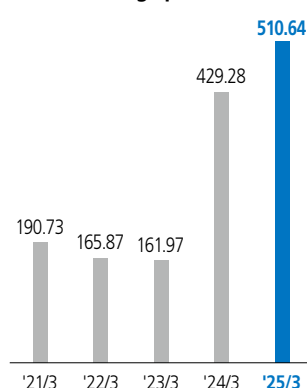
With respect to allocating funds to capital investments, the cumulative amount of actual capital investments in Phase 1 was ¥16,403 million (capital investments and other payments were ¥16,394 million), Phase 2 was ¥13,110 million (capital investments and other payments were ¥12,459 million), and fiscal 2023 was ¥8,013 million (capital investments and other payments were ¥6,526 million). In fiscal 2024, the cumulative amount was ¥7,657 million (capital investments and other payments were ¥7,750 million). We expect to make cumulative capital investments of ¥21.5 billion in Phase 3, of which ¥10 billion will go to our core Machinery business. We will continue making capital investments to strengthen our manufacturing capabilities.

Regarding the reduction of interest-bearing debt, the balance of interest-bearing debt as of March 31, 2017, was ¥73,507 million. Since then, we reduced the balance by ¥3,094 million in Phase 1, ¥7,564 million in Phase 2, ¥4,459 million in fiscal 2023, and ¥2,354 million in fiscal 2024. (The increase/decrease in interest-bearing debt in "Consolidated Cash Flow Allocation" does not include the increase/decrease due to foreign exchange translation differences.) The balance of interest-bearing debt as of March 31, 2025, was ¥56,034 million. In Phase 3, we plan to reduce interest-bearing debt by ¥6.5 billion. To realize this, we will continue working to establish a solid financial base that will enable us to raise funds without being influenced by financial conditions. In fiscal 2025, the final year of Vision for 2025, we envisage a level of financial soundness that will prompt Japanese rating agencies to raise their ratings to A– or higher, from the current BBB+. To this end, we will continue striving to improve our financial soundness.

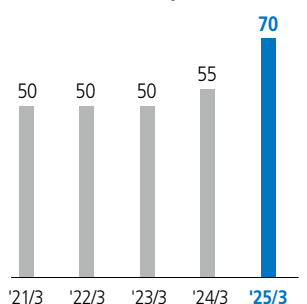
With respect to dividends, we will strive to provide stable and continuous returns to shareholders by prioritizing investments to achieve sustainable growth and enhance corporate value over the medium to long term. At the same time, we will consider increasing dividends and paying interim dividends, aiming for annual dividends of at least ¥50 per share in principle and a consolidated total return on equity of 3% or higher. In Phase 1, cumulative dividends from surplus totaled ¥5,958 million, and the average consolidated total return on equity was 3.2%. In Phase 2, cumulative dividends from surplus totaled ¥5,800 million, and the average consolidated total return on equity was 2.6%. In fiscal 2023, dividends from surplus totaled ¥2,045 million (annual dividends of ¥55.00 per share, up ¥5.00 year on year), and the consolidated total return on equity was 3.1%. In fiscal 2024, dividends from surplus totaled ¥2,503 million (annual dividends of ¥70.00 per share, up ¥15.00 year on year), and the consolidated total return on equity was 4.6%. As announced on May 13, 2025, in fiscal 2025 we plan to pay an interim dividend of ¥30.00 per share and a year-end dividend of ¥40.00, bringing total annual dividends to ¥70.00 per share.

Regarding share buybacks/cancellations, we will consider share buybacks and cancellations from time to time, taking into account trends in stock prices, capital efficiency, cash flows, and other factors. In Phase 1, we bought back 1,186,300 shares at a total cost of ¥1,628 million, and in Phase 2 we bought back 1,099,400 shares at a cost of ¥1,387 million. In fiscal 2023, we bought back 925,700 shares at a cost of ¥1,620 million, and in fiscal 2024 we bought back 1,819,800 shares at a cost of ¥3,439 million. (The number of shares bought back in "Consolidated Cash Flow Allocation" includes shares bought due to requests for the purchase of odd-lot shares.) On February 28, 2025, we canceled 4,000,000 shares of our common stock. Going forward, we will aim for share buybacks of approximately ¥13.0 billion over the three-year period from April 2023 to March 2026.

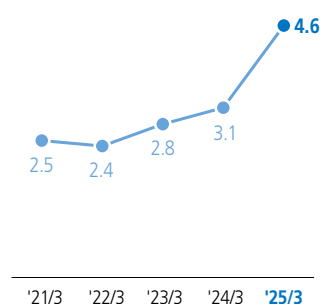
Basic Earnings per Share (Yen)



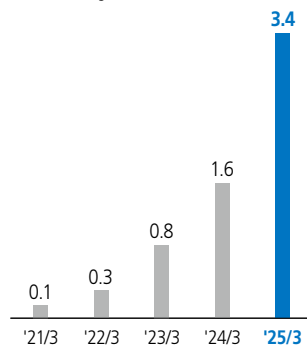
Cash Dividends per Share (Yen)



Consolidated Total Return on Equity (%)

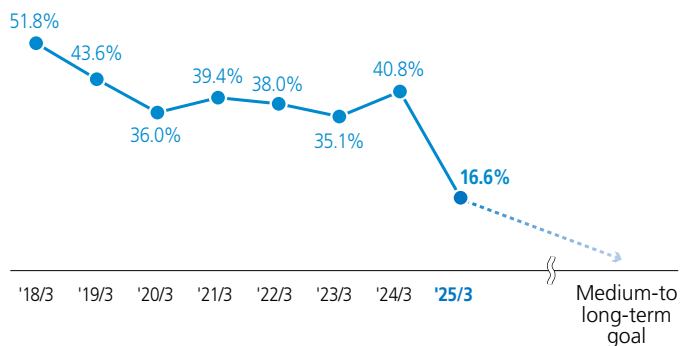


Share Buybacks (Billions of yen)



With respect to reducing strategic shareholdings, in May 2024 we revised our reduction target and announced that we would lower the ratio to below 20% of consolidated net assets by March 31, 2025. In the fiscal year under review, we achieved that target with a ratio of 16.6% at fiscal year-end, down 24.2 points from a year earlier. We will continue working to reduce strategic shareholdings by selling shares deemed to be no longer necessary to hold. Proceeds from sales of strategic shareholdings will be used to fund share buybacks in line with the shareholder return policy set out in Medium-Term Business Plan 2025, with the three-year target increased from approximately ¥5.0 billion to around ¥13.0 billion. We will also use the funds for M&As and other growth investments, as well as for environmental investments related to carbon neutrality and environmental protection. (The cumulative figure for Phase 3 shown in “Consolidated Cash Flow Allocation” represents the distribution of net cash provided by operating activities and does not reflect proceeds from sales of strategic shareholdings.)

### Reductions in Strategic Shareholdings



### Consolidated Cash Flow Allocation

(Millions of yen, rounded down)

	Phase 1 FY2017–2019 cumulative	Phase 2 FY2020–2022 cumulative	FY2023	FY2024	Phase 3 FY2023–2025 cumulative (Image)
Cash flows from operating activities	25,537	20,959	10,492	5	20,000
Payments for capital investment, etc.	(16,394)	(12,459)	(6,526)	(7,750)	(21,500)
Payments/collections of other investments	2,078	7,230	8,441	22,848	28,500
Cash flows from investing activities	(14,315)	(5,229)	1,915	15,098	7,000
Free cash flow	11,221	15,729	12,408	15,103	27,000
Interest-bearing debt	(3,058)	(7,636)	(4,662)	(2,339)	(6,500)
Cash dividends	(6,017)	(5,856)	(1,904)	(3,127)	(7,500)
Share buybacks	(1,631)	(1,388)	(1,621)	(3,440)	(13,000)
Others	(870)	(744)	(257)	(326)	
Cash flows from financing activities	(11,577)	(15,626)	(8,446)	(9,234)	(27,000)



## Corporate Data

### Corporate Data (As of March 31, 2025)

Company Name:	Furukawa Co., Ltd.
Head Office:	2-6-4 Otemachi, Chiyoda-ku, Tokyo 100-8370, Japan (Tokiwabashi Tower)
Tel:	+81-3-6636-9501
Date of Foundation:	August 1875
Date of Establishment:	April 1918
Stock Exchange Listing:	Tokyo Stock Exchange: Prime Market
Securities Code Number:	5715
Employees:	2,908 (Consolidated)

### Principal Shareholders (As of March 31, 2025)

	Number of Shares (Thousands)	Percentage of Total Shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	4,046	11.43
Asahi Mutual Life Insurance Company	2,373	6.70
Seiwa Building Co., Ltd.	1,935	5.46
Kawashima Co., Ltd.	1,860	5.25
Aya Nomura	1,529	4.32
Custody Bank of Japan, Ltd. (trust account)	1,367	3.86
SANKO co., LTD.	1,090	3.08
GOVERNMENT OF NORWAY	695	1.96
Chuo-Nittochi Co., Ltd.	687	1.94
Akanekai, the Company's Employee Stock Holding Association	677	1.91

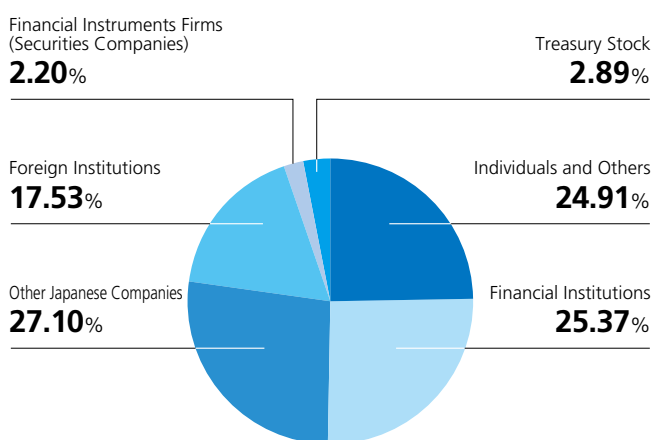
Notes: 1. The above excludes the Company's holdings of treasury stock, totaling 1,055,825 shares.

2. The Company's holdings of treasury stock, totaling 1,055,825 shares, are excluded from shareholding ratio calculations.

### Stock Data (As of March 31, 2025)

Number of Shares Authorized:	80,000,000 shares
Number of Shares Outstanding:	36,445,568 shares
Number of Shareholders:	16,969
Stock Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0004, Japan

### Composition of Shareholders (As of March 31, 2025)



\* For information on Directors and Audit & Supervisory Board Members, please see pages 55–58.

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

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

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



[Investor Relations](#)

### "The Shoulders We Stand On" (150th anniversary commemorative video)

To commemorate the 150th anniversary of our founding on August 8, 2025, we produced and released a PR video titled "The Shoulders We Stand On," featuring more than 160 officers and employees from across the Furukawa Company Group. In the video, these individuals—who work tirelessly at our headquarters, domestic and international offices, factories, and worksites—convey the passion, expertise, and compassion passed down by our predecessors over the past 150 years. Their determination to continue forging ahead is expressed through their "shoulders" and personal messages.

Additionally, our video entitled "Shoulders Tell Stories" features comments from all 46 interviewed staff members accompanied by footage of more than 160 individuals — each showing their shoulders to symbolize the Company's strength. We invite you to watch these heartfelt videos.



["The Shoulders We Stand On"](#)  
(150th anniversary commemorative video)

["Shoulders Tell Stories"](#)  
(Side stories of 150th anniversary commemorative video)



# Corporate History

**1875**

Began the operation of the Kusakura Copper Mine in Niigata (Company foundation).

**1877**

Began the operation of the Ashio Copper Mine in Tochigi.

**1900**

Set up a machinery works at the Ashio Copper Mine and entered into the machinery business.

**1914**

Manufactured the first rock drill in Japan.

**1918**

Spun off mining business from Furukawa General Partnership and established Furukawa Mining Co., Ltd.

**1944**

Bought Osaka Smelter of Toa Chemical Smelting Co., Ltd., and established it as Osaka Cementation and Refining. Entered into the chemical business.

Built the Oyama Works of the Machinery Division of the Ashio Copper Mine in Tochigi.

**1950**

Built the Takasaki Works of the Rock Drill Division in Gunma.

**1951**

Began manufacturing of titanium dioxide and cuprous oxide at Osaka Cementation and Refining.

**1962**

Completed the Furukawa / Outokumpu flash smelting plant at Ashio Smelting and Refining.

Completed research and development of high-purity (99.999%) metallic arsenic and commenced with sales of it.

**1987**

Bought UNIC Corporation.

**1989**

The Japanese name changed from Furukawa Kogyo Kabushiki Kaisha to Furukawa Kikai Kinzoku Kabushiki Kaisha.

**1990**

Bought an American breaker sales and manufacturing company.

**1997**

Established a manufacturer of UNIC products / components in Thailand.

**1998**

Established a sales company of rock drill products in Holland.

**2001**

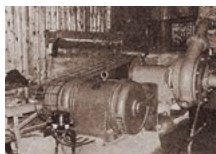
Established Gunma Kankyo Recycle Center Co., Ltd.



The key to the success of the Furukawa Company Group began with the development of the Ashio Copper Mine.



The first domestic rock drill was developed (for the Ashio Copper Mine).



At the Oyama Works, pumps and mining machinery for copper mines were manufactured, not only for internal use but also to sell externally.



At the Takasaki Works, rock drills were mass produced, and we established the position of a leading rock drill manufacturer.



Arsenic is one of the by-products generated during the smelting stage of copper concentrates.



"UNIC" has become a synonym for truck-mounted cranes in Japan.



An affiliate company for the UNIC business established in Rayong, Thailand, which manufactures truck-mounted cranes and other products.



An affiliate company for the construction and mining machinery business established in Utrecht, Holland, which distributes rock drill products.

**2003**

Established a joint company for the manufacturing and distribution of UNIC cranes in China.

**2005**

Spun off the Machinery business, Metals business, and Electronic Materials and Chemicals business and shifted to a group management structure as the Furukawa Company Group to enhance management.

**2008**

Furukawa Industrial Machinery Systems Co., Ltd., merged with Furukawa Otsuka Iron Works Co., Ltd.

**2009**

Made Tohpe Corporation, which manufactures and distributes paints and chemicals, into a consolidated subsidiary.

**2010**

Acquired interest in Canadian copper mine.

**2011**

Established a sales company of rock drill products in India.

**2012**

Established a sales company for UNIC products in Russia.

**2013**

The Group exited the paints business with the sale of all of its shares in Tohpe Corporation.

**2014**

Completed Muromachi Furukawa Mitsui Building in Nihonbashi, Tokyo.

Established a coil processing company in the Philippines.

Established the Tsukuba Development Center, which integrates technology research operation.

**2015**

Renewed Management Philosophy and established Vision for 2025.

**2018**

Established a sales company for rock drills and other products in Malaysia.

**2021**

Consolidated head office functions and relocated to Tokiwabashi Tower in Otemachi, Tokyo.

Acquired Yamaishi Metal Co., Ltd., a manufacturer of metal powder.

**2022**

Decided to dissolve two rock drill product sales companies (one in Panama and the other in China).

**2023**

Terminated entrusted copper smelting agreement with Onahama Smelting and Refining Co., Ltd.

Established a maintenance services company for rock drill products in Tochigi Prefecture.

**2024**

Sold interest in Canadian copper mine.

**2025**

Purchased shares of Mitsui Miike Machinery Co., Ltd. (making it an equity-method affiliate).



An affiliate company for the UNIC business established in Taian, Shandong, China, which manufactures and distributes truck-mounted cranes and other products.



Muromachi Furukawa Mitsui Building, consists of a commercial facility (COREDO Muromachi 2), offices, and rental accommodation.



An affiliated company for the electronic materials business makes coils in Bulacan Province, Philippines.



Tokiwabashi Tower (in Tokyo Torch redevelopment district)

**150th anniversary of founding**



2-6-4 Otemachi, Chiyoda-ku, Tokyo 100-8370, Japan  
(Tokiwabashi Tower)

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