

# Financial Results of Fiscal 2022 Q2 Presentation Material

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November 26, 2021



This document contains forward-looking statements that reflect the Company's judgments based on various assumptions. The Company makes no guarantees or promises regarding the certainty, completeness, or implementation status of such statements.

Greetings from  
President & Representative Director  
Minoru Nakatogawa.

1. Financial Results for the FY2022 Q2 (Consolidated)

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2. Financial Forecasts for the FY2022 (Consolidated)

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3. Implemental Measures to Strengthening of the Group's  
Business Structure

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Ref. Medium-term Business Policy 2022 (Supplementary Material)

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# 1. Financial Results for the FY2021 Q2 (Consolidated)

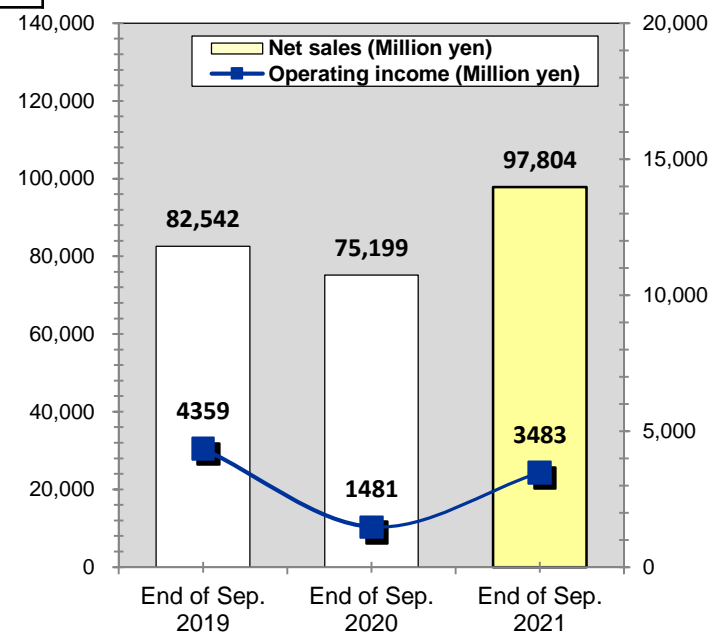
## 【Financial Results】

		End of Sep. 2020	End of Sep. 2021	Difference	End of Mar. 2021
Net sales	Million Y e n	75,199	97,804	22,605	159,702
Operating I n c o m e	Million Y e n	1,481	3,483	2,001	5,592
Operating m a r g i n	%	2.0%	3.6%	1.6%	3.5%
O r d i n a r y I n c o m e	Million Y e n	2,168	4,089	1,920	6,773
Profit attributable to owners of parent	Million Y e n	4,869	2,311	-2,558	7,468

- Net sales, operating income & ordinary income were increased.
- Due to recorded gain on sales of investment securities at extraordinary income by 4,071 million yen in the previous year, profit attributable to owners of parent was decreased.

## 【Financial Conditions】

		End of Mar. 2021	End of Sep. 2021	Difference
Total assets	Million Y e n	218,275	217,802	-472
Net assets	Million Y e n	94,364	94,323	-40
Capital adequacy R a t i o	%	42.0	42.1	0.0



# Financial Results by Segment (Consolidated)

(Unit: Million yen)

Net Sales	FY2021 Q2	FY2022 Q2	Difference
Machinery	32,983	38,650	5,667
Industrial	7,642	8,632	989
Rock Drill	11,659	15,412	3,753
U N I C	13,681	14,606	925
Materials	40,756	57,756	17,000
Metals	35,249	50,335	15,085
Electronics	2,476	3,584	1,108
Chemicals	3,030	3,836	806
Real Estate	1,043	1,036	-6
Other	415	360	-54
Total	75,199	97,804	22,605

Operating Income	FY2020 Q2	FY2021 Q2	Difference
Machinery	1,636	2,093	456
Industrial	519	337	-181
Rock Drill	-512	404	916
U N I C	1,629	1,351	-278
Materials	-443	1,091	1,534
Metals	-458	452	911
Electronics	-105	228	334
Chemicals	120	410	289
Real Estate	364	361	-2
Other	-55	-30	25
Adjustment	-20	-32	-12
Total	1,481	3,483	2,001

	FY2021 Q2	FY2022 Q2	Difference
LME Copper Price	5,931\$/ton	9,541\$/ton	3,610\$/ton
JPY rate per US \$	106.9yen/\$	109.8yen/\$	2.9yen/\$

## Backlog of orders in the Industrial Machinery Segment

	End of Sep. 2020	End of Sep. 2021	Difference
Backlog of orders	9.4 Billion	9.1 Billion	-0.3 Billion

- Constructing a new bridge of Yamashiro Sports Park Joyo Line (Kyoto Prefecture)
- Sealed hanging conveyor (SICON®) for the construction of the Chuo Shinkansen 1<sup>st</sup> metropolitan area tunnel(Kitashinagawa Industrial Zone).
- Sealed hanging conveyor (SICON®) for the construction of the Shin-Kobotoke tunnel on the chuo Expressway. Etc.

## Impact of metal price fluctuations on operating profit in the Metals segment

	FY2021 Q2	FY2022 Q2	Difference
Operating income	¥450 million	¥450 million	¥910 million
Include price effects	¥210 million	¥740 million	¥520 million
Copper	(¥120 million)	(¥620 million)	(¥740 million)
Gold	(¥290 million)	(¥80 million)	(¥210 million)

# Increase/Decrease in Earnings by Segment (Consolidated)

## Net Sales

¥75.1billion

¥+22.6billion(up 30.1%)

¥97.8billion

110  
Billion  
yen

100

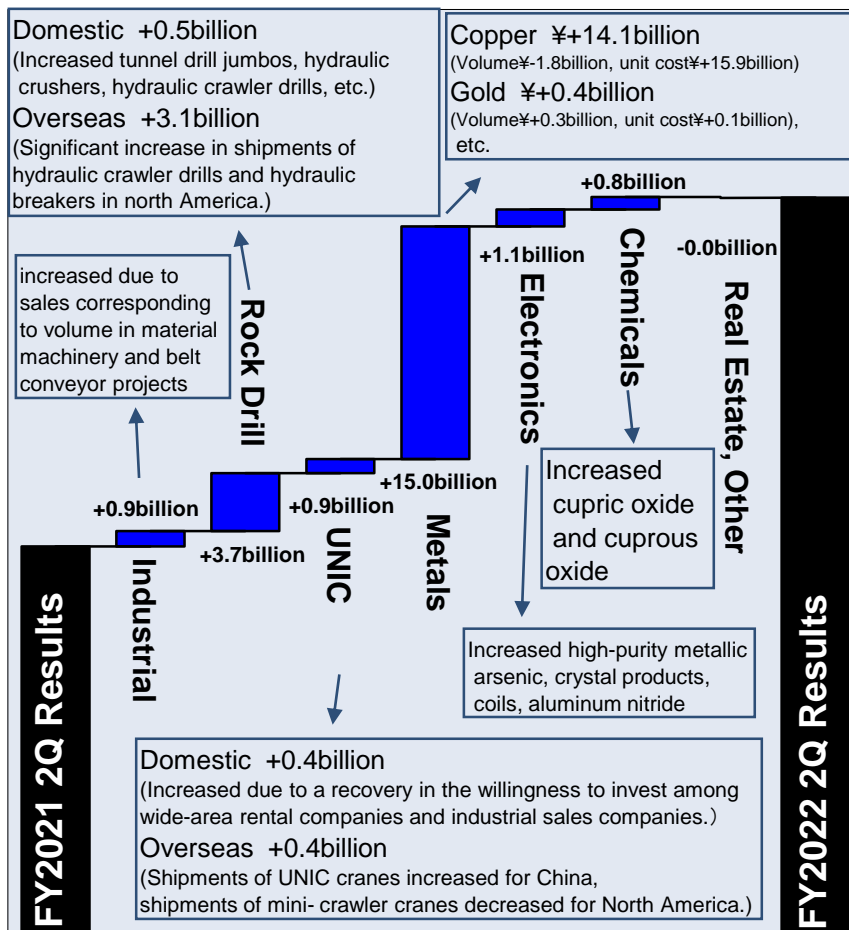
90

80

70

60

50



## Operating Income

¥1.4billion

¥+2.0billion(up 135.1%)

¥3.4billion

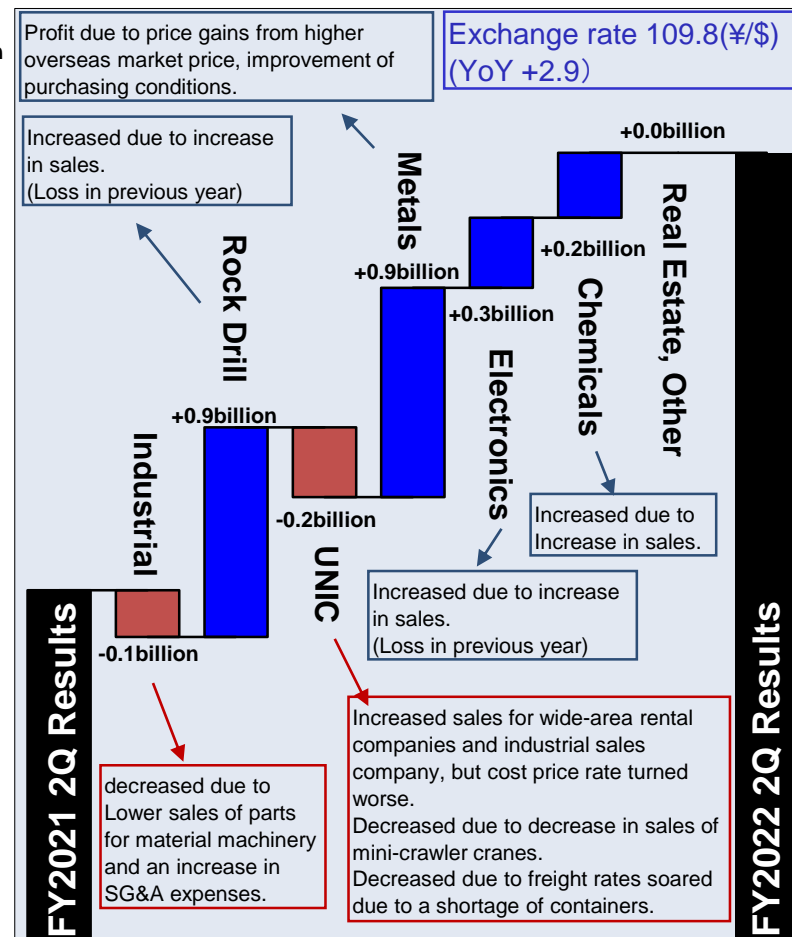
4  
Billion  
yen

3

2

1

0



Although profit decreased in the Industrial Machinery and UNIC, recorded profit in the Rock Drill, Metals and Electronics (Loss in previous year.), increased in the Chemicals.

Compared to the forecast announced in May, operating income increased ¥0.9 billion from ¥2.5 billion.

# Consolidated Income Statement

(Unit: Million yen)

	FY2021 Q2	FY2022 Q2	Difference
<b>Net sales</b>	<b>75,199</b>	<b>97,804</b>	<b>22,605</b>
Cost of sales	65,282	85,162	19,879
(Gross profit)	9,916	12,642	2,726
Selling, general and administrative expenses	8,434	9,158	724
<b>Operating income</b>	<b>1,481</b>	<b>3,483</b>	<b>2,001</b>
Non-operating income	1,458	1,668	210
Dividend income	489	451	-38
Gain on sales of goods	32	411	378
Other	936	805	-130
Non-operating expenses	771	1,063	291
Interest expenses	234	217	-17
Control cost of Suspended mines	372	432	60
Other	163	412	249
<b>Ordinary income</b>	<b>2,168</b>	<b>4,089</b>	<b>1,920</b>
Extraordinary income	4,090	107	-3,982
Gain on sales of non-current assets	18	28	10
Gain on sales of investment securities	4,071	45	-4,026
Government subsidy income	—	33	33
Extraordinary losses	166	725	559
Loss on revaluation of investment securities	—	176	176
Demolition cost of leasing building	—	466	466
Other	166	82	-83
Profit before income taxes	6,093	3,470	-2,622
Income taxes	1,034	996	-38
Income taxes adjustment	81	35	-46
Profit	4,976	2,439	-2,537
Profit attributable to non-controlling interests	107	128	21
<b>Profit attributable to owners of parent</b>	<b>4,869</b>	<b>2,311</b>	<b>-2,558</b>

Gain on sales of manufacture equipment of scintillator crystal, etc.

Decreased equity in earnings of affiliates, etc.

Recorded head office transfer expenses, foreign exchange losses

Sold investment securities for effective use of assets and restoration financial health in the previous year.

The cost of demolition work progress of the Furukawa Osaka Building.

# Consolidated Balance Sheet

(Unit: Million yen)

	End of Mar. 2021	End of Sep. 2021	Difference
<b>Assets</b>			
Current assets	88,625	86,785	-1,839
Non-current assets	129,649	131,016	1,367
Property, plant and equipment	89,817	90,941	1,123
Intangible assets	341	366	24
Investments and other assets	39,490	39,709	218
<b>Total assets</b>	<b>218,275</b>	<b>217,802</b>	<b>-472</b>
<b>Liabilities</b>			
Current liabilities	47,839	52,132	4,293
Non-current liabilities	76,071	71,346	-4,725
<b>Total liabilities</b>	<b>123,910</b>	<b>123,478</b>	<b>-432</b>
<b>Net assets</b>			
Shareholders' equity	76,373	76,739	366
Capital stock	28,208	28,208	—
Capital surplus	2	2	—
Retained earnings	50,025	50,392	366
Treasury stock	-1,862	-1,862	-0
Total accumulated other comprehensive income	15,396	14,859	-537
Non-controlling interests	2,594	2,724	130
<b>Total net assets</b>	<b>94,364</b>	<b>94,323</b>	<b>-40</b>
<b>Total liabilities and net assets</b>	<b>218,275</b>	<b>217,802</b>	<b>-472</b>

Decreased cash and cash equivalent, etc..

Increased buildings & structures, land, etc.

Transfer of current portion of long-term loans payable, etc.

## ■ Interest-bearing debt

(Unit: Million yen)

	End of Mar. 2021	End of Sep. 2021	Difference
Short-term	8,436	9,727	1,291
Long-term	61,246	59,979	-1,266
<b>Total</b>	<b>69,683</b>	<b>69,707</b>	<b>24</b>



# 2. Financial Forecasts for the FY2022 (Consolidated)

## 【Financial Forecasts】

(Unit: Million yen)

	FY2021年	FY2022 (Forecasts)	Difference
Net sales	159,702	196,900	37,197
Operating income	5,592	7,500	1,907
Ordinary income	6,773	7,700	926
Profit attributable to Owners of parent	7,468	5,000	-2,468

Annual dividend	50 yen	50 yen	-
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- Net sales, operating income & ordinary income were increased.
- Due to recorded gain on sales of investment securities at extraordinary income by 4,071 million yen in the previous year, profit attributable to owners of parent was decreased.
- ROE forecast fell 3.6 points, to 5.3% (8.9% in the previous year).

	FY2021	FY2022 (Forecasts)	Difference
LME Copper Price	6,879\$/Ton	9,271\$/Ton	2,392\$/Ton
JPY rate per US\$	106.1yen/\$	110.9yen/\$	4.8yen/\$

Regard to exchange rate sensitivity

Operating income increase annually about ¥100 million due to ¥1 week to US dollar.

- Increase about ¥60 million in Machinery business (mainly Rock Drill)
- Increase about ¥40 million in Metals segment

(Unit: Million yen)

	FY2021	FY2022 (Forecasts)	Difference
Net sales			
Machinery	68,635	78,400	9,764
Industrial	16,682	18,700	2,017
Rock Drill	24,149	30,200	6,050
U N I C	27,804	29,500	1,695
Materials	88,203	114,700	26,496
Metals	76,094	100,400	24,305
Electronics	5,741	7,000	1,258
Chemicals	6,367	7,300	932
Real estate	2,107	2,100	-7
Other	755	1,700	944
Total	159,702	196,900	37,197

	FY2021	FY2022 (Forecasts)	Difference
Operating income			
Machinery	3,968	5,600	1,631
Industrial	2,113	1,600	-513
Rock Drill	-1,324	1,000	2,324
U N I C	3,180	3,000	-180
Materials	1,040	1,450	409
Metals	499	450	-49
Electronics	161	350	188
Chemicals	380	650	269
Real estate	736	650	-86
Other	-82	-130	-47
Adjustment	-71	-70	1
Total	5,592	7,500	1,907

# Increase/Decrease in Earnings Forecasts by Segment FY2022 / vs Previous Year

## Net Sales

¥159.7billion

¥+37.1billion(up 23.3%)

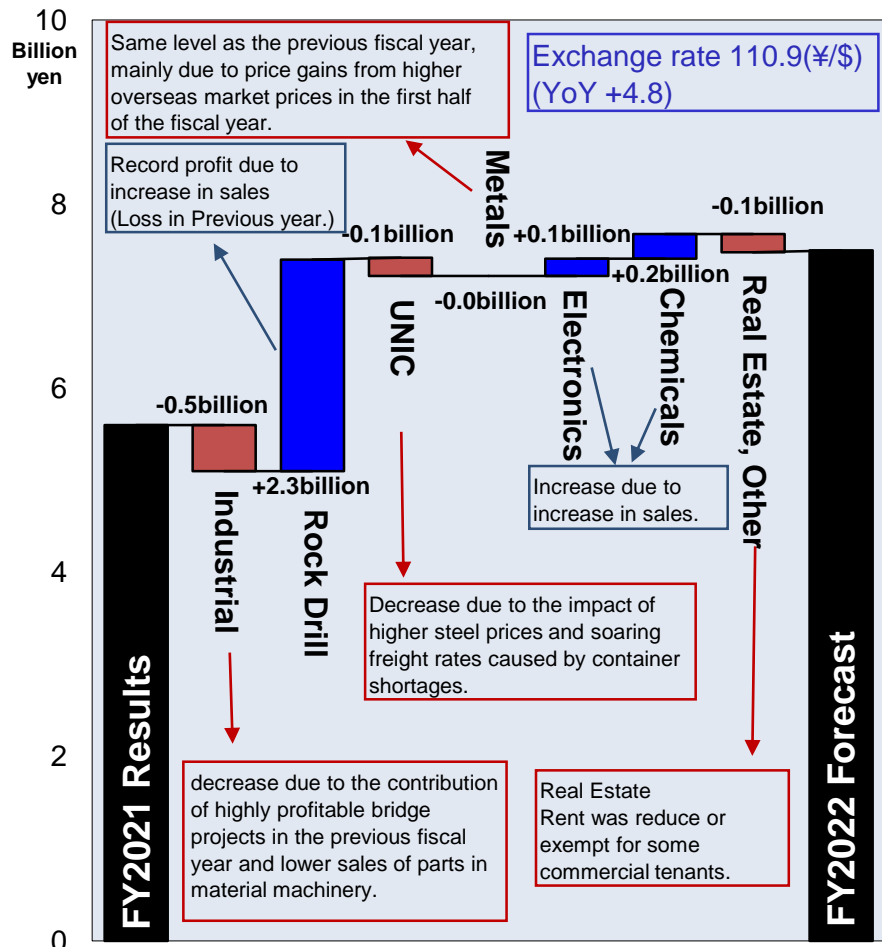
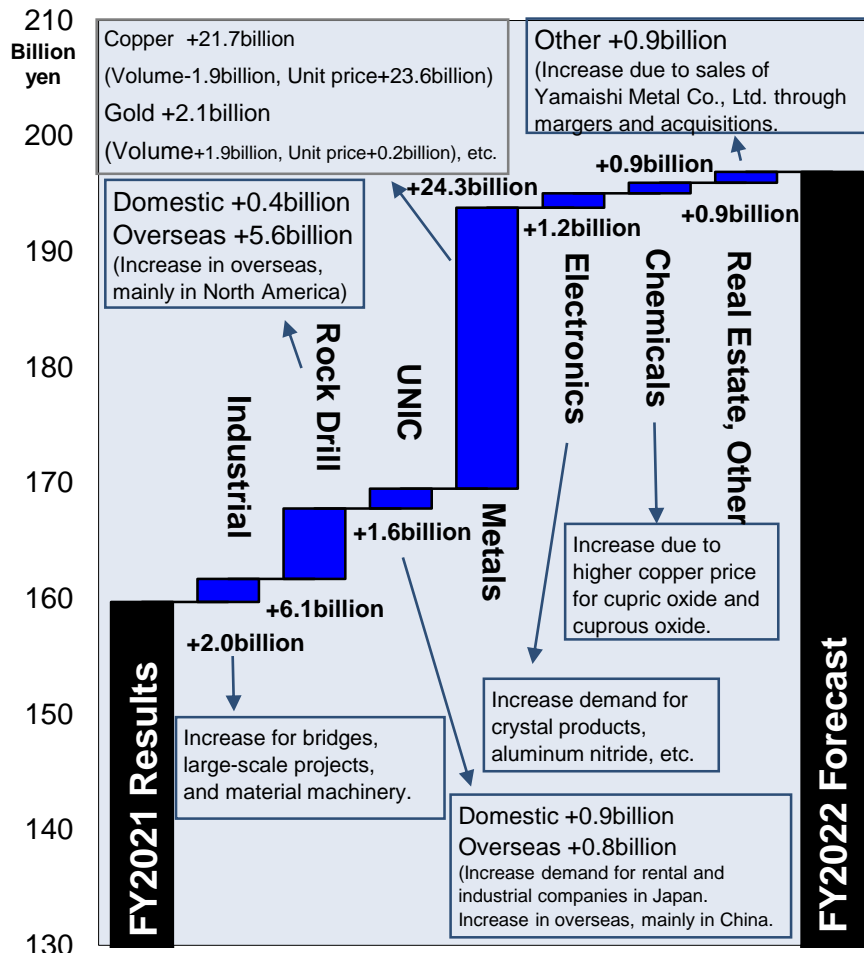
¥196.9billion

## Operating income

¥5.6billion

+1.9billion(up 34.1%)

¥7.5billion



Although profit decrease in the Industrial Machinery, Profit increase due to UNIC and Real Estate, record profit in the Rock Drill (Loss in previous year), Increase in the Electronics and Chemicals.

# Revised transition of Financial Forecasts for the FY2022 (Consolidated)

## [Net Sales]

	Disclosed May 13, 2021
Machinery	76,100
Industrial	18,700
Rock Drill	28,300
UNIC	29,100
Materials	105,500
Metals	92,700
Electronics	6,400
Chemicals	6,400
Real Estate	2,100
Other	700
Total	184,400

(Unit: Million yen)

Disclosed Nov. 11, 2021	Difference
78,400	2,300
18,700	0
30,200	1,900
29,500	400
114,700	9,200
100,400	7,700
7,000	600
7,300	900
2,100	0
1,700	1,000
196,900	12,500

## Precondition (Annual forecast)

	Disclosed May 13, 2021	Disclosed Nov. 11, 2021	Difference
LME Copper Price	8,000 \$/Ton	9,271 \$/Ton	1,271 \$/Ton
JPY rate per US\$	108.0 yen/\$	110.9 yen/\$	2.9 yen/\$

3Q, 4Q forecasts  
LME Copper price 9,000\$/Ton  
JPY rate per US\$ 112 yen/\$

## [Operating Income]

	Disclosed May 13, 2021
Machinery	6,300
Industrial	2,200
Rock Drill	750
UNIC	3,350
Materials	-100
Metals	-700
Electronics	200
Chemicals	400
Real Estate	650
Other	-180
Adjustment	-70
Total	6,600

(Unit: Million yen)

Disclosed Nov. 11, 2021	Difference
5,600	-700
1,600	-600
1,000	250
3,000	-350
1,450	1,550
450	1,150
350	150
650	250
650	0
-130	50
-70	0
7,500	900

Increase/decrease in operating income forecast of Metals (vs Previous forecasts)

Previous forecast (Disclosed May 13)

Operating income ¥-0.7billion

Current forecast (Disclosed Nov. 11)

Operating income ¥+0.45billion

Breakdown of ¥+1.15billion

Consignment margin ¥+0.4billion

→ Decreased smelting consignment expenses due to decreased copper volume.

Increased due to change precondition of LME copper price & JPY rate per US\$.

Price margin ¥+0.8billion

→ Reflected price margin in 1 half.

## Net Sales

## Operating income

¥184.4billion

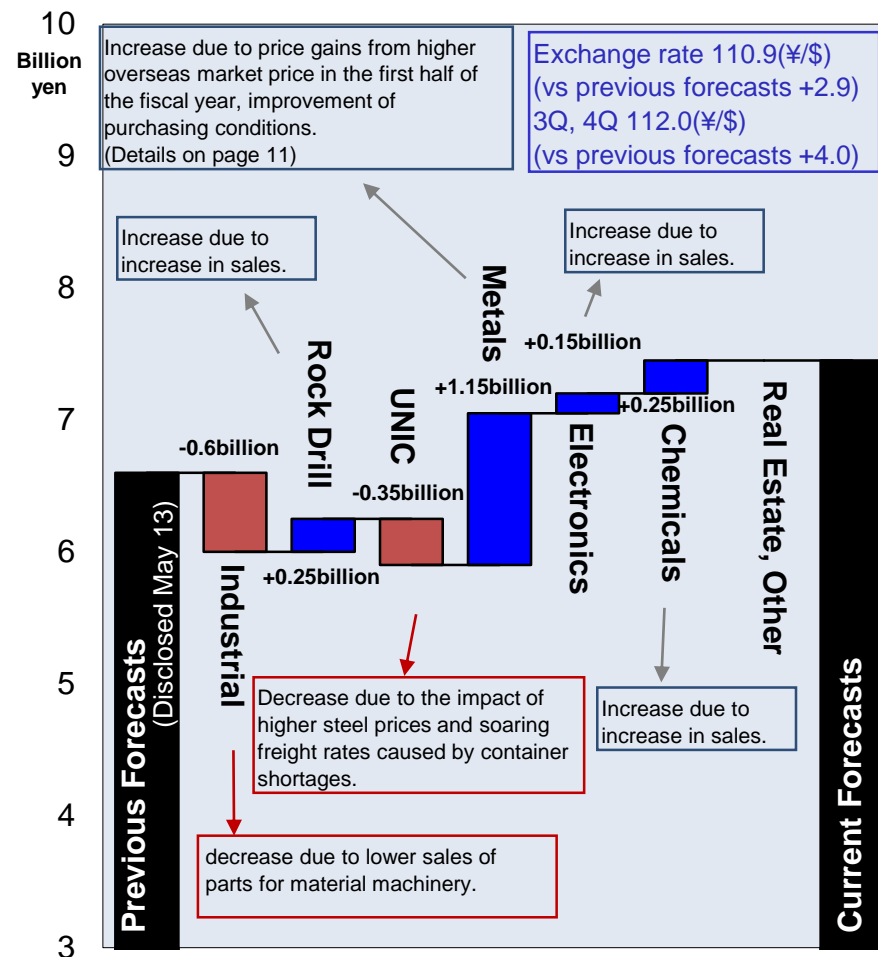
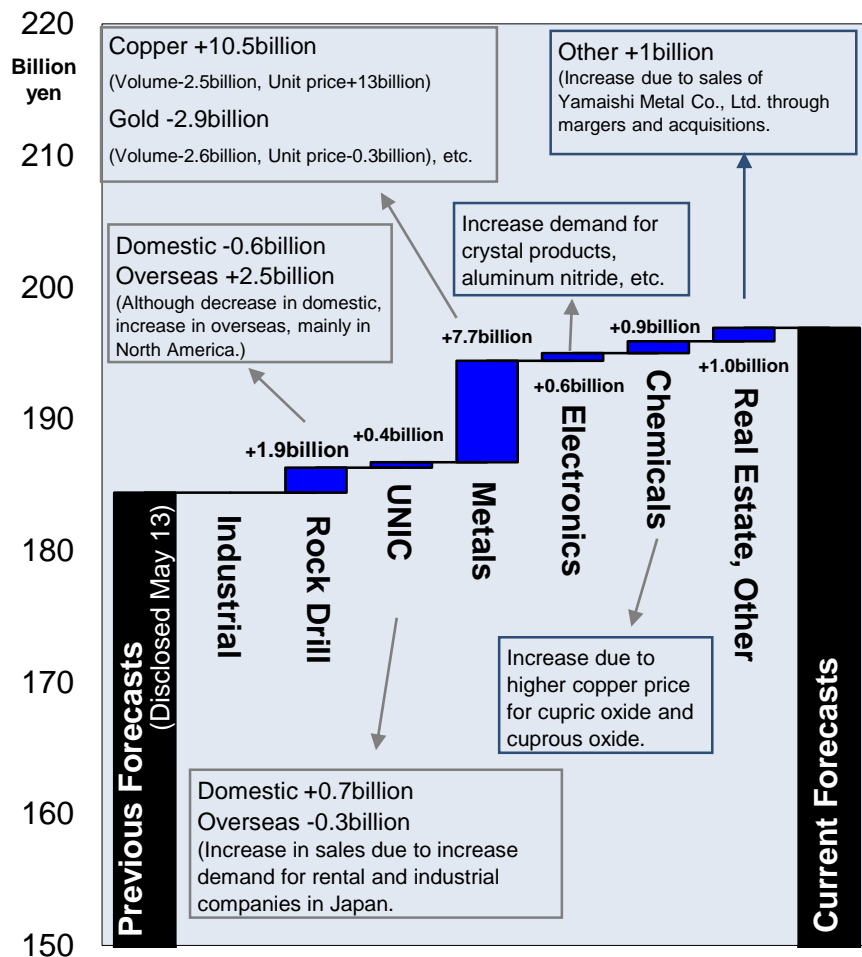
¥+12.5billion(up 67.8%)

¥196.9billion

¥6.6billion

¥+0.9billion(up 13.6%)

¥7.5billion



Although decrease in the Industrial Machinery and UNIC, net sales and profit increase due to Increase in the Rock Drill, Metals, Electronics and Chemicals.

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

## 【State of Capital Investment (Consolidated)】

(Unit: Million yen)

Capital Investment	FY2020	FY2021		FY2022	
		(2Q)	(Annual)	(2Q)	(Annual forecasts)
Machinery	4,123		2,637		3,800
Industrial	404		1,253		2,600
Rock Drill	2,782		437		300
UNIC	936		946		900
Material	1,229		827		800
Other	585		679		1,400
Total	5,938	1,295	4,144	3,072	6,000

Increased due to construction of a new office building at Oyama Works.

## 【State of Depreciation and Amortization (Consolidated)】

Depreciation and amortization	3,589	1,888	3,879	1,931	4,000
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## 【State of Research and Development Expenses (Consolidated)】

Research and Development Expenses	1,177	632	1,164	738	1,400
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# State of Metal Products, Foreign Exchange Rate, Employees (Consolidated)

## 【State of Metal Products, Foreign Exchange Rate (Consolidated)】

		FY2020	FY2021		FY2022	
			(2Q)	(Annual)	(2Q)	(3Q,4Q Forecasts)
Overseas market price of copper (Average)	€/pound	265.8	269.0	312.0	432.8	408.2
	\$/ton	5,860	5,931	6,879	9,541	9,000
JPY rate per US\$ (Average)		108.74	106.92	106.06	109.80	112.00

Production and marketing of Furukawa Metals & Resources Co., Ltd.	FY2020	FY2021		FY2022	
		(2Q)	(Annual)	(2Q)	(Annual Forecasts)
Copper output (t)	77,069	37,517	74,386	35,942	72,111
Copper sales volume (t)	83,864	41,515	81,998	38,712	79,408

### <About copper production>

we have been reviewing our consignment ratio at the joint smelter and have been gradually reducing our copper production from 88,004 tons per year in FY2018. In FY2023, we are on track to reduce the amount to at least 70,000 tons per year.

## 【State of Employee (Consolidated)】

	End of Mar. 2020	End of Mar. 2021	End of Sep. 2021	vs End of Mar. 2021
Number of consolidated employee (Persons)	2,755	2,752	2,824	72

# Long-term Performance

## [Consolidated Financial Results]

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	213,426	161,857	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702
Operating income	14,407	2,303	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592
Ordinary income	12,940	993	111	1,231	1,268	2,763	6,150	6,603	6,227	7,202	8,105	8,235	8,135	6,773
Profit attributable to owners of parent	8,595	-5,917	585	563	-1,659	2,976	3,976	9,793	5,056	4,254	4,774	4,654	4,431	7,468

## Segment Performance

### [Net Sales]

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Machinery	75,841	62,639	44,313	47,025	53,198	56,852	71,111	75,990	72,232	66,803	73,453	77,580	82,691	68,635
Industrial	17,331	15,836	12,783	10,655	12,949	12,894	18,527	16,712	14,926	14,041	15,871	17,971	23,237	16,682
Rock Drill	37,497	29,427	20,386	23,880	24,143	23,305	26,842	30,910	30,076	26,979	30,199	30,372	27,663	24,149
UNIC	21,012	17,375	11,142	12,490	16,105	20,651	25,741	28,367	27,229	25,782	27,381	29,237	31,791	27,804
Materials	112,796	80,175	82,128	92,203	77,917	88,026	90,162	93,270	85,644	78,968	89,987	92,722	79,366	88,203
Metals	97,519	68,786	71,132	79,979	68,114	77,944	78,684	81,513	74,192	67,853	77,334	80,067	67,149	76,094
Electronics	8,751	5,568	5,969	7,147	4,615	4,987	5,381	5,743	5,477	5,816	6,307	6,527	5,506	5,741
Chemicals	6,525	5,820	5,025	5,076	5,187	5,093	6,096	6,013	5,973	5,298	6,344	6,127	6,710	6,367
Real estate	2,758	2,386	2,043	1,577	1,233	1,058	1,013	2,535	3,045	3,074	3,338	2,999	2,386	2,107
Other	1,294	1,204	854	785	766	753	739	747	876	983	916	814	771	755
Paints (*1)	-	-	3,692	15,040	14,874	15,078	-	-	-	-	-	-	-	-
Fuels (*2)	20,735	15,452	9,893	9,004	9,576	3,770	-	-	-	-	-	-	-	-
Total	213,426	161,857	142,925	165,638	157,566	165,539	163,026	172,544	161,799	149,829	167,695	174,116	165,215	159,702

### [Operating Income]

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Machinery	6,837	1,733	-3,022	-566	1,970	2,923	5,333	6,551	5,882	3,580	5,083	6,567	7,343	3,968
Industrial	837	767	433	-29	708	778	1,851	1,711	1,037	104	1,005	2,088	3,208	2,113
Rock Drill	3,702	255	-2,584	-350	333	-67	341	1,225	2,217	897	1,782	1,689	142	-1,324
UNIC	2,297	710	-870	-186	928	2,212	3,141	3,614	2,627	2,578	2,295	2,789	3,992	3,180
Materials	7,661	229	3,985	3,044	325	324	1,695	1,770	983	1,870	1,648	1,396	776	1,040
Metals	6,206	23	3,224	1,494	308	282	1,503	1,449	1,154	1,738	867	581	301	499
Electronics	984	4	657	1,279	-234	-262	-123	52	-368	17	330	407	-35	161
Chemicals	470	201	104	269	251	304	315	267	197	114	451	406	510	380
Real estate	749	706	1,128	635	356	219	-43	776	1,276	1,265	1,339	1,163	735	736
Other	-228	-304	-376	-92	-93	-63	-60	-130	-72	-126	-196	-147	-94	-82
Paints (*1)	-	-	-19	-93	-329	65	-	-	-	-	-	-	-	-
Fuels (*2)	-430	202	-29	-56	-13	-28	-	-	-	-	-	-	-	-
Adjustment	-181	-264	-69	-49	-60	-78	-39	-42	-80	-44	-55	-64	-68	-71
Total	14,407	2,303	1,597	2,821	2,154	3,363	6,886	8,925	7,988	6,545	7,820	8,915	8,693	5,592

\*1 Withdrew from the Paints business by transferring shares of Tohpe Corporation in March 2013.

\*2 Withdrew from the Fuels business by transferring shares of Furukawa Commerce Co., Ltd. in October 2012.

Notice: By applying "Accounting standards for disclosure of segment information, etc." (FY2012), we replace and display the figure for FY2011.

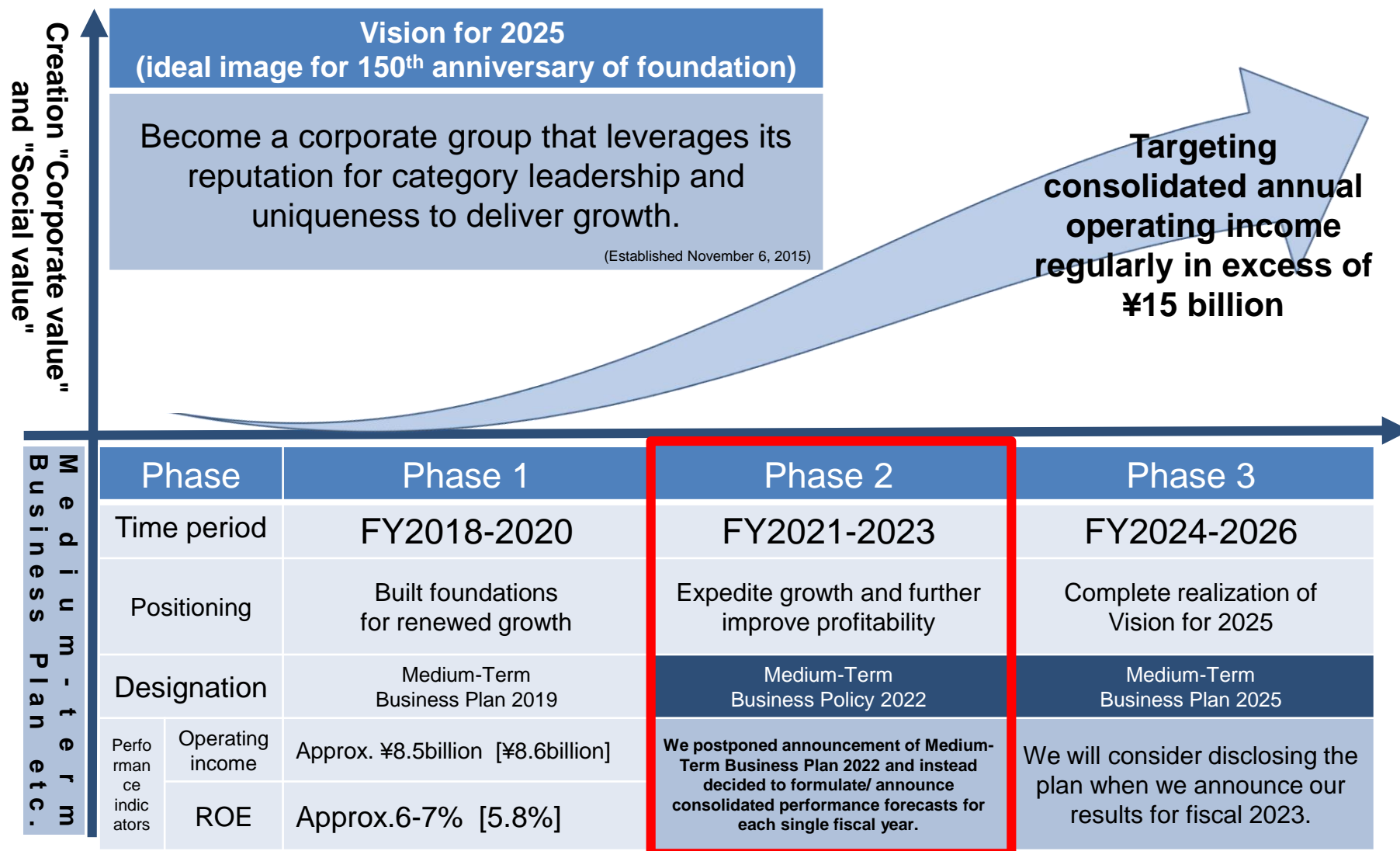
LME copper price (US\$/ton)	7,584	5,864	6,101	8,139	8,485	7,855	7,104	6,554	5,215	5,154	6,444	6,341	5,860	6,879
JPY rate per US\$	114	101	93	86	79	83	100	110	120	108	111	111	109	106

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### 3. Implemental Measures to Strengthening of the Group's Business Structure. [Positioning of FY2021 & FY2022]

We have positioned FY2022 and FY2023 as a period to focus on the early recovery of the Group's performance by strongly promoting the strengthening of our business structure. (In particular, strengthening and restructuring of overseas marketing capabilities in the Rock Drill Machinery segment, fundamental review of the consignment smelting business in the Metals segment, and realization of the future concept of the FURUKAWA Osaka Building in the Real Estate business.)



### 3. Implemental Measures to Strengthening of the Group's Business Structure. [Industrial Machinery Segment]

#### - The Industrial Machinery segment is strengthening sales of belt conveyor systems as a method of transporting earth and sand that reduces environmental impact.

##### - Clarification of the target

We are strengthening our proposals for long-distance flat belt conveyors and SICON® enclosed hanging conveyors that improve conveying efficiency while taking the surrounding environment into consideration of disaster prevention and mitigation, urban civil engineering, and the private sector.

##### Ex.1 Flood countermeasures

- Review dam functions (Upper reaches of rivers)

the number of dams that require removal of accumulated sediment for recover dam functions is increasing.

If carrying out 250,000 cubic meter per year gravel that constantly flows into the dam, 30-40 dump trucks are required per hour.

- Build new dams (Upper reaches of rivers)

Transport large amounts of earths, sands, and aggregates over steep terrains.

- Construct control reservoirs (Middle reaches of rivers)

Dump transportation in residential areas has issues of restrain noise and dust, and ensuring local safety.

- Reinforce levees (Lower reaches of rivers)

##### Ex.2 Urban civil engineering

- Construct deep shield tunnels in urban area and expand airports, etc.

#### - Strengthening our efforts to collect information from consultants and general civil engineering contractors.

we are strengthening our efforts to collect information from consultants in various fields (dams, tunnels, roads, disaster prevention and mitigation) and general civil engineering contractors, as well as from maritime contractors who are strong in marine engineering.

=>We will increase the number of orders for our differentiated product, the SICON® enclosed suspended conveyor, by observing actual equipment and cooperating in its design.



Image of belt conveyors



Observing actual equipment in Oyama Works

### 3. Implemental Measures to Strengthening of the Group's Business Structure. [Rock Drill Machinery Segment]

- Strengthen and rebuild its overseas marketing capabilities - undergoing reforms to shift its focus from volume to profit -

We aim to achieve early improvement in profitability through (1) centralized production and sales of mainstay models, (2) creation of the Southeast Asian crushed stone market, and (3) strengthening of Life Cycle Support. We have implemented a reorganization on October 1, 2021.

Markets to attack (Via overseas subsidiaries)

#### [North America]

**Expand sales of large-sized machines for both hydraulic crawler drills and hydraulic breakers.**

##### Hydraulic crawler drills

- Narrow down the models to optimization.
- Concentrate on sales of the HCR1550 which is the main large-size model.



Hydraulic crawler drill HCR1550

##### Hydraulic breakers

- Sales of the newly introduced large hydraulic breaker (Fxj770) have been strong.
- Confirming demand for ultra-large machines and conducting market research.

##### Life Cycle Support

- Continue and expand the maintenance business.



Ultra-large hydraulic breaker Fxj770

#### [Europe]

**Strengthen sales with a focus on medium and large hydraulic breakers and implement measures for dealers.**

##### Hydraulic breakers

- Reorganize our dealer network in priority countries.
- Collaborate with construction equipment manufacturers.

##### Hydraulic crawler drills

- Limit sales regions and models to focus on profitability.
- Strengthen support for sales in Africa.

##### Life cycle support

- Provide extended warranty and parts set sales for hydraulic breakers.

### 3. Implemental Measures to Strengthening of the Group's Business Structure. [Rock Drill Machinery Segment]

- Strengthen and rebuild its overseas marketing capabilities - undergoing reforms to shift its focus from volume to profit -

#### Markets to create (Direct trade)

##### [Southeast Asia] Create a crushed stone market

Introduce attachment drills

Induce users of pneumatic crawler drills to switch to hydraulic drills.

->Appeal the performance and superiority of FURUKAWA's hydraulic rock drills.

Shift our distributor policy

Exclusive distributors -> Multiple distributors by customer segment

Life cycle support

Extended warranties, work to strengthen parts sales through dealer support.



Pneumatic crawler drill



Attachment drill with hydraulic rock drill



Hydraulic crawler drill

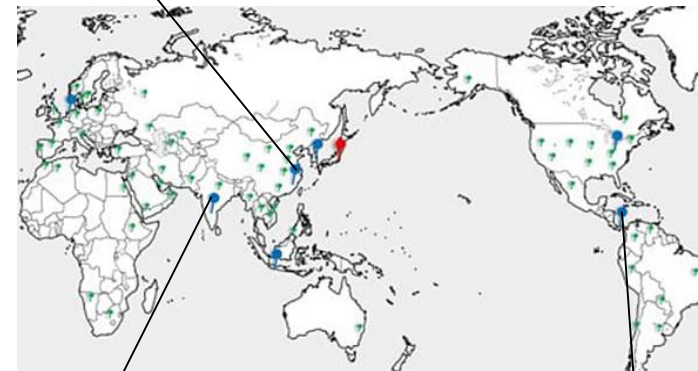
#### Markets to consolidate and eliminate

##### [Other regions]

##### Overseas subsidiaries (China, India, Panama)

Considering the consolidation and elimination.

FURUKAWA ROCK DRILL  
(SHANGHAI) CO.,LTD.



FURUKAWA ROCK DRILL  
INDIA PVT.LTD.

FURUKAWA ROCK DRILL  
LATIN AMERICA S.A



### 3. Implemental Measures to Strengthening of the Group's Business Structure. [UNIC Machinery Segment]

#### - Overseas market environment and countermeasures of UNIC products

##### - UNIC cranes (Truck-mounted cranes)

Chinese manufacturers are gaining ground (Southeast Asia, Middle East)

=>Chinese manufacturers have a poor reputation for after-sales service, so we will take measures to improve customer satisfaction by strengthening the technology and service capabilities of our dealers for customers who value this.

Low-cost Korean and Chinese manufacturers are improving their quality and increasing their presence in the market

=>Develop cranes with equipment that meets customer needs and differentiate ourselves from the conventional simple models that lack various options in order to compete on price.

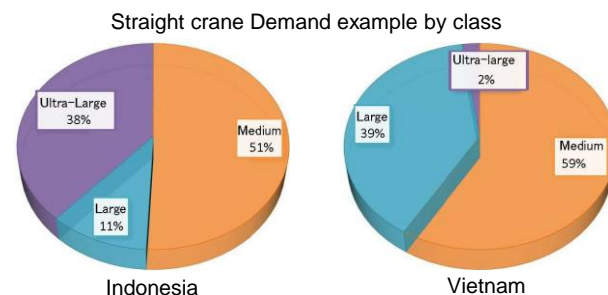


Large-sized crane URV1004

Increasing the demand of large equipment

=>Respond with large equipment manufactured at Taian FURUKAWA in China.

For Russia, Philippines, Vietnam, Indonesia, etc.



Medium	Under 10tm
Large	15tm Class
Ultra-Large	Over 20tm

##### - Mini-crawler cranes

Expanding share among European manufacturers

=>develop and sell new models equipped with equipment and originality in line with customer requirements.

Shifting product trends (Multi-functional and electric models, etc.)

=>Continue to expand the functions of current models to maintain our market share.

Enhance optional equipment, introduce AGM battery models to the market.



AGM battery model mini-crawler crane

### 3. Implemental Measures to Strengthening of the Group's Business Structure. [Electronics Segment]

#### - Strength of aluminum nitride products and the future direction.

#### - Aluminum nitride (AlN) is an excellent heat-dissipating insulator.

Demand for heat dissipation components has been expanding due to the increasing integration, miniaturization, and thinning of electronic devices.

=>High thermal conductivity, insulation, heat uniformity, and corrosion resistance, has been in increasing demand although it is expensive.

#### - Our strength is "Sintering technologies"

Molding, sintering, and processing powdered AlN materials is our characteristics.

=>Manufacture components, substrates, and fillers that serve as heat dissipation components.

Our strength lies in our accumulated sintering time and temperature control.

#### - With our unique technology and know-how, aiming to sell the products with high thermal conductivity.




With our unique technology and know-how, we are able to manufacture products with uniform thermal conductivity and insulation, as well as the world's largest-sized large components with less warping, cracking and discoloration during firing.

=>Recognized as an aluminum nitride manufacturer in the fine ceramics industry.

Currently developing high-grade, high thermal conductivity sinter (Components, substrate).

=>Developing high thermal conductivity components with a thermal conductivity of 250 W/m-K, which surpasses the world's highest thermal conductivity products of 230 W/m-K, and sintered substrate products, aiming to sell them during fiscal 2022.

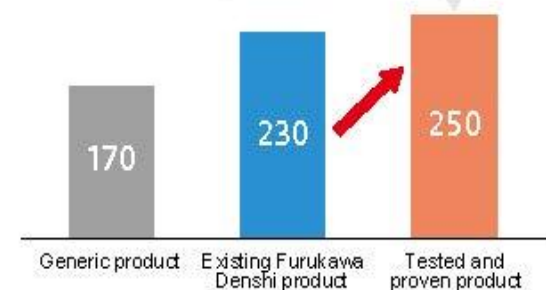
#### Three main products of aluminum nitride

Components	Substrates	Fillers
		
Semiconductor manufacturing equipment components	For high-power laser devices	Resin heat dissipation sheets and sealing material
<b>Features</b> Thermal uniformity, anti-corrosive, thermal conductivity	High heat dissipation/insulation	Powdery, high heat dissipation
<b>Main customers</b> Manufacturers of semiconductor manufacturing systems and high-voltage power units	Precision machining companies that manufacture semiconductor lasers and telecommunication elements	Resin manufacturers, heat dissipation sheet manufacturers
<b>Usefulness</b> Plates and other components of semiconductor manufacturing systems, high-voltage power units of railway vehicles and satellites/aircraft	Circuit boards for high-powered laser elements, high-powered LED for camera flashes, etc., telecommunication module parts	Silicone and other resin heat dissipation sheets and sealing material on smartphones, laptops, automobiles, etc.

#### Manufacturing process of aluminum nitride products



■ Thermal Conductivity of AlN (W/m-K)



Furukawa Denshi envisions an increasing need for circuit boards with higher thermal conductivity, and is in the midst of development to answer that demand.

### 3. Implemental Measures to Strengthening of the Group's Business Structure. [Sustainability]

#### - The Furukawa Company Group Basic Policy on Sustainability Initiatives. (Formulated on Dec. 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 mid- to long-term corporate value by establishing a robust corporate foundation for growth and resolving social issues through its business.

#### 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.

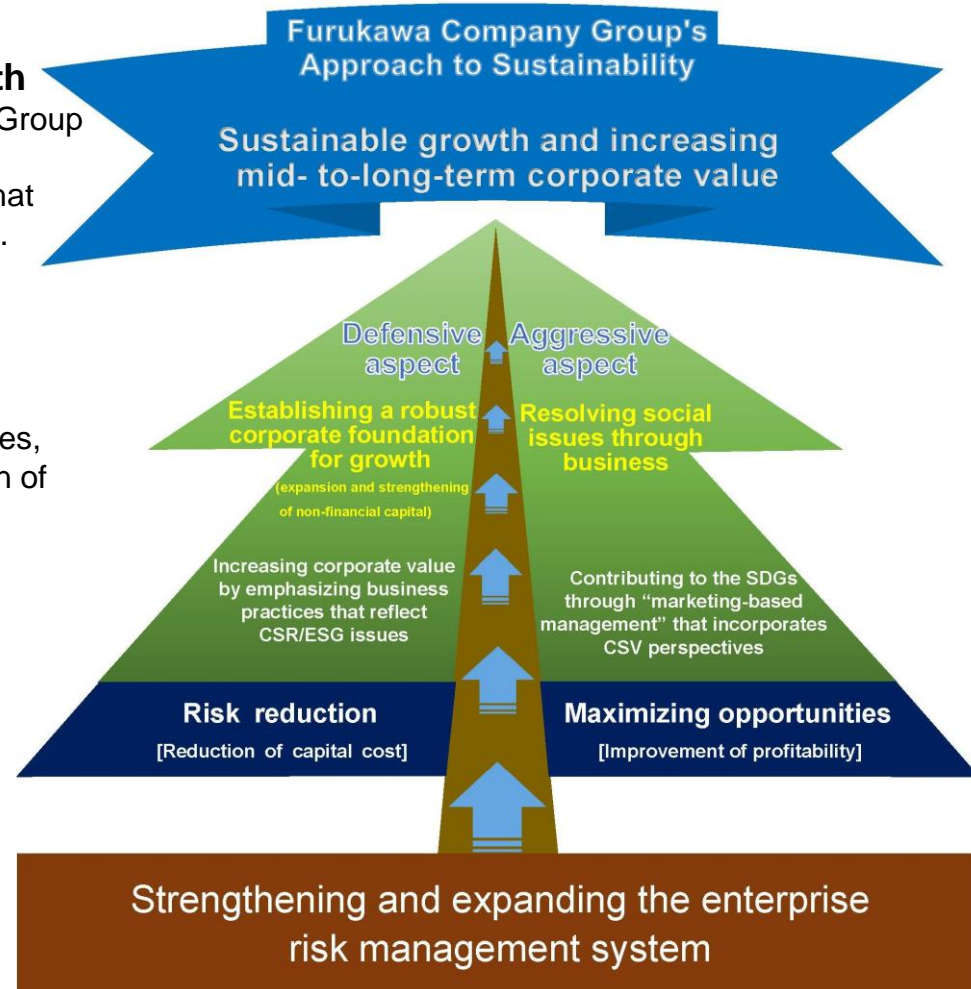
#### 2. Aggressive sustainability:

##### Resolving social issues through business

In addition to increasing the value of the Furukawa brand through “marketing-based management” that incorporates CSV 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.

=>Carry out a reorganization to lay mainly on promotion of the sustainability. (As of Dec. 1, 2021)

- Reorganizing CSR Promotion Meeting and renaming it Sustainability Promotion Meeting.
- Newly established Risk Management Committee.
- Abolish CSR Promotion Department, and newly established Sustainability Promotion Department.



Approach to Sustainability (Images)

Thank you for your continuous understanding and support.



 **FURUKAWA CO.,LTD.**



# Forward-Looking Statements

This material contains information about the Furukawa Company Group's future prospects. Such information, which is based on information (predictions, anticipation, assumption, plan, recognition, evaluation, etc.) currently available to our group that our group deems to be reasonable at the time this report was prepared. Actual business environment and business activities were affected by various potential risks, uncertainty factors. Therefore, forecasts regarding future performance or contents was suggested by it may differ significantly from the forecasts.

The potential risks or uncertainty factors will affect to future prospects is not limited to that is described in business risks, etc. in the securities report or summary of financial results or website of Furukawa Co., Ltd..

Therefore, It does not commitment or guarantee the achievement of management indicators and forecasts as milestones and future performance.

In addition, regardless of the actual results, we don't have obligation to update the contents in this material from time to time, and also we don't have its policy after the time of publication.

The purpose of this material is to understand our business policy, management information etc. and is not intended to solicit investment in securities issued by Furukawa Co., Ltd.

Based on the above points, please make the final decision on investment is judged by your own risk.

Please use this material at the user's responsibility. Even if you suffer damage due to use this material which have the error and defects in the information, change in management indicators and forecast figures etc., we are not responsible at all.

## “Medium-Term Business Policy 2022”

- Expedite growth and further improve profitability. -



Disclosed May 25, 2020

\*May 25, 2021  
corrections Page 4  
Addition Page 7-8

 **FURUKAWA CO.,LTD.**

This document contains forward-looking statements that reflect the Company’s judgments based on various assumptions. The Company makes no guarantees or promises regarding the certainty, completeness, or implementation status of such statements.

# “Medium-Term Business Policy 2022” Contents

## 1. Vision for 2025 “FURUKAWA Power & Passion 150”

## 2. Positioning of “Medium-Term Business Policy”

## 3. Management Policy

- (1) Company wide strategy
- (2) Increase the value of the Furukawa brand through “marketing-based management” that incorporates CSV perspectives
- (3) Contribution to the SDGs through “marketing-based management” that incorporates CSV perspectives
- (4) Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group
- (5) Basic strategies and priority issues by segment
- (6) Product development system
- (7) Strengthen and expand our human resource base
- (8) Actively promote investments to increase corporate value
- (9) Establish a robust corporate foundation

# 1. Vision for 2025 "FURUKAWA Power & Passion 150"

May 8, 2020 partially revised (Under lined)

## Vision for 2025 "FURUKAWA Power & Passion 150"

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

### <Policy for achieving the vision>

Increase the value of the Furukawa brand through "marketing-based management"(\*1) that incorporates CSV(\*2) perspectives.

Sustainable  
expansion of the  
machinery business

Strengthen and  
expand our human  
resource base

Actively promote  
investments to increase  
corporate value

Establish a robust  
corporate foundation(\*3)

### Aiming for FY2026(150 anniversary of foundation)

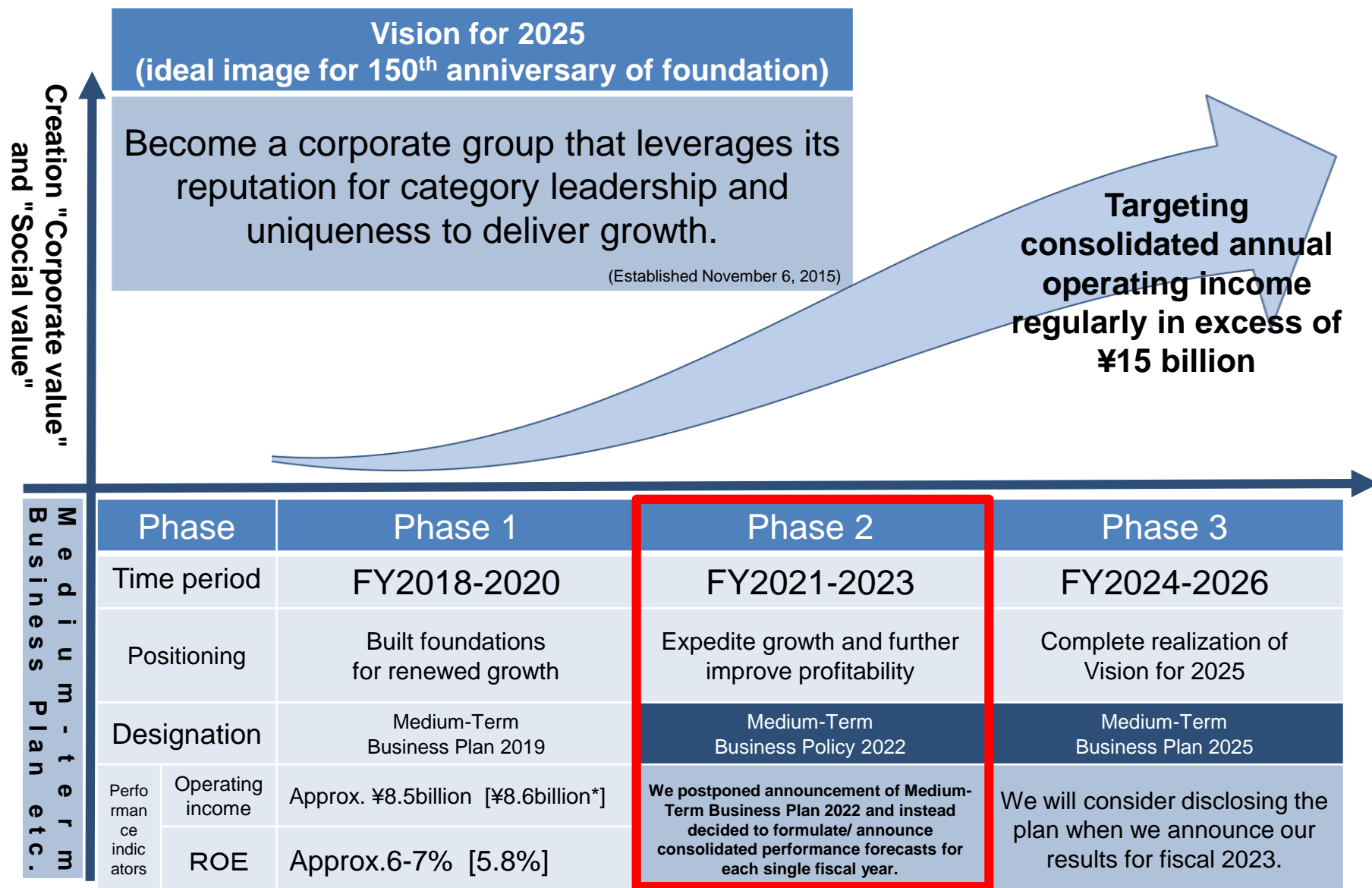
Targeting consolidated annual operating income regularly in excess of ¥15 billion.

(\*1) Marketing-based management incorporating CSV: This means incorporating 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 sustained growth. It also reflects the Group's intention 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.

(\*2) Creating shared value (CSV): This is a management framework that enables companies to co-create social value and corporate value by tackling social, environmental, and other issues.

(\*3) At the time of partial revision( May 8, 2020), we will work diligently to "Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group." which is one of the "Establish a robust corporate foundation"

# 2. Positioning of “Medium-Term Business Policy”



# 3. Management Policy

## (1) Companywide strategy

“Expedite growth and further improve profitability.”

Under Medium-Term Business Policy 2022, with the aim of realizing Vision for 2025, we will work to increase the value of the Furukawa brand by advancing marketing-based management, which has been redefined to incorporate CSV perspectives. We will also strengthen our ability to find and solve problems in the field and our ability to produce innovation. Targeting sustained growth, meanwhile, we will “Strengthen and expand our human resource base,” “Actively promote investments to increase corporate value,” and “Establish a robust corporate foundation.” Under Medium-Term Business Plan 2019, we built foundations for renewed growth. By making all-out efforts to solidify these foundations, we will work to “Expedite growth and further improve profitability.”

Sustainably expand the Machinery business, step up alliances and M&As, emphasizing business practices that reflect CSR/ESG issues recognized.

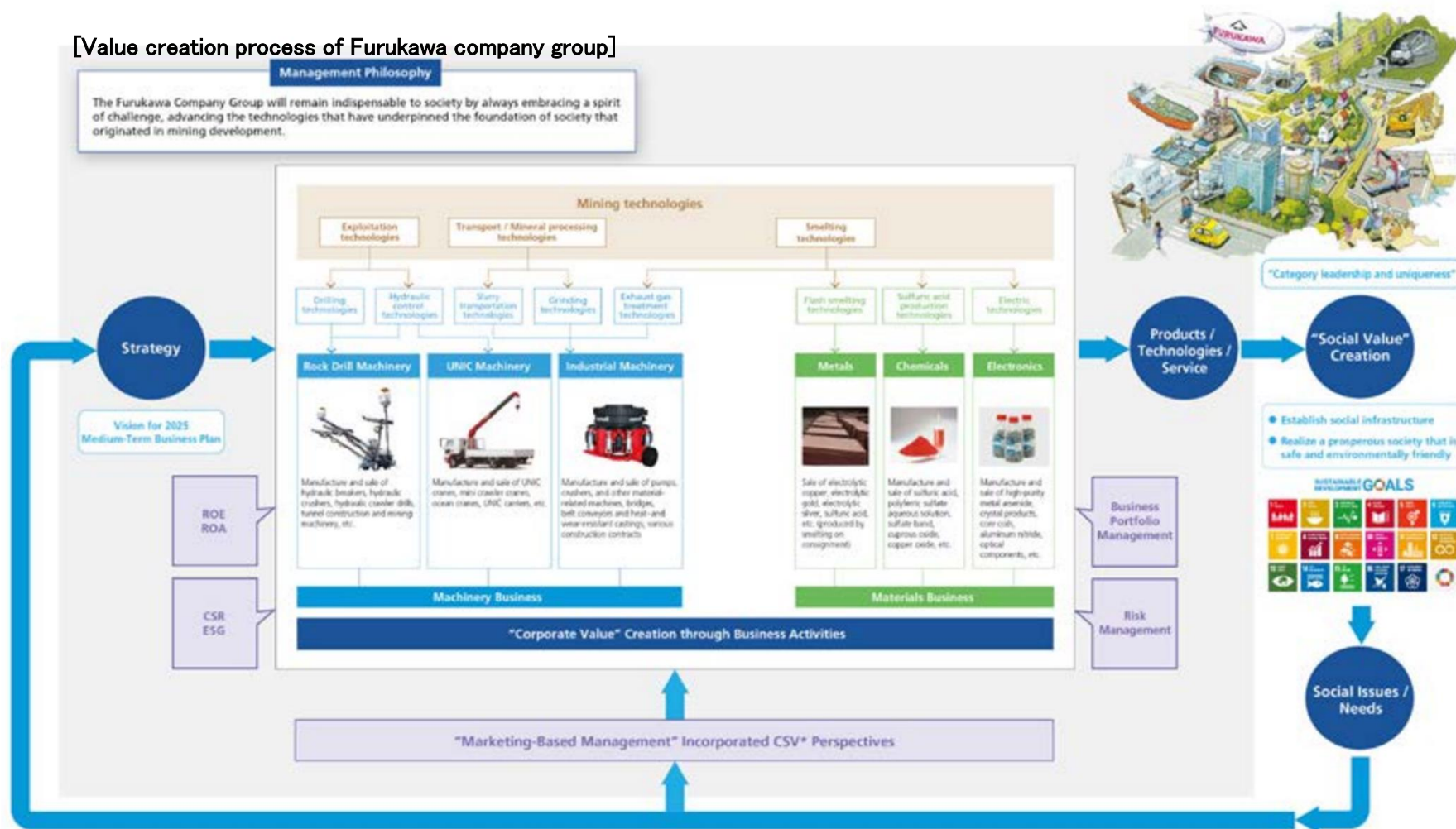
In particular, we will continue striving to “Sustainably expand the Machinery business”—positioned as a core business under Medium-Term Business Plan 2019—in order to clearly identify priority investments and growth businesses. We will also step up alliances and M&As to achieve discontinuous growth. In addition, we will work diligently to “Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group.”



## (2) Increase the value of the Furukawa brand through “marketing-based management” that incorporates CSV perspectives

We will generate corporate value by providing infrastructure, products, technologies, and services that help solve social issues. At the same time, we will continue striving to create social value building social infrastructure and realizing a safe, environmentally friendly, and prosperous society.

### [Value creation process of Furukawa company group]



### “marketing-based management” that incorporates CSV perspectives:

Marketing-based management incorporating and redefining CSV, this means incorporating 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 sustained growth. It also reflects the Group’s intention 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.

### (3) Contribution of the SDGs through “marketing-based management” that incorporates CSV perspectives




































Of the 17 SDGs, we are focusing particular attention on achieving Goal 11 (“Make cities and human settlements inclusive, safe, resilient and sustainable”) and Goal 9 (“Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation”). We will also strive to create social value by building social infrastructure as stated in “The Furukawa Company Group’s Value Creation Process” (please see pages 2–3), while realizing a safe, environmentally friendly, and prosperous society.

Segment	Main Products, Technologies, and Services			SDGs with High Contribution Levels (◎: Especially Important; ○: Important)								
				2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER
Industrial	 Pumps	 Belt conveyors	 Steel bridges and steel structures		○	◎		◎	◎		○	◎
Rock Drill	 Tunnel drill jumbos	 Hydraulic crawler drills	 Hydraulic crushers		○			◎	◎	○		
UNIC	 UNIC cranes	 Mini crawler cranes	 Ocean cranes		○			◎	◎			◎
Metals	 Electrolytic copper						○	◎	◎			
Electronics	 High-purity metallic arsenic	 Coils	 Optical components (lenses)		○			◎	◎			
Chemicals	 Sulfuric acid	 Aluminum sulphate	 Ferrous sulfate	○	○	◎		◎	◎			



## (4) Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group

One policy as part of our Vision for 2025 states our commitment to “increase corporate value by emphasizing practices that reflect CSR and ESG issues recognized and to be solved by the Group” as a core foundation of management. We also clarified the relationship between ESG, CSR priority issues and relevant major SDGs.

ESG Section	CSR/ESG Priority Issues	Major Related SDGs
<b>E</b> (Environmental)	Promote environmental protection activities	      
<b>S</b> (Society)	Offer products and services that satisfy customers	      
	Build fair and impartial business relationships and relationships of reciprocal trust with business partners	    
	Promote social contribution activities	  
	Realize comfortable working environments for employees and give them fair evaluation and treatment	      
<b>G</b> (Governance)	Build a meticulous group governance system	  
	Communicate with shareholders and other investors	
	Strengthen compliance	 

## (5) Basic strategies and priority issues by segment: Industrial Machinery

### Basic strategy

We will continue our strategy of “Increasing our involvement in section plant construction projects and expanding our contractor business, including large-scale projects for both the public and private sectors, in order to transition from a standalone machinery manufacturer, strengthen our engineering capabilities, and enhance our business foundation in the domestic market,” and thus establish a solid growth trajectory.

### Priority issues

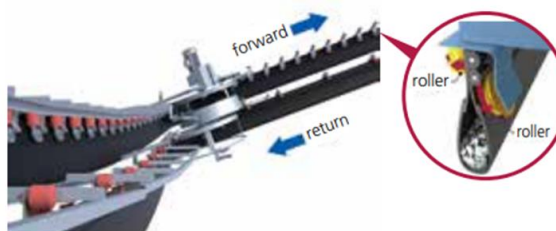
- Attract new orders by providing technical proposals for section plant construction projects and other projects.
- Cultivate demand for SICON® enclosed hanging conveyors.
- Strengthen earnings foundation by capturing replacement demand for pumps and material machinery.



GEOPUS C3 cone crusher



Belt Conveyors designed for the Tokyo Outer Ring Road project



SICON® Enclosed Hanging Conveyor designed for the Sakaigawa-Kanamori retention basin project (Machida City, Tokyo)

SICON® is a registered trademark of ContiTech Transportbandsysteme GmbH.

High efficiency energy saving  
slurry pump  
SPL e-Performance



## (5) Basic strategies and priority issues by segment: Rock Drill Machinery

### Basic strategy

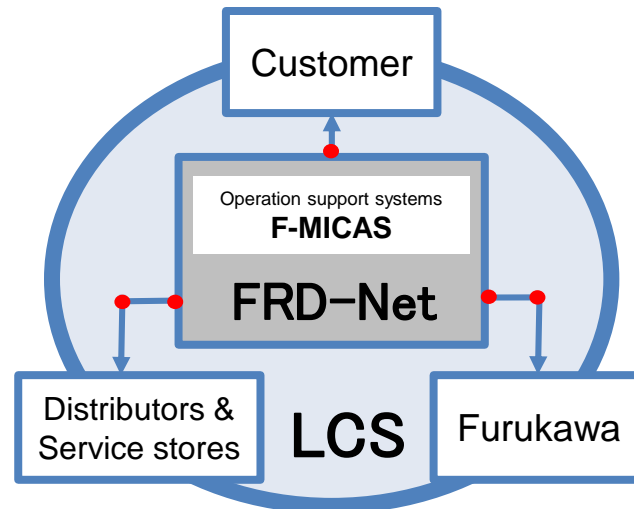
Strengthen our Life Cycle Support (LCS) capabilities, reinforce our earnings foundation for drill products (blast hole drills and drill jumbos), tap new markets, and launch new products to increase profits.

### Priority issues

- Strengthen and rebuild overseas marketing capabilities.
  - Reinforce overseas business foundation for blast hole drills.
  - Create overseas business foundation for drill jumbos.
- Build business models using Life Cycle Support (LCS).
  - Strengthen stock business by providing various services that benefit customers' businesses (extended warranty, full maintenance, proposals for using ICT-based operation support systems to enhance work efficiency, etc.).
- Further enhance lineup of products that contribute to safety and efficiency at tunnel excavation sites, such as fully automatic drill jumbos and automatic rock bolters.



Hydraulic Crawler Drill in operation at overseas quarry site



Drill Jumbo in operation at overseas tunnel excavation site



## (5) Basic strategies and priority issues by segment: UNIC Machinery

### Basic strategy

Secure stable income from domestic sales and expand income from overseas sales, by promoting advanced functions and higher added value in order to strengthen our competitiveness; advancing the stock business; and reinforcing our overseas product, sales, service, and technological capabilities.

### Priority issues

- Reap benefits from capital investment in Sakura Works and promote further automation.
- Strengthen competitiveness by increasing functionality and higher added value of UNIC cranes, mini crawler cranes, and UNIC carriers; develop new functions and options meet diversifying applications.
- Expand overseas sales network and enhance sales capabilities of dealers.
- Reinforce our service system.



UNIC products active overseas



Sakura Works

## (5) Basic strategies and priority issues by segment: Materials, Real Estate

### Metals

#### Basic strategy

Conduct drastic review of contracted smelting and refining business.

#### Priority issues

Identify profitability and future potential of contracted copper smelting business.



Electrolytic copper

### Electronics

#### Basic strategy

Promote growth of strategic products and launch new strategic products.

#### Priority issues

- **Aluminum nitride:** Utilize high-value-added firing technology to expand business; develop products with high levels of thermal conductivity and toughness.
- **Diffraction optical elements (DOEs):** Utilize microfabrication technology to increase applications to sensors (in addition to laser processing) in order to expand sales channels.
- **Hybrid coils:** Provide product samples in order to emphasize high design flexibility.



Aluminum nitride  
Purpose/ components for semiconductor manufacturing equipment(such as heater) and substrate materials

### Chemicals

#### Basic strategy

Expand income from existing products and start commercializing and fostering newly developed products

#### Priority issues

##### - Existing products

Sulfuric acid: Strengthen differentiation by emphasizing high-quality sulfuric acid products

##### - Newly developed products

Metallic copper powder: Enhance product quality, establish mass production and sales systems, and expand sales channels by providing product samples



Metallic copper powder  
Purpose/ Conductive paste

### Real Estate

#### Basic strategy

Secure stable income from Muromachi Furukawa Mitsui Building and effectively utilize Furukawa Osaka Building and other real estate owned by the Group.

#### Priority issues

Decide future plans for Furukawa Osaka Building.



Muromachi Furukawa Mitsui Building  
(commercial name: COREDO Muromachi 2)  
Nihonbashi Muromachi, Chuo-ku

## (6) Product development system

### Basic strategy

Turn development themes into products and businesses that directly contribute to Group operating companies; activate capabilities to find and solve problems in the field in order to improve productivity, which is essential for manufacturers.

### Priority issues

- Commercialize products under development, such as fully automatic drill jumbos.
- Promote development of solid electrolyte materials and mass production technology for all-solid-state batteries.
- Strengthen training of engineers to lead the next generation through full-scale deployment of engineer development program.
- Reduce environmental impact during mechanical system product development: Convert power load reduction (achieved through weight reduction and efficiency improvement) into CO2 reduction equivalent; set reduction targets for each main product; follow up using PDCA cycle.

## (7) Strengthen and expand our human resource base

### Basic strategy

Build a motivating company that encourages individual employees to maximize their abilities and create new value.

### Priority issues

- Develop human resources.
  - Undertake drastic review of education system.
- Promote Health and Productivity Management.
  - Reduce total working hours per year, promote diverse workstyles, and improve health examination/re-examination rates.
- Promote diversity.
  - Promote employment of female planning staff and people with disabilities, and actively hire foreign employees.
- Improve working environments.
  - Review and maintain working environments that can address emergencies; strongly promote operational reforms.

## (8) Actively promote investments to increase corporate value

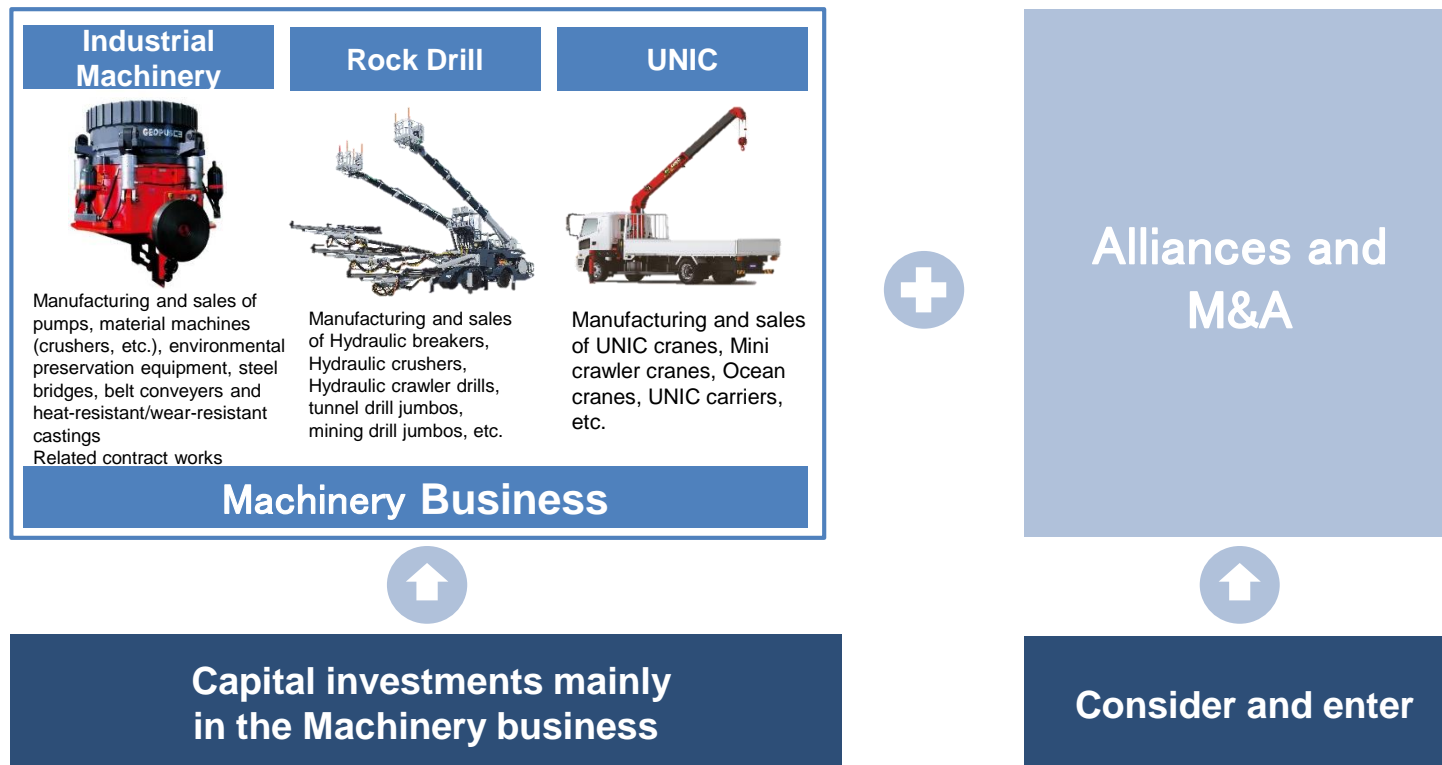
### 1 Capital investment plan\*10 to support stronger manufacturing capabilities

We will make capital investments mainly in the Machinery business (positioned as our core business)

In the Rock Drill Machinery segment, we started a capital investment plan aimed at increasing the production capacity of the Takasaki Works and other facilities. We decided to postpone and reassess capital investment from the second stage in light of this segment's business performance and other factors.

### 2 Alliances and M&A

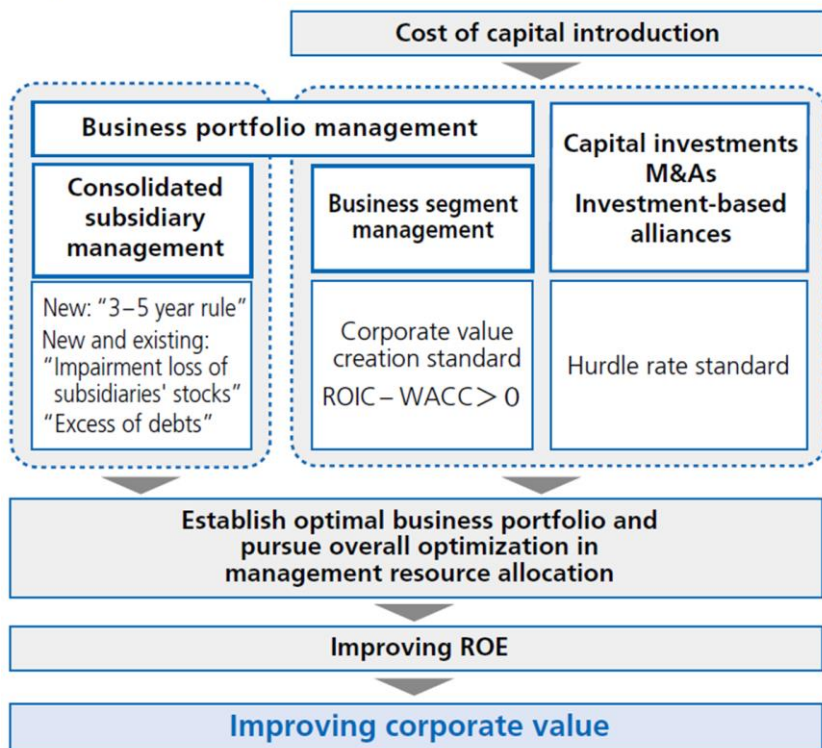
We will consider and enter alliances and M&A with peripheral companies that fill the gaps and create continuity in our existing Machinery business, as well as with companies engaged in the fourth pillar of our Machinery business.



## (9) Establish a robust corporate foundation: Strengthen efforts to increase ROE

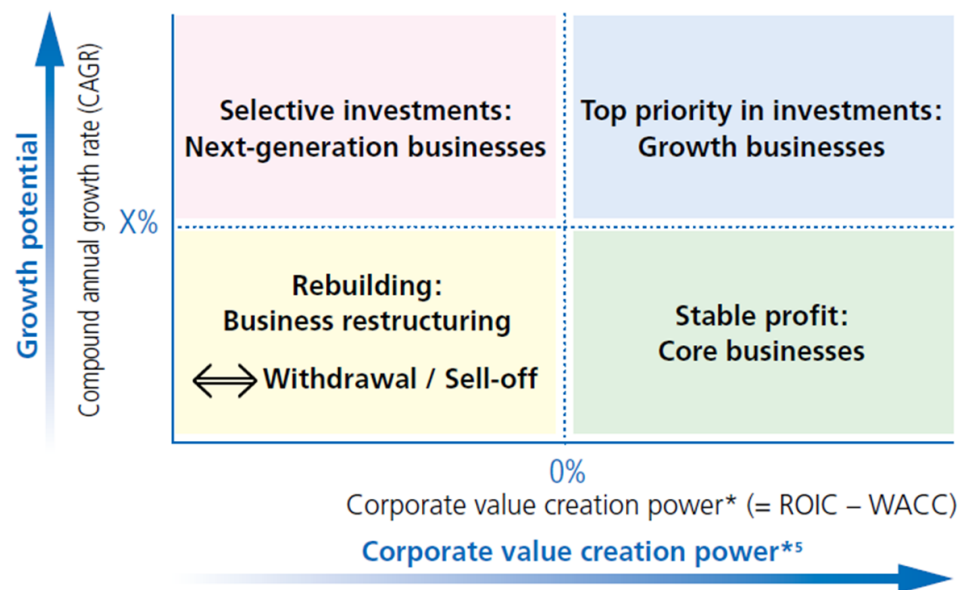
We will make individual investment decisions while paying attention to profitability and taking into account risks and capital costs associated with each investment. We will also step up efforts to improve efficiency and profitability. At the same time, we will pursue overall optimization of business resource allocations and improve corporate value by incorporating cost of capital in our business portfolio management.

### Corporate Value Improvement Process



### Bubble Chart Aiming for Business Portfolio Identification & Visualization

Illustrating the three performance indicators of each business segment onto the graph below enables the corporate value creation status of each business segment to be identified and visualized.



\*5 Both "Corporate value creation power" and "Amount of corporate value created/year" are terms coined by Furukawa Co., Ltd.



# (9) Establish a robust corporate foundation: Strengthen efforts to increase ROE

ROE

=

Profitability

Net income margin

×

Efficiency

Total asset turnover

×

Leverage

Financial leverage

## ROE Tree for Creating Corporate Value

Management / Performance Indicators		Breakdown into Strategies and Measures			KPIs into Frontline Operations (Examples)	
Be disclosed	In-Group KPI (Performance Indicator [Improvement Driver])					
<b>[ROE]</b> $\frac{\text{Net income}}{\text{Net worth}}$	<b>[ROA]</b> $\frac{\text{Net income}}{\text{Total assets}}$  Operating income is used instead of net income in calculations of segment-specific ROA. $\frac{\text{Operating income}}{\text{Total assets}}$	<b>[Profitability]</b> $\frac{\text{Operating margin}}{\text{Operating income} / \text{Net sales}}$	Gross margin	Expand business areas; develop new businesses and products	Expand business areas Develop new businesses; launch new (high-value-added) products	Priority sectors / regions (domestic, overseas, countries) / new products/strategic products / new businesses
				Increase sales prices (unit prices)	Control sales prices	Unit price (selling price)
			SG&A expense ratio	Reduce cost-of-sales ratio	Promote centralized purchasing Reduce defective products Reduce logistics costs	Variable cost reduction amount / rate Defective product amount / rate
				Reduce labor costs	Reorganize operations; sell businesses Automate; save labor Increase productivity	Ratio of labor costs to net sales Sales per employee Operating income per employee
			Reduce costs; improve cost-effectiveness	Reduce R&D expenses Reduce sales promotion and advertising expenses	Ratio of R&D expenses to net sales Ratio of sales promotion / advertising expenses to net sales	
			Increase sales volume	Increase market share	Sales volume; market share	
	<b>[Efficiency]</b> $\frac{\text{Total asset turnover}}{\text{Net sales} / \text{Total assets}}$	Current asset turnover	Increase accounts receivable turnover	Shorten accounts receivable collection period	Accounts receivable turnover period (days/months)	
Fixed asset turnover			Increase inventory turnover	Shorten lead times Reduce inventories	Lead time (time for delivery) Inventory turnover period (days / months) Disposal of slow-moving inventories for a long time	
			Improve capacity utilization rate Improve capital investment efficiency Sell idle assets	Tangible fixed asset turnover period (days/months)		
	<b>[Financial leverage]</b> $\frac{\text{Total assets}}{\text{Net worth}}$	Interest-bearing debt ratio Interest-bearing debt / EBITDA Interest coverage ratio	Increase shareholder returns	Increase cash dividends Share repurchase and retirement Increase interest-bearing debt	Total shareholder return ratio  n/a (no set KPI)	

Profitability improvement

Efficiency improvement

## (9) Establish a robust corporate foundation: Capital strategies: Pursue optimal capital structure based on rating strategy

### Allocation of operating cash flows

We will “actively promote investments that contribute to increased corporate value” while aiming to establish a robust financial foundation. At the same time, we will endeavor to make optimal allocations of cash flows in consideration of shareholder returns.

### Dividends

Our policy is to return profits to shareholders in the form of dividends appropriated from retained earnings. Specific dividend amounts are based on consolidated profits/losses. With the exception of special profit/loss circumstances, we endeavor in principle to pay annual cash dividends of ¥50.00 per share with a consolidated payout ratio of 30% or higher. In this way, we strive for stable, continuous shareholder returns.

### Treasury stock purchase and cancellation

With respect to purchase and cancellation of treasury stock, our policy is to properly consider all relevant factors, including share price movements, capital efficiency, and cash flows.

#### \*Rating strategy:

By fiscal 2026 (ending March 2026), the final year of Vision for 2025, we aspire to achieve a financial soundness vision that will enable us to obtain a credit rating of BBB+ (or higher), which is one notch above the current rating issued 9 by a Japanese rating agency. To this end, we will continue striving to improve our financial soundness.

(\*) Debt-to-equity ratio: Interest-bearing liabilities (fiscal year-end) / Shareholders' equity (fiscal year-end)

(\*) Interest-bearing debt/EBITDA ratio: Interest-bearing debt (fiscal year-end) / [Operating income + Depreciation]

Financial Soundness Vision	
Debt-to-equity ratio*	0.6–0.7 times (range)
Interest-bearing debt/EBITDA ratio*	4 times (range)
Issuer rating	BBB+ or higher (Japanese rating agency)

## (9) Establish a robust corporate foundation: Increase corporate value by emphasizing business practices that reflect CSR/ESG issues recognized and to be solved by the Group

We will formulate medium-term CSR targets (fiscal 2021 to 2023) and develop a PDCA cycle of planning, execution, evaluation and improvement.

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