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May 13, 2024

To whom it may concern:

Company name: Furukawa Co., Ltd.
Name of representative: Minoru Nakatogawa, President and Representative Director
(Securities code: 5715; TSE Prime Market)
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Notice Concerning Change of Target for Reducing Strategic Shareholdings and Payment of Dividends from Retained Earnings (Dividend Increase)

Furukawa Co., Ltd. (the Company) hereby announces that its Board of Directors, at a meeting held today (May 13, 2024), resolved to achieve its target for reducing strategic shareholdings[*1] by March 31, 2025, one year ahead of schedule; pay a dividend from retained earnings of ¥55.00 per share (¥5.00 increase year on year) with a record date of March 31, 2024; and increase its annual dividend forecast for fiscal 2024, ending March 31, 2025, to ¥60.00 per share (¥30.00 interim dividend and ¥30.00 year-end dividend).

Under its Medium-Term Business Plan 2025 (announced in May 2023), the Furukawa Company Group is expanding and strengthening its efforts to realize management that is conscious of cost of capital and stock price. As part of this, we established our policies on reducing strategic shareholdings. Under the policy, we closely examine each individual holding to determine its purpose and whether the benefits and risks associated with holding it are commensurate with the cost of capital. At the same time, we are working to reduce the amount of holdings by making comprehensive and careful examinations, including qualitative and quantitative judgments, and selling shares deemed no longer necessary. On February 9, 2024, we announced our target to reduce the ratio of strategic shareholdings to consolidated net assets to less than 20% by March 31, 2026. In reaching this target by March 31, 2025 (one year ahead of schedule), we will improve capital efficiency and accelerate further reductions, thus fulfilling our goal, which is to achieve sustainable growth and enhance corporate value over the medium-to long-term.

In addition, we will use proceeds from the sale of strategic shareholdings to fund further share buybacks and other shareholder returns, make environmental investments, pursue M&As, and so forth.

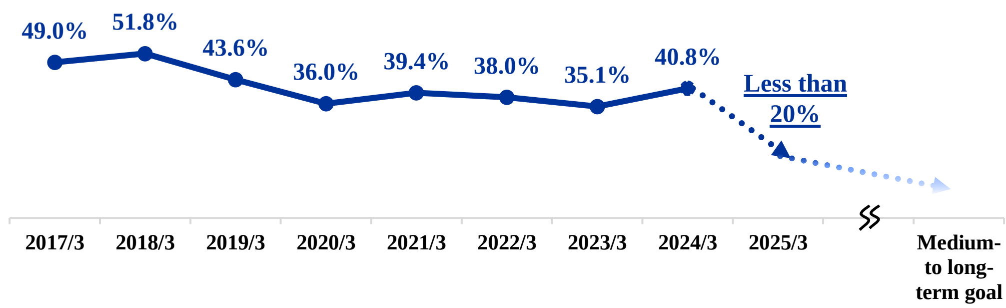
1. Change of reduction target

Ratio of strategic shareholdings to consolidated net assets

Before: Reduce to less than 20% by March 31, 2026

After: Reduce to less than 20% by March 31, 2025

2. Strategic shareholdings reduction timeline



We expected the ratio of strategic shareholdings to consolidated net assets to decline from 35.1% on March 31, 2023, to around 32% by March 31, 2024. Due to rising prices of listed shares, however, the ratio rose to 40.8% on March 31, 2024. In fiscal 2024, we plan to sell strategic shareholdings worth approximately ¥15 billion, which will bring the ratio down to less than 20% (our reduction target) by March 31, 2025. We will also strive to make further reductions over the medium-to long-term.

3. Utilization of funds generated by reductions

We plan to utilize funds generated by the sale of strategic shareholdings to increase our target for share buybacks (over three years) from around ¥3 billion to around ¥5 billion, which we set as the shareholder return policies in Medium-Term Business Plan 2025(We are targeting share buybacks of around ¥1.5–2 billion each fiscal year.). Furthermore, we plan to utilize the funds for M&As, as well as for investments in carbon neutrality and environmental protection. We will formulate and announce our roadmap toward carbon neutrality by March 31, 2025.

4. Future outlook

The aforementioned gain on the sale of strategic shareholdings will be recorded as extraordinary income in fiscal 2024. It is also incorporated into the consolidated financial results forecast for fiscal 2024 as described in “Consolidated Financial Results for Year Ended March 31, 2024,” released today (May 13, 2024).

5. Detail and reason for Dividends from retained earnings (dividend increase)

	Amount decided (FY2023)	Most recent dividend forecast (May 12, 2023)	Previous fiscal year results (FY2022)
Date of record	March 31, 2024	March 31, 2024	March 31, 2023
Dividend per share	¥55.00	¥50.00	¥50.00
Total dividends	¥2,045 million	—	¥1,905 million
Effective date	June 28, 2024	—	June 30, 2023
Dividend source	Retained earnings	—	Retained earnings

Our dividend policy under Medium-Term Business Plan 2025 is to prioritize investments to achieve sustainable growth and enhance corporate value over the medium-to long-term. Based on this, we will consider dividend increases and payment of interim dividends. In principle, we aim to pay annual dividends of ¥50.00 or higher per share and target a consolidated total return on capital of 3% or higher.

After comprehensive consideration of the aforementioned policy and its recent business performances, the Company decided to pay a dividend of ¥55.00 per share for fiscal 2023, which represents an increase of ¥5.00 from our most recent dividend forecast of ¥50.00 per share. This matter will be submitted to the 157th Ordinary General Meeting of Shareholders to be held on June 27, 2024.

6. Dividend forecast for fiscal 2024 (dividend increase)
For fiscal 2024, the Company plans to pay an interim dividend and increase its forecast for annual dividends to ¥60.00 per share (¥30.00 interim dividend and ¥30.00 year-end dividend). Actual dividends may differ from this forecast due to various factors in the future.

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
FY2022 results	—	¥0.00	—	¥50.00	¥50.00
FY2023 results	—	¥0.00	—	¥55.00	¥55.00
FY2024 forecast	—	¥30.00	—	¥30.00	¥60.00

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

*2 Funds and gains from the sale of strategic shareholdings scheduled for fiscal 2024 are estimates based on the prices of such holdings as of March 31, 2024, and include uncertainties stemming from future stock price trends and so forth.