

CHUGAI RO (TYO: 1964)

Japan's leading manufacturer of industrial furnaces and industrial burners. Medium- to long-term business opportunities have emerged with the advent of carbon neutrality, and the Company is also taking a straightforward approach to enhancing corporate value.
Positive expectations for the next Medium-Term Management Plan are rising under the new president.

Summary

◇ **Overview of CHUGAI RO:** Japan's leading company in industrial furnaces under the slogan "Pioneering the future with thermal technology." With a strong technology orientation, the Company has a track record of developing more than 100 types of industrial furnaces since its founding in 1945. It is known as a "department store of industrial furnaces." Its strength lies in its broad expertise in industrial furnaces.

◇ **Carbon neutrality requirements for industrial furnaces:** The manufacturing industry accounts for approximately 30% of Japan's CO₂ emissions, and because industrial furnaces have a particularly high weight in thermal processes represented by metal heating, responding to carbon neutrality is an important issue. There are approximately 37,000 industrial furnaces in Japan, of which 5,000–7,000 are those handled by the Company. CO₂ emissions from these Company-made industrial furnaces total 12 million tons per year (base year: FY2013), equivalent to 1% of Japan's total emissions. To achieve carbon neutrality, it is necessary to reduce these emissions by nearly 100%, which presents an important business opportunity for the Company.

◇ **Medium-Term Management Plan that sees carbon neutrality as a business opportunity:** Based on this background, on May 13, 2022, the Company announced the "CHUGAI RO Group Medium-Term Management Plan (FY2022–FY2026)." The plan promotes three key strategies: "The creation of new markets centered on carbon neutrality," "Brushing up of existing products suited to needs to expand sales and increase profits," and "The creation of rewarding workplaces." In the final fiscal year, FY3/2027, the Company aims to achieve net sales of 41.5 billion yen, operating profit of 3.62 billion yen (operating profit margin of 8.7%), and ROE of 10.0%. Progress has generally been steady.

◇ **Toward achieving and sustaining a PBR of 1.0:** The Company is implementing various measures based on its "Initiatives to enhance corporate value" to achieve and sustain a PBR of 1.0x. It is currently working on seven items, and most of them have been completed. The stock market has responded favorably to this management policy, and the PBR has risen to around 1.0x.

◇ **Business trends:** Recent performance is solid. In the consolidated financial results for FY3/2026, although order intake was 37.1 billion yen (down 6% YoY), net sales were 37.3 billion yen (up 3% YoY), and operating profit and ordinary profit were 2.9 billion yen (up 5% YoY) and 3.1 billion yen (up 4% YoY), respectively. This marked the fifth consecutive year of increases in net sales and operating profit. The Company also steadily proceeded with the sale of cross-shareholdings, ROE was 15.7%, and the year-end dividend per share was 166 yen (up 16 yen YoY).

Although the FY3/2027 earnings forecast reflects uncertainty in the business environment and order intake and net sales are expected to be slightly below the Medium-Term Management Plan targets, operating profit and ordinary profit are expected to land in line with the final targets, and profit attributable to owners of parent is expected to exceed the target. The forecast is order intake of 38.7 billion yen (up 4% YoY), net sales of 40.3 billion yen (up 8% YoY), operating profit of 3.62 billion yen (up 26% YoY), ordinary profit of 3.72 billion yen (up 20% YoY), profit attributable to owners of parent of 2.52 billion yen (down 46% YoY), and dividend per share of 180 yen (up 14 yen YoY). Forecast ROE excluding the sale of cross-shareholdings is 8.0%.

◇ **Stock price trends and catalysts:** The recent stock price (4,100 yen) has continued to rise on the progress of the current Medium-Term Management Plan, and PBR has recovered to around 1.0x. However, the stock price has recently been marking time because the FY3/2027 earnings forecast did not significantly exceed the final targets of the Medium-Term Management Plan, and order intake momentum has slowed somewhat.

The president changed in April 2026, and the Company is in the process of formulating the next Medium-Term Management Plan. Progress in earnings this fiscal year is important. However, it is more important to see how much the Company's medium- to long-term earnings potential will increase through its areas of strength, including carbon neutrality. Attention is likely to focus on the new president's initiatives, including whether ROE above 10% will become firmly established and whether PBR will move meaningfully above 1.0x.

Basic report

Construction industry

As of July 9, 2026

Share price (7/8)

4,020 Yen

52weeks high/low	¥5,220/3,245
Avg Vol (3 month)	37.7 ^{thou} shrs
Market Cap	¥31.36 bn
Enterprise Value	¥22.13 bn
PER(3/27 CE)	11.6 x
PBR(3/26 act)	0.93 x
Dividend Yield (3/26)	4.5 %
ROE(3/26)	15.7 %
Operating margin (3/26)	7.71 %
Beta(5Y Monthly)	0.44
Shares Outstanding	7.800 mn shrs
Listed market	TSE Prime section

Share price performance



Points of interest

CHUGAI RO is Japan's leading company in industrial furnaces and is known as a "department store of industrial furnaces." Achieving carbon neutrality for the 5,000–7,000 industrial furnaces the Company has been involved with is indispensable for Japan to meet its national decarbonization targets. The Company is promoting a Medium-Term Management Plan that treats this as a business opportunity, and the stock price has risen to a level corresponding to a PBR of around 1.0x, driven by business scale expansion and improved capital efficiency. The Company is currently formulating a new Medium-Term Management Plan that will start in FY3/2028, and attention is focused on its direction and the initiatives of the new president.

This report (Investment report) has been prepared at the request of CHUGAI RO. For details, please refer to the Disclaimer on the last page.



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Key financial data

Unit: million yen	2022/3	2023/3	2024/3	2025/3	2026/3	2027/3 CE
Sales	26,317	27,976	29,283	36,247	37,332	40,300
EBIT (Operating Income)	1,264	1,310	1,479	2,737	2,879	3,620
Pretax Income	1,594	1,699	3,129	4,222	6,426	
Net Profit Attributable to Owner of Parent	1,360	1,231	2,197	2,998	4,668	2,516
Cash & Short-Term Investments	11,130	7,884	10,061	4,392	10,821	
Total assets	38,141	41,178	48,863	48,736	51,282	
Total Debt	3,988	3,988	7,288	5,507	4,445	
Net Debt	-7,142	-3,896	-2,773	1,115	-6,376	
Total liabilities	14,928	17,134	21,092	20,125	19,798	
Total Shareholders' Equity	23,068	23,860	27,570	28,329	31,201	
Net Operating Cash Flow	6,090	-2,500	-891	-3,696	6,427	
Capital Expenditure	216	244	1,355	723	1,318	
Net Investing Cash Flow	510	-63	550	654	2,588	
Net Financing Cash Flow	-2,508	-727	2,451	-2,701	-2,641	
Free Cash Flow	5,963	-2,688	-2,161	-4,419	5,413	
ROA (%)	3.55	3.10	4.88	6.14	9.33	
ROE (%)	6.08	5.25	8.54	10.73	15.68	
EPS (Yen)	177.2	162.0	293.8	407.6	643.7	347.7
BPS (Yen)	3,005.3	3,146.7	3,709.0	3,859.0	4,311.2	
Dividend per Share (Yen)	70.00	70.00	80.00	150.00	166.00	180.00
Shares Outstanding (Million shares)	7.80	7.80	7.80	7.80	7.80	

Source: Omega Investment from company materials



Company profile

CHUGAI RO CO., LTD. is Japan's leading manufacturer of industrial furnaces and industrial burners, whose management philosophy is: "Chugai Ro creates new value through its core of thermal technology, thus contributing to society while realizing the prosperity of the company and the happiness of its employees." With a track record of developing over 100 types of industrial furnaces, the Company is known as a "department store of industrial furnaces." Under the slogan "Pioneering the future with thermal technology," and based on its foundational technologies in thermal technology, engineering capabilities, and advanced technology accumulated since its founding in 1945, the Company provides industrial furnaces and related equipment to the steel, automotive, and information and communications industries. Currently, based on its Management Vision 2026, "Renovate ourselves to develop our future with the technology for carbon neutrality!", the Company aims to contribute to society and expand corporate value through carbon-neutral technology under its Medium-Term Management Plan (FY2022–FY2026). Attention from the stock market is increasing.

History

The Company was founded in 1945, and in the 1950s, it established thermal technology and popularized industrial furnaces in Japan. A turning point was its 1954 technical partnership with Surface Combustion, Inc. (USA), through which it completed Japan's first domestically produced batch-type gas carburizing furnace and introduced the atmosphere heat treatment method to Japan on a wide scale. This enabled the mass production of metal parts with high surface strength and uniform precision, laying the foundation for the development of the automotive industry. In the following year, 1955, the Company began supplying state-of-the-art industrial furnaces to a wide range of industries, including steel, nonferrous metals, electric machinery, and glass. In 1966, it developed the top- and bottom-fired walking beam type reheating furnace, supporting the growth of the steel industry. More recently, in 2014, the Company expanded and received orders for the "HIFALCON," a mass-production-type vacuum carburizing furnace.

Since the 1960s, the Company has expanded its business domain to include environmental response. In 1961, it began manufacturing industrial machinery, including various coating lines, tire cord heat treatment lines, and paper machine hoods. After the oil shocks of the 1970s, it developed energy-saving burners, entered the field of environmental protection in 1973 starting with sewage sludge incineration facilities, entered the information and communication field in 1988 with inline sputtering systems, the air purification field in 1994 with regenerative thermal oxidizers, the display field in 1996 with PDP (plasma display panel) manufacturing equipment, launched ultra-precision coating and drying systems for LCD and OLED in 2004, developed and received orders for solar cell manufacturing equipment in 2009, jointly developed CIS solar cell production technology with Showa Shell Sekiyu K.K. in 2010, jointly developed the world's first general-purpose hydrogen burner for industrial use with TOYOTA MOTOR CORPORATION in 2018 (and began operation in Toyota's production process in 2023), received orders in 2019 for precision coating systems for flexible OLED substrates, in 2020 jointly researched and developed ammonia-only combustion technology with Osaka University, and in 2022 received an order for a hydrogen combustion exhaust gas treatment system.

Overseas, the Company established bases in Taiwan in 1987, China in 2005, Indonesia and Thailand in 2012, and Mexico in 2016.

In November 2023, the Company opened a new research facility, the "Thermal Technology Creative Center", within its Sakai Works. The aim is to focus on the development of next-generation combustion technologies, such as ammonia combustion and hydrogen combustion, as well as highly efficient energy-saving technologies, to promote the decarbonization of industrial furnaces and machinery that consume large amounts of energy in manufacturing processes.

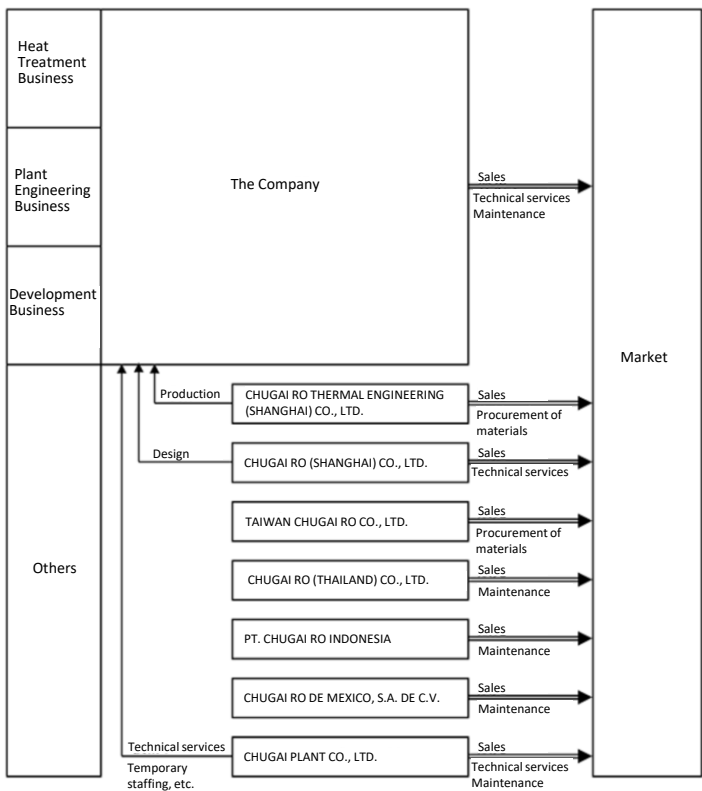
The Company's shares were listed on the Second Section of the Osaka Stock Exchange in 1962, then moved to the First Section of the Osaka Stock Exchange in 1969, and subsequently to the First Section of the Tokyo Stock Exchange in 1970. The shares were transferred to the Prime Market in 2022 (see also the history table on page 30).



Company's group

The Group consists of the Company and seven subsidiaries. It is mainly engaged in the design, manufacturing, and construction of industrial furnaces, industrial machinery, environmental equipment, and combustion equipment, as well as the manufacturing and sales of combustion devices, across three business segments: the Heat Treatment Business (primarily related to automobiles, machinery, semiconductors, chemicals, and battery manufacturing), the Plant Engineering Business (mainly associated with steel, nonferrous metals, and ceramics), and the Development Business (primarily related to decarbonization, precision coating and drying, and waste treatment and recycling). In addition, the Group conducts engineering, research, and development, as well as other services ancillary to its various businesses.

Overview of the Group and product flow



Source: Company materials

As for the Company's business locations, its main domestic sites include the head office (Chuo-ku, Osaka), Sakai Works, Sakai Center, Kokura Factory, Tokyo Branch Office, and Nagoya Sales Office. Of these, Sakai Works is responsible for production, research, and development. Overseas, the Company has bases in Shanghai, Taiwan, Thailand, Indonesia, and Mexico. It also has partners involved in technology export in the United States and South Korea.

Sakai Works



Source: Company materials

Business overview

Industrial furnace market

Industrial furnaces play a crucial role in manufacturing processes that determine the characteristics of metal parts and are widely used throughout the manufacturing industry's supply chain, from upstream to downstream. The industries of end users are also diverse, including steel, automotive, electrical, and electronics sectors.

In terms of heat sources, there are combustion furnaces, which utilize natural gas and other fuels, and electric furnaces, which rely on electricity as their primary heat source. The former heats by burning fuel with a burner, while the latter uses electricity as the heat source. Electric furnaces are one of the promising methods for decarbonizing industrial furnaces, and demand for them is increasing, including for replacing combustion furnaces.

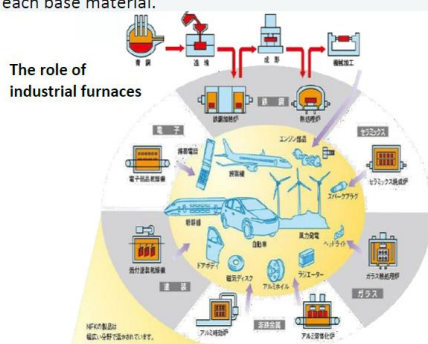
In addition, because combustion methods and control technologies vary by product, a key characteristic of the business is that furnace structures and other elements are custom-designed for each new project.

In Japan, it is estimated that approximately 37,000 industrial furnaces are in operation, of which an estimated 5,000 to 7,000 are the Company's products. The size of the domestic market is estimated to be around 200 billion yen (based on a survey by the Ministry of Economy, Trade and Industry and interviews with the Company).

Industrial furnaces

About industrial furnaces

- "Industrial furnaces" is a general term for furnace equipment used in the **steel, automotive, electrical, and electronics industries for melting, smelting, heat treatment, drying, deodorization, and other heating processes**, with high-temperature industrial applications accounting for the majority of demand.
- **Combustion furnaces that use natural gas or other fuels as a heat source** require auxiliary equipment such as exhaust gas treatment systems because they heat by burning fuel injected into a burner. On the other hand, **electric furnaces that use electricity as a heat source** have energy costs that are approximately twice as high as those of combustion furnaces (using natural gas), but do not require exhaust gas treatment and feature compact equipment.
- Since combustion methods and control technologies vary depending on the product, the furnace structure is custom-designed for each base material.



(Source) Industrial Furnace Association materials, website

Main types of industrial furnaces (by heat source)

1. Combustion furnace (combustion heating)

- Utilizes heat generated by burning natural gas, LPG, heavy oil, coal, etc.
- Rolling, casting, forging, heat treatment, and other wide-ranging applications

2. Electric furnace (electric heating)

<Resistance heating>

- Utilizes heat generated by electrical resistance when current is applied to a resistor
- Applications include rolling, forging, vacuum heat treatment, etc.

<Induction heating>

- Heating using electromagnetic induction
- Rapid heating of steel surfaces, etc.

<Arc heating, etc.>

- Utilization of heat from arc discharge, etc.
- Applications include steel manufacturing, carbide manufacturing, ferroalloy manufacturing, etc.



CHUGAI RO website
Vacuum heating furnace



High-frequency hardening
INDUCTOTHERMAL GROUP JAPAN WP



Arc furnace

Source: Ministry of Economy, Trade and Industry, "Trends in Japan and abroad related to decarbonization of thermal processes in the manufacturing sector" (October 2, 2024, Manufacturing Industries Bureau, Casting and Forging Industry Office)

https://www.meti.go.jp/shingikai/sankoshin/green_innovation/industrial_restructuring/pdf/026_03_00.pdf

Industrial furnaces (continued)

Utilization of industrial furnaces

- Industrial furnaces are used in a wide range of thermal processes throughout the manufacturing supply chain, from upstream to downstream, and are an essential technology for metal parts processing, mainly in the raw materials industry, including casting, forging, die casting, heat treatment, and powder metallurgy.

Structure of the basic materials industry

Upstream

Steel industry
11.7T yen, 72,000people

Non-ferrous metal industry
5.0T yen, 23,000people

Middle

Basic material industry
9.7T yen, 41people

Casting
1.2T yen, 48,000people

Die-casting
0.7T yen, 26,000people

Forging
0.8T yen, 21,000people

Metal press
2.0T yen, 85,000people

Powder metallurgy
0.3T yen, 13,000people

Metal heat treatment
0.3T yen, 17,000people

Die
1.5T yen, 83,000people

Molded material-related equipment
2.8T yen, 123,000people

Downstream

Automotive industry
112.7T yen, 1,735,000people

IC industry
6.1T yen, 112,000people

Industrial machinery industry
35.1T yen, 991,000people

Cylinder block (die-cast)

Railway brake parts (castings)

Crankshaft (forging)

Industrial furnaces are essential for metal parts processing

■ Company A

- A Company performs heat treatment of wind turbine bearings using its domestic-largest large-scale carburizing furnace (capable of handling diameters up to 4 meters), contributing to high quality and long equipment life (20 years).

Generator

Main shaft bearing

Inside a wind turbine propeller

■ Company B

- Significantly improved performance of domestic and overseas die-casting molds through heat treatment. High durability that can withstand 200,000 shots without damage.

Examples of die casting molds

■ Company C

- Manufacture of large rotor shafts (weight: 600 tons) for generator turbine shafts. Supplied to power plants in Japan and overseas.

Example of a large rotary shaft

(Source) Shipment value: Based on the "2022 Economic Structure Survey: Manufacturing Establishment Survey - Industry-Specific Statistics Table for All Manufacturing Establishments" compiled by the Ministry of Economy, Trade and Industry. Iron and steel industry: Total of blast furnace ironmaking, steel manufacturing and rolling, hot rolling (excluding steel pipes and drawn steel), and cold rolling (excluding steel pipes and drawn steel). Non-ferrous metal industry: Total of non-ferrous metal primary smelting and refining industry and non-ferrous metal secondary smelting and refining industry (including non-ferrous metal alloy manufacturing). Materials-related machinery and equipment: Manufacturing of fittings for piping (including valves and taps), manufacturing of industrial furnaces, manufacturing of valves and related fittings, manufacturing of foundry equipment, manufacturing of metalworking machinery (excluding machine tools), and manufacturing of parts and accessories for metalworking machinery (excluding machine tools and dies). Automobile industry: Manufacturing of automobiles (including motorcycles), automobile body and parts manufacturing, and automotive parts and accessories manufacturing. Information and communications equipment industry: Total of information and communications machinery and equipment manufacturing. Industrial machinery industry: General-purpose machinery and equipment manufacturing, and production machinery and equipment manufacturing.

*Photos are from the websites of Iyobi Co., Ltd., Asagiri Industry Co., Ltd., and KANUTA Tech Forging Co., Ltd.

Source: Ministry of Economy, Trade and Industry, "Trends in Japan and abroad related to decarbonization of thermal processes in the manufacturing sector" (October 2, 2024, Manufacturing Industries Bureau, Casting and Forging Industry Office)

https://www.meti.go.jp/shingikai/sankoshin/green_innovation/industrial_restructuring/pdf/026_03_00.pdf

CHUGAI RO (1964) | 2026/7/9

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Japan's leading manufacturer of industrial furnaces and industrial burners, advocating itself as a technology-oriented company

As evident in the Company's history, it has a proven track record of supplying a diverse range of industrial furnaces to various industries. The foundational technologies cultivated in this way are "Thermal Technology," "Total Engineering," and "Advanced Technology."

CHUGAI RO's foundational technologies

Fundamental Technologies Underlying Chugai Ro

Chugai Ro has been working within the three fundamental technologies of "Thermal Technology," "Total Engineering" and "Advanced Technology" for many years to provide basic industries, like the steel and automotive industries, as well as the information and communications industries, with energy-efficient, environmentally-friendly products suited to the needs of society.



Chugai Ro combines production equipment offering customizable high temperature, high pressure, vacuum, atmospheric, etc., processing environments with thermal control and other processes to provide customers with the thermal technology that they require.



Chugai Ro provides production equipment tailored to the specific environmental requirements of each customer, along with production system designs that are not only robustly functional but also easy to use and energy-efficient, to deliver technology which is both customer-friendly and environmentally-friendly.



Chugai Ro incorporates cutting-edge technology into clean environments, like IT and electronics, as well as into systems requiring highly precise control, in order to develop new and distinctive technological applications suited to the increasingly diverse needs of customers.

Source: Company materials

These foundational technologies have been refined into 14 core technologies.



CHUGAI RO's core technologies

Combustion

Variety of solid, liquid or gas fuels are combined with oxygen and an ignition source to produce flames at will within an optimal temperature range and atmosphere.

Electric Heating

Optimal temperature range and atmosphere are produced from an innovative combination of heater materials selection, shaping and arrangement.

Heating/Cooling

Thermal manipulation via radiant, convective or heat conduction is used to change the temperature of a target object at will.

Pressurization/Vacuum

Pressure fields ranging from a vacuum to 9.9 MPa are created for the target materials processing method.

Thermal Control

The temperature of a target object is raised or lowered at an appropriate speed and with uniform temperature distribution anywhere between below freezing and 3000°C.

Atmospheric Control

Atmospheric control for the target materials processing method is performed using air, exhaust gases or special gases (hydrogen, carburized gas, etc.).

Customization

Tailored equipment proposals and designs matching customer needs are developed, such as scaling up systems for mass production.

Saving Energy

Wasted energy consumption and greenhouse gas emissions are reduced through higher efficiency combustion, radiated heat reduction, exhaust heat recovery and other methods.

Simulation

Simulations combining theory and experience are used to facilitate new product development and customization.

Clean Environment

Clean processing environments are created which make it possible to keep the amount of foreign matter which target materials are exposed to at an exceptionally low level.

Maintenance

After-sales service and other maintenance-focused services are provided promptly and professionally by service centers nationwide in line with customers' expectations.

Coating

Thin, precise coating of steel plates, substrates and films is performed using various coating solutions ranging from low viscosity to high viscosity.

Manufacturing

Integration of design and manufacturing made possible by years of experience and proven results is applied to the production of high quality products within a short time frame.

Automation

Automation of material and product conveyance, process control, equipment monitoring and other functions is achieved, thereby saving labor and improving safety.

Source: Company materials

The Company's research and development, based on the above technologies, is being carried out in three key areas: the Heat Treatment Business, the Plant Engineering Business, and the Development Business, to respond to social demands such as carbon neutrality, advanced materials, and resource circulation (zero emissions). R&D expenses for the fiscal year ended March 2026 are approximately 1.1 billion yen.

In terms of development structure, the Company established the "Thermal Technology Creative Center" within its Sakai Works in November 2023. It consists of three zones: the "Combustion Zone" for developing decarbonization and energy-saving combustion technologies using next-generation fuels (hydrogen and ammonia), the "Functional Materials Zone" for researching heat treatment technologies for advanced materials, and the "Co-Creation Space" to promote joint research and development with internal and external parties. It is also being utilized in the Green Innovation Fund project of NEDO, which is being promoted mainly by the GX Project Office.

Furthermore, as of April 1, 2025, the Company established a new Development Division Headquarters, integrating under it the previously independent Product Development Department (responsible for product development utilizing thermal technology), the Convertech Department (responsible for development and design of precision coating equipment for display panels, batteries, and semiconductors), and the GX Project Office (responsible for developing new combustion technologies using hydrogen and ammonia fuels for the decarbonization of industrial furnaces, as well as new electric heating technologies), aiming to improve development efficiency.

The Company primarily handles development and design, while manufacturing, assembly, and installation are outsourced to partner companies, resulting in a reduced capital investment burden.



Segment structure

The Company's current segment structure is as follows.

Heat Treatment Business

Design, manufacture, construction, and sales of heat treatment furnaces for the automotive, machinery, semiconductor, and chemical industries, as well as heat treatment furnaces for batteries, substrates, catalysts, and magnetic materials. Additionally, the Company offers air purification equipment. Handled by the Company.

Plant Engineering Business

Design, manufacturing, construction, and sales of reheating furnaces and heat treatment furnaces for steel and nonferrous metals; metal strip process lines; coating lines; various types of industrial burners; and energy-saving control devices. Handled by the Company.

Development Business

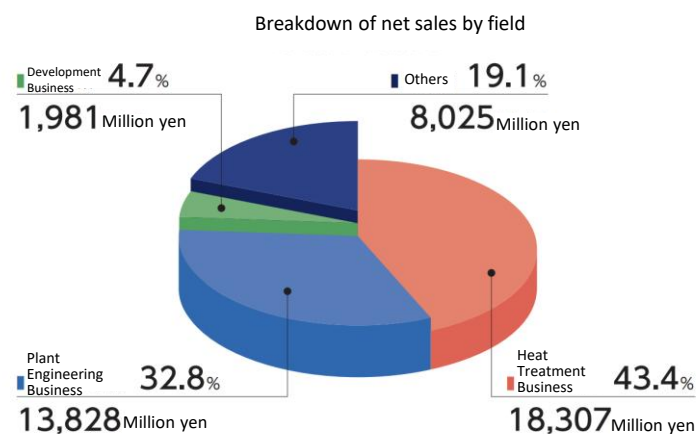
Research and development related to decarbonization; design, manufacturing, construction, and sales of precision coating and drying equipment, kilns, and environmental process equipment. Handled by the Company.

Other

Operations of domestic and overseas subsidiaries.

The composition ratios of net sales and other items for FY3/2026 are as follows and are well-balanced.

Breakdown of net sales (Fiscal year ended March 2026)



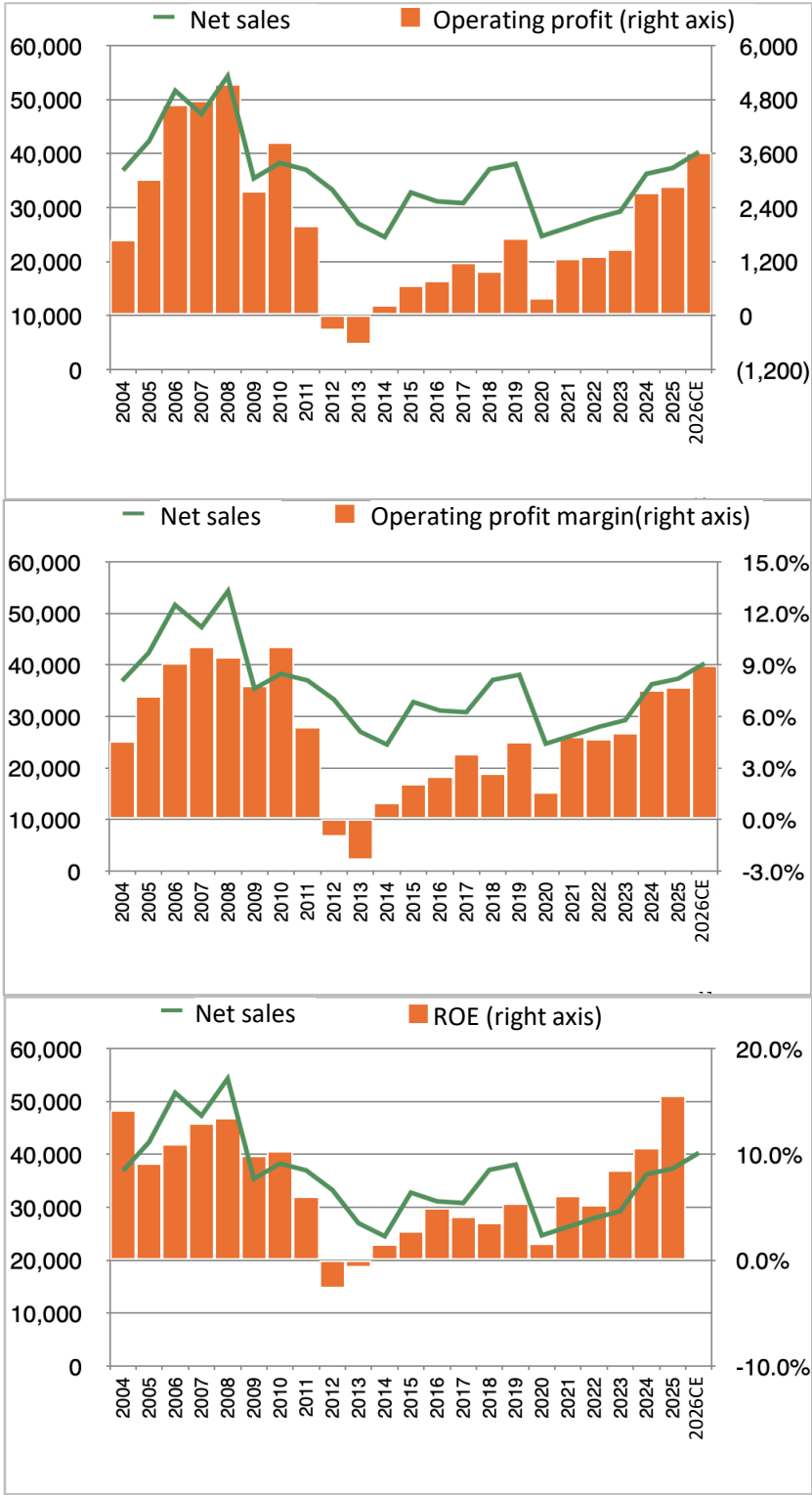
(Note) Net sales, order intake, and order backlog by field are amounts before elimination of inter-segment transactions.

Source: Company materials

Long-term performance trends

Before analyzing the Medium-Term Management Plan currently being promoted, let us review the company’s long-term performance trends. The graphs below show actual results from FY3/2025 to FY3/2026, as well as the Company’s forecast for FY3/2027.

Long-term performance trends



Source: Company materials, Factset



As these graphs show, the Company has emerged from the stagnation period of the 2010s and has recovered to a level comparable with the scale of net sales and profitability it achieved in the 2000s.

In the 2000s, new products such as precision coating systems for display and solar cell manufacturing contributed to earnings. In FY3/2009, the Company posted net sales of 54.3 billion yen and operating profit of 5.1 billion yen. During the 2000s, the peak operating profit margin was 10.1% and the peak ROE was 14.2%, demonstrating high profitability.

Subsequently, in the 2010s, performance stagnated due to factors such as a slowdown in growth in the Chinese market, the rise of local manufacturers, the shift of customer bases for precision coating systems for display manufacturing and solar cell manufacturing equipment to Asia, and intensifying competition with equipment manufacturers.

During this period, the Company actively proposed to domestic automakers and identified needs for higher strength, lighter weight, lower cost, and environmental compliance in automotive parts, while also advancing various measures to secure profitability. Through this responsiveness, performance has steadily recovered since the latter half of the 2010s.

Furthermore, in recent years, the Company has steadily linked key customers' long-term promotion of responses to carbon neutrality to business expansion, and its earnings power has recovered to a level comparable with the 2000s.

In this way, the Company can be seen to have steadily linked new technologies to business performance when it led the market with them, and to have advanced appropriate responses even when the market environment turned into a headwind. As a "department store of industrial furnaces," the Company's long-term performance trends demonstrate its ability to create new value and respond flexibly to changes in the business environment.



CHUGAI RO Group Medium-Term Management Plan (FY2022–FY2026)

Perspective for viewing the CHUGAI RO Group Medium-Term Management Plan (FY2022–FY2026)

On May 13, 2022, the Company announced the “CHUGAI RO Group Medium-Term Management Plan (FY2022–FY2026).”

Practical perspectives for interpreting this Medium-Term Management Plan are as follows:

- CO₂ emissions from the approximately 37,000 industrial furnaces operating in Japan are said to amount to 150 million tons annually, accounting for about 15% of Japan’s total CO₂ emissions
- Of these, the Company’s industrial furnaces are estimated to number 5,000-7,000, with annual CO₂ emissions of 12 million tons (base year: FY2013), equivalent to 1% of Japan’s total emissions
- The decarbonization of these industrial furnaces is a significant long-term societal issue, a need of the Company’s customers, and directly linked to the reduction of the Company’s Scope 3 CO₂ emissions
- Addressing these issues is an excellent profit opportunity for the company, which seeks to “create new value” through thermal technology by leveraging thermal technology to promote the use of hydrogen and ammonia and the electrification of industrial furnaces

It should also be noted that if the Company succeeds in technological development and commercialization, this could lead to business expansion into industrial furnaces that the Company has not handled.

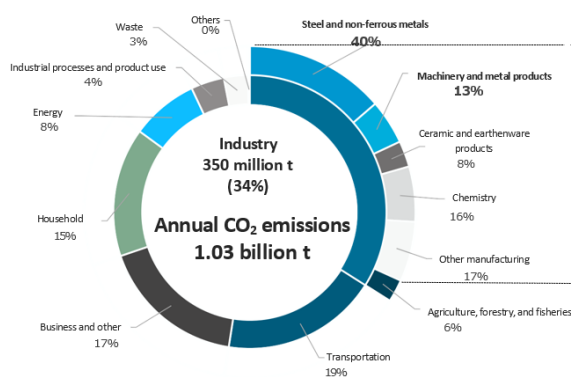
Next, as reference materials, materials showing Japan’s macro-level need for decarbonization are presented.

Japan’s macro-level need for decarbonization

The need for decarbonization in thermal processes in the manufacturing sector

- With the industrial sector accounting for approximately one-third of CO₂ emissions in Japan, decarbonizing thermal processes by reducing emissions from industrial furnaces is an urgent issue.

Domestic CO₂ emissions by sector (FY 2022)



CO₂ emissions from industrial furnaces
150 million t
Number of industrial furnaces in Japan
37,000 units

(Source) Report on the 2024 Energy Conservation Promotion Infrastructure Development Project (Survey on the Actual Status of Energy Conservation Technologies in Industrial Furnaces, etc.)

(Source) National Institute for Environmental Studies, "Greenhouse Gas Emissions in Japan" (final figures for fiscal year 2022)

Source: Ministry of Economy, Trade and Industry, "Trends in Japan and abroad related to decarbonization of thermal processes in the manufacturing sector" (October 2, 2024, Manufacturing Industries Bureau, Casting and Forging Industry Office)

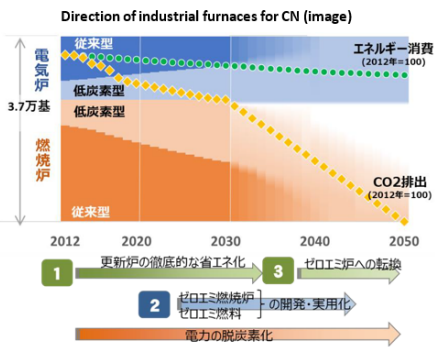
https://www.meti.go.jp/shingikai/sankoshin/green_innovation/industrial_restructuring/pdf/026_03_00.pdf

Additionally, a reference material is provided regarding the direction of industrial furnace decarbonization as envisioned by the Ministry of Economy, Trade and Industry.

Direction of industrial furnace decarbonization

Direction of decarbonization of industrial furnaces

- **Electric furnaces** that emit no CO₂ during use, rapidly and compactly heat metal products, and enhance efficiency are **a promising option for achieving decarbonization**. On the other hand, **in the manufacturing and heat treatment processes of large products, electrification is challenging** due to technical issues such as controlling the furnace atmosphere and ensuring uniform furnace temperatures, as well as considerations of cost and efficiency, **making the use of combustion furnaces necessary**. Maintaining the supply chain, economic security, and resilience are also important considerations.
- Toward achieving carbon neutrality, the use of ammonia and hydrogen fuels is advancing, centered on large furnaces adjacent to ports and coastal areas. Meanwhile, there is also potential for a shift from combustion furnaces to electric furnaces, focusing on those that can be compacted and made more efficient through electrification.
- Given the future constraints on energy supply and uncertainties, including costs, it is important to **overcome the technical constraints and establish multiple options for converting to optimal industrial furnaces**, including for small and medium-sized enterprises.



Reference: Government targets for ammonia and hydrogen supply (Green Growth Strategy)

		Present	2030	2050
Fuel:	Annual supply	1,080,000t	3,000,000t	30,000,000t
	Cost	About 20 yen /Nm ³ -H ₂	Mid-10 yen range /Nm ³ -H ₂	
Hydrogen	Annual supply	2,000,000t	3,000,000t	20,000,000t
	Cost	100 yen/Nm ³	30 yen/Nm ³ (CIF price)	20 yen/Nm ³ (CIF price)

*2030: Ammonia supply cost: Approximately three times that of coal; hydrogen supply cost: More than twice that of natural gas.

Source: Ministry of Economy, Trade and Industry, "Trends in Japan and abroad related to decarbonization of thermal processes in the manufacturing sector" (October 2, 2024, Manufacturing Industries Bureau, Casting and Forging Industry Office)
https://www.meti.go.jp/shingikai/sankoshin/green_innovation/industrial_restructuring/pdf/026_03_00.pdf

A decline in customers’ enthusiasm for carbon neutrality could be a concern. Nevertheless, many of the Company’s key customers are leading companies in global industries, and it is expected that they will continue to undertake serious initiatives over the long term.



CHUGAI RO Group Medium-Term Management Plan (FY2022–FY2026)

The following reviews the key points of the “CHUGAI RO Group Medium-Term Management Plan (FY2022–FY2026)” dated May 13, 2022. In conclusion, as stated in the perspective above, the plan accurately recognizes the business environment, beginning with the megatrend of “decarbonization,” and aims to boost performance and improve capital efficiency through appropriate measures that leverage the Company’s strengths.

The following looks at the details. First, as the business environment, the Company recognizes demand for carbon neutrality, changes in the macro environment (specifically, a slowdown in domestic demand growth, the shift to EVs in the automotive industry, which is a key customer, and a decline in crude steel production), and securing skilled workers as important issues.

Recognition of the business environment that underlies the Medium-Term Management Plan (FY2022–FY2026)

1. Changes in the Environment Surrounding the Company and Our Response

The social and economic environment surrounding the Chugai Ro Group continues to change rapidly and significantly. To respond to these changes, we have formulated “Management Vision 2026,” a medium-term management plan covering the next five fiscal years.



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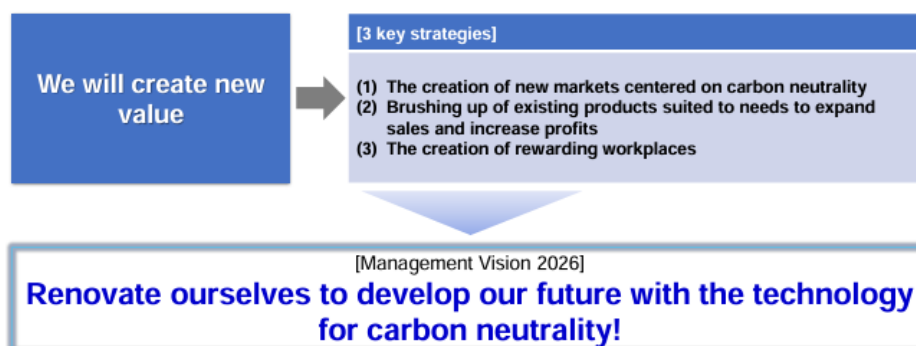
Source: Company materials

Next, based on its management philosophy, the Company has presented the following three key strategies and has unified them by setting forth Management Vision 2026. Value creation and the pursuit of added value are the themes.

Management Philosophy and Management Vision 2026

2. Management Philosophy and Management Vision 2026

[Management philosophy]
Chugai Ro creates new value through its core of thermal technology, thus contributing to society while realizing the prosperity of the company and the happiness of its employees.



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Source: Company materials

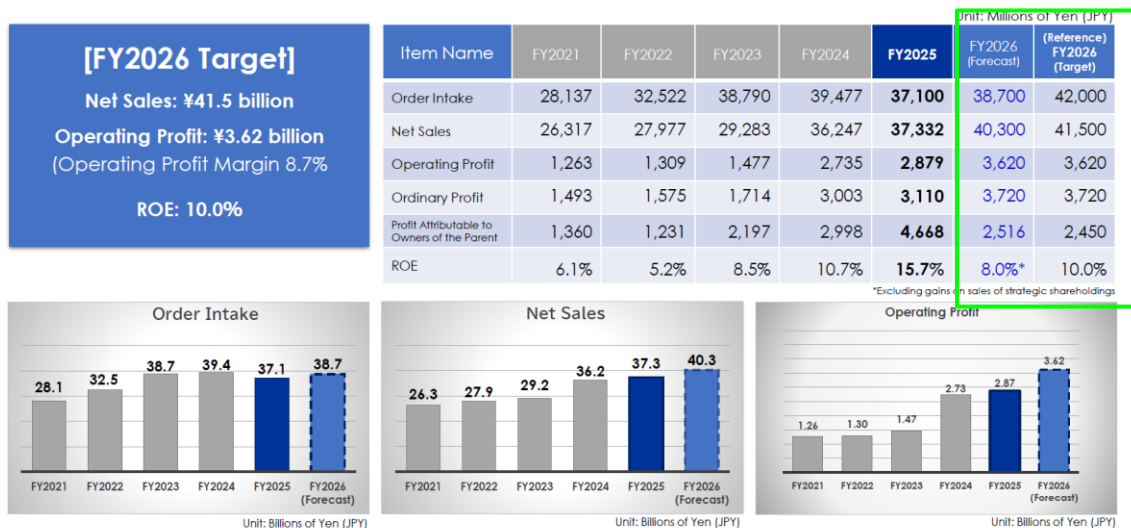


The consolidated performance targets are net sales of 41.5 billion yen, operating profit of 3.62 billion yen (operating profit margin of 8.7%), and ROE of 10.0% in FY3/2027. The trend, including actual results through FY2025 (FY3/2026), is as follows, with progress generally steady.

Consolidated performance targets

Progress of the Medium Term Management Plan and Consolidated Performance Targets

Chugai Ro



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Source: Company materials

Related financial and capital policies are as follows:

Financial and capital policies

6. Financial and Capital Policies

Profitability	- Achievement of consolidated operating profit of 3.62 billion yen in fiscal year 2026 - We will aim for an ROE of about 10%
Growth	We will implement strategic investments that connect to the improvement of corporate value positively (Total: about 3.5 billion yen)
Financial soundness	We will maintain a capital adequacy ratio of about 50% (Actual result for the 80th term: 60.5%)
Shareholder returns	We will aim for a total payout ratio of at least 50%, also including share buybacks, based on a stable dividend policy.

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Source: Company materials

Key strategy 1: The creation of new markets centered on carbon neutrality

The details of the three key strategies mentioned above are explained below.
First are the specific measures for “The creation of new markets centered on carbon neutrality.”

Overall picture of “The creation of new markets centered on carbon neutrality”

Key Strategic Indicators and Measures for Their Achievement (1)

Chugai Ro

(1) Creation of New Markets Centered on Carbon Neutrality

[Indicator for New Market Creation through New Products]

By 2030, we aim to respond to social demands more effectively than ever and create a ¥10 billion market.

▼

FY2026 Sales Target: ¥4.0 billion

[Measures to Achieve the Target]

- To promote research and development, approximately ¥1.0 billion has been invested in the establishment of a new research facility.
- An additional 30 personnel have been assigned to the R&D division.
- In FY2026, we aim to achieve ¥4.0 billion in net sales from new products.

Regarding Carbon Neutrality

Accelerating the Development of Technologies to Reduce CO₂ Emissions from Combustion-Type Industrial Furnaces and Burners

●By FY2050, we aim to reduce CO₂ emissions from delivered equipment **by more than 100%** compared to FY2013 levels.

Regarding Zero Emissions

- Establish resource recycling processes for electric furnace waste, discarded lithium-ion batteries, and waste plastics.
- Focusing on expanding sales of environmental remediation process equipment, including soil improvement and water purification systems.

Thermal Technologies for Advanced Materials

- Utilize the high-temperature hot press, in-flame treatment equipment, and rotary kiln installed at the Thermal Technology Innovation Center.
- Conduct product specification tests efficiently to enable optimal equipment proposals tailored to customer needs.

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Source: Company materials
Note: In November 2023, the new research facility, the “Thermal Technology Creative Center,” was established within Sakai Works.

Progress on this measure is steady. First, from the perspective of reducing CO₂ emissions, the penetration of the Company’s low-carbon products (energy-saving products) has advanced, and CO₂ emissions reductions from the Company’s industrial furnace products in the FY2025 results have already met the FY2026 target.

Target: Starting from 12 million tons in FY2013 (base year)

FY2026 initial target17% reduction

FY2026 current target20% reduction (2.4 million tons reduced)

FY2030 target25% reduction

FY2050 target100%+ reduction

Result:

FY2021 result15% reduction

FY2025 result23% reduction (2.77 million tons reduced)



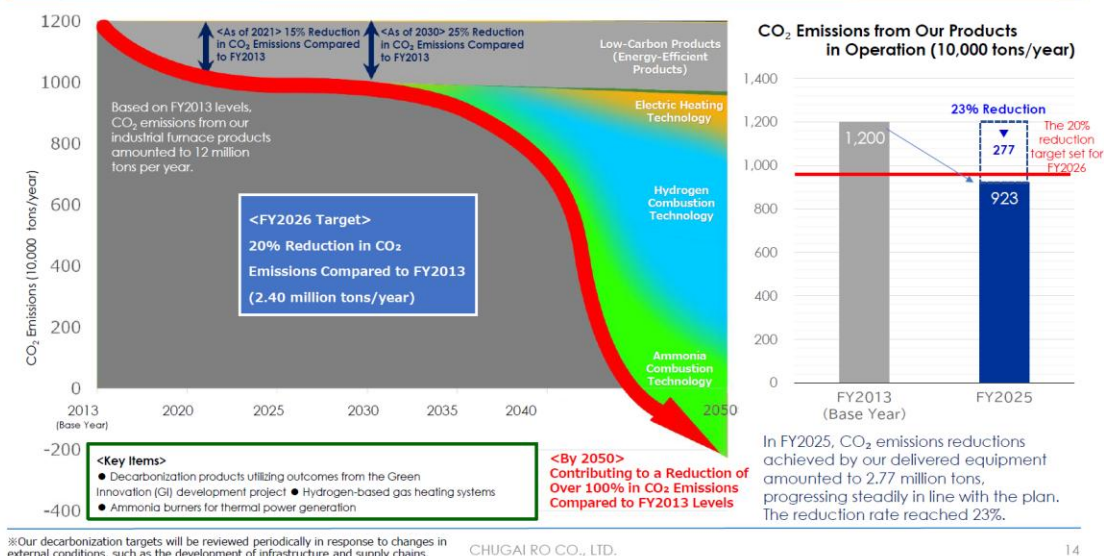
CHUGAI RO (1964) | 2026/7/9

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(1) Creation of New Markets Centered on Carbon Neutrality

Chugai Ro



Next, progress in net sales from the creation of new markets through new products centered on carbon neutrality has also generally been steady. Based on the most recent situation, it appears highly likely that the 4.0 billion yen target will be shifted to FY2027 (FY3/2028), while the plan to reach 10.0 billion yen in FY2030 remains.

FY2024 sales result	1.0 billion yen
FY2025 sales result	870 million yen
FY2026 sales target	4.0 billion yen
FY2030 sales target	10.0 billion yen

The key points of recent results for new products are as follows:

- The Company received an order from Tokyo Steel Manufacturing Co., Ltd. for electric furnace dust recycling equipment.
This equipment enables the separation of zinc from dust and its recovery as crude zinc oxide by roasting electric furnace dust, which had previously been outsourced for treatment as industrial waste, within the Company's own factory.
- The Company delivered one of Japan's largest hydrogen-combustion metal-reheating demonstration furnaces to Kobe Steel, Ltd.'s Takasago Works.
This was selected by NEDO as the "Demonstration of hydrogen utilization in combustion-type industrial furnaces toward decarbonization of factories mainly consuming thermal energy."
- The Company passed the stage gate for NEDO's "Green Innovation Fund Project / Decarbonization of Thermal Processes in the Manufacturing Sector"
Elemental technology development, promoted since September 2023, passed NEDO's stage-gate review in January 2026, and medium-scale demonstration development began as a subsidized project on April 1, 2026.



Achievements in new market creation

(1) Creation of New Markets Centered on Carbon Neutrality

Chugai Ro

[Indicator for New Market Creation through New Products]

By 2030, we aim to respond to social demands more effectively than ever and create a ¥10 billion market.

▼

FY2026 Sales Target: ¥4.0 billion

[FY2025 Results]

- Net Sales Related to New Market Creation: ¥870 million
- Major Products and Projects
 - Green Innovation Fund Project by NEDO
 - Decarbonization of thermal processes in manufacturing
 - Development of hydrogen-reduction heating technologies
 - Electric arc furnace dust recycling facility
- Delivery of one of the largest hydrogen-burning metal heating demonstration furnaces in Japan

■ MOU signed with Taiwan's CSC※ on decarbonized combustion technology
※China Steel Corporation



Shou-Tao Chen, President of CSC (left), and Akira Ozaki, President of CHUGAI RO (right, currently Chairman)



The demonstration furnace employs a hydrogen burner capable of firing 100% hydrogen, a hydrogen/city gas blend, or 100% city gas.

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Source: Company materials

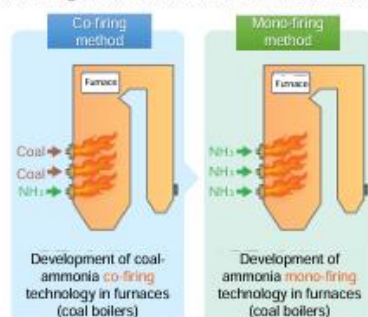


Examples of development projects

① Development of large-capacity ammonia mono-fired burners for pulverized coal-fired boilers at coal-fired power plants

We are promoting the development of ammonia combustion technology for industrial furnaces as part of the project "Development of Decarbonized Industrial Furnaces Based on Innovative Ammonia Combustion," which the New Energy and Industrial Technology Development Organization (NEDO) selected the company for in March 2021.

Moreover, concurrently from May, we have been aiming for carbon neutrality through ammonia combustion at coal-fired power plants, which emit large amounts of CO₂ and need to be addressed urgently. We will start demonstration tests in fiscal year 2022 towards the start of implementation at power plants in 2028, the achievement of a 20% ammonia co-firing ratio in 2035, and the achievement of 100% mono-firing in 2050.



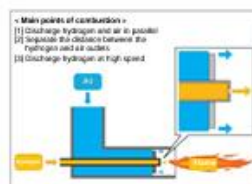
Development of a large-capacity ammonia mono-fired burner for thermal power generation

* Development is currently being promoted mainly around NEDO-selected projects.

② Expansion of the application of hydrogen burners to the company's products and the promotion of CO₂ reductions

In 2018, in collaboration with Toyota Motor Corporation, we were the first in the world to develop a general-purpose hydrogen burner aimed at industrial use, and have since expanded compatible facilities sequentially.

Hydrogen-using technology is a promising theme alongside the use of ammonia. We propose various environmentally friendly heat treatment furnaces by expanding the variation of the company's hydrogen burners, and are developing initiatives in line with customers' environmental guidelines, such as the Sustainable Development Goals (SDGs).



Radiant tube type hydrogen fired demonstration furnace installed at Sakai Works in April 2022



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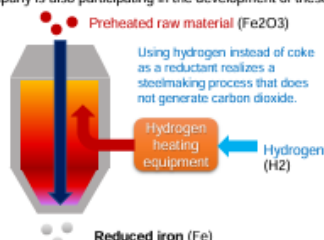
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Source: Company materials

③ Development of heating technology for hydrogen reduction

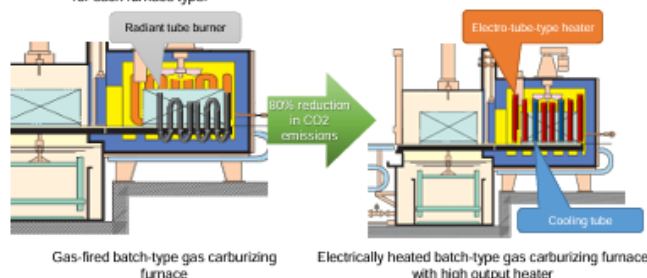
The pig iron making process, which produces iron from iron ore, uses coke, which is composed mainly of carbon, and emits large quantities of CO₂. In the steel industry, it is essential to reduce CO₂ emissions throughout products' lifecycles, and major blast furnace companies are working on themes such as [1] blast furnace hydrogen-reduced iron making and [2] direct hydrogen reduced iron as ultra-innovative technologies for the iron making process, which accounts for 70% of the CO₂ emitted in the steelmaking process.

The Company is also participating in the development of these products.



④ Promotion of CO₂ reductions through electrification

We have sold more than 130 thousand batch-type gas carburizing furnaces that carry out heat treatment of automotive and machine parts, but more than 95% of those are gas-fired. We developed a new high-performance heater for electric heating to promote the reduction of CO₂ emissions. Conventional electric heating systems have a smaller heating capacity than gas-fired systems, resulting in the issues of longer heat-up times and lower productivity. Our newly developed high-output heater has 1.3 times the heating capacity of gas-fired systems and can shorten heat-up time. Having also worked with ingenuity on its cooling capacity, adoptions of this heater are increasing as an electrically heated furnace with total productivity higher than that of gas-fired systems. In countries and regions with relatively low power costs, electrification technology is likely to be adopted widely for industrial furnaces, and we are developing appropriate heaters for each furnace type.



CHUGAI RO CO., LTD.

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Source: Company materials

Key strategy 2: Brushing up of existing products suited to needs to expand sales and increase profits

Next is “Brushing up of existing products suited to needs to expand sales and increase profits.” The measures are as follows.

Initiatives to expand sales and increase profits through brushing up on existing products

Key Strategic Indicators and Measures for Their Achievement (2)

ChugaiRo

(2) Enhancing Existing Products to Expand Sales and Improve Profitability

[Indicators for Sales Expansion and Profitability Improvement]
FY2026
Cumulative Net Sales: ¥11.2 billion
▼
Cumulative Operating Profit: ¥2.06 billion

[Measures to Achieve the Target]

● Approximately ¥1.0 billion will be invested in research and development over five years to enhance existing products.
● Improvements will be steadily implemented based on the "Human Resource and Investment Plan" and the plans of each department.

Enhancement	Purpose	Applicable Existing Products
Functional Improvements and Service Enhancements	Market Share Expansion and Profit Margin Improvement	[Heat Treatment Division] Furnace for Battery Materials, High-Temperature Furnace for Functional Materials, Atmosphere Heat Treatment Furnace, Vacuum Furnace, Crism™, Rotary Kiln, RTO (Regenerative Thermal Oxidizer)
Application of Functions	Market Development	[Plant Division] Reheating Furnace, Stainless Steel Bright Annealing Line, Copper Bright Annealing Line, Electrical Steel Sheet Processing Line, Energy-Saving Low-NOx Burner, In-Flame Heat Treatment System [Convertech Division] RS Coater™ (Next-Generation Coating System)

Source: Company materials

Progress is as follows and is steady.

FY2024 result	Net sales accumulation of 9.8 billion yen
FY2025 result	Net sales accumulation of 11.0 billion yen
FY2026 target	Net sales accumulation of 11.2 billion yen
	Operating profit accumulation of 2.06 billion yen

Progress in expanding sales and increasing profits through brushing up on existing products

(2) Indicators for Sales Expansion and Profitability Improvement

ChugaiRo

[Indicators for Sales Expansion and Profitability Improvement]
FY2026
Cumulative Net Sales: ¥11.2 billion
▼
Cumulative Operating Profit: ¥2.06 billion

[FY2025 Results]

■ Cumulative Net Sales: ¥11.0 billion
■ Cumulative R&D Expenses (including capital investment): ¥730 million
■ Key Products:
- Energy-efficient annealing furnaces for the domestic steel industry
- Continuous galvanizing lines
- Exhaust gas treatment systems
- In-flame treatment system for functional materials
- Thermal processing equipment for the aerospace sector, etc.

■ We received orders for heat treatment furnaces for functional materials, solar cell manufacturing equipment, electric arc furnace ancillary facilities, new heating furnace installations, etc.



Heat treatment equipment for functional materials



For reheating furnaces, we received orders for new furnace installations from the non-ferrous metals industry and furnace modifications from the overseas steel industry.



Orders for in-flame treatment system also continued. ※Images are for illustrative purposes only.

Source: Company materials

Key strategy 3: The creation of rewarding workplaces

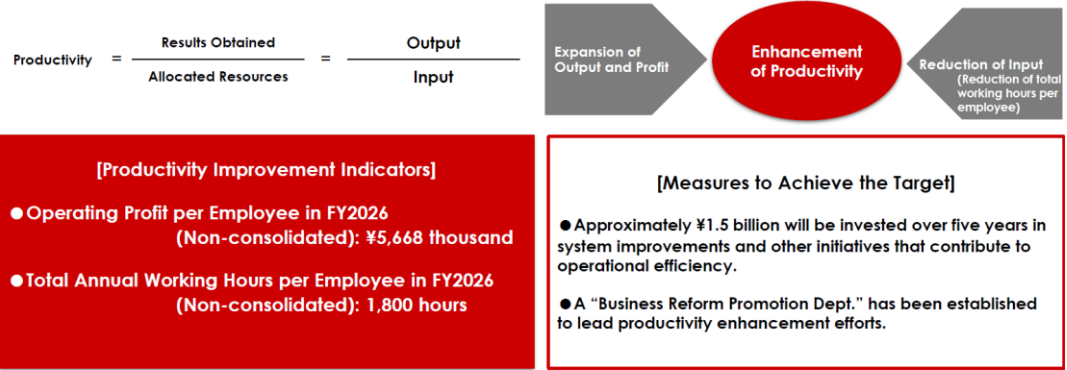
The final key strategy is “The creation of rewarding workplaces.” This is a measure to raise labor productivity by simultaneously increasing operating profit per person and reducing total actual work hours per person, thereby improving employees' ease of work and job satisfaction.

Initiatives to create a fulfilling workplace

Key Strategic Indicators and Measures for Their Achievement (3)

Chugai Ro

(3) Creating a Fulfilling Workplace
We define a “fulfilling workplace” as one in which individual efforts directly lead to tangible results. In our case, those results are measured by operating profit, and maximizing this outcome is a central objective. At the same time, improving work-life balance has become a key management issue under our work style reform initiatives. Enhancing productivity is essential in order to reduce total actual working hours. Through the implementation of measures outlined in our current medium-term management plan, we aim to significantly improve overall productivity, thereby achieving both increased operating profit and reduced total working hours. In doing so, we will realize a truly fulfilling workplace.



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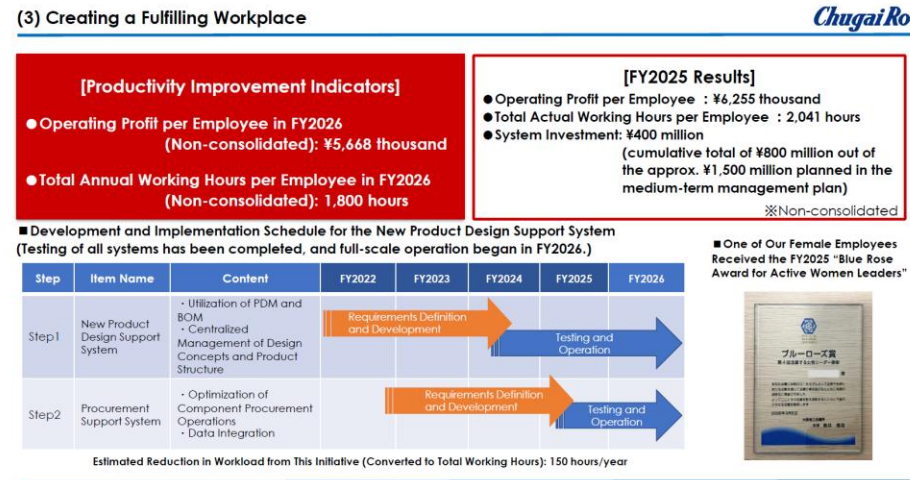
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Source: Company materials

The numerical targets and progress are as follows. Operating profit per person is steady, but challenges remain in reducing total actual work hours.

Non-consolidated	Operating profit per person	Total actual work hours per person
FY2023 result	2,848 thousand yen	2,086 hours
FY2024 result	5,000 thousand yen	2,109 hours
FY2025 result	6,255 thousand yen	2,041 hours
FY2026 target	5,668 thousand yen	1,800 hours

Progress in creating a fulfilling workplace



CHUGAI RO CO., LTD.

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Source: Company materials



Financial results

Full-year results for FY3/2026: Fifth consecutive year of increases in net sales and operating profit

The consolidated financial results for FY3/2026 marked the fifth consecutive year of increases in net sales and operating profit. The operating profit margin was also 7.7%, the highest level in the past 15 years.

Order intake was 37.1 billion yen (down 6% YoY), 2% below the forecast. The Company secured orders for modification work on continuous annealing lines for steel in Japan, reheating furnaces for nonferrous metals, electric furnace dust recycling equipment for steel, ladle preheating equipment for electric furnaces, heat-treatment equipment related to next-generation batteries, and ovens for housing equipment components. The main reason order intake was sluggish was that customer orders slowed toward the end of the period due to heightened geopolitical risk. Order backlog was 37.7 billion yen (down 0.3% YoY).

Net sales were 37.3 billion yen (up 3% YoY), landing broadly in line with the forecast. Construction progressed steadily on projects such as production equipment for next-generation solar cells, heat-treatment equipment for electrode materials and solid electrolytes, energy-saving modification work on reheating furnaces for steel in Japan, deodorizing furnaces, stainless steel manufacturing facilities for overseas customers, and the Green Innovation Fund Project “Decarbonization of Thermal Processes in the Manufacturing Sector” of the New Energy and Industrial Technology Development Organization (NEDO), a National Research and Development Agency.

Operating profit and ordinary profit increased steadily to 2.9 billion yen (up 5% YoY) and 3.1 billion yen (up 4% YoY), respectively. Although they did not meet the Company's forecast, the Company maintained a trend of higher sales and profits, and profitability improved. This was the result of advancing appropriate pricing and covering increases in labor, raw material, and other costs, indicating the penetration of a focus on profitability. Furthermore, the Company steadily proceeded with the sale of cross-shareholdings, and profit attributable to owners of parent was 4.7 billion yen (up 56% YoY). As a result, ROE was 15.7%. The year-end dividend per share was 166 yen (up 16 yen YoY).

Consolidated performance trends

1. Consolidated Financial Results for FY2025 and Earnings Forecast for FY2026

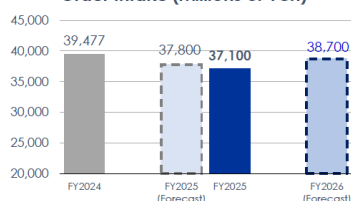
Chugai Ro

In FY2025, results were largely in line with our forecast as the transition to a management policy focused on operating profit progressed smoothly. For FY2026, the final year of the medium-term management plan, the forecast for order intake has been revised down from the medium-term plan target due to the uncertain outlook of the Middle East situation, while the operating profit forecast remains unchanged from the target amount.

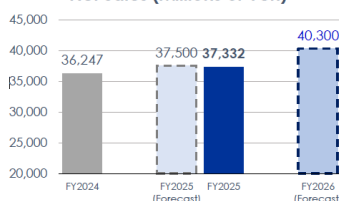
Unit: Millions of Yen (JPY)

Item Name	FY2024	FY2025 (Forecast)	FY2025	Compared to Forecast	YoY	FY2026 (Forecast)
Order Intake	39,477	37,800	37,100	98%	94%	38,700
Net Sales	36,247	37,500	37,332	100%	103%	40,300
Operating Profit	2,735	3,000	2,879	96%	105%	3,620
Ordinary Profit	3,003	3,150	3,110	99%	104%	3,720
Profit Attributable to Owners of the Parent	2,998	3,700	4,668	126%	156%	2,516
Year-End Dividend per Share	JPY150	JPY150	JPY166	111%	111%	JPY180

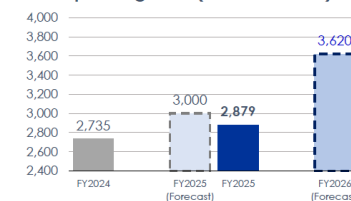
Order Intake (Millions of Yen)



Net Sales (Millions of Yen)



Operating Profit (Millions of Yen)



* Net income: Profit attributable to owners of the parent

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Source: Company materials



Segment information

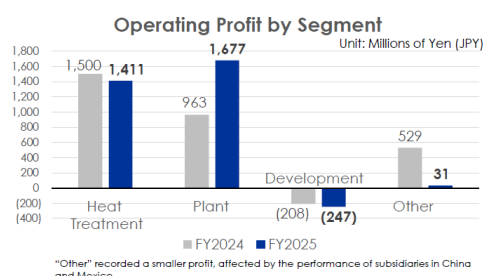
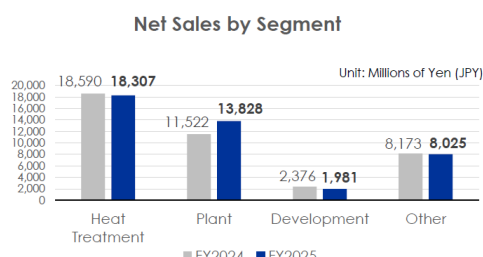
The segment trends are as follows. Net sales were driven by the Plant Engineering Business, increasing operating profit. The Heat Treatment Business and the Plant Engineering Business both generated earnings generally in line with expectations, but the subsidiaries in China and Mexico were weak (the Company is currently reviewing its strategy).

7. Overview of Operating Segments

Chugai Ro

Net Sales by Segment			Unit: Millions of Yen (JPY)
Item Name	FY2024	FY2025	YoY Change
Heat Treatment Business	18,590	18,307	99%
Plant Engineering Business	11,522	13,828	120%
Development Business	2,376	1,981	83%
Other Businesses	8,173	8,025	98%
Adjusted Amount	(4,415)	(4,809)	-
Total	36,247	37,332	103%

Operating Profit by Segment			Unit: Millions of Yen (JPY)
Item Name	FY2024	FY2025	YoY Change
Heat Treatment Business	1,500	1,411	(89)
Plant Engineering Business	963	1,677	+713
Development Business	(208)	(247)	(39)
Other Businesses	529	31	(498)
Adjusted Amount	(49)	7	-
Total	2,735	2,879	+143



CHUGAI RO CO., LTD.

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Source: Company materials

There were no major changes in the balance sheet, and the Company continues to have a high equity ratio (60.8%) and a low dependence on borrowings (8.7%). As of the end of March 2026, the Company achieved its target of reducing the cross-shareholding ratio to net assets to less than 20%. As a result, cash flow from investing was positive.

FY3/2027 full-year forecast: Final year of the Medium-Term Management Plan. Aiming for a sixth consecutive year of increases in net sales and operating profit

The Company's forecast is order intake of 38.7 billion yen (up 4% YoY), year-end order backlog of 36.1 billion yen (down 4% YoY), net sales of 40.3 billion yen (up 8% YoY), operating profit of 3.62 billion yen (up 26% YoY), ordinary profit of 3.72 billion yen (up 20% YoY), profit attributable to owners of parent of 2.52 billion yen (down 46% YoY), and dividend per share of 180 yen (up 14 yen YoY). Forecast ROE excluding the sale of cross-shareholdings is 8.0%.

As the final year of the Medium-Term Management Plan, the Company expects net sales, operating profit, and ordinary profit to increase for the sixth consecutive year. In addition to steadily working through its order backlog, the Company plans to accumulate orders for functional-material heat-treatment equipment, solar-cell-related equipment, and combustion systems for steelmakers. On the profit side, the previous focus on profitability is expected to be maintained.

However, against the final targets of the Medium-Term Management Plan, order intake and net sales (42.0 billion yen and 41.5 billion yen, respectively) are expected to fall short of those targets. On the other hand, operating profit and ordinary profit are expected to be in line with the final targets, and profit attributable to owners of parent is expected to exceed the target (3.62 billion yen, 3.72 billion yen, and 2.45 billion yen, respectively, in the Medium-Term Management Plan). Since the plan was formulated, the business environment has changed, including tariffs and geopolitical risks. Hence, the slight downside in order intake and net sales is to some extent unavoidable. However, for profit, we would assess that the Company has established a structure to ensure the targets are achieved. The ROE target of 10.0% is likely to be missed at present, but the Company is expected to meet the 8% level expected of listed companies.

Initiatives to enhance corporate value

In addition to promoting the Medium-Term Management Plan, the Company has announced its “Initiatives to enhance corporate value”. It is implementing measures aimed at achieving and sustaining a PBR of 1.0. It is currently working on the seven items listed below, many of which have already been completed. PBR is also close to 1.0x. It can be said that the Company has entered a phase in which the stock price is firmly reflecting business expansion and improved ROE.

Initiatives to enhance corporate value and additional measures

9. Progress of Corporate Value Enhancement

Chugai Ro

All of the following ongoing initiatives have progressed steadily, and we will continue working to improve them.

	Item Name	Target	Target Achievement Timeline	Outlook
1	Achievement of Performance Targets	ROE : 10.0%	Achieved in FY2024 / Continuing	Initiatives underway to sustain achievement
2	Review of the Shareholder Return Policy	Dividend Payout Ratio Based on NOPAT (Net Operating Profit After Tax): 60% or Higher	Achieved in FY2024 / Continuing	Continuing to implement initiatives
3	Revision of the Policy on Strategic Shareholdings	Achieved Reduction of Strategic Shareholdings to Below 20%, (One Year Ahead of Schedule)	Achieved in FY2025 / Continuing	Initiatives underway to sustain achievement
4	Reduction of Assets Including Interest-Bearing Debt	• Equity Ratio: Maintained at 50% or Higher • Debt Dependency Ratio: 15% or Lower (Previous Target: 10%)	Achieved as of March 2025 / Ongoing	Initiatives underway to sustain achievement
5	Reform of the Board Structure to Strengthen Governance	The Number of Outside Directors Shall Be Equal to or Greater than That of Internal Directors, and the Term of Office for Directors Shall be Shortened to One Year.	June 2025	Continuing to implement initiatives
6	Promotion of Management with a Focus on Sustainability	Ratio of Female Managers (Consolidated Group Basis): 5% or Higher	Not yet achieved as of March 2026	Target: Achieve by March 2027
7	Raising of Decarbonization Targets	Revised from 17.0% to 20.0% (Reduction Effect: 2.4 Million Tons per Year)	FY2025	Continuing reductions

CHUGAI RO CO., LTD.

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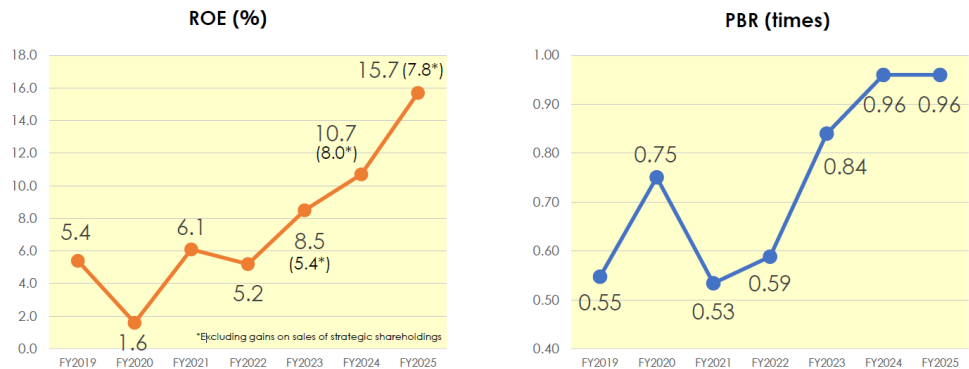
Source: Company materials

Trends in operating profit margin, ROE, and PBR

9. Progress of Corporate Value Enhancement

Chugai Ro

(1) Trends in ROE (Return on Equity) and PBR (Price-to-Book Ratio)



● The ROE target of 10% for FY2026, the final year of the medium-term management plan, was already achieved in FY2024, supported by continued steady growth in profits.
● PBR, which had remained below 1.0x since FY2017, improved and has stayed above 1.0x since September 2025 driven by the growth strategy and shareholder return measures under the medium-term management plan. However, as of the end of FY2025, PBR temporarily fell below 1.0x to 0.96x, due to the impact of the Middle East situation.

CHUGAI RO CO., LTD.

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Source: Company materials

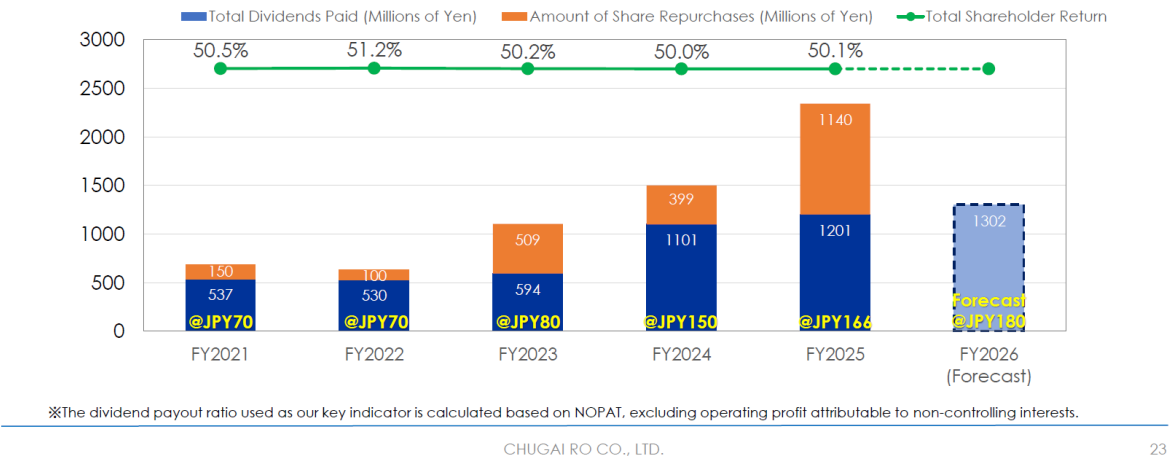
Shareholder return policy

9. Progress of Corporate Value Enhancement

ChugaiRo

(3) Dividends

As for our shareholder return policy, beginning in FY2024, we have set a target of maintaining a dividend payout ratio of 60% or more, based on NOPAT (Net Operating Profit After Tax). We will continue to maintain a high level of dividends going forward. In addition, regarding the total shareholder return, we remain committed to maintain a ratio of 50% or more by conducting share buybacks as appropriate.



Source: Company materials



Share price trends and catalysts

Stock price trends

The Company's stock price broke above the level around 3,000 yen, which had served as resistance since the 2010s, in 2024, and has maintained its upward trend since 2022. This should be viewed as the stock market reassessing its view of the Company in a positive direction. Specifically, the following are considered to have been evaluated:

- The Company is benefiting from the tailwind of the medium- to long-term social demand for carbon neutrality
- In response, the Company has advanced initiatives befitting a technology-oriented company in line with the Medium-Term Management Plan. It is on a trend of consecutive increases in net sales and profits.
- The Company is also advancing financial strategies, such as improving ROE, reducing cross-shareholdings, and maintaining the total shareholder return ratio, toward firmly establishing a PBR of 1.0x.

However, the stock price has been marking time recently. In particular, the following are concerns:

- Growth in order intake has slowed
- Challenges remain in improving labor productivity, and these are becoming a concern for future growth potential. It can be said that the stock market is not yet fully confident about the future upside in ROE.

Appointment of a new president

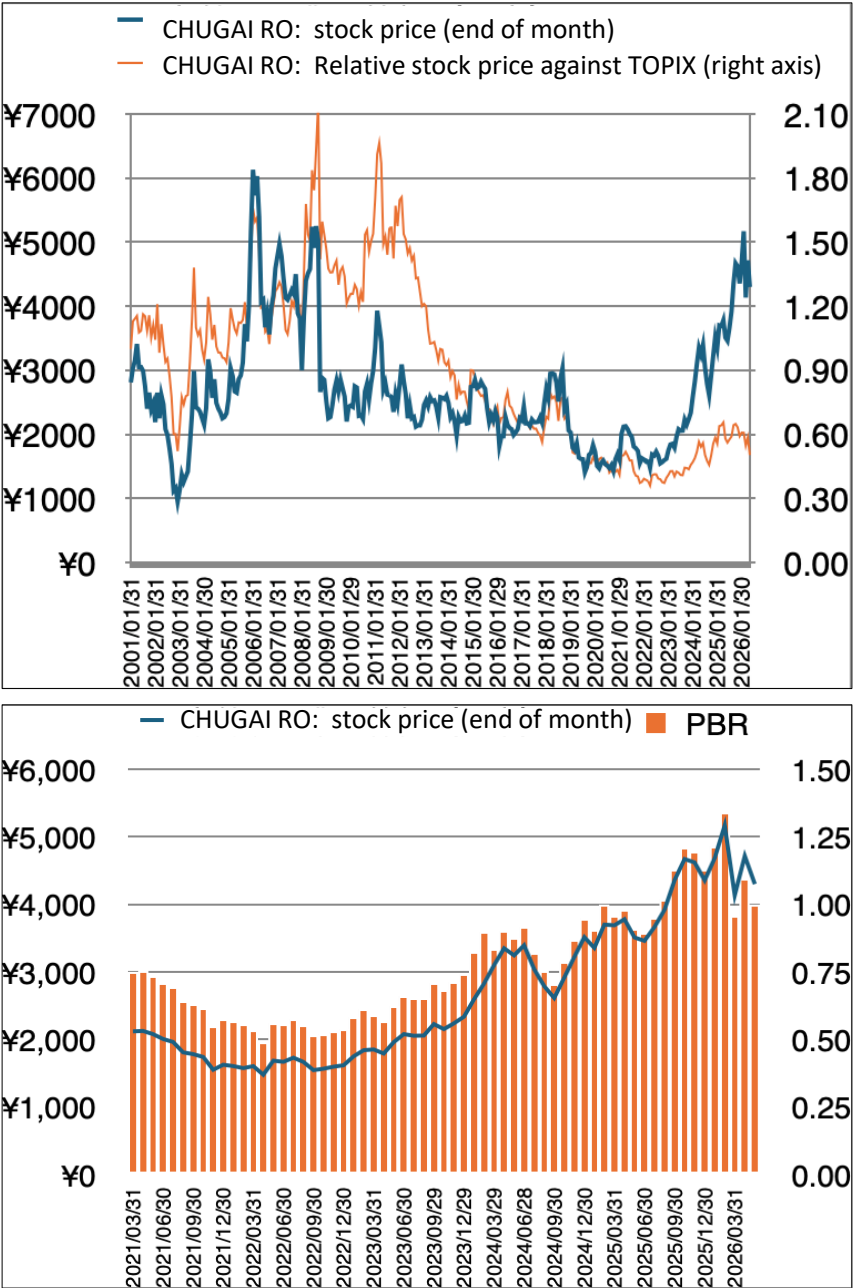
It should be noted that Mamoru Sakata was appointed as the new president, effective April 1, 2026, and is taking responsibility for advancing the formulation of the next Medium-Term Management Plan.

The key points from his remarks in the media and other sources to date can be summarized as follows:

- The Company will continue to advance responses to carbon neutrality. It will continue developing industrial furnaces and burners that use ammonia, hydrogen, and other fuels.
- New product sales will be 4.0 billion yen in FY3/2028, and the Company aims for 10.0 billion yen in FY3/2031, as in the previous plan.
- The Company will also continue brushing up existing businesses and other initiatives. Going forward, it will raise the level of the heat-treatment maintenance business.
- The Company will consider strengthening business development in North America and India.



Share price trends and catalysts





Based on the above, the key stock price catalysts to watch going forward are the following. If the new Medium-Term Management Plan shows that ROE above 10% will become firmly established, PBR has the potential to move up from around 1.0x, and we would like to continue monitoring the Company's news flow.

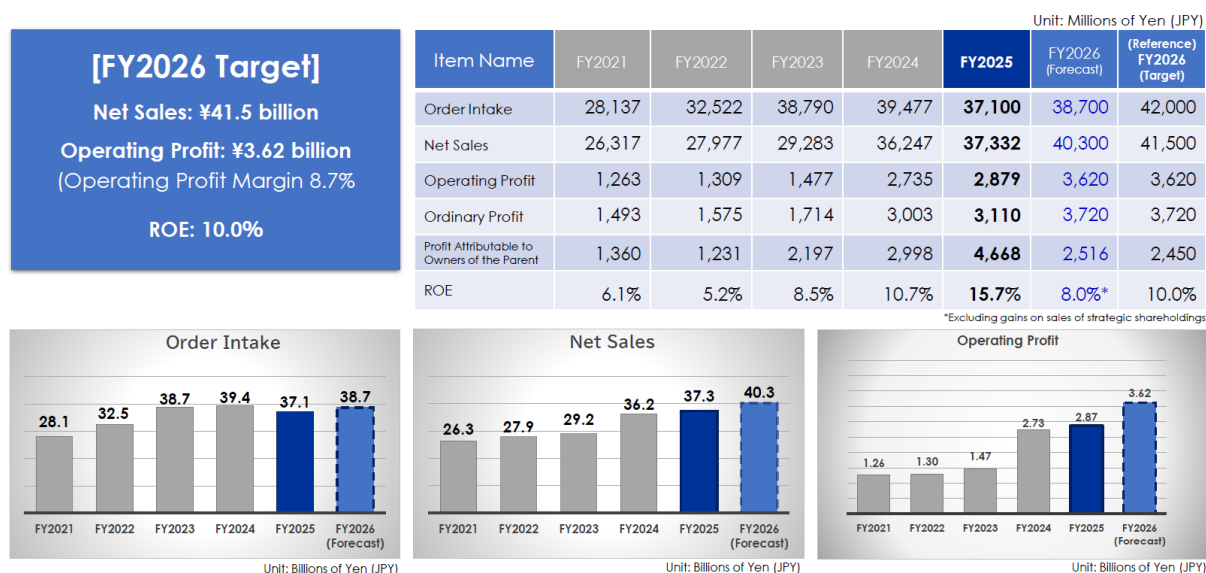
- FY3/2027 earnings progress steadily
- Order intake recovers to an increasing trend
- Labor productivity improves
- Additional sales of cross-shareholdings are progressing, and the proceeds are used effectively.
- The direction of the new Medium-Term Management Plan becomes visible
 - In numerical terms, a path to operating profit of 5.0 billion yen becomes visible
 - In addition to carbon-neutrality-related areas and the conventional key customer areas of automotive and steel, the Company's presence increases in areas such as production equipment for next-generation solar cells, all-solid-state batteries, and semiconductor manufacturing equipment, and earnings drivers are expanded
 - A concrete strategy for overseas expansion is presented
 - Recurring revenue is expanded
 - A policy that goes further than before is presented regarding the reduction of the cost of capital, improvement of asset efficiency, and the approach to cash allocation
 - The intellectual property strategy is promoted
 - Diversity among executives and employees is promoted

As for risk factors, attention should be paid to whether enthusiasm for carbon neutrality among major customers may wane, whether relationships with suppliers may deteriorate, whether employee engagement can be maintained and improved, and whether there are any intellectual property risks.

Financial data

Progress of the Medium Term Management Plan and Consolidated Performance Targets

Chugai Ro



CHUGAI RO CO., LTD.

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Source: Company materials, repost



Financial data

Unit: million yen	17/3	18/3	19/3	20/3	21/3	22/3	23/3	24/3	25/3	26/3
(Income Statement)										
Sales	31,146	30,829	37,089	38,089	24,717	26,317	27,976	29,283	36,247	37,332
Year-on-year	-5.0%	-1.0%	20.3%	2.7%	-35.1%	6.5%	6.3%	4.7%	23.8%	3.0%
Cost of Goods Sold	26,575	25,795	32,140	32,023	20,282	21,007	22,494	23,448	29,032	29,218
Gross Income	4,571	5,034	4,949	6,066	4,435	5,310	5,482	5,835	7,215	8,114
Gross Income Margin	14.7%	16.3%	13.3%	15.9%	17.9%	20.2%	19.6%	19.9%	19.9%	21.7%
SG&A Expense	3,797	3,853	3,962	4,354	4,046	4,046	4,172	4,356	4,478	5,235
EBIT (Operating Income)	774	1,181	987	1,712	389	1,264	1,310	1,479	2,737	2,879
Year-on-year	14.3%	52.6%	-16.4%	73.5%	-77.3%	224.9%	3.6%	12.9%	85.1%	5.2%
Operating Income Margin	2.5%	3.8%	2.7%	4.5%	1.6%	4.8%	4.7%	5.1%	7.6%	7.7%
EBITDA	1,112	1,527	1,378	2,080	749	1,676	1,710	1,953	3,289	3,422
Pretax Income	967	1,294	1,177	1,701	527	1,594	1,699	3,129	4,222	6,426
Consolidated Net Income	1,000	905	781	1,158	364	1,429	1,295	2,216	3,072	4,653
Minority Interest	21	40	26	37	35	69	64	19	74	-14
Net Income ATOP	978	864	754	1,120	329	1,360	1,231	2,197	2,998	4,668
Year-on-year	79.4%	-11.7%	-12.7%	48.5%	-70.6%	313.4%	-9.5%	78.5%	36.5%	55.7%
Net Income Margin	3.1%	2.8%	2.0%	2.9%	1.3%	5.2%	4.4%	7.5%	8.3%	12.5%
(Balance Sheet)										
Cash & Short-Term Investments	7,833	6,858	5,169	8,658	7,121	11,130	7,884	10,061	4,392	10,821
Total assets	38,502	41,368	42,731	46,696	38,577	38,141	41,178	48,863	48,736	51,282
Total Debt	3,988	4,010	4,995	9,988	5,988	3,988	3,988	7,288	5,507	4,445
Net Debt	-3,845	-2,848	-174	1,330	-1,133	-7,142	-3,896	-2,773	1,115	-6,376
Total liabilities	18,131	20,131	21,774	26,006	16,784	14,928	17,134	21,092	20,125	19,798
Total Shareholders' Equity	20,295	21,138	20,875	20,589	21,681	23,068	23,860	27,570	28,329	31,201
(Cash Flow)										
Net Operating Cash Flow	1,033	377	-1,348	-580	3,300	6,090	-2,500	-891	-3,696	6,427
Capital Expenditure	145	512	380	305	449	216	244	1,355	723	1,318
Net Investing Cash Flow	402	-837	-478	-442	-551	510	-63	550	654	2,588
Net Financing Cash Flow	-484	-468	279	4,510	-4,481	-2,508	-727	2,451	-2,701	-2,641
Free Cash Flow	933	2	-1,725	-775	3,036	5,963	-2,688	-2,161	-4,419	5,413
(Profitability)										
ROA (%)	2.50	2.17	1.80	2.51	0.77	3.55	3.10	4.88	6.14	9.33
ROE (%)	4.95	4.18	3.59	5.41	1.56	6.08	5.25	8.54	10.73	15.68
Net Margin (%)	3.14	2.81	2.04	2.94	1.33	5.17	4.40	7.50	8.27	12.50
Asset Turn	0.80	0.77	0.88	0.85	0.58	0.69	0.71	0.65	0.74	0.75
Assets/Equity	1.97	1.93	2.00	2.16	2.02	1.71	1.69	1.75	1.75	1.68
(Per-share) Unit: JPY										
EPS	125.7	111.0	97.2	145.9	42.9	177.2	162.0	293.8	407.6	643.7
BPS	2,607.8	2,716.9	2,718.6	2,681.5	2,824.1	3,005.3	3,146.7	3,709.0	3,859.0	4,311.2
Dividend per Share	60.00	60.00	60.00	60.00	60.00	70.00	70.00	80.00	150.00	166.00
Shares Outstanding (million shares)	7.80	7.80	7.80	7.80	7.80	7.80	7.80	7.80	7.80	7.80

Corporate data

Corporate profile/history

CHUGAI RO CO., LTD.

【Head Office】

3-6-1 Hiranomachi, Chuo-ku, Osaka

<https://chugai.co.jp/>

【Sakai Works】

2-4 Chikko-Shinmachi, Nishi-ku, Sakai, Japan

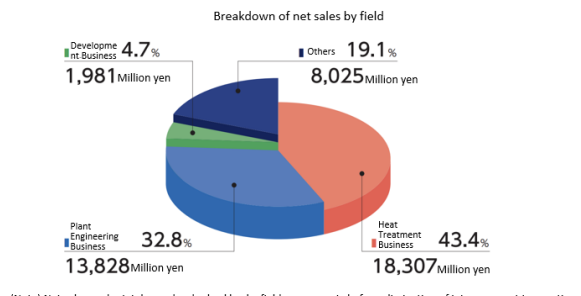


【Important subsidiary】

Company name	Capital	Equity ratio	Main business activities
CHUGAI PLANT CO., LTD.	50 million yen	100.0%	Technical services and personnel dispatch for industrial furnaces, etc.
TAIWAN CHUGAI RO CO., LTD.	5 million NT\$	100.0%	Sales and procurement of industrial furnaces, etc., in Taiwan
CHUGAI RO THERMAL ENGINEERING (SHANGHAI) CO., LTD.	500 thousand US\$	75.0%	Manufacture, sale, and procurement of industrial furnaces, etc., in China
CHUGAI RO (SHANGHAI) CO., LTD.	200 thousand US\$	75.0%	Providing design and technical services for industrial furnaces, etc., in China, as well as brokerage sales and import/export agency services.
CHUGAI RO (THAILAND) CO., LTD.	10 million baht	49.9%	Sales and maintenance of various industrial furnaces, etc., in Thailand
PT. CHUGAI RO INDONESIA	300 thousand US\$	100.0%	Sales and maintenance of various industrial furnaces, etc., in Indonesia
CHUGAI RO DE MEXICO, S.A. DE C.V.	100 thousand US\$	100.0%	Sales and maintenance of various industrial furnaces, etc., in Mexico

Number of Employees : 748 (Consolidated; as of Mar. 31, 2026)

Sales by product category (fiscal year ended March 2026)



History

- Apr. 1945 Establishment of CHUGAI RO CO., LTD.
- Jan. 1949 Tokyo Office (currently Tokyo Branch) was established.
- May 1954 Technical partnership with Surface Combustion, Inc. (USA) to introduce state-of-the-art industrial furnace technology.
- Apr. 1959 Established Nagoya Office (currently Nagoya Sales Office).
- Dec. 1961 Entered the industrial machinery field with various coating lines, tire cord heat treatment lines, paper machine hoods, etc.
- Apr. 1962 Completion of Kokura Factory.
- Oct. 1962 Listed shares on the Second Section of the Osaka Securities Exchange.
- Aug. 1966 Developed a top- and bottom-fired walking beam type heating furnace, establishing a foundation for business expansion.
- Feb. 1969 Listed shares on the First Section of the Osaka Securities Exchange.
- Mar. 1970 Listed shares on the First Section of the Tokyo Stock Exchange.
- Nov. 1973 Entered the environmental equipment field, mainly focusing on sewage sludge incineration facilities.
- Oct. 1975 Sakai Factory (currently Sakai Works) was completed.
- Dec. 1977 New combustion research laboratory established.
- Jul. 1987 Established a joint venture company, TAIWAN CHUGAI RO CO., LTD. (currently a consolidated subsidiary) in Taiwan.
- Apr. 1994 Entering the air purification field with heat storage deodorization devices.
- Apr. 1996 Entered the display field with PDP (plasma display panel) manufacturing equipment.
- Aug. 1999 Established CHUGAI PLANT CO., LTD. (currently a consolidated subsidiary).
- Feb. 2005 Established CHUGAI RO THERMAL ENGINEERING (SHANGHAI) CO., LTD. (currently a consolidated subsidiary) in China.
- Nov. 2005 Head office relocated to Chuo-ku, Osaka.
- Dec. 2005 Sakai Factory was reorganized and expanded, and renamed "Sakai Works."
- Dec. 2005 Sakai Center opened.
- Feb. 2010 Showa Shell Sekiyu K.K. and CIS Solar Cell Production Technology Joint Development.
- Feb. 2012 Established PT. CHUGAI RO INDONESIA (currently a consolidated subsidiary) in Indonesia.
- Mar. 2012 Established CHUGAI RO (THAILAND) CO., LTD. (currently a consolidated subsidiary) in Thailand.
- Jul. 2012 Established CHUGAI RO (SHANGHAI) CO., LTD. (currently a consolidated subsidiary) in China.
- Sep. 2016 Established CHUGAI RO DE MEXICO, S.A. DE C.V. (currently a consolidated subsidiary) in Mexico.
- Apr. 2022 Transition from the First Section of the Tokyo Stock Exchange to the Prime Market due to a revision of market classifications.
- Nov. 2023 A new research laboratory, the Thermal Technology Creative Center, has been established within the Sakai Works.



The top management

Representative Director: Akira Ozaki

April 1980	Joined the Company
April 2003	General Manager of Production Management Department of Product Center of the Company
April 2005	Vice Chairman of the Board and Deputy General Manager of Chugai Ro Thermal Engineering (Shanghai) Co., Ltd.
January 2008	General Manager of Production Management Department of Product Center of the Company
November 2011	Deputy General Manager of Product Center of the Company
April 2013	Executive Officer, General Manager of Product Center of the Company
April 2015	Executive Officer, General Manager of Corporate Planning Office, Business Administration Division of the Company
June 2016	Director, Executive Officer, General Manager of Corporate Planning Office, Business Administration Division of the Company
April 2017	Director, Executive Officer, General Manager of Heat Treatment Furnace Division of the Company
April 2019	Director, Senior Executive Officer, General Manager of Heat Treatment Furnace Division of the Company
April 2020	President and Representative Director of the Company
April 2025	President, Representative Director, and CEO of the Company
April 2026	Chairman and Representative Director of the Company (incumbent)

Director: Ichiro Baba

April 1989	Joined the Daiwa Bank, Limited (present Resona Bank, Limited)
April 2018	Executive Officer and Deputy Head of the Credit Review Department of Resona Bank, Limited
April 2020	Executive Officer in charge of the Credit Review Department and Loan Management Department of Resona Bank, Limited
March 2022	Retired from Resona Bank, Limited
April 2022	Senior Managing Executive Officer in charge of the Corporate Banking Department of Kansai Mirai Bank, Limited
April 2023	Senior Managing Executive Officer in charge of the Compliance Department of Kansai Mirai Bank, Limited
	Executive Officer in charge of the Compliance Department of Kansai Mirai Financial Group, Inc.
	Executive Officer in charge of the Compliance Department of Minato Bank, Limited
March 2024	Retired from Kansai Mirai Bank, Limited
April 2024	President and Representative Director of Resona Guarantee Co., Ltd.
March 2026	Retired from Resona Guarantee Co., Ltd.
April 2026	Senior Executive Officer, General Manager of Business Administration Division of the Company (incumbent)

Director (outside, independent): Yoko Tsujimoto

April 1981	Joined the Daiwa Bank, Limited (present Resona Bank, Limited)
April 2004	Transferred to D&I Information Systems, Inc. (present Resona Digital I, Inc.)
	Seconded to Resona Bank, Limited
January 2006	Seconded to IBM Japan, Ltd.
January 2007	Retired from D&I Information Systems, Inc.
February 2007	Joined Sumitomo Trust Bank, Limited (present Sumitomo Mitsui Trust Bank, Limited)
April 2017	Head of Internal Audit Department of Sumitomo Mitsui Trust Bank, Limited
May 2018	Retired from Sumitomo Mitsui Trust Bank, Limited
June 2018	Senior Internal Auditor of Sumitomo Mitsui Trust Bank, Limited
June 2022	Director of the Company (incumbent)
October 2025	Senior Internal Auditor of Sumitomo Mitsui Trust Bank, Limited (incumbent)
	(Significant concurrent positions)
	Senior Internal Auditor of Sumitomo Mitsui Trust Bank, Limited

Director (outside): Tomoaki Hisaka

April 1985	Joined the Daiwa Bank, Limited (present Resona Bank, Limited)
June 2010	Executive Officer, General Manager of East Satsuma Region Sales Department of Saitama Resona Bank, Limited
June 2011	Managing Executive Officer in charge of the Sales Planning Department and Sales Support Department of The Kinki Osaka Bank, Ltd. (present Kansai Mirai Bank, Limited)
July 2011	Managing Executive Officer in charge of the Sales Promotion Department and Sales Planning Department of The Kinki Osaka Bank, Ltd. (present Kansai Mirai Bank, Limited)
October 2011	Managing Executive Officer in charge of the Regional Support Department and Sales Planning Department of The Kinki Osaka Bank, Ltd. (present Kansai Mirai Bank, Limited)
April 2012	Managing Executive Officer in charge of the Regional Support Department, Sales Planning Department, and Funding & Securities Department of The Kinki Osaka Bank, Ltd. (present Kansai Mirai Bank, Limited)
October 2012	Managing Executive Officer in charge of the Sales Planning Department and Funding & Securities Department of The Kinki Osaka Bank, Ltd. (present Kansai Mirai Bank, Limited)
April 2015	Executive Officer and Deputy Head of the Credit Review Department of Resona Bank, Limited
April 2016	Managing Executive Officer and Deputy Head of the Credit Review Department of Resona Bank, Limited
April 2017	Managing Executive Officer in charge of the Corporate Business Department and Business Strategy Support Department of Resona Bank, Limited
April 2018	Senior Managing Executive Officer in charge of the Corporate Business Department and Business Strategy Support Department of Resona Bank, Limited
	President and Representative Director of Resona Research Institute Co., Ltd.
March 2019	Retired from Resona Bank, Limited
April 2022	Retired from Resona Research Institute Co., Ltd.
May 2022	Advisor at DACS Inc
June 2022	President and Representative Director of DACS Inc (incumbent)
June 2023	Outside Auditor at Japan Foundation Engineering Co., Ltd. (incumbent)

President: Mamoru Sakata

April 1984	Joined the Company
April 2009	General Manager of Engineering Department, Plant Department of the Company
April 2013	Executive Officer, General Manager of Plant Department of the Company
April 2016	Executive Officer, General Manager of Plant Division of the Company
June 2016	Director, Executive Officer, General Manager of Plant Division of the Company
April 2018	Director, Executive Officer, General Manager of Corporate Planning Office, Business Administration Division of the Company
April 2019	Director, Executive Officer, Deputy General Manager of Business Administration Division, and General Manager of Corporate Planning Office, Business Administration Division of the Company
April 2020	Director, Executive Officer, General Manager of Plant Division of the Company
April 2022	Director, Executive Officer, General Manager of Plant Division, General Manager of Thermo Systems Department of the Company
April 2023	Director, Executive Officer, General Manager of Plant Division of the Company
April 2024	Director, Executive Officer, General Manager of Plant Division, Manager of GX Project of the Company
April 2025	Director, Senior Executive Officer, General Manager of Plant Division, General Manager of Development Division, General Manager of GX Project Office of the Company
April 2026	President, Representative Director, and CEO of the Company (incumbent)

Director (outside, independent): Kanji Ishimaru

April 1982	Joined ShinMaywa Industries, Ltd.
April 2011	Executive Officer, General Manager of Overseas Business Management Division and Aircraft Division of ShinMaywa Industries, Ltd.
June 2012	Director, Senior Executive Officer, General Manager of Aircraft Division and General Manager of Amphibian Civil Conversion Promotion Office of ShinMaywa Industries, Ltd.
August 2018	Director, Deputy Chief Executive Officer, General Manager of Corporate Planning Division of ShinMaywa Industries, Ltd.
April 2024	Director, Deputy Chief Executive Officer of ShinMaywa Industries, Ltd.
June 2025	Special Advisor at ShinMaywa Industries, Ltd.
	Director of the Company (incumbent)
July 2025	Advisor at Showakai Medical Corporation (incumbent)
October 2025	Retired from ShinMaywa Industries, Ltd.
	(Significant concurrent positions)
	Advisor at Showakai Medical Corporation

Director (outside, independent): Yoshihiro Hashimoto

April 1979	Joined the Sanwa Bank, Limited (present MUFG Bank, Ltd.)
May 2005	Executive Officer of the UFJ Bank Limited (present MUFG Bank, Ltd.)
January 2006	Executive Officer of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (present MUFG Bank, Ltd.)
June 2009	Retired from the Bank of Tokyo-Mitsubishi UFJ, Ltd.
June 2009	Vice President and Representative Director of Mitsubishi UFJ Capital Co., Ltd.
June 2011	President and Representative Director of Mitsubishi UFJ Capital Co., Ltd.
June 2013	Retired from Mitsubishi UFJ Capital Co., Ltd.
June 2013	Member of the Board and Executive Managing Officer of Sharp Corporation
June 2020	Senior Executive Managing Officer in charge of the Chairman's Office and ASEAN-Oceania Representative of Sharp Corporation
April 2024	Senior Executive Managing Officer in charge of the ICT Group and Asia-Oceania Representative of Sharp Corporation
October 2022	Senior Executive Managing Officer of Sharp Corporation and Vice Chairman of the Board of Dynabook Inc.
March 2023	Retired from Sharp Corporation; Vice Chairman of the Board of Dynabook Inc.
March 2024	Retired from Dynabook Inc.
October 2024	Senior Advisor at PINCH HITTER JAPAN, Inc. (incumbent)
April 2025	Visiting Professor at Kansai University of International Studies (incumbent)

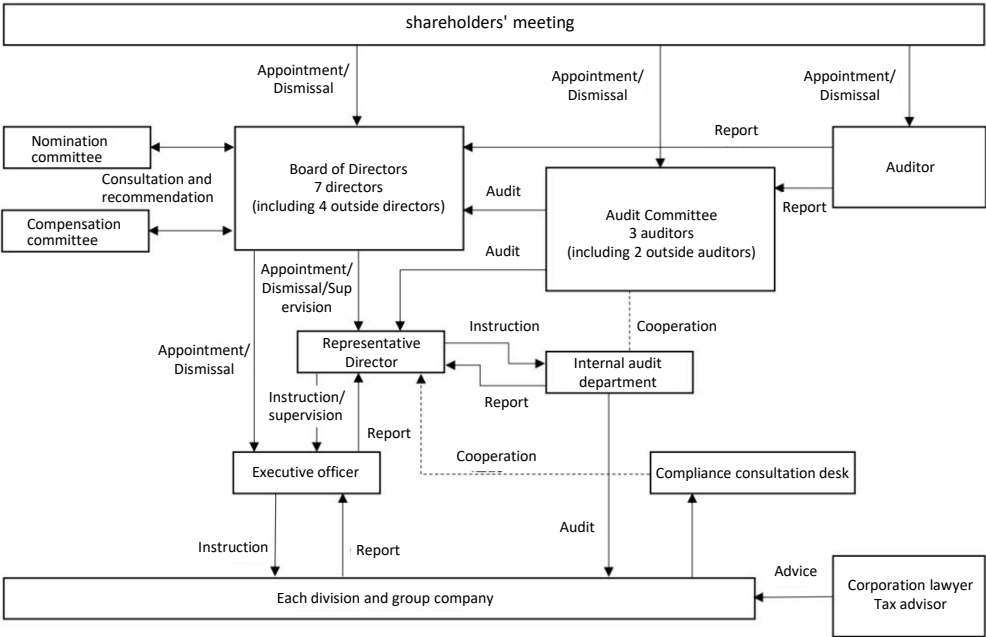
Skills matrix of the Board of Directors’ members

	Name	Outside	Skill Area							
			Corporate management	Design, technology, research and development	Sales, marketing	Manu- facturing, construction, engineering work	Finance and accounting	Legal affairs, risk management	IT, digital	Global
Director	Akira Ozaki		●			●			●	●
	Mamoru Sakata		●	●						
	Ichiro Baba		●				●	●		
	Yoko Tsujimoto	●						●	●	
	Kanji Ishimaru	●	●	●		●		●	●	●
	Yoshihiro Hashimoto	●	●		●		●	●		●
	Tomoaki Hisaka	●	●		●		●		●	
Corporate Auditor	Toshiya Araki						●	●		
	Tsuyoshi Takeuchi	●					●	●		●
	Masanori Hirata	●						●		

Note: The above list indicates areas of expertise that each candidate is more knowledgeable in based on experience, etc. It does not fully cover the knowledge each possesses.

Corporate governance structure

[Corporate governance structure chart]



Source: Company materials

Major shareholders (As of March 31, 2026)

1.

Total number of shares authorized to be issued

25,000,000shares
2.

Total number of shares issued

7,800,000shares (Including 562,810 treasury shares)
3.

Number of shareholders

8,219
4.

Major shareholders (top 10)

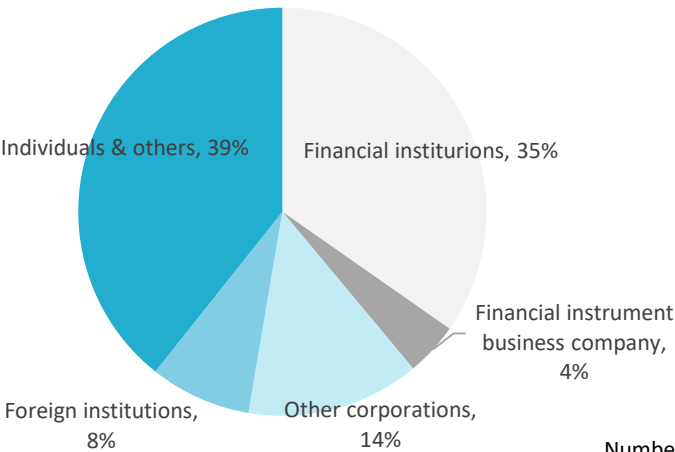
(Less than 1,000 shares will be rounded down)

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	785	10.84
Custody Bank of Japan, Ltd. (Trust Account)	522	7.21
Dai-ichi Life Insurance Company, Limited	381	5.26
Resona Bank, Ltd.	359	4.96
Chugai Ro Co., Ltd. Related Companies Holding Association	186	2.57
The Zenitaka Corporation	175	2.41
JP Morgan Securities Japan Co., Ltd.	143	1.98
Nippon Life Insurance Company	142	1.96
Mizuho Bank, Ltd.	129	1.79
KYOEI STEEL LTD.	110	1.51

(Note) The Company owns 562,810 shares of its treasury stock, but these shares are excluded from the above list of major shareholders. In addition, shareholding ratios are calculated excluding treasury stock.

Source: Company materials

Shareholding by ownership (As of March 31, 2026)



Number of shareholders: 5,582

Source: Omega Investment from company materials



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