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May 13, 2025

To whom it may concern:

Company name:	Furukawa Co., Ltd.
Name of representative:	Minoru Nakatogawa President & Representative Director (Securities code: 5715; TSE Prime Market)
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Company name:	Kawasaki Heavy Industries, Ltd.
Name of representative:	Yasuhiko Hashimoto Representative Director, President and CEO (Securities code: 7012; TSE Prime Market and NSE Premier Market)
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Notice Regarding Memorandum of Understanding for Potential Transfer of Shares of EarthTechnica Co., Ltd.

Furukawa Co., Ltd. (President & Representative Director: Minoru Nakatogawa; “Furukawa”) and Kawasaki Heavy Industries, Ltd. (Representative Director, President and CEO: Yasuhiko Hashimoto; “Kawasaki Heavy Industries”) hereby announce the execution of a Memorandum of Understanding (the “MOU”) to commence discussions and negotiations regarding the transfer of shares (the “Share Transfer”) of EarthTechnica Co., Ltd. (“EarthTechnica”), a wholly owned subsidiary of Kawasaki Heavy Industries engaged in the crushing and grinding equipment business, to Furukawa (the “Transaction”). This initiative aims to expand and develop the crushing and grinding equipment businesses of Furukawa and Kawasaki Heavy Industries.

Leveraging its extensive mechanical technologies cultivated in the mining sector, Furukawa positions its machinery business, which supports social infrastructure globally, as its core business and is committed to enhancing corporate value.

EarthTechnica possesses advanced technologies for crushing, grinding, and sorting, and has earned a strong reputation across diverse fields such as quarry market essential for infrastructure development, waste recycling contributing to a circular economy, and applications in the pharmaceutical and food industries.

The Share Transfer will enable Furukawa to integrate EarthTechnica's outstanding technological capabilities and customer trust, leading to significant advancements in its technological strength, productivity, cost competitiveness, and customer services within its industrial machinery segment. This Transaction is also expected to drive further development in the domestic quarry industry.

Driven by the growing global emphasis on environmental protection, Furukawa plans to invest management resources in the environmental recycling sector, a major focus area for EarthTechnica, thereby actively contributing to global environmental preservation.

In the global mining and quarry market, Furukawa boasts a strong track record and high recognition in the rock drill segment, while EarthTechnica has established a reputation in the field of large-scale mining machinery. By combining the sales and service networks of both companies, Furukawa expects to expand its business domains to encompass the full spectrum of the mining and quarry industries—from upstream to downstream—leading to stronger overseas operations and significant synergy effects in international markets.

Following the full share transfer, Furukawa will welcome EarthTechnica as a core operating company of its group. Furukawa is confident that by pursuing synergies with its existing machinery business and investing in management resources, it will further strengthen and expand the businesses of both Furukawa and EarthTechnica, ultimately allowing the companies to better address customer needs.

Further details will be announced as they are determined.

Please refer to the attached document for an overview of the Transaction.

Overview of the Memorandum of Understanding

1. Company Subject to the Share Transfer

The target of the Share Transfer is EarthTechnica, a subsidiary of Kawasaki Heavy Industries, along with its subsidiary.

2. Method of Share Transfer

Under the Share Transfer, all shares of EarthTechnica issued and held by Kawasaki Heavy Industries will be transferred to Furukawa. The Transaction will be executed in two stages. The first stage will involve Furukawa acquiring a majority of the issued shares of EarthTechnica. In the second stage, Furukawa will acquire the remaining shares, thereby obtaining full ownership of EarthTechnica.

3. Overview of EarthTechnica (Fiscal year ended March 31, 2025)

Company name	EarthTechnica Co., Ltd.
Date of establishment	June 15, 1987
Address	2-4 Kanda Jimbocho, Chiyoda-ku, Tokyo 101-0051, Japan
Name/title of representative	Masahiko Nishi, President and Representative Director
Main business	1. Design, construction, and supervision of civil engineering works, construction works, piping works, machinery and equipment installation works, waste treatment facility works, electrical works, and steel structure works. 2. Design, manufacture, and sale of crushers, pulverizes, classifiers, grinding machines, dryers, powder processing equipment, and related plant systems. 3. Design, manufacture, and sale of recycling equipment and plants for construction waste, industrial waste, general waste, and other materials. 4. Design, manufacture, and sale of special cast products such as wear-resistant and heat-resistant cast steel and iron components. 5. Manufacture and sale of spare parts and replacement components for the products listed in items 2, 3, and 4 above. 6. Installation, maintenance, inspection, repair, operation, and management of the products listed in each of the above items. 7. All other businesses incidental or related to the products and services listed above. 8. Purchase and sale of used equipment as specified in items 2 and 3 above.
Capitalization	¥1,200 million
No. of employees	336 people
Major shareholders (equity ownership)	Kawasaki Heavy Industries, Ltd. (100%)

4. Overview of the Parties to the Memorandum of Understanding (Fiscal year ended March 31, 2025)

Company name	Furukawa Co., Ltd.	Kawasaki Heavy Industries, Ltd.
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Address	2-6-4 Otemachi, Chiyoda-ku, Tokyo, Japan	[Kobe Head Office] 3-1-1 Higashikawasaki-cho, Chuo-ku, Kobe, Hyogo 650-8680, Japan [Tokyo Head Office] 1-14-5 Kaigan, Minato-ku, Tokyo 105-8315, Japan
Name/title of representative	Minoru Nakatogawa, President & Representative Director	Yasuhiko Hashimoto, President and Chief Executive Officer
Main business	<p>Machinery Business :</p> <ol style="list-style-type: none"> 1. Manufacture and sale of industrial machinery, steel structures, bridges, and related services, including contracting various construction works 2. Manufacture and sales of hydraulic breakers, blast hole drills, and mining machinery for tunnel construction, etc. 3. Manufacture and sale of UNIC cranes, mini-crawler cranes, etc. and related equipment <p>Materials Business :</p> <ol style="list-style-type: none"> 1. Entrusted smelting and sales of copper, gold, and other non-ferrous metals 2. Production and sales of high-purity metallic arsenic, crystal products, and other materials 3. Manufacture and sale of sulfuric acid, cuprous oxide, and other chemical products <p>Other Businesses : Engagement in real estate, transportation, metal powders, casting, and other related businesses</p>	Aerospace Systems, Energy Solution & Marine Engineering, Precision Machinery & Robot, Rolling Stock, Powersports & Engine, Other Operations
Date of establishment	April 15, 1918	October 15, 1896
Capitalization	¥28,208 million	¥104,484 million
Net assets	¥133,572 million	¥725,064 million
Total assets	¥257,107 million	¥3,016,951 million
Major Shareholders and Shareholding Ratio	<p>The Master Trust Bank of Japan, Ltd. (Trust Account) 11.43%</p> <p>Asahi Mutual Life Insurance Company 6.70%</p> <p>Seiwa Building Co., Ltd. 5.46%</p>	<p>The Master Trust Bank of Japan, Ltd. (Trust Account) 15.01%</p> <p>Custody Bank of Japan, Ltd. (Trust Account) 8.09%</p> <p>Nippon Life Insurance Company 3.42%</p>

(Note) Major shareholders and shareholding ratios are based on the number of shares recorded in the shareholders register as of March 31, 2025, calculated against the total number of issued shares (excluding treasury shares).

(Note) Shareholding ratios are rounded to the nearest second decimal place.

5. Schedule of the Share Transfer

May 13, 2025	Execution of the Memorandum of Understanding
Late December 2025 (planned)	Execution of the Definitive Agreement
April 1, 2026 (planned)	First stage of the Share Transfer (EarthTechnica to become a consolidated subsidiary of Furukawa)
April 1, 2027 (planned)	Second stage of the Share Transfer (EarthTechnica to become a wholly owned subsidiary of Furukawa)

(This schedule reflects the current plan and may change based on future discussions between the companies. Any schedule revisions due to required permits, approvals, Share Transfer execution necessities, or discontinued discussions will be promptly disclosed.)

6. Future outlook

The financial impact of the Share Transfer to Furukawa and Kawasaki Heavy Industries will be disclosed promptly once it is clear.