

Financial Results Presentation Materials

FY2025 (April 1, 2025–March 31, 2026)

April 28, 2026



1. Consolidated Financial Results for FY2025 and Earnings Forecast for FY2026	P.03
2. Trends in Backlog under Consolidated Financial Results	P.04
3. Factors Affecting Changes in Operating Profit in FY2025 Consolidated Financial Results	P.05
4. Status of Assets, Liabilities, and Equity in the Consolidated Financial Statements	P.06
5. Explanation of R&D Expenses, Capital Expenditures, and Depreciation Expenses in the Consolidated Financial Results	P.07
6. Cash Flow Status in the Consolidated Financial Statements	P.08
7. Overview of Operating Segments	P.09
8. Progress of Priority Strategies Outlined in the Medium-Term Management Plan	P.10
9. Progress of Corporate Value Enhancement	P.20
(Appendix) Corporate Overview	P.24

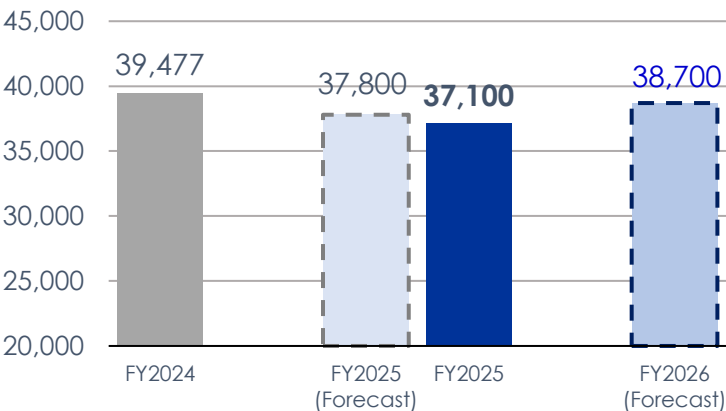
1. Consolidated Financial Results for FY2025 and Earnings Forecast for FY2026

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.

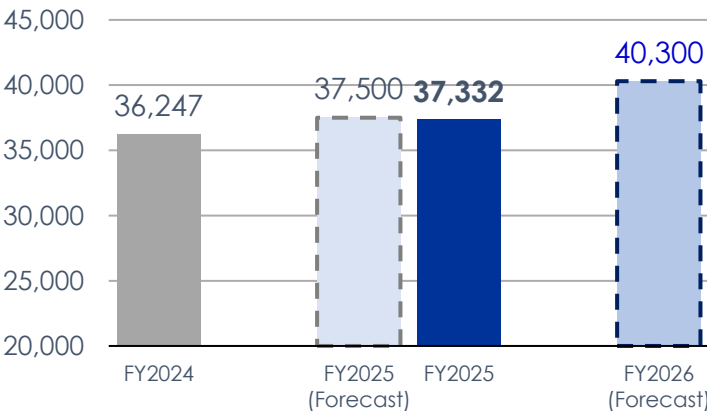
Unit: Millions of Yen (JPY)

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

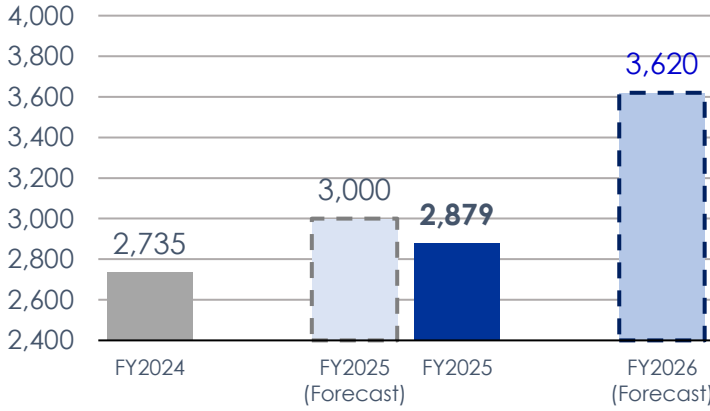
Order Intake (Millions of Yen)



Net Sales (Millions of Yen)

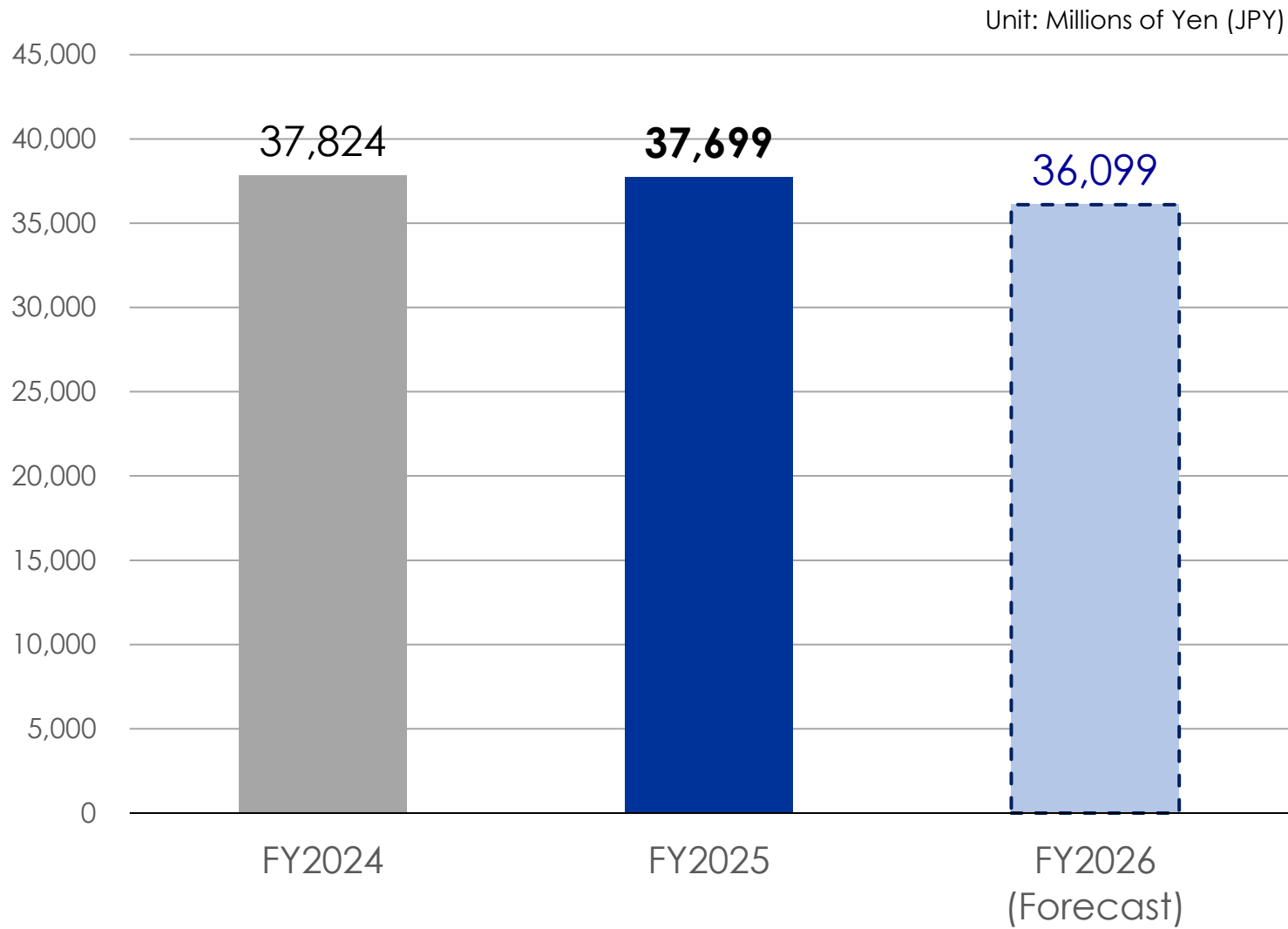


Operating Profit (Millions of Yen)



* Net income: Profit attributable to owners of the parent

2. Trends in Backlog under Consolidated Financial Results

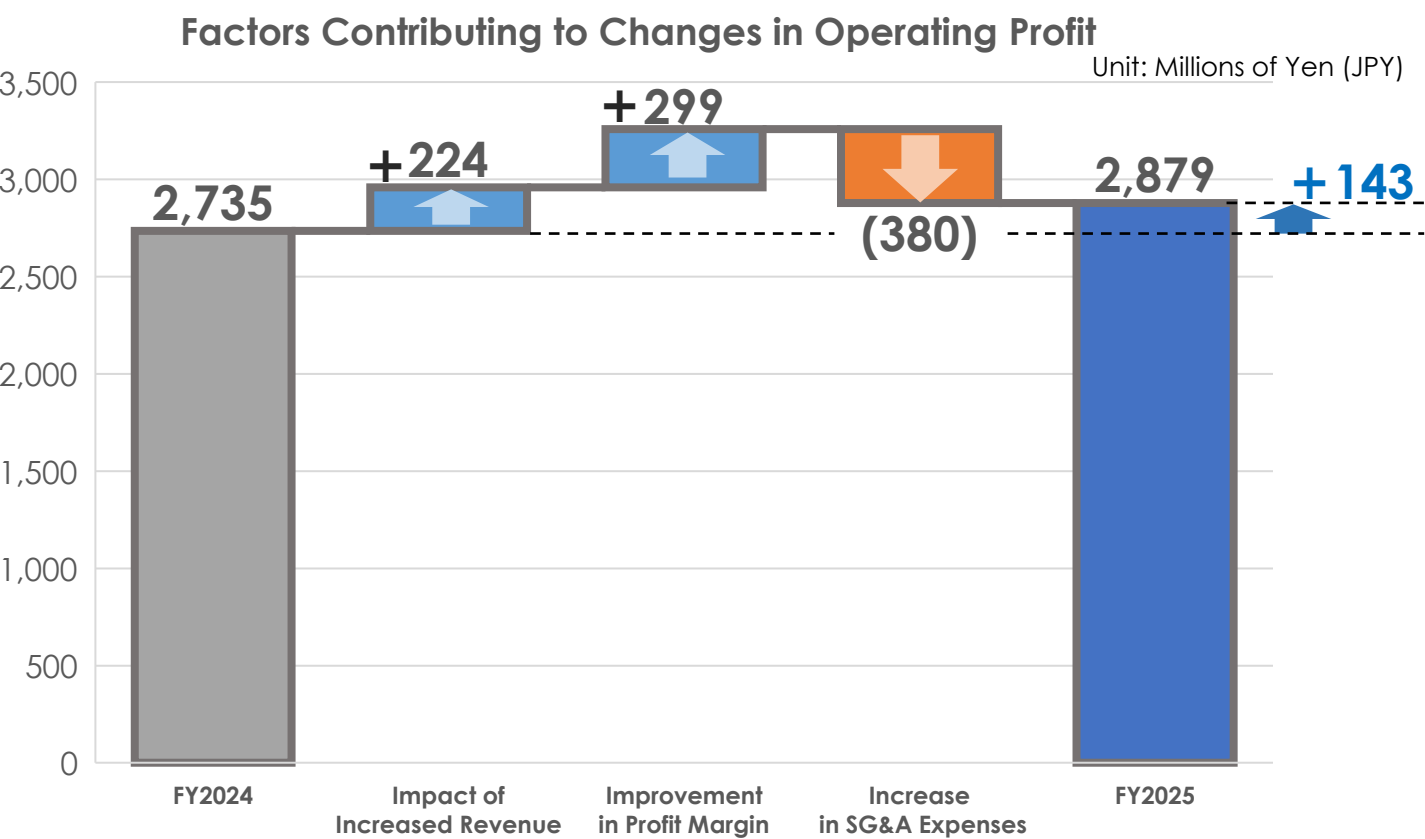


FY2025 Results and FY2026 Forecast

- As of the end of March 2025, the order backlog stood at ¥37.6 billion, representing a decrease of ¥0.1 billion compared to the previous fiscal year.
- We received orders for continuous annealing line modification work from the domestic steel industry, for reheating furnace from the non-ferrous metal industry, for electric furnace dust recycling system from the steel industry, ladle preheating equipment for electric furnace, heat treatment equipment related to next generation batteries, and ovens for housing equipment components.
- For FY2026, we expect to continue securing a high level of orders totaling ¥36.0 billion, primarily driven by demand for heat treatment equipment for functional materials, solar cell-related facility, combustion system for steel mills.

3. Factors Affecting Changes in Operating Profit in FY2025 Consolidated Financial Results

In FY2025, consolidated net sales increased by 3.0% year over year. Gross profit increased by ¥520 million, due to the impact of increased revenue, as well as a gross profit margin maintained at the previous fiscal year's level through the pass-through of rising costs to sales prices, increased emphasis on more profitable projects, and improved cost control. This offset the 0.6-percentage-point increase in the SG&A ratio associated with higher human resources expenses and other factors. As a result, operating profit margin improved by 0.1 percentage point and operating profit increased by ¥140 million.



Unit: Millions of Yen (JPY)

Item Name	FY2024	FY2025	YoY Change
Net Sales	36,247	37,332	+ 3.0%
Gross Profit (Gross Profit Margin)	7,590 (20.9%)	8,114 (21.7%)	+ 523 (+0.8pt)
Impact Attributable to Revenue Growth	—	—	+224
Impact Attributable to Margin Improvement	—	—	+299
SG&A Expenses (SG&A Ratio)	4,854 (13.4%)	5,235 (14.0%)	+ 380 (+0.6pt)
Operating Profit (Operating Profit Margin)	2,735 (7.6%)	2,879 (7.7%)	+ 143 (+0.1pt)

4. Status of Assets, Liabilities, and Equity in the Consolidated Financial Statements

Description of Assets

Unit: Millions of Yen (JPY)

Item Name	FY2024	FY2025	YoY Change
Total Assets	48,736	51,282	+ 2,546
Current Assets	35,982	38,569	+ 2,587
Non-Current Assets	12,754	12,712	(41)
PP&E	5,053	5,815	+ 761
Intangible Assets	208	224	+ 16
Investments and Other Assets	7,492	6,672	(819)

Description of Liabilities and Net Assets

Unit: Millions of Yen (JPY)

Item Name	FY2024	FY2025	YoY Change
Total Liabilities	20,127	19,800	(326)
Current Liabilities	15,233	15,442	+ 209
Non-Current Liabilities	4,893	4,358	(535)

Item Name	FY2024	FY2025	YoY Change
Total Net Assets	28,609	31,481	+ 2,872
Shareholders' Equity	24,542	27,707	+ 3,164
AOCI	3,785	3,493	(292)
Non-Controlling Interests	280	280	0

Description of
Equity Ratio and
Dependence on
Borrowings

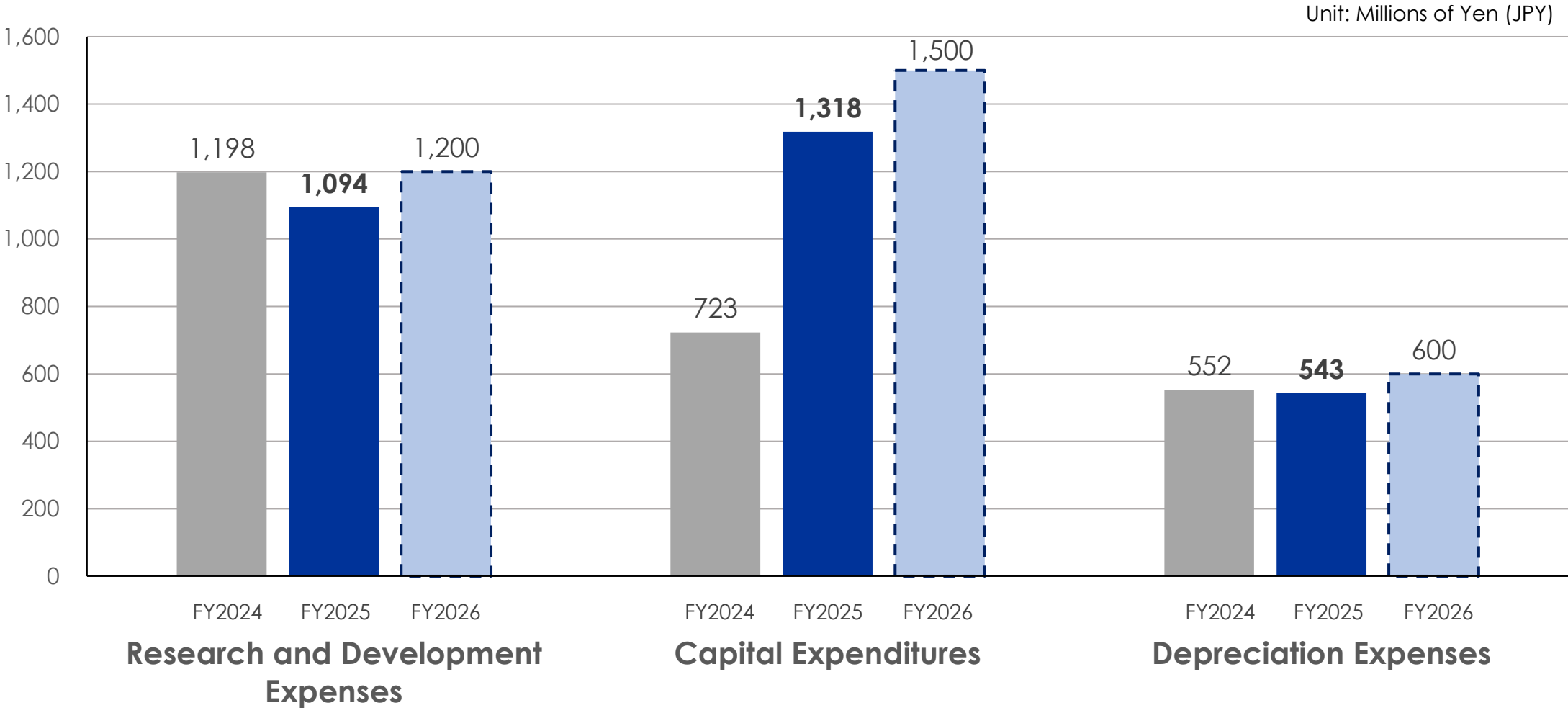
Item Name	FY2024	FY2025	YoY Change
Equity Ratio (%)	58.1	60.8	+2.7pt
Dependence on Borrowings (%)	11.3	8.7	(2.6)pt

As a result of increased sales, total assets reached ¥51.2 billion, while net assets rose to ¥31.4 billion due to higher profitability and other factors. Financial indicators continue to reflect a sound and stable financial position.

5. Explanation of R&D Expenses, Capital Expenditures, and Depreciation Expenses
in the Consolidated Financial Results

ChugaiRo

In FY2025, capital expenditures increased significantly due to the investment in operational systems and infrastructure for productivity improvement. In FY2026, we will make proactive investments, particularly in large-scale research facilities related to decarbonization.



6. Cash Flow Status in the Consolidated Financial Statements

Unit: Millions of Yen (JPY)

	FY2024	FY2025
Operating cash flow	(3,696)	6,259
Investing cash flow	654	2,684
Financing cash flow	(2,701)	(2,569)
Cash and cash equivalents	4,348	10,777

Operating activities resulted in a net cash inflow of ¥6.2 billion, due to a decrease in trade receivables and contract assets.

Investing activities resulted in a net cash inflow of ¥2.6 billion due to proceeds from the sale of investment securities, despite the purchase of property, plant and equipment.

Financing activities resulted in a net cash outflow of ¥2.5 billion, due to a decrease in short-term and long-term borrowings and the payment of dividends.

As a result, cash and cash equivalents at the end of the fiscal year increased by ¥6.4 billion to ¥10.7 billion.

7. Overview of Operating Segments

Net Sales by Segment

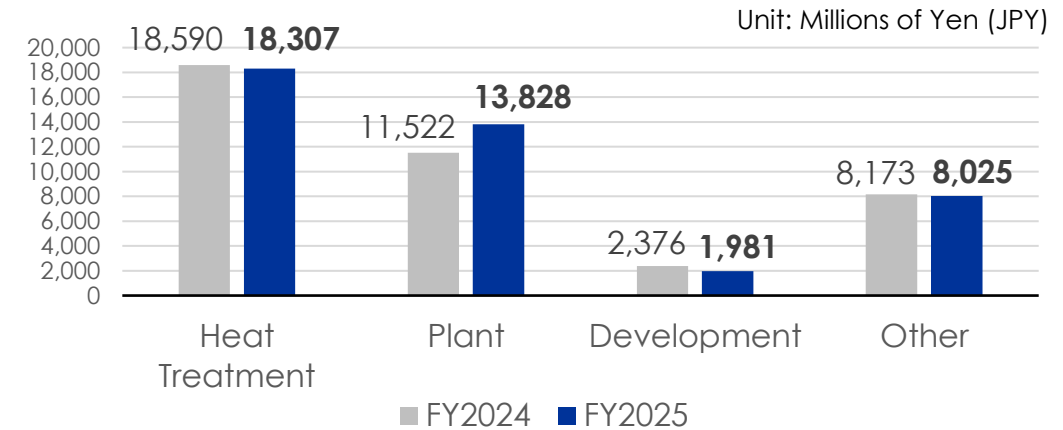
Unit: Millions of Yen (JPY)

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%

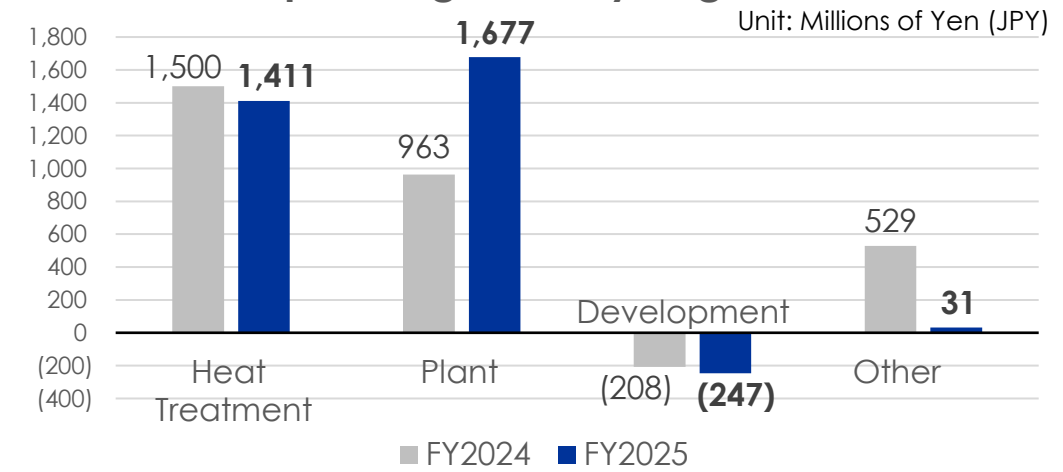
Operating Profit by Segment

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

Net Sales by Segment



Operating Profit by Segment



"Other" recorded a smaller profit, affected by the performance of subsidiaries in China and Mexico.

**8. Progress of Priority Strategies Outlined in the
Medium-Term Management Plan
FY2022-2026**

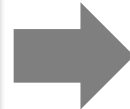


[Corporate Philosophy]

CHUGAI RO CO., LTD.

is committed to creating new value through its core heat technology, contributing to society, and achieving both corporate prosperity and employee well being.

“Create New Value”



[Three Key Strategies]

- (1) Creation of New Markets Centered on Carbon Neutrality
- (2) Through refinement of existing products to better meet customer demands, we seek to expand sales and enhance profitability
- (3) Creating a Fulfilling and Motivating Workplace

[Management Vision 2026]

Transforming Ourselves to Pioneer the Future Through Carbon Neutral Technologies

Unit: Millions of Yen (JPY)

[FY2026 Target]

Net Sales: ¥41.5 billion

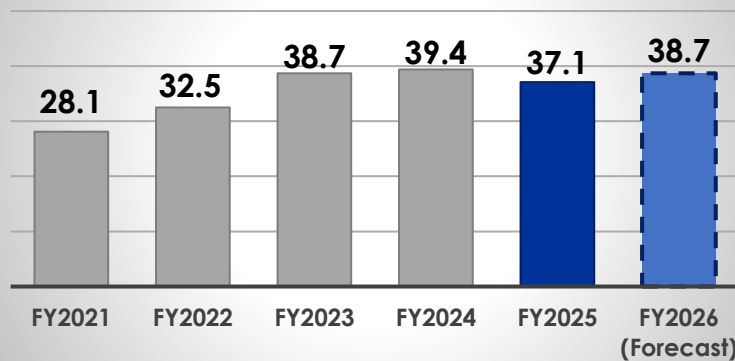
Operating Profit: ¥3.62 billion
(Operating Profit Margin 8.7%)

ROE: 10.0%

Item Name	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026 (Forecast)	(Reference) FY2026 (Target)
Order Intake	28,137	32,522	38,790	39,477	37,100	38,700	42,000
Net Sales	26,317	27,977	29,283	36,247	37,332	40,300	41,500
Operating Profit	1,263	1,309	1,477	2,735	2,879	3,620	3,620
Ordinary Profit	1,493	1,575	1,714	3,003	3,110	3,720	3,720
Profit Attributable to Owners of the Parent	1,360	1,231	2,197	2,998	4,668	2,516	2,450
ROE	6.1%	5.2%	8.5%	10.7%	15.7%	8.0%*	10.0%

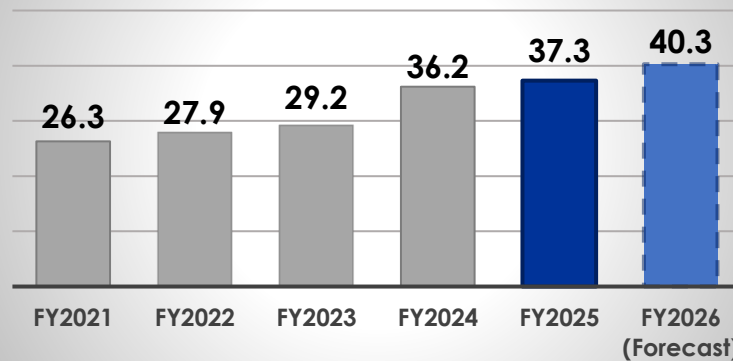
*Excluding gains on sales of strategic shareholdings

Order Intake



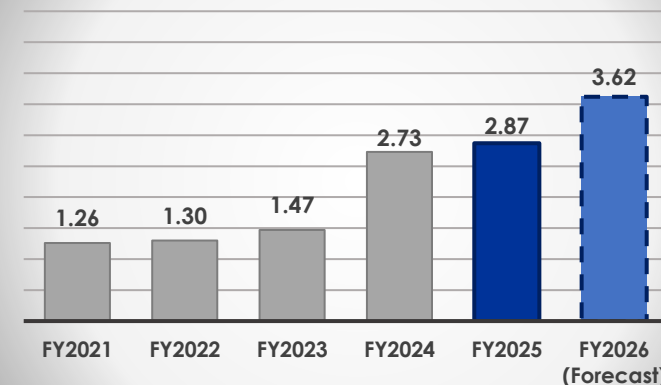
Unit: Billions of Yen (JPY)

Net Sales



Unit: Billions of Yen (JPY)

Operating Profit



Unit: Billions of Yen (JPY)

(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.

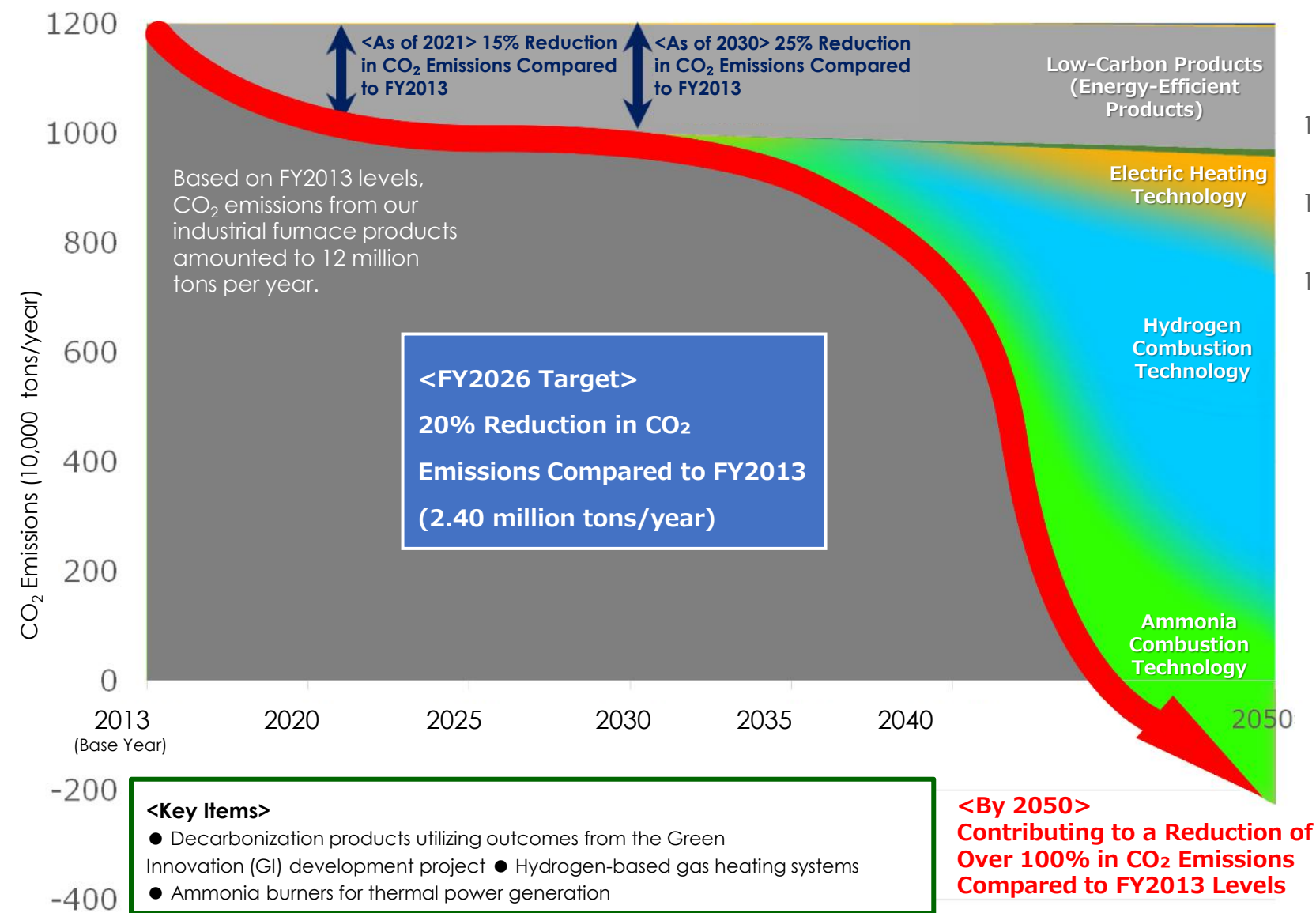
Regarding Zero Emissions

- 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.

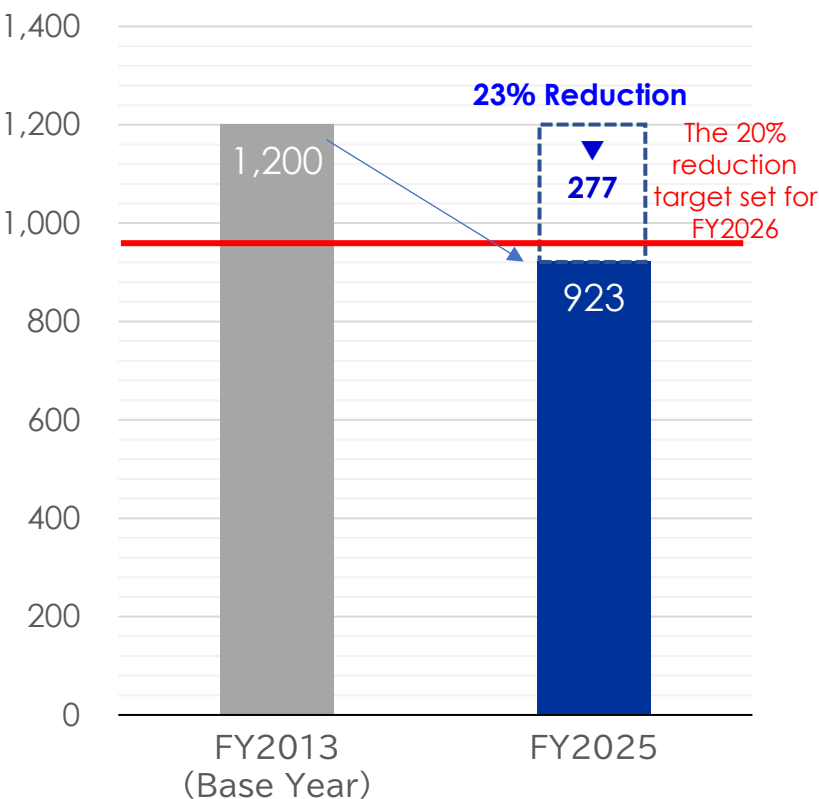
Thermal Technologies for Advanced Materials

- 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.

(1) Creation of New Markets Centered on Carbon Neutrality



CO₂ Emissions from Our Products in Operation (10,000 tons/year)



In FY2025, CO₂ emissions reductions achieved by our delivered equipment amounted to 2.77 million tons, progressing steadily in line with the plan. The reduction rate reached 23%.

※Our decarbonization targets will be reviewed periodically in response to changes in external conditions, such as the development of infrastructure and supply chains.

[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

■ 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)

[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



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

(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) [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)
Application of Functions	Market Development	

[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.

(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.

$$\text{Productivity} = \frac{\text{Results Obtained}}{\text{Allocated Resources}} = \frac{\text{Output}}{\text{Input}}$$



[Productivity Improvement Indicators]

- **Operating Profit per Employee in FY2026**
(Non-consolidated): ¥5,668 thousand
- **Total Annual Working Hours per Employee in FY2026**
(Non-consolidated): 1,800 hours

[Measures to Achieve the Target]

- Approximately ¥1.5 billion will be invested over five years in system improvements and other initiatives that contribute to operational efficiency.
- A “Business Reform Promotion Dept.” has been established to lead productivity enhancement efforts.

[Productivity Improvement Indicators]

- Operating Profit per Employee in FY2026
(Non-consolidated): ¥5,668 thousand
- Total Annual Working Hours per Employee in FY2026
(Non-consolidated): 1,800 hours

[FY2025 Results]

- Operating Profit per Employee : ¥6,255 thousand
 - Total Actual Working Hours per Employee : 2,041 hours
 - System Investment: ¥400 million
(cumulative total of ¥800 million out of the approx. ¥1,500 million planned in the medium-term management plan)
- ※Non-consolidated

■ Development and Implementation Schedule for the New Product Design Support System
(Testing of all systems has been completed, and full-scale operation began in FY2026.)

Step	Item Name	Content	FY2022	FY2023	FY2024	FY2025	FY2026
Step1	New Product Design Support System	• Utilization of PDM and BOM • Centralized Management of Design Concepts and Product Structure	Requirements Definition and Development				Testing and Operation
Step2	Procurement Support System	• Optimization of Component Procurement Operations • Data Integration	Requirements Definition and Development				Testing and Operation

Estimated Reduction in Workload from This Initiative (Converted to Total Working Hours): 150 hours/year

■ One of Our Female Employees Received the FY2025 “Blue Rose Award for Active Women Leaders”

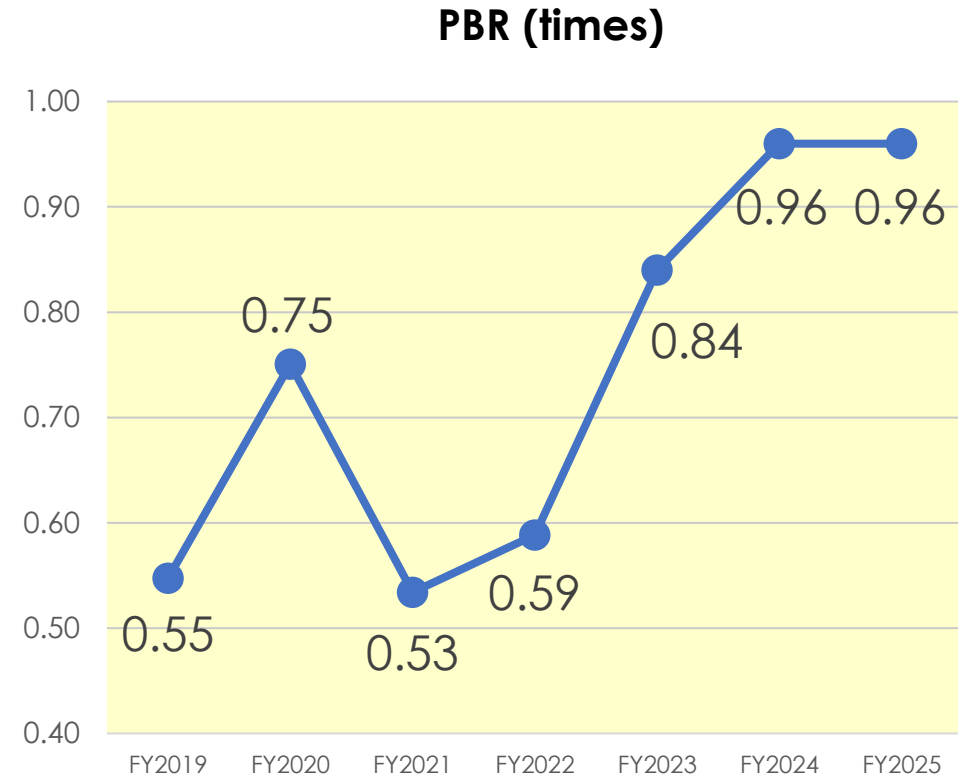
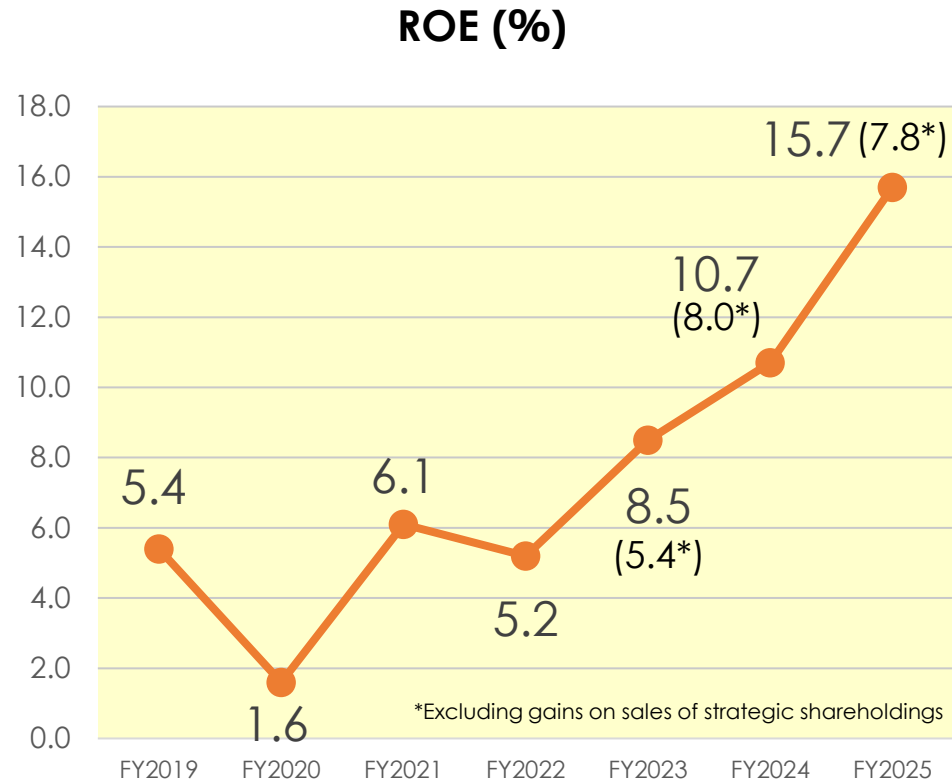


9. Progress of Corporate Value Enhancement

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

(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.

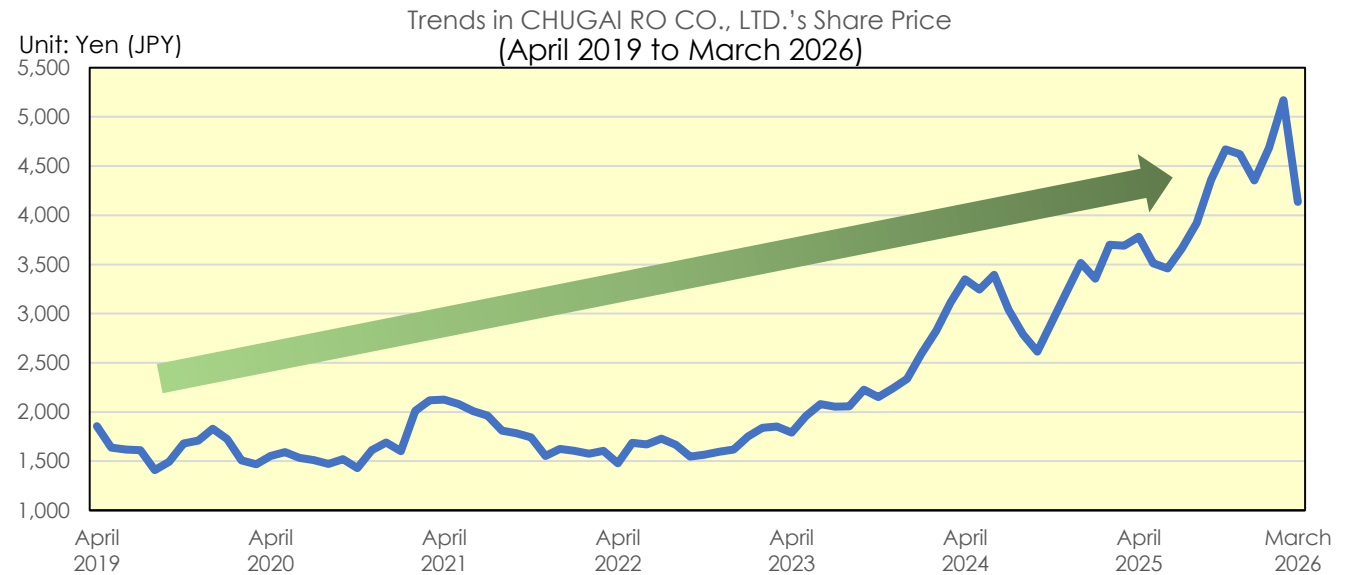
(2) Improvement policy and specific initiatives related to management focused on capital costs

[Policy for Improvement]

- We formulated a medium-term management plan covering the five-year period from FY2022 to FY2026, and clearly indicated our growth strategy, investment strategy, and shareholder return policy. We are currently pursuing management in accordance with this plan.
- For cross-shareholdings, we have achieved the target of keeping them below 20% of net assets.

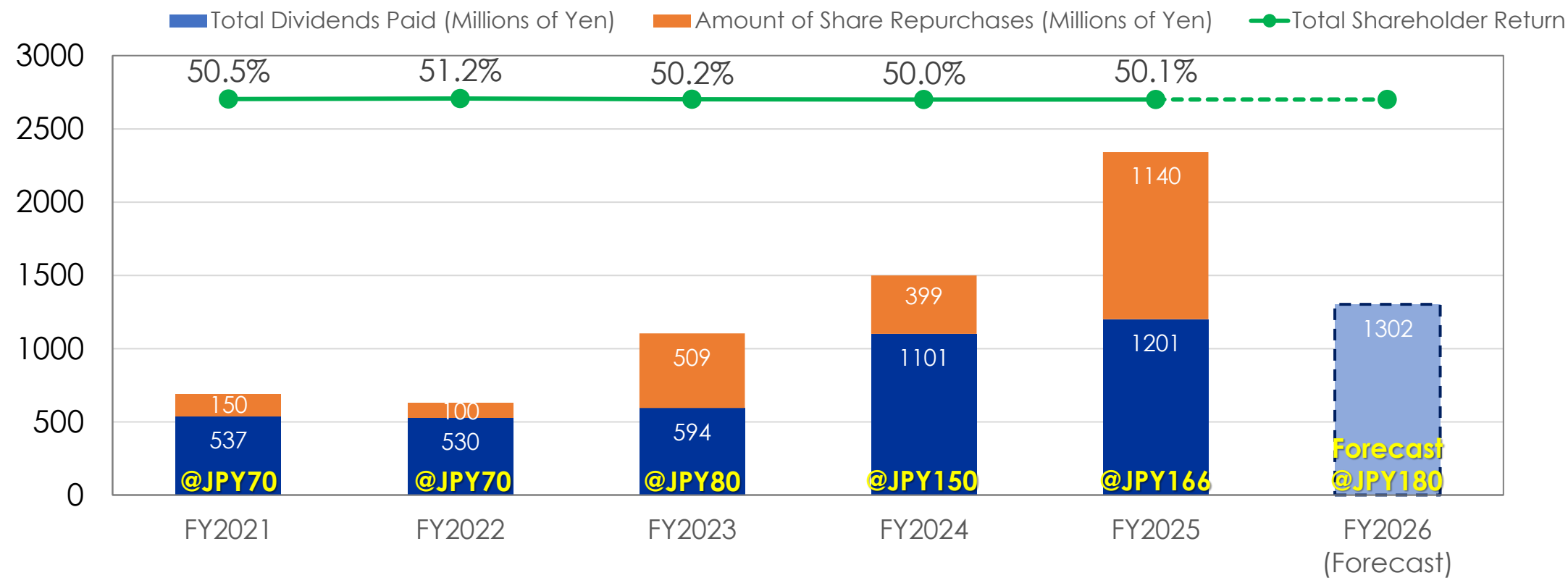
[Specific Initiatives]

- (Growth investments) We are advancing various initiatives, including the establishment of a new research facility in November 2023, the acceleration of various demonstration tests, system investments to improve productivity, such as enhancing the efficiency of design operations, and investments in human resources.
- (Revision of shareholder return policy) As part of the measures to encourage long-term shareholding, 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), to deliver a high level of dividends based on profits generated from our core business. We also have maintained a total payout ratio of 50% or more by conducting share buybacks.



(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.



※The dividend payout ratio used as our key indicator is calculated based on NOPAT, excluding operating profit attributable to non-controlling interests.

Company	Chugai Ro Co., Ltd.		
Stock Code	1964	URL	https://chugai.co.jp
Representative	Representative Director, President and Chief Executive Officer Mamoru Sakata		
Head Office	3-6-1 Hiranomachi, Chuo-ku, Osaka-shi, Osaka 541-0046, Japan TEL 06-6221-1251		
Date of Establishment	April 1945		
Capital	JPY 6,176,720,000		
Employees	454 employees (747 on a consolidated basis) As of March 31, 2026		
Offices	Sakai Works, Sakai Center, Tokyo Branch Office, Nagoya Sales Office, Kokura Factory		
Overseas Subsidiaries	Kaohsiung Taiwan , Shanghai China , Bangkok Thailand , Jakarta Indonesia, Aguascalientes Mexico		

The forward-looking statements contained in this document, including earnings forecasts, are based on information available as of the date of this announcement. Actual results may differ materially from these forecasts due to various factors.

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April 28, 2026

[Investor Relations Contact]

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