

## Q&A Summary of the IR Business Briefing of Furukawa Electric Co., Ltd.

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Contents: Energy Infrastructure business

Speakers:

**Eiichi Nishimura**, Corporate Senior Vice President and General Manager of the Energy Infrastructure Division

General Manager of the Industrial Cable & Power Cable Accessories Division

**Yukihiro Yagi**, General Manager of the Power Cable Division

Observers:

**Shigeru Tokuda**, Corporate Vice President, Deputy General Manager of the Industrial Cable & Power Cable Accessories Division and President of Furukawa Electric Metal Cable Co., Ltd.

**Noboru Okada**, Deputy General Manager of the Industrial Cable & Power Cable Accessories Division

**Tetsuhiro Niizeki**, General Manager of the Planning & Administration Department

**Koji Aoshima**, Director, Corporate Senior Vice President and General Manager of the Finance & Accounting Division

Q : When will the wide-area submarine interconnection projects shown on page 16 be implemented? What is the current status of these projects, including the possibility of changing the transmission method away from a direct current system? Also, concerning the direct current system, how competitive are you?

A : Within the wide-area interconnection project, projects in the eastern region and western/central region are being considered. In the eastern region, the government and businesses are giving priority to the Hokkaido-Honshu route, and direct current submarine power cable is viewed to be the best transmission method. In line with this, we are considering with a view toward participating in the project.

Although we do not have experience delivering a direct current submarine transmission system using CV (XLPE) cable, we do possess sufficient experience with OF cable. Also, concerning the 500kV level CV (XLPE) direct current cable and components being considered for use in the wide-area interconnection project, we have completed the long-term demonstration test and acquired certification.

Q : I have heard there have been minor delays to the offshore wind power projects shown on page 17, but have there been any changes in demand?

A : In relation to harbor projects, we have already completed design, manufacturing and installation as planned of a submarine cable system for the Ishikariwan Shinko Offshore Wind Power Project, and commercial operations have begun. We will continue to respond to other harbor projects going forward.

Consideration is underway for round 1, 2, 3 in general sea areas, and we are responding with reference to the design and engineering of the submarine cable system from each business operator. For the projects in general sea areas, because a large number of projects will be concentrated in a certain period of time, we will respond while securing sufficient manpower while identifying the timing of each project.

Q : What benefits do you expect to realize from the integration of the metal power cable business shown on page 25, and what is the timeline for realization of effects following integration?

A : As phase 1, Furukawa Electric Industrial Cable Co., Ltd. merged with KANZACC Co., Ltd. in April 2025 to form Furukawa Electric Metal Cable Co., Ltd. The overall integration will be carried out in October. We intend to increase efficiency through this integration over the next 6 months to 1 year. Also, we have already begun cross sales and other initiatives aimed at increasing sales, and we expect to realize benefits from the second half of this fiscal year. From a medium to long-term standpoint, we expect to realize benefits in relation to the strategy, including personnel training and CAPEX, and we will aim to realize these benefits over the next 3-5 years directed at 2030.

Q : What factors are behind the outlook for decreased profits compared to last year in the FY25 forecast?

Also, from a medium to long-term perspective, what is the outlook for higher operating profit margins (4.6% in the FY25 forecast) in the future?

A : In the Power Cable business, many of the extra-high voltage underground power cable and renewable energy projects are long-term projects, and depending on their timing, profits fluctuate year to year. FY24 was a strong year with a number of high margin projects, so FY25 is expected to rebound lower compared to last year. However, we are maintaining a level at which we can achieve the profit targets originally set in the 2025 Mid-term Plan. Concerning operating profit margins, we have already received most of the orders for FY25, but we will work to increase the profit margins on future orders.

Q : What are the applications for the polymer insulators shown on page 24, and is there any competition?

A : The insulators are used on overhead transmission lines and provide electrical insulation for the power cable conduits. The manufacturers of traditional ceramic insulators have decided to withdraw from some products, and there is expected to be demand for polymer insulators as a replacement. The main competition is from foreign companies and companies who handle foreign products. In Japan, only Furukawa Electric Power Systems Co., Ltd., a member of the Furukawa Electric Group, manufactures polymer insulators.

Q : What factors are behind the financial results of the Energy Infrastructure segment shown on page 6 exceeding the figures originally set in the medium-term management plan?

A : Demand for replacement of extra-high voltage underground power cable centered on electric power companies in Japan has progressed generally as planned, and some of the orders and inquiries have been received earlier than expected. In addition, demand for 66kV - 154kV underground power cable for private use is increasing for offshore wind power private transmission lines, solar power and land-based wind power in the area of renewable energy. Also, there is the possibility electric power demand will tighten overall in Japan following the construction of data centers and semiconductor manufacturing plants, and orders have been firmer than originally planned.

Q : On page 12, you state that you have completed the CAPEX for submarine power cables in FY24, but can you please provide a summary, including the status of returns on those investments and future market environment? When realizing the benefits, will there be sufficient capacity, including both your own and the customer's installation capacity?

A : Total CAPEX at the Chiba Power Cable Plant implemented during the 2025 Mid-term Plan amounted to JPY 15.0 billion (submarine cable related and for the maintenance and renewal of aging facilities), and we have started to generate returns on those investments following the growing demand for underground power cable and submarine power cable for renewable energy.

In regards to securing capacity, in order to respond to the growing demand for renewable energy, further capacity will be required. We are considering the investment plan based on various scenarios, including the wide-area interconnection project. Concerning the shortage of manpower for installation, this is an issue faced by the entire construction industry, and we are implementing measures to increase personnel through improved compensation and enhanced recruitment activities. In addition, we will also work to increase installation efficiency by improving the design of the joints and terminals and improving the installation methods.

Q : In the Power Cable business, I understand your strategy is aiming to raise profit margins while enhancing the capabilities directed at increased orders, but when realizing this, how will your order portfolio change heading into 2030? Will your portfolio change in line with the forecast market scale shown on page 11? Also, what are your thoughts about overseas projects?

A : Concerning the profitable Japan extra-high voltage underground power cable segment, demand will be firm through 2030 and thereafter, and we will aim to maintain market share and secure profits. In the renewable energy segment, too, there will be a large number of projects through 2030 and thereafter, and we will also work to receive orders in this segment. Concerning overseas projects, we will utilize the technology and know-how accumulated in the business in Japan for projects mainly in Asia.

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