Q&A Summary of the Presentation for Institutional Investors and Analysts of Furukawa Electric Co., Ltd.

Date: October 8, 2025 (Wednesday) 14:00－15:00

Contents: Capital expenditure for the production of HVDC cable *Media representatives were also present.

Speakers:

Satoshi Miyamoto, Representative Director, Corporate Executive Vice President and General Manager of the Strategy Division

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

Eiichi Nishimura, Corporate Senior Vice President and General Manager of the Energy Infrastructure Division (Presenter)

Q：It is a large investment, but do you have good visibility in regards to recovering this investment? Also, what is the cash flow for this investment? Will the subsidies be paid after completion on the facilities?

A：In Japan, the green growth strategy following the goal of becoming carbon neutral in 2050 and 7th basic energy plan set forth a policy for increasing the ratio of renewable energy such as offshore wind power. In order to transmit the electric power generated from offshore wind power to urban demand centers, as shown on page 6, it is planned to construct wide-area interconnections in the East region and Central & West region.
Also, there are some projects overseas that will kick-off soon in response to concerns over power shortages following the construction of data centers.
Based on the status of these projects and the time required to start operation of manufacturing facilities, we decided to move forward with the investment at this time.
It is a large investment, but financing will be limited as a result of 1) subsidies under the government project, 2) maximizing cash flow by increasing operating profit and 3) considering commercial terms of project.
The subsidies will be paid when the work is confirmed. Because the plant construction and CAPEX will require 3 years and obtaining certification will require 2 years, cash outflows will occur in phases over a five-year period from 2026, but these outflows will be covered by the above three points to thereby limit interest-bearing debt.

Q：Given that you have no experience in HVDC (high voltage direct current) cable, you will need to accept a number of small orders rather than instantly receiving a large order. As a result, will it take time to recover the investment?

A : We have experience in 500kV AC (alternating current) cable, as well as multiple experience in direct current submarine transmission lines in the form of OF cable. We will leverage our accumulated experience in quality control processes and manufacturing technology.
Concerning the scale of the orders, we will respond to the specifications and total length required by the customer.

Q : How large of a total transmission capacity does production capacity of 200km/year equate to?

A : Generally, in addition to cable length, the transmission capacity increases with increases in the conductor cross-section area, so it depends on the cable specifications. As a result, it is difficult to make a simple conversion from length to transmission capacity.
1GW is about the capacity of 1 nuclear power reactor. In the East region, it is planned to install transmission capacity equal to 2 nuclear reactors, and over the long-term, a maximum capacity of 8GW is being considered.

Q : Who do you view to be your competitors? What are the differences and features of your products compared to those companies? How will you conduct marketing and sales activities?

A : In HVDC cable, 1 competitor in Japan already has experience, but we plan to leverage our experience in quality control processes and manufacturing technology accumulated through 500kV AC (alternating current) cable.
Our products is distinguished by the excellent quality characteristics and heat resistance properties of our cross-linked polyethylene insulation material for direct current. The cable has a high heat resistance of 90℃ which allows for a larger transmission current even with the same conductor size. Also, our cladding design technology accumulated in the area of submarine transmission lines is another strength.
Concerning marketing and sales activities, we plan to expand our partnerships with trading companies and proactively participate in AZEC (Asia zero emission community) and national government projects.

Q : Regarding the projects in Japan and overseas, to what extent has the start timing and orders to your company been set?

A : Concerning the projects in Japan, OCCTO (Organization for Cross-regional Coordination of Transmission Operators, Japan) has presented a tentative schedule for the wide-area interconnection project, and we are moving forward with considerations based on this schedule. Once the actual construction plan is indicated, we will conduct sales activities.
Concerning the Asia market we are targeting, many projects are still in the consideration phase, and we are gathering information on the details of the projects.

Q: You want to increase your operating profit margin to at least 10%, but is this the profit margin for the entire Power Cable business or just for HVDC cable? What is generally the profit margin for HVDC cable?

A: In the FY2025 full-year forecast, the Energy Infrastructure sub-segment is expected to achieve net sales of JPY 140.0 billion, operating profit of JPY 6.5 billion and operating profit margin of approximately 5%. We will aim to increase the operating profit margin in this sub-segment to 10% or higher in total when HVDC cables start making a positive impact on profitability around 2030-2031.
I will refrain from commenting on the profit margin for HVDC cable alone.

Q: You stated that you want to raise the operating profit margin to 10% or higher from 2030 onward, but will it be possible to achieve such a profit margin so quickly after starting operations at the new facilities in 2030?
Can you provide a breakdown on the JPY 100.0 billion CAPEX, including the useful life of the new facilities?

A: We will gradually produce cable after starting operations at the new facilities, so more accurately, we will aim to achieve this profit margin from 2031 onward.
Concerning the breakdown of the CAPEX, roughly 1/3 will be for plant construction etc. and 2/3 will be for manufacturing and inspection facilities and DX. The main facilities will include a VCV tower for the vertical insulation extrusion line, cladding facility and electrical testing facility.
The useful life of each facility will differ, but to provide an image of the depreciation expenses, they will increase in 2031. Assuming accelerated depreciation is adopted for the subsidies of approximately JPY 30.0 billion, depreciation expenses will be around JPY 6.0-7.0 billion per year.

Q: The wide-area interconnection schedule was presented by OCCTO (Organization for Cross-regional Coordination of Transmission Operators, Japan) in around 2020. Why have you just now decided to move forward with the capital expenditure?

A: We decided to move forward with the capital expenditure now because the business providers have been decided and business plan has entered the actual consideration phase toward presenting this plan at the end of March 2026.

Q: Assuming a production capacity of 200km/year, it would take many years for you alone to manufacture the cable for, for example, the 800km submarine power cable envisioned in the East region interconnection. Do you expect orders to be placed to two companies?

A: 200km/year is the production capacity of standard specification 500kV cable. Depending

on the form of the order from the business provider, we will consider additionally utilizing existing facilities and the necessity of adding other facilities, and we will work to maximize our production capacity.
Concerning orders to multiple companies, that has occurred in the past from the perspective of a risk hedge for the business provider, but it is uncertain if this will occur here.

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