

FY2022 Q3 Financial Results

Director, Corporate Senior Vice President, and
General Manager, Finance & Accounting Division

Akihiro Fukunaga

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Furukawa Electric Co., Ltd.

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FURUKAWA ELECTRIC CO., LTD.

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CAPEX, Depreciation & Amortization and R&D Expenses
- **Directed at FY2023**

- Through the end of Q3, revenue and profit increased year-on-year.
- In Q3 on a quarterly basis, revenue increased year-on-year. Operating income also increased. Ordinary income decreased due to lower foreign exchange gain, lower profit in equity method affiliates and higher interest expenses. Net income increased as the result of higher extraordinary income.
- Based on the current results and outlook, the full-year forecast has been revised lower.

FY2022 Q3 Results Highlights

- Increased revenue from the impact of foreign currency exchange, higher copper prices and mainly the Automotive Products & Batteries business.
- Although operating income was impacted by a higher cost rate, increased in logistics expenses and soaring raw material and fuel prices, it increased as a result of the progress in incorporating the higher costs in the sales price, impact of foreign currency exchange (yen depreciation) and the elimination of the one-time factors that occurred the last fiscal year.
- Ordinary income and net income attributable to owners of the parent increased.

(JPY billion, JPY/kg, JPY/USD)

	FY20_Q3 Results	FY21_Q3 Results	FY22_Q3 Results	YoY change	
	a	b	c	c-b	(Comparison with last year)
Net Sales	563.0	670.9	785.9	+115.0	Higher revenue: Infrastructure, Electronics & Automotive Systems and Functional Products segments
Operating income	▲ 0.7	5.1	6.0	+1.0	Increased income: Infrastructure and Electronics & Automotive Systems segments Decreased income: Functional Products segment
Ordinary income	▲ 3.8	10.3	10.7	+0.4	Non-operating income : Increased interest expenses, lower profit in equity method affiliates and other factors
Net income attributable to owners of the parent	0.5	3.3	12.4	+9.1	Increased extraordinary profit: Sale of shares of TOTOKU ELECTRIC CO., LTD. (10.8 JPY billion) and cross-shareholdings, etc.
Average copper price	714	1,111	1,200	+88	
Average exchange rate	106	111	136	+25	

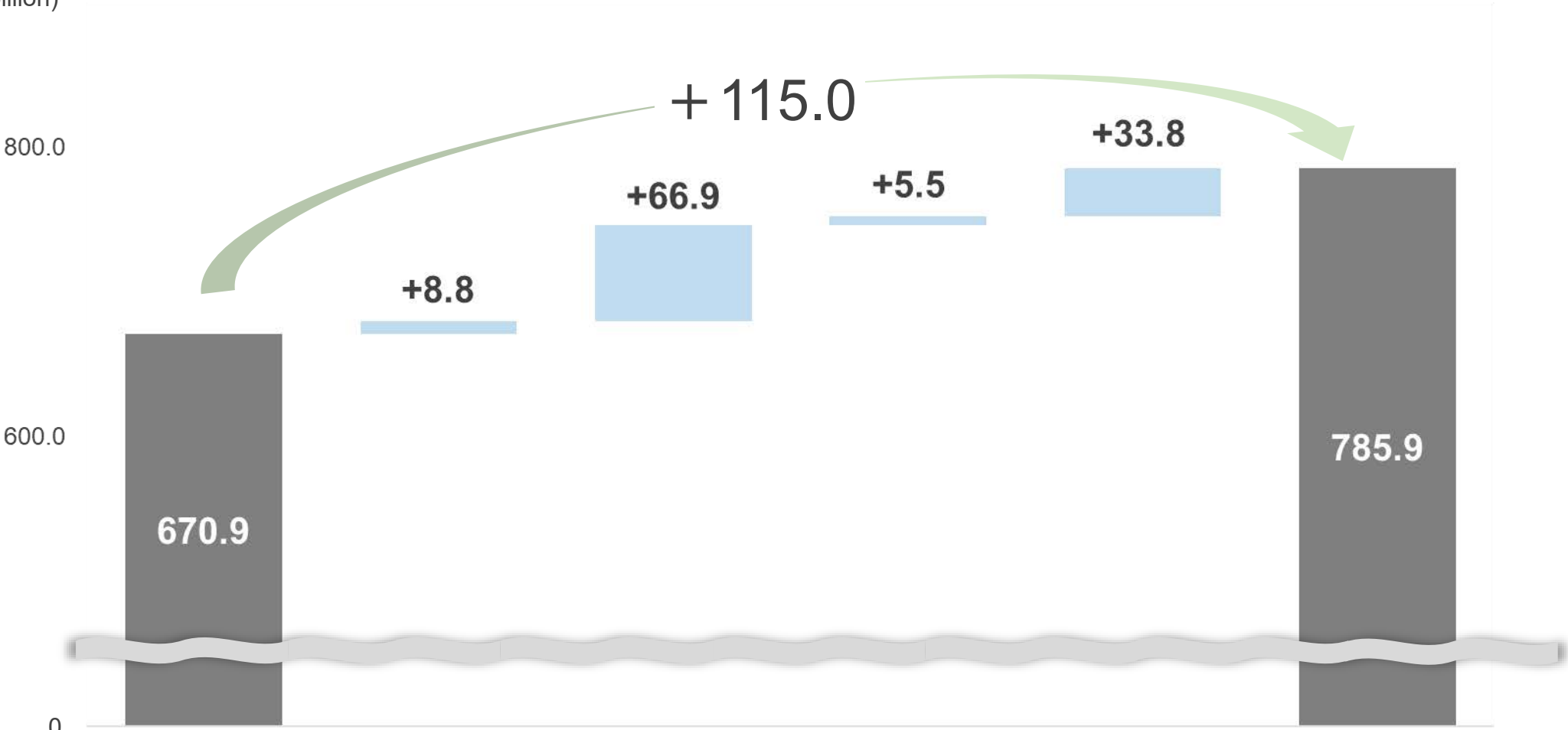
FY2022 Q3 Results – P/L Summary

(JPY billion, JPY/kg, JPY/USD)

	FY20_Q3		FY21_Q3		FY22_Q3		YonY change		Breakdown of change (Q3 cumulative YoY change)
	a	a'	b	b'	c	c'	c-b	c'-b'	
Net sales	563.0	208.6	670.9	223.7	785.9	261.4	+115.0	+37.7	+115.0 (+17%) See page 7
Operating income	▲ 0.7	2.6	5.1	▲ 2.2	6.0	1.4	+1.0	+3.6	+1.0 (+19%) See page 8
(Margin)	▲ 0.1%	1.3%	0.8%	▲ 1.0%	0.8%	0.6%	+0.0	+1.5	
Profit/loss in equity method affiliates	▲ 0.5	0.6	6.1	1.7	5.0	▲ 0.8	▲ 1.1	▲ 2.5	
Foreign exchange gain/loss	▲ 0.9	▲ 0.5	0.8	0.4	1.2	▲ 3.6	+0.4	▲ 4.0	
Ordinary income	▲ 3.8	2.2	10.3	▲ 0.5	10.7	▲ 3.3	+0.4	▲ 2.8	+0.4 (+4%)
(Margin)	▲ 0.7%	1.0%	1.5%	▲ 0.2%	1.4%	▲ 1.3%	▲ 0.2	▲ 1.0	
Extraordinary income/loss	10.4	▲ 1.1	0.4	▲ 1.9	11.9	11.8	+11.5	+13.7	•Extraordinary income +9.1 (5.4 → 14.6)
Income taxes	▲ 4.6	▲ 1.3	▲ 5.4	▲ 0.6	▲ 9.3	▲ 3.4	▲ 3.9	▲ 2.8	•Extraordinary loss +2.4 (▲5.0 → ▲2.6)
Net income attributable to non-controlling interests	▲ 1.6	▲ 1.0	▲ 2.0	▲ 0.9	▲ 0.9	▲ 0.6	+1.1	+0.3	
Net income attributable to owners of parent	0.5	▲ 1.1	3.3	▲ 3.9	12.4	4.5	+9.1	+8.3	+9.1(+272%)
(Margin)	0.1%	▲ 0.5%	0.5%	▲ 1.7%	1.6%	1.7%	+1.1	+3.4	
Average copper price	714	792	1,111	1,149	1,200	1,189	+88	+40	
Average exchange rate	106	105	111	114	136	141	+25	+28	

Breakdown of the Changes in Net Sales (YoY)

(JPY billion)

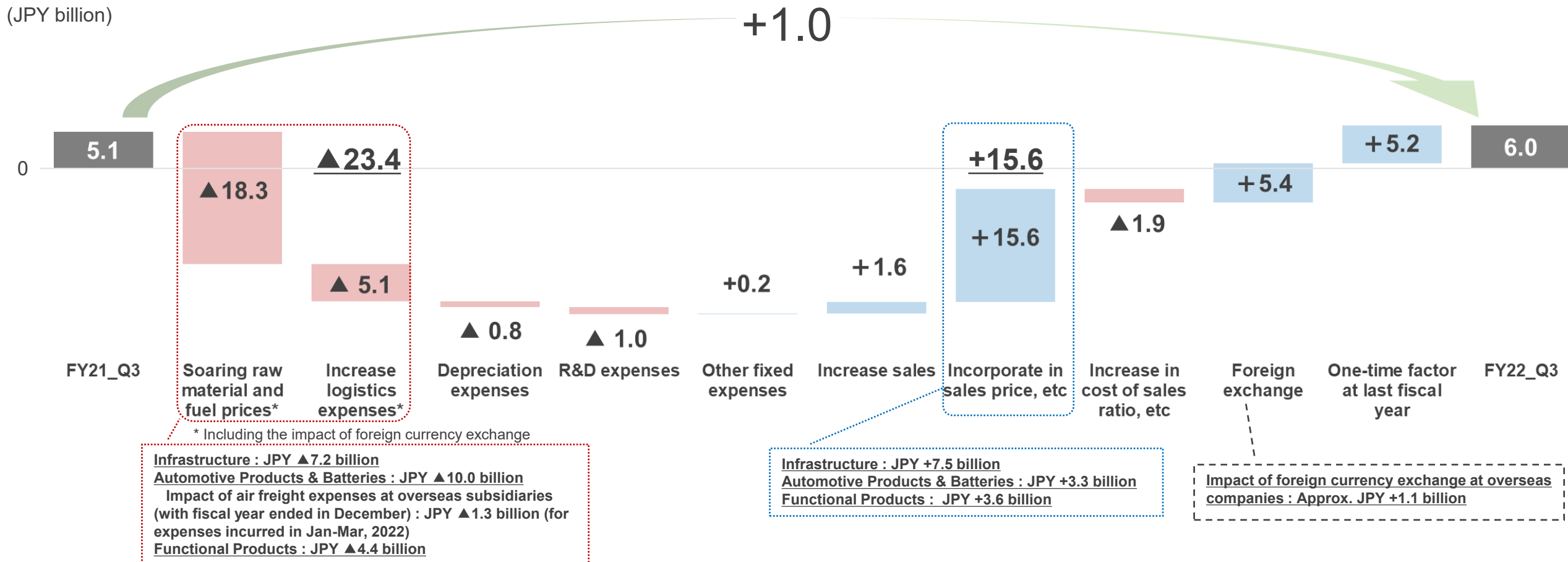


* Impact of differences in fiscal year timing of overseas subsidiaries in the Automotive Products business

Breakdown of the Changes in Operating Income (YoY)

- Profit was increased due to progress of incorporation in sales price, impact of foreign exchange, and elimination of one-time factors at last fiscal year, despite soaring raw material and fuel prices, increased logistics expenses, and higher cost of sales ratio.
- In the Automotive Products business, invoicing the incurred expenses and incorporating in sales price remain ongoing. Improvements to the financial results will be realized mainly in Q4.

(JPY billion)



Revised FY2022 Full-year Forecasts

- Net sales and operating income have been revised down after incorporating the demand forecast and exchange rate fluctuations.
- Ordinary income and net income attributable to owners of the parent have also been revised.

(JPY billion, JPY/kg, JPY/USD)

	FY20 Results	FY21 Results	*FY22 Previous forecasts	FY22 Forecasts	YoY change	Change from previous forecasts	
	a	b	c	d	d-b	d-c	(Comparison with previous forecasts)
Net Sales	811.6	930.5	1,050.0	1,040.0	+109.5	▲ 10.0	Revised up: Electronics & Automotive Systems segment Revised down: Infrastructure and Functional Products segments
Operating income	8.4	11.4	22.5	15.0	+3.6	▲ 7.5	Revised down: Infrastructure, Electronics & Automotive Systems and Functional Products segments
Ordinary income	5.2	19.7	28.0	20.0	+0.3	▲ 8.0	Lower foreign currency gain following changes to the exchange rate assumptions
Net income attributable to owners of the parent	10.0	10.1	21.0	15.0	+4.9	▲ 6.0	—
Average copper price	770	1,136	1,128	1,202	(Q4 Assumption : 1,210)		<div style="border: 1px dashed gray; padding: 5px;"> <p>Previous forecasts</p> <p>Average copper price (Q3 - Q4 Assumption : 1,050)</p> <p>Average exchange rate (Q3 - Q4 Assumption : 140)</p> </div>
Average exchange rate	106	112	137	135	(Q4 Assumption : 130)		

*Announced on November 8, 2022

**Dividend for the fiscal year ending March 31, 2023 is unchanged
from the year-end dividend forecast of JPY 60 per share announced on May 12, 2022.**

FY2022 Full-year Forecasts – P/L Summary

(JPY billion, JPY/kg, JPY/USD)

	FY20 Results	FY21 Results	*FY22 Previous forecasts	FY22 Forecasts	YoY change	Change from previous forecasts
	a	b	c	d	d-b	d-c
Net sales	811.6	930.5	1,050.0	1,040.0	+109.5	▲ 10.0
Operating income	8.4	11.4	22.5	15.0	+3.6	▲ 7.5
(Margin)	1.0%	1.2%	2.1%	1.4%	+0.2	▲ 0.7
Profit/loss in equity method affiliates	▲ 0.9	9.0	—	—	—	—
Foreign exchange gain/loss	0.5	1.5	—	—	—	—
Ordinary income	5.2	19.7	28.0	20.0	+0.3	▲ 8.0
(Margin)	0.6%	2.1%	2.7%	1.9%	▲ 0.2	▲ 0.7
Extraordinary income/loss	16.1	0.8	7.9	8.5	+7.7	+0.6
Income taxes	▲ 9.2	▲ 7.2	—	—	—	—
Net income attributable to non-controlling interests	▲ 2.1	▲ 3.1	—	—	—	—
Net income attributable to owners of parent	10.0	10.1	21.0	15.0	+4.9	▲ 6.0
(Margin)	1.2%	1.1%	2.0%	1.4%	+0.4	▲ 0.6
Average copper price	770	1,136	1,128	1,202	(Q4 Assumption : 1,210)	
Average exchange rate	106	112	137	135	(Q4 Assumption : 130)	

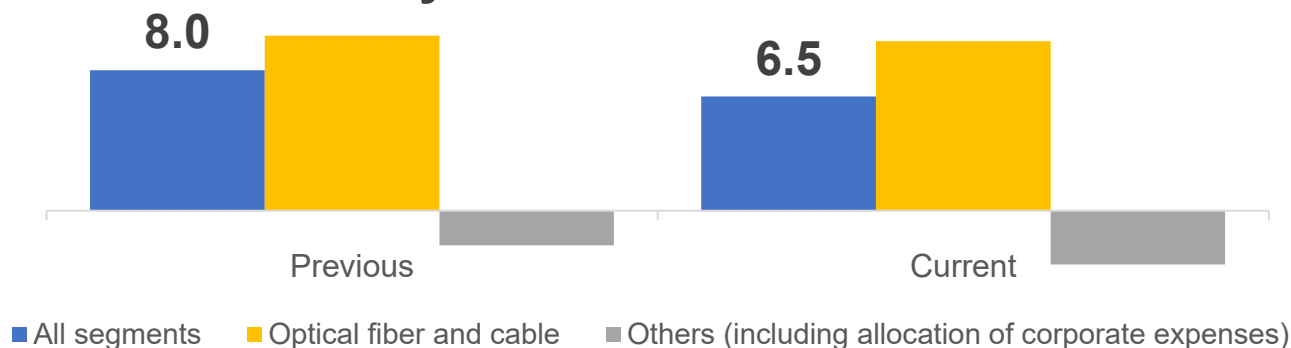
*Announced on November 8, 2022

Revised FY2022 Full-year Forecasts (Operating income)

- Compared to the previous forecast, Infrastructure, Electronics & Automotive Systems and Functional Products segments have been revised down.

		(JPY billion)		Main revisions
Infrastructure	Communications Solutions	Previous 8.0	Current 6.5	<ul style="list-style-type: none"> (-) Impact of foreign currency exchange (yen appreciation compared to the previous forecasts) (-) Delays to the projects of networking related products in Japan due to difficulty procuring semiconductors
	Energy Infrastructure	(No change)		
Electronics & Automotive Systems	Automotive Products & Batteries	(No change)		
	Electronics Component Materials	4.0	3.5	<ul style="list-style-type: none"> (-) Lower demand for in-vehicle and electronics products
Functional Products		8.5	3.5	<ul style="list-style-type: none"> (-) Declining global demand for smartphones, PCs and data centers in China and other countries (-) Sudden and prolonged inventory adjustment by customers and its prolongation (-) Impact of foreign currency exchange (yen appreciation compared to the previous forecasts)

■ Revised Full-year Forecasts



(Revisions)

- Impact of foreign currency exchange (yen appreciation)
: Mainly optical fiber & cable and FITEL products business
- Delays to the projects of networking related products in Japan due to difficulty procuring semiconductors

Response to the issue for networking related products

Further expansion of impact of the difficulty procuring semiconductors and soaring costs



Secure semiconductors
Shift to new models and make design changes



H2 profit will fall below the forecast

Issue

Difficulty procuring semiconductors used as a component

Unanticipated delays in product delivery lead time have occurred, and the impact is expected to be prolonged

Soaring prices

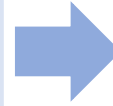
Response

- Secure strategic inventory by understanding procurement lead time and procuring in installments based on long-term advance orders
- Reduce the risk by shifting to new models and making design changes
- Expand the procurement routes and secure alternate materials and components

- Incorporate in the sales price
Already incorporated in the sales price for some products. Continued further price shifting

Functional Products : Response to the issues

- Declining global demand for smartphones, PCs and data centers in China and other countries
- Sudden and prolonged inventory adjustments by customers



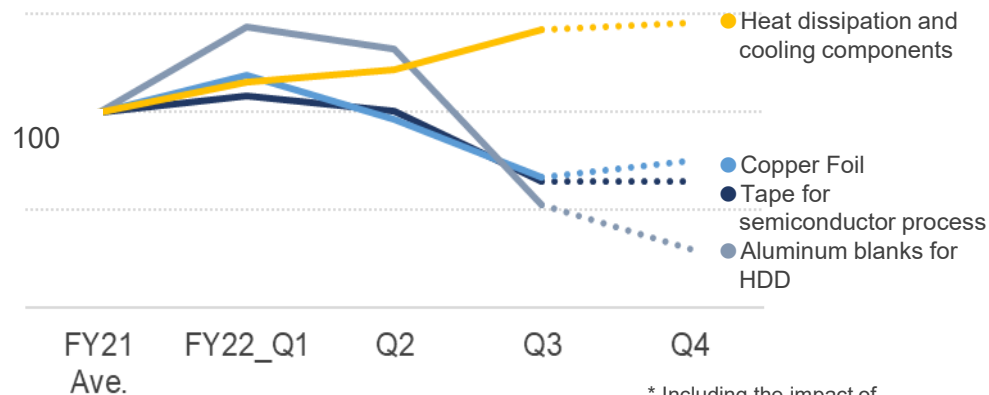
Expect to eliminate excess inventory in the supply chain and recovery in demand for smartphones, PCs, etc. from FY23Q2

Issue

Fewer orders due to rapidly declining demand

Sharp decline in orders for high value-added products

Net sales of the main products*
(FY21 average = 100)

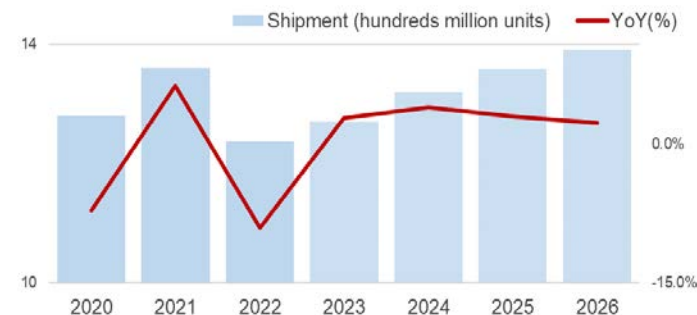


* Including the impact of foreign currency exchange

Response

- Temporarily halt production and limit business expenses
- Continue the activities aimed at satisfying the specifications for new customers
- Enhance communication with customers directed at grasping the inventory status within the supply chain
- Production related responses for when demand rapidly recovers
- Continue the negotiations aimed at incorporating the costs in the sales price

Global Smartphone Shipment Forecast



Although there will be a temporary decline in 2022, market growth will gradually return from the next fiscal year

(Estimate by Furukawa Electric)

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Net Sales and Operating Income by Segment (Q3 Cumulative)

(JPY billion)

	Net sales				Operating income			
	FY20	FY21	FY22	YoY	FY20	FY21	FY22	YoY
	a	b	c	c-b	d	e	f	f-e
Infrastructure	185.3	217.3	238.2	+20.9	▲ 3.7	2.3	3.6	+1.3
Communications Solutions	113.4	139.8	159.2	+19.4	▲ 1.6	1.5	2.9	+1.4
Energy infrastructure	71.9	77.5	79.0	+1.5	▲ 2.1	0.8	0.7	▲ 0.1
Electronics & Automotive Systems	290.1	353.7	444.7	+91.0	0.6	▲ 2.1	▲ 1.1	+1.0
Automotive Products & Batteries	156.2	172.4	241.4	+69.0	0.4	▲ 5.7	▲ 4.0	+1.6
Electronics Component Materials	133.8	181.2	203.3	+22.0	0.2	3.6	2.9	▲ 0.6
Functional Products	83.8	98.0	101.2	+3.2	3.7	5.9	5.2	▲ 0.7
Service and Developments, etc.	29.3	26.9	22.1	▲ 4.8	▲ 1.4	▲ 1.0	▲ 1.6	▲ 0.6
Elimination of intra-company transactions	▲ 25.4	▲ 24.9	▲ 20.3	+4.7	0.1	▲ 0.1	▲ 0.0	+0.1
Total	563.0	670.9	785.9	+115.0	▲ 0.7	5.1	6.0	+1.0

Net Sales and Operating Income by Segment (Full-year forecasts)

(JPY billion)

	Net sales						Operating income					
	FY20	FY21	*FY22 Previous Forecasts	FY22	YoY	Change from previous forecasts	FY20	FY21	*FY22 Previous Forecasts	FY22	YoY	Change from previous forecasts
	a	b	c	d	d-b	d-c	e	f	g	h	h-f	h-g
Infrastructure	259.2	297.0	345.0	335.0	+38.0	▲ 10.0	▲ 2.1	5.2	9.5	8.0	+2.8	▲ 1.5
Communications Solutions	158.3	191.3	230.0	220.0	+28.7	▲ 10.0	▲ 0.2	3.8	8.0	6.5	+2.7	▲ 1.5
Energy infrastructure	100.9	105.7	115.0	115.0	+9.3	-	▲ 1.9	1.4	1.5	1.5	+0.1	-
Electronics & Automotive Systems	433.0	500.7	575.0	590.0	+89.3	+15.0	5.9	0.1	7.0	6.5	+6.4	▲ 0.5
Automotive Products & Batteries	235.1	249.9	305.0	330.0	+80.1	+25.0	5.0	▲ 4.6	3.0	3.0	+7.6	-
Electronics Component Materials	198.0	250.8	270.0	260.0	+9.2	▲ 10.0	0.9	4.8	4.0	3.5	▲ 1.3	▲ 0.5
Functional Products	114.7	130.0	140.0	125.0	▲ 5.0	▲ 15.0	6.3	7.6	8.5	3.5	▲ 4.1	▲ 5.0
Service and Developments, etc.	38.7	34.5	30.0	30.0	▲ 4.5	-	▲ 1.7	▲ 1.4	▲ 2.5	▲ 2.5	▲ 1.1	-
Elimination of intra-company transactions	▲ 34.0	▲ 31.6	▲ 40.0	▲ 40.0	▲ 8.4	-	0.1	▲ 0.1	0.0	▲ 0.5	▲ 0.4	▲ 0.5
Total	811.6	930.5	1,050.0	1,040.0	+109.5	▲ 10.0	8.4	11.4	22.5	15.0	+3.6	▲ 7.5

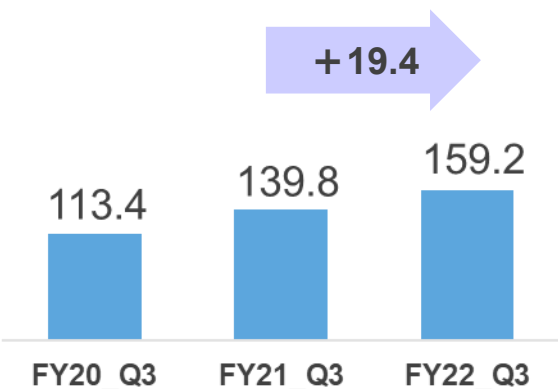
*Announced on November 8, 2022

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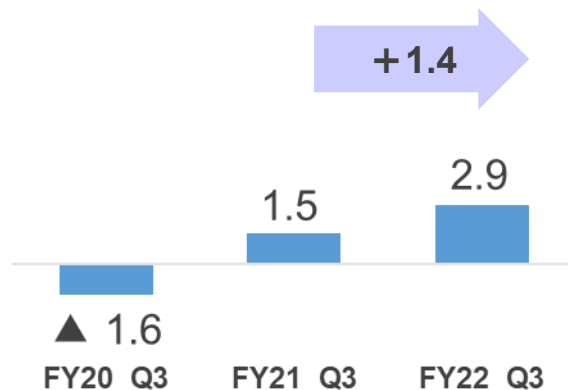
1-(1) Infrastructure (Communications Solutions)

FY22_Q3 Results

Net sales
(JPY billion)

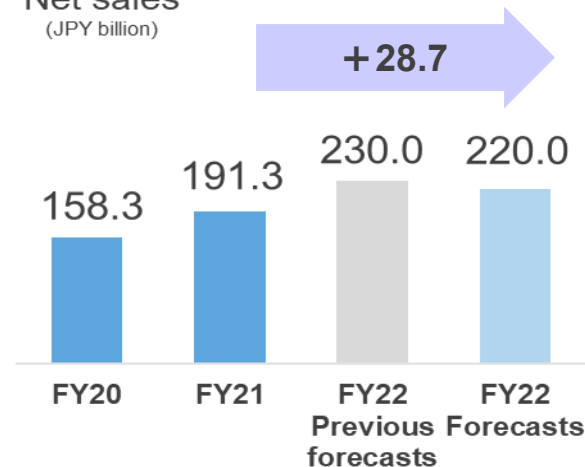


Operating income
(JPY billion)

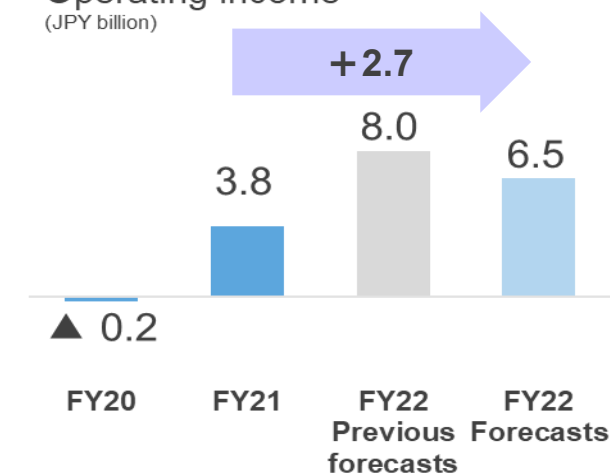


FY22_Full-year forecasts

Net sales
(JPY billion)



Operating income
(JPY billion)



[Q3 Operating income compared to last year]

- (+) Increased optical cable and networking systems revenue in the Americas (higher ratio of high value-added products)
- (+) Incorporated the soaring raw material and fuel prices in the sales price
- (+) Increased optical cable productivity in North America
- (+) Impact of foreign currency exchange (yen depreciation)
- (-) Raw material and fuel prices continue to soar
- (-) Lower revenue from networking related products in Japan due to difficulty procuring semiconductors and soaring prices
- (-) Lower optical cable sales to Europe due to the situation involving Russia and Ukraine

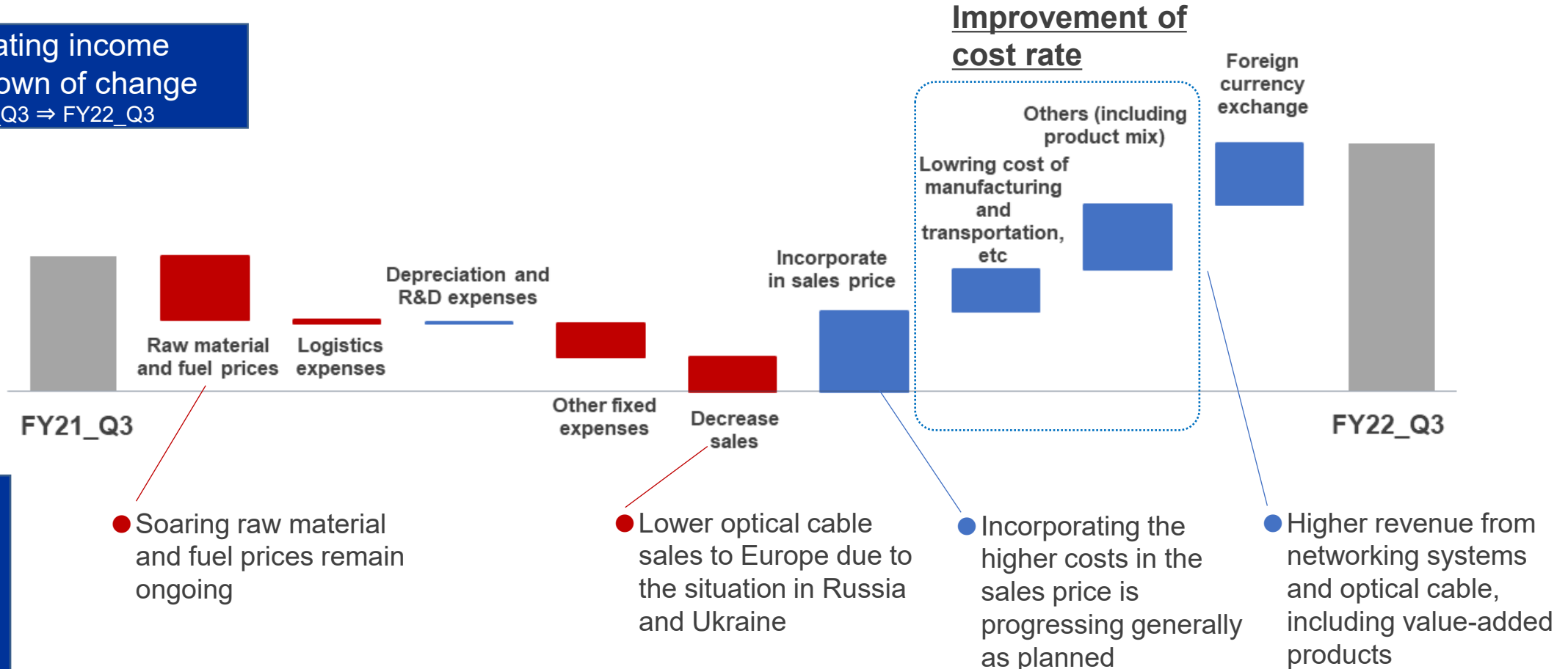
[Full year forecasts]

- Impact of foreign currency exchange (yen appreciation compared to the previous forecasts)
- Delays will likely occur to the projects of networking related products in Japan due to the difficulty procuring semiconductors
- Optical fiber and cable demand is expected to remain strong in the Americas
- Specialty fibers (for industrial and medical applications) will also be strong
- Increased optical fiber and cable production volumes in North America through improvements to productivity
- Further incorporate the soaring raw material and fuel prices in the sales price
- Focusing on the economic outlook in Brazil following the presidential election

1-(1) Infrastructure (Communications Solutions) : Optical fiber and cable business

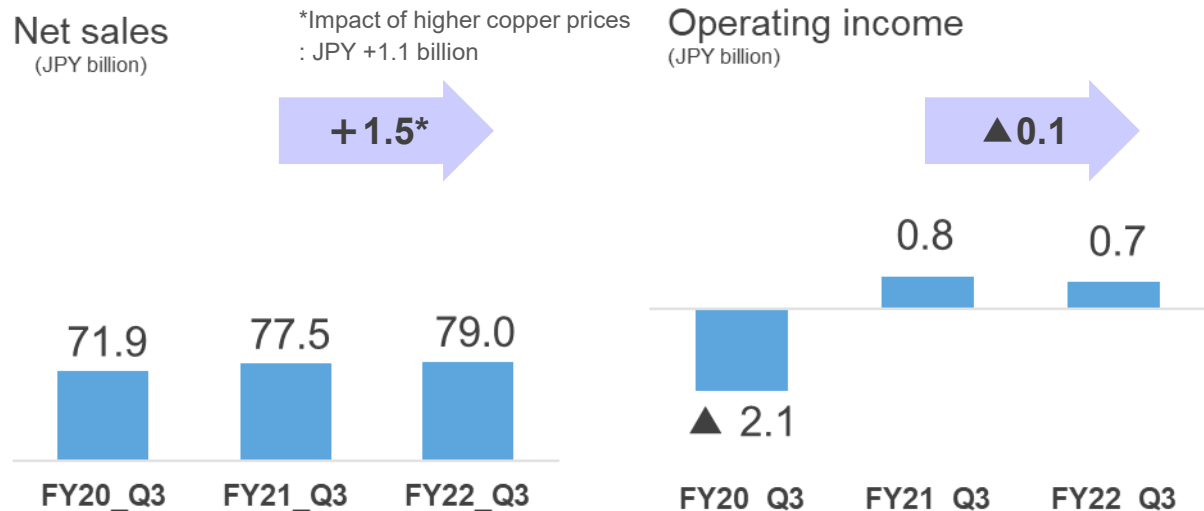
- Increased profit through incorporating the costs in the sales price and improvements to the product mix and productivity.

Operating income Breakdown of change FY21_Q3 ⇒ FY22_Q3

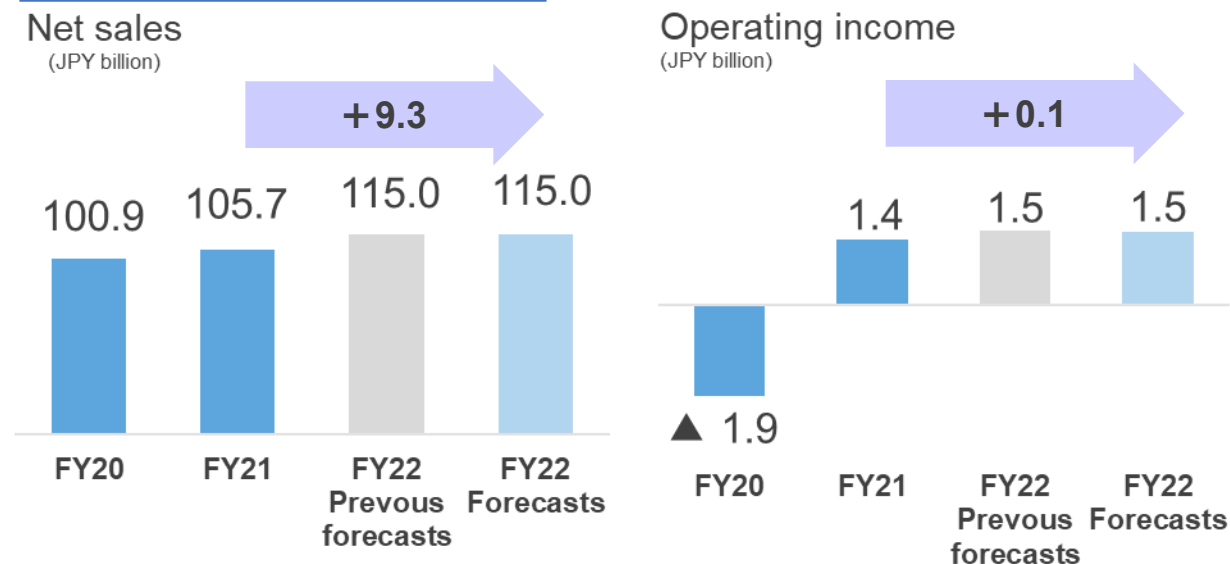


1-(2) Infrastructure (Energy Infrastructure)

FY22_Q3 Results



FY22_Full-year forecasts



[Q3 Operating income compared to last year]

- (-) Delays to customer construction projects and lower operating levels at the subsidiary in China due to the COVID-19 lockdowns in China
- (-) Increased depreciation expenses
- (+) Underground cable projects in Japan and transmission components were steady

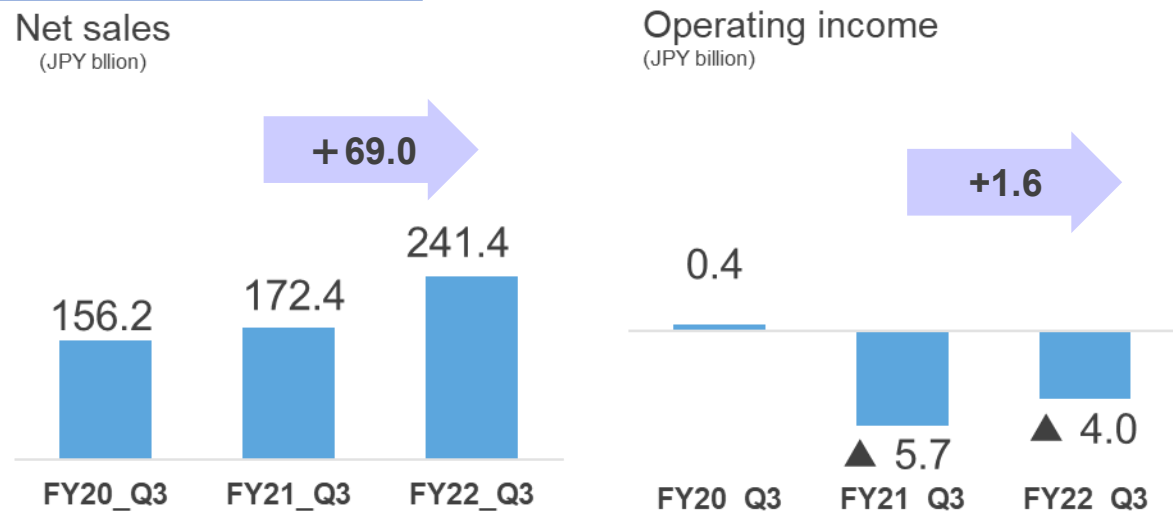
[Full year forecasts]

- Expect progress as planned in underground cable, submarine cable and water pipe projects in Japan
- Delays to customer construction projects in China caused by COVID-19 will have an impact
- Realize the benefits from incorporating the soaring raw material and fuel costs in the sales price

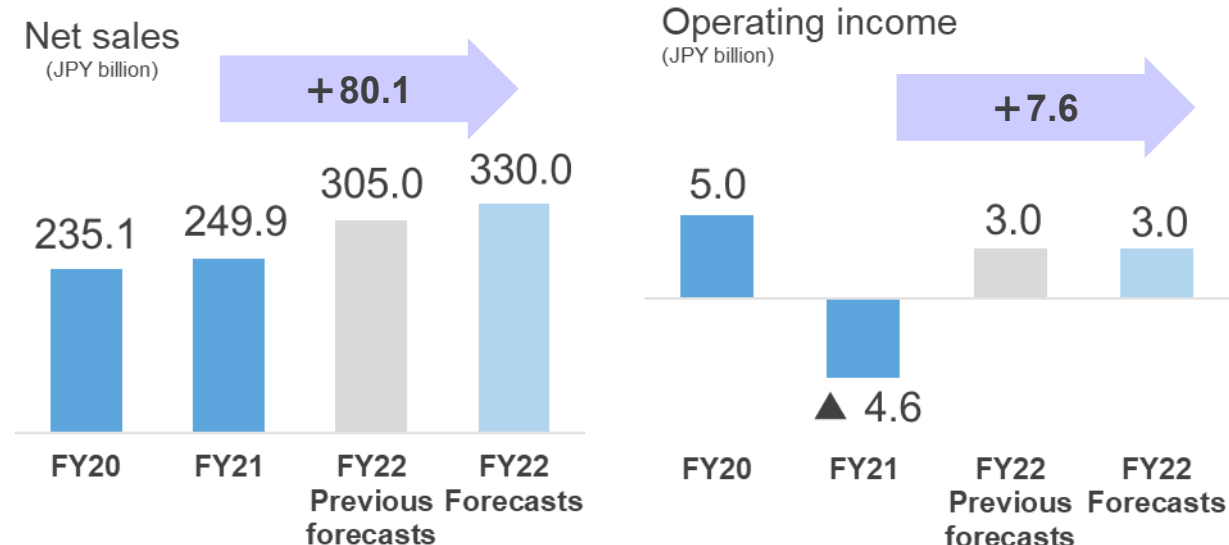
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2-(1) Electronics & Automotive Systems (Automotive Products & Batteries)

FY22_Q3 Results



FY22_Full-year forecasts



[Q3 Operating income compared to last year]

- (+) Differences in the product mix (wire harnesses for new vehicle models)
- (+) Eliminated the one-time expenses that occurred in FY21Q3 (BCM expenses, emergency air freight expenses, etc.)
- (-) Soaring raw material and fuel prices
- (-) Higher cost rate caused by the lockdowns in China and changes in customers' production plans (mainly personnel expenses)
- (-) Impact of the air freight expenses (incurred in Q1) arising due to differences in the fiscal year timing at overseas subsidiaries (with a fiscal year ended in December)

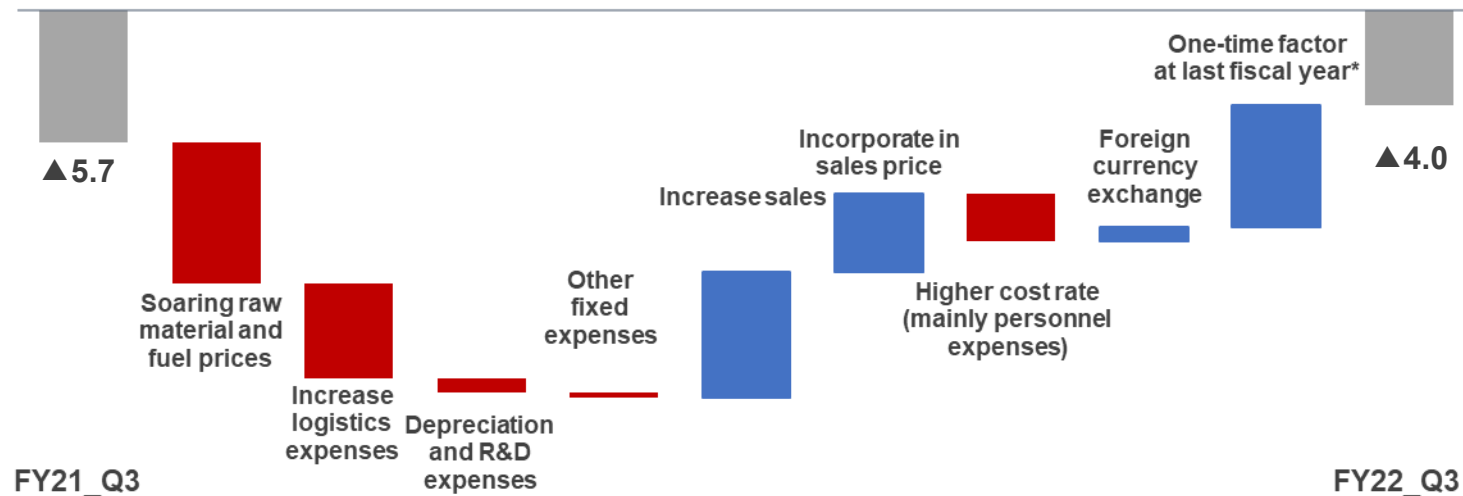
[Full year forecasts]

- Expect increased net sales and improved cost rate
- Progress will be made in recovering the incurred expenses and incorporating the soaring raw material and fuel costs and higher logistics expenses in the sales price
- Impact of COVID-19 at the production facilities in China
- Unification of accounting period (from December to March) at the major overseas subsidiaries (5 companies in Vietnam and the Philippines)
- Batteries business will be impacted by soaring raw material and fuel prices

- Made progress in the negotiations for incorporating the soaring raw material and fuel prices and higher logistics expenses in the sales price.
- Personnel expense ratio rose due to the impact of COVID-19 in China and changes to customers' production plans.

Operating income Breakdown of change FY21_Q3 ⇒ FY22_Q3

(JPY billion)



Issues

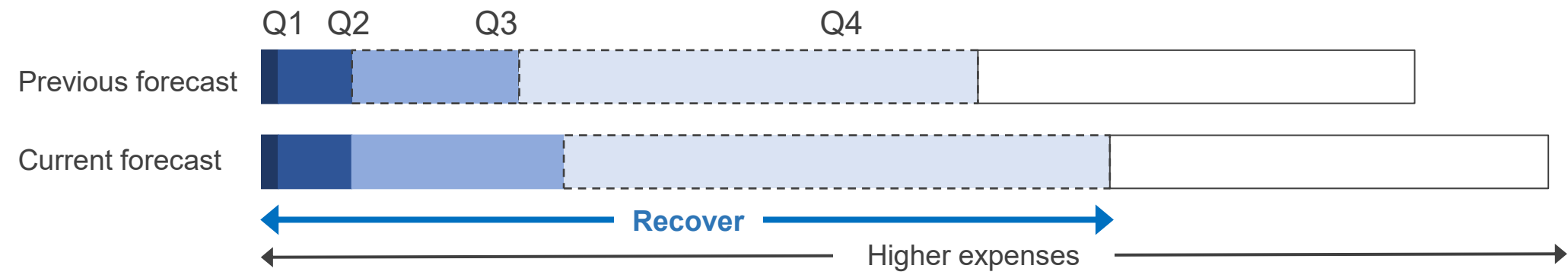
- Soaring raw material and fuel prices and higher logistics expenses
- Higher cost rate (Mainly personnel expenses)
- Longer logistics lead times
- Persistently high inventory levels

* Higher BCM expenses and emergency air freight expenses caused by lockdowns at several locations in Southeast Asia

2-(1) Electronics & Automotive Systems (Automotive Products & Batteries) : Response to the issues and status of progress

Issue	Response	Status of progress
Soaring raw material and fuel prices and higher logistics expenses	Incorporate the higher costs in the sales price (application of market based pricing) Discuss and negotiate with customers <hr/> Invoice the expenses incurred due to changes to the production plan by the customer	<ul style="list-style-type: none"> • Incorporating the higher costs in the sales price is progressing generally as planned, including retroactively applying the revised prices to the beginning of the fiscal year • Although additional expenses have been incurred, the recovery ratio remains unchanged from the previous forecast (Currently discussing and negotiating with customers) <hr/> <ul style="list-style-type: none"> • Air freight and warehouse expenses : Already reached agreement with customers that is incurred (Applicable from Q1)
Higher cost rate (Mainly personnel expenses)	Respond in accordance with the changes to the production plan <hr/> Hire and train personnel in preparation for increased production	<ul style="list-style-type: none"> • In addition to preparations for increased production, the labor cost ratio rose due to changes in customers' production plans, but gradually improved <hr/> <ul style="list-style-type: none"> • Productivity is gradually increasing as a result of securing skilled workers and enhancing training

Forecast for incorporating the higher costs in the sales price and recovering incurred expenses



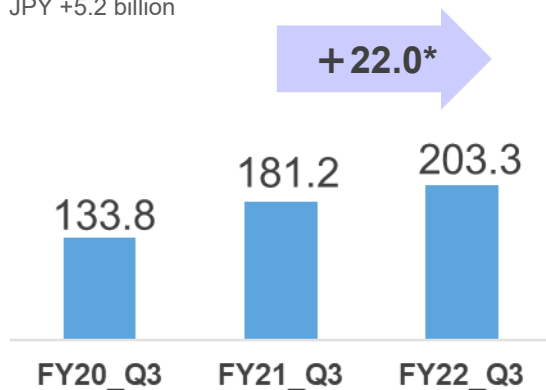
2-(2) Electronics & Automotive Systems (Electronics Component Materials)

FY22_Q3 Results

Net sales

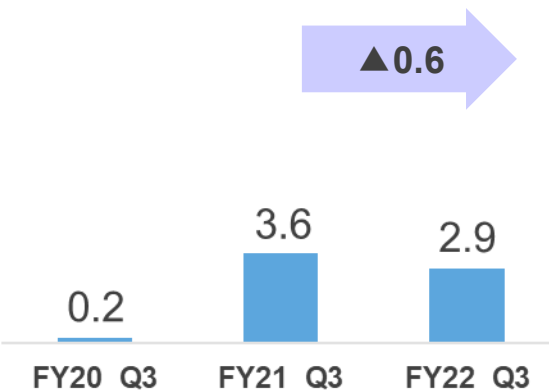
(JPY billion)

*Impact of higher copper prices:
JPY +5.2 billion



Operating income

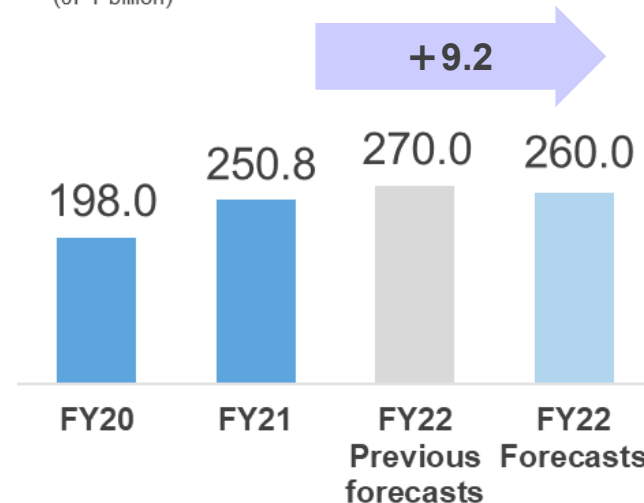
(JPY billion)



FY22_Full-year forecasts

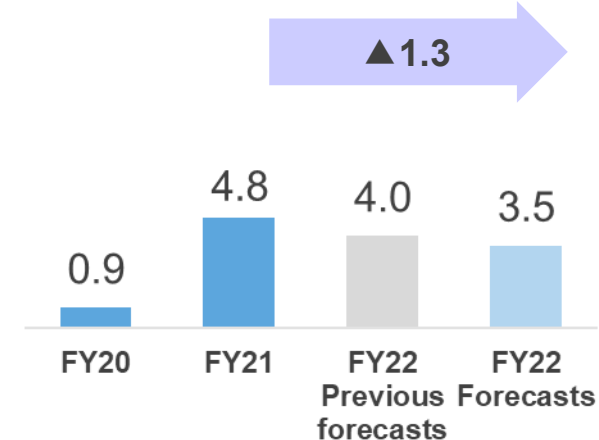
Net sales

(JPY billion)



Operating income

(JPY billion)



[Q3 Operating income compared to last year]

- (-) Lower demand for in-vehicle and electronics products
- (-) Soaring raw material and fuel prices and higher logistics expenses
- (+) Incorporate the soaring raw material and fuel prices and higher logistics expenses in the sales price

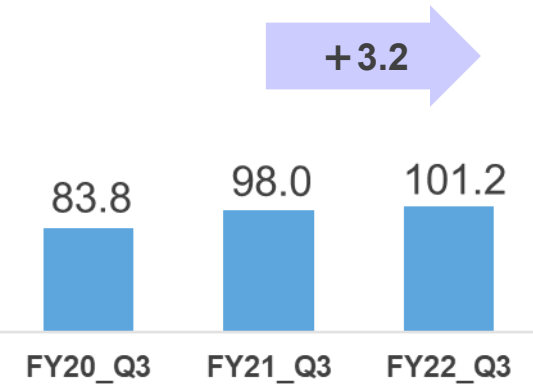
[Full year forecasts]

- Weak demand for in-vehicle and electronics products
- Demand for communications infrastructure and power semiconductor products is expected to be steady
- Further incorporate the higher costs in the sales price and improve the product mix

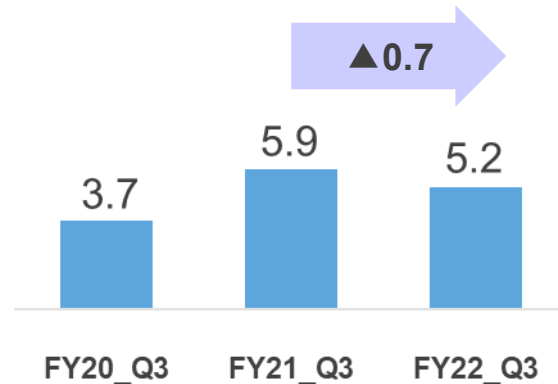
3 Functional Products

FY22_Q3 Results

Net sales
(JPY billion)

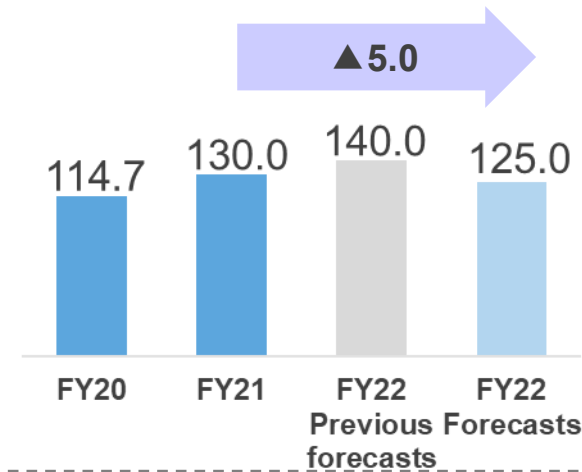


Operating income
(JPY billion)

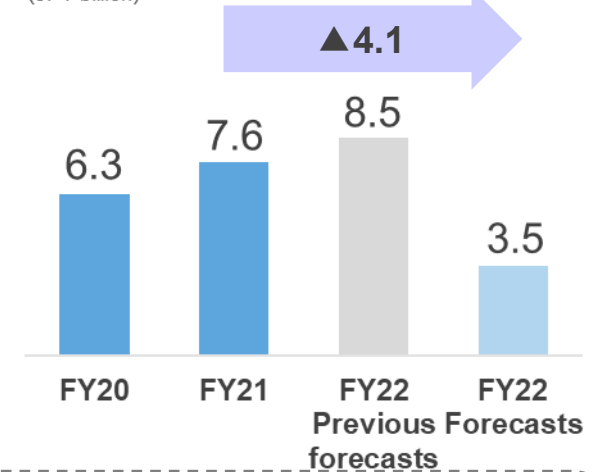


FY22_Full-year forecasts

Net sales
(JPY billion)



Operating income
(JPY billion)



[Q3 Operating income compared to last year]

- (-) Decline global demand for smartphones, PCs and data centers in China and other countries from the second half of Q2
- (-) Rapid and prolonged inventory adjustments in the supply chain
- (-) Soaring raw material and fuel prices and logistics expenses
- (+) Incorporated the soaring raw material and fuel prices in the sales price
- (+) Impact of foreign currency exchange (yen depreciation)

[Full year forecasts]

- Demand noticeably declined from the second half of Q2 due to the start of customer inventory adjustments caused by the impact of the recession in China, global economic slowdown following global inflation and soaring raw material and fuel prices and the worldwide difficulty securing semiconductors
- Impact of customer inventory adjustments will be larger than expected in tape for semiconductor process, aluminum blanks and copper foil
- Impact of foreign currency exchange (yen appreciation compared to the previous forecasts)

※ Following the sale of shares of TOTOKU ELECTRIC CO., LTD., the company will no longer be a consolidated subsidiary from Q4

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FY2022 Q3 Results – B/S Summary

※ Following the sale of shares of TOTOKU ELECTRIC CO., LTD., the company was no longer be a consolidated subsidiary from the end of Q3

(JPY billion)

	End of FY21Q4	End of FY22Q3	Change
	a	b	b-a
Current assets	503.0	515.8	+12.8
Cash and bank deposits	65.2	58.4	▲ 6.8
Notes and accounts receivable trade	230.3	223.4	▲ 6.9
Inventories	164.1	193.3	+29.2
Non-current assets	432.9	446.8	+13.9
Tangible fixed assets	260.2	267.1	+6.9
Intangible fixed assets	20.5	19.7	▲ 0.8
Investments and other assets	152.2	160.0	+7.8
Total Assets	935.9	962.5	+26.7
Current liabilities	379.7	408.4	+28.7
Non-current liabilities	242.1	229.8	▲ 12.3
Total Liabilities	621.8	638.2	+16.4
Shareholders' equity	266.0	275.1	+9.1
Accumulated other comprehensive income	13.2	22.2	+9.0
Net income attributable to non-controlling interests	34.8	27.1	▲ 7.7
Total Net assets	314.1	324.4	+10.3
Total Liabilities and Net assets	935.9	962.5	+26.7
Interest-bearing liabilities	342.1	347.3	+5.2
Capital ratio	29.8%	30.9%	+1.1
NET D/E ratio	1.0	1.0	▲ 0.0

Inventories : Increased by JPY 29.2 billion (including the impact of foreign currency exchange and copper prices JPY +6.7 billion)

- Strategic inventory +22.3 billion (Temporary increase in inventories to prepare for changes in the business environment and for periodic repairs of some facilities)
- Improvement of external factors such as lockdown : JPY ▲ 5.7 billion

Property, plant and equipment & Intangible assets Increased by JPY 6.1 billion

- Impact of CAPEX and depreciation : JPY ▲ 2.5 billion
- Application of the new lease accounting standard at affiliates adopting US GAAP : JPY +6.6 billion
- Impact of foreign currency exchange : JPY +11.6 billion

Total assets : Increased by 26.7 billion

- Impact of foreign currency exchange: JPY +39.7 billion
- Impact of new consolidation: JPY +5.5 billion
- Application of the new lease accounting standard at affiliates adopting US GAAP: JPY +6.6 billion
- Impact of the sale of shares of TOTOKU ELECTRIC CO., LTD. : JPY ▲ 26.0 billion (Current assets JPY ▲ 15.7 billion, Non-current assets JPY ▲ 10.3 billion)

Other comprehensive income : Increased by 9.0 billion

- Foreign currency translation adjustments : +13.9 billion (impact of yen depreciation)

Net interest bearing debt : Increased by JPY 11.9 billion (JPY 277.0 billion→ JPY 288.9 billion)

FY2022 Q3 Results and Full-year Forecasts

CAPEX, Depreciation & Amortization and R&D Expenses

■ Full-year CAPEX forecast has been revised lower.

(JPY billion)

	FY20 Q3 Results	FY21 Q3 Results	FY22 Q3 Results	YoY change	*FY22 Previous Forecasts	FY22 Forecasts	Change from previous forecasts
	a	b	c	c-b	d	e	e-d
CAPEX	28.2	24.8	26.0	+1.2	47.0	43.0	▲ 4.0
Depreciation and amortization	24.0	25.6	28.5	+2.9	38.0	39.0	+1.0
R&D expenses	15.5	15.6	17.9	+2.3	25.0	25.0	—

(Comparison with previous forecasts)

Decrease: Revise CAPEX execution timing based on market trends
Limit expenditures by revising the design specifications

Increase: Unification of accounting period (from December to March) at overseas subsidiaries in the automotive products business

*Announced on November 8, 2022

- The timing of the demand recovery is expected to remain uncertain due in part to the semiconductor shortages, impact of COVID-19 and inventory adjustments within the supply chain, but improvements will be made to operating profit in each segment by rapidly and accurately responding to the changes in the external environment.

FY2023 image of operating income

Units : JPY billion		FY21 Results	FY22 Forecasts	FY23 Forecasts	Remarks
Segment	Sub-segment				
Infrastructure	Communications Solutions	3.8	6.5		Steadily capture the demand mainly in the North America Increase sales of high value-added optical fiber and cable products
	Energy Infrastructure	1.4	1.5		Impact of COVID-19 will diminish in China Definitely capture the demand for underground and submarine cable projects in Japan and overseas Increase sales of power supply products (power cable and components) for renewable energy and data centers
Electronics & Automotive Systems	Automotive Products & Batteries	▲4.6	3.0		Recovery is expected in the second half of the year or later due to the continuing impact of the semiconductor shortage Increase in sales volume and productivity
	Electronics Component Materials	4.8	3.5		Recovery in the demand for in-vehicle and electronics products will occur from H2
Functional Products		7.6	3.5		Elimination of the excess inventory in the supply chain and recovery in the smartphones and PCs are expected to occur from Q2

Thank you very much
for your attention



Appendix Segments and Business Divisions

Segment	Sub-segment	Business Division
Infrastructure	Communications Solutions	Optical Fiber and Cable Products
		FITEL Products
		Broadband Solutions Business
	Energy Infrastructure	Power Cable
Industrial Cable & Power Cable Accessories		
Electronics & Automotive Systems	Automotive Products & Batteries	Automotive Products
		Batteries
	Electronics Component Materials	Electric Conductor (including fine magnet wire)
		Copper & High Performance Material Products
Functional Products	AT & Functional Plastics	
	Thermal Management Solution & Products	
	Memory Disk	
	Copper Foil	
Service and Developments, etc.		