

Furukawa Electric Group

FY2023 Q2 Financial Results

November 9, 2023

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Furukawa Electric Co., Ltd.

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FURUKAWA ELECTRIC CO., LTD.

FY2023 H1 financial results and FY2023 full-year forecasts

Today's Agenda

- FY2023 H1 financial results highlights
- Revised FY2023 full-year forecasts
- Status of the optical fiber & cable business and initiatives for reform
- Management focused on capital efficiency
- Key domains for achieving Vision 2030
- FY2023 H1 results - P/L summary
- FY2023 full-year forecasts - P/L summary
- Net sales and operating Income by segment (FY2023 H1 results)
- Net sales and operating income by segment (FY2023 full-year forecasts)
- FY2023 H1 results - B/S summary
- Results and future outlook of inventory
- CAPEX, depreciation & amortization and R&D expenses

Appendix

FY2023 H1 financial results and full-year forecasts

FY2023 H1 financial results highlights

- Both sales and profits decreased year-on-year, mainly due to a large decline in the Communications Solutions business.

(JPY billion, JPY/kg, JPY/USD)	FY22_H1 Results*	FY23_H1 Results	YoY change	(Comparison with last year)
	a	b	b-a	
Net Sales	524.5	503.1	(21.4)	【Higher sales】 Electronics & Automotive Systems (Automotive Products & Batteries) 【Lower sales】 Infrastructure, Electronics & Automotive Systems (Electronics Component Materials), Functional Products
Operating income	4.6	(4.6)	(9.2)	【Increased profit】 Electronics & Automotive Systems (Automotive Products & Batteries) 【Decreased profit】 Infrastructure, Electronics & Automotive Systems (Electronics Component Materials), Functional Products
Ordinary income	12.1	(3.6)	(15.7)	
Net income attributable to owners of the parent	6.3	(4.1)	(10.5)	
Average copper price	1,205	1,241		
Average exchange rate	134	141		

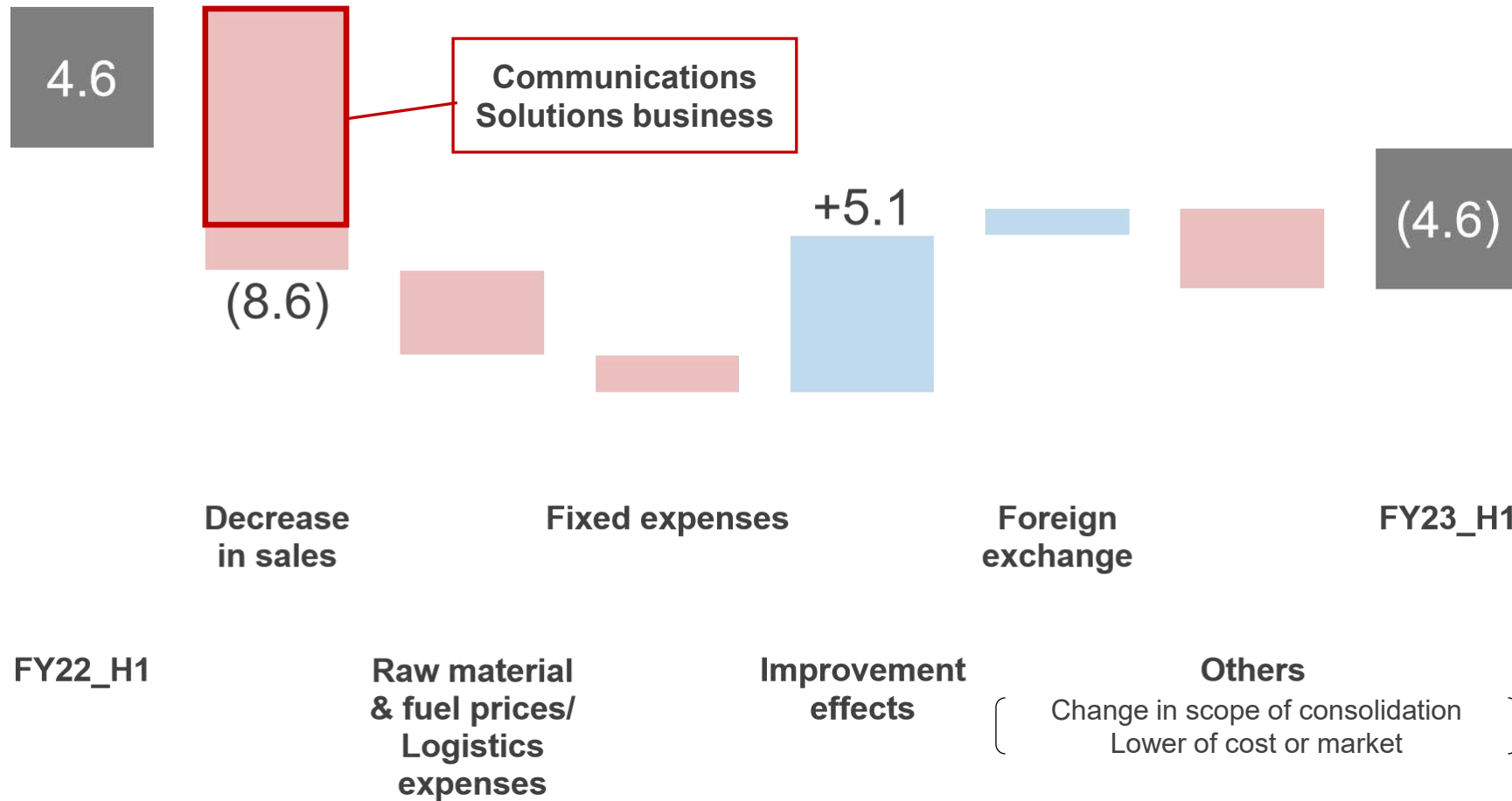
*Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

FY2023 H1 financial results highlights

Breakdown of changes in operating income

- Profit declined mainly due to a decrease in sales in the Communications Solutions business, despite the effects of optimization of sales prices and improvements in productivity and product mix.

(JPY billion)



Revised FY2023 full-year forecasts

■ Sales declined due to worse than expected cutbacks in investment by customers and prolonged inventory adjustments in the Communications Solutions business. Accordingly, full-year forecasts for each stage profit and loss were revised downward.

(JPY billion, JPY/kg, JPY/USD)	FY22 Results* ¹	FY23 Previous forecasts* ²	FY23 Forecasts	YoY change	Change from previous forecasts	
	a	b	c	c-a	c-b	(Comparison with previous forecasts)
Net Sales	1,066.3	1,100.0	1,040.0	(26.3)	(60.0)	【Upward revision】 Electronics & Automotive Systems 【Downward revision】 Infrastructure, Functional Products
Operating income	15.4	24.0	5.0	(10.4)	(19.0)	【Upward revision】 Electronics & Automotive Systems, Functional Products 【Downward revision】 Infrastructure
Ordinary income	17.3	23.0	4.0	(13.3)	(19.0)	Operating income declined
Net income attributable to owners of the parent	15.9	13.0	0.0	(15.9)	(13.0)	Extraordinary income increased
Average copper price	1,209	1,180	1,191	(19)	+11	
Average exchange rate	135	130	141	+5	+11	

*²Announced on May 11, 2023

The year-end dividend forecast of JPY60 per share announced on May 11, 2023 has been left unchanged.

*¹ Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

Revised FY2023 full-year forecasts

Operating income by segment

- Automotive Products & Batteries and Functional Products are better performance than expected
- Communications Solutions, Energy Infrastructure and Electronics Component Materials are downside

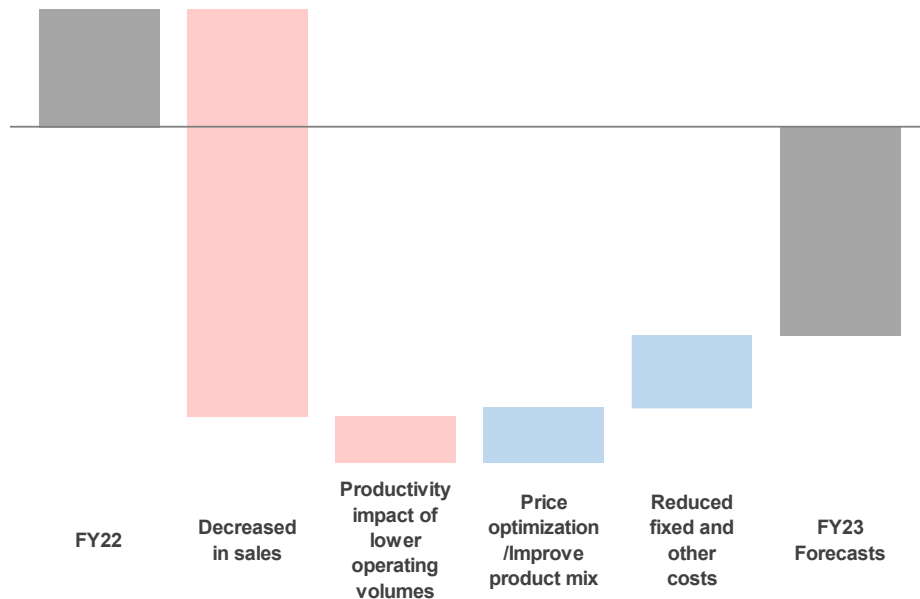
(JPY billion)		FY22 Results	*FY23 Previous forecasts				YoY	Change from previous forecast	Situation
Segments	Sub-segments			H1 Results	H2 Forecasts	FY23 Forecasts			
Infrastructure	Communications Solutions	6.5	8.0	(6.0)	(6.5)	(12.5)	(19.0)	(20.5)	In the optical fiber & cable business, demand in North and Latin America remained sluggish
	Energy Infrastructure	2.1	2.0	(2.6)	3.6	1.0	(1.1)	(1.0)	Large-scale submarine cable projects will be delayed from next fiscal year onward, but other domestic projects will be firm
Electronics & Automotive Systems	Automotive Products & Batteries	1.5	8.5	2.3	9.2	11.5	+10.0	+3.0	Recovery accelerated
	Electronics Component Materials	3.2	4.0	0.6	1.9	2.5	(0.7)	(1.5)	Continued slow recovery in the electronics market
Functional Products		4.2	4.0	2.1	2.9	5.0	+0.8	+1.0	AI related business continued to perform well, but other businesses were slow to recover

*Announced on May 11, 2023

Status of the optical fiber & cable business and initiatives for reform

- Lower sales due to sluggish demand in the Americas
→ Continue price optimization and reducing fixed and other costs
- Growth of telecommunications traffic-Market in the Mid term is certain
(pay close attention to the recovery period)
- Accelerate the shift to networking systems and high-value-added products

Breakdown of the changes in operating income (FY22 results vs FY23 forecasts)



Ongoing initiatives

Reduced fixed and other costs and improved productivity

- Consolidation and closure of low-profit bases
- Consolidation of operating areas and development of manufacturing system for recovery of demand (compatibility of reduction of fixed costs and human resource risk)
- Utilization of DX and IoT

Higher margins due to improved product mix

- Expand solution portfolio (networking system)
- Expansion of production capacity for rollable ribbon cable
- Specialty optical fibers focus on three markets: Aircraft and Defense, Medical, and Communications
- Expansion of customer base on the submarine line and development and mass production of next-generation products

Preparation of revenue opportunity

- Expand customer base mainly in North America (FTTH, DC)
- Response to orders for BEAD* program

* Broadband Equity Access and Deployment Program

■ Implementing business portfolio transformation

Responding to low-profit businesses

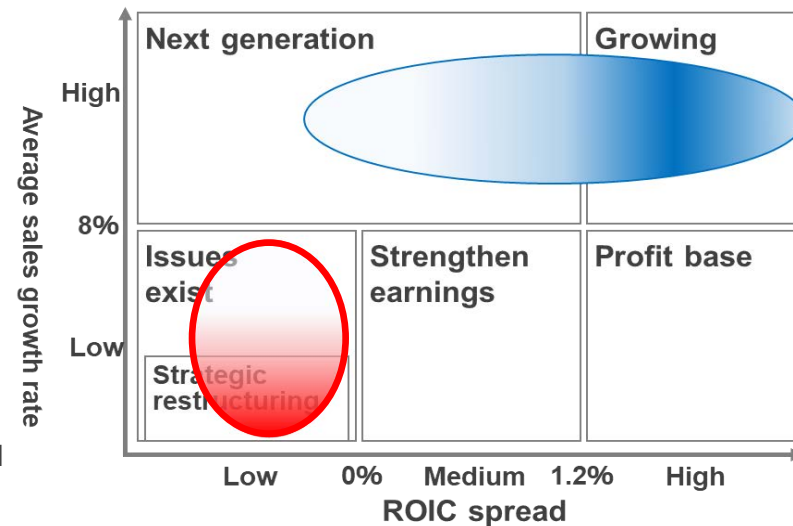
- Thoroughly implement the PDCA cycle by monitoring the key points
- Aim to complete the reforms of strategic restructuring businesses within the period of 25 Mid-term Plan, and currently promoting the multiple projects

Implementation and establishment of business operations using business management indicators

- Business operations using ROIC, FVA*, regular monitoring/assessment, and appropriate resource allocation based on such monitoring/assessment
- Execute and follow up initiatives based on KPI set for each business using the FVA tree

Improve the financial situation and generate cash

- Ensure financial discipline
- Improve Cash Conversion Cycle
- Reducing asset holdings
- Revise CAPEX based on the business environment and other factors



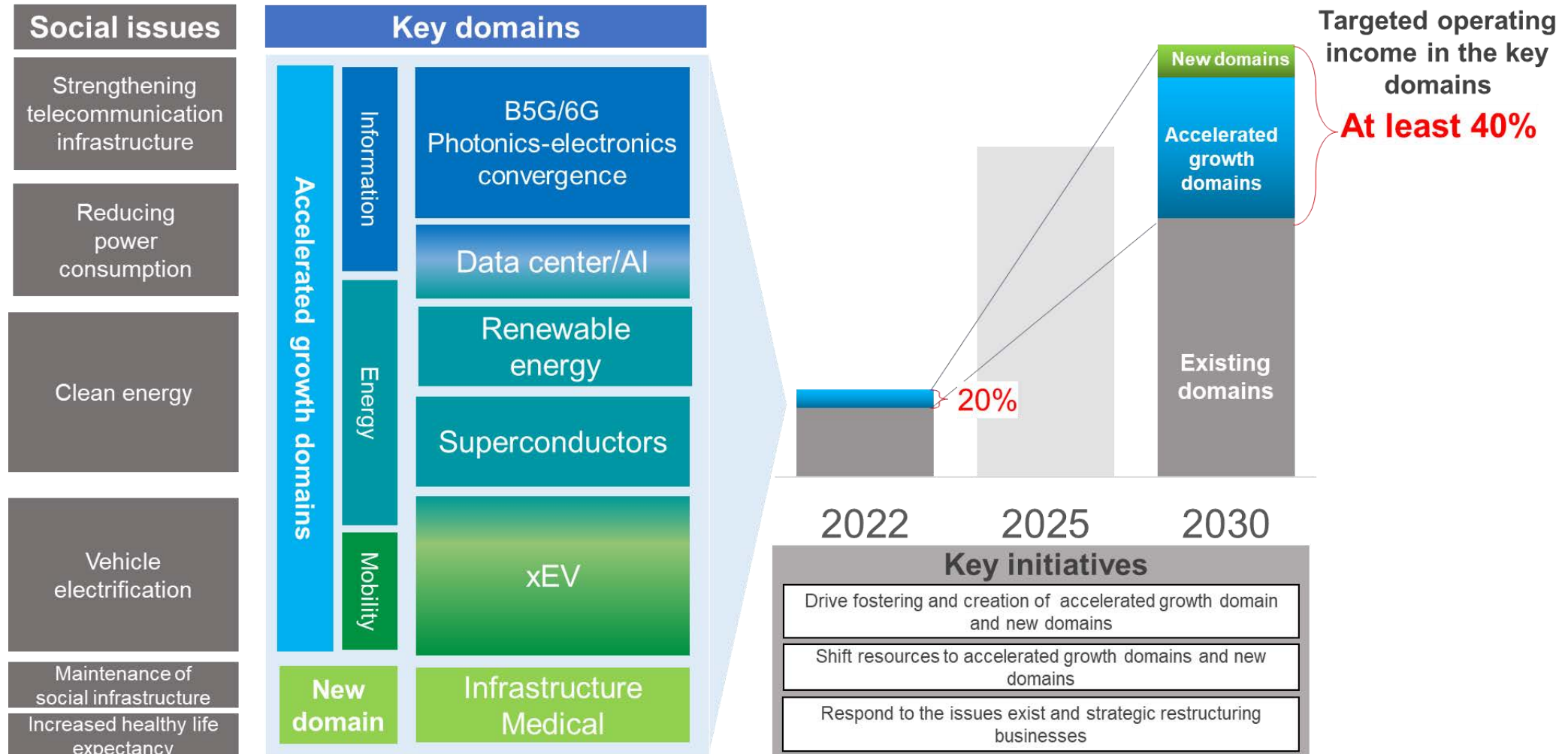
<Projects implemented>

- Integrating the manufacturing business of general-purpose wire for the construction/electric sales market into Showa Furukawa Cable Co., Ltd.
- Sale of shares of the TOTOKU ELECTRIC CO., LTD.
- Consolidation and closure of optical fiber & cable manufacturing bases

*FVA(Furukawa Value Added) : Value added to invested capital
Arranged EVA for us and introduced it as an internal control indicator in FY2022.

Key domains for achieving Vision 2030

- In addition to growth in existing areas, in 2030 we will expand profits in accelerated growth domains and new domains.



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FY2023 H1 financial results and full-year forecasts (detail)

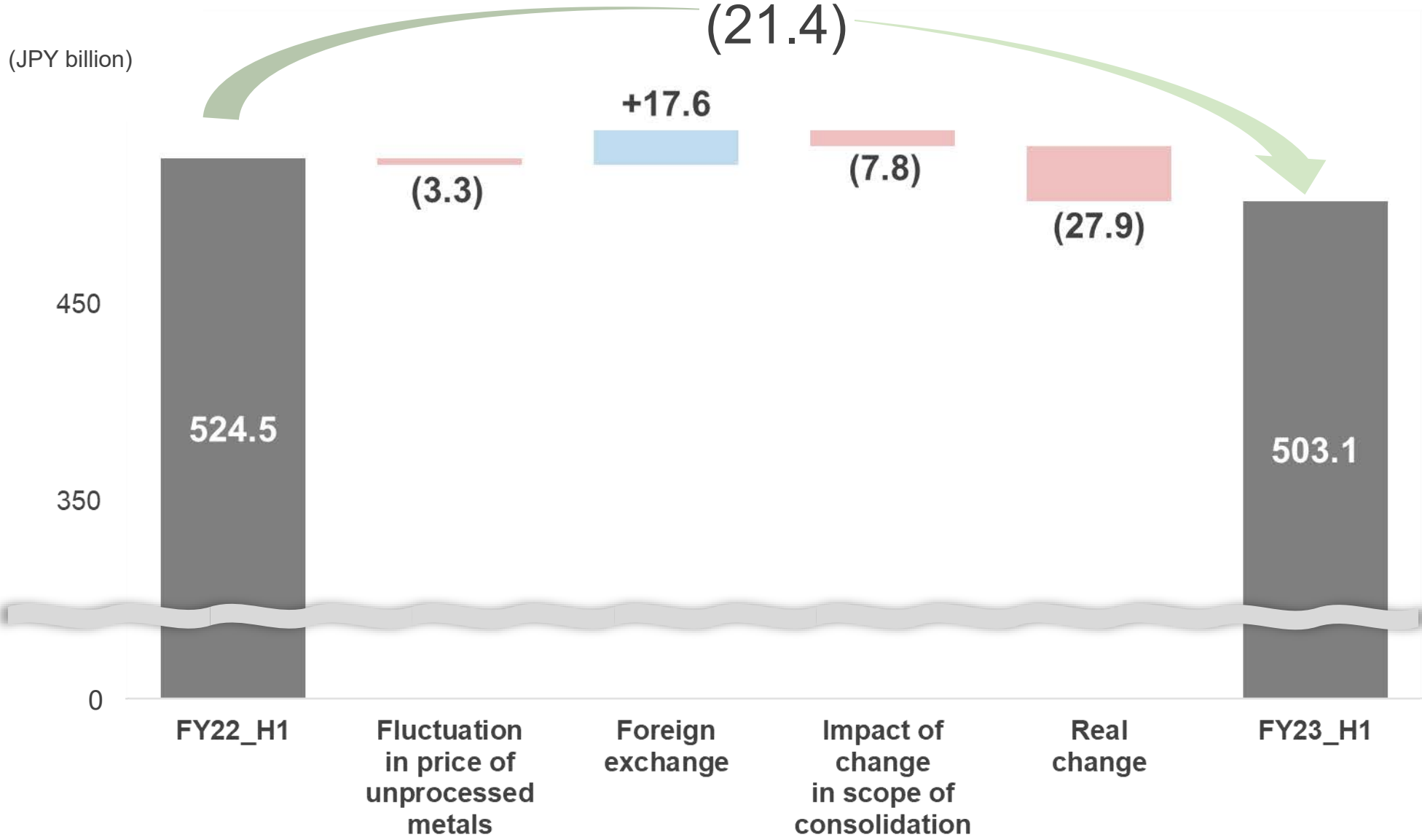
FY2023 H1 results - P/L summary

(JPY billion, JPY/kg, JPY/USD)	*FY22_H1	FY23_H1	YonY change	Breakdown of changes (H1)
	a	b	b-a	
Net sales	524.5	503.1	(21.4)	See page 15
Operating income	4.6	(4.6)	(9.2)	See page 16
(Margin)	0.9%	(0.9%)	(1.8)	
Profit/loss in equity method affiliates	3.9	2.2	(1.7)	
Foreign exchange gain/loss	4.7	2.1	(2.7)	
Ordinary income	12.1	(3.6)	(15.7)	
(Margin)	2.3%	(0.7%)	(3.0)	
Extraordinary income/loss	0.1	3.5	+3.4	•Extraordinary income : +5.0 [1.3 → 6.3]
Income taxes	(5.6)	(3.6)	+2.0	•Extraordinary loss : (1.6) [(1.2) → (2.8)]
Net income attributable to non-controlling interests	(0.3)	(0.4)	(0.1)	
Net income attributable to owners of parent	6.3	(4.1)	(10.5)	
(Margin)	1.2%	(0.8%)	(2.0)	
Average copper price	1,205	1,241	+36	
Average exchange rate	134	141	+7	

*Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

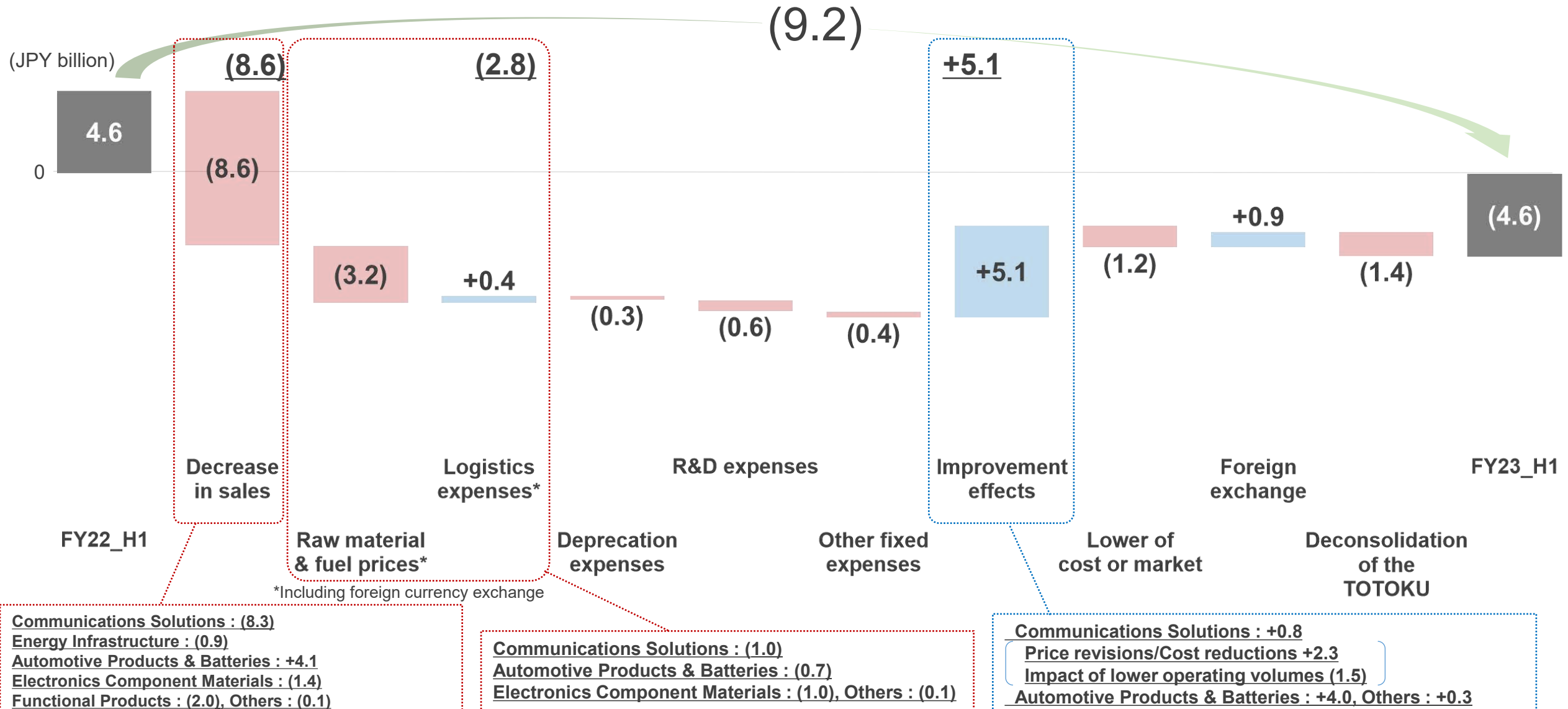
FY2023 H1 results

Breakdown of changes in net sales



FY2023 H1 results

Breakdown of changes in operating income



FY2023 full-year forecasts - P/L summary

(JPY billion, JPY/kg, JPY/USD)	* ¹ FY22 Results	* ² FY23 Previous forecasts	FY23 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	1,066.3	1,100.0	1,040.0	(26.3)	(60.0)
Operating income	15.4	24.0	5.0	(10.4)	(19.0)
(Margin)	1.4%	2.2%	0.5%	(1.0)	(1.7)
Profit/loss in equity method affiliates	3.6	-	-	-	-
Foreign exchange gain/loss	1.7	-	-	-	-
Ordinary income	17.3	23.0	4.0	(13.3)	(19.0)
(Margin)	1.6%	2.1%	0.4%	(1.2)	(1.7)
Extraordinary income/loss	10.7	(0.5)	8.3	(2.4)	+8.8
Income taxes	(10.3)	-	-	-	-
Net income attributable to non-controlling interests	(1.7)	-	-	-	-
Net income attributable to owners of parent	15.9	13.0	0.0	(15.9)	(13.0)
(Margin)	1.5%	1.2%	0.0%	(1.5)	(1.2)
Average copper price	1,209	1,180	1,191	(19)	+11
Average exchange rate	135	130	141	+5	+11

Sale of strategic stockholdings

Changes in exchange rates and copper price

(H2 assumption : 1,140)
(H2 assumption : 140)

²Announced on May 11, 2023

¹Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

Net sales and operating income by segment (FY2023 H1 results)

(JPY billion)	Net sales			Operating income		
	FY22_H1 Results	FY23_H1 Results	YoY change	FY22_H1 Results	FY23_H1 Results	YoY change
	a	b	b-a	c	d	d-c
Infrastructure	159.8	134.8	(25.0)	2.5	(8.7)	(11.2)
Communications Solutions	108.0	86.2	(21.8)	2.3	(6.0)	(8.3)
Energy Infrastructure	51.8	48.6	(3.2)	0.2	(2.6)	(2.9)
Electronics & Automotive Systems	293.2	308.7	+15.4	(1.8)	2.9	+4.7
Automotive Products & Batteries	157.9	180.4	+22.5	(4.2)	2.3	+6.5
Electronics Component Materials	135.3	128.3	(7.0)	2.4	0.6	(1.8)
Functional Products	70.2	55.7	(14.5)	4.9	2.1	(2.8)
Service & Developments, etc.	14.8	15.5	+0.7	(1.0)	(1.1)	(0.1)
Elimination of intra-company transactions	(13.5)	(11.5)	+2.0	(0.0)	0.1	+0.1
Total	524.5	503.1	(21.4)	4.6	(4.6)	(9.2)

Net sales and operating income by segment (FY2023 full-year forecasts)

(JPY billion)	Net sales					Operating income				
	FY22 Results	*FY23 Previous Forecasts	FY23 Forecasts	YoY	Change from previous forecasts	FY22 Results	*FY23 Previous Forecasts	FY23 Forecasts	YoY	Change from previous forecasts
Infrastructure	323.9	335.0	270.0	(53.9)	(65.0)	8.6	10.0	(11.5)	(20.1)	(21.5)
Communications Solutions	217.6	220.0	165.0	(52.6)	(55.0)	6.5	8.0	(12.5)	(19.0)	(20.5)
Energy Infrastructure	106.3	115.0	105.0	(1.3)	(10.0)	2.1	2.0	1.0	(1.1)	(1.0)
Electronics & Automotive Systems	610.3	645.0	655.0	+44.7	+10.0	4.7	12.5	14.0	+9.3	+1.5
Automotive Products & Batteries	337.4	375.0	395.0	+57.6	+20.0	1.5	8.5	11.5	+10.0	+3.0
Electronics Component Materials	273.0	270.0	260.0	(13.0)	(10.0)	3.2	4.0	2.5	(0.7)	(1.5)
Functional Products	126.5	125.0	120.0	(6.5)	(5.0)	4.2	4.0	5.0	+0.8	+1.0
Service & Developments, etc.	31.7	30.0	30.0	(1.7)	-	(2.1)	(2.5)	(2.5)	(0.4)	-
Elimination of intra-company transactions	(26.1)	(35.0)	(35.0)	(8.9)	-	0.1	0.0	0.0	(0.1)	-
Total	1,066.3	1,100.0	1,040.0	(26.3)	(60.0)	15.4	24.0	5.0	(10.4)	(19.0)

*Announced on May 11, 2023

*Announced on May 11, 2023

1-(1) Infrastructure (Communications Solutions)

FY23_H1 Results

Decrease in sales and income

(JPY billion)	FY22_H1	FY23_H1	YoY change
	a	b	b-a
Net sales	108.0	86.2	(21.8)
Operating income	2.3	(6.0)	(8.3)

FY23_Forecasts

Decrease in sales and income

Downward revision

(JPY billion)	FY22	*FY23 previous forecasts	FY23 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	217.6	220.0	165.0	(52.6)	(55.0)
Operating income	6.5	8.0	(12.5)	(19.0)	(20.5)

*Announced on May 11, 2023

【Factors affecting profits】

- (-) Prolonged inventory adjustments, restrained investment and project delays by customers for fiber & cable and optical devices
- (-) Productivity impact of lower operating volumes
- (-) Higher raw material & fuel prices
- (+) Sales price optimization
- (+) Reduced fixed cost

Situation

>>	FY23_H1	FY23_H2	>>
Fiber & cable	Rapidly falling demand mainly in the Americas	Prolonged sluggish demand	
Optical device/ Networking related products in Japan	Project delays due to shortage of semiconductors	Gradual recovery from Q4	

Future response

- Decrease fixed cost
- Prepare an optical fiber & cable manufacturing system based on when demand recovers
- Shift from general-use products to networking systems and high-value-added products
- Expand customer base mainly in North America (FTTH, DC)
- Expand commercial distribution and improve manufacturing system by acquiring customer certification for optical devices

1-(2) Infrastructure (Energy Infrastructure)

FY23_H1 Results

Decrease in sales and income

(JPY billion)	FY22_H1	FY23_H1	YoY change
	a	b	b-a
Net sales	51.8	48.6	(3.2)
Operating income	0.2	(2.6)	(2.9)

【Factors affecting profits】

- (-) Decrease in sales and application of the lower of cost or market method* (large-scale projects delay to next fiscal year and beyond)
- (-) Continued delays to customer construction Projects in China
- (-) Increased depreciation expenses
- (-) Product compensation costs were incurred

- (+) Functional power cable (aluminum CV) was steady

*Because projects are concentrated in H2, expect a recovery in FY23 Q4

FY23_Forecasts

Decrease in sales and income

Downward revision

(JPY billion)	FY22	*FY23 previous forecasts	FY23 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	106.3	115.0	105.0	(1.3)	(10.0)
Operating income	2.1	2.0	1.0	(1.1)	(1.0)

*Announced on May 11, 2023

Situation

	FY23_H1	FY23_H2
Japan extra-high voltage	Stable demand, construction projects concentrated in the H2	
Submarine lines		Project delay
China	Continued market downturn	Slow recovery
Functional power cable	Increased sales of aluminum CV cable/Stable demand	

Future response

- Secure orders with a focus on profits, and optimize sales prices
 - Japan underground extra-high voltage power cable
 - Renewable energy projects
- Increase cable manufacturing and installation capacity
- Promote marketing activities
 - Aluminum CV cable
 - Transmission components

FY23_H1 Results

Increase in sales and income

(JPY billion)	FY22_H1	FY23_H1	YoY change
	a	b	b-a
Net sales	157.9	180.4	+22.5
Operating income	(4.2)	2.3	+6.5

【Factors affecting profits】

(+) Increase in automobile production

(+) Improvement effects

- Improve productivity and reduce air expenses by stabilizing customers' production plans
- Sales price optimization

(-) Higher raw material and fuel prices

(-) Product compensation costs were incurred

(-) Slowdown for Japanese OEM operating in the Chinese market

FY23_Forecasts

Increase in sales and income

Upward revision

(JPY billion)	FY22	*FY23 previous forecasts	FY23 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	337.4	375.0	395.0	+57.6	+20.0
Operating income	1.5	8.5	11.5	+10.0	+3.0

*Announced on May 11, 2023

Situation

	>> FY23_H1		FY23_H2	>>
Automotive Products	Decrease in production Rapid change in the plan	Gradually stabilize	Increase production	
	Productivity deterioration	Increased productivity	Further improvement	
Batteries	Both automotive and industrial sales concentrated in the H2			

Future response

- Production leveling and inventory optimization by anticipating customers' production plan
- Develop products and respond to autonomy for expansion of the electric vehicle market

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

FY23_H1 Results

Decrease in sales and income

(JPY billion)	FY22_H1	FY23_H1	YoY change
	a	b	b-a
Net sales	135.3	128.3	(7.0)
Operating income	2.4	0.6	(1.8)

【Factors affecting profits】

- (-) Demand for automotive and electronics-related products declined
- (-) Higher raw material and fuel prices

- (+) Sales price optimization
- (+) Limited fixed expenses

FY23_Forecasts

Decrease in sales and income

Downward revision

(JPY billion)	FY22	*FY23 previous forecasts	FY23 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	273.0	270.0	260.0	(13.0)	(10.0)
Operating income	3.2	4.0	2.5	(0.7)	(1.5)

*Announced on May 11, 2023

Situation

>>	FY23_H1	FY23_H2	>>
Slowing demand for automotive and electronics-related products	Gradual recovery for automotive products		
	Delayed recovery for electronics-related markets		

Future response

- Continued improvement of the product mix resulting from increased sales of high value-added products

Heat-resistant oxygen-free copper strips
(for power semiconductors/heat dissipation components)

Ribbon cable and ultra fine flat wire
(for 5G telecommunications)

High performance products
(resistance materials)

- Expand lineup of high performance products
- Optimize sales prices and withdraw from low-margin products

3 Functional Products

FY23_H1 Results

Decrease in sales and income

(JPY billion)	FY22_H1 a	*1FY22_H1 (Excluding special factor) a'	FY23_H1 b	YoY change b-a'
Net sales	70.2	62.5	55.7	(6.8)
Operating income	4.9	3.5	2.1	(1.4)

*1special factor : the effect of deconsolidation of the TOTOKU

【Factors affecting profits】

(-) Lower demand for smartphones, PCs and data center products, and inventory adjustments in the supply chain

(+) Strong demand related to AI and renewable energy

FY23_Forecasts

Increase in sales and income

Upward revision

(JPY billion)	FY22 a	*1FY22 (Excluding special factor) a'	*2FY23 previous forecasts b	FY23 Forecasts c	YoY change c-a'	Change from previous forecasts c-b
Net sales	126.5	114.4	125.0	120.0	+5.6	(5.0)
Operating income	4.2	1.9	4.0	5.0	+3.1	+1.0

*2Announced on May 11, 2023

Situation

>>

FY23_H1

FY23_H2

>>

Lower global demand for smartphones and PCs

Gradual recovery

Inventory adjustments in the supply chain

Prolonged inventory adjustments and weak demand (Aluminum blanks for HDD)

Increased investment related to AI

Future response

- Capture the rapidly growing demand related to generative AI
- Continue to increase sales of high value-added products for data center and renewable energy markets

Tape for semiconductor process

High performance heat dissipation and cooling products

Aluminum blanks for HDD

Copper foil for high frequency circuit boards

- Establish a production system for when demand increases

FY2023 H1 results - B/S summary

(JPY billion)	*End of FY22	End of FY23H1	Change
	a	b	b-a
Current assets	486.8	507.3	+20.5
Cash and bank deposits	47.4	53.8	+6.4
Notes and accounts receivable trade	229.6	227.1	(2.5)
Inventories	172.3	187.7	+15.4
Non-current assets	446.6	459.7	+13.0
Tangible fixed assets	269.3	277.1	+7.8
Intangible fixed assets	20.2	19.8	(0.4)
Investments and other assets	157.1	162.8	+5.7
Total Assets	933.5	967.0	+33.5
Current liabilities	381.0	401.5	+20.5
Non-current liabilities	223.3	229.7	+6.3
Total Liabilities	604.4	631.2	+26.8
Shareholders' equity	283.5	274.1	(9.4)
Accumulated other comprehensive income	18.2	33.5	+15.3
Net income attributable to non-controlling interests	27.4	28.2	+0.8
Total Net assets	329.1	335.9	+6.8
Total Liabilities and Net assets	933.5	967.0	+33.5
Interest-bearing liabilities	323.8	343.5	+19.6
Capital ratio	32.3%	31.8%	(0.5)
NET D/E ratio	0.9	0.9	+0.0

Inventories

Increased by JPY 15.4 billion (including the impact of foreign currency exchange and copper prices of JPY +8.3 billion)

- Strategic inventory (Secure inventory in preparation for changes in the business environment, including the semiconductor shortage and increased maritime transportation lead times)
- Projects and construction planned to be recorded as net sales in the future
- External factors including sudden changes in net sales

Property, plant and equipment & Intangible assets

Increased by JPY 7.3 billion

- Impact of CAPEX and depreciation: JPY (0.6) billion
- Impact of foreign currency exchange: JPY +11.0 billion
- Impact of deconsolidation: JPY (3.0) billion

Total assets

Increased by JPY 33.5 billion

- Impact of foreign currency exchange: JPY +34.8 billion
- Impact of new consolidation: JPY +0.5 billion

Other comprehensive income

Increased by JPY 15.3 billion

Foreign currency translation adjustments: JPY +14.3 billion (impact of yen depreciation)

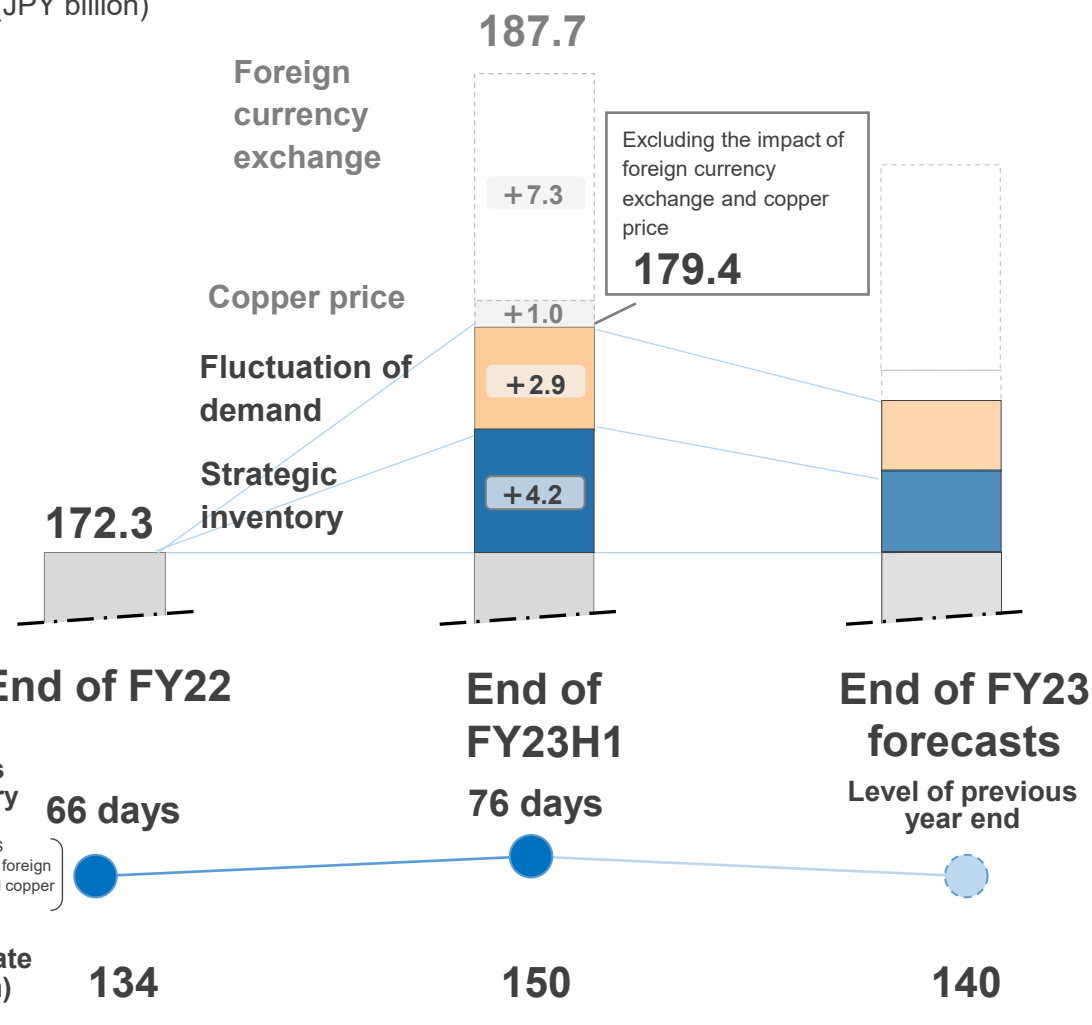
Net interest bearing debt

Increased by JPY 13.2 billion (JPY 276.4 billion→JPY 289.6 billion)

*Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

■ Continue to improve the concept of holding optimal inventories in response to changes in the business environment

(JPY billion)



Situation of the end of FY23_H1

① The effect of fluctuation due to changes in demand

- Build up in response to increased demand (Mainly automotive, AI related products)
- Increase due to sharp decline in demand (Mainly related to Communications Solutions)

② Strategic inventory

- Preparing for difficulties in procuring raw materials and disruptions in logistics (Mainly automotive-related)
- Projects scheduled to be posted in the future

Response for the end of FY23

- Management of underlying inventory at an appropriate level based on optimal inventory design
- Eliminate of increase in raw materials due to rapid decline in demand through delivery adjustments

- Maintain appropriate inventory levels in response to changes
- The impact of project delays remains

■ Revised the full-year CAPEX, depreciation & amortization and R&D expenses forecast

(JPY billion)	FY22_H1 Results	FY23_H1 Results	YoY change	FY22 Results	*FY22 Previous Forecasts	FY23 Forecasts	YoY change	Change from previous forecasts	(Comparison with previous forecasts)
	a	b	b-a	c	d	e	e-c	e-d	
CAPEX	17.8	16.9	(0.9)	43.8	46.0	43.0	(0.8)	(3.0)	(Increase) Impact of foreign currency exchange
Depreciation and amortization	18.9	19.2	+0.3	39.1	40.0	39.0	(0.1)	(1.0)	(Decrease) Cost control by reviewing the implementation period in line with market trends and design specifications
R&D expenses	11.8	12.4	+0.6	23.3	27.0	26.0	+2.7	(1.0)	(Increase) Impact of foreign currency exchange (Decrease) Cost control by reviewing the implementation period in line with market trends and improving efficiency

*Announced on May 11, 2023

Thank you very much for your attention

Bound to Innovate

The slogan "Bound to Innovate" in a bold, italicized serif font, with a red swoosh underline that starts under "Bound" and extends under "Innovate", ending in a sharp arrowhead pointing to the right.

Appendix

■ UACJ Corporation (equity method affiliate) started voluntary application of the International Financial Reporting Standards (IFRS)

As a result of the above change, the financial results for FY2022 have been restated

(JPY billion)

	FY22_H1		FY22	
Net sales	524.5	524.5	1066.3	1066.3
Operating income	4.6	4.6	15.4	15.4
(Margin)	0.9%	0.9%	1.4%	1.4%
Profit/loss in equity method affiliates	5.7	3.9	6.0	3.6
Foreign exchange gain/loss	4.7	4.7	1.7	1.7
Ordinary income	14.0	12.1	19.6	17.3
(Margin)	2.7%	2.3%	1.8%	1.6%
Extraordinary income/loss	0.1	0.1	10.7	10.7
Income taxes	(5.9)	(5.6)	(10.7)	(10.3)
Net income attributable to non-controlling interests	(0.3)	(0.3)	(1.7)	(1.7)
Net income attributable to owners of parent	7.9	6.3	17.9	15.9
(Margin)	1.5%	1.2%	1.7%	1.5%

Appendix Changes from FY2023 – B/S

■ UACJ Corporation (equity method affiliate) started voluntary application of the International Financial Reporting Standards (IFRS)

As a result of the above change, the financial results for FY2022 have been restated

	End of FY22	End of FY22
		(JPY billion)
Current assets	486.8	486.8
Cash and bank deposits	47.4	47.4
Notes and accounts receivable trade	229.6	229.6
Inventories	172.3	172.3
Non-current assets	448.0	446.6
Tangible fixed assets	269.3	269.3
Intangible fixed assets	20.2	20.2
Investments and other assets	158.5	157.1
Total Assets	934.8	933.5
Current liabilities	381.0	381.0
Non-current liabilities	222.8	223.3
Total Liabilities	603.8	604.4
Shareholders' equity	280.6	283.5
Accumulated other comprehensive income	23.0	18.2
Net income attributable to non-controlling interests	27.4	27.4
Total Net assets	331.0	329.1
Total Liabilities and Net assets	934.8	933.5
Interest-bearing liabilities	323.8	323.8
Capital ratio	32.5%	32.3%
NET D/E ratio	0.9	0.9
ROE	6.1%	5.5%

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.		