

Furukawa Electric Group FY2023 Financial Results and Progress of the 2022-2025 Medium-term Management Plan (2025 Mid-term Plan)

Road to Vision 2030 *-Transform and Challenge-*

May 13, 2024

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FURUKAWA ELECTRIC CO., LTD.

Today's Agenda

FY23 Financial Results and Progress of the 2025 Mid-term Plan

- I. FY23 financial results and FY24 forecasts**
- II. Progress of the 2025 Mid-term Plan**
 - 1. Recognition of the current situation**
 - 2. Progress of priority measures**
 - (1) Maximizing revenues in existing businesses**
 - (2) Building a foundation for creating new businesses**
 - (3) Strengthening the foundation for ESG management**
 - 3. Business portfolio optimization and allocation of management resources**
 - 4. Management targets (Financial targets)**

Appendix

I. FY23 financial results and FY24 forecasts

FY23 financial results highlights

■ Net sales and income declined year on year, but up from previous forecasts

(JPY billion, JPY/kg, JPY/USD)	FY22 Results*1	FY23 Previous forecasts*2	FY23 Results	YoY change*3	Change from previous forecasts	(Comparison with last year)	(Comparison with previous forecasts)
	a	b	c	c-a	c-b		
Net Sales	1,066.3	1,040.0	1,056.5	(9.8)	+16.5	【Increased】 Electronics & Automotive Systems 【Decreased】 Infrastructure	【Increased】 Infrastructure
Operating income	15.4	5.0	11.2	(4.3)	+6.2	【Increased】 Electronics & Automotive Systems, Functional Products 【Decreased】 Infrastructure	【Increased】 Infrastructure, Electronics & Automotive Systems, Functional Products
Ordinary income	17.3	4.0	10.3	(7.0)	+6.3	Increased interest expense Decreased foreign exchange gain	
Net income attributable to owners of the parent	15.9	0.0	6.5	(9.4)	+6.5	Extraordinary income for the previous FY: Gain on sale of equity interest in consolidated subsidiaries (JPY10.8 billion), etc.	
Average copper price	1,209	1,243	1,262	+52	+19		
Average exchange rate	135	144	145	+9	+1		

*2 Announced on February 8, 2024

*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)

*3 Impact of deconsolidation of TOTOKU : Net sales JPY (12.2) billion, Operating income: JPY (2.3) billion

FY23 results - P/L summary

(JPY billion, JPY/kg, JPY/USD)	FY22 Results* ¹	FY23 Previous forecasts* ²	FY23 Results	YoY change* ³	Change from previous forecasts	Breakdown of changes (Full year YoY)
	a	b	c	c-a	c-b	
Net sales	1,066.3	1,040.0	1,056.5	(9.8)	+16.5	See page 7
Operating income	15.4	5.0	11.2	(4.3)	+6.2	See page 8
(Margin)	1.4%	0.5%	1.1%	(0.4)	+0.6	
Interest revenues/expenses	(5.2)	-	(7.4)	(2.1)	-	
Profit/loss in equity method affiliates	3.6	-	6.3	+2.7	-	
Foreign exchange gain/loss	1.7	-	(0.1)	(1.8)	-	
Ordinary income	17.3	4.0	10.3	(7.0)	+6.3	
(Margin)	1.6%	0.4%	1.0%	(0.6)	+0.6	
Extraordinary income/loss	10.7	9.9	9.8	(0.9)	(0.1)	•Extraordinary income: (2.7) [17.6 → 14.9]
Income taxes	(10.3)	-	(11.6)	(1.3)	-	•Extraordinary loss: +1.9 [(7.0) → (5.1)]
Net income attributable to non-controlling interests	(1.7)	-	(2.0)	(0.2)	-	
Net income attributable to owners of parent	15.9	0.0	6.5	(9.4)	+6.5	
(Margin)	1.5%	0.0%	0.6%	(0.9)	+0.6	
Average copper price	1,209	1,243	1,262	+52	+19	
Average exchange rate	135	144	145	+9	+1	

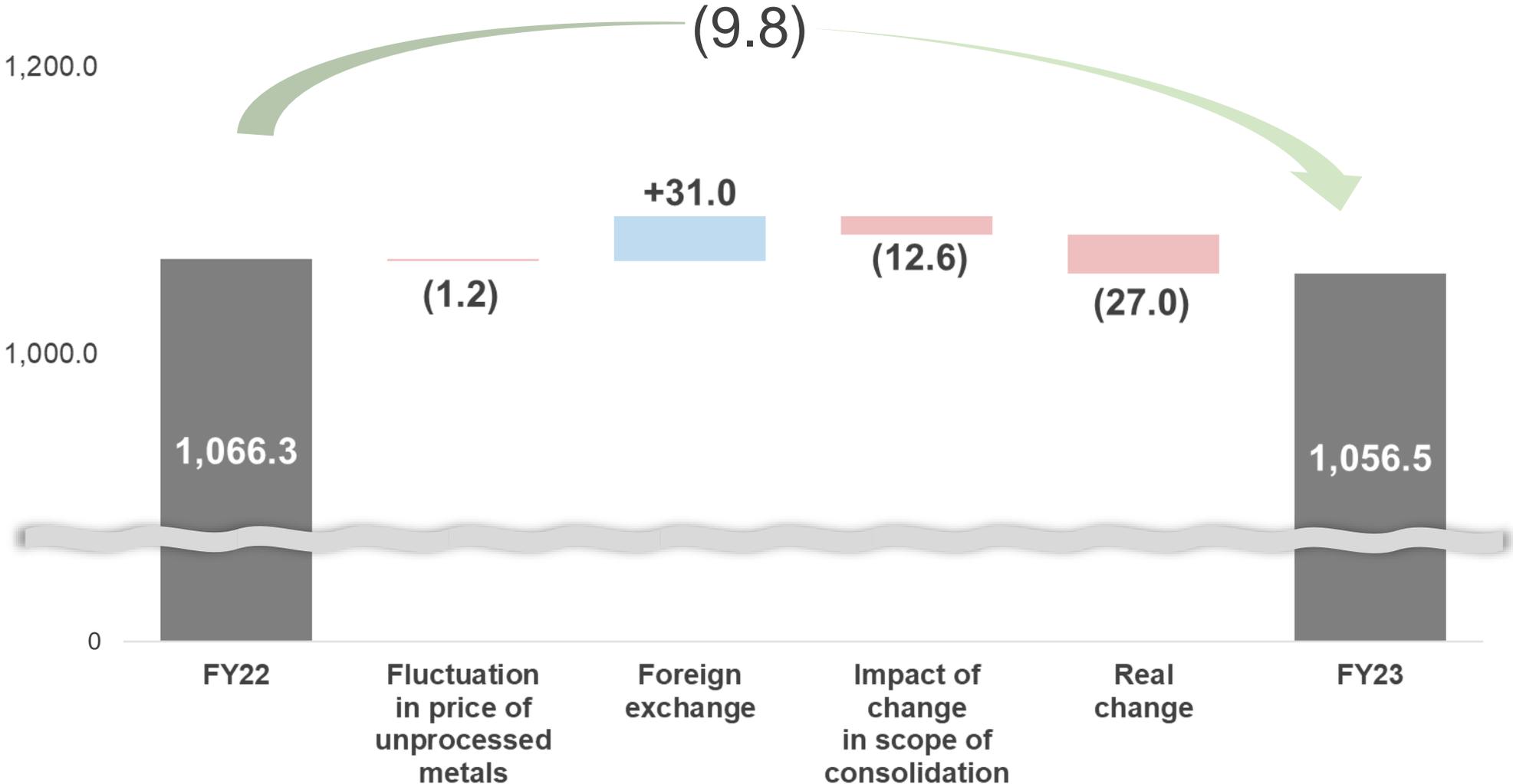
*²Announced on February 8, 2024

*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)

*³ Impact of deconsolidation of TOTOKU :
Net sales JPY (12.2) billion
Operating income: JPY (2.3) billion

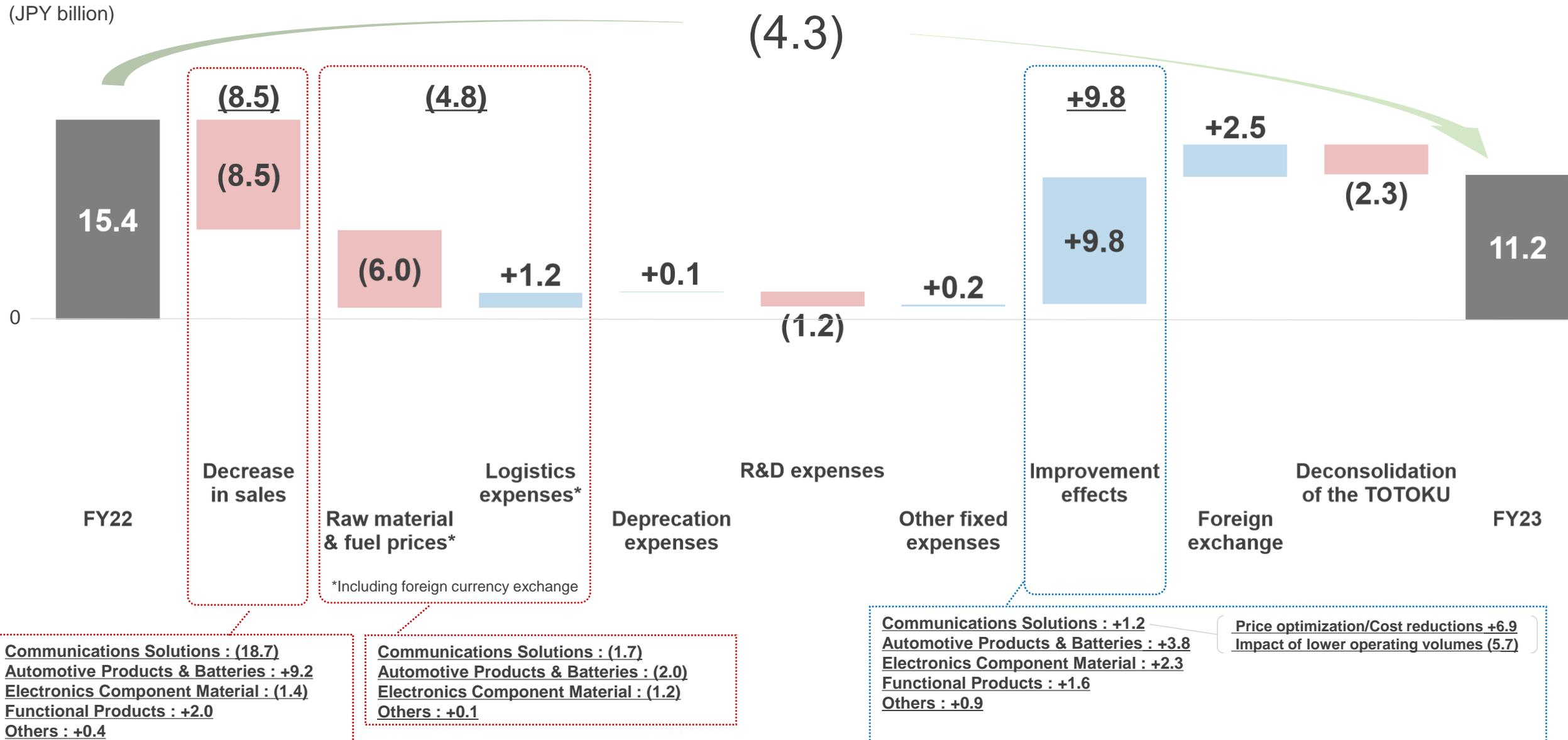
FY23 results - Breakdown of changes in net sales

(JPY billion)



FY23 results - Breakdown of changes in operating income

(JPY billion)



FY23 Results

Net sales & Operating Income by Segment

■ Infrastructure

YoY change: **Decreased operating income on lower net sales**

Change from previous forecast **Overperformed**
(operating income):

	Net Sales					Operating income					(+) Increase profits / (-) Decrease profit	
	FY22 Results a	*FY23 Previous forecasts b	FY23 Results c	YoY change c-a	Change from previous forecasts c-b	FY22 Results d	*FY23 Previous forecasts e	FY23 Results f	YoY change f-d	Change from previous forecasts f-e	YoY change	Change from previous forecasts
Infrastructure	323.9	265.0	278.2	(45.7)	+13.2	8.6	(13.5)	(11.3)	(19.9)	+2.2		
Communications Solutions	217.6	160.0	168.0	(49.7)	+8.0	6.5	(14.5)	(13.0)	(19.5)	+1.5	Decreased income on lower revenue (-) Prolonged inventory adjustments, restrained investment and project delays by customers in the Americas (-) Productivity impact of lower operating volumes (+) Sales price optimization (+) Reduced fixed cost (+) Increased orders from recovering data center related demand	Overperformed (+) Increased revenue
Energy infrastructure	106.3	105.0	110.2	+4.0	+5.2	2.1	1.0	1.7	(0.4)	+0.7	Decreased income on higher revenue (-) Large-scale projects delay to next fiscal year and beyond (-) Increased depreciation expenses (-) Product compensation costs were incurred (+) Strong demand of functional power cable (<i>Rakuraku</i> aluminum cable [®] , etc.)	Generally as forecast

*Announced on February 8, 2024

*Announced on February 8, 2024

FY23 Results

Net sales & Operating Income by Segment

■ Electronics & Automotive Systems

YoY change: Increased operating income on higher net sales

Change from previous forecast (operating income): Overperformed

(JPY billion)	Net Sales					Operating income					(+) Increase profits / (-) Decrease profit	
	FY22 Results a	* ¹ FY23 Previous forecasts b	FY23 Results c	YoY change c-a	Change from previous forecasts c-b	FY22 Results d	* ¹ FY23 Previous forecasts e	FY23 Results f	YoY change f-d	Change from previous forecasts f-e	YoY change	Change from previous forecasts
Electronics & Automotive Systems	610.3	660.0	653.7	+43.4	(6.3)	4.7	15.5	18.7	+14.0	+3.2		
Automotive Products & Batteries	337.4	395.0	379.8	+42.4	(15.2) ^{*2}	1.5	13.0	15.6	+14.2	+2.6	Increased income on higher revenue (+) Increased in automobile production (+) Improvement effects ・Improve productivity and reduce air expenses by stabilizing customers' production plans ・Sales price optimization (-) Product compensation costs were incurred (-) Slowdown for Japanese OEM operating in the Chinese market	Overperformed (+) Lump-sum income from customers due to market fluctuations (+) Impact of foreign currency exchange (-) Product compensation costs were incurred
Electronics Component Material	273.0	265.0	273.9	+1.0	+8.9	3.2	2.5	3.1	(0.1)	+0.6	Decreased income on higher revenue (-) Demand for electronics-related products declined (+) Sales price optimization (+) Limited fixed expenses	Generally as forecast

*¹Announced on February 8, 2024

*¹Announced on February 8, 2024

*² Impact of elimination of intra-company transactions adjustment

FY23 Results

Net sales & Operating Income by Segment

- **Functional Products** YoY change (excluding special factor*1): **Increased operating income on higher net sales**
Change from previous forecast (operating income): **Generally as forecast**

(JPY billion)	Net Sales						Operating income						(+ Increase profits / (-) Decrease profit	
	FY22 Results a	*1FY22 Results (Excluding special factor) a'	*2FY23 Previous forecasts b	FY23 Results c	YoY change c-a'	Change from previous forecasts c-b	FY22 Results d	*1FY22 Results (Excluding special factor*) d'	*2FY23 Previous forecasts e	FY23 Results f	YoY change f-d'	Change from previous forecasts f-e	YoY change	Change from previous forecasts
Functional Products	126.5	114.2	120.0	115.4	+1.2	(4.6) ^{*3}	4.2	1.8	5.0	5.5	+3.7	+0.5	Increased income on higher revenue (+) Strong demand for generative AI and renewable energy related products	Generally as forecasts

*2 Announced on February 8, 2024

*2 Announced on February 8, 2024

*1 Deconsolidation of TOTOKU from FY22Q4 : Net sales JPY (12.2) billion, Operating income: JPY (2.3) billion

*3 Effect of elimination of consolidated net sales due to differences in fiscal year-ends (Jan-Dec) of overseas subsidiaries

FY23 results - B/S summary

(JPY billion)	End of 22Q4*	End of 23Q4	Change
	a	b	b-a
Current assets	486.8	517.8	+30.9
Cash and bank deposits	47.4	48.9	+1.5
Notes and accounts receivable trade	229.6	245.7	+16.2
Inventories	172.3	183.6	+11.4
Non-current assets	446.6	467.2	+20.6
Property, plant and equipment	269.3	278.6	+9.4
Intangible assets	20.2	20.3	+0.0
Investments and other assets	157.1	168.3	+11.2
Total Assets	933.5	985.0	+51.5
Current liabilities	381.0	400.9	+19.9
Non-current liabilities	223.3	226.1	+2.7
Total Liabilities	604.4	627.0	+22.6
Shareholders' equity	283.5	284.7	+1.3
Accumulated other comprehensive income	18.2	43.4	+25.2
Net income attributable to non-controlling interests	27.4	29.9	+2.5
Total Net assets	329.1	358.0	+28.9
Total Liabilities and Net assets	933.5	985.0	+51.5
Interest-bearing debt	323.8	333.0	+9.2
Net interest-bearing debt	276.4	284.1	+7.7
Capital ratio	32.3%	33.3%	+1.0
NET D/E ratio	0.9	0.9	(0.1)
ROE	5.5%	2.1%	(3.4)

Inventories

Increased by JPY 11.4 billion (including the impact of foreign currency exchange and copper prices of JPY +8.4 billion)

Projects and construction planned to be recorded as net sales in the future

* Decreased by JPY10.6 billion compared to Q3

Property, plant and equipment & Intangible assets

Increased by JPY9.4 billion

- Impact of CAPEX and depreciation: JPY+2.6 billion
- Impact of foreign currency exchange: JPY +11.5 billion
- Impact of deconsolidation: JPY (5.2) billion

Total assets

Increased by JPY 51.5 billion

- Impact of foreign currency exchange: JPY +34.4 billion
- Impact of new consolidation: JPY +0.5 billion

Other comprehensive income

Increased by JPY 25.2 billion

Foreign currency translation adjustments: JPY +15.7 billion (impact of yen depreciation)

*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)

Free cash flow

FY22	FY23
JPY+14.8 billion	JPY + 7.1 billion

FY24 Forecast Highlights

■ Increase in sales and profit at each stage

Establish forecasts based on the fact that semiconductor and optical cables markets slowly improve from the bottom in FY23, and stable automotive production plans

(JPY billion, JPY/kg, JPY/USD)	FY23 Results	FY24 Forecasts	YoY change
	a	b	b-a
Net Sales	1,056.5	1,080.0	+23.5
Operating income	11.2	25.0	+13.8
Ordinary income	10.3	20.5	+10.2
Net income attributable to owners of the parent	6.5	13.0	+6.5
Average copper price	1,262	1,155	(107)
Average exchange rate	145	140	(5)

(Comparison with last year)

Foreign exchange loss

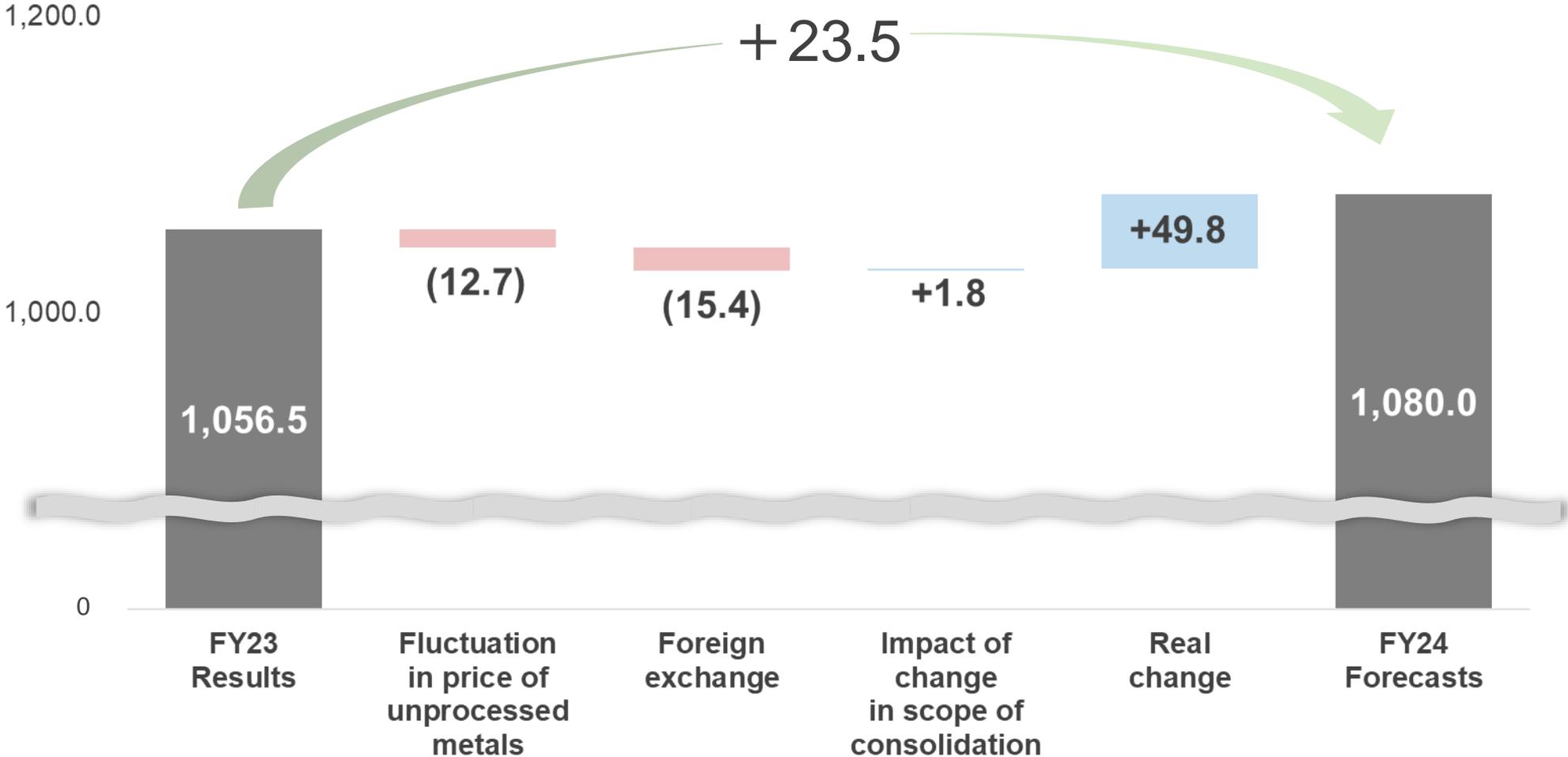
Extraordinary income for the previous fiscal year:
Partial sales of overseas listed securities, etc.

FY24 Forecasts - P/L Summary

(JPY billion, JPY/kg, JPY/USD)	FY23 Results	FY24 Forecasts	YoY change	Breakdown of changes (Full year YoY)
	a	b	b-a	
Net sales	1,056.5	1,080.0	+23.5	See page 15
Operating income	11.2	25.0	+13.8	See page 16
(Margin)	1.1%	2.3%	+1.3	
Interest revenues/expenses	(7.4)	-	-	
Profit/loss in equity method affiliates	6.3	-	-	
Foreign exchange gain/loss	(0.1)	-	-	
Ordinary income	10.3	20.5	+10.2	
(Margin)	1.0%	1.9%	+0.9	
Extraordinary income/loss	9.8	4.0	(5.8)	
Income taxes	(11.6)	-	-	
Net income attributable to non-controlling interests	(2.0)	-	-	
Net income attributable to owners of parent	6.5	13.0	+6.5	
(Margin)	0.6%	1.2%	+0.6	
Average copper price	1,262	1,155	(107)	
Average exchange rate	145	140	(5)	

FY24 Forecasts - Analysis of Changes in Net Sales

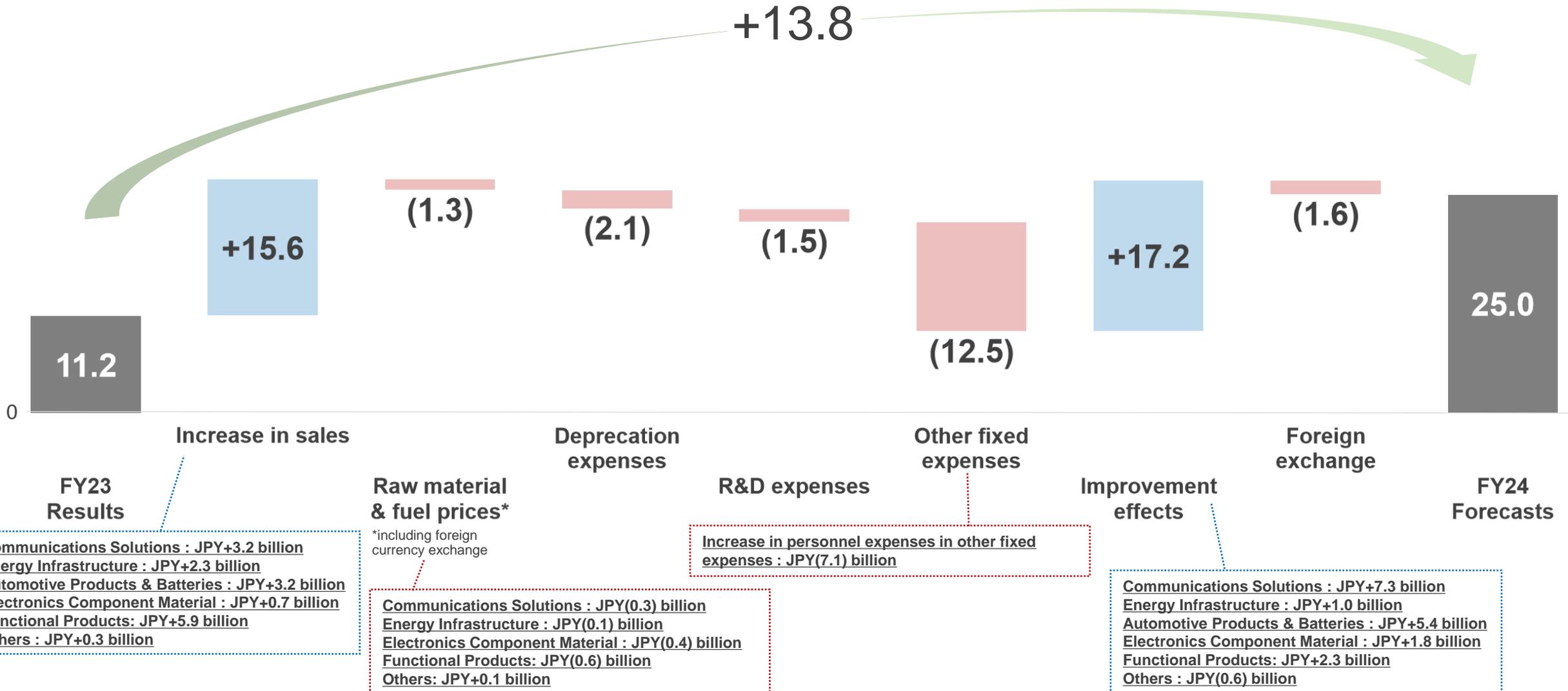
(JPY billion)



FY24 Forecasts

Breakdown of the Changes in Operating Income

(JPY billion)



FY24 forecasts - net sales and operating income by segment

JPY billion	Net sales				Operating income			
	FY22 Results	FY23 Results	FY24 Forecasts	YoY change	FY22 Results	FY23 Results	FY24 Forecasts	YoY change
	a	b	c	c-a	d	e	f	f-e
Infrastructure	323.9	278.2	290.0	+11.8	8.6	(11.3)	(2.5)	+8.8
Communications Solutions	217.6	168.0	175.0	+7.0	6.5	(13.0)	(6.0)	+7.0
Energy infrastructure	106.3	110.2	115.0	+4.8	2.1	1.7	3.5	+1.8
Electronics & Automotive Systems	610.3	653.7	650.0	(3.7)	4.7	18.7	21.0	+2.3
Automotive Products & Batteries	337.4	379.8	385.0	+5.2	1.5	15.6	16.5	+0.9
Electronics Component Material	273.0	273.9	265.0	(8.9) ^{*2}	3.2	3.1	4.5	+1.4
Functional Products ※	126.5	115.4	135.0	+19.6	4.2	5.5	10.0	+4.5
Service and Developments, etc.	31.7	31.6	30.0	(1.6)	(2.1)	(1.9)	(3.5)	(1.6)
Elimination of intra-company transactions	(26.1)	(22.4)	(25.0)	(2.6)	0.1	0.1	0.0	(0.1)
Total	1,066.3	1,056.5	1,080.0	+23.5	15.4	11.2	25.0	+13.8

(Reference)

JPY/kg JPY/USD	FY22 Results	FY23 Results	FY24 Forecasts
Average copper price	1,209	1,262	1,155
Average exchange rate	135	145	140

※Reference

Functional Products (Excluding special factor ^{*1} on FY22)	114.2	115.4	135.0	+19.6	1.8	5.5	10.0	+4.5
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*1Deconsolidation of the TOTOKU from FY22Q4

*2 Substantially increase revenue excluding impact of changes in copper prices

FY24 forecasts - operating income by segment

Operating income of main segments

 Income image compared to the last half

Segments	Sub-segments	FY22 Results	FY23 Results		FY24 Forecasts		YoY change	Premise of FY24 forecasts
			H1	H2	H1	H2		
Infrastructure	Communications Solutions	6.5	(13.0)		(6.0)		+7.0	<ul style="list-style-type: none"> • Demand recovering • Capture demand, including new customers, by strengthening the production and sales structure • Increase in domestic sales related to extra-high voltage and renewable energy products (weighted in the second half) • Moderate economic recovery in China
			(6.0)	(6.9)				
	Energy Infrastructure	2.1	1.7		3.5		+1.8	
			(2.6)	4.4				
Electronics & Automotive Systems	Automotive Products & Batteries	1.5	15.6		16.5		+0.9	
			2.3	13.3				
	Electronics Component Material	3.2	3.1		4.5		+1.4	
			0.6	2.5				
Functional Products (Excluding special factor*)		<u>1.8</u>	5.5		10.0		+4.5	<ul style="list-style-type: none"> • Gradual recovery in demand for semiconductors and hard-disk-drive related products • Strong demand related to generated AI
Consolidated total (Include special factor*, service and developments segment, elimination)		15.4	11.2		25.0		+13.8	
			(4.6)	15.8				

*Deconsolidation of the TOTOKU from FY22Q4

1-(1) Infrastructure (Communications Solutions)

FY24_Forecasts

Increase in net sales and income

(JPY billion)	FY22 Results a	FY23 Results b	FY24 Forecasts c	YoY change c-b
Net sales	217.6	168.0	175.0	+7.0
Operating income	6.5	(13.0)	(6.0)	+7.0

【Factors affecting profits】

- (+) Increase operation and improve productivity in line with recovery in demand for optical fiber & cable in North America
- (+) Increase orders of data center related products
- (-) Increase in fixed costs due to recovery in demand

Premise of business environment

	FY24_H1	FY24_H2	
>>			>>
Fiber & cable	Recovery in demand	Elimination of customers' inventory adjustments Cable demand through BEAD*1 programs	
Optical device/ Networking related products in Japan	Demand for the data center market Weighted heavily in the second half		

Key points

- Shift from general-use products to high-value-added products and solutions
- Develop new customers and strengthen production and sales structure in the data center and FTTx market

Rollable ribbon cable

Networking systems

ITLA*3/DFB*4

*1 Broadband Equity Access and Deployment Program
 *2 Fiber To The x (generic term for communications service networks using optical fiber)
 *3 Integrated Tunable Laser Assemble
 *4 Distributed Feedback Laser

1-(2) Infrastructure (Energy Infrastructure)

FY24_Forecasts

Increase in sales and income

(JPY billion)	FY22 Results	FY23 Results	FY24 Forecasts	YoY change
	a	b	c	c-b
Net sales	106.3	110.2	115.0	+4.8
Operating income	2.1	1.7	3.5	+1.8

【Factors affecting profits】

- (+) Large-scale projects such as domestic extra-high voltage cables and renewable energy submarine lines
- (+) Functional power cable (*Rakuraku* aluminum cable[®], etc.) and transmission and distribution components
- (-) Increased fixed cost such as depreciation and R&D expenses

Premise of business environment			
>>	FY24_H1	FY24_H2	>>
Japan extra-high voltage	Demand such as domestic renewal and renewable energy projects /construction projects concentrated in the second half		
Submarine lines			
China	Moderate economic recovery		
Functional power cable/components	Steady demand		
Key points			
<ul style="list-style-type: none"> • Secure orders with a focus on profits, and optimize sales prices <div style="display: flex; justify-content: space-around;"> Domestic underground extra-high voltage power cable Renewable energy projects </div> • Increase cable manufacturing and installation capacity • Increased sales by promoting marketing activities <div style="display: flex; justify-content: space-around;"> Rakuraku aluminum cable[®] Transmission and distribution components </div> 			

FY24_Forecasts

Increase in sales and income

(JPY billion)	FY22 Results a	FY23 Results b	FY24 Forecasts c	YoY change c-b
Net sales	337.4	379.8	385.0	+5.2
Operating income	1.5	15.6	16.5	+0.9

【Factors affecting profits】

(+) Slight increase in automobile production

(-) Increase fixed cost such as depreciation and R&D expenses

Premise of business environment

	>> FY24_H1	FY24_H2 >>
Automotive Products	Customer production plans are generally stable Slight increase in automobile production Increase in the number of models equipped with aluminum wire harnesses	
Batteries	Both automotive and industrial sales concentrated in the second half	

Key points

- Develop products and respond to autonomy for the electric vehicle market

Aluminum wire harness (including high-voltage products)

FY24_Forecasts

Decrease in sales and increase in income

(JPY billion)	FY22 Results a	FY23 Results b	FY24 Forecasts c	YoY change c-b
Net sales	273.0	273.9	265.0	(8.9)*
Operating income	3.2	3.1	4.5	+1.4

*Real sales increase excluding the impact of changes in copper prices

(Reference: Average copper price JPY/kg)

FY22 Results	FY23 Results	FY24 Forecasts
1,209	1,262	1,155

【Factors affecting profits】

- (+) Recovery of demand for electronics related products
- (+) Improvement of product mix
- (-) Increase fixed cost such as depreciation

Premise of business environment

>>

FY24_H1

FY24_H2

>>

Demand for automotive-related products are firm

Recovery in electronics-related demand

Key points

- Promote and expand 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)

- Optimize sales prices and withdraw from low-margin products

3 Functional Products

FY24_Forecasts

Increase in sales and income

(JPY billion)	FY22 Results	FY22* Results (Excluding special factor)	FY23 Results	FY24 Forecasts	YoY change
	a	a'	b	c	c-b
Net sales	126.5	114.2	115.4	135.0	+19.6
Operating income	4.2	1.8	5.5	10.0	+4.5

* special factor : the effect of deconsolidation of the TOTOKU from FY22Q4

【Factors affecting profits】

- (+) Demand recovery and elimination inventory of adjustments in the supply chain
- (+) Favorable demand for generated AI
- (-) Increase fixed cost such as depreciation and R&D expenses

Premise of business environment

>>	FY24_H1	FY24_H2	>>
Moderate recovery in global demand for smartphones, PCs. and HDD related products			
Gradual elimination of inventory adjustments in the supply chain			
Generated AI-related investments continue to be brisk			

Key points

- 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
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- Establish a manufacturing structure to meet the growing demand for generated AI and semiconductor-related products

CAPEX, Depreciation & amortization and R&D expenses

■ Continue the activities directed at increasing business profits and realizing future growth

【CAPEX】

Make appropriate investments in line with market trends

【R&D expenses】

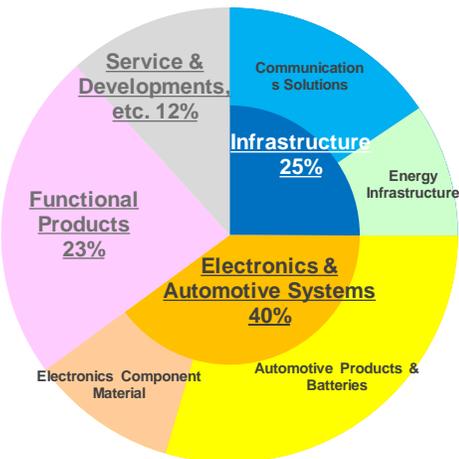
Continue to invest in R&D aimed at future growth

(JPY billion)	FY22 Results	*FY23 Previous Forecasts	FY23 Results	YoY change	Change from previous forecasts	FY24 Forecasts	YoY change	(JPY billion)	FY22 Results	*FY23 Previous Forecasts	FY23 Results	YoY change	Change from previous forecasts	FY24 Forecasts	YoY change
	a	b	c	c-a	c-b	d	d-c		a	b	c	c-a	c-b	d	d-c
CAPEX	43.8	43.0	39.0	(4.8)	(4.0)	48.0	+9.0	R&D expenses	23.3	26.0	24.5	+1.2	(1.5)	26.0	+1.5
Depreciation and amortization	39.1	39.0	39.0	(0.1)	(0.0)	41.0	+2.0								

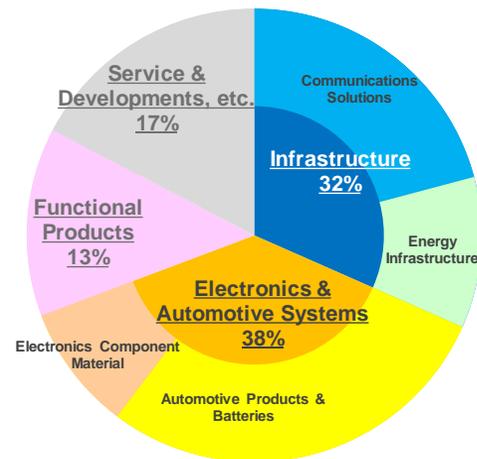
*Announced on November 9, 2023

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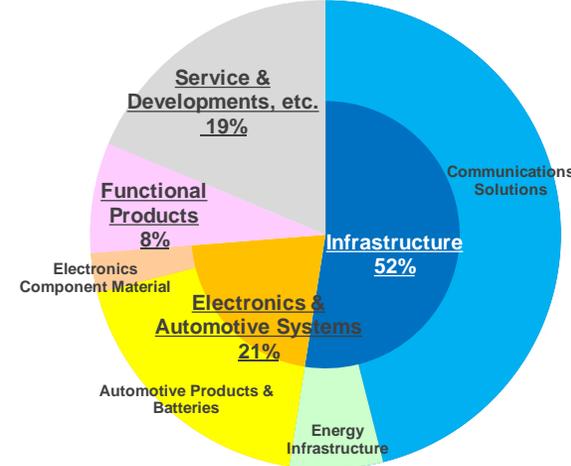
FY23 Results : JPY39.0 billion



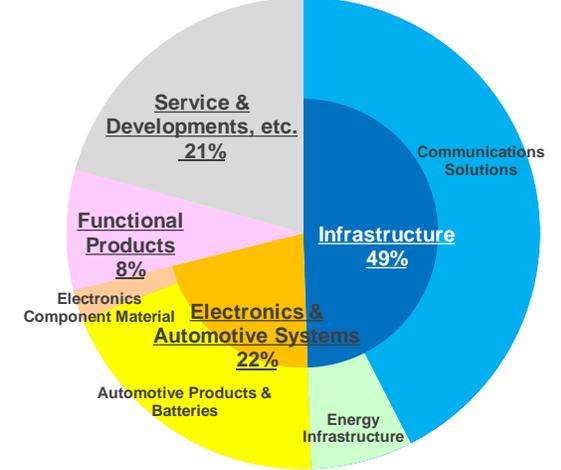
FY24 Forecasts : JPY48.0 billion



FY23 Results : JPY24.5 billion



FY24 Forecasts : JPY26.0 billion



II. Progress of the 2025 Mid-term Plan

1. Recognition of the current situation

1. Recognition of the current situation

■ Overall demand is recovering in FY24. While the recovery timing and size are expected to be careful, we will steadily capture the opportunities for earnings growth in the second half, leading to FY25.

Operating income of main segments repost page 18

Income image compared to the last half

Segments	Sub-segments	FY22 Results	FY23 Results		FY24 Forecasts		YoY change
			H1	H2	H1	H2	
Infrastructure	Communications Solutions	6.5	(13.0)		(6.0)		+7.0
			(6.0)	(6.9)			
Infrastructure	Energy Infrastructure	2.1	1.7		3.5		+1.8
			(2.6)	4.4			
Electronics & Automotive Systems	Automotive Products & Batteries	1.5	15.6		16.5		+0.9
			2.3	13.3			
Electronics & Automotive Systems	Electronics Component Material	3.2	3.1		4.5		+1.4
			0.6	2.5			
Functional Products (Excluding special factor*)		<u>1.8</u>	5.5		10.0		+4.5
			2.1	3.4			
Consolidated total (Include special factor*, service and developments segment, elimination)		15.4	11.2		25.0		+13.8
			(4.6)	15.8			



FY25
Operating income target
More than JPY58.0 billion

Including special factor*
 JPY4.2 billion

*Deconsolidation of TOTOKU from FY22Q4

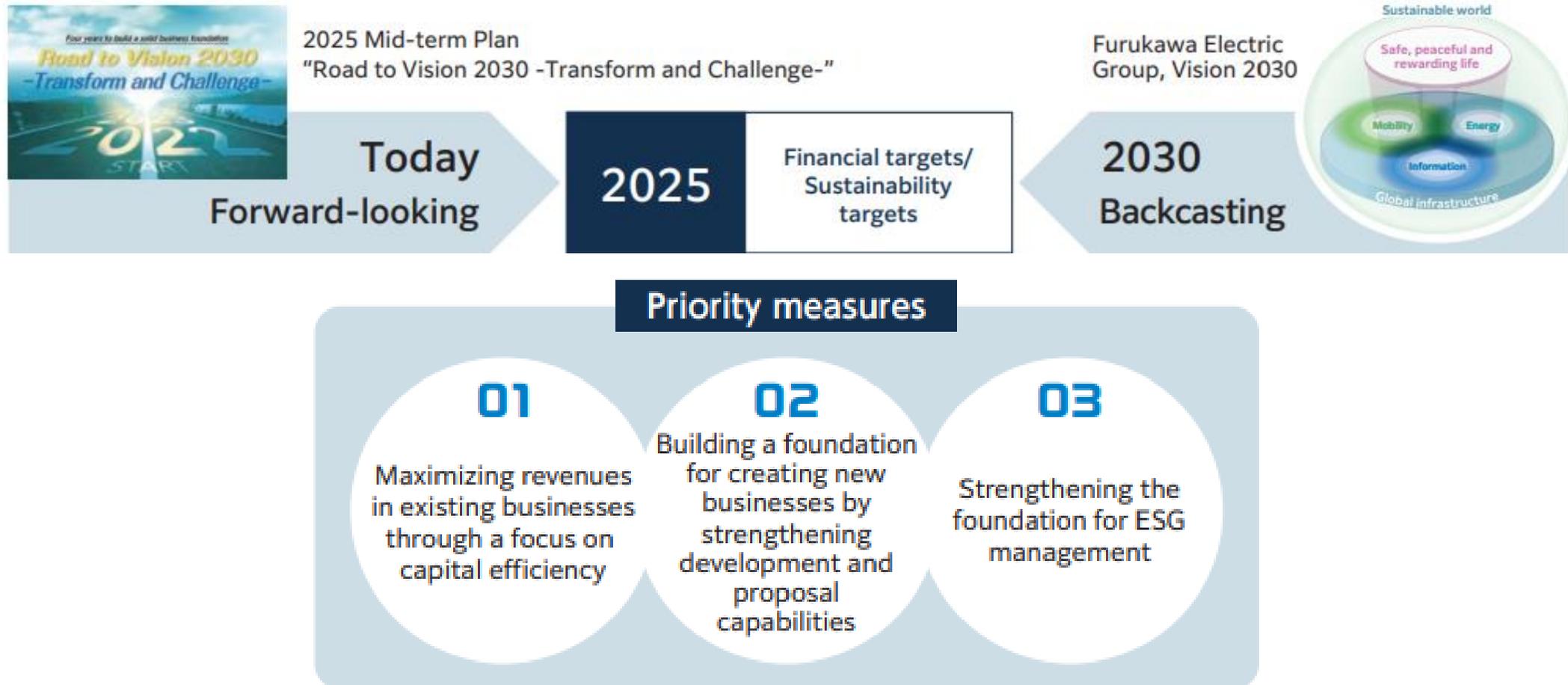
1. Recognition of the current situation

		FY22 (2nd year of the 2025 Mid-term Plan)	Toward FY2025
Business environment		<ul style="list-style-type: none"> Automotive market recovered, and the semiconductor/ US optical cable markets deteriorated Yen steadily weakened against the US dollar, and domestic consumer prices rose 	<ul style="list-style-type: none"> Strong market for AI related products, and semiconductor/ US optical cable markets will recover Increased political/ economic uncertainty, and greater market volatility
Status of businesses		<ul style="list-style-type: none"> Although steady progress was made in the initiatives to improve earnings capability, further improvements need to be made in response to the changing business environment 	<ul style="list-style-type: none"> Enhance the ability to respond to risk through scenario planning Promote transition to a profit structure that is not affected by the market environment
Communications Solutions		Sales declined due to the rapid market deterioration and prolonged downturn	Shift to high-value-added products, acquire new customers and strengthen the sales & manufacturing structures
Energy Infrastructure		Japan extra-high voltage underground cable projects and industrial power cable were firm	Continue to accept orders with a focus on profit, and strengthen the business foundation based on medium to long-term growth
Automotive Products & Batteries		Automobile production plans stabilized, and production volumes increased. Progress was made in improving productivity and optimizing sales prices	Develop products and respond to autonomy for the electric vehicle market
Electronics Component Material		Although automotive products recovered, electronics related demand was weak	Continue and strengthen the initiatives to improve the product mix and optimize sales prices
Functional Products		Although demand was weak overall, generative AI related products drove the financial results	Quickly respond to the market recovery and growth (prepare the production system and develop next-generation products)
Financial results		Although the results fell below the initial forecast, Automotive Products & Batteries and Functional Products recovered and grew, and the Communications Solutions business appears to have bottomed	Connect the initiatives aimed at increasing earnings to tangible results (Target set in 2025 Mid-term Plan remains unchanged)

2. Progress of priority measures

2. Progress of priority measures

Despite severe performance in FY23, steady progress was made in the priority measures in the 2025 Mid-term Plan toward PBR of more than one at an early stage

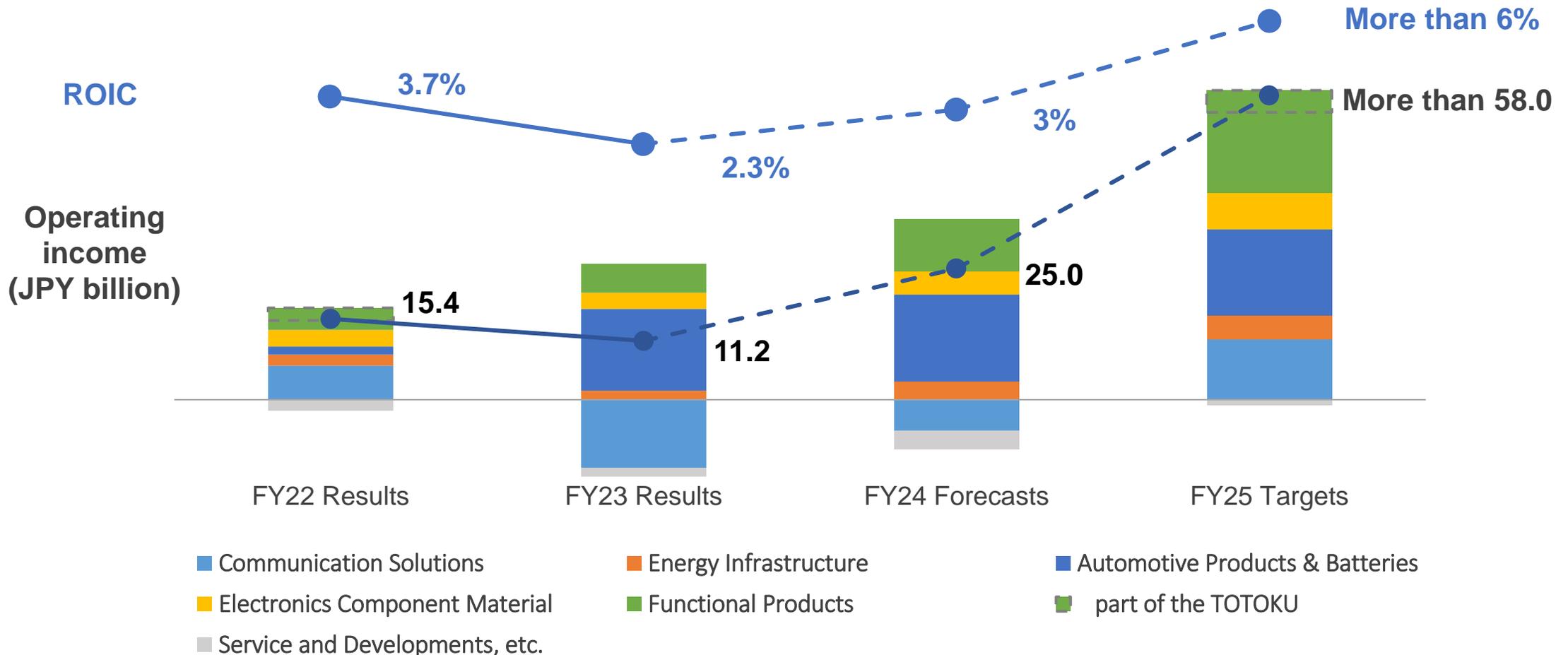


2. Progress of priority measures

(1) Maximizing revenues in existing businesses

In the Communications Solutions business, initiatives aimed at improving earnings are being conducted

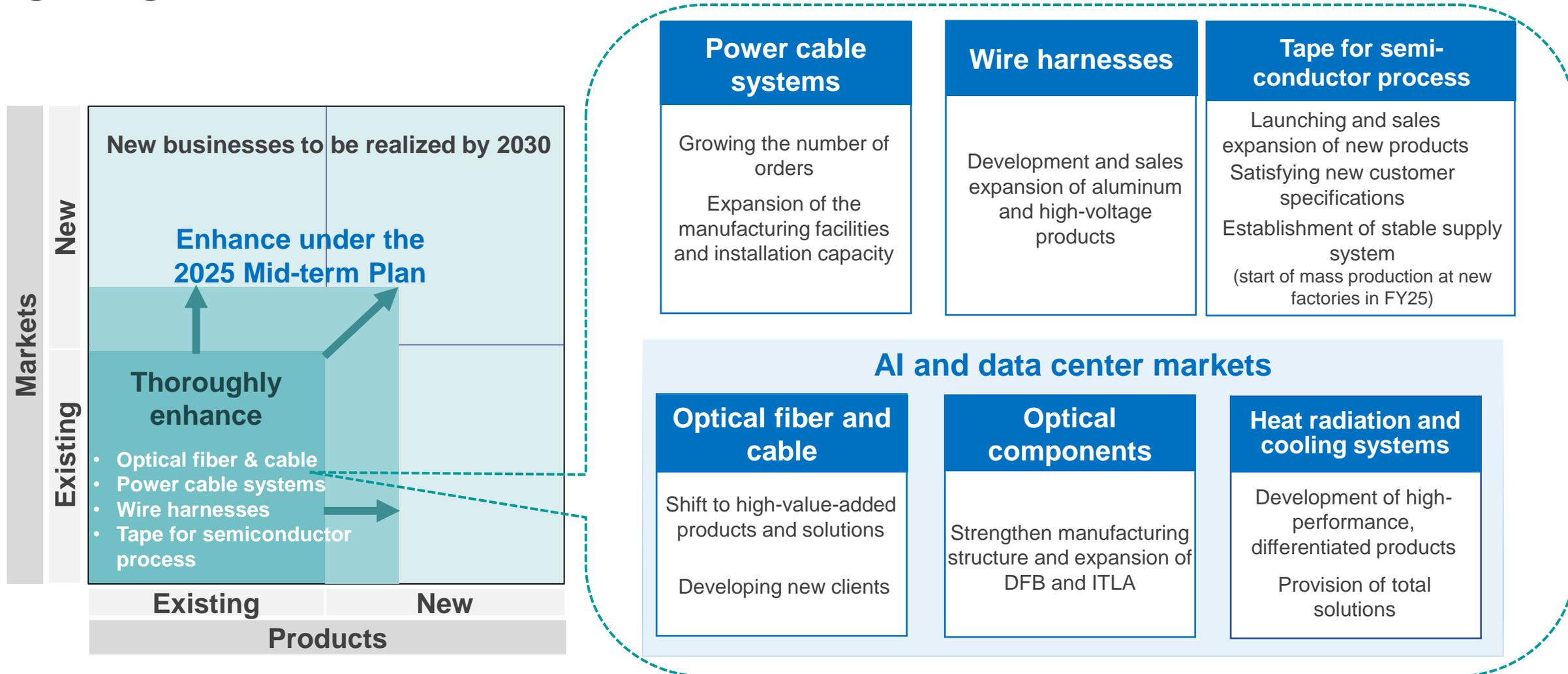
We are aiming to increase profit through stable earnings in the Automotive Products & Batteries business and further growth in the Functional Products business



2. Progress of priority measures

(1) Maximizing revenues in existing businesses

Making steady progress in the initiatives for each business. In addition, increase profits by growing AI and data center markets



2. Progress of priority measures

(1) Maximizing revenues in existing businesses-Communications Solutions

Demand is expected to recover.

Capture growing demand by improving product mix and strengthening the production and sales structure

Market outlook

Optical cable in North America

Data center: Continued favorable performance
Telecom: Gradual recovery from second half of FY24
Full scale recovery from FY25
(including impact of BEAD)

Central and South America

Data Center, Enterprise: Steady
Telecom: Uncertain recovery

Optical components

Recovery and growth from FY24 centered on data centers

Initiatives aimed at increasing sales

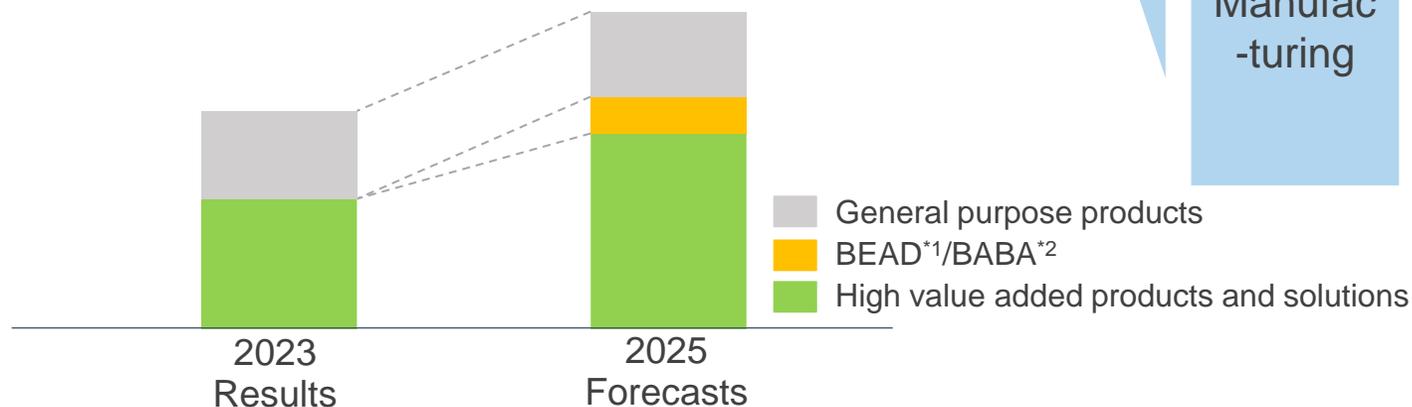
Product mix/
Sales

- Capture the strong data center demand
- Steady capture of carrier demand, including BEAD projects
- Expansion of high-value-added product portfolio

Manufac-
-turing

- Strengthen employment system in preparation for a recovery in orders
- Continue to improve productivity
- Strengthen manufacturing system for core products (ultra-multi-core cable, FTTx^{*3} products, DFB^{*4}, ITLA^{*5})

Sales of our optical fiber and cable

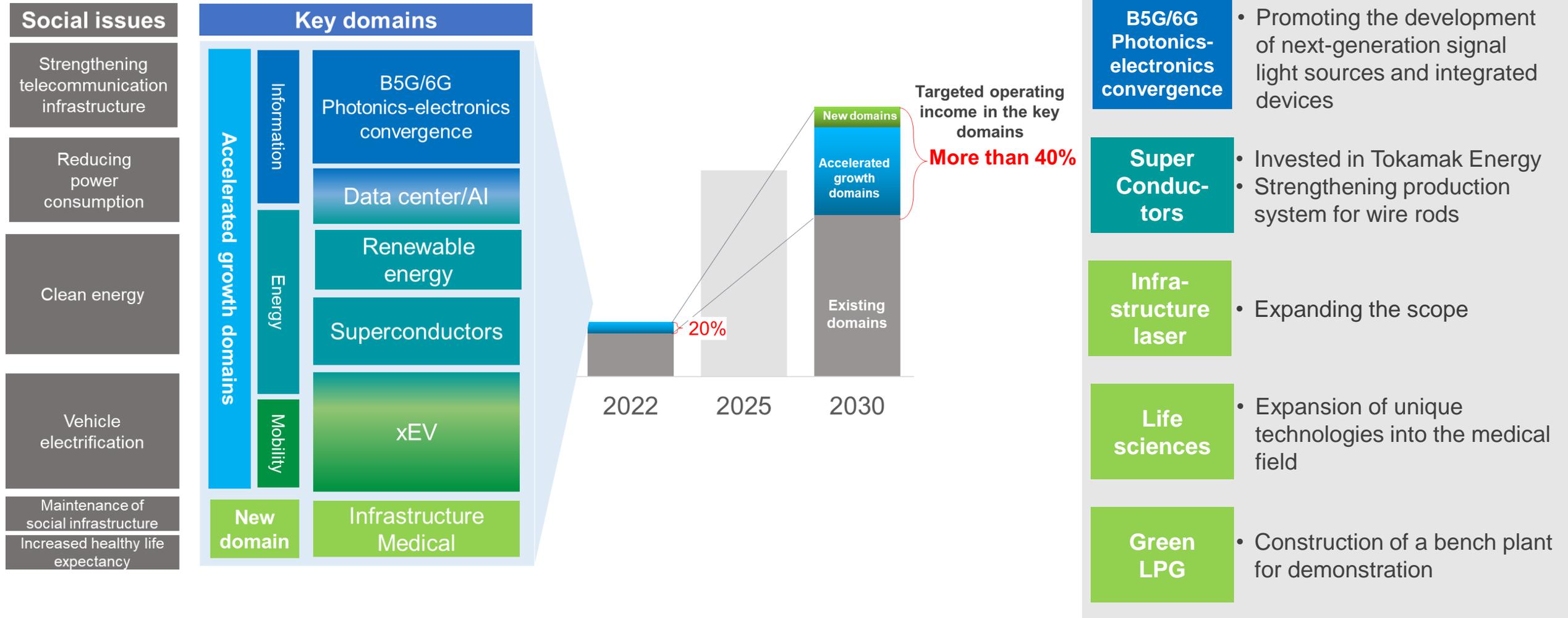


*1 Broadband Equity Access and Deployment Program
*2 BABA: Build America Buy America Act
*3 Fiber To The x
*4 Distributed Feedback Laser
*5 Integrated Tunable Laser Assemble

2. Progress of priority measures

(2) Building a foundation for creating new businesses

Making progress in the initiatives aimed at creating new businesses



2. Progress of priority measures

(3) Strengthening the foundation for ESG management

Steady progress toward achieving sustainability targets

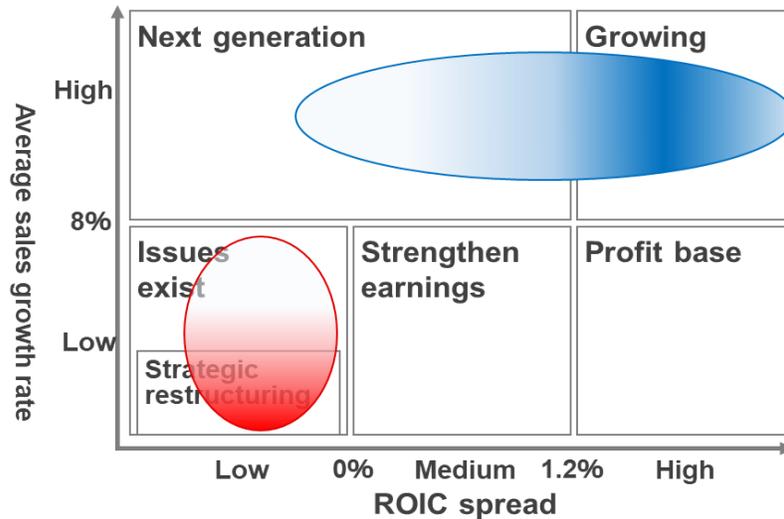
FY23	Although some indicators such as employee engagement scores did not achieve the target, the other indicators should be achieved																
FY24	<p>Set new targets for some indicators</p> <p>GHG emission reduction ratio: Change the baseline year</p> <p>(1,000 tons CO_{2e})</p> <p>GHG emissions (Scope 1, 2)</p> <p>Old target</p> <p>Sustainability target</p> <p>Revised 2030 Environmental targets</p> <p>New target</p> <p>2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 expected</p>	<p>Employee engagement scores: Set consolidated targets</p> <table border="1"> <thead> <tr> <th></th> <th>FY22 Result</th> <th>FY23 Result</th> <th>FY24 Target</th> <th>FY25 Target</th> </tr> </thead> <tbody> <tr> <td>Non-consolidated</td> <td>65*</td> <td>63</td> <td></td> <td></td> </tr> <tr> <td>Consolidated</td> <td></td> <td>76</td> <td>77 (New target)</td> <td>80</td> </tr> </tbody> </table> <p>*Survey covers only indirect departments</p>		FY22 Result	FY23 Result	FY24 Target	FY25 Target	Non-consolidated	65*	63			Consolidated		76	77 (New target)	80
	FY22 Result	FY23 Result	FY24 Target	FY25 Target													
Non-consolidated	65*	63															
Consolidated		76	77 (New target)	80													
FY25	Aim to achieve all of the sustainability indicators and targets set in the 2025 Mid-term Plan																

3. Business portfolio optimization and allocation of management resources

3. Business portfolio optimization and allocation of management resources

Implementing initiatives to optimize business portfolio

Appropriate resource allocation and business management based on the management indicator (ROIC, FVA*) are firmly established



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

Steady progress in business portfolio transformation

<Projects in Progress>

Improved profitability: 2 projects, growth strategy: 2 projects, etc.

<Projects implemented>

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

Continue efforts to improve the financial situation and generate cash

- Improve Cash Conversion Cycle
- Reducing asset holdings, etc.

3. Business portfolio optimization and allocation of management resources

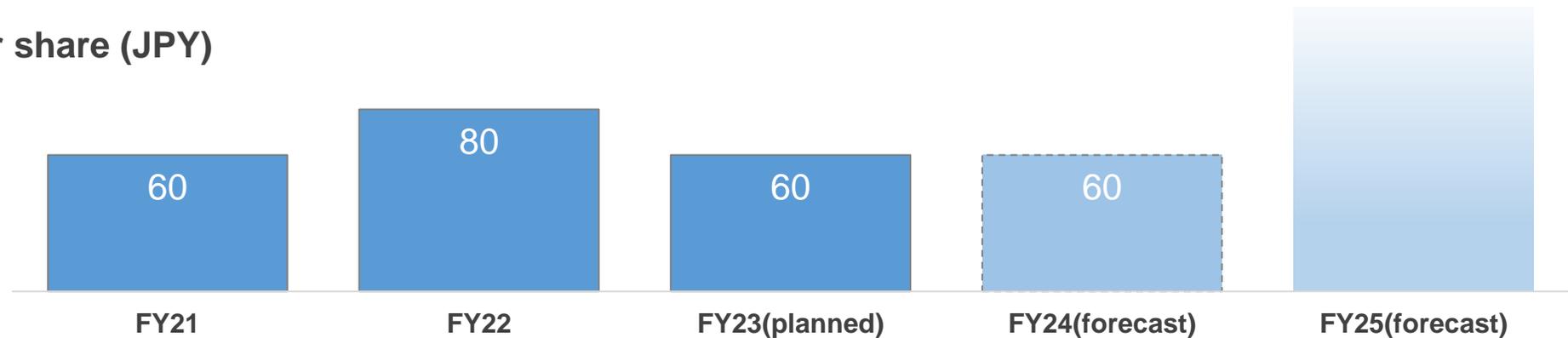
Basic policy on shareholder returns

The Company's basic policy is to provide stable and continuous returns to shareholders and to link dividend payments to business performance, with a target of 30% of net income attributable to owners of the parent

Dividends for FY23 and FY24

- For FY23, the dividend of JPY 60 per share will be issued
- For FY24, we plan to issue a dividend of JPY 60 per share

Annual dividend per share (JPY)



	FY21	FY22	FY23(planned)	FY24(forecast)	FY25(forecast)
Net income attributable to owners of the parent	JPY10.1 billion	JPY15.9 billion*	JPY6.5 billion	JPY13.0 billion	More than JPY37.0 billion
Dividend payout ratio	41.8%	35.4%	64.9%	32.5%	30% (target)

*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)

4. Management targets (Financial targets)

3. Management targets (Financial targets)

FY25 financial targets remain unchanged

	FY22 (Results)	FY23 (Results)	FY24 (Forecasts)		FY25 (Targets)
ROIC (after tax)	3.7%	2.3%	3%	▶	More than 6%
ROE	5.5%*	2.1%	4%	▶	More than 11%
Net D/E ratio	0.9	0.9	0.8	▶	Less than 0.8
Capital ratio	32.3%*	33.3%	34%	▶	More than 35%
Net sales	JPY1,066.3 billion	JPY1,056.5 billion	JPY1,080.0 billion	▶	More than JPY 1,100.0 billion
Operating income	JPY15.4 billion	JPY11.2 billion	JPY25.0 billion	▶	More than JPY 58.0 billion
Net income attributable to owners of the parent	JPY15.9 billion*	JPY6.5 billion	JPY13.0 billion	▶	More than JPY 37.0 billion
Average copper price (JPY/Kg)	1,209	1,262	1,155		1,085
Average exchange rate (JPY/USD)	135	145	140		110

*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)

Thank you very much for your attention

The slogan "Bound to Innovate" in a bold, italicized sans-serif font. A red swoosh underline starts under "Bound" and curves upwards to underline "Innovate", ending in a red arrowhead pointing to the right.

Appendix

- FY23 Net sales and operating Income by segment
- FY22-25 Net sales and operating Income by segment
- FY23, 25 ROIC by segment
- FY22-25 cumulative Capital expenditure and R&D expenses
- Sustainability indicators and targets
- Changes from FY23 (P/L, B/S)
- Segment and business unit

Appendix

FY23 Net sales and operating Income by segment

(JPY billion)	Net sales							Operating income						
	FY22 Results	FY22 Results (excluding special factor)	FY23 Previous forecasts*	FY23 Results	YoY change	YoY change (excluding special factor)	Change from previous forecasts	FY22 Results	FY22 Results (excluding special factor)	FY23 Previous forecasts*	FY23 Results	YoY change	YoY change (excluding special factor)	Change from previous forecasts
	a	a'	b	c	c-a	c-a'	c-b	a	a'	b	c	c-a	c-a'	c-b
Infrastructure	323.9	323.9	265.0	278.2	(45.7)	(45.7)	+13.2	8.6	8.6	(13.5)	(11.3)	(19.9)	(19.9)	+2.2
Communications Solutions	217.6	217.6	160.0	168.0	(49.7)	(49.7)	+8.0	6.5	6.5	(14.5)	(13.0)	(19.5)	(19.5)	+1.5
Energy infrastructure	106.3	106.3	105.0	110.2	+4.0	+4.0	+5.2	2.1	2.1	1.0	1.7	(0.4)	(0.4)	+0.7
Electronics & Automotive Systems	610.3	610.3	660.0	653.7	+43.4	+43.4	(6.3)	4.7	4.7	15.5	18.7	+14.0	+14.0	+3.2
Automotive Products & Batteries	337.4	337.4	395.0	379.8	+42.4	+42.4	(15.2)	1.5	1.5	13.0	15.6	+14.2	+14.2	+2.6
Electronics Component Material	273.0	273.0	265.0	273.9	+1.0	+1.0	+8.9	3.2	3.2	2.5	3.1	(0.1)	(0.1)	+0.6
Functional Products	126.5	114.2	120.0	115.4	(11.1)	+1.2	(4.6)	4.2	1.8	5.0	5.5	+1.3	+3.7	+0.5
Service and Developments, etc.	31.7	31.7	30.0	31.6	(0.2)	(0.2)	+1.6	(2.1)	(2.1)	(2.0)	(1.9)	+0.2	+0.2	+0.1
Elimination of intra-company transactions	(26.1)	(26.1)	(35.0)	(22.4)	+3.8	+3.8	+3.8	0.1	0.1	0.0	0.1	+0.0	+0.0	+0.1
Total	1,066.3	1,054.1	1,040.0	1,056.5	(9.8)	+2.5	+2.5	15.4	13.1	5.0	11.2	(4.3)	(1.9)	+6.2

*Announced on February 8, 2024

*Announced on February 8, 2024

Appendix

FY22-25 Net sales and operating Income by segment

(JPY billion)

	FY22 results			FY23 results			FY24 forecasts			FY25 targets		
	Sales	Operating income	Ratio	Sales	Operating income	Ratio	Sales	Operating income	Ratio	Sales	Operating income	Ratio
Infrastructure	323.9	8.6	2.7%	278.2	(11.3)	(4.0%)	290.0	(2.5)	(0.9%)	360.0	16.0	4.4%
Communications Solutions	217.6	6.5	3.0%	168.0	(13.0)	(7.7%)	175.0	(6.0)	(3.4%)	230.0	11.5	5.0%
Energy Infrastructure	106.3	2.1	2.0%	110.2	1.7	1.6%	115.0	3.5	3.0%	130.0	4.5	3.5%
Electronics & Automotive Systems	610.3	4.7	0.8%	653.7	18.7	2.9%	650.0	21.0	3.2%	590.0	23.5	4.0%
Automotive Products & Batteries	337.4	1.5	0.4%	379.8	15.6	4.1%	385.0	16.5	4.3%	330.0	16.5	5.0%
Electronics Component Material	273.0	3.2	1.2%	273.9	3.1	1.1%	265.0	4.5	1.7%	260.0	7.0	2.7%
Functional Products	126.5	4.2	3.3%	115.4	5.5	4.8%	135.0	10.0	7.4%	165.0	19.5	11.8%
Service and Developments, etc.	31.7	(2.1)	(6.6%)	31.6	(1.9)	(6.0%)	30.0	(3.5)	(11.7%)	40.0	(1.0)	(2.5%)
Total	1,066.3	15.4	1.4%	1,056.5	11.2	1.1%	1,080.0	25.0	2.3%	1,155.0	58.0	5.0%

(Reference)

Functional Products (Excluding special factor*)	<u>114.2</u>	<u>1.8</u>	<u>1.6%</u>	115.4	5.5	4.8%	135.0	10.0	7.4%	<u>143.3</u>	<u>15.3</u>	<u>10.7%</u>
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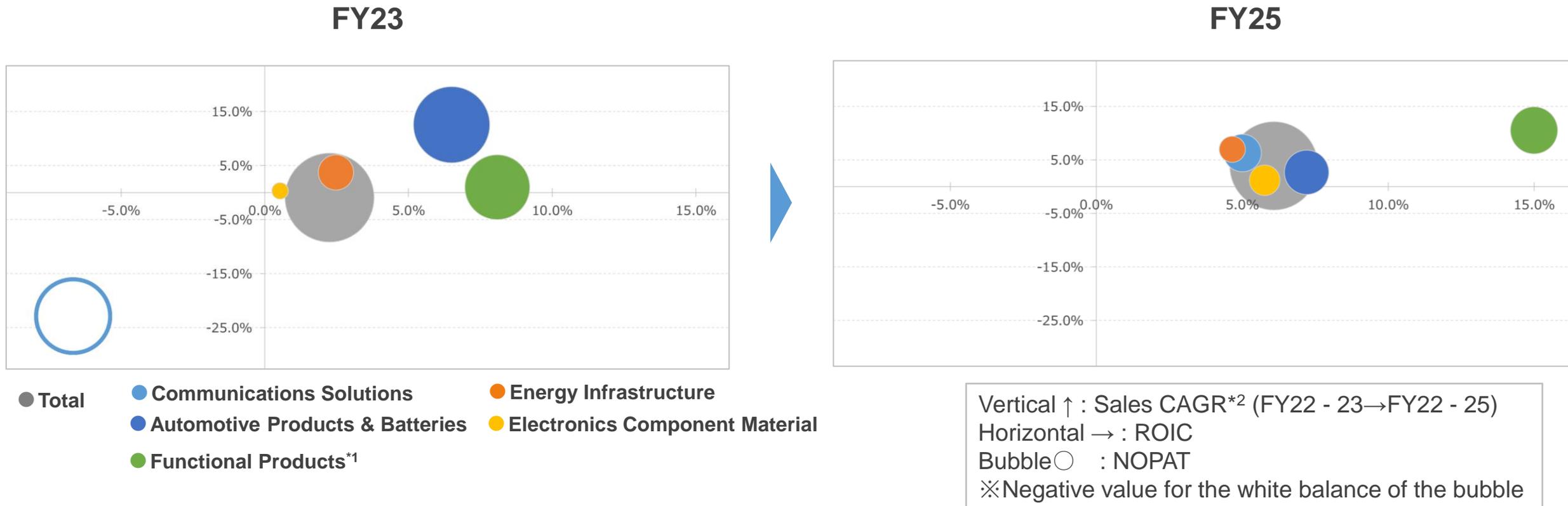
*Deconsolidation of the TOTOKU from FY22Q4

JPY/kg, JPY/USD	FY22	FY23	FY24	FY25
Average copper price	1,209	1,262	1,155	1,085
Average exchange rate	135	145	140	110

Appendix FY23, 25 ROIC by segment

Steadily optimize the business portfolio, and aim to achieve ROIC of at least 6% by FY25

Furukawa Electric (group total) and each sub-segment (FY23 actual → FY25 target)



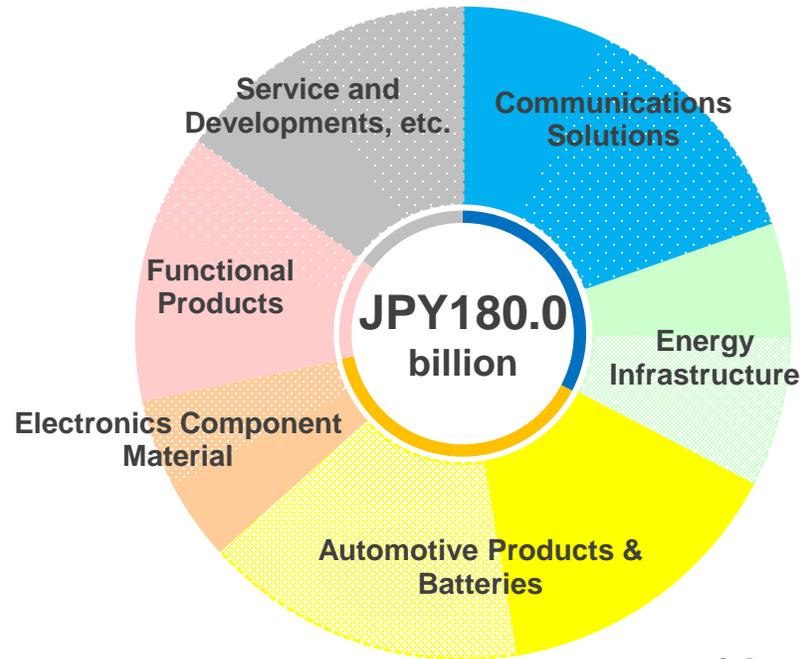
*1 Deconsolidation of the TOTOKU from FY22Q4

*2 FY25 net sales are adjusted to foreign exchange average of FY24 forecast

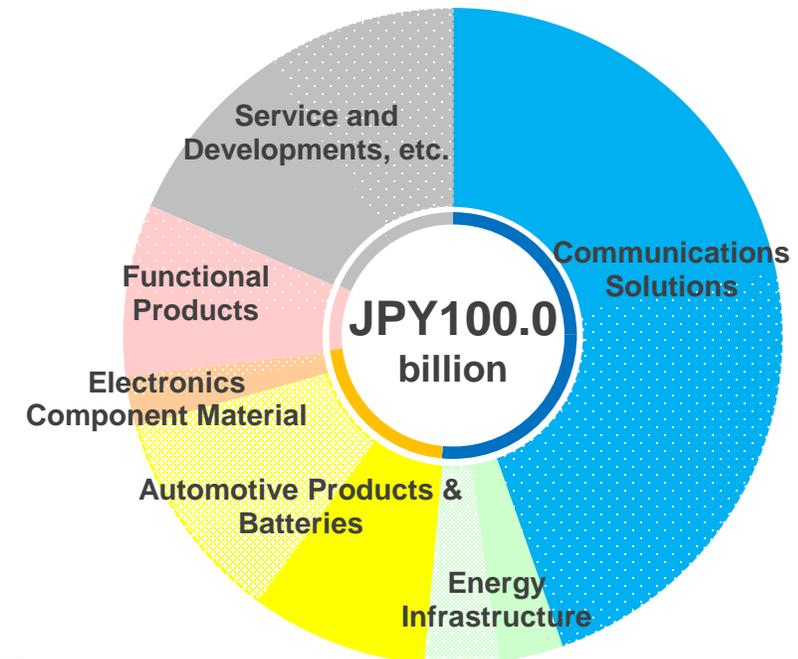
Appendix

FY22-25 cumulative Capital expenditure and R&D expenses

● Capital expenditure



● R&D expenses



【Major Priority Areas】

* Shaded areas are for FY24 and 25

	Existing businesses	New businesses
Communications Solutions	<ul style="list-style-type: none"> ● ● Optical fiber and cable (Rollable ribbon (RR) cable, etc.), Optical devices ● Networking systems 	<ul style="list-style-type: none"> ● Photonics-electronics convergence, hybrid lasers ● Data center related products ● Life science, social infrastructure DX
Energy Infrastructure	<ul style="list-style-type: none"> ● ● Longer cable lengths 	
Automotive Products & Batteries	<ul style="list-style-type: none"> ● ● Wire harnesses (Including BCP related responses) ● Steering roll connectors(SRC), Peripheral monitoring radar 	
Functional Products	<ul style="list-style-type: none"> ● Tape for semiconductor process, Data center related products 	
Service and Developments, etc.	<ul style="list-style-type: none"> ● Renewal of Group core business systems, Shared facilities 	

Appendix

Sustainability indicators and targets

FY23 : Steady progress in the second year of target management

FY24 : Environment-related and engagement score targets changed

			FY23 Targets	FY23 Results	FY24 Targets	FY25 Targets	
Revenue Opportunities	Create businesses that solve social issues						
	Sales ratio of environmentally friendly products	Consolidated	66%	66% (Expected)	68%	70%	
	Open, Agile, Innovative / Build partnerships with various stakeholders						
	R&D expense growth rate for new businesses (compared to FY21)	Consolidated	125%	121%	125%	125%	
	Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses*1	Consolidated	45%	77%	100%*2	100%	
Risks	E Develop business activities that consider climate change						
	GHG emissions reduction rate (Scope1,2)	Consolidated	Compared to FY17 (21.2%)	Compared to FY17 (46%) (Expected)	Compared to FY21 (14.0%)*3	Compared to FY21 (18.7%)	
	Ratio of renewable energy use to total consumption	Consolidated	12%	31% (Expected)	25%	30%	
	S Strengthen human capital management and organizational execution abilities						
	Employee engagement scores	Non-consolidated	Consolidated	65	63(76:Consolidated)	77*4	80
	Ratio of female managers	Non-consolidated	Non-consolidated	5%	5.4%	6%	7%
	Ratio of career track hiring among total new staff hiring (managers, generalist, specialist)*5	Non-consolidated	30%	49%	30%	30%	
	G Build a governance system to strengthen risk management						
	Ratio of follow-up on risk management activities for all risk domains	Consolidated	100%	100%	100%	100%	
	Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Consolidated	40%	65%	70%	100%	
	Implementation rate of human rights training for managerial positions*6	Consolidated	100%	100%	100%	100%	

*1Target themes set in FY22 *2Target on FY25 moved forward *3Reflect the revised environmental target 2030 *4Change to consolidated target *5Maintain around 30% in each fiscal year *6Maintain 100% in each fiscal year

Appendix

Changes from FY2023 – P/L

■ 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	
Net sales	1,066.3	1,066.3
Operating income	15.4	15.4
(Margin)	1.4%	1.4%
Interest revenues/expenses	(5.2)	(5.2)
Profit/loss in equity method affiliates	6.0	3.6
Foreign exchange gain/loss	1.7	1.7
Ordinary income	19.6	17.3
(Margin)	1.8%	1.6%
Extraordinary income/loss	10.7	10.7
Income taxes	(10.7)	(10.3)
Net income attributable to non-controlling interests	(1.7)	(1.7)
Net income attributable to owners of parent	17.9	15.9
(Margin)	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

(JPY billion)	End of 22Q4	End of 22Q4
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
Property, plant and equipment	269.3	269.3
Intangible 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 Material	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.		