

Furukawa Electric Group

FY2024 Q1 Financial Results

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FY24 Q1 Financial Results and FY24 Forecasts

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FY24 Q1 Financial Results and FY24 Forecasts

FY24 Q1 Financial Results Highlights

- Achieved increased profit on higher revenue compared to the same period of last year. The businesses are performing generally as expected.

(JPY billion, JPY/kg, JPY/USD)	FY23_Q1	FY24_Q1	YoY change
	a	b	b-a
Net sales	246.4	273.6	+27.1
Operating profit	(2.8)	3.5	+6.3
Ordinary profit	(1.8)	7.1	+8.9
Profit attributable to owners of parent	(1.7)	4.7	+6.4
Average copper price	1,219	1,570	+351
Average exchange rate	137	156	+18

Revenue increased in all segments

Profit increased in all segments excluding Service and Developments, etc.

Share of profit of entities accounted for using equity method increased

FY24 Q1 Results – P/L Summary

■ Full year forecasts remain unchanged

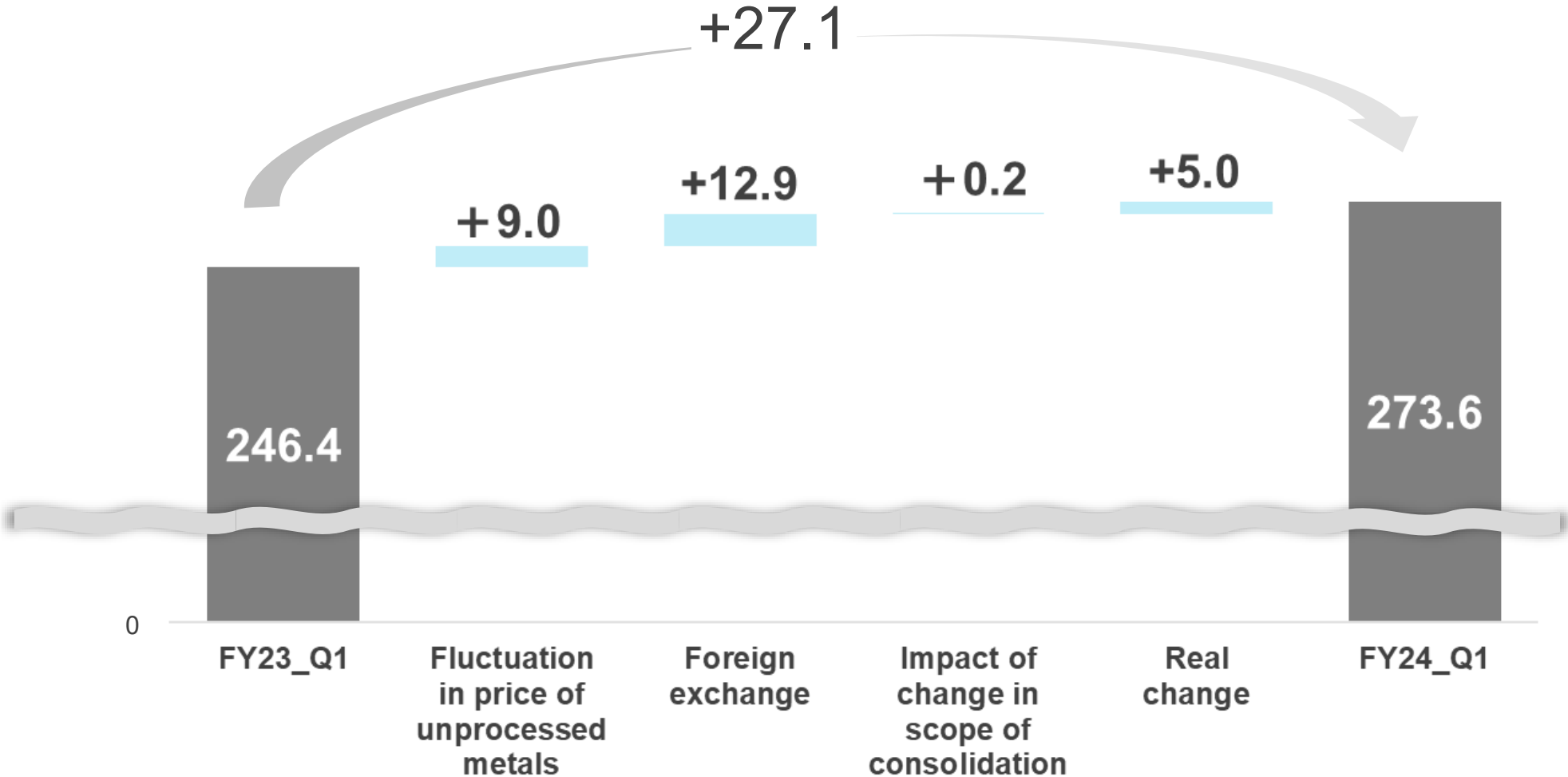
《 Announced on May 13, 2024 》

(JPY billion, JPY/kg, JPY/USD)	FY23_Q1	FY24_Q1	YoY change	Breakdown of change (Q1)	FY23 Results	FY24 Forecasts	YoY change
	a	b	b-a		c	d	d-c
Net sales	246.4	273.6	+27.1	See page 7	1,056.5	1,080.0	+23.5
Operating profit	(2.8)	3.5	+6.3	See page 8	11.2	25.0	+13.8
(Margin)	(1.1%)	1.3%	+2.4		1.1%	2.3%	+1.3
Interest income (expenses)	(1.7)	(1.9)	(0.3)		(7.4)	—	—
Share of profit (loss) of entities accounted for using equity method	1.0	4.5	+3.5		6.3	—	—
Foreign exchange gains (losses)	1.2	1.0	(0.2)		(0.1)	—	—
Ordinary profit	(1.8)	7.1	+8.9		10.3	20.5	+10.2
(Margin)	(0.7%)	2.6%	+3.3		1.0%	1.9%	+0.9
Extraordinary income (losses)	2.6	(1.8)	(4.5)	•Extraordinary income (0.4) [4.8→ 0.8]	9.8	4.0	(5.8)
Income taxes	(2.4)	0.3	+2.7	•Extraordinary losses (0.5) [(2.2) → (2.7)]	(11.6)	—	—
Profit attributable to non-controlling interests	(0.1)	(0.8)	(0.7)		(2.0)	—	—
Profit attributable to owners of parent	(1.7)	4.7	+6.4		6.5	13.0	+6.5
(Margin)	(0.7%)	1.7%	+2.4		0.6%	1.2%	+0.6
Average copper price	1,219	1,570	+351		1,262	1,155	(107)
Average exchange rate	137	156	+18		145	140	(5)

FY24 Q1 Results – Breakdown of Changes in Net Sales



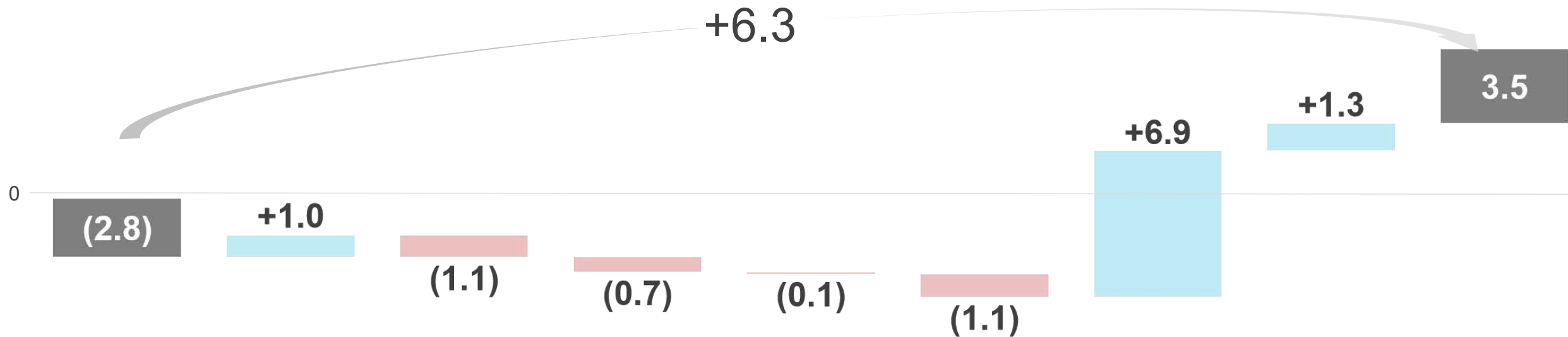
(JPY billion)



FY24 Q1 Results – Breakdown of Changes in Operating Profit



(JPY billion)



FY23_Q1

Increase in sales

Raw material & fuel prices, logistics expenses*

* Including foreign currency exchange

Depreciation expenses

R&D expenses

Other fixed expenses

Improvement effects

Foreign exchange

FY24_Q1

Communications Solutions: (2.9)
Energy Infrastructure: +2.0
Automotive Products & Batteries: +0.5
Functional Products: +1.4
Others: (0.2)

Communications Solutions: (0.6)
Electronics Component Material: (0.2)
Functional Products: (0.3)

Communications Solutions: 0.0 [Improved productivity +1.0, Decreased valuation of inventories (1.0)]
Energy Infrastructure: +1.0
Automotive Products & Batteries: +3.0
Electronics Component Material: +0.6
Functional Products: +1.7
Others: +0.6

FY24 Forecasts – Operating Profit by Segment

- Full year forecasts remain unchanged
- We will continue to assess the demand recovery in each segment and the growth of generative AI related demand

Operating profit of main segments

➡ Profit image compared to the last half

Segments	Sub-segments	H1	H2	FY23 Results	Profit image compared to the last half		FY24 Forecasts	YoY change	Progress in Q1
					H1 Q1	H2			
				a			b	b-a	
Infrastructure	Communications Solutions	(6.0)	(6.9)	(13.0)	➡ (4.0)	➡	(6.0)	+7.0	} Performed as expected
	Energy Infrastructure	(2.6)	4.4	1.7	➡ 1.1	➡	3.5	+1.8	
Electronics & Automotive Systems	Automotive Products & Batteries	2.3	13.3	15.6	➡ 3.6	➡	16.5	+0.9	} Slightly below expectations due to delayed recovery in the electronics market
	Electronics Component Material	0.6	2.5	3.1	➡ 0.5	➡	4.5	+1.4	
Functional Products		2.1	3.4	5.5	➡ 3.4	➡	10.0	+4.5	Exceeded expectations due to strong demand for generative AI and data center related products
Consolidated total (include service and developments, etc. segment, and elimination)		(4.6)	15.8	11.2	➡ 3.5	➡	25.0	+13.8	

FY24 Forecasts – Net Sales and Operating Profit by Segment



《 Announced on May 13, 2024 》

(JPY billion)	Net sales			Operating profit			Net sales			Operating profit		
	FY23_Q1	FY24_Q1	YoY change	FY23_Q1	FY24_Q1	YoY change	FY23 Results	FY24 Forecasts	YoY change	FY23 Results	FY24 Forecasts	YoY change
	a	b	b-a	c	d	d-c	e	f	f-e	g	h	h-g
Infrastructure	68.7	68.8	+0.1	(3.2)	(2.9)	+0.3	278.2	290.0	+11.8	(11.3)	(2.5)	+8.8
Communications Solutions	46.8	39.9	(6.9)	(1.7)	(4.0)	(2.3)	168.0	175.0	+7.0	(13.0)	(6.0)	+7.0
Energy Infrastructure	21.9	28.9	+7.0	(1.5)	1.1	+2.6	110.2	115.0	+4.8	1.7	3.5	+1.8
Electronics & Automotive Systems	149.7	167.2	+17.5	0.2	4.1	+3.9	653.7	650.0	(3.7)	18.7	21.0	+2.3
Automotive Products & Batteries	88.2	94.1	+6.0	0.1	3.6	+3.5	379.8	385.0	+5.2	15.6	16.5	+0.9
Electronics Component Material	61.5	73.1	+11.6	0.1	0.5	+0.4	273.9	265.0	(8.9)	3.1	4.5	+1.4
Functionl Products	27.5	35.9	+8.4	0.7	3.4	+2.6	115.4	135.0	+19.6	5.5	10.0	+4.5
Service and Developments, etc.	6.5	8.0	+1.5	(0.6)	(1.0)	(0.4)	31.6	30.0	(1.6)	(1.9)	(3.5)	(1.6)
Elimination of intra-company transactions	(5.9)	(6.3)	(0.4)	0.1	(0.1)	(0.2)	(22.4)	(25.0)	(2.6)	0.1	0.0	(0.1)
Consolidated total	246.4	273.6	+27.1	(2.8)	3.5	+6.3	1,056.5	1,080.0	+23.5	11.2	25.0	+13.8

1-(1) Infrastructure (Communications Solutions)

FY24_Q1

Decreased profit on lower revenue

(JPY billion)	FY23_Q1	FY24_Q1	YoY change
	a	b	b-a
Net sales	46.8	39.9	(6.9)
Operating profit	(1.7)	(4.0)	(2.3)

【Factors affecting profits】

(-) Decreased telecom related demand

(+) Increase in data center related orders

Recognition of the business environment

	FY24_H1	FY24_H2	
Fiber & cable	Recovery in demand	Elimination of customers' inventory adjustments Increase cable demand through BEAD*1 programs	>>
Optical device/ Networking related products in Japan	Increase 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*2 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_Q1

Increased profit on higher revenue

(JPY billion)	FY23_Q1	FY24_Q1	YoY change
	a	b	b-a
Net sales	21.9	28.9	+7.0
Operating profit	(1.5)	1.1	+2.6

【Factors affecting profits】

(+) Increase in sales of domestic extra-high voltage, renewable energy projects, functional power cable, etc.

Recognition of the business environment							
>>	FY24_H1	FY24_H2	>>				
Domestic 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 Increase cable manufacturing and installation capacity <table border="0" style="width: 100%;"> <tr> <td style="border: 1px solid gray; padding: 2px;">Domestic extra-high voltage and submarine lines</td> <td style="border: 1px solid gray; padding: 2px;">Renewable energy projects</td> </tr> </table> Increased sales by promoting marketing activities <table border="0" style="width: 100%;"> <tr> <td style="border: 1px solid gray; padding: 2px;">Rakuraku aluminum cable®</td> <td style="border: 1px solid gray; padding: 2px;">Transmission and distribution components</td> </tr> </table> 				Domestic extra-high voltage and submarine lines	Renewable energy projects	Rakuraku aluminum cable®	Transmission and distribution components
Domestic extra-high voltage and submarine lines	Renewable energy projects						
Rakuraku aluminum cable®	Transmission and distribution components						

FY24_Q1

Increased profit on higher revenue

(JPY billion)

	FY23_Q1	FY24_Q1	YoY change
	a	b	b-a
Net sales	88.2	94.1	+6.0
Operating profit	0.1	3.6	+3.5

【Factors affecting profits】

- (+) Improved productivity through stable orders
- (+) Slight increase in sales volumes

Recognition of the 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				
<ul style="list-style-type: none"> Develop products and respond to autonomy for the electric vehicle market Aluminum wire harness (including high-voltage products) 				

FY24_Q1

Increased profit on higher revenue

*Including the impact of changes in copper prices and foreign currency exchange

(preference)

Average copper price: JPY / kg

Average exchange rate: JPY/USD

FY23_Q1	FY24_Q1
1,219	1,570
137	156

(JPY billion)

	FY23_Q1	FY24_Q1	YoY change
	a	b	b-a
Net sales	61.5	73.1	+11.6*
Operating profit	0.1	0.5	+0.4

【Factors affecting profits】

(+) Improved product mix

Recognition of the 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

FY24_Q1

Increased profit on higher revenue

(JPY billion)

	FY23_Q1	FY24_Q1	YoY change
	a	b	b-a
Net sales	27.5	35.9	+8.4
Operating profit	0.7	3.4	+2.6

【Factors affecting profits】

(+) Increased net sales of generative AI and HDD related products

Recognition of the business environment

>>	FY24_H1	FY24_H2	>>
Moderate recovery in global demand for smartphones and PCs. related products			
Inventory adjustments in the supply chain for HDD related products is ending sooner than originally expected			
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

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

FY24 Q1 Results – B/S Summary

(JPY billion)	End of 23Q4*	End of 24Q1	Change
	a	b	b-a
Current assets	517.8	532.7	+14.9
Cash and deposits	48.9	43.5	(5.4)
Notes and accounts receivable - trade, and contract assets	245.7	248.1	+2.4
Total inventories	183.6	200.2	+16.6
Non-current assets	467.2	440.2	(27.0)
Property, plant and equipment	278.6	281.7	+3.1
Intangible assets	20.3	19.9	(0.4)
Investments and other assets	168.3	138.6	(29.7)
Total assets	985.0	972.9	(12.1)
Current liabilities	400.9	417.3	+16.4
Non-current liabilities	225.9	215.9	(9.9)
Total liabilities	626.8	633.2	+6.5
Shareholders' equity	284.9	260.6	(24.3)
Accumulated other comprehensive income	43.4	48.4	+5.0
Non-controlling interests	29.9	30.6	+0.7
Total net assets	358.2	339.6	(18.6)
Total liabilities and net assets	985.0	972.9	(12.1)
Equity capital ratio	33.3%	31.8%	(1.5)
Net interest-bearing debt	284.1	287.7	+3.5
Net D/E ratio	0.87	0.93	+0.06

Inventories Increased by JPY 16.6 billion
(including the impact of foreign currency exchange and copper prices of JPY + 6.8 billion)

Projects and construction planned to be recorded as net sales in the future
(Increased by JPY 4.3 billion compared to the end of FY23Q4)

Property, plant and equipment, and intangible assets
Increased by JPY 2.7 billion

Impact of CAPEX and depreciation: JPY (2.2) billion
Impact of foreign currency exchange: JPY +5.2 billion
Retirement, etc.: JPY (0.3) billion

Investments and other assets Decreased by JPY 29.7 billion

Investment securities: JPY (30.3) billion
*Mainly due to the reclassification of UACJ shares
(Shares of subsidiaries and associates → Shares of a non-affiliated company)

Total assets Decreased by JPY 12.1 billion

Impact of change in scope of consolidation : JPY (30.5) billion *Mainly UACJ
Impact of foreign currency exchange: JPY +15.6 billion

Shareholders' equity Decreased by JPY 24.3 billion

Retained earnings: JPY (24.3) billion *Mainly sale of UACJ shares

Accumulated other comprehensive income Increased by JPY 5.0 billion

Valuation difference on available-for-sale securities: JPY +11.0 billion
*Mainly due to the gain on mark-to-market valuation of UACJ
Foreign currency translation adjustment: JPY (5.6) billion

*Restated the FY23 financial results following changes to the accounting standards for corporate taxes, municipal taxes and business taxes (refer to the Appendix)

CAPEX, Depreciation & Amortization and R&D Expenses

■ Full year forecasts remain unchanged

《 Announced on May 13, 2024 》

(JPY billion)	FY23_Q1 Results	FY24_Q1 Results	YoY change	《 Announced on May 13, 2024 》		
	a	b	b-a	FY23 Results	FY24 Forecasts	YoY change
				c	d	d-c
CAPEX	8.5	6.9	(1.6)	39.0	48.0	+9.0
Depreciation and amortization	9.5	10.1	+0.7	39.0	41.0	+2.0
R&D expenses	6.4	6.4	+0.1	24.5	26.0	+1.5

Initiatives to Optimize the Business Portfolio

Overview of the groupwide reorganization	Completion	Main objective
<p>Establish a global holding company for the optical fiber and cable businesses*</p> <p>*Subsidiary business companies: Newly established corporation (Japan), OFS (US), FEL (Brazil)</p>	<p>April 2025</p>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #f06292; padding: 5px; border-radius: 10px;">Profit improvement</div> <div style="background-color: #42a5f5; padding: 5px; border-radius: 10px;">Growth strategy</div> </div> <ul style="list-style-type: none"> Promote efficiency in business operations and deepen synergies by leveraging the features and strengths of the businesses in each region, and capture global business opportunities
<p>Merge the metal power cable business into Furukawa Electric Industrial Cable Co., Ltd.*</p> <p>*Business included in the merger: KANZACC Co., Ltd., and part of Furukawa Electric Co., Ltd., Riken Electric Wire Co., Ltd. and Okano Cable Co., Ltd.</p>	<p>October 2025</p>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #004a7c; color: white; padding: 5px; border-radius: 10px;">Transform the business portfolio</div> <div style="background-color: #f06292; padding: 5px; border-radius: 10px;">Profit improvement</div> </div> <ul style="list-style-type: none"> Promote efficiency in business operations Specialize in product lineups that are competitive in the market
<p>Transfer shares of The Furukawa Battery Co., Ltd. and reinvest in the storage battery business through partner companies</p>	<p>April 2025 (Expected)</p>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="background-color: #004a7c; color: white; padding: 5px; border-radius: 10px;">Transform the business portfolio</div> <div style="background-color: #8bc34a; padding: 5px; border-radius: 10px;">Corporate governance</div> </div> <ul style="list-style-type: none"> Grow and develop The Furukawa Battery Co., Ltd. under the direction of the best owner Eliminate the situation of both the parent and subsidiary being listed companies

Thank you

FURUKAWA ELECTRIC GROUP PURPOSE

**Composing the core
of a brighter world.**

Appendix

- Changes from FY24 -B/S
- Segments and Business Divisions

Appendix Changes from FY24 -B/S

■ Changes in the accounting standards for corporate taxes, municipal taxes and business taxes

We restated the FY23 financial results following the above changes

(JPY billion)	End of FY23	
Current assets	517.8	517.8
Cash and deposits	48.9	48.9
Notes and accounts receivable - trade, and contract assets	245.7	245.7
Total inventories	183.6	183.6
Non-current assets	467.2	467.2
Property, plant and equipment	278.6	278.6
Intangible assets	20.3	20.3
Investments and other assets	168.3	168.3
Total assets	985.0	985.0
Current liabilities	400.9	400.9
Non-current liabilities	226.1	225.9
Total liabilities	627.0	626.8
Shareholders' equity	284.7	284.9
Accumulated other comprehensive income	43.4	43.4
Non-controlling interests	29.9	29.9
Total net assets	358.0	358.2
Total liabilities and net assets	985.0	985.0
Equity capital ratio	33.3%	33.3%
Net interest-bearing debt	284.1	284.1
Net D/E ratio	0.87	0.87
ROE	2.1%	2.1%

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
		Copper & High Performance Material Products
Functional Products	AT & Functional Plastics	
	Thermal Management Solution & Products	
	Memory Disk	
	Copper Foil	
Service and Developments, etc.		