

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

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Contents: FY2024 Financial Results

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Q : Concerning the Communications Solutions business, how do you view the market and other information, including the impact of tariffs?

A : In the North America market, the full-scale start of the BEAD Program may not occur by the end of FY2025, but the construction of hyperscale data centers is driving a market recovery. Dark fiber providers which are our main targets classified as Tier2 and 3 are focusing on the data center business, and even if the BEAD Program is delayed, we believe growth is possible in products and solutions for data centers.

Our main data center products are Rollable Ribbon Cables, MT ferrules and DFB laser chips. Orders for these products led the business to become profitable in FY2024 Q4, and they will continue to contribute to profits in FY2025.

Concerning the impact of tariffs, it has not been incorporated into the FY2025 forecast, but increased costs will be incurred to import raw materials from overseas for the products manufactured in the United States. Basically, we will respond by incorporating the increased costs in the sales price and sourcing raw materials in the United States, and we have already begun negotiations with customers.

Q : How large of an impact will the US tariffs have on the Automotive Products & Batteries business? Also, what is the status of negotiations on incorporating the increased costs in the sales price, including in the Communications Solutions business?

A : In the Automotive Products business, when products manufactured in Southeast Asia and Mexico are sold through the United States, tariffs costs will be incurred. We are currently estimating the size of these costs, but because the situation is fluid and the estimate could fluctuate significantly, I would like to refrain from providing a specific figure at this time.

In both businesses, we are beginning negotiations with customers on including the increased costs in the sales price. I will refrain from discussing individual situations, but many customers have agreed to discussions.

Q : Regarding the Communications Solutions business, what were the full-year results at

Hakusan Inc. and Furukawa FITEC Optical Components Co., Ltd. in FY2024, and to what extent have these results been incorporated into the forecast for FY2025?

A : Our policy is not to disclose the financial results of individual companies.

Hakusan Inc. was included in the consolidated results only for Q4 in FY2024. The reason the actual financial results exceeded the previous forecast in the Communications Solutions business was the non-realization of risk incorporated in the forecast and changes in the scope of consolidation. Hopefully, this will provide sufficient reference to answer your question.

Furukawa FITEC Optical Components Co., Ltd. will be incorporated from FY2025. The recorded loss in the financial results improved in FY2024 compared to FY2023, and it is expected to improve further in FY2025.

Q : Concerning the Communications Solutions business, what is the status of earnings improvement as well as the market condition and share in each business?

A : In the optical fiber & cable business, demand for Rollable Ribbon Cables and other data center products is growing, and there is also the impact of newly consolidated subsidiaries. In addition, the global operation of the new brand "Lightera" is expected to contribute to the bottom line.

In the FITEC products business, DFB laser chip demand for data centers is soaring, and we are currently investing in increased production (to increase production capacity by more than 5 times in FY2025 compared to FY2023). These benefits will materialize in FY2025, so the bottom line is expected to improve significantly from FY2024.

In both businesses, increased market share in the growing data center market has been incorporated in the forecast.

Q : Concerning the Functional Products business, why was final operating profit at the end of FY2024 JPY1.0 billion below the previous forecast?

You are forecasting increased profit on higher revenue in FY2025, but what products do you expect to increase other than tape for semiconductor process for which production will increase when mass production begins at the new plant?

A : In FY2024, the recovery in the electronics market was weaker than the Q3 forecast, and general-use copper foil and tape for semiconductor process for this market performed slightly below expectations.

In FY2025, net sales will increase by JPY20.0 billion compared to last year excluding the impact of elimination of consolidation, and this increase will be split evenly between the 4 businesses in the Functional Products segment. In each business, net sales of data center products will increase. For example, tape for semiconductor process will grow following the start of mass production at the second plant at the Mie Works and the increase in products for advanced processes (second plant can also manufacture products for advanced

processes).

Q : How have fiber volumes changed in each region (from FY2023 to FY2024, from FY2024 to FY2025)? Also, can you present any quantitative indicators for grasping the status of capturing data center demand?

When demand increases, will the production capacity become a restriction? Are there still any issues with productivity in the United States?

A : The changes in fiber volumes by region are as follows.

	from FY2023 to FY2024	from FY2024 to FY2025
Overall	+10%	+60%
North America	+20%	+50%
Central & South America	(30%)	+20%
EMEA	(10%)	+30%

We are currently organizing the quantitative data regarding data center products, and it will be presented at a later.

The operational situation at the US sites is improving, and there are no problems with productivity. Employee hiring and training are progressing steadily, and we are not aware of any particular issues at this time.

Q : Concerning the Functional Products business, given the size of the gap until full production capacity is reached, will it be difficult to realize upward elasticity in the forecast?

A : Concerning tape for semiconductor process, the second plant at the Mie Works will begin production in FY2025. Once this occurs, we will shift from a 2 plant to a 3 plant production system, so there will be sufficient capacity to increase production.

Concerning the thermal management products, we have already completed the investments in increasing production of air-cooling products. Although production was at nearly full capacity in FY2024, there is still some extra capacity, so we will have room to increase production in FY2025. Also, we are investing in facilities for water-cooling products, and these facilities are expected to come online from the second half of FY2026.

For memory disks (aluminum blanks for HDD), the current facilities can handle increased production.

For copper foil, as we shift from general-use products to high performance products, some more capital expenditures will be required, and we will make the appropriate decision on execution.

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