



Furukawa Electric Co., Ltd.

Briefing for Progress of 2025 Medium-term Management Plan 2022 ~ 2025
(25 Medium-term Plan)

May 21, 2025

[Number of Speakers]	3	
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Furukawa Electric Group

Progress of the 2022-2025 Medium-term Management Plan (2025 Mid-term Plan)

May 21, 2025

Hideya Moridaira President
Furukawa Electric Co., Ltd.

Road to Vision 2030
-Transform and Challenge-

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Moridaira: Once again, thank you very much for joining us for the briefing on the progress of our group's medium-term management plan. My name is Moridaira. I would like to provide an explanation based on the materials we have prepared.

Agenda

1) Introduction (Overview)

- Overall image of the 2025 Mid-term Plan
- Progress of the priority measures

2) Maximizing profits in the existing businesses through a focus on capital efficiency

- Progress and future initiatives
- Reorganization of the Optical Fiber and Cable Products business

3) Building a foundation for creating new businesses by strengthening development and proposal capabilities

- Progress and future initiatives
- Key focus areas in new business domains
- Business/Product development towards achieving Vision 2030

4) Strengthening the foundation for ESG management

- Progress and future initiatives
- Change the institutional design

5) Management targets (financial targets) and allocation of management resources

- Progress and future initiatives
- Progress of the financial targets
- CAPEX and R&D expenses

6) Toward the achievement of Vision 2030

Appendix

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We will start with page three. Here is today's agenda.

I will give an overview of this Mid-term Plan, the progress of priority measures, numerical management targets, the status of resource allocation, and current thoughts on the post-Mid-term Plan.



1) Introduction (Overview)

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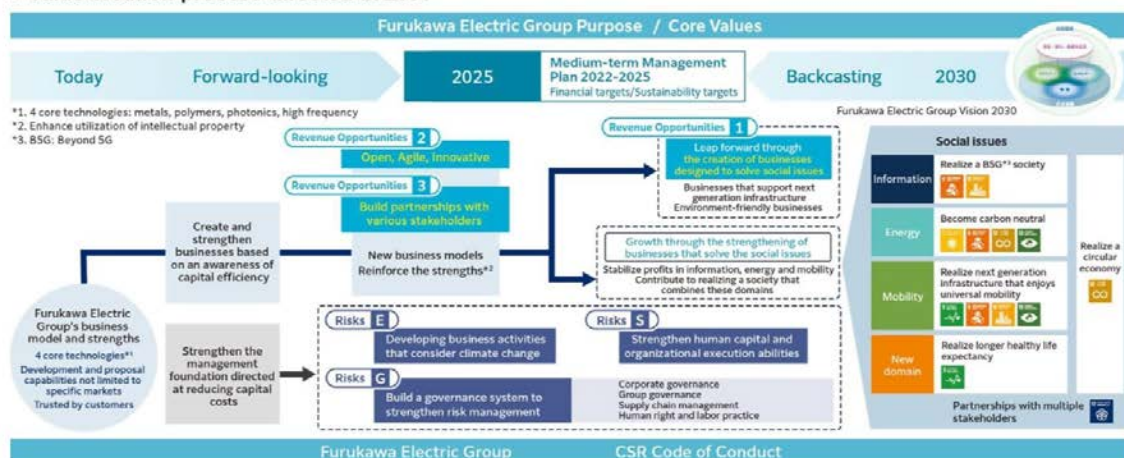
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Let me begin with an overview of this Mid-term Plan. Here is an overall view of this Mid-term Plan.

Overall image of the 2025 Mid-term Plan

The 2025 Mid-term Plan has been set forth as a milestone toward realizing Vision 2030

Value creation process directed at 2030



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Vision 2030 outlines our long-term aspirations for where we want to be by 2030. The 2025 Medium-term Management Plan is a four-year business plan running through 2025, designed through a combination of backcasting from 2030 and forward-looking initiatives that began in FY2021.

In our Vision 2030, we aim to become a corporate group that contributes to solving social challenges in four key areas—information, energy, mobility, and new businesses—as well as in their integrated domains.

To achieve this goal, we have identified three material issues (“materiality”) each from the perspectives of business opportunities and risks. Based on these efforts, we have been promoting the growth of our group.

Progress of the priority measures

Making steady progress in achieving the priority measures



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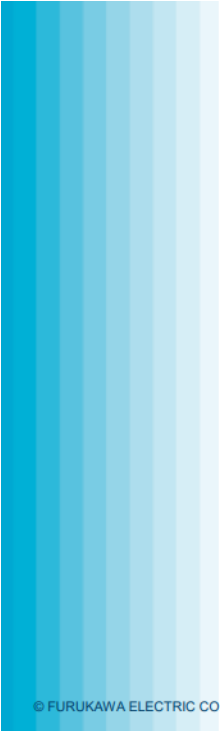
Here are the three priority measures of this Mid-term Plan.

We are promoting business operations in order to maximize revenues in existing businesses through a focus on capital efficiency. Specifically, we are promoting the optimization of our business and product portfolio, with a focus on improving capital efficiency. These efforts include reducing and withdrawing unprofitable products, optimizing organizational structures, and implementing capital policies. Currently, we are focusing our efforts on the rapidly growing data center market.

In order to build a foundation for creating new businesses by strengthening development and proposal capabilities, we will identify key focus themes that we will focus on in order to create new businesses in the business areas specified in Vision 2030, and we will develop and strengthen our development and marketing organizations so that we can promote commercialization. We are beginning to see the emergence of several promising new business opportunities.

Another is to strengthen the foundation for ESG management. This refers to initiatives aimed at improving management soundness, such as reducing the cost of capital. One example is the elimination of parent-subsidary listings.

All of these initiatives have been progressing smoothly so far.

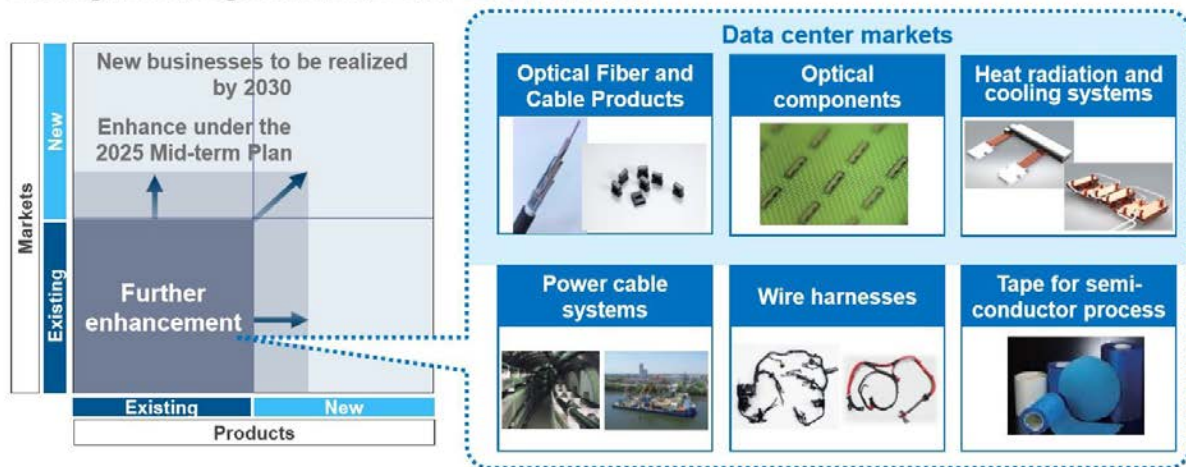


2) Maximizing profits in the existing businesses through a focus on capital efficiency

I will now explain each of the three priority measures I just mentioned in a little more detail. The first is to maximize revenues in existing businesses through a focus on capital efficiency.

Making steady progress in the initiatives for each business through the capital policy and reorganization.

Driving revenue growth in the data center market



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This chart classifies products on the horizontal axis and markets on the vertical axis into four areas based on whether they are existing or new, and it shows each business. The area at the bottom left shows existing business areas, where both products and markets are existing. One of our priority measures is to maximize revenues here by emphasizing capital efficiency.

To the right are the main product lines, which are either directly or indirectly related to the currently booming data center market.

In particular, the three products in the upper row are directly related to this market, and their sales are on an upward trend.

For the three areas in the lower section, the power cable system is also performing well, thanks to the expansion of transmission infrastructure to meet growing power demand associated with data center expansion, as well as the integration of power from renewable energy sources, such as offshore wind power, into the transmission and distribution system. We expect demand to continue growing in the future.

Automotive wiring harnesses are expected to remain steady performance in the medium term, in line with trends such as the shift to EVs and aluminum. We expect production of tape for semiconductor process to increase in line with the growing demand for semiconductors.

In these existing businesses, we are maximizing revenues in existing businesses through a focus on capital efficiency, including organizational restructuring and capital policies.

Progress and future initiatives Data center market (Optical Fiber & Cable Products and Optical Components)



Manufacturing Capacity (Compared to FY23)



Changes in net sales for data center market
(Optical Fiber & Cable Products and Optical Component)



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I would now like to provide more details on the optical fiber and cable products and optical components, which are among the product groups directly related to the data center market that I mentioned earlier.

This slide presents the business strategies, the progress made on key initiatives to date, and the initiatives we plan to pursue going forward.

We are working to expand sales in the data center market through strategies such as shifting to high value-added products and solution businesses and accelerating production increases. As part of these efforts, we are focusing on human resources to strengthen our sales capabilities, and we are expanding our product lineup. In terms of capital policy, we have strengthened our business structure by acquiring Hakusan Inc., which has the second largest share of the global market for MT ferrules, and Fujitsu Optical Components, currently Furukawa FITEL Optical Components, which has the largest share of the global market for LN modulators.

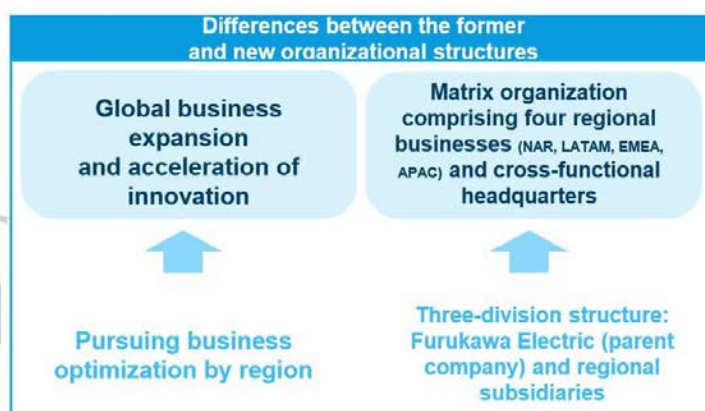
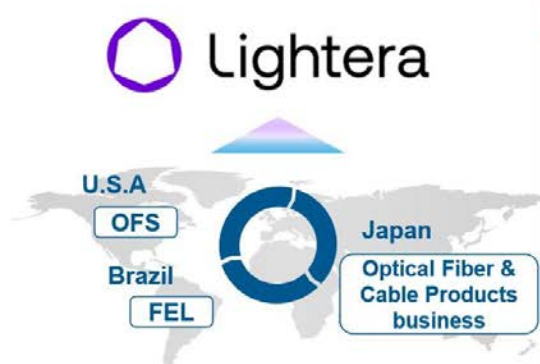
Furthermore, in order to integrate the Group's optical fiber cable businesses, we integrated our non-consolidated businesses and subsidiaries in North and South America to establish Lightera Holding G. K.

Based on these foundations, we will continue to promote sales, respond to increased production, and expand our product lineup while also advancing the development and mass production of IOWN-related products.

For reference, our production capacity expansion for the time being is planned as shown here. We expect the Group's sales of optical-related products for the data center market in the current fiscal year to be approximately fourfold higher than in FY2023.

April 2025 launch “Lightera”, new corporate structure has been initiated

To enhance operational efficiency, expand business scale, and strengthen market presence, we have integrated Optical Fiber & Cable Products business (Japan), OFS (North America and Europe) and FEL (Latin America)



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With the establishment of Lightera Holding G. K., as mentioned earlier, we aim to transform our business structure, which has traditionally focused on regional telecommunications carriers, into one that can appropriately serve global data center-related customers. In other words, we aim to shift from business development optimized for each region to business development from a global perspective. At the same time, we are accelerating the globalization of our innovation efforts.

Within our internal organization, we are strengthening cross-functional capabilities and transitioning to a matrix structure to optimize the balance between global and local operations.

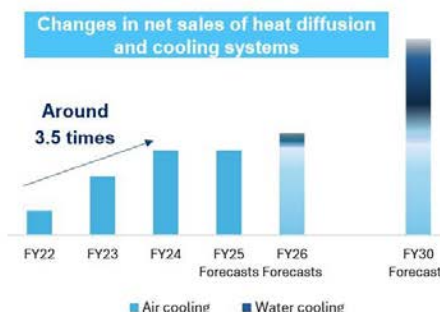
Progress and future initiatives Data center market (heat radiation and cooling systems)



Main business strategy	Main current initiatives and progress	Future initiatives
<ul style="list-style-type: none"> Develop and distribute high performance, well-differentiated products that respond to high heat generated by CPU and GPU 	<ul style="list-style-type: none"> Net sales for data centers grew by 3.5 times compared to FY22 centered on air-cooling heat sinks Progress made toward entry into the water-cooling system Shifting to 100% clean energy 	<ul style="list-style-type: none"> Ongoing co-creation with customers (air cooling, water cooling, and immersion cooling) Mass production at the water-cooling facility to begin in September 2026



FTL (Philippines) water-cooling products plant



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This slide outlines the strategies and initiatives related to our thermal management solution & products business.

We have established a system to develop and expand sales of high-performance, differentiated products that address high heat generation in collaboration with major data center customers, enabling us to quickly identify needs and rapidly commercialize products. As a result, sales of heat sinks for data centers are approximately 3.5 times higher than in FY2022.

Going forward, a shift from air-cooling to water-cooling systems is expected. We have already made progress in developing water-cooling heat sinks and other related products in response to customer needs. We are currently preparing to ramp up production at our plant in the Philippines, with mass production scheduled to begin in September next year.

We have also completed the transition to using only clean energy, with no electricity derived from fossil fuels, in our production processes. Furthermore, we are also working collaboratively with customers on immersion cooling, which is expected to follow water cooling as the next-generation technology.

Progress and future initiatives Data center market (company-wide)



Aiming to expand earnings in the growing data center market



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This chart shows the data center-related products owned by our group. Through these sales expansion efforts, we plan to achieve sales in the current fiscal year that are more than double those of FY2023.

Progress and future initiatives

Power cable systems, Wire harnesses, Tape for semiconductor process

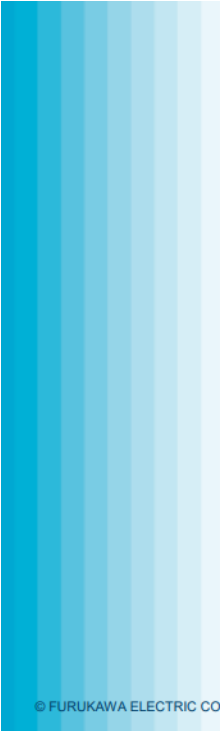


	Main business strategy	Main current initiatives and progress	Future initiatives
Power cable systems	<ul style="list-style-type: none"> Grow the business through investments in the target domains*, and also manage the business with a focus on capital efficiency <p><small>* Power cable for Japan extra-high voltage underground, renewable energy submarine, underground and Asia submarine</small></p>	<ul style="list-style-type: none"> Secure orders with a focus on profits (increasing the share of target segments) Investment in renewable energy submarine power cable Develop technology for floating wind power and direct current (DC) transmission systems 	<ul style="list-style-type: none"> Increasing cable manufacturing and installation capacity, and efficiency Demonstration and commercialization of next-generation floating wind power and direct current (DC) power systems
Wire harnesses	<ul style="list-style-type: none"> Grow the business and increase profits through expansion of aluminum adoption and high voltage products that respond to vehicle electrification 	<ul style="list-style-type: none"> Number of vehicle models equipped with aluminum wire harnesses has increased as planned Making progress in product development of high voltage products Establish systems that are more adaptable to production fluctuations 	<ul style="list-style-type: none"> Continuing promotion of aluminum adoption Advancing business continuity planning (BCP) initiatives Accelerating manufacturing automation
Tape for semiconductor process	<ul style="list-style-type: none"> Secure a stable supply system Strengthen high performance and high value-added products 	<ul style="list-style-type: none"> Open the second AT plant at the Mie Works Proactive development of advanced process technologies Secured customer certifications and commenced delivery of high-performance and high-value-added products 	<ul style="list-style-type: none"> Start mass production at the second AT plant at the Mie Works (April 2025) Increase sales of products for advanced processes Expand the lineup of new products

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This slide outlines the strategies and current initiatives for our power cables, automotive wire harnesses, and tape for semiconductor process.

We will continue to advance each of these businesses with the aim of achieving further growth and expansion.



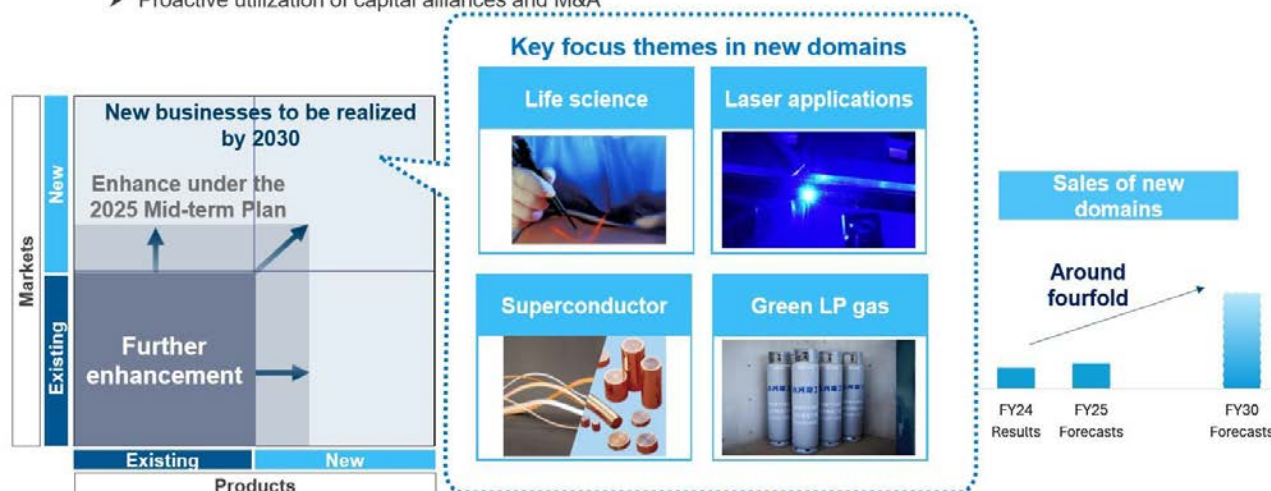
3) Building a foundation for creating new businesses by strengthening development and proposal capabilities

I will now explain the second of the three priority measures. This measure focuses on building a foundation for creating new businesses by strengthening development and proposal capabilities.

Progress and future initiatives

Making progress in building a foundation for creating new businesses

- Establishment of the Social Design & New Business Development Department to promote market-oriented business development (enhancing incubation capabilities)
- Proactive utilization of capital alliances and M&A



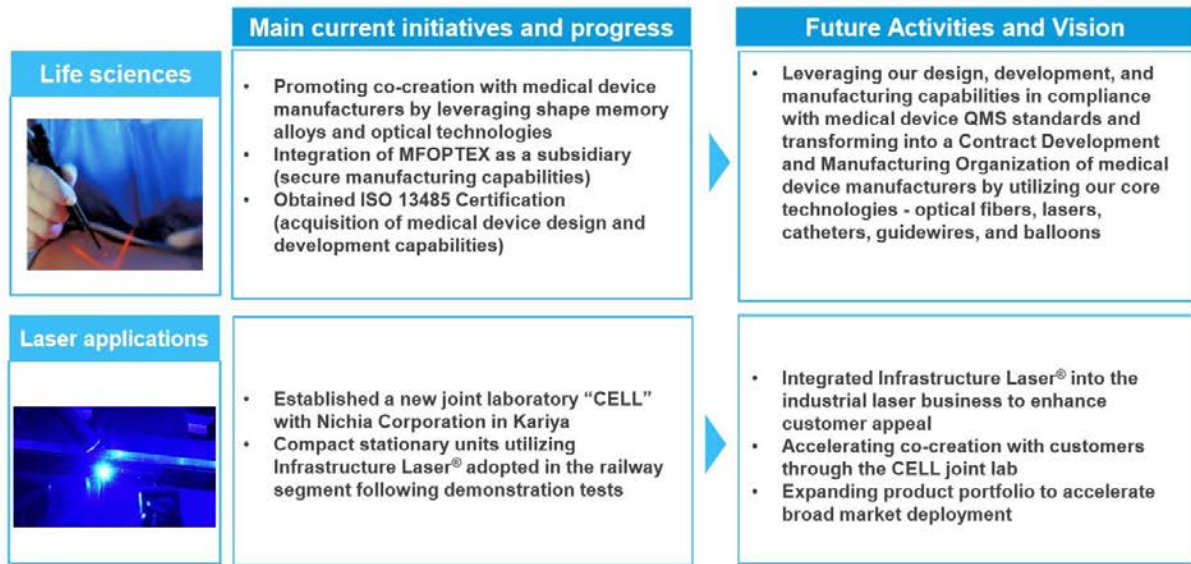
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As shown in the earlier chart, our goal is to expand into new business domains where either products or markets, or both, are new. To achieve this, we are working to develop the necessary organizational and technological infrastructure.

In other words, our past efforts to develop new businesses were primarily centered on products and technologies, but we have now established a new organization called the Social Design & New Business Development Department, with the aim of promoting business development from a market-oriented perspective. Through this, we have been working to strengthen our incubation capabilities. As a result, in the new domain, four key focus themes, as shown here, have currently emerged.

We expect that sales from our new domains will reach approximately fourfold the current level by FY2030. To achieve this goal, we are further strengthening and continuing our efforts.

Key focus themes in new domains (1/2)



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We will now explain each of the four new business themes.

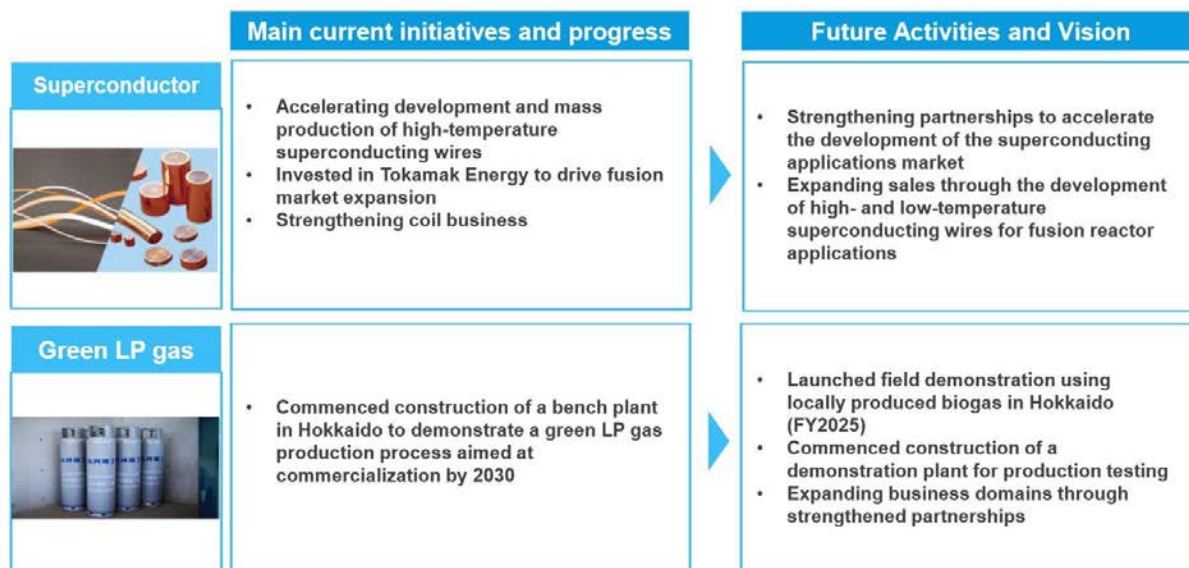
The first theme is life sciences, where we are leveraging our existing expertise in shape memory alloys and optical technologies. Through co-creation with medical device manufacturers, we are developing and launching products in a new business domain.

MFOPTEX, in which we initially made a capital investment and which is now a consolidated subsidiary, is positioned as one of our manufacturing bases.

We have acquired ISO 13485 certification and are building a business framework that enables contract development and manufacturing for medical device manufacturers.

The second theme, laser applications, includes not only our existing industrial lasers for copper cutting and welding, but also a newly launched infrastructure laser business targeting applications such as rust and paint removal from structures. Going forward, we aim to grow this business further, including through collaboration with NICHIA CORPORATION.

Key focus themes in new domains (2/2)



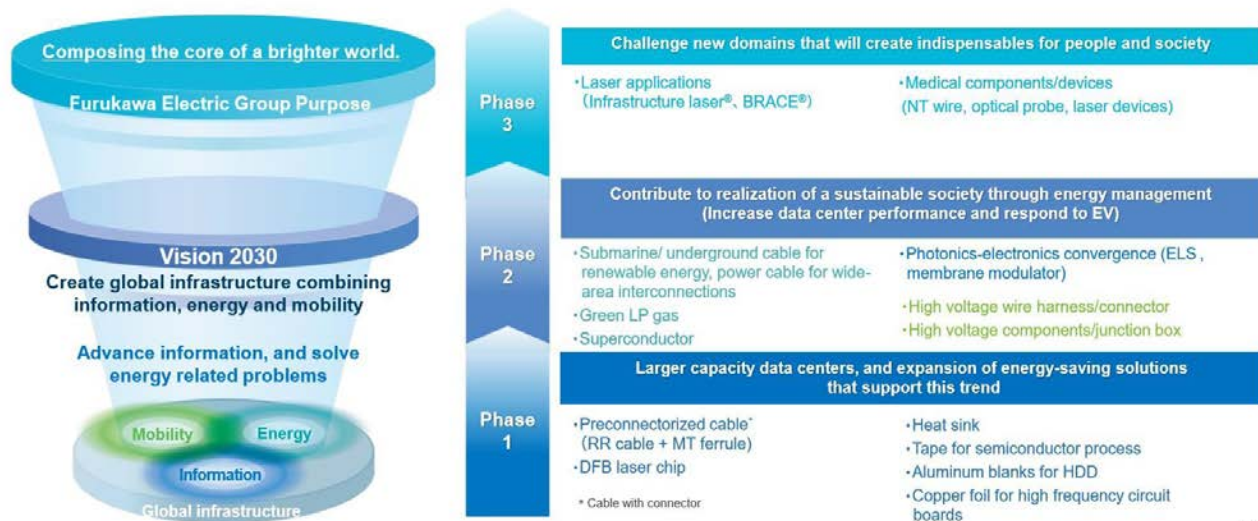
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The third new business theme is superconductor. Our group possesses both low-temperature superconducting wires, which operate at liquid helium temperatures, and high-temperature superconducting wires, which enable superconductivity at liquid nitrogen temperatures.

In response to the growing interest in nuclear fusion technologies in recent years, we have signed a supply agreement with Tokamak Energy in the UK to provide high-temperature superconducting wires. We have also made a capital investment in the company to strengthen our relationship and enhance our contribution to its development. Furthermore, in high-potential areas, such as the high-field magnet market, we will continue to demonstrate our competitive edge and advance our initiatives to secure future earnings.

The fourth new business theme is green LP gas. We are working on the development and commercialization of a technology that synthesizes liquefied propane gas from methane using our proprietary Ramune Catalyst. Currently, we are constructing a demonstration plant in Shikaoi Town, Hokkaido to produce LP gas from methane generated from livestock manure.

By achieving Vision 2030 and embodying the Purpose, we will address a wide range of social issues.



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To realize our corporate purpose of “composing the core of a brighter world”, we will continue working to address social challenges, with an initial focus on achieving the future vision set out in Vision 2030.

As shown here, in the current Phase I, we are focusing on the data center market. By expanding sales of related products, we aim to further maximize revenues in existing businesses.

In the subsequent phases, we will expand our business into new areas and products related to the evolution of energy management and mobility, as well as into the life sciences field, which aims to enhance quality of life and ensure greater safety and security.



4) Strengthening the foundation for ESG management

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The third of the three priority measures of this Mid-term Plan is to strengthen the foundation for ESG management.

Progress and future initiatives - overview

Making steady progress of initiatives for reducing the cost of capital

*1 Scope1,2

*2 including Scope3

	Vision in 2025 Mid-term Plan	Main current initiatives and progress	Future initiatives
E	Formulate a plan directed at achieving carbon neutrality in 2050 – Implement and establish activities	<ul style="list-style-type: none"> • GHG emission reduction ratio*1 is exceeding the Environmental Targets 2030 • Revised the Environmental Vision 2050, and declared the intent to aim for net zero in 2050*2 	<ul style="list-style-type: none"> • Strengthen initiatives toward achieving net zero*2 in 2050 • Promotion of circular economy and natural capital-related activities
S	Enhancing organizational capabilities through optimal talent placement, fostering individual growth and improving employee engagement	<ul style="list-style-type: none"> • Set forth the Purpose and the initiation of employee engagement survey • Strengthen human capital management and organizational execution abilities 	<ul style="list-style-type: none"> • Advancing Purpose-driven management, continuing engagement surveys • Continue to strengthen human capital management and organizational execution abilities
G	Enhancing corporate governance and group governance, strengthen supply chain management system	<ul style="list-style-type: none"> • Introduction of sustainability indicators and targets • Promotion of human rights risk management • Termination of parent-subsidiary dual listing • Incorporation of ESG performance in executive remuneration 	<ul style="list-style-type: none"> • Transition to a "Company with an Audit & Supervisory Committee" (enhance corporate governance) • Strengthen human rights risk management • Enhance enterprise risk management

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For each ESG component, we have outlined the goals we aim to achieve under the plan, along with the current status of our initiatives.

In the environmental area, we have formulated a plan to achieve carbon neutrality by 2050 and have been making steady progress toward that goal. Currently, we are ahead of schedule, and based on this progress, we have revised our targets to a more ambitious level.

In the social area, we are promoting measures such as formulating purposes, launching employee engagement surveys, and strengthening human capital management and organizational execution abilities, with the aim of improving employee motivation, placing the right people in the right positions, and enhancing support for individual growth.

In the governance area, we have implemented various initiatives aimed at strengthening corporate and group governance as well as supply chain management. These include the introduction of sustainability indicators, measures to address human rights risks, the elimination of parent-subsidiary listings, and the incorporation of ESG performance into executive remuneration.

In addition, if the resolution proposed at the general meeting of shareholders scheduled for June this year is approved, we will shift its governance structure to a company with an audit and supervisory committee. This change is expected to further enhance our governance and accelerate the strengthening of executive decision-making.

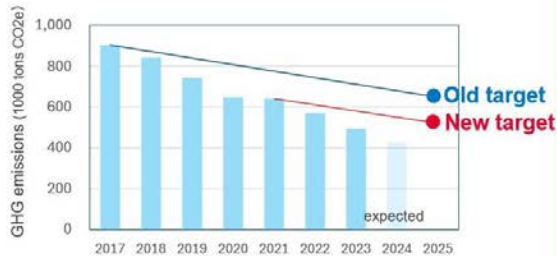
Progress and future initiatives

Main sustainability indicators and targets

- GHG emission reduction ratio (Scope 1, 2) is proceeding ahead of the target
- Employee engagement scores did not achieve the target in FY2024
- Incorporate both indicators in executive remuneration

(Incorporated GHG emission: from FY2023, Employee engagement scores: from FY2025)

GHG emission reduction ratio (Scope 1,2)



⇒ Promote initiatives toward achieving net zero in the entire* value chain in 2050

*Including Scope 3

Employee engagement scores



⇒ Increase engagement by cultivating agreement with the Purpose

Refer to the Appendix for the other sustainability indicators and targets

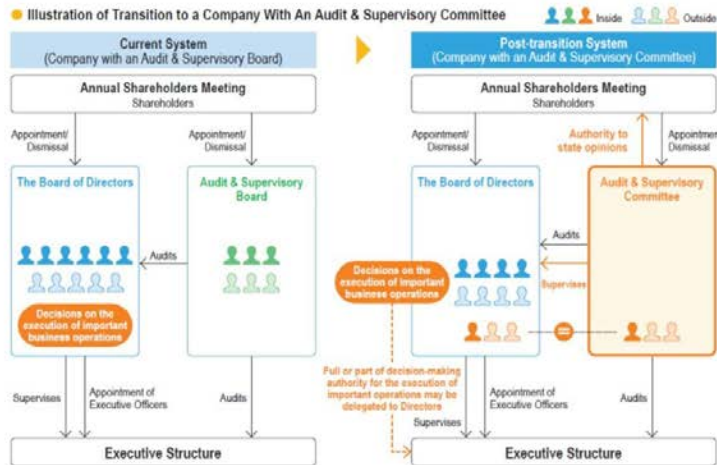
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The graph on the left shows the status of the greenhouse gas emission reductions I mentioned earlier. We are making progress at a pace that exceeds our newly set plans.

Trends in employee engagement survey results are also shown in the figure on the right. In FY2024, the score is lower than in the previous year, but this year the target is set at 80, and we are working to spread the corporate purpose and foster empathy.

Changes the institutional design

Planned transition to a company with an “Audit and Supervisory Committee” following the resolution at the general shareholders’ meeting in June



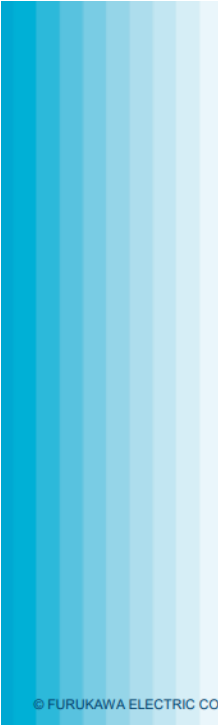
Transition highlights

- **Separation of execution and oversight**
 - ▶ Accelerating decision-making, strengthening business execution capabilities
- **Majority of directors are independent outside directors**
 - ▶ Strengthening the supervisory function of the board of directors

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As I mentioned earlier, if a resolution is passed at the general meeting of shareholders in June of this year, we will transition to a company with an audit and supervisory committee.

This is intended to speed up decision-making and strengthen executive power by clarifying the separation of execution and supervision, thereby expanding the transfer of authority to execution. To this end, the majority of directors will be independent outside directors, and the authority of the audit and supervisory committee members will be expanded to strengthen supervision of the Board of Directors' execution.



5) Management targets (financial targets) and allocation of management resources

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Next, I would like to discuss our financial targets and the allocation of management resources.

Progress and future initiatives

Advance the initiatives aimed at increasing corporate value, and make steady progress in the quantitative management targets (financial targets)



* FVA (Furukawa Value Added): Value Added on Invested Capital
A company-specific adaptation of EVA (Economic Value Added). FVA has been introduced as an internal management indicator since FY2022.

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Through the promotion of the initiatives outlined in our Mid-term Plan, we have worked to generate cash flow, optimize capital costs, and raise our expected growth rate.

For example, we have increasingly adopted key management indicators, the FVA, to evaluate the profitability of existing businesses. Based on these evaluations, we have been optimizing our business and product portfolios.

At the same time, we have been improving our financial structure by reducing interest-bearing debt, reducing our cross-shareholdings, and resolving parent-subsidary listings.

In terms of shareholder returns, we have maintained a stable dividend policy with a target payout ratio of around 30% while carefully balancing growth investments and the soundness of our financial base.

We will continue our efforts to enhance our corporate value and realize the financial targets we have set forth in this Mid-term Plan.

Progress of the financial targets



	FY22 (Results)	FY23 (Results)	FY24 (Results)	FY25 (Forecasts)	FY25 (Mid-Term targets announced in May 2022)
ROIC (after tax)	3.7%	2.3%	6.7%	7%	More than 6%
ROE	5.5%*	2.1%	10.0%	10%	More than 11%
Net D/E ratio	0.9	0.9	0.7	0.7	Less than 0.8
Capital ratio	32.3%*	33.3%	34.6%	38%	More than 35%
Net sales	JPY1,066.3 billion	JPY1,056.5 billion	JPY1,201.8 billion	JPY1,200.0 billion	More than JPY 1,100.0 billion
Operating profit	JPY15.4 billion	JPY11.2 billion	JPY47.1 billion	JPY53.0 billion	More than JPY 58.0 billion
Net income attributable to owners of the parent	JPY15.9 billion*	JPY6.5 billion	JPY33.4 billion	JPY36.0 billion	More than JPY 37.0 billion
Average copper price (JPY/Kg)	1,209	1,262	1,478	1,335	1,085
Average exchange rate (JPY/USD)	135	145	153	140	110

*Restated only the FY22 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)

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Here is the progress of financial indicators and targets for the period of this Mid-term Plan.

In FY2024, we have made significant improvements over the previous year and are getting much closer to our goal.

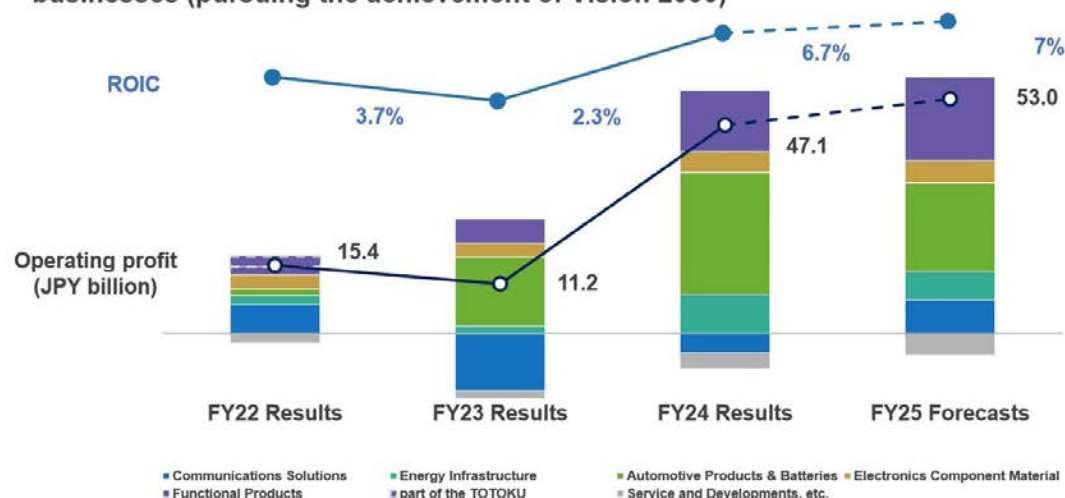
We will continue this positive momentum into FY2025, working to get as close to the targets as possible and, if possible, to exceed them.

Progress of the financial targets

Operating profit by segment



Growth driven by Automotive Products & Batteries, and Functional Products; profitability improving in Communications Solutions; aiming for further growth through new businesses (pursuing the achievement of Vision 2030)



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This graph shows the trend in operating profit by business segment.

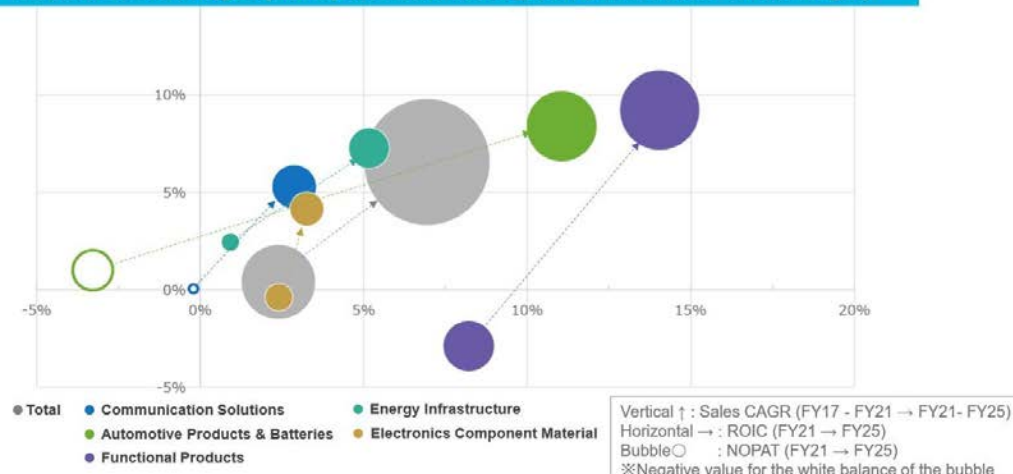
FY2022 and FY2023 were particularly challenging years. However, the Automotive Products & Batteries showed significant improvement in FY2023, and the Functional Products made notable progress in FY2024. The Communications Solutions also began to recover between FY2023 and FY2024.

In the current this year, FY2025, we aim to achieve our overall target through a return to profitability and substantial improvement in the Communications Solutions.

Progress of the financial targets ROIC by segment

Improving capital efficiency (ROIC (company-wide) exceeded the 2025 mid-term plan target of 6% in FY2024), Striving for further enhancement

Furukawa Electric (group total) and each sub-segment (FY21 actual → FY25 target)



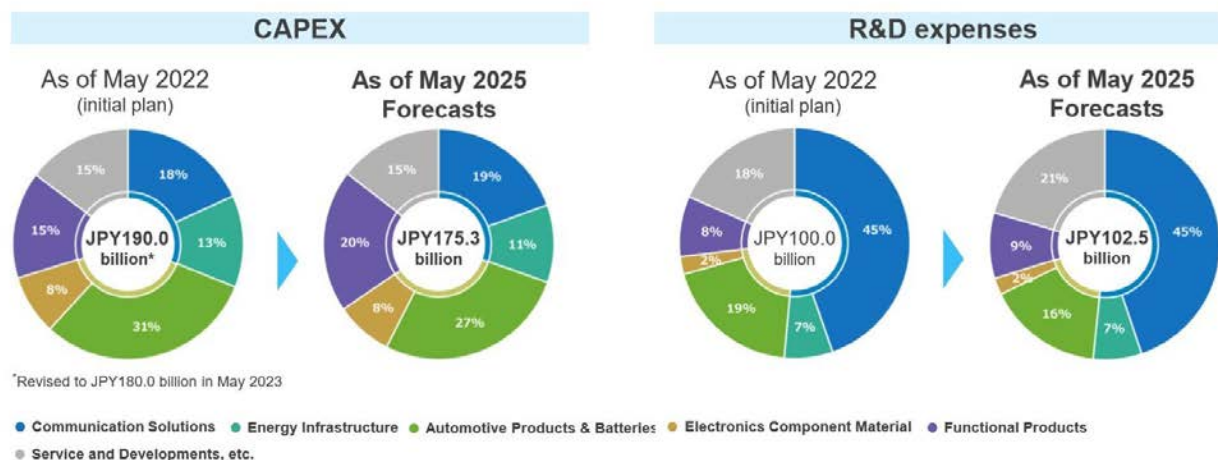
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This chart compares the actual results of FY2021, the year prior to the start of the current Mid-term Plan, with our targets for FY2025.

The horizontal axis represents ROIC, the vertical axis shows the five-year sales CAGR, and the size of each bubble reflects NOPAT.

The bubbles for all business segments have shifted toward the upper-right direction, indicating improvements in both business profitability and capital efficiency.

Proactive investment in key focus domains and review of timing and specifications
Further prioritizing investment and R&D in key focus domains



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This chart compares the planned capital expenditures and R&D investments under the current Mid-term Plan with the expected actual results for this fiscal year.

In terms of capital investment, spending on Functional Products has increased compared to the initial plan, while investment in the Automotive Products & Batteries has decreased. As a result, total capital investment is expected to be reduced by slightly over JPY10.0 billion. This reduction reflects appropriate resource allocation and managing costs through adjustments, such as consideration of business conditions during the period of this Mid-term Plan and identifying priority areas, optimizing the timing, scope, and specifications of investments. These adjustments have not had any significant impact on the achievement of our financial targets.

On the other hand, R&D investment is also generally progressing as planned, with about half of the investment related to the Communications Solutions, based on expectations for future business growth and competitive comparisons. We will continue to prioritize investments in key focus areas to support the achievement of Vision 2030.



6) Toward the achievement of Vision 2030

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Lastly, I would like to touch on our Vision 2030.

Toward the achievement of Vision 2030



In March 2024, established Furukawa Electric Group Purpose
Our purpose serves as the foundation for business value creation, enabling us to realize continued growth



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We intend to position our corporate purpose as the foundation for creating business value and to advance the next phase of our mid-term management strategy by clarifying specific business operations and new business directions aimed at realizing our envisioned state for 2030.

In H2 of this fiscal year, we plan to move forward with discussions toward announcing the next phase following the current Mid-term Plan.



Thank you

FURUKAWA ELECTRIC GROUP PURPOSE

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

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This concludes my presentation. Thank you for your attention.