

(Translation)

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Annual Securities Report

For the 202nd Fiscal Year

(April 1, 2023 through March 31, 2024)

Furukawa Electric Co., Ltd.

The 202nd Fiscal Year (April 1, 2023 through March 31, 2024)

Annual Securities Report

1. This is an English translation of the Annual Securities Report (*Yukashoken Hokokusho*), which was produced based on Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan and filed via the Electronic Disclosure for Investors' NETwork (EDINET) system as set forth in Article 27-30-2 of the same act. The translation includes a table of contents and pagination that are not included in the electronic filing.
2. Appended to the back of this document are English translations of the independent auditors' report attached to the Annual Securities Report when it was filed using the aforementioned method, and the internal control report and the confirmation note that were filed at the same time as the Annual Securities Report.

Table of Contents

	Page
Annual Securities Report for the 202nd Fiscal Year Ended March 31, 2024	
Cover	2
Section 1 Company Information.....	3
Item 1. Overview of Company	3
1. Key Financial Data.....	3
2. History	5
3. Description of Business.....	6
4. Subsidiaries and Other Affiliated Entities.....	8
5. Employees.....	12
Item 2. Overview of Business	14
1. Management Policy, Business Environment, and Issues to Be Addressed	14
2. Approach and Initiatives toward Sustainability	20
3. Business Risks	46
4. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows	52
5. Material Contracts, etc.	56
6. Research and Development Activities	56
Item 3. Information about Facilities	59
1. Overview of Capital Expenditures	59
2. Major Facilities.....	60
3. Planned Addition, Retirement, and Other Changes of Facilities.....	62
Item 4. Information about Reporting Company	63
1. Company’s Shares, etc.....	63
2. Acquisition and Disposal of Treasury Shares	68
3. Dividend Policy	69
4. Corporate Governance	70
Item 5. Financial Information.....	123
1. Consolidated Financial Statements, etc.	124
2. Non-consolidated Financial Statements, etc.	178
Item 6. Outline of Share-related Administration of Reporting Company.....	192
Item 7. Reference Information of Reporting Company	193
1. Information about Parent of Reporting Company.....	193
2. Other Reference Information	193
Section 2 Information about Reporting Company’s Guarantor, etc.....	194
Independent Auditor’s Report	
Internal Control Report	
Confirmation Note	

Cover

Document title	Annual Securities Report
Clause of stipulation	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 24, 2024
Fiscal year	The 202nd fiscal year (April 1, 2023 through March 31, 2024)
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Telephone number	+81-3-6281-8500
Name of contact person	Shu Sano, Manager, Corporate Accounting Section, Finance & Accounting Department, Finance & Accounting Division
Nearest place of contact	2-6-4 Otemachi Chiyoda-ku, Tokyo
Telephone number	+81-3-6281-8500
Name of contact person	Shu Sano, Manager, Corporate Accounting Section, Finance & Accounting Department, Finance & Accounting Division
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Section 1 Company Information

Item 1. Overview of Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal year	198th	199th	200th	201st	202nd
Year ended March 31,	2020	2021	2022	2023	2024
Net sales (million yen)	914,439	811,600	930,496	1,066,326	1,056,528
Ordinary profit (million yen)	22,771	5,189	19,666	17,258	10,267
Profit attributable to owners of parent (million yen)	17,639	10,001	10,093	15,894	6,508
Comprehensive income (loss) (million yen)	(2,060)	27,941	27,760	27,274	34,989
Net assets (million yen)	273,030	291,617	314,062	329,095	358,038
Total assets (million yen)	794,616	832,044	935,876	933,469	985,007
Net assets per share (yen)	3,408.86	3,686.36	3,967.08	4,285.15	4,656.93
Basic earnings per share (yen)	250.25	141.88	143.40	225.80	92.40
Diluted earnings per share (yen)	—	—	—	—	—
Equity capital ratio (%)	30.2	31.2	29.8	32.3	33.3
Return on equity (ROE) (%)	7.23	4.00	3.74	5.46	2.07
Price-earnings ratio (times)	7.85	20.93	15.17	10.90	35.03
Net cash provided by (used in) operating activities (million yen)	41,942	(479)	(13,269)	36,516	31,896
Net cash provided by (used in) investing activities (million yen)	(33,119)	(1,908)	(40,074)	(21,677)	(24,794)
Net cash provided by (used in) financing activities (million yen)	(171)	35,140	35,020	(34,475)	(9,322)
Cash and cash equivalents at end of period (million yen)	55,055	87,189	67,632	51,950	53,098
Number of employees (persons)	50,232	48,449	50,867	51,314	52,757

Notes: 1. The figures of diluted earnings per share are not presented because the Company had no potential shares.

2. The Company has established the Board Benefit Trust (BBT) for the stock remuneration plan for Directors, etc. Accordingly, for the purpose of determining net assets per share and basic earnings per share, the number of treasury shares at the end of the period and the number of treasury shares to be deducted in calculating the average number of shares outstanding during the period include the Company's shares held by the BBT trust account.

3. The Group has applied the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 200th fiscal year. Accordingly, the key financial data for the 200th fiscal year and thereafter are those after applying the said accounting standard, etc.

4. UACJ Corporation, an equity-method associate of the Company, has adopted International Financial Reporting Standards (IFRS) in place of the previously adopted Japanese GAAP from the beginning of the 202nd fiscal year. Accordingly, the key financial data for the 201st fiscal year are those after the retrospective application, reflecting the change in accounting policy.

The cumulative effect on the 200th fiscal year and before has been reflected on the beginning balance of net assets for the 201st fiscal year.

(2) Financial data of reporting company (non-consolidated)

Fiscal year	198th	199th	200th	201st	202 nd
Year ended March 31,	2020	2021	2022	2023	2024
Net sales (million yen)	440,675	392,616	292,424	305,835	296,766
Ordinary profit (million yen)	11,991	5,591	6,461	8,686	330
Profit (loss) (million yen)	18,177	24,333	(525)	25,235	1,913
Share capital (million yen)	69,395	69,395	69,395	69,395	69,395
Total number of shares issued (shares)	70,666,917	70,666,917	70,666,917	70,666,917	70,666,917
Net assets (million yen)	167,901	190,070	183,515	201,845	199,212
Total assets (million yen)	473,935	570,121	608,376	593,768	632,447
Net assets per share (yen)	2,381.45	2,695.56	2,606.69	2,866.61	2,826.62
Dividend per share (yen)	85.00	60.00	60.00	80.00	60.00
[Of which, interim dividend per share] (yen)	[-]	[-]	[-]	[-]	[-]
Basic earnings (loss) per share (yen)	257.82	345.10	(7.47)	358.40	27.15
Diluted earnings per share (yen)	—	—	—	—	—
Equity capital ratio (%)	35.4	33.3	30.2	34.0	31.5
Return on equity (ROE) (%)	10.95	13.59	(0.28)	13.10	0.95
Price-earnings ratio (times)	7.62	8.61	—	6.87	119.22
Dividend payout ratio (%)	33.0	17.4	—	22.3	221.0
Number of employees (persons)	3,925	4,084	4,201	4,267	4,335
Total shareholder return (%)	73.5	111.6	85.3	98.4	128.3
[Benchmark: TOPIX Total Return Index] (%)	[88.2]	[122.8]	[122.3]	[125.9]	[173.9]
Highest share price (yen)	3,305	3,115	3,110	2,668	3,290
Lowest share price (yen)	1,620	1,746	2,050	2,033	2,134

Notes: 1. The figures of diluted earnings per share, price-earnings ratio, and dividend payout ratio are not presented for the fiscal years for which loss was reported or the Company had no potential shares.

2. The Company has established the Board Benefit Trust (BBT) for the stock remuneration plan for Directors, etc. Accordingly, for the purpose of determining net assets per share and basic earnings (loss) per share, the number of treasury shares at the end of the period and the number of treasury shares to be deducted in calculating the average number of shares outstanding during the period include the Company's shares held by the BBT trust account.

3. The Company has applied the *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 200th fiscal year. Accordingly, the key financial data for the 200th fiscal year and thereafter are those after applying the said accounting standard, etc.

4. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange on or before April 3, 2022 and on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022.

2. History

Month and year	Event
June 1896	Established as Yokohama Electric Cable Manufacturing Company.
April 1920	Acquires Nikko Copper Electrolyzing Refinery (currently Nikko Works of the Company) from Furukawa Kogyo Co., Ltd. (currently Furukawa Co., Ltd.) and the Company is renamed as current Furukawa Electric Co., Ltd.
December 1921	Acquires Kyushu Electric Cable Manufacturing Company located in Moji-shi (currently Moji-ku, Kitakyushu-shi), Fukuoka Prefecture, and renames its plant as Kyushu Cable Works (formerly Kyushu Works of the Company and currently Kyushu Plant of Furukawa Electric Industrial Cable Co., Ltd.).
November 1938	Establishes Osaka Copper Works (formerly Osaka Works and later the copper tube division of the Company) in Amagasaki-shi, Hyogo Prefecture.
May 1949	Lists the Company's shares on the Tokyo Stock Exchange.
September 1950	Establishes The Furukawa Battery Co., Ltd. to spin off the battery division.
September 1958	Establishes Hiratsuka Cable Works (currently Hiratsuka Works of the Company) in Hiratsuka-shi, Kanagawa Prefecture.
March 1961	Establishes Chiba Cable Works (currently Chiba Works of the Company) in Ichihara-cho, Ichihara-gun (currently Ichihara-shi), Chiba Prefecture.
March 1971	Establishes Mie Plant (currently Mie Works of the Company) in Kameyama-shi, Mie Prefecture.
August 1972	Lists shares of The Furukawa Battery Co., Ltd. on the First Section* of the Tokyo Stock Exchange. (*The shares of The Furukawa Battery Co., Ltd. are currently listed on the Prime Market.)
April 1981	Merges Furukawa Metal Industries Co., Ltd. to ensure future growth as a comprehensive nonferrous metal manufacturer.
February 1987	Establishes Yokohama R&D Laboratory in Nishi-ku, Yokohama-shi, Kanagawa Prefecture.
October 1993	Merges Furukawa Aluminium Industries Co., Ltd. and Fukui Rolling Co., Ltd. to strengthen and expand the business foundation by integrating manufacturing and selling functions of the light metal business.
November 2001	Acquires the optical fiber cable division (currently OFS Fitel, LLC) of Lucent Technologies Inc. (back then).
October 2003	Spins off the light metals company to have Sky Aluminium Co., Ltd. succeed to it and changes the trade name from Sky Aluminium Co. Ltd. to Furukawa-Sky Aluminium Corporation (currently UACJ Corporation).
January 2005	Transfers the power cable business to VISCAS Corporation.
December 2005	Lists shares of Furukawa-Sky Aluminium Corporation (currently UACJ Corporation) on the First Section* of the Tokyo Stock Exchange. (*The shares of UACJ Corporation are currently listed on the Prime Market.)
February 2007	Lists shares of FCM Co., Ltd. on the Hercules Market of the Osaka Stock Exchange.
March 2012	Subscribes for new shares of TOTOKU ELECTRIC CO., LTD. (currently TOTOKU INC.) issued through the third-party allotment and makes it a consolidated subsidiary of the Company.
October 2013	Furukawa-Sky Aluminium Corporation merges Sumitomo Light Metal Industries, Ltd. and is renamed as UACJ Corporation (listed on the First Section* of the Tokyo Stock Exchange). The merger results in UACJ Corporation becoming an equity-method associate of the Company. (*The shares of UACJ Corporation are currently listed on the Prime Market.)
April 2015	Takes over the overseas power cable business from VISCAS Corporation, an equity-method associate of the Company.
October 2016	Takes over the domestic power cable business from VISCAS Corporation, an equity-method associate of the Company.
December 2018	Transfers shares of FCM Co., Ltd., resulting in FCM Co., Ltd. being excluded from the scope of consolidation of the Company.
April 2020	Spins off the copper tube division to have Daishin P&T Corporation, a newly established, wholly owned subsidiary of the Company, to succeed to it.
June 2020	Transfers shares of Daishin P&T Corporation, resulting in Daishin P&T Corporation being excluded from the scope of consolidation of the Company.
October 2020	Restructures a part of the wire business by having Essex Furukawa Magnet Wire LLC succeed to the manufacturing operations of heavy magnet wires and others and making it an equity-method associate of the Company.
April 2022	Moves from the First Section to the Prime Market, following the restructuring of the Tokyo Stock Exchange market segments.
December 2022	Transfers shares of TOTOKU ELECTRIC CO., LTD. (currently TOTOKU INC.), resulting in TOTOKU ELECTRIC CO., LTD. being excluded from the scope of consolidation of the Company.

Note: As a result of the transfer of shares of Essex Furukawa Magnet Wire LLC held by a wholly owned subsidiary of the Company on April 30, 2024, the company was excluded from the scope of consolidation of the Company.

3. Description of Business

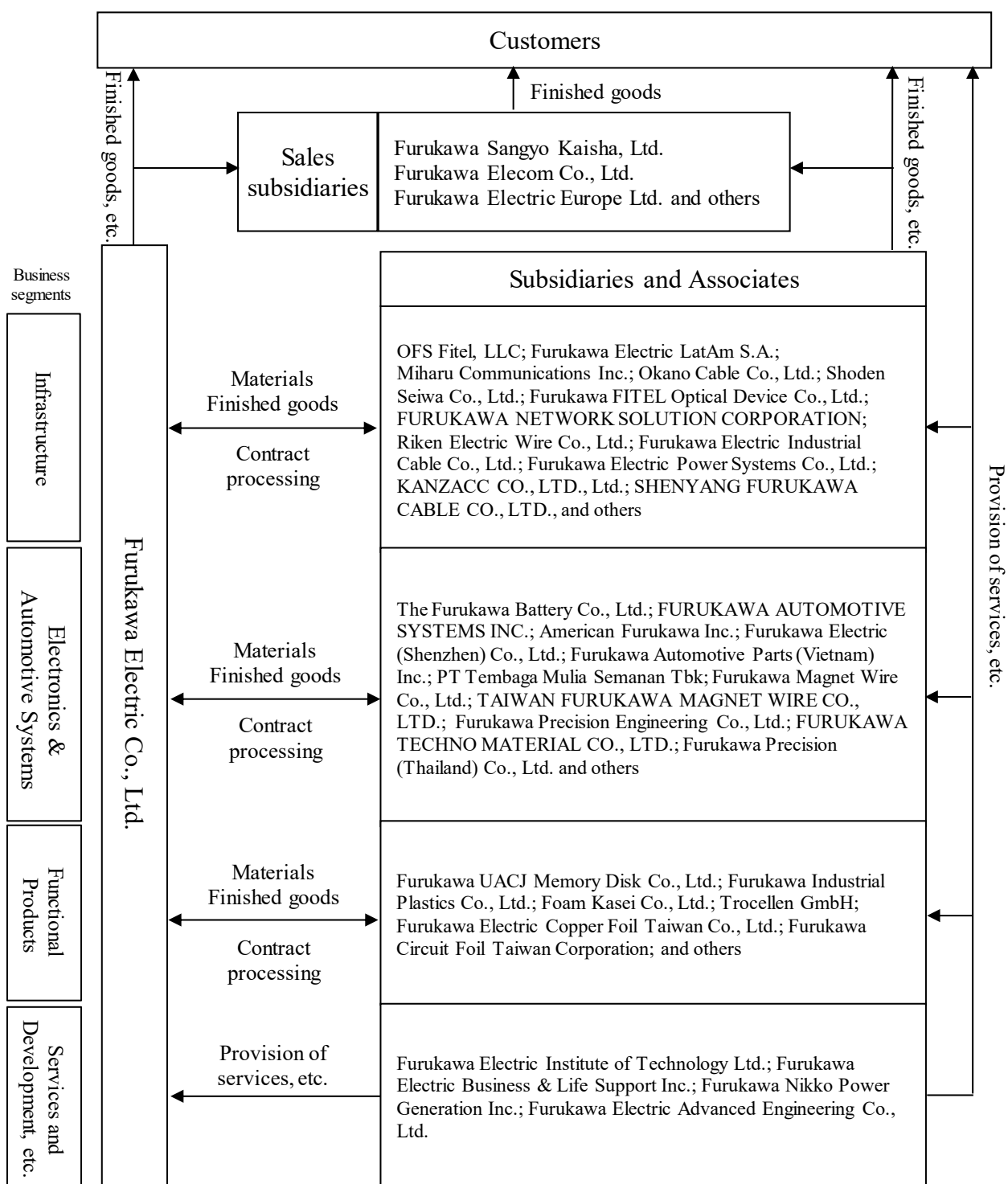
Furukawa Electric Co., Ltd. and its subsidiaries and associates (“Furukawa Electric Group”) is mainly engaged in manufacture and sale of products based on development and application of technologies cultivated in the Infrastructure, Electronics & Automotive Systems, and Functional Products businesses, as well as in business activities such as research and other services related to each business.

Furukawa Electric Group’s lines of business, its subsidiaries and associates involved in each of these businesses, and the relationship with the reportable segments as of the end of the fiscal year ended March 31, 2024 (the “current fiscal year” or “FY2023”) are summarized as follows:

Segment name	Companies involved
Infrastructure	The Company, OFS Fitel, LLC, Furukawa Electric LatAm S.A., Furukawa Electric Industrial Cable Co., Ltd., SHENYANG FURUKAWA CABLE CO., LTD., and others are engaged in manufacture and sale.
Electronics & Automotive Systems	The Company, The Furukawa Battery Co., Ltd., Furukawa Automotive Systems Inc., Furukawa Magnet Wire Co., Ltd., and others are engaged in manufacture and sale.
Functional Products	The Company, Trocellen GmbH, Furukawa Electric Copper Foil Taiwan Co., Ltd., Furukawa Circuit Foil Taiwan Corporation, and others are engaged in manufacture and sale.
Services and Development, etc.	The Company, Furukawa Nikko Power Generation Inc., and others are engaged mainly in various service businesses and research and development of new products.

Note that sales companies are classified into relevant segments based on the type of products they mainly handle. The following diagram summarizes the structure of Furukawa Electric Group’s businesses as shown above.

Business Structure Diagram



4. Subsidiaries and Other Affiliated Entities

As of March 31, 2024

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
(Consolidated subsidiaries)					
The Furukawa Battery Co., Ltd. Note 4	Hodogaya-ku, Yokohama	1,640	Electronics & Automotive Systems	58.1 (0.8)	The Company supplies them with some of the raw materials and purchases some of their products. The Company also leases real estate and facilities. Officers serve concurrently.
Furukawa Sangyo Kaisha, Ltd. Note 7	Minato-ku, Tokyo	700	Sales subsidiary	100.0	They sell the Company's products and purchase some of the raw materials from the Company. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
Okano Cable Co., Ltd. Note 5	Yamato, Kanagawa Pref.	489	Infrastructure	49.2	The Company supplies them with some of the raw materials and sells some of their products. Officers serve concurrently. The Company borrows funds.
Furukawa Electric Industrial Cable Co., Ltd. Note 7	Arakawa-ku, Tokyo	450	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. The Company also leases real estate and facilities. Officers serve concurrently. The Company lends funds (CMS).
FURUKAWA ELECTRIC POWER SYSTEMS CO., LTD. Note 7	Aoba-ku, Yokohama	450	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
KANZACC CO., LTD. Note 7	Chuo-ku, Osaka	310	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases some of their products. The Company also leases real estate and facilities. Officers serve concurrently. The Company lends funds (CMS).
FURUKAWA INDUSTRIAL PLASTICS CO., LTD. Note 7.	Mihama-ku, Chiba	300	Functional Products	100.0	The Company supplies them with some of the raw materials and purchases some of their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
FURUKAWA TECHNO MATERIAL CO., LTD. Note 7	Hiratsuka, Kanagawa Pref.	300	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. Officers serve concurrently. The Company lends funds (CMS).

Company name	Address	Share capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
Furukawa Nikko Power Generation Inc. Note 7	Nikko, Tochigi Pref.	300	Services and Developments, etc.	100.0	The Company purchases some of their electricity. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
FURUKAWA NETWORK SOLUTION CORPORATION Note 7	Hiratsuka, Kanagawa Pref.	150	Infrastructure	100.0	The Company procures and manufactures on consignment and sells their products. The Company also leases real estate. Officers serve concurrently. The Company borrows funds (CMS).
Furukawa Automotive Systems Inc. Notes 3 and 7	Inugami, Shiga Pref.	100	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Furukawa FITEL Optical Device Co., Ltd. Note 7	Ichihara, Chiba Pref.	100	Infrastructure	70.6	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Furukawa Precision Engineering Co., Ltd. Note 7	Nikko, Tochigi Pref.	100	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases and rents real estate. Officers serve concurrently. The Company lends funds (CMS).
Riken Electric Wire Co., Ltd. Note 7	Chuo-ku, Tokyo	100	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
Furukawa Elecom Co., Ltd. Note 7	Chiyoda-ku, Tokyo	98	Sales subsidiary	100.0	They sell the Company's products. The Company also leases real estate. Officers serve concurrently. The Company borrows funds (CMS).
Furukawa Magnet Wire Co., Ltd. Note 7	Chiyoda-ku, Tokyo	96	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Miharu Communications Inc. Note 7	Kamakura, Kanagawa Pref.	90	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).

Company name	Address	Share capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
OFS Fitel, LLC Note 3	USA	USD 362 million	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. Officers serve concurrently. The Company lends funds.
Furukawa Electric LatAm S.A. Note 3	Brazil	BRL 149 million	Infrastructure	100.0	The Company supplies them with some of the raw materials. Officers serve concurrently.
American Furukawa, Inc. Note 3	USA	USD 109 million	Electronics & Automotive Systems	100.0 (0.1)	They sell the Company's subsidiary's products. The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
SHENYANG FURUKAWA CABLE CO., LTD. Note 3	China	CNY 768 million	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells some of their products. Officers serve concurrently. The Company lends funds.
Furukawa Electric Copper Foil Taiwan Co., Ltd.	Taiwan	NWD 1,555 million	Functional Products	100.0	The Company sells some of their products. Officers serve concurrently.
Furukawa Circuit Foil Taiwan Corporation	Taiwan	NWD 1,475 million	Functional Products	81.9	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
Furukawa Electric Singapore Pte. Ltd.	Singapore	USD 3 million	Sales subsidiary	100.0	They sell the Company's products. Officers serve concurrently.
Furukawa Precision (Thailand) Co., Ltd.	Thailand	THB 169 million	Electronics & Automotive Systems	100.0 (50.0)	The Company supplies them with some of the raw materials. Officers serve concurrently.
Thai Furukawa Unicom Engineering Co., Ltd.	Thailand	THB 104 million	Infrastructure	91.8 (42.8)	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently.
Furukawa Automotive Parts (Vietnam) Inc.	Vietnam	USD 18 million	Electronics & Automotive Systems	100.0 (100.0)	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
P.T. Tembaga Mulia Semanan, Tbk Note 5	Indonesia	USD 12 million	Electronics & Automotive Systems	42.4	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently.
Trocellen GmbH	Germany	EUR 8 million	Functional Products	100.0	Officers serve concurrently. The Company lends funds.
P.T. Furukawa Indomobil Battery Manufacturing Note 3	Indonesia	IDR 899,732 million	Electronics & Automotive Systems	51.0 (51.0)	The Company's subsidiary supplies them with some of the raw materials. The Company's subsidiary purchases some of the raw materials from them.
79 other companies					

Company name	Address	Share capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
(Equity-method associates)					
FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO. LTD. Note 4	Kawasaki, Kanagawa Pref.	1,970	Infrastructure	20.2	They undertake construction work from the Company. Officers serve concurrently.
UACJ Corporation Note 4	Chiyoda-ku, Tokyo	52,276	Services and Developments, etc.	25.0	The Company supplies them with some of the raw materials and purchases some of the raw materials from them. They entrust a part of their business to the Company. The Company also leases and rents real estate and facilities.
YAMAKIN (JAPAN) CO., LTD. Note 4	Chiyoda-ku, Tokyo	600	Electronics & Automotive Systems	25.0	The Company purchases some of the raw materials. They sell the Company's products.
VISCAS Corporation	Ota-ku, Tokyo	10	Infrastructure	50.0	Officers serve concurrently. The Company lends funds.
Asia Vital Components Co., Ltd. Note 6	Taiwan	NWD 3,833 million	Functional Products	15.0 (2.5)	Officers serve concurrently.
9 other companies					

- Notes: 1. The "Main line of business" column shows the segment names.
2. The figure in parentheses in the "Ratio of voting rights held (or owned) (%)" column shows the ratio of the voting rights the Company holds indirectly, which is included in the figure without parentheses.
3. Furukawa Automotive Systems Inc...; OFS Fitel, LLC; Furukawa Electric LatAm S.A.; American Furukawa, Inc.; SHENYANG FURUKAWA CABLE CO., LTD.; and P.T. Furukawa Indomobil Battery Manufacturing fall under specified subsidiaries defined in the Cabinet Office Order on Disclosure of Corporate Affairs.
4. The Furukawa Battery Co., Ltd.; FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD.; UACJ Corporation; and YAMAKIN (JAPAN) CO., LTD. have submitted Securities Registration Statements or Annual Securities Reports.
5. Okano Cable Co., Ltd. and P.T. Tembaga Mulia Semanan, Tbk are considered as subsidiaries as they are substantially controlled by the Company, although the Company's equity share is no more than 50/100.
6. Asia Vital Components Co., Ltd. is considered as an associate as it is substantially controlled by the Company, although the Company's equity share is less than 20/100.
7. The Company and some of its subsidiaries and associates have adopted a cash management system (CMS) to ensure efficient use of funds.

5. Employees

(1) Information about the Group

As of March 31, 2024

Segment name	Number of employees (persons)
Infrastructure	8,982
Electronics & Automotive Systems	39,240
Functional Products	2,333
Services and Development, etc.	2,202
Total	52,757

Notes: 1. Number of employees does not include the number of temporary employees and loan employees assigned to companies outside Furukawa Electric Group.
 2. Number of employees in the Services and Developments, etc. Business segment includes the number of personnel engaged in corporate operations such as the Head Office departments of the Company.

(2) Information about reporting company (non-consolidated)

As of March 31, 2024

Number of employees (persons)	Average age	Average length of service	Average annual salary (yen)
4,335	43 years and 8 months	19 years and 7 months	6,783,723

Segment name	Number of employees (persons)
Infrastructure	1,516
Electronics & Automotive Systems	515
Functional Products	735
Services and Development, etc.	1,569
Total	4,335

Notes: 1. Number of employees does not include the number of temporary employees and loan employees.
 2. Average annual salary includes bonuses and extra wages paid for unscheduled work.
 3. Number of employees in the Services and Developments, etc. Business segment includes the number of personnel engaged in corporate operations such as the Head Office departments of the Company.

(3) Labor unions

Furukawa Electric Group has labor unions, including Furukawa Electric Labor Union, which belong to the Japan Federation of Electric Wire Workers' Unions (affiliated with the Japanese Trade Union Confederation) and other organizations. There are no special matters to be noted as to the relationship with the labor unions.

- (4) Ratio of female workers in managerial positions, ratio of male workers taking childcare leave, and differences in wages between male and female workers

(i) Reporting company

Current fiscal year				
Ratio of female workers in managerial positions (%) (Note 1)	Ratio of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
		All workers	Regular employment workers	Part-time and fixed-term workers
5.4	103.0	70.6	70.8	57.9

Notes: 1. The calculation is based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-4, Item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

(ii) Consolidated subsidiaries

Current fiscal year					
Company name	Ratio of female workers in managerial positions (%) (Note 1)	Ratio of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
			All workers	Regular employment workers	Part-time and fixed-term workers
The Furukawa Battery Co., Ltd.	4.5	18.5	79.9	83.5	56.0
Furukawa Automotive Systems Inc..	2.2	71.0	59.9	68.9	58.3
Furukawa Electric Power Systems Co., Ltd.	4.5	66.6	81.7	82.1	81.0
Furukawa Electric Business & Life Support Inc.	28.6	—	74.6	63.8	67.8

Notes: 1. The calculation is based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-4, Item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

(iii) Reporting company and consolidated subsidiaries group in Japan

Current fiscal year				
Ratio of female workers in managerial positions (%) (Note 1)	Ratio of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
		All workers	Regular employment workers	Part-time and fixed-term workers
4.4	59.4	64.5	70.7	62.4

Notes: 1. The calculation is based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).
2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-4, Item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

Item 2. Overview of Business

1. Management Policy, Business Environment, and Issues to Be Addressed

The forward-looking statements contained in the descriptions below are based on Furukawa Electric Group's estimates and assumptions made as of the end of the current fiscal year.

(1) Basic management policy

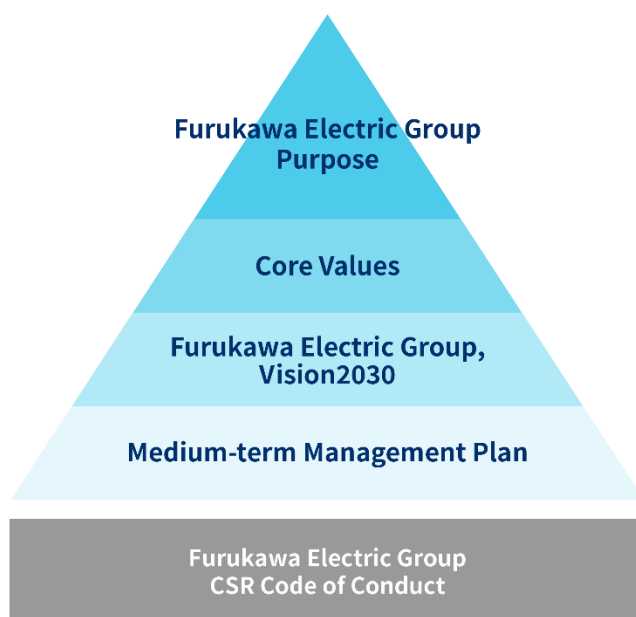
[Structure of Furukawa Electric Group Philosophy]

We have revised the structure of the Group's Corporate Philosophy and established a Purpose (*raison d'être*) statement that serves as the axis of management decision-making, that each and every employee understands and empathizes with, and that leads to pride in working at the Group.

The Furukawa Electric Group Purpose (hereinafter, the "Purpose") is a statement of the Group's *raison d'être*, which has been established to ensure that the Group is recognized by its diverse stakeholders as a corporate group that contributes to creating a truly prosperous and sustainable society, and to ensure that its employees continue to take on challenges with pride. We have defined the values that we wish to particularly emphasize and enhance in order to achieve sustainable growth as our "Core Values."

The Furukawa Electric Group Vision 2030 defines the visionary outlook of the Group, with the time frame set to 2030, based on our conception of broad aspects of the future society and the Purpose. The 2025 Medium-term Management Plan defines the vision for FY2025, as the halfway point, by backcasting from the ideal state defined in the Vision 2030.

The Furukawa Electric Group CSR Code of Conduct sets forth the basic code of conduct for the group's officers and employees from the perspective of the company's social responsibility when conducting corporate activities based on the Purpose and the Core Values.



■ The Furukawa Electric Group Purpose*

FURUKAWA ELECTRIC GROUP PURPOSE

Composing the core of a brighter world.

Maintaining reliability and comfort in our daily lives.
Facilitating social progress and development as a path toward a prosperous future.
Ensuring the happy coexistence of people and the Earth, today and tomorrow.

Creating and delivering these “indispensables” as the core of a better future.
That is our reason for being.

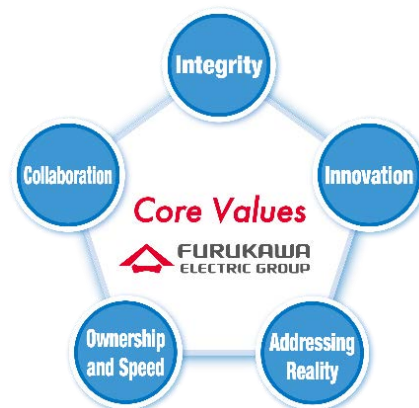
That is what drives us to approach various social issues with new ideas
and take on a wide range of challenges in infrastructure and beyond.
We have diligently honed our technological and problem-solving
capabilities since our foundation in 1884.

Through continuous innovation, we are uniquely
positioned to achieve even more.
All to brighten the world.

*The Furukawa Electric Group Purpose was established in March 2024 and was put into effect on April 19, 2024.

■ Core Values

We have set the values we wish to particularly emphasize and enhance even further for the achievement of Furukawa Electric Group Philosophy and the sustainable growth of Furukawa Electric Group, as the Core Values, which comprised of five integral elements of Integrity, Innovation, Addressing Reality, Ownership and Speed, and Collaboration.



■ Furukawa Electric Group Vision 2030

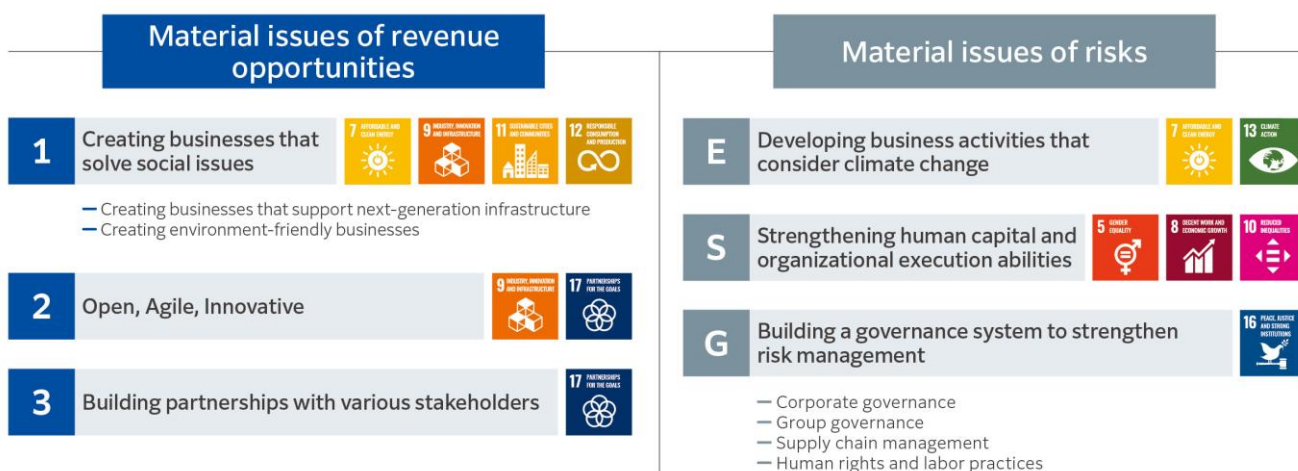
Based on the Furukawa Electric Group Purpose, we have formulated Furukawa Electric Group Vision 2030 (hereinafter, the “Vision 2030”), which defines its ideal state in 2030 and specifies target timeline and scope, with an eye to solving the social issues outlined in the Sustainable Development Goals (SDGs*) adopted by the United Nations.

Under the Vision 2030, Furukawa Electric Group aims at addressing social issues in each or in combination of the following areas: information, energy and mobility. Furthermore, in new areas as well, the Group will work on solving social issues through creating new businesses.



In order to build a sustainable world and make people’s life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility.

Furthermore, Furukawa Electric Group has defined significant management issues as “material issues,” which the Group should address in order to achieve the Vision 2030, and identified the material issues as below from the perspective of revenue opportunities and risks. By addressing the material issues, we will achieve the Vision 2030 and contribute to achieving SDGs* as well.



* SDGs is an abbreviated name for Sustainable Development Goals, which are global goals adopted by the United Nations, consisting of 17 goals and 169 targets.

(2) Business environment, medium- to long-term management strategies, and issues to be addressed

In FY2022, we have formulated a new four-year Medium-term Management Plan “Road to the Vision 2030: Transformation and Challenge” (hereinafter, the “2025 Medium-term Plan”) toward achieving a goal for FY2025, the final year of the 2025 Medium-term Plan. In formulating the plan, we used backcasting to get us to the goal for FY2025, a halfway point to the Vision 2030.



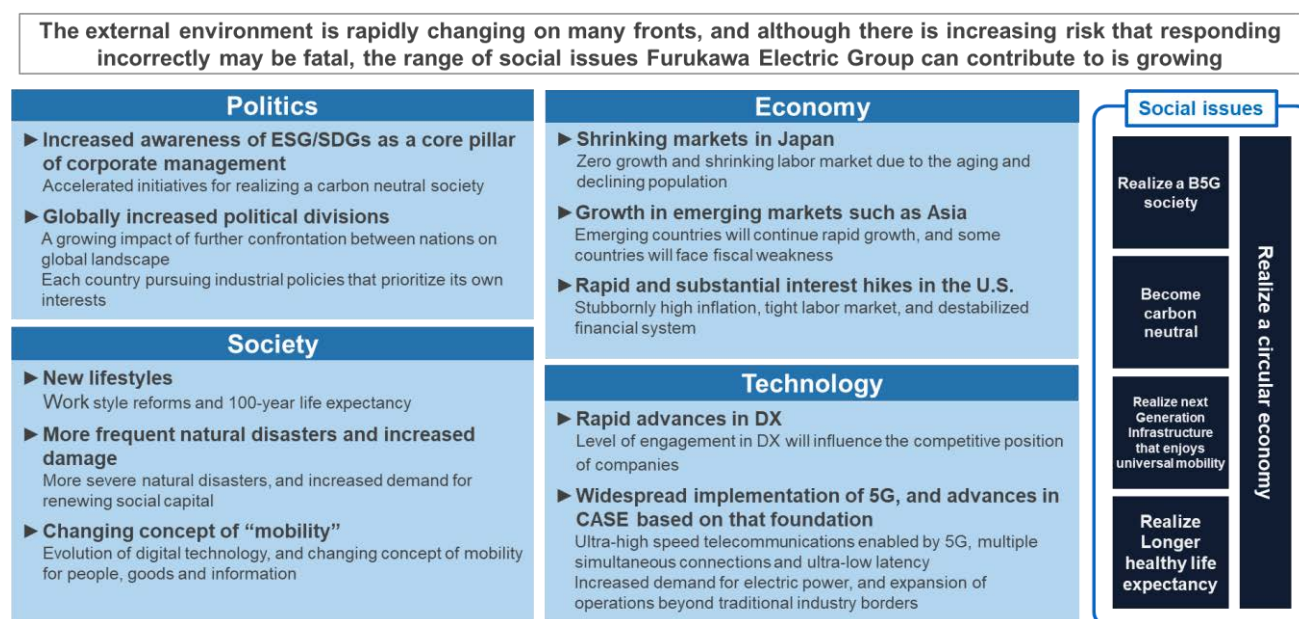
<Business Environment>

We consider that the business environment surrounding Furukawa Electric Group, which is a premise of the 2025 Medium-term Plan,

will be changing in a discontinuous and irreversible manner. For example, expected changes include the following: ESG/SDGs will become a management challenge which is critical for the survival of companies; in the era of the 100-year life, a new lifestyle will emerge and become common; the domestic market will shrink due to a declining and aging population; and we will see the rapid progress of digital transformation (DX).

In such an environment, there will be growing expectations for addressing social issues, including the realization of B5G*; realization of carbon neutrality; realization of the next-generation infrastructure enabling free flow of people and goods in a safe, secure and comfortable manner; an increase in healthy life span; and the realization of the circular economy.

* B5G (Beyond 5G) is the next generation of mobile communication systems with such features as scalability (expansion of communication areas to sky, sea, and space), ultra-low power consumption, and ultra security and reliability, in addition to the further advancement of 5G's characteristic features (high speed and high capacity, low latency, and multiple simultaneous connections). It is also called 6G (the 6th generation mobile communication system).



<Outlook for Market Environment in Each Business Domain>

The global economy appeared to be heading for a soft landing, with inflation steadily declining while growth continued. Although the future outlook is expected to remain uncertain, with the pace of economic expansion being slow and uncertainty remaining over inflation trends and geopolitical shocks, we anticipate continued market growth in the medium to long term in the infrastructure (communications/energy) and automotive sectors, which we have positioned as priority areas, as well as in the functional products sector related to semiconductors, which we regard as a focus business.

In the communications sector, cloud-based services such as 5G and IoT have been growing in various fields, especially in generative AI. Construction of optical networks related to data centers that support these services is expected to continue. The global supply-demand balance for optical fiber is on the mend, and continued market growth is expected in the medium to long term.

In the energy sector, demand for renewable energy, mainly offshore wind power, and demand from electric power companies due to their replacement needs is expected in Japan in line with the government's energy policy; whereas overseas, strong demand is expected to continue in Europe, the U.S., and emerging economies.

In the automotive sector, demand for automobiles remains strong under the current economic expansion., and continued growth is expected in the future.

In the functional products sector, the market is expected to continue to expand and grow in the medium to long term. The generative AI-related market performing well, and demand for smartphones, personal computers, and HDDs is expected to gradually recover.

<Efforts to Achieve the 2025 Medium-term Plan (Issues to Be Addressed)>

Under the 2025 Medium-term Plan, we place an emphasis on enhancing/creating businesses that solve social issues in each or combination of Information, Energy and Mobility areas; and, as measures to increase revenue, we will work on “Maximizing revenues in existing businesses through a focus on capital efficiency” and “Building a foundation for creating new businesses by strengthening development and proposal capabilities.” We will also work on “Strengthening the foundation for ESG management” to support the above-mentioned priority measures.

(i) Maximizing revenues in the existing businesses through a focus on capital efficiency

To achieve the goals of the medium-term management plan, from the perspective of profitability and growth potential, we will continue optimizing the allocation of investments and accelerate business management and decision-making, including review of our business portfolios, with further focus on the cost of capital.

In the area of optical fiber and optical components, we will work to secure profits by focusing on expanding sales of high-value-added products, acquiring new customers, improving manufacturing capacity and productivity, and promoting the expansion of our networking systems globally. In the area of power cable systems, we aim to increase earnings by enhancing productivity through capital investment and upgrades, expanding construction work capabilities, and actively pursuing orders for domestic extra-high-voltage underground cables, as well as submarine and underground cables for renewable energy projects. In the area of automotive wiring harnesses, we will continue to work to expand sales of aluminum wiring harnesses, which lighten vehicles and thus contribute to CO₂ reduction. We will also continue to develop and promote orders for high-voltage products to meet the growing demand associated with increasing electrification of automobiles. In the area of tapes for semiconductor process, we are building a new factory to increase production capacity and provide higher-performance, higher-quality products, as demand for semiconductors is expected to grow in the future. We are also promoting trial production. Furthermore, in response to the growing demand for generative AI, we are striving to expand sales of heat dissipation products that meet various needs of our customers.

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

The Group is committed to developing a foundation for creating new businesses designed to solve social issues. Specifically, we draw four core technologies: metal, polymer, photonics, and high-frequency, based on our long-standing expertise in the development and fabrication of such advanced materials, as well as foster co-creation with external partners, promote the use of digital technology and data, and develop and provide products and services that start with solving problems.

To respond to the Beyond 5G era, we will contribute to realizing all-optical network and fostering a highly efficient energy society. To achieve this goal, we will harness photonics and high-frequency technologies to develop opto-semiconductor devices and other products that facilitate photoelectric fusion required for the next-generation information and communications environment. We will also promote joint research and development of fusion power generation-related products that contribute to the supply of safe and sustainable energy. Furthermore, towards achieving carbon neutrality, we will continue the research and development of Green LP Gas*, which does not use fossil resources. In addition, we will continue to make proposals to our customers on digital solutions for maintaining and managing social infrastructure while aiming to upgrade these solutions even further.

*Green LP gas: LLP gas produced from biogas (methane gas and carbon dioxide produced by fermenting livestock waste and food scraps).

(iii) Strengthening the foundation for ESG management

In the 2025 Medium-term Plan, we defined the ideal state in FY2025 for each identified material issue, formulated measures to realize them, and set sustainability indicators/targets to measure the progress. By working on achieving such targets, we will strengthen the foundation of ESG management. For “developing business activities that consider climate change,” which is essential for our transformation into a sustainable company, we have formulated a climate transition plan: a series of goals and actions that support the transition to a low-carbon economy. We will accelerate our efforts to achieve carbon neutrality based on this plan. In order to strengthen human capital, based on “Furukawa Electric Group People Vision,” which is the shared beliefs on human capital at both Group and global levels, we will strive to strengthen “human capital organizational execution abilities.” Specifically, we take surveys of human capital/organizational execution abilities, including elements related to employee engagement, and by using the survey as a monitoring tool, we will strengthen our efforts in human capital management. “Building a governance structure to strengthen risk management” involves strengthening not only risk management within the Group but also initiatives related to supply chain and human rights management. Specifically, we are gradually expanding the implementation of the Self-Assessment Questionnaire (SAQ) based on “Furukawa Electric Group CSR Procurement Guidelines” from the Company to major suppliers of domestic and overseas group companies. As for “human rights due diligence,” we regard employees and suppliers as the primary stakeholders, identify presumed human right issues to each of them, and take measures to solve and/or prevent such issues.

(3) Numerical management targets

To strengthen and create businesses through a focus on capital efficiency, we place emphasis on ROIC and ROE as management indicators. The target levels to be reached in the final year of the 2025 Medium-term Plan, the fiscal year ending March 31, 2026, are ROIC (after tax) of 6% or more, ROE of 11% or more, consolidated net sales of ¥1.1 trillion or more, consolidated operating profit of ¥58.0 billion or more, and consolidated profit attributable to owners of parent of ¥37.0 billion or more. In addition to these financial targets, the 2025 Medium-term Plan sets targets based on sustainability indicators (e.g., GHG emissions reduction rate, employee engagement score, and implementation rate of human rights training for managerial positions) to realize our ideal state in FY2025 in each material issue.

We will steadily promote the 2025 Medium-term Plan to realize the Vision 2030.

FY2025 Financial Targets

ROIC (after tax)	6% or more
ROE	11% or more
Net D/E ratio	0.8 or less
Equity capital ratio	35% or more
Consolidated net sales	¥1.1 trillion or more
Consolidated operating profit	¥58.0 billion or more
Profit attributable to owners of parent	¥37.0 billion or more

FY2025 Sustainability Targets

Sales ratio of environment-friendly products	70%
R&D expense growth rate for new businesses (compared to FY2021)	125%
Implementation rate of IP landscaping for strengthening businesses and themes for creating new businesses	100% (*1)
GHG emissions reduction rate (Scopes 1&2) (compared to FY2021)	-18.7%
Ratio of renewable energy use to total electricity consumption	30%
Employee engagement score	80 (*2)
Ratio of female managers (non-consolidated)	7%
Ratio of mid-career hires to total new staff hires (non-consolidated)	30%
Ratio of follow-up on risk management activities for all risk domains	100%
Ratio of SAQ implementation based on CSR Procurement Guidelines for major suppliers	100%
Implementation rate of human rights risk training for managerial positions	100%

(*1) This indicates that all of the themes set for FY2022 have been implemented.

(*2) The scope of the target was broadened to include domestic and overseas group companies in FY2023, changing the target from non-consolidated to Group target.

2. Approach and Initiatives toward Sustainability

Furukawa Electric Group's approach and initiatives toward sustainability are as follows.

The forward-looking statements contained in the descriptions below are based on the Group's judgments made as of the end of the current fiscal year.

(1) Sustainability in general

We have defined Furukawa Electric Group Vision 2030 (hereinafter, the "Vision 2030") as the ideal state of the Group in 2030. In order to achieve the Vision 2030, we are promoting ESG management, which aims sustainable growth of Furukawa Electric Group and medium- to long-term growth of corporate value.

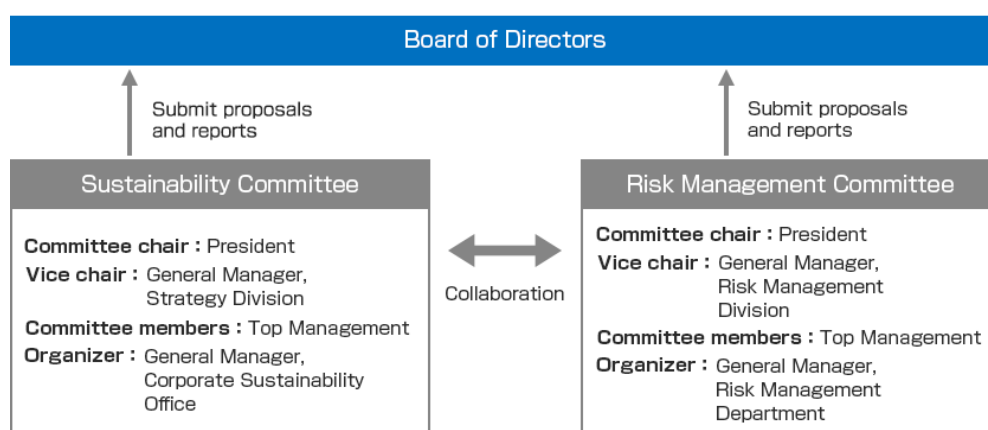
In FY2023, for each and every employee to continue to work with pride and take on challenges, we reviewed our Group's philosophy and established the Furukawa Electric Group Purpose, which articulates the Group's raison d'être. This was implemented on April 19, 2024. In FY2022, we established a Purpose Establishment Project Team led by young employees, and have so far had dialogue with more than 100 employees on a total of 30 occasions, not only in Japan but also at overseas group companies (in the US, Europe, South America, China, and Southeast Asia). Also, the Board of Directors had several discussions on this matter. Moving forward, through activities to instill our purpose, we will aim to improve employee engagement and organizational capabilities by having each and every employee understand the content and significance of our purpose and by promoting initiatives to foster a sense of empathy for our purpose throughout the entire group.

For the text of the Purpose, please refer to "1. Management Policy, Business Environment, and Issues to Be Addressed, (1) Basic management policy."

(i) Governance

Sustainability Committee was established to consolidate discussions on sustainability within Furukawa Electric Group and further enhance the quality and speed of implementation thereof. Sustainability Committee, chaired by the President, vice-chaired by the General Manager of Strategy Division, and composed of members of top management, deliberates on issues on sustainability within Furukawa Electric Group, including sustainability-related basic policy, basic matters on material issues related to revenue opportunities and risks, and disclosure of basic information related to sustainability; checks on progress on such matters; and submits proposals and reports to the Board of Directors. Corporate Sustainability Office serves as the organizer, and the committee will generally meet twice a year. As risk-related material issues are closely related to management strategy risks of Furukawa Electric Group, they are therefore handled in collaboration with Risk Management Committee.

In addition, the status of operations related to sustainability, including climate change, human capital, and intellectual property, is reported and shared to the Board of Directors on a quarterly basis. The agenda for the Sustainability Committee and the Management Committee is set based on, amongst other things, the results of the evaluation of the effectiveness of the Board of Directors and feedback from shareholders and institutional investors.



<Key Discussions on Sustainability within Furukawa Electric Group (FEG)>

Board of Directors	November 2018	Formulated the FEG Vision 2030
	November 2018	Formulated the FEG Vision for Our People; medium-term measures of HR Management Dept.
	Nov. 2018–Dec. 2019	Identified material issues
	April 2019	Revised the FEG CSR Code of Conduct
	February 2021	Formulated the FEG Environmental Vision 2050
	July 2021–Aug. 2021	Established the FEG Basic Policy on Sustainability
	May 2022	Set sustainability indicators and targets; reviewed the material issues, added Human Rights and Labor Practices to material issues
	December 2022	Status and direction of personnel measures in the 2025 Medium-term Management Plan
	Mar. 2023–Mar. 2024	Established FEG Purpose

Management Committee	October 2018	Medium-term measures of HR Management Dept.; formulated the FEG Vision for Our People
	Nov. 2018–May 2019	Formulated the FEG Vision 2030
	Nov. 2018–Sept. 2020	Identified material issues and disclosed them
	January 2019	Set the Environmental Targets 2030; applied for an SBT (2°C Targets) initiative certification
	April 2019	Revised the FEG CSR Code of Conduct
	January 2020	Signed the United Nations Global Compact; Formulated the FEG Human Rights Policy; Expressed support for the recommendations of TCFD
	Dec. 2020–Feb. 2021	Formulated the FEG Environmental Vision 2050
	July.–Aug. 2021	Established the FEG Basic Policy on Sustainability
	Nov. 2021–Feb. 2022	Revised the Environmental Targets 2030; applied for an SBT (WB 2°C Targets) initiative certification
	November 2022	Direction of personnel measures based on the concept of human capital management
	Nov.–Dec. 2022	Revised the Environmental Targets 2030; applied for an SBT (1.5°C Targets) initiative certification; purchased renewable energy certificates
	February 2023	Activities to reinforce human capital and organizational execution abilities; disclosed human capital indicators
Sustainability Committee	March 2022	Set sustainability indicators and targets; reviewed the material issues; added Human Rights and Labor Practices to material issues
	September 2022	Established the FEG Responsible Minerals Sourcing Policy
	Sept. 2022–Mar. 2024	Established the FEG Purpose

<ESG-linked Remuneration>

The Company established the Nomination/Compensation Committee, which is a voluntary committee consisting of the majority of Outside Directors and chaired by one of the Outside Directors for the purposes of appointing/removing and evaluating Directors as well as discussing remuneration for the management. In FY2023, the committee met six times. The Company has partially amended the remuneration system for Directors, etc. mainly for the purpose of the remuneration for Directors, etc. other than the Outside Directors and Audit & Supervisory Board Members more explicitly reflecting the results of initiatives toward ESG-related matters, and began applying the new system from July 2023. The revised elements of remuneration include base salary, short-term performance-linked remuneration (individual), short-term performance-linked remuneration (company level), ESG-linked remuneration, and medium-to-long-term performance-linked remuneration. The ESG-linked remuneration is based on the achievement status of sustainability targets in the key management issues (material issues) that the Group must address. When the total of the standard remuneration levels set for each remuneration element is 100%, the proportion of the ESG-linked remuneration to the total remuneration is set at 2-3% depending on the post.

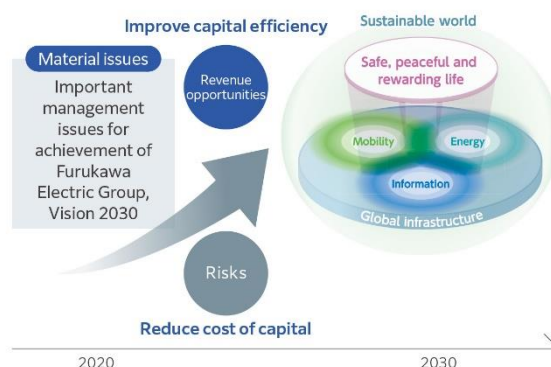
In FY2023, the first year for this arrangement, the item subject to evaluation is the achievement of targets concerning “GHG emissions reduction rate (Scopes 1&2)” —a 21.2% reduction compared to FY2017. The evaluation metrics used to determine ESG-linked remuneration are periodically confirmed and reviewed by the Nomination/Compensation Committee.

For details, refer to “4. Corporate Governance, (4) Remuneration for Directors, etc.”

(ii) Strategy

<Furukawa Electric Group's ESG Management and Material Issues>

In order to achieve Furukawa Electric Group's Vision 2030, we are promoting ESG management, which aims sustainable growth of the Group and medium- to long-term growth of corporate value. We have defined material issues (*) as important management issues that the Group should address in order to achieve the Vision 2030, and we defined material issues in terms of both revenue opportunities and risks, in accordance with the process of identifying material issues as mentioned below. We aim to achieve the Vision 2030 by working on the material issues we have identified, considering that addressing the material issues in terms of revenue opportunities help improve capital efficiency whereas addressing the material issues on risks help reduce the cost of capital. We will also contribute to the achievement of the SDGs, which are closely related to the material issues.

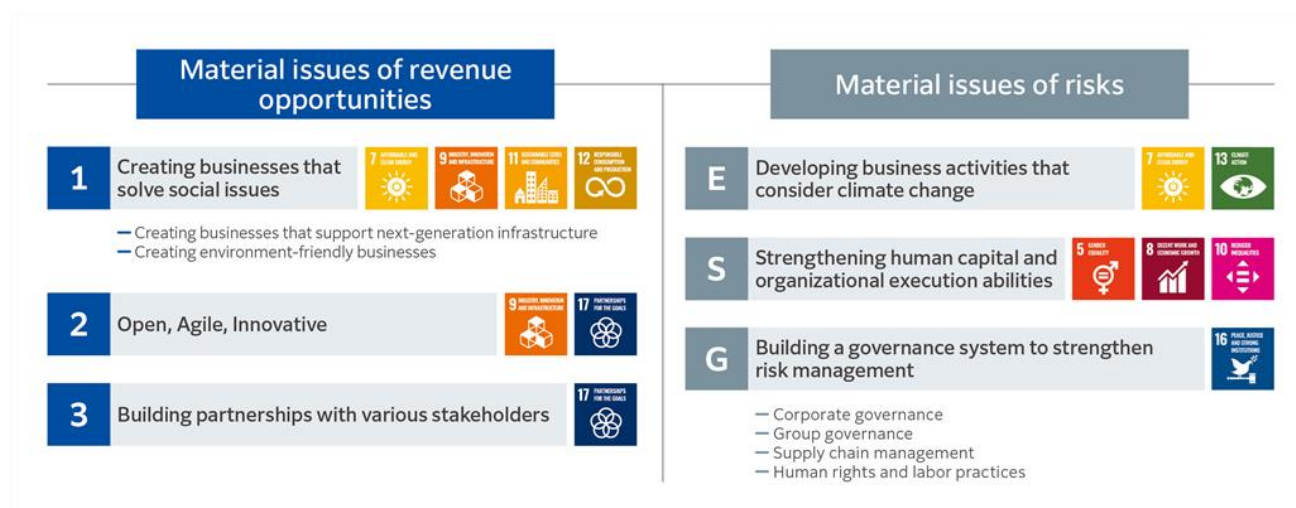


* In Furukawa Electric Group's ESG management, "material issues" are defined as important management issues that Furukawa Electric Group must address in order to achieve the Vision 2030, and are used as a term with a meaning different from those used in the finance and accounting context, which are issues that may have an impact on business performance, financial position, etc.

<Identifying Material Issues>

From the perspective of revenue opportunities, in order to help solve various social issues through the business activities of Furukawa Electric Group, we found it indispensable to devise a transformation from the emphasis on "product-out" to the "market-in" and further to the "outside-in" approach, and identified the "creation of businesses that solve social issues" as a material issue. Examples of these include the "creation of businesses that support the next generation infrastructure," which will serve as the foundation of the society anticipated in the Vision 2030, and the "creation of environment-friendly businesses," which contribute to the realization of a carbon-free society and a recycling-based society. We are focusing on the two kinds of examples as sub-material issues of the materiality on revenue opportunities. In addition, we have identified as material issues the slogan "Open, Agile, Innovative," which reflects the desire to become a company that actively transforms itself and the creation of continuous innovation through utilizing intellectual property and other measures, and the "Building partnerships with various stakeholders," focusing on co-creation with others, as key management issues toward creating businesses that solve social issues.

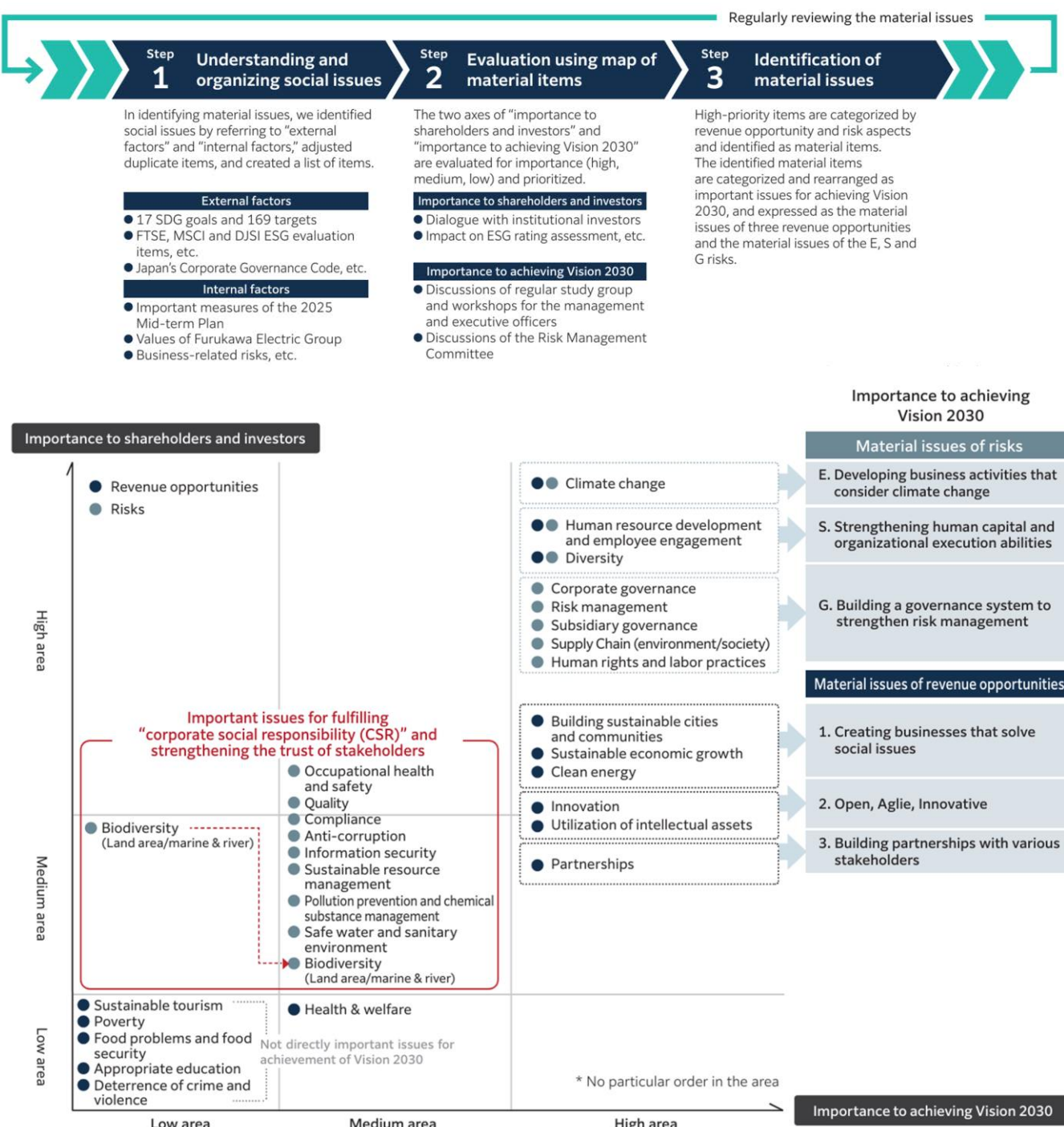
On the other hand, from a risk perspective, in order to achieve sustainable growth, it is essential that companies develop business activities that take into account climate change, and we see this as a material issue for environment (E) risks. In addition, in order to become a company that actively transforms itself, we set the "strengthening of human capital and organizational execution abilities" as a material issue for social (S) risks. As for materiality of governance (G) risks, we focus on "building a governance system for strengthening risk management" including corporate governance, group governance, supply chain management as well as human rights and labor practices as sub-material issues.



<Process of Identifying Material Issues>

Identification and review of material issues was conducted through a process of Step 1 through Step 3. First, in Step 1, we identified social issues by referring to “external factors” and “internal factors,” adjusted duplicate items, and created a list of items (currently organized into 29 items). In Step 2, the two axes of “importance to shareholders and investors” and “importance to achieving the Vision 2030” are evaluated for importance (high, medium, low) and prioritized. In Step 3, high-priority items are identified as material issues. The identified material issues are categorized by revenue opportunity and risk aspects and rearranged as important issues for achieving the Vision 2030, and expressed as the material issues in terms of revenue opportunities and the material issues in terms of the E (Environmental), S (Social) and G (Governance) risks.

In FY2023, “biodiversity (land area/marine and river)” was re-evaluated from a low area to a medium area of “importance to achieving the Vision 2030” in response to the increasing social demands for biodiversity and natural capital in recent years.



<Value Creation Process Directed at Achieving the Vision 2030>

Furukawa Electric Group conducts corporate activities based on the Furukawa Electric Group Purpose, the Core Values, and Furukawa Electric Group CSR Code of Conduct. We will surely execute the Medium-term Management Plan 2022–2025 (the “2025 Medium-term Plan”), which is formulated by the dual approach of backcasting from Furukawa Electric Group Vision that defines the ideal state of the Group in 2030 (the “Vision 2030”) and forward-looking from the present. In the 2025 Medium-term Plan, we defined the ideal state in FY2025 for each identified material issue, formulated measures to realize them, and set sustainability indicators/targets to measure the progress.

For realizing sustainable growth of Furukawa Electric Group and medium- to long-term growth of corporate value, we will strengthen and create businesses mindful of capital efficiency and strengthen the management foundation directed at reducing capital costs.

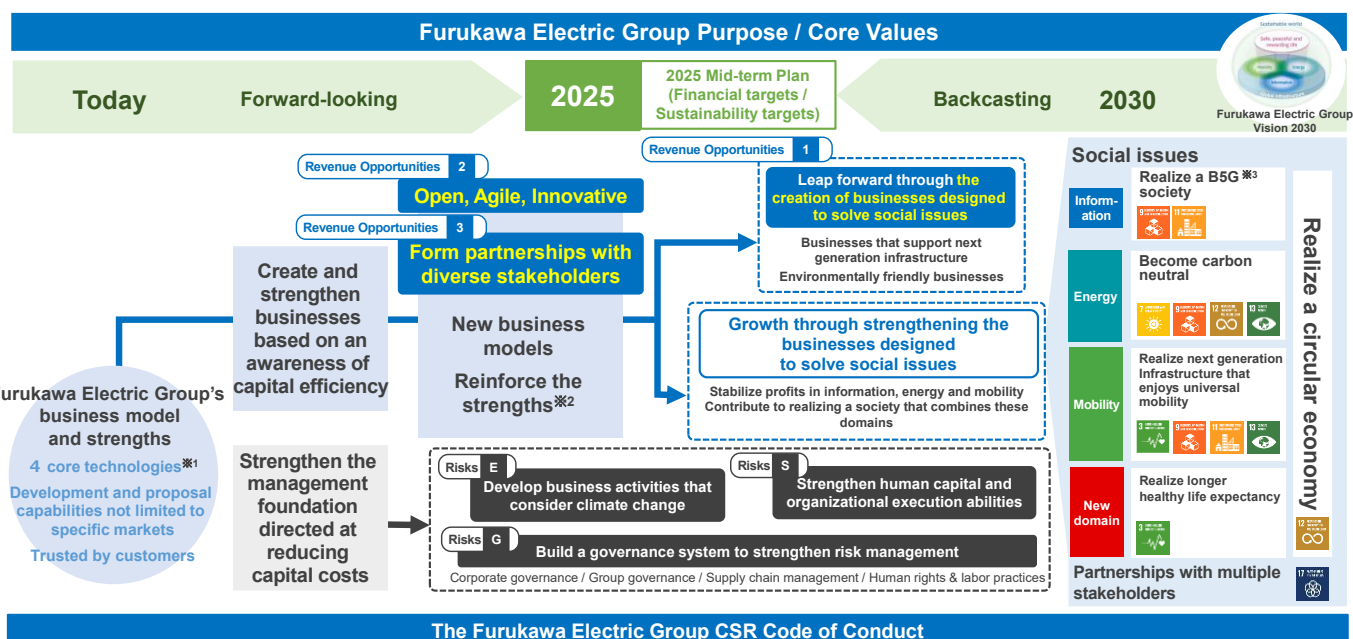
Furukawa Electric Group has enhanced capabilities for development and making proposals, without being limited to specific markets and with its four core technologies—metals, polymers, photonics and high-frequency—centered on capabilities to handle materials. Through these capabilities, we have gained the trust of customers. In an “Open, Agile, Innovative” manner, we will promote to build a new business model by enhancing our strengths, including utilization of intellectual property, and cocreating with our partners.

Toward 2025, we will stabilize earnings in information, energy and mobility sectors, and realize growth through the strengthening of businesses that solve the social issues, whereby contributing to building a society with infrastructure integrating information, energy and mobility. Specifically, to achieve the targets specified in the 2025 Medium-term Plan, and to expand profits in each business, while focusing on Communications Solutions business in particular, we will continue to optimize allocation of investments from the perspective of profitability and growth potential, and accelerate business management and decision-making, including the review of our business portfolio, with a further focus on the cost of capital.

In addition, toward 2030, we realize a leap through the creation of businesses that solve the social issues including the “creation of businesses that support the next generation infrastructure,” which would serve as the foundation of the integrated society of the Vision 2030, and the “creation of environment-friendly businesses,” which contributes to the realization of carbon neutrality and a circular economy. Specifically, to address the needs of the Beyond 5G society, we will take advantage of our photonics and high-frequency technologies to develop optical semi-conductor devices towards the realization of photoelectric fusion which is essential in the next-generation information communication environment, thus contributing to realizing the all-optical network and a society with highly efficient energy. We will also proceed with joint R&D of products for nuclear fusion power generation, which contributes to the safe and sustainable energy supply. Furthermore, to contribute to realizing the carbon neutrality, we will continue our R&D activities concerning Green LP gas* which does not use fossil resources. In addition, we will suggest the adoption of our digital solutions for operating/maintaining social infrastructure to our customers, and work on the sophistication of such solutions.

* Green LP gas: LP gas produced from biogas (a mixture of methane gas, which is from the fermentation of animal manure and food waste, and carbon dioxide).

On the other hand, as for “developing business activities that consider climate change,” we formulate a climate-related transition plan which is a series of targets and actions to support the transition to a low-carbon economy. Based on the plan, we will implement initiatives toward the carbon neutrality. In addition, as for “strengthening of human capital and organizational execution abilities, we conduct a survey on human capital and organizational execution abilities, including elements related to employee engagement; and by using it as a monitoring tool, we will strengthen our efforts of human capital management based on “Furukawa Electric Group Vision for Our People” which is shared beliefs on human capital at both Group and global levels. As for “Building a governance system to strengthen risk management,” we will strengthen the initiatives related to not only the Furukawa Electric Group’s overall risk management, but also supply chain management and human rights management.



(iii) Risk management

<Sustainability-related Opportunities and Risk Management>

In the 2025 Medium-term Plan, we have set sustainability indicators (KPIs) and sustainability targets for FY2025 to realize our ideal state in FY2025 in each material issue.

The handling status of material issues on revenue opportunities and risks and the progress on sustainability indicators are reported and shared to the Board of Directors and Sustainability Committee semiannually. In addition, the General Manager of Corporate Sustainability Office regularly (twice a year in principle) holds a dialogue on the progress of material issues and sustainability indicators, the validity of sustainability indicators and targets, and other issues with each division in charge, and encourages a division that is not expected to meet the target to set and implement handling measures and improvement measures.

Material issues of revenue opportunities:

We have set the “R&D expense growth rate for new businesses” and “implementation rate of IP landscaping for strengthening businesses and themes” as sustainability indicators to measure the progress of the slogan “Open, Agile, Innovative” and “Building partnerships with various stakeholders” to promote building a foundation for creating new businesses. For more information on “Implementation rate of IP landscaping for strengthening businesses and themes,” please refer to “(4) Intellectual property.”

For more information on the “creation of businesses that solve social issues/creation of environment-friendly businesses,” please refer to “(2) Climate Change.”

Material issues of risks (governance):

We have set “the ratio of follow-up on risk management activities for all risk domains” that contains items of the business-related risk as a sustainability indicator to measure the progress toward “Building a governance system to strengthen risk management” to promote the improvement through the control activity. In addition, as for supply chain management and human rights management identified as sub-material issues to be specially strengthened, we set the “ratio of SAQ (*) implementation based on the CSR Procurement Guidelines for major suppliers” and the “implementation rate of human rights training for managerial positions” respectively as a sustainability indicator, to follow up the progress and responses.

As for supply chain management, we issued a SAQ for 56 major business partners in accordance with the contents of our CSR Procurement Guidelines in FY2021. Since FY2022, we have expanded the scope of coverage to include partners of domestic and overseas group companies. For partners falling under the categories of any of the survey items that we have identified as high-risk, we reconfirm the situation through interviews and other means, and encourage the partner(s) in question to correct the situation as necessary.

As for human rights management, we have implemented human rights due diligence, setting “employees” and “suppliers” as the target stakeholders to be prioritized in terms of human rights issues tackled by our Group in FY 2021. With regard to employees, we have set harassment in the workplace as an issue to be resolved, analyze the results of instances of whistleblowing and compliance awareness surveys, and make necessary improvement measures be implemented. As one of the improvement measures, we have implemented “Discrimination and Harassment Education” for individuals working in management positions at our Company and at our group companies in Japan and overseas since FY2022. With this, we have set the “implementation rate of human rights risk training for managerial positions” as a sustainability indicator. In FY2024, we plan to analyze the results of the compliance awareness survey conducted in FY2023 and verify the effects of the improvement measures. Meanwhile, we have issued SAQs to our major suppliers based on the CSR Procurement Guidelines, to catch any suppliers falling under the categories of any of the survey items that we have identified as risk on supply chain. At present, the results of these surveys have not identified any serious issues presenting adverse impacts on human rights.

* SAQ (Self-Assessment Questionnaire)

Material issues of risks (environment):

For more information on the “Developing business activities that consider climate change,” please refer to “(2) Climate Change.”

Material issues of risks (society):

For more information on the “Strengthening human capital and organizational execution abilities,” please refer to “(3) Human capital (including diversity of personnel).”

<Integration into company-wide management strategy (under MTMP 2025) and company-wide risk management>

In order to strengthen and create businesses that solve social issues, we have established the Business Portfolio Review Committee since FY2022 with the aim of promoting business portfolio transformation with an emphasis on capital efficiency. The Business Portfolio Review Committee, composed of the General Manager of the Strategy Division as chair, the General Manager of the Finance & Accounting Division as vice chair and the General Manager of Global Marketing Sales Division, deliberates on important matters related to business portfolio transformation, such as the positioning of each business in the Medium-term Management Plan, makes proposals and reports to the Management Committee. The General Manager of the Corporate Planning Department is in charge of the secretariat, and it is held three times a year in principle. In FY2023, we started examining our desired business portfolio to achieve the Vision 2030, and we continue to work to materialize the Vision 2030.

In order to promote management that emphasizes capital efficiency, we have introduced return on invested capital (ROIC) and Furukawa Value Added (FVA)(*1) as management indicators to evaluate each business. Toward optimizing the business portfolio, taking into account our current position made visible from the viewpoint of growth (average sales growth rate) and profitability (ROIC spread), our potential for future growth, our competitive status among competitors, and our carbon efficiency (GHG(*2) emissions per unit of sales), we will swiftly take necessary actions, such as exploring growth opportunities (including M&A) and determining whether or not to withdraw from certain businesses. Furthermore, to calculate the cost of capital in FVA for each business, we have also incorporated ESG factors such as “Climate change” (*3) and “Labor practice” in addition to financial factors. FVA of each business are reflected and reviewed every year and reported to the Management Committee, where it is utilized for business portfolio optimization and allocation of management resources.

*1. Furukawa Value Added (FVA): EVA was customized for our company and introduced as an internal management indicator in FY2022.

*2 GHG (Greenhouse Gas)

*3 Specifically, we take into account GHG emissions and GHG emissions per unit of sales for each business.

As for the Group-wide risk management, we have established the Risk Management Committee, which comprises management as members, with the President as chair and the General Manager of the Risk Management Division as vice chair. The committee is structured to supervise and promote risk management, internal control and compliance. The Committee conducts regular risk assessment to determine what risks exist, and define important risks that require a companywide response. We recognize “climate change,” “human resources and organizations” and “human rights and labor practices” related to material issues of risks as key risks from the management perspective and counter these risks.

For more information, please refer to “Item 2. Overview of Business, 3. Business Risks.”

(iv) Indicators and targets

<Sustainability Indicators and Targets>

As for our sustainability indicators for FY2023, we will or expect to achieve our FY2023 targets, except for sales ratio of environment-friendly products, R&D expense growth rate for new businesses, and employee engagement scores (Furukawa Electric).

The result of sales ratio of environment-friendly products in FY2023 was 65.9%. The total sales of environment-friendly products, mainly the products related with automotive parts increased compared with the result of the previous year. However, the 66% target for this year was slightly missed due to a sales decline resulted from the reduced demand of communication related products mainly in the North American market. We will continue to expand the sales of environment-friendly products that contribute to reducing environmental impacts or which have positive effects on the environment from FY2024 onward.

The FY2023 result of R&D expense growth rate for new businesses (compared to FY2021) was 121%, up from 116% in the previous fiscal year, but short of the 125% target for the current fiscal year. This was due to the concentration of demonstration and verification processes for new businesses and the launch of projects through co-creation, which we decided to prioritize. In FY2024 and beyond, we will continue to promote R&D activities necessary to establish a foundation for the creation of new businesses.

The FY2023 result of employee engagement scores (Furukawa Electric) was 63, which did not meet this fiscal year's target of 65. Having employee engagement scores of the entire Group enabled to monitor since FY2023, we have expanded all of the targets in and after FY2024 which used to be set only for Furukawa Electric to the entire Group. With the target to be reached in FY2025 set to be 80, we will aim to keep high employee engagement not only in Furukawa Electric but also throughout the Group.

	Material issue	Sustainability indicator		Scope	Result		Target (Reference value)		
					FY2022	FY2023	FY2023	FY2024	FY2025
Revenue opportunity	Creating businesses that solve the social issues	Sales ratio of environment-friendly products		Group	65.0%	65.9%	66%	68%	70%
	Open, Agile, Innovative/ Building partnerships with various stakeholders	R&D expense growth rate for new businesses (compared to FY2021)		Group	116%	121%	125%	125%	125%
		Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses		Group	40%	77%	45%	100%*1,*2	100%*1
Risk	Developing business activities that consider climate change	GHG emissions reduction rate (Scopes 1&2)	(Compared to FY2017)	Group	-36.8%	-46% (estimate)	-21.2%	(-39%)*3	(-42%)*3
			(Compared to FY2021)		—	—	—	-14.0%	-18.7%
		Ratio of renewable energy use to total consumption		Group	20.2%	31% (estimate)	12%	25%	30%
	Strengthening human capital and organizational execution abilities	Employee engagement scores*4		Furukawa Electric	65	63	65	—	—
				Group	—	76	—	77	80
		Ratio of female managers		Furukawa Electric	4.8%	5.4%	5%	6%	7%
		Ratio of mid-career hires in total new hires*5		Furukawa Electric	45.7%	48.8%	30%*6	30%*6	30%*6
	Building a governance system to strengthen risk management	Ratio of follow-up on risk management activities for all risk domains		Group	100%	100%	100%	100%	100%
		Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers		Group	34%	65%	40%	70%	100%
		Implementation rate of human rights training for managerial positions		Group	100%	100%	100%*7	100%*7	100%*7

*1 This means that all projects have been implemented with respect to the business enhancement and new business creation themes set as of 2022.

*2 Target value for 2025 has been brought forward.

*3 Base year in and after FY2024 was updated to FY2021; the reduction target value when applied to the former base year of FY2017 is also shown for reference purposes.

*4 The scope was expanded to cover all group companies in Japan and abroad in FY2023, and the target was changed from the Company's target to the Group's target.

*5 New hires represent new graduates and mid-career hires, covering management, career-track, and clerical positions.

*6 This means that about 30% will be maintained in each fiscal year.

*7 This means that 100% globally for each fiscal year will be continued.

(2) Climate change

In January 2020, recognizing that climate-related risks and opportunities are an important management issue, Furukawa Electric Group declared its endorsement of the Climate-related Financial Information Disclosure Task Force (TCFD). In addition, based on the “Guidance on Metrics, Targets, and Transition Plans” published by TCFD in October 2021, we started formulating a climate-related transition plan which is a series of targets and actions to support the transition to a low-carbon economy in FY2023. We will promote disclosure in line with the TCFD recommendations to strengthen our relationships of trust with our stakeholders.



(i) Governance

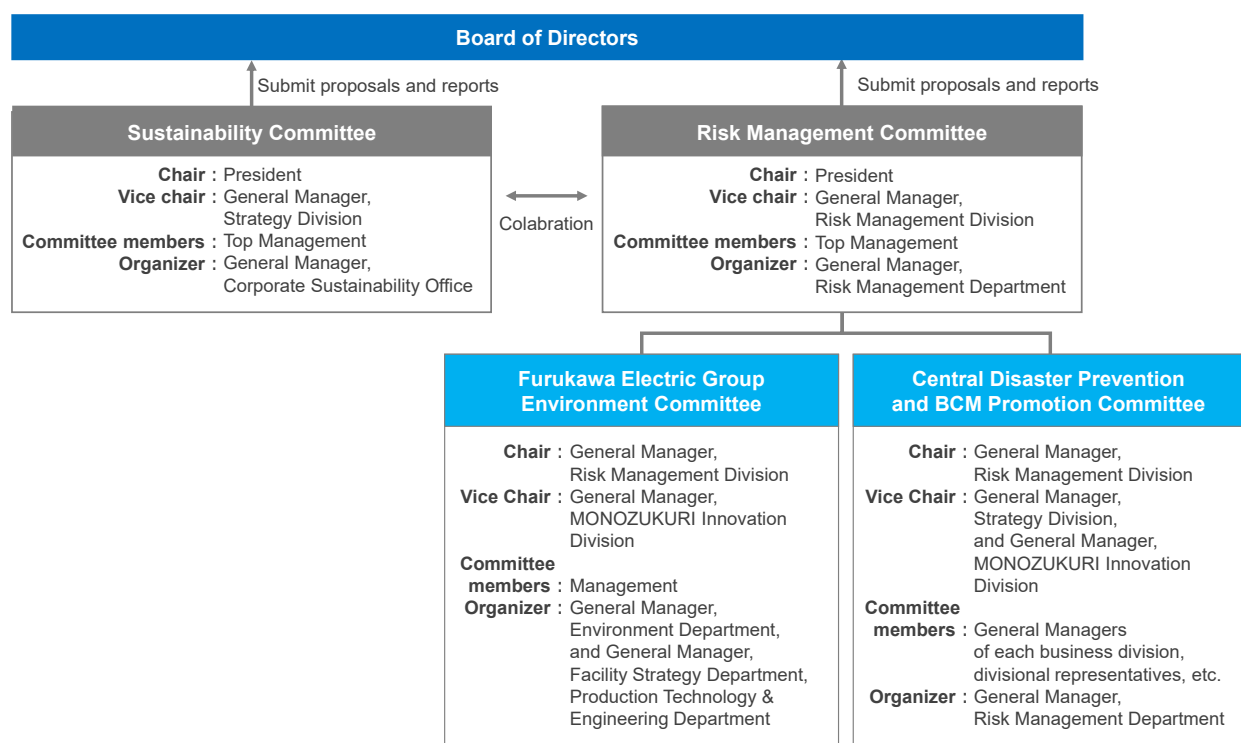
As issues on “Developing business activities that consider climate change,” risk-related material issues, are closely related to management strategy risks of Furukawa Electric Group, they are handled in collaboration with Sustainability Committee, Risk Management Committee, and its special committee, Furukawa Electric Group Environmental Committee (hereinafter, “Environmental Committee”) and Central Disaster Prevention and BCM Promotion Committee.

In considering climate-related risks such as those posed by climate change and natural disasters as the priority issue for environmental risk, we regularly discuss preliminary strategies for climate-related risks mainly at Environmental Committee and business continuity measures after the occurrence of risks are discussed mainly at Central Disaster Prevention and BCM Promotion Committee.

Environmental Committee, chaired by the General Manager of Risk Management Division and composed of top management including general managers of each business division and corporate division, meets every three months to discuss issues related to climate change among others, and submits proposals and reports to Management Committee and the Board of Directors.

Central Disaster Prevention and BCM Promotion Committee, chaired by the General Manager of Risk Management Division and composed of general managers of each business division, divisional representatives, etc., meets every three months to establish Business Continuity Management (BCM), identify business continuity risks, including natural disasters, and promote and manage the identification process.

Furthermore, the status of business execution on climate change is reported to and shared with the Board of Directors on a quarterly basis.



<Key Discussions on Climate Change within Furukawa Electric Group (FEG)>

Board of Directors	February 2021	Formulated the FEG Environmental Vision 2050
Management Committee	January 2019	Set the Environmental Targets 2030; applied for an SBT (2°C Targets) initiative certification
	January 2020	Expressed support for the recommendations of TCFD
	Dec. 2020–Feb. 2021	Formulated the FEG Environmental Vision 2050
	Nov. 2021–Feb. 2022	Revised the Environmental Targets 2030; applied for an SBT (WB 2°C Targets) initiative certification
	Nov.– Dec. 2022	Revised the Environmental Targets 2030; applied for an SBT (1.5°C Targets) initiative certification; and purchased a renewable energy certificate

(ii) Strategy

<Businesses for Analysis of Climate-related Risks and Opportunities>

In order to show our “resilience of an organization’s strategy, taking into consideration of different climate-related scenarios, including a 2°C or lower scenario” provided by TCFD recommendation, Furukawa Electric Group has identified climate-related risks (transition risks and physical risks) and opportunities and conducted scenario analysis related to different climates, including a “2°C or lower scenario,” setting Medium-Term Management Plan as a baseline since FY2019.

In FY2019, we participated in the Scenario Analysis Support Project for Climate-related risks and opportunities in line with the TCFD, conducted by the Ministry of the Environment. We conducted scenario analysis for the Infrastructure business (optical fiber and cable products of the Communications Solutions business and power cables of the Energy Infrastructure business). We then conducted a scenario analysis for the Automotive Products business in FY2020 and for the AT & Functional Plastics business and the Copper & High-performance Material Products business in FY2021, for the Fiber Cable business and the Electric Power business in FY2022, and the Copper Foil business, the Battery business, and FITELE Products in FY2023. We continue to expand the target business in each business field step-by-step.

<Process of Identifying Climate-related Risks and Opportunities>

Identification of climate-related risks and opportunities is conducted through a process of Step 1 through Step 3. First, in Step 1, we create a list of climate-related risks and opportunities, including not only in our Group but also in the upstream and downstream operations of supply chain by referring to “external information” and “internal information.” In Step 2, the identified items are evaluated with scores in terms of “impact on Furukawa Electric Group” and prioritized. In Step 3, high-priority items are identified as climate-related risks and opportunities. For the identified climate-related risks and opportunities, assessment of impact on business in FY2030 is conducted with impact parameters in a 1.5°C scenario and a 4°C scenario.

<Selection of Scenario Group>

Through FY2021, in examining the “different climate-related scenarios, including a 2°C or lower scenario” recommended by the TCFD, we examined a “2°C or lower scenario” and a “4°C scenario” step-by-step for each business field by referring to several existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). In FY2022, to accelerate our efforts toward achieving carbon neutrality by 2050, we revised the Environmental Targets 2030 and applied for an SBT (1.5°C Targets) initiative certification. Accordingly, the scenarios for the business fields, for which we had been conducting scenario analysis, were revised to the “1.5°C scenario” and the “4°C scenario.”

<Definition of the Period for Climate-related Risks and Opportunities>

Short-term	Up to FY2025	Period up to achieving the 2025 Medium-term Plan and sustainability targets
Medium-term	Up to FY2030	Period up to achieving the Vision 2030 and the Environmental Targets 2030
Long-term	Up to FY2050	Period up to achieving the Environmental Vision 2050

<Overview of Scenario Analysis>

Category			Identified climate-related risks and opportunities	Period to manifest	Business impact in 2030	
					1.5°C	4°C
Risks	Transition risks	Policies and regulations	• Carbon tax on GHG emissions	Medium to long term	Major	Minor
		Markets	• Increase in procurement costs of renewable energy • Increase in procurement costs of materials (copper, aluminum, plastics) due to carbon taxation	Medium to long term	Major	Minor
	Physical risks	Acute	• Damage to buildings due to large-scale disasters (large typhoons, heavy rains, heavy snow, lightning strikes) caused by abnormal weather • Supply chain disruption of customers or suppliers caused by weather disaster	Medium to long term	Minor	Minor
			• Shut-down of coastal factories caused by flooding and drought	Medium to long term	Medium	Major
		Chronic	• Increase in air conditioning costs due to a rise in average temperature	Medium to long term	Medium	Major
Opportunities	Markets		• Increase in revenue and profit from accelerating development of 5G/B5G along with the construction of smart cities and the surge of communications traffic • Increase in revenue and profit from demand growth for products related to telecommunications, semiconductor memory, 5G and smartphones • Increase in revenue and profit from demand growth for submarine cables and the enhanced core transmission network along with the increase in renewable energy generation • Increase in revenue and profit from demand growth for products along with automotive electrification and weight reduction	Short to medium term	Major	Medium
	Products and services		• Increase in sales from demand growth for low-carbon and carbon-free products and recycled products in response to requests for carbon neutrality and circular economy	Medium to long term	Major	Medium
			• Technology development toward expanding introduction of next-generation energy	Long term	—	—

<Furukawa Electric Group's Efforts toward Achieving Carbon Neutrality and Formulation of a Climate-related Transition Plan>

We identify climate-related opportunities and risks and work to achieve carbon neutrality by both capturing revenue opportunities and mitigating risks. Based on the “Guidance on Metrics, Targets, and Transition Plans” published by TCFD in October 2021, we started formulating a climate-related transition plan which is a series of targets and actions to support the transition to a low-carbon economy in FY2023.

As for the measures to deal with risks, we have established the Environmental Vision 2050 as our super-long-term goal, with the challenge target of reducing GHG emissions (Scopes 1&2) in our business activities to zero by 2050, as well as another target of reducing GHG emissions throughout the value chain. Backcasting from these targets, we have set targets for reducing GHG emissions in the Environmental Targets 2030 and the sustainability targets in the 2025 Medium-term Plan to work toward achieving these reductions. In our efforts to reduce greenhouse gas emissions from business activities (Scopes 1&2), we are promoting energy saving and fuel conversion at our factories. We have set the “Ratio of renewable energy use to total electricity consumption” as a sustainability indicator to work toward improving the ratio of renewable energy use (usage of hydroelectric power, installation of solar power system, and introduction of electricity derived from renewable energy.) In FY2023, we began to work on creating an energy road map as a part of formulating a climate-related transition plan toward achieving the Environmental Vision 2050 and the Environmental Targets 2030.

As for the measures to deal with revenue opportunities, we will continue to stabilize revenue from existing businesses and develop a foundation for new business creation during the period of the 2025 Medium-term Plan. We will solve social issues in each business field and contribute to achieving carbon neutrality by 2030. For example, for accelerating development of 5G/B5G along with the surge of communications traffic, we will create new photonics products with strengths of development and proposal capabilities in the communications field and contribute to the simultaneous realization of a high-capacity information communications and a high-efficiency energy society. For technology development to contribute to realizing carbon neutrality through supply and installation of submarine and underground cables indispensable toward expanding the use of renewable energy such as offshore wind power, and expanding the introduction of next-generation energy, we are working to achieve carbon neutrality, contribute to building a social infrastructure that enables “Succession of local resources and local culture for the future”(*) through the use of green LP gas, and promote nuclear fusion energy, which is expected to be a next energy source to take the place of fossil fuels, by developing high-temperature superconducting materials.

* Succession of local resources and local culture for the future: This expresses passing on regional resources and cultures to the next generation in addition to local production for local consumption.

(iii) Risk management

<Climate-related Risks and Opportunities>

We have set “GHG emissions reduction rate (Scopes 1&2)”, “Ratio of renewable energy use to total electricity consumption” and “Sales ratio of environment-friendly products” as sustainability indicators that measure the progress of addressing material issues of “Developing business activities that consider climate change” and “Creating environment-friendly businesses.” Sustainability Committee follows up the progress of these indicators semiannually.

We have also set the GHG emissions targets for each business division in accordance with the Targets 2030 since FY2020, and GHG emissions per unit of sales targets for each business division since FY2022. Management Committee follows up the progress of “GHG emissions” and “GHG emissions per unit of sales” quarterly.

As for Internal carbon pricing (using a shadow price), setting GHG emissions of each business division calculated using carbon prices (applying 20,000 yen/t-CO₂e in FY2023) since FY2019, we encourage each business division to be prepared to avoid climate change risks for decarbonization based on the quarterly evaluation and posting effects at the Environmental Committee. In addition, formulating of a renewable energy introduction plan is being promoted for any division that does not meet the target, having established a rule that each business division will bear the increase in procurement costs of renewable energy if the targets are not met since FY2023.

<Integration into company-wide management strategy (under MTMP 2025) and company-wide risk management>

In addition to financial factors, we utilize ESG factors, “GHG emissions” and “GHG emissions per unit of sales (carbon efficiency),” in the process of business portfolio optimization and calculating the cost of capital in FVA for each business.

For more information, please refer to “(1) Sustainability in general, (iii) Risk Management.”

In risk management of the entire Furukawa Electric Group, we identify “Climate Change (carbon neutral)” as a management perspective risk.

For more information, please refer to “Item 2. Overview of Business, 3 Business Risks.”

(iv) Indicators and targets

<Furukawa Electric Group Environmental Vision 2050> (Formulated in March 2021)

Environmental Vision 2050 embraces the contribution to the realization of a sustainable society throughout the value chain through the provision of environment-friendly products and services and recycling-based production activities. As part of our contribution to the realization of a carbon-free society, we aim to reduce GHG emissions throughout the value chain, and have set the challenge target of zero GHG emissions from our business activities (Scopes 1&2) by 2050.

<Environmental Targets 2030> (Revised in November 2022)

We have set the Environmental Targets 2030, a milestone toward the realization of the Environmental Vision 2050. To contribute to the realization of a carbon-free society, we identify our 2030 target as follows.

- (1) Greenhouse gas emissions from business activities (Scopes 1&2): Reduce by at least 42% compared to FY2021
- (2) Greenhouse gas emissions in the value chain (Scope 3): Reduce by at least 25% compared to FY2021

Scope 1: Direct emissions from own factories and offices

Scope 2: Indirect emissions from the use of electricity, heat, etc. purchased by the company

Scope 3: Indirect emissions other than Scopes 1 and 2 (emissions by other companies related to the activities of the business operator)

Furukawa Electric Group's GHG reduction targets of 2030 obtained SBT (Science Based Targets) below 1.5°C certification in July 2023. This certifies that our Group's targets are based on scientific evidence in achieving the "efforts to limit the temperature increase to 1.5°C above re-industrial level" aimed in the Paris Agreement.

*Paris Agreement: An international agreement adopted at the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015 (COP21) to reduce greenhouse gas emissions and other emissions in and after 2020.



<Results and Targets> ★: Sustainability Indicator

In FY2023, we further promoted the introduction of renewable energy which we have been actively promoting since FY2022. The annual reduction of GHG emissions (Scope 2) from the use of electricity derived from substantial renewable energy introduced in our optical fiber and cable factory at the Mie Works is expected to be over 20,000 CO₂e. We also promote to install solar power systems and switch to procuring renewable energy in other business sites of our company and production sites in Japan and overseas. As a result, we expect to achieve the FY2023 targets, "GHG emissions reduction rate (Scopes 1&2)" and "Ratio of renewable energy use to total electricity consumption."

Indicator	Scope	Base year	Result			Target (Reference value)				Challenge target
			FY2021	FY2022	FY2023	FY2023	FY2024	FY2025	FY2030	FY2050
★Sales ratio of environment-friendly products	Group	—	61.9%	65.0%	65.9%	66%	68%	70%	—	—
★GHG emissions reduction rate (Scopes 1&2) *1	Group	2017	-29.0%	-36.8%	-46% (Estimate)	-21.2%	(-39%)*2	(-42%)*2	(-59%)*2	Zero emissions
		2021	—	—	—	—	-14.0%	-18.7%	-42%	
★Ratio of renewable energy use to total consumption	Group	—	10.9%	20.2%	31% (Estimate)	12.0%	25%	30%	—	—
GHG emissions reduction rate (Scope 3)	Group	2019	-1.0%	-6%	(Under calculation)	-6%	—	—	—	—
		2021	—	—	—	—	-8.3%	-11%	-25%	—

*1 The greenhouse gas emissions produced by our Group are mainly energy-derived carbon dioxide (CO₂) and sulfur hexafluoride (SF₆).

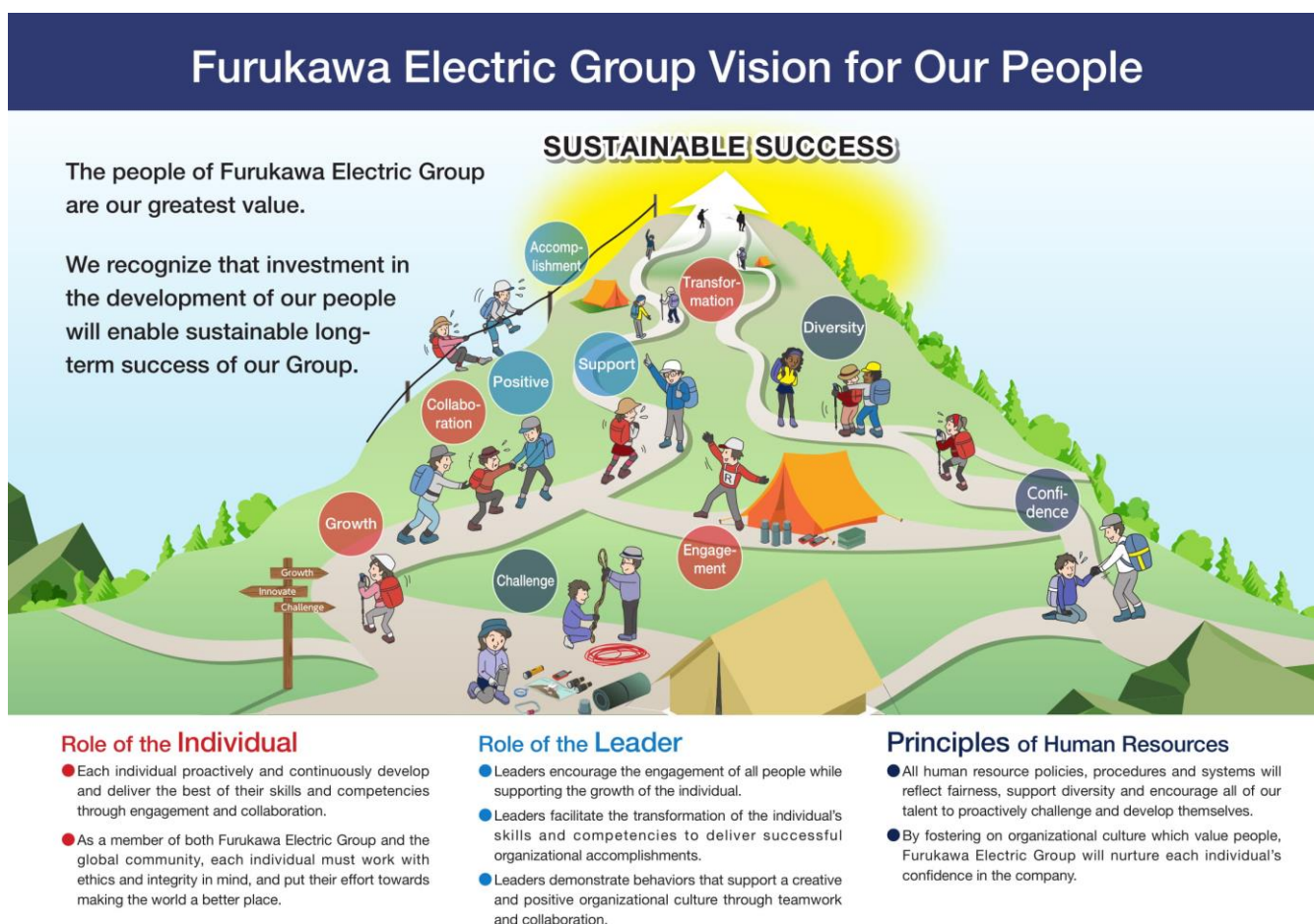
*2 Starting from FY2024, base year is updated to FY2021; the reduction target value when applied to the former base year of FY2019 is also shown for reference purposes.

(3) Human capital (including diversity of personnel)

<Basic Policy in Human Capital and the Organization (Furukawa Electric Group People Vision)>

In order for each and every employee to continue to take challenges with pride, our Group has updated Furukawa Electric Group's philosophy system and established "Furukawa Electric Group Purpose" which showed our raison d'être in March 2024. We have positioned "Furukawa Electric Group Vision for Our People" as our ideal state of people and organization toward achieving this Purpose. The growth of each and every one of our diverse personnel is the driving force behind the success of our Group, and we aim for the growth of both individual and the organization through teamwork to produce results.

For the text of the Purpose, please refer to "1. Management Policy, Business Environment, and Issues to Be Addressed, (1) Basic management policy."



(i) Governance

As issues on "strengthening human capital and organizational execution ability," risk-related material issues, are not only management risks for our Group, but also the most important key management issues directly related to management strategy, we have established a system for executing personnel strategies, headed by the General Manager of the Strategy Division (CSO). The issues are executed, discussed and resolved at the Management Committee. In FY2023, the Management Committee reported and discussed 14 topics related to personnel policies including engagement, reskilling measures, introduction of internal recruitment from the viewpoint of self-directed career development, the ideal state of organizations, including a review of the standards for establishing organizations.

For individual theme directly related to management issues, we establish committees chaired by the president or CSO to formulate strategies, determine activity plans, and promote implementation of measures—"Professional Appointment Committee" to certify highly specialized personnel, "HK(*) and D&I Committees" to promote work-style reform, diversity & inclusion and other measures, and "Furukawa Electric Group Occupational Health and Safety Committee" on occupational health and safety.

The status of these operations is regularly reported to and shared with the Board of Directors.

* HK: *Hatarakikata Kaikaku*, or work-style reform

<Key Discussions on People & Organization within Furukawa Electric Group (FEG)>

Board of Directors	November 2018	Formulated the FEG Vision for Our People; medium-term measures of HR Management Dept.
	May 2022	Added “Human rights and labor practices” to material issues
	December 2022	Status and direction of personnel measures in the 2025 Medium-term Management Plan
	Mar. 2023–Mar. 2024	Established the Furukawa Electric Group’s Purpose
Management Committee	February 2024	Activities to reinforce human capital and organizational execution abilities (engagement)
	October 2018	Medium-term measures of HR Management Dept.; formulated the FEG Vision for Our People
	January 2020	Formulated the FEG Human Rights Policy
	November 2022	Direction of personnel measures based on the concept of human capital management
	February 2023	Activities to reinforce human capital and organizational execution abilities; disclosed human capital indicators
	June 2023	Introduction of internal recruitment system
Sustainability Committee	Jul. 2023, Feb. 2024	Introduction of reskilling measures
	March 2022	Added “Human rights and labor practices” to material issues
	Sep. 2022–Mar. 2024	Established the Furukawa Electric Group’s Purpose

(ii) Strategy

<Human resource management strategy in the MTMP 2025>

In the implementation of our management and business strategies, we will coordinate our growth vectors through dialogue so that both individuals and organizations can improve their performance, grow, solve social issues, and achieve the Vision 2030. (Figure 1)

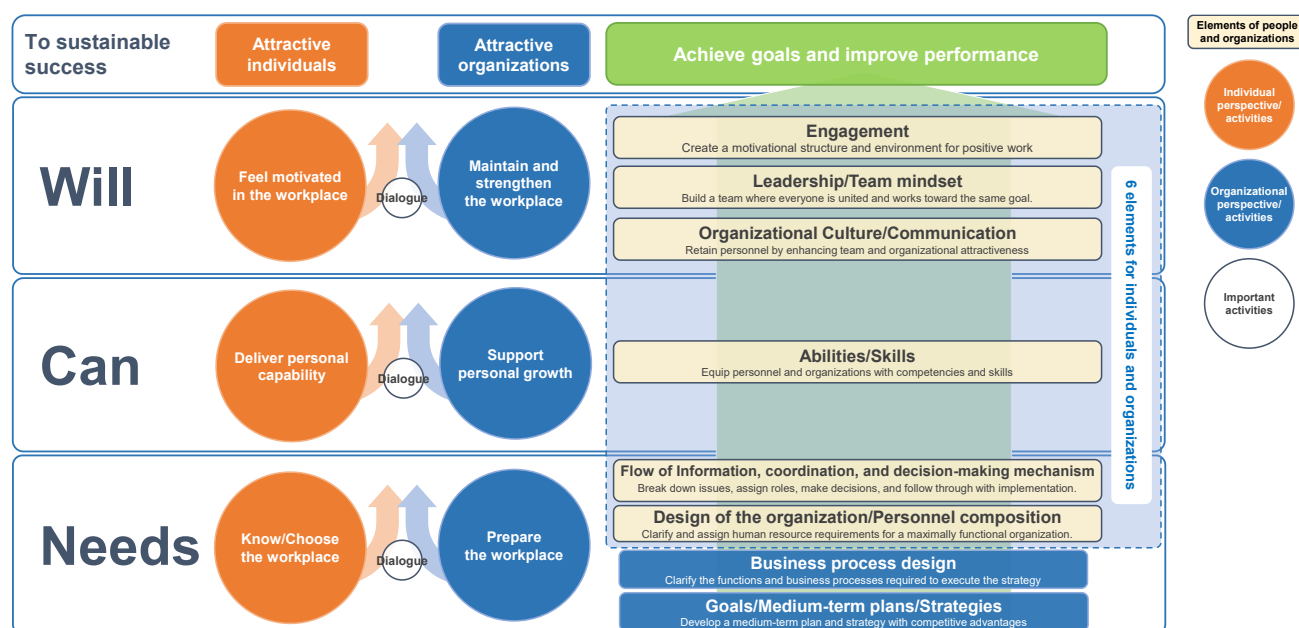
(Figure 1) Furukawa Electric Group’s Human Resource Management Strategy



Prepared by the Company in reference to “Essential Competencies for the 100-year Life” issued by the Ministry of Economy, Trade and Industry in 2018

To develop individuals and organizations, being attractive individuals and organization are indispensable. An organization creates workplaces where individuals motivate their abilities and pass them on to others, and supports their development so that they can play active roles in the organization. We aim to make individuals feel attracted to the place (organization and working environment) and continue to excel at work, leading to the sustainable growth and success of the organization. To achieve these goals, we will work on people and organization based on six perspectives, grasping the overall image of our activities and promoting conscious remedial measures in the course of our daily business activities (Figure 2).

(Figure 2) Framework of specific activities to develop people and organization



<Specific activities>

■ Organization structure, personnel composition, hiring, and staff assignments

We implement initiatives for succession planning and personnel management to maintain the organizational structure and hire and retain human resources that are necessary for our management and business strategies.

(1) Formulating succession plans and development plans

To develop management personnel and candidates for general manager positions in each organization, we formulate succession plans and development plans. Regarding management personnel, we are building a pool of candidates by utilizing external assessments, providing external training programs, and promoting well-planned transfers, including tough assignments, based on development plans. In addition, the Nominating/Compensation Committee, in which outside directors hold a majority, monitors the appropriateness and operational status of the management personnel development system and works methodically over multiple years on the appointment of executive officers and succession plans for the CEO. We also completed formulating succession plans and development plans for general manager level throughout the organizations in FY2023. In FY2024, we will promote periodic discussions between each division and HR division on the formulation of succession plans and the development of manager levels, taking the human resource pipeline of general manager candidates into account.

(2) Improvement of hiring

(i) Mid-career hiring

From the viewpoint of securing diverse human resources to execute management and business strategies, we continue to focus on hiring mid-careers.

(ii) New graduates hiring

In addition to changes in the hiring environment, students' attitudes toward employment are also changing. The talent competition is also becoming more intense. As part of our efforts to make our company more appealing to students, we have introduced a "course-based hiring" system which limits to some extent the jobs available at the time of initial assignment. Limiting the types of jobs to which we assign new hires serves to enhance the clarity of their career paths. We do this to make it easier for employees to have an image of their individual growth and promote the acquisition of talented individuals with diverse sets of ideas.

■ Flow of information, coordination, and decision-making mechanism

(1) Reviewing the operation of the target management system and following up

In revising the personnel system in 2021, we reviewed the operation of the target management system based on the concepts of “promotion of a culture to take on challenge,” “simplicity & openness,” and “human resource development.” Aiming to align the achievement of individual goals with the achievement of higher-level policies and performance improvement, we reinforce the alignment between departmental and divisional policies and individual goal management. Specifically, members attend meetings when setting organizational goals, “degree of importance” and “qualification requirement levels” are set based on the expected roles for each qualification, and coordination meetings are held to calibrate criteria for goal ranking within departments. According to the survey conducted in FY2023 on the FY2022 initial target-setting meeting, more than 90% of employees responded positively, saying that they were able to “understand” or “almost understand” the goal levels required to achieve.

(2) “Human rights and labor practice” and responses to risks in the area of labor

Regarding risks associated with “human rights and labor practices,” to fulfill the company’s responsibility to respect human rights, we promote business activities that respect human rights based on FEG Human Rights Policy and conducts human rights due diligence. In addition, we analyze the results of whistleblowing and compliance awareness surveys to take remediation measures when necessary.

To reduce risks in the area of labor, we prepared checklists to assess the labor compliance undertaken in accordance with the laws and regulations of the countries where our group operates, establishing a system to periodically check the labor risks across the Group. We also take improvement measures based on the results. Furthermore, individuals responsible for human resources at group companies in Japan meet twice a year to share information on policies and issues related to human resources and labor within our Group and strive to strengthen the Group’s cooperation on various issues.

■ Job skills and work performance

We implement various measures in light of achievement management and business strategies as well as supporting diverse human resources that takes on challenges and is eager to grow.

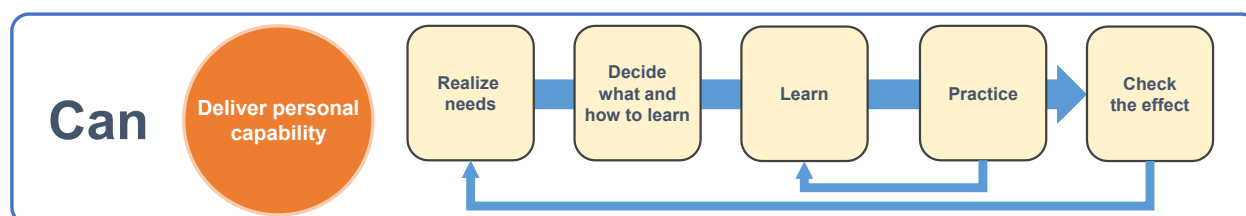
(1) Human development

(i) Reskilling

In FY2023, the managerial levels and each organization had discussions on visualizing the gap between the current status and the abilities and skills needed from the perspective of the growth of both the company and individual levels to achieve business strategies. As a result, we defined reskilling as “voluntary learning of knowledge and skills necessary for executing work, whether those are new or existing.”

Specifically, to support the process of individual skill acquisition and development (Figure 3), we changed the learning environment in which “some individuals learn a uniform set of skills at a predetermined timing, frequency, and location” to “individuals can learn a wide variety of skills anytime, anywhere, and as often as they want. Based on the above, we designed to introduce a new e-learning system that will enable to offer such learning opportunities across the Company in FY2024. This system provides content that allows individuals to learn diverse skills at any time. We will also help individuals learn voluntarily by aligning various training curricula and providing cross-sectional and cross-organizational learning opportunities.

(Figure 3) Process of individual skill acquisition and development



(ii) Global Human Resources Training System

We started our Global Business Leader (GBL) training in FY2006, and in FY2013, this was reformed into the Global Mindset Program (GMP), with an extra emphasis being placed on global human resource education. We have also operated a Global Development Program (GDP) for overseas local employees since FY2010 with the aim of strengthening links within Furukawa Electric Group, with the curriculum being partly shared with the GMP.

Furthermore, in FY2014, we launched the Global Challenge Program (GCP). This program involves the dispatch of younger employees to foreign countries for certain periods of time, allowing us to secure diverse talent and provide opportunities for growth.

(2) Support for career development

(i) Career Support Office

The Career Support Office was established in FY2021. With this office, we are making efforts to support employees' self-directed career development in tandem with existing personnel systems, including career design training provided for each age group and class, seminars to help employees develop their careers, and individual career-related consultation meetings.

(ii) Mechanisms for individuals to choose their careers

Since FY2021, we have been operating an in-house secondary job system (F Career Challenge). This system allows employees to use up to 20% of their workload to volunteer for participation in projects that interest them and constitutes a mechanism serving to contribute to their own growth, fulfillment, and career development. Since the inception of the system, 112 employees have participated in 48 projects. This has served as a source of great stimulation for the departments taking on the volunteering employees, improved the motivation of the volunteering employees themselves, and has had a positive impact on the departments sending volunteering employees to participate in such projects.

In FY2023, in order to accelerate the realization of more self-directed careers for our employees, we introduced an internal open recruitment system on a trial basis, which allows employees to volunteer for organizational transfers. There were 34 applicants and 10 matches for 57 internal job openings. Based on these results, we have decided to introduce this system in FY2024.

■ Communication / organizational culture

(1) Promoting diversity & inclusion (D&I)

Positioning D&I as an important element in "strengthening human capital and organizational execution abilities," we have established HK / D&I Committee under the direct supervision of the President, and are developing proactive initiatives across the company.

(i) Promoting women's careers

We consider it particularly important to ensure diversity in the decision-making level as a foundation for corporate growth, and, setting the ratio of female managers as a sustainability indicator in the 2025 Medium-term Plan, we have been implementing such initiatives. Positioning the low number of female employees as the most important issue, we are persistently working to maintain and enhance our human resource pipeline starting from the hiring phase to developing and promoting core personnel. Concurrently, we are working to improve the company-wide organizational culture and environment by reforming the leadership of superiors, improving feedback, providing flexible work styles, and supporting autonomous career formation so that women themselves and their superiors can look forward to their career advancement.

In FY2023, each division and HR division deepened mutual recognition of the pool of candidates and the possibility of post assignments through dialogue, and each division began to create individual development plans for female candidates for managers. In addition, mindset measures such as lectures by female executives and round tables for those on the first step toward management positions were also implemented. In recognition of these efforts, the Company has been recognized as an excellent company of "Eruboshi" (highest ranking) based on the Act on Promotion of Women's Participation and Advancement in the Workplace. Furthermore, in FY2023, the Company received the Achievement Grand Prize in the Basic Category of the Diversity Award sponsored by NPO J-Win.



Logo symbol of
"Eruboshi"

(ii) Work-style reform

We are promoting a variety of measures, both in terms of “work-style reform” aimed at improving productivity and job satisfaction, and in terms of “organizational culture reform” aimed at promoting the embodiment of Furukawa Electric Group’s Core Values.

As measures to support our employees’ personal ambitions and growth, and to enable each one of them to better demonstrate their abilities, we are enhancing the systems to support balancing various life events such as pregnancy, childbirth, childcare, and nursing care with work, a variety of leave systems, flextime system, and teleworking system among others, to improve the work-life balance of our employees. We have been proactively working to enhance our childcare support since 2007 as a business with a “Kurumin” certification, a certification for companies that are proactively working to support balancing work and childcare.

In May 2023, following the recategorization of COVID-19 to a Class 5 infectious disease, we formulated a policy on how to work after the COVID-19 pandemic. We will continue to promote a hybrid work style that maximizes the benefits of both remote work and face-to-face work to improve employee job satisfaction and productivity.



Logo symbol of
“Kurumin”

(iii) Promoting employment of people with disabilities

Not only to fulfill our social responsibilities, but also from the perspective of D&I, which pursues the potential of diverse personnel and organizations as a foundation for corporate growth, we are proactively working to expand the environment in which people with disabilities can work.

In addition to expanding recruitment through the group companies and our special-purpose subsidiary, Furukawa New Leaf Co., Ltd., we will further improve the workplace environment and work styles by offering an option to work from home, barrier-free access, etc., to create a more desirable environment for people with disabilities to work in.

We are working to expand the application of these initiatives to the entire Group. In FY2023, since the limited number of jobs held by people with disabilities was a priority issue, we added FURUKAWA ELECTRIC BUSINESS & LIFE SUPPORT INC. as an applicable company for expanding the range of jobs for people with disabilities.

(2) Promoting health and safety and Health and Productivity Management

(i) Employee health and safety

Recognizing the risks of an employee suffering death, inability to work, permanent disability, long-term leave of absence or health impairment primarily due to an occupational accident, traffic accident or illness, we are developing various measures based on the idea of “prioritizing safety and health over everything” as the basic premise for business continuity. We are promoting safety activities based on three approaches to achieve zero accidents: (1) provide and implement safety related knowledge through the training of safety conscious persons, (2) make the facilities safer through activities to promote fundamental safety, and (3) establish a safety-oriented organization by improving the level of safety management.

(ii) Promoting Health and Productivity Management

We define “Health and Productivity Management” as the aim for each employee to achieve good physical, mental and social conditions (well-being). Based on the belief that improving the vitality and performance of employees will lead to the growth of organizations and companies, we are promoting various Health and Productivity Management measures as a unified organization. From the managerial viewpoint, “Furukawa Electric Group Health and Productivity Management Declaration” was established in 2017, in order to promote “Health and Productivity Management” which strategically strives for the Health and Productivity Management and the health promotion of the employees. We assist our employees in raising their health consciousness and actively engaging in their own health promotion. Specifically, we carry out the following unique initiatives:

- Formulated the “Five-Year Medium-term Plan for Occupational Health” toward 2025, backing up employee health promotion activities by implementing various measures at each site, including measures for health literacy improvement, smoking, metabolic syndrome, mental health, improving physical function, heat stroke, and the establishment of a chemical substance management system.
- Say “Stay healthy!” along with the manufacturing industry’s beloved greetings, “Stay safe!” among employees to raise each employee’s awareness of health.
- Established the “Five-Year Plan for Smoking Prevention” in 2015 and achieved a total smoking ban on premises throughout the company by 2020.

In recognition of these activities, the company has been recognized as a “Certified Health & Productivity Management Outstanding Organization” for eight consecutive years since 2017.

(3) Instilling our philosophy

We have defined the value that we wish to particularly emphasize and enhance even more in order to achieve sustained growth as our “Core Values.” We hold workshops on a regular basis to instill the Group Philosophy and the “Core Values” as well as review them at routine meetings, thereby continuing our efforts toward achieving this goal.

In order for each and every employee to continually take on challenges with pride, the Furukawa Electric Group reviewed its Philosophy system and established the “Furukawa Electric Group Purpose,” which expresses the Group’s reason for being, in March 2024. Going forward, we will work on activities to promote the Purpose so that it resonates throughout the entire Group.

■ Leadership and team mind

Aiming to become an organization that achieves results as a team, in 2020, we have established the Furukawa Electric way of Seven Principles for Leaders (Furukawa Seven), which consists of one basic mindset and six action principles for a leader to build a good working team. To put these to work, officers and department and section managers declare that they are committed to follow these principles and act according to them every day. Furthermore, our efforts on leadership transformation include 360-degree feedback surveys of the target personnel with an aim to lead to further behavioral changes. After four years of the initiative, we have seen positive changes in the awareness and actions of leaders and improved relationships among team members. Going forward, we will accelerate our efforts to further strengthen team capabilities by focusing more on the link between team activities and results.

■ Engagement

(1) Measurement and utilization of employee engagement

In FY2022, we launched the Furukawa E-Survey as a survey for gauging employee engagement scores. We set targets based on the score of “sustainable engagement” in the Furukawa E-Survey as a sustainability indicator in the 2025 Medium-term Plan, and will steadily implement a variety of measures.

(2) Overhaul of our compensation system and improvement of satisfaction with evaluations

In December 2021, we revised our personnel treatment system based on the concepts of “promotion of the taking on of challenges,” “simplicity and openness,” and “human resource development,” and we are working to overhaul the compensation system and strengthen its operation to increase job satisfaction for individuals.

- (a) In order to provide a spark for the motivation of each employee when it comes to taking on challenges and healthy competition within the company, the salary system was revised from a seniority-based system of gradual accumulation to a zone-based salary structure with salary increases and decreases based on evaluation of the abilities and attitudes currently being demonstrated.
- (b) We will redefine the communication processes related to our personnel evaluations, and have superiors increase the extent to which individuals are satisfied with their evaluations by conducting evaluations alongside the provision of responsible feedback on areas of improvement, thereby leading to individual growth.

(3) Strengthening feedback

In the revision of the human resource system in 2021, we reviewed the operation of the target management system. Specifically, at the beginning of the fiscal year, each employee was encouraged to set a challenging target, and during the fiscal year, we raised awareness among supervisors regarding the need for more frequent support and feedback. We have made changes to the operation of that system, so that it now involves positive impacts on both in terms of the nurturing of talent and the improvement of performance, which is achieved by frequently providing feedback through shorter PDCA cycles. At the fiscal year-end, supervisors meet with team members to provide individual feedback based on their daily work, including both positive points and things that can be improved, thereby providing motivation for the next fiscal year.

Starting from the FY2022 results, all employees are notified of their personnel evaluation scores. According to the results of monitoring undertaken during FY2023 (collection rate: 76%), the rate of participation in the FY2022 year-end meetings was 98%, and more than 90% of respondents reported that they “agreed” or “somewhat agreed” that they felt that “feedback was fact-based” and they were “satisfied with year-end evaluation,” which confirmed to us that feedback is being provided. We will continue to monitor the implementation of target management and improve its operation. In addition, we will enhance our follow-up activities such as providing HR advice on operational concerns and sharing good practices so that individuals can proactively take on the challenge of higher targets and get a sense for both their own growth and organizational contributions.

(iii) Risk management

<Management of risks and opportunities related to people and organizations>

Since FY2022, Furukawa Electric Group has conducted the Furukawa E-Survey to visualize human capital and organizational execution abilities, and the results are reported and discussed at the Management Committee’s annual meetings. We then promote the reduction of risks and capturing of revenue opportunities through the PDS cycle*, in which we reflect improvement measures based on the results in our business activities.

The score of “sustainable engagement” in the Furukawa E-Survey is set as a sustainability indicator, “employee engagement score,” and the Sustainability Committee follows up on progress and response measures, including “ratio of female managers” and “ratio of mid-career hires to total new staff hires.”

We appropriately execute such risk assessments on a regular basis and reflect the results in our initiatives for various measures while revising our risk perception each time. As for our current risk perception, we recognize “people and organizations” and “human rights and labor practices” as important management perspective risks. In addition, we recognize “employee health and safety” as an important operational perspective risk. We have incorporated measures for these in the “(ii) Strategy <Specific activities>” section above and are working on them.

* PDS cycle: Plan Do See cycle

(iv) Indicators and targets

<Results and targets>

■ Organizational structure, personnel composition, hiring, and assigning

We are continuously focusing our efforts on the ratio of mid-career hires in total new hires (management, career-track, and clerical positions) while matching the hiring requirements of each organization, from the perspective of securing diverse personnel to execute management and business strategies and strengthen growth businesses. The result for FY2023 was 48.8%, exceeding the target of 30%.

Sustainability indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Ratio of mid-career hires in total new hires (management, career-track, and clerical positions)	Furukawa Electric	Result	45.7%	48.8%	—	—	—
		Target	30%	30%	30%	30%	—

■ Engagement

The overall employee engagement score for FY2023 was 76 for the entire Group and 63 on a non-consolidated basis. In addition to the impact of expanding the scope to include direct workers and overseas affiliates from FY2023, some divisions' scores rose and other divisions' scores fell depending on the business environment and the progress of improvement activities, so there was no significant change overall.

In FY2024, we will prioritize improvement activities at the Company and group companies in Japan, and based on the analysis of the survey results, we will accelerate efforts at the Company, with the priority issue of ensuring that general managers and supervisors clearly communicate strategies and targets and that each and every employee is able to make his or her work a personal matter.

The scope of the employee engagement score has been expanded to grasp the status of the entire Group, so the target for FY2024 and beyond, which had been set only for the Company, has been expanded to include the Group. The FY2025 target for the Group is set at 80, with the aim of achieving a high level of engagement throughout the entire Group.

Sustainability indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Employee engagement score	Furukawa Electric	Result	65	63	—	—	—
		Target	Start measuring	65	—	—	—
	Group	Result	—	76	—	—	—
		Target	—	—	77	80	85

■ Organizational culture / communication

In 2023, the ratio of female workers in managerial positions was 5.4%, achieving the target of 5.0%. To maintain and strengthen the pipeline from recruitment to development and promotion, in FY2023 we engaged in dialogue with each division, compiled a list of candidate personnel, and began preparing individual development plans.

Sustainability indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Ratio of female workers in managerial positions	Furukawa Electric	Result	4.8%	5.4%	—	—	—
		Target	4.5%	5.0%	6%	7%	15%

<Reference indicators>

■ Business skills / ability to perform duties

Sustainability indicator	Scope	FY2022 Result	FY2023 Result
Research and education expenses per capita	Furukawa Electric	¥70,000	¥90,000

■ Engagement

Sustainability indicator	Scope	FY2022 Result	FY2023 Result
Turnover rate	Furukawa Electric	3.5%	3.4%

■ Organizational culture / communication

Indicator		FY2022 Result		FY2023 Result	
		Furukawa Electric	Domestic group companies*1	Furukawa Electric	Domestic group companies*1
Share of women in employees		12.1%	17.8%	12.9%	18.9%
Share of women in managers		4.8%	3.6%	5.4%	4.3%
Share of women in manager candidates		12.0%	—	13.8%	—
Share of women in new hires		19.3%	—	21.1%	—
Ratio of childcare leave taken*2	Male / Ratio of childcare leave taken	60.0%	50.0%	103.0%	45.8%
	Male / Number of persons who had newborns	75 persons	176 persons	66 persons	212 persons
	Male / Number of persons who took childcare leave	45 persons	88 persons	68 persons	97 persons
	Male / Average number of days of leave*3	38 days	—	25 days	—
	Female / Ratio of childcare leave taken	100.0%	127.2%	93.8%	98.1%
	Female / Number of persons who had newborns	10 persons	33 persons	16 persons	53 persons
	Female / Number of persons who took childcare leave	10 persons	42 persons	15 persons	52 persons
	Female / Average number of days of leave*3	417 days	—	345 days	—
Average wages by employment category	Average of all workers	¥6,750,000	—	¥6,707,000	—
	Average of male workers	¥7,015,000	—	¥6,972,000	—
	Average of female workers	¥4,850,000	—	¥4,922,000	—
	Female / Male	69.1%	60.1%	70.6%	65.0%
	Regular employment	¥6,845,000	—	¥6,783,000	—
	Average of male workers	¥7,110,000	—	¥7,050,000	—
	Average of female workers	¥4,943,000	—	¥4,988,000	—
	Female / Male	69.5%	64.2%	70.8%	71.2%
	Non-regular employment	¥4,704,000	—	¥4,426,000	—
	Average of male workers	¥4,964,000	—	¥4,652,000	—
	Average of female workers	¥2,912,000	—	¥2,694,000	—
	Female / Male	58.7%	42.6%	57.9%	61.6%
Average years of service	Regular employees	19.9 years	—	19.7 years	—
	Male	20.3 years	—	20.3 years	—
	Female	16.8 years	—	16.2 years	—
Employment rate of people with disabilities (as of June 1st of each year)		2.35%	—	2.42%	—
Ratio of non-Japanese employees		0.5%	—	0.5%	—
Leave taken (regular employees)	Ratio of leave taken	66.0%	—	68.5%	—
	Number of days granted	23.6 days	—	23.5 days	—
	Number of days taken	15.6 days	—	16.1 days	—
Average monthly overtime hours of regular employees		23.8 hours	—	22.4 hours	—

*1 Figures for domestic group companies include figures for the Company. Figures do not include some figures for employees loaned from other companies at subsidiaries and associates.

*2 From FY2023, the ratio of childcare leave taken is calculated as “the number of persons who started taking childcare leave during the current fiscal year / the number of persons who had newborns.” Until FY2022, it was calculated as “the number of persons currently taking childcare leave / the number of persons who have newborns,” so the FY2022 results in the table have been revised to conform to the FY2023 calculation standard. In addition, persons who took maternity leave are not included in the number of persons who took childcare leave.

*3 Figures from FY2023 present “the average number of days of leave taken by persons who returned to work in the current fiscal year.” Since the figures for FY2022 presented “the average number of days of childcare leave taken by persons in the current fiscal year,” the FY2022 results in the table have been revised to conform to the FY2023 calculation standard.

(4) Intellectual property

Furukawa Electric Group has positioned intellectual property such as patent and know-how, and intellectual assets that are our strengths including human assets, organizational capabilities and customer network, as important management resources. To enhance utilization of them, we have formulated our Group's basic policy with the following three pillars. We promote group and global intellectual property activities by integrating business, R&D, and intellectual property.

<Intellectual Property Strategy of Furukawa Electric Group>

Three basic policies:

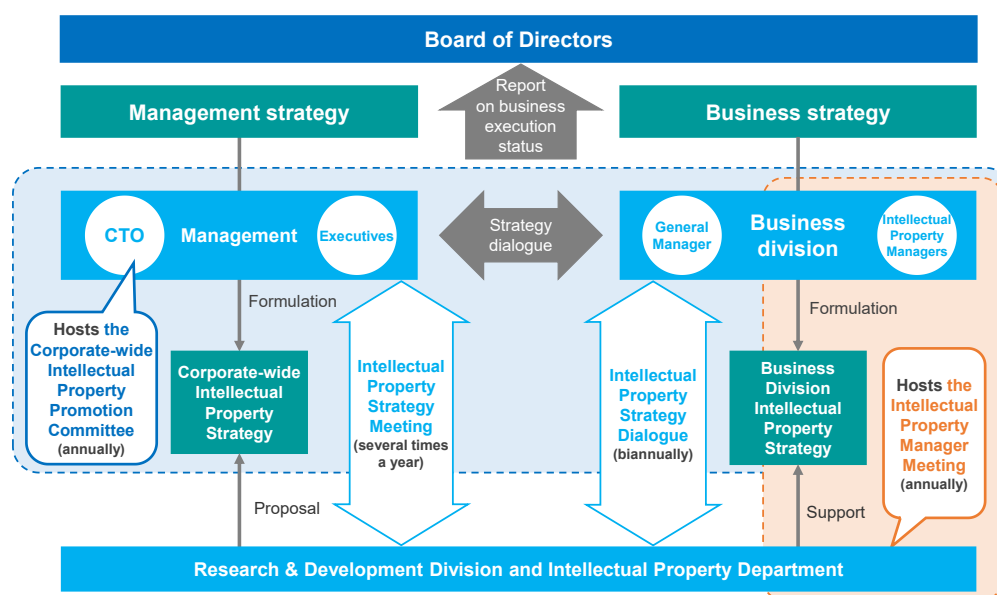
- (1) Reinforcing management and business strategy planning capabilities by IP landscaping:
Reinforce management and business strategy planning capabilities by IP landscaping that incorporates, analyzes and utilizes intellectual property information into strategy planning processes.
- (2) Utilizing intellectual assets with Open & Closed strategies:
Strengthen business competitiveness by using Open and Closed strategy to utilize intellectual assets; and then, running an activity cycle of creating and accumulating intellectual assets and protecting business and core technology, while using IP landscaping to analyze environments for change.
- (3) Stabilizing business by reducing intellectual property risks:
Identify four categories of risks, which are infringement risk, technology outflow risk, contract risk, and technology counterfeit risk, as frequent risks with a significant impact, and continuously reduce such risks to stabilize business.

(i) Governance

Our Group has established the Corporate-wide Intellectual Property Promotion Committee (in principle, held once a year), which is chaired by the General Manager of the Research & Development Division. This committee determines corporate-wide intellectual property activity policies and promotes activities led by intellectual property managers who are assigned to each business and research division.

Corporate-wide intellectual property strategies are proposed and reported to executives who supervise business execution—including the President—at an Intellectual Property Strategy Meeting (in principle, held at least twice a year) hosted by the General Manager of the Research & Development Division. Activities aligned with the corporate-wide intellectual property strategies are determined at an Intellectual Property Manager Meeting (in principle, held once a year) hosted by the Intellectual Property General Manager. Intellectual property strategies of individual business divisions are subject to co-creation and shared with business division general managers through Intellectual Property Strategy Dialogues (in principle, held twice a year) hosted by the Intellectual Property General Manager.

Such business execution statuses are reported quarterly to and shared with the Board of Directors.



<Key Discussions on Intellectual Property within Furukawa Electric Group>

Board of Directors	February 2021 Intellectual Property Strategy of Furukawa Electric Group
	November 2023 Issues regarding activities for Chance Maximization and Risk Minimization
Management Committee	August 2021 Activity plan and status based on corporate-wide intellectual property activity policies
Intellectual Property Strategy Meeting	February 2021 Intellectual Property Strategy of Furukawa Electric Group
	September 2021 Revision of Japan's Corporate Governance Code

(ii) Strategy

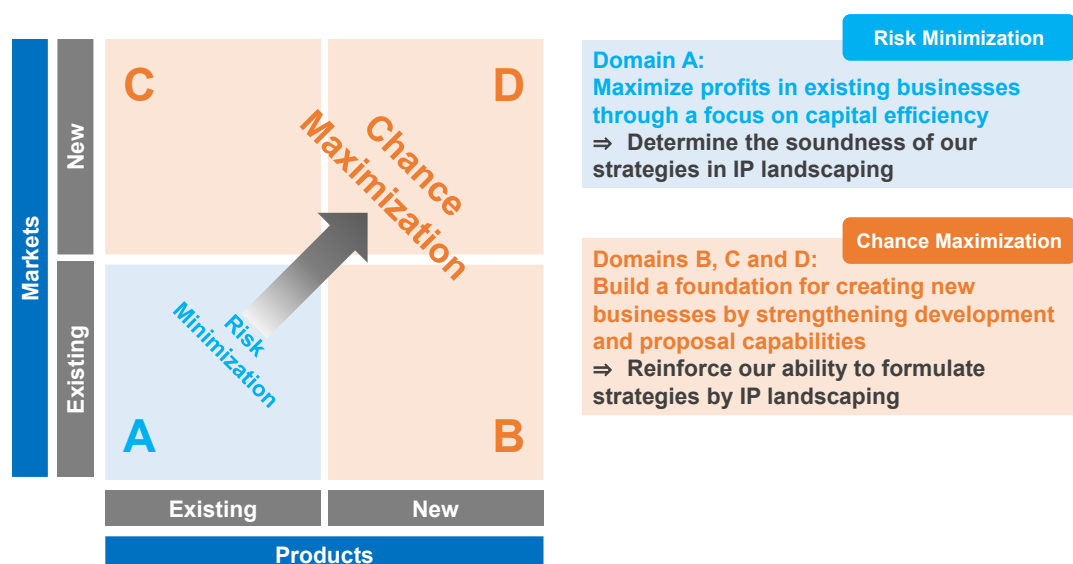
Based on the three basic policies of our Intellectual Property Strategy, the Furukawa Electric Group is promoting intellectual property activities from the two perspectives of Chance Maximization (expansion of business opportunities) and Risk Minimization (business stabilization) in order to achieve the Furukawa Electric Group Vision 2030.

<Chance Maximization: IP Landscaping*>

The Furukawa Electric Group lists “Reinforcing management and business strategy planning capabilities using IP landscaping” as the first pillar of its intellectual property strategy. To promote activities to seek new business fields and business models, we analyze the competitive environment and market environment using the intellectual property information of our own and other companies.

As shown in the figure below, in the domain of existing markets and products (Domain A), we aim to maximize profits in existing businesses through a focus on capital efficiency, and we are determining the soundness of our strategies in IP landscaping. On the other hand, in the domains related to new markets and products (Domains B, C, and D), we aim to build a foundation for creating new businesses by strengthening development and proposal capabilities, and we use IP landscaping to reinforce our ability to formulate strategies. In this way, we are utilizing IP landscaping from the perspective of Chance Maximization in addition to the perspective of Risk Minimization.

- * IP landscaping: When formulating management or business strategies, (1) conduct an analysis that incorporates IP information into management and business information, and (2) share the results (including a broad view of the current status and future perspectives) with management and business managers (quoted from the Japan Patent Office “Survey Research Report on Analysis and Utilization of Intellectual Property Information that Contributes to Management Strategies”)



<Risk minimization: Intellectual property portfolio>

We minimize business risks by protecting our unique technologies that differentiate our products from others with intellectual property rights and technical know-how.

In the domains of information, energy, and mobility, we develop and thoroughly use the intellectual property portfolio on the basis of detailed competitor analysis in order to grow by enhancing businesses that solve social issues. We also support maximizing the revenue of existing businesses with a focus on capital efficiency toward 2025.

Approximately half of the intellectual property rights (patent rights, utility model rights, design rights, and trademark rights) held by the Company are related to optical fiber cables (Optical Fiber and Cable Products Division), power cable systems (Power Cable Division), wire harnesses (Automotive Products Division), and tape for semiconductor manufacturing (AT & Functional Plastics Division) portfolio. In these businesses, we will utilize intellectual property through the Open and Close strategy and stabilize business execution by reducing intellectual property risks.

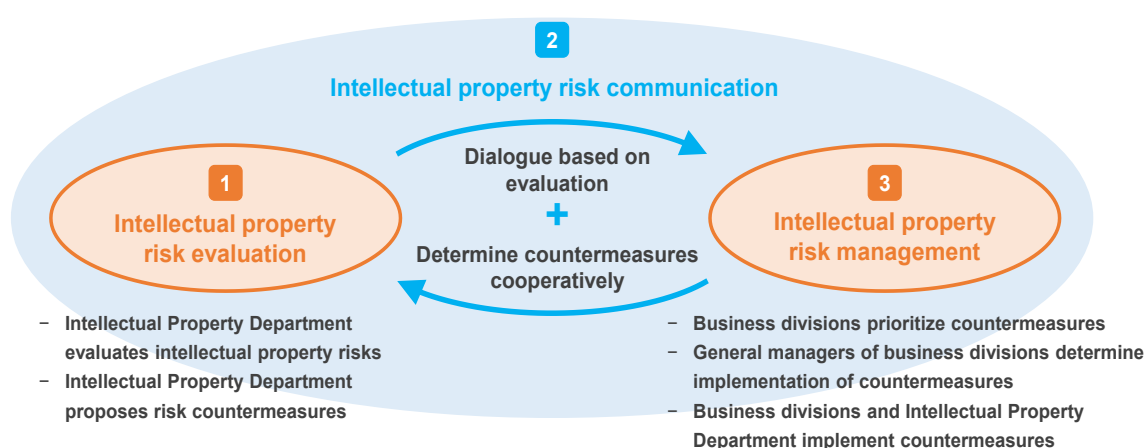
(iii) Risk management

<Intellectual property risk management system>

Our CSR Code of Conduct includes two components: (1) protection of intellectual property rights and (2) management of confidential information.

In accordance with the CSR Code of Conduct, we develop and thoroughly use the intellectual property portfolio based on detailed competitor analysis (see above) while promoting global intellectual property risk reduction activities such as the prevention of technical information leakage. As a risk minimization mechanism, we have introduced an intellectual property risk management system based on the following three steps.

We conduct the intellectual property risk assessment by reviewing the key IP activity products of each business unit mainly from the viewpoints of (1) whether there is an IP network to prevent interference with business, (2) whether other companies' rights are not being used, and (3) whether measures to prevent leakage of technological know-how are in place. In principle, we review these issues annually and report them to the Risk Management Committee as part of our risk management activity plan.



Intellectual property risks are classified into the following four categories. We stabilize our business execution by continuously stimulating risk responses.

Infringement risk	Conduct periodic and continuous reviews of other companies' rights information to ensure that our products do not infringe on their intellectual property rights.	Avoid the risk of direct damage or lost opportunities in the business.
Technology outflow risk	Strengthen information preservation through technical secrecy at development and production sites and introduce a time stamping system. Check news releases and other external announcements on a daily basis.	Avoid risks such as inadvertent disclosure of confidential information.
Contract risk	In technology contracts with other companies, the Intellectual Property Department checks the contract before conclusion.	Avoid the risk of disputes regarding the terms of agreements, such as non-disclosure agreements, joint research agreements, and purchase agreements.
Technology counterfeit risk	Obtain patent rights, utility model rights, design rights, and trademark rights to protect our products. Demand an injunction and compensation for damages in the event of imitation by other companies.	Avoid the risk of losses, such as a decline in market share.

(iv) Indicators and targets

<Chance maximization: IP landscaping>

To ensure that the perspective of chance maximization to utilize intellectual assets is implemented at the management level, we have set the “IP landscape implementation rate for business enhancement and new business creation themes” as a sustainability indicator for the materiality of profit opportunity, aiming for implementation in all cases (100%).

The IP landscape implementation rate has reached 77% as of the end of FY2023. Specifically, we conducted the following themes, which were judged to have high priority in terms of confirming business strategies, developing commercialization concepts, and gaining a foothold in customer access: “maximizing the profitability of existing business (e.g., fiber optic cables, power cable systems) with a focus on capital efficiency toward 2025” and “establishing a foundation for creating new business (e.g., green LP gas) by 2030.”

Sustainability Indicator	Scope	Result			Target		
		FY2021	FY2022	FY2023	FY2023	FY2024	FY2025
IP landscape implementation rate for business enhancement and new business creation themes	Group	17%	40%	77%	45%	100% *1, *2	100% *1

*1 This means that all projects with respect to the business reinforcing and/or new business creating themes set as of 2022 have been implemented.

*2 The FY2025 target has been moved forward.

<Risk minimization: Intellectual property portfolio>

Number of intellectual property rights held	Scope	Result				
		FY2019	FY2020	FY2021	FY2022	FY2023 (estimate)
Number of rights held in Japan	Furukawa Electric	5,288	5,107	5,175	5,106	5,228
Research		—	—	475	509	577
4 business units (*3)		—	—	2,964	2,864	2,959
Number of foreign rights held	Furukawa Electric	3,625	3,725	3,869	3,893	3,968
Research		—	—	327	400	440
4 business units (*3)		—	—	1,995	1,998	2,072

*3 Total of Optical Fiber and Cable Products Division, Optical Power Cable Division, Automotive Products Division, and AT & Functional Plastics Division, including optical fiber cables, power cable systems, wire harnesses, and tape for semiconductor manufacturing

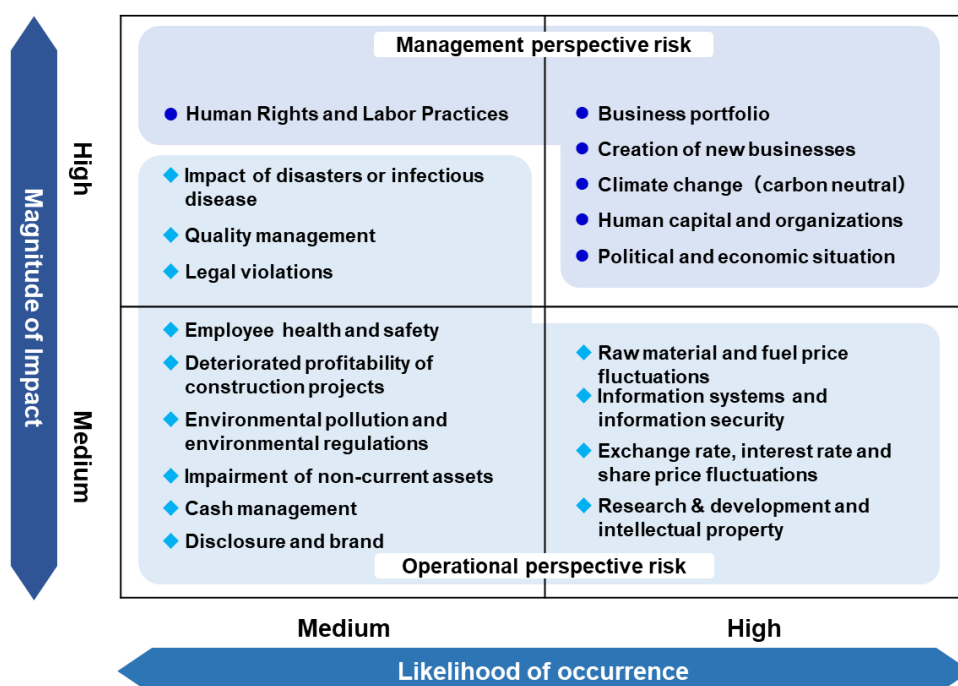
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Number of intellectual property rights held	Scope	Result				
		FY2019	FY2020	FY2021	FY2022	FY2023 (estimate)
Number of patents held in Japan	Furukawa Electric	5,288	5,107	5,175	5,106	5,228
Patents		4,523	4,388	4,423	4,364	4,480
Designs		386	369	375	365	367
Trademarks		375	347	372	372	379
Utility models		4	3	5	5	2
Number of foreign patents held	Furukawa Electric	3,625	3,725	3,869	3,893	3,968
Patents		2,910	2,976	3,160	3,225	3,339
Designs		267	274	228	187	161
Trademarks		394	404	408	411	411
Utility models		54	71	73	70	57

3. Business Risks

Furukawa Electric Group's financial results and financial situation are affected by the economic conditions in the various markets in which the Group sells its products and provides services.

The important risks that have the potential to affect the Group's financial results and financial situation are listed, as shown below. Risk items are defined as those with a medium or higher likelihood of occurrence and magnitude of impact, and, based on how the risks are perceived, they have been broadly categorized into "Management perspective risks" and "Operational perspective risks." When implementing responses to each risk, particularly for the management perspective risks, rather than being independent risks, they are recognized to be mutually related. The forward-looking statements contained in the descriptions below are based on the Group's estimates and assumptions made as of the end of the current fiscal year.



Category	Risk item	Details of the risk	Main responses	Magnitude of impact	Likelihood of occurrence
Management perspective risks	Business portfolio	<ul style="list-style-type: none"> Stagnation or deterioration of profitability and growth due to an inability of the business structure to respond to changes in economic trends and market environment Suffering from less-than-expected performance or effect due to deterioration of market environment following the conclusion of an M&A transaction or external alliance 	<ul style="list-style-type: none"> Regularly check and verify the appropriateness of the business portfolio structure at the Management Meeting and the Board of Directors, and deliberate and implement revisions as necessary Established Business Portfolio Review Committee as an organization to promote the transformation of the business portfolio Determine whether to continue, downsize, or exit a business based on internal criteria such as return on invested capital (ROIC), value added to invested capital (Furukawa Value Added, FVA), average annual growth rate of net sales, etc. Clarify the objective of the acquisition or alliance and get a complete picture of assets and risks in advance Make an acquisition or form an alliance with appropriate invested capital by considering risk and return Recover invested capital at an earlier stage following the conclusion of an acquisition or alliance 	High	High
	Creation of new businesses	<ul style="list-style-type: none"> Delayed or suspended creation of new businesses due to insufficient cooperation between the sales organization and the planning and development organizations of the new business 	<ul style="list-style-type: none"> Integrate the sales organization and the organization dedicated to creating new businesses, and accelerate co-creation with customers in the thematic area 	High	High
	Climate change (carbon neutral)	<ul style="list-style-type: none"> As a transition risk, higher raw material procurement costs and manufacturing costs due to carbon taxes enacted based on government policies or GHG emissions targets in each country Exclusion from the supply chain or products, services and labor markets due to an insufficient response to climate change Suspension of factory operations due to an unforeseen risk of flooding or drought linked to climate change 	<ul style="list-style-type: none"> Establish the Environmental Vision 2050, set a challenge target of eliminating GHG emissions and raise or reset the Environmental Target 2030 Endorsed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and conducted scenario analysis In addition to using hydroelectric power in the Nikko area, install solar power and switch to procuring renewable energy in Japan and overseas Grasp the risk of flooding and drought linked to climate change, and formulate responses 	High	High
	Human capital and organizations	<ul style="list-style-type: none"> Lack of specialist personnel for creating new businesses and personnel capable of managing the business portfolio Lack of personnel numbers and sufficiently skilled personnel due to insufficient hiring, assimilation into the company and training Decline in employee engagement, which is the driver of sustainable corporate growth 	<ul style="list-style-type: none"> Based on the Furukawa Electric Group Vision for Our People, implement measures to strengthen human capital and organizational execution abilities, which will enable individuals and the organization to grow together by aligning their growth vectors and enhancing the attractiveness of our human resources and organization Strengthen various personnel management initiatives (recruitment, placement, and training) to achieve both the realization of management and business strategies and individual growth Monitor through surveys of human capital and organizational execution abilities including elements of employee engagement Continue and evolve leadership transformation activities Promote diversity and inclusion activities including work-style reform 	High	High
	Political and economic situation	<ul style="list-style-type: none"> Supply chain disruptions caused by the impact of economic sanctions between groups of nations following the heightened repercussions of international conflicts, etc.; and supply shortages and suspensions due to dependence on supply from specific suppliers Review of international division of labor due to the impact of economic security policies Decline in earnings due to the overall business impact of reduced demand caused by the economic downturn and changes in customers' policy and measures for capital expenditures and purchasing Decrease in competitive advantage of our products and services due to intensified competition 	<ul style="list-style-type: none"> Add redundancy within the supply chain (multiple suppliers and decentralization of manufacturing sites), optimization of inventory quantity, and stable procurement through long-term contracts Grasp the potential risks within the main international logistics routes Formulate a contingency response policy Strengthen the foundation of key businesses to enhance their resistance to economic downturns, and establish a system that can respond to rapid changes in demand by regularly monitoring and verifying customer trends and order intake status Promote efficient and rational manufacturing systems to maintain and strengthen price competitiveness, produce high value-added products, and proactively take on initiatives to optimize product portfolio 	High	High

Category	Risk item	Details of the risk	Main responses	Magnitude of impact	Likelihood of occurrence
Management perspective risks	Human Rights and Labor Practices	<ul style="list-style-type: none"> Exclusion from the supply chain or products, services and labor markets due to a potential or actual negative impact on human rights resulting from an inability to fulfill the responsibility as a company to respect human rights 	<ul style="list-style-type: none"> Promote initiatives in line with the three requirements of the UN Guiding Principles on Business and Human Rights for companies: “Establish a human rights policy,” “Conduct human rights due diligence,” and “Establish a remedy mechanism.” Promote business activities that respect human rights based on Furukawa Electric Group’s human rights policy Provide education on human rights risks and improvement measures based on the results of compliance surveys, etc., to employees of the Group Conduct the self-assessment questionnaire (SAQ) for major suppliers based on the Furukawa Electric Group CSR procurement guidelines Utilize the whistleblower system and Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a remedy mechanism 	High	Med.
	Impact of disasters or infectious disease	<ul style="list-style-type: none"> Suspension of operations at manufacturing sites due to flooding or building damage caused by a large typhoon, etc. linked to climate change Disruption of a customer’s or supplier’s supply chain due to a large earthquake, tsunami, fire or infectious disease Inability to continue business operations due to the occurrence of a large cluster of infections among employees 	<ul style="list-style-type: none"> Promote business continuity management (BCM) in accordance with ISO22301 Develop and refine a business continuity plan and effectively utilize a safety confirmation system Establish data centers in facilities that are earthquake resistant and have a stable communications environment Add redundancy to the supply chain Survey manufacturing sites of customers and suppliers Permit employees to work from home and utilize remote meetings, etc. 	High	Med.
Operational perspective risks	Quality management	<ul style="list-style-type: none"> Unexpected future claims for damage compensation due to a defect in products and services, etc. (in particular, additional costs could be large depending on the type of defect for products related to power cable, telecommunications cable and automotive products) 	<ul style="list-style-type: none"> Aim to realize the quality expected by customers, strive to prevent defects and continue the activities to improve problem solving ability Continue strengthening the quality management system based on the guidelines for quality control In preparation for damage compensation claims, enroll in product liability insurance and product recall insurance 	High	Med.
	Legal violations (Note)	<ul style="list-style-type: none"> Compliance violation of a law or regulation in the countries in which the group operates Increased costs and business restrictions due to the revision of applicable laws and regulations and the stricter interpretation of existing laws and new regulations by the regulatory authorities in the countries in which the group operates Following the occurrence of a legal violation, administrative actions or sanctions are levied by the regulatory authorities, claim for damage compensation is received from an associated party such as a business partner or there is a negative impact on the company’s social reputation Risk of administrative action after exporting to an embargoed country, violation of the foreign exchange law or application of export control regulations or laws outside the region in the United States or China due to the deteriorating relationship between the United States and China Improper accounting or accounting fraud at an overseas site Tax costs due to changes in tax systems for domestic and international transactions in each country, transfer pricing taxation, etc. Additional tax costs due to differences in views with tax authorities in each country, etc. 	<ul style="list-style-type: none"> Establish a compliance system based on ethical and legal compliance through Furukawa Electric Group Purpose, the Core Values and Furukawa Electric Group CSR Code of Conduct Along with conducting a compliance self-check every year, provide education within Furukawa Electric Group on themes including the regulations related to competition laws and preventing bribery through compliance seminars and e-learning programs Conduct internal audits and provide education to the related division in regards to security export controls and tariffs; coordinate with a specialist attorney for overseas export control laws Through the regional headquarters in Southeast Asia and China, integrate the procurement, accounting and HR operations at the locations in each region Conduct oversight through financial analysis using data analytics Raise awareness of tax compliance by establishing a basic tax policy Comply with tax laws and implement responses to changes in tax systems and tax administration in each country 	High	Med.

Category	Risk item	Details of the risk	Main responses	Magnitude of impact	Likelihood of occurrence
Operational perspective risks	Raw material and fuel price fluctuations	<ul style="list-style-type: none"> Rapid fluctuations in the price of non-ferrous metals such as copper and aluminum, plastics such as polyethylene and fuels such as heavy fuel oil, LPG and LNG due to changes in supply and demand, speculative transactions and global affairs 	<ul style="list-style-type: none"> Reflect the market prices for non-ferrous metals, plastics and fuels in the product sales price Implement hedges using futures contracts Reduce costs and conserve energy in the production activities Disperse the risk of price fluctuations through procurement from multiple sources 	Med.	High
	Information systems and information security	<ul style="list-style-type: none"> Unauthorized use or system failure resulting from a data leak caused by an external or human factor, such as a cyberattack or unauthorized access <p>Increased security risks caused by the use of legacy systems</p>	<ul style="list-style-type: none"> Based on the basic policy for information security, strengthen security governance for the entire group, provide education and conduct support activities Protect information assets through measures such as enhancing network security from a zero-trust perspective Implement medium-term initiatives to update the legacy systems 	Med.	High
	Exchange rate, interest rate and share price fluctuations	<ul style="list-style-type: none"> Fluctuations in the yen-denominated value of overseas transactions including import and export and foreign-denominated monetary claims and debt Fluctuations in the yen-denominated balances in the non-consolidated financial statements prepared in local currency at overseas consolidated subsidiaries (Annual profit is expected to decline by about ¥0.2 billion for every ¥1 appreciation in the JPY/USD exchange rate) Increased capital procurement costs due to rising interest rates (Interest-bearing debt as of the end of the current fiscal year is ¥333.0 billion) Increased retirement benefit costs and additional capital infusions from the company due to lower market value of the pension assets 	<ul style="list-style-type: none"> Utilize forward exchange contracts Achieve a proper balance between yen-denominated and foreign-denominated transactions Limit the increase in capital procurement costs resulting from higher interest rates by procuring capital centered on long-term fixed interest rates Reduce interest-bearing debt based on the policy for improving the financial situation and improved capital efficiency through the cash management system (CMS) Structure the asset management portfolio with consideration for reducing asset management risk 	Med.	High
	Research & development and intellectual property	<ul style="list-style-type: none"> Delays to technology development and appearance of alternative products developed through new technology by other companies Litigation, decertification or decreased reputation of the company and its products due to falsification of the research and development data Direct damage or lost opportunities in a business due to a legal dispute with a third party following conclusion of an insufficient technology licensing agreement, or a dispute or negotiations regarding violation of a third party's intellectual property rights Decreased competitive advantages due to the leak of technology 	<ul style="list-style-type: none"> Secure and train personnel with a high level of expertise Secure superiority in technology development through co-creation with external partners Acquire intellectual property rights from the design and development stage, investigate the patents held by other companies and file counter-patents to limit the use of rights by other companies Create technology assets and safeguard them (by classifying them into classified, confidential & intra-company use only, and confidential & intra-division use only; and thoroughly managing information including electronic data); provide education for ensuring legal and regulatory compliance in relation to intellectual property; and conclude confidentiality and other agreements 	Med.	High
	Employee health and safety	<ul style="list-style-type: none"> An employee suffers death, inability to work, permanent disability, long-term leave of absence or health impairment due to an occupational accident, traffic accident or illness Disasters associated with breakdowns due to aging equipment, caused by delays in making decisions to invest in manufacturing facilities 	<ul style="list-style-type: none"> Definitely implement the three pillars of the safety promotion activity (provide and implement safety related knowledge through the training of safety conscious persons, make the facilities safer through activities to promote fundamental safety and establish a safety-oriented organization by improving the level of safety management) Implement measures for improving health literacy, smoking, metabolic syndrome, mental health, improving physical function, heat stroke, as well as measures for establishing a chemical substance management system at each site through the health management policy set forth every year based on the medium-term occupational health and safety plan Improve facility maintenance level and optimize maintenance and renewal plans 	Med.	Med.

Category	Risk item	Details of the risk	Main responses	Magnitude of impact	Likelihood of occurrence
Operational perspective risks	Deteriorated profitability of construction projects	(Domestic and overseas) <ul style="list-style-type: none"> Change in design, soaring of construction material and labor costs during construction. Incurrence of additional costs during a submarine cable laying project due to disasters, infectious diseases, and adverse ocean or weather conditions caused, for example, by a typhoon Payment of repair costs or compensation for damages and long-term extension of the defect warranty in the event of the occurrence of a serious defect or an accident and the resulting delay in construction Unexpectedly large increase in costs or incurrence of additional costs due to a lack of consortium partners' capability to carry out a project or non-performance of tasks assigned to them (Overseas) <ul style="list-style-type: none"> Changes in legal regulations, political instability, and exchange rate fluctuations in a country overseas where a construction project is carried out 	<ul style="list-style-type: none"> Strengthen activities to conclude contracts under reasonable conditions by strictly identifying a demarcation point, specifications and warranty coverage for each of goods and construction service, and by analyzing project-specific risks Mitigate risks by appropriately monitoring progress and profitability of ongoing projects Transfer risks through purchase of builder's risk insurance Clarify responsibility relations in a contract upon formation of a consortium, and thoroughly manage construction progress for the entire project including the share of partner companies 	Med.	Med.
	Environmental pollution and environmental regulations	<ul style="list-style-type: none"> Occurrence of a problem in relation to environmental conservation due to the leak of toxic substances during the manufacturing process, and new capital expenditures or costs following a revision to an environmental law or regulation Restrictions on the use or disposal of land Additional costs following the enactment of stricter laws or regulations concerning the handling of soil contamination and toxic substances such as asbestos and PCBs that occurred during past manufacturing activities Losses and expenses incurred for a product recall or suspended production and sales due to a violation of a country's regulations concerning the content of chemical substances in products, such as the RoHS Directive and REACH regulation. 	<ul style="list-style-type: none"> At Furukawa Electric Group's manufacturing sites, based on the environmental management system (ISO14001), thoroughly comply with the various environmental regulations related to the business activities and implement conservation measures Concerning the regulations for chemical substance content in products, issue CSR procurement guidelines and green procurement guidelines, confirm the status of compliance by business partners and conduct regular checks within Furukawa Electric Group in response to the enactment of stricter regulations 	Med.	Med.
	Impairment of non-current assets	<ul style="list-style-type: none"> Impairment of a non-current asset due to decreased profitability caused by deteriorating market conditions or business environment 	<ul style="list-style-type: none"> Deliberate the appropriateness of investment plan at Investment Committee meeting and Management Meeting Regular monitoring and follow-up after the investment 	Med.	Med.
	Cash management	(Funds procurement) <ul style="list-style-type: none"> Deteriorating procurement terms and conditions or potential inability to procure capital due to deteriorating capital market environment Deteriorating procurement terms and conditions and potential enactment of restrictions on capital procurement due to decreased credit standing following deterioration in the financial situation of the company (Credit management) <ul style="list-style-type: none"> Occurrence of bad debt loss due to an inability to collect accounts receivable following deterioration in the financial situation or cash position of a business partner 	<ul style="list-style-type: none"> Secure diverse means of capital procurement, and break up the repayment timing Establish commitment lines and secure a certain amount of cash on hand Increase the ratio of long-term debt while balancing with reductions to capital procurement costs Improve the financial situation Minimize the risk of delayed collection or inability to collect accounts receivable by regularly monitoring the credit status of each client in accordance with the credit management regulations and sharing credit information between the companies affiliated with Furukawa Electric Group 	Med.	Med.

Category	Risk item	Details of the risk	Main responses	Magnitude of impact	Likelihood of occurrence
	Disclosure and brand	<ul style="list-style-type: none"> Reduced trust due to lack of appropriate information disclosure Lost recognition opportunities and image enhancement opportunities due to lack of consistent communication 	<ul style="list-style-type: none"> Establish an appropriate management system and disclose information in a timely and appropriate manner, including the centralized knowledge and management of information deemed to have a significant impact on management and the selection of disclosure methods appropriate to the scale and nature of the information Strengthen the delivery of a unified message through the use of multiple media Consider a concept, slogan and logo to unify the brands 	Med.	Med.

Note: We have been under investigation by the Brazilian competition law authorities concerning auto-parts cartel. In addition, the Company and its consolidated subsidiaries are the defendant in a series of class actions that seek compensation for damages caused by the auto-parts cartel in the United States. It may also be possible that the Company and its associates pay compensation for civil damages to their customers including automobile manufacturers. However, the Company has reached settlement with some plaintiff and customers concerning the above-mentioned on-going cases, and thus believes that it will have limited monetary impact on its financial results. We will continue to work with our corporate lawyers to resolve the issue early and minimize losses. Note that above on-going cases are all related to past violations of competition law including auto-parts cartel, and there are no such violation committed at this point in time.

4. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

As the Group changed the accounting policies from the beginning of the current fiscal year, the figures after the retroactive application are used to perform the comparative analysis with the previous fiscal year. For details, refer to "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes—Changes in accounting policies."

Overview of operating results, etc.

(1) Operating results

Looking at the global economy in the current fiscal year, although the United States saw demand-restraining effects of tightened monetary policy, the U.S. economy has remained strong as consumer spending was underpinned by steady employment and increased real income, and strong corporate capital expenditure was observed due to the government's industrial support package among others. In Europe, although the improvement of real income supported consumer spending, the economy has slowed down because there was still strong downward pressure on the economy due to inflation and continued monetary policy tightening, as well as remaining impact of rising prices due to energy price hike and supply constraint. In China, even though infrastructure investments as a part of growth-oriented policy underpinned the economy, in addition to the real estate market stagnation, there was no sign of consumer spending recovery. Accordingly, the Chinese economy has slowed down. Moreover, the global economic environment has remained uncertain due to the constant state of insecurity such as the Russia-Ukraine situation and the military clash in the Middle East.

In Japan, despite a sign of consumer spending recovery backed by the improvement of employment and income environment, the economy has remained on a moderate recovery path due to downward effects of rising prices on consumption and the delay in capital expenditure due to shortage in labor, among others.

Under such circumstances, the Group defined its ideal state in 2030 and specified relevant target timeline and scope in "Furukawa Electric Group Vision 2030" (hereinafter, the "Vision 2030"); and then formulated the Medium-term Management Plan "Road to the Vision 2030: Transformation and Challenges" (hereinafter, "MTMP 2025"), looking forward from its ideal state in 2025 by backcasting from the Vision 2030. Based on the MTMP 2025, the Group has been working on "maximizing revenue from existing businesses by focusing on capital efficiency" and "strengthening the foundation for the creation of new businesses by strengthening development and proposal capabilities." Furthermore, the Group has also strived for "strengthening the foundation for ESG management" as it supports the above-mentioned two initiatives.

With respect to "maximizing revenue from existing businesses by focusing on capital efficiency," based on the positioning of each business which was visualized from the perspective of growth potential and profitability, the Group has promoted management with a focus on capital efficiency. As for Communications Solutions business, the Group has worked on increasing the profit margin through the improvement of the product mix by increasing a percentage of sales of high-value-added products. As for Automotive Products & Batteries business, the Group has continued to improve the system in a way to flexibly adapt to any change of customers' production plans, and also worked on optimizing selling prices.

With respect to "strengthening the foundation for the creation of new businesses by strengthening development and proposal capabilities," the Group has supplied superconductive wire rods to a UK client company, which works on development of nuclear fusion* power generation that is expected to be a next-generation energy source, and moved forward to strengthen the partnership with the company by making a new investment in the company. In Japan, the Group participated in a council, which was established for creating businesses related to clean energy, including nuclear fusion power generation. Furthermore, while Japan's social infrastructure, such as roads and railroads, are aging and labor population is declining, the Group has strived to take orders for digital solutions for operation and maintenance of social infrastructure.

*Nuclear fusion: The energy is released from nuclear fusion reactions by trapping high-temperature plasma (at several hundred million degrees), using strong superconducting magnet. The fuel of nuclear fusion comes from seawater (deuterium=2H), so it is possible to generate power without CO₂ emissions, with reduced environmental burdens. Therefore, nuclear fusion power generation is attracting expectations as a next-generation energy source.

With respect to "strengthening the foundation for ESG management", the Group has been working on achieving "Furukawa Electric Group Environmental Targets 2030", aiming at contributing to realizing a carbon-free society and a recycling-based society for water and resources; and reduced CO₂ emission by realizing the use of virtually renewable energy source for all electric power at some factories. Furthermore, the Group has implemented initiatives for "strengthening human capital management and organizational execution abilities" in order for each employee and organization to improve their execution abilities and grow, the Group conducted research to monitor the current situation, and incorporate improvement measures into business activities based on the results. In addition, as a mechanism to enable the management team to further promote ESG initiatives, a new compensation system for officers that include ESG-linked compensation was launched.

With regard to the current year's financial results, net sales of the entire Group declined due to a downturn in demand for optical fibers attributable to customers' reduction in investments in Communications Solutions business, despite an increase in sales from automotive products such as wire harnesses in Electronics & Automotive Systems business. In terms of profits and losses, despite the efforts for optimizing selling prices, profits declined due to a decrease in sales and hike of raw material and fuel prices.

As a result, the Company recorded consolidated net sales of ¥1,056.5 billion (down 0.9% year-on-year), consolidated operating profit of ¥11.2 billion (down 27.7% yoy), and consolidated ordinary profit of ¥10.3 billion (down 40.5% yoy). Furthermore, a gain on sales of investment securities of ¥12.0 billion, etc. was recorded as extraordinary profit, and a loss on disposal of non-current assets of ¥1.5 billion, etc. was recorded as extraordinary loss. Accordingly, profit attributable to owners of parent amounted to ¥6.5 billion (down 59.1% yoy). Overseas sales amounted to ¥545.2 billion (down 0.7% yoy), and the overseas sales ratio was 51.6% (up 0.1 percentage

points yoy).

On a non-consolidated basis, the Company recorded net sales of ¥296.8 billion (down 3.0% yoy), operating loss of ¥9.1 billion (deteriorated by ¥7.3 billion), ordinary profit of ¥0.3 billion (down 96.2% yoy), and net income of ¥1.9 billion (down 92.4% yoy).

Operating results by segment are as follows:

Infrastructure

With respect to Communications Solutions business, while demand for optical fibers and optical components declined due to customer's reduction in investments and prolonged inventory adjustments, and sales in Latin America declined due to the slowing networking market, the Company has worked on increasing the profit margin through the improvement of the product mix and optimizing selling prices in response to the hike of raw material and fuel prices. However, affected by the sales decrease, it recorded declines in both net sales and profit.

With respect to Energy Infrastructure business, industrial cables & power cable accessories division fared well due to the sales expansion of functional cables, such as light-weight and flexible aluminum CV cables that contribute to power-saving and increased efficiency at construction sites. Power cable division saw strong demand for extra-high voltage underground cables in Japan, and steady growth of submarine and underground cables for renewable energy. However, largely affected by the slowdown of the Chinese market, Energy Infrastructure business as a whole recorded an increase in net sales and a decline in profit.

As a result, this segment recorded consolidated net sales of ¥278.2 billion (down 14.1% yoy), and consolidated operating loss of ¥11.3 billion (deteriorated by ¥19.9 billion yoy). On a non-consolidated basis, the segment reported net sales of ¥77.4 billion (down 13.8% yoy).

As for Communications Solutions business, in addition to continuing to further improve the percentage of sales of high-value-added products, we will expand sales of products for FTTx/data centers mainly in the North American market, and strengthen global expansion of networking system that provides a whole package consisting of optical fiber product sales, support in network design/operations, and after-the-sales services, aiming to increase net sales. We will also move ahead with the improvement of the production system in preparation for the recovery of demand for optical fibers and optical components among others. As for Energy Infrastructure business, we will continue to focus on the key areas where the market expansion is expected, including domestic extra-high voltage underground cables, as well as submarine and underground cables for renewable energy, and reinforce our cable production capacity and construction capacity. We will also promote order-taking activities with an emphasis on securing profits and optimize selling prices, while securing net sales through marketing activities toward further sales expansion of products for power transmission and distribution and functional cables such as aluminum cables.

Electronics & Automotive Systems

Automotive Products business has focused on expanding sales of lightweight aluminum wire harnesses which contribute to promoting carbon neutrality, and wire harnesses which can carry high voltage, for which demand is expected to grow due to the expansion of the electric vehicles market. It has also strived to improve productivity while focusing on preparing a system that can flexibly respond to any sudden change in automotive production plan. Furthermore, it has worked on optimizing selling prices in response to the hike of raw material and fuel prices. Accordingly, both net sales and profit increased.

With respect to Electronics Component Material business, while auto components have been on the recovery track, demand for electronics-related products has remained sluggish. Despite the efforts for improving the product mix through the sales expansion of high-value-added products and optimizing selling prices in response to the hike of raw material and fuel prices, profit decreased while net sales increased.

As a result, this segment recorded consolidated net sales of ¥653.7 billion (up 7.1% yoy), and consolidated operating profit of ¥18.7 billion (increased by ¥14.0 billion yoy). On a non-consolidated basis, the segment reported net sales of ¥141.5 billion (down 7.3% yoy).

As for Automotive Products business, we will continue to work on sales expansion of aluminum wire harnesses, and wire harnesses that can carry high voltage; reduce costs by improving the productivity through the improvement of operational processes, the leveling of production, and optimization of inventory level; and promote the development of products toward the expansion of the electric vehicles market, aiming at securing net sales. As for Electronics Component Material business, we will continue to improve the product mix through upgrading the product line-up of resistant material for the auto component market and expanding sales of heat-resistant, oxygen-free copper strips for power semiconductors and heat radiation components, along with the optimization of selling prices.

Functional Products

With respect to Functional Products business, net sales from broad-ranging products declined, because of the downturn in global demand for products for smartphones, personal computers, and hard disk drives since the second half of FY2022, along with the associated adverse effect of prolonged inventory adjustments in the supply chain. However, due to strong sales of high-value-added products backed by the rapid growth of generative AI-related demand, profit increased, while net sales decreased.

As a result, this segment recorded consolidated net sales of ¥115.4 billion (down 8.7% yoy), and consolidated operating profit of ¥5.5 billion (up 31.8% yoy). On a non-consolidated basis, the segment reported net sales of ¥73.4 billion (up 22.2% yoy).

As for Functional Products business, we will improve the production system in anticipation of further growth of demand from generative AI-related markets, etc. and bring in new customers by proceeding with further sales expansion of high-value-added products, aiming at the business growth.

Services and Developments etc.

This segment supports the Group's businesses through hydropower generation, R&D of new products, real estate leasing, and various services. In our Nikko Works, most of its necessary electric power comes from a renewable energy source (hydropower). This hydropower generation plays a role toward achieving our sustainability target "ratio of renewable energy use to total consumption: 30%" defined in the MTMP2025.

This segment recorded consolidated net sales of ¥31.6 billion (down 0.5% yoy), and consolidated operating loss of ¥1.9 billion (improved by ¥0.2 billion yoy). On a non-consolidated basis, the segment reported net sales of ¥4.3 billion (up 32.8% yoy).

(2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥53.1 billion (up ¥1.1 billion from the end of the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥31.9 billion (down ¥4.6 billion from the previous fiscal year) mainly due to the recording of profit before income taxes of ¥20.1 billion, depreciation of ¥39.0 billion, loss (gain) on sale of short-term and long-term investment securities of ¥(11.3) billion, and income taxes refund (paid) of ¥(11.1) billion.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥24.8 billion (up ¥3.1 billion from the previous fiscal year) mainly due to purchase of property, plant and equipment of ¥(36.4) billion and proceeds from sale and redemption of investment securities of ¥13.0 billion.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥9.3 billion (down ¥25.2 billion from the previous fiscal year) mainly due to proceeds from long-term borrowings ¥29.6 billion, repayments of long-term borrowings of ¥(25.4) billion, net increase (decrease) in short-term borrowings of ¥(12.0) billion, and net increase (decrease) in commercial papers of ¥7.5 billion.

Status of production, orders received and sales

Items produced/sold by Furukawa Electric Group are wide-ranging and diverse. Even the products of the same type are not necessarily uniform in capacity, construction, form or other respects. In addition, as many of its products are not produced on a made-to-order basis, we do not indicate production volume and order volume in monetary amounts or quantities by segment.

Analysis of financial position, operation results, and cash flows

(1) Financial position

Total assets at the end of the current fiscal year increased ¥51.5 billion from the end of the previous fiscal year to ¥985.0 billion. This is because of increases in notes and accounts receivable - trade, and contract assets of ¥16.2 billion; inventories of ¥11.4 billion; property, plant and equipment of ¥9.4 billion; and investment securities of ¥12.1 billion.

Working capital, which is current assets less current liabilities, increased ¥11.1 billion from the end of the previous fiscal year to ¥116.9 billion.

Property, plant and equipment, and intangible assets fluctuated mainly due to an increase of ¥39.0 billion in capital expenditures, a decrease of ¥39.0 billion in depreciation, and decreases due to sale and retirement.

Total liabilities increase ¥22.6 billion from the end of the previous fiscal year to ¥627.0 billion, with interest-bearing debt, including borrowings, bonds, and commercial papers, having increased ¥9.2 billion compared to the end of previous fiscal year to ¥333.0 billion.

Total net assets increased ¥28.9 billion from the end of the previous fiscal year to ¥358.0 billion. Accumulated other comprehensive

income increased ¥25.2 billion. As a result, the equity capital ratio rose 1.0 percentage point to 33.3%.

For overview of cash flows, refer to “4. Management’s Discussion and Analysis of Financial Position, Operating Results, and Cash Flows, *Overview of operating results*, (2) Cash flows.”

(2) Operating results

During FY2023, consolidated net sales decreased 0.9% year on year to ¥1,056.5 billion, and consolidated operating profit decreased 27.7% year on year to ¥11.2 billion. Specifically, net sales of the entire Group declined due to a downturn in demand for optical fibers attributable to customers’ reduction in investments in Communications Solutions business, despite an increase in sales from automotive products such as wire harnesses in Electronics & Automotive Systems business. In terms of profits and losses, despite the efforts for optimizing selling prices, profits declined due to a decrease in sales and hike of raw material and fuel prices.

Among non-operating income or expenses, interest expenses increased ¥2.9 billion year on year, whereas share of profit of entities accounted for using equity method improved by ¥2.7 billion. As a result, consolidated ordinary profit decreased 40.5% year on year to ¥10.3 billion.

Extraordinary income, net of extraordinary losses, came in at ¥9.8 billion. Specifically, the Group recognized gain on sale of investment securities of ¥12.0 billion in extraordinary income, and loss on disposal of non-current assets of ¥1.5 billion and others in extraordinary losses.

As a result of the above, profit attributable to owners of parent decreased 59.1% year on year to ¥6.5 billion.

For overview of operating results by segment, refer to “4. Management’s Discussion and Analysis of Financial Position, Operating Results, and Cash Flows, *Overview of operating results*, etc., (1) Operating results.”

(3) Funding sources of capital and liquidity of funds

Furukawa Electric Group has funded its growth investments for continuing and developing its business activities, as well as its working capital needs through a variety of funding sources. Such sources include cash flows from operating activities, borrowings from financial institutions, debt financing through the issuance of corporate bonds and commercial papers, and securitization of assets. We determine specific methods of funding in view of market environments and the Group’s balance sheet and with a view to ensuring economic rationality and stabilizing financial structure.

In Japan, China, and Thailand, we have introduced Cash Management Systems (CMS) to ensure efficient use of funds.

We have also secured a level of liquidity on hand sufficient enough to cover short-term repayments with cash on hand and committed lines of credit.

Significant accounting estimates and underlying assumptions

The consolidated financial statements of the Group are prepared in compliance with accounting principles generally accepted in Japan. In preparing the financial statements, we use estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. These estimates and figures based on these assumptions, however, may differ from actual results.

For details of significant estimates and assumptions used in preparation of financial statements, refer to “Item 5. Financial Information, 1 Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements (Significant accounting estimates).”

5. Material Contracts, etc.

Not applicable.

6. Research and Development Activities

Aiming to achieve “Furukawa Electric Group Vision 2030,” the Group is actively engaging in research and development to solve social issues in an area overlapping the information, energy, and mobility. During the current fiscal year, the Group’s laboratories and departments in Japan including Sustainable Technology Laboratory, Electronics Laboratory, Photonics Laboratory, Material Laboratory, Digital Transformation & Innovation Center, as well as those overseas including OFS Laboratories, LLC (United States), Furukawa Electric Institute of Technology Ltd. (Hungary), SuperPower Inc. (United States), and Silicon Valley Innovation Laboratories, Furukawa Electric (United States) formed the core of the Group’s research and development structure.

Research and development costs for the current fiscal year increased 5.2% year-on-year to ¥24,539 million. The following are the main results and achievements of each segment.

(1) Infrastructure

- (i) To realize next-generation network switch devices with high capacity and low electricity consumption, we have developed external laser source products for Co-Packaged Optics (CPO) with excellent energy efficiency and started mass production in January 2024. The product is embedded with high output DFB laser diode chip that offers higher wall-plug efficiency while realizing both increase in transmission speed and decrease in power consumption.

We also developed a 19-core multi-core fiber by increasing just the number of cores in the conventional single mode fiber, without changing the outer diameter. This is to accommodate the expectations toward application of multi-core fibers in optical communication at data centers and on land. We reported our achievement at the 2024 Optical Fiber Communications Conference and Exhibition (OFC).

Our research activity also includes O-band, which could increase channel capacity of optical fiber communication. Though it had been considered difficult to accelerate speed and increase capacity further under the conventional direct-modulation method, we achieved the world’s first success in large-capacity coherent high-density wavelength division multiplexing transmission experiment in a joint research with KDDI Research, Inc. In this experiment, we used ultrawideband bismuth-doped fiber amplifiers for O-band, a product that uses our proprietary technology, to compensate the weakness in O-band, which is its high transmission loss.

Furthermore, after being selected to participate in New Energy and Industrial Technology Development Organization (NEDO)’s project, “Research and Development Project of the Enhanced Infrastructures for Post 5G Information and Communications Systems/Development of Manufacturing Technologies for Advanced Semiconductors” in February 2024, we have accelerated our research and development for creating an optical semiconductor device that realizes photonics-electronics convergence. In addition, in relation to the “Research and Development for Advanced Optical Transmission Technology Contributing to Green Society” project consigned from Ministry of Internal Affairs and Communications, we laid down hollow core fiber cables, which are expected to realize low-latency, high-capacity information transmission, within the campus of Keio University and are conducting experiment aimed for commercialization.

- (ii) As our initiative to support electrification in mobility, we sell the “BRACE® series” Blue-IR hybrid laser equipped with a high-brightness blue laser diode module, as part of our lineup of high-power laser for processing. As a new addition to the “BRACE® series,” we worked together with NICHIA CORPORATION in developing a blue laser diode module with an increased output that exceeds 500W, more than double the current performance. This product contributes to improving the productivity (with improved quality and processing speed) in the process of welding copper, which is a conductor in lithium-ion batteries, motors, inverters, and other key components of electric mobility products, as well as labor saving in the manufacturing process.
- (iii) As our initiative aimed toward carbon neutrality, we are pushing forward with the development of bipolar storage batteries jointly with The Furukawa Battery Co., Ltd. in a bid to contribute to stable supply of electricity generated from renewable energy sources. The bipolar storage batteries are electricity storage batteries with simple structure and thus are easy to achieve high capacity, and can reduce air conditioning costs during operation like the conventional lead storage batteries. Since April 2023, we have been conducting performance verification tests jointly with KANDENKO CO., LTD. and The Furukawa Battery Co., Ltd. Through this experiment, we are working on co-creation project to implement bipolar storage batteries in society.

Consequently, research and development costs for the segment amounted to ¥12,876 million.

(2) Electronics & Automotive Systems

- (i) As our initiative toward meeting growing demand in the EV market amid the trend for carbon neutrality, we have continued to focus on developing high-voltage harnesses and high-voltage components. As a result, we have mass-produced and delivered the newly developed converter box for EVs to customers, and the EVs equipped with this product has been on the market since July 2023.

For connectors and electrical wires for EVs, we are continuing the development of next generation products and materials for terminals such as those for surface treatment. For automotive wiring harnesses, we are working on expanding the range of

applications of aluminum wires using our proprietary terminals to meet the growing needs for weight reduction of vehicles. We are pushing ahead with expanding sales of and orders for BSS® (lead battery state detection sensor) developed by our Company, in anticipation of an expected increase in in-vehicle electronics and software updates since BSS® helps improve fuel efficiency by controlling overcharge and prevent batteries from dying due to over-discharge.

In addition, we have succeeded in world's leading transmission of 9.1kW of power using the electric resonance coupling method, which is lightweight and tend not to heat foreign metals. We have developed a wireless port charger for electric kick scooters employing the method jointly with OBAYASHI CORPORATION and is continuing the process of demonstration test.

As for materials development, we have continued to develop copper alloy and precious metal plating with high strength, conductivity, and function. Through this development, we will meet a growing demand for multi-polar, high-density, and heat generation control in connecting parts (e.g. connectors and terminals) for electronics, higher-performing resistors (e.g. chip resistors and shunt resistors) that detect and control electric current, and higher-voltage and higher-current electrical components (e.g. wire harnesses).

Furthermore, for materials used in high-power laser for processing, we have realized a high level of quality, depth, and welding speed in processing pure copper, a material considered difficult to process due to its extremely high optical reflectivity.

- (ii) As our initiative toward autonomous driving, we are mass-producing in-vehicle 24GHz perimeter monitoring radars, which provide stable detection of obstacles even in bad weather conditions such as snow and rain, and perimeter monitoring radars with upgraded functions that enable forward monitoring as well as rear monitoring to respond to sophistication of advanced safe driving assistance systems, while reducing the size and weight by about 30%. We have also started the mass production of perimeter monitoring radars for construction/agricultural machineries, taking advantage of their strong resistance against stains and dust.
- (iii) As our initiative toward simulation and analysis technologies, we are further enhancing the efficiency of research and development by making effective use of advanced analytical equipment at universities and public institutions. We used deformation and stress simulations for automotive components, such as wiring harnesses; and vibration, thermal fluid, and electromagnetic field simulations for development of electronic devices. Furukawa Electric Institute of Technology Ltd. (Hungary) has worked to develop advanced simulation technologies, and carried out molecular dynamics simulations for catalyst structure analysis.

Consequently, research and development costs for the segment amounted to ¥5,219 million.

(3) Functional Products

- (i) In accordance with the “Furukawa Electric Group Environmental Vision 2050,” we are making efforts to contribute to carbon-free society, recycling-based society for water and resources, and society that is in harmony with nature. To press ahead with the use of recycled materials throughout the entire value chain to reduce CO₂ emissions, we have developed RC grade of “EFCELL,” a non-cross-linked polypropylene sheet with low foaming ratio, which increased that ratio of recycled polypropylene used from the conventional 50% to 100%, and wood flour-mixed, landscape-matching color for GREEN TROUGH, which is made by adding discharged wood flour to recycled plastic.

As our initiative toward carbon neutrality, we are pushing ahead with the development of cellulose fiber reinforced resin, “CELRe®.” This product applies the high-dispersion technology for cellulose fiber to satisfy both strength and impact resistance while realizing lower production cost. Furthermore, we are developing technologies for mass-production of cellulose fiber reinforced resin, which is expected to be used in various applications, including vehicles. We are also conducting verification of the application of cellulose fiber in plastic recycling technology. As part of our initiative outside the Company, we participate in *Plastics Smart* initiative led by Ministry of the Environment.

Further, we are focusing on developing heat pipe type heat sink to address higher heat generation of products and meet the need for thinner and lighter products, in addition to products that help control higher heat generation density at data centers, products that help control higher heat generation of electronics and adapt to their lighter weight, and products using thermal technologies catering to next-generation mobility.

- (ii) In the field of information, given that printed circuit boards (PCBs) used in routers, switches, and antennas for telecom base stations, and servers, etc. for generative AIs and data centers, are becoming increasingly high-frequency, and the demand for copper foil, which constitutes a high-frequency PCB, is on the rise, we have developed and is mass-producing FOX-WS. This copper foil for next-generation high-frequency PCBs is capable of catering to higher frequency.

Consequently, research and development costs for the segment amounted to ¥1,869 million.

(4) Service and Developments, etc.

- (i) In the field of superconductivity, we are leveraging our development and production resources for low-temperature superconducting wire materials and high-temperature superconducting wire materials to push forward the new product development and proposals to customers.

Superconducting Products Department has developed and mass-produced low-temperature superconducting wire materials, and is selling new product with self-welding feature that help customers improve the production efficiency of coils.

SuperPower Inc. (US) carries out research and development and production of yttrium-based, high-temperature superconducting wire materials. By combining with low-temperature superconducting wire materials made by the Company, the high-temperature superconducting wire materials are used in high-field magnets essential to the development of new materials and advanced pharmaceuticals. Further, in the field of advanced prototype fusion devices, we have been strengthening ties with high-profile

customers overseas through the supply of high-temperature superconducting wire materials. Among such customers, we entered into an investment agreement with Tokamak Energy (UK) to invest approximately 10 million pounds, strengthening partnership with the company to push forward commercial fusion energy.

In addition, we serve as a director of Japan Fusion Energy Council, established in March 2024 by Cabinet Office. We are committing to fostering fusion industry through activities undertaken by the council. Moreover, through joint research with Kyoto University carried out as part of JST-Mirai Program by Japan Science and Technology Agency (JST), we developed high-temperature superconducting collected cable that can reduce AC loss in a kiloampere-level.

- (ii) Silicon Valley Innovation Laboratories, Furukawa Electric (US) has pushed forward with open innovation jointly with stakeholders of the innovation ecosystem, consisting primarily of start-ups, with the aim of creating new technologies and businesses that solve social issues. Specifically, the company has partnered with a local accelerator to establish a co-creation function, whereby we aim to create new customer experience and new value by integrating Furukawa Electric Group's core technologies with technologies and business models of companies flocking in Silicon Valley. Through cooperation with universities in US, we also began exploring new technologies for solving not only technical challenges of our Company but social issues as well. Moreover, by carrying out marketing activities including the gathering of VOC (Voice of Customer) through the local network and ecosystem survey and analysis in North America, the Laboratory is functioning as the North American incubation base of our technologies.
- (iii) Social Design & New Business Development Department, which is responsible for the development of both technologies and businesses, has worked to develop new businesses by leveraging the Company's technologies in each of the following fields among others: social infrastructure maintenance and management, life science, and aerospace. In the field of social infrastructure maintenance and management, we are accelerating market development and steadily implementing our infrastructure-related digital transformation services, mainly "Michiten" and "Tetsuten," and infrastructure lasers using our laser technology, for use in society. In the field of life science, we are continuing the co-creation with MFOPTEX Co., Ltd., founded in December 2022, to develop parts for medical devices by using optical technology and to expand their market. In the field of aerospace, we are leveraging the social collaboration course that began in FY 2023 with the School of Engineering, the University of Tokyo to fuel the creation of new businesses.
- (iv) To realize carbon neutrality by 2050 and to stably supply sustainable energy, we are working towards implementing green LPG that is free of fossil fuels, in society. With the target of producing green LPG in the scale of several million tons annually around the world, in November 2023, we signed a memorandum of understanding on collaboration in green LPG with Astomos Energy Corporation and Futuria Fuels (the Netherlands). These companies have know-how on commercialization as well as international LPG supply network.

Additionally, through our engagements to develop plant for demonstration test in Shikaoi Town, Hokkaido, as well as co-creation with Hokkaido University, we are forging ahead with the development of technologies toward realizing a decarbonized, recycle-oriented society by making maximum use of various regional resources while also committing to develop specialists.

- (v) To address the intensifying natural disasters in recent years, we developed "Minnan Support," a service offered to municipalities to help the voluntary evacuation of residents during wind and flooding events. To date, demonstration tests were carried out at seven districts including Satsumasendai City in Kagoshima, Misato Town in Shimane, and Nagano City in Nagano. The results were highly regarded and the Company was awarded the Excellence Award at Japan Resilience Award 2023, which recognizes and commends organizations for their advanced initiatives in creating resilient society for next generation. We began the implementation of this service at Misato Town in Shimane in June 2023, through our support in assisting the formulation of district disaster prevention plan. We are contributing to the creation of stronger coordination between self-help, mutual aid, and public assistance.

Consequently, research and development costs for the segment amounted to ¥4,574million.

Item 3. Information about Facilities

1. Overview of Capital Expenditures

During FY2023, the Group (the Company and its consolidated subsidiaries) made capital expenditures totaling ¥38,953 million, down 11.0% compared to the previous fiscal year.

Overview of our capital expenditures by business segment is as follows.

In the Infrastructure segment, we invested primarily in expanding production capacity of optical communications devices and upgrading the testing equipment for power cables. As a result, capital expenditures during the current fiscal year came in at ¥9,757 million. In the Electronics & Automotive Systems segment, we invested primarily in expanding production capacities of automotive electronic components and enamel wires for electronic component materials. As a result, capital expenditures during the current fiscal year came in at ¥15,523 million. In the Functional Products segment, we invested primarily in expanding production capacity of tapes for semiconductor process and heat sinks for data centers. As a result, capital expenditures during the current fiscal year came in at ¥9,117 million. Also, in the Services and Development, etc. segment, we invested primarily in seismic reinforcement of buildings and upgrading common infrastructure such as the Group's ERP systems. As a result, capital expenditures came in at ¥1,898 million, with corporate or adjusted amount of ¥2,655 million.

Major capital investment projects completed during the current fiscal year include the replacement of ERP systems in the automotive products business and the expansion of production capacity for automotive electronic components.

2. Major Facilities

Major facilities for the Group (the Company and its consolidated subsidiaries) are as follows.

(1) Reporting company

As of March 31, 2024

Names of office (location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m ²)	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Leased assets	Total	
Chiba Works (Ichihara-shi, Chiba Pref.)	Infrastructure, Services and Development, etc.	Manufacturing and R&D facilities for optic-related devices, power cables, etc.	3,097 (658)	11,399	8,303	3,737	2	26,539	885
Nikko Works (Nikko-shi, Tochigi Pref.)	Functional Products, Electronics & Automotive Systems, Services and Development, etc.	Manufacturing and R&D facilities for copper alloys, aluminum substrates for memory disks, etc.	445 (685)	8,090	4,661	2,533	—	15,731	583
Hiratsuka Works (Hiratsuka-shi, Kanagawa Pref.)	Infrastructure, Functional Products, Services and Development, etc.	Manufacturing and R&D facilities for products, such as functional plastics, information and communications equipment, heat dissipation products, etc.	493 (213)	4,316	3,097	1,684	—	9,591	742
Mie works (Kameyama-shi, Mie Pref.)	Infrastructure, Functional Products, Electronics & Automotive Systems	Facilities for manufacturing optical fiber cables, copper wires, copper alloys, tapes for semiconductor process	1,004 (532)	12,633	5,605	4,439	—	23,682	584
Copper Foil Division (Nikko-shi, Tochigi Pref.)	Functional Products	Facilities for manufacturing electrodeposited copper foils	1,057 (154)	598	645	157	30	2,489	151
Head Office and office reporting directly to the head office (Chiyoda-ku, Tokyo)	Corporate (corporate administration operations, sales operations)	Corporate administration, sale of products, etc.	5,862 (68)	3,801	265	894	57	10,882	1,130
Yokohama Works (Nishi-ku, Yokohama- shi)	Services and Development, etc. (R&D)	R&D facilities and equipment for infrastructure, functional products, electronics & automotive systems	0 (7)	1,195	165	240	—	1,600	236

(2) Subsidiaries in Japan

As of March 31, 2024

Company name (Location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m ²)	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Leased assets	Total	
The Furukawa Battery Co., Ltd. (Iwaki-shi, Fukushima Pref.)	Electronics & Automotive Systems	Facilities for manufacturing storage batteries/power supply units	1,161 (104)	2,157	1,364	269	283	5,236	438
Furukawa Automotive Systems Inc.. (Inugami-gun, Shiga Pref.)	Electronics & Automotive Systems	Facilities for manufacturing automotive components	647 (72)	2,058	159	230	5	3,101	741
Furukawa Nikko Power Generation Inc. (Nikko-shi, Tochigi Pref.)	Services and Development, etc.	Facilities for electric power generation and transmission	650 (267)	3,376	3,370	111	—	7,508	38

(3) Overseas subsidiaries

As of March 31, 2024

Company name (Location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m ²)	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Right-of- use assets	Total	
OFS Fitel, LLC (Norcross, USA)	Infrastructure	Facilities for manufacturing optical fibers	1,051 (270)	8,739	4,763	632	274	15,461	256
Furukawa Circuit Foil Taiwan Corporation (Yunlin County, Taiwan)	Functional Products	Facilities for manufacturing electrodeposited copper foils	1,301 (40)	2,270	6,700	576	159	11,009	257
Furukawa Automotive Systems Lima Philippines, Inc. (Lipa City, Philippines)	Electronics & Automotive Systems	Facilities for manufacturing wire harnesses	— (—)	3,972	3,045	221	995	8,234	5,972
Furukawa Electric LatAm S.A. (Curitiba, Brazil)	Infrastructure	Facilities for manufacturing communication cables	645 (282)	1,238	3,271	3,824	32	9,013	1,233
Furukawa Automotive Parts (Vietnam) Inc. (Ho Chi Minh, Vietnam)	Electronics & Automotive Systems	Facilities for molding wire harnesses and electric cables	— (—)	1,858	4,440	240	928	7,468	6,705

Note: Among all subsidiaries, only major ones are listed above.

3. Planned Addition, Retirement, and Other Changes of Facilities

The Company plans to spend ¥48,000 million in capital expenditure for one year following the end of the current fiscal year. The amount planned to be spent for each segment is as follows.

Segment name	Amount planned as of March 31, 2024 (million yen)	Description/major uses of facilities, etc.
Infrastructure	15,200	Expanding production capacity of optical communications devices Expanding production facilities of power cables
Electronics & Automotive Systems	18,100	Expanding production capacity of automotive electronic components
Functional Products	6,600	Expanding production capacity of heat sinks
Services and Development, etc.	8,100	Upgrading electrical infrastructure Establishing development environment for advanced semiconductor manufacturing technology
Total	48,000	

Note: We have no plans to retire or sell important facilities other than retirement or sale in the ordinary course of updating facilities.

Item 4. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

(i) Authorized shares

Class	Total number of shares authorized to be issued (shares)
Common stock	250,000,000
Total	250,000,000

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (March 31, 2024) (shares)	Number of issued shares as of filing date (June 24, 2024) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	70,666,917	70,666,917	Prime Market of the Tokyo Stock Exchange	These are standard shares of the Company with full voting rights and no restrictions on shareholders' rights. The number of share unit is 100 shares.
Total	70,666,917	70,666,917	—	—

(2) Share acquisition rights

(i) Employee share option plans

Not applicable.

(ii) Rights plans

Not applicable.

(iii) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

(4) Changes in total number of issued shares, share capital and legal capital surplus

Date	Change in total number of shares issued (Thousands of shares)	Balance of total number of shares issued (Thousands of shares)	Change in share capital (Millions of yen)	Balance of share capital (Millions of yen)	Change in legal capital surplus (Millions of yen)	Balance of legal capital surplus (Millions of yen)
October 1, 2016 (Note)	(636,002)	70,666	—	69,395	—	—

Note: As the Company carried out a 1-for-10 reverse stock split with the effective date of October 1, 2016, the total number of shares issued decreased by 636,002,262 shares to 70,666,917 shares.

(5) Shareholding by shareholder category

As of March 31, 2024

As of March 31, 2024

Category	Shareholding status (Number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	—	56	44	506	255	54	40,534	41,449	—
Number of shares held (units)	—	297,367	16,053	43,022	177,947	202	170,958	705,549	112,017
Percentage of shareholdings (%)	—	42.15	2.28	6.10	25.22	0.03	24.23	100	—

- Notes: 1. Out of 50,535 shares of treasury shares, 505 share units are included in “Individuals and others” and 35 shares in “Shares less than one unit.” Note that 139,300 shares held by the trust account for the Board Benefit Trust (BBT) are not treated as treasury shares.
2. “Other corporations” includes five share units held in the name of Japan Securities Depository Center, Incorporated.

(6) Major shareholders

As of March 31, 2024

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	11,582,300	16.40
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	5,402,220	7.65
BNYMSANV AS AGENT/ CLIENTS LUX UCITS NON TREATY 1	VERTIGO BUILDING - POLARIS 2-4 RUE EUGENE RUPPERT L-2453 LUXEMBOURG GRAND DUCHY OF LUXEMBOURG	3,744,700	5.30
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking Co., Ltd.; Employee Retirement Benefit Trust, Mizuho Bank, Ltd. Account)	1-8-12 Harumi, Chuo-ku, Tokyo	2,413,500	3.42
Custody Bank of Japan, Ltd. (Trust Account 4)	1-8-12 Harumi, Chuo-ku, Tokyo	2,269,800	3.21
Asahi Mutual Life Insurance Company	1-6-1 Yotsuya, Shinjuku-ku, Tokyo	1,365,050	1.93
FURUKAWA CO., LTD.	2-6-4 Otemachi, Chiyoda-ku, Tokyo	1,329,045	1.88
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	1,221,000	1.73
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking Co., Ltd.; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,091,900	1.55
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking Co., Ltd.; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,050,000	1.49
Total	–	31,469,515	44.56

- Notes: 1. In addition to the 2,413,500 shares in a retirement benefits trust mentioned above, Mizuho Bank, Ltd. has a further 173 shares in the Company.

2. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on December 22, 2020, states that it holds the following shares as of December 15, 2020, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2024.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Mizuho Bank, Ltd.	2,413,673	3.42
Mizuho Securities Co., Ltd.	350,100	0.50
Mizuho Trust & Banking Co., Ltd.	354,900	0.50
Asset Management One Co., Ltd.	2,099,200	2.97
Total	5,217,873	7.38

3. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on November 7, 2023, states that it holds the following shares as of October 31, 2023, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2024.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	4,546,900	6.43
Nikko Asset Management Co., Ltd.	1,481,100	2.10
Total	6,028,000	8.53

4. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on December 6, 2023, states that it holds the following shares as of November 30, 2023, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2024.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Nomura Securities Co., Ltd.	20,200	0.03
Nomura International plc	266,994	0.38
Nomura Asset Management Co., Ltd.	5,491,000	7.77
Total	5,778,194	8.18

5. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on February 6, 2024, states that it holds the following shares as of January 31, 2024, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2024.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Eastspring Investments (Singapore) Limited	4,853,500	6.87
Total	4,853,500	6.87

(7) Voting rights

(i) Issued shares

As of March 31, 2024

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	—	—	—
Shares with restricted voting rights (treasury shares, etc.)	—	—	—
Shares with restricted voting rights (other)	—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 50,500	—	—
	(Reciprocal holding) Common stock 73,000	—	—
Shares with full voting rights (other) (Notes 1, 2)	Common stock 70,431,300	704,313	—
Shares less than one unit (Notes 3, 4)	Common stock 112,117	—	—
Total number of issued shares	70,666,917	—	—
Number of voting rights held by all shareholders	—	704,313	—

- Notes
1. “Shares with full voting rights (other)” includes 500 shares of the Company held in the name of Japan Securities Depository Center, Incorporated and “Number of voting rights” includes five units of voting rights for the shares with full voting rights held in the name of said organization.
 2. “Shares with full voting rights (other)” includes 139,300 shares of the Company held by the trust account for the Board Benefit Trust (BBT), which was established to operate the stock remuneration system for Directors, etc., and “Number of voting rights” includes 1,393 units of voting rights for the shares with full voting rights held in the name of said trust.
 3. “Shares less than one unit” includes 35 treasury shares.
 4. Out of 122 shares held by YAMAKIN (JAPAN) CO., LTD., which does not have voting rights subject to reciprocal holding restriction, through the Company’s share ownership association for business partners (Furukawadenko Kyoei Mochikabukai), 100 shares are included in the column “Reciprocal holding” and 22 shares, which are less than one share unit, are included in “Shares less than one unit” together with 78 shares held by said share ownership association, which were to have no voting rights in conjunction with the above five shares. Accordingly, the number of shares described in “Shares less than one unit” is 100 shares more than the number of shares described in “Shares less than one unit (shares)” in the table of (5) “Shareholding by shareholder category” above.

(ii) Treasury shares, etc.

As of March 31, 2024

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in other’ name (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) Furukawa Electric Co., Ltd.	2-6-4 Otemachi, Chiyoda-ku, Tokyo	50,500	—	50,500	0.07
(Reciprocal holding) YAMAKIN (JAPAN) CO., LTD. (Note)	1-8-11 Iwamotocho, Chiyoda-ku, Tokyo	72,900	100	73,000	0.10
Total	—	123,400	100	123,500	0.17

- Note Out of 122 shares held by YAMAKIN (JAPAN) CO., LTD. in the name of the Company’s share ownership association for business partners (Name: Furukawadenko Kyoei Mochikabukai; Address: 2-6-4 Otemachi, Chiyoda-ku, Tokyo), 22 shares are included in “Shares less than one unit” in (i) “Issued shares” above.

(8) Share ownership plan for Directors, etc. and employees

The Company introduced the performance-linked stock remuneration system for Directors, etc. upon the resolution of the 194th Annual Shareholders Meeting held on June 27, 2016 and partially amended it upon the resolution of the 197th Annual Shareholders Meeting held on June 27, 2019. (The performance-linked stock remuneration system for Directors, etc. (as partially amended) is hereinafter referred to as the “System.”) The Company also established the Board Benefit Trust (hereinafter, “Trust”) to operate the System.

1) Overview of the System

The System is designed so that the Company’s shares of common stock (hereinafter, “Company’s shares”) are acquired through the Trust using the money which the Company contributed to the Trust, and the Company’s shares, etc. are granted to Directors excluding Outside Directors, as well as Corporate Vice Presidents and Senior Fellows excluding Directors (hereinafter, collectively “Directors, etc.”) in accordance with the Stock Benefit Regulations for Directors, etc. predetermined by the resolution of the Board of Directors.

Directors, etc. are granted a pre-determined number of points depending on their titles/positions during their term of office every year as the basis of their rights to receive the Company’s shares, etc. The number of points to be granted to qualifying Directors, etc. for receiving the Company’s shares are finalized after an adjustment for certain cases, according to the performance evaluation criteria with a performance period of pre-determined three fiscal years. The total points granted to Directors, etc. during the performance period of three fiscal years is limited to 180,000 points (equivalent to 180,000 Company’s shares). In principle, upon their retirement, Directors, etc. receive the Company’s shares, etc. from the Trust, and the number of such shares corresponds to the number of points finalized during their term of office.

Note: The details of the Company’s stock remuneration system for Directors, etc. including the System are described in “4. Corporate Governance, (4) Remuneration for Directors, etc.”

2) Overview of the Trust

<At the time of introduction of the System (with the performance period of three fiscal years from April 1, 2016 to March 31, 2019)>

- (i) Name: Board Benefit Trust (BBT)
- (ii) Trustor: The Company
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd. (Re-trustee: Trust & Custody Services Bank, Ltd. (currently Custody Bank of Japan, Ltd.))
- (iv) Beneficiaries: Retired Directors, etc. who fulfill beneficiary requirements under the Stock Benefit Regulations for Directors, etc.
- (v) Trust administrator: A third party with no conflicts of interest with the Company (lawyer)
- (vi) Exercise of voting rights for shares in the Trust: The voting rights of the Company’s shares in the Trust shall not be exercised as per the instructions of the trust administrator
- (vii) Type of Trust: Trust of money other than money trust (third party benefit trust)
- (viii) Date of conclusion of the Trust Agreement: August 8, 2016
- (ix) Date of establishment of the Trust: August 8, 2016
- (x) Trust term: From August 8, 2016 to the termination of the Trust (An expiry date is not set for the Trust term, and the Trust will be maintained as long as the System is maintained.)
- (xi) Acquisition of the Company’s shares by the Trust: The Company’s shares shall be acquired using the money not more than a total of ¥350 million for three fiscal years, which the Company contributes to the Trust

<After the partial amendment of the System (with the performance period of three fiscal years from April 1, 2019 to March 31, 2022 and each subsequent period of three fiscal years after the lapse of said three fiscal years)>

- (i) Name: Board Benefit Trust (BBT)
- (ii) Trustor: The Company
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd. (Re-trustee: Trust & Custody Services Bank, Ltd. (currently Custody Bank of Japan, Ltd.))
- (iv) Beneficiaries: Retired Directors, etc. who fulfill beneficiary requirements under the Stock Benefit Regulations for Directors, etc.
- (v) Trust administrator: A third party with no conflicts of interest with the Company (lawyer)
- (vi) Exercise of voting rights for shares in the Trust: The voting rights of the Company’s shares in the Trust shall not be exercised as per the instructions of the trust administrator
- (vii) Type of Trust: Trust of money other than money trust (third party benefit trust)
- (viii) Date of conclusion of the Trust Agreement: August 8, 2016
- (ix) Date of establishment of the Trust: August 8, 2016
- (x) Trust term: From August 8, 2016 to the termination of the Trust (An expiry date is not set for the Trust term, and the Trust will be maintained as long as the System is maintained.)
- (xi) Acquisition of the Company’s shares by the Trust: The Company’s shares shall be acquired using the money not more than a total of ¥450 million for three fiscal years, which the Company contributes to the Trust

3) Number of the Company’s shares acquired through the System

The Trust held 139,300 shares as of March 31, 2024.

4) Scope of those eligible to receive beneficiary rights and other rights under the System

Retired Directors, etc. who fulfill beneficiary requirements under the Stock Benefit Regulations for Directors, etc.

2. Acquisition and Disposal of Treasury Shares

Class of shares, etc.: Acquisition of common stock under Article 155, item (vii) of the Companies Act

(1) Acquisition by resolution of Shareholders meeting

Not applicable.

(2) Acquisition by resolution of Board of Directors meeting

Not applicable.

(3) Acquisition not based on resolution of Shareholders meeting or Board of Directors meeting

Acquisition of common stock under Article 155, item (vii) of the Companies Act

Category	Number of shares (shares)	Total value (yen)
Number of treasury shares acquired during the current fiscal year	82	208,590
Number of treasury shares acquired during the current period	—	—

Note: 1. The “current period” refers to the period from the next day of the balance sheet date of the current fiscal year through the filing date of this Annual Securities Report.

2. “Number of treasury shares acquired during the current period” does not include treasury shares acquired through purchase of shares less than one unit during the period from June 1, 2024 until the filing date of this Annual Securities Report.

(4) Disposal of acquired treasury shares and number of treasury shares held

Category	Current fiscal year		Current period	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Treasury shares acquired for which subscribers were solicited	—	—	—	—
Treasury shares acquired that were canceled	—	—	—	—
Treasury shares acquired that were transferred for merger, share exchange, stock issuance or company split	—	—	—	—
Other (Sold upon request for additional purchase of shares less than one unit)	—	—	—	—
Number of treasury shares held	50,535	—	50,535	—

Note: 1. The “current period” refers to the period from the next day of the balance sheet date of the current fiscal year through the filing date of this Annual Securities Report.

2. “Number of treasury shares held” during the current period does not include shares less than one unit purchased and sold during the period from June 1, 2024 until the filing date of this Annual Securities Report.

3. Dividend Policy

The Company's capital allocation policy is to strike a balance among investments in growth and new business opportunity, improvement of balance sheet and shareholder returns, with management priority.

Based on this policy, as its shareholder return policy during the period of the Medium-term Management Plan (MTMP) "Road to the Vision 2030: Transform and Challenge" ending in FY2025, the Company will focus its investment in growth segments in order to increase corporate value through profit growth, and provide a return to shareholders in a stable and continuous manner. Specifically, the Company will make performance-linked dividend distribution, which is projected to be roughly 30% of profit attributable to owners of parent.

Based on the above policy, the Company will distribute the year-end dividends of ¥60 per share when the proposal of "Dividends from surplus" (as a matter to be resolved) is approved and resolved as originally proposed at the 202nd Annual Shareholders Meeting to be held on June 26, 2024.

For interim dividends, the Articles of Incorporation have a provision to the effect that it may be paid by resolution of the Board of Directors to shareholders listed in the Company's register of shareholders with the record date of September 30 each year. For year-end dividends, the decision-making body is the shareholders meeting.

Dividends of surplus for FY2023 are as follows:

Date of resolution	Total amount of dividends (millions of yen)	Dividend per share (yen)
Resolution (to be made) at the Annual Shareholders Meeting to be held on June 26, 2024	4,236	60

4. Corporate Governance

(1) Overview of corporate governance

1) Basic view on corporate governance

Based on the “Furukawa Electric Group Purpose” and the “Core Values,” Furukawa Electric and Furukawa Electric Group enhance our management performance responding appropriately to changes in the business and market environment by prompt business decision making as well as with transparency and fairness. At the same time, we ensure sound management by developing and establishing an effective internal control system. With these, we will expand and develop our business on a sustainable basis and increase our corporate value. Furthermore, we seek to strengthen and enhance our corporate governance, in accordance with the followings:

- (i) We secure the rights and equal treatment of shareholders;
- (ii) We consider interests of stakeholders including shareholders, and cooperate appropriately with them;
- (iii) We ensure appropriate information disclosure and transparency;
- (iv) Given its fiduciary responsibility and accountability to shareholders, Board of Directors carries out effective oversight of management from objective standpoint, respecting the independent Directors’ role for the oversight;
- (v) We engage in constructive dialogue with shareholders who have investment policies in accordance with interests of medium-to-long-term shareholders.

2) Corporate governance system

(i) Overview of the corporate governance system and reasons for adopting such corporate governance system

a. Overview of the corporate governance system

As of June 24, 2024 (filing date of this Annual Securities Report), the Board of Directors of the Company consists of 11 Directors, five of whom are Outside Directors (all of them are registered at the Tokyo Stock Exchange as independent officers). The Board of Directors is chaired by non-executive Chairperson of the Board who does not have representative rights.

Note: The Company will make a proposal of “Election of eleven (11) Directors” as a matter to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. Even after this proposal is approved and resolved as originally proposed, the Board of Directors will still consist of 11 Directors (including five Outside Directors, all of whom are registered with the Tokyo Stock Exchange as independent officers). Note that, if this proposal is approved and resolved as originally proposed and subsequently approved at the Board of Directors meeting to be held immediately after the end of the 202nd Annual Shareholders Meeting, the duties of Chairperson of the Board will continue to be discharged by Chairman and Director.

In light of its fiduciary responsibility and accountability to shareholders, the Board of Directors of the Company fulfills its responsibilities to promote sustainable corporate growth and the increase of corporate value over the medium-to-long-term, and enhance earnings power and capital efficiency; and therefore, do the following:

- (i) Determination of corporate governance-related matters;
- (ii) Establishment and amendment of business strategies and oversight of execution of such strategies and plans;
- (iii) Setting capital allocation policy;
- (iv) Appointment and removal of the Management including Representative Director and Corporate Vice Presidents, and determination of the remuneration of them (including delegating these to Nominating/Compensation Committee); (Note)
- (v) Establishment of an internal control system relating to compliance and financial reporting and risk management systems, and oversight of them;
- (vi) Decision on important business matters;
- (vii) Others prescribed by the applicable laws and regulations etc.

Note: Upon a request or delegation from Board of Directors, Nominating/Compensation Committee deliberates, determines and reports matters of nominating candidates for Directors and Compensation for Directors etc. The details are disclosed in “Matters to be deliberated by Nominating/Compensation Committee” to be described later in this report.

The Outside Officers of the Company have extensive experience in financial institutions, trading companies, and business corporations or expert knowledge and experience in such areas as laws, finance/accounting, and industrial policies, etc. The Board of Directors, in making decisions, respects Outside Directors’ opinions and suggestions from diverse viewpoints based on their experience.

At the Company, in order to facilitate timely and decisive decision-making on business execution, on the premise that corporate governance mechanisms, including the Board of Directors’ supervision of business execution, are working adequately, decision-making on certain matters related to business execution is delegated to the management within the scope permitted by laws and regulations. The specific scope of such delegation is defined in the standards for deliberation with respect to the Board of Directors and Management Committee, depending on the degree of significance.

Furukawa Electric Group’s business consists of 12 operating divisions; and business divisions were established for directing and overseeing multiple operating divisions which are closely related to each other. As for our business execution, under the control of President being the chief executive, operations are directed by General Managers of such business divisions as Communications Solutions Division, Energy Infrastructure Division, Electronics Component Material Division, Functional Products Division and Automotive Products Division. In addition, the Company has divisions to perform such head office functions as developing and implementing the Group’s business strategies/management plans, establishing and maintaining corporate governance, risk

management, and other management systems, and conducting marketing and sales activities; and General Managers of respective divisions lead such functions. These General Managers, in the capacity of executive officers, serve as members of Management Committee, which is the highest decision-making body of business execution. Management Committee deliberates and determines major operational matters. Furthermore, the Committee members report the status of business execution on a quarterly basis to ensure effective communications among the executive officers, thus achieving integrated business execution. Furthermore, the status of business execution is reported to the Board of Directors on a quarterly basis.

In order to ensure functional interactions between the Board of Directors' supervision over business execution and executive initiatives for developing the internal control system, the Company established Risk Management Committee and Sustainability Committee chaired by President. Risk Management Committee manages risks in implementing Furukawa Electric Group's business strategies, as well as strives to establish and strengthen compliance and an internal control system. The internal control status is regularly reported to the Board of Directors. Sustainability Committee deliberates Furukawa Electric Group's basic policy on sustainability, basic points concerning materiality of revenue opportunities/risks, disclosures of basic information on sustainability, and community and social activities; and also checks the progress of such matters. As for materiality of risks which are closely related to Furukawa Electric Group's business risk management, Risk Management Committee and Sustainability Committee work together for deliberations.

While Auditing Department is responsible for internal audits in the Group, the Company established a framework for adequate and objective audits of the entire Furukawa Electric Group's internal control system through close cooperation between Auditing Department and Audit & Supervisory Board Members.

The Company has established Nominating/Compensation Committee to ensure the objectivity and transparency of deliberations and decision-making procedures concerning the nomination of Directors, etc. and their remuneration, etc. The Committee shall consist of at least five members (the majority being Outside Directors) appointed from Directors by resolution of the Board of Directors. As of June 24, 2024 (filing date of this Annual Securities Report), the Committee has seven members; namely Osamu Tsukamoto (Outside Director), Takashi Tsukamoto (Outside Director), Yoshiro Miyokawa (Outside Director), Yukiko Yabu (Outside Director), Tamotsu Saito (Outside Director), Keiichi Kobayashi (Chairman and Director), and Hideya Moridaira (President and Representative Director).

Note that the Company will make a proposal of "Election of eleven (11) Directors" as a matter to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. If this proposal is approved and resolved as originally proposed and subsequently approved at the Board of Directors meeting to be held immediately after the end of the 202nd Annual Shareholders Meeting, the Committee members will have seven members, namely Takashi Tsukamoto (Outside Director), Yoshiro Miyokawa (Outside Director), Yukiko Yabu (Outside Director), Tamotsu Saito (Outside Director), Takeo Hoshino (Outside Director), Keiichi Kobayashi (Chairman and Director), and Hideya Moridaira (President and Representative Director). In addition, Nominating/Compensation Committee will continue to be chaired by Takashi Tsukamoto (Outside Director) upon approval at Nominating/Compensation Committee to be held immediately after the Board of Directors meeting as mentioned above.

The following are the matters deliberated by Nominating/Compensation Committee.

<Matters to be deliberated by Nominating/Compensation Committee>

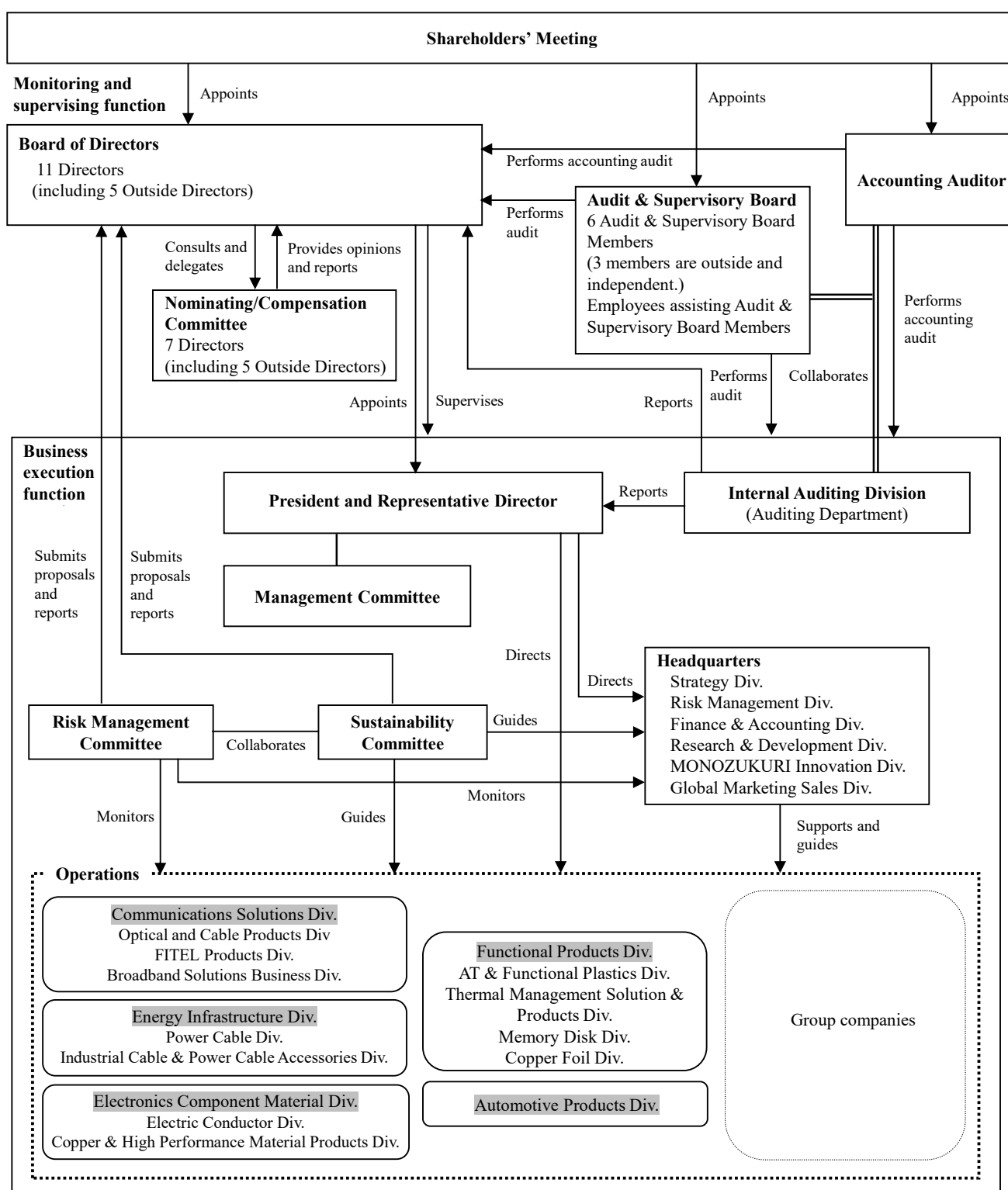
- (1) Nominating/Compensation Committee deliberates the following matters in response to inquiries from the Board of Directors, and reports the results to the Board:
 - (i) Proposal for shareholders' meeting concerning election/removal of Directors and Audit & Supervisory Board Members
 - (ii) Appointment/dismissal of Representative Director, Chairman of the Board, and President
 - (iii) Appointment/removal of Corporate Vice Presidents
 - (iv) Appointment/dismissal of senior Corporate Vice Presidents (Corporate Senior Executive Vice President, Corporate Executive Vice President, and Corporate Senior Vice President)
 - (v) Policy about Remuneration of Directors and Corporate Vice Presidents
- (2) Nominating/Compensation Committee deliberates and determines the following matters delegated by the Board of Directors:
 - (i) Evaluation of Directors and Corporate Vice Presidents
 - (ii) System concerning remuneration, etc. for Directors and Corporate Vice Presidents based on the policy decided by the Board of Directors following the report set forth in item (v) of the above section (1)
 - (iii) Details of remuneration, etc. for individual Directors and Corporate Vice Presidents based on the policy decided by the Board of Directors following the report set forth in item (v) of the above section (1)
 - (iv) Proposal for shareholders' meeting concerning remuneration, etc. for Directors and Audit & Supervisory Board Members
 - (v) Guidelines on remuneration, etc. for representatives of affiliated companies
 - (vi) Policy on the term of office for Directors and Corporate Vice Presidents and the treatment after they leave office
 - (vii) Content of draft proposal on appointment/removal of Special Advisers/Honorary Advisers and their remuneration
 - (viii) Content of succession plans for the management
- (3) Nominating/Compensation Committee deliberates and determines program details and policies on training for Directors, Audit & Supervisory Board Members, and Corporate Vice Presidents.

As of June 24, 2024 (filing date of this Annual Securities Report), the Audit & Supervisory Board of the Company consists of 6 Audit & Supervisory Board Members, three of whom are Outside Audit & Supervisory Board Members (all of them are registered at the Tokyo Stock Exchange as independent officers). The Company will make a proposal of "Election of one (1) Audit & Supervisory Board Member" as a matter to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024.

Even after this proposal is approved and resolved as originally proposed, the Audit & Supervisory Board will still consist of 6 Audit & Supervisory Board Members (including three Audit & Supervisory Board Members, all of whom are registered with the Tokyo Stock Exchange as independent officers).

Audit & Supervisory Board Members conduct audits in accordance with the audit policy and audit plan decided by the Audit & Supervisory Board, and regularly report audit results to the Board of Directors and President. Regular meetings of the Audit & Supervisory Board are generally held at least once in every two months. Audit & Supervisory Board Members request Directors/employees of the Company and its subsidiaries to report on matters related to business operations, as necessary. Business divisions report to Audit & Supervisory Board Members about the status of establishing/implementing internal control, and the status of compliance and risk management, including those of subsidiaries, as necessary. Furthermore, each Audit & Supervisory Board Member attends the meetings of the Board of Directors, has interviews with the President and Representative Director and key Directors and Corporate Vice Presidents, and conduct on-site inspections (including remote auditing by using a web conference system) at each division of the Company, its business locations/branches, and R&D laboratories in accordance with the audit policy and audit plan decided by the Audit & Supervisory Board; and reports audit details and results to the Audit & Supervisory Board. Furthermore, full-time Audit & Supervisory Board Members attend Management Committee meetings, Risk Management Committee meetings, Sustainability Committee meetings, and other important meetings; and review requests for management approval and other important requests for approval, conduct on-site inspections (including remote auditing by using a web conference system) at group companies in Japan and abroad; and report details and results of such inspections to the Audit & Supervisory Board. Auditing Department, which is responsible for internal auditing, monitors and verifies the management/operating system for overall management activities as well as the status of execution of duties from the perspective of legitimacy and efficiency; and based on such internal audit results, Auditing Department provides internal divisions and the group companies with information, and offers advice and makes recommendations for the improvement and streamlining. In addition, to enhance audit functions, Audit & Supervisory Board Members, Accounting Auditor, and Auditing Department collaborate with each other, and exchange information and opinions. Upon request from Audit & Supervisory Board Members, the Company appointed two employees, whose independence from the management is secured, to assist Audit & Supervisory Board Members.

<Schematic Diagram of Corporate Governance System as of June 24, 2024 (filing date of this Annual Securities Report)>



Note: The Company will make proposals of “Election of eleven (11) Directors” and “Election of one (1) Audit & Supervisory Board Member” as matters to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. Even after these proposals are approved and resolved as originally proposed and subsequently approved at the Board of Directors meeting to be held immediately after the end of the 202nd Annual Shareholders Meeting, there will be no change in Directors and Audit & Supervisory Board Members as well as the number of Nominating/Compensation Committee members as shown in the schematic diagram above.

b. Reason for adopting the above corporate governance system

The Company adopted the current corporate governance system (in the organizational form of Company with the Audit & Supervisory Board), believing that the effectiveness of auditing Directors' execution of duties is secured by institutionally maintaining the independence of the Audit & Supervisory Board and its Members from the Board of Directors, while ensuring their cooperation with Accounting Auditor and internal audit division. Furthermore, to complement the supervisory function of the Board of Directors, the Company established Nominating/Compensation Committee. The Committee consists of at least five members (where Outside Directors comprises a majority) who are chosen among Directors by resolution of the Board of Directors; and the Committee Chair is, in principle, selected from Outside Directors by the Committee members.

(ii) Status of development of internal control system

The Company believes that internal control is intended for maintaining/improving the efficiency of execution of duties, ensuring compliance, risk management, information management and group company management, and established and implements the internal control system as follows:

a. Efficient execution of duties

After management targets are set in budgets, each executive officer fulfills his/her duties to achieve such targets, and regularly reports the progress to the Board of Directors. Such achievements are adequately reflected in his/her remuneration. As for matters to be decided by the Board of Directors or Management Committee, or by means of requests for management approval, the Company established detailed and specific standards for deliberations. The Company has in place internal rules to clarify administrative authorities of executive officers and General Managers, as well as division of duties; and also has a mechanism to constantly review them upon an organizational change and the like.

b. Compliance system

The Company regards "Furukawa Electric Group Purpose," the "Core Values," and "Furukawa Electric Group CSR Code of Conduct" as the basis for complying with ethical standards as well as laws and regulations; and according to the "Compliance Regulations", the Company promotes such compliance activities as internal education and programs to prevent/detect legal violations, while Risk Management Committee chaired by President and Risk Management Division play central roles. Each division appoints a risk management officer, who is responsible for effectively promoting risk management activities, including compliance, within the division. Especially, to prevent a recurrence of cartel behavior, the Company has reinforced the control over contacts with other companies in the same industry and the pricing procedures, and strengthened oversight by receiving advice from external experts from time to time. The Company also introduced a whistleblowing system, aiming at early detection and correction of compliance violations. Furthermore, Auditing Department, which is responsible for internal audits, monitors the execution of duties in each division, verifies whether the internal control system, including the compliance system, is working effectively, and reports the results to the management.

c. Risk management system

The Company stipulated its risk management system and management method in the "Basic Regulations on Risk Management and Internal Control", and Risk Management Committee identifies overall risks associated with Furukawa Electric Group's business operations, and verifies the adequacy of such risk assessment and risk management methods. The Committee focuses mainly on addressing major risks associated with compliance at affiliated companies and internal divisions, large-scale disasters, information security, etc., while putting emphasis on managing significant risks in such areas as disaster prevention & business continuity management, quality management, health & safety, and environment preservation by establishing special committees. In addition to the above-mentioned framework, when an important decision is to be made by the Board of Directors or Management Committee, or by means of requests for management approval, expected risks associated with the subject in question are clarified in the reference material, and the decision is made only upon recognizing such risks.

d. Information management system

Records and documents related to important decisions by the Board of Directors, Management Committee, or via requests for management approval are properly managed/retained in accordance with laws and regulations as well as the Company's "Regulations on Retention of Documents". As for other information on the execution of duties, from the perspective of the importance as information assets and the necessity for protection, the Company established uniform standards and has implemented an information management system.

e. Group company management

In accordance with the "Regulations on Group Management Control", an administrative manager is appointed at each Group company; and the Company requests the group companies to regularly report information necessary for grasping their business conditions, provides guidance on business management, and requires them to obtain the Company's approval before making decisions on certain matters. Budgets are prepared for the entire Group, setting specific management targets to be achieved by subsidiaries. As for the risk management at subsidiaries, Risk Management Division plays a central role to provide training, advice, and guidance on risk management, internal control, and compliance. Subsidiaries are required to appoint their own compliance officers. The Company sends part-time officers to key group companies, and monitors overall management, including compliance and risk management, of the group companies through audits by the Company's Audit & Supervisory Board Members and Auditing Department.

f. Securing appropriateness of financial reporting

In accordance with the "Basic Regulations on Risk Management and Internal Control", the Company established "Furukawa Electric Group Basic Policy for the development and evaluation of an internal control system, to ensure the appropriateness of

financial reporting” (J-SOX Core Policy), and clarified the establishment, development, and operation of the internal control system, monitoring mechanism, and responsibilities. As for preparation and submission of the Internal Control Reports stipulated in the Financial Instruments and Exchange Act, the Company established J-SOX Council for deliberations of important matters, aiming at maintaining and improving the reliability of the Group’s financial reporting.

(iii) Status of the development of risk management system

Refer to “(ii) Status of development of internal control system, c. Risk management system” as described above.

(iv) Basic views on eliminating anti-social forces

a. Basic views

As described in “Furukawa Electric Group CSR Code of Conduct”, the Company’s basic views are as follows: “Adopt a resolute approach to and cut off all relations with antisocial individuals or groups.”

b. Establishment of relevant structure

As mentioned above, the Company described its basic approach in “Furukawa Electric Group CSR Code of Conduct” and ensures that all officers and employees follow the approach. The Company designated Administration Department, Risk Management Division as the department in charge, and appointed an officer in charge of preventing unreasonable demands, who completed the training course sponsored by the Tokyo Metropolitan Public Safety Commission. Moreover, the Company is a member of the Federation on Prevention of Special Organized Crimes (TOKUBOREN) under the Tokyo Metropolitan Police Department, and collects information through TOKUBOREN bulletins and TOKUBOREN news. In addition, the officer in charge of preventing unreasonable demand participates in TOKUBOREN’s national workshop, and regional workshop and regular meetings in order to collect the latest information and closely collaborate with TOKUBOREN and neighboring companies.

(v) Outline of the limited liability agreements

The Company has agreements to limit liabilities under Article 423, paragraph (1) of the Companies Act with Outside Directors and Outside Audit & Supervisory Board Members. The upper limit of liabilities under this agreement is the statutory lower limit.

(vi) Overview of indemnity agreement

The Company has concluded an indemnity agreement set forth in Article 430-2, paragraph (1) of the Companies Act with each of Directors and Audit & Supervisory Board Members.

The indemnity agreement specifies that the Company shall compensate for expenses set forth in item (i) and losses set forth in item (ii) of paragraph (1) of the above-mentioned Article to the extent prescribed by laws and regulations. However, in the indemnity agreement, if bad faith or gross negligence on the part of officers was found in relation to their execution of duties, the Company may claim refund of compensation; as such, the Company has taken measures for maintaining the adequacy of the execution of duties of officers.

(vii) Overview of directors and officers liability insurance agreement

The Company purchased a Directors and Officers Liability Insurance (D&O Insurance) policy, which covers Directors, Audit & Supervisory Board Members, and Corporate Vice Presidents, etc. (including those who retired on March 31, 1994 and thereafter) and their successors.

This insurance policy covers claims against insured Directors, etc. on the basis of their legal liability for damages caused by their actions (including failure to act) relating to their execution of duties, and litigation expenses that are incurred due to the liability claims against Directors, etc. However, there are some exclusions, for example, a case where the insured knowingly committed an illegal act. The Company bears all of the insurance premium.

3) Number of directors and requirements for resolution to elect Directors

The Articles of Incorporation have a provision to the effect that the Company shall have no more than twenty (20) directors. In addition, the Articles of Incorporation have provisions to the effect that the resolutions for the election of directors shall be adopted when shareholders who are able to exercise their voting rights possessing one-third or more of total voting rights are present, and by the votes of a majority of voting rights of shareholders present; and that the election of directors shall not be made by cumulative vote.

4) Matters to be resolved at Shareholders Meeting that may be resolved by the Board of Directors and reasons therefor as well as details of changes in requirements for special resolution at Shareholders Meeting and reasons therefor

(i) Acquisition of treasury shares

The Articles of Incorporation have a provision to the effect that, in accordance with the provisions of Article 165, paragraph (2), of the Companies Act, the Company may acquire its own shares through market transactions and other methods by resolution by the Board of Directors pursuant to paragraph (1) of said Article for the purpose of enabling the Company to implement a flexible capital policy.

(ii) Interim dividends

The Articles of Incorporation have a provision to the effect that, in accordance with the provisions of Article 454, paragraph (5) of

the Companies Act, the Company may be paid interim dividends by resolution of the Board of Directors to such shareholders and registered share pledgees as are entered or recorded in the latest register of shareholders on September 30 each year for the purpose of enabling the Company to implement flexible shareholder return measures.

(iii) Exemption of liability for Directors and Audit & Supervisory Board Members

The Articles of Incorporation have a provision to the effect that, pursuant to the provisions of Article 426, paragraph (1), of the Companies Act, the Company may indemnify Directors (including those who have served as directors in the past) and Audit & Supervisory Board Members (including those who have served as Audit & Supervisory Board Members in the past) for liabilities for damages for negligence of duty within the scope permitted by laws and regulations and upon a resolution by the Board of Directors for the purpose of enabling Directors and Audit & Supervisory Board Members to fulfill their expected roles in performing their duties.

(iv) Requirements for special resolution at Shareholders Meeting

The Articles of Incorporation have a provision to the effect that the special resolution provided in Article 309, paragraph (2) of the Companies Act shall be adopted when shareholders who are able to exercise their voting rights possessing one-third or more of total voting rights are present, and by the votes of two-thirds or more of voting rights of shareholders present for the purpose of operating shareholders meeting more smoothly by relaxing the quorum for special resolution at a shareholders meeting.

5) Activities of Board of Directors and Nominating/Compensation Committee (FY2023)

(i) Activities of Board of Directors

During FY2023, Board of Directors met 16 times to make decisions on important business execution, check the progress of the medium-term business plan and achievement of management targets, including fiscal budgets, and also have deliberations on corporate governance and other fundamental matters related to business management. The official title or position, name and attendance to the Board of Directors meetings of each Director were as shown below.

Official title or position	Name	Attendance to Board of Directors meetings (number/rate of attendance)
Chairman and Director	Keiichi Kobayashi	16 out of 16 (100%)
President and Representative Director	Hideya Moridaira	16 out of 16 (100%)
Outside Director	Osamu Tsukamoto	15 out of 16 (93.8%)
Outside Director	Takashi Tsukamoto	16 out of 16 (100%)
Outside Director	Yoshiro Miyokawa	16 out of 16 (100%)
Outside Director	Yukiko Yabu	16 out of 16 (100%)
Outside Director	Tamotsu Saito	16 out of 16 (100%)
Director and Corporate Executive Vice President, General Manager of Strategy Division	Satoshi Miyamoto	16 out of 16 (100%)
Director and Corporate Senior Vice President, General Manager of Finance & Accounting Division	Akihiro Fukunaga	16 out of 16 (100%)
Director and Corporate Senior Vice President, General Manager of Global Marketing Sales Division	Yoshio Masutani	16 out of 16 (100%)
Director and Corporate Vice President, General Manager of Risk Management Division	Toshio Yanagi	12 out of 12 (100%)

Note: Since Mr. Toshio Yanagi was newly elected at the 201st Annual Shareholders Meeting held on June 23, 2023, the number of the eligible Board of Directors meetings is different from that for other members of the Board of Directors.

(ii) Activities of Nominating/Compensation Committee

During FY2023, Nominating/Compensation Committee met five times. The primary matters deliberated at the Committee meetings were the management execution system from April 2024 for Nomination and the executive compensation system for Compensation. The official title or position, name and attendance to the Committee meetings of each member were as shown below.

Chair	Official title or position	Name	Attendance to Nominating/Compensation Committee meetings (number/rate of attendance)
	Outside Director	Osamu Tsukamoto	5 out of 5 (100%)
○	Outside Director	Takashi Tsukamoto	5 out of 5 (100%)
	Outside Director	Yoshiro Miyokawa	5 out of 5 (100%)
	Outside Director	Yukiko Yabu	5 out of 5 (100%)
	Outside Director	Tamotsu Saito	5 out of 5 (100%)
	Chairman and Director	Keiichi Kobayashi	5 out of 5 (100%)
	President and Representative Director	Hideya Moridaira	5 out of 5 (100%)

(2) Directors and other officers

1) List of officers

- (i) Directors and Audit & Supervisory Board Members as of June 24, 2024 (filing date of this Annual Securities Report) are as follows:
Male: 15, Female: 2 (Ratio of female officers: 11.8%)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Chairman and Director	Keiichi Kobayashi	June 24, 1959	<p>April 1985 April 2014 April 2015 June 2015 April 2016 April 2017 April 2023</p>	<p>Joined Furukawa Electric Co., Ltd. Corporate Vice President and General Manager of Copper & High Performance Material Products Division Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division Director and Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division President and Representative Director Chairman and Director (present post)</p>	(Note 3)	98
			Important Concurrent Post Director (Outside) of NTT DATA Japan Corporation			
President and Representative Director	Hideya Moridaira	July 13, 1965	<p>April 1990 April 2014 April 2016 April 2017 Feb. 2020 April 2020 April 2021 May 2021 April 2022 June 2022 April 2023</p>	<p>Joined Furukawa Electric Co., Ltd. Section Chief of Corporate Planning Section, Strategy Division General Manager of Planning & Administration Department, Communications Solutions Division Deputy General Manager of Communications Solutions Division, General Manager of Planning & Administration Department (concurrent posts) General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division Corporate Vice President, General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division Corporate Vice President, General Manager of Communications Solutions Division, General Manager of Optical Fiber & Cable Products Division (concurrent posts) Corporate Vice President, General Manager of Communications Solutions Division Corporate Senior Vice President, General Manager of Communications Solutions Division Director and Corporate Senior Vice President, General Manager of Communications Solutions Division President and Representative Director (present post)</p>	(Note 3)	55

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Osamu Tsukamoto	June 11, 1953	<p>April 1977 July 2003 June 2004 July 2006 July 2008 July 2009 July 2010 Oct. 2010 June 2013 March 2014 June 2014</p>	<p>Joined the Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Deputy Director-General for Regional Economic and Industrial Policy Group, and Agency for Natural Resources and Energy Director-General for Manufacturing Industries Bureau Deputy Director-General for Technology Policy Coordination Director-General, Kanto Bureau for Economy, Trade and Industry Director-General for Regional Economic and Industrial Policy Retire from office Distinguished Professor of Tokyo University of Science Adviser of Furukawa Electric Co., Ltd. (part-time) Director (Outside) of Furukawa Electric Co., Ltd. (present post) Retire from Distinguished Professor of Tokyo University of Science President of Japan Coal Energy Center (currently JAPAN CARBON FRONTIER ORGANIZATION, present post)</p>	(Note 3)	5
			<p>Important Concurrent Post President of JAPAN CARBON FRONTIER ORGANIZATION</p>			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takashi Tsukamoto	August 2, 1950	April 1974	Joined The Dai-Ichi Kangyo Bank., Ltd. (currently Mizuho Bank, Ltd.)	(Note 3)	52
			April 2002	Executive Officer / General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)		
			March 2003	Managing Executive Officer / Head of Risk Management Group and Head of Human Resources Group of Mizuho Financial Group, Inc.		
			April 2004	Managing Executive Officer / Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd.		
			March 2006	Managing Director / Chief Strategy Officer and Chief Financial Officer of Mizuho Corporate Bank, Ltd.		
			April 2007	Deputy President of Mizuho Corporate Bank, Ltd.		
			April 2008	Deputy President-Executive Officer / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			June 2008	Deputy President / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			April 2009	President & CEO of Mizuho Financial Group, Inc.		
			June 2011	Chairman of Mizuho Financial Group, Inc. and President & CEO of Mizuho Bank, Ltd.		
			July 2013	Chairman of Mizuho Financial Group, Inc. and Chairman of Mizuho Bank, Ltd.		
			Nov. 2013	Chairman of Mizuho Financial Group, Inc.		
			April 2014	Senior Adviser of Mizuho Financial Group		
			April 2017	Honorary Adviser of Mizuho Financial Group		
			June 2017	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd.		
			June 2021	Director (Outside) of Furukawa Electric Co., Ltd. (present post)		
			July 2023	Senior Adviser of Mizuho Financial Group, Inc. (present post)		
			Important Concurrent Post			
			Senior Adviser of Mizuho Financial Group, Inc.			
			Director (Outside) of Asahi Mutual Life Insurance Company			
			Director (Outside) of AEON CO., LTD.			
			Director (Outside) of Internet Initiative Japan Inc.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Yoshiro Miyokawa	December 28, 1952	<p>April 1975 Jan. 2003 Sept. 2004 April 2005 Sept. 2005 April 2006 April 2008 June 2008 June 2011 June 2013 June 2017 June 2019</p>	<p>Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) General Manager, Business Process Innovation Promotion Department, Yamanouchi Pharmaceutical Leader, Integration Secretariat, Merger Preparatory Committee, Group Strategy Planning Department, Yamanouchi Pharmaceutical General Manager, Integration Promotion Department, Astellas Pharma Inc. Executive Officer and General Manager, Business Innovation Department, Astellas Pharma Inc. Executive Officer and General Manager, Human Resources Department, Astellas Pharma Inc. Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Senior Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Vice President, Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Representative Director & Vice President, Chief Administrative Officer, and Chief Compliance Officer, Astellas Pharma Inc. Retired from Astellas Pharma Inc. Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p>	(Note 3)	31
Director	Yukiko Yabu	June 23, 1958	<p>April 1981 Jan. 2006 Jan. 2011 April 2012 April 2013 March 2014 June 2014 June 2015 June 2016 June 2019 June 2021</p>	<p>Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation) Director of Lifestyle Value Research Laboratory, R&D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd. Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Holdings Corporation Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Holdings Corporation Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Holdings Corporation Retired from Panasonic Holdings Corporation Director (Outside) of DUSKIN CO., LTD. Director (Outside) of TAKARA HOLDINGS INC. Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD. (present post) Director (Outside) of Furukawa Electric Co., Ltd. (present post) Director (Outside), Audit & Supervisory Committee Member of IBIDEN CO., LTD. (present post)</p>	(Note 3)	21
			Important Concurrent Post			
			Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD. Director (Outside), Audit & Supervisory Committee Member of IBIDEN CO., LTD.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Tamotsu Saito	July 13, 1952	<p>April 1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd (currently IHI Corporation)</p> <p>June 2006 Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd.</p> <p>Jan. 2008 Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation</p> <p>April 2008 Director, Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation</p> <p>April 2009 Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation</p> <p>April 2011 Executive Vice President of IHI Corporation</p> <p>April 2012 President, Chief Executive Officer of IHI Corporation</p> <p>April 2016 Chairman of the Board, Chief Executive Officer of IHI Corporation</p> <p>April 2017 Chairman of the Board of IHI Corporation</p> <p>April 2020 Director of IHI Corporation</p> <p>June 2020 Senior Counselor of IHI Corporation</p> <p>June 2021 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>April 2024 Senior Adviser of IHI Corporation (present post)</p>	<p>Important Concurrent Post</p> <p>Senior Adviser of IHI Corporation</p> <p>Director (Outside) of Oki Electric Industry Company, Limited</p> <p>Director (Outside) of KAJIMA CORPORATION</p> <p>Chairman of New Energy and Industrial Technology Development Organization (NEDO)</p>	(Note 3)	12
Director and Corporate Executive Vice President, and General Manager of Strategy Division	Satoshi Miyamoto	February 20, 1962	<p>April 1984 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>July 1999 Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of International Trade and Industry</p> <p>June 2001 Deputy Director, Japan External Trade Organization (JETRO) New York Center</p> <p>June 2004 Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry</p> <p>April 2006 CANON Inc. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises)</p> <p>June 2010 Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>April 2011 Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>Feb. 2012 Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau)</p> <p>June 2013 Deputy Chairman, JETRO</p> <p>Oct. 2015 Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>June 2016 Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>July 2017 Retired from Ministry of Economy, Trade and Industry</p> <p>Nov. 2017 Adviser (full-time), Furukawa Electric Co., Ltd.</p> <p>April 2018 Corporate Vice President, and General Manager of Administration & CSR Division</p> <p>April 2019 Corporate Senior Vice President, and General Manager of Administration & CSR Division</p> <p>June 2019 Director and Corporate Senior Vice President, and General Manager of Administration & CSR Division</p> <p>April 2021 Director and Corporate Senior Vice President, and General Manager of Business Basis Transformation Division</p> <p>April 2022 Director and Corporate Executive Vice President, and General Manager of Strategy Division (present post)</p>		(Note 3)	40

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Corporate Senior Vice President, and General Manager of Global Marketing Sales Division	Yoshio Masutani	September 29, 1965	<p>April 1989 July 1993 Oct. 1998 April 2011 April 2013 April 2015 July 2015 April 2017 April 2018 April 2020 April 2021 April 2022 June 2022</p>	<p>Joined Okura & Co., Ltd. Okura & Co. UK Ltd. Joined Furukawa Electric Co., Ltd. General Manager of Overseas Sales Department, Communications Company General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division General Manager of Overseas Sales Department, Global Business Division, and General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division Deputy General Manager of Copper Foil Division, and General Manager of Sales Department, Copper Foil Division General Manager of Planning & Administration Department, Global Marketing Sales Division General Manager of Group Marketing Department, Global Marketing Sales Division Corporate Vice President, General Manager of Business Innovation Design Department, Global Marketing Sales Division Corporate Vice President, Deputy General Manager of Corporate Strategy & Direction Division, General Manager of Social Design & New Business Development Department, General Manager of OneF Mobility Business Development Team Corporate Senior Vice President, General Manager of Global Marketing Sales Division Director and Corporate Senior Vice President, General Manager of Global Marketing Sales Division (present post)</p>	(Note 3)	44
Director and Corporate Vice President, and General Manager, Risk Management Division	Toshio Yanagi	January 26, 1966	<p>April 1988 April 2013 April 2016 April 2018 April 2020 April 2021 June 2023</p>	<p>Joined Furukawa Electric Co., Ltd. Senior Manager of Planning Unit, Copper Foil Division General Manager of Corporate Planning Department, Strategy Division General Manager of Corporate Planning Department, Strategy Division Corporate Vice President, General Manager of Copper Foil Division, Functional Products Division Corporate Vice President, General Manager of Risk Management Division Director and Corporate Vice President, General Manager of Risk Management Division (present post)</p>	(Note 3)	39

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Akihiro Fukunaga	January 29, 1964	<p>April 1986 Nov. 2005 Aug. 2009 Aug. 2011 June 2013 Nov. 2013 April 2016 April 2018 April 2019 June 2019 April 2021 April 2022 April 2024</p>	<p>Joined Furukawa Electric Co., Ltd. Senior Vice President and Chief Financial Officer of OFS Fitel, LLC Manager of Corporate Tax Section, Finance & Accounting Department Manager of Corporate Accounting Section, Finance & Accounting Department Manager of Corporate Accounting and Tax Section, Finance & Accounting Department, Finance & Procurement Division General Manager of Global Group Management Office, Global Group Management Division General Manager of Finance & Accounting Department, Finance & Procurement Division Corporate Vice President and General Manager of Global Management Division Corporate Vice President and General Manager of Finance & Global Management Division Director and Corporate Vice President and General Manager of Finance & Global Management Division Director and Corporate Senior Vice President and General Manager of Finance & Global Management Division Director and Corporate Senior Vice President and General Manager of Finance & Accounting Division Director (present post)</p>	(Note 3)	60
Audit & Supervisory Board Member (full-time)	Nozomu Amano	July 15, 1956	<p>April 1980 June 2004 June 2008 March 2009 June 2010 April 2012 April 2013 April 2014 April 2018 June 2018</p>	<p>Joined Furukawa Electric Co., Ltd. General Manager of Legal Department General Manager of HR & Administration Department General Manager of HR & Administration Department and General Manager of Corporate Business Research Department Director and Corporate Vice President, CSO Director and Corporate Vice President, CSRO Director and Corporate Vice President, General Manager of Administration & CSR Division Director and Corporate Senior Vice President, General Manager of Administration & CSR Division Director Audit & Supervisory Board Member (full-time) (present post)</p>	(Note 4)	63

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member (full-time)	Masao Terauchi	October 28, 1961	April 1984	Joined Furukawa Electric Co., Ltd.	(Note 4)	48
			Oct. 2006	Production Control Group Manager of Semiconductor Devices Department, FITEL Products Division, Communications Company		
			May 2009	Assistant Manager of Procurement Department		
			June 2009	General Manager of Procurement Department		
			April 2013	Assistant Manager of Planning Unit, Electric Conductor Division		
			June 2013	President of PT Tembaga Mulia Semanan Tbk		
			April 2017	Corporate Vice President, President of PT Tembaga Mulia Semanan Tbk		
			June 2017	Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Material Division		
			April 2018	Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Division		
			April 2020	Corporate Vice President, General Manager of Electronics Component Material Division		
			April 2022	Adviser of Electronics Component Material Division		
June 2022	Audit & Supervisory Board Member (full-time) (present post)					
Audit & Supervisory Board Member (full-time)	Hiroyuki Ogiwara	February 18, 1961	April 1983	Joined Furukawa Electric Co., Ltd.	(Note 5)	200
			Dec. 2003	Vice President and Chief Financial Officer of OFS Fitel, LLC		
			Nov. 2005	Manager of Tax & Accounting Department		
			June 2009	General Manager of Finance & Accounting Department		
			April 2013	General Manager of Finance & Accounting Department, Finance & Procurement Division		
			April 2014	Corporate Vice President General Manager of Finance & Procurement Division		
			June 2014	Director and Corporate Vice President, General Manager of Finance & Procurement Division		
			April 2016	Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2017	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2018	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division		
			April 2019	Representative Director and Corporate Senior Executive Vice President, Chief of Transformation Division		
			April 2021	Representative Director and Corporate Senior Executive Vice President, General Manager of Corporate Strategy & Direction Division		
			April 2022	Director and Corporate Senior Executive Vice President		
			June 2022	Corporate Senior Executive Vice President		
			April 2023	Adviser		
June 2023	Audit & Supervisory Board Member (full-time) (present post)					
			Important Concurrent Post Director (Outside) of ASAHI-SEIKI MANUFACTURING CO., LTD.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member	Kunihiko Sakai	March 4, 1954	April 1979	Public Prosecutor, Tokyo District Public Prosecutors Office	(Note 4)	23
			July 1998	Senior Counsel, Minister's Secretariat of Ministry of Justice		
			April 2000	Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant Director, Public Security Department of Tokyo District Public Prosecutors Office		
			April 2002	Director, the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders		
			July 2005	Director, Trial Department of Tokyo High Public Prosecutors Office		
			July 2006	Public Prosecutor, Supreme Public Prosecutors Office		
			June 2007	Chief Public Prosecutor, Nara District Public Prosecutors Office		
			July 2008	Director of General Affairs Department, Supreme Public Prosecutors Office		
			June 2010	Director, Lay Judge Trial Department of Supreme Public Prosecutors' Office		
			Oct. 2010	Chief Public Prosecutor of Nagoya District Public Prosecutors Office		
			June 2012	President, Research and Training Institute, Ministry of Justice		
			July 2014	Superintending Prosecutor, Takamatsu District Public Prosecutors Office		
			Sept. 2016	Superintending Prosecutor, Hiroshima District Public Prosecutors Office		
			March 2017	Resigned Above		
			April 2017	Adviser Attorney, TMI Associates (present post)		
			June 2018	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)		
			June 2019	Director (Outside), Audit & Supervisory Committee Member of HONDA MOTOR CO., LTD.		
			June 2021	Director (Outside) of HONDA MOTOR CO., LTD. (present post)		
			Important Concurrent Post			
			Adviser Attorney of TMI Associates			
			Director (Outside) of HONDA MOTOR CO., LTD.			
Audit & Supervisory Board Member	Sayaka Sumida	January 28, 1961	Oct. 1984	Joined Asahi Accounting Company (currently, KPMG AZSA LLC)	(Note 6)	17
			May 1988	Registered as Certified Public Accountant		
			May 2006	Partner, KPMG AZSA LLC		
			Aug. 2007	Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants		
			July 2010	Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants		
			Jan. 2015	Board Member, International Auditing and Assurance Standards Board (IAASB), International Federation of Accountants (IFAC)		
			Feb. 2017	Member of the Business Accounting Council in the Financial Services Agency		
			March 2020	Resigned from KPMG AZSA LLC		
			June 2020	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)		
			Important Concurrent Post			
			Audit & Supervisory Board Member (Outside) of The Nisshin Oillio Group, Ltd.			
			Director (Outside) of Audit & Supervisory Committee Member of ADVANTEST CORPORATION			
			Director (Outside) of Japan Exchange Group, Inc.			

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member	Takao Shiomi	November 25, 1952	<p>April 1975 Joined ITOCHU Corporation</p> <p>April 2000 General Manager of Automotive Business Strategy Office of ITOCHU Corporation</p> <p>Feb. 2001 General Manager of Corporate Planning Department, Finance/ Real Estate/ Insurance/ Logistics Company of ITOCHU Corporation</p> <p>June 2004 Executive Officer and General Manager of Logistics Division of ITOCHU Corporation</p> <p>April 2005 Executive Officer and General Manager of Finance Division of ITOCHU Corporation</p> <p>June 2006 Managing Director, and President, Finance /Real Estate / Insurance/ Logistics Company of ITOCHU Corporation</p> <p>May 2008 Retired from ITOCHU Corporation</p> <p>June 2008 Executive Vice President and Representative Director of Orient Corporation</p> <p>March 2012 Retired from Orient Corporation</p> <p>April 2012 Managing Executive Officer and President, Machinery Company of ITOCHU Corporation</p> <p>June 2012 Representative Director, Managing Executive Officer and President, Machinery Company of ITOCHU Corporation</p> <p>April 2014 Representative Director, Senior Managing Executive Officer and President, Machinery Company of ITOCHU Corporation</p> <p>March 2016 Retired from ITOCHU Corporation</p> <p>April 2016 Managing Executive Officer of ISUZU MOTORS LIMITED</p> <p>June 2016 Executive Vice President of ISUZU MOTORS LIMITED</p> <p>June 2018 Retired from ISUZU MOTORS LIMITED</p> <p>Aug. 2018 President, ITOCHU Corporate Pension Fund</p> <p>June 2021 Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>Aug. 2021 Retired from President, ITOCHU Corporate Pension Fund</p>	(Note 7)	—
Total					808

- Notes
1. Directors Mr. Osamu Tsukamoto, Mr. Takashi Tsukamoto, Mr. Yoshiro Miyokawa, Ms. Yukiko Yabu, and Mr. Tamotsu Saito are Outside Directors under Article 2, item (xv) of the Companies Act.
 2. Audit & Supervisory Board Members Mr. Kunihiro Sakai, Ms. Sayaka Sumida, and Mr. Takao Shiomi are Outside Audit & Supervisory Board Members under Article 2, item (xvi) of the Companies Act.
 3. The term of office is from the end of the Annual Shareholders Meeting for FY2022 to the end of the Annual Shareholders Meeting for FY2023.
 4. The term of office is from the end of the Annual Shareholders Meeting for FY2021 to the end of the Annual Shareholders Meeting for FY2025.
 5. The term of office is from the end of the Annual Shareholders Meeting for FY2022 to the end of the Annual Shareholders Meeting for FY2026.
 6. The term of office is from the end of the Annual Shareholders Meeting for FY2019 to the end of the Annual Shareholders Meeting for FY2023.
 7. The term of office is from the end of the Annual Shareholders Meeting for FY2020 to the end of the Annual Shareholders Meeting for FY2024.
 8. The Company has introduced the executive officer system with 27 Corporate Vice Presidents (consisting of one Corporate Executive Vice President, seven Corporate Senior Vice Presidents, and 19 Corporate Vice Presidents), of which three serve concurrently as Directors. Among the Corporate Vice Presidents, two are female and two are non-Japanese.

9. To ensure that the Company will not lack the mandatory number of Outside Audit & Supervisory Board Members, one reserve Outside Audit & Supervisory Board Member has been elected. The career summary of the reserve Outside Audit & Supervisory Board Member is as follows.

Name	Date of birth	Career summary		Number of shares held (hundreds of shares)
Kenji Koroyasu	April 16, 1942	<p>April 1967 Public Prosecutor</p> <p>April 1993 Public Prosecutor, Supreme Public Prosecutors Office</p> <p>Dec. 1993 Chief Public Prosecutor, Otsu District Public Prosecutors Office</p> <p>Jan. 1996 Chief Secretary, Ministry of Justice</p> <p>Dec. 1997 Director of General Affairs Department, Supreme Public Prosecutors Office</p> <p>April 1999 Director of Criminal Affairs Department, Supreme Public Prosecutors Office</p> <p>Dec. 1999 Director General, Research and Training Institute of Ministry of Justice</p> <p>May 2001 Superintending Prosecutor, Sapporo High Public Prosecutors Office</p> <p>June 2002 Superintending Prosecutor, Nagoya High Public Prosecutors Office</p> <p>Feb. 2003 Superintending Prosecutor, Osaka High Public Prosecutors Office</p> <p>June 2004 Retired as Superintending Prosecutor</p> <p>July 2004 Joined Tokyo Eiwa Attorneys at Law</p> <p>July 2008 Adviser Attorney, TMI Associates (present post)</p> <p>June 2010 Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd.</p> <p>June 2018 Retired as Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd.</p>	<p>Important Concurrent Post</p> <p>Adviser Attorney of TMI Associates</p>	20

- (ii) The Company will make proposals of the “Election of eleven (11) Directors” and “Election of one (1) Audit & Supervisory Board Member” as matters to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. If these proposals are approved and resolved as originally proposed, the members of the Board of Directors and the Audit & Supervisory Board of the Company will be as follows. Note that their official titles or positions and career summaries reflect matters to be resolved at the Board of Directors meeting and the Audit & Supervisory Board meeting to be held immediately after the end of the 202nd Annual Shareholders Meeting.

Male: 15, Female: 2 (Ratio of female officers: 11.8%)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Chairman and Director	Keiichi Kobayashi	June 24, 1959	April 1985	Joined Furukawa Electric Co., Ltd.	(Note 3)	98
			April 2014	Corporate Vice President and General Manager of Copper & High Performance Material Products Division		
			April 2015	Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			June 2015	Director and Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			April 2016	Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division		
			April 2017	President and Representative Director		
			April 2023	Chairman and Director (present post)		
Important Concurrent Post Director (Outside) of NTT DATA Japan Corporation						
President and Representative Director	Hideya Moridaira	July 13, 1965	April 1990	Joined Furukawa Electric Co., Ltd.	(Note 3)	55
			April 2014	Section Chief of Corporate Planning Section, Strategy Division		
			April 2016	General Manager of Planning & Administration Department, Communications Solutions Division		
			April 2017	Deputy General Manager of Communications Solutions Division, General Manager of Planning & Administration Department (concurrent posts)		
			Feb. 2020	General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division		
			April 2020	Corporate Vice President, General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division		
			April 2021	Corporate Vice President, General Manager of Communications Solutions Division, General Manager of Optical Fiber & Cable Products Division (concurrent posts)		
			May 2021	Corporate Vice President, General Manager of Communications Solutions Division		
			April 2022	Corporate Senior Vice President, General Manager of Communications Solutions Division		
			June 2022	Director and Corporate Senior Vice President, General Manager of Communications Solutions Division		
			April 2023	President and Representative Director (present post)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takashi Tsukamoto	August 2, 1950	<p>April 1974</p> <p>April 2002</p> <p>March 2003</p> <p>April 2004</p> <p>March 2006</p> <p>April 2007</p> <p>April 2008</p> <p>June 2008</p> <p>April 2009</p> <p>June 2011</p> <p>July 2013</p> <p>Nov. 2013</p> <p>April 2014</p> <p>April 2017</p> <p>June 2017</p> <p>June 2021</p> <p>July 2023</p>	<p>Joined The Dai-Ichi Kangyo Bank., Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Executive Officer / General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Managing Executive Officer / Head of Risk Management Group and Head of Human Resources Group of Mizuho Financial Group, Inc.</p> <p>Managing Executive Officer / Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd.</p> <p>Managing Director / Chief Strategy Officer and Chief Financial Officer of Mizuho Corporate Bank, Ltd.</p> <p>Deputy President of Mizuho Corporate Bank, Ltd.</p> <p>Deputy President-Executive Officer / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.</p> <p>Deputy President / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.</p> <p>President & CEO of Mizuho Financial Group, Inc.</p> <p>Chairman of Mizuho Financial Group, Inc. and President & CEO of Mizuho Bank, Ltd.</p> <p>Chairman of Mizuho Financial Group, Inc. and Chairman of Mizuho Bank, Ltd.</p> <p>Chairman of Mizuho Financial Group, Inc.</p> <p>Senior Adviser of Mizuho Financial Group</p> <p>Honorary Adviser of Mizuho Financial Group</p> <p>Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd.</p> <p>Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>Senior Adviser of Mizuho Financial Group, Inc. (present post)</p>	(Note 3)	52
			<p>Important Concurrent Post</p> <p>Senior Adviser of Mizuho Financial Group, Inc.</p> <p>Director (Outside) of Asahi Mutual Life Insurance Company</p> <p>Director (Outside) of AEON CO., LTD.</p> <p>Director (Outside) of Internet Initiative Japan Inc.</p>			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Yoshiro Miyokawa	December 28, 1952	<p>April 1975 Jan. 2003 Sept. 2004 April 2005 Sept. 2005 April 2006 April 2008 June 2008 June 2011 June 2013 June 2017 June 2019</p>	<p>Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) General Manager, Business Process Innovation Promotion Department, Yamanouchi Pharmaceutical Leader, Integration Secretariat, Merger Preparatory Committee, Group Strategy Planning Department, Yamanouchi Pharmaceutical General Manager, Integration Promotion Department, Astellas Pharma Inc. Executive Officer and General Manager, Business Innovation Department, Astellas Pharma Inc. Executive Officer and General Manager, Human Resources Department, Astellas Pharma Inc. Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Senior Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Vice President, Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Representative Director & Vice President, Chief Administrative Officer, and Chief Compliance Officer, Astellas Pharma Inc. Retired from Astellas Pharma Inc. Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p>	(Note 3)	31
Director	Yukiko Yabu	June 23, 1958	<p>April 1981 Jan. 2006 Jan. 2011 April 2012 April 2013 March 2014 June 2014 June 2015 June 2016 June 2019 June 2021</p>	<p>Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation) Director of Lifestyle Value Research Laboratory, R&D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd. Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Holdings Corporation Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Holdings Corporation Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Holdings Corporation Retired from Panasonic Holdings Corporation Director (Outside) of DUSKIN CO., LTD. Director (Outside) of TAKARA HOLDINGS INC. Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD. (present post) Director (Outside) of Furukawa Electric Co., Ltd. (present post) Director (Outside), Audit & Supervisory Committee Member of IBIDEN CO., LTD. (present post)</p>	(Note 3)	21
			Important Concurrent Post Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD. Director (Outside), Audit & Supervisory Committee Member of IBIDEN CO., LTD.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Tamotsu Saito	July 13, 1952	<p>April 1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd (currently IHI Corporation)</p> <p>June 2006 Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd.</p> <p>Jan. 2008 Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation</p> <p>April 2008 Director, Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation</p> <p>April 2009 Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation</p> <p>April 2011 Executive Vice President of IHI Corporation</p> <p>April 2012 President, Chief Executive Officer of IHI Corporation</p> <p>April 2016 Chairman of the Board, Chief Executive Officer of IHI Corporation</p> <p>April 2017 Chairman of the Board of IHI Corporation</p> <p>April 2020 Director of IHI Corporation</p> <p>June 2020 Senior Counselor of IHI Corporation (present post)</p> <p>June 2021 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>April 2024 Senior Adviser of IHI Corporation (present post)</p>	<p>Important Concurrent Post</p> <p>Senior Adviser of IHI Corporation</p> <p>Director (Outside) of Oki Electric Industry Company, Limited</p> <p>Director (Outside) of KAJIMA CORPORATION</p> <p>Chairman of New Energy and Industrial Technology Development Organization (NEDO)</p>	(Note 3)	12

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takeo Hoshino	May 16, 1962	<p>April 1987</p> <p>June 2003</p> <p>July 2004</p> <p>July 2007</p> <p>July 2009</p> <p>July 2011</p> <p>July 2012</p> <p>Feb. 2013</p> <p>June 2014</p> <p>April 2015</p> <p>July 2016</p> <p>July 2017</p> <p>July 2018</p> <p>Nov. 2018</p> <p>April 2019</p> <p>Sep. 2019</p> <p>June 2024</p>	<p>Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>Officer, Policy Planning and Research Office, Personnel Division, Ministry of International Trade and Industry</p> <p>Deputy Director of the San Francisco Office and Manager of the Business Innovation Center, Japan External Trade Organization (JETRO)</p> <p>Director for Electronic Devices, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry</p> <p>Director, Technology Cooperation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry</p> <p>Director, Nonferrous Metals Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry</p> <p>Commissioner and Director-General for Information, National Institute of Technology and Evaluation</p> <p>Director for Nuclear Incident Recovery, Reconstruction Agency</p> <p>Director, Regional Economic and Industrial Policy Division, Regional Economic and Industrial Group, Ministry of Economy, Trade and Industry</p> <p>Deputy Director-General for Industrial Technology and Standards Certification, Ministry of Economy, Trade and Industry</p> <p>Deputy Director-General for Regional Economic and Industrial Policy, Ministry of Economy, Trade and Industry</p> <p>Deputy Director-General, Town/People/Work Revitalization Headquarters, Cabinet Secretariat</p> <p>Deputy Secretary General, Office for the Promotion of Regional Revitalization Cabinet Office</p> <p>Deputy Director-General, Nuclear Incident Disaster Response, Ministry of Economy, Trade and Industry</p> <p>Retired from Ministry of Economy, Trade and Industry</p> <p>Research Fellow, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo</p> <p>Project Professor, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo (present post)</p> <p>Deputy General Manager, Division of University Corporate Relations, The University of Tokyo</p> <p>Director (Outside) of Furukawa Electric Co., Ltd. (scheduled)</p>	(Note 3)	—

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Corporate Executive Vice President, and General Manager of Strategy Division	Satoshi Miyamoto	February 20, 1962	<p>April 1984 July 1999 June 2001 June 2004 April 2006 June 2010 April 2011 Feb. 2012 June 2013 Oct. 2015 June 2016 July 2017 Nov. 2017 April 2018 April 2019 June 2019 April 2021 April 2022</p>	<p>Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry) Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of International Trade and Industry Deputy Director, Japan External Trade Organization (JETRO) New York Center Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry CANON INC. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises) Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau) Deputy Chairman, JETRO Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry Retired from Ministry of Economy, Trade and Industry Adviser (full-time), Furukawa Electric Co., Ltd. Corporate Vice President, and General Manager of Administration & CSR Division Corporate Senior Vice President, and General Manager of Administration & CSR Division Director and Corporate Senior Vice President, and General Manager of Administration & CSR Division Director and Corporate Senior Vice President, and General Manager of Business Basis Transformation Division Director and Corporate Executive Vice President, and General Manager of Strategy Division (present post)</p>	(Note 3)	40

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Corporate Senior Vice President, and General Manager of Global Marketing Sales Division	Yoshio Masutani	September 29, 1965	<p>April 1989 July 1993 Oct. 1998 April 2011 April 2013 April 2015 July 2015 April 2017 April 2018 April 2020 April 2021 April 2022 June 2022</p>	<p>Joined Okura & Co., Ltd. Okura & Co. UK Ltd. Joined Furukawa Electric Co., Ltd. General Manager of Overseas Sales Department, Communications Company General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division General Manager of Overseas Sales Department, Global Business Division, and General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division Deputy General Manager of Copper Foil Division, and General Manager of Sales Department, Copper Foil Division General Manager of Planning & Administration Department, Global Marketing Sales Division General Manager of Group Marketing Department, Global Marketing Sales Division Corporate Vice President, General Manager of Business Innovation Design Department, Global Marketing Sales Division Corporate Vice President, Deputy General Manager of Corporate Strategy & Direction Division, General Manager of Social Design & New Business Development Department, General Manager of OneF Mobility Business Development Team Corporate Senior Vice President, General Manager of Global Marketing Sales Division Director and Corporate Senior Vice President, General Manager of Global Marketing Sales Division (present post)</p>	(Note 3)	44

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Corporate Vice President, and General Manager of Risk Management Division	Toshio Yanagi	January 26, 1966	<p>April 1988 April 2013 April 2016 April 2018 April 2020 April 2021 June 2023</p>	<p>Joined Furukawa Electric Co., Ltd. Senior Manager of Planning Unit, Copper Foil Division General Manager of Corporate Planning Department, Strategy Division General Manager of Corporate Planning Department, Strategy Division Corporate Vice President, General Manager of Copper Foil Division, Functional Products Division Corporate Vice President, General Manager of Risk Management Division Director and Corporate Vice President, General Manager of Risk Management Division (present post)</p>	(Note 3)	39
Director and Corporate Vice President, and General Manager, Finance & Accounting Division	Koji Aoshima	March 4, 1969	<p>April 1992 March 2011 June 2013 Nov. 2013 April 2018 April 2021 April 2022 April 2024 June 2024</p>	<p>Joined Furukawa Electric Co., Ltd. Manager of Accounting Group, Copper Foil Business Department, Metals Company Manager of Accounting Section 2, Corporate Accounting Department, Finance & Procurement Division Manager of Accounting Section, Corporate Accounting Department, Finance & Procurement Division General Manager of Corporate Accounting Department, Business Management Division, Furukawa Automotive Systems Inc General Manager of Finance & Accounting Department, Finance & Global Management Division, Furukawa Electric Co., Ltd. General Manager of Finance & Accounting Department, Finance & Accounting Division Corporate Vice President, General Manager of Finance & Accounting Division (present post) Director and Corporate Vice President, and General Manager of Finance & Accounting Division (scheduled)</p>	(Note 3)	8
Audit & Supervisory Board Member (full-time)	Nozomu Amano	July 15, 1956	<p>April 1980 June 2004 June 2008 March 2009 June 2010 April 2012 April 2013 April 2014 April 2018 June 2018</p>	<p>Joined Furukawa Electric Co., Ltd. General Manager of Legal Department General Manager of HR & Administration Department General Manager of HR & Administration Department and General Manager of Corporate Business Research Department Director and Corporate Vice President, CSO Director and Corporate Vice President, CSRO Director and Corporate Vice President, General Manager of Administration & CSR Division Director and Corporate Senior Vice President, General Manager of Administration & CSR Division Director Audit & Supervisory Board Member (full-time) (present post)</p>	(Note 4)	63

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member (full-time)	Masao Terauchi	October 28, 1961	April 1984	Joined Furukawa Electric Co., Ltd.	(Note 4)	48
			Oct. 2006	Production Control Group Manager of Semiconductor Devices Department, FITEL Products Division, Communications Company		
			May 2009	Assistant Manager of Procurement Department		
			June 2009	General Manager of Procurement Department		
			April 2013	Assistant Manager of Planning Unit, Electric Conductor Division		
			June 2013	President of PT Tembaga Mulia Semanan Tbk		
			April 2017	Corporate Vice President, President of PT Tembaga Mulia Semanan Tbk		
			June 2017	Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Material Division		
			April 2018	Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Division		
			April 2020	Corporate Vice President, General Manager of Electronics Component Material Division		
April 2022	Adviser of Electronics Component Material Division					
June 2022	Audit & Supervisory Board Member (full-time) (present post)					
Audit & Supervisory Board Member (full-time)	Hiroyuki Ogiwara	February 18, 1961	April 1983	Joined Furukawa Electric Co., Ltd.	(Note 5)	200
			Dec. 2003	Vice President and Chief Financial Officer of OFS Fitel, LLC		
			Nov. 2005	Manager of Tax & Accounting Department		
			June 2009	General Manager of Finance & Accounting Department		
			April 2013	General Manager of Finance & Accounting Department, Finance & Procurement Division		
			April 2014	Corporate Vice President General Manager of Finance & Procurement Division		
			June 2014	Director and Corporate Vice President, General Manager of Finance & Procurement Division		
			April 2016	Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2017	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2018	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division		
			April 2019	Representative Director and Corporate Senior Executive Vice President, Chief of Transformation Division		
			April 2021	Representative Director and Corporate Senior Executive Vice President, General Manager of Corporate Strategy & Direction Division		
			April 2022	Director and Corporate Senior Executive Vice President		
			June 2022	Corporate Senior Executive Vice President		
			April 2023	Adviser		
			June 2023	Audit & Supervisory Board Member (full-time) (present post)		
			Important Concurrent Post Director (Outside) of ASAHI-SEIKI MANUFACTURING CO., LTD.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member	Kunihiko Sakai	March 4, 1954	April 1979	Public Prosecutor, Tokyo District Public Prosecutors Office	(Note 4)	23
			July 1998	Senior Counsel, Minister’s Secretariat of Ministry of Justice		
			April 2000	Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant Director, Public Security Department of Tokyo District Public Prosecutors Office		
			April 2002	Director, the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders		
			July 2005	Director, Trial Department of Tokyo High Public Prosecutors Office		
			July 2006	Public Prosecutor, Supreme Public Prosecutors Office		
			June 2007	Chief Public Prosecutor, Nara District Public Prosecutors Office		
			July 2008	Director of General Affairs Department, Supreme Public Prosecutors Office		
			June 2010	Director, Lay Judge Trial Department of Supreme Public Prosecutors’ Office		
			Oct. 2010	Chief Public Prosecutor of Nagoya District Public Prosecutors Office		
			June 2012	President, Research and Training Institute, Ministry of Justice		
			July 2014	Superintending Prosecutor, Takamatsu District Public Prosecutors Office		
			Sept. 2016	Superintending Prosecutor, Hiroshima District Public Prosecutors Office		
			March 2017	Resigned Above		
			April 2017	Adviser Attorney, TMI Associates (present post)		
			June 2018	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)		
			June 2019	Director (Outside), Audit & Supervisory Committee Member of HONDA MOTOR CO., LTD.		
			June 2021	Director (Outside) of HONDA MOTOR CO., LTD. (present post)		
			Important Concurrent Post Adviser Attorney of TMI Associates Director (Outside) of HONDA MOTOR CO., LTD.			
Audit & Supervisory Board Member	Sayaka Sumida	January 28, 1961	Oct. 1984	Joined Asahi Accounting Company (currently, KPMG AZSA LLC)	(Note 6)	17
			May 1988	Registered as Certified Public Accountant		
			May 2006	Partner, KPMG AZSA LLC		
			Aug. 2007	Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants		
			July 2010	Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants		
			Jan. 2015	Board Member, International Auditing and Assurance Standards Board (IAASB), International Federation of Accountants (IFAC)		
			Feb. 2017	Member of the Business Accounting Council in the Financial Services Agency		
			March 2020	Resigned from KPMG AZSA LLC		
			June 2020	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)		
			Important Concurrent Post Audit & Supervisory Board Member (Outside) of The Nisshin OilliO Group, Ltd. Director (Outside) of Audit & Supervisory Committee Member of ADVANTEST CORPORATION Director (Outside) of Japan Exchange Group, Inc.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member	Takao Shiomi	November 25, 1952	April 1975	Joined ITOCHU Corporation	(Note 7)	—
			April 2000	General Manager of Automotive Business Strategy Office of ITOCHU Corporation		
			Feb. 2001	General Manager of Corporate Planning Department, Finance/ Real Estate/ Insurance/ Logistics Company of ITOCHU Corporation		
			June 2004	Executive Officer and General Manager of Logistics Division of ITOCHU Corporation		
			April 2005	Executive Officer and General Manager of Finance Division of ITOCHU Corporation		
			June 2006	Managing Director, and President, Finance /Real Estate / Insurance/ Logistics Company of ITOCHU Corporation		
			May 2008	Retired from ITOCHU Corporation		
			June 2008	Executive Vice President and Representative Director of Orient Corporation		
			March 2012	Retired from Orient Corporation		
			April 2012	Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			June 2012	Representative Director, Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			April 2014	Representative Director, Senior Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			March 2016	Retired from ITOCHU Corporation		
			April 2016	Managing Executive Officer of ISUZU MOTORS LIMITED		
			June 2016	Executive Vice President of ISUZU MOTORS LIMITED		
			June 2018	Retired from ISUZU MOTORS LIMITED		
			Aug. 2018	President, ITOCHU Corporate Pension Fund		
			June 2021	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)		
			Aug. 2021	Retired from President, ITOCHU Corporate Pension Fund		
Total						588

- Notes
1. Directors Mr. Takashi Tsukamoto, Mr. Yoshiro Miyokawa, Ms. Yukiko Yabu, Mr. Tamotsu Saito, and Mr. Takeo Hoshino will be Outside Directors under Article 2, item (xv) of the Companies Act.
 2. Audit & Supervisory Board Members Mr. Kunihiro Sakai, Ms. Sayaka Sumida, and Mr. Takao Shiomi will be Outside Audit & Supervisory Board Members under Article 2, item(xvi) of the Companies Act.
 3. The term of office will be from the end of the Annual Shareholders Meeting for FY2023 to the end of the Annual Shareholders Meeting for FY2024.
 4. The term of office will be from the end of the Annual Shareholders Meeting for FY2021 to the end of the Annual Shareholders Meeting for FY2025.
 5. The term of office will be from the end of the Annual Shareholders Meeting for FY2022 to the end of the Annual Shareholders Meeting for FY2026.
 6. The term of office will be from the end of the Annual Shareholders Meeting for FY2023 to the end of the Annual Shareholders Meeting for FY2027.
 7. The term of office will be from the end of the Annual Shareholders Meeting for FY2020 to the end of the Annual Shareholders Meeting for FY2024.
 8. The Company has introduced the executive officer system with 27 Corporate Vice Presidents (consisting of one Corporate Executive Vice President, seven Corporate Senior Vice Presidents, and 19 Corporate Vice Presidents), of which four serve concurrently as Directors. Among the Corporate Vice Presidents, two are female and two are non-Japanese.

9. To ensure that the Company will not lack the mandatory number of Outside Audit & Supervisory Board Members, it will make the proposal of “Election of one (1) Reserve Audit & Supervisory Board Member” as a matter to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. If this proposal is approved and resolved as originally proposed, the career summary and other information of the reserve Audit & Supervisory Board Member will be as follows.

Name	Date of birth	Career summary		Number of shares held (hundreds of shares)
Kenji Koroyasu	April 16, 1942	April 1967	Public Prosecutor	20
		April 1993	Public Prosecutor, Supreme Public Prosecutors Office	
		Dec. 1993	Chief Public Prosecutor, Otsu District Public Prosecutors Office	
		Jan. 1996	Chief Secretary, Ministry of Justice	
		Dec. 1997	Director of General Affairs Department, Supreme Public Prosecutors Office	
		April 1999	Director of Criminal Affairs Department, Supreme Public Prosecutors Office	
		Dec. 1999	Director General, Research and Training Institute of Ministry of Justice	
		May 2001	Superintending Prosecutor, Sapporo High Public Prosecutors Office	
		June 2002	Superintending Prosecutor, Nagoya High Public Prosecutors Office	
		Feb. 2003	Superintending Prosecutor, Osaka High Public Prosecutors Office	
		June 2004	Retired as Superintending Prosecutor	
		July 2004	Joined Tokyo Eiwa Attorneys at Law	
		July 2008	Adviser Attorney, TMI Associates (present post)	
		June 2010	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd.	
June 2018	Retired as Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd.			
Important Concurrent Post				
Adviser Attorney of TMI Associates				

2) Status of Outside Officers

(i) Numbers of Outside Officers

The Company has five Outside Directors and three Outside Audit & Supervisory Board Members as of June 24, 2024 (filing date of this Annual Securities Report). The Company will make proposals of “Election of eleven (11) Directors” and “Election of one (1) Audit & Supervisory Board Member” as matters to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024, but even after these proposals will be approved and resolved as originally proposed, the above numbers will remain unchanged.

(ii) The Company’s views on functions and roles of outside officers to be fulfilled in corporate governance, standards and policies for their independence, and their appointment

Outside Directors and Outside Audit & Supervisory Board Members of the Company have fulfilled their functions and roles of further strengthening management supervision by the Board of Directors and auditing by Audit & Supervisory Board Members by means of actively expressing their opinions and making recommendations based on their extensive knowledge at the Board of Directors, the Audit & Supervisory Board, and other occasions.

The Company has set forth the independence standards to appoint outside officers as follows.

<Independence Standards for Outside Officers>

If none of the following attributes are applicable to the relevant outside Directors and outside Audit & Supervisory Board Members (including candidates), the Company considers that they are independent Directors and Audit & Supervisory Board Members without the possibility of creating any conflict of interest with general shareholders.

- (a) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
- (b) Person belonging to a company which is one of the Company’s main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
- (c) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company’s total assets in the most recent years).
- (d) Person who receives monetary or other economic benefits from the Company of JPY 10 million or more a year, over and above officer’s remuneration, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives JPY 100 million a year from the Company.
- (e) Person who has fallen under any of the items (a) to (d) during any period within the past three years.
- (f) Relative of the person who falls under any of the items (a) to (e) above, within the second degree of kinship.
- (g) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.

* Even if any of the items (a) to (g) is not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

(iii) Outside Officers and their relationship with the Company

The status of outside officers and their relationship with the Company as of June 24, 2024 (filing date of this Annual Securities Report) are as follows.

<p>Outside Director Osamu Tsukamoto</p>	<p>Mr. Osamu Tsukamoto has many years of experience especially in the environment and energy fields at the Ministry of Economy, Trade and Industry as well as his extensive knowledge since he appointed outside Director, despite the fact that he has not been involved in corporate management other than serving as an outside director of the Company. Since he assumed the position of Outside Director of the Company, he has actively provided advice and suggestions mainly on research & development, business strategy, and product quality, taking into account the government's economic policies and market trends. His advice and recommendations backed by his in-depth insights into industry policies, especially in the environment and energy areas, will be extremely useful for the Group to further focus on developing new technologies and new businesses. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>An advisory contract was entered into by and between Mr. Tsukamoto and the Company in October 2010. Since then, the Company has been receiving professional advice from him on the business fields of Furukawa Electric Group. After he became an Outside Director in June 2013, the Company continued to pay compensations for his advice in his area of expertise in addition to the remuneration for Outside Director and will continue to do so after he is re-elected as a Director. The amount of the compensation which the Company has paid to him so far is less than ¥5 million, which is lower than the threshold specified in the Company's Independence Standards.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Takashi Tsukamoto</p>	<p>Mr. Takashi Tsukamoto has held several leadership positions, including Director in charge of Finance and Representative Director, in a financial institution, and has a wealth of experience and extensive knowledge of overall corporate management, including finance and accounting. Since he assumed the position of Outside Director of the Company in 2021, he has actively provided advice and recommendations mainly on business strategy, group management, financial policies and investor relations from the perspectives of Furukawa Electric Group's global management as well as shareholders and other stakeholders. Furthermore, he has demonstrated his leadership as the chairperson of Nominating/Compensation Committee as well as Outside Officers Committee, while taking initiative as the lead outside officer by sharing the recognition of the Company's management challenges among outside officers and by ensuring cooperation between outside officers and the management/Audit & Supervisory Board (Members). As such, he has significantly contributed to improving the Company's corporate governance. His advice and recommendations on corporate management and finance/accounting based on his experience and expertise, as well as his leadership, will be extremely beneficial for the Group to work on strengthening the corporate governance system and promoting global corporate management. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Mizuho Bank, Ltd., where Mr. Takashi Tsukamoto served as President & CEO in the past, and Furukawa Electric Group borrowed ¥63,263 million as of March 31, 2024. Mr. Tsukamoto, however, retired from the executive position in June 2013.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Yoshiro Miyokawa</p>	<p>Mr. Yoshiro Miyokawa assumed prominent administrative positions and served as Representative Director & Vice President at a large pharmaceutical company and has extensive experience and in-depth insight in corporate management, human resources policy, and compliance. Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on corporate governance, business strategy, and personnel development to improve governance of the entire Furukawa Electric Group. His advice and recommendations on corporate management and compliance based on his experience and expertise will be extremely useful for the Group to work on enhancing the group governance system for the entire Group. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

<p>Outside Director Yukiko Yabu</p>	<p>Ms. Yukiko Yabu has served as outside director of several listed companies including our Company, although she has not engaged in corporate management in any other capacity; and has a wealth of experience and advanced knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. Since she assumed the position of Outside Director of the Company, she has actively provided advice and recommendations mainly on business strategy, marketing, and diversity from a broad perspective. Her advice and recommendations based on her experience and expertise in marketing and product development, among others, will be extremely useful for the Group to accelerate global sales expansion. In addition, the Company expects that she will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed her as an Outside Director, believing that she is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>
<p>Outside Director Tamotsu Saito</p>	<p>Mr. Tamotsu Saito has held several leadership positions including President & Representative Director and Chairperson of one of Japan's leading heavy industry manufacturers and has a wealth of experience and extensive expertise of global corporation management and overall manufacturing (monozukuri). Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on business strategy, manufacturing (monozukuri), and financial policies from the perspective of the Group's global management. His advice and recommendations based on his experience and expertise in corporate management and manufacturing will be extremely useful for the Group to further expand business as a manufacturer. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Between the Company and IHI Corporation, for which Mr. Tamotsu Saito served as Chairman and Representative Director until March 2020, there is a business relationship where the Company sells special-purpose cables, components, etc. to IHI Corporation. However, the total trading amount in FY2023 was approx. ¥53 million, and therefore, the amount is quite small.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Audit & Supervisory Board Member Kunihiko Sakai</p>	<p>Although Mr. Kunihiko Sakai does not have direct experience in corporate management other than serving as an outside officer, he has long years of experience as a legal professional including overseas experience and has significant insights into such areas as corporate governance, legal risk management, and compliance. Since he assumed the position of Outside Audit & Supervisory Board Member of the Company, he has actively expressed his opinions mainly on legal regulations and corporate governance in various countries at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. Furthermore, through his experience as an Outside Audit & Supervisory Board Member of the Company, he has profound knowledge of how Furukawa Electric Group's compliance system was established and the current situation of our business operations. Accordingly, the Company expects that he will make appropriate points and express appropriate opinions for maintaining/improving its internal control system, including risk management, and maintaining sound management. The Company expects that he will provide appropriate advice and opinions to contribute to strengthening the Company's audit system. Therefore, the Company appointed him as Outside Audit & Supervisory Board Member, believing that he is qualified for the position.</p> <p>Mr. Sakai has served as Advisor Attorney of TMI Associates since April 2017. There is a transaction related to legal consultation between the Company and TMI Associates in the amount of approximately ¥2 million per year for FY2023, which is lower than the threshold specified in the Company's Independence Standards. The transaction was of a one-time nature related to legal consultation rather than of a continuous nature under an adversary contract, and Mr. Sakai was not involved in the transaction.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

<p>Outside Audit & Supervisory Board Member Sayaka Sumida</p>	<p>Although Ms. Sayaka Sumida does not have direct experience in corporate management other than serving as an outside officer, she has extensive familiarity with audits of financial statements and audits of internal control from her long experience as a certified public accountant. Besides, she served as Executive Board Member of the Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Financial Services Agency. As such, she has a wealth of experience in and extensive knowledge of finance and accounting. Since she assumed the position of Outside Audit & Supervisory Board Member of the Company, she has actively expressed her opinion mainly on group company management and finance/accounting at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. The Company expects that her experience and knowledge will contribute to strengthening the Company's audit system, and therefore, appointed her as Outside Audit & Supervisory Board Member, believing that she is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>
<p>Outside Audit & Supervisory Board Member Takao Shiomi</p>	<p>Mr. Takao Shiomi has experience in corporate management in various industries, including a large trading company, financial institution, and manufacturer. He has a wealth of experience in and profound knowledge of overall corporate management, including finance and accounting. Since he assumed the position of Outside Audit & Supervisory Board Member of the Company, he has actively expressed his opinions mainly on corporate group management at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. The Company expects that his experience and knowledge will contribute to strengthening the Company's audit system, and therefore, appointed him as Outside Audit & Supervisory Board Member, believing that he is qualified for the position.</p> <p>Mr. Takao Shiomi served as a director of ITOCHU Corporation ("ITOCHU") from June 2012 to March 2016. Between ITOCHU and the Company, there is a business relationship where our subsidiary sells its products to overseas customers using ITOCHU as its agent, but the annual trade value in FY2023 was as small as approx. ¥1,178 million. In addition, Mr. Takao Shiomi served as a director of ISUZU MOTORS LIMITED ("ISUZU") from June 2016 to June 2018. Between ISUZU and the Company, there is a business relationship where the Company sells automotive parts, etc. to ISUZU. The annual trade value in FY2023 was approx. ¥12,403 million. Furthermore, Mr. Mitsuyoshi Shibata, who served as Director of the Company from June 2018 through June 2023, has assumed an office of an outside director of ISUZU, where Mr. Shiomi used to serve as a director.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

Note: The Company will make proposals of "Election of eleven (11) Directors" and "Election of one (1) Audit & Supervisory Board Member" as matters to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. If these proposals will be approved and resolved as originally proposed, the status of each outside director and their relationship with the Company are as follows.

<p>Outside Director Takashi Tsukamoto</p>	<p>Mr. Takashi Tsukamoto has held several leadership positions, including Director in charge of Finance and Representative Director, in a financial institution, and has a wealth of experience and extensive knowledge of overall corporate management, including finance and accounting. Since he assumed the position of Outside Director of the Company in 2021, he has actively provided advice and recommendations mainly on business strategy, group management, financial policies and investor relations from the perspectives of Furukawa Electric Group's global management as well as shareholders and other stakeholders. Furthermore, he has demonstrated his leadership as the chairperson of Nominating/Compensation Committee as well as Outside Officers Committee, while taking initiative as the lead outside officer by sharing the recognition of the Company's management challenges among outside officers and by ensuring cooperation between outside officers and the management/Audit & Supervisory Board (Members). As such, he has significantly contributed to improving the Company's corporate governance. His advice and recommendations on corporate management and finance/accounting based on his experience and expertise, as well as his leadership, will be extremely beneficial for the Group to work on strengthening the corporate governance system and promoting global corporate management. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Mizuho Bank, Ltd., where Mr. Takashi Tsukamoto served as President & CEO in the past, and Furukawa Electric Group borrowed ¥63,263 million as of March 31, 2024. Mr. Tsukamoto, however, retired from the executive position in June 2013.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
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<p>Outside Director Yoshiro Miyokawa</p>	<p>Mr. Yoshiro Miyokawa assumed prominent administrative positions and served as Representative Director & Vice President at a large pharmaceutical company and has extensive experience and in-depth insight in corporate management, human resources policy, and compliance. Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on corporate governance, business strategy, and personnel development to improve governance of the entire Furukawa Electric Group. His advice and recommendations on corporate management and compliance based on his experience and expertise will be extremely useful for the Group to work on enhancing the group governance system for the entire Group. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Yukiko Yabu</p>	<p>Ms. Yukiko Yabu has served as outside director of several listed companies including our Company, although she has not engaged in corporate management in any other capacity; and has a wealth of experience and advanced knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. Since she assumed the position of Outside Director of the Company, she has actively provided advice and recommendations mainly on business strategy, marketing, and diversity from a broad perspective. Her advice and recommendations based on her experience and expertise in marketing and product development, among others, will be extremely useful for the Group to accelerate global sales expansion. In addition, the Company expects that she will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed her as an Outside Director, believing that she is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>
<p>Outside Director Tamotsu Saito</p>	<p>Mr. Tamotsu Saito has held several leadership positions including President & Representative Director and Chairperson of one of Japan's leading heavy industry manufacturers and has a wealth of experience and extensive expertise of global corporation management and overall manufacturing (monozukuri). Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on business strategy, manufacturing (monozukuri), and financial policies from the perspective of the Group's global management. His advice and recommendations based on his experience and expertise in corporate management and manufacturing will be extremely useful for the Group to further expand business as a manufacturer. In addition, the Company expects that he will contribute to strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Between the Company and IHI Corporation, for which Mr. Tamotsu Saito served as Chairman and Representative Director until March 2020, there is a business relationship where the Company sells special-purpose cables, components, etc. to IHI Corporation. However, the total trading amount in FY2023 was approx. ¥53 million, and therefore, the amount is quite small.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Takeo Hoshino</p>	<p>Although Mr. Takeo Hoshino does not have direct experience in corporate management other than serving as an outside officer, he has held prominent positions, including Deputy Director-General, at the Ministry of Economy, Trade and Industry, and has a wealth of experience and advanced knowledge in industrial policies, especially in environment and energy fields, as well as materials engineering. While the Group plans to promote climate-conscious business activities and focus on developing new businesses, the Company expects that his advice and recommendations based on his experience and expertise will contribute to stimulating strategic discussion at the Board of Directors and strengthening its oversight function from an independent viewpoint. Therefore, the Company requests his election as a new Outside Director.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

<p>Outside Audit & Supervisory Board Member Kunihiko Sakai</p>	<p>Although Mr. Kunihiko Sakai does not have direct experience in corporate management other than serving as an outside officer, he has long years of experience as a legal professional including overseas experience and has significant insights into such areas as corporate governance, legal risk management, and compliance. Since he assumed the position of Outside Audit & Supervisory Board Member of the Company, he has actively expressed his opinions mainly on legal regulations and corporate governance in various countries at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. Furthermore, through his experience as an Outside Audit & Supervisory Board Member of the Company, he has profound knowledge of how Furukawa Electric Group's compliance system was established and the current situation of our business operations. Accordingly, the Company expects that he will make appropriate points and express appropriate opinions for maintaining/improving its internal control system, including risk management, and maintaining sound management. The Company expects that he will provide appropriate advice and opinions to contribute to strengthening the Company's audit system. Therefore, the Company appointed him as Outside Audit & Supervisory Board Member, believing that he is qualified for the position.</p> <p>Mr. Sakai has served as Advisor Attorney of TMI Associates since April 2017. There is a transaction related to legal consultation between the Company and TMI Associates in the amount of approximately ¥2 million per year for FY2023, which is lower than the threshold specified in the Company's Independence Standards. The transaction was of a one-time nature related to legal consultation rather than of a continuous nature under an adversary contract, and Mr. Sakai was not involved in the transaction.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Audit & Supervisory Board Member Sayaka Sumida</p>	<p>Although Ms. Sayaka Sumida does not have direct experience in corporate management other than serving as an outside officer, she has extensive familiarity with audits of financial statements and audits of internal control from her long experience as a certified public accountant. Besides, she served as Executive Board Member of the Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Financial Services Agency. As such, she has a wealth of experience in and extensive knowledge of finance and accounting. Since she assumed the position of Outside Audit & Supervisory Board Member of the Company, she has actively expressed her opinion mainly on group company management and finance/accounting at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. The Company expects that her experience and knowledge will contribute to strengthening the Company's audit system, and therefore, appointed her as Outside Audit & Supervisory Board Member, believing that she is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>
<p>Outside Audit & Supervisory Board Member Takao Shiomi</p>	<p>Mr. Takao Shiomi has experience in corporate management in various industries, including a large trading company, financial institution, and manufacturer. He has a wealth of experience in and profound knowledge of overall corporate management, including finance and accounting. Since he assumed the position of Outside Audit & Supervisory Board Member of the Company, he has actively expressed his opinions mainly on corporate group management at Board of Directors meetings and Audit & Supervisory Board meetings from the perspective of risk management. The Company expects that his experience and knowledge will contribute to strengthening the Company's audit system, and therefore, appointed him as Outside Audit & Supervisory Board Member, believing that he is qualified for the position.</p> <p>Mr. Takao Shiomi served as a director of ITOCHU Corporation ("ITOCHU") from June 2012 to March 2016. Between ITOCHU and the Company, there is a business relationship where our subsidiary sells its products to overseas customers using ITOCHU as its agent, but the annual trade value in FY2023 was as small as approx. ¥1,178 million. In addition, Mr. Takao Shiomi served as a director of ISUZU MOTORS LIMITED ("ISUZU") from June 2016 to June 2018. Between ISUZU and the Company, there is a business relationship where the Company sells automotive parts, etc. to ISUZU. The annual trade value in FY2023 was approx. ¥12,403 million. Furthermore, Mr. Mitsuyoshi Shibata, who served as Director of the Company from June 2018 through June 2023, has assumed an office of an outside director of ISUZU, where Mr. Shiomi used to serve as a director.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

- (iv) Mutual cooperation between supervision or auditing by outside officers and internal auditing, and their relationship with internal control division
- The Company has full-time Audit & Supervisory Board Members, Outside Audit & Supervisory Board Members and Auditing Department conduct on-site inspections (including remote auditing by using a web conference system). Outside Audit & Supervisory Board Members receive reports from full-time Audit & Supervisory Board Members on the outline of the on-site inspections and also the outline of important meetings at which Outside Audit & Supervisory Board Members were not present. Furthermore, Outside Audit & Supervisory Board Members receive an annual audit plan, results of quarterly reviews, an audit report and other documents from Accounting Auditor and actively exchange opinions with them.

To help Outside Directors perform their supervisory duties or Outside Audit & Supervisory Board Members to perform their auditing duties, results of audits by Audit & Supervisory Board Members and Auditing Department are regularly reported to the Board of Directors. In addition, in cases where, for example, deficiencies in the internal control system are detected, results of monitoring by Risk Management Department and Auditing Department are also reported to the Board of Directors. Opinions expressed by outside officers at the Board of Directors meetings are fully considered in improving the internal control system and implementing subsequent audits.

(3) Audits

1) Audit by Audit & Supervisory Board Members

(i) Organization, staffing and procedures for audits by Audit & Supervisory Board Members

<Organization and staffing for audits by Audit & Supervisory Board Members>

The organization and staffing for audits by Audit & Supervisory Board Members as of June 24, 2024 (filing date of this Annual Securities Report) are as follows. The Company has six Audit & Supervisory Board Members, of which three are Outside Audit & Supervisory Board Members. Among the six Audit & Supervisory Board Members, four members have considerable expertise in finance and accounting. Specifically, one member has the experience of engaging in tax and accounting services as an employee of the Company, another member has the experience of serving as an officer in charge of the finance division of the Group, another member has the professional experience in the field of finance and accounting with a certified public accountant designation, and yet another member has the experience of corporate management including financial and accounting. Also, the Company has assigned two staff members who assist Audit & Supervisory Board Members in performing their duties.

The name and career history of each Audit & Supervisory Board Member are as follows.

Name	Career history, etc.
Nozomu Amano (Audit & Supervisory Board Member (full-time))	Mr. Nozomu Amano has held key posts such as General Manager of Legal Department and General Manager of Administration & CSR Division. He has significant insight into the Company's corporate governance and compliance, as well as expertise in finance and accounting based on his experience in accounting services.
Masao Terauchi (Audit & Supervisory Board Member (full-time))	Mr. Masao Terauchi has worked in divisions in charge of production control/business planning and procurement, and also served as President of a listed subsidiary in Asia and General Manager of Electronics Component Material Division. As such, he has experience and expertise in overseas business management as well as energy segment.
Hiroyuki Ogiwara (Audit & Supervisory Board Member (full-time))	Mr. Hiroyuki Ogiwara has held various positions in Furukawa Electric Group, including CFO of our U.S. subsidiary, General Manager of Finance & Accounting Department of the Company, and General Manager of Finance & Procurement Division of the Company. He has garnered a wealth of experience and advanced knowledge in finance/accounting and the Group management through his experience leading the Group's transformation activities and serving as Corporate Senior Executive Vice President.
Kunihiko Sakai (Outside Audit & Supervisory Board Member)	Mr. Kunihiko Sakai has a wealth of experience and advanced knowledge in areas such as corporate governance, management of legal risks, and compliance through long years of experience including experience overseas as a legal professional.
Sayaka Sumida (Outside Audit & Supervisory Board Member)	Ms. Sayaka Sumida has extensive familiarity with audits of financial statements and internal control, from her long years of experience as a certified public accountant. Besides, she served as Executive Board Member of the Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Japan Financial Services Agency. As such, she has a wealth of experience in and advanced knowledge of finance and accounting.
Takao Shiomi (Outside Audit & Supervisory Board Member)	Mr. Takao Shiomi has experience in corporate management in various industries, including a large trading company, financial institutions, and a manufacturer. He has a wealth of experience in and advanced knowledge of overall corporate management, including finance and accounting.

Note: The Company will make a proposal "Election of one (1) Audit & Supervisory Board Member" as a matter to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. Even after this proposal is approved and resolved as originally proposed, the organization and staffing for audits by Audit & Supervisory Board Members will be unchanged.

<Procedures for audits by Audit & Supervisory Board Members>

Each Audit & Supervisory Board Member performs audit based on the auditing policy and plan set forth by the Audit & Supervisory Board and reports its details and results to the Audit & Supervisory Board. The auditing policy and plan of the Audit & Supervisory Board are explained at the Board of Directors and the results and status of audit are also reported regularly to the Board of Directors and President.

(ii) Activities of Audit & Supervisory Board Members and Audit & Supervisory Board (for FY2023)

<Activities of Audit & Supervisory Board Members>

(Audit & Supervisory Board Member (full-time): ◆ Outside Audit & Supervisory Board Member: ◇)

Activities		Roles
Attendance of important meetings	Board of Directors	◆◇
	Management Committee	◆
	Outside Officers Committee	◇
	Risk Management Committee, Sustainability Committee, etc.	◆
Hearing with individual officers		◆◇
Information sharing and exchange of opinions with Chairman and Director (non-executive director without representative rights) and President (chief executive officer)		◆
Information sharing and exchange of opinions with Accounting Auditor		◆◇
Information sharing and exchange of opinions with Auditing Department		◆◇
Debriefing from and exchange of opinions with General Manager of Risk Management Department, Risk Management Division		◆
Debriefing from part-time Audit & Supervisory Board Members of group companies in Japan		◆
Information sharing and exchange of opinions with Audit & Supervisory Board Members, etc. of major subsidiaries in Japan		◆
Review important requests for approval		◆
On-site inspection (including remote auditing by using a web conference system) of each department at each division of the Company, its business locations/branches, and R&D laboratories		◆◇
On-site inspection (including remote auditing by using a web conference system) of group companies in Japan and abroad		◆
Attendance of regular meetings with Accounting Auditor and an internal audit function (Auditing Department) and an internal control function (Risk Management Department, Risk Management Division) for the purpose of reinforcing the three-way audit system		◆
Review in cases where audit or other firms within the Deloitte Tohmatsu Group to which Accounting Auditor of the Company belong provide non-audit services to Furukawa Electric Group companies		◆

Note: For matters assigned to full-time Audit & Supervisory Board Members only, full-time Audit & Supervisory Board Members report results, etc. of audit implementation at the Audit & Supervisory Board for Outside Audit & Supervisory Board Members to share information.

<Attendance status of individual Audit & Supervisory Board Members to the Audit & Supervisory Board meetings and the Board of Directors meetings (in FY2023)>

The Company held 9 Audit & Supervisory Board meetings and 16 Board of Directors meetings in FY2023.

Name	Attendance at the Audit & Supervisory Board meetings (number of attendance and attendance ratio)	Attendance at the Board of Directors meetings (number of attendance and attendance ratio)
Nozomu Amano (Audit & Supervisory Board Member (full-time))	9 out of 9 (100%)	16 out of 16 (100%)
Masao Terauchi (Audit & Supervisory Board Member (full-time))	9 out of 9 (100%)	16 out of 16 (100%)
Hiroiyuki Ogiwara (Audit & Supervisory Board Member (full-time))	7 out of 7 (100%)	12 out of 12 (100%)
Kunihiko Sakai (Outside Audit & Supervisory Board Member)	9 out of 9 (100%)	16 out of 16 (100%)
Sayaka Sumida (Outside Audit & Supervisory Board Member)	9 out of 9 (100%)	16 out of 16 (100%)
Takao Shiomi (Outside Audit & Supervisory Board Member)	9 out of 9 (100%)	16 out of 16 (100%)

Note: Mr. Hiroiyuki Ogiwara was newly elected at the 201st Annual Shareholders Meeting held on June 23, 2023, and thus, the numbers of the eligible Board of Directors meetings and the Audit & Supervisory Board meetings are different from other Audit & Supervisory Board Members.

<Specific matters deliberated on at Audit & Supervisory Board meetings>

Month	Overview
May	<ul style="list-style-type: none"> • Debriefing from and exchange of opinions with Accounting Auditor on results of year-end accounting audit • Evaluation of Accounting Auditor and judgment on appropriateness of audit by Accounting Auditor • Debriefing from and exchange of opinions with Accounting Auditor on the final draft of Key Audit Matters (KAM) • Judgment on whether to reappoint Accounting Auditor • Review of the results of audit regarding internal control system • Report from full-time Audit & Supervisory Board Members on their audit activities • Submission of audit reports by Audit & Supervisory Board Members • Preparation of audit report of the Audit & Supervisory Board • Judgment on whether to consent to the proposal for election of Audit & Supervisory Board Members • Discussions about the treatment of proposals submitted to Annual Shareholders Meeting
June	<ul style="list-style-type: none"> • Election of Chair of Audit & Supervisory Board • Election of full-time Audit & Supervisory Board Members • Determination of the audit policies as well as audit plan and job assignment for FY2023 • Discussions about the remuneration for Audit & Supervisory Board Members
August	<ul style="list-style-type: none"> • Debriefing from and exchange of opinions with Accounting Auditor on the audit plan and quarterly review plan • Debriefing from and exchange of opinions with Accounting Auditor on results of the first quarter closing review • Report on the status of the non-audit services contract from Accounting Auditor • Judgment on whether to consent to the proposed compensation for Accounting Auditor • Decision on which officers to invite for an individual hearing • Report from full-time Audit & Supervisory Board Members on their audit activities
September	<ul style="list-style-type: none"> • Report from full-time Audit & Supervisory Board Members on their audit activities
November	<ul style="list-style-type: none"> • Debriefing from and exchange of opinions with Accounting Auditor on results of the second quarter closing review • Discussion with Accounting Auditor about KAM • Report on the status of the non-audit services contract from Accounting Auditor • Report from full-time Audit & Supervisory Board Members on their audit activities
December	<ul style="list-style-type: none"> • Report from full-time Audit & Supervisory Board Members on their audit activities • Determination of schedule for Audit & Supervisory Board meetings and hearing with individual officers in FY2024
February	<ul style="list-style-type: none"> • Debriefing from and exchange of opinions with Accounting Auditor on results of the third quarter closing review • Discussion with Accounting Auditor about KAM • Report on the status of the non-audit services contract from Accounting Auditor • Report from full-time Audit & Supervisory Board Members on their audit activities
March	<ul style="list-style-type: none"> • Debriefing from and exchange of opinions with Accounting Auditor on the year-end audit plan • Debriefing from and exchange of opinions with Accounting Auditor on the drafted document of KAM • Interim evaluation on Accounting Auditor • Report from full-time Audit & Supervisory Board Members on their audit activities

2) Internal audit

<Organization, staffing and procedures for internal audit>

Internal audits are performed by Auditing Department, which directly reports to the President. Auditing Department, consisting of five full-time staff and seven concurrent staff, monitors each department's status of business execution regularly and whenever necessary depending on changes in environment and reports the results to the relevant department and management. When monitoring each department, Auditing Department performs monitoring from the perspectives of the internal control system and risk management. More specifically, Auditing Department engages in internal auditing activities by focusing on status of compliance, departmental risk management, and group-wide risk management as well as effectiveness and efficiency of operations at each department in the Company, status of control and storage of documents and information used for decision-making, status of development, effectiveness and compliance of internal regulations.

<Cooperation among internal audit, audit by Audit & Supervisory Board Members and accounting audit and relationship with internal control division>

Audit & Supervisory Board Members, Auditing Department and Accounting Auditor work closely with each other through regular information sharing and discussion on annual audit planning and audit reports to reinforce the three-way audit system. Audit & Supervisory Board Members hold liaison meetings with their counterparts of major group companies to improve the auditing function of the Group as a whole through mutual information sharing.

Risk Management Department of Risk Management Division, which is responsible for managing and promoting internal control activities over financial reporting (in conformity with J-SOX), closely communicates with Accounting Auditor on matters such as the status of internal audit, and also report the progress of establishment and development of the internal control system and relevant issues whenever necessary to Audit & Supervisory Board Members and Auditing Department.

<Initiatives for securing the effectiveness of internal audit>

To secure the effectiveness of internal audit, Auditing Department is placed under the direct control of the President as described above. We have also built a scheme whereby Auditing Department periodically reports the results of audit to the Board of Directors and Audit & Supervisory Board Members. In cases where the management (Executive Directors including Representative Director, and Corporate Vice Presidents) is suspected of being involved in a fraud, deficiency, or problem, reporting to Audit & Supervisory Board Members shall be given priority.

3) Accounting audit

a. Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

b. Years of continuous auditing

Six years starting from FY2018

c. Certified public accountants who performed the audit engagement

Mr. Tsutomu Hirose, Mr. Takahiro Ikeda, and Mr. Daijiro Furutani

d. Composition of assistants of audit engagement

Besides the certified public accountants described in Item c. above, the audit engagement for the Company was assisted by 18 certified public accountants and 48 other individuals.

e. Policy and reasons for appointing the audit firm

The Audit & Supervisory Board comprehensively reviewed the number of years of continuous auditing by the current audit firm, as well as its independence, expertise, appropriateness and quality management system in accordance with the standards prescribed by the Audit & Supervisory Board. As a result of the review, the Audit & Supervisory Board decided to reappoint Deloitte Touche Tohmatsu LLC as Accounting Auditor because it was assessed to be the most appropriate audit firm.

The Audit & Supervisory Board has determined the following policies on making decisions on dismissing or not reappointing Accounting Auditor.

The Audit & Supervisory Board shall, based on the consent of all Audit & Supervisory Board Members, dismiss the Accounting Auditor after reviewing a case if it determines that the circumstance falls under any of the items set forth in Article 340, paragraph (1) of the Companies Act. In this case, an Audit & Supervisory Board Member designated by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the reasoning at the first Annual Shareholders Meeting convenes following the dismissal.

In the event that the Audit & Supervisory Board determines that the execution of duties by the Accounting Auditor has been disrupted due to incomplete independence, audit structure and quality control structure, etc., or it is appropriate to further enhance the reliability/appropriateness of an audit, the Board shall consider the dismissal or non-reappointment of the Accounting Auditor and determine proposals related to the dismissal and non-reappointment of the Accounting Auditor to be submitted to the Annual Shareholders Meeting if determined necessary.

f. Evaluation of audit firm by Audit & Supervisory Board Members and the Audit & Supervisory Board

In accordance with the evaluation standards prescribed by a resolution of the Audit & Supervisory Board, Audit & Supervisory Board Members and the Audit & Supervisory Board of the Company evaluate Accounting Auditor from the viewpoints of quality management of the audit engagement by the audit firm as Accounting Auditor, cooperation with the auditors of our group companies, and response to fraud risks, in addition to the independence, expertise, and appropriateness of Accounting Auditor.

As a result of the evaluation, the Audit & Supervisory Board of the Company has resolved not to submit a proposal for the selection or dismissal of Accounting Auditor since the accounting audit by the audit firm as Accounting Auditor for FY2023 was deemed to have been conducted appropriately and its audit system was deemed to be functioning effectively.

4) Details of audit fees, etc.

a. Audit fees paid to auditing certified public accountants

Classification	Previous fiscal year		Current fiscal year	
	Audit fees (million yen)	Non-audit fees (million yen)	Audit fees (million yen)	Non-audit fees (million yen)
Reporting company	129	—	129	—
Consolidated subsidiaries	135	—	112	—
Total	265	—	241	—

b. Audit fees paid to Deloitte Touche Tohmatsu Limited and its group firms that belong to the same network as auditing certified public accountants, etc. (excluding fees specified in the item a. above)

Classification	Previous fiscal year		Current fiscal year	
	Audit fees (million yen)	Non-audit fees (million yen)	Audit fees (million yen)	Non-audit fees (million yen)
Reporting company	—	3	—	2
Consolidated subsidiaries	149	55	158	54
Total	149	58	158	57

Notes: 1. Fees for non-audit services were those for database usage during the previous fiscal year and for assisting with trade operations during the current fiscal year.

2. The details of non-audit services provided to the Company's consolidated subsidiaries are tax advisory service and other for both the previous and current fiscal years.

c. Details of fees for other significant audit certification services

(Previous fiscal year)

Not applicable.

(Current fiscal year)

Not applicable.

d. Policy for determining audit fees

Regarding the policy for determining the amount of fee to be paid to auditing certified public accountants, etc., the amount of fee is reasonably calculated in consideration of the business type, business scale, and characteristics of the Company and its group companies, and is based on an audit man-hour estimate that has been thoroughly discussed and verified with the business execution departments in consideration of past results and statistical indicators. Finally, the amount is determined after approval by the Board of Directors and consent by the Audit & Supervisory Board under Article 399 of the Companies Act.

e. Reason for Audit & Supervisory Board to have agreed to remuneration of Accounting Auditors

Audit & Supervisory Board received explanations from Accounting Auditors regarding the overview of their audit plan, including estimated audit time and audit fees, and checked the adequacy and appropriateness of the estimated audit time and estimated unit price of audit fees. Consequently, the Board judged that sufficient audit time is secured for high-quality auditing services, and that audit fees and the level of the unit price are rational and appropriate in light of the fees paid in the previous fiscal year, and therefore, expressed agreement as set forth in Article 399, paragraph (1) of the Companies Act.

(4) Remuneration for Directors, etc.

1) Policies for determining remuneration, etc. for Directors, etc.

The Company's policies for determining remuneration, etc. for Directors, etc. are as stated below:

(i) Policy for determining remuneration for Directors, etc.

The remuneration for Directors, etc. shall be determined in a way that encourages individual Directors, etc. to exert his/her abilities to the maximum level and proactively fulfill his/her duties so that Furukawa Electric Group will increase its corporate value and achieve sustainable growth while contributing to the society through its business activities.

(ii) Policy for determining remuneration for individual officer by element

In accordance with the above-mentioned policy, the Board of Directors resolved to approve the policy for determining remuneration for individual Directors, etc. (hereinafter, "Individual Remuneration Policy"). Nominating/Compensation Committee confirms adequacy, effectiveness and appropriateness of plan design and level of remuneration every year, by means of outside survey that is comparing the Company's remuneration level with those of other similar size 30 manufacturing companies.

The Company's remuneration for Directors, etc. consists of base salary, Short-term performance-linked remuneration (on an individual level), Short-term performance-linked remuneration (on the company level), ESG-linked remuneration, and Medium-to-long-term performance-linked remuneration; and the Individual Remuneration Policy for determining an amount of each remuneration element is as follows:

Element of remuneration	Overview	Recipient			
		Director except Outside Director	Outside Director	Corporate Vice President and Senior Fellow, except Director	Audit & Supervisory Board Member
Base salary	This element is paid in cash in a fixed amount every month, and the amount is determined depending on his/her role (e.g. management oversight or business execution) and official position.	●	●	●	●
Short-term performance-linked remuneration (individual)	This element is paid in cash every month, and the amount paid to individual Directors, etc. is determined by Nominating/Compensation Committee upon comprehensively evaluating the degree of achievement of the relevant business plan in the previous fiscal year, such as Furukawa Value Added (FVA) and other performance measures that contribute to its improvement (strategic KPIs) in the division(s) he/she is in charge of, and the status of relevant measures.	●	—	●	—
Short-term performance-linked remuneration (company level)	This element is paid in cash once a year, and the amount is fixed according to the evaluation criterion based on consolidated operating profit, as defined by Nominating/Compensation Committee. (Note 1)	●	—	●	—
ESG-linked remuneration	This element is to be paid in cash every month. The amount is to be determined upon evaluating the progress toward achieving the sustainability targets of key management issues (materiality) to be addressed by the Group. (Note 2)	●	—	●	—
Medium-to-long-term performance-linked remuneration	This is the stock remuneration program, under which Directors, etc. are paid with the Company's stocks acquired by the Trust that was funded by the Company. (Note 3)	●	—	●	—

Notes: 1. For Short-term performance-linked remuneration (on the company level), we adopted consolidated operating profit as an indicator for ensuring the Company's performance in a relevant fiscal year is appropriately and clearly reflected to the remuneration. The following table shows remuneration amount corresponding to consolidated operating profit, which is the evaluation criterion here, and official position. Nominating/Compensation Committee regularly checks and reviews this table to ensure the remuneration levels are adequate, taking into account consolidated operating profit in the past several years.

- Short-term performance-linked remuneration table corresponding to consolidated operating profit and official position (on the company level)

(Unit: JPY thousand per year)

Classification of Director, etc.	Consolidated operating profit						
	650– (JPY 100 million)	550–650 (JPY 100 million)	450–550 (JPY 100 million)	350–450 (JPY 100 million)	250–350 (JPY 100 million)	150–250 (JPY 100 million)	–150 (JPY 100 million)
Chairman of the Board	15,100	12,458	9,815	7,550	6,040	3,775	–
President (Representative)	29,600	24,420	19,240	14,800	11,840	7,400	–
Corporate Senior Executive Vice President	18,000	14,850	11,700	9,000	7,200	4,500	–
Corporate Executive Vice President	14,100	11,633	9,165	7,050	5,640	3,525	–
Corporate Senior Vice President	8,200	6,765	5,330	4,100	3,280	2,050	–
Corporate Vice Presidents / Senior Fellows	4,200	3,465	2,730	2,100	1,680	1,050	–

2. For ESG-linked remuneration, we adopted sustainability indicators (whether or not achieved) in order to ensure that it functions as an appropriate incentive toward achieving sustainability targets. In the current fiscal year, we adopted GHG emissions reduction rate, where the target reduction rate is 21.2% compared to the emissions in FY2017. An indicator to be adopted as an evaluation indicator for ESG-linked remuneration is regularly checked/reviewed by the Nominating/Compensation Committee.
3. For Medium-to-long-term performance-linked remuneration, we adopted the Company's stock price as an indicator, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. In this stock remuneration program, three fiscal years constitute a performance period and the Company contributes funds up to the maximum amount of ¥450 million per performance period to the Trust as remuneration for Directors, etc. Directors, etc. are granted a pre-determined number of points depending on their titles/positions every year as the basis of their rights to receive the Company's stocks. After the end of each performance period, the number of points qualifying Directors, etc. for receiving the Company's stocks are finalized after an adjustment for certain cases, according to the criteria for comparing changes in the Company's stock prices with those of TOPIX during the period. (The actual points to be granted are calculated by multiplying the payout ratio, which is determined by multiplying the degree of divergence of the volatility of the Company's stock price and volatility of TOPIX by the cumulative total points granted during the evaluation period.) In case any of Directors, etc. retire from the position during the period, in principle, an adjustment is to be made in a similar manner.

- Medium-to-long-term performance-linked remuneration: point table by official position (from April 1, 2022 to March 31, 2025)
The maximum total number of points granted to Directors, etc. in a performance period is 180,000, and 1 point is convertible into 1 share unit of the Company's common stock.

Classification of Directors, etc.	Number of Point Granted	Number of Stock Granted per period
Chairman of the Board	7,640	29,796
President (Representative)	9,340	36,426
Corporate Senior Executive Vice President (Director)	4,800	18,720
Corporate Senior Executive Vice President	3,930	15,327
Corporate Executive Vice President (Director)	3,930	15,327
Corporate Executive Vice President	3,060	11,934
Corporate Senior Vice President(Director)	2,190	8,541
Corporate Senior Vice President	1,310	5,109
Corporate Vice President (Director)	1,310	5,109
Corporate Vice President / Senior Fellow	660	2,574

[Medium-to-long-term performance-linked remuneration: Formula for calculating the degree of divergence]

Degree of divergence = Volatility of the Company's stock price / Volatility of TOPIX

Volatility of the Company's stock price = average stock price of the Company in the final year of the evaluation period / average stock price of the Company in the year prior to the start of the evaluation period

Volatility of TOPIX = average TOPIX in the final year of the evaluation period / average TOPIX in the year prior to the start of the evaluation period

- Medium-to-long-term performance-linked remuneration: Rate correspondence table for each degree of deviation

Deviation (Scope)	Rate (%)
$X \geq 1.3$	130
$1.2 \leq X < 1.3$	120
$1.1 \leq X < 1.2$	110
$0.95 \leq X < 1.1$	100
$0.85 \leq X < 0.95$	90
$0.75 \leq X < 0.85$	80
$0.65 \leq X < 0.75$	70
$0.55 \leq X < 0.65$	60
$0.2 \leq X < 0.55$	50
$0.2 > X$	0

- Medium-to-long-term performance-linked remuneration: Formula for determining the number of points granted to individuals during a performance period

Finalized points = (cumulative total points granted to each Director, etc. during the evaluation period) x (payout ratio for the evaluation period)

“Payout ratio” represents the percentage of change in the actual remuneration amount as a result of performance evaluation, where the standard amount of the Medium-to-long-term performance-linked remuneration is 100%.

At the time of their retirement, Directors, etc. receive the Company’s stocks and money calculated by the following formula as the Medium-to-long-term performance-linked remuneration from the Trust.

- Number of the Company’s shares to be granted = (cumulative total points as of the vesting date x payout ratio – number of points corresponding to a fraction of shares) x 0.7
 - If there is a fraction of shares of the Company upon calculation by the above formula, such shares will be disregarded.
- Amount of money to be paid = (Number of points convertible into share units x 0.3 + number of points corresponding to a fraction of shares) x market value of the Company’s stock as of the vesting date
 - “The number of points convertible into share units” is defined as (cumulative total points as of the vesting date x payout ratio – the number of points corresponding to a fraction of shares).
 - If there are any points corresponding to a fraction of shares upon calculation by the formula “the number of points convertible into share units x 0.3”, such a fraction will be rounded up to a share unit and added to the number of share units.
 - The vesting date is defined as the first end date of June after the retirement of Directors, etc., and after the closing of the last fiscal year, in which he/she is eligible for receiving points.

(iii) Policy of Determining the Percentage of Remuneration Paid to Each Individual for Each Remuneration System

In terms of a percentage of each component of remuneration, it is designed as follows: the higher the rank of Directors, etc., the larger the percentage of performance-linked remuneration. When the aggregate total of the standard percentage of each component is 100%, the percentage of each component is shown below:

Classification of Directors, etc.	Base salary	Short-term performance-linked remuneration		ESG-linked remuneration	Medium-to-long-term performance-linked remuneration	Total
		(Individual level)	(the Company level)			
Chairman of the Board	55%	12%	9%	3%	21%	100%
President (Representative)	51%	15%	13%	2%	19%	100%
Director and Corporate Senior Executive Vice President	55%	15%	13%	2%	15%	100%
Director and Corporate Executive Vice President	58%	14%	12%	2%	14%	100%
Director and Corporate Senior Vice President	68%	11%	9%	2%	11%	100%
Director and Corporate Vice President	72%	13%	5%	2%	8%	100%
Corporate Senior Executive Vice President	54%	16%	14%	2%	14%	100%
Corporate Executive Vice President	56%	15%	13%	2%	14%	100%
Corporate Senior Vice President	67%	13%	11%	2%	8%	100%
Corporate Vice President / Senior Fellow	71%	16%	6%	2%	5%	100%

2) Matters concerning the delegation of the determination of remuneration by resolution of the Board of Directors

At the Company, the Board of Directors determines the Individual Remuneration Policy for determining remuneration for individual Directors, etc. From the perspective of ensuring the objectivity, fairness and transparency, the Board of Directors partially delegates the authorities related to the matters for deliberation, including the determination of remuneration for individual Directors, etc., to Nominating/Compensation Committee comprising a majority of Outside Directors. The details of the authorities delegated to said committee are described in Item (2) of “<Matters to be deliberated by Nominating/Compensation Committee>” included in “(1) Overview of corporate governance, 2) Corporate governance system, (i) Overview of the corporate governance system and reasons for adopting such corporate governance system, a. Overview of the corporate governance system.”

The Committee comprises seven members, and five members, including the chairperson, are Outside Directors.

The following table shows the Committee composition as of the date when remuneration for individual Directors and Corporate Vice Presidents was determined for the current fiscal year (June 23, 2023).

Name	Position
Osamu Tsukamoto	Outside Director
Takashi Tsukamoto	Outside Director (Chairman of Nominating/Compensation Committee)
Yoshiro Miyokawa	Outside Director
Yukiko Yabu	Outside Director
Tamotsu Saito	Outside Director
Keiichi Kobayashi	Chairman of the Board and Director
Hideya Moridaira	President and Representative Director

The activities of the Board of Directors and Nominating/Compensation Committee in the process of determining the amount of remuneration of Directors, etc. during the fiscal year under review are as follows

Meeting Date / Body	Overview
June 8, 2023 Nominating/Compensation Committee	Discussed/evaluated performance of Directors, etc. during FY2022
June 23, 2023 Board of Directors	Resolved on delegating the decision on a remuneration amount for each Director and Corporate Vice President to Nominating/Compensation Committee
June 23, 2023 Nominating/Compensation Committee	Determined the remuneration amount for each Director and Corporate Vice President for the fiscal year ending March 31, 2024

The Board of Directors has received a report from Nominating/Compensation Committee that the content and method of determining individual director remuneration, etc. determined by the Committee are in line with the decision policy. We have determined that the content of remuneration for each individual is in line with the decision policy.

3) Remuneration for Directors and Audit & Supervisory Board Members in the fiscal year under review

The total amount of remuneration for Directors and Audit & Supervisory Board Members for the fiscal year under review is as follows.

Officer classification	Total remuneration (JPY millions)	Total remuneration by type (JPY millions)				Number of subject officers (persons)
		Base salary	Short-term performance-linked remuneration (individual)	Short-term performance-linked remuneration (company level)	Medium-to-long-term performance-linked remuneration	
Directors (excluding outside directors)	340	229	11	24	74	7
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	92	92	—	—	—	4
Outside Officers	110	110	—	—	—	8
Of which Outside Directors	74	74	—	—	—	5
Of which Outside Audit & Supervisory Board Members	36	36	—	—	—	3

- Notes: 1. The amounts and numbers of officers in the above table include one Director and one Audit & Supervisory Board Member who retired from the positions due to the expiry of their terms at the end of the 201st Annual Shareholders Meeting held on June 23, 2023 as well as amounts of their remuneration.
2. The column of Short-term performance-linked remuneration (company level) shows the payment amount which was determined in June 2023 as compensation for execution of duties in FY2022. The amount for the current fiscal year is not yet fixed at the time of filing this Annual Securities Report, and therefore not included in the above table.
3. The amount of Medium-to-long-term performance-linked remuneration in the above table is calculated by deeming the number of shares corresponding to the number of points granted for the current fiscal year under the stock remuneration program as the remuneration for the year.
4. Short-term performance-linked remuneration (on the company level) falls under the category of performance-linked remuneration. For this remuneration, the Company adopted consolidated operating profit as an indicator to appropriately and clearly reflect the Company's business performance during a relevant fiscal year to the remuneration. The Company's consolidated operating profit in FY2022 was ¥15,441 million.
5. Medium-to-long-term performance-linked remuneration falls under the categories of performance-linked remuneration as well as non-

monetary remuneration. For this remuneration, the Company adopted its stock price, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. Actual deviation was 0.82 (a reference value calculated by using numerical value in FY2023).

6. With respect to ESG-linked remuneration (introduced in July 2023), the compensation amount for the current fiscal year is not yet determined at the time of filing this Annual Securities Report, and therefore not included in the above table.

4) Matters concerning the resolution of remuneration, etc. for Directors, etc. at Annual Shareholders Meeting

The resolutions of remuneration, etc. for Directors, etc. at Annual Shareholders Meeting is as follows.

[Directors, etc.]

Date of resolution of shareholders meeting	Detail of resolution	Resolution about Directors numbers	Remuneration type under the current system
184th Annual Shareholders Meeting (held on June 29, 2006)	Directors' remuneration shall not exceed ¥600 million per year. The above-mentioned maximum amount does not include salaries for employees who serve as Director.	11	<ul style="list-style-type: none"> • Base salary • Short-term performance-linked remuneration (individual) • Short-term performance-linked remuneration (company level)
197th Annual Shareholders Meeting (held on June 27, 2019)	The maximum amount, which the Company can additionally contribute to the Trust established under the performance-linked stock remuneration program for Directors (excluding Outside Directors) as well as Corporate Vice Presidents and Senior Fellows who are not directors, shall be ¥450 million in every three fiscal years.	26 (7 Directors, 17 Corporate Vice Presidents, and 2 Senior Fellows)	<ul style="list-style-type: none"> • Medium-to-long-term performance-linked remuneration

Notes 1. The determination on the amount of remuneration for each director is delegated by the Board of Directors to Nominating/Compensation Committee.

2. The number of Directors, etc. subject to the resolutions in the above table is the number of those at the end of the respective Annual Shareholders Meetings concerned. The Company will make a proposal of "Election of eleven (11) Directors" as a matter to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. If this proposal is approved and resolved as originally proposed, the number of eligible Directors, etc. about each remuneration type at the end of 202nd Annual Shareholders Meeting is as follows.

Remuneration type under the current system	Number of eligible directors about each remuneration type at the end of 202nd Annual Shareholders Meeting
Base salary	11
Short-term performance-linked remuneration (individual)	
Short-term performance-linked remuneration (company level)	
Medium-to-long-term performance-linked remuneration	32 (6 Directors, 24 Corporate Vice Presidents, and 2 Senior Fellows)

[Audit & Supervisory Board Members]

Date of resolution of shareholders meeting	Detail of resolution	Resolution about Audit & Supervisory Board Members numbers
192nd Annual Shareholders Meeting (held on June 25, 2014)	Directors' remuneration shall not exceed ¥130 million per year, and an amount of remuneration for each Audit & Supervisory Board Member is determined by mutual agreement of the Board of Audit & Supervisory Board Members.	6

Note: The number of Audit & Supervisory Board Members subject to the resolution in the above table is the number of those at the end of the Annual Shareholders Meeting concerned. The Company will make a proposal of "Election of one (1) Audit & Supervisory Board Member" as a matter to be resolved at the 202nd Annual Shareholders Meeting to be held on June 26, 2024. If this proposal is approved and resolved as originally proposed, the number of eligible Audit & Supervisory Board Members at the end of 202nd Annual Shareholders Meeting is 6.

5) Total amount of consolidated remuneration by Director, etc.

The disclosure is omitted since no one received the consolidated remuneration exceeding ¥100 million.

(5) Shareholdings

(i) Standards for and views on classification of investment shares

The Company classifies investment shares held for the purpose of gaining returns from share price fluctuations or dividends from shares as “investment shares held for pure investment purposes,” and those not held for purposes of gaining returns from share price fluctuations or dividends from shares, but held for policy purposes due to quantitative or qualitative reasons other than the above as “investment shares held for purposes other than pure investment.”

(ii) Shareholding policy of investment shares held for purposes other than pure investment and details of verification of the rationale for shareholding

a. Shareholding policy, method for verifying the rationale for shareholdings, and details of verification by the Board of Directors, etc. of the appropriateness of shareholdings in individual issues

We hold the shares if they are deemed to be significant from the viewpoint of improving capital efficiency or from need for the Company's business activities, and reduce the shares if they are deemed to be unsuitable for holding.

Each year, the Board of Directors shall conduct a verification of the validity of holding all listed shares among “investment shares held for purposes other than pure investment.” The verification shall be conducted from a comprehensive perspective, including the creation of business opportunities, the maintenance and strengthening of business relationships and cooperative relationships in business, as well as the comparison of quantitative benefits derived from the holdings of shares with the market value of the shares and cost of capital. For details of verification by the Board of Directors, etc. of the appropriateness of shareholdings in individual stocks, refer to “Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased” in “c. Number and carrying amount by issue of specified investment shares and shares deemed to be held by the Company” as described later in this report.

We exercise all the voting rights of shares we hold after examining details of each proposal and determining whether or not the proposal contributes to improving the issuer's shareholder value. In cases where a proposal could undermine its shareholder value, we may consider voting against the proposal.

b. Number of issues and carrying amount

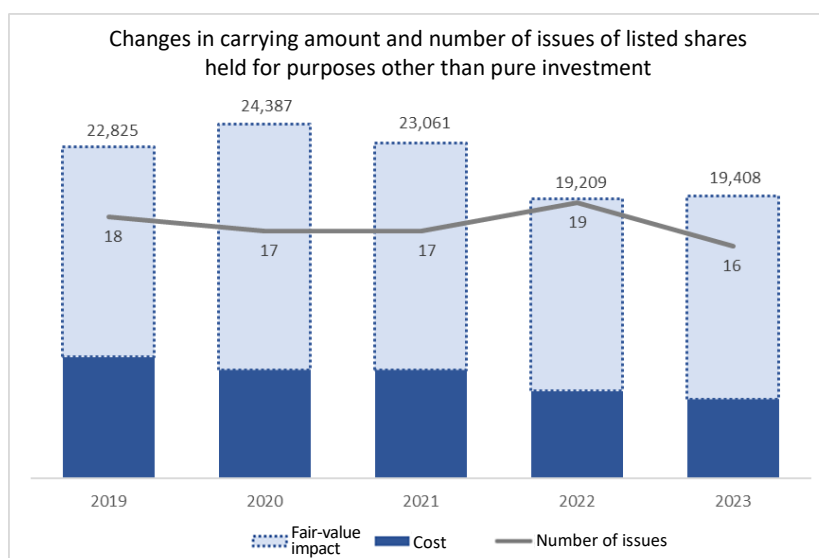
	Number of issues (issues)	Total carrying amount on balance sheet (million yen)
Shares not listed	75	5,406
Shares other than those not listed	16	19,408

Issues whose number of shares increased during the current fiscal year

	Number of shares (issues)	Total cost (million yen)	Reason for acquisition
Shares not listed	3	657	Because the Company determined that the investment would contribute to enhancing its corporate value from a medium-to-long-term perspective after fully examining the rationale and necessity of the investment
Shares other than those not listed	—	—	—

Issues whose number of shares decreased during the current fiscal year

	Number of issues (issues)	Total proceeds from sale (million yen)
Shares not listed	—	—
Shares other than those not listed	8	3,916



c. Number and carrying amount by issue of specified investment shares and shares deemed to be held by the Company

Specified investment shares

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares) Carrying amount on balance sheet (million yen)	Number of shares (shares) Carrying amount on balance sheet (million yen)		
AICHI ELECTRIC CO., LTD.	565,540	565,540	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment and the Functional Products segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	2,341	2,041		
The Yokohama Rubber Company, Limited	564,366	564,366	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	2,272	1,578		
PT SUPREME CABLE MANUFACTURING & COMMERCE Tbk (Note)	97,102,560	24,275,640	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment and the Infrastructure segment and to further expand sales in the global markets. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	1,920	1,814		

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on balance sheet (million yen)	Carrying amount on balance sheet (million yen)		
Mizuho Financial Group, Inc.	575,200	575,200	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,752	1,080		
ADEKA CORPORATION	511,792	511,792	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,650	1,155		
East Japan Railway Company	187,500	250,000	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	1,641	1,833		
FURUKAWA CO., LTD.	877,727	877,727	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,589	1,120		
ZEON CORPORATION	931,500	1,831,500	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,230	2,562		
ASAHI-SEIKI MANUFACTURING CO., LTD.	455,800	455,800	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	993	1,094		

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on balance sheet (million yen)	Carrying amount on balance sheet (million yen)		
INABADENKI SANGYO CO., LTD.	275,200	275,200	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Functional Products segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	964	795		
KANTO DENKA KOGYO CO., LTD.	750,000	750,000	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	756	773		
TOKAI Holdings Corporation	760,000	920,000	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	750	803		
NIPPON DENSETSU KOGYO CO., LTD.	307,871	307,871	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	656	487		
Shibusawa Logistics Corporation	203,360	223,360	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	629	496		

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on balance sheet (million yen)	Carrying amount on balance sheet (million yen)		
Aidemy Inc.	76,900	—	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to hold the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer as a collaborative partner for the promotion of digital transformation. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	164	—		
Transphorm Inc	129,132	129,132	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2023 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer in order to maintain the license contract with the issuer. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	95	68		
FUJI ELECTRIC CO., LTD.	—	207,775	—	—
	—	1,080		
LONGWELL COMPANY	—	839,678	—	—
	—	252		
Fujitsu Limited	—	9,466	—	—
	—	168		
Nuburu Inc	—	1,897	—	—
	—	0		

- Notes 1. PT SUPREME CABLE MANUFACTURING & COMMERCE Tbk conducted a 4-for-1 stock split of common shares during the current fiscal year. As a result, the number of shares has increased compared to the previous fiscal year, but there is no change in the in-substance number of shares held.
2. The en dash (—) indicates that the Company does not hold any shares of the issuer, or the shares are classified as those other than specified investment shares.

Deemed holdings of investment shares

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares) Carrying amount on balance sheet (million yen)	Number of shares (shares) Carrying amount on balance sheet (million yen)		
The Yokohama Rubber Company, Limited	1,321,200	1,321,200	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	5,319	3,695		
FUJI ELECTRIC CO., LTD.	336,720	936,720	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	3,451	4,870		
ZEON CORPORATION	1,953,000	1,953,000	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	2,579	2,732		
Central Japan Railway Company (Note)	410,000	82,000	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2023 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	No
	1,527	1,296		

Note: 1. Specified investment shares and shares deemed to be held by the Company are not included in the above carrying amount when selecting high-ranking issues in terms of the carrying amount.
2. Central Japan Railway Company conducted a 5-for-1 stock split of common shares during the current fiscal year. As a result, the number of shares has increased compared to the previous fiscal year, but there is no change in the in-substance number of shares held.

(iii) Investment shares held for pure investment purposes

The Company does not hold investment shares held for pure investment purposes.

Item 5. Financial Information

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

(1) The consolidated financial statements of Furukawa Electric Co., Ltd. (the “Company”) are prepared in accordance with the “Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Financial Statements, etc.” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter, the “Ordinance on Financial Statements, etc.”)

The Company falls under the company allowed to file specified financial statements and prepares its financial statements pursuant to the provision of Article 127 of the Ordinance on Financial Statements, etc.

2. Audit Certificate

The Company’s consolidated and non-consolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 were audited by Deloitte Touche Tohmatsu LLC in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Special Efforts to Ensure the Appropriateness of Consolidated Financial Statements, etc.

The Company has made special efforts to ensure the appropriateness of the consolidated financial statements, etc. Specifically, the Company is a member of the Financial Accounting Standards Foundation and participates in seminars and training programs organized by external organizations in order to develop a system that allows the Company to understand accounting standards and other pronouncements properly and adapt to their changes appropriately.

1. Consolidated Financial Statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	47,432	48,895
Notes and accounts receivable - trade, and contract assets	*1 229,550	*1, *5 245,712
Securities	5,127	4,747
Merchandise and finished goods	65,755	73,088
Work in process	38,556	43,899
Raw materials and supplies	67,985	66,659
Other	33,803	35,974
Allowance for doubtful accounts	(1,389)	(1,210)
Total current assets	486,821	517,767
Non-current assets		
Property, plant and equipment		
Buildings and structures	247,121	263,129
Machinery, equipment and vehicles	491,387	517,262
Tools, furniture and fixtures	76,458	80,522
Land	33,473	33,971
Leased assets	1,169	1,072
Right-of-use assets	23,099	25,144
Construction in progress	23,069	20,788
Accumulated depreciation	(626,488)	(663,250)
Total property, plant and equipment	269,288	278,640
Intangible assets		
Goodwill	211	50
Other	20,024	20,234
Total intangible assets	20,236	20,284
Investments and other assets		
Investment securities	*2 119,552	*2 131,694
Investments in capital	*2 4,262	*2 1,290
Deferred tax assets	9,428	8,563
Retirement benefit asset	8,900	11,241
Other	15,894	16,464
Allowance for doubtful accounts	(915)	(939)
Total investments and other assets	157,122	168,315
Total non-current assets	446,647	467,240
Total assets	933,469	985,007

(Millions of yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	125,409	* ₅ 128,780
Short-term borrowings	141,281	137,371
Commercial papers	28,000	35,500
Income taxes payable	4,730	4,451
Provision for product warranties	2,238	5,264
Other	* ₃ 79,365	* ₃ 89,526
Total current liabilities	381,025	400,894
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	114,547	120,168
Provision for environmental measures	9,284	9,224
Retirement benefit liability	38,239	29,239
Lease liabilities	12,548	12,517
Asset retirement obligations	1,588	1,717
Other	7,140	13,207
Total non-current liabilities	223,348	226,074
Total liabilities	604,373	626,968
Net assets		
Shareholders' equity		
Share capital	69,395	69,395
Capital surplus	23,179	23,178
Retained earnings	191,763	192,856
Treasury shares	(871)	(691)
Total shareholders' equity	283,467	284,738
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,669	12,218
Deferred gains or losses on hedges	191	1,195
Foreign currency translation adjustment	9,606	25,286
Remeasurements of defined benefit plans	(2,282)	4,682
Total accumulated other comprehensive income	18,185	43,383
Non-controlling interests	27,442	29,916
Total net assets	329,095	358,038
Total liabilities and net assets	933,469	985,007

(ii) Consolidated statements of income and consolidated statements of comprehensive income

Consolidated statements of income

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net sales	* ₁ 1,066,326	* ₁ 1,056,528
Cost of sales	* ₂ , * ₄ 909,622	* ₂ , * ₄ 897,535
Gross profit	156,703	158,993
Selling, general and administrative expenses		
Selling expenses	47,732	49,016
General and administrative expenses	* ₄ 93,530	* ₄ 98,805
Total selling, general and administrative expenses	* ₃ 141,262	* ₃ 147,821
Operating profit	15,441	11,171
Non-operating income		
Interest income	1,095	1,875
Dividend income	1,423	1,150
Share of profit of entities accounted for using equity method	3,610	6,323
Foreign exchange gains	1,668	—
Other	3,267	2,592
Total non-operating income	11,066	11,940
Non-operating expenses		
Interest expenses	6,334	9,238
Foreign exchange losses	—	96
Other	2,914	3,509
Total non-operating expenses	9,248	12,844
Ordinary profit	17,258	10,267
Extraordinary income		
Gain on change in equity	—	* ₅ 1,247
Gain on disposal of non-current assets	* ₆ 1,158	* ₆ 592
Gain on sale of investment securities	* ₇ 15,279	* ₇ 11,983
Settlement income	800	—
Other	404	1,084
Total extraordinary income	17,642	14,908
Extraordinary losses		
Loss on disposal of non-current assets	* ₈ 1,187	* ₈ 1,453
Loss on sale of investment securities	0	714
Loss on valuation of investment securities	356	771
Extra retirement payments	—	* ₉ 540
Other	5,434	1,631
Total extraordinary losses	6,979	5,110
Profit before income taxes	27,921	20,064
Income taxes - current	9,455	9,262
Income taxes - deferred	833	2,325
Total income taxes	10,289	11,587
Profit	17,631	8,476
Profit attributable to non-controlling interests	1,737	1,968
Profit attributable to owners of parent	15,894	6,508

Consolidated statements of comprehensive income

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Profit	17,631	8,476
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,329)	941
Deferred gains or losses on hedges	(2,639)	1,025
Foreign currency translation adjustment	10,168	10,770
Remeasurements of defined benefit plans, net of tax	613	6,532
Share of other comprehensive income of entities accounted for using equity method	3,829	7,242
Total other comprehensive income	*1, *2 9,643	*1, *2 26,512
Comprehensive income	27,274	34,989
Comprehensive income attributable to:		
Owners of parent	24,815	31,706
Non-controlling interests	2,459	3,282

(iii) Consolidated statements of changes in equity

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	69,395	23,178	174,346	(901)	266,018
Cumulative effects of changes in accounting policies			4,933		4,933
Restated balance	69,395	23,178	179,279	(901)	270,951
Changes during period					
Dividends of surplus			(4,237)		(4,237)
Profit attributable to owners of parent			15,894		15,894
Net effect of increase in consolidated subsidiaries			826		826
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(0)		34	34
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
Total changes during period	–	0	12,484	30	12,516
Balance at end of period	69,395	23,179	191,763	(871)	283,467

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,446	2,963	817	(3,024)	13,201	34,843	314,062
Cumulative effects of changes in accounting policies	109	24	(3,941)	(231)	(4,038)		894
Restated balance	12,555	2,988	(3,124)	(3,256)	9,163	34,843	314,957
Changes during period							
Dividends of surplus							(4,237)
Profit attributable to owners of parent							15,894
Net effect of increase in consolidated subsidiaries							826
Purchase of treasury shares							(4)
Disposal of treasury shares							34
Change in ownership interest of parent due to transactions with non-controlling interests							0
Net changes in items other than shareholders' equity	(1,885)	(2,796)	12,730	973	9,022	(7,400)	1,621
Total changes during period	(1,885)	(2,796)	12,730	973	9,022	(7,400)	14,137
Balance at end of period	10,669	191	9,606	(2,282)	18,185	27,442	329,095

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	69,395	23,179	191,763	(871)	283,467
Changes during period					
Dividends of surplus			(5,649)		(5,649)
Profit attributable to owners of parent			6,508		6,508
Net effect of increase in consolidated subsidiaries			232		232
Purchase of treasury shares				(182)	(182)
Disposal of treasury shares				361	361
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	1,092	179	1,271
Balance at end of period	69,395	23,178	192,856	(691)	284,738

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,669	191	9,606	(2,282)	18,185	27,442	329,095
Changes during period							
Dividends of surplus							(5,649)
Profit attributable to owners of parent							6,508
Net effect of increase in consolidated subsidiaries							232
Purchase of treasury shares							(182)
Disposal of treasury shares							361
Change in ownership interest of parent due to transactions with non-controlling interests							(0)
Net changes in items other than shareholders' equity	1,548	1,003	15,680	6,964	25,197	2,474	27,671
Total changes during period	1,548	1,003	15,680	6,964	25,197	2,474	28,943
Balance at end of period	12,218	1,195	25,286	4,682	43,383	29,916	358,038

(iv) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	27,921	20,064
Depreciation	39,098	38,951
Interest and dividend income	(2,519)	(3,025)
Interest expenses	6,334	9,238
Share of loss (profit) of entities accounted for using equity method	(3,610)	(6,323)
Foreign exchange losses (gains)	(1,612)	(4,651)
Loss (gain) on change in equity	112	(1,247)
Loss (gain) on disposal of non-current assets	29	860
Loss (gain) on sale of short-term and long-term investment securities	(15,279)	(11,269)
Settlement income	(800)	–
Loss (gain) on valuation of investment securities	356	771
Extra retirement payments	–	540
Loss on valuation of inventories	725	1,450
Decrease (increase) in trade receivables and contract Assets	5,775	(5,909)
Decrease (increase) in inventories	(3,419)	(5,020)
Increase (decrease) in trade payables	(8,656)	(3,884)
Increase (decrease) in retirement benefit liability	(3,997)	2,037
Increase (decrease) in provision for product warranties	(986)	2,882
Other, net	3,921	10,796
Subtotal	43,392	46,262
Interest and dividends received	5,296	6,478
Interest paid	(6,442)	(9,306)
Income taxes refund (paid)	(6,529)	(11,136)
Settlement received	800	–
Extra retirement payments paid	–	(401)
Net cash provided by (used in) operating activities	36,516	31,896
Cash flows from investing activities		
Decrease (increase) in time deposits	179	88
Purchase of investment securities	(1,200)	(691)
Proceeds from sale and redemption of investment securities	6,613	13,042
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	*2 11,943	*2 4,539
Purchase of property, plant and equipment	(35,878)	(36,419)
Purchase of intangible assets	(3,378)	(3,844)
Proceeds from sale of non-current assets	2,302	351
Decrease (increase) in short-term loans receivable	(155)	1,066
Other, net	(2,104)	(2,928)
Net cash provided by (used in) investing activities	(21,677)	(24,794)

(Millions of yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,857	(12,025)
Net increase (decrease) in commercial papers	(26,000)	7,500
Proceeds from long-term borrowings	10,568	29,566
Repayments of long-term borrowings	(13,000)	(25,351)
Dividends paid	(4,234)	(5,636)
Dividends paid to non-controlling interests	(1,204)	(611)
Repayments of lease liabilities	(2,464)	(2,805)
Other, net	1	42
Net cash provided by (used in) financing activities	(34,475)	(9,322)
Effect of exchange rate change on cash and cash equivalents	2,750	3,018
Net increase (decrease) in cash and cash equivalents	(16,885)	798
Cash and cash equivalents at beginning of period	67,632	51,950
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,197	275
Increase in cash and cash equivalents resulting from merger	6	73
Cash and cash equivalents at end of period	*1 51,950	*1 53,098

Notes to Consolidated Financial Statements

Significant accounting policies for preparing consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 109 companies

Names of significant consolidated subsidiaries are omitted as they are presented in “Item 1, Overview of Company, 4. Subsidiaries and Other Affiliated Entities.”

Ibaraki Okano Kiden Co., Ltd. is included in the scope of consolidation due to its increased materiality, whereas THAI FIBER OPTICS CO., LTD. and OFS UTD2 ApS were excluded from the scope of consolidation due to transfer of all shares held, and FURUKAWA C&B CO., LTD. excluded due to liquidation.

(2) Unconsolidated subsidiaries

Furukawa New Leaf Co., Ltd., and other companies

Reason for excluding the companies from the scope of consolidation

Unconsolidated subsidiaries are excluded because they are small in terms of total assets, net sales, profit and loss (amount corresponding to the Company’s equity interest) and retained earnings (amount corresponding to the Company’s equity interest) and do not have a material impact on the consolidated financial statements as a whole.

2. Application of equity method

(1) Number of associates accounted for using the equity method: 14 companies

Names of significant associates accounted for using the equity method are omitted for they are presented in “Item 1. Overview of Company, 4. Subsidiaries and Other Affiliated Entities.”

Furukawa Electric Xi’an Optical Communication Co., Ltd. was excluded from the scope of application of the equity method due to transfer of all shares held.

(2) Unconsolidated subsidiaries and associates not accounting for using the equity method

NTT Devices Optech Corporation, and other companies

Reason for excluding the companies from the scope of application of the equity method

Unconsolidated subsidiaries and associates not accounting for using the equity method are excluded because they are small in terms of profit and loss (amount corresponding to the Company’s equity interest) and retained earnings (amount corresponding to the Company’s equity interest) and do not have a material impact on the consolidated financial statements as a whole.

3. Fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Taiwan Furukawa Electric Co., Ltd., Furukawa FITEL (Thailand) Co., Ltd., Tianjin Jinhe Electric Engineering Co., Ltd., Polifoam Plastic Processing, Co. Ltd., Furukawa AVC Electronics (Suzhou) Co., Ltd., Shenyang Furukawa Cable Co., Ltd., Furukawa (Thailand) Co., Ltd., Furukawa Thai Holdings Co., Ltd., Furukawa Electric Singapore Pte. Ltd., American Furukawa Inc., Furukawa Precision (Thailand) Co., Ltd., Furukawa Auto Parts (Huizhou) Co. Ltd., and 37 other companies have a fiscal year ending December 31 and are consolidated using their financial statements as of December 31. Adjustments necessary for consolidation are made for significant transactions that occurred between December 31 and March 31, the consolidated balance sheet date.

Four of the associates accounted for using the equity method have a different closing date from that of the Company, but their financial statements as of their respective closing dates are used. Adjustments necessary for consolidation are made for significant transactions that occurred between the closing dates of those companies and the consolidated balance sheet date.

4. Accounting policies applied to foreign subsidiaries and associates

The Group applies the “Revised Practical Solution on Accounting for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF No. 18 issued on June 28, 2019) and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24 issued on September 14, 2018) and makes necessary adjustments to consolidate foreign subsidiaries and associates.

5. Accounting policies

(1) Valuation basis and method for significant assets

(i) Inventories

Stated primarily at cost determined using the weighted average method (with the amount of inventories in the consolidated balance sheets being written down based on a decrease in profitability).

(ii) Securities

Held-to-maturity debt securities:

Stated primarily at amortized cost.

Available-for-sale securities:

Securities other than equity securities, etc. that do not have a quoted market price in an active market:

Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Equity securities, etc. that do not have a quoted market price in an active market:

Stated primarily at cost using the moving-average method.

(iii) Derivatives

Stated at fair value.

(2) Accounting policy for depreciation/amortization of significant assets

(i) Property, plant and equipment (excluding leased assets and right-of-use assets)

Depreciated on a straight-line basis.

(ii) Intangible assets (excluding leased assets and right-of-use assets)

Amortized on a straight-line basis.

Software for internal use is amortized on a straight-line basis over the estimated useful life as internally determined (5 to 10 years).

(iii) Leased assets

Leased assets in finance lease transactions that transfer ownership:

Depreciated using the same method as applied for owned property, plant and equipment.

Leased assets in finance lease transactions that do not transfer ownership:

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

(iv) Right-of-use assets

Depreciated on a straight-line basis using the shorter of the lease term or the useful life of the asset as the useful life.

(3) Accounting policy for significant deferred assets

(i) Share issuance costs

The full amount is expensed when incurred.

(ii) Bond issuance costs

The full amount is expensed when incurred.

(4) Accounting policy for significant allowances and provisions

(i) Allowance for doubtful accounts

To provide for possible bad debt losses on monetary receivables, allowance for doubtful accounts is provided for the estimated uncollectible amount based mainly on the historical bad debt loss ratio for general receivables and on an individual assessment of collectability for specific receivables such as doubtful receivables.

(ii) Provision for product warranties

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs.

(iii) Provision for environmental measures

Provision for environmental measures, mainly to remove Poly Chlorinated Biphenyl (PCB) and to improve soil conservation, is provided to cover estimated future costs.

(5) Accounting policy for retirement benefits

(i) Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the end of the current fiscal year.

(ii) Method of accounting for actuarial gains and losses and prior service cost

Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 1 year through 10 years), which are shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized in the year following the year in which the gains and losses are recognized primarily by the straight-line method over periods (mainly 1 year through 10 years), which are shorter than the average remaining years of service of the employees.

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded as adjustments for retirement benefits in accumulated other comprehensive income within net assets after adjusting for tax effects.

(6) Accounting policy for significant revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the customers of the Company and its subsidiaries (hereinafter, the “Group”) and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

(i) Manufacture and sale of products

The main business of the Group is the manufacture and sale of infrastructure products, such as information and telecommunications network components and power cables, electrical and electronics products such as automobile parts and copper products for electronic equipment materials, and functional products processed from resin and nonferrous metals.

The Group has determined that its main performance obligation is to deliver finished products to customer. The Group has comprehensively determined that legal title to the asset, the significant risks and rewards of ownership of the assets, transfer of physical possession of the assets, and the right to receive payment of consideration for the asset shall arise at the time of delivery of the product to the customer. For domestic transactions, control over products is transferred to customer at the time of delivery of the product to the customer, and a performance obligation is considered to have been satisfied. However, since the period from the date of shipment of the product to the date of delivery is a normal period of time, the Group recognizes revenue when the product is shipped based on its significance as selecting the alternative treatment. For trade transactions, the Group recognizes revenue when the risk-bearing is transferred to customer, mainly based on the terms of trade stipulated by Incoterms and other agreements.

For buy-sell transaction, no inventories are recognized because the Group does not obtain control over raw materials and other products, but only record the net amount equivalent to the processing fees as sales. The Group deducts the amount of the consideration to be paid to customer, such as volume discount and sales incentive, from the transaction price, unless such a consideration to be received from the customer is related to distinct goods or services received from the customers.

(ii) Maintenance services

The Group provides chargeable maintenance support services after sales of products, in mainly the Infrastructure business. For maintenance services, the Group has determined that it has a performance obligation to always have the services available and on standby so that customer can utilize the maintenance services when the customer desires throughout the performance period. The Group recognizes revenue at the percentage of time elapsed to the period in which the services are to be provided because the maintenance services are identified as distinct performance obligations and are performed over a certain period of time, including standby status period.

(iii) Construction contract

The Group performs construction works, such as design, construction, installation, and other work based on contracts with customer in the Infrastructure business. Since the Group transfers control over underlying goods and services over time and satisfies a performance obligation, it recognizes revenue over time. Measuring progress towards satisfaction of a performance obligation is based on the proportion that the cost incurred by the end of each reporting period to the total expected costs incurred (input method).

In cases where the Group may not be able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For construction contracts with short durations, the Group recognizes revenue at the point of time when a performance obligation is fully satisfied.

(iv) Transactions entered into as an agent

The Group does not manufacture products and only makes transactions of procurement arrangements on behalf of its customers. If the Group does not control products before transferring it to customer, revenue is recognized on the net amount received from the customer less the amount paid to supplier. The following are considered in determining whether the Group controls over products or services before these are provided to customer.

- (a) Its primary responsibility for the performance of its promise to provide goods or services
- (b) The inventory risk before goods or services are provided to customer or after control has been transferred to customer
- (c) Discretion in establishing the price of goods or services.

The payment after satisfying the Group's performance obligation does not include any significant financing component since the payment will be made generally within one year from that time when such a satisfaction.

(7) Accounting policy for translating significant assets and liabilities denominated in foreign currency into Japanese yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and exchange differences are accounted for as profit or loss. Meanwhile, assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates on the consolidated balance sheet date whereas their revenue and expenses are translated into Japanese yen at average exchange rates for their respective fiscal years, and translation adjustments are included in "Foreign currency translation adjustment" and "Non-controlling interests" under net assets.

(8) Hedge accounting

(i) Hedge accounting method

Deferred hedge accounting is applied. Assignment accounting (special treatment for foreign exchange forward contracts) is applied to currency and interest rate swap transactions, and special treatment is applied to interest rate swaps, if they meet the requirements.

(ii) Hedging instruments and the hedged items

Interest rate swap: borrowings

Currency swap: borrowings

Foreign exchange forward contracts: Receivables and payables denominated in foreign currency, etc.

Metal forward contracts: Raw materials and work in process

(iii) Hedging policy

The Group hedges its borrowing obligations and definitive trading contracts and the like to avoid risks associated with fluctuations in interest rates, foreign exchange rates, and raw material prices.

(iv) Assessments of hedge effectiveness

Cumulative market fluctuations or cash flow fluctuations of hedged items are compared with cumulative market fluctuations or cash flow fluctuations of hedging instruments, and effectiveness is determined based on the amounts of fluctuation of both, excluding the portion not attributable to the basic value of price.

(9) Accounting policy for goodwill

Goodwill is amortized evenly over the period in which its effects are expected to be realized (within 20 years after recognition). However, if the amount of goodwill is immaterial, it is amortized at once in the year in which it arises.

(10) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand; deposits that can be withdrawn on demand; and short-term investments that are readily convertible to cash, averse to price fluctuation risk, and redeemable within three months from the date of acquisition.

(11) Application of group tax sharing system

The Group applies a group tax sharing system.

Significant accounting estimates

1. Recoverability of deferred tax assets

(i) Amount recorded in consolidated financial statements as of March 31, 2023 and 2024

	Millions of yen			
	2023		2024	
Deferred tax assets	¥	9,428	¥	8,563

(ii) Details of significant accounting estimates of recognized items

Deferred tax assets are recognized based on future taxable income estimated by the future business plan. Specifically, it is estimated with major assumptions including sales volume, unit sales prices, and market forecasts, all of which are the basis for the business plan, together with market trends, the Group's recent business performance, and other factors.

The timing and amount of taxable income may be affected by uncertain future fluctuations in economic conditions. If the timing and amount of the deferred tax are different from the estimation, this may have a significant impact on the amount of deferred tax assets recognized in the following fiscal year.

2. Impairment of non-current assets

(i) Amount recorded in consolidated financial statements as of March 31, 2023 and 2024

	Millions of yen			
	2023		2024	
Property, plant and equipment and intangible assets (total amount reported on consolidated balance sheets)	¥	289,525	¥	298,925
of which asset group included in (ii) below		10,865		9,242

(ii) Details of significant accounting estimates of recognized items

If any impairment indicators exist based on the operating profit/loss at the end of each reporting year, the Group assesses whether to recognize an impairment loss.

The Group groups its assets based on the business unit and recognizes an impairment loss by reducing the carrying amount to the recoverable amount if the carrying amount of an asset or asset group exceeds the total amount of the undiscounted future cash flows generated from the asset or asset group under the business plan formulated based on the remaining economic useful life and the net selling price at some future point in time. The net selling value is calculated based on the amount obtained from outside experts, such as the real estate appraisal value in a real estate appraisal report.

In light of the deteriorated business performance for the current fiscal year primarily due to restraints of investment by customers and the impact of prolonged inventory adjustments, the Group assessed whether any indication of impairment existed. As a result, the Group determined that an indication of impairment existed in the certain asset group of the Communications Solutions business (consisting of property, plant and equipment and intangible assets of ¥9,242 million). However, based upon a future supply and demand trends and production planning assumptions, the Group concluded that the recognition of impairment loss was not necessary since the total amount of the undiscounted future cash flows generated from the asset group exceeded the carrying amount.

The total undiscounted future cash flows are estimated with major assumptions including sales volume, unit sales prices, market forecasts, and disposal value of the non-current assets at some future point in time, all of which are the basis for the business plan, together with market trends, the Group's recent business performance, and other factors. If uncertain future changes in economic conditions cause the demand forecast to deviate, necessitating business plans and disposal value of the non-current assets to be revised, an impairment loss may be recognized in the next fiscal year.

3. Provision for product warranties

(i) Amount recorded in consolidated financial statements

	Millions of yen	
	2023	2024
Provision for product warranties	¥ 2,238	¥ 5,264

(ii) Details of significant accounting estimates of recognized items

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs. In particular, the provision for vehicle recalls is recognized based on the reasonably estimated loss to be incurred if the customer repairs a malfunction of the vehicle in which some parts manufactured by the Company's consolidated subsidiaries in the past are used.

This amount is calculated by multiplying each of the following factors:

- (a) Number of target vehicles
- (b) Repair costs per unit
- (c) Expected rate of market recovery measures (recall)
- (d) Repair cost sharing ratio with customers

Items (b) and (c) are estimated based on past recall results and Item (d) is estimated based on the status of negotiations with customers. These estimates contain uncertainty, and as a result of the situation changes, an additional or reversal of provision may be required.

Changes in accounting policies

Application of accounting in accordance with International Financial Reporting Standards in equity-method associates

UACJ Corporation (UACJ), an equity-method associate of the Company, has started preparing its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) from the beginning of the current fiscal year, whereas it had previously prepared its consolidated financial statements in accordance with Japanese GAAP. Accordingly, the Company has applied the equity method to UACJ based on its consolidated financial statements prepared in accordance with IFRS from the beginning of the current fiscal year. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been prepared after the retrospective application. The purpose of this change is for UACJ to improve comparability of its financial statements in the capital markets, to enhance disclosure, and to further promote global management through unification of accounting standards within the group.

As a result of the retrospective application, the following changes have occurred to the amounts of the consolidated financial statements for the fiscal year ended March 31, 2023. In the consolidated balance sheet as of March 31, 2023, "Investment securities" decreased by ¥1,367 million. In the consolidated statement of income for the fiscal year ended March 31, 2023, "Share of profit of entities accounted for using equity method," "Income taxes - deferred," and "Profit attributable to owners of parent" decreased by ¥2,381 million, ¥364 million, and ¥2,016 million, respectively. In the consolidated statement of cash flows for the fiscal year ended March 31, 2023, "Profit before income taxes" decreased by ¥2,381 million and "Share of loss (profit) of entities accounted for using equity method" increased by the same amount.

In addition, as a result of the cumulative effect being reflected on the beginning balance of net assets for the fiscal year ended March 31, 2023, "Retained earnings," "Valuation difference on available-for-sale securities," and "Deferred gains or losses on hedges" as of April 1, 2022 increased by ¥4,933 million, ¥109 million, and ¥24 million, respectively, whereas "Foreign currency translation adjustment" and "Remeasurements of defined benefit plans" as of April 1, 2022 decreased by ¥3,941 million and ¥231 million, respectively.

The impact on per-share information is stated in the relevant section.

Standards issued but not yet adopted

- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27 issued on October, 28, 2022)
- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25 issued on October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28 issued on October 28, 2022)

(1) Overview

The standards and guidance establish the classification of income taxes to be charged against other comprehensive income and the treatment of tax effects on sale of shares of subsidiaries and other securities under a group taxation regime.

(2) Scheduled date of adoption

The Group is scheduled to adopt the standards and guidance from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of adoption of the accounting standards and guidance

The impact of the adoption is currently being evaluated in preparing these consolidated financial statements.

Changes in presentation

Consolidated balance sheets

“Lease liabilities,” which was included in “Other” under “Non-current liabilities” in the previous fiscal year, is separately presented in the current fiscal year due to its increased materiality of the amount. To reflect this change in presentation, the consolidated balance sheet for the previous fiscal year has been reclassified. As a result, “Other” of ¥19,689 million under “Non-current liabilities” in the consolidated balance sheet as of March 31, 2023 has been reclassified as “Lease liabilities” of ¥12,548 million and “Other” of ¥7,140 million.

Consolidated statements of income

“Impairment losses,” “Loss on business of subsidiaries and associates,” and “Business restructuring expenses” under “Extraordinary losses,” which were separately presented for the previous fiscal year, are included in “Other” for the current fiscal year due to their decreased materiality of the amount. On the other hand, “Loss on sale of investment securities” and “Loss on valuation of investment securities,” which were included in “Other” under “Extraordinary losses” in the previous fiscal year are separately presented in the current fiscal year due to their increased materiality of the amounts. To reflect these changes in presentation, the consolidated statement of income for the previous fiscal year has been reclassified. As a result, “Impairment losses” of ¥402 million, “Loss on business of subsidiaries and associates” of ¥2,322 million, “Business restructuring expenses” of ¥1,307 million, and “Other” of ¥1,758 million, which were presented under “Extraordinary losses” in the consolidated statement of income for the previous fiscal year, have been reclassified as “Loss on sale of investment securities” of ¥0 million, “Loss on valuation of investment securities” of ¥356 million, and “Other” of ¥5,434 million.

Consolidated statements of cash flows

1. “Impairment losses,” “Loss on business of subsidiaries and associates,” “Business restructuring expenses,” and “Payments of business restructuring expenses,” which were separately presented under “Cash flows from operating activities” in the previous fiscal year are included in “Other” for the current fiscal year due to their decreased materiality of the amount. On the other hand, “Loss (gain) on change in equity” and “Loss (gain) on valuation of investment securities,” which were included in “Other” under “Cash flows from operating activities” in the previous fiscal year are separately presented in the current fiscal year due to their increased materiality of the amounts. To reflect these changes in presentation, the consolidated statement of cash flows for the previous fiscal year has been reclassified. As a result, “Impairment losses” of ¥402 million, “Loss on business of subsidiaries and associates” of ¥2,322 million, “Business restructuring expenses” of ¥1,307 million, “Payments of business restructuring expenses” of ¥(359) million, and “Other” of ¥717 million presented under “Cash flows from operating activities” for the previous fiscal year have been reclassified as “Loss (gain) on change in equity” of ¥112 million, “Loss (gain) on valuation of investment securities” of ¥356 million, and “Other” of ¥3,921 million.
2. “Purchase of treasury shares,” which was separately presented under “Cash flows from financing activities” in the previous fiscal year is included in “Other” for the current fiscal year due to its decreased materiality of the amount. On the other hand, “Repayments of lease liabilities,” which was included in “Other” under “Cash flows from financing activities” in the previous fiscal year is separately presented in the current fiscal year due to their increased materiality of the amount. To reflect these changes in presentation, the consolidated statement of cash flows for the previous fiscal year has been reclassified. As a result, “Purchase of treasury shares” of ¥(1) million and “Other” of ¥(2,461) million presented under “Cash flows from financing activities” for the previous fiscal year have been reclassified as “Repayments of lease liabilities” of ¥(2,464) million and “Other” of ¥1 million.

Additional information

Board Benefit Trust (BBT)

Based upon a resolution of the 194th Ordinary General Meeting of Shareholders on June 27, 2016, the Company has introduced a Performance-Linked Stock Compensation System (Board Benefit Trust, hereafter the “BBT”) to a part of remuneration for Directors (excluding Outside Directors), Corporate Vice Presidents other than Directors, and Senior Fellows (collectively “Directors, etc.”) to have Directors, etc. contribute to higher corporate value on a medium- to long-term basis by making stronger

linkage of their compensation to the Company's business performance.

(1) Overview

In accordance with the Stock Benefit Regulations for Directors, etc. (hereinafter, the "Regulation"), previously set out by the Company, points are granted to Directors, etc. during their term in office and the number of shares equivalent to the accumulated points that are granted at the time of their retirement, are provided after adjusting down points linked to the Company's business performance. If Directors, etc. who receive the benefits meet the requirements of the Regulation, money in an amount equivalent to a certain portion of those points granted to the Directors shall be provided to them instead of the Company's shares.

The shares to be provided to Directors, etc. including the shares to be provided for their future services, have been acquired using monetary assets contributed previously by the Company to the BBT. Those shares are managed separately as an asset in BBT.

(2) Accounting treatment

The Gross method has been applied in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30 issued on March 26, 2015).

(3) The Company's shares remaining in the BBT

The Company's shares owned by the BBT are accounted for as treasury shares under net assets at the carrying amounts in the BBT (excluding acquisition-related costs). The book value and the number of shares on treasury stock are ¥571 million and 203,700 shares as of March 31, 2023, and ¥391 million and 139,300 shares as of March 31, 2024.

Consolidated balance sheets

- *1. Of notes and accounts receivable – trade, and contract assets, receivables and contract assets arising from contracts with customers as of March 31, 2023 and 2024 were as follows:

	Millions of yen	
	2023	2024
Notes receivable - trade	¥ 20,172	¥ 22,001
Accounts receivable - trade	203,724	217,346
Contract assets	5,654	6,364

- *2. Assets related to unconsolidated subsidiaries and associates as of March 31, 2023 and 2024 were as follows:

	Millions of yen	
	2023	2024
Investment securities (equity securities)	¥ 91,901	¥ 103,461
Investments in capital	4,149	1,203

- *3. Contract liabilities included in "Other" of current liabilities as of March 31, 2023 and 2024 were as follows:

	Millions of yen	
	2023	2024
Contract liabilities	¥ 3,051	¥ 7,562

4. Contingent liabilities

(1) Guarantee obligations

The Group provides debt guarantees for borrowings and the like from financial institutions for companies other than its consolidated subsidiaries. Contingent liabilities as of March 31, 2023 and 2024 were as follows:

						(Millions of yen)	
2023			2024				
	Total amount guaranteed	Amount guaranteed by Furukawa Electric Group		Total amount guaranteed	Amount guaranteed by Furukawa Electric Group		
Furukawa Electric (Xi'an) Optical Communication Co., Ltd.	¥ 1,903	¥ 1,903	Essex Furukawa Magnet Wire LLC	¥ 2,876	¥ 2,876		
Essex Furukawa Magnet Wire Japan Co., Ltd.	1,170	1,147	Essex Furukawa Magnet Wire Japan Co., Ltd.	2,574	2,573		
Birla Furukawa Fibre Optics Private Ltd.	1,057	1,057	VISCAS Corporation	1,150	1,150		
VISCAS Corporation	1,030	1,030	Birla Furukawa Fibre Optics Private Ltd.	863	863		
Furukawa Sangyo Kaisha Philippines Inc.	291	291	Furukawa Sangyo Kaisha Philippines Inc.	257	257		
Other	43	43	Other	12	12		
Total	¥ 5,495	¥ 5,473	Total	¥ 7,735	¥ 7,735		

Notes: 1. For the debt guarantees for Essex Furukawa Magnet Wire LLC, the total amounts are the guarantee obligation in the form of stand-by L/C issued by financial institutions upon the Company's request for the company's borrowing obligations to financial institutions.
2. For the debt guarantees for Essex Furukawa Magnet Wire Japan Co., Ltd., the total amount as of March 31, 2023 and part of the amount as of March 31, 2024 are the guarantee obligation in the form of stand-by L/C issued by financial institutions upon the Company's request for the company's borrowing obligations to financial institutions.
3. The debt guarantees for VISCAS Corporation include guarantee obligations for bonds and the like related to construction, which were ¥1,026 million and ¥1,150 million as of March 31, 2023 and 2024, respectively.

(2) Repurchase obligation of the securitization of receivables as of March 31, 2023 and 2024

Millions of yen			
	2023	2024	
Repurchase obligation of the securitization of receivables	¥ 5,141	¥ 4,737	

(3) Other

- (i) The Company and its subsidiaries and associates are now negotiating compensations for damage with a part of automobile manufacturers in connection with the violation of the Competition Act by automobile wire harness cartels.
- (ii) The Company has made a provision for repair costs that can be reasonably estimated at this time for a defect that has occurred in part of the products for a large electric power project delivered by the Company in the past. The cause and scope of the defect are currently under investigation, and depending on the results of the investigation, additional repair costs may be incurred; however, it is difficult to make a reasonable estimate of the impact at this time.

*5. Accounting for notes maturing at the consolidated balance sheet date

As the last day of the current fiscal year was a bank holiday, the notes were treated as if they were settled on the maturity date. The notes matured at the end of the current fiscal year are as follows.

Millions of yen			
	2023	2024	
Notes receivable	¥ —	¥ 671	
Notes payable	—	1,217	

Consolidated statement of income

*1. Revenues from contracts with customers

Revenues from contracts with customers and other revenues are not separately presented under net sales. Revenues from contracts with customers are presented in “Notes to Consolidated Financial Statements, Revenue recognition, 1. Revenues from contracts with customers on a disaggregated basis.”

*2. The amount of inventories for normal sales that were written down due to a decrease of profitability for the fiscal years ended March 31, 2023 and 2024 were as follows:

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cost of sales	¥ 725	¥ 1,430

*3. The main components of selling, general and administrative expenses for the fiscal years ended March 31, 2023 and 2024 were as follows:

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Packing and transportation costs	¥ 25,891	¥ 21,878
Sales commissions	2,567	2,801
Salaries and allowances and welfare expenses	51,008	53,781
Retirement benefit expenses	1,578	1,542
Depreciation	5,172	5,421
Research and development costs	19,304	20,956

*4. Total research and development costs

Research and development costs included in general and administrative expenses and manufacturing costs for the fiscal years ended March 31, 2023 and 2024 were as follows:

Millions of yen	
For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
¥ 23,324	¥ 24,539

*5. Gain on change in equity

For the fiscal year ended March 31, 2024:

Mainly due to the capital increase of the Company’s associates accounted for using the equity method.

*6. Gain on disposal of non-current assets

For the fiscal year ended March 31, 2023:

Mainly due to the sale of land by the Company

For the fiscal year ended March 31, 2024:

Mainly due to the sale of land by the Company

*7. Gain on sale of investment securities

For the fiscal year ended March 31, 2023:

Mainly due to transfer of all shares of TOTOKU ELECTRIC CO., LTD., a consolidated subsidiary, to TTC Holdings Inc.

For the fiscal year ended March 31, 2024:

Mainly due to the sale of securities listed overseas and certain cross-held shares.

*8. Loss on disposal of non-current assets

For the fiscal year ended March 31, 2023:

Loss on disposal of buildings and structures of ¥183 million, and machinery, equipment and vehicles of ¥143 million.

For the fiscal year ended March 31, 2024:

Loss on disposal of buildings and structures of ¥274 million, and machinery, equipment and vehicles of ¥143 million.

*9. Extra retirement payments

For the fiscal year ended March 31, 2024:

The Communications Solutions business recorded extra retirement payments in conjunction with personnel reduction at an overseas consolidated subsidiary to optimize the production system in view of the demand trend for fibers in North America.

Consolidated statements of comprehensive income

*1. Reclassification adjustments relating to other comprehensive income for the fiscal years ended March 31, 2023 and 2024

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities:		
Amount arising during the year	¥ 722	¥ 6,831
Reclassification adjustments	(4,089)	(5,449)
Total	¥ (3,367)	¥ 1,381
Deferred gains or losses on hedges:		
Amount arising during the year	¥ (2,691)	¥ 79,432
Adjustments for amounts transferred to assets' acquisition costs	(1,198)	(77,894)
Total	¥ (3,890)	¥ 1,538
Foreign currency translation adjustment:		
Amount arising during the year	¥ 6,856	¥ 11,107
Reclassification adjustments	3,311	(336)
Total	¥ 10,168	¥ 10,770
Remeasurements of defined benefit plans:		
Amount arising during the year	¥ 520	¥ 8,403
Reclassification adjustments	358	427
Total	¥ 878	¥ 8,831
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	¥ 4,104	¥ 7,408
Reclassification adjustments	(274)	(166)
Total	¥ 3,829	¥ 7,242
Subtotal before tax effects	¥ 7,619	¥ 29,763
Tax effects	2,023	(3,251)
Total other comprehensive income	¥ 9,643	¥ 26,512

*2. Tax effects relating to other comprehensive income for the fiscal years ended March 31, 2023 and 2024

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Valuation difference on available-for-sale securities:		
Before tax effect adjustment	¥ (3,367)	¥ 1,381
Tax effect	1,037	(440)
After tax effect adjustment	¥ (2,329)	¥ 941
Deferred gains (losses) on hedges:		
Before tax effect adjustment	¥ (3,890)	¥ 1,538
Tax effect	1,251	(512)
After tax effect adjustment	¥ (2,639)	¥ 1,025
Foreign currency translation adjustment:		
Before tax effect adjustment	¥ 10,168	¥ 10,770
After tax effect adjustment	¥ 10,168	¥ 10,770
Remeasurements of defined benefit plans:		
Before tax effect adjustment	¥ 878	¥ 8,831
Tax effect	(264)	(2,298)
After tax effect adjustment	¥ 613	¥ 6,532
Share of other comprehensive income of entities accounted for using equity method:		
Before tax effect adjustment	¥ 3,829	¥ 7,242
After tax effect adjustment	¥ 3,829	¥ 7,242
Total other comprehensive income		
Before tax effect adjustment	¥ 7,619	¥ 29,763
Tax effect	2,023	(3,251)
After tax effect adjustment	¥ 9,643	¥ 26,512

Consolidated statements of changes in equity

For the fiscal year ended March 31, 2023:

1. Shares issued

Thousand shares				
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	70,666	—	—	70,666

2. Treasury shares

Thousand shares				
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	282	1	11	272

Notes: 1. The increase of 1 thousand shares of common stock represents repurchases of 0 thousand shares through compulsory acquisition of odd-lot shares upon request and an increase of 0 thousand shares of treasury stock (the Company's shares) held by YAMAKIN (Japan) Co., Ltd. that is attributable to the Company.
2. The decrease of 11 thousand shares of common stock represents stock transfers from the Stock Benefit Trust (BBT) to eligible persons.
3. The number of shares of treasury stock at end of the fiscal year includes 203 thousand shares of the Company held in Board Benefit Trust (BBT).

3. Share acquisition rights Not applicable

4. Dividends

(1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 23, 2022	Common stock	¥4,237	¥60.00	March 31, 2022	June 24, 2022

Note: The total amount of dividends revolved at the Annual Shareholders Meeting held on June 23, 2022 includes dividends of ¥12 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Resolution	Type of shares	Funds for dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 23, 2023	Common stock	Retained earnings	¥5,649	¥80.00	March 31, 2023	June 26, 2023

Note: The total amount of dividends revolved at the Annual Shareholders Meeting held on June 23, 2023 includes dividends of ¥16 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

For the fiscal year ended March 31, 2024:

1. Shares issued

	Thousand shares			
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	70,666	–	–	70,666

2. Treasury shares

	Thousand shares			
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	272	0	64	208

Notes: 1. The increase of 0 thousand shares of common stock represents repurchases of 0 thousand shares through compulsory acquisition of odd-lot shares upon request and an increase of 0 thousand shares of treasury stock (the Company's shares) held by YAMAKIN (Japan) Co., Ltd. that is attributable to the Company.
2. The decrease of 64 thousand shares of common stock represents a stock transfer from the Stock Benefit Trust (BBT) to eligible persons.
3. The number of shares of treasury stock at end of the fiscal year includes 139 thousand shares of the Company held in Board Benefit Trust (BBT).

3. Share acquisition rights
Not applicable.

4. Dividends

(1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 23, 2023	Common stock	¥5,649	¥80.00	March 31, 2023	June 26, 2023

Note: The total amount of dividends revolved at the Annual Shareholders Meeting held on June 23, 2023 includes dividends of ¥16 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Resolution	Type of shares	Funds for dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 26, 2024	Common stock	Retained earnings	¥4,236	¥60.00	March 31, 2024	June 27, 2024

Note: The total amount of dividends revolved at the Annual Shareholders Meeting held on June 26, 2024 includes dividends of ¥8 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

Consolidated statements of cash flows

- *1. The reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheets as of March 31, 2023 and 2024 is as follows:

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash and bank deposits	¥ 47,432	¥ 48,895
Time deposits with an original maturity of more than 3 months	(609)	(544)
Securities	5,127	4,747
Cash and cash equivalents	¥ 51,950	¥ 53,098

- *2. Summary of assets and liabilities of the companies which ceased to be consolidated subsidiaries as a result of sale of shares

For the fiscal year ended March 31, 2023:

- (1) The following is the summary of the assets and liabilities of TOTOKU ELECTRIC CO., LTD. and its subsidiaries, TOTOKU (ZHEJIANG) Co., Ltd. and TOKUDENPROSELL Co., Ltd., at the time of sale of shares, whereby they ceased to be consolidated subsidiaries, and the selling price and the proceeds from the sale of shares.

	Millions of yen
Current assets	¥ 16,378
Non-current assets	10,925
Current liabilities	(4,991)
Non-current liabilities	(2,347)
Foreign currency translation adjustment	(551)
Valuation difference on available-for-sale securities	(140)
Remeasurements of defined benefit plans	126
Non-controlling interests	(8,391)
Gain on sale of shares of subsidiaries and associates	10,846
Selling price of shares	¥ 21,855
Cash and cash equivalents	(9,483)
Proceeds from sale of shares	¥ 12,371

- (2) The following is the summary of the assets and liabilities of Jiangsu OFS Hengtong Optical Technology Co., Ltd., at the time of sale of shares, whereby it ceased to be a consolidated subsidiary, and the selling price and the proceeds from the sale of shares.

	Millions of yen
Current assets	¥ 1,711
Non-current assets	357
Current liabilities	(100)
Foreign currency translation adjustment	(26)
Non-controlling interests	(953)
Gain on sale of shares of subsidiaries and associates	78
Selling price of shares	¥ 1,068
Cash and cash equivalents	(1,496)
Proceeds from sale of shares	¥ (428)

For the fiscal year ended March 31, 2024:

- (1) The following is the summary of the assets and liabilities of THAI FIBER OPTICS CO., LTD. at the time of sale of shares, whereby it ceased to be a consolidated subsidiary, and the selling price and the proceeds from the sale of shares.

	Millions of yen	
Current assets	¥	117
Non-current assets		413
Current liabilities		(34)
Non-current liabilities		(2)
Foreign currency translation adjustment		(146)
Valuation difference on available-for-sale securities		0
Non-controlling interests		(413)
Gain on sale of shares of subsidiaries and associates		285
Selling price of shares	¥	220
Cash and cash equivalents		(89)
Proceeds from sale of shares	¥	130

- (2) The following is the summary of the assets and liabilities of OFS UTD2 ApS at the time of sale of shares, whereby it ceased to be a consolidated subsidiary, and the selling price and the proceeds from the sale of shares.

	Millions of yen	
Current assets	¥	543
Non-current assets		2,733
Current liabilities		(275)
Non-current liabilities		(151)
Foreign currency translation adjustment		(2)
Incidental expenses for sale of shares		179
Gain on sale of shares of subsidiaries and associates		1,423
Selling price of shares	¥	4,450
Cash and cash equivalents		(41)
Proceeds from sale of shares	¥	4,408

Leases

1. Finance leases

Finance lease transactions that do not transfer ownership:

(i) Leased assets

Property, plant and equipment (mainly machinery, equipment and vehicles)

(ii) Depreciation method of leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

2. Operating leases

Future lease payments under non-cancellable operating leases:

	Millions of yen			
	For the fiscal year ended March 31, 2023		For the fiscal year ended March 31, 2024	
Due within one year	¥	1,064	¥	1,309
Due after one year		8,252		8,412
Total	¥	9,317	¥	9,721

Notes: 1. Since the foreign subsidiaries comply with International Financial Reporting Standards (IFRS) apply IFRS 16 *Leases*, operating leases are presented in "Right-of-use assets" of "Non-current assets" in the consolidated balance sheets.

2. Since the foreign subsidiaries that comply with U.S. GAAP apply ASU No. 2016-02 *Leases*, operating leases are presented in “Right-of-use assets” of “Non-current assets” in the consolidated balance sheets.
3. The above minimum lease payments include amounts equivalent to the stipulated damages.

Financial instruments

1. Status of financial instruments

(1) Policy on financial instruments

The Group has basic policy of safe fund management with no loss of principal. The necessary fund is obtained through borrowings from banks and other financial institutions and issuances of commercial papers and corporate bonds. The Group shall not enter into derivative transactions for speculative purposes.

(2) Nature and risk of financial instruments and risk management system

Notes and accounts receivable - trade arising from operations are exposed to credit risk of customers. The Group carries out the practice of keeping track of due dates and outstanding balances of each customer under the credit management rules, as well as monitoring major customers' credit status on a regular basis in order to minimize credit risk.

Marketable securities and investment securities are mainly equity securities and exposed to the risk of changes in market price. These securities are primarily the shares of companies with which the Group has business relationship, and the fair value of these securities are evaluated on a regular basis.

Trade notes and accounts payable arising from operations normally have payment terms of less than one year.

Short-term and long-term borrowings, commercial paper, and bonds are mainly utilized for working and capital investments. The interest rate risk of a certain portion of those borrowings is hedged using interest rate swaps as hedging instruments.

Derivative transactions include foreign exchange forward contracts used to hedge foreign currency risk associated with trade receivables and payables denominated in foreign currency, interest rate swaps used to hedge interest rate risk associated with borrowings, metal forward contracts used to hedge price fluctuation risk of raw materials and work in process. Details of hedge accounting, including hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are explained in “5. Accounting policies, (8) Hedge accounting” above. Execution and management of derivative transactions are subject to related internal rules.

Although trade payables and borrowings are exposed to liquidity risk, they are managed by such means as cash flow projections prepared in a timely manner.

(3) Supplementary information on the fair value of financial instruments

The estimated fair values of financial instruments would not be fixed due to variety of factors and assumptions. In addition, the contractual amounts of the derivative transactions set out in the notes to “Derivatives” are not in themselves an indicator of the market risk associated with derivative transactions.

2. Fair value of financial instruments

Carrying amount and fair value of financial instruments and their difference as of March 31, 2023 and 2024 were as follows:

As of March 31, 2023

Millions of yen				
2023				
	Carrying amount ^{(*)3}	Fair value ^{(*)3}	Difference	
(1) Marketable securities and investment securities				
(i) Held-to-maturity debt securities	¥ 5,127	¥ 5,127	¥	—
(ii) Available-for-sale securities	21,983	21,983		—
(iii) Shares of unconsolidated subsidiaries and associates ^{(*)6}	81,991	78,029		(3,962)
Total assets	¥ 109,102	¥ 105,139	¥	(3,962)
(1) Bonds payable	¥ (40,000)	¥ (39,257)	¥	742
(2) Long-term borrowings	(114,547)	(113,632)		915
Total liabilities	¥ (154,547)	¥ (152,889)	¥	1,657
Derivative transactions ^{(*)4}				
(i) Derivative transactions to which hedge accounting is not applied	¥ (350)	¥ (350)	¥	—
(ii) Derivative transactions to which hedge accounting is applied	304	304		—
Total derivative transactions	¥ (46)	¥ (46)	¥	—

(*)1 “Cash” is omitted because its fair value is always equal to the carrying amount, and “Deposits,” “Notes and accounts receivable - trade,” “Notes and accounts payable - trade,” “Short-term borrowings,” and “Commercial papers” are also omitted because they are settled in a short period of time and their fair values approximate their carrying amounts.

(*)2 Equity securities, etc. that do not have a quoted market price in an active market are not included in (1) Marketable securities and investment securities. Carrying amount of such equity instruments were as follows:

Millions of yen	
2023	
Unlisted equity securities	¥ 15,578
Investments in capital	4,262

(*)3 Carrying amounts and fair values of items reported in liabilities are shown in parentheses.

(*)4 Receivables and payables arising from derivative transactions are shown in net amounts, and those with negative net totals are shown in parentheses.

(*)5 Investments in associations and equivalent entities in which the Group has a net equity interest on the consolidated balance sheets are not included in (1) Marketable securities and investment securities in accordance with the treatment prescribed in paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021). The amount of such investments in the consolidated balance sheet were ¥745 million.

(*)6 As stated in “Notes—Changes in Accounting Policies,” UACJ Corporation, an equity-method associate of the Company, has adopted International Financial Reporting Standards (IFRS) from the beginning of the fiscal year ended March 31, 2024. As the changes in accounting policies due to this adoption have been applied retrospectively, and the figures for the fiscal year ended March 31, 2023 are those after the retrospective application.

As of March 31, 2024

		Millions of yen		
		2024		
		Carrying amount ^{(*)3}	Fair value ^{(*)3}	Difference
(1) Marketable securities and investment securities				
(i)	Held-to-maturity debt securities	¥ 4,747	¥ 4,747	¥ –
(ii)	Available-for-sale securities	22,764	22,764	–
(iii)	Shares of unconsolidated subsidiaries and associates	92,722	205,723	113,001
Total assets		¥ 120,234	¥ 233,235	¥ 113,001
(1) Bonds payable		¥ (40,000)	¥ (39,050)	¥ 949
(2) Long-term borrowings		(120,168)	(119,119)	1,048
Total liabilities		¥ (160,168)	¥ (158,170)	¥ 1,997
Derivative transactions ^{(*)4}				
(i)	Derivative transactions to which hedge accounting is not applied	¥ (949)	¥ (949)	¥ –
(ii)	Derivative transactions to which hedge accounting is applied	1,839	1,839	–
Total derivative transactions		¥ 890	¥ 890	¥ –
(*)1 “Cash” is omitted because its fair value is always equal to the carrying amount, and “Deposits,” “Notes and accounts receivable - trade,” “Notes and accounts payable - trade,” “Short-term borrowings,” and “Commercial papers” are also omitted because they are settled in a short period of time and their fair values approximate their carrying amounts.				
(*)2 Equity securities, etc. that do not have a quoted market price in an active market are not included in (1) Marketable securities and investment securities. The carrying amounts of such equity instruments were as follows:				
		Millions of yen		
		2024		
Unlisted equity securities		¥ 16,207		
Investments in capital		1,290		
(*)3 Carrying amounts and fair values of items reported in liabilities are shown in parentheses.				
(*)4 Receivables and payables arising from derivative transactions are shown in net amounts, and those with negative net totals are shown in parentheses.				
(*)5 Investments in associations and equivalent entities in which the Group has a net equity interest on the consolidated balance sheets are not included in (1) Marketable securities and investment securities in accordance with the treatment prescribed in paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021). The amount of such investments in the consolidated balance sheet were ¥930 million.				

Note 1: Redemption schedule of monetary receivables and securities with contractual maturities after the consolidated balance sheet date as of March 31, 2023 and 2024 is as follows:

As of March 31, 2023

	Millions of yen							
	2023							
	Within 1 year		Over 1 year to 5 years		Over 5 years to 10 years		Over 10 years	
Deposits	¥	41,228	¥	—	¥	—	¥	—
Notes and accounts receivable - trade		223,912		—		—		—
Marketable securities and investment securities								
Government bonds, municipal bonds and other		5,127		—		—		—
Total	¥	270,268	¥	—	¥	—	¥	—

As of March 31, 2024

	Millions of yen							
	2024							
	Within 1 year		Over 1 year to 5 years		Over 5 years to 10 years		Over 10 years	
Deposits	¥	41,827	¥	—	¥	—	¥	—
Notes and accounts receivable - trade		239,348		—		—		—
Marketable securities and investment securities								
Government bonds, municipal bonds and other		4,747		—		—		—
Total	¥	285,922	¥	—	¥	—	¥	—

Note 2: Repayment schedule of commercial papers, bonds payable and long-term borrowings after the consolidated balance sheets date as of March 31, 2023 and 2024 is as follows:

As of March 31, 2023

		Millions of yen											
		2023											
		Within 1 year		Over 1 year to 2 years		Over 2 years to 3 years		Over 3 years to 4 years		Over 4 years to 5 years		Over 5 years	
Commercial papers	¥	28,000	¥	—	¥	—	¥	—	¥	—	¥	—	
Bonds payable		—		—		—		10,000		10,000		20,000	
Long-term borrowings		—		24,300		30,646		17,300		18,800		23,500	
Total	¥	28,000	¥	24,300	¥	30,646	¥	27,300	¥	28,800	¥	43,500	

As of March 31, 2024

		Millions of yen											
		2024											
		Within 1 year		Over 1 year to 2 years		Over 2 years to 3 years		Over 3 years to 4 years		Over 4 years to 5 years		Over 5 years	
Commercial papers	¥	35,500	¥	—	¥	—	¥	—	¥	—	¥	—	
Bonds payable		—		—		10,000		10,000		—		20,000	
Long-term borrowings		—		33,497		19,770		18,100		26,000		22,800	
Total	¥	35,500	¥	33,497	¥	29,770	¥	28,100	¥	26,000	¥	42,800	

3. Financial Instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs for measuring fair value:

Level 1 fair value: Fair value determined by using quoted prices (unadjusted) in active markets for identical assets or liabilities as the inputs for measuring observable fair value

Level 2 fair value: Fair value determined by using inputs for measuring observable fair value other than Level 1 inputs

Level 3 fair value: Fair values determined by using inputs for measuring unobservable fair value

If multiple inputs are used that have a significant impact on the measurement of fair value, the fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial assets and liabilities measured at fair value as of March 31, 2023 and 2024

As of March 31, 2023

		Millions of yen					
		2023					
		Level 1	Level 2	Level 3		Total	
Marketable securities and investment securities:							
Available-for-sale securities:							
Equity securities	¥	21,983	¥	—	¥	—	¥ 21,983
Derivative transactions:							
Currency		—	213	—			213
Commodity		—	793	—			793
Total assets	¥	21,983	¥	1,006	¥	—	¥ 22,989
Derivative transactions:							
Currency	¥	—	¥ (939)	¥	—	¥	(939)
Commodity		—	(113)	—			(113)
Total liabilities	¥	—	¥ (1,053)	¥	—	¥	(1,053)

(*) Items reported in liabilities are shown in parentheses.

As of March 31, 2024

		Millions of yen					
		2024					
		Level 1	Level 2	Level 3		Total	
Marketable securities and investment securities:							
Available-for-sale securities:							
Equity securities	¥	22,764	¥	—	¥	—	¥ 22,764
Derivative transactions:							
Currency		—	950	—			950
Commodity		—	1,965	—			1,965
Total assets	¥	22,764	¥	2,916	¥	—	¥ 25,681
Derivative transactions:							
Currency	¥	—	¥ (1,985)	¥	—	¥	(1,985)
Commodity		—	(41)	—			(41)
Total liabilities	¥	—	¥ (2,026)	¥	—	¥	(2,026)

(*) Items reported in liabilities are shown in parentheses.

(2) Financial assets and liabilities not measured at fair value as of March 31, 2023 and 2024

As of March 31, 2023

		Millions of yen						
		2023						
		Level 1		Level 2		Level 3		Total
Marketable securities and investment securities:								
Held-to-maturity debt securities								
Government bonds, municipal bonds and other	¥	—	¥	5,127	¥	—	¥	5,127
Shares of unconsolidated subsidiaries and associates		78,029		—		—		78,029
Total assets	¥	78,029	¥	5,127	¥	—	¥	83,156
Bonds payable	¥	—	¥	(39,257)	¥	—	¥	(39,257)
Long-term borrowings		—		(113,632)		—		(113,632)
Total liabilities	¥	—	¥	(152,889)	¥	—	¥	(152,889)

(*) Fair values of items reported in liabilities are shown in parentheses.

As of March 31, 2024

	Millions of yen							
	2024							
	Level 1	Level 2	Level 3				Total	
Marketable securities and investment securities:								
Held-to-maturity debt securities:								
Government bonds, municipal bonds and other	¥	—	¥	4,747	¥	—	¥	4,747
Shares of unconsolidated subsidiaries and associates		205,723		—		—		205,723
Total assets	¥	205,723	¥	4,747	¥	—	¥	210,470
Bonds payable	¥	—	¥	(39,050)	¥	—	¥	(39,050)
Long-term borrowings		—		(119,119)		—		(119,119)
Total liabilities	¥	—	¥	(158,170)	¥	—	¥	(158,170)

(*) Fair values of items reported in liabilities are shown in parentheses.

Note: A description of the valuation techniques and inputs used in the fair value measurements:

Marketable securities and investment securities

The fair values of listed equity securities are measured at the quoted market prices. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1. As the municipal bonds and corporate bonds are not considered to be in active markets due to low market transactions, the fair values of municipal bonds and corporate bonds are measured by using discounted present value techniques considering observable inputs such as interest rates, and categorized as Level 2.

Derivatives

The fair values of interest rate swaps, foreign currency forward contracts, foreign currency swaps, and commodity forward contracts are measured by using prices quoted by counterparty financial institutions and brokers, and are categorized as Level 2.

Bonds payable

Bonds issued by the Company are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

Long-term borrowings

The fair values of long-term borrowing are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

Securities

1. Held-to-maturity debt securities as of March 31, 2023 and 2024

As of March 31, 2023

	Millions of yen		
	2023		
	Carrying amount	Fair value	Difference
Securities whose fair value does not exceed the carrying amount:			
Government bonds, municipal bonds and other	¥ 5,127	¥ 5,127	—
Total	¥ 5,127	¥ 5,127	—

As of March 31, 2024

	Millions of yen		
	2024		
	Carrying amount	Fair value	Difference
Securities whose fair value does not exceed the carrying amount:			
Government bonds, municipal bonds and other	¥ 4,747	¥ 4,747	—
Total	¥ 4,747	¥ 4,747	—

2. Available-for-sale securities as of March 31, 2023 and 2024

As of March 31, 2023

	Millions of yen		
	2023		
	Carrying amount	Cost	Difference
Securities whose carrying amount exceeds the cost:			
Equity securities	¥ 21,928	¥ 7,001	14,927
Other	5	5	0
Subtotal	21,934	7,006	14,927
Securities whose carrying amount does not exceed the cost:			
Equity securities	48	58	(9)
Total	¥ 21,983	¥ 7,065	14,917

As of March 31, 2024

	Millions of yen		
	2024		
	Carrying amount	Cost	Difference
Securities whose carrying amount exceeds the cost:			
Equity securities	¥ 22,715	¥ 6,447	16,267
Other	—	—	—
Subtotal	22,715	6,447	16,267
Securities whose carrying amount does not exceed the cost:			
Equity securities	48	54	(6)
Total	¥ 22,764	¥ 6,502	16,261

3. Securities sold during the fiscal years ended March 31, 2023 and 2024

For the fiscal year ended March 31, 2023

		Millions of yen		
		For the fiscal year ended March 31, 2023		
Class		Selling price	Gross realized gain	Gross realized loss
Equity securities	¥	5,682	¥ 4,074	¥ (0)
Total	¥	5,682	¥ 4,074	¥ (0)

For the fiscal year ended March 31, 2024

		Millions of yen		
		For the fiscal year ended March 31, 2024		
Class		Selling price	Gross realized gain	Gross realized loss
Equity securities	¥	8,400	¥ 4,815	¥ (101)
Total	¥	8,400	¥ 4,815	¥ (101)

4. Securities for which impairment losses were recognized

In the fiscal year ended March 31, 2023, impairment losses of ¥356 million were recognized for securities (¥356 million for equity securities classified as investment securities).

In the fiscal year ended March 31, 2024, impairment losses of ¥771 million were recognized for securities (¥771 million for equity securities classified as investment securities).

Derivatives

1. Derivative transactions to which hedge accounting is not applied

(1) Foreign currency related transactions as of March 31, 2023 and 2024

As of March 31, 2023

		Millions of yen			
		2023			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)	
Off-market transactions:					
Foreign currency forward contracts:					
Sell:					
U.S. dollar	¥ 14,606	¥ —	¥ (25)	¥ (25)	
Japanese yen	4,002	—	9	9	
Euro	4,861	—	(100)	(100)	
Taiwan dollar	4,596	—	(91)	(91)	
Indonesian rupiah	4,374	—	(94)	(94)	
Thai baht	36	—	(0)	(0)	
Chinese yuan	1,117	—	(21)	(21)	
Other	167	—	3	3	
Buy:					
U.S. dollar	3,525	—	28	28	
Euro	7	—	—	—	
Other	676	—	7	7	
Currency Swaps:					
Receiving yen, paying Philippine peso	867	—	(22)	(22)	
Total	¥ 38,840	¥ —	¥ (306)	¥ (306)	

As of March 31, 2024

		Millions of yen			
		2024			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)	
Off-market transactions:					
Foreign currency forward contracts:					
Sell:					
U.S. dollar	¥ 24,379	¥ —	¥ (1,129)	¥ (1,129)	
Japanese yen	4,394	—	256	256	
Euro	4,996	—	(109)	(109)	
Taiwan dollar	7,649	—	(70)	(70)	
Indonesian rupiah	4,577	—	35	35	
Thai baht	1,438	—	(6)	(6)	
Chinese yuan	1,332	—	(0)	(0)	
Other	1,012	—	(19)	(19)	
Buy:					
U.S. dollar	4,680	—	162	162	
Euro	1,222	—	52	52	
Other	315	—	(2)	(2)	
Currency Swaps:					
Receiving yen, paying Philippine peso	867	867	(105)	(105)	
Total	¥ 56,867	¥ 867	¥ (936)	¥ (936)	

- Notes
1. "Thai baht" that was included in "Other" under "Sell" in the previous fiscal year is separately presented in the current fiscal year due to its increased materiality of the amount. As a result, "Other" under "Sell" in the previous fiscal year has been reclassified and presented as "Thai baht" and "Other."
 2. "Euro" that was included in "Other" under "Buy" in the previous fiscal year is separately presented in the current fiscal year due to its increased materiality of the amount. As a result, "Other" under "Buy" in the previous fiscal year has been reclassified and presented as "Euro" and "Other."

(2) Commodity related transactions as of March 31, 2023 and 2024

As of March 31, 2023

		Millions of yen			
		2023			
		Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Market transactions:					
Forward contracts:					
Sell:	¥	9,983	¥	—	¥ (163)
Buy:		5,231		—	119
Total	¥	15,214	¥	—	¥ (44)

As of March 31, 2024

		Millions of yen			
		2024			
		Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Market transactions:					
Forward contracts:					
Sell:	¥	7,863	¥	—	¥ (105)
Buy:		3,583		—	92
Total	¥	11,446	¥	—	¥ (12)

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency related transactions as of March 31, 2023 and 2024

As of March 31, 2023

Hedged items		Millions of yen					
		2023			Fair value (Note)		
		Notional amount	Portion over 1 year				
Normal accounting method:							
Foreign currency forward contracts:							
Sell:							
U.S. dollar	Trade receivables (Forecast transactions)	¥	16,160	¥	367	¥	(277)
Euro	Trade receivables (Forecast transactions)		209		—		(25)
Taiwan dollar	Trade receivables (Forecast transactions)		5,658		—		(1)
Thai baht	Trade receivables (Forecast transactions)		200		—		(1)
Other	Trade receivables (Forecast transactions)		894		—		26
Buy:							
U.S. dollar	Trade payables (Forecast transactions)		21,237		557		(105)
Euro	Trade payables (Forecast transactions)		1,199		—		5
Philippine peso	Trade payables (Forecast transactions)		—		—		—
U.K. pound	Trade payables (Forecast transactions)		—		—		—
Other	Trade payables (Forecast transactions)		8,335		—		(40)
Assignment accounting (special treatment for foreign exchange forward contracts):							
Foreign currency forward contracts:							
Sell:							
U.S. dollar	Trade receivables		1,174		—		—
Other	Trade receivables		—		—		—
Buy:							
U.S. dollar	Trade payables		392		—		—
Euro	Accrued expenses		—		—		—
Other	Trade payables		—		—		—
Total		¥	55,463	¥	924	¥	(419)

Note: The fair value of foreign currency related transactions subject to the assignment accounting (special treatment for foreign exchange forward contracts) is accounted for together with the underlying trade receivables or trade payables subject to hedging.

As of March 31, 2024

Hedged items		Millions of yen					
		2024					
		Notional amount	Portion over 1 year	Fair value (Note 1)			
Normal accounting method:							
Foreign currency forward contracts:							
Sell:							
U.S. dollar	Trade receivables (Forecast transactions)	¥	16,637	¥	—	¥	(1,107)
Euro	Trade receivables (Forecast transactions)		33		—		(0)
Taiwan dollar	Trade receivables (Forecast transactions)		—		—		—
Thai baht	Trade receivables (Forecast transactions)		65		—		(0)
Other	Trade receivables (Forecast transactions)		9		—		0
Buy:							
U.S. dollar	Trade payables (Forecast transactions)		13,419		259		771
Euro	Trade payables (Forecast transactions)		258		—		20
Philippine peso	Trade payables (Forecast transactions)		7,527		—		214
U.K. pound	Trade payables (Forecast transactions)		1,373		447		10
Other	Trade payables (Forecast transactions)		141		—		(5)
Assignment accounting (special treatment for foreign exchange forward contracts):							
Foreign currency forward contracts:							
Sell:							
U.S. dollar	Trade receivables		95		—		—
Other	Trade receivables		35		—		—
Buy:							
U.S. dollar	Trade payables		16		—		—
Euro	Accrued expenses		140		—		—
Other	Trade payables		15		—		—
Total		¥	39,771	¥	706	¥	(97)

Note: 1. The fair value of foreign currency related transactions subject to the assignment accounting (special treatment for foreign exchange forward contracts) is accounted for together with the underlying trade receivables or trade payables subject to hedging.

2. “Thai baht” that was included in “Other” under “Sell” in the previous fiscal year is separately presented in the current fiscal year due to its increased materiality of the amount. As a result, “Other” under “Sell” in the previous fiscal year has been reclassified and presented as “Thai baht” and “Other.”

3. “Taiwan dollar” under “Buy” that was separately presented in the previous fiscal year is presented by including in “Other” in the current fiscal year due to its decreased materiality of the amount. As a result, “Taiwan dollar” under “Buy” in the previous fiscal year has been reclassified and presented as “Other.”

(2) Commodity related transactions as of March 31, 2023 and 2024

As of March 31, 2023

Hedged items		Millions of yen					
		2023					
		Notional amount		Portion over 1 year		Fair value	
Normal accounting method:							
Metal forward contracts:							
Sell:	Raw materials and work in process	¥	5,712	¥	—	¥	(104)
Buy:	Raw materials and work in process		25,340		162		828
Total		¥	31,052	¥	162	¥	723

As of March 31, 2024

Hedged items		Millions of yen					
		2024					
		Notional amount		Portion over 1 year		Fair value	
Normal accounting method:							
Metal forward contracts:							
Sell:	Raw materials and work in process	¥	14,050	¥	—	¥	(894)
Buy:	Raw materials and work in process		32,004		965		2,832
	Total	¥	46,055	¥	965	¥	1,937

Retirement benefits

1. Overview of retirement benefit plans adopted by the Group

The Company and its consolidated subsidiaries (hereinafter, the “Group”) have funded and/or unfunded defined benefit pension plans and/or defined contribution plans. The defined benefit plans consist of Employees’ Pension Fund Plan, defined benefit corporation pension plan and lump-sum payment plan.

There are cases where additional retirement benefits are paid at the time of retirement of employees. The Company has established an employees’ retirement benefit trust and certain consolidated subsidiaries have joined multi-employer employees’ pension fund. The plans, which are not possible to reasonably compute the amounts of plan assets corresponding to their own contribution amounts, are accounted for in the same way as the defined contribution plan.

On the defined benefit pension plans and lump-sum payment plans of certain consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by using the simplified method.

2. Defined benefit plans

(1) Reconciliation of opening and ending balances of retirement benefit obligations (excluding plans using the simplified method) for the fiscal years ended March 31, 2023 and 2024

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Balance at beginning of year	¥ 103,702	¥ 94,503
Service cost	3,838	3,418
Interest cost	1,126	1,248
Actuarial gains and losses	(2,885)	(978)
Benefits paid	(8,389)	(12,221)
Net effect resulting from business combinations	(3,229)	—
Foreign currency translation adjustment	340	2,213
Balance at end of year	¥ 94,503	¥ 88,185

(2) Reconciliation of opening and ending balances of plan assets (excluding plans using the simplified method) for the fiscal years ended March 31, 2023 and 2024

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Balance at beginning of year	¥ 69,580	¥ 66,661
Expected return on plan assets	682	1,764
Actuarial gains and losses	(1,175)	7,947
Contributions from the Company	1,503	1,155
Benefits paid	(3,382)	(7,884)
Net effect resulting from business combinations	(1,199)	—
Foreign currency translation adjustment	651	1,981
Balance at end of year	¥ 66,661	¥ 71,625

(3) Reconciliation of opening and ending balances of retirement benefit liability under the plans using a simplified method for the fiscal years ended March 31, 2023 and 2024

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Balance at beginning of year	¥ 1,556	¥ 1,496
Retirement benefit expenses	759	437
Benefits paid	(654)	(343)
Contributions to fund	(199)	(202)
Net effect resulting in change in scope of consolidation	—	50
Net effect resulting from business combinations	34	—
Balance at end of year	¥ 1,496	¥ 1,438

- (4) Reconciliation of the ending balances of retirement benefit obligations and plan assets and defined benefit liability and asset recorded in the consolidated balance sheet as of March 31, 2023 and 2024

	Millions of yen			
	2023		2024	
Funded retirement benefit obligation	¥	88,443	¥	86,466
Plan assets		(70,493)		(75,698)
		17,950		10,767
Unfunded retirement benefit obligation		11,389		7,230
Net liability for defined benefit obligation		29,339		17,997
Retirement benefit liability		38,239		29,239
Retirement benefit asset		(8,900)		(11,241)
Net liability for defined benefit obligation	¥	29,339	¥	17,997

Note: The above items include plans using the simplified method.

- (5) The components of retirement benefit expenses for the fiscal years ended March 31, 2023 and 2024

	Millions of yen			
	For the fiscal year ended March 31, 2023		For the fiscal year ended March 31, 2024	
Service cost	¥	3,838	¥	3,418
Interest cost		1,126		1,248
Expected return on plan assets		(682)		(1,764)
Amortization of actuarial gains and losses		346		406
Amortization of prior service cost		26		25
Retirement benefit expenses calculated on a simplified method		759		437
Total retirement benefit expenses	¥	5,415	¥	3,772

- (6) Remeasurements of defined benefit plans under other comprehensive income

The components of remeasurements of defined benefit plans (before tax) under other comprehensive income for the fiscal years ended March 31, 2023 and 2024 were as follows:

	Millions of yen			
	For the fiscal year ended March 31, 2023		For the fiscal year ended March 31, 2024	
Service cost	¥	76	¥	59
Interest cost		802		8,771
Total retirement benefit expenses	¥	878	¥	8,831

- (7) Remeasurements of defined benefit plans under accumulated other comprehensive income

The components of remeasurements of defined benefit plans (before tax) under accumulated other comprehensive income as of March 31, 2023 and 2024 were as follows:

	Millions of yen			
	For the fiscal year ended March 31, 2023		For the fiscal year ended March 31, 2024	
Unrecognized prior service cost	¥	(196)	¥	(255)
Unrecognized actuarial gains and losses		2,889		(5,882)
Total	¥	2,693	¥	(6,138)

(8) Plan assets

(i) Major components of plan assets

The components of plan assets as of March 31, 2023 and 2024 were as follows:

	2023	2024
Equity securities	37 %	47 %
Debt securities	30 %	17 %
Assets in a life-insurer's general account	16 %	14 %
Cash and deposits	2 %	6 %
Other	15 %	17 %
Total	100 %	100 %

Note: The above plan assets included 18% and 12% of assets held by the retirement benefit trust set up for the retirement benefit plan as of March 31, 2023 and 2024, respectively.

(ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return, which are expected currently and in the future from the various components of the plan assets.

(9) Actuarial assumptions

Major actuarial assumptions used for the fiscal years ended March 31, 2023 and 2024 are as follows:

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Discount rate	0.4%–7.3 %	0.4%–6.4 %
Long-term expected rate of return on plan assets	1.0%–5.0 %	1.0%–5.8 %

3. Defined contribution plans

Required contributions for defined contribution plans (including multi-employer employees' pension fund plans that are accounted for in the same manner as a defined contribution plan) for the fiscal years ended March 31, 2023 and 2024 were ¥542 million and ¥5,119 million, respectively.

4. Multi-employer plan

Amounts related to the multi-employer plan for which required contributions are accounted for as retirement benefit expenses are as follows.

(1) The funded status of the multi-employer plan as of March 31, 2023 and 2024, was as follows:

Millions of yen			
	2023	2024	
Plan assets	¥ 86,086	¥ 83,259	
Sum of actuarial liabilities of pension plan and minimum actuarial reserve	88,763	87,342	
Net balance	¥ (2,676)	¥ (4,083)	

(2) The contribution ratio of the Group in the multi-employer plan for the fiscal years ended March 31, 2023 and 2024

	2023	2024
Contribution ratio of the Group in the multi-employer plan	0.7 %	0.7 %

(3) Supplementary explanation

The above net balance resulted mainly from past service cost under the plan in pension actuarial valuation and special reserve.

The ratios above do not represent the actual actuarial liability ratio of the Group.

Tax effect accounting

As stated in “Notes—Changes in Accounting Policies,” UACJ Corporation, an equity-method associate of the Company, has adopted International Financial Reporting Standards (IFRS) from the beginning of the fiscal year ended March 31, 2024. As the changes in accounting policies due to this adoption have been applied retrospectively, and the amounts and effective tax rates for the fiscal year ended March 31, 2023 are those after the retrospective application.

1. Significant components of deferred tax assets and liabilities as of March 31, 2023 and 2024

	Millions of yen			
	2023		2024	
Deferred tax assets				
Retirement benefits liability	¥	14,395	¥	11,233
Provision for environmental measures		2,844		2,824
Unrealized profits on non-current assets		787		781
Tax loss carryforward (Note 2)		48,888		45,968
Excess amount over limitation of taxable provisions for bonuses		2,961		3,207
Accrued enterprise tax		453		230
Excess amount over limitation of non-current assets depreciation		3,086		4,505
Impairment losses		7,894		8,569
Loss on valuation of inventories		1,091		1,562
Unrealized profits on inventories		580		1,068
Retirement benefits for Directors and other officers		144		116
Loss on valuation of securities		1,432		1,385
Provision for product warranties		724		1,357
Other		14,432		17,088
Subtotal	¥	99,719	¥	99,898
Less valuation allowance for tax loss carryforward (Note 2)	¥	(42,515)	¥	(39,960)
Less valuation allowance for total of future deductible temporary differences, etc.		(28,558)		(32,386)
Total valuation allowance (Note 1)	¥	(71,073)	¥	(72,347)
Total deferred tax assets	¥	28,646	¥	27,551
Deferred tax liabilities				
Valuation difference on available-for-sale securities	¥	(4,440)	¥	(4,870)
Reserve for tax purpose reduction entry of non-current assets		(28)		(28)
Revaluation difference on land		(181)		(181)
Undistributed earnings of subsidiaries and associates		(12,446)		(13,482)
Deferred gains on hedges		(163)		(622)
Other		(5,549)		(7,411)
Total deferred tax liabilities		(22,809)		(26,595)
Deferred tax assets (liabilities), net	¥	5,836	¥	955

Note 1: There were no material changes in the valuation allowance.

Note 2: Tax loss carryforward and the related deferred tax assets by time to expiration as of March 31, 2023 and 2024 were as follows:

As of March 31, 2023

	Millions of yen						
	2023						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 year to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforward (*1)	¥ 4,513	¥ 6,725	¥ 5,378	¥ 955	¥ 3,051	¥ 28,263	¥ 48,888
Less valuation allowance for tax loss carryforward	(2,420)	(5,432)	(4,247)	(362)	(2,254)	(27,797)	(42,515)
Deferred tax assets	2,093	1,293	1,131	592	796	466	(*2) 6,373

(*1) Tax loss carryforward is calculated by applying the effective statutory tax rate.

(*2) Net deferred tax assets of ¥6,373 million were recognized for tax loss carryforward of ¥48,888 million (calculated by applying the effective statutory tax rate). Valuation allowances have not been recognized for the part of the tax loss carryforward expected to be collectible considering future taxable income. Assumptions for estimating future taxable income is stated in “Item 5 Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, Significant accounting estimates.”

As of March 31, 2024

	Millions of yen						
	2024						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 year to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforward (*1)	¥ 5,397	¥ 1,395	¥ 3,727	¥ 394	¥ 3,908	¥ 31,145	¥ 45,968
Less valuation allowance for tax loss carryforward	(5,232)	(1,171)	(2,390)	(195)	(2,137)	(28,832)	(39,960)
Deferred tax assets	164	224	1,336	198	1,770	2,312	(*2) 6,008

(*1) Tax loss carryforward is calculated by applying the effective statutory tax rate.

(*2) Net deferred tax assets of ¥6,008 million were recognized for tax loss carryforward of ¥45,968 million (calculated by applying the effective statutory tax rate). Valuation allowances have not been recognized for the part of the tax loss carryforward expected to be collectible considering future taxable income. Assumptions for estimating future taxable income is stated in "Item 5 Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, Significant accounting estimates."

- Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect for the fiscal years ended March 31, 2023 and 2024

	2023		2024	
Normal effective statutory tax rate	30.6	%	30.6	%
Adjustments:				
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	3.0	%	1.7	%
Dividend income not taxable for income tax purposes	0.1	%	1.1	%
Share of profits (losses) of investments accounted for using the equity method	(5.4)	%	(12.7)	%
Tax credits of experimentation and research expenses	(4.1)	%	(5.7)	%
Valuation allowance	3.5	%	38.7	%
Tax rate differences with foreign consolidated subsidiaries	(1.0)	%	(1.8)	%
Amortization of goodwill	0.4	%	0.2	%
Undistributed earnings of subsidiaries and associates	2.4	%	5.4	%
Unrecognized tax effects relating to unrealized profits	(0.8)	%	(1.0)	%
Consolidation adjustments relating to sale of businesses	8.3	%	1.0	%
Other	(0.1)	%	(0.1)	%
Actual effective tax rate after applying tax effect accounting	36.9	%	57.8	%

Change in presentation

"Dividend income not taxable for income tax purposes," which was included in "Other" in the fiscal year ended March 31, 2023, is separately presented from the fiscal year ended March 31, 2024 due to its increased materiality, whereas "Expired tax loss carryforward" that was separately presented in the fiscal year ended March 31, 2023 is presented by including in "Other" from the fiscal year ended March 31, 2024 as it is no longer material. To reflect the change in presentation, the reconciliation has been reclassified from that of the fiscal year ended March 31, 2023.

As a result, the (0.2)% presented in "Other" and the 0.2% presented in "Expired tax loss carryforward" for the fiscal year ended March 31, 2023 have been reclassified as "Dividend income not taxable for income tax purposes" of 0.1% and "Other" of (0.1)%.

- Accounting for income taxes and local income taxes or the related tax effects

The Company and some of its subsidiaries in Japan apply the group tax sharing system and, in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42 issued on August 12, 2021), account for and disclose income taxes and local income taxes or the related tax effects.

Revenue recognition

1. Revenues from contracts with customers on a disaggregated basis for the fiscal years ended March 31, 2023 and 2024

Fiscal year ended March 31, 2023

	Millions of yen								
	For the fiscal year ended March 31, 2023								
	Infrastructure			Electronics & Automotive Systems			Functional products	Service and Development, etc.	Total
	Communi- cations Solutions	Energy infrastructure	Subtotal	Automotive Products & Batteries	Electronics Component Material	Subtotal			
Revenues from contracts with customers	¥214,797	¥105,242	¥320,039	¥345,075	¥254,122	¥599,198	¥120,239	¥26,201	¥1,065,678
Other revenue (*)	41	—	41	297	—	297	50	258	647
Net sales to external customers	¥214,838	¥105,242	¥320,080	¥345,373	¥254,122	¥599,496	¥120,289	¥26,459	¥1,066,326

(*) Rent income of real estate

Fiscal year ended March 31, 2024

	Millions of yen								
	For the fiscal year ended March 31, 2024								
	Infrastructure			Electronics & Automotive Systems			Functional products	Service and Development, etc.	Total
	Communi- cations Solutions	Energy infrastructure	Subtotal	Automotive Products & Batteries	Electronics Component Material	Subtotal			
Revenues from contracts with customers	¥165,044	¥109,380	¥274,424	¥386,578	¥257,216	¥643,795	¥110,968	¥26,759	¥1,055,947
Other revenue (*)	31	—	31	289	—	289	15	245	581
Net sales to external customers	¥165,075	¥109,380	¥274,455	¥386,868	¥257,216	¥644,084	¥110,983	¥27,004	¥1,056,528

(*) Rent income of real estate

2. Basis for understanding revenue from contracts with customers

Notes are omitted because the same information is presented in “Item 5 Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, Significant accounting policies for preparing consolidated financial statements, 5. Accounting policies, (6) Accounting policy for significant revenues and expenses.”

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from contracts with customers that existed at the end of current fiscal year

(1) Balances of contract assets and liabilities

	Millions of yen			
	2023		2024	
Receivables from contract with customers at beginning of year	¥	223,520	¥	223,897
Receivables from contract with customers at end of year		223,897		239,348
Contract assets at beginning of year		6,797		5,654
Contract assets at end of year		5,654		6,364
Contract liabilities at beginning of year		2,807		3,051
Contract liabilities at end of year		3,051		7,562

Contract assets is a right to the consideration in exchange for performance obligations satisfied, which are calculated by degree of progress, as of the end of the reporting period in connection mainly with construction contracts, excluding receivables. Contract assets is reclassified to receivables at the time when the right to considerations of the Group become unconditional only with the passage of time.

Contract liabilities is the portion of a liability for which consideration has been received from customers, but performance

obligations have not been satisfied. It increases when consideration is received from customer before transferring goods or services to customer under contracts with customer, such as construction contracts, and decreases when the performance obligations are satisfied.

The amount of revenue recognized in the previous fiscal year that was included in the contract liability balance at beginning of year was ¥1,714 million. The main reason for the decrease in contract assets in the previous fiscal year was due to the progress and completion of work under construction contracts. There were no material changes in contract liabilities during the previous fiscal year.

The amount of revenue recognized in the previous fiscal year resulting from performance obligations satisfied in prior periods was ¥759 million.

The amount of revenue recognized in the current fiscal year included in the balance of contract liabilities at beginning of year was ¥1,268 million. The main reason for the increase in contract assets in the current fiscal year was due to the amount recognized as revenue resulting from the satisfaction of performance obligations of construction contracts exceeding the amount transferred to receivables arising from contracts with customers upon completion of work under construction contracts. The main reason for the increase in contract liabilities was due to an increase in advances received from customers for products in the Automotive Products business.

The amount of revenue recognized in the current fiscal year from performance obligations satisfied in past periods was ¥1,618 million.

(2) Transaction amount allocated to remaining performance obligations

The Group do not subject contracts with an original expected contract term of one year or less to notes, applying the practical expedient in noting the transaction price allocated to the remaining performance obligations.

The total transaction amount allocated to performance obligations that are unsatisfied as of March 31, 2023 was ¥42,508 million, which is expected to be recognized as revenue generally within 10 years.

The total transaction amount allocated to performance obligations that are unsatisfied as of March 31, 2024 was ¥77,817 million, which is expected to be recognized as revenue generally within 9 years.

Segment information, etc.

Segment information

1. Outline of reportable segments

The reportable segments of the Company are components for which the financial information can be obtained separately from its other components, and the Board of Directors reviews such reportable segments on a regular basis in order to decide allocations of managerial resources and evaluate business performance.

The Group establishes divisions by type of product and service, and each division draws up their comprehensive strategy on the products sold and services performed in domestic and overseas market.

Products and services of main business on each segment are as follows:

(1) Infrastructure

Optical fiber, optical fiber cable, metal communication cable, optical components, semiconductor optical devices, optical fiber fusion splicer, industrial lasers, network equipment, CATV system, radio products, power transmission cable and connecting components, industrial wire, transmission components, etc.

(2) Electronics & Automotive Systems

Automotive components (wire harness, steering roll connector, battery state sensor, perimeter monitoring radar, etc.), automotive batteries / batteries for industrial use, copper/aluminum wires, magnet wires, copper and copper alloy products, functional surface products (plating), processed products for electronic parts, special metal materials (shape-memory/super-elastic alloys), etc.

(3) Functional Products

Cable conduits, foaming products, UV tapes for semiconductor manufacturing, electronic components materials, heat-dissipation products, hard disc drive (HDD) aluminum blank materials, electrodeposited copper foils, etc.

(4) Service and Development, etc.

Supporting service for each business of the Group such as hydraulic power generation, driving of R&D for new products, and real-estate leasing

2. Method for calculating net sales, income or loss, assets and other items by reportable segment

Segment profit (loss) is based on operating profit.

In addition, intersegment sales or transfers are based mainly on market prices.

As stated in “Notes—Changes in Accounting Policies,” UACJ Corporation, an equity-method associate of the Company, has adopted International Financial Reporting Standards (IFRS) from the beginning of the fiscal year ended March 31, 2024. As the changes in accounting policies due to this adoption have been applied retrospectively, the segment information for the fiscal year ended March 31, 2023 is presented after the retrospective application. As a result of this change, the amount of “Investments in entities accounted for using equity method” of “Services, Development, etc.” for the previous fiscal year is ¥1,367 million lower than that prior to the retrospective application, and consequently, segment assets decreased by the same amount.

3. Information on net sales, income or loss, assets and other items for each reportable segment as of March 31, 2023 and 2024

Fiscal year ended March 31, 2023

	Millions of yen								
	For the fiscal year ended March 31, 2023								
	Reportable segments						Adjustment		Total (Note 2)
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Total		(Notes 1, 3, 4, 5)		
Net sales									
Net sales to external customers	¥ 320,080	¥ 599,496	¥ 120,289	¥ 26,459	¥ 1,066,326	¥	—	¥	1,066,326
Inter-segment sales or transfers	3,827	10,850	6,191	5,275	26,146		(26,146)		—
Total	¥ 323,908	¥ 610,347	¥ 126,481	¥ 31,735	¥ 1,092,472	¥	(26,146)	¥	1,066,326
Segment profit (loss)	¥ 8,609	¥ 4,694	¥ 4,179	¥ (2,109)	¥ 15,374	¥	66	¥	15,441
Segment assets	296,652	364,255	96,213	120,615	877,737		55,732		933,469
Others									
Depreciation	12,341	16,575	5,896	1,427	36,240		2,857		39,098
Amortization of goodwill	—	—	16	341	358		—		358
Investments in entities accounted for using equity method	10,776	7,591	12,524	62,037	92,929		—		92,929
Increase in property, plant and equipment and intangible assets	12,921	17,822	5,997	4,351	41,094		2,698		43,792

- Notes:
1. Adjustment of ¥66 million for segment profit (loss) includes mainly elimination of unrealized profit.
 2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.
 3. Adjustment of ¥55,732 million for segment assets includes corporate assets of ¥63,176 million, which are not allocated to each reportable segment and offsetting elimination of receivables and payables of negative ¥7,443 million.
 4. Adjustment of ¥2,857 million for depreciation includes depreciation relating to corporate assets.
 5. Adjustment of ¥2,698 million for increase in property, plant and equipment and intangible assets includes increase in corporate property, plant and equipment and intangible assets.

Fiscal year ended March 31, 2024

	Millions of yen							
	For the fiscal year ended March 31, 2024							
	Reportable segments					Adjustment (Notes 1, 3, 4, 5)	Total (Note 2)	
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Total			
Net sales								
Net sales to external customers	¥ 274,455	¥ 644,084	¥ 110,983	¥ 27,004	¥ 1,056,528	¥ –	¥ 1,056,528	
Inter-segment sales or transfers	3,729	9,616	4,439	4,570	22,355	(22,355)	–	
Total	¥ 278,184	¥ 653,700	¥ 115,423	¥ 31,575	¥ 1,078,884	¥ (22,355)	¥ 1,056,528	
Segment profit (loss)	¥ (11,252)	¥ 18,702	¥ 5,509	¥ (1,904)	¥ 11,055	¥ 116	¥ 11,171	
Segment assets	293,322	380,982	119,404	112,059	905,769	79,238	985,007	
Others								
Depreciation	12,762	16,034	5,570	1,514	35,882	3,069	38,951	
Amortization of goodwill	–	–	16	143	160	–	160	
Investments in entities accounted for using equity method	11,226	5,888	15,828	68,991	101,935	–	101,935	
Increase in property, plant and equipment and intangible assets	9,757	15,523	9,117	1,898	36,297	2,655	38,953	

- Notes:
1. Adjustment of ¥116 million for segment profit (loss) includes mainly elimination of unrealized profit.
 2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.
 3. Adjustment of ¥79,238 million for segment assets includes corporate assets of ¥80,252 million, which are not allocated to each reportable segment and offsetting elimination of receivables and payables of negative ¥1,014 million.
 4. Adjustment of ¥3,069 million for depreciation includes depreciation relating to corporate assets.
 5. Adjustment of ¥2,655 million for increase in property, plant and equipment and intangible assets includes increase in corporate property, plant and equipment and intangible assets.

Information on reportable segments

Fiscal year ended March 31, 2023

1. Information for each product or service

This information is omitted as the same information is presented in “Segment information.”

2. Information for each region

(1) Net sales

Millions of yen					
For the fiscal year ended March 31, 2023					
Japan	Asia (excluding China)	North and Central America	China	Other	Total
¥517,358	¥224,931	¥127,793	¥104,326	¥91,915	¥1,066,326

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

Millions of yen				
As of March 31, 2023				
Japan	Asia	America	Other	Total
¥141,416	¥76,739	¥38,902	¥12,230	¥269,288

3. Information for each of main customers

This information is omitted because no external customer accounts for 10 or more of net sales in the consolidated statement of income.

Fiscal year ended March 31, 2024

1. Information for each product or service

This information is omitted as the same information is presented in “Segment information.”

2. Information for each region

(1) Net sales

Millions of yen					
For the fiscal year ended March 31, 2024					
Japan	Asia (excluding China)	North and Central America	China	Other	Total
¥511,296	¥242,820	¥120,569	¥103,443	¥78,400	¥1,056,528

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

Millions of yen				
As of March 31, 2024				
Japan	Asia	America	Other	Total
¥148,051	¥78,550	¥37,910	¥14,127	¥278,640

3. Information for each of main customers

This information is omitted because no external customer accounts for 10 or more of net sales in the consolidated statement of income.

Information on impairment losses on non-current assets for each reportable segment

Fiscal year ended March 31, 2023

Millions of yen													
For the fiscal year ended March 31, 2023													
Reportable segments													
	Infrastructure		Electronics & Automotive Systems		Functional Products		Service and Development, etc.		Subtotal		Adjustments		Total
Impairment loss	¥	224	¥	177	¥	—	¥	—	¥	402	¥	—	¥ 402

Fiscal year ended March 31, 2024

Millions of yen													
For the fiscal year ended March 31, 2024													
Reportable segments													
	Infrastructure		Electronics & Automotive Systems		Functional Products		Service and Development, etc.		Subtotal		Adjustments		Total
Impairment loss	¥	179	¥	5	¥	—	¥	—	¥	184	¥	—	¥ 184

Information on amortized and unamortized balances of goodwill for each reportable segment

Fiscal year ended March 31, 2023

	Millions of yen													
	For the fiscal year ended March 31, 2023													
	Reportable segments													
	Infrastructure	Electronics & Automotive Systems		Functional Products	Service and Development, etc.		Subtotal			Adjustments	Total			
Depreciation/Amortization for the year	¥	—	¥	—	¥	16	¥	341	¥	358	¥	—	¥	358
Balance at end of year		—		—		67		144		211		—		211

Fiscal year ended March 31, 2024

	Millions of yen													
	For the fiscal year ended March 31, 2024													
	Reportable segments													
	Infrastructure	Electronics & Automotive Systems		Functional Products	Service and Development, etc.		Subtotal			Adjustments	Total			
Depreciation/Amortization for the year	¥	—	¥	—	¥	16	¥	143	¥	160	¥	—	¥	160
Balance at end of year		—		—		50		0		50		—		50

Information on gain on bargain purchase for each reportable segment

Fiscal year ended March 31, 2023

Not applicable.

Fiscal year ended March 31, 2024

Not applicable.

Related parties

1. Related party transactions

Fiscal year ended March 31, 2023

(1) Transactions between the Company filing consolidated financial statements and related parties

(a) Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements
None.

(b) Unconsolidated subsidiaries and associates of the Company filing consolidated financial statements
None.

(2) Transactions between the Company filing consolidated financial statements and its consolidated subsidiaries and associates
Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements

None.

Fiscal year ended March 31, 2024

(1) Transactions between the Company filing consolidated financial statements and related parties

(a) Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements
None.

(b) Unconsolidated subsidiaries and associates of the Company filing consolidated financial statements
None.

(2) Transactions between the Company filing consolidated financial statements and its consolidated subsidiaries and associates
Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements

None.

2. Information on the parent company and significant associates

(1) Parent company information

Not applicable.

(2) Summarized financial information of significant associates

The summarized financial information of significant associates, UACJ Corporation and Asia Vital Components Co., Ltd. as of March 31, 2023 and 2024 is as follows:

UACJ Corporation:		Millions of yen	
	2023	2024	
Total current assets	¥ 437,650	¥ 431,188	
Total non-current assets	458,081	483,242	
Total current liabilities	371,617	359,284	
Total non-current liabilities	256,127	253,100	
Total net assets	267,987	302,046	
Net sales	955,717	892,781	
Profit before income taxes	1,699	21,969	
Profit attributable to owners of parent	(1,315)	13,858	
Asia Vital Components Co., Ltd.:		Millions of yen	
	2023	2024	
Total current assets	¥ 196,954	¥ 253,601	
Total non-current assets	64,897	77,500	
Total current liabilities	142,369	170,169	
Total non-current liabilities	44,040	41,519	
Total net assets	75,441	119,413	
Net sales	246,943	267,025	
Profit before income taxes	28,605	36,201	
Profit attributable to owners of parent	18,348	23,929	

Per share information

	Yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net assets per share	¥ 4,285.15	¥ 4,656.93
Basic earnings per share	225.80	92.40

Notes: 1. Diluted earnings per share is not presented because there are no dilutive potential shares.

2. The Company's shares held by the Trust Account for the Stock Benefit Trust (BBT) are included in treasury shares, which are deducted from the number of shares at end of year and the average number of shares during the year, in the calculation of net assets per share and basic earnings per share. The number of such treasury shares excluded from the calculation of net assets per share and basic earnings per share and the average number of shares during the year were 203,700 shares and 206,650 shares, respectively, for the fiscal year ended March 31, 2023, and 139,300 shares and 155,400 shares, respectively, for the fiscal year ended March 31, 2024.

3. As stated in "Notes—Changes in Accounting Policies," UACJ Corporation, an equity-method associate of the Company, has adopted International Financial Reporting Standards (IFRS) from the beginning of the fiscal year ended March 31, 2024. As the changes in accounting policies due to this adoption have been applied retrospectively, the per-share information for the fiscal year ended March 31, 2023 is presented after the retrospective application. As a result of this change, the amounts of "Net assets per share" and of "Basic earnings per share" for the previous fiscal year is ¥26.92 and ¥28.65 lower compared to the amounts prior to the retrospective application.

4. Basis for calculation of basic earnings per share is as follows.

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit attributable to owners of parent	¥ 15,894	¥ 6,508
Profit not attributable to common shareholders	—	—
Profit attributable to common shareholders of parent	15,894	6,508

	Thousand shares	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Average number of shares of common stock during the year	70,392	70,442

5. Basis for calculation of net assets per share

	Millions of yen	
	2023	2024
Total net assets	¥ 329,095	¥ 358,038
Deduction from total net assets	27,442	29,916
[of which non-controlling interests]	[27,442]	[29,916]
Net assets applicable to common stock at end of year	¥ 301,652	¥ 328,121

	Thousand shares	
	2023	2024
Number of shares of commons stock at end of year used for the calculation of net assets per share	70,394	70,458

Significant subsequent events

Sale of shares in an equity-method associate

The Company sold part of shares of UACJ Corporation (UACJ), its equity-method associate. As a result of the sale of shares, UACJ will no longer be the Company's equity-method associate from the fiscal year ending March 31, 2025.

1. Purpose
Under the Medium-term Management Plan "Road to the Vision 2030 - Transform and Challenge" released in May 2022, the Company has been focusing on improving the efficiency of management resources while being conscious of cost of capital, and working on increasing the efficiency of funds and assets. As a result of examining the Company's holding of shares in UACJ to this end, the Company executed the sale based on a judgment that the sale is consistent with its financial strategy and the Group strategy.
2. Method of the sale of shares
Sold to a securities firm
3. Schedule of the sale
 - (1) June 10, 2024: Contract date for the sale of shares
 - (2) June 12, 2024: Share delivery date
4. Name, business outline of the associate to be transferred and business relationship with the Company
 - (1) Name UACJ Corporation
 - (2) Business outline Manufacture and sale of rolling products, casting products, forged products and precision-machined products of nonferrous metals, including aluminum and alloys thereof.
 - (3) Business relationship with the Company The Company supplies part of raw materials to and purchases some raw materials from the said associate and is commissioned to deliver some services. The Company also rents out/leases real estates and facilities.
5. Number of shares sold, gain (loss) on sale and shareholding ratio after the sale
 - (1) Number of shares sold 2,600,000 shares
 - (2) Gain (loss) on sale Approx. ¥6.0 billion (non-consolidated)
Approx. ¥(1.2) billion (consolidated)
 - (3) Shareholding ratio after the sale 19.75%

(v) *Consolidated supplementary schedules*
Schedule of corporate bonds

(Millions of yen, unless otherwise stated)

Issuing company	Name of bond	Issue date	Balance at beginning of year	Balance at end of year	Interest rate (%)	Security	Redemption date
The Company	46th Unsecured Bond	July 15, 2016	¥ 10,000	¥ 10,000	0.43	None	July 15, 2026
The Company	47th Unsecured Bond	July 14, 2017	10,000	10,000	0.53	None	July 14, 2027
The Company	48th Unsecured Bond	July 25, 2019	10,000	10,000	0.44	None	July 25, 2029
The Company	49th Unsecured Bond	September 16, 2021	10,000	10,000	0.30	None	September 16, 2031
Total	—	—	¥ 40,000	¥ 40,000	—	—	—

Note: Scheduled repayment amounts within five years of the consolidated balance sheet date are as follows:

(Millions of yen)

Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
—	—	¥10,000	¥10,000	—

Schedule of borrowings and other debts

(Millions of yen, unless otherwise stated)

	Balance at beginning of year	Balance at end of year	Average interest rate (%)	Payment due
Short-term borrowings	¥ 112,821	¥ 110,762	4.5	—
Commercial papers	28,000	35,500	0.0	—
Current portion of long-term borrowings	28,459	26,609	2.2	—
Current portion of lease obligations	113	113	—	—
Current portion of lease liabilities	2,526	3,259	3.9	—
Long-term borrowings (excluding current portion)	114,547	120,168	1.3	2025–2031
Lease obligations (excluding current portion)	401	388	—	2025–2031
Lease liabilities (excluding current portion)	12,146	12,128	4.0	2025–2049
Total	¥ 299,016	¥ 308,930	—	—

- Notes: 1. Average interest rate is based on the interest rate and balance at end of year.
2. Average interest rate of lease obligations is not stated because lease obligations are recorded in the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in total lease payments.
3. The scheduled repayment amounts of long-term borrowings, lease obligations, and lease liabilities (excluding current portion) within 5 years from the consolidated balance sheet date are as follows:

(Millions of yen)

	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	¥ 33,497	¥ 19,770	¥ 18,100	¥ 26,000
Lease obligations	106	83	74	57
Lease liabilities	2,275	1,684	1,469	1,110

Schedule of asset retirement obligations

This information is omitted as the beginning and ending balances of asset retirement obligations for the fiscal year ended March 31, 2024 were one percent or less of the total beginning and ending balances of liabilities and net assets of the fiscal year.

(2) Other information

Quarterly information of the fiscal year ended March 31, 2024

		(Millions of yen, unless otherwise stated)							
(Cumulative period)		Q1		Q2		Q3		Fiscal year	
Net sales	¥	246,414	¥	503,110	¥	765,299	¥	1,056,528	
Profit before income taxes		815		(91)		(210)		20,064	
Profit attributable to owners of parent		(1,708)		(4,146)		(6,525)		6,508	
Basic earnings per share (Yen)		(24.27)		(58.88)		(92.65)		92.40	
(Accounting period)		Q1		Q2		Q3		Q4	
Basic earnings (loss) per share (Yen)	¥	(24.27)	¥	(34.61)	¥	(33.76)	¥	184.99	

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated financial statements

(i) Balance sheets

	(Millions of yen)	
	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Assets		
Current assets		
Cash and deposits	6,850	3,797
Notes receivable - trade	*1 922	*1, *3 356
Electronically recorded monetary claims - operating	9,433	11,767
Accounts receivable - trade	*1 96,514	*1 111,610
Contract assets	4,294	4,888
Income taxes refund receivable	—	1,465
Merchandise and finished goods	10,265	14,197
Work in process	17,205	20,560
Raw materials and supplies	14,759	16,546
Prepaid expenses	*1 1,612	*1 1,189
Short-term loans receivable	*1 84,562	*1 80,278
Accounts receivable - other	*1 21,831	*1 36,447
Other	1,302	2,742
Allowance for doubtful accounts	(17)	(23)
Total current assets	269,540	305,827
Non-current assets		
Property, plant and equipment		
Buildings	32,384	38,049
Structures	3,763	3,984
Machinery and equipment	22,048	22,617
Vehicles	149	127
Tools, furniture and fixtures	3,181	3,416
Land	12,013	11,961
Leased assets	57	90
Construction in progress	11,945	10,270
Total property, plant and equipment	85,544	90,518
Intangible assets		
Software	12,438	11,788
Other	243	214
Total intangible assets	12,681	12,002
Investments and other assets		
Investment securities	24,804	24,814
Shares of subsidiaries and associates	95,318	91,956
Investments in capital of subsidiaries and associates	44,899	42,056
Long-term loans receivable from subsidiaries and associates	68,728	76,302
Prepaid pension costs	6,245	6,692
Deferred tax assets	5,081	3,964
Other	*1 5,184	*1 5,478
Allowance for doubtful accounts	(24,259)	(27,167)
Total investments and other assets	226,003	224,098
Non-current assets	324,228	326,619
Total assets	593,768	632,447

(Millions of yen)

	Previous fiscal year (as of March 31, 2023)	Current fiscal year (as of March 31, 2024)
Liabilities		
Current liabilities		
Notes payable - trade	941	^{*3} 156
Electronically recorded obligations - operating	—	^{*1} 16,224
Accounts payable - trade	^{*1} 76,939	^{*1} 76,171
Short-term borrowings	^{*1} 71,307	^{*1} 73,913
Commercial papers	28,000	35,500
Accounts payable - other	^{*1} 11,487	^{*1} 15,255
Accrued expenses	^{*1} 17,167	^{*1} 17,294
Contract liabilities	1,747	5,556
Provision for product warranties	387	387
Provision for environmental measures	6	—
Provision for loss on construction contracts	397	211
Income taxes payable	2,539	—
Other	4,118	5,425
Total current liabilities	215,041	246,096
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	107,000	112,500
Provision for retirement benefits	18,494	20,844
Provision for environmental measures	9,280	9,223
Provision for loss on business of subsidiaries and associates	492	2,960
Provision for share awards for directors and other officers	452	380
Asset retirement obligations	500	500
Other	^{*1} 662	^{*1} 730
Total non-current liabilities	176,881	187,138
Total liabilities	391,922	433,235
Net assets		
Shareholders' equity		
Share capital	69,395	69,395
Capital surplus		
Other capital surplus	21,466	21,466
Total capital surplus	21,466	21,466
Retained earnings		
Legal retained earnings	3,919	4,484
Other retained earnings	98,763	94,462
Retained earnings brought forward	98,763	94,462
Total retained earnings	102,682	98,946
Treasury shares	(829)	(648)
Total shareholders' equity	192,715	189,159
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,179	9,718
Deferred gains or losses on hedges	(48)	333
Total valuation and translation adjustments	9,130	10,052
Total net assets	201,845	199,212
Total liabilities and net assets	593,768	632,447

(ii) Statements of income

	(Millions of yen)	
	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net sales	*2 305,835	*2 296,766
Cost of sales	*2 264,176	*2 260,271
Gross profit	41,658	36,494
Selling, general and administrative expenses	*1 43,420	*1 45,581
Operating profit (loss)	(1,761)	(9,087)
Non-operating income		
Interest income	*2 2,823	*2 4,419
Dividend income	*2 11,318	*2 10,721
Foreign exchange gains	608	—
Other	357	1,636
Total non-operating income	15,108	16,778
Non-operating expenses		
Interest expenses	*2 1,868	*2 2,701
Foreign exchange losses	—	117
Provision of allowance for doubtful accounts	2,003	4,235
Other	789	306
Total non-operating expenses	4,660	7,360
Ordinary profit	8,686	330
Extraordinary income		
Gain on disposal of non-current assets	*2 432	*2 473
Gain on sale of shares of subsidiaries and associates	17,854	7,742
Gain on sale of investment securities	3,958	3,273
Other	820	0
Total extraordinary income	23,065	11,489
Extraordinary losses		
Loss on disposal of non-current assets	524	713
Provision for loss on business of subsidiaries and associates	—	2,524
Loss on valuation of shares of subsidiaries and associates	327	4,576
Loss on valuation of investment securities	—	771
Other	73	260
Total extraordinary losses	925	8,845
Profit before income taxes	30,826	2,974
Income taxes - current	5,351	351
Income taxes - deferred	239	709
Total income taxes	5,590	1,061
Profit (loss)	25,235	1,913

(iii) Statements of changes in equity

Previous fiscal year (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	69,395	21,466	21,466	3,495	78,188	81,684
Changes during period						
Dividends of surplus					(4,237)	(4,237)
Provision of legal retained earnings				423	(423)	—
Profit					25,235	25,235
Purchase of treasury shares						
Disposal of treasury shares		(0)	(0)			
Net changes in items other than shareholders' equity						
Total changes during period	—	(0)	(0)	423	20,574	20,998
Balance at end of period	69,395	21,466	21,466	3,919	98,763	102,682

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(860)	171,685	10,833	996	11,829	183,515
Changes during period						
Dividends of surplus		(4,237)				(4,237)
Provision of legal retained earnings		—				—
Profit		25,235				25,235
Purchase of treasury shares	(1)	(1)				(1)
Disposal of treasury shares	33	33				33
Net changes in items other than shareholders' equity			(1,654)	(1,044)	(2,698)	(2,698)
Total changes during period	31	21,029	(1,654)	(1,044)	(2,698)	18,330
Balance at end of period	(829)	192,715	9,179	(48)	9,130	201,845

Current fiscal year (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	69,395	21,466	21,466	3,919	98,763	102,682
Changes during period						
Dividends of surplus					(5,649)	(5,649)
Provision of legal retained earnings				564	(564)	—
Profit					1,913	1,913
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	—	—	—	564	(4,301)	(3,736)
Balance at end of period	69,395	21,466	21,466	4,484	94,462	98,946

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(829)	192,715	9,179	(48)	9,130	201,845
Changes during period						
Dividends of surplus		(5,649)				(5,649)
Provision of legal retained earnings		—				—
Profit		1,913				1,913
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	180	180				180
Net changes in items other than shareholders' equity			539	382	921	921
Total changes during period	180	(3,555)	539	382	921	(2,633)
Balance at end of period	(648)	189,159	9,718	333	10,052	199,212

Notes to Non-consolidated Financial Statements

Significant accounting policies

1. Valuation basis and method for securities

(1) Held-to-maturity debt securities

Stated at amortized cost.

(2) Shares of subsidiaries and associates

Stated at cost using the moving average method.

(3) Available-for-sale securities

Securities other than equity securities, etc. that do not have a quoted market price:

Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Equity securities, etc. that do not have a quoted market price in an active market:

Stated at cost using the moving-average method.

2. Valuation basis and method for derivatives

Stated at fair value.

3. Valuation basis and method for inventories

Stated at cost determined mainly using the weighted average method (with the amount of inventories in the non-consolidated balance sheets being written down based on a decrease in profitability).

4. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated on a straight-line basis.

(2) Intangible assets (excluding leased assets)

Amortized on a straight-line basis.

Software for internal use is amortized on a straight-line basis over the estimated useful life as internally determined (5 to 10 years).

(3) Leased assets (leased assets in finance lease transactions that do not transfer ownership)

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

5. Accounting for deferred assets

Bond issuance costs

The full amount is expensed when incurred.

6. Accounting for provision

(1) Allowance for doubtful accounts

To provide for possible bad debt losses on monetary receivables, allowance for doubtful accounts is provided for the estimated uncollectible amount based on the historical bad debt loss ratio for general receivables and on an individual assessment of collectability for specific receivables such as doubtful receivables.

(2) Provision for product warranties

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs.

(3) Provision for environmental measures

Provision for environmental measures, mainly to remove Poly Chlorinated Biphenyl (PCB) and to improve soil conservation, is provided to cover estimated future costs.

(4) Provision for loss on construction contracts

To provide for losses on construction projects, the Company recognizes estimated losses in the following fiscal year and thereafter on construction projects that have not been delivered as of the end of the current fiscal year and for which losses are expected to incur and the amount of such losses can be reasonably estimated as of the end of the current fiscal year.

(5) Provision for retirement benefits

To provide for retirement benefits for employees, the Company recognizes estimated amount that is deemed to be incurred as of the end of the current fiscal year based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the current fiscal year.

(i) Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the end of the current fiscal year.

(ii) Method of accounting for actuarial gains and losses

Actuarial gains and losses are amortized in the year following the year in which the gains and losses are recognized primarily by the straight-line method over periods (10 years), which are shorter than the average remaining years of service of the employees.

(6) Provision for loss on business of subsidiaries and associates

To provide for expected losses associated with business engaged by subsidiaries and associates, the Company recognizes the amount of deficiency of net assets that exceeds the amount of allowance for doubtful accounts provided for the relevant subsidiaries and associated in consideration of their financial situation.

(7) Provision for share awards for directors and other officers

To provide for award of the Company's shares to Directors, etc. of the Company in accordance with the Stock Benefit Regulations for Directors, etc., the Company recognizes estimated amount of share awards obligation as of the end of the current fiscal year.

7. Accounting policy for revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the customers of the Company and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

(1) Manufacture and sale of products

The main business of the Company is the manufacture and sale of infrastructure products, such as information and telecommunications network components and power cables, electrical and electronics products such as automobile parts and copper products for electronic equipment materials, and functional products processed from resin and nonferrous metals.

The Company has determined that its main performance obligation is to deliver finished products to customer. The Company has comprehensively determined that legal title to the asset, the significant risks and rewards of ownership of the assets, transfer of physical possession of the assets, and the right to receive payment of consideration for the asset shall arise at the time of delivery of the product to the customer. For domestic transactions, control over products is transferred to customer at the time of delivery of the product to the customer, and a performance obligation is considered to have been satisfied. However, since the period from the date of shipment of the product to the date of delivery is a normal period of time, the Company recognizes revenue when the product is shipped based on its significance as selecting the alternative treatment. For trade transactions, the Company recognizes revenue when the risk-bearing is transferred to customer, mainly based on the terms of trade stipulated by Incoterms and other agreements.

For buy-sell transaction, no inventories are recognized because the Company does not obtain control over raw materials and other products, but only record the net amount equivalent to the processing fees as sales. The Company deducts the amount of the consideration to be paid to customer, such as volume discount and sales incentive, from the transaction price, unless such a consideration to be received from the customer is related to distinct goods or services received from the customers.

(2) Maintenance services

The Company provides chargeable maintenance support services after sales of products, in mainly the Infrastructure business. For maintenance services, the Company has determined that it has a performance obligation to always have the services available and on standby so that customer can utilize the maintenance services when the customer desires throughout the performance period. The Company recognizes revenue at the percentage of time elapsed to the period in which the services are to be provided because the maintenance services are identified as distinct performance obligations and are performed over a certain period of time, including standby status period.

(3) Construction contract

The Company performs construction works, such as design, construction, installation, and other work based on contracts with customer in the Infrastructure business. Since the Company transfers control over underlying goods and services over time and satisfies a performance obligation, it recognizes revenue over time. Measuring progress towards satisfaction of a performance obligation is based on the proportion that the cost incurred by the end of each reporting period to the total expected costs incurred (input method). In cases where the Company may not be able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Company recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. For construction contracts with short durations, the Company recognizes revenue at the point of time when a performance obligation is fully satisfied.

(4) Transactions entered into as an agent

The Company does not manufacture products and only makes transactions of procurement arrangements on behalf of its

customers. If the Company does not control products before transferring it to customer, revenue is recognized on the net amount received from the customer less the amount paid to supplier. The following are considered in determining whether the Company controls over products or services before these are provided to customer.

- (a) Its primary responsibility for the performance of its promise to provide goods or services
- (b) The inventory risk before goods or services are provided to customer or after control has been transferred to customer
- (c) Discretion in establishing the price of goods or services.

The payment after satisfying the Company's performance obligation does not include any significant financing component since the payment will be made generally within one year from that time when such a satisfaction.

8. Accounting policy for translating assets and liabilities denominated in foreign currency into Japanese yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the balance sheet date, and exchange differences are accounted for as profit or loss.

9. Hedge accounting

(1) Hedge accounting method

Deferred hedge accounting is applied. Assignment accounting (special treatment for foreign exchange forward contracts) is applied to currency and interest rate swap transactions, and special treatment is applied to interest rate swaps, if they meet the requirements.

(2) Hedging instruments and the hedged items

Interest rate swap: borrowings

Currency swap: borrowings

Foreign exchange forward contracts: Receivables and payables denominated in foreign currency, etc.

Metal forward contracts: Raw materials and work in process

(3) Hedging policy

The Company hedges its borrowing obligations and definitive trading contracts and the like to avoid risks associated with fluctuations in interest rates, foreign exchange rates, and raw material prices.

(4) Assessments of hedge effectiveness

Cumulative market fluctuations or cash flow fluctuations of hedged items are compared with cumulative market fluctuations or cash flow fluctuations of hedging instruments, and effectiveness is determined based on the amounts of fluctuation of both, excluding the portion not attributable to the basic value of price.

10. Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains or losses for retirement benefits differs from that used to prepare the consolidated financial statements.

11. Group tax sharing system

The Company applies the group tax sharing system.

Significant accounting estimates

1. Recoverability of deferred tax assets

- (i) Amount recorded in non-consolidated financial statements as of March 31, 2023 and 2024

	Millions of yen			
	2023		2024	
Deferred tax assets	¥	5,081	¥	3,964

- (ii) Details of significant accounting estimates of recognized items

The description is omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Significant accounting estimates, 1. Recoverability of deferred tax assets.”

2. Impairment of non-current assets

- (i) Amount recorded in non-consolidated financial statements as of March 31, 2023 and 2024

	Millions of yen			
	2023		2024	
Property, plant and equipment and intangible assets (total amount reported on balance sheets)	¥	98,225	¥	102,521
of which asset group included in (ii) below		10,865		9,242

- (ii) Details of significant accounting estimates of recognized items

The description is omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Significant accounting estimates, 2. Impairment of non-current assets.”

Additional information

Board Benefit Trust (BBT)

The description is omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Additional information.”

Balance sheets

*1. Assets and liabilities associated with subsidiaries and associates as of March 31, 2023 and 2024

Other than separately presented items, the following amounts are included in each of the items below.

	Millions of yen			
	2023		2024	
Short-term monetary claims	¥	137,073	¥	155,254
Long-term monetary claims		0		54
Short-term monetary obligations		65,945		70,703
Long-term monetary obligations		0		0

*2. Contingent obligations

(1) Guarantee obligation as of March 31, 2023 and 2024

	Millions of yen	
	2023	2024
Debt guarantees for borrowings from financial institutions [of which guaranteed by the Company]	¥ 69,846 [53,356]	¥ 69,817 [56,794]
Debt guarantees for lease transactions	1,553	1,789
Debt guarantees for bonds related to construction	1,026	1,150

(2) Repurchase obligation of the securitization of receivables as of March 31, 2023 and 2024

	Millions of yen	
	2023	2024
Repurchase obligation of the securitization of receivables	¥ 5,141	¥ 4,737

(3) Other

- (i) The Company is now negotiating compensations for damage with a part of automobile manufacturers in connection with the violation of the Competition Act by automobile wire harness cartels.
- (ii) The Company has made a provision for repair costs that can be reasonably estimated at this time for a defect that has occurred in part of the products for a large electric power project delivered by the Company in the past. The cause and scope of the defect are currently under investigation, and depending on the results of the investigation, additional repair costs may be incurred; however, it is difficult to make a reasonable estimate of the impact at this time.

*3. Accounting for notes maturing at the consolidated balance sheet date

As the last day of the current fiscal year was a bank holiday, the notes were treated as if they were settled on the maturity date. The notes matured at the end of the current fiscal year are as follows.

	Millions of yen	
	2023	2024
Notes receivable	¥ —	¥ 9
Notes payable	—	30

Statements of income

*1. Selling, general and administrative expenses

The composition rates of selling expenses and general and administrative expenses were 22.3% versus 77.7% for the previous fiscal year and 19.6% versus 80.4% for the current fiscal year.

The main components of selling, general and administrative expenses for the fiscal years ended March 31, 2023 and 2024 were as follows:

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Packing and transportation costs	¥ 8,489	¥ 7,659
Salaries and allowances and welfare expenses	11,287	11,561
Research and development costs	8,735	9,943
Outsourcing expenses	4,460	5,525

*2. Transactions with subsidiaries and associates

Transactions with subsidiaries and associates for the fiscal years ended March 31, 2023 and 2024 were as follows:

	Millions of yen	
	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Amount of operating transactions		
Net sales	¥ 127,594	¥ 123,451
Purchases	224,881	239,460
Amount of non-operating transactions	13,264	14,666

Securities

Shares of subsidiaries and associates as of March 31, 2023

Classification	Millions of yen		
	2023		
	Carrying amount	Fair value	Difference
Shares of subsidiaries	¥ 1,247	¥ 22,219	¥ 20,972
Shares of associates	27,291	71,391	44,099
Total	¥ 28,539	¥ 93,611	¥ 65,072

Shares of subsidiaries and associates as of March 31, 2024

Classification	Millions of yen		
	2024		
	Carrying amount	Fair value	Difference
Shares of subsidiaries	¥ 1,247	¥ 22,034	¥ 20,786
Shares of associates	26,911	188,246	161,335
Total	¥ 28,158	¥ 210,280	¥ 182,122

Note: Carrying amounts of shares, etc. without a quoted market price that are not included in the shares above as of March 31, 2023 and 2024

	Millions of yen	
	2023	2024
Shares of subsidiaries	¥ 63,165	¥ 60,191
Shares of associates	3,613	3,606
Investments in capital	44,928	42,085

Tax effect accounting

1. Significant components of deferred tax assets and liabilities as of March 31, 2023 and 2024

	Millions of yen			
	2023		2024	
Deferred tax assets				
Excess amount over limitation of provision for doubtful accounts	¥	7,433	¥	8,325
Provision for loss on business of subsidiaries and associates		150		906
Provisions for bonuses		1,375		1,416
Excess amount over limitation of provision for retirement benefits		9,710		10,450
Loss on valuation of shares of subsidiaries and associates		26,726		27,724
Excess amount over limitation of non-current assets depreciation (including impairment losses)		3,450		3,341
Other		5,792		5,664
Subtotal	¥	54,639	¥	57,829
Less valuation allowance for total of future deductible temporary differences, etc.		(40,826)		(43,852)
Total valuation allowance	¥	(40,826)	¥	(43,852)
Total deferred tax assets	¥	13,813	¥	13,977
Deferred tax liabilities				
Valuation difference on available-for-sale securities	¥	(4,051)	¥	(4,289)
Other		(4,680)		(5,723)
Total deferred tax liabilities	¥	(8,731)	¥	(10,013)
Deferred tax assets (liabilities), net	¥	5,081	¥	3,964

2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect for the fiscal years ended March 31, 2023 and 2024

	2023	2024
Normal effective statutory tax rate	30.6 %	30.6 %
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	1.2 %	13.6 %
Tax credits of experimentation and research expenses	(2.5) %	(35.0) %
Income not taxable for income tax purposes (e.g. dividends received)	(9.0) %	(83.1) %
Valuation allowance	(1.6) %	109.2 %
Inhabitant tax on per capita basis	0.1 %	1.3 %
Other	(0.7) %	(1.0) %
Actual effective tax rate after applying tax effect accounting	18.1 %	35.7 %

3. Accounting for income taxes and local income taxes or the related tax effects

As the Company applies the group tax sharing system, it accounts for and discloses income taxes and local income taxes or the related tax effects in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Solution No. 42 issued on August 12, 2021).

Revenue recognition

Notes on the basis for understanding revenue from contracts with customers are omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Revenue recognition.”

Significant subsequent events

Sale of shares in an equity-method associate

For details, please refer to the notes to the consolidated financial statements on “Significant subsequent events—Sale of shares in an equity-method associate.”

(iv) Non-consolidated supplementary schedules

Schedule of non-current assets

(Millions of yen)

Classification	Type of asset	Balance at beginning of year	Increase during period	Decrease during period	Depreciation during period	Balance at end of year	Accumulated depreciation
Property, plant and equipment	Buildings	¥ 110,222	¥ 8,479	¥ 1,428	¥ 2,716	¥ 117,273	¥ 79,224
	Structures	13,790	615	167	361	14,238	10,254
	Machinery and equipment	186,362	6,171	2,319	5,294	190,214	167,597
	Vehicles	1,687	39	21	60	1,704	1,577
	Tools, furniture and fixtures	21,553	1,667	657	1,367	22,562	19,145
	Land	12,013	—	52	—	11,961	—
	Leased assets	231	74	138	41	167	77
	Construction in progress	11,945	15,332	17,007	—	10,270	—
	Total property, plant and equipment	¥ 357,806	¥ 32,379	¥ 21,792	¥ 9,841	¥ 368,393	¥ 277,875
Intangible assets	Software	¥ 17,045	¥ 1,553	¥ 609	¥ 2,201	¥ 17,989	¥ 6,200
	Other	258	—	27	1	231	16
	Total intangible assets	¥ 17,303	¥ 1,553	¥ 636	¥ 2,202	¥ 18,220	¥ 6,217

- Notes
1. “Balance at beginning of year” and “Balance at end of year” are stated at cost.
 2. Major causes for “Increase during period” of “Construction in progress” are investments in facilities at Mie Works (¥6,605 million), Chiba Works (¥3,689 million), Nikko Works (¥2,646 million), and Hiratsuka Works (¥1,401 million).
 3. Major causes for “Decrease during period” of “Construction at progress” are a transfer to “Buildings” (at Mie Works, Chiba Works, etc.) and transfers to “Machinery and equipment” (at Chiba Works, Nikko Works, etc.)
 4. A major cause for “Increase during period” of “Software” is costs related to an enterprise system (¥650 million).

Schedule of allowances and provisions

(Millions of yen)

Line item	Balance at beginning of year	Increase during period	Decrease during period	Balance at end of year
Allowance for doubtful accounts	¥ 24,276	¥ 4,242	¥ 1,328	¥ 27,190
Provision for product warranties	387	—	—	387
Provision for environmental measures	9,286	—	63	9,223
Provision for loss on construction contracts	397	163	348	211
Provision for loss on business of subsidiaries and associates	492	2,524	56	2,960
Provision for share awards for directors and other officers	452	124	196	380

(2) Details of major assets and liabilities

The description is omitted as the Company prepares the consolidated financial statements.

(3) Other

Not applicable.

Item 6. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual Shareholders Meeting	To be held in June
Record date	March 31
Record dates of dividends of surplus	March 31 and September 30
Number of shares constituting one unit	100 shares
Purchase or additional purchase of shares of less than one unit	
Handling office	(Special Account) Corporate Agency Division, Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	(Special Account) Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	—
Purchase or additional purchase fee	Free of charge
Method of public notice	The method of public notice by the Company shall be electronic public notice; provided, however, that when electronic public notice cannot be used due to an accident or any other unavoidable reason, the public notices shall be given in The Nihon Keizai Shimbun published in Tokyo.
Special benefits for shareholders	Not applicable.

Item 7. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company filed the following documents:

(1) Annual Securities Report, attached document thereof and Confirmation Letter

For the 201st fiscal year ended March 31, 2023
(from April 1, 2022 to March 31, 2023)

Filed with the Director-General of the Kanto
Local Finance Bureau on June 21, 2023

(2) Internal Control Report

For the 201st fiscal year ended March 31, 2023
(from April 1, 2022 to March 31, 2023)

Filed with the Director-General of the Kanto
Local Finance Bureau on June 21, 2023

(3) Quarterly Securities Reports and Confirmation Letter

For the first quarter of the 202nd fiscal year ended March 31, 2024
(from April 1, 2023 to June 30, 2023)

Filed with the Director-General of the Kanto
Local Finance Bureau on August 8, 2023

For the second quarter of the 202nd fiscal year ended March 31, 2024
(from July 1, 2023 to September 30, 2023)

Filed with the Director-General of the Kanto
Local Finance Bureau on November 14, 2023

For the third quarter of the 202nd fiscal year ended March 31, 2024
(from October 1, 2023 to December 31, 2023)

Filed with the Director-General of the Kanto
Local Finance Bureau on February 14, 2024

(4) Shelf Registration Statements (share certificates, bond certificates, etc.) and
attached documents thereof

Filed with the Director-General of the Kanto
Local Finance Bureau on August 10, 2023

(5) Amended Shelf Registration Statements

Filed with the Director-General of the Kanto
Local Finance Bureau on January 24, 2024

(6) Extraordinary Reports

Extraordinary Report pursuant to the provisions of Article 19, paragraph
(2), item (ix)-2 of the Cabinet Office Ordinance on Disclosure of
Corporate Affairs (result of the resolution made at the Annual
Shareholders Meeting)

Filed with the Director-General of the Kanto
Local Finance Bureau on June 30, 2023

Extraordinary Report pursuant to the provisions of Article 19, paragraph
(2), items (xii) of the Cabinet Office Ordinance on Disclosure of
Corporate Affairs (an event which may have significant effects on the
financial position, operating results and cash flow status of a reporting
company)

Filed with the Director-General of the Kanto
Local Finance Bureau on January 24, 2024

Section 2 Information about Reporting Company's Guarantor, etc.

Not applicable.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 24, 2024

To the Board of Directors of
Furukawa Electric Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,

Certified Public Accountant:

Tsutomu Hirose

Designated Engagement Partner,
Certified Public Accountant:

Takahiro Ikeda

Designated Engagement Partner,
Certified Public Accountant:

Daijiro Furutani

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Furukawa Electric Co., Ltd. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2024, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2023 to March 31, 2024, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We had stated that "Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Infrastructure segment " and "Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System" were identified as key audit matters in our audit of the consolidated financial statements for the previous fiscal year.

The deterioration of profitability caused by a decline in sales due to difficulties in procuring semiconductors and a rise in raw material and fuel prices for the previous fiscal year has improved to some extent during the current year. However, there still is deterioration in profitability for a certain asset group in the Communications Solutions business for the year ended March 31, 2024, due to the facts that customers have been keeping the level of their investment low and reducing their excess inventories for a longer period.

As a result, Furukawa Electric Co., Ltd. (the "Company") has recorded an operating loss in the current period continuing from the previous year. As the degree of uncertainty regarding the future taxable income of the Group still remains high.

Therefore, we identified "Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business" and "Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System" as key audit matters in our audit of the consolidated financial statements for the current fiscal year.

Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>As of March 31, 2024, tangible fixed assets balance was 278,640 million yen and intangible fixed asset balance was 20,284 million. Fixed assets classified to a certain asset group in the Group's Communications Solutions business ("the asset group") was 9,242 million yen.</p> <p>Such fixed assets are depreciated and amortized consistently. If any impairment indicators exist, the Group assesses whether to recognize an impairment loss by comparing the total amount of undiscounted future cash flows generated from the asset group to the carrying amount. If recognition of impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount and the reduction is recorded as an impairment loss.</p>	<p>Our audit procedures related to testing the appropriateness of the assessment of impairment loss recognition regarding the fixed assets classified to a certain asset group that are included in the asset group included the following, among others:</p> <p>(1) Evaluation of controls</p> <ul style="list-style-type: none">• We evaluated the design and operating effectiveness of controls related to the assessment of impairment loss recognition for fixed assets, specifically focusing on controls over the estimation of the undiscounted future cash flows.

<p>As stated in "2 Impairment of non-current assets" of "Notes to Consolidated Financial Statements (Significant Accounting Estimates)," the Company identified an impairment indicator and tested whether an impairment loss should be recognized for the asset group based on the deterioration in profitability due to the facts that customers have been keeping the level of their investment low and reducing their excess inventories for a longer period. As a result, the Group concluded that the recognition of impairment loss was not necessary since the total amount of the undiscounted future cash flows generated from the asset group exceeded the carrying amount.</p> <p>The estimated undiscounted future cash flows used for testing whether an impairment loss needs to be recognized were based on the future business plans which include significant assumptions made by management involving uncertainties, such as sales volume, sales price per unit, market forecast, and disposal value of the fixed assets.</p> <p>We identified the assessment of impairment loss recognition on the fixed assets in the asset group as a key audit matter because (1) the fixed assets in the asset group were quantitatively material and (2) significant assumptions used in the estimation of the undiscounted future cash flows involve uncertainties and significant judgments made by management.</p>	<p>(2) Evaluation of the reasonableness of the estimated undiscounted future cash flows</p> <p>We tested whether the methods used to estimate the undiscounted future cash flows as well as significant assumptions and data used in developing the future business plans and calculating the disposal value of fixed assets were in accordance with the applied financial framework. We also tested whether management appropriately addressed the estimation uncertainty in the undiscounted future cash flows by performing the following:</p> <ul style="list-style-type: none"> • We assessed the consistency of the approved future business plans used as a basis for the undiscounted future cash flows. We also evaluated the degree of reliability in management's estimates with uncertainty by comparing the budgets and the future business plans in past years with the actual results. • To evaluate the degree of reliability in management's estimates with uncertainty, we performed a stress test on the estimated undiscounted future cash flows. • For sales volume and sales price per unit, which are significant assumptions used in the estimation of the future business plans, we inquired of management and the employees responsible for preparing the future business plans. As part of the sales order testing, we examined sales contracts and orders received to be fulfilled in future periods. Further, we also inspected the consistency of the information such as sales volume and sales price per unit on the sales contracts against other relevant data and information from the customers such as price lists. For the market forecast, we performed a comparison of the forecast with available external data and peer companies and analyzed the historical trend of the financial results. • With the assistance of our valuation specialists, we tested the valuation methodology and results of management's valuation of the disposal value of fixed assets.
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Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System	
Key Audit Matter Description	How the Key Audit Matter Was Addressed in the Audit
<p>The amount of deferred tax assets recorded on the consolidated balance sheet as of March 31, 2024, was 8,563 million yen. As stated in the "Notes to Consolidated Financial Statements (Tax Effect Accounting)," the amount of deferred tax assets before offsetting deferred tax liabilities was 27,551 million yen and a valuation allowance of 99,898 million yen was recorded to reduce the gross amount of deferred tax assets related to deductible temporary differences and loss carryforwards was 72,347 million yen. The Group applies the Group Tax Sharing System to its domestic affiliates in Japan, so the recorded amount of deferred tax assets related to the applicable domestic companies under the Group Tax Sharing System (hereinafter "Applicable Group") was 17,554 million yen, a net of a valuation allowance and before offsetting deferred tax liabilities.</p> <p>The Group records the amount of deferred tax assets expected to be recovered based on the estimated future taxable income (before considering tax loss carryforwards) over the next five years. In determining the recoverability of the Applicable Group's deferred tax assets, the estimated future taxable income of the Company has a significant impact on this determination as it is approximately half of the total future taxable income of the Applicable Group.</p> <p>The estimated future taxable income of the Company includes significant assumptions used by management, such as sales volume, sales price per unit, and market forecast within the future business plans, and such assumptions involve uncertainties.</p> <p>Moreover, the Company has recorded an operating loss in the current period as a result of a deterioration in profitability due to the facts that customers have been keeping the level of their investment low and reducing their excess inventories for a longer period. Thus, the degree of uncertainty regarding the future taxable income of the Company is getting comparatively higher.</p>	<p>Our audit procedures evaluated the reasonableness of the estimated future taxable income of the Company related to the Applicable Group's recoverability of the deferred tax, which was approximately half of the total amount of the estimated future taxable income of the Applicable Group, included the following, among others:</p> <p>(1) Evaluation of controls</p> <ul style="list-style-type: none"> We evaluated the design, implementation, and operating effectiveness of the controls related to the estimation of future taxable income of the Company, specifically focusing on controls related to the determination of the recoverability of deferred tax assets. <p>(2) Evaluation of the reasonableness of estimated future taxable income</p> <p>With respect to major business units that are expected to have significant impacts on the Company's future taxable income, we tested whether the methods and significant assumptions used to estimate the future taxable income and the data used in developing the future business plans were appropriate in accordance with the applied financial framework. We also tested whether management appropriately addressed the uncertainty in estimation of the future taxable income by performing the followings:</p> <ul style="list-style-type: none"> We assessed the consistency of the approved future business plans used as a basis for the estimated future taxable income. We also evaluated the degree of reliability and uncertainty in management's estimates by comparing the budgets and the future business plans for past years with the actual results. To evaluate the degree of reliability and uncertainty in management's estimates, we performed a stress test on the estimated future taxable income.

<p>We identified the recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System as a key audit matter because (1) the recorded amount of deferred tax assets related to the Applicable Group was quantitatively material and (2) significant assumptions used in the estimation of the future taxable income involve uncertainties and significant judgments made by management.</p>	<ul style="list-style-type: none"> • For the sales volume and sales price per unit, which are significant assumptions used in the estimation of the future business plans, we inquired of management and employees responsible for preparing the future business plans. As part of the sales order testing, we examined sales contracts and orders received to be fulfilled in future periods. Further, we also inspected the consistency of the information such as sales volume and sales price per unit on the sales contracts against other relevant data and information from the customers such as price lists. For the market forecast, we performed a comparison of the forecast with available external data and peer companies and analyzed the historical trend of the financial results.
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Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Furukawa Electric Co., Ltd. as of March 31, 2024.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Furukawa Electric Co., Ltd. as of March 31, 2024, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2024, which were charged by us and our network firms to Furukawa Electric Co., Ltd. and its subsidiaries are disclosed in paragraph (3) titled "Audits" in "Corporate Governance" included in "Information on the Company Submitting Financial Reports" of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 24, 2024

To the Board of Directors of
Furukawa Electric Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Tsutomu Hirose

Designated Engagement Partner,
Certified Public Accountant:

Takahiro Ikeda

Designated Engagement Partner,
Certified Public Accountant:

Daijiro Furutani

<Audit of Nonconsolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of Furukawa Electric Co., Ltd. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2024, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 202nd fiscal year from April 1, 2023 to March 31, 2024, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the nonconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business

We have omitted descriptions on this due to overlap with the key audit matter ("Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business") described in our audit report on the consolidated financial statements.

Recoverability of deferred tax assets

We have omitted descriptions on this due to overlap with the key audit matter ("Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System") described in our audit report on the consolidated financial statements.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the nonconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fee-related information is disclosed in independent auditor's report on the consolidated financial statements as of and for the year ended March 31, 2024.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

Cover

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 24, 2024
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Title and name of chief financial officer	Koji Aoshima, Corporate Vice President, General Manager, Finance & Accounting Division
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

(Translation)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Basic Framework of Internal Control over Financial Reporting

Hideya Moridaira, Representative Director, President; and Koji Aoshima, Corporate Vice President, General Manager, Finance & Accounting Division are responsible for the development and operation of internal control over financial reporting of Furukawa Electric Co., Ltd. (the “Company”).

The Company has developed and operated internal control over financial reporting in accordance with “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Internal control over financial reporting may not completely prevent or detect misstatements of financial reporting.

2. Scope, Date and Procedures of Evaluation

We evaluated the effectiveness of our internal control as of March 31, 2024, the end of the fiscal year under review. In evaluating internal control over financial reporting, we followed the evaluation standards for internal control over financial reporting generally accepted in Japan.

Based on the Furukawa Electric Group Basic Policy for the Development and Evaluation of Internal Control Over Financial Reporting (resolved by the Board of Directors on January 31, 2007) and the FY2023 Policy for Response to J-SOX (resolved by the Board of Directors on June 8, 2023), we evaluated the development and operation status of company-level controls. Given the results of the evaluation, we analyzed the business processes within the scope of internal controls to be evaluated, identified key controls that may have a material impact on the reliability of financial reporting, and evaluated whether the basic components of internal control are operating with regard to the identified key controls.

We determined the required scope of evaluation of internal controls over financial reporting in light of the degree of impact on the reliability of financial reporting.

Regarding the procedures and methods for determining the scope of evaluation, we first identified company-level controls with a material impact on overall financial reporting and period-end financial reporting processes to be evaluated from a company-wide perspective. We then performed procedures, such as inquiries to relevant personnel and verification of records, covering all the business locations other than those that do not have a material impact, after appropriately understanding and analyzing the internal controls as a whole. In doing so, we evaluated the development and operation status of the internal control, as well as the degree of their impact on process-level controls.

In evaluating process-level controls, we selected significant business locations subject to evaluation based on their consolidated sales in light of their degree of quantitative and qualitative materiality for financial reporting, and the result of the above-mentioned evaluation of the company-level controls. Specifically, significant business locations were selected in descending order of sales until their combined amount reached approximately two-thirds of total consolidated sales. Then, in the selected business locations, we included in the scope of evaluation of process-level controls all the business processes that affect the accounts (namely sales, accounts receivable, and inventory) that are closely associated with our business objectives. In addition, business processes with a significant impact on financial reporting were individually added to the scope of evaluation.

For business processes subject to evaluation, we first analyzed each of the business processes, and selected risks that would have a material impact on the reliability of financial reporting and corresponding control activities and other key controls. We then applied procedures including inquiries to appropriate staff personnel on internal controls, review of relevant records, observation of the application of specific controls, and examination of records regarding the operation of internal controls. In doing so, we evaluated development and operation status of the internal control.

Furthermore, where automated internal controls using IT are in place in the business processes subject to evaluation, we first understood the IT infrastructure and identified evaluation units. We then applied procedures including inquiries to appropriate staff personnel on internal controls, review of relevant records and data, and examination of records regarding the operation of internal controls, with respect to IT general controls and IT application controls. In doing so, we evaluated development and operation status of the internal control.

3. Result of Evaluation

Based on the evaluation procedures described above, the management concluded that the internal control over financial reporting of the Company as of March 31, 2024 was effective.

4. Supplementary Information

Not applicable.

5. Other Information for Special Attention

Not applicable.

Cover

Document title	Confirmation Note
Clause of stipulation	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 24, 2024
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Title and name of chief financial officer	Koji Aoshima, Corporate Vice President, General Manager, Finance & Accounting Division
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

(Translation)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Hideya Moridaira, Representative Director, President and Koji Aoshima, Corporate Vice President, General Manager, Finance & Accounting Division, confirmed that statements contained in the Annual Securities Report for the 202nd fiscal year (From April 1, 2023 to March 31, 2024) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.