Furukawa Electric Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2024 and Progress of 25 Medium-term Plan

May 13, 2024

[Number of Speakers]	2	
	Hideya Moridaira	President
	Koji Aoshima	Corporate Vice President, and General Manager of Finance & Accounting Division

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Today's Agenda

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

I. FY23 financial results and FY24 forecasts

II. Progress of the 2025 Mid-term Plan

1. Recognition of the current situation
2. Progress of priority measures
   (1) Maximizing revenues in existing businesses
   (2) Building a foundation for creating new businesses
   (3) Strengthening the foundation for ESG management
3. Business portfolio optimization and allocation of management resources
4. Management targets (Financial targets)

Appendix

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Moridaira: Thank you very much for taking time out of your busy schedule today to join us in the Group's FY2023 financial results and progress of the 2025 Mid-term Plan report. I will now explain in accordance with this document. Thank you for your cooperation.

Here is today's agenda. First, Mr. Aoshima will explain the results for FY2023 and the forecast for FY2024, and then I will explain the progress of the 2025 Mid-term Plan.

Now, Mr. Aoshima, please begin.

FY23 financial results highlights

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

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

*2 Announced on February 8, 2024

*1 Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

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

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Aoshima: I am Aoshima from the Finance & Accounting Division. I will now explain the financial results for FY2023 and the forecast for FY2024.

See page five. The financial highlights for FY2023.

As for actual results for FY2023, net sales and income declined YoY, but increased from the previous forecasts.

Net sales were JPY1,056.5 billion, operating income was JPY11.2 billion, and operating income was positive JPY11.7 billion for Q4 alone. Ordinary income was JPY10.3 billion, partly due to an increase in interest expenses. Net income attributable to owners of the parent was positive JPY6.5 billion.

Compared to the previous forecast, operating income, ordinary income, and net income attributable to owners of the parent increased mainly due to higher-than-expected sales of optical cables for North America in the Infrastructure segment and one-time revenues from customers due to market fluctuations in the Electronics & Automotive Systems segment.

I will skip the explanation on page six through page eight, but the factors for YoY increases or decreases in sales and operating income are the same as the trends through Q3.

FY23 results - P/L summary

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

*2 Announced on February 8, 2024

*1 Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

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

FY23 results - Breakdown of changes in net sales

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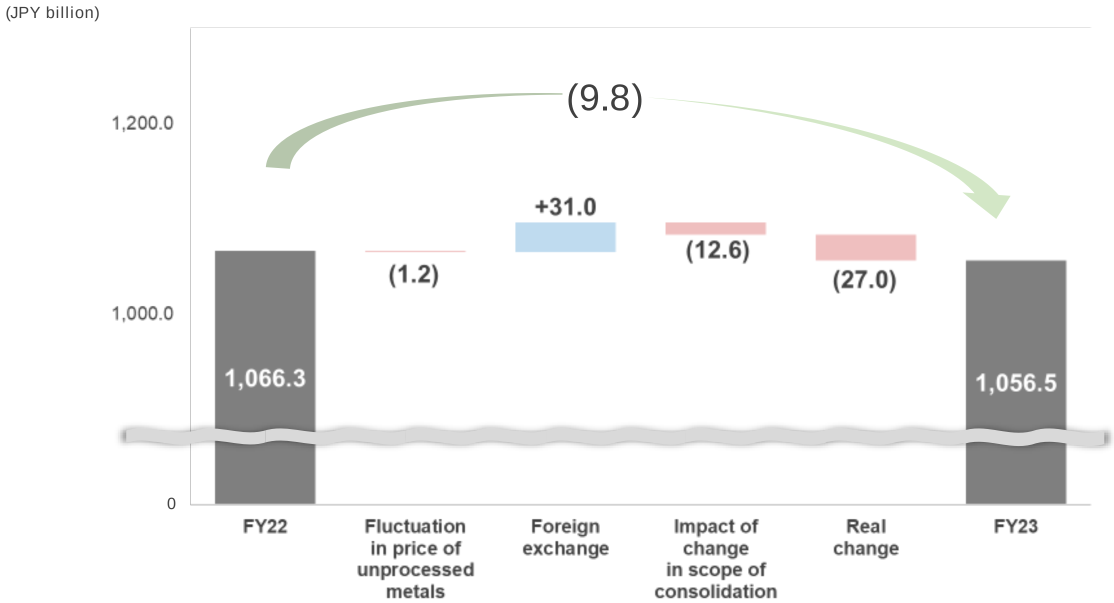
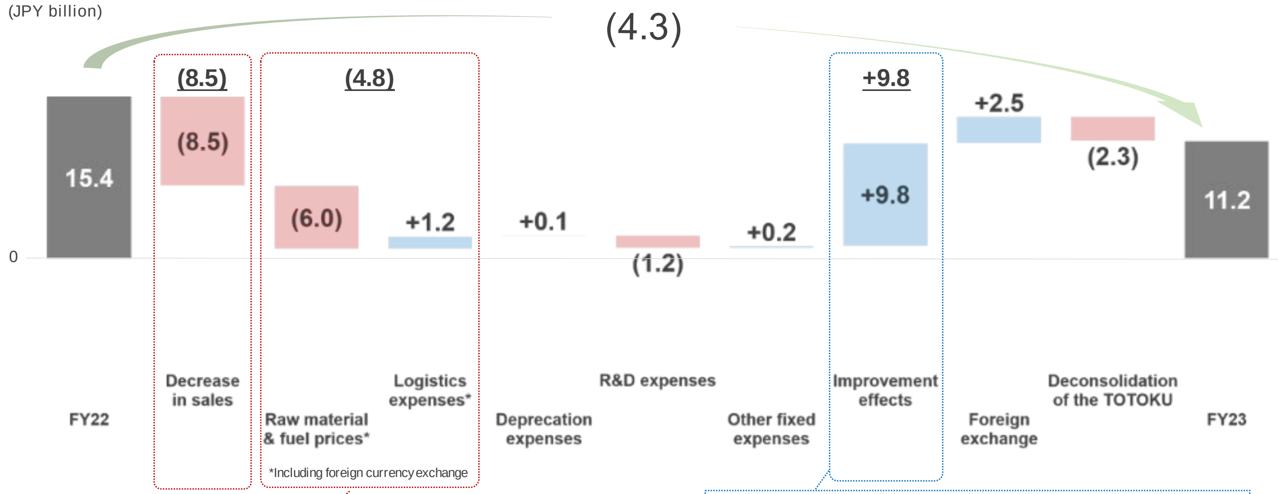


FY23 results - Breakdown of changes in operating income



Communications Solutions : (18.7)
Automotive Products & Batteries : +9.2
Electronics Component Material : (1.4)
Functional Products : +2.0
Others : +0.4

Communications Solutions : (1.7)
Automotive Products & Batteries : (2.0)
Electronics Component Material : (1.2)
Others : +0.1

Communications Solutions : +1.2
Automotive Products & Batteries : +3.8
Electronics Component Material : +2.3
Functional Products : +1.6
Others : +0.9

Price optimization/Cost reductions +6.9
Impact of lower operating volumes (5.7)

FY23 Results
Net sales & Operating Income by Segment

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■ Infrastructure

YoY change: Decreased operating income on lower net sales

Change from previous forecast (operating income): Overperformed

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

*Announced on February 8, 2024

*Announced on February 8, 2024

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The explanation by segment on page nine through page eleven is mainly about operating income compared to the previous forecast.

The Infrastructure segment exceeded the previous forecast.

In Communications Solutions, operating income exceeded the previous forecast by approximately JPY1.5 billion due to a slight increase in sales of optical cables for North America and cost containment. Operating income for Energy Infrastructure increased slightly, although it was mostly in line with our forecast.

FY23 Results
Net sales & Operating Income by Segment

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■ **Electronics & Automotive Systems**

YoY change: **Increased operating income on higher net sales**

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

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

*1 Announced on February 8, 2024

*2 Impact of elimination of intra-company transactions adjustment

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The Electronics & Automotive Systems segment exceeded the previous forecast.

In Automotive Products and Batteries, operating income exceeded the previous forecast by about JPY2.6 billion, partly due to lump-sum income from customers resulting from market fluctuations and the effect of foreign currency exchange. Operating income for Electronics Component Material was almost in line with the forecast but increased slightly.

FY23 Results
Net sales & Operating Income by Segment

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■ **Functional Products** — **YoY change (excluding special factor*1):** Increased operating income on higher net sales

Change from previous forecast (operating income): Generally as forecast

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

*2 Announced on February 8, 2024

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

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

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Page 11.

In the Functional Products segment, net sales fell short of the forecast due to the effect of sales elimination caused by the differences in fiscal year-ends of overseas subsidiaries. However, operating income was almost in line with the forecast, but slightly up by about JPY0.5 billion, due to continued strong demand for products related to generative AI.

FY23 results - B/S summary

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

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

Projects and construction planned to be recorded as net sales in the future
＊Decreased by JPY10.6 billion compared to Q3

Property, plant and equipment & Intangible assets
Increased by JPY9.4 billion

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

Total assets
Increased by JPY 51.5 billion

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

Other comprehensive income
Increased by JPY 25.2 billion

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

Free cash flow	
FY22	FY23
JPY+14.8 billion	JPY + 7.1 billion

*Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

Page 12 is a B/S summary at the end of FY2023.

Total assets increased by JPY51.5 billion. Of this amount, JPY34.4 billion was due to foreign exchange effects. Inventories increased by JPY11.4 billion from the end of the previous year. Excluding the JPY8.4 billion impact of foreign exchange and copper prices, inventories increased by approximately JPY3.0 billion.

In net assets, foreign currency translation adjustments in other comprehensive income increased by JPY25.2 billion due to the weaker yen.

Free cash flow was positive JPY7.1 billion and net interest-bearing debt increased by JPY7.7 billion, partly due to the impact of yen depreciation, but the net D/E ratio improved by 0.1 point.

FY24 Forecast Highlights

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■ Increase in sales and profit at each stage

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

(JPY billion, JPY/kg, JPY/USD)	FY23 Results	FY24 Forecasts	YoY change	(Comparison with last year)
	a	b	b-a	
Net Sales	**1,056.5**	**1,080.0**	**+23.5**	
Operating income	**11.2**	**25.0**	**+13.8**	
Ordinary income	**10.3**	**20.5**	**+10.2**	Foreign exchange loss
Net income attributable to owners of the parent	**6.5**	**13.0**	**+6.5**	Extraordinary income for the previous fiscal year: Partial sales of overseas listed securities, etc.
Average copper price	1,262	1,155	(107)	
Average exhange rate	145	140	(5)	

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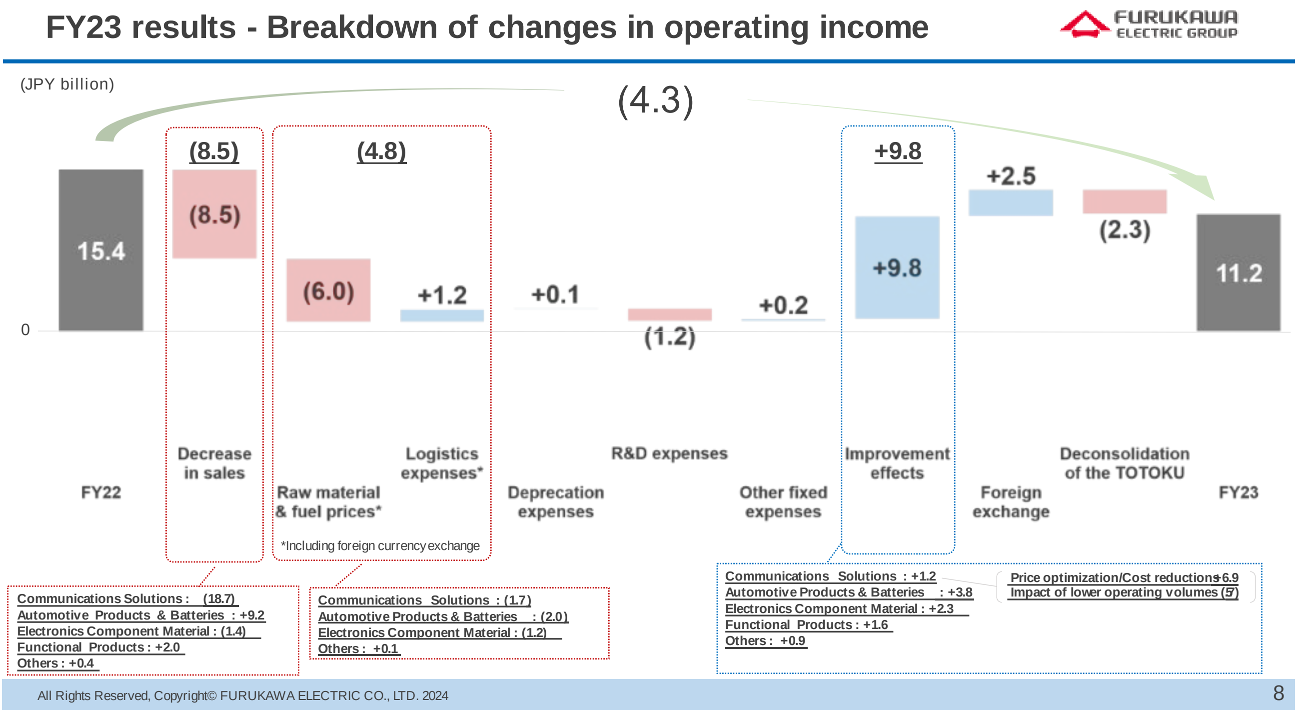
Next, we will explain our forecast for FY2024. See page 13.

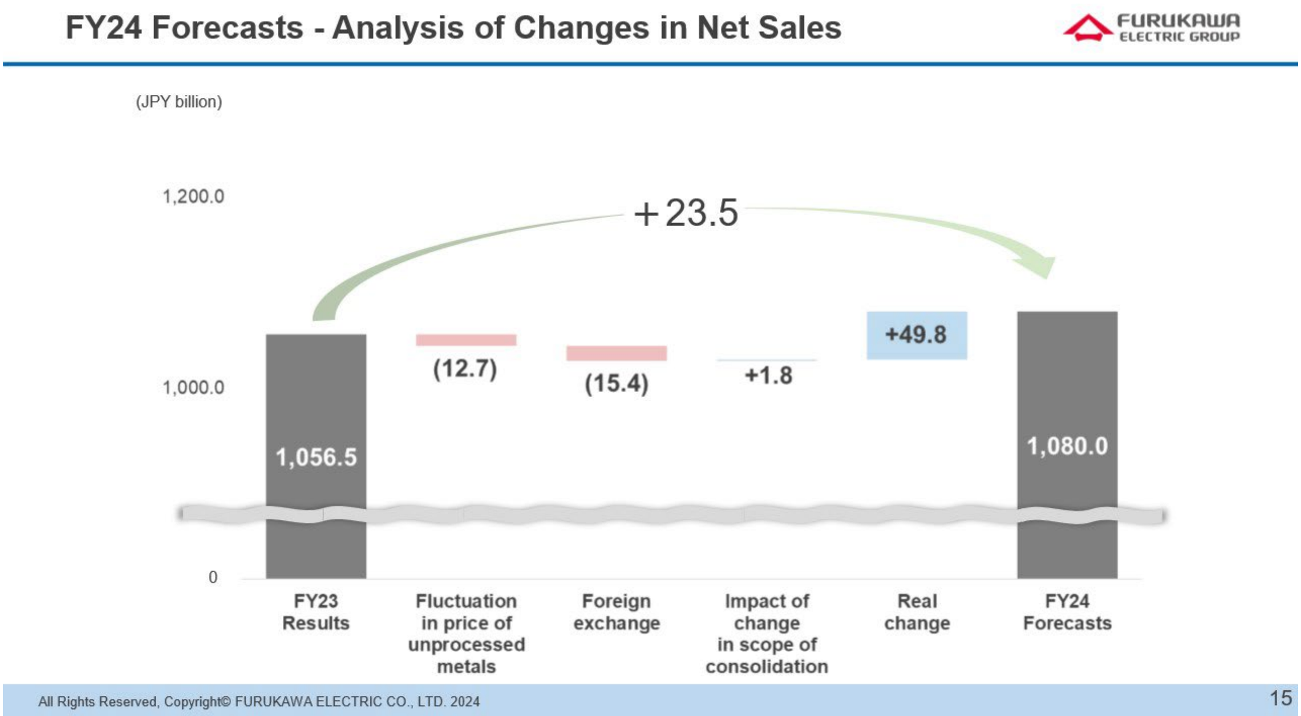
For FY2024, we forecast YoY increases in net sales and profit at each stage.

We forecast net sales of JPY1,080.0 billion, operating income of JPY25.0 billion, ordinary income of JPY20.5 billion, and net income attributable to owners of the parent of JPY13.0 billion. Details of net sales and operating income will be explained later. Operating income assumes a non-operating foreign exchange loss due to the assumed exchange rate of JPY140. Extraordinary income is based on the assumption that we will continue streamlining our asset holdings.

The assumptions for the exchange rate and copper price are as shown.

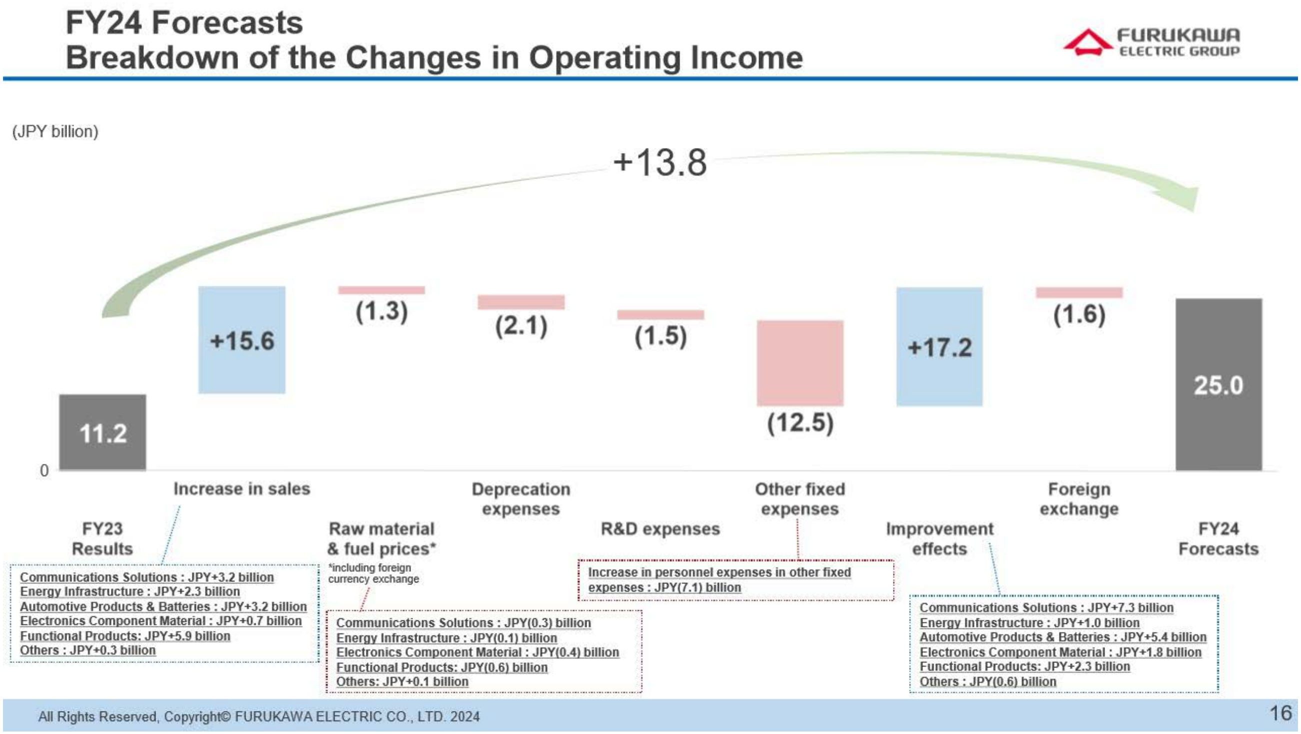


Page 14 is a P&L summary. I will spare you the explanation.



Page 15 shows the analysis of changes in net sales.

Excluding the effects of fluctuation in price of unprocessed metals and foreign exchange, the amount of real change is an increase of JPY49.8 billion.



Page 16 shows the breakdown of the changes in operating income.

The positive JPY15.6 billion is due to a substantial increase in sales. Although other fixed expenses will increase by JPY12.5 billion due to an increase in personal expenses from higher wages, increased operations, and the return of fixed expenses that were curbed in the previous year, we expect an increase of JPY13.8 billion from FY2023, with an additional JPY17.2 billion expected from productivity improvements, price optimization, product mix, and other improvement effects.

FY24 forecasts - net sales and operating income by segment

JPY billion	Net sales				Operating income			
	FY22 Results	FY23 Results	FY24 Forecasts	YoY change	FY22 Results	FY23 Results	FY24 Forecasts	YoY change
	a	b	c	c-a	d	e	f	f-e
Infrastructure	323.9	278.2	290.0	+11.8	8.6	(11.3)	(2.5)	+8.8
Communications Solutions	217.6	168.0	175.0	+7.0	6.5	(13.0)	(6.0)	+7.0
Energy infrastructure	106.3	110.2	115.0	+4.8	2.1	1.7	3.5	+1.8
Electronics & Automotive Systems	610.3	653.7	650.0	(3.7)	4.7	18.7	21.0	+2.3
Automotive Products & Batteries	337.4	379.8	385.0	+5.2	1.5	15.6	16.5	+0.9
Electronics Component Material	273.0	273.9	265.0	(8.9) *2	3.2	3.1	4.5	+1.4
Functional Products※	126.5	115.4	135.0	+19.6	4.2	5.5	10.0	+4.5
Service and Developments, etc.	31.7	31.6	30.0	(1.6)	(2.1)	(1.9)	(3.5)	(1.6)
Elimination of intra-company transactions	(26.1)	(22.4)	(25.0)	(2.6)	0.1	0.1	0.0	(0.1)
Total	1,066.3	1,056.5	1,080.0	+23.5	15.4	11.2	25.0	+13.8
※Reference Functional Products (Excluding special factor*1 on FY22)	114.2	115.4	135.0	+19.6	1.8	5.5	10.0	+4.5

*1Deconsolidation of the TOTOKU from FY22Q4

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

(Reference)

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

I will skip the explanation on page 17.

FY24 forecasts - operating income by segment

Operating income of main segments

→ Income image compared to the last half

JPY billion Segments	Sub-segments	FY22 Results	FY23 Results H1	FY23 Results H2	FY24 Forecasts H1	FY24 Forecasts H2	YoY change	Premise of FY24 forecasts
Infrastructure	Communications Solutions	6.5	(13.0)		(6.0)		**+7.0**	• Demand recovering • Capture demand, including new customers, by strengthening the production and sales structure
			(6.0)	(6.9)	→	↗		
	Energy Infrastructure	2.1	1.7		3.5		**+1.8**	• Increase in domestic sales related to extra-high voltage and renewable energy products (weighted in the second half) • Moderate economic recovery in China
			(2.6)	4.4	↘	↗		
Electronics & Automotive Systems	Automotive Products & Batteries	1.5	15.6		16.5		**+0.9**	• Stabilization of automobile production plans • Increase in models equipped with aluminum wire harnesses
			2.3	13.3	↘	↗		
	Electronics Component Material	3.2	3.1		4.5		**+1.4**	• Electronics-related business recovered (second half of FY24) • Improvement of product mix
			0.6	2.5	→	↗		
Functional Products (Excluding special factor*)		1.8	5.5		10.0		**+4.5**	• Gradual recovery in demand for semiconductors and hard-disk-drive related products • Strong demand related to generated AI
			2.1	3.4	↗	↗		
Consolidated total (Include special factor*, service and developments segment, elimination)		15.4	**11.2**		**25.0**		**+13.8**	
			(4.6)	15.8	↘	↗		

*Deconsolidation of the TOTOKU from FY22Q4

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Page 18 shows an image of operating income for H1 and H2.

While we recognize that the overall market is in a recovery trend, there are many markets that will recover in H2, and we cautiously anticipate the scale and timing of the recovery. Since some of our businesses have traditionally been weighted in H2, we expect that the start of Q1 will not be so high compared to Q4 of 2023, and we feel that the balance between H1 and H2 will be about 30% and 70%.

This table shows the direction of income compared to the last half.

We recognize that this is the direction for the Energy Infrastructure business, which has traditionally been weighted in H2, and for the Automotive Products & Batteries business, which has received lump-sum income in the last half. In H2, we expect an uptrend in all segments, but in the Functional Products segment, we expect the uptrend to continue throughout H1 and H2 due to strong AI-related demand.

Net Sales and Operating Income by Segment

1-(1) Infrastructure (Communications Solutions)

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FY24_Forecasts **Increase in net sales and income**

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

【Factors affecting profits】

(+) Increase operation and improve productivity in line with recovery in demand for optical fiber & cable in North America

(+) Increase orders of data center related products

(-) Increase in fixed costs due to recovery in demand

Premise of business environment

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

Key points

- Shift from general-use products to high-value-added products and solutions
- Develop new customers and strengthen production and sales structure in the data center and FTTx*2 market

Rollable ribbon cable | Networking systems | ITLA*3/DFB*4

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

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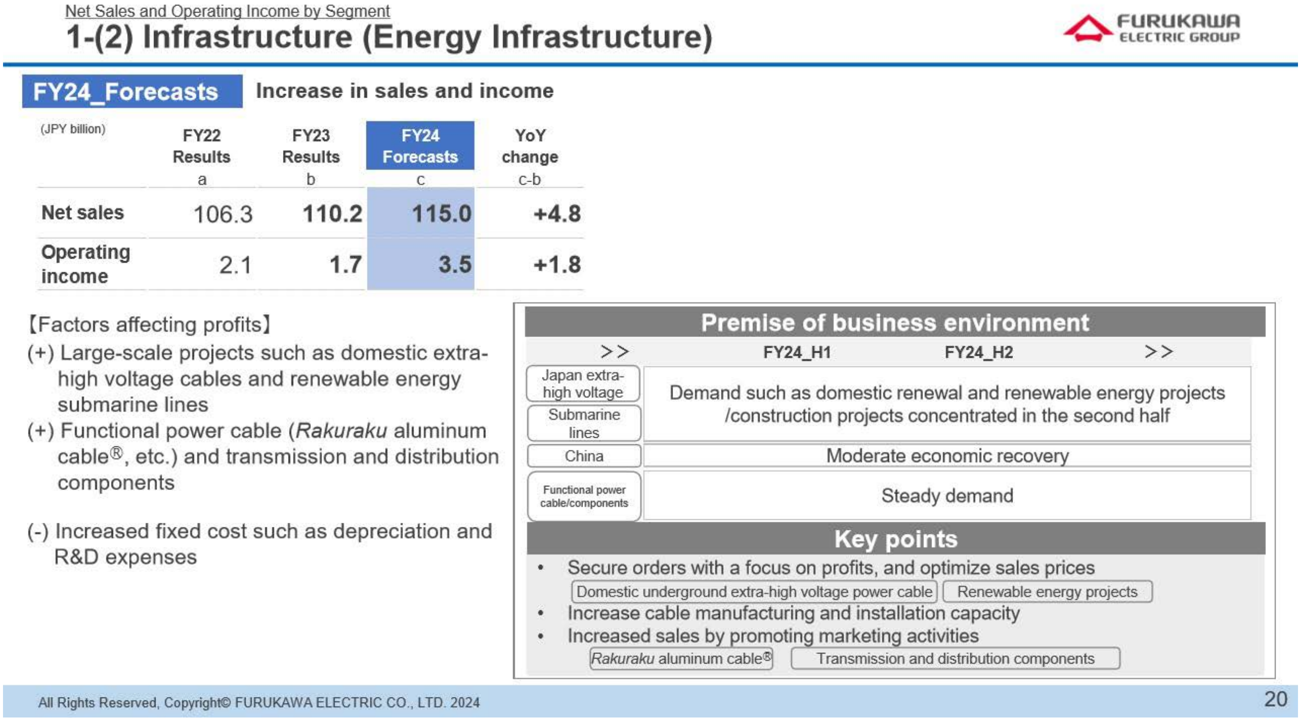
Page 19, Communications Solutions.

The forecast is for YoY increases in both sales and income. Demand for optical fiber & cable is on a recovery trend, but we are cautious about the timing, and our forecast is based on the assumption that customers' inventory adjustments will be eliminated from H2. Excluding foreign exchange effects, net sales will increase in real terms, and productivity will also improve due to higher factory operations. Profit is also expected to increase due to an improved product mix and an increase in data center-related orders.

However, since we are forecasting a total loss for FY2024, we will continue to promote the initiatives shown in the key points.



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

Page 20, Energy Infrastructure.

We forecast a YoY increase in both sales and income. Construction projects will continue to be concentrated in H2, and profit is expected to increase due to progress in domestic extra-high voltage cables and renewable energy submarine line projects.

Net Sales and Operating Income by Segment

2-(1) Electronics & Automotive Systems (Automotive Products & Batteries)

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FY24_Forecasts **Increase in sales and income**

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

【Factors affecting profits】

(+) Slight increase in automobile production

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

Premise of business environment

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

Key points

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

  Aluminum wire harness (including high-voltage products)

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Page 21 is for Automotive Products & Batteries. Automobile production is expected to increase slightly, and Furukawa Battery's sales are expected to increase, resulting in YoY sales and profit growth.

2-(2) Electronics & Automotive Systems (Electronics Component Material)

FURUKAWA ELECTRIC GROUP

FY24_Forecasts **Decrease in sales and increase in income**

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

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

(Reference: Average copper price JPY/kg)

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

【Factors affecting profits】

(+) Recovery of demand for electronics related products

(+) Improvement of product mix

(-) Increase fixed cost such as depreciation

Premise of business environment

>>	FY24_H1	FY24_H2	>>

Demand for automotive-related products are firm

Recovery in electronics-related demand

Key points

- Promote and expand sales of high-value-added products
  - Heat-resistant oxygen-free copper strips (for power semiconductors/heat dissipation components)
  - Ribbon cable and ultra fine flat wire (for 5G telecommunications)
  - High performance products (resistance materials)
- Optimize sales prices and withdraw from low-margin products

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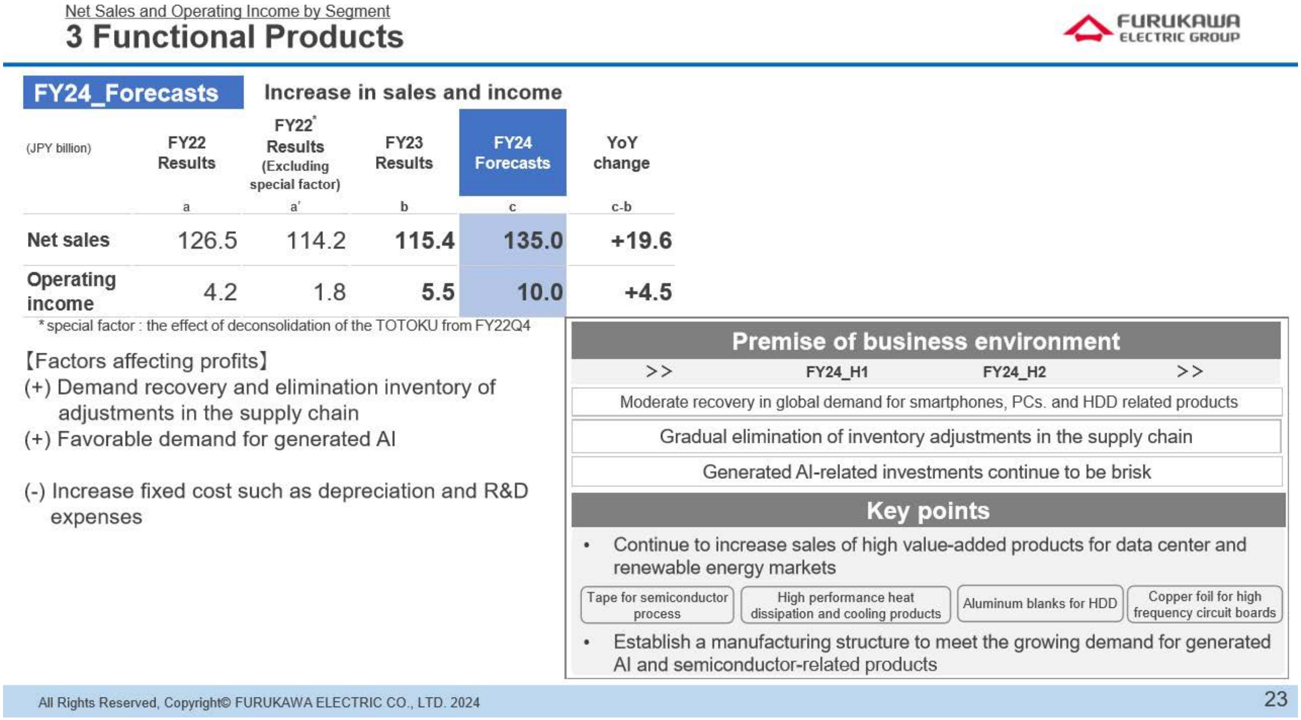
Page 22 is Electronics Component Material.

Excluding the impact of changes in copper prices, we forecast a YoY increase in real terms in both sales and income. In addition to steady demand for automotive-related products, the recovery of electronics-related demand from H2 is expected to improve factory productivity and boost profits.



Page 23, Functional Products.

We forecast a YoY increase in both sales and income. In addition to continued brisk investment in products related to generated AI, we expect profit growth due to higher sales as demand for smartphones, PCs, and other products recovers and inventory adjustments in the supply chain gradually dissipate.

CAPEX, Depreciation & amortization and R&D expenses

FURUKAWA ELECTRIC GROUP

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

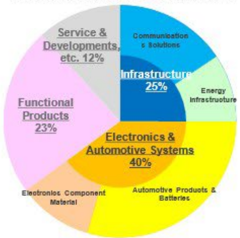
【CAPEX】

Make appropriate investments in line with market trends

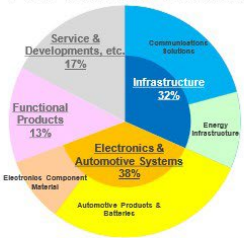
(JPY billion)	FY22 Results	*FY23 Previous Forecasts	FY23 Results	YoY change	Change from previous forecasts	FY24 Forecasts	YoY change
	a	b	c	c-a	c-b	d	d-c
CAPEX	43.8	43.0	**39.0**	(4.8)	(4.0)	**48.0**	+9.0
Depreciation and amortization	39.1	39.0	**39.0**	(0.1)	(0.0)	**41.0**	+2.0

*Announced on November 9, 2023

FY23 Results : JPY**39.0** billion



FY24 Forecasts : JPY**48.0** billion



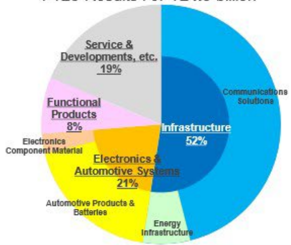
【R&D expenses】

Continue to invest in R&D aimed at future growth

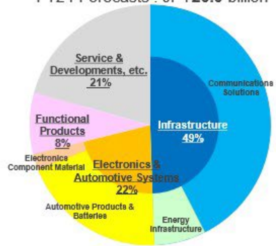
(JPY billion)	FY22 Results	*FY23 Previous Forecasts	FY23 Results	YoY change	Change from previous forecasts	FY24 Forecasts	YoY change
	a	b	c	c-a	c-b	d	d-c
R&D expenses	23.3	26.0	**24.5**	+1.2	(1.5)	**26.0**	+1.5

*Announced on November 9, 2023

FY23 Results : JPY**24.5** billion



FY24 Forecasts : JPY**26.0** billion



 24

Page 24 shows CAPEX, depreciation & amortization, and R&D expenses.

CAPEX for FY2023 was JPY39.0 billion, a decrease of about JPY4.0 billion from the previous forecast, due to cost reductions. Depreciation & amortization for FY2023 was JPY39.0 billion, the same amount as CAPEX.

CAPEX in FY2024 is expected to be JPY48.0 billion, up JPY9.0 billion YoY. We will be conscious of cash allocation and make appropriate investments in line with market trends.

Regarding R&D expenses, we will continue to invest in R&D aimed at future growth.

That is all for my explanation.

Moderator: Next, President Moridaira will explain the progress of the 2025 Mid-term Plan. President Moridaira, please.

FURUKAWA ELECTRIC GROUP

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

Operating income of main segments repost page 18

→ Income image compared to the last half

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

FY25

Operating income target

More than JPY58.0 billion

Including special factor* JPY4.2 billion

*Deconsolidation of TOTOKU from FY22Q4

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Moridaira: I will now explain the progress of the 2025 Mid-term Plan.

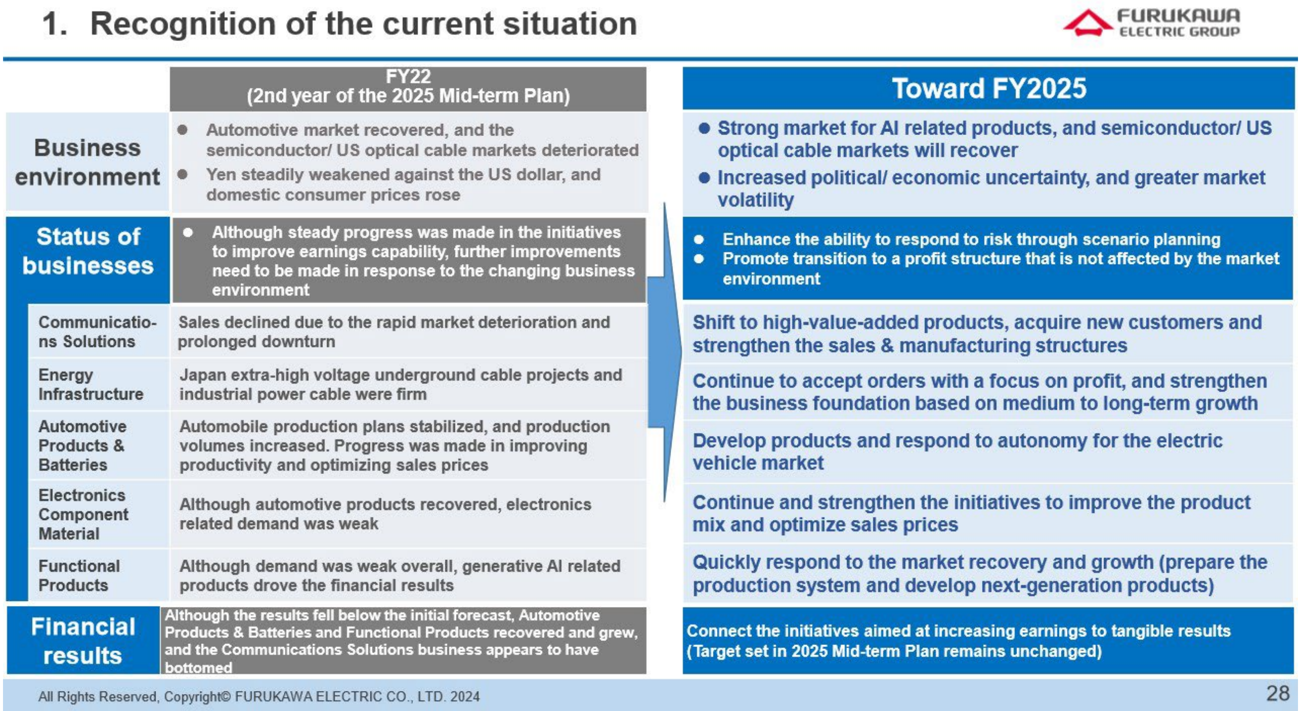
First of all, I would like to start with a recognition of the current situation.

See page 27. This table, which Mr. Aoshima used earlier in his explanation, shows the whole picture. This shows the results for FY2023 and then the forecast for FY2024.

First, FY2023 results were tough, mainly due to a decline in Communication Solutions. However, other segments such as Automotive Products and Functional Products, as well as other segments, showed a recovery in H2 compared to H1.

We expect this trend to continue in FY2024 and for overall demand to recover. However, due to the traditional bias toward H2 and other factors, we are somewhat cautious in projecting the ratio compared to the last half as shown here for each sub-segment. Especially for Communications Solutions, we expect the recovery trend to become clearer in H2 of FY2024.

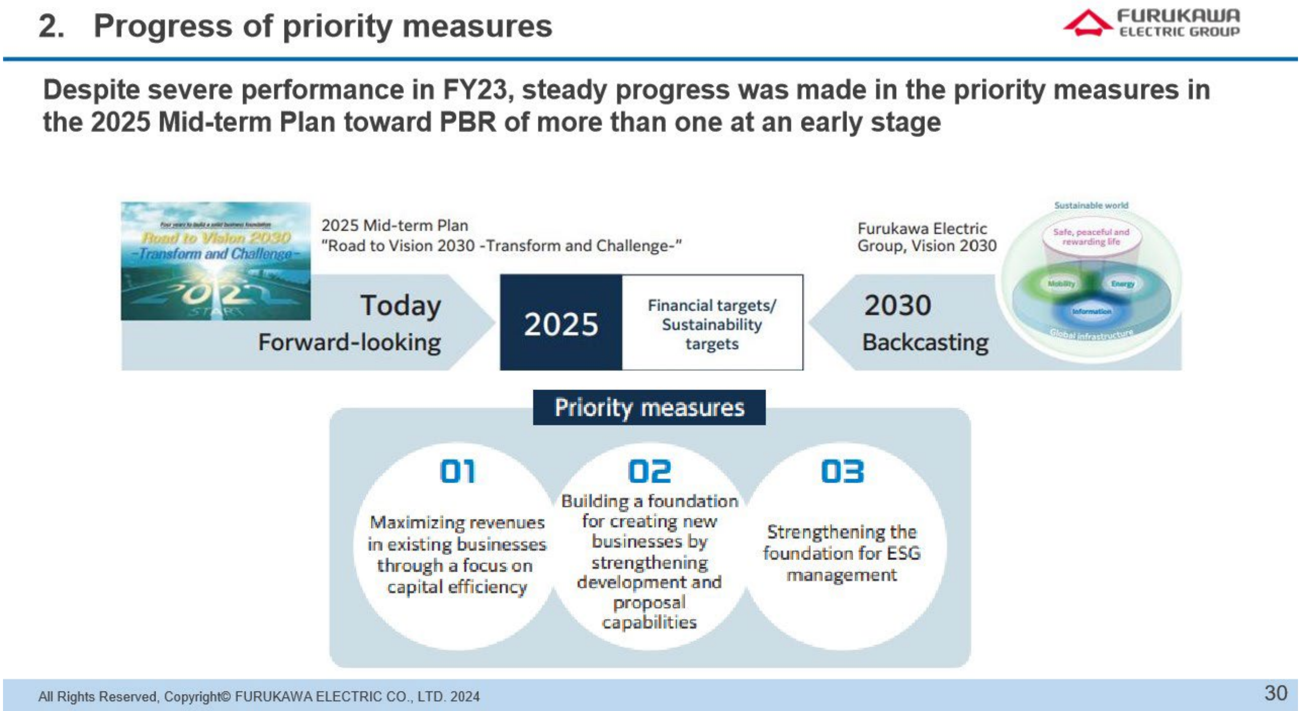
The current situation is still far from the target of the 2025 Mid-term Plan, which is to achieve operating income of JPY58.0 billion or more. However, we believe that whether or not the forecast for FY2024 can be achieved, especially in Communications Solutions, will determine whether or not the goals of the 2025 Mid-term Plan can be achieved. If this area continues to perform as expected, we believe we will be able to achieve the 2025 target.



See page 28. Efforts to improve profitability are steadily underway in each of our businesses toward achieving the goals of the 2025 Mid-term Plan that I just mentioned.

However, as market volatility tends to increase, we intend to further enhance our ability to respond to changes and strongly promote transition to a profit structure that is not affected by the business environment, which will lead to better results in the future.

The current business base and customer base of our group is largely based on communications, semiconductors, electronics, and automobiles, which have recently been undergoing major changes, and while there are naturally areas related to AI and data centers, where investment continues to be brisk, we recognize that in the Communications Solutions, which is experiencing a slump, the percentage of AI and data centers is probably somewhat lower than that of our competitors, and this is the reason for the lower profitability of our business. We are continuing to strengthen this area and are gradually seeing positive effects, and we will continue to do so to further solidify the recovery trend.



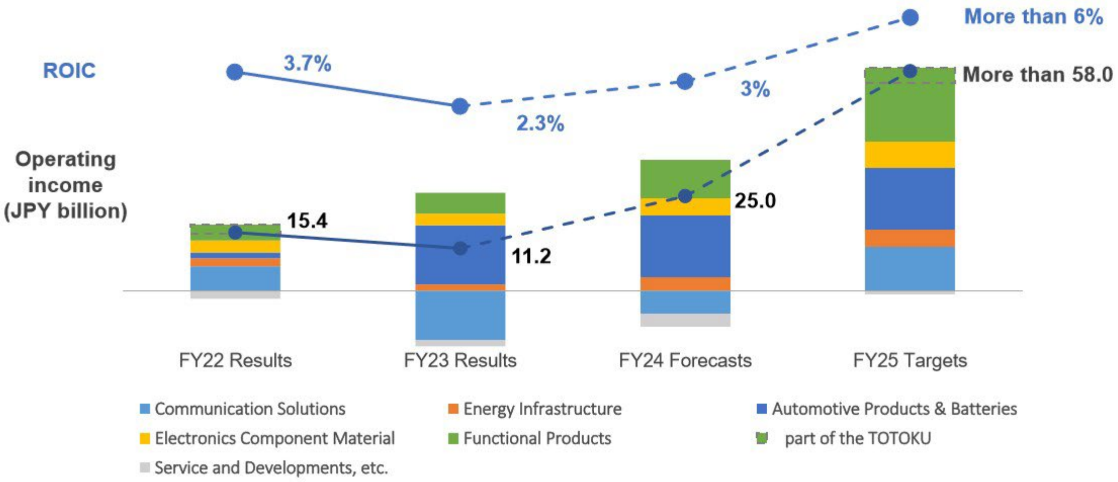
I will continue with an explanation of the progress of the priority measures.

See page 30.

As I have just explained, despite tough consequences in FY2023, we are making steady progress in the three priority measures set forth in the 2025 Mid-term Plan. We will firmly continue these efforts to increase the corporate value of the Group and aim to achieve a PBR of more than one as soon as possible.

2. Progress of priority measures
(1) Maximizing revenues in existing businesses

In the Communications Solutions business, initiatives aimed at improving earnings are being conducted
We are aiming to increase profit through stable earnings in the Automotive Products & Batteries business and further growth in the Functional Products business



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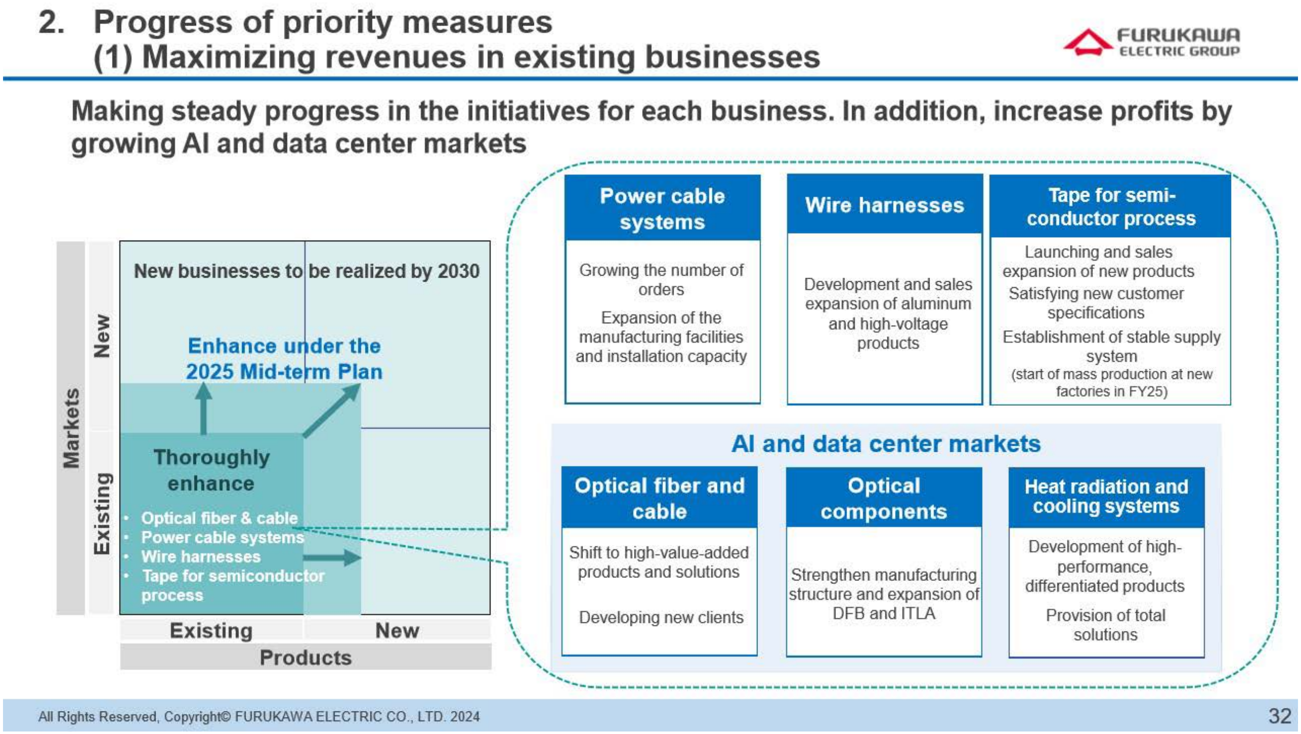
Page 31 is the status on maximizing revenues in existing businesses.

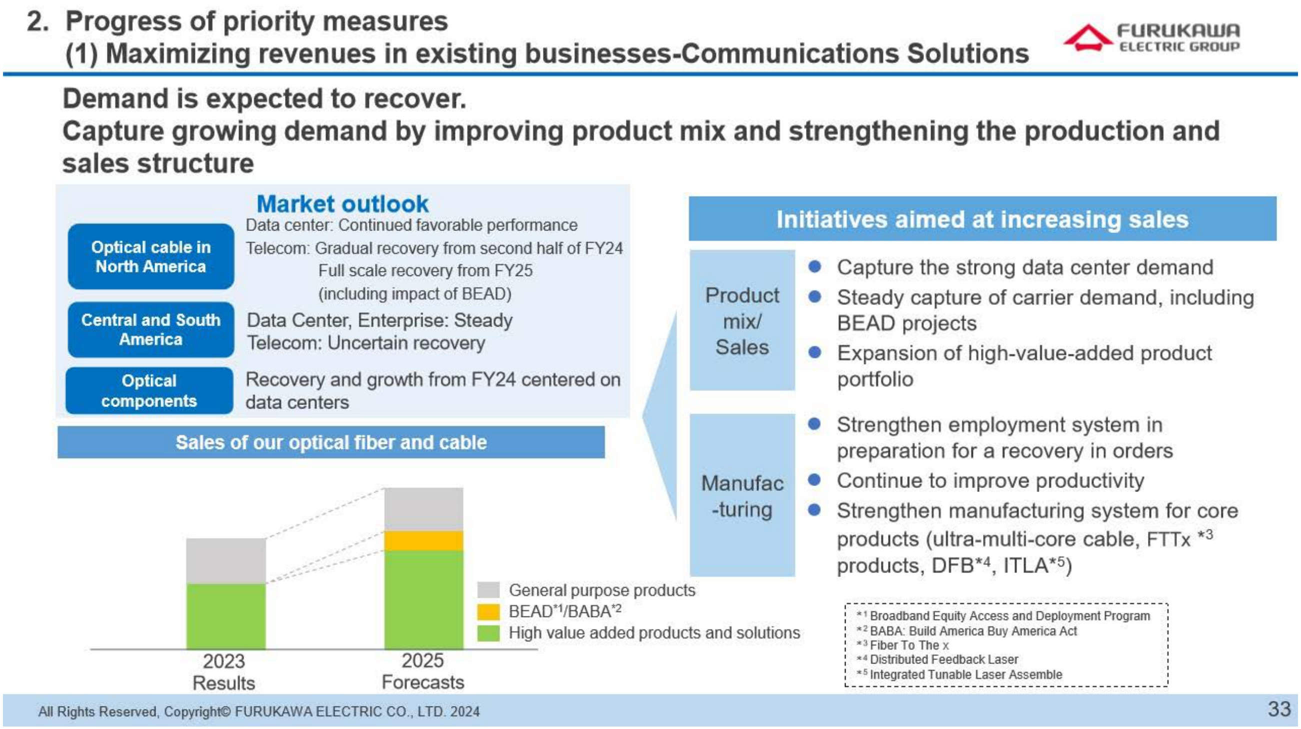
We plan to expand earnings by recovering the Communications Solutions segment, which posted an operating loss in FY2023, achieving further growth in the Functional Products segment, and stabilizing earnings in the Automotive Products & Batteries segment.



See page 32. This slide was created with the intention of showing the progress of maximizing earnings in existing businesses by stepping out into new areas from existing products and markets, as shown in the figure on the left.

Efforts to maximize earnings in each of our businesses, such as power cable systems and wire harnesses, are making steady progress. As I mentioned earlier, in addition to these products, we will further expand sales of heat radiation and cooling systems, which are currently performing well in the AI and data center markets, while optimizing the product mix and expanding sales related to Communications Solutions, such as optical fiber cables and optical components, which I mentioned earlier as being under-performing in the current situation, in order to further increase our earnings.

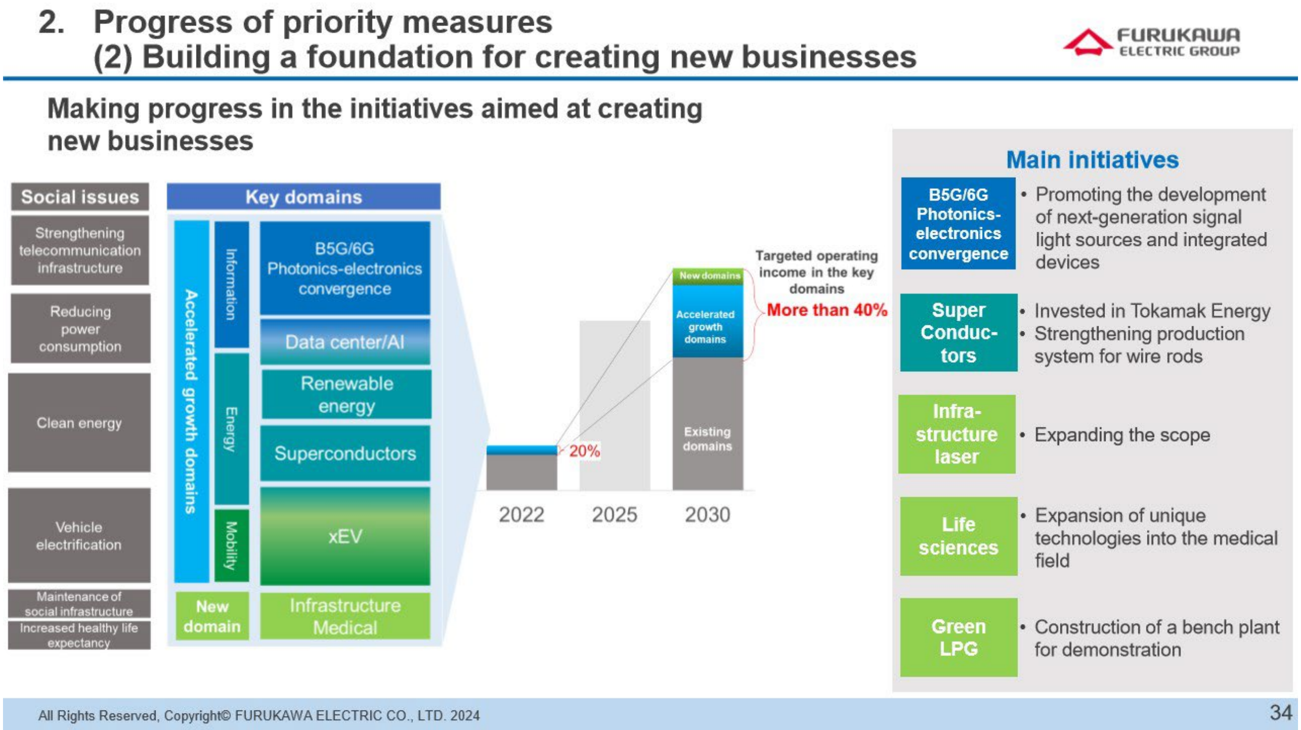
In addition, the new Mie Plant for semiconductor manufacturing tapes, in which we have already invested to increase production, is being prepared to start mass production in FY2025, and we are taking actions to capture further growth in the semiconductor market, which is expected to recover in the future.



Let me tell you a little more about Communications Solutions.

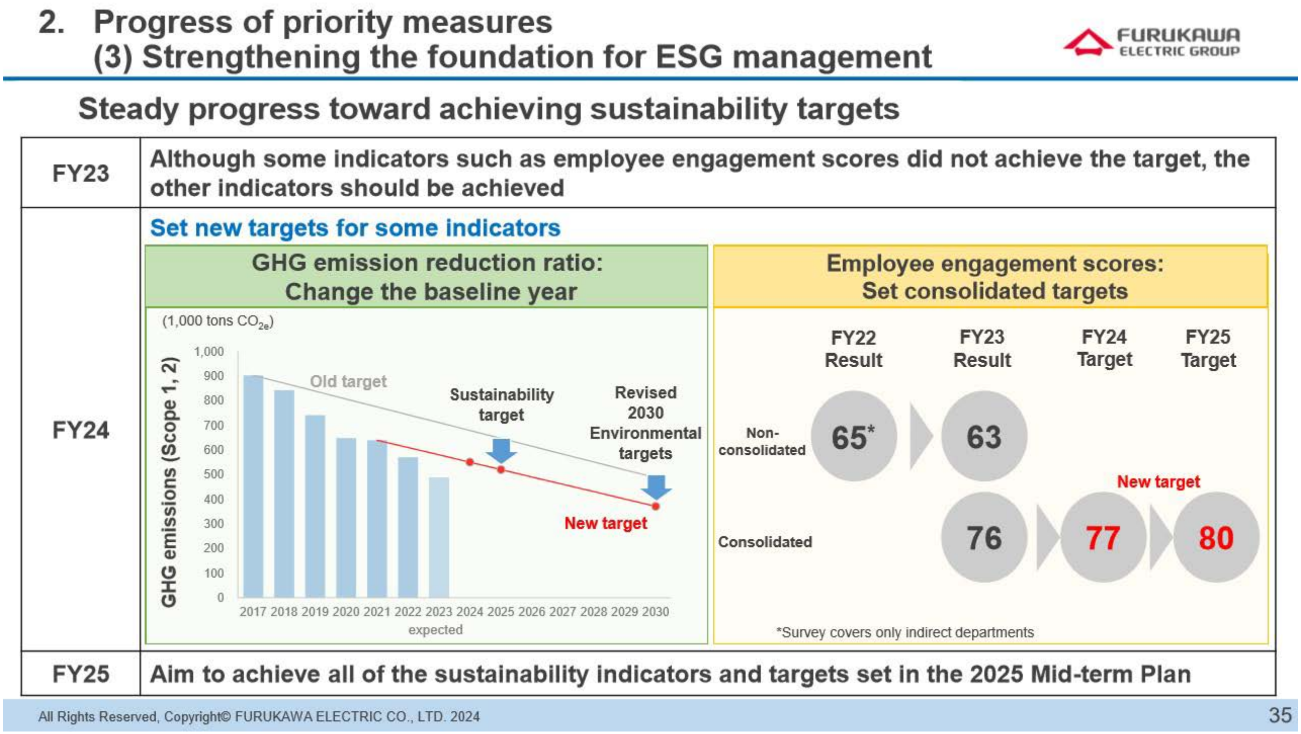
In Europe and North America, where the market environment has been severe, especially in the North American market, inventory adjustments have begun to progress among telecommunications carriers and other customers, and it is now believed that the market has bottomed out. Orders are also showing signs of a gradual turnaround. We believe that a gradual recovery will begin to emerge and that we will respond to this recovery by closely monitoring its progress.

In addition, we will further promote sales expansion activities in the robust AI and data center markets to capture carrier demand, as well as demand for high value-added products or demand in expanding markets and ensure that demand is linked to growth by strengthening our production and sales structure. This is the concept behind the current recovery in Communications Solutions.



See page 34. This is the second priority measure, which relates to building a foundation for creating new businesses.

In this second measure, various initiatives are also in progress. Please see the items listed here as main initiatives, as they are typical examples.



We will now move on to page 35. This is the third priority measure, strengthening the foundation for ESG management.

On the left side, GHG emission reduction is being managed under a new target, shifting the previous target to a stricter one. We are currently making progress in meeting this target.

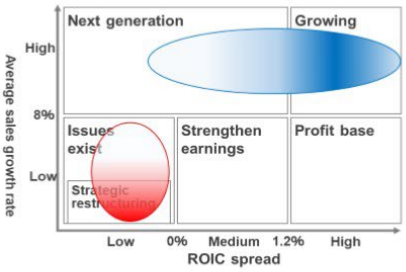
On the right side, the employee engagement score is an indicator that aims to transform into a sustainable group over the medium to long term by improving the job satisfaction of our employees. Although we have been focusing on the non-consolidated score first, this year we have expanded the survey of scores to the entire group, and we intend to revitalize this effort with the improvement of this consolidated indicator as a new goal.

3. Business portfolio optimization and allocation of management resources

FURUKAWA ELECTRIC GROUP

Implementing initiatives to optimize business portfolio

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



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

Steady progress in business portfolio transformation

<Projects in Progress>

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

<Projects implemented>

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

Continue efforts to improve the financial situation and generate cash

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

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Next, I will talk about business portfolio optimization and allocation of management resources.

See page 37.

ROIC, and FVA(Furukawa Value Added), our proprietary indicator. The first step in implementing appropriate resource allocation based on these management indicators is to reduce or withdraw unprofitable or underperforming products at the product level. In conjunction with this, we are working on these indicators based on business growth through concentration on high-profit products. This has become quite well established.

As an extension of these activities, we are also looking at optimization in the context of businesses. Currently, two projects are underway for improved profitability and two projects are underway as growth strategies.

We are also continuing to improve our financial position and generate cash through measures such as improving our cash conversion cycle and reducing our asset holdings.

3. Business portfolio optimization and allocation of management resources

FURUKAWA ELECTRIC GROUP

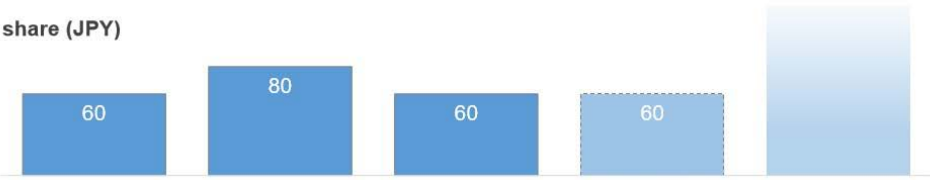
Basic policy on shareholder returns

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

Dividends for FY23 and FY24

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

Annual dividend per share (JPY)



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

*Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

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See page 38.

With regard to shareholder returns, our basic policy is to continue to provide stable and continuous returns to shareholders, while linking dividend payments to business performance, with a target of 30% of net income attributable to owners of the parent.

As for dividends for FY2023, we plan to pay JPY60 per share. We currently forecast a similar dividend of JPY60 per share for FY2024.

3. Management targets (Financial targets)

FURUKAWA ELECTRIC GROUP

FY25 financial targets remain unchanged

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

*Restated only the FY2022 financial results following the start of voluntary application of the International Financial Reporting Standards (IFRS) at the equity method affiliate UACJ Corporation (Refer to the Appendix for details)

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Finally, we have included overarching financial targets through FY2025.

The forecast for FY2024 and the target for FY2025 are shown in the table, respectively, and the targets for the Mid-term Plan have not been changed so far. As I have mentioned, we will continue to move forward to achieve the goals of the 2025 Mid-term Plan, paying particular attention to Communications Solutions, while keeping an eye on the transition in the current fiscal year.

This is all from me. Thank you very much for your kind attention.