



"Composing the core of a brighter world." This is our purpose, and we will transform into a corporate group that achieves it.

*H. Murodaise*

President  
Furukawa Electric Co., Ltd.

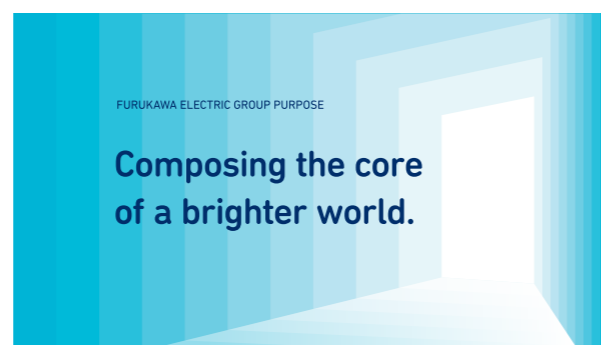
### Establishment of the Furukawa Electric Group Purpose and Our Determination to Achieve It

In FY2024, Furukawa Electric Co., Ltd. celebrates 140 years in business. As the future becomes increasingly difficult to predict, it is important to make management decisions faster and increase employee engagement with the organization. In addition, in order for the Furukawa Electric Group to be widely recognized by stakeholders as a corporate group that contributes to the realization of a truly prosperous and sustainable society, and for our employees to feel pride and job satisfaction, we felt that it was necessary to articulate and disseminate our purpose, so in March 2024 we reviewed our philosophy system and newly formulated the Furukawa Electric Group Purpose.

Initially, we thought that establishing a purpose would be a very difficult undertaking. This is because for our purpose to serve as a reference point for our employees and to be instilled within our organization, it would be necessary to make it simple yet unique to our Group. We also thought that a purpose created with our Corporate Philosophy and Management Philosophy already in existence would be meaningless unless it resonated even better and was even easier to remember than those philosophies. Otherwise, there would be no need to establish it.

To establish a purpose, we launched a project centered on young employees who will lead the next generation, and after a year and a half of twists and turns, we were able to establish one. And when I spoke directly with each of the members of the project team, they told me that this purpose was the "answer" that had emerged after immense effort, with the opinions of the members having been divided. I was also able to share in the understanding and rationale of the members, which convinced me that this purpose was a good one.

I think that the phrase "composing the core" gives people an opportunity to think about the meanings of words by feeling captivated by them, and provides a good mechanism for encouraging dialogue. Meanwhile, "a brighter world" also reflects the wish of our founder,



Mr. Ichibei Furukawa, to "make Japan brighter." So while this purpose offers freedom and depth of interpretation, the choice of words is suited to the Furukawa Electric Group, and I believe that it strikes at the essence that we must avoid being swept away by current trends.

The purpose stands at the pinnacle of our philosophy system, and based on the values it embodies, we will be enhancing our human capital and organizational execution abilities. The purpose will provide the axis for decision-making toward the achievement of the goals of the Medium-term Management Plan 2022- 2025 (hereinafter, 2025 Mid-term Plan) and the Furukawa Electric Group Vision 2030. The first step is to instill the purpose within the organization, and I believe that by making the purpose the axis for our decision-making and composing the "core" that will take us into the future, and by approaching management with the determination to continue to grow by providing value to all stakeholders through constant innovation, the results we are aiming for will naturally follow.

### Results and Progress in the Second Year of the 2025 Mid-term Plan and My First Year as President

FY2023 was the second year, so the halfway mark, of the four-year 2025 Mid-term Plan, and also my first year

as President. Unfortunately, our business performance left a lot to be desired, but it was also a year in which we made steady progress toward achieving Vision 2030, the visionary outlook for our Group in 2030, and the goals of the 2025 Mid-term Plan, a milestone for achieving Vision 2030. Below I will discuss the progress we have made with the priority measures of the 2025 Mid-term Plan, which is aimed at achieving a Price Book-value Ratio of more than one at an early stage. These priority measures are (1) maximizing revenues in existing businesses through a focus on capital efficiency, (2) building a foundation for creating new businesses by strengthening development and proposal capabilities, and (3) strengthening the foundation for ESG management.

### Maximizing Revenues in Existing Businesses through a Focus on Capital Efficiency

With regard to maximizing revenues in existing businesses, there are still issues to be addressed in each area, but I believe that the direction and action we should take has become clearer.

In businesses related to automotive and functional products, in particular, we are beginning to see results from our activities. For example, in the AI and data center markets, our business related to heat radiation and cooling systems is performing well, and we will further

expand it by capturing additional demand, as demand is expected to increase in the future. In addition, our new factory in Mie, which produces tape for semiconductor process, an area in which we have already made investments to boost production, is on schedule with preparations for the start of mass production in FY2025, and we are anticipating growth in the semiconductor market, where a recovery is expected.

However, in the Communications Solutions business, we have been slow to respond to growing demand in the AI and data center markets, resulting in a gap in performance with other companies in our industry. We will continue to respond to the recovery in demand in the telecommunications carrier market, where we have been strong for many years, but we will also focus on the AI and data center domains to expand revenues by increasing sales of optical fiber and cable, optical components, and so on. Notably, for optical fiber and cable, we are going to launch a new global structure in FY2025 to accelerate growth.

On the other hand, although there is still a large gap between our current performance and the operating income target in the 2025 Mid-term Plan, we intend to achieve the 2025 Mid-term Plan target by further expanding businesses related to automotive and functional products, which have been performing well, and by improving profitability in communications-related businesses in line with expectations.

#### Building a Foundation for Creating New Businesses by Strengthening Development and Proposal Capabilities

As for building a foundation for creating new businesses, several shoots that should lead to the achievement of Vision 2030 and sustainable growth thereafter have begun to emerge. We are seeing results from building a foundation for the future, such as technology for producing green LP gas and infrastructure-related digital transformation services (Michiten®, Tetsuten®), which have not been among our Group's core businesses until now, Infrastructure Laser™, as a means of expanding into different markets, and high-temperature superconducting wires with attractive applications such

as nuclear fusion power generation. In all these cases, we are proceeding with a market-in mindset rather than a product-out one, and I am delighted about that. Furthermore, to advance these new businesses, external partnerships are absolutely necessary. For example, high-temperature superconducting wires are essential for nuclear fusion reactors, and we have been collaborating with Tokamak Energy in the United Kingdom on their development, which I view as a major achievement.

#### Progress in Reviewing Our Business Portfolio

Under the 2025 Mid-term Plan, we have been pursuing management with an emphasis on capital efficiency, and so far have completed several rounds of business restructuring, with increasing the value we add to invested capital (FVA or Furukawa Value Added) and ROIC as one of our axes for decision-making.

On the other hand, by being conscious of the large granules that are "business" divisions, we tended to lack the essential perspective of whether or not a product group had strengths. Therefore, after carefully examining the individual product groups in each business, we decided to reorganize our global optical fiber and cable business and metal-type wire business with a greater focus on the perspective of "leveraging our own strengths." The decision to acquire shares of MFOPTEX Co., Ltd. and make it a consolidated subsidiary was also made from the perspective of "leveraging strengths," as it reflected potential technological synergies throughout our Group that could accelerate the development of new businesses such as industrial lasers and life science. Going forward, we will maintain the question of whether we can leverage our strengths at the product group level as one of the axes for deciding whether to move forward or withdraw. We will be pushing further ahead in shifting to product groups and business models that can deliver added value, or put another way, generate profits.

I believe that continuing to generate profits while continuously reviewing our business and product portfolios also means ensuring that our businesses are required by society and customers over the medium to long term, and that this is fundamentally in line with our purpose of "composing the core."

#### Strengthening the Foundation for ESG Management and Reducing Cost of Capital

We view non-financial elements as a business fundamental that has the potential to generate future financial value, and we are pursuing ESG management under the 2025 Mid-term Plan. In FY2023, we unfortunately missed our targets for some of our sustainability indicators (sales ratio of environment-friendly products, R&D expense growth rate for new businesses, and employee engagement scores), but we achieved the other targets and are moving forward as planned. As such, we have been steadily developing the

foundation for ESG management.

#### Environment: Initiatives to Achieve Carbon Neutrality

As we move toward our goal of achieving carbon neutrality by 2050, we are beating our targets for the sustainability indicators "GHG emissions reduction rate in business activities" and "ratio of renewable energy use to total consumption." Recently, business divisions responsible for reducing emissions have begun actively moving to respond to customer demands, and headquarters, as the administrator, coordinates and visualizes their initiatives. This has helped get the reducer and the administrator on the same page, with both sides starting to work together effectively. In accordance with the revision of the Environmental Targets 2030, from FY2024 we have changed the base year for GHG emissions to FY2021, and will be embracing the challenge of achieving even tougher reduction targets.

And in FY2023, we began putting together a climate transition plan, and as part of this plan, we produced a roadmap for reducing GHG emissions. In addition to breaking the roadmap down into concrete measures and implementing them, we will also be reviewing the plan as necessary in light of social conditions, and steadily taking action to cut GHG emissions and achieve carbon neutrality by 2050.

#### Social: Initiatives to Strengthen Human Capital and Organizational Execution Abilities

I believe that what makes a company is its people. To realize our purpose and be sustainable as a company, it is important that the right employees are assigned to the right places, that individuals are motivated and fulfilled at work, and that their own value is recognized and they feel satisfied as a result. "Employee engagement scores" are the visualization of this. In FY2024, we expanded the scope of the survey from the parent company only to include employees of Group companies in Japan and overseas, and set a higher target.

And to enable our employees to play active roles for a long time, I want to increase the number who feel that our Group is a place where they are able to do what they want to do. From this point of view, I think that excessive selection and concentration is not good, so in the area of R&D, in particular, we are selecting themes in a balanced manner, also considering future potential and the degree of freedom for researchers.

#### Governance: Initiatives to Ensure Respect for Human Rights

With regard to human rights due diligence, which we have been implementing since FY2022, we have set the "implementation rate of human rights risk training for managerial positions," which is for employees, and "ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers," which is for partners, as sustainability indicators, and in FY2023 we proceeded



with implementation in line with the plans for each. To ensure respect for human rights along the value chain, in addition to providing education and conducting surveys in a one-way fashion, we also emphasize two-way dialogue. And in our dialogue with the labor unions that represent employees and during our meetings with partners, we also engage in communication on respect for human rights.

#### Approach to Shareholder Returns

In line with our emphasis on capital efficiency, our basic capital policies are designed to deliver balance between investing strategically for growth, nurturing new businesses for the next generation, improving our financial position, and returning profits to shareholders. Based on these policies, and in order to increase corporate value through profit growth in line with the 2025 Mid-term Plan, we are committed to making focused investments in growth domains and providing stable and ongoing shareholder returns. Specifically, we will link dividends to business performance and maintain a payout ratio of around 30%. Therefore, in FY2023 we paid dividends of 60 yen per share.

We regard this balance between stable dividends and a payout ratio of 30% as based on the assumption that we will continue to grow steadily as an enterprise. To that end, it will be vital for us to avoid the pursuit of short-term profits, and instead to grow while maintaining a certain level of profitability through continuous transformation of our business and product portfolios. We will therefore always consider how we should distribute profits in an appropriate manner.

#### Future Aspirations

We will be advancing various measures to achieve the targets of the 2025 Mid-term Plan which has less than two years to run. Based on the Furukawa Electric Group Purpose, I want to make the Furukawa Electric Group a corporate group in which we all work together to pursue businesses that create "a brighter world" and to achieve sustainable growth by "composing the core" with dreams. I look forward to your continued support.





With a sense of urgency, we will be carrying out reforms such as reviewing our business portfolio and re-examining personnel measures, to achieve Vision 2030.

**Satoshi Miyamoto**  
Director and Corporate Executive Vice President  
General Manager, Strategy Division

**Business Portfolio Optimization**

**Strengthening Existing Businesses and Creating New Businesses with an Awareness of Capital Efficiency**

Under the 2025 Mid-term Plan, which we are currently implementing, we have established the Business Portfolio Review Committee, which has been working on the optimization of our business portfolio since FY2022. Specifically, the committee has defined criteria such as investment efficiency, and based on these criteria, has been objectively discussing business positioning, investment allocation, restructuring, withdrawal, and other decisions from a Group-wide perspective. Given the fact that in the past our Group lacked sufficient discipline and crisis awareness regarding its business portfolio review policy, in the two years following the establishment of the committee, there were times when its discussions were about applying the criteria for portfolio review in a formulaic manner, as it sought to transform attitudes. However, over the past two years, the discussions have matured, and I feel that the business managers have come to think more fundamentally about measures based on the situations with their respective businesses, making it easier to make decisions from the top down, and enabling the implementation and acceleration of concrete actions that will produce results in the future.

As a result of discussions by the Business Portfolio Review Committee, we have decided to reorganize multiple businesses to strengthen our existing businesses. To give a concrete example, we have decided to consolidate our

Group's entire metal wire business into an integrated company that will be launched in April 2025, and to ensure that manufacturing and human resources are shared and streamlined, and that resources are concentrated on competitive product groups. With this business, the Company and multiple Group companies are involved in a variety of businesses and products, including ones that are by no means highly profitable or offer strong growth potential. Individual organizations have tried to make improvements in the past, but now, with the Business Portfolio Review Committee, we are able to engage in discussions with an awareness of synergy creation and business and competitive environment for our Group as a whole. In addition, in the copper and high-performance materials products business, we have decided to withdraw from the reflow tin plating business and focus more on products where we can demonstrate strengths, such as oxygen-free copper for power semiconductors, and we are reviewing our business portfolio and taking action with an awareness of FVA at the level of each business division. Furthermore, in the optical fiber and cable products business, we have decided to establish a new holding company that combines the business units of a new company (Japan), OFS Fitel, LLC (U.S.), and Furukawa Electric LatAm S.A. (Brazil) in April 2025. Under this new holding company, we will enhance efficiency and deepen synergies in business operations by leveraging the business characteristics and strengths of each region, and pursue business growth with an emphasis on overall optimization on a global scale. In this way, we were

able to accelerate the optimization of our business portfolio by establishing a committee structure for intensively discussing what to do about low-profitability businesses and considering steps in a Group-wide, cross-departmental fashion.

To create new growth businesses, we have systematically listed up multiple M&A candidates and ranked them in order of priority, and have now begun to actively consider and execute transactions. Regarding the development and supply of high-temperature superconducting wire materials, which can help with the realization of fusion reactors in the future, we have taken an equity stake in Tokamak Energy to deepen collaboration. In addition, by making MFOPTEX Co., Ltd., a joint venture with MITSUBISHI CABLE INDUSTRIES, LTD., a subsidiary, we plan to accelerate the development of new businesses such as industrial lasers and life sciences. With the aim of improving capital efficiency and securing the resources necessary for these new businesses, we decided to sell some of our shares in UACJ Corporation. We also decided to sell our shares in Furukawa Battery Co., Ltd. after considering synergies with existing businesses, and also to resolve the corporate governance issue of both the parent company and its subsidiary being listed on the stock exchange. I believe that we should always think about who would be the best owner for this or that business, and then decide whether to continue owning the business concerned.

**Growth Strategy for Achieving Vision 2030**

I feel that we have achieved a certain level of success so far in terms of optimizing our business portfolio. As for the next phase, with 2030 approaching, we will clarify growth areas, and growth strategies for them, in order to achieve Vision 2030, and will be deploying resources more intensively in investment, research, and human resources. When narrowing down our target growth areas, I think that it is important to consider growth areas and product groups based on factors such as the external environment and the actual state of the business, rather than starting with discussions at the business level, as we did in the past. At the moment, we envisage our main targets as being areas such as data centers, generative AI, and renewable energy. To continue expanding in growth areas, we believe it essential to make ourselves an organization that continuously reviews its business portfolio.

**Capital and R&D Investment for Growth**

We have determined and are implementing basic policies and resource allocations for capital investment (mainly from 2025 to 2030) and R&D investment (for 2030 and beyond).

**Business portfolio review including main business reorganizations during period of the 2025 Mid-term Plan**

	Timing (including plans)	Main objectives
Reorganization of global optical fiber and cable products business	April 2025	Growth strategy and profitability improvement
Reorganization of metal wire business	April and October 2025	Profitability improvement
Sale of shares of Furukawa Battery Co., Ltd.	April 2025 (expected)	Corporate governance reform
Conversion of MFOPTEX Co., Ltd. to consolidated subsidiary	October 2024	Growth strategy
Partial sale of shares of UACJ Corporation	June 2024	Capital efficiency improvement
Transfer of interest in Essex Furukawa Magnet Wire LLC	April 2024	Capital efficiency improvement
Investment in Tokamak Energy	January 2024	Growth strategy
Sale of shares of TOTOKU ELECTRIC CO., LTD.	December 2022	Corporate governance reform
Integration of manufacturing of general-purpose electric wires for the construction and electric sales markets into Showa Furukawa Cable Co., Ltd.	July 2022	Profitability improvement



Regarding capital investments, with investment control to maintain balance and reflect the position of each business as a premise, we will ensure we make the investments we need for the future, including in DX and environmental measures. As for current priority investment areas, we are eyeing revenue growth opportunities in data centers and generative AI, and are therefore stepping up our investments in optical devices such as ultra-multi-core rollable ribbon cables and DFBs, thermal products, and tape for semiconductor processes. In addition, we continue to invest in power cables such as Extra-high voltage underground cables, renewable energy-related submarine and underground cables, and automotive Wire Harnesses, for which we have already received orders. Meanwhile, in terms of R&D investment, we are focusing on next-generation photonics products in the information area, superconducting wire materials and green LP gas production technologies in the energy area, and infrastructure lasers and life science-related businesses in new areas. While also being conscious of the potential for the horizontal deployment of core technologies, we will make efficient and effective investments, and make sure to translate them into future profitable businesses.

**Strengthening Human Capital and Organizational Execution Abilities to Reinforce Businesses and Lead to Growth**

Our Group's strengths lie in our diverse technological capabilities, business domains, and customer base, and while the diversity of our human resources, which will support the achievement of Vision 2030, is our greatest strength, maintaining and securing talent can also be viewed as our greatest risk. From the perspective of organizational management, it is necessary to assign employees to optimal positions where they can demonstrate their abilities in order to successfully execute management and business strategies, but it is also crucial to respect individual values, such as whether employees themselves feel that they are

growing personally and can gain a sense of fulfillment. We have squarely addressed the importance of respecting both organizations and individuals, and have implemented various personnel system reforms and measures to that end.

First, in the area of recruitment, we focus on acquiring talent with diverse abilities and personalities. For this reason, we have been working to strengthen our ability to recruit personnel mid-career, as such individuals possess especially high levels of expertise, and in the past few years, almost half the people we have recruited who have a university degree or higher (Furukawa Electric) have been mid-career hires. And with the hiring of new graduates, too, we have introduced “course-based hiring,” which puts a limit to some extent on the jobs they are allocated at the time of their initial assignment. The aim is to respect the career aspirations of individuals and to equip them with expertise that can contribute to the organization.

In terms of training and assignment, departments still retain a silo mentality to some degree, and shifting to a Group-wide perspective, particularly when it comes to management personnel, will be critical. Therefore, in FY2023, we formulated succession plans and development plans for general managers and above for the entire organization, and redesigned the process for developing management personnel in order to systematically develop and assign future organizational managers and management personnel.

And as mechanisms for enabling individuals to choose their own careers, we have added to the in-house secondary job system introduced in FY2021, by also introducing an in-house open recruitment system in FY2024 to accelerate the realization of more self-directed careers for our employees. We believe that these systems for in-house secondary jobs and open recruitment systems as well as cross-organizational projects are useful for the development of future management personnel as they provide young employees with opportunities to view the Company and the business as a whole, and sometimes as a chance for personal growth by going through “rough patches.” Furthermore, as a reskilling measure, in FY2024 we introduced an e-learning system that allows anyone to learn anytime and anywhere, providing opportunities for individuals to acquire a variety of skills independently.

In addition to what I have mentioned so far, we are also taking comprehensive action from the perspective of making work rewarding and pleasant. For example, we are promoting women's careers and the employment of people with disabilities with the aim of promoting diversity and

#### Key personnel measures introduced in recent years for human resource development and career development

	FY2021	FY2022	FY2023	FY2024
Target management system and development of successors	Review of operation of target management system	Formulation of succession plans and development plans (general managers and above) (section managers and above)		
Career development support	In-house secondary job system		In-house open recruitment system (trial introduction)	In-house open recruitment system (full introduction)
Reskilling measures				New e-learning system



inclusion, and also implementing work style reform and practicing health and productivity management. I therefore feel that we have taken certain steps to strengthen human capital and organizational execution abilities.

On top of that, we have been conducting employee engagement surveys since FY2022 for Furukawa Electric and since FY2023 for the entire Group, with the objective of raising levels of engagement among employees. Although the results for FY2023 (Furukawa Electric) had not changed significantly overall compared to the previous year, our analysis of them revealed issues such as a lack of connection between organizational goals and individual goals, and a failure to get employees to align organizational goals with their own. We are determined to confront these issues by instilling the “Furukawa Electric Group Purpose,” which we established in March 2024, among individuals, and encouraging them to put it into practice. We will continue to improve our personnel measures based on our analysis of the survey results for each organization/class and our identification of issues, and we will strive to improve engagement by disseminating messages from top management and strengthening dialogue within each organization.

#### Looking to the Future

Lastly, I am conscious that our Group lacks a sufficient “marketing” perspective, i.e., the ability to view our own businesses from a market standpoint. Although the situation has been gradually improving, it is still critical to look at one's own company objectively, and with a certain sense of crisis. To instill this perspective, in FY2024, the marketing function under the Global Marketing Sales Division was transferred to the Strategy Division and integrated with the corporate planning function. With this reorganization, we will be incorporating a marketing perspective into our ongoing consideration of the desired business portfolio as we move toward Vision 2030. In addition, although our Group possesses excellent resources in terms of talent, technology, and global network, I feel that there is still plenty of room

for utilization of these resources for business growth and expansion. We have begun to take steps such as reviewing personnel measures and restructuring our global organization, but by enacting reforms with a sense of urgency, we intend to give concrete shape to our aspirations for what the Furukawa Electric Group should look like when Vision 2030 is achieved.

#### Message from the General Manager of the Finance & Accounting Division



Striving to balance growth investment with financial soundness to increase corporate value over the medium to long term.

Koji Aoshima

Director and Corporate Vice President  
General Manager, Finance & Accounting Division

#### Since Becoming CFO

I took up the post of CFO in April 2024. For the Furukawa Electric Group, my appointment comes at the beginning of the second half of the 2025 Mid-term Plan implementation period, and I believe that my role as CFO should be to provide support from the financial side to growth businesses to successfully execute the rest of the 2025 Mid-term Plan as we look ahead to achieving Vision 2030 beyond, and to be even more aggressive in maintaining and improving our financial soundness.

#### Review of FY2023 Financial Results and Perception of Issues

Our financial results for FY2023 made for incredibly painful reading. Although net sales exceeded one trillion yen, operating profit was 11.2 billion yen, a decrease of 4.3 billion yen from the previous fiscal year. Compared to the 40+ billion yen operating profit we earned in FY2018 and FY2019, the figure has shrunk considerably. Ordinary profit was 10.3 billion yen, and profit attributable to owners of parent was 6.5 billion yen, recording a surplus but marking a decrease of 9.4 billion yen from the previous year.

In the Communications Solutions business, we recorded an operating loss of 13.0 billion yen (a 19.5 billion yen decrease from the previous year) due to being significantly affected by a decline in sales resulting from sluggish demand as customers of products such as

optical fiber and optical-related components curtailed investment and continued to trim inventory. Although the Automotive Products & Batteries business registered an increase in profit of 14.2 billion yen thanks to the stabilization of customers' production plans, and the Functional Products business booked a profit rise of 3.7 billion yen on the back of booming demand for heat radiation and cooling products for data centers, these increases were not enough to offset the loss in the Communications Solutions business.

Our biggest challenge to achieving the financial targets of the 2025 Mid-term Plan is restoring the profitability of the Communications Solutions business. Acquiring new customers related the data center is an especially urgent task, and I think support from the financial side will also be necessary for this. And as we announced recently, we are reorganizing the Group's optical fiber and cable products business and the metal wire business to maximize profits, and we will be providing solid support for the preparations and with business operations after the reorganization.

#### Challenges and Action Toward Improving Our Price Book-value Ratio (PBR)

The Tokyo Stock Exchange has demanded that we improve our PBR, and while we will need to approach

this challenge from various angles, I believe that what is particularly important is to practice management with a focus on capital efficiency, which we have already been doing for a long time, and think about how to maximize profits, which are the foundation for our business. I am of the view that continuing and redoubling our efforts to improve capital efficiency and increase ROIC for our Group as a whole by employing ROIC and FVA trees to evaluate various businesses will ultimately lead to improvements in our ROE and PBR.

And in addition to expanding near-term earnings, we will also be concentrating on optimizing our capital structure to increase our corporate value over the medium to long term. Our net interest-bearing debt, which had dropped to a little over 200 billion yen at one point, began to increase again in 2020 and reached over 280 billion yen by the end of FY2023. To reduce our liabilities and maintain/improve financial soundness, we will be trimming policy-holding shares and non-business assets that are unlikely to deliver synergies within our Group, and invest in growth businesses for the future while maintaining balance with financial soundness.

### Business Portfolio Optimization to Improve Capital Efficiency

#### Controlling Capital and R&D Investment

As a key measure to improve capital efficiency, the Business Portfolio Review Committee discusses the optimization of our business portfolio from the point of view of creating synergies for the entire Group and with an awareness of the business and competitive environment, and examines which areas to invest in and how to invest in them. I am also involved as vice chair of the committee, and I feel that the discussions have matured over the past two years, and that we are making steady progress with our efforts.

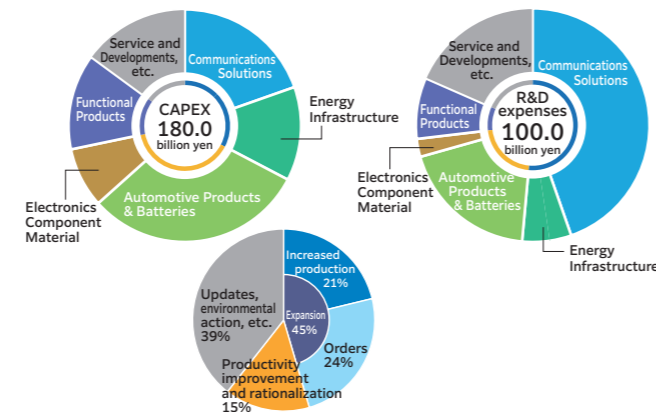
In addition, I serve as chair of the Investment Committee, which discusses the feasibility and strategic rationale of each potential investment. During these discussions, we look at the internal rate of return (IRR) from the perspective of how many years it will take to recoup the investment, but more than that, we talk about capital efficiency, using ROIC and FVA as indicators for



determining whether the investment will lead to an increase in our corporate value. Specifically, we use ROIC and the growth rate to confirm the degree of priority of investments, and make investment decisions such that FVA will be maximized as a result of our investments.

When a department wishes to propose an investment, it will be aware that the Investment Committee is going to thoroughly discuss it using ROIC and FVA, so before drafting its proposal, the department will first ask itself, "Given that the WACC is X%, and how much of a return will be required?" I think that the fact that we are now able to have this kind of discussion is a positive development.

Capital expenditures (CAPEX) and R&D investment (FY2022-2025 cumulative)



#### Business Administration Using Management Indicators

In addition to using them for investment control, we also employ management indicators such as ROIC and FVA in our day-to-day business operations. We have been doing this in earnest since FY2022. Dividing our businesses into 27 categories, we focus on how to generate an ROIC that exceeds the WACC set for each business, i.e., an ROIC spread, which leads to action for each business.

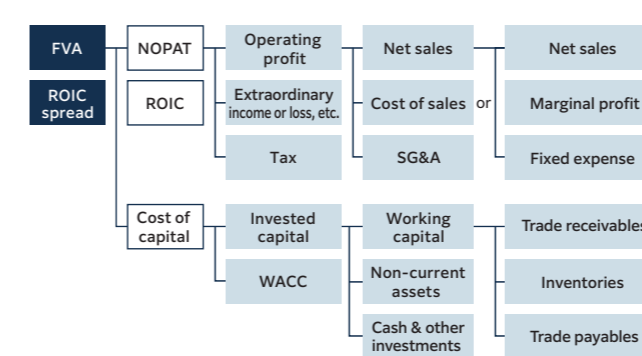
Specifically, we use FVA trees to break down the elements of each business category, and taking into account the characteristics of each business category, we identify indicators and numerical targets to address and define them as KPIs. It tends to be problematic businesses that require rigorous management with an FVA tree. If characteristics such as technological superiority mean that the business model is competitive in relation to other companies, we do not demand that the business concerned uses FVA, but we do encourage attention to be paid to ROIC in the management of the business.

To utilize ROIC and FVA trees in daily business administration, it is essential for those on the frontline, such as production line workers and salespeople, to have an understanding of them. For this reason, during the two years since we introduced FVA, we have focused on instilling the concept of FVA internally. In the first year, we concentrated on senior management, business managers, and planning departments, and in the second

year, we expanded the targets to include frontline employees. To make the complex logic comprehensible and familiar, we have produced an animated in-house training video. We have posted it on the intranet and been encouraging personnel to view it. The video features explanations that are connected to frontline operations. One such explanation is that "cost improvement, which is set as a KPI in the management accounting of manufacturing plants, has a positive impact on FVA." To enable each individual to understand which elements of the FVA tree are connected to their own work and how they are connected, and then link them to operations, we are working with a long-term perspective, aiming to steadily produce results as the concept takes hold.



FVA tree



#### Approach to Business Portfolio Optimization

We regard maximizing the value of each business as an essential precursor to restructuring our business portfolio. To that end, after determining the viability and profitability of the product groups and business models of each business, which are divided into 27 categories, we first review them at the product group level and see if we can maximize the value of the business to the point where no further improvement could be expected. Then, if further improvement is deemed difficult, we make a decision to sell or withdraw from the business. Following this process, we recently decided to withdraw from the reflow tin plating business.

When reviewing the portfolio at the unit of the business, if we are the best owner of a business, we continue to own it, and if not, we consider who would be the best owner, and think about what would be right for the business. Even when divesting a business, it is important for it to be in a state where it can generate solid returns, so to that end, too, we think it is vital to increase the value of our businesses. In this way, we believe that making decisions on restructuring our business portfolio following a review at the product group level and after maximizing the value of existing businesses will ultimately contribute to the enhancement of corporate value.

#### Cash Allocation and Financial Soundness

When we announced the 2025 Mid-term Plan, we also described how we would allocate cash during the period

of the plan. Compared to our initial projections, operating cash flow has decreased due to changes in the demand environment, but we will generate cash by reviewing the details and timing of capital expenditures and by selling assets, including policy-holding shares, and intend to maintain the strategic investment limit for growth as planned.

In addition, from the perspective of financial soundness, we would like to quickly enter a phase in which interest-bearing debt is reduced using operating cash flow earned from our business, rather than through asset sales.

Among our customers, global technology companies, especially those in the data center and generative AI spaces, have strict credit management policies. We are acutely aware that to keep our position as a business partner for advanced technologies into the future, maintaining financial soundness is critical.

As for shareholder returns, they will be based on our policy of stable and continuous dividends and a dividend payout ratio of 30%.

Balancing growth investment, shareholder returns, and the improvement of financial position in this way will not be easy, but for the Furukawa Electric Group to grow, I believe that pursuing improved financial soundness will also be necessary. I think that striving for the long-term growth of our Group while maintaining this balance is one of my key roles as CFO.

#### Looking to the Future

Alongside management with a focus on capital efficiency and efforts to maximize earnings, I also regard dialogue with shareholders and investors as crucial. I intend to emphasize to the outside world, in quantitative terms, the appeal of our business strategies, including from an ESG perspective, to the best of my ability, and to act personally as a bridge for disseminating within the Company the opinions I receive through dialogue to promote internal understanding of market expectations and assessments. By getting our Group working together to meet these expectations, we will deliver an increase in corporate value over the medium to long term.

# Furukawa Electric Group's Sustainability

## Basic Approach to Sustainability

Our Group has established Furukawa Electric Group Vision 2030 ("Vision 2030") as what we want to achieve in 2030. Aiming to realize Vision 2030, we promote ESG management to ensure the sustainable growth of our group and to enhance our corporate value over the medium to long term.

In FY2023, in order for each and every employee to continue to work with pride and take on challenges, we reviewed the Group's philosophy system. We also established the Furukawa Electric Group Purpose, which indicates the Group's raison d'être and went into effect on April 19, 2024. Going forward, we aim to improve employee engagement and organizational execution abilities, through activities to disseminate the Purpose, by helping each employee understand its content and significance and by fostering empathy for the Purpose across the Group. In addition, we revised part of the Furukawa Electric Group Basic Policy on Sustainability in April 2024, in conjunction with the establishment of the Furukawa Electric Group Purpose in 2024.

### Furukawa Electric Group Basic Policy on Sustainability (Revised in April 2024)

Furukawa Electric Group will:

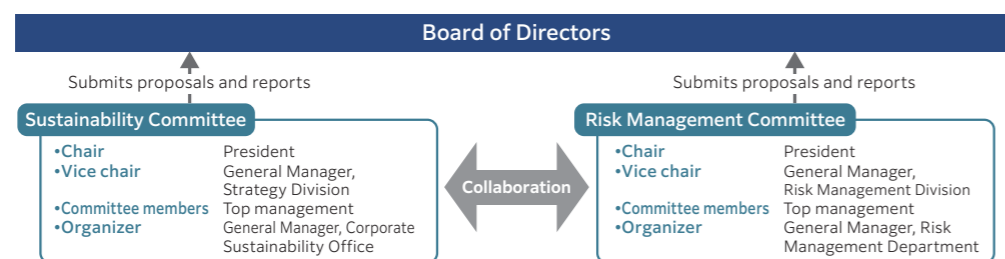
- tackle important management issues, or material issues, from the perspectives of both revenue opportunities and risks based on the Furukawa Electric Group Purpose, thereby aiming for sustainable growth and contributing to the achievement of the SDGs (Sustainable Development Goals).
- continue to transform its business through constant innovation based on our technological prowess and proposal capability as well as co-creation with diverse stakeholders, while focusing on capital efficiency, in order to strengthen and create businesses that solve social issues.
- contribute to the sustainable development of society by maintaining and improving sound and positive relationships with all stakeholders through appropriate information disclosure and active communication, while complying with laws, regulations, social norms and ethics in Japan and overseas.

## Governance

The "Sustainability Committee" has been established to consolidate discussions on sustainability within Furukawa Electric Group and further enhance the quality and speed of implementation thereof. The committee is chaired by the President, vice-chaired by the General Manager of the 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. The Corporate Sustainability Office serves as the organizer, and the

committee will generally meet twice a year. As matters regarding material issues of risks are closely related to management perspective risks of the Group, they are therefore handled in collaboration with the Risk Management Committee.

The committee also submits proposals and shares the status of the execution of our sustainability-related operations, including climate change, human capital, and intellectual property, with the Board of Directors every quarter. The agendas of the Sustainability Committee and the Management Committee are also set based on the results of the Board of Directors' effectiveness evaluation and feedback from shareholders and institutional investors.



The Sustainability Committee focuses on discussing the items listed on the right.

The Group has accelerated its ESG management since FY2018 and has expanded discussions on sustainability including climate change and human capital at the Board of Directors, the Management Committee, and the Sustainability Committee. The Sustainability

- Sustainability-related basic policy
- Basic matters and current progress on material issues related to revenue opportunities and risks
- Disclosure of basic information related to sustainability
- SDGs activities and community/social activities
- Other important sustainability issues

Committee submits proposals and share the progress on sustainability including climate change and human capital with the Board of Directors every quarter.

The Board of Directors and the Management Committee have conducted the following discussions since FY2018.

## Furukawa Electric Group's Key Sustainability Discussions

Board of Directors	November 2018	Formulating the Furukawa Electric Group (FEG) Vision 2030
	November 2018	Formulating the FEG People Vision; medium-term measures of HR Management Dept.
	November 2018–December 2019	Identifying material issues
	April 2019	Revising the FEG CSR Code of Conduct
	February 2021	Formulating the FEG Environmental Vision 2050
	July–August 2021	Formulating the FEG Basic Policy on Sustainability
	May 2022	Setting sustainability indicators and targets; adding "human rights and labor practices" to the material issues
	December 2022	Status and direction of personnel measures in the 2025 Medium-term Management Plan
	March 2023–March 2024	Establishing the "Furukawa Electric Group Purpose"
	Management Committee	October 2018
November 2018–May 2019		Formulating the Furukawa Electric Group (FEG) Vision 2030
November 2018–September 2020		Identifying and disclosing material issues
January 2019		Setting the Environmental Targets 2030; applying for an SBT (2°C Targets) initiative certification
April 2019		Revising the FEG CSR Code of Conduct
January 2020		Signing the United Nations Global Compact; formulating the FEG Human Rights Policy; expressing support for the recommendations of TCFD
December 2020–February 2021		Formulating the FEG Environmental Vision 2050
July–August 2021		Formulating the FEG Basic Policy on Sustainability
November 2021–February 2022		Revising the Environmental Targets 2030; applying for an SBT (WB2°C Targets) initiative certification
November 2022		Direction of personnel measures based on the approach to human capital management
Sustainability Committee	November–December 2022	Revising the Environmental Targets 2030; applying for an SBT (1.5°C Targets) initiative certification; purchasing renewable energy certificates
	February 2023	Activities to reinforce human capital and organizational execution abilities; disclosing human capital indicators
	March 2022	Setting sustainability indicators and targets; adding "human rights and labor practices" to the material issues
	September 2022	Establishing the Furukawa Electric Group Responsible Minerals Sourcing Policy
	September 2022–March 2024	Establishing the Furukawa Electric Group Purpose

In FY2023, the Sustainability Committee met three times to discuss and report to the Board of Directors on the establishment of the Purpose and activities to inform and disseminate the Purpose to employees as well as

the status of initiatives related to material issues, based on the results of the Board of Directors' evaluation of the effectiveness and other factors. The main agendas are as follows.

### 4th Sustainability Committee Meeting (held on September 12, 2023)

- Status of efforts to establish our purpose
- Review of material issues
- Finalization of FY2022 results for sustainability indicators and partial revision of FY2023 and FY2024 targets
- Creation and publication of Integrated Report 2023
- Carbon neutral strategy

### 5th Sustainability Committee Meeting (held on March 5, 2024)

- Establishing the "Furukawa Electric Group Purpose" and its philosophy system

### 6th Sustainability Committee Meeting (held on March 26, 2024)

- Activities to inform and disseminate the Purpose to employees
- Reporting and disclosure of FY2023 results for sustainability indicators
- Risk assessment of human rights
- Feedback from shareholders and institutional investors

### 7th Sustainability Committee Meeting (held on September 3, 2024)

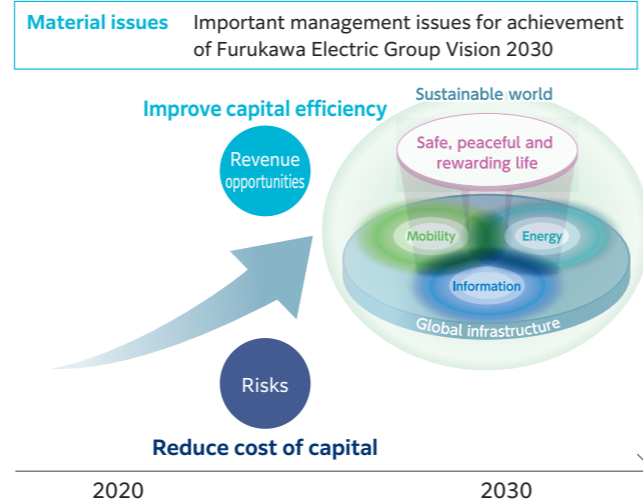
- Activities to inform and disseminate the Purpose to employees
- Finalization of FY2023 results for sustainability indicators
- Stakeholder engagement
- Creation and publication of Integrated Report 2024

### Furukawa Electric Group's ESG Management and Material Issues

In order to achieve Furukawa Electric Group 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.

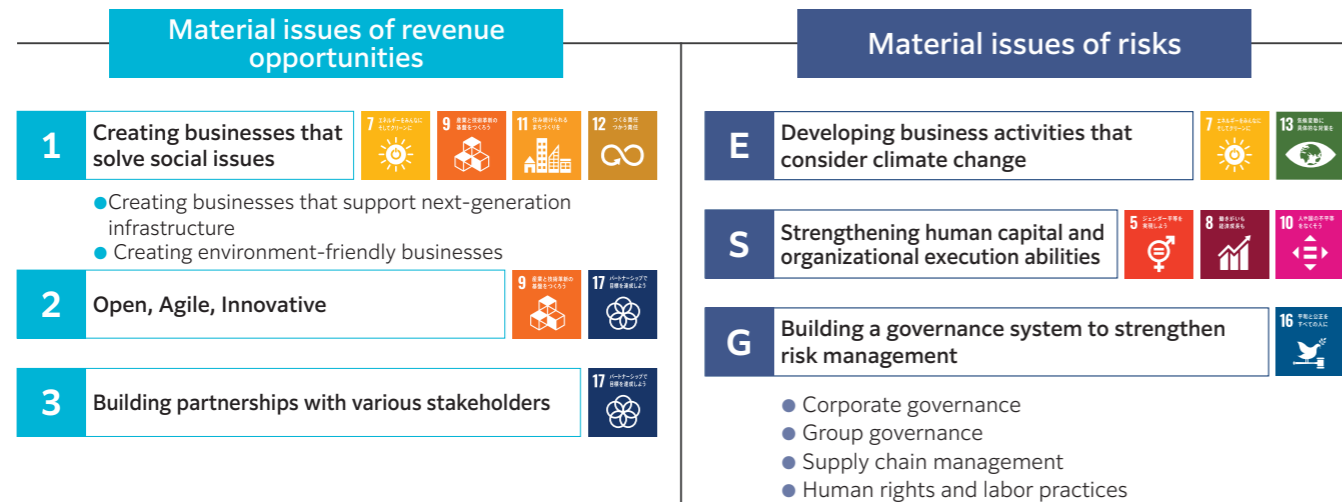
#### Identifying Material Issues

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 carbonfree society and a recycling-based society. We are focusing on the two kinds of examples as sub-material issues of the material issues 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



\* 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.

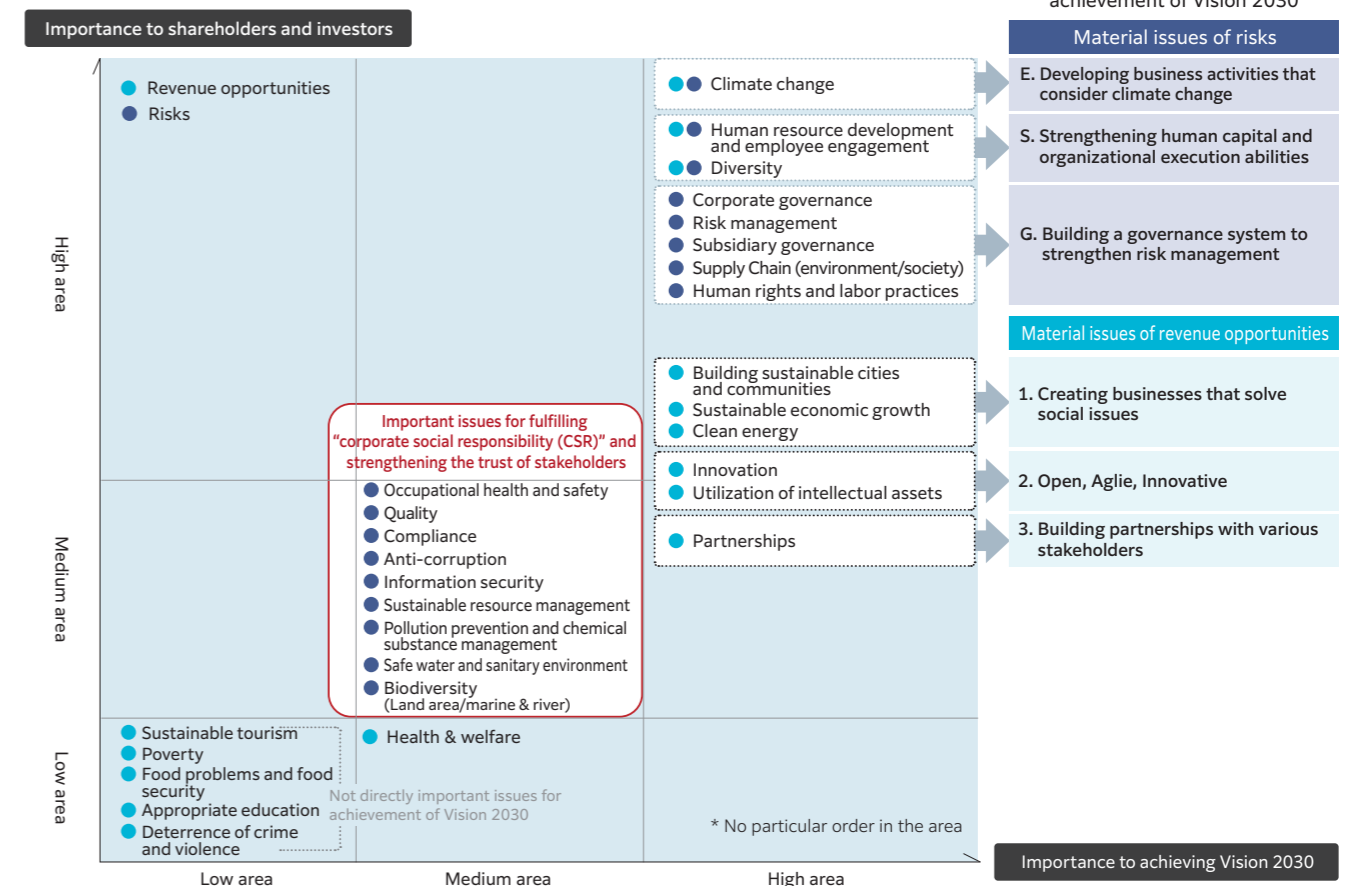
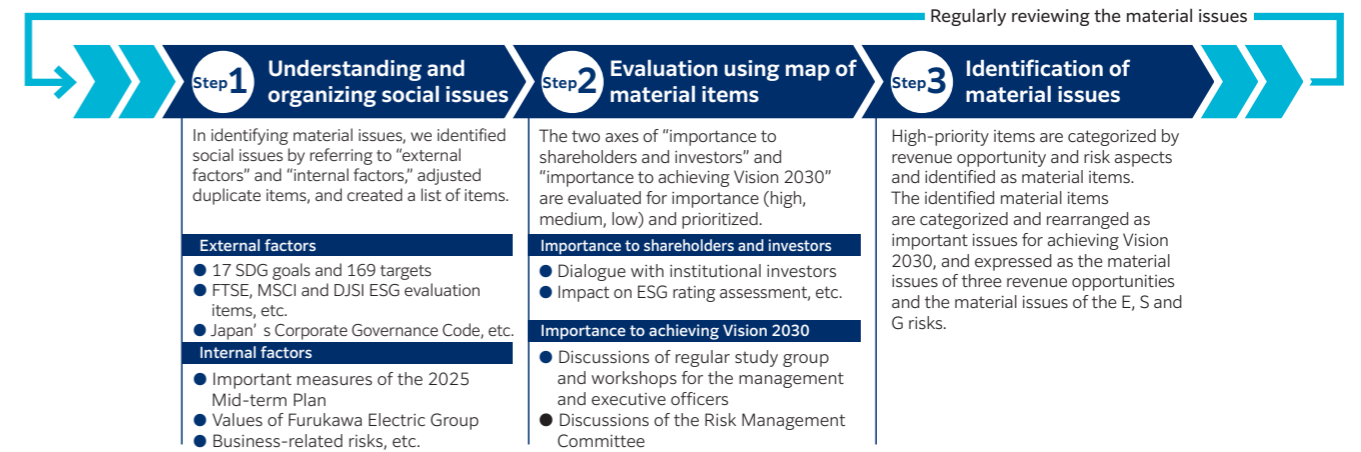
itself and the creation of continuous innovation through utilizing intellectual property and other measures, and the "Building partnerships with various stakeholders," focusing on co-creation with others, as key management issues toward creating businesses that solve social issues. On the other hand, 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 material issues 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 the E (Environmental), S (Social) and G (Governance) risks.



\* With regard to material issues, we distinguish between important issues for achieving Vision 2030 and important issues for fulfilling corporate social responsibility and strengthening the trust of stakeholders.

**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 (hereinafter, the “2025 Mid-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 (hereinafter, 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 Mid-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.

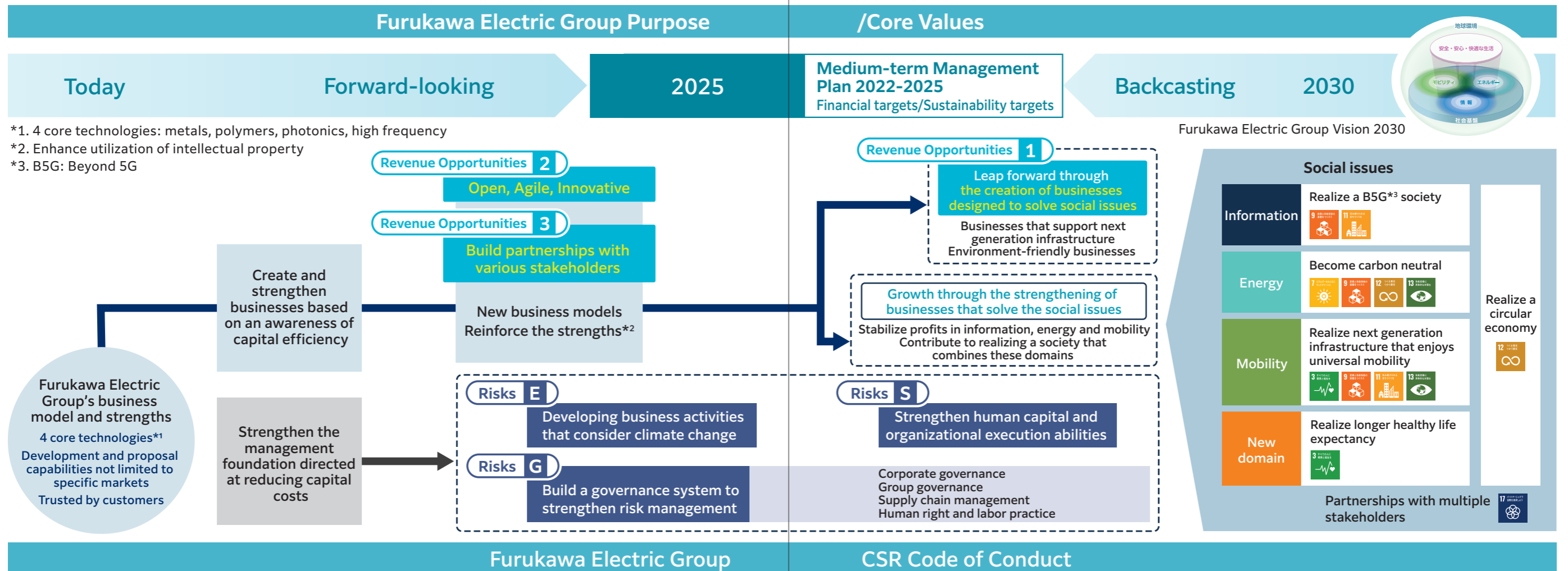
In addition, toward 2030, we realize a leap through the creation of businesses that solve the social issues

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

\* 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).

infrastructure to our customers, and work on the sophistication of such solutions.

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 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 People Vision” 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.



\*1. 4 core technologies: metals, polymers, photonics, high frequency  
 \*2. Enhance utilization of intellectual property  
 \*3. B5G: Beyond 5G



## 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

#### ●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

#### ●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

Please refer to these pages for details: pages 67-71 “Risk Management”, “Supply Chain” and “Human Resources Management”

#### ●Material issues of risks (environment):

Please refer to these pages for details: pages 72-77 “Developing business activities that consider climate change”

#### ●Material issues of risks (society):

Please refer to these pages for details: pages 78-83 “Strengthening Human Capital and Organizational Execution Abilities”

### Integration into company-wide management strategy and company-wide risk management

To strengthen and create businesses through a focus on capital efficiency, 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

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.

of the slogan “Open, Agile, Innovative” and “Building partnerships with various stakeholders” to promote building a foundation for creating new businesses.

management identified as sub-material issues to be specially strengthened, we set the “ratio of SAQ Self-Assessment Questionnaire 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.

capital efficiency, we have introduced return on invested capital (ROIC) and Furukawa Value Added (FVA)<sup>\*1</sup> 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<sup>\*2</sup> 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”<sup>\*3</sup> and “Human rights 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

Please refer to the page for details: page 67 “Risk Management”

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.

## Indicators and targets

### Sustainability Indicators and Targets

As for our sustainability indicators for FY2023, we achieved the 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)			
				FY2021	FY2022	FY2023	FY2023	FY2024	FY2025	FY2030
Revenue opportunity	Creating businesses that solve the social issues	Sales ratio of environment-friendly products	Group	61.9%	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	(100%)	116%	121%	125%	125%	125%	—
		Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses	Group	17%	40%	77%	45%	100%*1,2	— *3	—
Risk	Developing business activities that consider climate change	GHG emissions reduction rate (Scopes 1&2) (Compared to FY2017) (Compared to FY2021)	Group	-29.0%	-36.8%	-45.4%	-21.2%	(-39%)*4	(-42%)*4	(-59%)*4
		Ratio of renewable energy use to total consumption	Group	10.9%	20.2%	31.6%	12%	25%	30%	—
	Strengthening human capital and organizational execution abilities	Employee engagement scores*5	Furukawa Electric	—	65	63	65	—	—	—
			Group	—	—	76	—	77	80	85
		Ratio of female managers	Furukawa Electric	3.8%	4.8%	5.4%	5%	6%	7%	15%
	Building a governance system to strengthen risk management	Ratio of mid-career hires in total new hires*6	Furukawa Electric	36%	45.7%	48.8%	30%*7	30%*7	30%*7	—
		Ratio of follow-up on risk management activities for all risk domains	Group	88%	100%	100%	100%	100%	100%	—
		Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Group	Furukawa Electric 20%	Global 34%	Global 65%	Global 40%	Global 70%	Global 100%	—
		Implementation rate of human rights training for managerial positions	Group	—	100%	100%	100%*8	100%*8	100%*8	—

\*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. In FY2025, we plan to add and implement an important theme for strengthening business and creating new businesses.

\*4. 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.

\*5. 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.

\*6. New hires represent new graduates and mid-career hires, covering management, career-track, and clerical positions.

\*7. This means that about 30% will be maintained in each fiscal year.

\*8. This means that 100% globally for each fiscal year will be continued.

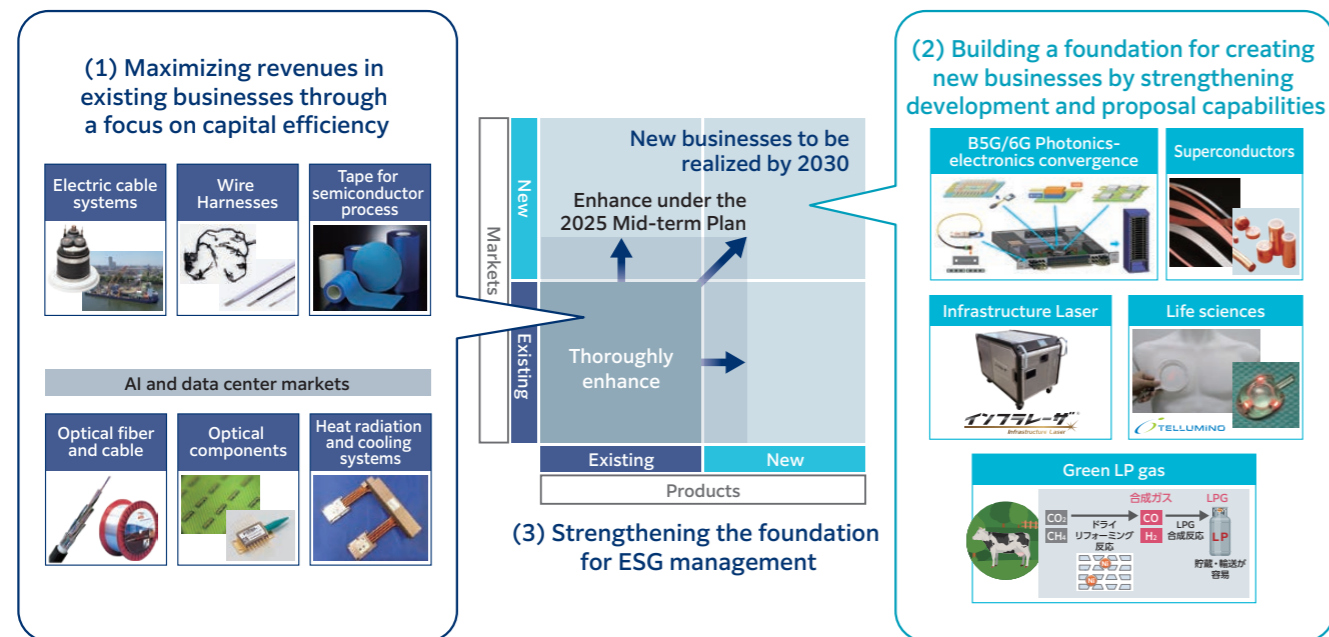
# Furukawa Electric Group Medium-term Management Plan 2022–2025 (2025 Mid-term Plan)

## Basic Approach, Priority Measures, and Progress

Backcasting from the ideal state articulated in Vision 2030, we defined the target state in 2025 as a milestone. To achieve it, we are promoting our Medium-term Management Plan “Road to Vision 2030 –Transform and Challenge–” (hereinafter, 2025 Mid-term Plan) for four years ending in FY2025.

Under the 2025 Mid-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 are working 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 are also working on “Strengthening the foundation for ESG management” to support the above-mentioned priority measures. Although the results for FY2023 reflected difficult business conditions, we have made steady progress on these three priority measures to achieve a PBR of over 1x at the earliest possible stage.



## Numerical Management Targets

In order to strengthen and create businesses with greater emphasis on capital efficiency, we have introduced ROIC\*1 and FVA\*2 as management indicators and set financial targets for FY2025. In addition, we have set targets while establishing sustainability indicators to

achieve the ideal state in FY2025 for each material issue, and we are implementing initiatives to enhance corporate value from both a revenue opportunity and risk perspective.

\*1. ROIC: Return on invested capital  
\*2. Furukawa Value Added (FVA): Furukawa value added to invested capital. EVA was customized for our company and introduced as an internal management indicator in FY2022.

### (Progress in FY2023)

Regarding financial targets, many items fell short of the FY2023 forecast in line with the downward revision of full-year forecasts during the period. The net D/E ratio and equity capital ratio, however, exceeded the FY2023 forecast due to our efforts to optimize the capital structure. As the business environment has generally turned toward recovery after bottoming out in the third quarter of FY2023, we have left our FY2025 targets

unchanged.

In terms of sustainability indicators, we achieved our FY2023 target values for eight out of 11 indicators\*3. Meanwhile, we have revised the target values for three indicators including environment-related indicators and employee engagement scores for FY2024 and beyond.

\*3. Please refer to page 25 for sustainability indicators and targets.

### Management Numerical Targets (Financial Targets)

	FY2022 results	FY2023 results	FY2024 forecast	FY2025 targets
ROIC (after tax)	3.7%	2.3%	3%	6% or more
ROE	5.5%*	2.1%	4%	11% or more
Net D/E ratio	0.9	0.9	0.8	0.8 or less
Equity capital ratio	32.3%*	33.3%	34%	35% or more
Net sales	1,066.3 billion yen	1,056.5 billion yen	1,080.0 billion yen	1,100 billion yen or more
Operating profit	15.4 billion yen	11.2 billion yen	25.0 billion yen	58.0 billion yen or more
Profit attributable to owners of parent	15.9 billion yen*	6.5 billion yen	13.0 billion yen	37.0 billion yen or more
Average copper price (JPY/Kg)	1,209	1,262	1,155	1,085
Average exchange rate (JPY/USD)	135	145	140	110

\* The results figures of FY2022 were restated following the start of voluntary application of the International Financial Reporting Standards (IFRS) to the equity-method associate UACJ Corporation

### Sustainability Indicators and Targets

	Original baseline and targets		Revised baseline and targets	
	FY2024	FY2025	FY2024	FY2025
GHG emissions reduction rate (Scopes 1&2)	Compared to FY2017		Compared to FY2021	
	-24.8%	-28.3%	-14.0%	-18.7%
Ratio of renewable energy use to total electricity consumption	12.5%	13%	25%	30%
Employee engagement scores	Furukawa Electric		Group	
	70	75	77	80

## Business Portfolio Optimization and Allocation of Management Resources

We steadily optimize the business portfolio and aim to achieve ROIC of at least 6% by FY2025.

To optimize the business portfolio, we visualize the current position of each of our businesses by categorizing them into the following six groups in terms of growth (average sales growth rate) and profitability (ROIC spread): Next generation, Growing, Issues exist, Strategic restructuring, Strengthen earnings and Profit base. Based on that, we decide the allocation of investment.

Taking into account our current position, our potential for future growth, our competitive status among (Progress in FY2023)

Since we established the Business Portfolio Review Committee consisting of management members in FY2022, we have deepened relevant discussions and made steady progress of the business portfolio transformation. Specifically, based on the essential measures examined by the business managers, top-down decision-making and concrete actions were accelerated, which led to the decision to restructure several businesses to strengthen existing businesses.

In addition, the use of management indicators in reporting the progress of activities and evaluating divisional performance in each business has taken root. Portfolio reviews at the product group level are also

competitors, and our carbon efficiency, we will take the necessary actions, such as exploring growth opportunities (including M&A) and determining whether or not to withdraw from certain businesses.

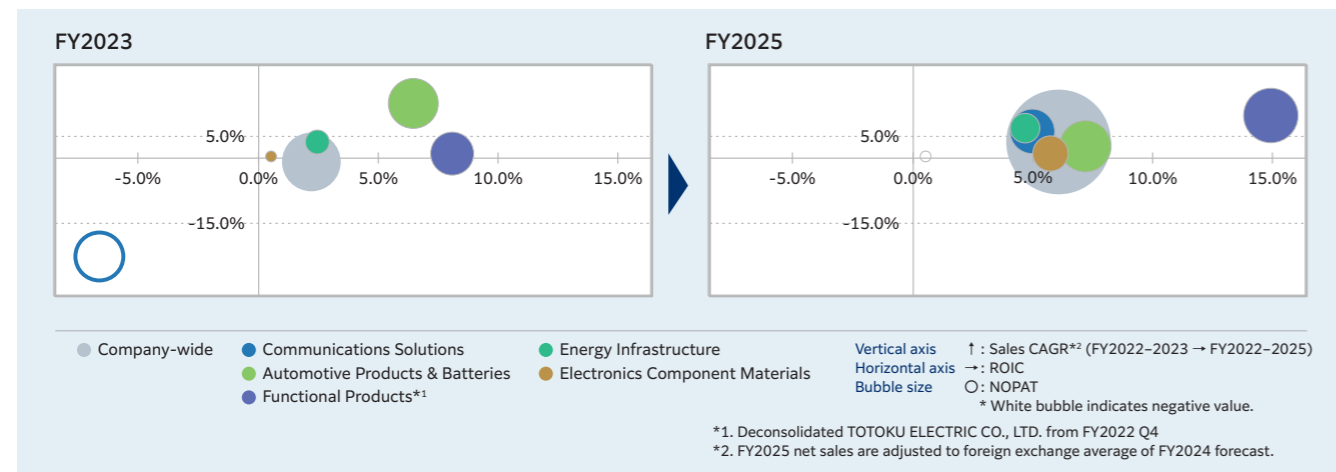
In parallel, we are also working to establish business operations based on management indicators. Specifically, we have formulated an FVA/ROIC trees that subdivide items and numerical targets that will lead to ROIC and FVA improvements in each business, set KPIs to visualize improvement targets, and implement the PDS cycle.

underway, including the downsizing or withdrawal of low-margin or unprofitable products and focusing on highly profitable products based on these indicators.

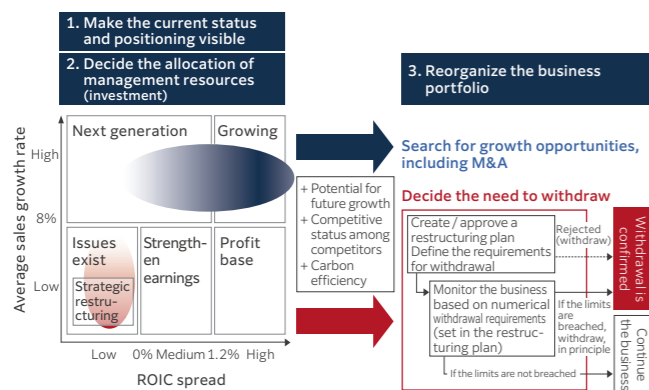
In order to firmly establish business operations based on the management indicators, we have also started training for general employees to help them realize the linkage between FVA/ROIC and their own work, in order to spread awareness and improve understanding at business sites.

Going forward, we will continue to transform our business portfolio into an ideal form to achieve our Vision 2030. We also aim to create an organization in which our efforts to improve FVA/ROIC take root and the business portfolio metabolism is carried out in a multi-layered and sustained manner.

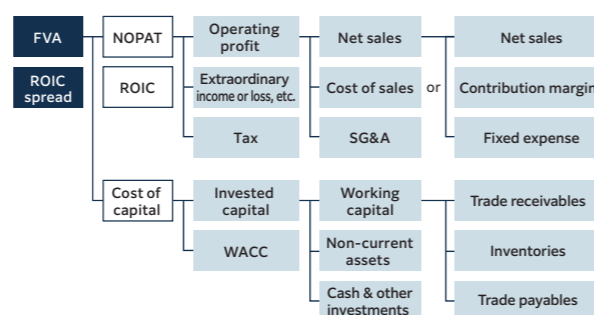
### Company-Wide and Subsegment-Specific Mid-term Plan Targets (ROIC) (FY2023 results → FY2025 targets)



### Business portfolio optimization and allocation of management resources



### FVA/ROIC tree



## Capital Policy and Cash Allocation Policy

In the 2025 Mid-term Plan, our basic capital policies are to implement well-defined investment control, ensure the soundness of our financial base, and clarify our shareholder return policy (ensuring a payout ratio of 30%). We aim to increase our corporate value in a

sustainable manner by investing in growth areas and securing a financial base that enables growth. To do so, we will determine cash allocation while balancing investment in our businesses, shareholder returns, and our financial structure.

### Management Resource Allocation (CAPEX, R&D Investment, and Strategic Investment)

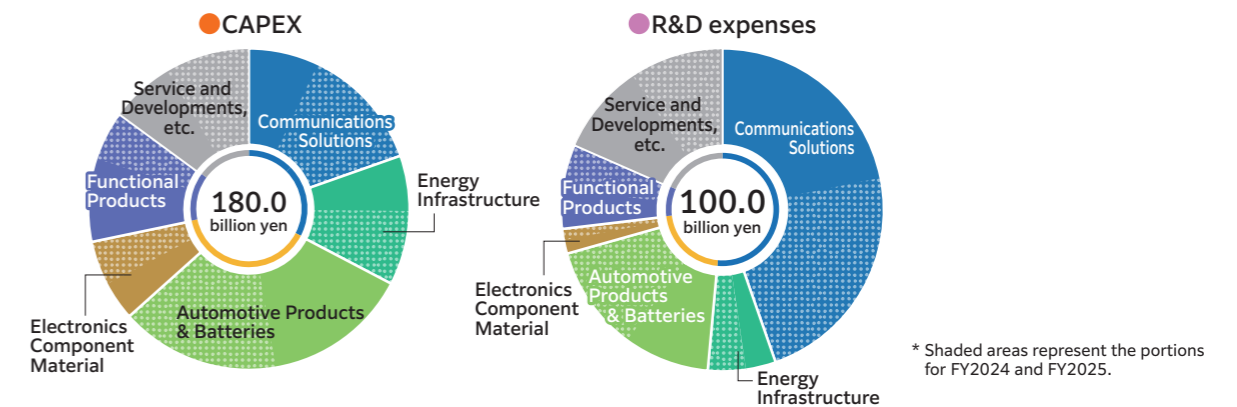
Based on the above policy, we will make capital expenditures by allocating investments based on the current position of our businesses, and also poised for flexible investments, including M&A investments, by establishing a strategic investment limit for group-wide growth. In R&D investment, we will prioritize profit generation during the 2025 Mid-term Plan period and (Progress in FY2023)

Capital expenditures (CAPEX) in FY2023 was 39.0 billion yen and depreciation expenses were 39.0 billion yen. We reduced spending by making investments at appropriate times in line

set main areas of focus in Communications Solutions, Automotive Products, and Functional Products, which will lead to profit expansion in new businesses that are expected to grow as we look to 2030. We will also allocate development investment to new businesses, including new domains such as life sciences and social infrastructure DX, and areas that integrate information, energy, and mobility.

with market trends and by reviewing design specifications. R&D expenses were 24.5 billion yen as the company continued to invest for future growth.

### Capital expenditures (CAPEX) and R&D expenses (FY2022–FY2025 Cumulative Total)



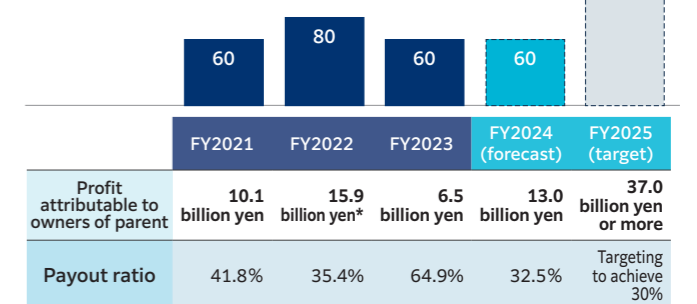
Main areas of focus	Existing businesses	New businesses
Communications Solutions	<ul style="list-style-type: none"> <li>Optical fiber and cable (rollable ribbon (RR) cable, etc.), optical devices</li> <li>Networking systems</li> </ul>	<ul style="list-style-type: none"> <li>Photonics-electronics convergence, hybrid lasers</li> </ul>
Energy Infrastructure	<ul style="list-style-type: none"> <li>Longer cable lengths</li> </ul>	
Automotive Products & Batteries	<ul style="list-style-type: none"> <li>Wire Harnesses (including BCP related responses)</li> <li>Steering roll connectors (SRC), peripheral monitoring radar</li> </ul>	
Functional Products	<ul style="list-style-type: none"> <li>Tape for semiconductor process, data center products</li> </ul>	<ul style="list-style-type: none"> <li>Data center related products</li> </ul>
Service and Developments, etc.	<ul style="list-style-type: none"> <li>Renewal of Group core business systems and shared facilities</li> </ul>	<ul style="list-style-type: none"> <li>Life science and social infrastructure DX</li> </ul>

## Shareholder Return

During the 2025 Mid-term Plan period (fiscal year ended March 2023–fiscal year ending March 2026), along with working to increase corporate value through profit growth and focused investments in growth domains, we have designated stable and ongoing shareholder returns as a basic policy and will issue a performance-linked dividend based on a payout ratio of about 30% of profit attributable to owners of parent.

The annual dividend per share in FY2023 was 60 yen, with a payout ratio of 64.9%.

### Annual dividend per share (yen)



\* The result figure for FY2022 was restated following the start of voluntary application of the International Financial Reporting Standards (IFRS) to the equity-method associate UACJ Corporation

# Business Overview/Review of Fiscal 2023



## Infrastructure

### Communications Solutions

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.



## Infrastructure

### Energy Infrastructure

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, affected by the postponement of largescale projects to FY2024 and beyond, Energy Infrastructure business as a whole recorded an increase in net sales and a decline in profit.



## Electronics & Automotive Systems

### Automotive Products & Batteries

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.



## Electronics & Automotive Systems

### Electronics Component Material

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.

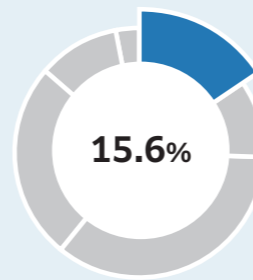


## Functional Products

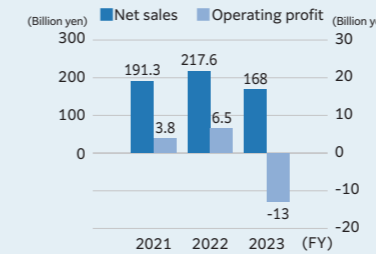
### Functional Products

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.

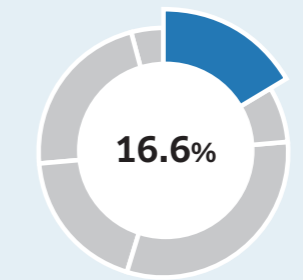
Percentage of total sales



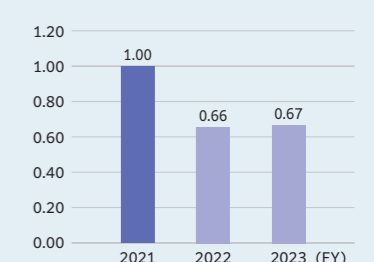
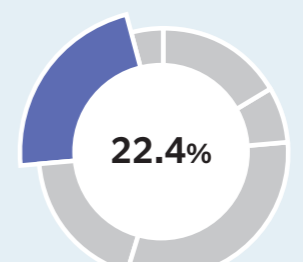
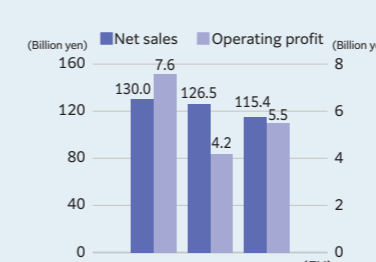
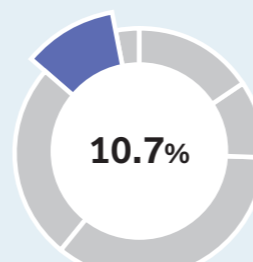
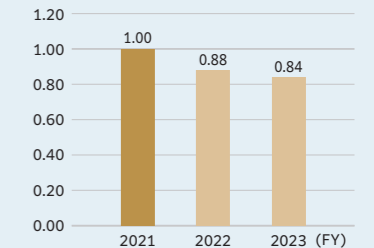
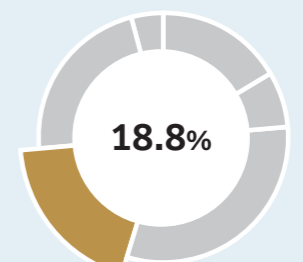
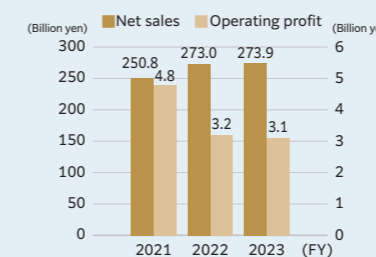
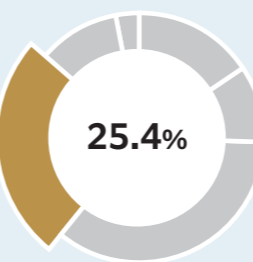
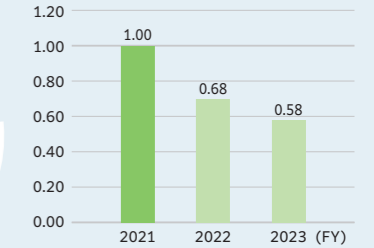
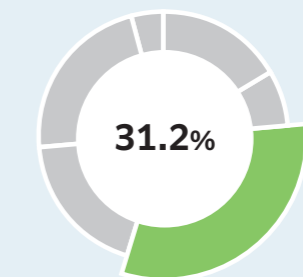
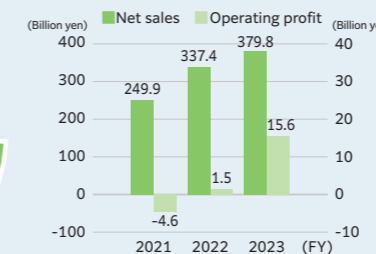
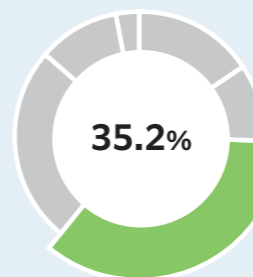
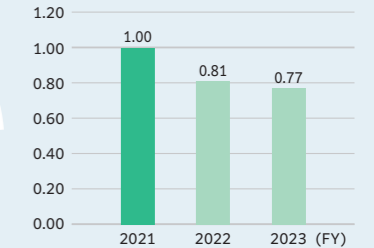
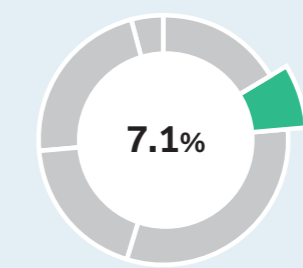
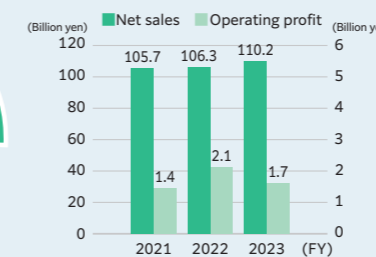
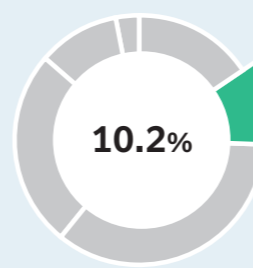
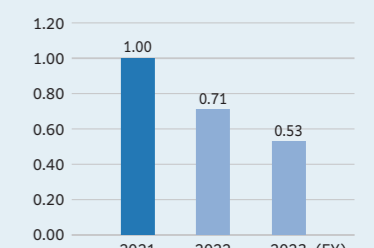
Net sales/Operating profit



Percentage of CO<sub>2</sub> emissions (SF<sub>6</sub> is excluded.)



Changes in carbon efficiency (Compared to FY2021)



# Communications Solutions

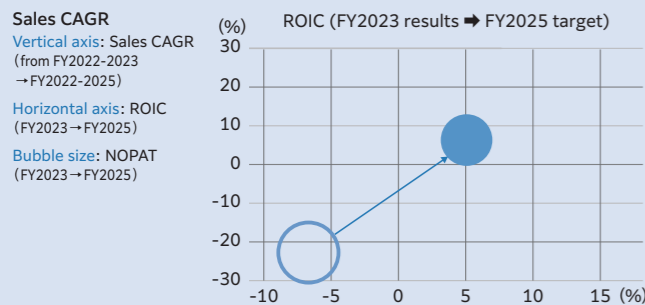
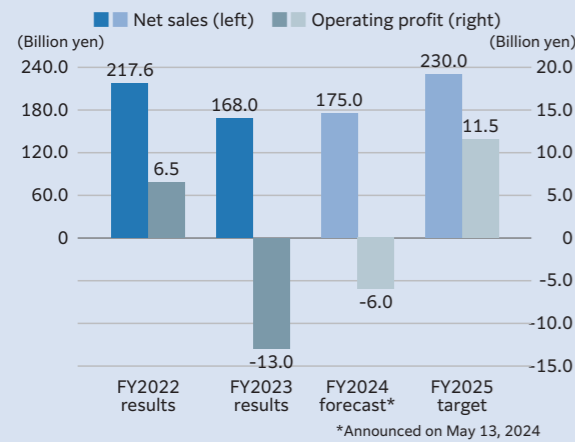
## Infrastructure



### Toshihiko Ota

Corporate Senior Vice President and General Manager of Communications Solutions Division

#### 2025 Mid-term Plan Targets (Net sales, Operating profit, ROIC)



\* FY2025 net sales used for sales CAGR are adjusted to foreign exchange average of FY2024 forecast.  
 \* CAGR: Compound annual growth rate  
 ROIC: Return on invested capital (after tax)  
 NOPAT: Calculated as profit plus interest expenses net of tax in accordance with IFRS

### Business Environment Analysis

- Business environment**
- Key revenue opportunities**
- Increase in global communications traffic (High speed, large capacity, low latency, low power consumption)
  - Expansion of data centers, spread of AI technology, and progress of B5G, cloud services, and IoT
- Major risks and threats**
- Russia-Ukraine situation, US-China relations, and Middle East unrest
  - Global supply chain issues
  - Soaring labor, energy and raw material costs due to inflation

- Strengths and challenges**
- Strengths of the Division**
- Global production bases that extend into the growing markets
  - Differentiation by utilizing high-performance products and technologies (optical fiber and cable, digital coherent related, IP networking technologies, etc.)
- Challenges of the Division**
- Provision of optimal solutions to the market by making the most effective use of our global production bases while taking into consideration the business environment shown on the above

### Basic Policy in the 2025 Mid-term Plan "Road to Vision 2030-Transform and Challenge"

The Communications Solutions Division will further evolve its long-cultivated communication element technology and create solutions to contribute to "creating solutions for the new generation of global infrastructure combining information, energy and mobility," as set forth in Vision 2030.

### Main Strategies to Achieve the 2025 Mid-term Plan

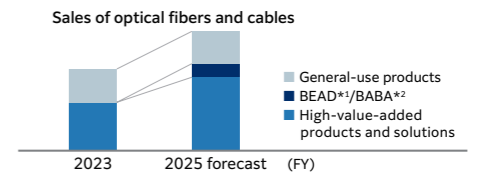
- Communications**  
 Provide high-value-added product solutions that contribute to "power saving" of information transmission by standing in a key position in the supply chain
- Non communications**  
 Provide high-value-added products and services that contribute to the generation, transmission, and detection of information and energy that lead to the improvement of safety and affluence in daily life.
- Increase sales of optical fibers and cables (high-value-added products) and accelerate expansion of the networking system business
  - Contribute to the evolution of broadband networks and the building of integrated information infrastructure mainly through semiconductor lasers, optical fibers, and IP network devices and systems

### Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

#### Optical fiber and cable

	FY2023	FY2024	Toward FY2025
<b>Business environment</b>	<ul style="list-style-type: none"> <li>Rapid decline in demand in the Americas (Customer inventory overload, construction delays, and curbing of investments by customers)</li> </ul>	<ul style="list-style-type: none"> <li>Telecommunication market in North America                             <ul style="list-style-type: none"> <li>Recovery in demand for carriers from the second half of FY2024</li> <li>BEAD*1 demand is rising, and will reach full swing from FY2025</li> </ul> </li> <li>AI, data center, and enterprise markets                             <ul style="list-style-type: none"> <li>Firm demand to further growth</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Medium- to long-term expansion of demand for optical fibers                             <ul style="list-style-type: none"> <li>CAGR of 5%: Estimate by our company</li> <li>Continued global expansion of FTTH/5G</li> <li>Continued infrastructure investment in North America</li> <li>Improvement of balance in terms of supply and demand</li> </ul> </li> <li>Diversifying customer requirements                             <ul style="list-style-type: none"> <li>Low cost, energy saving</li> <li>Multi-core, high density</li> <li>Easy installation and design flexibility</li> <li>Short turnaround time and improved service</li> </ul> </li> <li>Low unemployment rate and rising wages (North America)</li> </ul>
<b>Efforts</b>	<ul style="list-style-type: none"> <li>Reduction of fixed expenses</li> <li>Deployment of personnel in line with operations</li> <li>Development of a system for prompt responses when demand recovers</li> <li>Enhancing the lineup of high value-added products and expanding our customer base</li> <li>Optimization of inventory levels and sale prices</li> </ul>	<ul style="list-style-type: none"> <li>Securely capturing data center demand and carrier demand</li> <li>Enhancement of the manufacturing system and portfolio for key products</li> <li>Strengthening of the cable manufacturing system in North America</li> <li>Partner collaboration for BEAD projects</li> </ul>	<ul style="list-style-type: none"> <li>Continued improvement of productivity (DX utilization, etc.)</li> <li>Continued expansion of lineups of high value-added products</li> <li>Progress in terms of the global expansion of networking systems (full-scale expansion in the U.S., Europe, and Asia with a focus on Central/South America)</li> </ul>

※ 1 BEAD : Broadband Equity Access and Deployment Program  
 ※ 2 BABA : Build America Buy America Act



### Business Overview/Products and Services

The Communications Solutions business is made up of the Optical Fiber and Cable products, FITEL products and Broadband Solutions businesses, and it is involved in the manufacture and sale of products for telecommunications infrastructure and the design, installation and service of telecommunications networks.

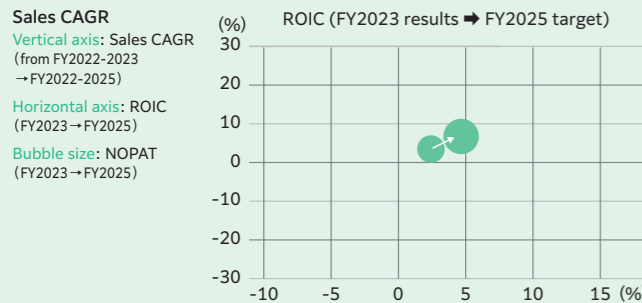
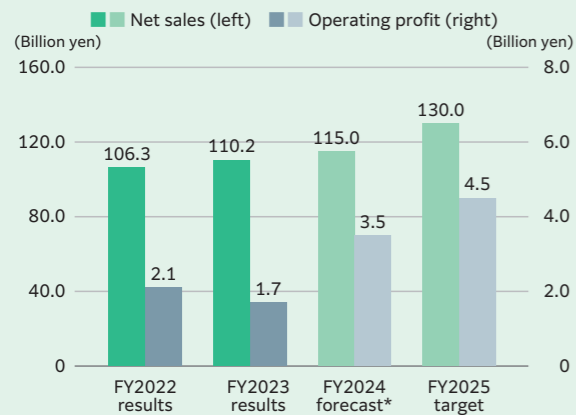
	5G/B5G	Resilient infrastructure	Carbon neutral	Main products	Main applications	Main customers
Optical Fiber and Cable	★	★	★	<ul style="list-style-type: none"> <li>Low loss fibers</li> <li>Low bending loss fibers for building/residential applications</li> <li>Special fibers</li> </ul>	<ul style="list-style-type: none"> <li>Telecommunications</li> <li>Video broadcasts</li> <li>Data centers</li> </ul>	<ul style="list-style-type: none"> <li>Telecommunications providers</li> <li>OTT</li> <li>Telecom construction companies</li> </ul>
	★	★	★	<ul style="list-style-type: none"> <li>Optical cables in general (including rollable ribbon cables)</li> <li>Optical connection products</li> </ul>	<ul style="list-style-type: none"> <li>Communications infrastructure and networks</li> <li>Video broadcasts</li> <li>Data centers</li> </ul>	<ul style="list-style-type: none"> <li>Telecom construction companies</li> </ul>
FITEL Products	★	★	★	<ul style="list-style-type: none"> <li>DFB</li> <li>Variable wavelength laser modules</li> <li>Laser module for excitation</li> </ul>	<ul style="list-style-type: none"> <li>Inside data centers/signal light sources for short distances</li> <li>Between data centers/signal light sources for long distances</li> <li>Excitation light sources for signal optical amplification</li> </ul>	<ul style="list-style-type: none"> <li>System vendors</li> <li>Transmission device manufacturers</li> </ul>
			★	<ul style="list-style-type: none"> <li>Industrial fiber lasers</li> </ul>	<ul style="list-style-type: none"> <li>Metal cutting, welding, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturers of processing machines, etc.</li> </ul>
Broadband Solutions	★	★		<ul style="list-style-type: none"> <li>FTTH system devices</li> <li>Radio system</li> </ul>	<ul style="list-style-type: none"> <li>Telecommunication and broadcast services</li> <li>Video broadcasts</li> <li>Wireless infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Telecommunications providers (CATV providers)</li> <li>Municipalities</li> </ul>
	★	★		<ul style="list-style-type: none"> <li>Network routers</li> </ul>	<ul style="list-style-type: none"> <li>High speed, high capacity telecommunications service</li> <li>VPN construction</li> </ul>	<ul style="list-style-type: none"> <li>Telecommunication providers</li> <li>General companies</li> </ul>

DFB: Distributed Feedback Laser, OTT: Over The Top

# Energy Infrastructure

## Infrastructure

### 2025 Mid-term Plan Targets (Net sales, Operating profit, ROIC)



\* FY2025 net sales used for sales CAGR are adjusted to foreign exchange average of FY2024 forecast.  
 \* CAGR: Compound annual growth rate  
 ROIC: Return on invested capital (after tax)  
 NOPAT: Calculated as profit plus interest expenses net of tax in accordance with IFRS

### Eiichi Nishimura

Corporate Senior Vice President and General Manager of Energy Infrastructure Division



### Business Environment Analysis

- Business environment**
- Key revenue opportunities**
  - Rapid expansion in demand, particularly for renewable energy projects
  - Increase in demand for products that are easy to install due to labor shortage
- Major risks and threats**
  - Delay in securing personnel necessary for business expansion
  - Change in customers' timing of implementation of largescale projects
  - Soaring prices of raw materials and other items

- Strengths and challenges**
- Strengths of the Division**
  - An abundant track record of Extra-high-voltage lines and submarine cables in Japan and overseas
  - Technology development centered on the submarine cables
  - High-value-added products utilizing development technology of polymer and metal materials
- Challenges of the Division**
  - Steady order receipt for renewable energy projects, and securing of manufacturing capacity
  - Improvement of operation efficiency of the integrated metal wire business
  - Materialization of plans for the development of DC (submarine cables for wide area interconnection) business

### Basic Policy in the 2025 Mid-term Plan "Road to Vision 2030-Transform and Challenge"

Expand business by contributing to the construction of secure, safe, and comfortable social infrastructure with unique technologies and products

- Security**: Carbon neutrality by 2050
- Safety**: Disaster prevention and mitigation (disaster-resilient community development)
- Comfort**: Building next-generation infrastructure to cope with declining birthrate and aging population (comfortable community development)

### Main Strategies to Achieve the 2025 Mid-term Plan

#### Strategic investments for growth in target segments to achieve both business expansion and capital efficiency management

##### Power Cable business: Target segments

Extra-high voltage underground cables in Japan/Renewable energy in Japan (submarine and underground cables)/Overseas submarine cables (Asia)

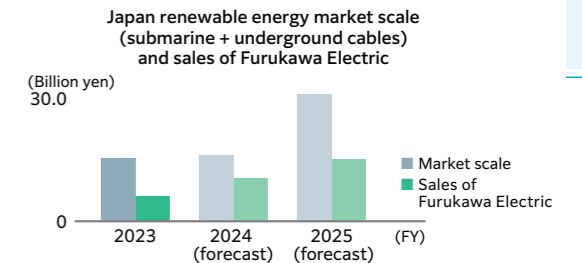
##### Industrial Cable & Power Cable Accessories business: Target segments

Social infrastructure/Renewable energy in Japan/Disaster prevention and mitigation/Next-generation infrastructure

### Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

#### Power cable systems

	FY2023	FY2024	Toward FY2025
<b>Business environment</b>	<ul style="list-style-type: none"> <li>Strong demand for Extra-high-voltage underground cables in Japan</li> <li>Full-fledged start of offshore wind projects</li> <li>Postponement of large-scale projects to FY2024 or later</li> </ul>	<ul style="list-style-type: none"> <li>Extra-high-voltage underground cables in Japan Continued market growth resulting from increased demand for power cable replacement (OF replacement)</li> <li>Submarine cables for renewable energy in Japan Start of large-scale offshore wind projects</li> <li>Underground cables for renewable energy in Japan Continued growth of onshore wind and solar power generation projects</li> </ul>	<ul style="list-style-type: none"> <li>Accelerated expansion of domestic carbon neutral-related markets (Increase in offshore wind projects and Start of wide-area DC interconnection projects)</li> <li>Progress when it comes to insufficient</li> </ul>
<b>Efforts</b>	<ul style="list-style-type: none"> <li>Received order for large-scale Extra-high-voltage underground cable projects in Japan</li> <li>Delivered submarine cable systems for offshore wind power projects (Ishikari Bay New Port Offshore Wind Power Generation and Nyuzen Offshore Wind Power Generation projects)</li> <li>Continued to strengthen manufacturing facilities and construction capabilities for business expansion</li> <li>Increased manufacturing capacity for submarine cables</li> <li>Developed element technology for a submarine power transmission system for floating offshore wind power and long-distance submarine direct current power transmission</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the ratio of target segments* (to 70% of the total in FY2024) * Extra-high voltage underground cables in Japan/Renewable energy in Japan (submarine and underground cables)/Submarine cables in Asia</li> <li>Continue to strengthen project management</li> <li>Ensuring the implementation of large-scale projects already on order</li> <li>Advance to the demonstration phase of technology development (The elemental technology development phase has largely been completed)</li> </ul>	<ul style="list-style-type: none"> <li>Continue to secure orders and revenue in target segments</li> <li>Make concrete plans for further capacity expansion (establishment of new production lines)</li> <li>Continue with the enhancement of construction work capacities</li> </ul>



### Business Overview/Products and Services

Energy Infrastructure business consists of Power Cable business and Industrial Cable & Power Cable Accessories business. These are engaged in the manufacture, sale and installation of Extra-high voltage, high-voltage, medium-voltage and low-voltage cables and equipment.

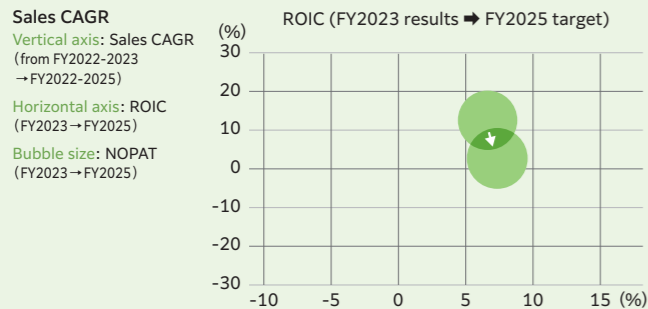
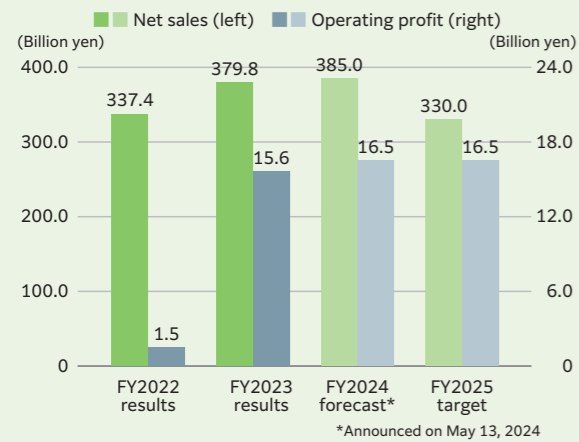
	Social infrastructure	Renewable energy	Disaster prevention and mitigation	Next-generation infrastructure	Main products	Main applications	Main customers
<b>Power Cable</b>	★	★	★ (Water pipes)		<ul style="list-style-type: none"> <li>Extra-high-voltage/high-voltage underground lines (cables, parts, installation work)</li> <li>Submarine cables (cables, parts, and installation work)</li> <li>Water pipes (including installation work)</li> </ul>	<ul style="list-style-type: none"> <li>Development of backbone electric power networks</li> <li>Large plants</li> <li>Renewable energy (onshore wind, solar, offshore wind private cables)</li> <li>Offshore wind submarine cables</li> <li>Water pipes for remote islands</li> </ul>	<ul style="list-style-type: none"> <li>Power (transmission) companies</li> <li>Renewable energy power generation SPCs and EPCs</li> <li>Renewable power generation SPCs and EPCs</li> <li>Local governments</li> </ul>
<b>Industrial Cable &amp; Power Cable Accessories</b>	★	★		★	<ul style="list-style-type: none"> <li>Industrial wires</li> <li>Overhead power transmission parts</li> <li>Power distribution parts</li> <li>Other functional products</li> </ul>	<ul style="list-style-type: none"> <li>Solar power generation systems</li> <li>Indoor wiring for factories, buildings, etc.</li> <li>Wiring of factory equipment/switchboards/control panels</li> <li>Wiring of moving machines</li> <li>Wiring for onboard electrical equipment</li> <li>Electrical materials for transmission/distribution lines</li> <li>Direct and branch cable connections</li> <li>Insulation and protection for connectors</li> <li>Heat dissipation for industrial equipment and information equipment</li> <li>Welding for automobile bodies, railway tracks, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Construction contractors</li> <li>Electronic appliance manufacturers</li> <li>Railroad companies</li> <li>Shipbuilding companies</li> <li>Electric power companies</li> <li>Railroad companies</li> <li>Construction contractors</li> </ul>

EPC: E=Engineering, P=Procurement, C=Construction

# Automotive Products & Batteries

## Electronics & Automotive Systems

### 2025 Mid-term Plan Targets (Net sales, Operating profit, ROIC)



\* FY2025 net sales used for sales CAGR are adjusted to foreign exchange average of FY2024 forecast.  
 \* CAGR: Compound annual growth rate  
 ROIC: Return on invested capital (after tax)  
 NOPAT: Calculated as profit plus interest expenses net of tax in accordance with IFRS

### Teruyoshi Uchida

Corporate Senior Vice President and General Manager of Automotive Products Division



### Business Environment Analysis

#### Business environment

##### Key revenue opportunities

- New opportunities to respond to requests for multifunctionality and modularization of vehicles for CASE promotion such as xEV and MaaS
- Expand products for eco-friendly future wiring systems for safe vehicles as electrification accelerates toward carbon neutrality

##### Major risks and threats

- Growing geopolitical risks
- Sharp fluctuations in customer prices
- Continuing high raw material prices

#### Strengths and challenges

##### Strengths of the Division

- Technological capabilities for commercialization by integrating the Group's accumulated core technologies and in-vehicle technologies
- Eco-friendly product capabilities to contribute to vehicle weight reduction with aluminum harnesses (α terminals®) that utilize green energy and to power source management, for the expansion of electrification for carbon neutrality

##### Challenges of the Division

- Create next-generation products in the convergence of information, energy, and mobility through co-creation and development with partners
- Promote automation to strengthen BCM compliance and ensure stable supply of high quality products

### Basic Policy in the 2025 Mid-term Plan "Road to Vision 2030-Transform and Challenge"

As decarbonization accelerates toward carbon neutrality, we will evolve existing products and create new businesses in response to demands for global environmental consideration and safety, and contribute to power management, vehicle weight reduction, safety, and electrification.

### Main Strategies to Achieve the 2025 Mid-term Plan

#### WH (Wire Harnesses)

Increase adoption of aluminum Wire Harnesses with superiority and reliability of α terminal® to promote weight reduction, contributing to carbon neutrality

#### SRC (Steering roll connector)

Respond to the evolution of cars through technologies including high-speed communication and Steer-by-Wire

#### BSS® (Lead battery state detection sensor)

Provide basic power supply reliability for electric vehicles

#### Radar

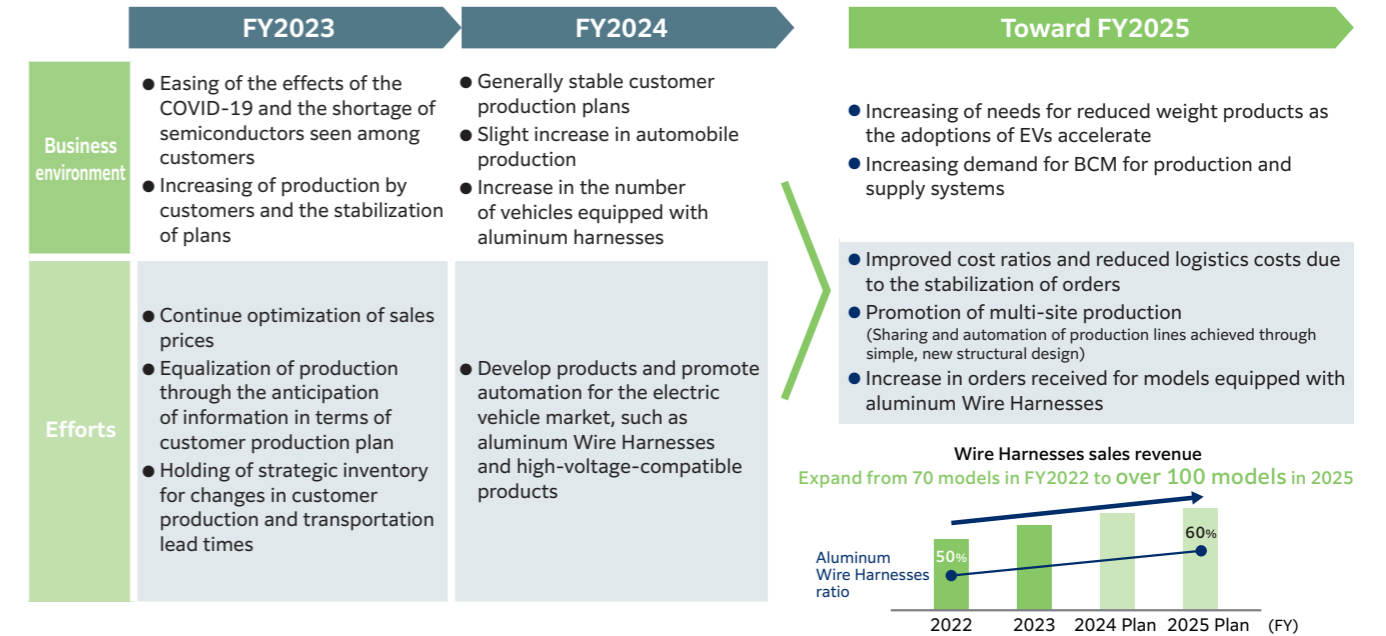
Expansion of high-performance, next-generation products (also addressing cybersecurity) for vehicles and entry into new markets, such as those involving construction equipment, industrial vehicles, and transportation infrastructure

#### High voltage products

Leveraging our strengths and techniques (processing techniques and material-related prowess), we will respond to the increasing number of high voltage products emerging due to changes in vehicle systems resulting from the move to higher voltages, larger amounts of currents, and the move to EVs

### Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

#### Wire Harnesses



### Business Overview/Products and Services

The Automotive Products & Batteries business is comprised of the automotive products business (e.g., the Wire Harnesses, steering roll connectors, lead battery state detection sensors), and the battery business conducted by the listed subsidiary The Furukawa Battery Co., Ltd.

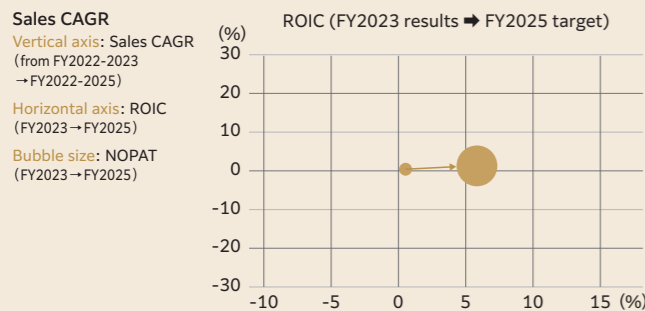
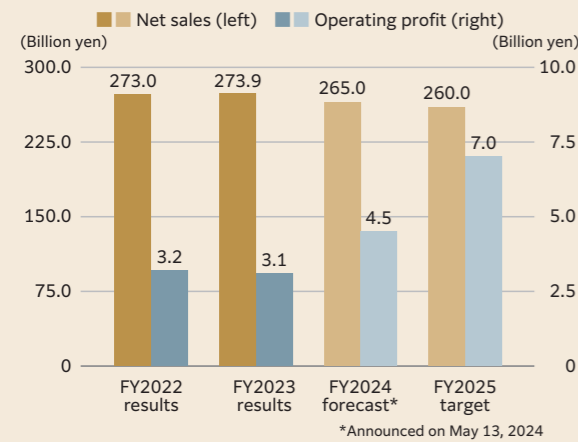
		Safety	Light weight	Electrification	Carbon neutral	Main products	Main applications	Main customers
Automotive Products	Wire Harnesses	★	★	★	★	<ul style="list-style-type: none"> <li>● Aluminum Wire Harnesses</li> <li>● Corrosion-proof terminal (α terminal®)</li> <li>● Products using flat cables</li> </ul>	<ul style="list-style-type: none"> <li>● Wiring for vehicles</li> <li>● Power supply and signal transmission to sliding doors and long slide seats</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese OEMs</li> </ul>
	High-voltage Products	★	★	★	★	<ul style="list-style-type: none"> <li>● High-voltage Wire Harnesses</li> <li>● High-voltage junction boxes</li> <li>● High-voltage busbar products</li> <li>● Large current, high voltage connectors</li> <li>● Wire harness inside the battery pack</li> </ul>	<ul style="list-style-type: none"> <li>● Distribution of high-voltage circuits for xEVs</li> <li>● Power supply wiring of high-voltage circuits for xEVs</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese OEMs</li> </ul>
	Functional Products	★	★	★	★	<ul style="list-style-type: none"> <li>● SRC (Steering roll connector)</li> </ul>	<ul style="list-style-type: none"> <li>● Air bags</li> <li>● Audio and cruise control operation</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese OEMs/Tier1</li> <li>● Overseas OEMs/Tier1</li> </ul>
	Functional Products	★	★	★	★	<ul style="list-style-type: none"> <li>● BSS® (Lead battery state detection sensor)</li> </ul>	<ul style="list-style-type: none"> <li>● Vehicle power source management</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese OEMs</li> </ul>
	Functional Products	★			★	<ul style="list-style-type: none"> <li>● Peripheral monitoring radar</li> </ul>	<ul style="list-style-type: none"> <li>● Advanced driver assistance systems (ADAS)</li> </ul>	<ul style="list-style-type: none"> <li>● Japanese OEMs</li> <li>● Construction equipment manufacturers, etc.</li> </ul>

OEM: car manufacturer, Tier 1: primary supplier

# Electronics Component Material

Electronics & Automotive Systems

## 2025 Mid-term Plan Targets (Net sales, Operating profit, ROIC)



\* FY2025 net sales used for sales CAGR are adjusted to foreign exchange average of FY2024 forecast.  
\* CAGR: Compound annual growth rate  
ROIC: Return on invested capital (after tax)  
NOPAT: Calculated as profit plus interest expenses net of tax in accordance with IFRS

## Takashi Yamamoto

Corporate Senior Vice President and General Manager of Electronics Component Material Division



## Business Environment Analysis

- Business environment**
- Key revenue opportunities**
- Increase in demand that stems from vehicle electrification and automatic driving
  - Increased requirement for non-magnetic and heat dissipation characteristics to satisfy increased data traffic
  - Increased needs in minimally invasive medical treatment
- Major risks and threats**
- Needs for alternative materials due to soaring prices of raw materials
  - Supply chain disruption due to geopolitical risks and natural disasters

- Strengths and challenges**
- Strengths of the Division**
- Material development and proposal capabilities tailored to customer needs
  - Provision of high-performance, high-quality, oxygen-free copper and copper alloy products
  - Production system using renewable energy from hydroelectric power generation
- Challenges of the Division**
- Raise presence in key markets by strengthening marketing capabilities
  - Shift to low environmental impact manufacturing processes and contribute to carbon neutrality in the value chain

## Basic Policy in the 2025 Mid-term Plan “Road to Vision 2030-Transform and Challenge”

We will contribute to solving social issues by developing and providing products that meet customer needs in the automotive and communications/electronics markets while simultaneously engaging in clean manufacturing.

## Main Strategies to Achieve the 2025 Mid-term Plan

### Contributing to the realization of a sustainable society through the development of highly functional materials and clean manufacturing

- Contribute to vehicle electrification by expanding sales of oxygen-free copper and copper alloy products
- Contribute to the growing electronic component market by increasing production capacity of enamel wires
- Increase added value by expanding copper alloys and plating products and improving product mix
- Contribute to advanced medical care by increasing production capacity of NT\* alloy products and developing new products

\* NT: Nickel-titanium alloy

## Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

### Copper strip and high-performance materials

	FY2023	FY2024	Toward FY2025
<b>Business environment</b>	<ul style="list-style-type: none"> <li>● Continued consideration and adoption of materials and devices responding to vehicle “electrification” and “automatic driving.” Demand for automotive products did not fully recover</li> <li>● Delays in the recovery of demand for electronics-related products</li> <li>● Continuing high prices when it comes to power costs, auxiliary materials</li> </ul>	<ul style="list-style-type: none"> <li>● Continued consideration and adoption of materials and devices responding to vehicle “electrification” and “automatic driving.” Demand for automotive products has been recovering moderately</li> <li>● Increase in demand for generative AI and data center-related products</li> <li>● Recovery of demand for electronics-related products starting in the second half of the year</li> </ul>	<ul style="list-style-type: none"> <li>● Growing demand for materials and devices responding to vehicle “electrification” and “automatic driving”</li> <li>● Shift to highly reliable and functional products by increasing data traffic</li> <li>● Growing demand by society when it comes to the environment (Reduction of CO<sub>2</sub> emissions, recycling of copper and precious metals, etc.)</li> </ul>
<b>Efforts</b>	<ul style="list-style-type: none"> <li>● Continue to improve our product mix through new development and the expansion of sales when it comes to high value-added products (meaning the expanding sales of heat-resistant, oxygen-free copper strips for power semiconductors and the development of products serving to support advanced functionality of electronic equipment)</li> <li>● Continue to optimize sales prices</li> <li>● Development of copper and precious metal recycling technologies</li> </ul>	<ul style="list-style-type: none"> <li>● Continue to improve our product mix through new development and the expansion of sales when it comes to high value-added products (meaning the expanding sales of heat-resistant, oxygen-free copper strips for power semiconductors and the development and market launch of products serving to support advanced functionality of electronic equipment)</li> <li>● Optimization of sales prices and withdrawal from low-profitability product lines</li> <li>● Development of copper and precious metal recycling technologies</li> </ul>	<ul style="list-style-type: none"> <li>● Development and stable supply of highly functional materials featuring characteristics that are tailored to customer needs                             <ul style="list-style-type: none"> <li>■ Realization of advanced thermal management</li> <li>■ Ensure the curbing of electronic component malfunctions</li> </ul> </li> <li>● Clean manufacturing                             <ul style="list-style-type: none"> <li>■ Contribution to a decarbonized society through hydroelectric power</li> <li>■ Move toward the saving of resources through improved copper and precious metal recycling technologies</li> </ul> </li> </ul>

**GOFC volumes**

\*Progress above the target

## Business Overview/Products and Services

The Electronics Component Material business handles electric conductors, and copper & high performance material products and is mainly engaged in the manufacture and sale of wires, automotive parts, and copper products for electronics device materials.

	Electrification (CASE)	Carbon neutral	5G/B5G	Healthcare	Main products	Main applications	Main customers
Electric Conductors	★	★			● Copper wires, aluminum wires	● Various cables ● Wire Harnesses	● Electronics component manufactures
	★	★			● Oxygen-free copper wires	● Magnet wires for alternators ● Magnet wires for EV motors	● Magnet wire manufactures ● Motor manufactures
	★		★		● Fine magnet wires	● Mobile phone inductors ● Relays (for general use, automobiles)	● Electronics component manufactures
Copper & High Performance Material	★	★	★		● Copper alloy strips and thin plates	● Mobile phone terminals ● Anti-corrosion terminals for automobiles ● Semiconductor lead frames	● Terminal manufactures ● Semiconductor component manufactures
	★	★	★		● Oxygen-free copper ● GOFC	● Shielding strips ● Substrates for heat dissipation	● Electrical cable manufactures ● Power semiconductor manufactures
				★	● Ni-Ti alloy (wire and tube)	● Stent guide wires	● Medical product manufactures



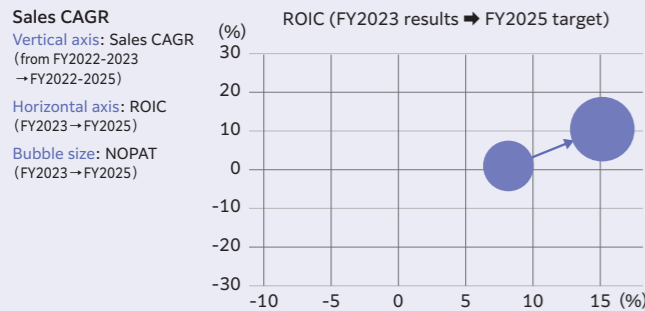
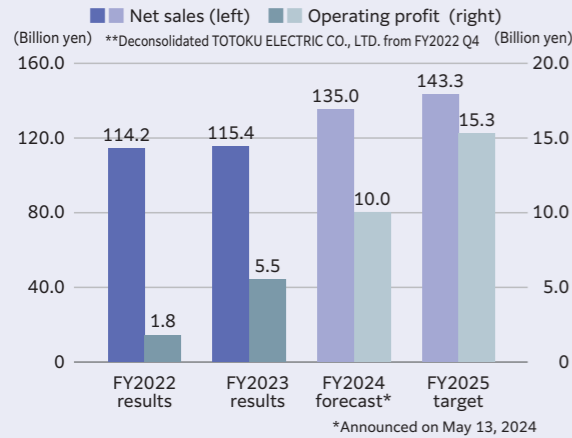
# Functional Products



## Ryoji Ono

Corporate Senior Vice President and General Manager of Functional Products Division

### 2025 Mid-term Plan Targets (Net sales, Operating profit, ROIC)



\* FY2025 net sales used for sales CAGR are adjusted to foreign exchange average of FY2024 forecast.  
 \* CAGR: Compound annual growth rate  
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 NOPAT: Calculated as profit plus interest expenses net of tax in accordance with IFRS

### Business Environment Analysis

#### Business environment

##### Key revenue opportunities

- Further increase in demand for communications and social infrastructure, driven by growth in data traffic and the proliferation of 5G
- Solving SDGs, carbon neutrality and other social issues

##### Major risks and threats

- Supply chain disruption due to geopolitical risks and natural disasters
- Raw material and transportation price hikes, etc.

#### Strengths and challenges

##### Strengths of the Division

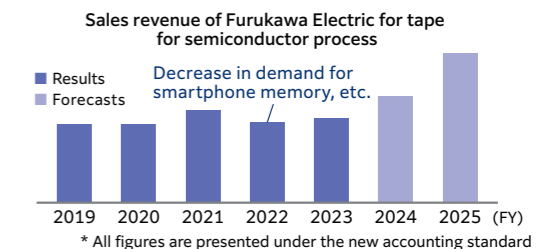
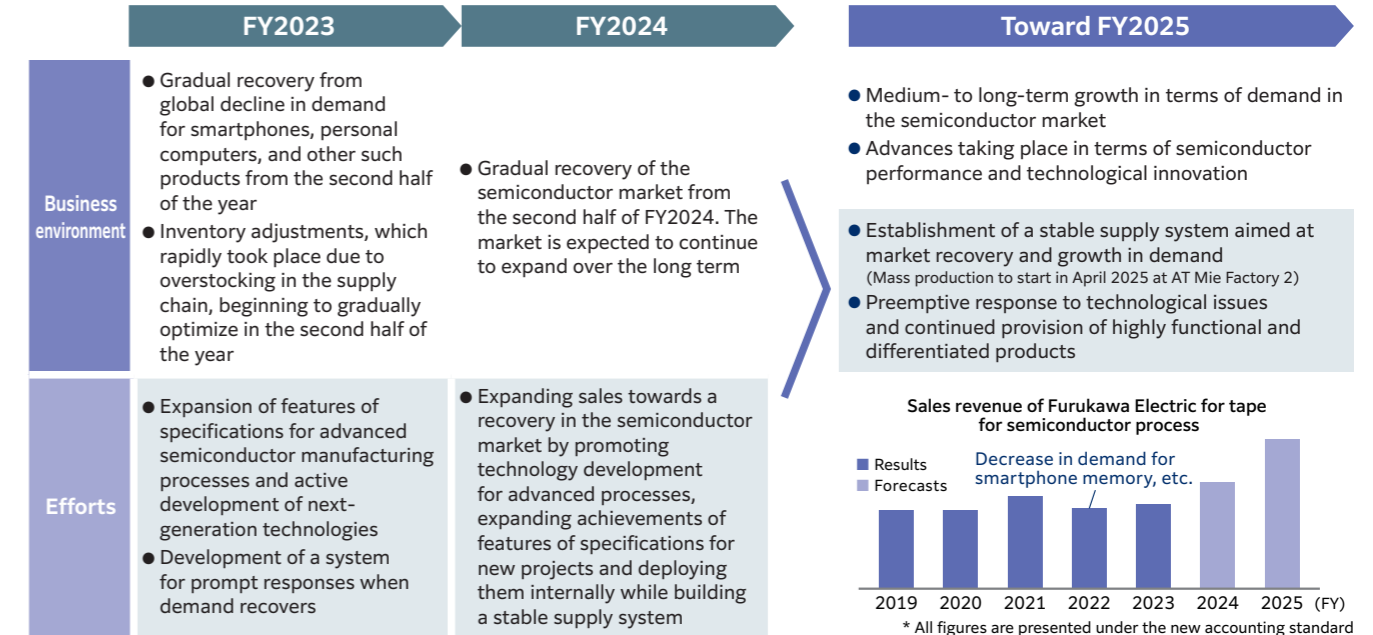
- Differentiated, advanced technology development capability and patents
- Fast, detailed, integrated services of technology and sales

##### Challenges of the Division

- To sustain and improve design and development capabilities that continue to create technological differentiation
- Further promote advanced BCP through optimization of bases, etc., and initiatives to reduce environmental impact such as carbon neutrality

## Priority Measures in the 2025 Mid-term Plan: Maximize Profits in Existing Businesses through a Focus on Capital Efficiency Directed at 2025

### Tape for semiconductor process



### Business Overview/Products and Services

The Functional Products business is made up of the AT (Advanced Technology Tape) & Functional Plastics, Thermal Management Solution & Products, Memory Disk and Copper Foil businesses, and it is involved in the manufacture and sale of functional products made from plastics and nonferrous.

	Renewable energy	Communication infrastructure	Mobility	Main products	Main applications	Main customers
AT & Functional Plastics		★		<ul style="list-style-type: none"> <li>Tape for semiconductor process</li> </ul>	<ul style="list-style-type: none"> <li>Surface protection, immobilizing, etc. during semiconductor wafer processing</li> </ul>	<ul style="list-style-type: none"> <li>Semiconductor manufacturers</li> <li>Foundry manufacturers</li> </ul>
Thermal Management Solution & Products	★	★	★	<ul style="list-style-type: none"> <li>Cable protective pipes</li> <li>Troughs made from recycled materials</li> <li>Insulation materials</li> </ul>	<ul style="list-style-type: none"> <li>Protective pipes for underground cable</li> <li>Troughs for holding cables</li> <li>Insulation for air conditioning ducts</li> </ul>	<ul style="list-style-type: none"> <li>General construction companies and subcontractors</li> <li>Railroad companies</li> <li>Highway public corporations and road subcontractors</li> <li>Air conditioning duct manufacturers</li> </ul>
Memory Disk		★		<ul style="list-style-type: none"> <li>Aluminum blanks for HDD</li> </ul>	<ul style="list-style-type: none"> <li>HDD for use in data centers, desktop PCs and monitoring cameras</li> </ul>	<ul style="list-style-type: none"> <li>HDD substrate manufacturers</li> </ul>
Copper Foil		★	★	<ul style="list-style-type: none"> <li>Electrolytic copper foil for circuit boards</li> <li>Electrolytic copper foil for batteries</li> </ul>	<ul style="list-style-type: none"> <li>Circuit boards for electronic devices including high-end servers such as AI servers and communications servers as well as smartphones and personal computers</li> <li>Negative electrode materials for lithium ion batteries used for EVs, mobile phones, power tools, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Circuit board material manufacturers</li> <li>Lithium ion battery manufacturers</li> </ul>

### Basic Policy in the 2025 Mid-term Plan “Road to Vision 2030-Transform and Challenge”

Provide solutions through co-creation with customers:

To support the expanding telecommunications and social infrastructure market, based on our strengths in proposing and developing new products that meet customer needs

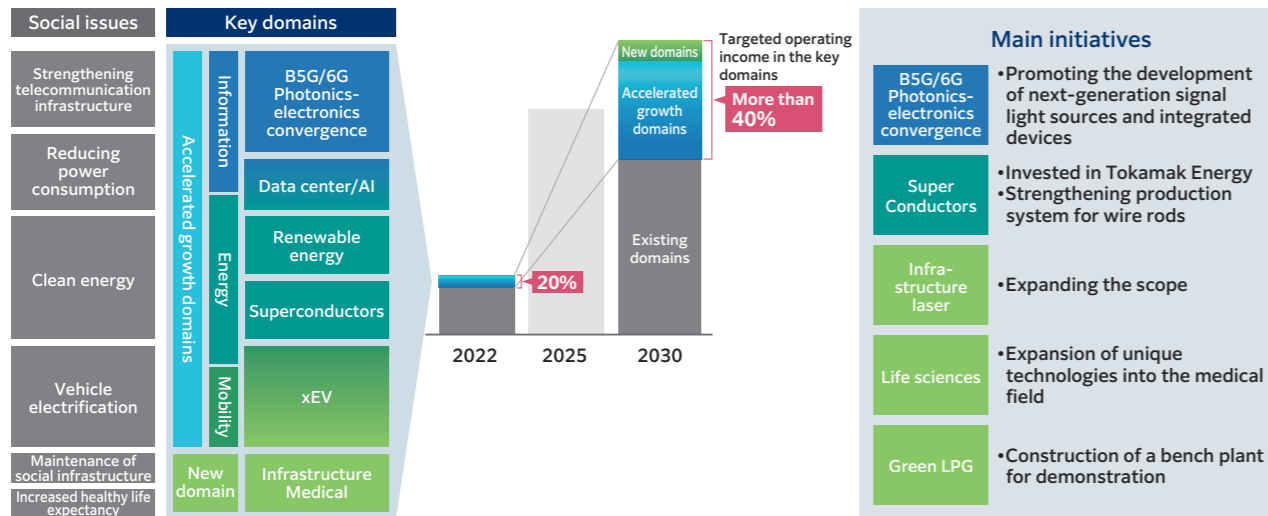
### Main Strategies to Achieve the 2025 Mid-term Plan

Continue to develop products that respond swiftly to changes in customer needs, and to provide electronics products with high-functionality or differentiation in the expanding market to support the telecommunications and social infrastructure markets

Contribute to the realization of a sustainable society and establish a next-generation profit base with our products for Society 5.0 for SDGs and differentiating strength to solve social issues to create a mechanism for carbon neutrality

# Creating businesses that solve social issues

Furukawa Electric Group will leverage its four core technologies of metals, polymers, photonics and high-frequency, which have been cultivated over many years with a focus on materials capabilities, to create businesses that solve social issues through open innovation and co-creation with diverse stakeholders.



## TOPICS

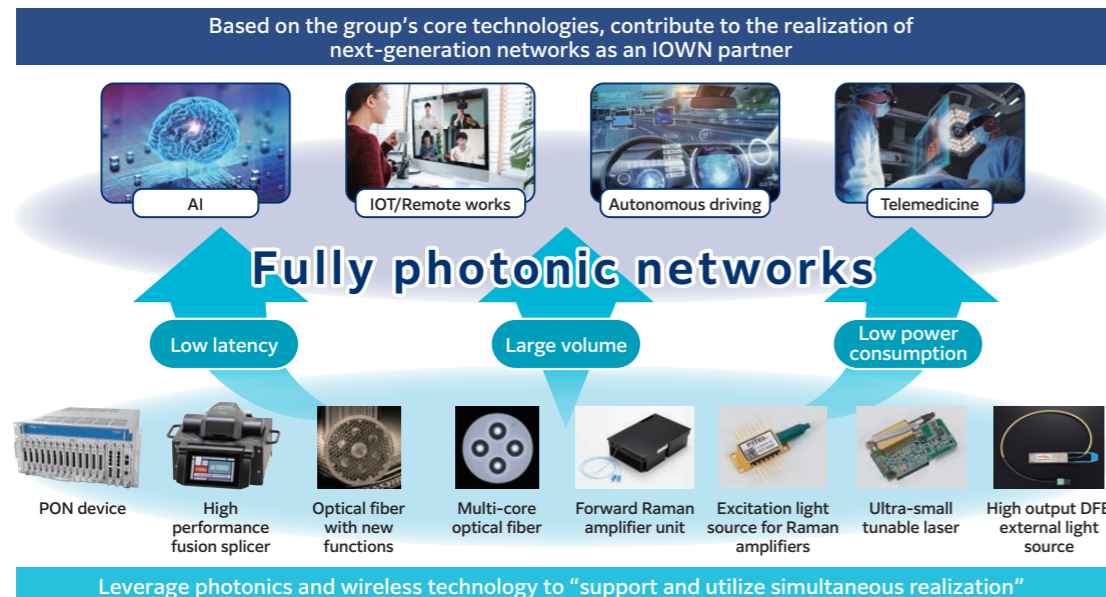
**Entered Into a 10 Million Pound Investment Agreement in Tokamak Energy**  
 - Strengthening partnership to progress commercial fusion energy -  
[https://www.furukawa.co.jp/en/release/2024/kenkai\\_20240118.html](https://www.furukawa.co.jp/en/release/2024/kenkai_20240118.html)

**MFOPTEx Co., Ltd. to become our consolidated subsidiary**  
 - Accelerating development of new businesses in the life science domain and for the use of industrial equipment -  
[https://www.furukawa.co.jp/en/release/2024/kei\\_20240426.html](https://www.furukawa.co.jp/en/release/2024/kei_20240426.html)

## B5G/6G Photonics-electronics convergence Creation of photonics products to solve social issues in 2030

Based on its core technologies, the Group has the important task of contributing to the realization of next generation networks as a partner in the IOWN concept\*. Toward the year 2030, we aim to create photonics

products that will play a role in supporting and which will be utilized in a society in which various things are "simultaneously realized" through the use of photonics and wireless technologies.



\* IOWN concept: An abbreviation for "Innovative Optical and Wireless Network." The concept of a network and information processing infrastructure including terminals that can provide high-speed, large-capacity communications and vast computing resources beyond the limits of conventional infrastructure by utilizing innovative technologies centered on optics.

## Superconducting High-temperature superconducting wire material for advanced fusion prototype reactors

Against the backdrop of climate change, the efficient use of energy has been an issue across all fields. In response, the Group has been conducting research and development aimed at the practical application of superconducting high-efficiency power transmission, which greatly reduces transmission loss. This technology is also expected to be applied in a wide range of fields, including MRI (magnetic resonance imaging for medical use), linear motor cars, and nuclear fusion technology. With regard to nuclear fusion, which is expected to be a stable and sustainable new energy source to replace fossil fuels, we have continued to develop technology

and provide products for superconducting wires for the generation of plasma required for fusion reactors. In FY2022, we signed a contract with Tokamak Energy in the United Kingdom for the supply of superconducting wires, and in FY2023, we concluded an agreement to make equity investment in the said company, strengthening our partnership with them to progress commercial fusion energy.



Manufacture of ST-80 magnet coils

## Infrastructure Laser Infrastructure Laser™, a surface treatment solution for infrastructure structures

Infrastructure Laser™ is a surface treatment solution for infrastructure structures that combines digital technology with laser technology cultivated in the area of industrial lasers. In contrast to conventional methods, the use of lasers means that grinding materials and other materials are not discharged. With this, our aim is to reduce environmental impacts and improve occupational health, thereby improving the efficiency of infrastructure maintenance work.

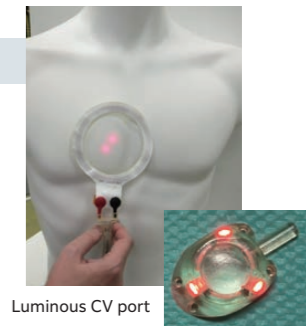


Infrastructure Laser™

For details, please refer to our company website "Surface Treatment Solutions for Infrastructure Structures." <https://www.furukawa.co.jp/infra-laser/> (Available in Japanese only)

## Life Science Tellumino, a detection solutions for internal medical devices

In the life sciences field, our company is developing new solutions using optical (Photonics) technology based on the key phrase "find with light, measure with light, and heat with light." For example, "Tellumino" is a new technology that enables users to visually confirm the location of implantable medical devices from outside the body. Combined with existing medical device manufacturers' CV ports, usage is safer than ever with safety and security provided for both patients and healthcare professionals by "Luminous CV ports."



Luminous CV port



For details, please refer to our website page "Detection solutions for internal medical devices." <https://www.furukawa.co.jp/en/product/development/lifescience/tellumino.html>

## Green LP Gas Technology for Producing Green LP Gas with Ramune Catalyst

In addition to contributing to going carbon neutral by 2050, the company aims to contribute to the establishment of global infrastructure that enables the local production and local consumption of energy along with the succession of local resources and local culture for the future. In FY2022, we established the "Sustainable Energy Succession Project Team" under the direct control of the President to develop new technologies based on the concept of Succession Booster to solve local social issues.

within local communities by facilitating the achievement of local production and local consumption of energy, thereby contributing to the succession of local resources and local culture for the future.

One example of this, is our current development of a technology serving to create green LP gas from biogas-derived carbon dioxide and methane using Ramune Catalytic technology (with a focus on livestock manure). In addition to reducing greenhouse gases through the recycling of greenhouse gases, we will create new vitality

Going forward, the company will continue to contribute to the realization of carbon neutrality and the building of new social infrastructure in local communities through co-creation initiatives undertaken with a wide range of stakeholders, including local governments, which will involve marketing, sales, research and development, and manufacturing all working together as one.

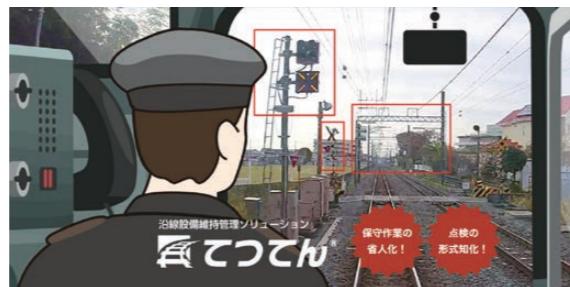


**Maintenance/Inspection Support Solution for Roadside Equipment and Maintenance/Inspection Support Solution for Railway-side Equipment**

Furukawa Electric developed the “Michi-ten” series of the maintenance/inspection support solution for roadside equipment for roadside fixtures to facilitate the realization of new maintenance cycles using its own DX technology. This makes it possible to carry out the inspection and maintenance of roadside fixtures with high accuracy and efficiency, something which has been traditionally handled only by personnel. Many municipalities and road administrators have already adopted the “Michi-ten” series. We have been working on demonstration experiments in cooperation with municipalities and road administrators with the aim of

facilitating further sophistication.

By applying this technology, we have developed the “Tetsu-ten” maintenance/inspection support solution for railway-side equipment for railway operators. It is a new digital solution that solves the problems associated with the maintenance of railway-side equipment, and contributes to the maintenance and management of such equipment. In the future, “Tetsu-ten” is expected to be used to add new information such as location data to the ledgers managed by railway operators, thereby improving the efficiency of on-site inspection work, maintenance and repair work on fixtures, and asset management.



For details, please see our website pages “Maintenance/Inspection Support Solution for Roadside Equipment” <https://www.furukawa.co.jp/en/product/development/infra/maintenance.html> and “Maintenance/Inspection Support Solution for Railway-side Equipment” <https://www.furukawa.co.jp/tetsuten/> (Available in Japanese only)

## Digital Transformation (DX) of Furukawa Electric Group

We will use digital to create transformation for improving our MONOZUKURI capabilities, as well as increase competitiveness through transformation of the organization and technological innovation that will support our businesses in the future.

### DX Vision of Furukawa Electric Group

In anticipation of the societal changes leading up to 2030, we are committed to enhancing our corporate value by leveraging digital technologies to revolutionize our business operations and work practices.

For details, please see our website page “DX Vision.” <https://www.furukawa.co.jp/en/company/dxic/dx-vision.html>

### Furukawa Electric DX Strategy

Focusing on MONOZUKURI DX, we are drafting and planning highly effective measures and working to establish AI/IoT solutions.

For details, please see our website page “Digital transformation at Furukawa Electric/Furukawa Electric DX Strategy.” <https://www.furukawa.co.jp/en/company/dxic/strategy.html>

### Digital Personnel

We have a wide range of digital talent working in various fields.

For details, please see our website page “Digital transformation at Furukawa Electric/Human Resources and Hiring.” <https://www.furukawa.co.jp/en/company/dxic/recruit.html>

## TOPICS

**We have been recognized as a DX-certified operator by the Ministry of Economy, Trade and Industry**

- Received positive assessment for the development of a system based on a DX Vision, the leveraging of digital technologies, and other elements -

[https://www.furukawa.co.jp/release/2023/kei\\_20230613.html](https://www.furukawa.co.jp/release/2023/kei_20230613.html) (Available in Japanese only)



## Intellectual Property

### Basic Approach to Intellectual Property

Intellectual property such as patents and know-how, together with human assets, organizational capabilities, and customer network, constitute our Group's intellectual assets, which are our sources of strength. In order to create value rather than merely build competitive advantage, the Group positions and utilizes intellectual

assets as important management resources. To this end, we have formulated a basic policy with the following three pillars to promote group-wide and global intellectual property activities by integrating business, R&D, and intellectual property.

### Intellectual Property Strategy of Furukawa Electric Group

#### Three basic policies:

1	<b>Reinforcing management and business strategy planning capabilities by IP landscaping</b>	Reinforce management and business strategy planning capabilities by IP landscaping that incorporates, analyzes and utilizes intellectual property information into strategy planning processes.
2	<b>Utilizing intellectual assets with Open &amp; Closed strategies</b>	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	<b>Stabilizing business by reducing intellectual property risks</b>	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.

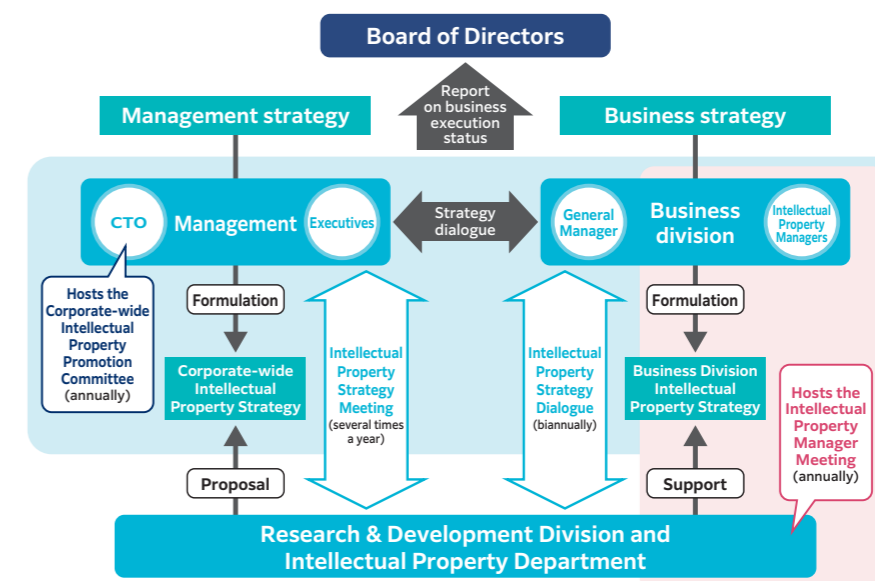
### Intellectual Property Promotion System

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 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.



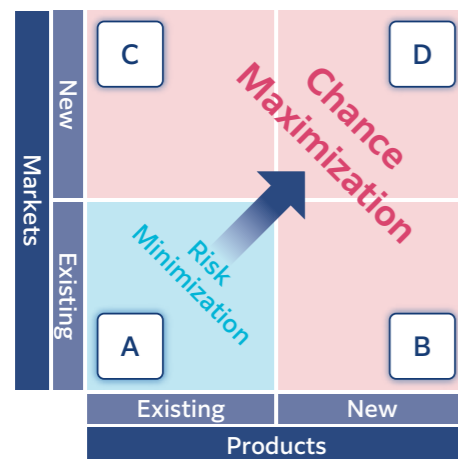
## Key Points of the initiatives

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

### 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



**Domain A:**  
Maximize profits in existing businesses through a focus on capital efficiency  
⇒ Determine the soundness of our strategies in IP landscaping

**Domains B, C, and D:**  
Build a foundation for creating new businesses by strengthening development and proposal capabilities  
⇒ Reinforce our ability to formulate strategies by IP landscaping

\* 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”)

business opportunities) and Risk Minimization (business stabilization) in order to achieve the Furukawa Electric Group Vision 2030.

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.

### 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 Intellectual property risk management system

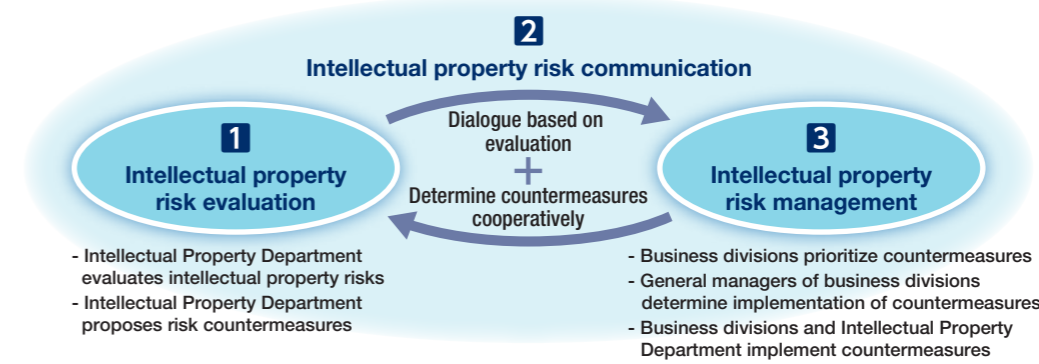
We develop and thoroughly use the intellectual property portfolio (see above) based on detailed competitor analysis while promoting global intellectual property risk reduction activities such as the prevention of technical information leakage. As a risk minimization mechanism, we have introduced an intellectual property risk management system with three steps: (1) IP risk assessment, (2) IP risk communication, and (3) IP risk management.

We conduct the intellectual property risk assessment by reviewing the key IP activity products of each business

(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.

unit mainly from the viewpoints of whether there is an IP network to prevent interference with business, whether other companies’ rights are not being used, and 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.



<b>Infringement risk</b>	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.
<b>Technology outflow risk</b>	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.
<b>Contract risk</b>	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.
<b>Technology counterfeit risk</b>	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.

## 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 material issues of revenue 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., optical fiber 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.

Indicator	Scope	Result			Target		
		FY2021	FY2022	FY2023	FY2023	FY2024	FY2025
★ : Sustainability Indicator							
★ IP landscape implementation rate for business enhancement and new business creation themes	Group	17%	40%	77%	45%	100%*1.2	— *3

\*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.

\*3. In FY2025, we plan to add and implement an important theme for strengthening business and creating new businesses.

### Risk minimization: Intellectual property portfolio

Number of intellectual property rights held	Scope	Result				
		FY2019	FY2020	FY2021	FY2022	FY2023
<b>Number of rights held in Japan</b>		<b>5,288</b>	<b>5,107</b>	<b>5,175</b>	<b>5,106</b>	<b>5,205</b>
Research	Furukawa Electric	—	—	475	509	553
4 business units *4		—	—	2,964	2,864	3,188
<b>Number of foreign rights held</b>		<b>3,625</b>	<b>3,725</b>	<b>3,869</b>	<b>3,893</b>	<b>3,954</b>
Research	Furukawa Electric	—	—	327	400	436
4 business units *4		—	—	1,995	1,998	2,124

\*4. Total of Optical Fiber and Cable Products Division, 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

Please visit our website “Intellectual Property Report” for details.  
<https://www.furukawa.co.jp/en/rd/ip-report/>

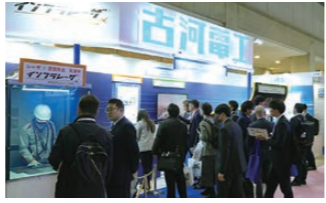
# Stakeholders and Material Issues

Furukawa Electric Group aims at sustainable growth and increase in corporate value over the medium to long term through co-creation with diverse stakeholders. The Group will contribute to the sustainable development of society by maintaining and improving sound and positive relationships with all stakeholders through appropriate information disclosure and active communication.

**Customers**

We contribute to solving customers' issues by developing business activities that leverage the Group's strengths, let alone maintaining and improving the quality of products, operations and services we provide.


**Relevant material issues**  
 Revenue opportunities Risks  
 Creating businesses that solve social issues  
 Building partnerships with diverse stakeholders

Main issues to be resolved through our business	Main methods of communication	Specific example of communication
<ul style="list-style-type: none"> <li>Solving customers' issues by leveraging the Group's strengths</li> <li>Realizing a circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue in everyday business</li> <li>Dialogue at technology and other exhibitions</li> <li>Dissemination of information through the website, the Sustainability Book, and other means</li> <li>CSR survey from customers</li> <li>Customer factory audit</li> </ul>	 <p>Exhibited at Sea Japan 2024</p>

**Partners**

In addition to building a sound supply chain in compliance with laws and regulations, we promote businesses that realize the sustainability of the entire supply chain through co-creation with partners.

**Relevant material issues**  
 Revenue opportunities Risks  
 Building partnerships with diverse stakeholders  
 Building a governance system to strengthen risk management/supply chain management, human rights and labor practices


Main issues to be resolved through our business	Main methods of communication	Specific example of communication
<ul style="list-style-type: none"> <li>Reducing greenhouse gas emissions throughout the supply chain</li> <li>Respecting human rights in the supply chain</li> <li>Pursuing responsible minerals sourcing</li> <li>Realizing a circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue in everyday business</li> <li>Partners Meeting</li> <li>Self-Assessment Questionnaire (SAQ) based on the CSR Procurement Guidelines</li> <li>Announcement of the Partnership Building Declaration</li> </ul>	 <p>Partners Meeting</p>

\* Furukawa Electric Group refers to our suppliers as "partners" with whom we co-create value.

**Shareholders and Investors**

We appropriately return profits to shareholders, disclose information to shareholders and investors, seek to achieve sustainable growth, and seek to increase corporate value over the medium to long term through our business.


**Relevant material issues**  
 Revenue opportunities Risks  
 Building a governance system to strengthen risk management/corporate governance

Main issues to be resolved through our business	Main methods of communication	Specific example of communication
<ul style="list-style-type: none"> <li>Achieving sustainable growth and improvement of corporate value over the medium to long term</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Investor briefings</li> <li>One-on-one meetings</li> <li>Dissemination of information through the website, shareholder correspondence, and integrated report</li> </ul>	 <p>Financial Results and Progress of the 2025 Mid term Plan Briefing</p>

**Employees**

We endeavor to fulfill our social responsibilities, such as respect for human rights, occupational health and safety, and compliance, and through employee engagement, we endeavor to strengthen human capital and organizational execution abilities that lead to increased corporate value.

**Relevant material issues**  
 Revenue opportunities Risks  
 Open, Agile, Innovative  
 Strengthening human capital and organizational execution abilities

Main issues to be resolved through our business	Main methods of communication	Specific example of communication
<ul style="list-style-type: none"> <li>Enhancing employee engagement</li> <li>Developing human capital and ensuring fair evaluation and treatment</li> <li>Pursing diversity &amp; inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Company newsletters, Intranet</li> <li>Management briefing by labor and management; human rights due diligence dialogues</li> <li>"Dialogue with the President" at each business site</li> <li>"Furukawa E-Survey" on human capital and organizational execution abilities</li> <li>Dissemination activities for the Purpose</li> </ul>	 <p>Dialogue with overseas corporate vice presidents</p>

**Central Government, Local Governments, and Local Communities**

In addition to fulfilling our social responsibilities such as compliance with laws and regulations and tax obligations, we contribute to solving issues facing international and local communities by developing business activities that leverage the strengths of the Group.


**Relevant material issues**  
 Revenue opportunities Risks  
 Creating businesses that solve social issues  
 Open, Agile, Innovative  
 Building partnerships with diverse stakeholders

Main issues to be resolved through our business	Main methods of communication	Specific example of communication
<ul style="list-style-type: none"> <li>Solving issues facing international and local communities by leveraging the Group's strengths</li> <li>Achieving carbon neutrality</li> <li>Building a new social infrastructure in community</li> <li>Realizing a circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue through economic and industry organizations</li> <li>Cooperation regarding surveys and questionnaires of the government and local governments</li> <li>Participating in government-related projects</li> <li>Partnership agreements with local governments</li> </ul>	 <p>Groundbreaking ceremony for green LP gas demonstration plant in the town of Shikaoui, Hokkaido</p>

**Global Environment**

We are pledged to fulfill our social responsibilities such as environmental conservation and compliance with environmental laws and regulations. We also promote business activities that recognize environmental issues including climate change, as revenue opportunities, and contribute to a sustainable global environment.

**Relevant material issues**  
 Revenue opportunities Risks  
 Creating businesses that solve social issues/creating environment-friendly businesses  
 Developing business activities that consider climate change

Main issues to be resolved through our business	Main methods of communication	Specific example of communication
<ul style="list-style-type: none"> <li>Mitigating and adapting to climate change</li> <li>Achieving carbon neutrality</li> <li>Realizing a circular economy</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection activities and climate change response throughout the value chain</li> <li>Participation in activities such as environmental NGOs, NPOs, and initiatives</li> <li>Cooperating with ESG activities, including the environment of our customers</li> <li>Use of renewable energy</li> </ul>	 <p>SCIENCE BASED TARGETS          DRIVING AMBITIOUS CORPORATE CLIMATE ACTION          Obtained 1.5°C certification from SBTi</p>