

(Translation)

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# Annual Securities Report

For the 203rd Fiscal Year

(April 1, 2024 through March 31, 2025)

Furukawa Electric Co., Ltd.

The 203rd Fiscal Year (April 1, 2024 through March 31, 2025)

# Annual Securities Report

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

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Independent Auditor’s Report  
Internal Control Report  
Confirmation Note

## Cover

Document title	Annual Securities Report
Clause of stipulation	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 23, 2025
Fiscal year	The 203rd fiscal year (April 1, 2024 through March 31, 2025)
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Telephone number	+81-3-6281-8500
Name of contact person	Kazuro Imura, Manager, Corporate Accounting Section, Finance & Accounting Department, Finance & Accounting Division
Nearest place of contact	2-6-4 Otemachi Chiyoda-ku, Tokyo
Telephone number	+81-3-6281-8500
Name of contact person	Kazuro Imura, Manager, Corporate Accounting Section, Finance & Accounting Department, Finance & Accounting Division
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

## Section 1 Company Information

### Item 1. Overview of Company

#### 1. Key Financial Data

(1) Consolidated financial data

Fiscal year	199th	200th	201st	202nd	203rd
Year ended March 31,	2021	2022	2023	2024	2025
Net sales (million yen)	811,600	930,496	1,066,326	1,056,528	1,201,762
Ordinary profit (million yen)	5,189	19,666	17,258	10,267	48,571
Profit attributable to owners of parent (million yen)	10,001	10,093	15,894	6,508	33,366
Comprehensive income (loss) (million yen)	27,941	27,760	27,274	34,989	55,548
Net assets (million yen)	291,824	314,269	329,302	358,245	373,336
Total assets (million yen)	832,044	935,876	933,469	985,007	987,016
Net assets per share (yen)	3,689.29	3,970.02	4,288.09	4,659.87	4,844.96
Basic earnings per share (yen)	141.88	143.40	225.80	92.40	473.49
Diluted earnings per share (yen)	–	–	–	–	–
Equity capital ratio (%)	31.3	29.9	32.3	33.3	34.6
Return on equity (ROE) (%)	4.00	3.74	5.46	2.07	9.96
Price-earnings ratio (times)	20.93	15.17	10.90	35.03	10.41
Net cash provided by (used in) operating activities (million yen)	(479)	(13,269)	36,516	31,896	59,833
Net cash provided by (used in) investing activities (million yen)	(1,908)	(40,074)	(21,677)	(24,794)	(7,235)
Net cash provided by (used in) financing activities (million yen)	35,140	35,020	(34,475)	(9,322)	(44,150)
Cash and cash equivalents at end of period (million yen)	87,189	67,632	51,950	53,098	66,092
Number of employees (persons)	48,449	50,867	51,314	52,757	51,167

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

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

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

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

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

5. The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27 issued on October 28, 2022; hereinafter the "Revised Accounting Standard 2022"), etc. since the beginning of the 203rd fiscal year. Accordingly, the key financial data for the 202nd fiscal year and before are those after the retrospective application, reflecting the change in accounting policy.

The Company has applied the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued on October 28, 2022). As a result, the key financial data for the 203rd fiscal year are those after the application of these accounting standard and implementation guidance.

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

Fiscal year	199th	200th	201st	202nd	203rd
Year ended March 31,	2021	2022	2023	2024	2025
Net sales (million yen)	392,616	292,424	305,835	296,766	353,520
Ordinary profit (million yen)	5,591	6,461	8,686	330	13,048
Profit (loss) (million yen)	24,333	(525)	25,235	1,913	32,390
Share capital (million yen)	69,395	69,395	69,395	69,395	69,395
Total number of shares issued (shares)	70,666,917	70,666,917	70,666,917	70,666,917	70,666,917
Net assets (million yen)	190,070	183,515	201,845	199,212	239,517
Total assets (million yen)	570,121	608,376	593,768	632,447	642,568
Net assets per share (yen)	2,695.56	2,606.69	2,866.61	2,826.62	3,397.80
Dividend per share (yen)	60.00	60.00	80.00	60.00	120.00
[Of which, interim dividend per share] (yen)	[-]	[-]	[-]	[-]	[-]
Basic earnings (loss) per share (yen)	345.10	(7.47)	358.40	27.15	459.52
Diluted earnings per share (yen)	-	-	-	-	-
Equity capital ratio (%)	33.3	30.2	34.0	31.5	37.3
Return on equity (ROE) (%)	13.59	(0.28)	13.10	0.95	14.77
Price-earnings ratio (times)	8.61	-	6.87	119.22	10.73
Dividend payout ratio (%)	17.4	-	22.3	221.0	26.1
Number of employees (persons)	4,084	4,201	4,267	4,335	4,433
Total shareholder return (%)	154.2	116.8	135.4	178.0	270.2
[Benchmark: TOPIX Total Return Index] (%)	[139.3]	[138.7]	[142.8]	[197.3]	[189.5]
Highest share price (yen)	3,115	3,110	2,668	3,290	8,304
Lowest share price (yen)	1,746	2,050	2,033	2,134	2,920

- Notes: 1. The figures of diluted earnings per share are not presented because the Company had no potential shares.
2. The figures of price-earnings ratio and dividend payout ratio are not presented for the fiscal years for which basic loss per share was reported.
3. The Company has established the Board Benefit Trust (BBT) for the stock remuneration plan for Directors, etc. Accordingly, for the purpose of determining net assets per share and basic earnings (loss) per share, the number of treasury shares at the end of the period and the number of treasury shares to be deducted in calculating the average number of shares outstanding during the period include the Company's shares held by the BBT trust account.
4. The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 200th fiscal year. Accordingly, the key financial data for the 200th fiscal year and thereafter are those after applying the said accounting standard, etc.
5. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange on or before April 3, 2022 and on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022.
6. Of the dividend of ¥120 per share for the 203rd fiscal year, the year-end dividend of ¥120 is subject to approval at the Annual Shareholders Meeting scheduled to be held on June 25, 2025.

## 2. History

Month and year	Event
June 1896	Established as Yokohama Electric Cable Manufacturing Company.
April 1920	Acquires Nikko Copper Electrolyzing Refinery (currently Nikko Works of the Company) from Furukawa Kogyo Co., Ltd. (currently Furukawa Co., Ltd.) and the Company is renamed as current Furukawa Electric Co., Ltd.
December 1921	Acquires Kyushu Electric Cable Manufacturing Company located in Moji-shi (currently Moji-ku, Kitakyushu-shi), Fukuoka Prefecture, and renames its plant as Kyushu Cable Works (formerly Kyushu Works of the Company and currently Kyushu Plant of Furukawa Electric Metal Cable Co., Ltd.).
November 1938	Establishes Osaka Copper Works (formerly Osaka Works and later the copper tube division of the Company) in Amagasaki-shi, Hyogo Prefecture.
May 1949	Lists the Company's shares on the Tokyo Stock Exchange.
September 1950	Establishes The Furukawa Battery Co., Ltd. to spin off the battery division.
September 1958	Establishes Hiratsuka Cable Works (currently Hiratsuka Works of the Company) in Hiratsuka-shi, Kanagawa Prefecture.
March 1961	Establishes Chiba Cable Works (currently Chiba Works of the Company) in Ichihara-cho, Ichihara-gun (currently Ichihara-shi), Chiba Prefecture.
March 1971	Establishes Mie Plant (currently Mie Works of the Company) in Kameyama-shi, Mie Prefecture.
August 1972	Lists shares of The Furukawa Battery Co., Ltd. on the First Section* of the Tokyo Stock Exchange. (*The shares of The Furukawa Battery Co., Ltd. are currently listed on the Prime Market.)
April 1981	Merges Furukawa Metal Industries Co., Ltd. to ensure future growth as a comprehensive nonferrous metal manufacturer.
February 1987	Establishes Yokohama R&D Laboratory in Nishi-ku, Yokohama-shi, Kanagawa Prefecture.
October 1993	Merges Furukawa Aluminium Industries Co., Ltd. and Fukui Rolling Co., Ltd. to strengthen and expand the business foundation by integrating manufacturing and selling functions of the light metal business.
November 2001	Acquires the optical fiber cable division (currently Lightera, LLC) of Lucent Technologies Inc. (back then).
October 2003	Spins off the light metals company to have Sky Aluminium Co., Ltd. succeed to it and changes the trade name from Sky Aluminium Co. Ltd. to Furukawa-Sky Aluminium Corporation (currently UACJ Corporation).
January 2005	Transfers the power cable business to VISCAS Corporation, an equity-method associate of the Company
December 2005	Lists shares of Furukawa-Sky Aluminium Corporation (currently UACJ Corporation) on the First Section* of the Tokyo Stock Exchange. (*The shares of UACJ Corporation are currently listed on the Prime Market.)
February 2007	Lists shares of FCM Co., Ltd. on the Hercules Market of the Osaka Stock Exchange.
March 2012	Subscribes for new shares of TOTOKU ELECTRIC CO., LTD. (currently TOTOKU INC.) issued through the third-party allotment and makes it a consolidated subsidiary of the Company.
October 2013	Furukawa-Sky Aluminium Corporation merges Sumitomo Light Metal Industries, Ltd. and is renamed as UACJ Corporation. The merger results in UACJ Corporation becoming an equity-method associate of the Company.
April 2015	Takes over the overseas power cable business from VISCAS Corporation, an equity-method associate of the Company.
October 2016	Takes over the domestic power cable business from VISCAS Corporation, an equity-method associate of the Company.
December 2018	Transfers shares of FCM Co., Ltd., resulting in FCM Co., Ltd. being excluded from the scope of consolidation of the Company.
April 2020	Spins off the copper tube division to have Daishin P&T Corporation (currently Okumura Metals Co., Ltd.), a newly established, wholly owned subsidiary of the Company, to succeed to it.
June 2020	Transfers shares of Daishin P&T Corporation (currently Okumura Metals Co., Ltd.), resulting in Daishin P&T Corporation being excluded from the scope of consolidation of the Company.
October 2020	Restructures a part of the wire business by having Essex Furukawa Magnet Wire LLC succeed to the manufacturing operations of heavy magnet wires and others and making it an equity-method associate of the Company.
April 2022	Moves from the First Section to the Prime Market, following the restructuring of the Tokyo Stock Exchange market segments.
December 2022	Transfers shares of TOTOKU ELECTRIC CO., LTD. (currently TOTOKU INC.), resulting in TOTOKU ELECTRIC CO., LTD. being excluded from the scope of consolidation of the Company.
April 2024	Transfers shares of Essex Furukawa Magnet Wire LLC held by a wholly owned subsidiary of the Company, resulting in Essex Furukawa Magnet Wire LLC being excluded from the scope of the equity method application of the Company.
June 2024	Partially transfers shares of UACJ Corporation, resulting in UACJ Corporation being excluded from the scope of the equity method application of the Company.

Note: Effective on April 1, 2025, the Company reorganized its optical fiber and cable business and transferred it to Lightera Japan Co., Ltd., which was newly established by the Company as a wholly owned subsidiary.

### 3. Description of Business

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

Furukawa Electric Group’s lines of business, its subsidiaries and associates involved in each of these businesses, and the relationship with the reportable segments as of the end of the fiscal year ended March 31, 2025 (the “current fiscal year” or “FY2024”) are summarized as follows:

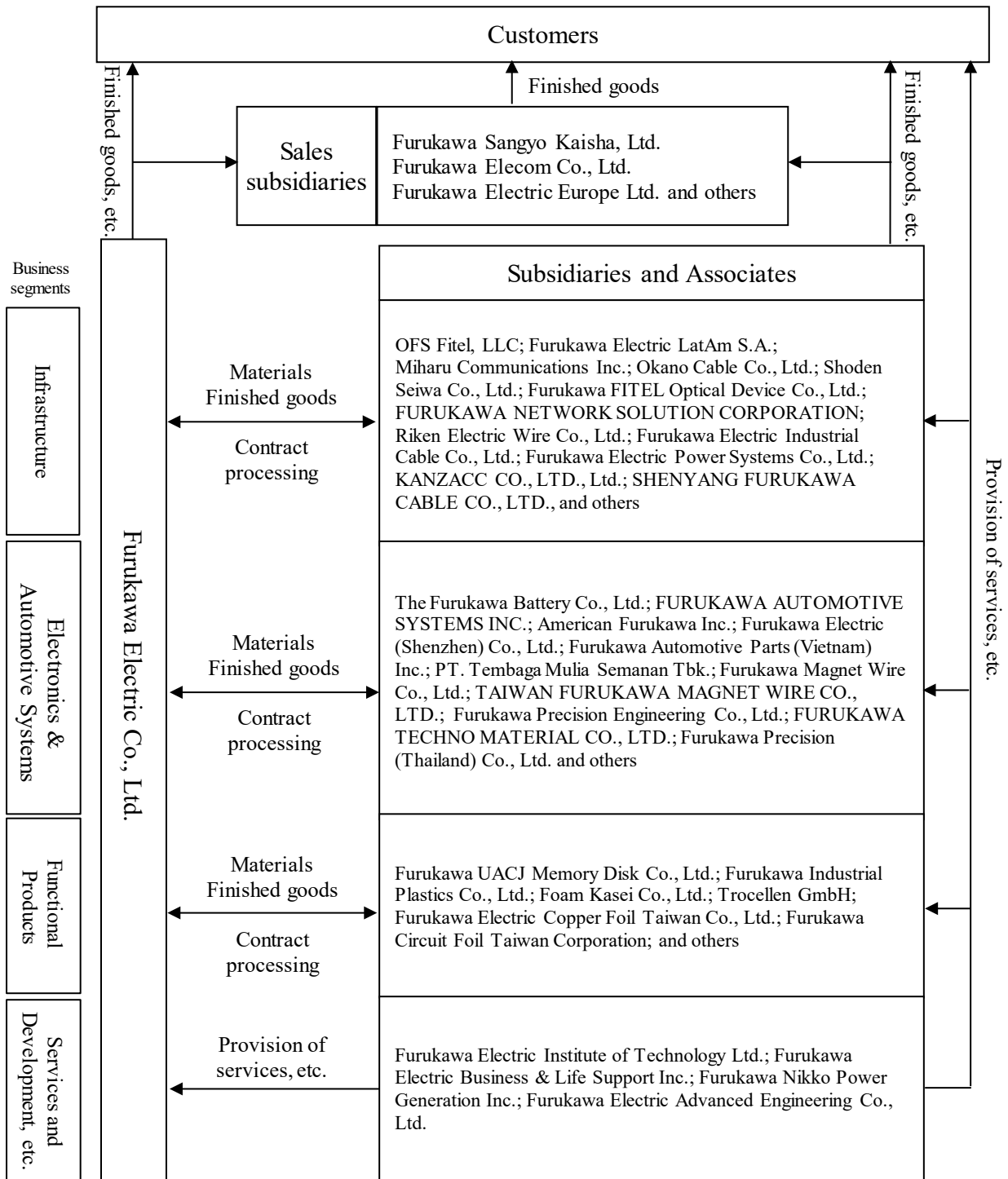
Segment name	Companies involved
Infrastructure	The Company, OFS Fitel, LLC, Furukawa Electric LatAm S.A., Furukawa Electric Industrial Cable Co., Ltd., SHENYANG FURUKAWA CABLE CO., LTD., and others are engaged in manufacturing and sales.
Electronics & Automotive Systems	The Company, The Furukawa Battery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

Note: Effective on April 1, 2025, OFS Fitel, LLC changed its name to Lightera, LLC; Furukawa Electric LatAm S.A. changed its name to Lightera LatAm S.A.; and Furukawa Electric Industrial Cable Co., Ltd. changed its name to Furukawa Electric Metal Cable Co., Ltd.

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



## Business Structure Diagram



- Notes: 1. Effective on April 1, 2025, OFS Fitel, LLC changed its name to Lightera, LLC; Furukawa Electric LatAm S.A. changed its name to Lightera LatAm S.A.; and Furukawa Electric Industrial Cable Co., Ltd. changed its name to Furukawa Electric Metal Cable Co., Ltd.
2. KANZACC CO., LTD. was dissolved on April 1, 2025, through an absorption-type merger with Furukawa Electric Industrial Cable Co., Ltd. as the surviving company.

#### 4. Subsidiaries and Other Affiliated Entities

As of March 31, 2025

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
(Consolidated subsidiaries) The Furukawa Battery Co., Ltd. Note 7	Hodogaya-ku, Yokohama	1,640	Electronics & Automotive Systems	58.1 (0.8)	The Company supplies them with some of the raw materials and purchases some of their products. The Company also leases real estate and facilities. Officers serve concurrently.
Furukawa Sangyo Kaisha, Ltd. Note 10	Minato-ku, Tokyo	700	Sales subsidiary	100.0	They sell the Company's products and purchase some of the raw materials from the Company. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
Okano Cable Co., Ltd.	Yamato, Kanagawa Pref.	489	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells some of their products. Officers serve concurrently. The Company borrows funds.
Furukawa Electric Industrial Cable Co., Ltd. Notes 3 and 10	Arakawa-ku, Tokyo	450	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. The Company also leases real estate and facilities. Officers serve concurrently. The Company lends funds (CMS).
FURUKAWA ELECTRIC POWER SYSTEMS CO., LTD. Note 10	Aoba-ku, Yokohama	450	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
KANZACC CO., LTD. Notes 4 and 10	Chuo-ku, Osaka	310	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases some of their products. The Company also leases real estate and facilities. Officers serve concurrently. The Company lends funds (CMS).
FURUKAWA INDUSTRIAL PLASTICS CO., LTD. Note 10	Mihama-ku, Chiba	300	Functional Products	100.0	The Company supplies them with some of the raw materials and purchases some of their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
FURUKAWA TECHNO MATERIAL CO., LTD. Note 10	Hiratsuka, Kanagawa Pref.	300	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. Officers serve concurrently. The Company lends funds (CMS).

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
Furukawa Nikko Power Generation Inc. Note 10	Nikko, Tochigi Pref.	300	Services and Developments, etc.	100.0	The Company purchases some of their electricity. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
FURUKAWA NETWORK SOLUTION CORPORATION Note 10	Hiratsuka, Kanagawa Pref.	150	Infrastructure	100.0	The Company procures and manufactures on consignment and sells their products. The Company also leases real estate. Officers serve concurrently. The Company borrows funds (CMS).
Furukawa Automotive Systems Inc. Notes 5 and 10	Inugami, Shiga Pref.	100	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Furukawa FITEL Optical Device Co., Ltd. Note 10	Ichihara, Chiba Pref.	100	Infrastructure	70.6	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Furukawa Precision Engineering Co., Ltd. Note 10	Nikko, Tochigi Pref.	100	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases and rents real estate. Officers serve concurrently. The Company lends funds (CMS).
Riken Electric Wire Co., Ltd. Note 10	Chuo-ku, Tokyo	100	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
Furukawa Elecom Co., Ltd. Note 10	Chiyoda-ku, Tokyo	98	Sales subsidiary	100.0	They sell the Company's products. The Company also leases real estate. Officers serve concurrently. The Company borrows funds (CMS).
Furukawa Magnet Wire Co., Ltd. Note 10	Chiyoda-ku, Tokyo	96	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Miharu Communications Inc. Note 10	Kamakura, Kanagawa Pref.	90	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
					funds (CMS).
OFS Fitel, LLC Notes 3 and 5	USA	USD 362 million	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. Officers serve concurrently. The Company lends funds.
Furukawa Electric LatAm S.A. Notes 3 and 5	Brazil	BRL 149 million	Infrastructure	100.0	The Company supplies them with some of the raw materials. Officers serve concurrently.
American Furukawa, Inc. Note 5	USA	USD 109 million	Electronics & Automotive Systems	100.0 (0.1)	They sell the Company's subsidiary's products. The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
SHENYANG FURUKAWA CABLE CO., LTD. Note 5	China	CNY 768 million	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells some of their products. Officers serve concurrently. The Company lends funds.
Furukawa Electric Copper Foil Taiwan Co., Ltd.	Taiwan	NWD 1,555 million	Functional Products	100.0	The Company sells some of their products. Officers serve concurrently.
Furukawa Circuit Foil Taiwan Corporation	Taiwan	NWD 1,475 million	Functional Products	81.9	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
Furukawa Electric Singapore Pte. Ltd.	Singapore	USD 3 million	Sales subsidiary	100.0	They sell the Company's products. Officers serve concurrently.
Furukawa Precision (Thailand) Co., Ltd.	Thailand	THB 169 million	Electronics & Automotive Systems	100.0 (50.0)	The Company supplies them with some of the raw materials. Officers serve concurrently.
Thai Furukawa Unicomm Engineering Co., Ltd.	Thailand	THB 104 million	Infrastructure	91.8 (42.8)	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently.
Furukawa Automotive Parts (Vietnam) Inc.	Vietnam	USD 18 million	Electronics & Automotive Systems	100.0 (100.0)	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
PT. Tembaga Mulia Semanan Tbk. Notes 6 and 8	Indonesia	USD 12 million	Electronics & Automotive Systems	42.4	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently.
Trocellen GmbH	Germany	EUR 8 million	Functional Products	100.0	Officers serve concurrently. The Company lends funds.
P.T. Furukawa Indomobil Battery Manufacturing Note 5	Indonesia	IDR 899,732 million	Electronics & Automotive Systems	51.0 (51.0)	The Company's subsidiary supplies them with some of the raw materials. The Company's

					subsidiary purchases some of the raw materials from them.
86 other companies					
Company name	Address	Share capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
(Equity-method associates) YAMAKIN (JAPAN) CO., LTD. Note 7	Chiyoda-ku, Tokyo	600	Electronics & Automotive Systems	25.0	The Company purchases some of the raw materials. They sell the Company's products.
VISCAS Corporation	Ota-ku, Tokyo	10	Infrastructure	50.0	Officers serve concurrently. The Company lends funds.
Asia Vital Components Co., Ltd. Note 9	Taiwan	NWD 3,875 million	Functional Products	15.5 (2.4)	Officers serve concurrently.
7 other companies					

- Notes: 1. The "Main line of business" column shows the segment names.  
2. The figure in parentheses in the "Ratio of voting rights held (or owned) (%)" column shows the ratio of the voting rights the Company holds indirectly, which is included in the figure without parentheses.  
3. Effective on April 1, 2025, Furukawa Electric Industrial Cable Co., Ltd. changed its name to Furukawa Electric Metal Cable Co., Ltd.; OFS Fitel, LLC changed its name to Lightera, LLC; and Furukawa Electric LatAm S.A. changed its name to Lightera LatAm S.A.  
4. KANZACC CO., LTD. was dissolved on April 1, 2025, through an absorption-type merger, with Furukawa Electric Industrial Cable Co., Ltd. as the surviving company.  
5. Furukawa Automotive Systems Inc.; OFS Fitel, LLC; Furukawa Electric LatAm S.A.; American Furukawa, Inc.; SHENYANG FURUKAWA CABLE CO., LTD.; and P.T. Furukawa Indomobil Battery Manufacturing fall under specified subsidiaries defined in the Cabinet Office Order on Disclosure of Corporate Affairs.  
6. With respect to PT. Tembaga Mulia Semanan Tbk., its sales (excluding intercompany sales within the consolidated group) account for more than 10% of the consolidated net sales.

		(Millions of yen)
Major financial information	(i)	Net sales 135,087
	(ii)	Ordinary profit 1,495
	(iii)	Profit 1,164
	(iv)	Net assets 11,071
	(v)	Total assets 20,952

7. The Furukawa Battery Co., Ltd. and YAMAKIN (JAPAN) CO., LTD. have submitted Securities Registration Statements or Annual Securities Reports.  
8. PT. Tembaga Mulia Semanan Tbk. is considered as a subsidiary as the Company substantially controls it, although the Company's equity share is no more than 50%.  
9. Asia Vital Components Co., Ltd. is considered as an associate as the Company substantially has significant influence over it, although the Company's equity share is less than 20%.  
10. The Company and some of its subsidiaries and associates have adopted a cash management system (CMS) to ensure efficient use of funds.

## 5. Employees

### (1) Information about the Group

As of March 31, 2025

Segment name	Number of employees (persons)
Infrastructure	9,127
Electronics & Automotive Systems	37,265
Functional Products	2,425
Services and Development, etc.	2,350
Total	51,167

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

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

As of March 31, 2025

Number of employees (persons)	Average age	Average length of service	Average annual salary (yen)
4,433	43.5 years	19.1 years	6,984,561

Segment name	Number of employees (persons)
Infrastructure	1,522
Electronics & Automotive Systems	515
Functional Products	775
Services and Development, etc.	1,621
Total	4,433

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

### (3) Labor unions

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

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

(i) Reporting company

Current fiscal year				
Ratio of female workers in managerial positions (%) (Note 1)	Ratio of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
		All workers	Regular employment workers	Part-time and fixed-term workers
5.4	77.2	73.1	72.9	70.9

- Notes: 1. The calculation is based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).  
2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-6, Item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

(ii) Consolidated subsidiaries

Current fiscal year					
Company name	Ratio of female workers in managerial positions (%) (Note 1)	Ratio of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
			All workers	Regular employment workers	Part-time and fixed-term workers
The Furukawa Battery Co., Ltd.	5.5	38.5	81.5	82.4	74.5
Furukawa Automotive Systems Inc.	1.7	104.8	66.4	71.6	57.9
Furukawa Electric Power Systems Co., Ltd.	8.5	83.3	82.0	81.6	69.7
Furukawa Electric Business & Life Support Inc.	22.2	–	71.6	65.9	65.2

- Notes: 1. The calculation is based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).  
2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-6, Item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

(iii) Reporting company and consolidated subsidiaries group in Japan

Current fiscal year				
Ratio of female workers in managerial positions (%) (Note 1)	Ratio of male workers taking childcare leave (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
		All workers	Regular employment workers	Part-time and fixed-term workers
4.7	70.4	65.1	71.8	57.1

- Notes: 1. The calculation is based on the provisions of the “Act on the Promotion of Women’s Active Engagement in Professional Life” (Act No. 64 of 2015).  
2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-6, Item (i) of the “Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the “Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members” (Act No. 76 of 1991).

## Item 2. Overview of Business

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

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

#### (1) Basic management policy

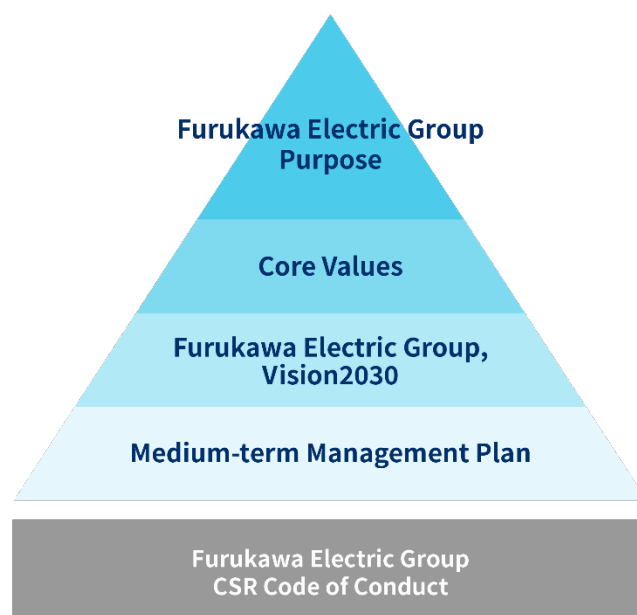
[Structure of Furukawa Electric Group Philosophy]

We revised the structure of the Group's Corporate Philosophy and established a Purpose (reason for being) statement in March 2024 that serves as the basis for management decisions, that each and every employee understands and empathizes with, and that leads to pride in working at the Group.

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

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

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





■ The Furukawa Electric Group Purpose\*

The Furukawa Electric Group Purpose (hereinafter, the “Purpose”) (Core statement: Composing the core of a brighter world.) is a statement of the Group’s reason for being, which has been established to ensure that the Group is recognized by its diverse stakeholders as a corporate group that contributes to creating a truly prosperous and sustainable society, to serve as the basis for management decisions, and to ensure that its employees continue to take on challenges with pride.

This statement expresses our belief that the purpose of our Group lies in creating “indispensables” that lead to a better future by leveraging the technological and problem-solving capabilities we have diligently honed since our foundation and by taking on the challenges posed by various social issues. The statement also reflects our commitment to carrying on the founding spirit of Ichibei Furukawa— his wish to “brighten Japan”—while recognizing the global scope of our business today.

FURUKAWA ELECTRIC GROUP PURPOSE

# Composing the core of a brighter world.

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

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

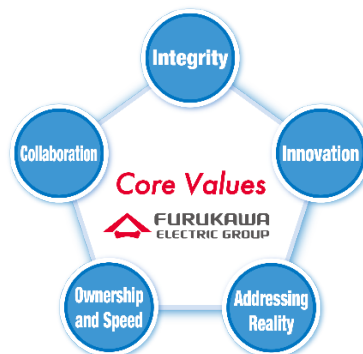
That is what drives us to approach various social issues with new ideas and take on a wide range of challenges in infrastructure and beyond.  
We have diligently honed our technological and problem-solving capabilities since our foundation in 1884.

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

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

■ Core Values

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



■ Furukawa Electric Group Vision 2030

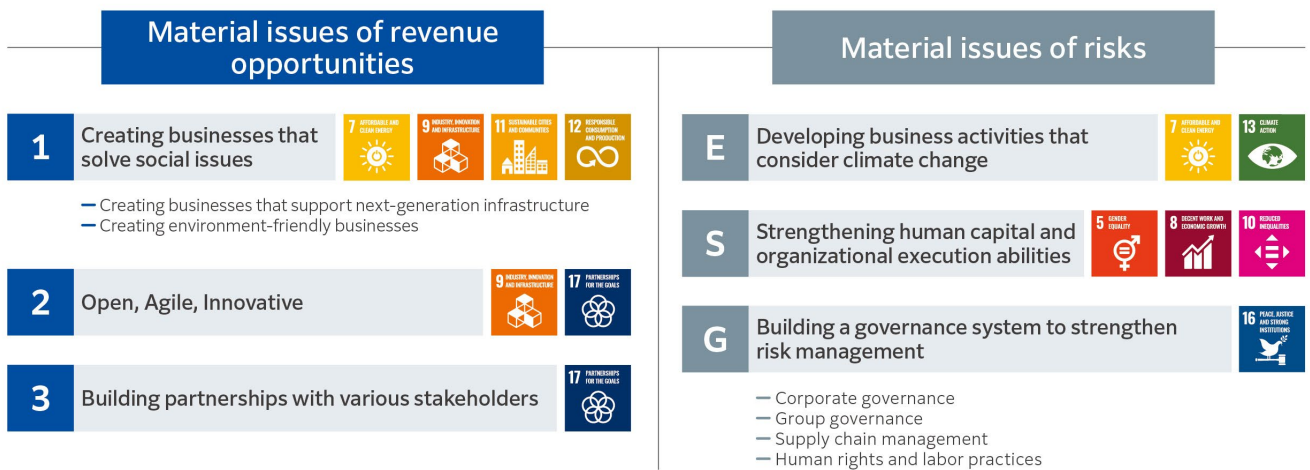
Based on the Furukawa Electric Group Purpose: “Composing the core of a brighter world,” we have formulated Furukawa Electric Group Vision 2030 (hereinafter, the “Vision 2030”), which defines its ideal state in 2030 and specifies target timeline and scope, with an eye to solving the social issues outlined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

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



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

Furthermore, Furukawa Electric Group has defined significant management issues as “material issues,” which the Group should address in order to achieve the Vision 2030, and identified the material issues as below from the perspective of revenue opportunities and risks. By addressing the material issues, we will achieve the Vision 2030 and contribute to achieving SDGs\* as well. At the same time, we are committed to enhancing the Group’s corporate value over the medium to long term.



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

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

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



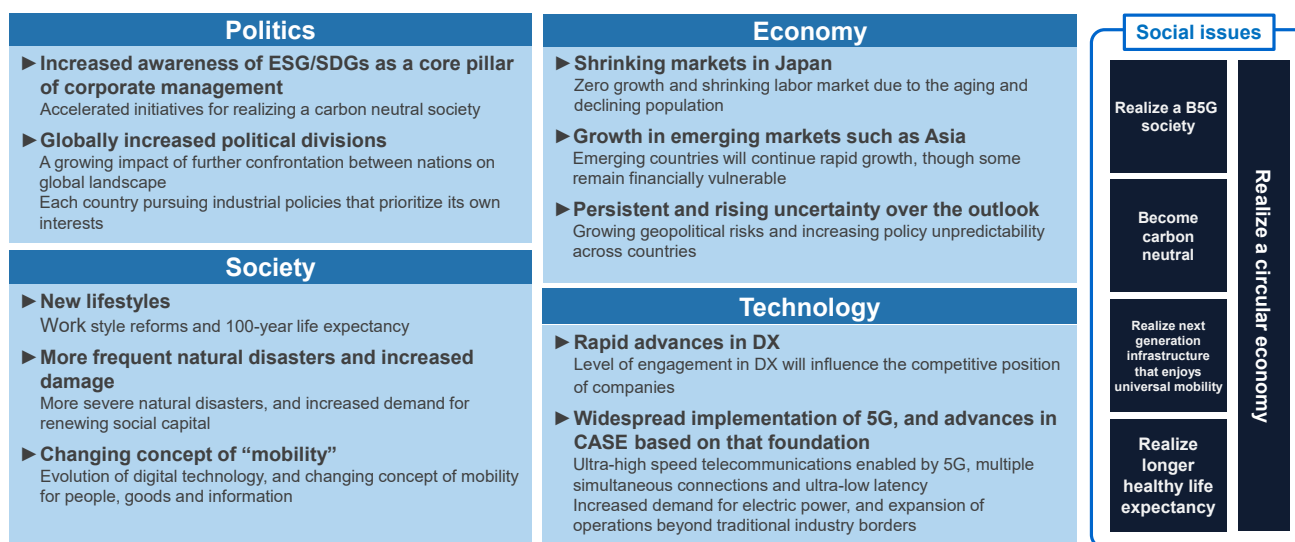
<Business Environment>

We consider that the business environment surrounding Furukawa Electric Group, which is a premise of the 2025 Medium-term Plan, will be changing rapidly and, at times, discontinuously. For example, expected changes include the following: ESG/SDGs will become a management challenge which is critical for the survival of companies; in the era of the 100-year life, a new lifestyle will emerge and become common; the domestic market will shrink due to a declining and aging population; and we will see the rapid progress of digital transformation (DX).

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

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

**The external environment is rapidly changing on many fronts, and although there is increasing risk that responding incorrectly may be fatal, the range of social issues Furukawa Electric Group can contribute to is growing**



<Outlook for Market Environment in Each Business Domain>

The global economy remained resilient amid declining inflation rates. However, uncertainty persisted regarding the inflation rate outlook and geopolitical risks. Toward the end of the fiscal year, the economic outlook became increasingly uncertain, particularly due to a rapid rise in trade-related uncertainties. Even under these conditions, the data center and AI-related markets, which our Group has identified as strategic focus areas, have continued to exhibit notable growth. These markets are also expected to maintain steady expansion over the medium to long term.

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

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

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

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

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

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

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

To achieve the goals of the 2025 Medium-term Plan, from the perspective of profitability and growth potential, we will continue optimizing the allocation of investments, and accelerate business management and decision-making, including review of our business portfolios, with further focus on the cost of capital.

Regarding the review of our business portfolio, we established the Business Portfolio Review Committee in 2022. This committee deliberates key matters related to the transformation of our business portfolio, including the positioning of each business under the 2025 Medium-Term Plan, and reports or makes proposals to the Management Committee. Through the forum of the Business Portfolio Review Committee, we have identified strategic focus areas—centered on data centers—and have been concentrating management resources such as capital investment accordingly. Specifically, we have undertaken the restructuring of our optical fiber and cable business and our metal wire business with the aim of enhancing competitiveness through operational efficiency under a unified strategy and the effective allocation of resources. In addition, to establish our competitive advantage in growth markets by leveraging synergies, we have acquired subsidiaries with competitive advantages—one with strong development capabilities and cost competitiveness in optical connectors, and another with a world-leading share in high-speed optical modulators. At the same time, to improve capital efficiency and secure resources for growth businesses, we have sold or transferred part of our equity interests in certain associates.

Toward achieving the 2025 Medium-Term Plan, Communications Solutions business will pursue revenue growth by focusing on the data center sector and enabling more efficient and speedy decision-making under integrated global management in the optical fiber and cable business. As for Energy Infrastructure business, we will respond swiftly to increasingly diverse and sophisticated needs by realizing synergy effects through improved operational efficiency in the metal wire business. We will also work to expand sales through enhanced marketing activities, increase cable production capacity and construction capacity, and take orders with emphasis on profitability. With respect to Automotive Products business, we will advance the development of high-voltage wire harnesses and other related products for the growing electric vehicle market, while promoting automation in production. As for Electronics Component Material business, we will strive to expand the range of high-value-added products and increase sales. With respect to Functional Products business, we will develop next-generation heat radiation/cooling products for the datacenter/AI-related market which is expected to continue growing, and improve supply systems for tapes for semi-conductor production as well as electrolytic copper foil for high-frequency boards.

Toward increasing revenues of each business, we will continuously review the business portfolio from the perspective of leveraging the Company’s strengths by each product group to articulate added value proposition, thus advancing the transformation to the profit-generating product groups and business model.

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

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

\*2 GHG (Greenhouse Gas)

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

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

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

To reduce environmental burden and improve occupational health, the Group will accelerate the development of laser treatment system (such as industrial and infrastructure lasers), where materials such as metals and polymers are processed by using photonics technologies. In addition, with regard to life science products for minimally invasive medical applications that leverage our photonics and metal processing technologies, we have made a manufacturer of special fiber products a subsidiary to accelerate development and secure manufacturing capacity. In doing so, we are advancing proposal-based sales activities to customers while striving for further technological advancement. In addition, towards realizing a decarbonized/recycle-oriented society, we will continue development and production of green LP gas (\*1) that does not rely on fossil resources. We are also advancing the development of superconducting wires for nuclear fusion (\*2) power generation, which is considered a safe and sustainable energy source, and have invested in a superconducting magnet design company to accelerate market entry. Furthermore, while a response to increasing data traffic volume is required to adapt to B5G society, and data centers need to achieve higher speed, higher capacity, and energy saving, we will contribute to realizing “all optical network” and a society where energy use is highly efficient, by developing sophisticated photonics products realizing photonics-electronics convergence, taking advantage of our core technologies, namely photonics and high-frequency technologies. Moreover, by utilizing the base for co-creation with startup companies, we will develop products for satellite use and for environmental observation equipment.

\*1 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).

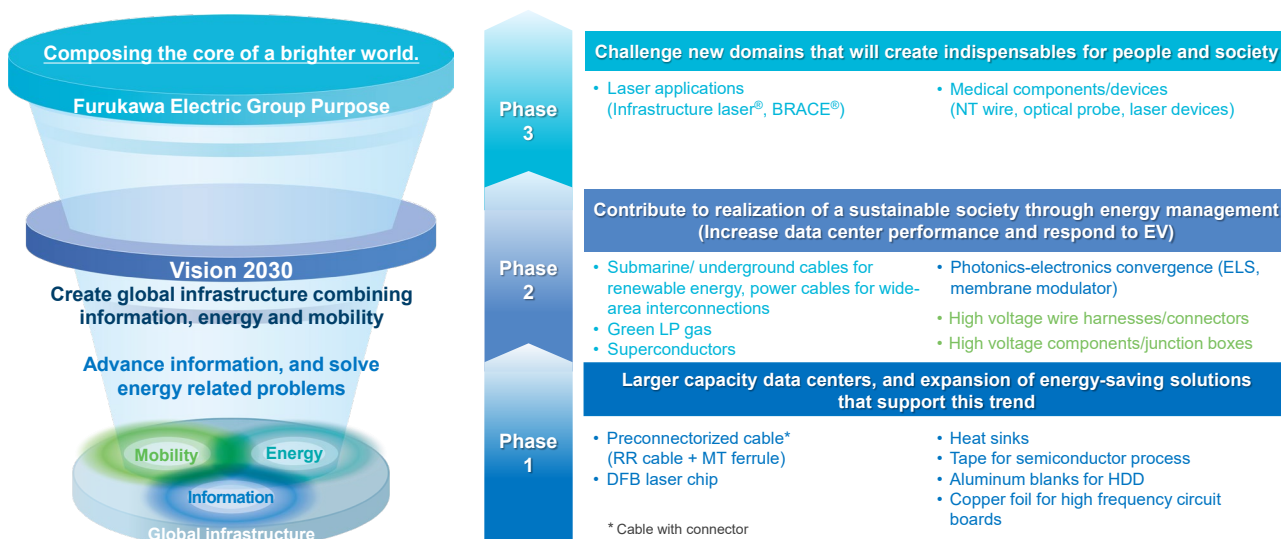
\*2 Nuclear fusion: The energy is released from nuclear fusion reactions by trapping high-temperature plasma (at several hundred million degrees), using a strong superconducting magnet. The fuel of nuclear fusion comes from seawater (deuterium=2H), so it is possible to generate power without CO2 emissions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

(iii) Strengthening the foundation for ESG management

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

<Specific Initiatives Toward Achieving Vision 2030>

Under the 2025 Medium-term Plan, we are working to strengthen or create businesses that solve social issues in each or in combination of the following areas: information, energy, and mobility. To achieve Vision 2030 and drive further growth, we will clarify our targeted timeframes and the ideal state of the Group in these new domains, and actively address a wide range of social challenges.



**(3) Numerical management targets**

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

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

FY2025 Financial Targets

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

FY2025 Sustainability Targets

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

(\*1) We initially set a target of 100% completion for the themes set in FY2022, and this target has already been achieved in FY2024.

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

## 2. Approach and Initiatives toward Sustainability

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

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

### (1) Sustainability in general

We revised the structure of the Group’s existing Corporate Philosophy and established the Furukawa Electric Group Purpose (Core statement: Composing the core of a brighter world.) in March 2024 that serves as the basis for management decisions and inspires each and every employee to take pride in their work and continue taking on challenges.

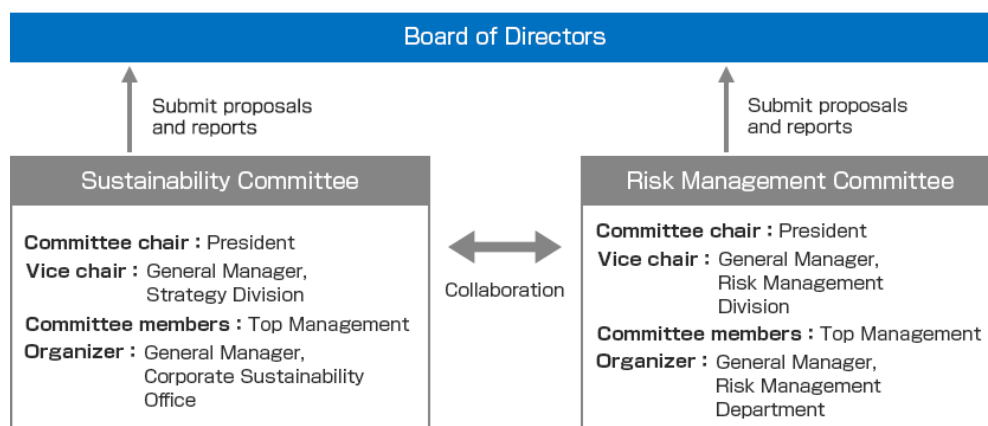
In developing the Group Purpose, we launched a Purpose Establishment Project Team led primarily by young employees. Through this initiative, we held more than 30 dialogue sessions with over 100 employees, including those from overseas group companies (in the United States, Europe, South America, China, and Southeast Asia). Also, the Board of Directors had several discussions on this matter. We are now engaging in activities to instill the Purpose to ensure that every employee understands and resonates with the meaning and significance of the Purpose. Through these efforts, we aim to enhance employee engagement and organizational execution abilities. Furthermore, we are implementing initiatives aimed at achieving Furukawa Electric Group Vision 2030 (hereafter the “Vision 2030”), our ideal state in 2030, defined based on the Purpose, aiming to realize sustainable growth and enhance the Group’s corporate value over the medium to long term.

Please refer to “1. Management Policy, Business Environment, and Issues to Be Addressed, (1) Basic management policy” for the text of the Purpose, and “(3) Human capital (including diversity of personnel)” for the activities to instill the Purpose.

### (i) Governance

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

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



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

Board of Directors	Nov. 2018	Formulation of the FEG Vision 2030
	Nov. 2018–Dec. 2019	Identification of material issues
	Apr. 2019	Revision of the FEG CSR Code of Conduct
	Jul. 2021–Aug. 2021	Establishment of the FEG Basic Policy on Sustainability
	May 2022	Setting of sustainability indicators and targets
	Mar. 2023–Mar. 2024	Establishment of the FEG Purpose
	Aug. 2024	Revision of the FEG CSR Code of Conduct, Human Rights Policy, Basic Policy on Sustainability, and Guidelines on Corporate Governance
	Mar. 2025	Change in the corporate governance structure for the transition to a Company with an Audit & Supervisory Committee
Management Committee	Nov. 2018–May 2019	Formulation of the FEG Vision 2030
	Nov. 2018–Sep. 2020	Identification and disclosure of material issues
	Apr. 2019	Revision of the FEG CSR Code of Conduct
	Jan. 2020	Signing of the United Nations Global Compact
	July.–Aug. 2021	Establishment of the FEG Basic Policy on Sustainability
	Aug. 2024	Revision of the FEG CSR Code of Conduct, Human Rights Policy, Basic Policy on Sustainability, and Guidelines on Corporate Governance
	Mar. 2025	Change in the corporate governance structure for the transition to a Company with an Audit & Supervisory Committee
Sustainability Committee	Mar. 2022	Setting of sustainability indicators and targets
	Sep. 2022	Establishment of the FEG Responsible Minerals Sourcing Policy
	Sep. 2022–Mar. 2024	Establishment of the FEG Purpose
	Sep. 2024	Report on the progress of sustainability activities
	Mar. 2025	Report on the annual sustainability activities and activity policy for the upcoming fiscal year

Note: The above lists the main agenda items related to overall sustainability activities.

For key agenda items related to “(2) Climate change,” “(3) Human capital (including diversity of personnel),” and “(4) Intellectual property,” please refer to the respective pages.

<ESG-linked Remuneration>

The Company has partially amended the remuneration system for Directors, etc. mainly for the purpose of the remuneration for Directors, etc. other than the Outside Directors and Audit & Supervisory Board Members more explicitly reflecting the results of initiatives toward ESG-related matters, and began applying the new system from July 2023. The revised elements of remuneration include base salary, short-term performance-linked remuneration (individual), short-term performance-linked remuneration (company level), ESG-linked remuneration, and medium-to-long-term performance-linked remuneration. The ESG-linked remuneration is based on the achievement status of sustainability targets in the key management issues (material issues) that the Group must address. When the total of the standard remuneration levels set for each remuneration element is 100%, the proportion of the ESG-linked remuneration to the total remuneration is set at 2-3% depending on the post.

In FY2024, the evaluation item was set as the achievement of FY2023 targets concerning “GHG emissions reduction rate (Scopes 1&2)” —a 21.2% reduction compared to FY2017. The evaluation metrics used to determine ESG-linked remuneration are periodically confirmed and reviewed by the Nominating/Compensation Committee. From FY2025, the “employee engagement score” will be added to the evaluation items.

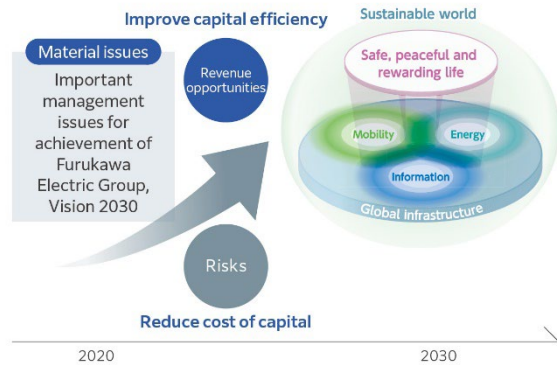
For more information, please refer to “4. Corporate Governance, (4) Remuneration for Directors, etc.”



**(ii) Strategy**

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

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

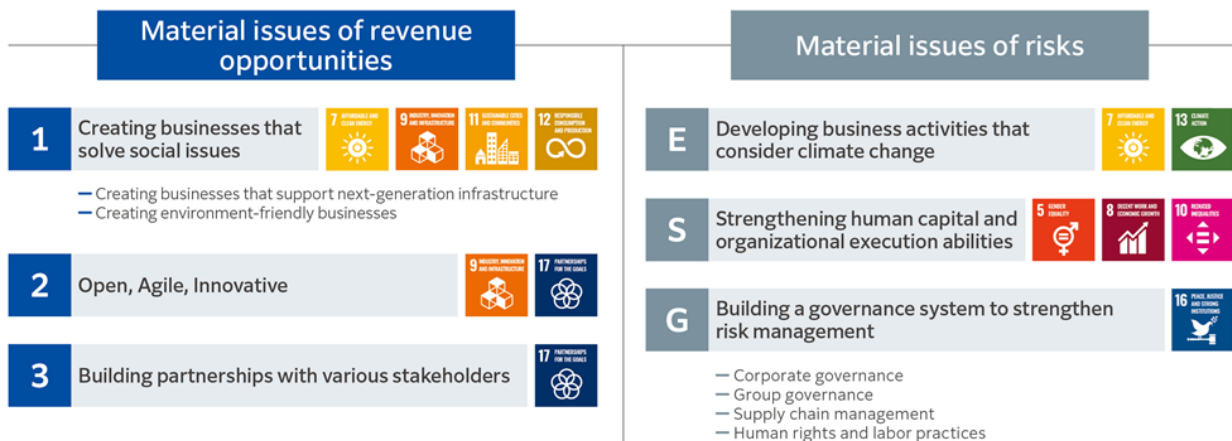


\* In Furukawa Electric Group’s ESG management, “material issues” are defined as important management issues that Furukawa Electric Group must address in order to achieve the Vision 2030, and are used as a term with a meaning different from those used in the finance and accounting context, which are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

<Identifying Material Issues>

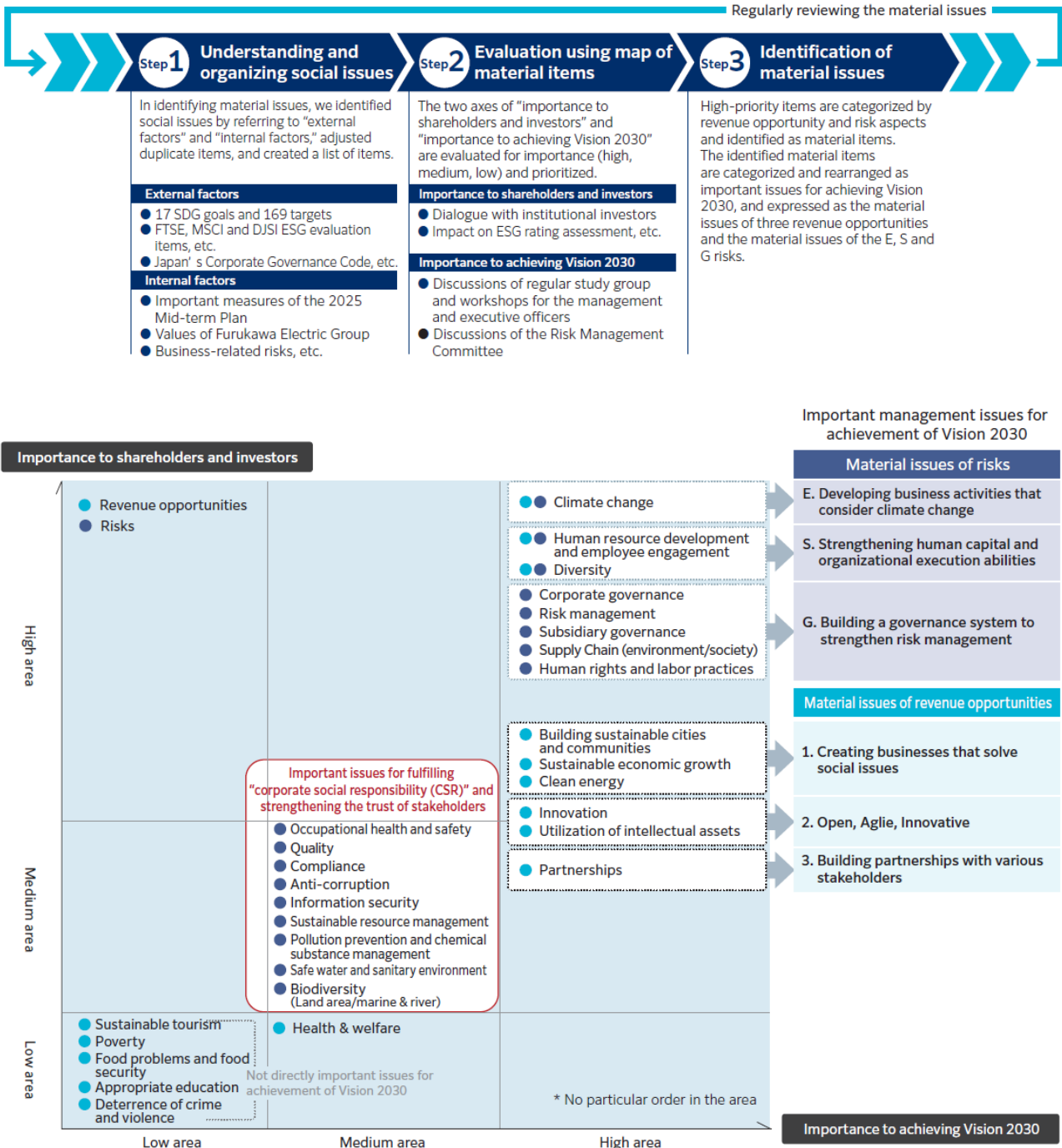
From the perspective of revenue opportunities, in order to help solve various social issues through the business activities of Furukawa Electric Group, we found it indispensable to devise a transformation from the emphasis on “product-out” to the “market-in” and further to the “outside-in” approach,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

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



<Process of Identifying Material Issues>

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



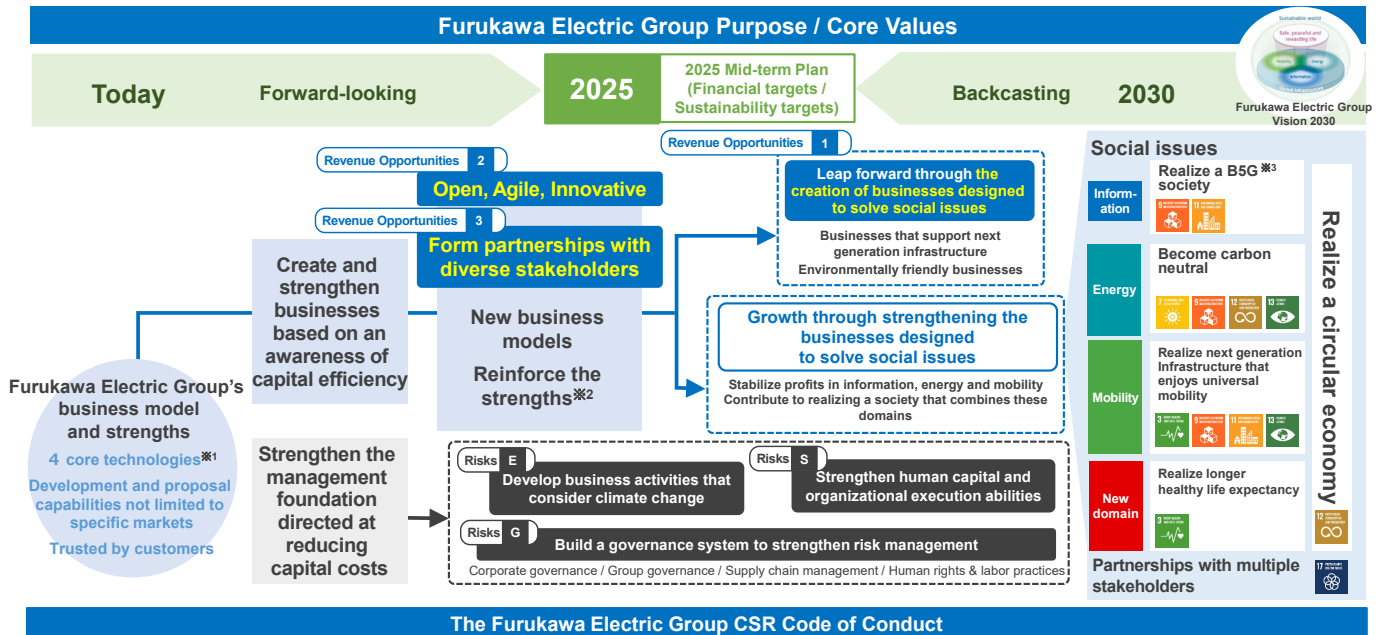
\* With regard to material issues, we distinguish between important issues for achieving Vision 2030 and important issues for fulfilling corporate social responsibility and strengthening the trust of stakeholders.

<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 are implementing the Medium-term Management Plan 2022–2025 (the “2025 Medium-term Plan”), which is formulated with a forward-looking approach toward achieving our ideal state for 2025—a milestone defined through backcasting from the Furukawa Electric Group Vision 2030 (hereinafter Vision 2030), which outlines our ideal state in 2030. 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.

For more information, please refer to “1. Management Policy, Business Environment, and Issues to Be Addressed, (2) Business environment, medium- to long-term management strategies, and issues to be addressed.”



\*1 4 core technologies: metals, polymers, photonics, and high-frequency

\*2 Including enhanced utilization of intellectual property

\*3 B5G (Beyond 5G)

### (iii) Risk management

<Sustainability-related Opportunities and Risk Management>

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

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

Material issues of revenue opportunities:

We are addressing the “creation of businesses that solve social issues” as a material issue of revenue opportunities. For an overview of our initiatives to create such businesses, please refer to “1. Management Policy, Business Environment, and Issues to Be Addressed, (2) Business environment, medium- to long-term management strategy, and issues to be addressed.” For more information on “creation of environment-friendly businesses” among “creation of businesses that solve social issues,” please refer to “(2) Climate change.”

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

Material issues of risks (governance):

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

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

As for “human rights management,” we have implemented human rights due diligence, setting “employees” and “suppliers” as the target stakeholders to be prioritized in terms of human rights issues tackled by our Group in FY 2021. In FY2024, we reassessed human rights risks for each relevant group by refining the severity and likelihood assessment categories to more accurately identify such risks. As a result, for employees, in addition to workplace harassment, which had already been recognized as a key issue, we reaffirmed forced labor, child labor, and occupational health and safety as human rights issues that should be prioritized. For suppliers, we likewise reaffirmed the importance of addressing forced labor, child labor, and occupational health and safety.

With regard to employee harassment, we analyze the results of instances of whistleblowing and compliance awareness surveys, and make necessary improvement measures be implemented. As one of the improvement measures, we have implemented “Education on the Prevention of Discrimination and Harassment” for individuals working in management positions at our Company and at our group companies in Japan and overseas since FY2022. With this, we have set the “implementation rate of human rights risk training for managerial positions” as a sustainability indicator. With regard to forced labor and child labor, we have confirmed that there are no legal violations across the Group and continue to take preventive measures to ensure such practices do not occur. In the area of occupational health and safety, each workplace sets specific targets—such as achieving zero accidents—and actively works to prevent and reduce risks. In identifying these human rights issues, we engage in dialogue with external legal experts and labor unions representing employees. In particular, we maintain ongoing communication with labor unions to help prevent and mitigate adverse impacts.

With regard to suppliers, we are conducting surveys particularly from the perspective of responsible minerals sourcing, including copper—one of the high-volume minerals we handle. Based on these assessments, we have reaffirmed forced labor, child labor, and occupational health and safety as key issues, and are working to mitigate associated adverse impacts. In addition, we conduct surveys to identify actual human rights risks within our supply chain by implementing SAQs based on the CSR Procurement Guidelines. At present, the results of these surveys have not identified any serious issues presenting adverse impacts on human rights. For more information on human rights management for employees, please refer to “(3) Human capital (including diversity of personnel).”

\* SAQ (Self-Assessment Questionnaire)

Material issues of risks (environment):

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

Material issues of risks (social):

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

<Integration into company-wide risk management>

As for the Group-wide risk management, we have established the Risk Management Committee, which comprises senior 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 deliberate on, supervise and promote risk management, internal control and compliance. Each department responsible for risk items, including those identified as risk-related material issues, submits a semi-annual report to the Risk Management Committee outlining its annual action plans and actual activities. The Risk Management Committee evaluates whether appropriate risk controls are being implemented and provides guidance as necessary.

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

#### **(iv) Indicators and targets**

<Sustainability Indicators and Targets>

The Group has defined the ideal state in FY2025 for each of identified material issues—key management issues to achieve Vision 2030—and is implementing specific initiatives to achieve them. We have also established sustainability indicators and targets to measure our progress. With the exception of the employee engagement score and the ratio of female workers in managerial positions, the sustainability indicators for FY2024 have either met or are expected to meet their respective targets for FY2024.

The implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses was originally targeted to reach 100% (full implementation) in FY2025, based on the themes defined at the time the FY2022 targets were established. However, as all targeted themes were implemented in FY2024, the goal has already been achieved. Accordingly, in FY2025, we will shift our focus to applying the results in specific business activities.

Having employee engagement score 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. The Group set a target score of 80 for FY2025 and 77 for FY2024. However, the actual result for FY2024 was 72, falling short of the target. The shortfall is presumed to be due to changes in the composition of survey respondents, including an increased proportion of responses from Japan (including the parent and subsidiaries and associates), as well as changes in the business environment of overseas subsidiaries and associates. Going forward, we will work to improve the score through initiatives to foster greater empathy with the Purpose, efforts to enhance managerial practices among supervisors, and the promotion of dialogue within each department.

The ratio of female workers in managerial positions was 5.4% in FY2024, falling short of the 6% target. This was primarily due to a slowdown in the overall number of female hires, as recruitment activities were focused on technical personnel in line with our business strategy, resulting in the figure remaining at a similar level to the previous year. Moving forward, we will work persistently to improve this ratio by strengthening the talent pipeline from recruitment through to development and promotion, while also providing targeted support to current and prospective female managers.

	Material issue	Sustainability indicator	Scope	Result		Target (Reference value)			
				FY2023	FY2024	FY2023	FY2024	FY2025	
Revenue opportunity	Creating businesses that solve social issues	Sales ratio of environment-friendly products	Group	65.9%	74.0%	66%	68%	70%	
	Open, Agile, Innovative/ Building partnerships with various stakeholders	R&D expense growth rate for new businesses (compared to FY2021)	Group	121%	133%	125%	125%	125%	
		Implementation rate of IP landscaping for strengthening the businesses and themes for creating new businesses	Group	77%	100%	45%	100%*1	_*2	
Risk	Developing business activities that consider climate change	GHG emissions reduction rate (Scopes 1&2)	(Compared to FY2017)	Group	-45.4%	-	-21.2%	(-39%)*3	(-42%)*3
			(Compared to FY2021)		-	-33% (estimate)	-	-14.0%	-18.7%
		Ratio of renewable energy use to total consumption	Group	31.6%	40% (estimate)	12%	25%	30%	
	Strengthening human capital and organizational execution abilities	Employee engagement score*4	Furukawa Electric	63	-	65	-	-	
			Group	76	72	-	77	80	
		Ratio of female workers in managerial positions	Furukawa Electric	5.4%	5.4%	5.0%	6.0%	7.0%	
		Ratio of mid-career hires in total new hires*5	Furukawa Electric	48.8%	54.4%	30%*6	30%*6	30%*6	
	Building a governance system to strengthen risk management	Ratio of follow-up on risk management activities for all risk domains	Group	100%	100%	100%	100%	100%	
		Ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers	Group	65%	84%	40%	70%	100%	
Implementation rate of human rights training for managerial positions		Group	100%	100%	100%*7	100%*7	100%*7		

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

\*2 The target was achieved ahead of schedule in FY2024. In FY2025, we will shift our focus to applying the results in specific business activities.

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

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

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

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

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

**(2) Climate change**

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



**(i) Governance**

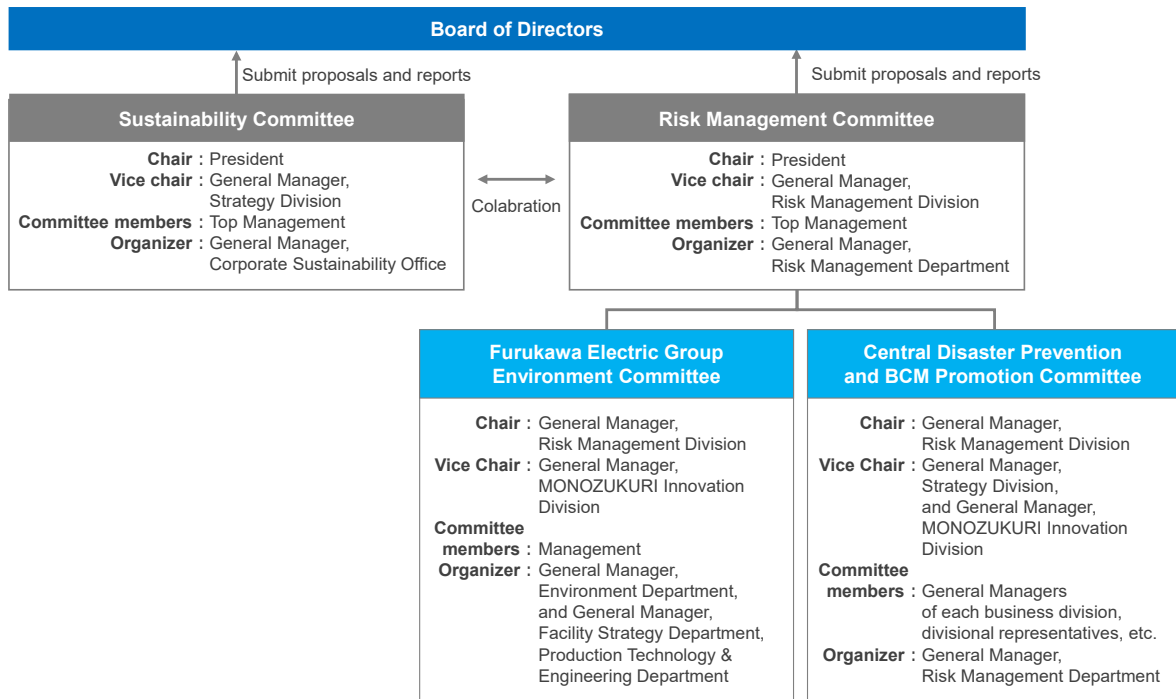
As issues on “Developing business activities that consider climate change,” risk-related material issues, are closely related to management strategy risks of Furukawa Electric Group, they are handled in collaboration with Sustainability Committee, Risk Management Committee, and its special committee,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

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

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

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

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



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

Board of Directors	Feb. 2021	Formulation of the FEG Environmental Vision 2050
	Nov. 2024	Revision of the FEG Environmental Vision 2050
Management Committee	Jan. 2019	Setting of the Environmental Targets 2030; application for an SBT (2°C Targets) initiative certification
	Jan. 2020	Expression of support for the recommendations of TCFD
	Dec. 2020–Feb. 2021	Formulation of the FEG Environmental Vision 2050
	Nov. 2021–Feb. 2022	Revision of the Environmental Targets 2030; application for an SBT (WB 2°C Targets) initiative certification
	Nov.–Dec. 2022	Revision of the Environmental Targets 2030; application for an SBT (1.5°C Targets) initiative certification; and purchase of a renewable energy certificate
	Nov. 2024	Revision of the FEG Environmental Vision 2050

## (ii) Strategy

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

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

In FY2019, we participated in the Scenario Analysis Support Project for Climate-related risks and opportunities in line with the TCFD, conducted by the Ministry of the Environment. We conducted scenario analysis for the Infrastructure business (optical fiber and cable products of the Communications Solutions business and power cables of the Energy Infrastructure business). We then conducted a scenario analysis for the Automotive Products business in FY2020 and for the AT & Functional Plastics business and the Copper & High-performance Material Products business in FY2021, for the Fiber Cable business and the Electric Power business in FY2022, and the Copper Foil business, the Battery business, and FITEL Products in FY2023. Currently, we are conducting scenario analysis for the Industrial Cables & Power Cable Accessories business and will continue to expand the scope of analysis in phases across other business areas.

### <Process of Identifying Climate-related Risks and Opportunities>

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

### <Selection of Scenario Group>

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

1.5°C scenario	World Energy Outlook by the International Energy Agency (IEA) Net Zero Emissions by 2050 Scenario (NZE Scenario)
4°C scenario	Fifth Assessment Report (AR5) by the Intergovernmental Panel on Climate Change (IPCC) RCP8.5 Scenario

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

Short term	Medium term	Long term
Up to FY2028	Up to FY2030	Up to FY2050



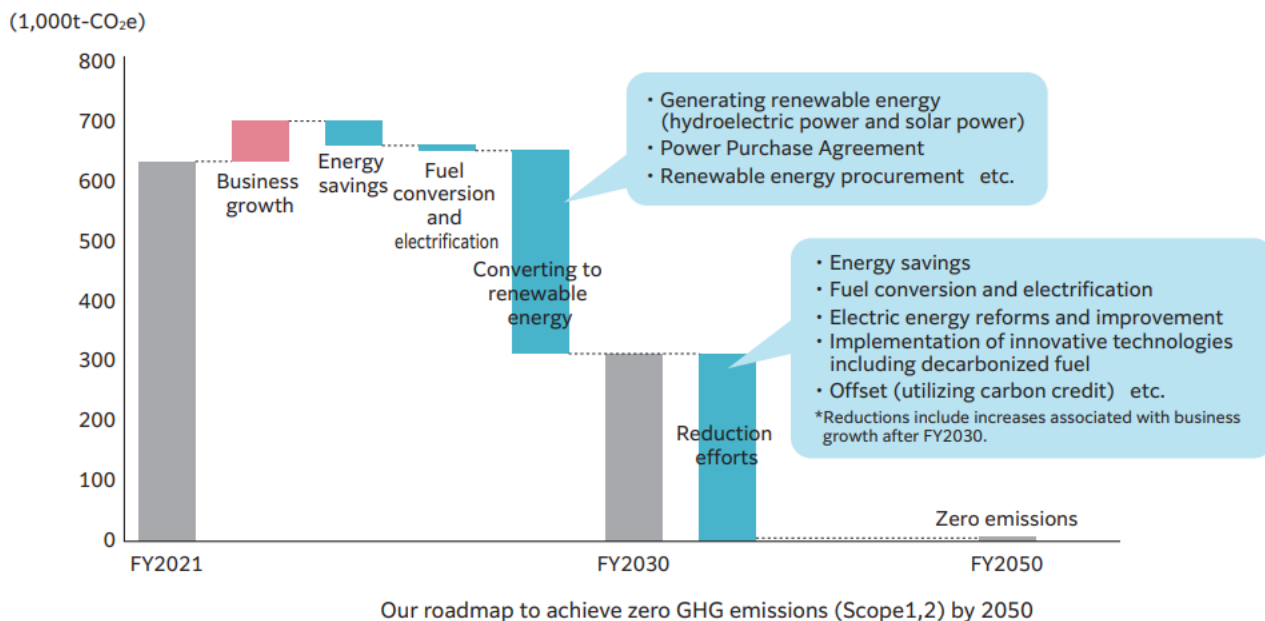
<Overview of Scenario Analysis>

Category		Identified climate-related risks and opportunities	Period to manifest	Business impact in 2030		
				1.5°C	4°C	
Risks	Transition risks	Policies and regulations	• Carbon tax on GHG emissions	Medium to long term	Major	Minor
		Markets	• Increase in procurement costs of renewable energy • Increase in procurement costs of materials (copper, aluminum, plastics) due to carbon taxation	Medium to long term	Major	Minor
	Physical risks	Acute	• Damage to buildings due to large-scale disasters (large typhoons, heavy rains, heavy snow, lightning strikes) caused by abnormal weather • Supply chain disruption of customers or suppliers caused by weather disaster	Medium to long term	Minor	Minor
			• Shut-down of coastal factories caused by flooding and drought	Medium to long term	Medium	Major
		Chronic	• Increase in air conditioning costs due to a rise in average temperature	Medium to long term	Medium	Major
Opportunities	Markets	• Increase in revenue and profit of related products driven by rising demand for reduced power consumption in data centers	Short to medium term	Major	Major	
		• Increase in revenue and profit driven by growing demand for lightweight and high-voltage-compatible products amid the advancement of automotive electrification		Major	Medium	
		• Increase in revenue and profit from demand growth for enhanced core transmission network and power cables along with the expansion of renewable energy and growing electricity demand		Major	Medium	
	Products and services	• Increase in sales from demand growth for low-carbon and carbon-free products and recycled products in response to requests for carbon neutrality and circular economy	Medium to long term	Major	Medium	
		• Technology development toward expanding introduction of next-generation energy	Long term	–	–	
		• Technology development for expanding the implementation of photonic-electronic fusion	Long term	–	–	

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

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

As for the measures to deal with risks, we revised the Environmental Vision 2050 in November 2024, setting a target of achieving GHG emissions across throughout the value chain. In addition, under our Environmental Targets 2030—established as a milestone toward 2050—we have set GHG reduction targets covering Scope 1, 2, and 3 emissions. Among these, the Scope 1 and 2 targets have been positioned as sustainability indicators under the risk-related material issue “developing business activities that consider climate change” in the 2025 Medium-term Plan, with specific goals set for FY2025.



As part of our climate transition plan to achieve the Environmental Vision 2050 and the Environmental Target 2030, we have established a roadmap to achieve zero GHG emissions (Scope 1,2) by 2050 and are promoting efforts to achieve these goals. In order to achieve our Scope 1&2 targets, it is essential not only to promote energy savings and fuel conversion at plants, but also to actively utilize renewable energy. Therefore, we have set the “Ratio of renewable energy use to total electricity consumption” as a sustainability indicator to work toward improving the ratio of renewable energy use (usage of hydroelectric power, installation of solar power system, and introduction of electricity derived from renewable energy.)

In an effort to reduce emissions across the entire value chain, we are working to calculate and understand our value chain emissions (Scope 3). For Scope 3 calculations, we follow the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver. 2.6)” issued by the Ministry of the Environment and Ministry of Economy, Trade and Industry. Emission factor is referenced from the Emission Factor Database for Calculating Greenhouse Gas Emissions of Organizations Through the Supply Chain (ver. 3.3) and AIST-IDEA v3.3 (Japanese version). Within our Group’s Scope 3 emissions, the highest contributing categories are Category 1: Purchased Goods and Services, and Category 11: Use of Sold Products. For Category 1 in particular, we are promoting the use of recycled materials such as copper, aluminum, and plastic, and are encouraging suppliers to calculate and reduce their GHG emissions. We are also working to understand emissions associated with purchased products through a dedicated questionnaire conducted alongside the Self-Assessment Questionnaire (SAQ) based on our CSR Procurement Guidelines.

For more information on our supply chain management, please refer to “(1) Sustainability in general.”

As for the measures to deal with revenue opportunities, we will continue to stabilize revenue from existing businesses and develop a foundation for new business creation during the period of the 2025 Medium-term Plan. We will solve social issues in each business field and contribute to achieving carbon neutrality by 2030. For example, the advancement of information and communications technology and the growing adoption of generative AI are expected to promote more sophisticated energy management and reductions in GHG emissions. At the same time, however, there are concerns about increased power consumption due to the expansion of data centers. The Group sees the growth of the data center market as a business opportunity. By supplying optical fiber and cable, and optical devices, we contribute to the realization of advanced communications infrastructure. Furthermore, to address the increasing heat generation of CPUs, GPUs, and other high-performance components that drive data center power consumption, we support energy efficiency through the provision of thermal management products such as AT products (high-thermal-conductivity semiconductor manufacturing tapes), high-performance heat sinks, and heat pipes. We are also engaged in the research and development of photonic-electronic fusion technologies in preparation for future demands for greater bandwidth, lower latency, and reduced power consumption in the field of information and communications.

In the electric vehicle market within the mobility sector, we are contributing to the spread of low-carbon mobility by expanding the supply of lightweight aluminum wire harnesses as well as high-voltage components such as high-voltage wire harnesses and high-voltage junction boxes. Meanwhile, the increasing electricity consumption in both the information and communications and mobility sectors is driving a growing need in the energy sector for the decarbonization of the power industry—through the expansion of renewable energy—and the reinforcement of core power transmission networks. We are closely monitoring developments in Japan’s energy policy, including the 7th Strategic Energy Plan, and supporting the growth of offshore wind power and the development of next-generation power networks through the supply of power cables. In parallel, we are advancing R&D and new business creation, including the development of high-temperature superconducting wire for nuclear fusion power generation and the establishment of mass production technologies for green LPG.

### (iii) Risk management

<Climate-related Risks and Opportunities>

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

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

As for internal carbon pricing (using a shadow price), setting GHG emissions of each business division calculated using carbon prices (applying 20,000 yen/t-CO<sub>2</sub>e in FY2024) since FY2019, we encourage each business division to be prepared to avoid climate change risks for decarbonization based on the quarterly evaluation and posting effects at the Environmental Committee. In addition, formulating of a renewable energy introduction plan is being promoted for any division that does not meet the target, having established a rule that each business division will bear the increase in procurement costs of renewable energy if the targets are not met since FY2023.

<Integration into company-wide management strategy (under 2025 Medium-term Plan) and company-wide risk management>

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

For more information, please refer to “1. Management Policy, Business Environment, and Issues to Be Addressed, (2) Business environment, medium- to long-term management strategies, and issues to be addressed.”

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

For more information, please refer to “3. Business Risks.”

### (iv) Indicators and targets

<Furukawa Electric Group Environmental Vision 2050> (Revised in November 2024)

Environmental Vision 2050 embraces the contribution to the realization of a sustainable society throughout the value chain through the provision of environment-friendly products and services and recycling-based production activities. As part of our contribution to the realization of a carbon-free society, we aim to achieve net-zero GHGs emissions across our entire value chain.

<Environmental Targets 2030> (Revised in November 2022)

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

- (1) Greenhouse gas emissions from business activities (Scopes 1&2): Reduce by at least 42% compared to FY2021
  - (2) Greenhouse gas emissions in the value chain (Scope 3): Reduce by at least 25% compared to FY2021
- Scope 1: Direct emissions from own factories and offices  
Scope 2: Indirect emissions from the use of electricity, heat, etc. purchased by the company  
Scope 3: Indirect emissions other than Scopes 1 and 2 (emissions by other companies related to the activities of the business operator)

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

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



<Results and Targets> ★: Sustainability Indicator

In FY2024, we further promoted the introduction of renewable energy which we have been actively promoting since FY2022. At the Mie No. 1 Plant, which manufactures AT products, we switched 100% of our electricity consumption to renewable energy as of April 2023. In addition, at the newly established Mie No. 2 Plant in May 2024, we installed solar power generation facilities on the rooftop using an on-site PPA model. By covering part of the electricity used with solar power, we expect to contribute to reducing GHG emissions during the manufacturing of AT products. We also promote to install solar power systems and switch to procuring renewable energy in other business sites of our company and production sites in Japan and overseas. As a result, we expect to achieve the FY2024 targets, “GHG emissions reduction rate (Scopes 1&2)” and “Ratio of renewable energy use to total electricity consumption.

Indicator	Scope	Base year	Result			Target (Reference value)			Vision
			FY2022	FY2023	FY2024	FY2024	FY2025	FY2030	FY2050
★Sales ratio of environment-friendly products	Group	–	65.0%	65.9%	74.0%	68%	70%	–	–
★GHG emissions reduction rate (Scopes 1&2)*1	Group	2017	-36.8%	-45.4%	–	(-39%)*2	(-42%)*2	(-59%)*2	Net zero emissions
		2021	–	–	-33% (Estimate)	-14.0%	-18.7%	-42%	
GHG emissions reduction rate (Scope 3)	Group	2019	-6%	-11.3%	–	–	–	–	
		2021	–	–	(Under calculation)	-8.3%	-11%	-25%	
★Ratio of renewable energy use to total consumption	Group	–	20.2%	31.6%	40% (Estimate)	25%	30%	50%	–

\*1 The greenhouse gas emissions produced by our Group are mainly energy-derived carbon dioxide (CO<sub>2</sub>) and sulfur hexafluoride (SF<sub>6</sub>).

\*2 Starting from FY2024, base year is updated to FY2021; the reduction target value when applied to the former base year of FY2017 is also shown for reference purposes.

**(3) Human capital (including diversity of personnel)**

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

We revised the structure of the Group’s existing Corporate Philosophy and established the Furukawa Electric Group Purpose in March 2024 that serves as the basis for management decisions and inspires each and every employee to take pride in their work and continue taking on challenges. We have positioned “Furukawa Electric Group Vision for Our People” as our ideal state of people and organization toward achieving this Purpose. The growth of each and every one of our diverse personnel is the driving force behind the success of our Group, and we aim for the growth of both individual and the organization through teamwork to produce results.

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

# Furukawa Electric Group Vision for Our People



The people of Furukawa Electric Group are our greatest value.

We recognize that investment in the development of our people will enable sustainable long-term success of our Group.

**Role of the Individual**

- Each individual proactively and continuously develop and deliver the best of their skills and competencies through engagement and collaboration.
- As a member of both Furukawa Electric Group and the global community, each individual must work with ethics and integrity in mind, and put their effort towards making the world a better place.

**Role of the Leader**

- Leaders encourage the engagement of all people while supporting the growth of the individual.
- Leaders facilitate the transformation of the individual's skills and competencies to deliver successful organizational accomplishments.
- Leaders demonstrate behaviors that support a creative and positive organizational culture through teamwork and collaboration.

**Principles of Human Resources**

- All human resource policies, procedures and systems will reflect fairness, support diversity and encourage all of our talent to proactively challenge and develop themselves.
- By fostering on organizational culture which value people, Furukawa Electric Group will nurture each individual's confidence in the company.

**(i) Governance**

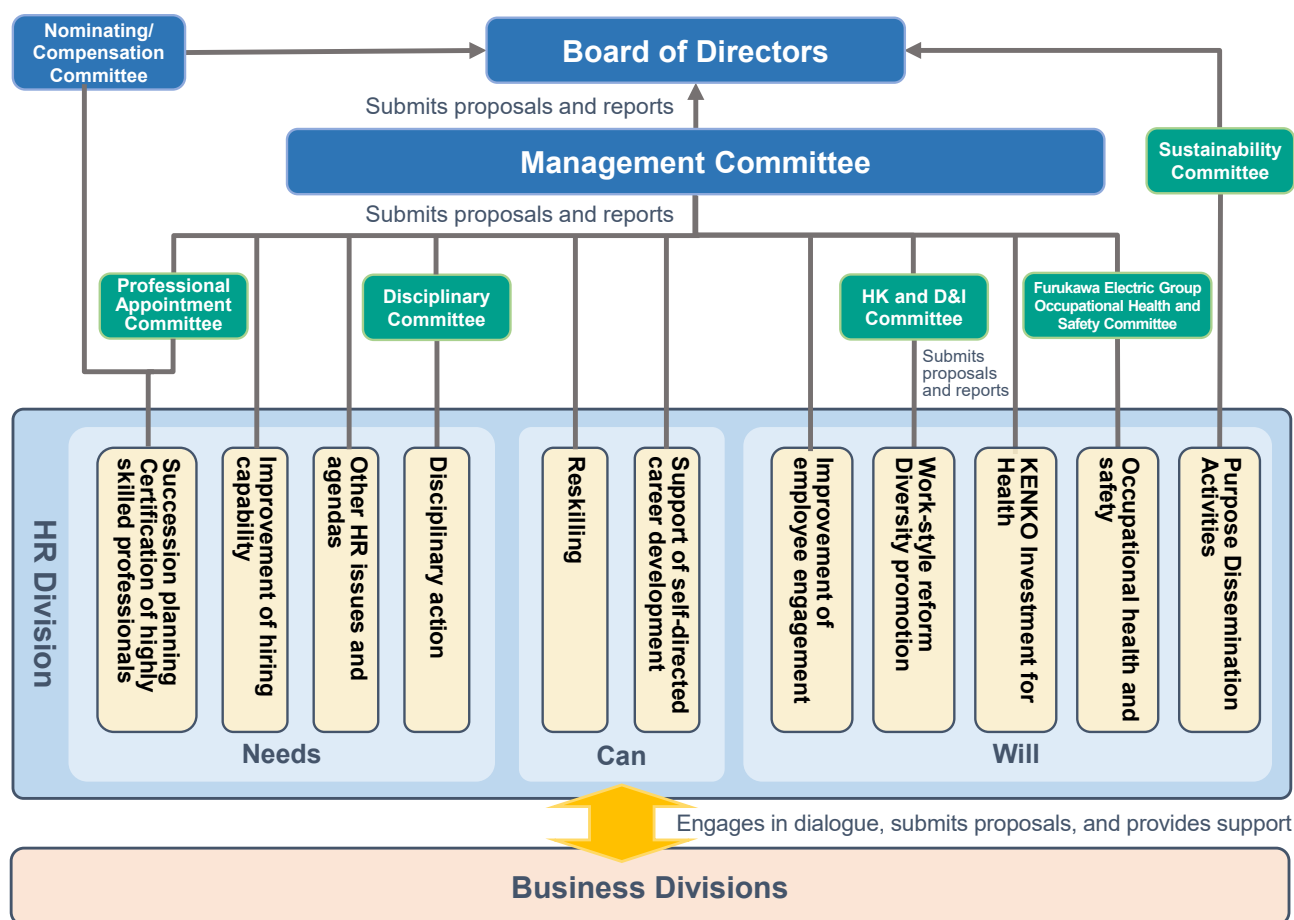
As issues on “strengthening human capital and organizational execution abilities,” risk-related material issues, are not only management risks for our Group, but also the most important key management issues directly related to management strategy, we have established a system for executing personnel strategies, headed by the General Manager of the Strategy Division. The issues are executed, discussed and resolved at the Management Committee.

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

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

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

<Governance Structure for Addressing Key Human Resources Issues within Furukawa Electric Group (FEG)>



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

Board of Directors	Nov. 2018	Formulation of the FEG Vision for Our People; medium-term measures of HR Management Dept.
	May 2022	Addition of “Human rights and labor practices” to material issues
	Mar. 2023–Mar. 2024	Establishment of the Furukawa Electric Group’s Purpose
	Feb. 2024	Activities to reinforce human capital and organizational execution abilities (engagement)
	Dec. 2024	Status and direction of personnel measures in the 2025 Medium-term Plan
Management Committee	Mar. 2025	Progress report on strengthening recruitment capabilities
	Oct. 2018	Formulation of the FEG Vision for Our People; medium-term measures of HR Management Dept.
	Jan. 2020	Formulation of the FEG Human Rights Policy
	Nov. 2022	Direction of personnel measures based on the concept of human capital management
	Feb. 2023	Activities to reinforce human capital and organizational execution abilities; disclosed human capital indicators
	Jun. 2023	Introduction of internal recruitment system
	Jul. 2023, Feb. 2024	Introduction of reskilling measures
	Apr., Aug. 2024	Revision of the retirement benefit system
	Jun. 2024, Feb. 2025	Progress report on KENKO Investment for Health
	Dec. 2024	Report for the current fiscal year on activities to reinforce human capital and organizational execution abilities; activity policy for the upcoming fiscal year
Sustainability Committee	Feb. 2025	Activity report on reskilling measures
	Mar. 2025	Progress report on strengthening recruitment capabilities
	Mar. 2022	Addition of “Human rights and labor practices” to material issues
	Sep. 2022–Mar. 2024	Establishment of the Furukawa Electric Group’s Purpose

**(ii) Strategy**

<Human resource management strategy in the 2025 Medium-term Plan>

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

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



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

We are developing a narrative that envisions building an organizational culture where individuals can continue to thrive with a strong sense of purpose. This involves assembling the talent necessary to execute our management and business strategies, forming an effective organization, and supporting the growth of each individual so they can perform to their full potential. We frame this approach around three key elements—Will, Can, and Needs—and are undertaking specific initiatives based on these elements (see Table 1).

By identifying issues related to these three elements—Will, Can, and Needs—in the course of our day-to-day business activities and addressing them through improvements in alignment with our strategies, we contribute to the execution of our business strategies and the sustainable enhancement of performance, ultimately leading to the achievement of Vision 2030.

(Table 1) The Three Elements: Will, Can, and Needs

What “Will,” “Can,” and “Needs” represent	Key issues and initiatives for FY2024	Ideal state
<p>1) Sharing “Needs” The organization clearly defines the roles, functions, structures, and relevant information that shape the environment in which individuals can thrive. In turn, individuals are able to fully understand and internalize these expectations.</p>	<ul style="list-style-type: none"> <li>• Formulation of a succession plan to secure talent over the medium term, along with initiatives to enhance recruitment capabilities for broader workforce acquisition.</li> <li>• Strengthening the operation of the performance management system by building mechanisms that align individual and organizational goals, thereby improving execution abilities.</li> <li>• Initiatives to address risks related to human rights, labor practices, and labor affairs, from the perspective of reinforcing governance.</li> </ul>	<ul style="list-style-type: none"> <li>• A state in which the necessary talent is secured to execute our business strategies — specifically, individuals capable of driving transformation toward value creation and business development rooted in solving social issues, by leveraging the technological expertise and proposal capabilities that our Group has continuously and sincerely refined.</li> <li>• A state in which a highly equitable human resources system is being operated in a fair and transparent manner.</li> </ul>
<p>2) Increasing “Can” The organization supports individual growth by providing opportunities to gain knowledge and experience, enabling individuals to thrive. In turn, individuals take ownership of their careers and engage in self-directed learning.</p>	<ul style="list-style-type: none"> <li>• Revising the traditional, hierarchy-based training system—which had limited educational opportunities—to promote career autonomy and reskilling (*), enabling more individuals to acquire the knowledge and skills they need.</li> </ul> <p>* The Group defines reskilling as the self-directed acquisition of the knowledge and skills necessary to perform one’s duties, regardless of whether the tasks are new or existing.</p>	<ul style="list-style-type: none"> <li>• A state in which clearly defined career paths, competencies, and skills—required from the perspective of both organizational and individual growth necessary to execute business strategies—are presented, enabling each individual to set clear career goals and grow through self-directed learning.</li> <li>• A state in which talent is being developed that can co-create with customers through the Group’s technological expertise and proposal capabilities, thereby contributing to solving customer issues and expanding the Group’s revenue.</li> </ul>
<p>3) Improving “Will” Individuals are inspired by their environment, find purpose and fulfillment in their work, and are motivated to continue growing and making meaningful contributions.</p>	<ul style="list-style-type: none"> <li>• Promoting initiatives aimed at instilling our Group’s purpose, advancing diversity and inclusion (D&amp;I), and enhancing employee engagement — all to ensure that a diverse range of individuals can resonate with the Group’s Purpose, feel a sense of fulfillment in their work, and continuously develop and demonstrate their skills and expertise.</li> </ul>	<ul style="list-style-type: none"> <li>• A state in which a highly engaged organizational culture has been fostered—one where individuals resonate with our Group’s Purpose and are motivated to continue growing and making meaningful contributions—toward achieving one of our material issues of management: “Strengthening human capital management and organizational execution abilities.”</li> </ul> <p>Furthermore, a state in which leadership is effectively demonstrated to translate individual growth and performance into collective team achievements, fostering a strong sense of team spirit and shared purpose.</p>

<Specific activities>

1) Sharing “Needs”

a) Formulating succession plans and development plans

To develop management personnel and candidates for general manager positions in each organization, we formulate succession plans and development plans. Regarding management personnel, we are building a pool of candidates by utilizing external assessments, providing external training programs, and promoting well-planned transfers, including tough assignments, based on development plans. In addition, the Nominating/Compensation Committee, in which outside directors hold a majority, monitors the appropriateness and operational status of the management personnel development system and works methodically over multiple years on the appointment of executive officers and succession plans for the CEO.

With regard to succession planning for general manager-level positions, we have continued implementing the plans and development programs formulated across all organizations in FY2023. For manager-level positions, we have developed succession plans through discussions between each organization and the HR division, with a focus on building a pipeline of future general manager candidates. In FY2025, we will formulate and implement development plans based on these succession plans.

b) Improvement of hiring

We are working to build a framework for securing diverse talent to support the execution of our management and business strategies. In FY2024, we focused on improving the efficiency of our recruitment operations. Notably, in mid-career hiring, we established more responsive recruitment operations to efficiently meet hiring requests from individual departments and successfully shortened the hiring lead time by 47% year over year. Other key initiatives are as follows:

- Mid-career hiring: Introduced referral recruitment and strengthened post-hire onboarding and retention support
- New graduate hiring: Launched a course-based recruitment system\* and revamped recruiting media, including our corporate



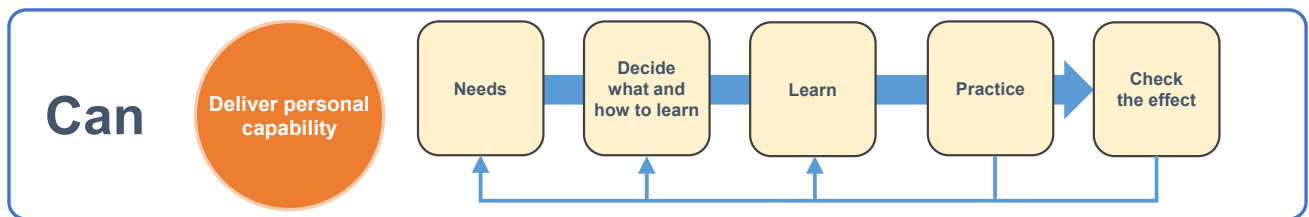
brochure and graduate recruitment website

\* Under the course-based recruitment system, initial assignments are grouped into three categories: “Business Promotion,” “Organizational Management,” and “Potential.”

- c) **Reviewing the operation of the target management system and following up**  
 In revising the personnel system in 2021, we reviewed the operation of the target management system based on the concepts of “promotion of a culture to take on challenge,” “simplicity & openness,” and “human resource development.” Aiming to align the achievement of individual goals with the achievement of higher-level policies and performance improvement, we reinforce the alignment between departmental and divisional policies and individual goal management. Specifically, members attend meetings when setting organizational goals, “degree of importance” and “qualification requirement levels” are set based on the expected roles for each qualification, and coordination meetings are held to calibrate criteria for goal ranking within departments. According to the survey conducted in FY2024 on the initial target-setting meeting, more than 90% of employees responded positively, indicating that they “fully understood” or “largely understood” the organizational policy.
  - d) **“Human rights and labor practice” and responses to risks in the area of labor affairs**  
 Regarding risks associated with “human rights and labor practices,” to fulfill the company’s responsibility to respect human rights, we promote business activities that respect human rights based on FEG Human Rights Policy and conducts human rights due diligence. In addition, we analyze the results of whistleblowing and compliance awareness surveys to take remediation measures when necessary. Furthermore, we engage in dialogue with the labor union representing our employees to ensure shared awareness and to prevent or mitigate any potential negative impacts.  
 To reduce risks in the area of labor affairs, we prepared checklists to assess the labor compliance undertaken in accordance with the laws and regulations of the countries where our group operates, and periodically check the labor risks across the Group. Furthermore, individuals responsible for human resources at group companies in Japan meet twice a year to share information on policies and issues related to human resources and labor within our Group and strive to strengthen the Group’s cooperation on various issues.
- 2) **Increasing “Can”**
- a) **Reskilling**  
 At our Group, we identified gaps between the abilities and skills required for both company and individual growth in order to realize our business strategies, and engaged in discussions with senior management and each organizational unit to develop mechanisms for acquiring those capabilities and skills. As a result, we defined reskilling as “voluntary learning of knowledge and skills necessary for executing work, whether those are new or existing.”

Specifically, to support the process of individual skill acquisition and development (Figure 2), we changed the learning environment in which “some individuals learn a uniform set of skills at a predetermined timing, frequency, and location” to “individuals can learn a wide variety of skills anytime, anywhere, and as often as they want. Based on the above, we designed to introduce a new e-learning system that will enable to offer such learning opportunities across the Company in FY2024. As a result, we have created an environment where individuals are free to learn a wide variety of skills at their own pace. By replacing some traditional training programs with digital alternatives, employees can now access learning content at any time, allowing for greater flexibility in when and how they learn—including preparation and review. We are also working to maximize the effectiveness of learning by integrating e-learning into pre- and post-training components of conventional curricula. In addition, we provide opportunities for cross-organizational and cross-functional learning, enabling employees to learn from one another beyond the boundaries of their own teams. Going forward, we will continue to support self-directed learning and personal growth.

(Figure 2) Process of individual skill acquisition and development



- b) **Global Human Resources Training System**  
 We started our Global Business Leader (GBL) training in FY2006, and in FY2013, this was reformed into the Global Mindset Program (GMP), with an extra emphasis being placed on global human resource education. We have also operated a Global Development Program (GDP) for overseas local employees since FY2010 with the aim of strengthening links within Furukawa Electric Group, with the curriculum being partly shared with the GMP. Furthermore, in FY2014, we launched the Global Challenge Program (GCP). This program involves the dispatch of younger employees to foreign countries for certain periods of time, allowing us to secure diverse talent and provide opportunities for growth.

c) Support for self-directed career development

(i) Career Support Office

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

(ii) Mechanisms for individuals to choose their careers

Since FY2021, we have been operating an in-house secondary job system (F Career Challenge). This system allows employees to use up to 20% of their workload to volunteer for participation in projects that interest them and constitutes a mechanism serving to contribute to their own growth, fulfillment, and career development. Since the inception of the system, 170 employees have participated in 72 projects. In FY2024 alone, 24 projects involving 58 participants were carried out, indicating an upward trend. This has served as a source of great stimulation for the departments taking on the volunteering employees, improved the motivation of the volunteering employees themselves, and has had a positive impact on the departments sending volunteering employees to participate in such projects. In FY2024, in order to accelerate the realization of more self-directed careers for our employees, we formally launched an internal open recruitment system, which allows employees to volunteer for organizational transfers. There were 34 applicants and 13 successful matches for 82 internal job openings. The results exceeded those of the pilot implementation in FY2023, which saw 57 internal job postings, 34 applicants, and 10 successful matches. As awareness of these programs increases, career autonomy support is having a positive impact on both individuals and the organization. We will continue to promote and enhance these initiatives going forward.

3) Improving "Will"

a) Instilling our philosophy

We revised the structure of the Group's existing Corporate Philosophy and established the Furukawa Electric Group Purpose in March 2024 that serves as the basis for management decisions and inspires each and every employee to take pride in their work and continue taking on challenges.

We view the instillation of our Purpose as a four-step process: awareness, understanding, empathy, and action. In FY2024, we launched initiatives focused first on expanding awareness and then on deepening understanding and empathy. To raise awareness, we implemented a range of measures including the dissemination of top management messages, publication of a special issue of the Group newsletter, video communications, poster displays, distribution of credo cards, and airing of a TV commercial themed around our Purpose. To foster understanding and empathy, we created opportunities for employees to reflect on how the Group's Purpose relates to their own organization and to themselves. Specifically, for organizations, we held workshops for senior management across the Group, where participants discussed what the Furukawa Electric Group Purpose means for their respective teams and created their own organizational purpose statements. These were then communicated back to their teams in the participants' own words, along with the intentions behind them. For individuals, we conducted a pilot "My Purpose Workshop" for managerial employees in headquarters functions. Through games and activities designed to explore one's personal values, participants were encouraged to reflect on their own sense of purpose in an enjoyable, engaging way.

Within our Group's philosophy system, we have defined the values we consider essential for sustainable growth into the future as Core Values. To promote their integration, we regularly conduct dedicated workshops and encourage reflection based on these values during routine meetings and other daily interactions.

With the aim of enhancing employee engagement and achieving organizational goals, we will continue to pursue these initiatives with persistence—seeking to foster a state in which every employee finds meaning and motivation in their work, internalizes our Purpose, and takes daily action guided by our Core Values.

## b) Engagement

We believe that cultivating a highly engaged organizational culture—where each employee resonates with our Purpose and feels motivated to grow and thrive within the Group—will enable us to develop and retain the talent necessary to execute our business strategies and contribute to the sustainable enhancement of corporate value. To this end, we launched the Furukawa E-Survey in FY2022 to visualize the state of our human capital and organizational execution abilities, and to reflect the findings in our business operations through targeted improvement measures. The employee engagement score derived from this survey has been set as a sustainability indicator under the 2025 Medium-term Plan, and we are steadily implementing various initiatives to achieve this target.

As part of our efforts to enhance engagement, we held dialogues between the HR division and each business unit, including certain subsidiaries and associates, based on the survey results. These dialogues helped identify organizational concerns and issues related to talent management. The HR division provided close support throughout the improvement process. In addition, successful initiatives identified through these discussions were shared across the Group by being featured as best practices on the internal portal.

Analysis of the survey results revealed improvements in two areas that strongly correlate with higher engagement scores: “degree of instillation of corporate philosophy and policies” and “degree of improvement in operational efficiency.” Qualitative feedback from individual departments also pointed to several key insights, including improved communication between managers and subordinates, the need to strengthen organizational management structures, and a growing demand for enhanced management skills among supervisors. Based on these findings, we are prioritizing the following areas in our next round of improvement activities, particularly for the parent company:

- Further instilling corporate philosophy and policies

Department heads and managers are encouraged to clearly communicate the Group’s Purpose, business strategies, and goals. Each organization is working to strengthen internal communication so that employees can internalize these messages, find purpose in their work, and experience personal growth.

- Improving operational efficiency

To generate results and achieve goals, we are working to improve “business processes and organizational management,” with the aim of transforming into a more productive organization. As part of this effort, we will enhance the management skills of our managerial staff.

## c) Promoting diversity & inclusion (D&I)

We promote diversity and inclusion (D&I) as a key element in strengthening our human capital foundation for sustainable corporate growth. To lead these efforts, we have established the HK and D&I Committee, chaired by the President, and are implementing company-wide initiatives to advance D&I across the organization. These initiatives have also been recognized externally. We have been awarded the highest (third-level) “Eruboshi” certification under the Act on Promotion of Women’s Participation and Advancement in the Workplace, in recognition of our efforts to promote women’s empowerment.



For the promotion of women’s participation and advancement, we consider it particularly important to ensure diversity in the decision-making level and set the ratio of female workers in managerial positions as a sustainability indicator in the 2025 Medium-term Plan. Positioning the low number of female employees as the important issue, we are persistently working to maintain and enhance our human resource pipeline starting from the hiring phase to developing and promoting core personnel. In terms of development and promotion, each department is working closely with the HR division to align their understanding of the talent pool and future position opportunities. Based on this shared perspective, we are formulating and implementing individualized development plans for potential female managerial candidates. With regard to the gender pay gap, our compensation system is designed to minimize disparities within each job grade and classification. However, we recognize that the primary factor contributing to the overall gap is the higher proportion of women in general staff positions compared to managerial roles. This is particularly influenced by differences in working styles between men and women during the child-rearing stage. To address this issue, we will continue to strengthen the talent pipeline and focus on improving the workplace environment from a work-life balance perspective. At the same time, we are engaging in proactive communication and awareness-raising efforts for employees to support better understanding and participation in these initiatives.

As part of our workstyle reform initiatives aimed at enabling a broader range of individuals to thrive and enhancing overall productivity, we are promoting measures from both the “work-style reform” and “organizational culture reform” perspectives. We are expanding flexible work systems to support better work-life balance for employees. These include initiatives to support balancing work with life events such as childcare and nursing care, the introduction of remote work arrangements for employees in distant locations, and the continued encouragement of hybrid work models—combining telework and in-office attendance—since the COVID-19 pandemic. Since 2007, we have been proactively working to enhance our childcare support as a business with a “Kurumin” certification, a certification for companies that are proactively working to support balancing work and childcare. Looking ahead, we have set a new target of achieving a 100% paternity leave utilization rate from FY2025 and are planning specific initiatives to meet this goal.



In addition, we are actively promoting the employment of persons with disabilities not only as part of our social responsibility, but also from the perspective of diversity and inclusion (D&I), with the aim of contributing to a more inclusive society. We are expanding employment opportunities across Group companies, including our special-purpose subsidiary Furukawa New Leaf Co., Ltd., while also improving workplace accessibility—such as barrier-free facilities and the introduction of remote work options—to create a more accommodating and inclusive working environment.

d) Leadership and team mind

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

e) Promoting health and safety and KENKO Investment for Health

(i) Employee health and safety

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

(ii) Promoting KENKO Investment for Health

We define “KENKO Investment for Health” as the aim for each employee to achieve good physical, mental and social conditions (well-being). Based on the belief that improving the vitality and performance of employees will lead to the growth of organizations and companies, we are promoting various KENKO Investment for Health measures as a unified organization. From the managerial viewpoint, “Furukawa Electric Group KENKO Investment for Health Declaration” was established in 2017, in order to promote “KENKO Investment for Health” which strategically strives for the KENKO Investment for Health and the health promotion of the employees. We assist our employees in raising their health consciousness and actively engaging in their own health promotion. Specifically, we have formulated a “KENKO Investment of Health” Strategy Map, through which we promote initiatives based on five key pillars: health literacy, mental health, lifestyle habits, physical activity, and smoking cessation. Various programs and measures are being developed and implemented around these focus areas.

In recognition of these activities, the company has been recognized as a “KENKO Investment for Health Outstanding Organization” for nine consecutive years since 2017.

**(iii) Risk management**

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

As issues on “strengthening human capital and organizational execution abilities,” risk-related material issues, are not only management risks for our Group, but also the most important key management issues directly related to management strategy aimed at revenue growth and other business objectives. To address this, we have implemented the Furukawa E-Survey, an assessment of human capital and organizational execution abilities, since FY2022 to visualize the state of our human capital and organizations. By operating a PDS cycle\*, in which improvement measures based on the survey results are reflected in our business activities, we are promoting both risk mitigation and the capture of revenue opportunities.

A decline in employee engagement can increase risks such as reduced motivation, lower productivity and performance, decreased quality of services, higher turnover rates, and difficulty in attracting top talent. Conversely, improvements in engagement are expected to produce the opposite effects. For this reason, we have designated the “employee engagement score” from the Furukawa E-Survey as a sustainability indicator. Along with this, we are also tracking the “ratio of female workers in managerial positions” and “ratio of mid-career hires in total new hires.” Progress on these indicators is regularly reviewed in the Management Committee and the Sustainability Committee, where countermeasures are discussed as necessary. These matters are also periodically reported to and shared with the Board of Directors.

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

\* PDS cycle: Plan-Do-See cycle

#### (iv) Indicators and targets

##### <Results and targets>

##### 1) Employee engagement score

We have designated the employee engagement score from the Furukawa E-Survey as a sustainability indicator under the 2025 Medium-term Plan, with a Group-wide target score of 80 in FY2025. The target for FY2024 was set at 77, but the actual result was 72 (94.7% of the previous year's level). This was due to a higher proportion of responses from Japan (the parent company and domestic subsidiaries and associates), as well as changes in the business environment at overseas subsidiaries and associates. Meanwhile, the score for Japan (the parent company and domestic subsidiaries and associates) was 63, the same as the previous year (100%). Analysis of the survey results showed positive trends in areas strongly correlated with engagement score improvements—namely, the “degree of instillation of corporate philosophy and policies,” and degree of improvement in operational efficiency.” Through dialogue with individual departments of the parent company, we also obtained qualitative insights such as “improved communication between managers and subordinates,” “the need to strengthen organizational management structures,” and “a growing demand for enhanced management skills among supervisors.” These findings reaffirm the importance of sustained efforts to raise engagement levels, and we will continue to pursue initiatives in this area with persistence. Note that, initially, engagement targets were set only for the parent company, but starting in FY2024, we expanded the survey scope to include the entire Group and updated the targets accordingly.

For more information on specific initiatives to improve engagement score, please refer to “(ii) Strategy, <Specific activities>.”

Sustainability indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Employee engagement score	Furukawa Electric	Result	65	63	63	–	–
		Target	Started measuring	65	–	–	–
	Group	Result	–	76	72	–	–
		Target	–	–	77	80	85

##### 2) Ratio of female workers in managerial positions (management, career-track, and clerical positions)

The target for the ratio of female workers in managerial positions in FY2024 was 6%, while the actual result was 5.4%. This outcome was primarily due to a strategic focus on hiring technical personnel in line with our business strategy, which led to a slower increase in the overall number of female hires and resulted in the figure remaining roughly flat compared to the previous year. Looking ahead, we will continue making persistent efforts to increase the ratio of female workers in managerial positions. This includes strengthening the pipeline from recruitment through to development and promotion, as well as providing individualized support to current and potential female managerial candidates.

Sustainability indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Ratio of female workers in managerial positions	Furukawa Electric	Result	4.8%	5.4%	5.4%	–	–
		Target	4.5%	5.0%	6.0%	7.0%	15.0%

##### 3) Ratio of mid-career hires in total new hires

To secure diverse talent essential for executing our management and business strategies, and to strengthen our growth businesses, we have designated the ratio of mid-career hires in total new hires as a sustainability indicator. We are continuously focusing on this initiative, aligning hiring plans with the needs of each department. In FY2024, the actual ratio reached 54.4%, exceeding the target of 30%.

Sustainability indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Ratio of mid-career hires in total new hires	Furukawa Electric	Result	45.7%	48.8%	54.4%	–	–
		Target	30%	30%	30%	30%	–

##### <Reference indicators>

##### 4) Research and education expenses per capita

Sustainability indicator	Scope	FY2023 Result	FY2024 Result
Research and education expenses per capita	Furukawa Electric	¥90,000	¥117,000

##### 5) Turnover rate

Sustainability indicator	Scope	FY2023 Result	FY2024 Result
Turnover rate	Furukawa Electric	3.4%	3.4%

## 6) Result of other indicators

Indicator		FY2023 Result		FY2024 Result	
		Furukawa Electric	Domestic group companies*1	Furukawa Electric	Domestic group companies*1
Share of women in employees		12.9%	18.9%	13.2%	19.4%
Share of women in managers		5.4%	4.3%	5.4%	4.7%
Share of women in manager candidates		13.8%	–	14.4%	–
Share of women in new hires		21.1%	–	16.2%	–
Ratio of childcare leave taken*2	Male / Ratio of childcare leave taken	103.0%	45.8%	77.2%	70.4%
	Male / Number of persons who had newborns	66 persons	212 persons	101 persons	186 persons
	Male / Number of persons who took childcare leave	68 persons	97 persons	78 persons	131 persons
	Male / Average number of days of leave*3	25 days	–	50 days	–
	Female / Ratio of childcare leave taken	93.8%	98.1%	115.4%	105.0%
	Female / Number of persons who had newborns	16 persons	53 persons	13 persons	40 persons
	Female / Number of persons who took childcare leave	15 persons	52 persons	15 persons	42 persons
	Female / Average number of days of leave*3	345 days	–	384 days	–
Average wages by employment category	Average of all workers	¥6,707,000	–	¥6,895,000	–
	Average of male workers	¥6,972,000	–	¥7,149,000	–
	Average of female workers	¥4,922,000	–	¥5,228,000	–
	Female / Male	70.6%	65.0%	73.1%	65.1%
	Regular employment	¥6,783,000	–	¥6,985,000	–
	Average of male workers	¥7,050,000	–	¥7,248,000	–
	Average of female workers	¥4,988,000	–	¥5,282,000	–
	Female / Male	70.8%	71.2%	72.9%	71.8%
	Non-regular employment	¥4,426,000	–	¥4,985,000	–
	Average of male workers	¥4,652,000	–	¥5,103,000	–
	Average of female workers	¥2,694,000	–	¥3,616,000	–
	Female / Male	57.9%	61.6%	70.9%	57.1%
Average years of service	Regular employees	19.7 years	–	19.1 years	–
	Male	20.3 years	–	19.7 years	–
	Female	16.2 years	–	15.6 years	–
Employment rate of people with disabilities (as of June 1st of each year)		2.42%	–	2.61%	–
Ratio of non-Japanese employees		0.5%	–	0.6%	–
Leave taken (regular employees)	Ratio of leave taken	68.5%	–	67.9%	–
	Number of days granted	23.5 days	–	23.3 days	–
	Number of days taken	16.1 days	–	15.8 days	–
Average monthly overtime hours of regular employees		22.4 hours	–	23.4 hours	–

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

\*2 The ratio of childcare leave taken by male workers is calculated as “the number of persons who started taking childcare leave during the current fiscal year / the number of persons whose partners had newborns.” The ratio of childcare leave taken by female workers is calculated as “the number of persons who started taking childcare leave during the current fiscal year / the number of persons who had newborns.” In addition, persons who took maternity leave are not included in the number of persons who took childcare leave.

\*3 The average number of days of leave is presented as “the average number of days of childcare leave taken by persons in the current fiscal year.”

**(4) Intellectual property**

The Group considers its intellectual assets as crucial management resources. Such intellectual assets include not only intellectual property such as patents and know-how, which are the sources of our strength, but also human assets, organizational capabilities, and customer networks. To enhance utilization of them, we have formulated our Group’s basic policy with the following three pillars. We promote group and global intellectual property activities by integrating business, R&D, and intellectual property.

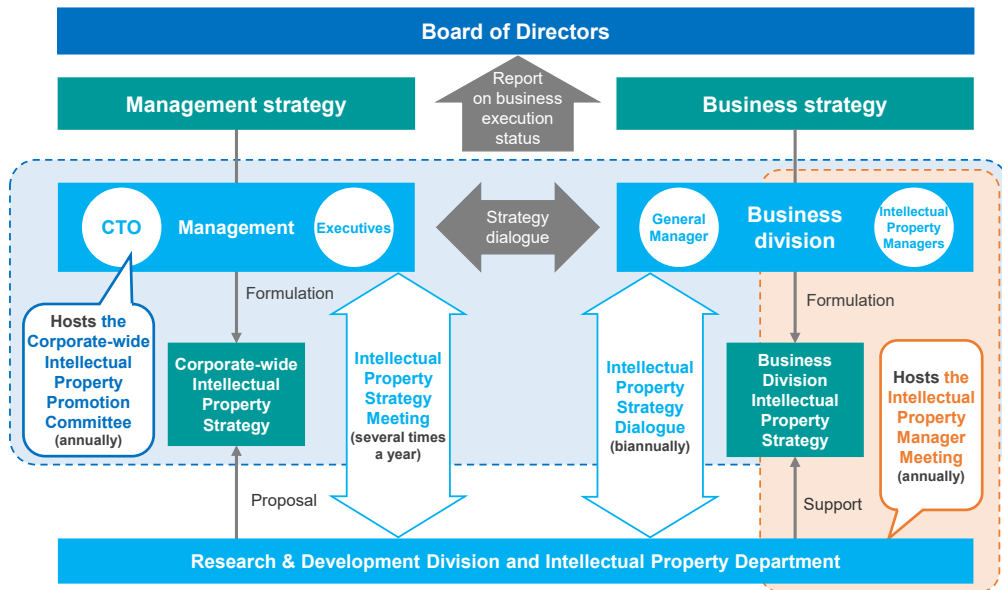
<Intellectual Property Strategy of Furukawa Electric Group>

Three basic policies:

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

**(i) Governance**

Our Group has established the Corporate-wide Intellectual Property Promotion Committee (in principle, held once a year), chaired by the General Manager of the Research & Development Division (CTO) to determine corporate-wide intellectual property activity policies. The intellectual property managers assigned to each business and research division promote the intellectual property activities of their respective divisions in accordance with the corporate-wide intellectual property activity policies. Corporate-wide intellectual property activity policies are proposed and reported to executive officers—including the President who oversee business execution, in the Intellectual Property Strategy Meeting (held, in principle, at least twice a year) hosted by the CTO. In addition, company-wide IP activities are followed in determining specific activities in the Intellectual Property Manager Meeting (held once a year) hosted by the General Manager of the Intellectual Property Department. Information on each business division’s intellectual property strategies are shared for co-creation in the Intellectual Property Strategy Dialogues (held twice a year) hosted by the General Manager of the Intellectual Property Department and attended by business division general managers. Such business execution statuses are reported quarterly to and shared with the Board of Directors.



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

Board of Directors	Feb. 2021	Intellectual property strategy of Furukawa Electric Group
	Nov. 2023	Issues regarding activities for chance maximization and risk minimization
Management Committee	Aug. 2021	Activity plan and status based on corporate-wide intellectual property activity policies
Intellectual Property Strategy Meeting	Feb. 2021	Intellectual property strategy of Furukawa Electric Group
	May 2023	Intellectual property strategy of Furukawa Electric Group; Sharing of progress on IP landscaping
	Sep. 2023	Strategic dialogue on intellectual property with business division general managers; Sharing of progress on IP landscaping
	Jan. 2024	Report on intellectual property activities and achievements in FY2023; Sharing of the intellectual property report
	Jul. 2024	Strategic dialogue on intellectual property with each business division; Sharing of use cases of IP landscaping
	Mar. 2025	Report on intellectual property activities and achievements in FY2024

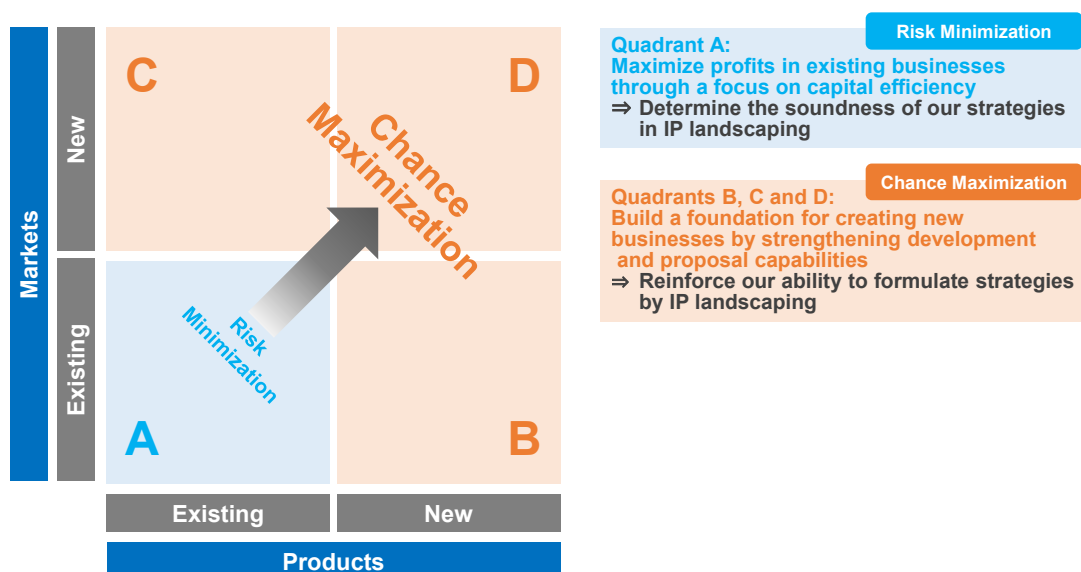
**(ii) Strategy**

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

<Chance Maximization (expansion of business opportunities): 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 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.

In the Quadrant of existing markets and products (Quadrant A), we aim to maximize profits in existing businesses through a focus on capital efficiency, and we are determining the soundness of our strategies in IP landscaping. On the other hand, in the Quadrants related to new markets and products (Quadrants 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. Specifically, we conduct research to anticipate future technologies and explore potential co-creation partners and new markets.





## Specific Use Cases of IP Landscaping

The following are concrete examples of how IP landscaping is being utilized. In support of achieving the Furukawa Electric Group Vision 2030, we are leveraging IP landscaping to visualize our technological strengths—thereby reinforcing our competitiveness in existing markets while also enhancing our ability to expand into new ones, ultimately building the foundation for sustainable growth.

- Strengthening existing businesses (Quadrants A & B): Tapes for semiconductor process

In the area of tapes for semiconductor process, we are introducing next-generation products into existing markets. In response to the rapidly evolving semiconductor industry, we use IP landscaping to visualize our Group's technological strengths and anticipate future technological trends. This helps to reinforce our development strategy and contributes to the overall enhancement of our business competitiveness.

- Creating new businesses (Quadrant C): Infrastructure lasers

Infrastructure lasers are a new product category based on our Group's semiconductor laser technologies, developed through our expertise in optical communications. In entering this new market, we used IP landscaping to analyze the intellectual property landscape of both our company and competitors. This enabled us to secure IP rights in the target business area and formulate strategies to improve our appeal to customers and strengthen our competitive edge.

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

### <Risk minimization (business stabilization): 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 Quadrants 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. In doing so, we support maximizing the revenue of existing businesses with a focus on capital efficiency toward achieving the 2025 Medium-term Plan.

Approximately half of the intellectual property rights (patent rights, utility model rights, design rights, and trademark rights) held by the Group are related to optical fiber cables (Lightera Japan Co., Ltd.), 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 minimize business risks by reducing intellectual property risks.

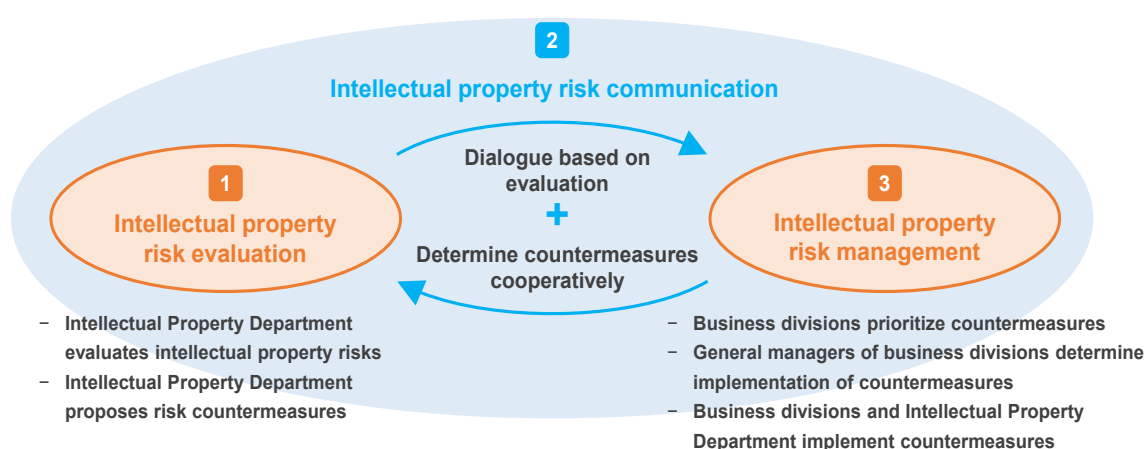
**(iii) Risk management**

<Intellectual property risk management system>

Our CSR Code of Conduct includes “protection of intellectual property rights” and “management of confidential information.”

In accordance with the CSR Code of Conduct, we develop and thoroughly use the intellectual property portfolio based on detailed competitor analysis (as mentioned above). We are also promoting global intellectual property risk reduction activities such as the prevention of technical information leakage. To this end, we have introduced an intellectual property risk management system comprising (1) Intellectual property risk valuation, (2) Intellectual property risk communication, and (3) Intellectual property risk management.

Of these three components, we conduct the intellectual property risk evaluation by reviewing the key IP activity products of each business unit mainly from the viewpoints of whether we have established an IP network to safeguard our business from interference by third-party rights, whether we are infringing on third-party rights, and whether we have implemented measures to prevent the leakage of technological know-how. 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 minimize our business risks by continuously stimulating risk responses.

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

**(iv) Indicators and targets**

<Chance maximization (expansion of business opportunities): IP landscaping>

To promote IP landscaping activities aimed at enhancing our ability to formulate management and business strategies by incorporating intellectual property information into the strategic planning process, we have set the “IP landscaping implementation rate for business enhancement and new business creation themes” in FY2022 as a sustainability indicator for one of the profit opportunity-related material issues. While the original target was to achieve 100% (implementation in all cases) by FY2025, we achieved this target ahead of schedule in FY2024.

Specifically, we conducted the following themes, which were judged to have high priority in terms of confirming business strategies, developing commercialization concepts, and gaining a foothold in customer access: “maximizing the profitability of existing business (e.g., fiber optic cables, power cable systems) with a focus on capital efficiency toward achieving the 2025 Medium-term Plan” and “establishing a foundation for creating new business (e.g., green LP gas) by 2030.” In FY2025, we will leverage these results to drive specific business initiatives.

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

\*1 This means that all projects with respect to the business reinforcing and/or new business creating themes set in FY2022 have been implemented.

\*2 We achieved the target ahead of schedule in FY2024. Going forward, we will leverage these results to drive specific business initiatives.

<Risk minimization (business stabilization): Intellectual property portfolio>

Number of intellectual property rights held	Scope	Result				
		FY2020	FY2021	FY2022	FY2023	FY2024
Number of rights held in Japan	Furukawa Electric	5,107	5,175	5,106	5,205	5,253
Research		–	475	509	553	614
4 business units (*3)		–	2,964	2,864	2,962	3,018
Number of foreign rights held	Furukawa Electric	3,725	3,869	3,893	3,954	4,032
Research		–	327	400	436	525
4 business units (*3)		–	1,995	1,998	2,080	2,103

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

<Reference indicators>

Number of intellectual property rights held	Scope	Result				
		FY2020	FY2021	FY2022	FY2023	FY2024
Number of patents held in Japan	Furukawa Electric	5,107	5,175	5,106	5,205	5,253
Patents		4,388	4,423	4,364	4,455	4,499
Designs		369	375	365	368	375
Trademarks		347	372	372	380	377
Utility models		3	5	5	2	2
Number of foreign patents held	Furukawa Electric	3,725	3,869	3,893	3,954	4,032
Patents		2,976	3,160	3,225	3,333	3,427
Designs		274	228	187	161	143
Trademarks		404	408	411	405	406
Utility models		71	73	70	55	56

### 3. Business Risks

Furukawa Electric Group’s financial results and financial situation are affected by the economic conditions in the various markets in which the Group sells its products and provides services. Recognizing these risks, we are committed to strengthening and enhancing our risk management system to minimize their potential impact. For more information, please refer to “(1) Risk management initiatives” and “(2) Important risks facing the Group” below.

(1) Risk management initiatives

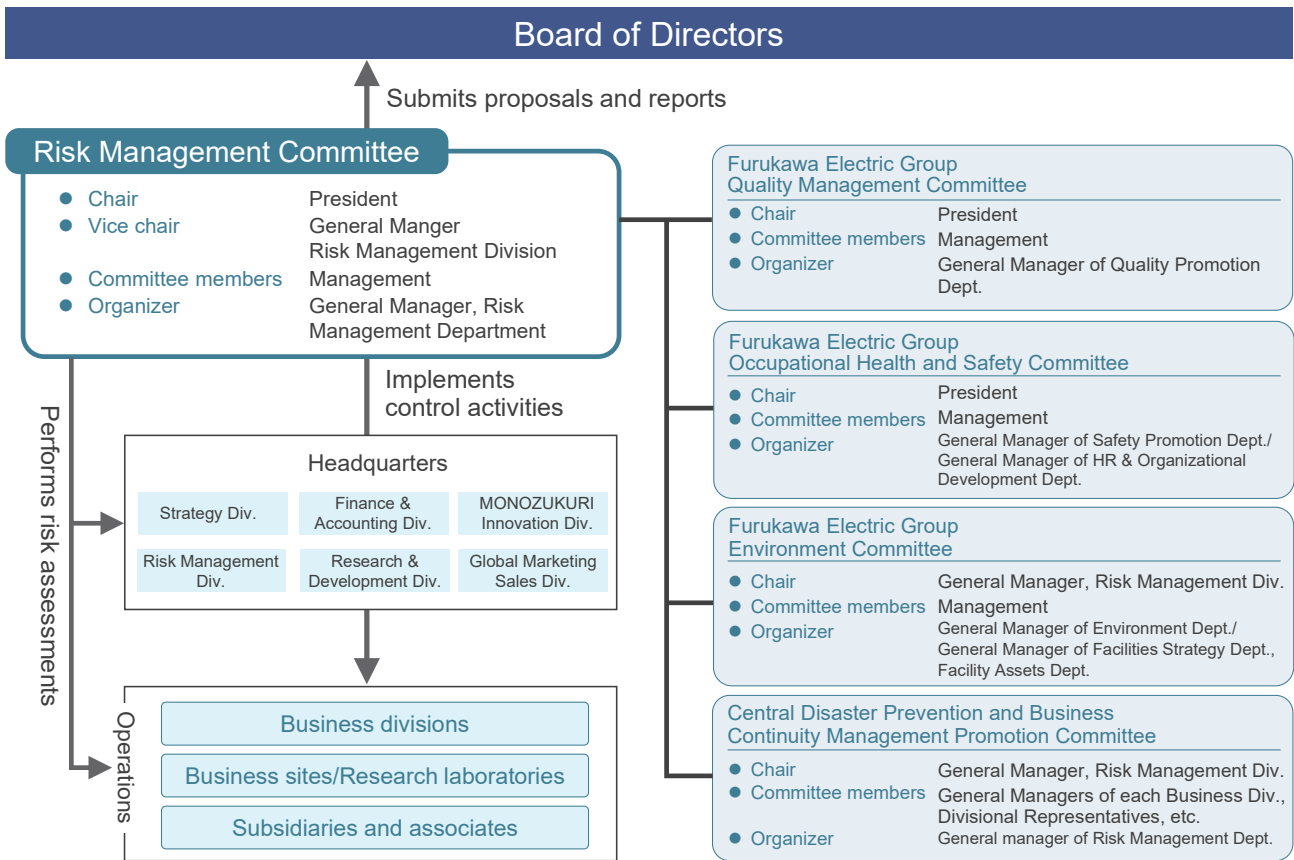
(i) Risk management system and overview

The Group has established the Basic Regulations on Risk Management and Internal Control and formed the Risk Management Committee chaired by the President, with the General Manager of Risk Management Division serving as Vice Chair and executive-level members serving as committee members. This committee deliberates on issues related to risk management, internal control, and compliance across the Group, while also overseeing and promoting activities carried out by each relevant division. The committee is organized by the General Manager of Risk Management Department and, in principle, convenes twice a year.

The Group’s Risk Management Committee takes a comprehensive view of risks through assessments from both management and operational perspectives and identifies important risks that require company-wide response. Among these, “climate change,” “human capital and organizations,” and “human rights and labor practices” are recognized as material risks from management perspectives and are addressed accordingly. Additionally, risks deemed particularly critical—such as quality management, occupational health and safety (including employees’ health), environment, disaster prevention and business continuity management (BCM)—are managed intensively through dedicated subcommittees established under Risk Management Committee. This structure reinforces our Group-wide risk management system for business operations. In addition to these systems, when making key decisions by the Board of Directors and Management Committee, and through review requests for management approval, potential risks associated with each agenda item are explicitly described in materials and duly considered in the decision-making process.

(ii) Framework for risk management activities

To identify and prioritize risks that require focused response by evaluating business risks across the entire organization, the Group conducts a comprehensive annual risk assessment. This includes identifying risks and evaluating their likelihood and potential impact (risk assessment) at each organizational unit, such as business divisions, business locations, and subsidiaries and associates. The results are reported to Risk Management Committee. To continuously expand and deepen our risk controls, each responsible department undertakes control activities addressing specific risk items—including those included in the “Business Risks”—and evaluates the outcomes of those activities. A consolidated evaluation of these control efforts is compiled and reported annually to Risk Management Committee.



(2) Important risks facing the Group

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



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

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

Category	Risk item	Details of the risk	Main responses	Magnitude of impact	Likelihood of occurrence
Operational perspective risks	Raw material and fuel price fluctuations	<ul style="list-style-type: none"> <li>Rapid fluctuations in the price of non-ferrous metals such as copper and aluminum, plastics such as polyethylene and fuels such as heavy fuel oil, LPG and LNG due to changes in supply and demand, speculative transactions and global affairs</li> </ul>	<ul style="list-style-type: none"> <li>Reflect the market prices for non-ferrous metals, plastics and fuels in the product sales price</li> <li>Implement hedges using futures contracts</li> <li>Reduce costs and conserve energy in the production activities</li> <li>Disperse the risk of price fluctuations through procurement from multiple sources</li> </ul>	Med.	High
	Information systems and information security	<ul style="list-style-type: none"> <li>Unauthorized use or system failure resulting from a data leak caused by an external or human factor, such as a cyberattack or unauthorized access</li> <li>Increased security risks caused by the use of legacy systems</li> </ul>	<ul style="list-style-type: none"> <li>Based on the basic policy for information security, strengthen security governance for the entire group, provide education and conduct support activities</li> <li>Protect information assets through measures such as enhancing network security from a zero-trust perspective</li> <li>Implement medium-term initiatives to update the legacy systems</li> </ul>	Med.	High
	Exchange rate, interest rate and share price fluctuations	<ul style="list-style-type: none"> <li>Fluctuations in the yen-denominated value of overseas transactions including import and export and foreign-denominated monetary claims and debt</li> <li>Fluctuations in the yen-denominated balances in the non-consolidated financial statements prepared in local currency at overseas consolidated subsidiaries (Annual profit is expected to decline by about ¥0.4 billion for every ¥1 appreciation in the JPY/USD exchange rate)</li> <li>Increased capital procurement costs due to rising interest rates (Interest-bearing debt as of the end of the current fiscal year is ¥306.2 billion)</li> <li>Increased retirement benefit costs and additional capital infusions from the company due to lower market value of the pension assets</li> </ul>	<ul style="list-style-type: none"> <li>Utilize forward exchange contracts</li> <li>Achieve a proper balance between yen-denominated and foreign-denominated transactions</li> <li>Limit the increase in capital procurement costs resulting from higher interest rates by procuring capital centered on long-term fixed interest rates</li> <li>Reduce interest-bearing debt based on the policy for improving the financial situation and improved capital efficiency through the cash management system (CMS)</li> <li>Structure the asset management portfolio with consideration for reducing asset management risk</li> </ul>	Med.	High
	Research & development and intellectual property	<ul style="list-style-type: none"> <li>Delays to technology development and appearance of alternative products developed through new technology by other companies</li> <li>Litigation, decertification or decreased reputation of the company and its products due to falsification of the research and development data</li> <li>Direct damage or lost opportunities in a business due to a legal dispute with a third party following conclusion of an insufficient technology licensing agreement, or a dispute or negotiations regarding violation of a third party's intellectual property rights</li> <li>Decreased competitive advantages due to the leak of technology</li> </ul>	<ul style="list-style-type: none"> <li>Secure and train personnel with a high level of expertise</li> <li>Secure superiority in technology development through co-creation with external partners</li> <li>Acquire intellectual property rights from the design and development stage, investigate the patents held by other companies and file counter-patents to limit the use of rights by other companies</li> <li>Create technology assets and safeguard them (by classifying them into classified, confidential &amp; intra-company use only, and confidential &amp; intra-division use only; and thoroughly managing information including electronic data); provide education for ensuring legal and regulatory compliance in relation to intellectual property; and conclude confidentiality and other agreements</li> </ul>	Med.	High
	Employee health and safety	<ul style="list-style-type: none"> <li>An employee suffers death, inability to work, permanent disability, long-term leave of absence or health impairment due to an occupational accident, traffic accident or illness</li> <li>Disasters associated with breakdowns due to aging equipment, caused by delays in making decisions to invest in manufacturing facilities</li> </ul>	<ul style="list-style-type: none"> <li>Definitely implement the three pillars of the safety promotion activity (provide and implement safety related knowledge through the training of safety conscious persons, make the facilities safer through activities to promote fundamental safety and establish a safety-oriented organization by improving the level of safety management)</li> <li>Implement measures for improving health literacy, smoking, metabolic syndrome, mental health, improving physical function, heat stroke, as well as measures for establishing a chemical substance management system at each site through the health management policy set forth every year based on the medium-term occupational health and safety plan</li> <li>Improve facility maintenance level and optimize maintenance and renewal plans</li> </ul>	Med.	Med.



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

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

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

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

### *Overview of operating results, etc.*

#### **(1) Operating results**

Looking at the global economy in the current fiscal year, although the United States saw slowing inflation, an improved income environment, and a gradual increase in employment, the US economic outlook has become more uncertain, as evidenced by a slowdown in consumer spending reflecting concern over inflation due to additional tariff measures. In Europe, despite monetary relaxation, benign inflation data, and an improved income environment, the economic recovery remained limited due to sluggish growth of consumer spending and capital expenditure as well as export slowdown. In China, despite the positive impact of the government's stimulus measures, consumer spending was depressed by the impact of a prolonged downturn in the real estate market, and the Chinese economy remained sluggish. Moreover, the global economic environment has remained uncertain due to the Russia-Ukraine situation and the military clash in the Middle East, among others.

In Japan, on the back of high level of corporate earnings, capital expenditures, mainly based on IT-related demands, remained steady. However, an increase in wages/income did not stably exceed a rise in prices and consumer spending lacked momentum, thus, the pace of economic recovery has been moderate.

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

With respect to "maximizing revenue from existing businesses by focusing on capital efficiency," the Group has strived to generate profit by advancing initiatives for optimizing its business portfolio. Key initiatives include: restructuring optical fiber and cable business and metal wire business in order to increase efficiency of business operation under the unified strategy and enhance competitiveness through efficient allocation of resources; and in order to build an advantage of the Company in the growing market through synergy, the acquisition of shares of a company with strong development capability and cost competitiveness of optical connectors and a company which has the world's top-level share in the high-speed optical modulators market, to make them our subsidiaries. Furthermore, in the datacenter/AI-related market, the Group has strengthened the product supply system mainly in the Functional Products-related business, aiming at increasing sales. Especially, with respect to heat radiation/cooling products, the Group has worked on expanding its revenue base by differentiating such products from competitors and offering more sophisticated products to customers.

With respect to "strengthening the foundation for the creation of new businesses by strengthening development and proposal capabilities," while Japan's social infrastructure, such as roads and railroads, are aging and labor population is declining, the Group has contributed to saving labor and manpower by offering digital solutions for operation and maintenance of social infrastructure. The Group has also focused on developing a laser treatment system for rust and coating removal without using chemical agents, etc. which are deemed problematic from the perspective of environmental burden and occupational health. In addition, to strengthen the business related to photonics technologies in the non-communication application fields centered around life science, we acquired shares of a company which manufactures optical fibers and optical active components for medical/industrial equipment, and made it our subsidiary.

With respect to "strengthening the foundation for ESG management," we revised "Furukawa Electric Group Environmental Vision 2050" with the aim of further contributing to a carbon-free society by achieving net-zero greenhouse gas emissions across the entire value chain. Moreover, with respect to Furukawa Electric Group Purpose "Composing the core of a brighter world," which articulates the meaning of the Group's existence (hereinafter, the "Purpose"; established in March 2024), we have carried out activities for promoting employees' understanding and raising empathy. As such, we strived to ensure that employees are proud of working for the Group, thus improving employee engagement. Furthermore, concerning risks newly identified through re-assessment of human rights risks among the employees and throughout the supply chain, we have implemented measures to reduce such risks, and established such rules as Responsible Minerals Sourcing Policy.

With regard to the current year's financial results, net sales of the entire Group increased due to increased sales of automotive parts such as wire harnesses from Electronics & Automotive Systems business, increased sales of products for datacenters from Functional Products business, and favorable fluctuation of copper metal price/exchange rate. As for profitability, operating profit increased as a result of expanding high-value-added product line-up, improving the productivity, and ensuring right selling prices.

As a result, the Company recorded consolidated net sales of ¥1,201.8 billion yen (up 13.7% year on year), consolidated operating profit of ¥47.1 billion (up ¥35.9 billion year on year), and consolidated ordinary profit of ¥48.6 billion (up ¥38.3 billion year on year). Furthermore, gain on share exchange of ¥4.8 billion, gain on sale of investment securities of ¥10.4 billion, etc. were recorded as extraordinary income, and impairment losses of ¥2.6 billion, provision for product warranties of ¥6.1 billion, etc. were recorded as extraordinary losses. Accordingly, profit attributable to owners of parent amounted to ¥33.4 billion (up ¥26.9 billion year on year). Overseas sales amounted to ¥637.8 billion (up 17.0% year on year), and the overseas sales ratio was 53.1% (up 1.5 percentage points year on year).

On a non-consolidated basis, the Company recorded net sales of ¥353.5 billion (up 19.1% year on year), operating profit of ¥1.5 billion (improved by ¥10.6 billion year on year), ordinary profit of ¥13.0 billion (up ¥12.7 billion year on year), and profit of ¥32.4 billion (up ¥30.5 billion year on year).

Operating results by segment are as follows:

### **Infrastructure**

With respect to Communications Solutions business, on the background of the growth of datacenter/AI-related market, we strived to increase sales by expanding product line-up, including high-value-added products such as rollable ribbon cables, and strengthening our supply system. In the telecommunication market in North America, demand for optical fibers, etc. has been gradually recovering from the slump caused by reduced customer investments and inventory adjustments, and we have continuously strengthened marketing activities and improved the production system, while striving to improve the productivity. Consequently, both net sales and profit increased.

With respect to Energy Infrastructure business, on the background of strong demand for extra-high voltage underground cables, submarine and underground cables for renewable energy in Japan, Power Cable division has worked on enhancing cable manufacturing capacity and construction capacity. In Industrial Cable & Power Cable Accessories division, with steady demand for functional cables, such as light-weight and flexible aluminum CV cables that contribute to labor saving and increased efficiency at construction sites as well as demand for power transmission and distribution components, we have strived to expand net sales by promoting marketing activities. Furthermore, we have placed an emphasis on the profitability in order-taking activities, and worked on price optimization. Consequently, both net sales and profit increased.

As a result, this segment recorded consolidated net sales of ¥309.4 billion (up 11.2% year on year), and consolidated operating profit of ¥4.5 billion (improved by ¥15.8 billion year on year). On a non-consolidated basis, the segment reported net sales of ¥97.9 billion (up 26.4% year on year).

As for Communications Solutions business, in the midst of rapid changes in the external environment, we will expand net sales by reforming the operating structure of Optical Fiber and Cable business, and operating business while ensuring efficient and speedy decision-making under the globally unified strategy. For the datacenter/AI-related market which is expected to continue growing, we will also build a competitive advantage in the market by strengthening the supply system for optical fibers, acquiring a company with strong optical connector technologies which are indispensable for high-speed, high-volume communications and demonstrating synergy in product development capability and cost competitiveness. In addition, to prepare for a full-fledged economic recovery of demand in the telecommunication market, we will continue improving the production system and the productivity. Furthermore, by acquiring, as a subsidiary, a company which has the world's top-level share in the high-speed optical modulators market, we will advance the development of integrated device, etc. for optical networks in the B5G\* era.

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

As for Energy Infrastructure business, in Power Cable division, we will continue to capture demand for replacing extra-high voltage underground cables in Japan and demand for renewable energy-related products, aiming at expanding sales. In Industrial Cable & Power Cable Accessories division, we will work on expanding sales of strategic products including functional cables, such as aluminum CV cables, and plug-in connectors for datacenters. Furthermore, by integrating metal wire business in the Group, we will aim at maximizing synergy effect such an increase in sales channels through integration of trade areas/commercial distribution, and higher competitiveness through efficient allocation of resources.

### **Electronics & Automotive Systems**

Automotive Products business recorded steady growth of sales mainly by expanding car models equipped with aluminum wire harnesses which contribute to car weight reduction. We have also worked on developing and increasing sales of products such as wire harnesses, which can carry high voltage, for the electric vehicles market. Although import prices of products manufactured by overseas subsidiaries increased due to weak yen, the productivity improved as a result of order-taking based on customers' stable production plans, and we have worked on optimization of selling prices. Consequently, both net sales and profit increased.

With respect to Electronics Component Material business, although the electronics-related market has remained sluggish, we have worked on increasing the range and sales of high-value-added products, such as heat-resistant, oxygen-free copper strips for power semiconductors and heat radiation components, and improving the product mix including the optimization of selling prices. Due to the impact of rising copper metal prices and the weak yen in addition to the above-mentioned factors, both net sales and profit increased.

As a result, this segment recorded consolidated net sales of ¥736.4 billion (up 12.7% year on year), and consolidated operating profit of ¥32.3 billion (up 72.7% year on year). On a non-consolidated basis, the segment reported net sales of ¥159.7 billion (up 12.8% year on year).

As for Automotive Products business, we will continue to develop products for the electric vehicle market and improve the productivity through automated production, aiming at increasing revenue. As for Electronics Component Material business, we will continue to secure revenue by improving the product mix, including the optimization of selling prices, and expand the range and sales of high-value-added products.

## Functional Products

With respect to Functional Products business, we have implemented various measures to capture demand accompanying the growth of datacenter/AI-related market. Especially, as for heat radiation/cooling products, we have improved the supply system for air-cooling heat sink in high demand. As for aluminum blanks for hard disc drives, we have captured demand which was recovered upon completion of customers' inventory adjustments. Consequently, both net sales and profit increased.

As a result, this segment recorded consolidated net sales of ¥147.0 billion (up 27.4% year on year), and consolidated operating profit of ¥14.0 billion (up ¥8.4 billion year on year). On a non-consolidated basis, the segment reported net sales of ¥91.9 billion (up 25.1% year on year).

As for Functional Products business, for the datacenter/AI-related market which is expected to continue growing, we will continue to develop next-generation products, improve the production system, and strengthen customer-facing capability. Regarding tapes for semiconductor production, a new plant established within Mie Works will start mass production from FY2025. As such, we will ensure stable supply of high-performance, high-quality products. Regarding heat radiation/cooling products for datacenters, in addition to traditional air-cooling method, we plan to start mass production of water-cooling modules. To this end, we will improve the production system, including construction of a new plant.

## Services and Developments etc.

This segment supports the Group's businesses through hydropower generation, R&D of new products, real estate leasing, and various services. In our Nikko Works, most of its necessary electric power comes from a renewable energy source (hydropower). This hydropower generation plays a part in achieving our sustainability target "ratio of renewable energy use to total consumption: 30%" defined in the 2025 Medium-term Plan.

This segment recorded consolidated net sales of ¥33.8 billion (up 7.1% year on year), and consolidated operating loss of ¥3.6 billion (deteriorated by ¥1.7 billion yen year on year). On a non-consolidated basis, the segment reported net sales of ¥4.0 billion (down 7.0% year on year).

## (2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥66.1 billion (up ¥13.0 billion from the end of the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥59.8 billion (up ¥27.9 billion from the previous fiscal year) mainly due to the recording of profit before income taxes of ¥54.1 billion, depreciation of ¥41.3 billion, share of loss (profit) of entities accounted for using equity method of ¥(10.6) billion, and loss (gain) on sale of short-term and long-term investment securities of ¥(7.8) billion.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥7.2 billion (down ¥17.6 billion from the previous fiscal year) mainly due to purchase of investment securities of ¥(9.5) billion, proceeds from sale and redemption of investment securities of ¥43.3 billion, and purchase of property, plant and equipment of ¥(36.7) billion.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥44.2 billion (up ¥34.8 billion from the previous fiscal year) mainly due to net increase (decrease) in commercial papers of ¥(34.0) billion, proceeds from long-term borrowings of ¥60.7 billion, and repayments of long-term borrowings of ¥(59.5) billion.

## Status of production, orders received and sales

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

## ***Analysis of financial position, operation results, and cash flows***

### **(1) Financial position**

Total assets at the end of the current fiscal year increased ¥2.0 billion from the end of the previous fiscal year to ¥987.0 billion. This is because of increases in cash and deposits of ¥11.1 billion; notes and accounts receivable – trade, and contract assets of ¥14.9 billion; and inventories of ¥11.4 billion; partially offset by decreases in property, plant and equipment of ¥1.6 billion and investment securities of ¥32.9 billion.

Working capital, which is current assets less current liabilities, increased ¥45.1 billion from the end of the previous fiscal year to ¥162.0 billion.

Property, plant and equipment, and intangible assets fluctuated mainly due to an increase of ¥38.6 billion in capital expenditures, a decrease of ¥41.3 billion in depreciation, and decreases due to sale and retirement.

Total liabilities decreased ¥13.1 billion from the end of the previous fiscal year to ¥613.7 billion, with interest-bearing debt, including borrowings, bonds, and commercial papers, having decreased ¥26.9 billion compared to the end of previous fiscal year to ¥306.2 billion.

Total net assets increased ¥15.1 billion from the end of the previous fiscal year to ¥373.3 billion. Accumulated other comprehensive income increased ¥6.6 billion. As a result, the equity capital ratio rose 1.3 percentage point to 34.6%.

The overview of cash flows is stated in “4. Management’s Discussion and Analysis of Financial Position, Operating Results and Cash Flows, *Overview of operating results, etc.* (2) Cash flows.”

### **(2) Operating results**

During FY2024, consolidated net sales increased 13.7% year on year to ¥1,201.8 billion, and consolidated operating profit increased ¥35.9 billion year on year to ¥47.1 billion. Specifically, net sales of the entire Group increased due to increased sales of automotive parts such as wire harnesses from Electronics & Automotive Systems business, increased sales of products for datacenters from Functional Products business, and favorable fluctuation of copper metal price/exchange rate. As for profitability, operating profit increased as a result of expanding high-value-added product line-up, improving the productivity, and ensuring right selling prices.

Among non-operating income or expenses, share of profit of entities accounted for using equity method increased ¥4.3 billion year on year, whereas foreign exchange losses deteriorated by ¥2.1 billion. As a result, consolidated ordinary profit increased ¥38.3 billion year on year to ¥48.6 billion.

Extraordinary income, net of extraordinary losses, came in at ¥5.5 billion. Specifically, the Group recognized gain on share exchange of ¥4.8 billion, gain on sale of investment securities of ¥10.4 billion and others in extraordinary income, but impairment losses of ¥2.6 billion, provision for product warranties of ¥6.1 billion and others in extraordinary losses.

As a result of the above, profit attributable to owners of parent increased ¥26.9 billion year on year to ¥33.4 billion.

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

### **(3) Funding sources of capital and liquidity of funds**

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

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

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

## ***Significant accounting estimates and underlying assumptions***

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

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

## 5. Material Contracts, etc.

- (1) At the Board of Directors meeting held on July 11, 2024, the Company resolved to establish a wholly owned subsidiary (which changed its name to Lightera Japan Co., Ltd. effective on February 21, 2025; hereinafter the “New Company”), and implement a company split (absorption-type split) where the New Company will succeed the Company’s optical fiber and cable products business (hereinafter the “Split Business”), effective on April 1, 2025 (hereinafter the “Company Split”). In conjunction with the Company Split, the Company also resolved that the New Company would succeed all outstanding shares of Shoden Seiwa Co., Ltd., a wholly owned subsidiary of the Company, which operates the business related to optical fiber and cable products.

In addition, the Company established another wholly owned subsidiary (which changed its name to Lightera Holding G.K. effective on February 21, 2025; hereinafter the “Holding Company”), and made an in-kind contribution by transferring the shares (equity) in the New Company, and the Company’s wholly owned subsidiaries OFS Fitel, LLC (which changed its name to Lightera, LLC effective on April 1, 2025; hereinafter “OFS”) and Furukawa Electric LatAm S.A. (which changed its name to Lightera LatAm S.A. effective on April 1, 2025; hereinafter “FEL”) to the Holding Company effective on April 1, 2025. Thereby, these three companies became wholly owned subsidiaries of the Holding Company.

### 1) Purposes of the Company Split

Before this, the Group’s optical fiber and cable products business has consisted of three business units, namely, the Company’s Optical Fiber and Cable Products Division (Japan), OFS (U.S.), and FEL (Brazil), and each unit has operated the business in the respective region by taking advantage of its unique nature of business and strengths.

While the telecommunications market continues to grow, challenges facing the society and customers are increasingly becoming diverse due to the rapidly changing external environment, so it is necessary to further strengthen the capability to address changes in the business environment.

The Company decided to conduct the Company Split by substantively integrating these three business units in order to make maximum use of each unit’s strengths on a global scale, ensure efficient operation under uniform policies, and thus increase profit in the market.

The Holding Company has been established in Japan by adopting the form of limited liability company, which allows the flexibility in designing governance. Furthermore, in order to become even more customer-oriented, it will adopt the operating structure of matrix organization through the combination of the headquarters’ functions and regional management, to enhance the synergy among the units and realize the global management with a sense of unity.

### 2) Method of the Company Split

This is an absorption-type company split (simplified absorption-type company split from the perspective of the Company) where the Company is the splitting company, and the New Company is the successor company.

### 3) Allocation related to the Company Split

In the Company Split, no monies or other assets will be allocated.

### 4) Basis for determining allocation related to the Company Split

In the Company Split, no monies or other assets will be allocated.

### 5) Change in capital stock as a result of the Company Split

There will be no increase or decrease in the Company’s capital stock due to the Company Split.

### 6) Treatment of share acquisition rights and bonds with share acquisition rights arising from the Company Split

Not applicable.

### 7) Assets and liabilities that the successor company will succeed

On the effective date of the Company Split, the New Company will succeed to the rights and obligations pertaining to the assets and liabilities related to the Split Business, as stipulated separately in the absorption-type company split agreement.

### 8) Matters on the successor company

- (i) Share capital  
¥1 million

(ii) Description of business

Manufacturing and sales of optical fibers, optical fiber cables, and their accessories

### 9) Schedule of the Company Split

Date of approval by the Board of Directors on the Company Split	July 11, 2024
Date of concluding the Company Split agreement	October 17, 2024
Effective date of the Company Split	April 1, 2025 (On the same date, the Company made in-kind contribution by transferring its shares (equity) in the New Company, OFS and FEL to the Holding Company)

- (2) At the Board of Directors meeting held on July 11, 2024, the Company resolved to transfer its metal wire business to its wholly owned subsidiary, Furukawa Electric Industrial Cable Co., Ltd. (which changed its name to Furukawa Electric Metal Cable Co., Ltd. effective on April 1, 2025; hereinafter “FEMC”), by means of an absorption-type company split, with the Company as the splitting company and FEMC as the successor company, effective on October 1, 2025 (hereinafter the “Company Split”).

In addition, the Company resolved to implement a reorganization of its metal wire business within the Group including the Company Split, which involves the Company, FEMC, and the Company’s wholly owned subsidiaries KANZACC CO., LTD. and Riken Electric Wire Co., Ltd., as well as the Company’s subsidiary Okano Cable Co., Ltd.

1) Purposes of the Company Split

While the metal wire market in Japan has been shrinking year by year, the Group has promoted the selection and concentration, and made a shift in the portfolio. In the meantime, the Group has produced differentiated products, as well as promising products leveraging its technological advantages. However, we have increasingly seen common challenges of the Group, such as the lack of talents and increased burdens of investing in renewal of aged facilities.

Under such circumstances, in order to solve such challenges and promptly address increasingly diverse and sophisticated needs, the Company has concluded that integrating divisions engaged in metal wire business and maximizing the synergy effect will contribute to increasing corporate value of the entire Group, and decided to conduct the Company Split.

2) Method of the Company Split

This is an absorption-type company split (simplified absorption-type company split from the perspective of the Company) where the Company is the splitting company, and FEMC is the successor company.

3) Allocation related to the Company Split

In the Company Split, FEMC issued two shares of common stock with restriction on transfer, and allotted all of such shares to the Company.

4) Basis for determining allocation related to the Company Split

FEMC, the successor company, is a wholly owned subsidiary of the Company. In the Company Split, all shares to be issued by FEMC are to be allotted and delivered to the Company. Accordingly, the number of shares to be allotted was determined through discussions between the Company and FEMC.

5) Change in capital stock as a result of the Company Split

There will be no increase or decrease in the Company’s capital stock due to the Company Split.

6) Treatment of share acquisition rights and bonds with share acquisition rights arising from the Company Split

Not applicable.

7) Assets and liabilities that the successor company will succeed

On the effective date of the Company Split, the successor company is to succeed the rights and obligations pertaining to the assets and liabilities of the business related to the development, manufacturing and sales of metal wires in the Company’s Optical Fiber and Cable Products Division (currently Industrial Cable & Power Cable Accessories Division), as stipulated separately in the absorption-type company split agreement.

(Note) As of April 1, 2025, the business related to the development, manufacturing and sales of metal wires was transferred from Optical Fiber and Cable Products Division to Industrial Cable & Power Cable Accessories Division.

8) Matters on the successor company

(i) Share capital  
¥450 million

(ii) Description of business  
Manufacturing and sales of various types of electric wires and electric machinery/apparatus

9) Schedule of the Company Split

Date of approval by the Board of Directors on the Company Split	July 11, 2024
Date of concluding the Company Split agreement	August 30, 2024
Effective date of the Company Split	October 1, 2025 (projected)



- (3) In the resolution of the Board of Directors held on July 23, 2024, the Company has decided to approve an agreement with AP78 Co., Ltd. (hereinafter the “Offeror”) which is a wholly-owned subsidiary of Sustainable Battery Holdings, Inc. (hereinafter “SBH”) all of whose voting shares are owned by the fund where Advantage Partners, Inc. (hereinafter “AP”) provides investment-related services (hereinafter “AP Fund”), and by TC Investment Partners Co. Ltd. (hereinafter “TCIP”), which is a wholly-owned subsidiary of Tokyo Century Corporation (hereinafter “TC”), regarding the following matters, among others (hereinafter the “Non-Application Agreement”): (i) the Company will not apply for the tender offer by the Offeror (hereinafter the “Tender Offer”) for shares of common stock of The Furukawa Battery Co., Ltd. (hereinafter “Furukawa Battery”), a consolidated subsidiary of the Company, (hereinafter “Furukawa Battery shares”); (ii) upon the successful closing of the Tender Offer, a share consolidation will be carried out in a way where only the Company and the Offeror are the shareholders of Furukawa Battery (hereinafter the “Share Consolidation”); and (iii) on the condition that the Share Consolidation takes effect, all shares of Furukawa Battery owned by the Company (18,781,200 shares; shareholding ratio: 57.30%) will be transferred through the share buyback by Furukawa Battery. In the same Board’s resolution, the Company has also decided to approve a shareholders agreement with AP Fund, TC and TCIP, to stipulate the Company’s acquisition of shares of common stock of SBH (shareholding ratio: approx. 20%) and how to operate SBH and Furukawa Battery thereafter, among others. On the same date as above, the Non-Application Agreement was executed.

As a result of a series of transactions scheduled under the Non-Application Agreement, etc., Furukawa Battery will no longer be the Company’s consolidated subsidiary.

For more information, please refer to “Item 5 Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, *Addition information.*”

## 6. Research and Development Activities

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

Research and development costs for the current fiscal year increased 3.7% year-on-year to ¥25,449 million. The following are the main results and achievements of each segment.

### (1) Infrastructure

- (i) As part of our initiatives to contribute to the Beyond 5G society and toward realizing Co-Packaged Optics (CPO)—a photonic-electronic convergence technology that supports next-generation data centers, we have achieved a global breakthrough: under the External Laser Small Form Factor Pluggable (ELSFP) Implementation Agreement issued by the Optical Internetworking Forum, an industry body for optical network technologies, we developed the world’s first 16-channel, blind-mate external laser source for CPO. This groundbreaking product was unveiled at the European Conference on Optical Communication. Sample shipments are already underway, and mass production is slated to begin in fiscal 2025 or later.

In parallel, we are accelerating R&D toward photonics-electronics convergence devices. To address challenges related to optical connectivity in photonic-electronic convergence devices such as CPO, we successfully developed a compact multi-core optical connector optimized for CPO through our participation in NEDO’s “Research and Development for Enhanced Infrastructure of Post-5G Information and Communication Systems.” Furthermore, under the Ministry of Internal Affairs and Communications–commissioned project “Research and Development of Advanced Optical Transmission Technologies Contributing to a Green Society,” with a view to the practical application of hollow-core fiber, which is expected to enable low-latency, high-capacity data transmission, we are advancing next-generation Passive Optical Network (PON) technology. We have successfully demonstrated a 256-branch, high-power-input PON. To further advance practical implementation, we are continuing performance evaluation on hollow-core fiber cables installed at Keio University in our field test environment.

- (ii) In a world-first achievement toward the realization of large-scale space-division multiplexed optical networks, we successfully conducted a demonstration experiment over an optical network spanning approximately 1,000 km using a spatial cross-connect system and a multi-core fiber optical amplifier.

We also presented the results of our fusion splicing technology for submarine dual-core fibers at Photonics West 2025, one of the world’s largest international conferences on optical engineering. Furthermore, performance evaluation of the same dual-core fiber confirmed world-class levels of ultra-low loss and low crosstalk characteristics. A paper detailing these results is scheduled to be submitted to SUBOPTIC 2025, an international conference on submarine optical communications.

Consequently, research and development costs for the segment amounted to ¥12,604 million.

### (2) Electronics & Automotive Systems

- (i) As our initiative toward meeting growing demand in the EV market amid the trend for carbon neutrality, we have continued to focus on developing high-voltage harnesses and high-voltage components, and are working to expand our lineup of high-voltage products.

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

using our proprietary terminals to meet the growing needs for weight reduction of vehicles.

We are pushing ahead with expanding sales of and orders for BSS<sup>®</sup> (lead battery state detection sensor) developed by our Company by enhancing its accuracy and robustness in anticipation of an expected increase in in-vehicle electronics and software updates since BSS<sup>®</sup> helps improve fuel efficiency by controlling overcharge and prevent batteries from dying due to over-discharge.

In addition, we have succeeded in world's leading transmission of 9.1kW of power using the electric resonance coupling method, which is lightweight and tend not to heat foreign metals. To help create a society where elderly and physically disabled individuals can move freely, we are developing a safe, secure, and user-friendly wireless charging system using this method, with the aim of reducing the burden of charging for electric mobility robots and electric wheelchairs.

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

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

- (ii) As part of our initiatives toward autonomous driving, we continue mass production of 24 GHz vehicle-mounted surrounding surveillance radars, which are resistant to dirt, snow, and rain and offer stable object detection. These radars are also being deployed for construction and agricultural machinery applications. In response to labor shortages caused by a declining farming population, we are addressing the challenge for autonomous driving and the automation and efficiency of agricultural operations by developing higher-resolution 77 GHz radars. Demonstration tests are being conducted in collaboration with Hokkaido University.
- (iii) As our initiative toward simulation and analysis technologies, we are further enhancing the efficiency of research and development by making effective use of advanced analytical equipment at universities and public institutions. We used deformation and stress simulations for automotive components, such as wiring harnesses; and vibration, thermal fluid, and electromagnetic field simulations for development of electronic devices. Furukawa Electric Institute of Technology Ltd. (Hungary) has worked to develop advanced simulation technologies, and carried out molecular dynamics simulations for catalyst structure analysis.

Consequently, research and development costs for the segment amounted to ¥4,878 million.

### (3) Functional Products

- (i) In accordance with the "Furukawa Electric Group Environmental Vision 2050," we are making efforts to contribute to carbon-free society, recycling-based society for water and resources, and society that is in harmony with nature. To press ahead with the use of recycled materials throughout the entire value chain to reduce CO<sub>2</sub> emissions, We have developed "EFLEX Square" and "EFLEX S," underground cable protection conduits made from 100% recycled polyethylene, as well as "EFCELL," a non-crosslinked, low-foamed polypropylene sheet made from plant-derived resin.

As our initiative toward carbon neutrality, we are pushing ahead with the development of cellulose fiber reinforced resin, "CELRe<sup>®</sup>." This product applies the high-dispersion technology for cellulose fiber to satisfy both strength and impact resistance while realizing lower production cost. Furthermore, by replacing resin materials with biomass-derived cellulose fibers, we aim to contribute to saving petroleum resources and the reduction of CO<sub>2</sub> emissions.

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

- (ii) In the field of information, given that printed circuit boards (PCBs) used in routers and switches for telecom base stations, antennas for wireless communication, and servers for generative AIs and data centers, are becoming increasingly high-frequency, and the demand for copper foil, which constitutes a high-frequency PCB, is on the rise, we are advancing the mass production of our next-generation high-frequency circuit board copper foil FOX-WS," which is capable of supporting even higher frequency applications, and are also developing "FO-WS," a smoother copper foil designed for even higher-frequency grades.

Consequently, research and development costs for the segment amounted to ¥2,595 million.

### (4) Service and Developments, etc.

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

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

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

into an investment agreement with Tokamak Energy Ltd. (UK) to invest approximately 10 million pounds, strengthening partnership with the company to push forward commercial fusion energy.

In addition, we are actively involved in the activities of Japan Fusion Energy Council, established to promote the creation of a fusion energy industry. Our Representative Director serves as Executive Director of the Council, and through our participation, we are contributing to the development of the fusion industry. Furthermore, under the newly launched full-scale, future-oriented R&D of the Strategic Basic Research Program ALCA-Next promoted by Japan Science and Technology Agency (JST), we are collaborating with Kyoto University to develop a high-temperature superconducting multi-core conductor cable capable of transmitting kiloampere-class alternating current with low energy loss.

- (ii) Silicon Valley Innovation Laboratories, Furukawa Electric (US) has pushed forward with open innovation jointly with stakeholders of the innovation ecosystem, consisting primarily of start-ups, with the aim of creating new technologies and businesses that solve social issues. Specifically, the company has partnered with a local accelerator to establish a co-creation function, whereby we aim to create new customer experience and new value by integrating Furukawa Electric Group's core technologies with technologies and business models of companies flocking in Silicon Valley. Through cooperation with universities in US, we are also exploring new technologies for solving not only technical challenges of our Company but social issues as well. Moreover, the Laboratory also serves as our North American base for collecting Voice of Customer (VOC) feedback through local networks, exploring use cases, incubating our proprietary technologies, and conducting marketing activities such as ecosystem research and analysis in North America.
- (iii) Social Design & New Business Development Department, which is responsible for both technology and business development functions, is advancing new business creation in areas such as social infrastructure maintenance, life sciences, and aerospace by leveraging our proprietary technologies and emphasizing co-creation with external stakeholders. In the area of social infrastructure maintenance, we are steadily promoting social implementation by accelerating the deployment of our infrastructure DX market-oriented products and services, such as Michiten and Tetsuten. In the life sciences field, we are accelerating new business development through strengthened collaboration with MFOPTEX Co., Ltd., which was founded in December 2022 and became a consolidated subsidiary during the current fiscal year through additional share acquisition. We continue to develop and market components for medical devices using optical technologies. In the aerospace field, we are promoting the social implementation of highly accurate, real-time wind condition monitoring equipment through collaboration with startups, and accelerating business creation by utilizing joint research courses with national universities.
- (iv) To further advance our high-power fiber laser technology, we established the Laser Application Division within our Global Marketing Sales Division. In the area of infrastructure lasers used for the maintenance of infrastructure structures, we have commercialized a compact laser processing system optimized for maintenance tasks such as paint removal from railway vehicles. We are also developing a laser processing system for rust and paint removal as part of surface preparation in ship painting, and are conducting demonstration tests on actual vessels. In the field of industrial lasers, we jointly developed a 5kW blue laser oscillator—featuring world-leading brightness from an optical fiber—with NICHIA CORPORATION. To support diverse processing needs, we established the Furukawa Electric and NICHIA Advanced Laser Processing Solutions Lab in Kariya-shi, Aichi Prefecture. In Europe, we have established a laser application laboratory in Hungary, located within our group company Furukawa Electric Institute of Technology Ltd., thereby strengthening our global development framework.
- (v) To realize carbon neutrality by 2050 and to stably supply sustainable energy, we are working towards implementing green LPG that is free of fossil fuels, in society. With the target of producing green LPG in the scale of several million tons annually around the world, in November 2023, we signed a memorandum of understanding on collaboration in green LPG with Astomos Energy Corporation and SHV Energy (the Netherlands). These companies have know-how on commercialization as well as international LPG supply network.

In Japan, we are moving forward with the construction of a pilot plant for the demonstration of green LP gas production technology. As part of this effort, a groundbreaking ceremony for the plant to be built in Shikaoi-cho, Hokkaido, took place in August 2024. In addition, through co-creation with Hokkaido University, we are forging ahead with the development of technologies toward realizing a decarbonized, recycle-oriented society by making maximum use of various regional resources while also committing to develop specialists.

- (vi) To address the intensifying natural disasters in recent years, we developed “Minnan Support,” a service offered to municipalities to help the voluntary evacuation of residents during wind and flooding events. To date, demonstration tests were carried out at nine districts including Satsumasendai-shi in Kagoshima Prefecture and Misato-cho in Shimane Prefecture. The results were highly regarded and the Company was awarded the Excellence Award at Japan Resilience Award 2023, which recognizes and commends organizations for their advanced initiatives in creating resilient society for next generation. In addition, since July 2024, we have been conducting a demonstration experiment in multiple districts of Misato-cho, Shimane Prefecture, aimed at establishing mutual collaboration for disaster preparedness.

Consequently, research and development costs for the segment amounted to ¥5,371 million.

## **Item 3. Information about Facilities**

### **1. Overview of Capital Expenditures**

During FY2024, the Group (the Company and its consolidated subsidiaries) made capital expenditures totaling ¥38,600 million, down 0.9% compared to the previous fiscal year.

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

In the Infrastructure segment, we invested primarily in expanding production capacity of optical semiconductor devices and components for optical communications and addressing offshore wind power in the Electric Power business. As a result, capital expenditures during the current fiscal year came in at ¥11,266 million. In the Electronics & Automotive Systems segment, we invested primarily for mass production of automotive electronic components in response to automobile model changes and for operational streamlining, as well as for renewal of production facilities for copper strip products in the electronic component materials business. As a result, capital expenditures during the current fiscal year came in at ¥13,490 million. In the Functional Products segment, we invested primarily in expanding production capacity of water-cooling heat sinks for data centers. As a result, capital expenditures during the current fiscal year came in at ¥8,891 million. Also, in the Services and Development, etc. segment, we invested primarily in seismic reinforcement of buildings and for environmental improvements. As a result, capital expenditures came in at ¥1,610 million, with corporate or adjusted amount of ¥3,341 million.

Major capital investment projects completed during the current fiscal year include the expansion of production capacity for heat pipe type heat sinks in the Functional Products segment.

## 2. Major Facilities

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

### (1) Reporting company

As of March 31, 2025

Names of office (location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m <sup>2</sup> )	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Leased assets	Total	
Chiba Works (Ichihara-shi, Chiba Pref.)	Infrastructure, Services and Development, etc.	Manufacturing and R&D facilities for optic-related devices, power cables, etc.	3,097 (658)	11,805	8,268	3,519	1	26,692	902
Nikko Works (Nikko-shi, Tochigi Pref.)	Functional Products, Electronics & Automotive Systems, Services and Development, etc.	Manufacturing and R&D facilities for copper alloys, aluminum substrates for memory disks, etc.	443 (685)	7,837	5,306	2,814	4	16,405	587
Hiratsuka Works (Hiratsuka-shi, Kanagawa Pref.)	Infrastructure, Functional Products, Services and Development, etc.	Manufacturing and R&D facilities for products, such as functional plastics, information and communications equipment, heat radiation products, etc.	493 (213)	4,151	3,013	3,152	–	10,810	744
Mie works (Kameyama-shi, Mie Pref.)	Infrastructure, Functional Products, Electronics & Automotive Systems	Facilities for manufacturing optical fiber cables, copper wires, copper alloys, tapes for semiconductor process	1,003 (532)	12,182	4,736	5,836	–	23,758	582
Copper Foil Division (Nikko-shi, Tochigi Pref.)	Functional Products	Facilities for manufacturing electrodeposited copper foils	1,057 (154)	487	741	408	100	2,795	156
Head Office and office reporting directly to the head office (Chiyoda-ku, Tokyo)	Corporate administration operations, sales operations)	Corporate administration, sale of products, etc.	5,862 (68)	3,693	424	1,007	44	11,033	1,192
Yokohama Works (Nishi-ku, Yokohama- shi)	Services and Development, etc. (R&D)	R&D facilities and equipment for infrastructure, functional products, electronics & automotive systems	0 (7)	1,191	116	259	–	1,567	248

## (2) Subsidiaries in Japan

As of March 31, 2025

Company name (Location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m <sup>2</sup> )	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Leased assets	Total	
The Furukawa Battery Co., Ltd. (Iwaki-shi, Fukushima Pref.)	Electronics & Automotive Systems	Facilities for manufacturing storage batteries/power supply units	1,086 (104)	2,037	1,203	239	241	4,808	439
Furukawa Automotive Systems Inc. (Inugami-gun, Shiga Pref.)	Electronics & Automotive Systems	Facilities for manufacturing automotive components	647 (72)	1,960	124	671	3	3,407	545
Furukawa Nikko Power Generation Inc. (Nikko-shi, Tochigi Pref.)	Services and Development, etc.	Facilities for electric power generation and transmission	650 (267)	3,286	3,189	118	–	7,245	40

## (3) Overseas subsidiaries

As of March 31, 2025

Company name (Location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m <sup>2</sup> )	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Right-of- use assets	Total	
OFS Fitel, LLC (Norcross, USA)	Infrastructure	Facilities for manufacturing optical fibers	1,038 (161)	8,285	4,037	574	146	14,081	268
Furukawa Circuit Foil Taiwan Corporation (Yunlin County, Taiwan)	Functional Products	Facilities for manufacturing electrodeposited copper foils	1,238 (40)	2,039	5,880	384	–	9,542	261
Furukawa Automotive Systems Lima Philippines, Inc. (Lipa City, Philippines)	Electronics & Automotive Systems	Facilities for manufacturing wire harnesses	– (–)	3,781	2,229	671	945	7,627	5,469
Furukawa Electric LatAm S.A. (Curitiba, Brazil)	Infrastructure	Facilities for manufacturing communication cables	556 (282)	996	2,413	1,476	288	5,732	1,216
FURUKAWA ELECTRIC THERMAL MANAGEMENT SOLUTIONS AND PRODUCTS LAGUNA, INC. (Laguna, Philippines)	Functional Products	Facilities for heat radiation/cooling products	– (–)	902	1,846	1,925	1,708	6,383	1,946

Notes: 1. Among all subsidiaries, only major ones are listed above.

2. Effective on April 1, 2025, OFS Fitel, LLC changed its name to Lightera, LLC; and Furukawa Electric LatAm S.A. changed its name to Lightera LatAm S.A.

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

The Company plans to spend ¥52,000 million in capital expenditure for one year following the end of the current fiscal year. The amount planned to be spent for each segment is as follows.

Segment name	Amount planned as of March 31, 2025 (million yen)	Description/major uses of facilities, etc.
Infrastructure	19,900	Expanding production capacity of optical semiconductor devices Expanding production facilities of optical cables
Electronics & Automotive Systems	12,600	Improving production preparation processes for automotive wire harnesses
Functional Products	11,000	Expanding production capacity of water-cooling heat sinks
Services and Development, etc.	8,500	New development aimed at reducing environmental burden
Total	52,000	

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

## Item 4. Information about Reporting Company

### 1. Company's Shares, etc.

(1) Total number of shares

(i) Authorized shares

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

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (March 31, 2025) (shares)	Number of issued shares as of filing date (June 23, 2025) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	70,666,917	70,666,917	Prime Market of the Tokyo Stock Exchange	These are standard shares of the Company with full voting rights and no restrictions on shareholders' rights. The number of share unit is 100 shares.
Total	70,666,917	70,666,917	–	–

(2) Share acquisition rights

(i) Employee share option plans  
Not applicable.

(ii) Rights plans  
Not applicable.

(iii) Share acquisition rights for other uses  
Not applicable.

(3) Exercises of moving strike convertible bonds, etc.  
Not applicable.

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

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

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



## (5) Shareholding by shareholder category

As of March 31, 2025

Category	Shareholding status (Number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	—	50	68	566	301	118	44,262	45,365	—
Number of shares held (units)	—	274,632	61,411	41,015	153,335	315	174,557	705,265	140,417
Percentage of shareholdings (%)	—	38.94	8.71	5.82	21.74	0.04	24.75	100	—

- Notes: 1. Out of 50,872 shares of treasury shares, 508 share units are included in “Individuals and others” and 72 shares in “Shares less than one unit.” Note that 124,300 shares held by the trust account for the Board Benefit Trust (BBT) are not treated as treasury shares.  
2. “Other corporations” includes five share units held in the name of Japan Securities Depository Center, Incorporated.

## (6) Major shareholders

As of March 31, 2025

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	12,293,400	17.41
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	5,004,150	7.09
The Nomura Trust and Banking Co., Ltd. (Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	1,697,600	2.40
JPMorgan Securities Japan Co., Ltd.	2-7-3 Marunouchi, Chiyoda-ku, Tokyo	1,524,557	2.16
Asahi Mutual Life Insurance Company	1-6-1 Yotsuya, Shinjuku-ku, Tokyo	1,365,050	1.93
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	1,206,873	1.71
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking Co., Ltd.; Employee Retirement Benefit Trust, Mizuho Bank, Ltd. Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,206,800	1.71
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-7 Otemachi, Chiyoda-ku, Tokyo	1,149,780	1.63
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking Co., Ltd.; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,050,000	1.49
STATE STREET BANK AND TRUST COMPANY 505223	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	951,307	1.35
Total	—	27,449,517	38.87

- Notes: 1. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on May 20, 2024, states that it holds the following shares as of May 15, 2024, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2025. The contents of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Eastspring Investments (Singapore) Limited	2,758,700	3.90
Total	2,758,700	3.90

2. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on July 4, 2024, states that it holds the following shares as of June 28, 2024, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2025. The contents of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	2,735,300	3.87
Nikko Asset Management Co., Ltd.	1,488,500	2.11
Total	4,223,800	5.98

3. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on November 22, 2024, states that it holds the following shares as of November 15, 2024, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2025. The contents of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Mizuho Bank, Ltd.	2,413,673	3.42
Mizuho Securities Co., Ltd.	491,600	0.70
Mizuho Trust & Banking Co., Ltd.	374,300	0.53
Asset Management One Co., Ltd.	2,417,900	3.42
Total	5,697,473	8.06

4. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on January 10, 2025, states that it holds the following shares as of December 30, 2024, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2025. The contents of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Mitsubishi UFJ Trust and Banking Corporation	1,373,600	1.94
MUFG Securities EMEA plc	200,000	0.28
Mitsubishi UFJ Asset Management Co., Ltd.	1,504,200	2.13
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	461,467	0.65
Total	3,539,267	5.01

5. While the Change Report pertaining to large-volume holdings, which was disclosed to the public on March 21, 2025, states that it holds the following shares as of March 14, 2025, it is not possible for us to confirm the actual status of their shareholding as of March 31, 2025. The contents of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Nomura Securities Co., Ltd.	47,118	0.07
Nomura International plc	229,381	0.32
Nomura Asset Management Co., Ltd.	6,023,500	8.52
Total	6,299,999	8.92

## (7) Voting rights

## (i) Issued shares

As of March 31, 2025

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 50,800	–	–
	(Reciprocal holding) Common stock 73,800	–	–
Shares with full voting rights (other) (Notes 1, 2)	Common stock 70,401,900	704,019	–
Shares less than one unit (Notes 3, 4)	Common stock 140,417	–	–
Total number of issued shares	70,666,917	–	–
Number of voting rights held by all shareholders	–	704,019	–

- Notes
1. “Shares with full voting rights (other)” includes 500 shares of the Company held in the name of Japan Securities Depository Center, Incorporated and “Number of voting rights” includes five units of voting rights for the shares with full voting rights held in the name of said organization.
  2. “Shares with full voting rights (other)” includes 124,300 shares of the Company held by the trust account for the Board Benefit Trust (BBT), which was established to operate the stock remuneration system for Directors, etc., and “Number of voting rights” includes 1,243 units of voting rights for the shares with full voting rights held in the name of said trust.
  3. “Shares less than one unit” includes 72 treasury shares.
  4. Out of 123 shares held by YAMAKIN (JAPAN) CO., LTD., which does not have voting rights subject to reciprocal holding restriction, through the Company’s share ownership association for business partners (Furukawadenko Kyoei Mochikabukai), 100 shares are included in the column “Reciprocal holding” and 23 shares, which are less than one share unit, are included in “Shares less than one unit.”

## (ii) Treasury shares, etc.

As of March 31, 2025

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in other’ name (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) Furukawa Electric Co., Ltd.	2-6-4 Otemachi, Chiyoda-ku, Tokyo	50,800	–	50,800	0.07
(Reciprocal holding) YAMAKIN (JAPAN) CO., LTD. (Note)	1-8-11 Iwamotocho, Chiyoda-ku, Tokyo	73,700	100	73,800	0.10
Total	–	124,500	100	124,600	0.18

- Note Out of 123 shares held by YAMAKIN (JAPAN) CO., LTD. in the name of the Company’s share ownership association for business partners (Name: Furukawadenko Kyoei Mochikabukai; Address: 2-6-4 Otemachi, Chiyoda-ku, Tokyo), 23 shares are included in “Shares less than one unit” in (i) “Issued shares” above.

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

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

1) Overview of the System

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

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

Notes: 1. The Company will make a proposal of “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as a matter to be resolved at the 203rd Annual Shareholders Meeting scheduled to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, the total number of points to be granted to Directors, etc. for each applicable period of three fiscal years—starting with the three-year period from April 1, 2025 to March 31, 2028, and for each subsequent three-year period thereafter—shall be limited to 168,000 points (equivalent to 168,000 of the Company’s shares) per three-fiscal year period.

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

2) Overview of the Trust

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

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

<After the partial amendment of the System (with the performance period of three fiscal years from April 1, 2019 to March 31, 2022 and three fiscal years from April 1, 2022 to March 31, 2025)>

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

Note: The Company will make a proposal of “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as a matter to be resolved at the 203rd Annual Shareholders Meeting scheduled to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, the overview of the trust for three fiscal years from April 1, 2025 to March 31, 2028 (and each subsequent period of three fiscal years after the lapse of said three fiscal years) is as follows:

- (i) Name: Board Benefit Trust (BBT)
- (ii) Trustor: The Company
- (iii) Trustee: Mizuho Trust & Banking Co., Ltd. (Re-trustee: Custody Bank of Japan, Ltd.)
- (iv) Beneficiaries: Retired Directors, etc. who fulfill beneficiary requirements under the Stock Benefit Regulations for Directors, etc.
- (v) Trust administrator: A third party with no conflicts of interest with the Company (lawyer)
- (vi) Exercise of voting rights for shares in the Trust: The voting rights of the Company’s shares in the Trust shall not be exercised as per the instructions of the trust administrator
- (vii) Type of Trust: Trust of money other than money trust (third party benefit trust)
- (viii) Date of conclusion of the Trust Agreement: August 8, 2016
- (ix) Date of establishment of the Trust: August 8, 2016
- (x) Trust term: From August 8, 2016 to the termination of the Trust (An expiry date is not set for the Trust term, and the Trust will be maintained as long as the System is maintained.)
- (xi) Acquisition of the Company’s shares by the Trust: The Company’s shares shall be acquired using the money not more than a total of ¥1,450 million for three fiscal years, which the Company contributes to the Trust

- 3) Number of the Company’s shares acquired through the System  
The Trust held 124,300 shares as of March 31, 2025.
- 4) Scope of those eligible to receive beneficiary rights and other rights under the System  
Retired Directors, etc. who fulfill beneficiary requirements under the Stock Benefit Regulations for Directors, etc.

## 2. Acquisition and Disposal of Treasury Shares

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

(1) Acquisition by resolution of Shareholders meeting  
Not applicable.

(2) Acquisition by resolution of Board of Directors meeting  
Not applicable.

(3) Acquisition not based on resolution of Shareholders meeting or Board of Directors meeting  
Acquisition of common stock under Article 155, item (vii) of the Companies Act

Category	Number of shares (shares)	Total value (yen)
Number of treasury shares acquired during the current fiscal year	337	1,550,943
Number of treasury shares acquired during the current period	–	–

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

2. “Number of treasury shares acquired during the current period” does not include treasury shares acquired through purchase of shares less than one unit during the period from June 1, 2025 until the filing date of this Annual Securities Report.

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

Category	Current fiscal year		Current period	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Treasury shares acquired for which subscribers were solicited	–	–	–	–
Treasury shares acquired that were canceled	–	–	–	–
Treasury shares acquired that were transferred for merger, share exchange, stock issuance or company split	–	–	–	–
Other (Sold upon request for additional purchase of shares less than one unit)	–	–	–	–
Number of treasury shares held	50,872	–	50,872	–

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

2. “Number of treasury shares held” during the current period does not include shares less than one unit purchased and sold during the period from June 1, 2025 until the filing date of this Annual Securities Report.

## 3. Dividend Policy

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

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

Based on the above policy, the Company will distribute the year-end dividends of ¥120 per share when the proposal of “Dividends from surplus” (as a matter to be resolved) is approved and resolved as originally proposed at the 203rd Annual Shareholders Meeting to be held on June 25, 2025.

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

Notes: The Company will make a proposal of “Partial Amendment to the Articles of Incorporation” as a matter to be resolved at the 203rd Annual Shareholders Meeting scheduled to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, dividends of surplus may also be distributed by resolution of the Board of Directors pursuant to the provisions of Article 459 of the Companies Act.

Dividends of surplus for FY2024 are as follows:

Date of resolution	Total amount of dividends (millions of yen)	Dividend per share (yen)
Resolution (to be made) at the Annual Shareholders Meeting to be held on June 25, 2025	8,473	120

## 4. Corporate Governance

### (1) Overview of corporate governance

The overview of the Company's corporate governance is as follows.

Please be noted that the Company will make a proposal of "Partial Amendment to the Articles of Incorporation" as a matter to be resolved at the 203rd Annual Shareholders Meeting scheduled to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date. Accordingly, the status of the Company's corporate governance is expected to change from what is described below.

### 1) Basic view on corporate governance

Based on the "Furukawa Electric Group Purpose" and the "Core Values," Furukawa Electric and Furukawa Electric Group strive to enhance business performance by improving management efficiency—including accelerating decision-making—while ensuring transparency and fairness, and by responding swiftly and flexibly to changes in the business and market environment. At the same time, we maintain sound management through the establishment, reinforcement, and effective implementation of the internal control system. With these, we will expand and develop our business on a sustainable basis and increase our corporate value. Furthermore, we seek to strengthen and enhance our corporate governance, in accordance with the followings:

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

### 2) Corporate governance system

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

##### a. Overview of the corporate governance system

As of June 23, 2025 (filing date of this Annual Securities Report), the Board of Directors of the Company consists of 11 Directors, five of whom are Outside Directors (all of them are registered at the Tokyo Stock Exchange as independent officers). The Board of Directors is chaired by non-executive Director and Chairman of the Board who does not have representative rights.

Note: The Company will make proposals of "Partial Amendment to the Articles of Incorporation," "Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members)," and "Election of three (3) Directors who serve as Audit & Supervisory Committee Members" as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date, and the Board of Directors will consist of 11 Directors (including four Outside Directors (excluding Directors who serve as Audit & Supervisory Committee Members) and two Outside Directors who serve as Audit & Supervisory Committee Members, and all of whom are registered with the Tokyo Stock Exchange independent officers). Note that, if these relevant proposals are approved and resolved as originally proposed and subsequently approved at the Board of Directors meeting to be held immediately after the end of the 203rd Annual Shareholders Meeting, the duties of Chairperson of the Board will continue to be discharged by Director and Chairman of the Board.

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

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

Note: As of June 23, 2025 (filing date of this Annual Securities Report), Nominating/Compensation Committee deliberates on the appointment and dismissal of the management, provides recommendations to the Board of Directors, and determines compensation for such individuals, based on consultations or delegations from the Board of Directors. The details are disclosed in "Matters to be deliberated by Nominating/Compensation Committee" to be described later in this report.

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

At the Company, in order to facilitate timely and decisive decision-making on business execution, on the premise that corporate governance mechanisms, including the Board of Directors' supervision of business execution, are working adequately, decision-making on certain matters related to business execution is delegated to the management within the scope permitted by laws and

regulations. The specific scope of such delegation is defined in the standards for deliberation with respect to the Board of Directors and Management Committee, depending on the degree of significance.

Furukawa Electric Group's business consists of 13 operating divisions and others; and business divisions were established for directing and overseeing multiple operating divisions which are closely related to each other. As for our business execution, under the control of President being the chief executive, operations are directed by General Managers of Communications Solutions Division, Energy Infrastructure Division, Electronics Component Material Division, Functional Products Division, Automotive Products Division, and Optical Solutions Division, as well as Advisor of FITEL Products Division and General Manager of FITEL Products Division. In addition, the Company has divisions to perform such head office functions as developing and implementing the Group's business strategies/management plans, establishing and maintaining corporate governance, risk management, and other management systems, and conducting marketing and sales activities; and General Managers of respective divisions lead such functions. These General Managers, in the capacity of executive officers, serve as members of Management Committee, which is the highest decision-making body of business execution. Management Committee deliberates and determines major operational matters to ensure effective communications among the executive officers, thus achieving integrated business execution. Furthermore, the status of business execution is reported to the Board of Directors on a quarterly basis.

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

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

The Company has established Nominating/Compensation Committee to ensure the objectivity and transparency of deliberations and decision-making procedures concerning the nomination of Directors, etc. and their remuneration, etc. The Committee shall consist of at least five members (the majority being Outside Directors) appointed from Directors by resolution of the Board of Directors. As of June 23, 2025 (filing date of this Annual Securities Report), the Committee has seven members; namely Takashi Tsukamoto (Outside Director), Yoshiro Miyokawa (Outside Director), Yukiko Yabu (Outside Director), Tamotsu Saito (Outside Director), Takeo Hoshino (Outside Director), Keiichi Kobayashi (Director and Chairman of the Board), and Hideya Moridaira (Representative Director and President). The Committee is chaired by Takashi Tsukamoto (Outside Director).

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

<Matters to be deliberated by Nominating/Compensation Committee>

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

Note: The Company will make proposals of "Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members)" and "Election of three (3) Directors who serve as Audit & Supervisory Committee Members" as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, and the relevant proposals subsequently approved at the Board of Directors meeting to be held immediately after the end of the 203rd Annual



Shareholders Meeting, Nominating/Compensation Committee will have the following eight members: Takashi Tsukamoto (Outside Director), Yukiko Yabu (Outside Director), Tamotsu Saito (Outside Director), Takeo Hoshino (Outside Director), Sayaka Sumida (Outside Director who serves as Audit & Supervisory Committee Member), Takao Shiomi (Outside Director who serves as Audit & Supervisory Committee Member), Keiichi Kobayashi (Director and Chairman of the Board), and Hideya Moridaira (Representative Director and President). In addition, Nominating/Compensation Committee will continue to be chaired by Takashi Tsukamoto (Outside Director) upon approval of the relevant proposals at Nominating/Compensation Committee to be held immediately after the Board of Directors meeting as mentioned above.

As of the same date, the following will be the matters deliberated by Nominating/Compensation Committee.

<Matters to be deliberated by Nominating/Compensation Committee>

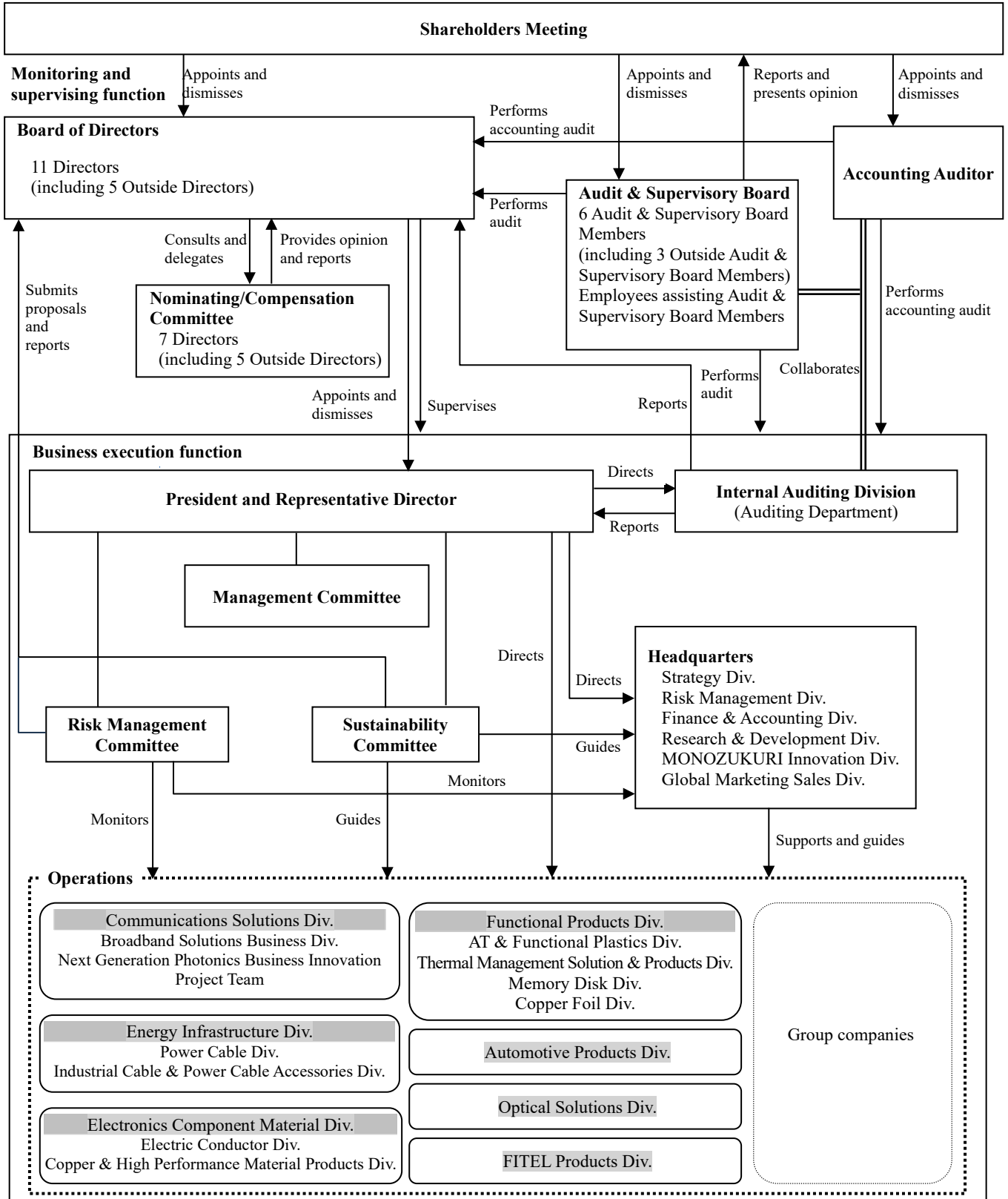
- (1) Nominating/Compensation Committee deliberates the following matters in response to inquiries from the Board of Directors, and reports the results to the Board:
  - (i) Proposal for shareholders' meeting concerning election/removal of Directors
  - (ii) Appointment/dismissal of Representative Director,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

As of June 23, 2025 (filing date of this Annual Securities Report), the Audit & Supervisory Board of the Company consists of six Audit & Supervisory Board Members, three of whom are Outside Audit & Supervisory Board Members (all of them are registered at the Tokyo Stock Exchange as independent officers).

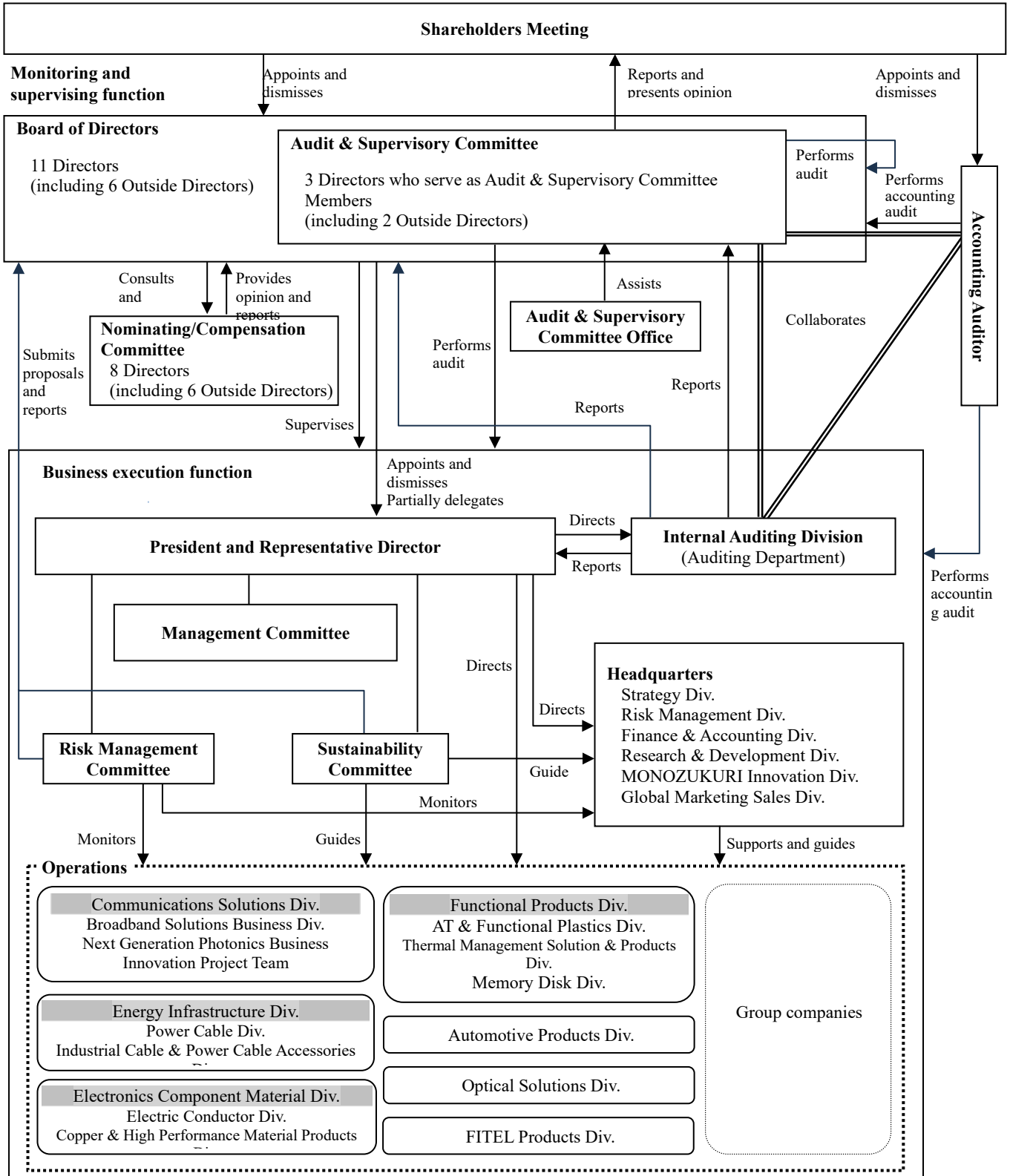
Audit & Supervisory Board Members conduct audits in accordance with the audit policy and audit plan decided by the Audit & Supervisory Board, and regularly report audit results to the Board of Directors and President. Meetings of the Audit & Supervisory Board are generally held approximately ten times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

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee, and Audit & Supervisory Committee will consist of three Audit & Supervisory Committee Members (including two Outside Directors who serve as Audit & Supervisory Committee Members, all of whom are registered with the Tokyo Stock Exchange independent officers).

<Schematic Diagram of Corporate Governance System as of June 23, 2025( filing date of this Annual Securities Report)>



Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members),” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, and the relevant proposals are subsequently approved at the Board of Directors meeting to be held immediately after the end of the 203rd Annual Shareholders Meeting, the schematic diagram of corporate governance system will be as follows.



b. Reason for adopting the above corporate governance system

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

Note: The Company will make a proposal of "Partial Amendment to the Articles of Incorporation" as a matter to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date.

(ii) Status of development of internal control system

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

a. Efficient execution of duties

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

b. Compliance system

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

c. Risk management system

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

d. Information management system

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

e. Group company management

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

Note: The Company will make proposals of "Partial Amendment to the Articles of Incorporation" and "Election of three (3) Directors who serve

as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date. Accordingly, the roles currently performed by Audit & Supervisory Board Members will be assumed by Directors who serve as Audit & Supervisory Committee Members.

f. Securing appropriateness of financial reporting

In accordance with the “Basic Regulations on Risk Management and Internal Control”, the Company established “Furukawa Electric Group Basic Policy for the development and evaluation of an internal control system, to ensure the appropriateness of financial reporting” (J-SOX Core Policy), and clarified the establishment, development, and operation of the internal control system, monitoring mechanism, and responsibilities. As for preparation and submission of the Internal Control Reports stipulated in the Financial Instruments and Exchange Act, the Company established J-SOX Council for deliberations of important matters, aiming at maintaining and improving the reliability of the Group’s financial reporting.

(iii) Status of the development of risk management system

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

(iv) Basic views on eliminating anti-social forces

a. Basic views

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

b. Establishment of relevant structure

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

(v) Outline of the limited liability agreements

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

Note: The Company will make proposals of “Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members)” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company intends to enter into the limited liability agreements with all Outside Directors under the same terms and conditions as the current agreements.

(vi) Overview of indemnity agreement

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

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

Note: The Company will make proposals of “Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members)” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company intends to enter into the indemnity agreements with all Directors under the same terms and conditions as the current agreements.

(vii) Overview of directors and officers liability insurance agreement

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

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

Note: The Company will make proposals of “Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members)” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, Directors, Corporate Vice Presidents, etc. will continue to be insured under the existing insurance policy.

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

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

Note: The Company will make a proposal of “Partial Amendment to the Articles of Incorporation” as a matter to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee, and the Company will have no more than ten (10) Directors (excluding Directors who serve as Audit & Supervisory Committee Members) and no more than four (4) Directors who serve as Audit & Supervisory Committee Members.

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

(i) Acquisition of treasury shares

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

(ii) Interim dividends

The Articles of Incorporation have a provision to the effect that, in accordance with the provisions of Article 454, paragraph (5) of the Companies Act, the Company may be paid interim dividends by resolution of the Board of Directors to such shareholders and registered share pledges as are entered or recorded in the latest register of shareholders on September 30 each year for the purpose of enabling the Company to implement flexible shareholder return measures.

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

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

(iv) Requirements for special resolution at Shareholders Meeting

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

Note: The Company will make a proposal of “Partial Amendment to the Articles of Incorporation” as a matter to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, the matters delegated from the Shareholders Meeting to the Board of Directors for resolution, along with the reasons for such delegation, as well as the changes to the requirements for special resolutions at the Shareholders Meeting and the reasons for such changes, are as follows.

(i) Dividends of surplus, etc.

The Company intends to amend its Articles of Incorporation to allow dividends of surplus and other distributions to be determined by a resolution of the Board of Directors pursuant to the provisions of Article 459, paragraph (1) of the Companies Act. This amendment is intended to enable more flexible shareholder returns.

(ii) Exemption of liability for Directors

Pursuant to Article 426, paragraph (1) of the Companies Act, the Company’s Articles of Incorporation provide that the Company may, by resolution of the Board of Directors, exempt Directors (including former Directors) and former Audit & Supervisory Board Members from liability for damages arising from a failure to perform their duties, to the extent permitted by laws and regulations. This provision is intended to allow Directors to fully exercise their expected roles in the execution of their duties.

(iii) Requirements for special resolutions at Shareholders Meeting

The Company’s Articles of Incorporation stipulate that special resolutions at Shareholders Meeting, as defined in Article 309, paragraph (2) of the Companies Act, shall be adopted by a two-thirds majority of the voting rights held by shareholders present, provided that shareholders holding one-third or more of the voting rights eligible to be exercised are in attendance. This amendment is intended to facilitate the smooth operation of Shareholders Meeting by easing the quorum requirements for special resolutions.

5) Activities of Board of Directors and Nominating/Compensation Committee (FY2024)

(i) Activities of Board of Directors

During FY2024, Board of Directors met 16 times to make decisions on important business execution, and achievement of management targets, including fiscal budgets, and also have deliberations on corporate governance and other fundamental matters related to business management. The official title or position, name and attendance to the Board of Directors meetings of each Director were as shown below.

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

Note: Since Mr. Takeo Hoshino and Mr. Koji Aoshima were newly elected at the 202nd Annual Shareholders Meeting held on June 26, 2024, the number of the eligible Board of Directors meetings is different from that for other members of the Board of Directors.

(ii) Activities of Nominating/Compensation Committee

During FY2024, Nominating/Compensation Committee met five times. The primary matters deliberated at the Committee meetings were the management execution system from April 2025 for Nomination and the executive compensation system for Compensation. The official title or position, name and attendance to the Committee meetings of each member were as shown below.

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

6) Overview of evaluation results on the effectiveness of the Board of Directors

The Company has conducted an annual analysis and evaluation on the effectiveness of the Board of Directors since FY2015, aiming at improving the Board's functions through a continuous process where we verify whether the Board is functioning adequately, and based on the results, we take necessary measures to remedy issues and reinforce its strengths. The overview of the results of our analysis and evaluation for FY2024 is as follows.

Method of analysis and evaluation	Upon conducting a questionnaire survey targeting all Directors and Audit & Supervisory Board Members, the effectiveness of the Board of Directors was discussed based on aggregated results at meetings of outside officers and the Board of Directors. For the purpose of obtaining deeper understanding of the aggregated results, the Chairman of the Board had interviews with all Directors and Audit & Supervisory Board Members on an individual basis (while the lead outside officer interviewed with the Chairman), and shared the results at the above-mentioned Board of Directors meeting.
Category of survey questions	I. Roles and responsibilities of the Board of Directors ( general matters, mid- to long-term management plan, business execution, risk management and compliance, sustainability, and Nominating/Compensation Committee) II. Operation of the Board of Directors III. System to support and cooperate with outside officers IV. Roles of and expectations for Audit & Supervisory Board Members V. Relationships with shareholders and other stakeholders VI. Other (Board of Directors overall, individual evaluations)
Overview of analysis and evaluation results	As a result of the analysis and evaluation, we reconfirmed that our Board of Directors has worked on initiatives to enhance its effectiveness in consideration of the results of the last year's evaluation; the Board of Directors as a whole has had positive and active discussions and carried out adequate oversight the business execution from the perspective of achieving sustainable growth of the entire Group and increasing corporate value over mid- to long-term; and useful recommendations/inputs based on a wealth of experience and advanced knowledge of outside officers were reflected on business execution. Consequently, we analyzed/evaluated that the Board of Directors maintained its effectiveness this year as well.

[Policy for Initiatives and Evaluation Results for FY2023 and Policy for Initiatives for FY2024]

(i) Significant issues and priority initiatives for FY2024

	FY2023		FY2024
	Policy for Initiatives	Evaluation Results	Policy for Initiatives
Medium-term Management Plan (MTMP) and review of business portfolio	<ul style="list-style-type: none"> <li>➢ With respect to the business portfolio reform, we will ensure that the Board of Directors (BOD) will continue to receive regular reports on the implementation status as well as reports on initiatives for crystalizing portfolios of businesses/product families which the Company aims at realizing over mid- to long-term; and the BOD will have discussions for supporting the implementation of such initiatives.</li> <li>➢ In accordance with the progress of MTMP, the BOD will receive reports on specific initiatives towards achieving financial targets, and have discussions for supporting the implementation of such initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>➢ The BOD has reviewed the business portfolio, and had fulfilling discussions on MTMP. Going forward, it is required to implement concrete and effective initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>➢ The BOD will discuss such matters as the enterprise strategy toward realizing “Furukawa Electric Group Vision 2030”, the implementation status of business portfolio management, and initiatives for crystalizing portfolios of businesses/product families for 2030.</li> <li>➢ BOD agenda plan will be formulated for the above-mentioned discussions, and the BOD will secure necessary time for deliberation.</li> </ul>
Operation of the Board of Directors	<ul style="list-style-type: none"> <li>➢ The BOD will reinforce discussions on fundamental management issues, and create a venue where the members can freely and frankly discuss/exchange opinions on significant management matters.</li> </ul>	<ul style="list-style-type: none"> <li>➢ With respect to significant management matters, board members have exchanged opinions and had discussions, both inside and outside the BOD, from time to time, and such efforts contributed to improving the quality of and deepening discussions at the BOD.</li> </ul>	<ul style="list-style-type: none"> <li>➢ The BOD will continue to secure opportunities for exchange of opinions and discussions. In addition, BOD will increase opportunities for interaction and information sharing by inviting officers and staffs other than board members.</li> </ul>



(ii) Other issues/initiatives to be continuously addressed

	FY2023		FY2024
	Policy for Initiatives	Evaluation Results	Policy for Initiatives
Board composition, and Nominating/Compensation Committee	<ul style="list-style-type: none"> <li>➤ The board composition, and skills matrix, etc. will be incorporated into agenda of Nominating/Compensation Committee as mid- to long-term issues so that the Committee will discuss such matters.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Nominating/Compensation Committee has discussed the board composition and skills matrix, and provided the BOD with explanations on matters deliberated as necessary.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continuous efforts will be made to deepen discussions at Nominating/Compensation Committee.</li> </ul>
Risk management	<ul style="list-style-type: none"> <li>➤ Continue to update our risk recognition in order to address changes in the external environment.</li> <li>➤ To prepare for any occurrence of risks in our priority areas, proactively formulate countermeasures.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Progress has been made in improving the system for risk management and compliance.</li> <li>➤ It is required to constantly update our assumption of risks and preparation for such risks.</li> </ul>	<ul style="list-style-type: none"> <li>➤ Continuous update of risk recognition will be made in order to address changes in the external environment, such as geopolitical risk.</li> <li>➤ In order to enhance risk tolerance in focus areas, the BOD will design/prepare measures in case of risk occurrence.</li> </ul>
Sustainability (including ESG/SDGs)	<ul style="list-style-type: none"> <li>➤ Drive forward Purpose-establishment and activities to disseminate and instill the Purpose among employees, and encourage discussions on other important sustainability issues. Ensure outcomes or status are reported to the BOD, which in turn discusses such matters.</li> </ul>	<ul style="list-style-type: none"> <li>➤ The establishment of the Group's Purpose resulted in clarifying our philosophy system.</li> <li>➤ The BOD had active discussions on sustainability.</li> <li>➤ Sustainability initiatives should be further integrated with the management strategy to achieve sustainability targets.</li> </ul>	<p>The following items will be reported to the BOD for discussion:</p> <ul style="list-style-type: none"> <li>➤ Setting specific milestones for important areas related to sustainability to ensure proactive efforts.</li> <li>➤ Further integrating important sustainability issues into the management strategy, and reflecting them in business operation.</li> </ul>

(2) Directors and other officers

**1) List of officers**

(i) Directors and Audit & Supervisory Board Members as of June 23, 2025 (filing date of this Annual Securities Report) are as follows:

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

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Chairman of the Board	Keiichi Kobayashi	June 24, 1959	April 1985	Joined Furukawa Electric Co., Ltd.	(Note 3)	100
			April 2014	Corporate Vice President and General Manager of Copper & High Performance Material Products Division		
			April 2015	Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			June 2015	Director and Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			April 2016	Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division		
			April 2017	Representative Director and President		
			April 2023	Director and Chairman of the Board (present post)		
Important Concurrent Post		Director (Outside) of NTT DATA Japan Corporation Director (Outside) of JFE Holdings, Inc.				
Representative Director and President	Hideya Moridaira	July 13, 1965	April 1990	Joined Furukawa Electric Co., Ltd.	(Note 3)	66
			April 2020	Corporate Vice President, General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division		
			April 2021	Corporate Vice President, General Manager of Communications Solutions Division, General Manager of Optical Fiber & Cable Products Division (concurrent posts)		
			May 2021	Corporate Vice President, General Manager of Communications Solutions Division		
			April 2022	Corporate Senior Vice President, General Manager of Communications Solutions Division		
			June 2022	Director and Corporate Senior Vice President, General Manager of Communications Solutions Division		
April 2023	Representative Director and President (present post)					

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takashi Tsukamoto	August 2, 1950	<p>April 1974 April 2002 March 2003 April 2004 March 2006 April 2007 April 2008 June 2008 April 2009 June 2011 July 2013 Nov. 2013 April 2014 April 2017 June 2017 June 2021 July 2023</p> <p>Joined The Dai-Ichi Kangyo Bank., Ltd. (currently Mizuho Bank, Ltd.) Executive Officer / General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) Managing Executive Officer / Head of Risk Management Group and Head of Human Resources Group of Mizuho Financial Group, Inc. Managing Executive Officer / Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd. Managing Director / Chief Strategy Officer and Chief Financial Officer of Mizuho Corporate Bank, Ltd. Deputy President of Mizuho Corporate Bank, Ltd. Deputy President-Executive Officer / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc. Deputy President / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc. President &amp; CEO of Mizuho Financial Group, Inc. Chairman of Mizuho Financial Group, Inc. and President &amp; CEO of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc. and Chairman of Mizuho Bank, Ltd. Chairman of Mizuho Financial Group, Inc. Senior Adviser of Mizuho Financial Group Honorary Adviser of Mizuho Financial Group Audit &amp; Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. Director (Outside) of Furukawa Electric Co., Ltd. (present post) Senior Adviser of Mizuho Financial Group, Inc. (present post)</p>	<p>Important Concurrent Post Senior Adviser of Mizuho Financial Group, Inc. Director (Outside) of Asahi Mutual Life Insurance Company Director (Outside) of AEON CO., LTD. Director (Outside) of Internet Initiative Japan Inc.</p>	(Note 3)	58
Director	Yoshiro Miyokawa	December 28, 1952	<p>April 1975 Jan. 2003 Sept. 2004 April 2005 Sept. 2005 April 2006 April 2008 June 2008 June 2011 June 2013 June 2017 June 2019</p> <p>Joined Yamanouchi Pharmaceutical Co., Ltd. (currently Astellas Pharma Inc.) General Manager, Business Process Innovation Promotion Department, Yamanouchi Pharmaceutical Leader, Integration Secretariat, Merger Preparatory Committee, Group Strategy Planning Department, Yamanouchi Pharmaceutical General Manager, Integration Promotion Department, Astellas Pharma Inc. Executive Officer and General Manager, Business Innovation Department, Astellas Pharma Inc. Executive Officer and General Manager, Human Resources Department, Astellas Pharma Inc. Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Senior Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Vice President, Executive Officer and Chief Administrative Officer, Astellas Pharma Inc. Representative Director &amp; Vice President, Chief Administrative Officer, and Chief Compliance Officer, Astellas Pharma Inc. Retired from Astellas Pharma Inc. Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p>		(Note 3)	34

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Yukiko Yabu	June 23, 1958	<p>April 1981 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)</p> <p>April 2006 Director of Lifestyle Value Research Laboratory, R&amp;D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd.</p> <p>Jan. 2011 Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Holdings Corporation</p> <p>April 2012 Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Holdings Corporation</p> <p>April 2013 Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Holdings Corporation</p> <p>March 2014 Retired from Panasonic Holdings Corporation</p> <p>June 2014 Director (Outside) of DUSKIN CO., LTD.</p> <p>June 2015 Director (Outside) of TAKARA HOLDINGS INC.</p> <p>June 2016 Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD.</p> <p>June 2019 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>June 2021 Director (Outside), Audit &amp; Supervisory Committee Member of IBIDEN CO., LTD. (present post)</p>	<p>Important Concurrent Post Director (Outside), Audit &amp; Supervisory Committee Member of IBIDEN CO., LTD.</p>	(Note 3)	24
Director	Tamotsu Saito	July 13, 1952	<p>April 1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd (currently IHI Corporation)</p> <p>June 2006 Executive Officer, Vice President of Aero-Engine &amp; Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd.</p> <p>Jan. 2008 Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation</p> <p>April 2008 Director, Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation</p> <p>April 2009 Director, Managing Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation</p> <p>April 2011 Executive Vice President of IHI Corporation</p> <p>April 2012 President, Chief Executive Officer of IHI Corporation</p> <p>April 2016 Chairman of the Board, Chief Executive Officer of IHI Corporation</p> <p>April 2017 Chairman of the Board of IHI Corporation</p> <p>April 2020 Director of IHI Corporation</p> <p>June 2020 Senior Counselor of IHI Corporation</p> <p>June 2021 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>April 2024 Senior Adviser of IHI Corporation (present post)</p>	<p>Important Concurrent Post Senior Adviser of IHI Corporation Director (Outside) of Oki Electric Industry Company, Limited Director (Outside) of KAJIMA CORPORATION Chairman of New Energy and Industrial Technology Development Organization (NEDO)</p>	(Note 3)	15

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takeo Hoshino	May 16, 1962	April 1987	Joined Ministry of International Trade and Industry (Presently Ministry of Economy, Trade and Industry)	(Note 3)	1
			June 2003	Officer, Policy Planning and Research Office, Personnel Division, Ministry of International Trade and Industry		
			July 2004	Assistant Manager of the San Francisco Office and Manager of the Business Innovation Center, Japan External Trade Organization		
			July 2007	Director for Electronic Devices, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			July 2009	Director, Technology Cooperation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry		
			July 2011	Director, Nonferrous Metals Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry		
			July 2012	Commissioner and Director-General for Information, National Institute of Technology and Evaluation		
			Feb. 2013	Director for Nuclear Incident Recovery, Reconstruction Agency		
			June 2014	Director, Regional Economic and Industrial Policy Division, Regional Economic and Industrial Group, Ministry of Economy, Trade and Industry		
			April 2015	Deputy Director-General of Industrial Technology and Standards Certification, Ministry of Economy, Trade and Industry		
			July 2016	Deputy Director-General for Regional Economic and Industrial Policy, Ministry of Economy, Trade and Industry Deputy Director-General, Town/ People/ Work Revitalization Headquarters, Cabinet Secretariat Deputy Secretary General, Office for the Promotion of Regional Revitalization, Cabinet Secretariat		
			July 2017	Deputy Director-General, Nuclear Incident Disaster Response, Ministry of Economy, Trade and Industry		
			July 2018	Retired from the Ministry of Economy, Trade and Industry		
			Nov. 2018	Research Fellow, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo		
			April 2019	Project Professor, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo (present post)		
			Sep. 2019	Deputy General Manager, Division of University Corporate Relations, The University of Tokyo		
			June 2024	Director (Outside) of Furukawa Electric Co., Ltd. (present post)		
Important Concurrent Post			Project Professor, Graduate School of The University of Tokyo			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Corporate Executive Vice President, and General Manager of Strategy Division	Satoshi Miyamoto	February 20, 1962	April 1984	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)	(Note 3)	44
			July 1999	Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of International Trade and Industry		
			June 2001	Deputy Director, Japan External Trade Organization (JETRO) New York Center		
			June 2004	Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			April 2006	CANON INC. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises)		
			June 2010	Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			April 2011	Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry		
			Feb. 2012	Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau)		
			June 2013	Deputy Chairman, JETRO		
			Oct. 2015	Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			June 2016	Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			July 2017	Retired from Ministry of Economy, Trade and Industry		
			Nov. 2017	Adviser (full-time), Furukawa Electric Co., Ltd.		
			April 2018	Corporate Vice President, and General Manager of Administration & CSR Division		
			April 2019	Corporate Senior Vice President, and General Manager of Administration & CSR Division		
			June 2019	Director and Corporate Senior Vice President, and General Manager of Administration & CSR Division		
April 2021	Director and Corporate Senior Vice President, and General Manager of Business Basis Transformation Division					
April 2022	Director and Corporate Executive Vice President, and General Manager of Strategy Division (present post)					

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Corporate Senior Vice President, and General Manager of Global Marketing Sales Division	Yoshio Masutani	September 29, 1965	April 1989 July 1993 Oct. 1998 April 2011 April 2013 April 2015 July 2015 April 2017 April 2018 April 2020 April 2021 April 2022 June 2022	Joined Okura & Co., Ltd. Okura & Co. UK Ltd. Joined Furukawa Electric Co., Ltd. General Manager of Overseas Sales Department, Communications Company General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division General Manager of Overseas Sales Department, Global Business Division, and General Manager of Overseas Sales Department, Environment/Infrastructure Sales Division, Sales Marketing Division Deputy General Manager of Copper Foil Division, and General Manager of Sales Department, Copper Foil Division General Manager of Planning & Administration Department, Global Marketing Sales Division General Manager of Group Marketing Department, Global Marketing Sales Division Corporate Vice President, General Manager of Business Innovation Design Department, Global Marketing Sales Division Corporate Vice President, Deputy General Manager of Corporate Strategy & Direction Division, General Manager of Social Design & New Business Development Department, General Manager of OneF Mobility Business Development Team Corporate Senior Vice President, General Manager of Global Marketing Sales Division Director and Corporate Senior Vice President, General Manager of Global Marketing Sales Division (present post)	(Note 3)	47
Director and Corporate Senior Vice President, and General Manager of Finance & Accounting Division	Koji Aoshima	March 4, 1969	April 1992 March 2011 June 2013 Nov. 2013 April 2018 April 2021 April 2022 April 2024 June 2024 April 2025	Joined Furukawa Electric Co., Ltd. Manager, Accounting Group, Copper Foil Business Department, Metals Company Manager, Accounting Section 2, Corporate Accounting Department, Finance & Procurement Division Manager, Accounting Section, Corporate Accounting Department, Finance & Procurement Division General Manager, Corporate Accounting Department, Business Management Division, Furukawa Automotive Systems Inc General Manager, Finance & Accounting Department, Finance and Global Management Division, Furukawa Electric Co., Ltd. General Manager, Finance & Accounting Department, Finance & Accounting Division Corporate Vice President, General Manager, Finance & Accounting Division Director and Corporate Vice President, General Manager, Finance & Accounting Division Director and Corporate Senior Vice President, General Manager, Finance & Accounting Division (present post)	(Note 3)	11
Director and Corporate Vice President, and General Manager of Risk Management Division	Toshio Yanagi	January 26, 1966	April 1988 April 2013 April 2016 April 2018 April 2020 April 2021 June 2023	Joined Furukawa Electric Co., Ltd. Senior Manager of Planning Unit, Copper Foil Division General Manager of Corporate Planning Department, Strategy Division General Manager of Corporate Planning Department, Strategy Division Corporate Vice President, General Manager of Copper Foil Division, Functional Products Division Corporate Vice President, General Manager of Risk Management Division Director and Corporate Vice President, General Manager of Risk Management Division (present post)	(Note 3)	44

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member (full-time)	Nozomu Amano	July 15, 1956	April 1980 June 2004 June 2008 March 2009  June 2010 April 2012 April 2013  April 2014  April 2018 June 2018	Joined Furukawa Electric Co., Ltd. General Manager of Legal Department General Manager of HR & Administration Department General Manager of HR & Administration Department and General Manager of Corporate Business Research Department Director and Corporate Vice President, CSO Director and Corporate Vice President, CSRO Director and Corporate Vice President, General Manager of Administration & CSR Division Director and Corporate Senior Vice President, General Manager of Administration & CSR Division Director Audit & Supervisory Board Member (full-time) (present post)	(Note 4)	63
Audit & Supervisory Board Member (full-time)	Masao Terauchi	October 28, 1961	April 1984 April 2017  June 2017  April 2018 April 2020 April 2022 June 2022	Joined Furukawa Electric Co., Ltd. Corporate Vice President, President of PT. Tembaga Mulia Semanan Tbk. Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Material Division Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Division Corporate Vice President, General Manager of Electronics Component Material Division Adviser of Electronics Component Material Division Audit & Supervisory Board Member (full-time) (present post)	(Note 4)	49
Audit & Supervisory Board Member (full-time)	Hiroyuki Ogiwara	February 18, 1961	April 1983 April 2014  June 2014  April 2016  April 2017  April 2018 April 2019 April 2021  April 2022 June 2022 April 2023 June 2023	Joined Furukawa Electric Co., Ltd. Corporate Vice President General Manager of Finance & Procurement Division Director and Corporate Vice President, General Manager of Finance & Procurement Division Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division Representative Director and Corporate Senior Executive Vice President, Chief of Group Transformation Division Representative Director and Corporate Senior Executive Vice President, General Manager of Corporate Strategy & Direction Division Director and Corporate Senior Executive Vice President Corporate Senior Executive Vice President Adviser Audit & Supervisory Board Member (full-time) (present post)	(Note 5)	200
			Important Concurrent Post Director (Outside) of ASAHI-SEIKI MANUFACTURING CO., LTD.			



Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member	Kunihiko Sakai	March 4, 1954	April 1979	Public Prosecutor, Tokyo District Public Prosecutors Office	(Note 4)	26
			July 1998	Senior Counsel, Minister's Secretariat of Ministry of Justice		
			April 2000	Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant Director, Public Security Department of Tokyo District Public Prosecutors Office		
			April 2002	Director, the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders		
			July 2005	Director, Trial Department of Tokyo High Public Prosecutors Office		
			July 2006	Public Prosecutor, Supreme Public Prosecutors Office		
			June 2007	Chief Public Prosecutor, Nara District Public Prosecutors Office		
			July 2008	Director of General Affairs Department, Supreme Public Prosecutors Office		
			June 2010	Director, Lay Judge Trial Department of Supreme Public Prosecutors' Office		
			Oct. 2010	Chief Public Prosecutor of Nagoya District Public Prosecutors Office		
			June 2012	President, Research and Training Institute, Ministry of Justice		
			July 2014	Superintending Prosecutor, Takamatsu District Public Prosecutors Office		
			Sept. 2016	Superintending Prosecutor, Hiroshima District Public Prosecutors Office		
			March 2017	Resigned Above		
			April 2017	Adviser Attorney, TMI Associates (present post)		
June 2018	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)					
June 2019	Director (Outside), Audit & Supervisory Committee Member of HONDA MOTOR CO., LTD.					
June 2021	Director (Outside) of HONDA MOTOR CO., LTD. (present post)					
			Important Concurrent Post Adviser Attorney of TMI Associates Director (Outside) of HONDA MOTOR CO., LTD.			
Audit & Supervisory Board Member	Sayaka Sumida	January 28, 1961	Oct. 1984	Joined Asahi Accounting Company (currently, KPMG AZSA LLC)	(Note 6)	19
			May 1988	Registered as Certified Public Accountant		
			May 2006	Partner, KPMG AZSA LLC		
			Aug. 2007	Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants		
			July 2010	Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants		
			Jan. 2015	Board Member, International Auditing and Assurance Standards Board (IAASB), International Federation of Accountants (IFAC)		
			Feb. 2017	Member of the Business Accounting Council in the Financial Services Agency		
			March 2020	Resigned from KPMG AZSA LLC		
			June 2020	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Audit & Supervisory Board Member	Takao Shiomi	November 25, 1952	April 1975	Joined ITOCHU Corporation	(Note 7)	-
			April 2000	General Manager of Automotive Business Strategy Office of ITOCHU Corporation		
			Feb. 2001	General Manager of Corporate Planning Department, Finance/ Real Estate/ Insurance/ Logistics Company of ITOCHU Corporation		
			June 2004	Executive Officer and General Manager of Logistics Division of ITOCHU Corporation		
			April 2005	Executive Officer and General Manager of Finance Division of ITOCHU Corporation		
			June 2006	Managing Director, and President, Finance /Real Estate / Insurance/ Logistics Company of ITOCHU Corporation		
			May 2008	Retired from ITOCHU Corporation		
			June 2008	Executive Vice President and Representative Director of Orient Corporation		
			March 2012	Retired from Orient Corporation		
			April 2012	Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			June 2012	Representative Director, Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			June 2014	Representative Director, Senior Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			March 2016	Retired from ITOCHU Corporation		
			April 2016	Managing Executive Officer of ISUZU MOTORS LIMITED		
			June 2016	Executive Vice President of ISUZU MOTORS LIMITED		
June 2018	Retired from ISUZU MOTORS LIMITED					
Aug. 2018	President, ITOCHU Corporate Pension Fund					
June 2021	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)					
Aug. 2021	Retired as President, ITOCHU Corporate Pension Fund					
Total						801

- Notes
1. Directors Mr. Takashi Tsukamoto, Mr. Yoshiro Miyokawa, Ms. Yukiko Yabu, Mr. Tamotsu Saito, and Mr. Takeo Hoshino are Outside Directors under Article 2, item (xv) of the Companies Act.
  2. Audit & Supervisory Board Members Mr. Kunihiko Sakai, Ms. Sayaka Sumida, and Mr. Takao Shiomi are Outside Audit & Supervisory Board Members under Article 2, item (xvi) of the Companies Act.
  3. The term of office is from the end of the Annual Shareholders Meeting for FY2023 to the end of the Annual Shareholders Meeting for FY2024.
  4. The term of office is from the end of the Annual Shareholders Meeting for FY2021 to the end of the Annual Shareholders Meeting for FY2025.
  5. The term of office is from the end of the Annual Shareholders Meeting for FY2022 to the end of the Annual Shareholders Meeting for FY2026.
  6. The term of office is from the end of the Annual Shareholders Meeting for FY2023 to the end of the Annual Shareholders Meeting for FY2027.
  7. The term of office is from the end of the Annual Shareholders Meeting for FY2020 to the end of the Annual Shareholders Meeting for FY2024.
  8. The Company has introduced the executive officer system with 29 Corporate Vice Presidents (consisting of two Corporate Executive Vice President, seven Corporate Senior Vice Presidents, and 20 Corporate Vice Presidents), of which four serve concurrently as Directors. Among the Corporate Vice Presidents, three are female and three are non-Japanese.

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

Name	Date of birth	Career summary		Number of shares held (hundreds of shares)
Kenji Koroyasu	April 16, 1942	April 1967 April 1993 Dec. 1993 Jan. 1996 Dec. 1997 April 1999 Dec. 1999 May 2001 June 2002 Feb. 2003 June 2004 July 2004 July 2008 June 2010 June 2018 March 2025	Public Prosecutor Public Prosecutor, Supreme Public Prosecutors Office Chief Public Prosecutor, Otsu District Public Prosecutors Office Chief Secretary, Ministry of Justice Director of General Affairs Department, Supreme Public Prosecutors Office Director of Criminal Affairs Department, Supreme Public Prosecutors Office Director General, Research and Training Institute of Ministry of Justice Superintending Prosecutor, Sapporo High Public Prosecutors Office Superintending Prosecutor, Nagoya High Public Prosecutors Office Superintending Prosecutor, Osaka High Public Prosecutors Office Retired as Superintending Prosecutor Joined Tokyo Eiwa Attorneys at Law Adviser Attorney, TMI Associates Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. Retired as Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. Retired as Adviser Attorney, TMI Associates	-

- (ii) The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members)” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If these proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date, and the members of the Board of Directors of the Company will be as follows. Note that their official titles or positions and career summaries reflect matters to be resolved at the Board of Directors meeting and the Audit & Supervisory Committee meeting to be held immediately after the end of the 203rd Annual Shareholders Meeting.

Male: 9, Female: 2 (Ratio of female officers: 18.2%)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Chairman of the Board	Keiichi Kobayashi	June 24, 1959	April 1985	Joined Furukawa Electric Co., Ltd.	(Note 2)	100
			April 2014	Corporate Vice President and General Manager of Copper & High Performance Material Products Division		
			April 2015	Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			June 2015	Director and Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			April 2016	Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division		
			April 2017	Representative Director and President		
			April 2023	Director and Chairman of the Board (present post)		
Important Concurrent Post						
Director (Outside) of NTT DATA Japan Corporation						
Director (Outside) of JFE Holdings, Inc.						
Representative Director and President	Hideya Moridaira	July 13, 1965	April 1990	Joined Furukawa Electric Co., Ltd.	(Note 2)	66
			April 2020	Corporate Vice President, General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division		
			April 2021	Corporate Vice President, General Manager of Communications Solutions Division, General Manager of Optical Fiber & Cable Products Division (concurrent posts)		
			May 2021	Corporate Vice President, General Manager of Communications Solutions Division		
			April 2022	Corporate Senior Vice President, General Manager of Communications Solutions Division		
			June 2022	Director and Corporate Senior Vice President, General Manager of Communications Solutions Division		
April 2023	Representative Director and President (present post)					

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Representative Director and Corporate Executive Vice President, and General Manager of Strategy Division	Satoshi Miyamoto	February 20, 1962	April 1984	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)	(Note 2)	44
			July 1999	Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of International Trade and Industry		
			June 2001	Deputy Director, Japan External Trade Organization (JETRO) New York Center		
			June 2004	Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			April 2006	CANON INC. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises)		
			June 2010	Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			April 2011	Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry		
			Feb. 2012	Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau)		
			June 2013	Deputy Chairman, JETRO		
			Oct. 2015	Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			June 2016	Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			July 2017	Retired from Ministry of Economy, Trade and Industry		
			Nov. 2017	Adviser (full-time), Furukawa Electric Co., Ltd.		
			April 2018	Corporate Vice President, and General Manager of Administration & CSR Division		
			April 2019	Corporate Senior Vice President, and General Manager of Administration & CSR Division		
			June 2019	Director and Corporate Senior Vice President, and General Manager of Administration & CSR Division		
			April 2021	Director and Corporate Senior Vice President, and General Manager of Business Basis Transformation Division		
April 2022	Director and Corporate Executive Vice President, and General Manager of Strategy Division (present post)					
June 2025	Representative Director and Corporate Executive Vice President, and General Manager of Strategy Division (scheduled)					

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Representative Director and Corporate Senior Vice President, and General Manager of Finance & Accounting Division	Koji Aoshima	March 4, 1969	April 1992	Joined Furukawa Electric Co., Ltd.	(Note 2)	11
			March 2011	Manager of Accounting Group, Copper Foil Business Department, Metals Company		
			June 2013	Manager of Accounting Section 2, Corporate Accounting Department, Finance & Procurement Division		
			Nov. 2013	Manager of Accounting Section, Corporate Accounting Department, Finance & Procurement Division		
			April 2018	General Manager of Corporate Accounting Department, Business Management Division, Furukawa Automotive Systems Inc		
			April 2021	General Manager of Finance & Accounting Department, Finance & Global Management Division, Furukawa Electric Co., Ltd.		
			April 2022	General Manager of Finance & Accounting Department, Finance & Accounting Division		
			April 2024	Corporate Vice President, General Manager of Finance & Accounting Division		
			June 2024	Director and Corporate Vice President, and General Manager of Finance & Accounting Division (present post)		
			April 2025	Director and Corporate Senior Vice President, General Manager of Finance & Accounting Division (present post)		
June 2025	Representative Director and Corporate Senior Vice President, General Manager of Finance & Accounting Division (scheduled)					
Director	Takashi Tsukamoto	August 2, 1950	April 1974	Joined The Dai-Ichi Kangyo Bank., Ltd. (currently Mizuho Bank, Ltd.)	(Note 2)	58
			April 2002	Executive Officer / General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)		
			March 2003	Managing Executive Officer / Head of Risk Management Group and Head of Human Resources Group of Mizuho Financial Group, Inc.		
			April 2004	Managing Executive Officer / Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd.		
			March 2006	Managing Director / Chief Strategy Officer and Chief Financial Officer of Mizuho Corporate Bank, Ltd.		
			April 2007	Deputy President of Mizuho Corporate Bank, Ltd.		
			April 2008	Deputy President-Executive Officer / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			June 2008	Deputy President / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			April 2009	President & CEO of Mizuho Financial Group, Inc.		
			June 2011	Chairman of Mizuho Financial Group, Inc. and President & CEO of Mizuho Bank, Ltd.		
			July 2013	Chairman of Mizuho Financial Group, Inc. and Chairman of Mizuho Bank, Ltd.		
			Nov. 2013	Chairman of Mizuho Financial Group, Inc.		
			April 2014	Senior Adviser of Mizuho Financial Group		
			April 2017	Honorary Adviser of Mizuho Financial Group		
			June 2017	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd.		
			June 2021	Director (Outside) of Furukawa Electric Co., Ltd. (present post)		
			July 2023	Senior Adviser of Mizuho Financial Group, Inc. (present post)		
Important Concurrent Post			Senior Adviser of Mizuho Financial Group, Inc. Director (Outside) of Asahi Mutual Life Insurance Company Director (Outside) of AEON CO., LTD. Director (Outside) of Internet Initiative Japan Inc.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Yukiko Yabu	June 23, 1958	<p>April 1981 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Holdings Corporation)</p> <p>April 2006 Director of Lifestyle Value Research Laboratory, R&amp;D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd.</p> <p>Jan. 2011 Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Holdings Corporation</p> <p>April 2012 Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Holdings Corporation</p> <p>April 2013 Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Holdings Corporation</p> <p>March 2014 Retired from Panasonic Holdings Corporation</p> <p>June 2014 Director (Outside) of DUSKIN CO., LTD.</p> <p>June 2015 Director (Outside) of TAKARA HOLDINGS INC.</p> <p>June 2016 Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD.</p> <p>June 2019 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>June 2021 Director (Outside), Audit &amp; Supervisory Committee Member of IBIDEN CO., LTD. (present post)</p>	<p>Important Concurrent Post Director (Outside), Audit &amp; Supervisory Committee Member of IBIDEN CO., LTD.</p>	(Note 2)	24
Director	Tamotsu Saito	July 13, 1952	<p>April 1975 Joined Ishikawajima-Harima Heavy Industries Co., Ltd (currently IHI Corporation)</p> <p>June 2006 Executive Officer, Vice President of Aero-Engine &amp; Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd.</p> <p>Jan. 2008 Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation</p> <p>April 2008 Director, Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation</p> <p>April 2009 Director, Managing Executive Officer, President of Aero-Engine &amp; Space Operations of IHI Corporation</p> <p>April 2011 Executive Vice President of IHI Corporation</p> <p>April 2012 President, Chief Executive Officer of IHI Corporation</p> <p>April 2016 Chairman of the Board, Chief Executive Officer of IHI Corporation</p> <p>April 2017 Chairman of the Board of IHI Corporation</p> <p>April 2020 Director of IHI Corporation</p> <p>June 2020 Senior Counselor of IHI Corporation (present post)</p> <p>June 2021 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>April 2024 Senior Adviser of IHI Corporation (present post)</p>	<p>Important Concurrent Post Senior Adviser of IHI Corporation Director (Outside) of Oki Electric Industry Company, Limited Director (Outside) of KAJIMA CORPORATION Chairman of New Energy and Industrial Technology Development Organization (NEDO)</p>	(Note 2)	15

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takeo Hoshino	May 16, 1962	April 1987	Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)	(Note 2)	1
			June 2003	Officer, Policy Planning and Research Office, Personnel Division, Ministry of International Trade and Industry		
			July 2004	Deputy Director of the San Francisco Office and Manager of the Business Innovation Center, Japan External Trade Organization (JETRO)		
			July 2007	Director for Electronic Devices, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			July 2009	Director, Technology Cooperation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry		
			July 2011	Director, Nonferrous Metals Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry		
			July 2012	Commissioner and Director-General for Information, National Institute of Technology and Evaluation		
			Feb. 2013	Director for Nuclear Incident Recovery, Reconstruction Agency		
			June 2014	Director, Regional Economic and Industrial Policy Division, Regional Economic and Industrial Group, Ministry of Economy, Trade and Industry		
			April 2015	Deputy Director-General for Industrial Technology and Standards Certification, Ministry of Economy, Trade and Industry		
			July 2016	Deputy Director-General for Regional Economic and Industrial Policy, Ministry of Economy, Trade and Industry		
				Deputy Director-General, Town/People/Work Revitalization Headquarters, Cabinet Secretariat		
				Deputy Secretary General, Office for the Promotion of Regional Revitalization Cabinet Office		
			July 2017	Deputy Director-General, Nuclear Incident Disaster Response, Ministry of Economy, Trade and Industry		
			July 2018	Retired from Ministry of Economy, Trade and Industry		
			Nov. 2018	Research Fellow, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo		
			April 2019	Project Professor, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo (present post)		
Sep. 2019	Deputy General Manager, Division of University Corporate Relations, The University of Tokyo					
June 2024	Director (Outside) of Furukawa Electric Co., Ltd. (present post)					
	Important Concurrent Post					
	Project Professor, Graduate School of The University of Tokyo					



Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director (Full-time Audit & Supervisory Committee Member)	Hiroyuki Ogiwara	February 18, 1961	April 1983	Joined Furukawa Electric Co., Ltd.	(Note 3)	200
			April 2014	Corporate Vice President General Manager of Finance & Procurement Division		
			June 2014	Director and Corporate Vice President, General Manager of Finance & Procurement Division		
			April 2016	Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2017	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2018	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division		
			April 2019	Representative Director and Corporate Senior Executive Vice President, Chief of Group Transformation Division		
			April 2021	Representative Director and Corporate Senior Executive Vice President, General Manager of Corporate Strategy & Direction Division		
			April 2022	Director and Corporate Senior Executive Vice President		
			June 2022	Corporate Senior Executive Vice President		
			April 2023	Adviser		
			June 2023	Audit & Supervisory Board Member (full-time) (present post)		
June 2025	Director (Full-time Audit & Supervisory Committee Member) (scheduled)					
Important Concurrent Post			Director (Outside) of ASAHI-SEIKI MANUFACTURING CO., LTD.			
Director (Audit & Supervisory Committee Member)	Sayaka Sumida	January 28, 1961	Oct. 1984	Joined Asahi Accounting Company (currently, KPMG AZSA LLC)	(Note 3)	19
			May 1988	Registered as Certified Public Accountant		
			May 2006	Partner, KPMG AZSA LLC		
			Aug. 2007	Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants		
			July 2010	Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants		
			Jan. 2015	Board Member, International Auditing and Assurance Standards Board (IAASB), International Federation of Accountants (IFAC)		
			Feb. 2017	Member of the Business Accounting Council in the Financial Services Agency		
			March 2020	Resigned from KPMG AZSA LLC		
			June 2020	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)		
			June 2025	Director (Audit & Supervisory Committee Member) of Furukawa Electric Co., Ltd. (scheduled)		
Important Concurrent Post			Director (Outside) of Audit & Supervisory Committee Member of ADVANTEST CORPORATION Director (Outside) of Japan Exchange Group, Inc.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director (Audit & Supervisory Committee Member)	Takao Shiomi	November 25, 1952	April 1975	Joined ITOCHU Corporation	(Note 3)	-
			April 2000	General Manager of Automotive Business Strategy Office of ITOCHU Corporation		
			Feb. 2001	General Manager of Corporate Planning Department, Finance/ Real Estate/ Insurance/ Logistics Company of ITOCHU Corporation		
			June 2004	Executive Officer and General Manager of Logistics Division of ITOCHU Corporation		
			April 2005	Executive Officer and General Manager of Finance Division of ITOCHU Corporation		
			June 2006	Managing Director, and President, Finance /Real Estate / Insurance/ Logistics Company of ITOCHU Corporation		
			May 2008	Retired from ITOCHU Corporation		
			June 2008	Executive Vice President and Representative Director of Orient Corporation		
			March 2012	Retired from Orient Corporation		
			April 2012	Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			June 2012	Representative Director, Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			June 2014	Representative Director, Senior Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			March 2016	Retired from ITOCHU Corporation		
			April 2016	Managing Executive Officer of ISUZU MOTORS LIMITED		
			June 2016	Executive Vice President of ISUZU MOTORS LIMITED		
			June 2018	Retired from ISUZU MOTORS LIMITED		
			Aug. 2018	President, ITOCHU Corporate Pension Fund		
June 2021	Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post)					
Aug. 2021	Retired as President, ITOCHU Corporate Pension Fund					
June 2025	Director (Audit & Supervisory Committee Member) of Furukawa Electric Co., Ltd. (scheduled)					
Total						538

- Notes
1. Directors Mr. Takashi Tsukamoto, Ms. Yukiko Yabu, Mr. Tamotsu Saito, Mr. Takeo Hoshino, Ms. Sayaka Sumida, and Mr. Takao Shiomi will be Outside Directors under Article 2, item (xv) of the Companies Act.
  2. The term of office will be from the end of the Annual Shareholders Meeting for FY2024 to the end of the Annual Shareholders Meeting for FY2025.
  3. The term of office will be from the end of the Annual Shareholders Meeting for FY2024 to the end of the Annual Shareholders Meeting for FY2026.
  4. The Company has introduced the executive officer system with 29 Corporate Vice Presidents (consisting of two Corporate Executive Vice President, seven Corporate Senior Vice Presidents, and 20 Corporate Vice Presidents), of which two serve concurrently as Directors. Among the Corporate Vice Presidents, three are female and three are non-Japanese.

5. To ensure that the Company will not lack the mandatory number of Directors who serve as Audit & Supervisory Committee Members, it will make the proposal of “Election of two (2) Directors who are Substitute Audit & Supervisory Committee Members” as a matter to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If this proposal is approved and resolved as originally proposed, Mr. Masao Terauchi will assume the position of Director (excluding Outside Director) who is a substitute Audit & Supervisory Committee Member and Mr. Kunihiko Sakai will assume the position of Outside Director who is a substitute Audit & Supervisory Committee Member, and their career summary and other information will be as follows.

Name	Date of birth	Career summary		Number of shares held (hundreds of shares)
Masao Terauchi	October 28, 1961	April 1984 April 2017 June 2017  April 2018 April 2020  April 2022 June 2022 June 2025	Joined Furukawa Electric Co., Ltd. Corporate Vice President, President of PT. Tembaga Mulia Semanan Tbk. Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Material Division Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Division Corporate Vice President, General Manager of Electronics Component Material Division Adviser of Electronics Component Material Division Audit & Supervisory Board Member (full-time) (present post) To retire as Audit & Supervisory Board Member (full-time) (scheduled)	49
Kunihiko Sakai	March 4, 1954	April 1979 July 1998 April 2000  April 2002  July 2005 July 2006 June 2007 July 2008 June 2010 Oct. 2010 June 2012 July 2014  Sept. 2016 March 2017 April 2017 June 2018  June 2019  June 2021 June 2025	Public Prosecutor, Tokyo District Public Prosecutors Office Senior Counsel, Minister’s Secretariat of Ministry of Justice Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant Director, Public Security Department of Tokyo District Public Prosecutors Office Director, the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders Director, Trial Department of Tokyo High Public Prosecutors Office Public Prosecutor, Supreme Public Prosecutors Office Chief Public Prosecutor, Nara District Public Prosecutors Office Director of General Affairs Department, Supreme Public Prosecutors Office Director, Lay Judge Trial Department of Supreme Public Prosecutors’ Office Chief Public Prosecutor of Nagoya District Public Prosecutors Office President, Research and Training Institute, Ministry of Justice Superintending Prosecutor, Takamatsu District Public Prosecutors Office Superintending Prosecutor, Hiroshima District Public Prosecutors Office Resigned Above Adviser Attorney, TMI Associates (present post) Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (present post) Director (Outside), Audit & Supervisory Committee Member of HONDA MOTOR CO., LTD. Director (Outside) of HONDA MOTOR CO., LTD. (present post) To retire as Audit & Supervisory Board Member (Outside) of Furukawa Electric Co., Ltd. (scheduled)	26
		Important Concurrent Post Adviser Attorney of TMI Associates Director (Outside) of HONDA MOTOR CO., LTD.		

<Policy on Nomination of Candidates for Board of Directors and Executive Officers and Skill Matrix>

(1) Policy on Nomination of Candidates for Board of Directors and Executive Officers

With respect to board members (Board of Directors and Executive Officers), the Company believes that their skills, knowledge and experience, as well as multiple views from diverse board members, in terms of gender and international experience, contribute to the Group’s global business operations and appropriate oversight/auditing. Based on this perception, the Company selects candidates for board members as follows:

- Candidates for Outside Director  
Total mix of various skills and backgrounds in the expectation that they will contribute to the Board discussions from diverse perspectives and viewpoints; a person with experience of corporate management and governmental body, an engineer with specific technological expertise, and an expert of law or accounting
- Candidates for Inside Director and Executive Officer  
With the consideration of the Furukawa Electric group business with many affiliates around the globe and various business lines, a person who has the sufficient skillset, knowledge and experience required for each position in accordance with the circumstances as they arise and contributes to the Furukawa Electric corporate value

(2) Skill Matrix of Board of Directors

In the Group, “materiality” is defined as key issues to be addressed for realizing Furukawa Electric Group Vision 2030. The Group identified the following materiality from the perspective of revenue opportunities and risks. In order to resolve these materialities, we have selected eight key areas (skillsets) of experience and knowledge that we expect our directors to possess: Corporate management, Finance/Accounting, Legal affairs/Risk management, Environment/Energy, Technology/IT, Sales/Marketing, International experience/knowledge, and Personnel policy/Organizational development.

Details of skillset were determined upon deliberation at the Nominating/Compensation Committee, and will be updated, as necessary, considering the external environment as well as the Company’s management plan/business characteristics, among others.

Material issues				Skillsets	
Revenue opportunities	Creating businesses that solve social issues		⇒	Finance/Accounting Technology/IT Sales/Marketing	
	Open, Agile, Innovative		⇒	Corporate management Technology/IT Sales/Marketing	
	Building partnerships with various stakeholders		⇒	Technology/IT International experience/knowledge	
Risks	[E]	Developing business activities that consider climate change	⇒	Environment/Energy	
	[S]	Strengthening human capital and organizational execution abilities	⇒	Personnel policy/Organizational development	
	[G]	Building a governance system to strengthen risk management	⇒	Legal affairs/Risk management	

• Details of skillsets

Skillsets	Reason for selection	Definition
Corporate management	To promote ESG management aiming at the Group's sustainable growth and increase in corporate value over the mid- to long-term, and proactively work on self-transformation, skills in formulating mid- to long-term sustainable growth strategy and high level of skills in corporate management are required.	Have experience in serving as Representative Director or equivalent (i.e. an officer with a broad scope of responsibilities that are similar to that of an officer)
Finance/Accounting	To strengthen/create capital efficient businesses of the Group, and optimize its business portfolio, high level of skills in accurately identifying the financial situation and formulating financial/capital strategy toward establishing the solid financial base are required.	Have experience/expertise in finance/accounting; have significant experience as the person in charge of finance/accounting division
Legal affairs/ Risk management	Establishing a governance structure for strengthening risk management and ensuring a corporate culture of compliance are the foundation of continued increase in corporate value. To improve the Board's effectiveness in terms of overseeing the management as well, high level of skills in legal affairs, risk management and compliance are required.	Have experience/expertise in establishing legal/risk management/compliance system, etc.; have significant experience as the person in charge of legal affairs/risk management/compliance division
Environment/Energy	Since it is essential for the Group's sustainable growth to promote climate-conscious business activities and have high level of skills in environment/energy area.	Have extensive experience, expertise and/or network in the area of environment/energy; or have significant experience as the person in charge of environment/energy division
Technology/IT	To enhance the Group's strengths, including open innovation, co-creation with external partners, and the use of intellectual properties, and develop a new business model, 4 core technologies* which the Group has developed, or high level of skills in the digital area are required.	Have experience/expertise in R&D, IT, DX, etc.; have significant experience as the person in charge of technology/IT division
Sales/Marketing	To move away from the product-out mindset, adopt market-in and even outside-in approaches, and provide customers with solutions by taking advantage of the Group's strengths, high level of skills in forecasting market trends and formulating sales strategy are required.	Have experience/expertise in sales/marketing; have significant experience as the person in charge of sales/marketing division
International experience/knowledge	To strengthen the Group's businesses, high level of skills in formulating growth strategy from the global viewpoint as well as managing overseas businesses are required.	Have experience in running a company abroad or have international knowledge of international trade or a relevant specialized area
Personnel policy/ Organizational development	To strengthen human capital management and organizational execution abilities, and thus strengthen the foundation for corporate management, high level of skills in formulating measures to ensure that employees demonstrate their abilities to the maximum extent and to strengthen team capability through leadership development and reform of organizational culture are required.	Have experience/expertise in personnel policy/organizational development; or have significant experience as the person in charge of personnel policy/organizational development division

\*4 core technologies: Metals, Polymers, Photonics, High frequency

[Directors (excluding those who serve as Audit & Supervisory Committee Members)]

Name	Independent	Corporate management	Finance/Accounting	Legal affairs/ Risk management	Environment/Energy	Technology/IT	Sales/Marketing	International experience/knowledge	Personnel policy/ Organizational development
Keiichi Kobayashi (Male)		○				○	○		
Hideya Moridaira (Male)		○				○		○	
Takashi Tsukamoto (Male)	★	○	○					○	
Yukiko Yabu (Female)	★					○	○		○
Tamotsu Saito (Male)	★	○				○			
Takeo Hoshino (Male)	★				○	○		○	
Satoshi Miyamoto (Male)				○				○	○
Koji Aoshima (Male)			○	○					

[Directors who serve as Audit & Supervisory Committee Members]

Name	Independent	Corporate management	Finance/Accounting	Legal affairs/ Risk management	Environment/Energy	Technology/IT	Sales/Marketing	International experience/knowledge	Personnel policy/ Organizational development
Hiroyuki Ogiwara (Male)		○	○					○	
Sayaka Sumida (Female)	★		○					○	
Takao Shiomi (Male)	★	○	○					○	

Notes 1. The above tables do not cover all experience/knowledge of each person. A check-mark is placed only in case where the Company expects that a person's extensive experience/knowledge in each item will particularly contribute to solving key issues.

2. A star mark (★) in the "Independence" column indicates those who meet the independence criteria for outside officers stipulated by the Tokyo Stock Exchange (TSE) and the Independence Standards for Outside Officers stipulated by the Company (see [Independence Standards for Outside Officers specified by the Company] ) and with respect to whom the Company has submitted independent officer notifications to the TSE.

## 2) Status of Outside Officers

### (i) Numbers of Outside Officers

The Company has five Outside Directors and three Outside Audit & Supervisory Board Members as of June 23, 2025 (filing date of this Annual Securities Report). The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members),” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date, and have four Outside Directors (excluding Directors who serve as Audit & Supervisory Committee Members) and two Outside Directors who serve as Audit & Supervisory Committee Members.

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

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

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

#### <Independence Standards for Outside Officers>

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

- (a) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
- (b) Person belonging to a company which is one of the Company’s main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
- (c) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company’s total assets in the most recent years).
- (d) Person who receives monetary or other economic benefits from the Company of JPY 10 million or more a year, over and above officer’s remuneration, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives JPY 100 million a year from the Company.
- (e) Person who has fallen under any of the items (a) to (d) during any period within the past three years.
- (f) Relative of the person who falls under any of the items (a) to (e) above, within the second degree of kinship.
- (g) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.
  - \* Even if any of the items (a) to (g) is not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

Note: The Company will make a proposal of “Partial Amendment to the Articles of Incorporation” as a matter to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposal is approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date. Accordingly, Independence Standards for Outside Officers will be revised as follows:

#### <Independence Standards for Outside Directors>

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

- (a) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
- (b) Person belonging to a company which is one of the Company’s main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
- (c) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company’s total assets in the most recent years).
- (d) Person who receives monetary or other economic benefits from the Company of JPY 10 million or more a year, over and above officer’s remuneration, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives JPY 100 million a year from the Company.
- (e) Person who has fallen under any of the items (a) to (d) during any period within the past three years.
- (f) Relative of the person who falls under any of the items (a) to (e) above, within the second degree of kinship.
- (g) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.
  - \* Even if any of the items (a) to (g) is not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

(iii) Outside Officers and their relationship with the Company

The status of outside officers and their relationship with the Company as of June 23, 2025 (filing date of this Annual Securities Report) are as follows.

<p>Outside Director Takashi Tsukamoto</p>	<p>Mr. Takashi Tsukamoto has held several leadership positions, including Director in charge of Finance and Representative Director, in a financial institution, and has a wealth of experience and extensive knowledge of overall corporate management, including finance and accounting. Since he assumed the position of Outside Director of the Company in 2021, he has actively provided advice and recommendations mainly on business strategy, group management, financial policies and investor relations from the perspectives of the Group's global management as well as shareholders and other stakeholders. Furthermore, he has demonstrated his leadership as the chairperson of Nominating/Compensation Committee as well as outside officer meetings, while taking initiative as the lead outside officer by sharing the recognition of the Company's management challenges among outside officers and by ensuring cooperation between outside officers and the management/Audit &amp; Supervisory Board (Members). As such, he has significantly contributed to improving the Company's corporate governance. As the Group will work on strengthening the corporate governance system and promoting global corporate management, his advice and recommendations on corporate management and finance/accounting based on his experience and expertise, as well as his leadership will be extremely beneficial for the Company. In addition, the Company believes that his advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Mizuho Bank, Ltd., where Mr. Takashi Tsukamoto served as President &amp; CEO in the past, and Furukawa Electric Group borrowed ¥69,699 million as of March 31, 2025. Mr. Tsukamoto, however, retired from the executive position in June 2013.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Yoshiro Miyokawa</p>	<p>Mr. Yoshiro Miyokawa assumed prominent administrative positions and served as Representative Director &amp; Vice President at a large pharmaceutical company and has extensive experience and in-depth insight in corporate management, human resources policy, and compliance. Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on corporate governance, business strategy, and personnel development to improve governance of the entire Furukawa Electric Group. His advice and recommendations on corporate management and compliance based on his experience and expertise will be extremely useful for the Group to work on enhancing the group governance system for the entire Group. In addition, the Company believes that his contribution is indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Yukiko Yabu</p>	<p>Ms. Yukiko Yabu has served as outside director of several listed companies including our Company, although she has not engaged in corporate management in any other capacity; and has a wealth of experience and advanced knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. Since she assumed the position of Outside Director of the Company, she has actively provided advice and recommendations mainly on business strategy, marketing, and diversity from a broad perspective. Her advice and recommendations based on her experience and expertise in marketing and product development, among others, will be extremely useful while the Group aims at further accelerating global sales expansion. In addition, the Company believes that her advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed her as an Outside Director, believing that she is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>



<p>Outside Director Tamotsu Saito</p>	<p>Mr. Tamotsu Saito has held several leadership positions including President &amp; Representative Director and Chairman of one of Japan’s leading heavy industry manufacturers and has a wealth of experience and extensive expertise of global corporation management and overall manufacturing (monozukuri). Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on business strategy, manufacturing (monozukuri), and finance and accounting from the perspective of the Group’s global management. His advice and recommendations based on his experience and expertise in corporate management and manufacturing will be extremely useful while the Group plans to further expand business as a manufacturer in the future. In addition, the Company believes that his advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Between the Company and IHI Corporation, for which Mr. Tamotsu Saito served as Chairman and Representative Director until March 2020, there is a business relationship where the Company sells special-purpose cables, components, etc. to IHI Corporation. However, the total trading amount in FY2024 was less than ¥1 million, and therefore, the amount is quite small.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Takeo Hoshino</p>	<p>Mr. Takeo Hoshino has held prominent positions, including Deputy Director-General, at the Ministry of Economy, Trade and Industry, and has a wealth of experience and advanced knowledge in industrial policies, especially in environment and energy fields, as well as materials engineering, although he has not been directly involved in corporate management other than serving as an outside officer. Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on agenda items related to research &amp; development from a broad perspective. The Company believes that his advice and recommendations based on his experience and expertise in industrial policy and materials engineering are extremely useful while the Group further focuses on promoting climate-conscious business activities and developing new businesses, and indispensable for strengthening the Board’s oversight function from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Audit &amp; Supervisory Board Member Kunihiko Sakai</p>	<p>Although Mr. Kunihiko Sakai does not have direct experience in corporate management other than serving as an outside officer, he has long years of experience as a legal professional including overseas experience and has significant insights into such areas as corporate governance, legal risk management, and compliance. Since he assumed the position of Outside Audit &amp; Supervisory Board Member of the Company, he has actively expressed his opinions mainly on legal regulations and corporate governance in various countries at Board of Directors meetings and Audit &amp; Supervisory Board meetings from the perspective of risk management. The Company believes that his contribution is indispensable for maintaining and strengthening our audit framework, facilitating strategic discussions at the Board of Directors meetings, and further enhancing the Board’s supervisory function from an independent perspective. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Mr. Sakai has served as Advisor Attorney of TMI Associates since April 2017. There is a transaction related to legal consultation between the Company and TMI Associates in the amount of approximately ¥5 million per year for FY2024, which is lower than the threshold specified in the Company’s Independence Standards. The transaction was of a one-time nature related to legal consultation rather than of a continuous nature under an adversary contract, and Mr. Sakai was not involved in the transaction.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

<p>Outside Audit &amp; Supervisory Board Member Sayaka Sumida</p>	<p>Ms. Sayaka Sumida is an expert on financial statement audit and internal control audit from her long experience as a Certified Public Accountant, and served as an Executive Board Member of Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Japan Financial Services Agency. As such, she has a wealth of experience and high level of knowledge in finance &amp; accounting, although she has not been directly involved in corporate management other than serving as an outside officer. Upon assuming the office of Outside Audit &amp; Supervisory Board Member of the Company, she has actively expressed her opinions mainly on the Group company management and finance &amp; accounting from the perspective of risk management at the Board of Directors and Audit &amp; Supervisory Board meetings. The Company believes that her experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed her as Outside Audit &amp; Supervisory Board Member, believing that she is qualified for the position.</p> <p>She served as a partner at KPMG AZSA LLC until March 2020. While the firm has provided financial and accounting consulting services to the Company, the total transaction amount in FY2024 was approximately 25 million yen, which is below the monetary threshold set forth in the Company's independence criteria. It should be noted that KPMG AZSA LLC has never served as the Company's accounting auditor, and she was never involved in any audit of the Company while at the firm. In addition, she has had no involvement in any of the consulting transactions between the Company and KPMG AZSA LLC.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>
<p>Outside Audit &amp; Supervisory Board Member Takao Shiomi</p>	<p>Mr. Takao Shiomi has management experience in various industries, including a large general trade corporation, a financial institution, and a manufacturer. He has a wealth of experience and extensive expertise of overall corporate management, including finance and accounting. Since he assumed the position of Outside Audit &amp; Supervisory Board Member of the Company, he has actively expressed his opinions mainly on Group management from the perspectives risk management at the Board of Directors and Audit &amp; Supervisory Board meetings. The Company believes that his experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed him as Outside Audit &amp; Supervisory Board Member, believing that he is qualified for the position.</p> <p>Mr. Takao Shiomi served as a director of ITOCHU Corporation ("ITOCHU") from June 2012 to March 2016. Between ITOCHU and the Company, there is a business relationship where our subsidiary sells its products to overseas customers using ITOCHU as its agent, but the annual trade value in FY2024 was approx. ¥5,167 million. In addition, Mr. Takao Shiomi served as a director of ISUZU MOTORS LIMITED ("ISUZU") from June 2016 to June 2018. Between ISUZU and the Company, there is a business relationship where the Company sells automotive parts, etc. to ISUZU. The annual trade value in FY2024 was approx. ¥8,738 million. Furthermore, Mr. Mitsuyoshi Shibata, who served as Director of the Company from June 2010 through June 2023, has assumed an office of an outside director of ISUZU, where Mr. Shiomi used to serve as a director.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Election of eight (8) Directors (excluding those who serve as Audit & Supervisory Committee Members),” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date, and the status of each outside director and their relationship with the Company are as follows.

<p>Outside Director Takashi Tsukamoto</p>	<p>Mr. Takashi Tsukamoto has held several leadership positions, including Director in charge of Finance and Representative Director, in a financial institution, and has a wealth of experience and extensive knowledge of overall corporate management, including finance and accounting. Since he assumed the position of Outside Director of the Company in 2021, he has actively provided advice and recommendations mainly on business strategy, group management, financial policies and investor relations from the perspectives of the Group’s global management as well as shareholders and other stakeholders. Furthermore, he has demonstrated his leadership as the chairperson of Nominating/Compensation Committee as well as outside officer meetings, while taking initiative as the lead outside officer by sharing the recognition of the Company’s management challenges among outside officers and by ensuring cooperation between outside officers and the management/Audit &amp; Supervisory Board (Members). As such, he has significantly contributed to improving the Company’s corporate governance. As the Group will work on strengthening the corporate governance system and promoting global corporate management, his advice and recommendations on corporate management and finance/accounting based on his experience and expertise, as well as his leadership will be extremely beneficial for the Company. In addition, the Company believes that his advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Mizuho Bank, Ltd., where Mr. Takashi Tsukamoto served as President &amp; CEO in the past, and Furukawa Electric Group borrowed ¥69,699 million as of March 31, 2025. Mr. Tsukamoto, however, retired from the executive position in June 2013.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Director Yukiko Yabu</p>	<p>Ms. Yukiko Yabu has served as outside director of several listed companies including our Company, although she has not engaged in corporate management in any other capacity; and has a wealth of experience and advanced knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. Since she assumed the position of Outside Director of the Company, she has actively provided advice and recommendations mainly on business strategy, marketing, and diversity from a broad perspective. Her advice and recommendations based on her experience and expertise in marketing and product development, among others, will be extremely useful while the Group aims at further accelerating global sales expansion. In addition, the Company believes that her advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed her as an Outside Director, believing that she is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>
<p>Outside Director Tamotsu Saito</p>	<p>Mr. Tamotsu Saito has held several leadership positions including President &amp; Representative Director and Chairman of one of Japan’s leading heavy industry manufacturers and has a wealth of experience and extensive expertise of global corporation management and overall manufacturing (monozukuri). Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on business strategy, manufacturing (monozukuri), and finance and accounting from the perspective of the Group’s global management. His advice and recommendations based on his experience and expertise in corporate management and manufacturing will be extremely useful while the Group plans to further expand business as a manufacturer in the future. In addition, the Company believes that his advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>Between the Company and IHI Corporation, for which Mr. Tamotsu Saito served as Chairman and Representative Director until March 2020, there is a business relationship where the Company sells special-purpose cables, components, etc. to IHI Corporation. However, the total trading amount in FY2024 was less than ¥1 million, and therefore, the amount is quite small.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

<p>Outside Director Takeo Hoshino</p>	<p>Mr. Takeo Hoshino has held prominent positions, including Deputy Director-General, at the Ministry of Economy, Trade and Industry, and has a wealth of experience and advanced knowledge in industrial policies, especially in environment and energy fields, as well as materials engineering, although he has not been directly involved in corporate management other than serving as an outside officer. Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on agenda items related to research &amp; development from a broad perspective. The Company believes that his advice and recommendations based on his experience and expertise in industrial policy and materials engineering are extremely useful while the Group further focuses on promoting climate-conscious business activities and developing new businesses, and indispensable for strengthening the Board's oversight function from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>
<p>Outside Audit &amp; Supervisory Committee Member Sayaka Sumida</p>	<p>Ms. Sayaka Sumida is an expert on financial statement audit and internal control audit from her long experience as a Certified Public Accountant, and served as an Executive Board Member of Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Japan Financial Services Agency. As such, she has a wealth of experience and high level of knowledge in finance &amp; accounting, although she has not been directly involved in corporate management other than serving as an outside officer. Upon assuming the office of Outside Audit &amp; Supervisory Board Member of the Company, she has actively expressed her opinions mainly on the Group company management and finance &amp; accounting from the perspective of risk management at the Board of Directors and Audit &amp; Supervisory Board meetings. The Company believes that her experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed her as an Outside Director who serves as an Audit &amp; Supervisory Committee Member, believing that she is qualified for the position.</p> <p>She served as a partner at KPMG AZSA LLC until March 2020. While the firm has provided financial and accounting consulting services to the Company, the total transaction amount in FY2024 was approximately 25 million yen, which is below the monetary threshold set forth in the Company's independence criteria. It should be noted that KPMG AZSA LLC has never served as the Company's accounting auditor, and she was never involved in any audit of the Company while at the firm. In addition, she has had no involvement in any of the consulting transactions between the Company and KPMG AZSA LLC.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.</p>
<p>Outside Audit &amp; Supervisory Committee Member Takao Shiomi</p>	<p>Mr. Takao Shiomi has management experience in various industries, including a large general trade corporation, a financial institution, and a manufacturer. He has a wealth of experience and extensive expertise of overall corporate management, including finance and accounting. Since he assumed the position of Outside Audit &amp; Supervisory Board Member of the Company, he has actively expressed his opinions mainly on Group management from the perspectives risk management at the Board of Directors and Audit &amp; Supervisory Board meetings. The Company believes that his experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed him as an Outside Director who serves as an Audit &amp; Supervisory Committee Member, believing that he is qualified for the position.</p> <p>Mr. Takao Shiomi served as a director of ITOCHU Corporation ("ITOCHU") from June 2012 to March 2016. Between ITOCHU and the Company, there is a business relationship where our subsidiary sells its products to overseas customers using ITOCHU as its agent, but the annual trade value in FY2024 was approx. ¥5,167 million. In addition, Mr. Takao Shiomi served as a director of ISUZU MOTORS LIMITED ("ISUZU") from June 2016 to June 2018. Between ISUZU and the Company, there is a business relationship where the Company sells automotive parts, etc. to ISUZU. The annual trade value in FY2024 was approx. ¥8,738 million. Furthermore, Mr. Mitsuyoshi Shibata, who served as Director of the Company from June 2010 through June 2023, has assumed an office of an outside director of ISUZU, where Mr. Shiomi used to serve as a director.</p> <p>In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.</p>

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

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

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date. Accordingly, the roles currently performed by Audit & Supervisory Board Members will be assumed by Directors who serve as Audit & Supervisory Committee Members.

### (3) Audits

The status of audits of the Company is as follows.

The Company will make proposals of “Partial Amendment to the Articles of Incorporation” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date. Accordingly, the status of audits of the Company is expected to change from what is described below.

#### 1) Audit by Audit & Supervisory Board Members

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

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

The organization and staffing for audits by Audit & Supervisory Board Members as of June 23, 2025 (filing date of this Annual Securities Report) are as follows. The Company has six Audit & Supervisory Board Members, of which three are Outside Audit & Supervisory Board Members. Among the six Audit & Supervisory Board Members, four members have considerable expertise in finance and accounting. Specifically, one member has the experience of engaging in tax and accounting services as an employee of the Company, another member has the experience of serving as an officer in charge of the finance division of the Group, another member has the professional experience in the field of finance and accounting with a certified public accountant designation, and yet another member has the experience of corporate management including financial and accounting. Also, the Company has assigned two staff members who assist Audit & Supervisory Board Members in performing their duties.

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

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

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation” and “Election of three (3) Directors who serve as Audit & Supervisory Committee Members” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. If the proposals are approved and resolved as originally proposed, the Company will transition to a Company with an Audit & Supervisory Committee as of the same date, and have three Directors who serve as Audit & Supervisory Committee Members, two of whom are Outside Directors who serve as Audit & Supervisory Committee Members. The three Directors who serve as Audit & Supervisory Committee Members each have considerable knowledge of finance and accounting: one has experience as an officer in charge of the finance division within the Group, one is a certified public accountant with expertise in finance and accounting, and the third has experience in corporate management, including finance and accounting. In addition, to support the duties of the Audit & Supervisory Committee, the Company plans to establish Audit & Supervisory Committee Office and assign three dedicated employees.

The name and career history of candidates for Directors who serves as Audit & Supervisory Committee Members are as follows.

Name	Career history, etc.
Hiroyuki Ogiwara (Director who serves as full-time Audit & Supervisory Committee Member)	Mr. Hiroyuki Ogiwara has held various positions in Furukawa Electric Group, including CFO of our U.S. subsidiary, General Manager of Finance & Accounting Department of the Company, and General Manager of Finance & Procurement Division of the Company. He has garnered a wealth of experience and advanced knowledge in finance/accounting and the Group management through his experience leading the Group’s transformation activities and serving as Corporate Senior Executive Vice President.
Sayaka Sumida (Outside Director who serves as Audit & Supervisory Committee Member)	Ms. Sayaka Sumida has extensive familiarity with audits of financial statements and internal control, from her long years of experience as a certified public accountant. Besides, she served as Executive Board Member of the Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Japan Financial Services Agency. As such, she has a wealth of experience in and advanced knowledge of finance and accounting.
Takao Shiomi (Outside Director who serves as Audit & Supervisory Committee Member)	Mr. Takao Shiomi has experience in corporate management in various industries, including a large trading company, financial institutions, and a manufacturer. He has a wealth of experience in and advanced knowledge of overall corporate management, including finance and accounting.

<Procedures for audits by Audit & Supervisory Board Members>

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

## (ii) Activities of Audit &amp; Supervisory Board Members and Audit &amp; Supervisory Board (for FY2024)

&lt;Activities of Audit &amp; Supervisory Board Members&gt;

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

Activities		Roles
Attendance of important meetings	Board of Directors	◆◇
	Management Committee	◆
	Outside Officers Committee	◇
	Risk Management Committee, Sustainability Committee, etc.	◆
Hearing with individual officers		◆◇
Information sharing and exchange of opinions with Director and Chairman of the Board (non-executive Chairperson of the Board who does not have representative rights) and President (chief executive officer)		◆
Information sharing and exchange of opinions with Accounting Auditor		◆◇
Information sharing and exchange of opinions with Auditing Department		◆◇
Debriefing from and exchange of opinions with General Manager of Risk Management Department, Risk Management Division		◆
Debriefing from part-time Audit & Supervisory Board Members of group companies in Japan		◆
Information sharing and exchange of opinions with Audit & Supervisory Board Members, etc. of major subsidiaries in Japan		◆
Review important requests for approval		◆
On-site inspection of each department at each division of the Company, its business locations/branches, and R&D laboratories		◆◇
On-site inspection of group companies in Japan and abroad		◆◇
Attendance of regular meetings with Accounting Auditor and an internal audit function (Auditing Department) and an internal control function (Risk Management Department, Risk Management Division) for the purpose of reinforcing the three-way audit system		◆
Review in cases where audit or other firms within the Deloitte Tohmatsu Group to which Accounting Auditor of the Company belong provide non-audit services to Furukawa Electric Group companies		◆

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

<Attendance status of individual Audit & Supervisory Board Members to the Audit & Supervisory Board meetings and the Board of Directors meetings (in FY2024)>

The Company held 11 Audit & Supervisory Board meetings and 16 Board of Directors meetings in FY2024.

Name	Attendance at the Audit & Supervisory Board meetings (number of attendance and attendance ratio)	Attendance at the Board of Directors meetings (number of attendance and attendance ratio)
Nozomu Amano (Audit & Supervisory Board Member (full-time))	11 out of 11 (100%)	16 out of 16 (100%)
Masao Terauchi (Audit & Supervisory Board Member (full-time))	11 out of 11 (100%)	16 out of 16 (100%)
Hiroyuki Ogiwara (Audit & Supervisory Board Member (full-time))	11 out of 11 (100%)	16 out of 16 (100%)
Kunihiko Sakai (Outside Audit & Supervisory Board Member)	11 out of 11 (100%)	16 out of 16 (100%)
Sayaka Sumida (Outside Audit & Supervisory Board Member)	11 out of 11 (100%)	16 out of 16 (100%)
Takao Shiomi (Outside Audit & Supervisory Board Member)	11 out of 11 (100%)	16 out of 16 (100%)



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

Month	Overview
April	<ul style="list-style-type: none"> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> <li>• Exchange opinions on the results of audits by Audit &amp; Supervisory Board Members reported at the Board of Directors</li> <li>• Debriefing on the results of audits by Auditing Department</li> </ul>
May	<ul style="list-style-type: none"> <li>• Debriefing from and exchange of opinions with Accounting Auditor on results of year-end accounting audit</li> <li>• Evaluation of Accounting Auditor and judgment on appropriateness of audit by Accounting Auditor</li> <li>• Discussion with Accounting Auditor on Key Audit Matters (KAM)</li> <li>• Report on the status of the non-audit services contract from Accounting Auditor</li> <li>• Judgment on whether to reappoint Accounting Auditor</li> <li>• Review of the results of audit regarding internal control system</li> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> <li>• Submission of audit reports by Audit &amp; Supervisory Board Members</li> <li>• Preparation of audit report of the Audit &amp; Supervisory Board</li> <li>• Judgment on whether to consent to the proposal for election of Audit &amp; Supervisory Board Members</li> <li>• Discussions about the treatment of proposals submitted to Annual Shareholders Meeting</li> </ul>
June	<ul style="list-style-type: none"> <li>• Debriefing from Accounting Auditor on audit pursuant to the Financial Instruments and Exchange Act</li> <li>• Election of Chair of Audit &amp; Supervisory Board</li> <li>• Election of full-time Audit &amp; Supervisory Board Members</li> <li>• Determination of the audit policies as well as audit plan and job assignment</li> <li>• Discussions about the remuneration for Audit &amp; Supervisory Board Members</li> </ul>
August	<ul style="list-style-type: none"> <li>• Debriefing from and exchange of opinions with Accounting Auditor on the audit plan</li> <li>• Report on the status of the non-audit services contract from Accounting Auditor</li> <li>• Judgment on whether to consent to the proposed compensation for Accounting Auditor</li> <li>• Decision on which officers to invite for an individual hearing</li> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> </ul>
September	<ul style="list-style-type: none"> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> </ul>
November	<ul style="list-style-type: none"> <li>• Debriefing from and exchange of opinions with Accounting Auditor on results of the semi-annual closing review</li> <li>• Discussion with Accounting Auditor about KAM</li> <li>• Report on the status of the non-audit services contract from Accounting Auditor</li> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> <li>• Exchange of opinions on the transition to a Company with an Audit &amp; Supervisory Committee</li> </ul>
December	<ul style="list-style-type: none"> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> <li>• Determination of schedule for Audit &amp; Supervisory Board meetings and hearing with individual officers</li> <li>• Exchange of opinions on the transition to a Company with an Audit &amp; Supervisory Committee</li> </ul>
February	<ul style="list-style-type: none"> <li>• Discussion with Accounting Auditor about KAM</li> <li>• Report on the status of the non-audit services contract from Accounting Auditor</li> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> <li>• Exchange of opinions on the transition to a Company with an Audit &amp; Supervisory Committee</li> </ul>
March	<ul style="list-style-type: none"> <li>• Debriefing from and exchange of opinions with Accounting Auditor on the year-end audit plan</li> <li>• Discussion with Accounting Auditor about KAM</li> <li>• Interim evaluation on Accounting Auditor</li> <li>• Report from full-time Audit &amp; Supervisory Board Members on their audit activities</li> <li>• Exchange of opinions on the transition to a Company with an Audit &amp; Supervisory Committee</li> </ul>

## 2) Internal audit

### <Organization, staffing and procedures for internal audit>

Internal audits are performed by Auditing Department, which directly reports to the President. Auditing Department, consisting of seven full-time staff and six concurrent staff as of June 23, 2025 (filing date of this Annual Securities Report), monitors each department's status of business execution regularly and whenever necessary depending on changes in environment and reports the results to the relevant department and management. When monitoring each department, Auditing Department perform monitoring from the perspectives of the internal control system and risk management. More specifically, Auditing Department engages in internal auditing activities by focusing on status of compliance, departmental risk management, and group-wide risk management as well as effectiveness and efficiency of operations at each department in the Company, status of control and storage of documents and information used for decision-making, status of development, effectiveness and compliance of internal regulations.

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

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

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

### <Initiatives for securing the effectiveness of internal audit>

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

## 3) Accounting audit

a. Name of Accounting Auditor  
Deloitte Touche Tohmatsu LLC

b. Years of continuous auditing  
Seven years starting from FY2018

c. Certified public accountants who performed the audit engagement  
Mr. Tsutomu Hirose, Mr. Koji Hiraoka, and Mr. Kenta Suzuki

d. Composition of assistants of audit engagement  
Besides the certified public accountants described in Item c. above, the audit engagement for the Company was assisted by 28 certified public accountants and 55 other individuals.

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

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

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

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

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

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

As a result of the evaluation, the Audit & Supervisory Board of the Company has resolved not to submit a proposal for the selection or dismissal of Accounting Auditor since the accounting audit by the audit firm as Accounting Auditor for FY2024 was deemed to have been conducted appropriately and its audit system was deemed to be functioning effectively.

4) Details of audit fees, etc.

a. Audit fees paid to auditing certified public accountants

Classification	Previous fiscal year		Current fiscal year	
	Audit fees (million yen)	Non-audit fees (million yen)	Audit fees (million yen)	Non-audit fees (million yen)
Reporting company	129	–	152	–
Consolidated subsidiaries	112	–	98	–
Total	241	–	250	–

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

Classification	Previous fiscal year		Current fiscal year	
	Audit fees (million yen)	Non-audit fees (million yen)	Audit fees (million yen)	Non-audit fees (million yen)
Reporting company	–	2	–	2
Consolidated subsidiaries	158	54	169	50
Total	158	57	169	52

Notes: 1. Fees for non-audit services were those for assisting with trade operations for both the previous and current fiscal years.

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

c. Details of fees for other significant audit certification services

(Previous fiscal year)

Not applicable.

(Current fiscal year)

Not applicable.

d. Policy for determining audit fees

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

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

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

(4) Remuneration for Directors, etc.

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

The Company has the policy for determining remuneration for individual Directors and other officers (hereinafter, “Individual Remuneration Policy”), which was established by resolution of the Board of Directors. Details are as shown below. Nominating/Compensation Committee confirms adequacy, effectiveness, and appropriateness of plan design and level of remuneration every year, by means of outside survey that is comparing the Company’s remuneration level with those of other similar size 30 manufacturing companies.

(i) Basic policy

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

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

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

Element of remuneration	Overview	Recipient			
		Director except Outside Director	Outside Director	Corporate Vice President and Senior Fellow, except Director	Audit & Supervisory Board Member
Base salary	This element is paid in cash in a fixed amount every month, and the amount is determined depending on his/her role (e.g. management oversight or business execution) and official position.	●	●	●	●
Short-term performance-linked remuneration (individual)	This element is paid in cash every month, and the amount is determined by the Nominating/Compensation Committee upon comprehensively evaluating achievements of the relevant business plan in the previous fiscal year, such as operating income and Economic Value Added in the division(s) he/she is in charge of, and the status of relevant measures.	●	—	●	—
Short-term performance-linked remuneration (company level)	This element is paid in cash once a year, and the amount is fixed according to the evaluation criterion based on consolidated operating income, as defined by the Nominating/Compensation Committee.	●	—	●	—
ESG-linked remuneration	This element is to be paid in cash every month. The amount is to be determined upon evaluating the progress toward achieving the sustainability targets of key management issues (materiality) to be addressed by the Group.	●	—	●	—
Medium-to-long-term performance-linked remuneration	This is the stock remuneration system, which provides the Company’s shares acquired by the Trust that was funded by the Company.	●	—	●	—

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Determination of Remuneration for Directors (excluding those who serve as Audit & Supervisory Committee Members),” “Determination of Remuneration for Directors who serve as Audit & Supervisory Committee Members,” and “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. Subject to approval and resolution of the proposals as originally proposed, the Company has partially revised the policy on the determination of individual remuneration for each element of remuneration (with the revised policy scheduled to take effect from July 2025).

The revised policy on the determination of individual remuneration for each element of remuneration is as follows.

Element of remuneration	Overview	Director except Outside Director (excluding Director who serves as Audit & Supervisory Committee Member)	Outside Director (excluding Director who serves as Audit & Supervisory Committee Member)	Corporate Vice President except Director, Senior Fellow	Directors who serve as Audit & Supervisory Committee Member
Base salary	This element is paid in cash in a fixed amount every month, and the amount is determined depending on his/her role (e.g. management oversight or business execution) and official position.	●	●	●	●
Short-term performance-linked remuneration (individual)	This element is paid in cash once a year, and the amount is determined by the Nominating/Compensation Committee upon comprehensively evaluating achievements of the relevant business plan in the previous fiscal year, such as operating income and Economic Value Added in the division(s) he/she is in charge of, and the status of relevant measures.	●	—	●	—
Short-term performance-linked remuneration (company level)	This element is paid in cash once a year, and the amount is fixed according to the evaluation criterion based on consolidated operating income, as defined by the Nominating/Compensation Committee.	●	—	●	—
ESG-linked remuneration	This element is to be paid in cash once a year. The amount is to be determined upon evaluating the progress toward achieving the sustainability targets of key management issues (materiality) to be addressed by the Group.	●	—	●	—
Medium-to-long-term performance-linked remuneration	This is the stock remuneration system, which provides the Company’s shares acquired by the Trust that was funded by the Company.	●	—	●	—

(iii) Policy of determining the percentage of remuneration paid to each individual for each remuneration system

In terms of a percentage of each component of remuneration, it is designed as follows: the higher the officer’s rank, the larger the percentage of performance-linked remuneration.

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Determination of Remuneration for Directors (excluding those who serve as Audit & Supervisory Committee Members),” “Determination of Remuneration for Directors who serve as Audit & Supervisory Committee Members,” and “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. Subject to approval and resolution of the proposals as originally proposed, the Company has partially revised the policy of determining the percentage of remuneration paid to each individual for each remuneration system (to be paid from July 2025)

With respect to the revised percentage of each remuneration element, the policy has been formulated with reference to practices at peer companies in the same industry as well as companies of similar size in other industries. Taking into consideration factors such as position, responsibilities, business performance, and the degree of achievement of targets, the remuneration design for executive directors is aimed at ensuring that performance-linked compensation accounts for approximately half or more of total remuneration, with the proportion increasing for those in higher-ranking positions.

(iv) Matters concerning determination of details of remuneration for individual Directors

At the Company, the Board of Directors has delegated the authority to Nominating/Compensation Committee to deliberate and determine details of the system of remuneration to be paid to Directors and other officers and individual remuneration.

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Determination of Remuneration for Directors (excluding those who serve as Audit & Supervisory Committee Members),” “Determination of Remuneration for Directors who serve as Audit & Supervisory Committee Members,” and “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. Subject to approval and resolution of the proposals as originally proposed, the Company has partially revised the matters concerning determination of details of remuneration for individual Directors (to be paid from July 2025)

Following the revision, the Board of Directors will delegate to Nominating/Compensation Committee the authority to determine the structure of the remuneration system and the details of remuneration for individual directors and other officers.

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

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

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

The following table shows the Committee composition as of the date when remuneration for individual Directors, etc. was determined for the current fiscal year (June 26, 2024).

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

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

Meeting Date / Body	Overview
June 6, 2024 Nominating/Compensation Committee	Discussed/evaluated performance of officers during the fiscal year ended March 2024
June 26, 2024 Board of Directors	Resolved on delegating the decision on a remuneration amount for Directors and other officers to Nominating/Compensation Committee
June 26, 2024 Nominating/Compensation Committee	Determined the remuneration amount for Directors and other officers for the fiscal year ended March 2025

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

3) Details of performance indicators selected as the basis for calculating performance-linked remuneration and calculation method for remuneration

Under the Company's remuneration system, this section applies to short-term performance-linked remuneration (company level), ESG-linked remuneration, and medium- to long-term performance-linked remuneration.

(i) Short-term performance-linked remuneration (company level)

We adopted consolidated operating income as an indicator for ensuring the Company's performance in a relevant fiscal year is appropriately and clearly reflected to the remuneration. The following table shows remuneration amount corresponding to consolidated operating income, which is the evaluation criterion here, and official position. The Nominating/Compensation Committee regularly checks and reviews this table to ensure the remuneration levels are adequate, taking into account consolidated operating income in the past several years.

(Unit: JPY thousand per year)

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

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Determination of Remuneration for Directors (excluding those who serve as Audit & Supervisory Committee Members),” “Determination of Remuneration for Directors who serve as Audit & Supervisory Committee Members,” and “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. Subject to approval and resolution of the proposals as originally proposed, the Company has partially revised the short-term performance-linked remuneration system (company level) (to be paid from July 2025).

The following table shows the correlation between the achievement rate of consolidated operating profit (forecast basis) under the revised short-term performance-linked remuneration system company-wide and the payment amounts by position.

(Unit: JPY thousand per year)

Officer classification	Achievement against consolidated operating profit (forecast basis)						
	+50% or more	+30% or more but less than +50%	+15% or more but less than +30%	–15% or more but less than +15%	–15% or more but less than –30%	–30% or more but less than –50%	Less than JPY150 million or –50% or more
Chairman of the Board	17,000	14,025	11,050	8,500	6,800	4,250	–
President	32,000	26,400	20,800	16,000	12,800	8,000	–
Corporate Senior Executive Vice President	20,000	16,500	13,000	10,000	8,000	5,000	–
Corporate Executive Vice President	15,500	12,788	10,075	7,750	6,200	3,875	–
Corporate Senior Vice President	10,600	8,745	6,890	5,300	4,240	2,650	–
Corporate Vice President / Senior Fellow	3,800	3,135	2,470	1,900	1,520	950	–

(ii) ESG-linked remuneration

To ensure this element works as an appropriate incentive for achieving sustainability targets, sustainability indicators are used to evaluate achievements. Nominating/Compensation Committee evaluates achievements of targets for sustainability indicators, and judges whether this remuneration element should be paid or not. As for targets selected to make an evaluation for ESG-linked remuneration, Nominating/Compensation Committee regularly confirms/reviews such target.

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Determination of Remuneration for Directors (excluding those who serve as Audit & Supervisory Committee Members),” “Determination of Remuneration for Directors who serve as Audit & Supervisory Committee Members,” and “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. Subject to approval and resolution of the proposals as originally proposed, the Company has partially revised the ESG-linked remuneration system (to be paid from July 2025).

Under the current ESG-linked remuneration system, the payment is determined based on an assessment of progress toward sustainability indicators related to the “Environment (E).” Following the revision, “Social (S)” indicators will also be incorporated into the evaluation criteria when determining whether payment will be made.

(iii) Medium- to long-term performance linked remuneration

We adopted the Company’s stock price as an indicator, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. In this stock remuneration program, three fiscal years constitute a performance period and the Company contributes funds up to the maximum amount of 450 million yen per performance period to the Trust as remuneration for eligible officers. Eligible officers are granted a pre-determined number of points depending on their titles/positions every year as the basis of their rights to receive the Company’s stocks. After the end of each performance period, the number of points qualifying eligible officers for receiving the Company’s stocks are finalized after an adjustment for certain cases, according to the criteria for comparing changes in the Company’s stock prices with those of TOPIX during the period. (The actual points to be granted are calculated by multiplying the payout ratio, which is determined by multiplying the degree of divergence of the volatility of the Company’s stock price and volatility of TOPIX by the cumulative total points granted during the evaluation period.) In case any of eligible officers retire from the position during the period, in principle, an adjustment is to be made in a similar manner.

[Medium-to-long-term performance-linked remuneration: point table by official position (from April 1, 2022 to March 31, 2025)]

The maximum total number of points granted to Directors, etc. in a performance period is 180,000, and 1 point is convertible into 1 share unit of the Company’s common stock.

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

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

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

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

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



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

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

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

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

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

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

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

Note: The Company will make proposals of “Partial Amendment to the Articles of Incorporation,” “Determination of Remuneration for Directors (excluding those who serve as Audit & Supervisory Committee Members),” “Determination of Remuneration for Directors who serve as Audit & Supervisory Committee Members,” and “Partial Revision of Performance-Linked Stock Remuneration System for Directors” as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. Subject to approval and resolution of the proposals as originally proposed, the Company has partially revised the Medium-to-long-term performance-linked remuneration system (to be paid from July 2025).

The Medium-to-long-term performance-linked remuneration following the revision is as follows.

[Medium-to-long-term performance-linked remuneration: point table by official position (from April 1, 2025 to March 31, 2028)]

The maximum total number of points granted to Directors, etc. in a performance period is 168,000, and 1 point is convertible into 1 share unit of the Company’s common stock.

Classification of Directors, etc.	Number of Point Granted	Number of Stock Granted per period
Chairman of the Board	3,320	12,948
President	5,590	21,801
Corporate Senior Executive Vice President	3,470	13,533
Corporate Executive Vice President	2,720	10,608
Corporate Senior Vice President	1,960	7,644
Corporate Vice President / Senior Fellow	1,060	4,134

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

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

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

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

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

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

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

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

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

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

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

4) Matters concerning the determination of remuneration of officers at shareholders meeting

5) [Directors and Officers]

Date of resolution of shareholders meeting	Detail of resolution	Resolution about Directors numbers	Remuneration type under the current system
184th Annual Shareholders Meeting (held on June 29, 2006)	Directors' remuneration shall not exceed 600 million yen per year. The above-mentioned maximum amount does not include salaries for employees who serve as Director.	11	Base salary Short-term performance-linked remuneration (individual) Short-term performance-linked remuneration (entire company) ESG-linked remuneration
197th Annual Shareholders Meeting (held on June 27, 2019)	The maximum amount, which the Company can additionally contribute to the Trust established under the performance-linked stock remuneration program for Directors (excluding Outside Directors) as well as Corporate Vice Presidents and Senior Fellows who are not directors, shall be 450 million yen in every 3 fiscal years.	26 (7 Directors, 17 Corporate Vice Presidents, and 2 Senior Fellows)	Medium- to long-term performance-linked remuneration

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

2. The number of Directors and Officers in the above table is at the end of the shareholders meeting in the above respectively.

[Audit & Supervisory Board Member]

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

Note: The number of Audit & Supervisory Board Members in the above table is at the end of the shareholders meeting in the above.

Note: The Company will make proposals of "Partial Amendment to the Articles of Incorporation," "Determination of Remuneration for Directors (excluding those who serve as Audit & Supervisory Committee Members)," "Determination of Remuneration for Directors who serve as Audit & Supervisory Committee Members," and "Partial Revision of Performance-Linked Stock Remuneration System for Directors" as matters to be resolved at the 203rd Annual Shareholders Meeting to be held on June 25, 2025. Subject to approval and resolution of the proposals as originally proposed, the matters concerning the determination of remuneration of officers at shareholders meeting are as follows.

Date of resolution of shareholders meeting	Detail of resolution	Resolution about Directors numbers	Remuneration type under the current system
203rd Annual Shareholders Meeting (to be held on June 25, 2025)	Remuneration for Directors (excluding Directors who serve as Audit & Supervisory Committee Members) shall not exceed 500 million yen per year. The above-mentioned maximum amount does not include salaries for employees who serve as Director.	8 (4 Directors except Outside Directors (excluding Directors who serve as Audit & Supervisory Committee Members), 4 Outside Directors (excluding Directors who serve as Audit & Supervisory Committee))	Base salary Short-term performance-linked remuneration (individual) Short-term performance-linked remuneration (entire company) ESG-linked remuneration
	Remuneration for Directors who serve as Audit & Supervisory Committee Members' remuneration shall not exceed 85 million yen per year	3 (Directors who serve as Audit & Supervisory Committee Members)	Base salary
	The maximum amount, which the Company can additionally contribute to the Trust established under the performance-linked stock remuneration program for Directors excluding Outside Directors (excluding Directors who serve as Audit & Supervisory Committee Members) as well as Corporate Vice Presidents and Senior Fellows who are not directors, will be 1,450 million yen in every 3 fiscal years.	35 (4 Directors except Outside Directors (excluding Directors who serve as Audit & Supervisory Committee Members), 27 Corporate Vice Presidents, 4 Senior Fellows)	Medium- to long-term performance-linked remuneration

Note: The determination on the amount of remuneration for each Director (excluding Director who serves as Audit & Supervisory Committee Member) will be delegated by the Board of Directors to the Nominating/Compensation Committee.

5) Remuneration for Directors and Audit & Supervisory Board Members in the current fiscal year

Officer classification	Total remuneration (JPY millions)	Total remuneration by type (JPY millions)					Number of subject officers (persons)
		Base salary	Short-term performance-linked remuneration (individual)	Short-term performance-linked remuneration (company level)	ESG-linked remuneration	Medium-to-long-term performance-linked remuneration	
Directors (excluding Outside Directors)	359	226	19	–	5	108	7
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	91	91	–	–	–	–	3
Outside Officers	108	108	–	–	–	–	9
Of which Outside Directors	72	72	–	–	–	–	6
Of which Outside Audit & Supervisory Board Members	36	36	–	–	–	–	3

- Notes: 1. The amounts and numbers of officers in the above table include two Directors who retired from the positions due to the expiry of their terms at the end of the 202nd Annual Shareholders Meeting held on June 26, 2024 as well as amounts of their remuneration.
2. The column of Short-term performance-linked remuneration (company level) shows the payment amount which was determined in June 2024 as compensation for execution of duties in FY2023. The amount for the current fiscal year is not yet fixed at the time of filing this Annual Securities Report, and therefore not included in the above table.
3. The amount of Medium-to-long-term performance-linked remuneration in the above table is calculated by deeming the number of shares corresponding to the number of points granted for the current fiscal year under the stock remuneration program as the remuneration for the year.
4. Short-term performance-linked remuneration (on the company level) falls under the category of performance-linked remuneration. For this remuneration, the Company adopted consolidated operating profit as an indicator to appropriately and clearly reflect the Company's business performance during a relevant fiscal year to the remuneration. The Company's consolidated operating profit in FY2023 was ¥11,171 million.
5. ESG-linked remuneration (to be paid from July 2024) falls under the category of performance-linked remuneration. To ensure this remuneration works as an appropriate incentive for achieving sustainability targets, sustainability indicators are used to evaluate achievements. Nominating/Compensation Committee evaluates achievements of targets for sustainability indicators, and judges whether this remuneration elements should be paid or not. For the payment in the current fiscal year, greenhouse gas (GHG) emissions reduction target (Scopes 1, 2)(compared to FY2017) set at 21.2% was used for the evaluation, but we actually reduced GHG emissions by 45.4% (in FY2023).
6. Medium-to-long-term performance-linked remuneration falls under the categories of performance-linked remuneration as well as non-monetary remuneration. For this remuneration, the Company adopted its stock price, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. Actual deviation was 1.35 (an actual value calculated by using numerical value in FY2024).

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

Name	Total amount of consolidated remuneration (JPY millions)	Officer classification	Company classification	Amount of consolidated remuneration by type (JPY millions)		
				Fixed	Performance-linked	
				Monetary		Non-monetary
Hideya Moridaira	105	Director	Filing company	57	4	43

Note: Disclosure is limited to individuals whose total consolidated remuneration amounts to ¥100 million or more.

(5) Shareholdings

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

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

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

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

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

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

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

b. Number of issues and carrying amount

	Number of issues (issues)	Total carrying amount on balance sheet (million yen)
Shares not listed	74	6,658
Shares other than those not listed	16	48,460

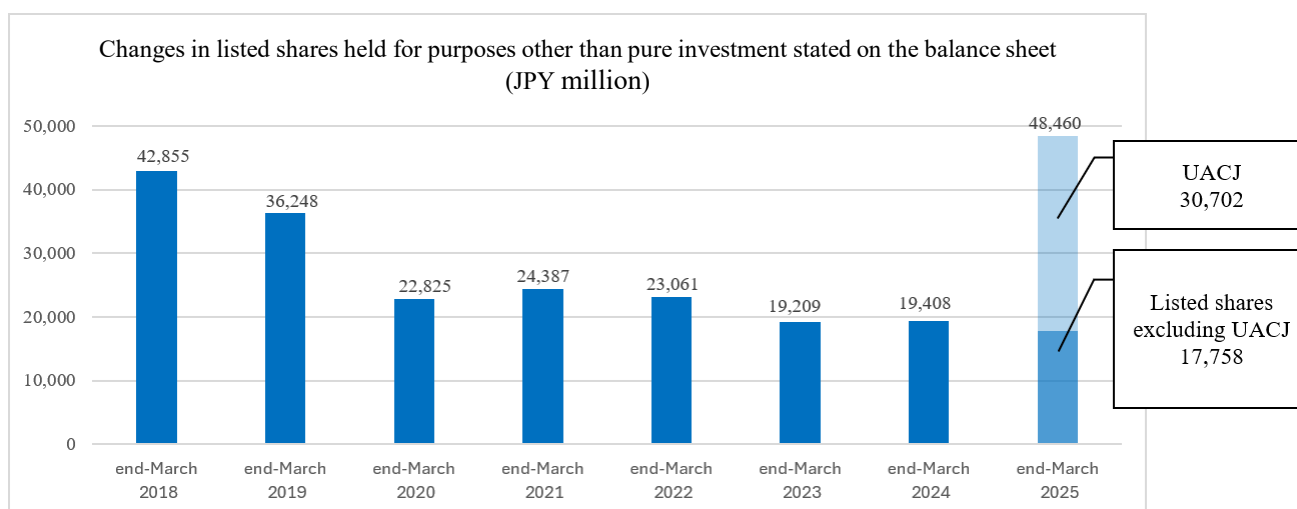
Issues whose number of shares increased during the current fiscal year

	Number of shares (issues)	Total cost (million yen)	Reason for acquisition
Shares not listed	3	1,470	Because the Company determined that the investment would contribute to enhancing its corporate value from a medium-to-long-term perspective after fully examining the rationale and necessity of the investment
Shares other than those not listed (Note)	—	—	—

Note: During the current fiscal year, the Company sold a portion of its shares in then equity-method associate UACJ Corporation, resulting in an increase of ¥30,702 million in the balance sheet amount of specified investment shares. As this increase was due to a change in classification rather than a new acquisition, the shares are not included in the securities newly acquired during the fiscal year.

Issues whose number of shares decreased during the current fiscal year

	Number of issues (issues)	Total proceeds from sale (million yen)
Shares not listed	3	3
Shares other than those not listed	6	1,646



Note: During the current fiscal year, the Company sold a portion of its shares in then equity-method associate UACJ Corporation, and as a result, the remaining shares were reclassified as listed shares held for purposes other than pure investment. Although the Company subsequently sold an additional portion of these shares, the carrying amount of the end of the current fiscal year increased by ¥29,052 million compared to the end of the previous fiscal year.

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

Specified investment shares

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares) Carrying amount on balance sheet (million yen)	Number of shares (shares) Carrying amount on balance sheet (million yen)		
UACJ Corporation	6,436,500	—	UACJ Corporation had previously been an equity-method associate of the Company. However, following the partial sale of its shares during the current fiscal year, the remaining shares have been reclassified as specified investment shares. As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	No
	30,702	—		
AICHI ELECTRIC CO., LTD.	565,540	565,540	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment and the Functional Products segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	2,420	2,341		
Mizuho Financial Group, Inc.	575,200	575,200	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	2,330	1,752		

The Yokohama Rubber Company, Limited	564,366	564,366	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,942	2,272		
PT SUPREME CABLE MANUFACTURING & COMMERCE Tbk	97,102,560	97,102,560	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment and the Infrastructure segment and to further expand sales in the global markets. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	1,811	1,920		
ADEKA CORPORATION	511,792	511,792	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,376	1,650		
FURUKAWA CO., LTD.	614,727	877,727	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,284	1,589		
ZEON CORPORATION	831,500	931,500	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,243	1,230		

East Japan Railway Company (Note)	375,000	187,500	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	1,107	1,641		
INABADENKI SANGYO CO., LTD.	275,200	275,200	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Functional Products segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	1,045	964		
ASAHI-SEIKI MANUFACTURING CO., LTD.	455,800	455,800	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	926	993		
Shibusawa Logistics Corporation	203,360	203,360	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	658	629		
NIPPON DENSETSU KOGYO CO., LTD.	307,871	307,871	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	646	656		
KANTO DENKA KOGYO CO., LTD.	625,000	750,000	The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	543	756		



TOKAI Holdings Corporation	380,000	760,000	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	373	750		
Aidemy Inc.	76,900	76,900	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2024 and other meetings, we determined to hold the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer as a collaborative partner for the promotion of digital transformation. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	48	164		
Transform Inc.	–	129,132	–	–
	–	95		

- Notes
1. East Japan Railway Company conducted a 3-for-1 split of common stock effective on April 1, 2024. As a result, the number of shares has increased compared to the previous fiscal year, but the Company sold a portion of its shares during the current fiscal year. As a result, the in-substance number of shares held has decreased from the previous fiscal year.
  2. The en dash (–) indicates that the Company does not hold any shares of the issuer, or the shares are classified as those other than specified investment shares.

Shares deemed to be held

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on balance sheet (million yen)	Carrying amount on balance sheet (million yen)		
The Yokohama Rubber Company, Limited	1,321,200	1,321,200	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	4,547	5,319		
ZEON CORPORATION	1,953,000	1,953,000	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	2,919	2,579		
FUJI ELECTRIC CO., LTD.	336,720	336,720	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	2,119	3,451		
Central Japan Railway Company	410,000	410,000	We hold the authority to give instructions on the exercise of voting rights for the shares of the issuer. The rationale for holding the shares was verified at the Board of Directors meeting held in December 2024 and other meetings, and we determined that the holding of the shares was significant from a comprehensive perspective though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	No
	1,170	1,527		

Note: Specified investment shares and shares deemed to be held by the Company are not included in the above carrying amount when selecting high-ranking issues in terms of the carrying amount.

(iii) Investment shares held for pure investment purposes

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

## Item 5. Financial Information

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

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

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

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

### 2. Audit Certificate

The Company’s consolidated and non-consolidated financial statements for the fiscal year from April 1, 2024 to March 31, 2025 were audited by Deloitte Touche Tohmatsu LLC in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

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

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

## 1. Consolidated Financial Statements, etc.

### (1) Consolidated financial statements

#### (i) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	48,895	59,967
Notes and accounts receivable – trade, and contract assets	*1, *6 245,712	*1 260,565
Securities	4,747	6,813
Merchandise and finished goods	73,088	76,450
Work in process	43,899	48,660
Raw materials and supplies	66,659	69,930
Other	35,974	35,300
Allowance for doubtful accounts	(1,210)	(1,251)
Total current assets	517,767	556,437
Non-current assets		
Property, plant and equipment		
Buildings and structures	263,129	*2 269,894
Machinery, equipment and vehicles	517,262	529,647
Tools, furniture and fixtures	80,522	81,229
Land	33,971	*2 34,679
Leased assets	1,072	1,348
Right-of-use assets	25,144	25,294
Construction in progress	20,788	27,323
Accumulated depreciation	(663,250)	(692,401)
Total property, plant and equipment	278,640	277,017
Intangible assets		
Goodwill	50	1,477
Other	20,234	21,395
Total intangible assets	20,284	22,872
Investments and other assets		
Investment securities	*3 131,694	*3 98,794
Investments in capital	*3 1,290	*3 465
Deferred tax assets	8,563	6,703
Retirement benefit asset	11,241	11,924
Other	16,464	13,763
Allowance for doubtful accounts	(939)	(962)
Total investments and other assets	168,315	130,688
Total non-current assets	467,240	430,578
Total assets	985,007	987,016

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	*6 128,780	136,673
Short-term borrowings	137,371	*2 153,296
Commercial papers	35,500	1,500
Income taxes payable	4,451	13,322
Provision for product warranties	5,264	5,354
Other	*4 89,526	*4 84,313
Total current liabilities	400,894	394,461
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	120,168	*2 111,354
Provision for product warranties	163	4,338
Provision for environmental measures	9,224	9,105
Retirement benefit liability	29,239	31,559
Lease liabilities	12,517	12,478
Asset retirement obligations	1,717	2,053
Other	12,837	8,328
Total non-current liabilities	225,867	219,219
Total liabilities	626,761	613,680
<b>Net assets</b>		
Shareholders' equity		
Share capital	69,395	69,395
Capital surplus	23,178	23,907
Retained earnings	193,062	198,840
Treasury shares	(691)	(651)
Total shareholders' equity	284,945	291,491
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,218	24,084
Deferred gains or losses on hedges	1,195	94
Foreign currency translation adjustment	25,286	23,905
Remeasurements of defined benefit plans	4,682	1,863
Total accumulated other comprehensive income	43,383	49,948
Non-controlling interests	29,916	31,896
Total net assets	358,245	373,336
Total liabilities and net assets	985,007	987,016

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

## Consolidated statements of income

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Net sales	*1 1,056,528	*1 1,201,762
Cost of sales	*2,*4 897,535	*2,*4 1,000,044
Gross profit	158,993	201,717
Selling, general and administrative expenses		
Selling expenses	49,016	45,284
General and administrative expenses	*4 98,805	*4 109,335
Total selling, general and administrative expenses	*3 147,821	*3 154,620
Operating profit	11,171	47,097
Non-operating income		
Interest income	1,875	1,197
Dividend income	1,150	2,171
Share of profit of entities accounted for using equity method	6,323	10,602
Other	2,592	2,346
Total non-operating income	11,940	16,318
Non-operating expenses		
Interest expenses	9,238	9,222
Foreign exchange losses	96	2,210
Other	3,509	3,411
Total non-operating expenses	12,844	14,844
Ordinary profit	10,267	48,571
Extraordinary income		
Gain on share exchange	–	*5 4,791
Gain on disposal of non-current assets	*6 592	*6 1,614
Gain on sale of investment securities	*7 11,983	*7 10,406
Insurance claim income	–	*8 2,025
Other	2,332	984
Total extraordinary income	14,908	19,821
Extraordinary losses		
Loss on disposal of non-current assets	1,453	1,224
Impairment losses	184	*9 2,648
Loss on sale of investment securities	714	*10 2,601
Provision for product warranties	361	*11 6,082
Other	2,396	1,746
Total extraordinary losses	5,110	14,303
Profit before income taxes	20,064	54,089
Income taxes – current	9,262	18,566
Income taxes – deferred	2,325	(1,807)
Total income taxes	11,587	16,758
Profit	8,476	37,331
Profit attributable to non-controlling interests	1,968	3,964
Profit attributable to owners of parent	6,508	33,366

Consolidated statements of comprehensive income

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Profit	8,476	37,331
Other comprehensive income		
Valuation difference on available-for-sale securities	941	12,350
Deferred gains or losses on hedges	1,025	(1,144)
Foreign currency translation adjustment	10,770	4,445
Remeasurements of defined benefit plans, net of tax	6,532	(1,843)
Share of other comprehensive income of entities accounted for using equity method	7,242	4,407
Total other comprehensive income	*1,*2 26,512	*1,*2 18,216
Comprehensive income	34,989	55,548
Comprehensive income attributable to:		
Owners of parent	31,706	50,707
Non-controlling interests	3,282	4,840

## (iii) Consolidated statements of changes in equity

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	69,395	23,179	191,763	(871)	283,467
Cumulative effects of changes in accounting policies			206		206
Restated balance	69,395	23,179	191,970	(871)	283,673
Changes during period					
Dividends of surplus			(5,649)		(5,649)
Profit attributable to owners of parent			6,508		6,508
Net effect of increase in consolidated subsidiaries			232		232
Purchase of treasury shares				(182)	(182)
Disposal of treasury shares				361	361
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	–	(0)	1,092	179	1,271
Balance at end of period	69,395	23,178	193,062	(691)	284,945

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,669	191	9,606	(2,282)	18,185	27,442	329,095
Cumulative effects of changes in accounting policies							206
Restated balance	10,669	191	9,606	(2,282)	18,185	27,442	329,302
Changes during period							
Dividends of surplus							(5,649)
Profit attributable to owners of parent							6,508
Net effect of increase in consolidated subsidiaries							232
Purchase of treasury shares							(182)
Disposal of treasury shares							361
Change in ownership interest of parent due to transactions with non-controlling interests							(0)
Net changes in items other than shareholders' equity	1,548	1,003	15,680	6,964	25,197	2,474	27,671
Total changes during period	1,548	1,003	15,680	6,964	25,197	2,474	28,943
Balance at end of period	12,218	1,195	25,286	4,682	43,383	29,916	358,245



Current fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	69,395	23,178	193,062	(691)	284,945
Changes during period					
Dividends of surplus			(4,236)		(4,236)
Profit attributable to owners of parent			33,366		33,366
Net effect of increase in consolidated subsidiaries			1,711		1,711
Decrease due to exclusion from equity method accounting			(25,063)		(25,063)
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				42	42
Change in ownership interest of parent due to transactions with non-controlling interests		728			728
Net changes in items other than shareholders' equity					
Total changes during period	–	728	5,777	39	6,545
Balance at end of period	69,395	23,907	198,840	(651)	291,491

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,218	1,195	25,286	4,682	43,383	29,916	358,245
Changes during period							
Dividends of surplus							(4,236)
Profit attributable to owners of parent							33,366
Net effect of increase in consolidated subsidiaries							1,711
Decrease due to exclusion from equity method accounting							(25,063)
Purchase of treasury shares							(2)
Disposal of treasury shares							42
Change in ownership interest of parent due to transactions with non-controlling interests							728
Net changes in items other than shareholders' equity	11,865	(1,100)	(1,380)	(2,818)	6,565	1,979	8,544
Total changes during period	11,865	(1,100)	(1,380)	(2,818)	6,565	1,979	15,090
Balance at end of period	24,084	94	23,905	1,863	49,948	31,896	373,336

## (iv) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
<b>Cash flows from operating activities</b>		
Profit before income taxes	20,064	54,089
Depreciation	38,951	41,251
Interest and dividend income	(3,025)	(3,369)
Interest expenses	9,238	9,222
Share of loss (profit) of entities accounted for using equity method	(6,323)	(10,602)
Foreign exchange losses (gains)	(4,651)	3,684
Loss (gain) on share exchange	–	(4,791)
Loss (gain) on disposal of non-current assets	860	(390)
Loss (gain) on sale of short-term and long-term investment securities	(11,269)	(7,804)
Insurance claim income	–	(2,025)
Impairment losses	184	2,648
Loss on valuation of inventories	1,450	342
Decrease (increase) in trade receivables and contract assets	(5,909)	(7,193)
Decrease (increase) in inventories	(5,020)	(7,609)
Increase (decrease) in trade payables	(3,884)	2,544
Increase (decrease) in retirement benefit liability	2,037	(1,871)
Increase (decrease) in provision for product warranties	2,882	3,892
Other, net	10,274	(2,503)
Subtotal	45,861	69,512
Interest and dividends received	6,478	6,132
Interest paid	(9,306)	(8,895)
Income taxes refund (paid)	(11,136)	(8,941)
Insurance claim received	–	2,025
Net cash provided by (used in) operating activities	31,896	59,833
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	88	(102)
Purchase of investment securities	(691)	(9,526)
Proceeds from sale and redemption of investment securities	13,042	43,268
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	*2 (1,548)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	413
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	*3 4,539	–
Purchase of property, plant and equipment	(36,419)	(36,749)
Purchase of intangible assets	(3,844)	(4,778)
Proceeds from sale of non-current assets	351	2,086
Decrease (increase) in short-term loans receivable	1,066	312
Other, net	(2,928)	(611)
Net cash provided by (used in) investing activities	(24,794)	(7,235)

(Millions of yen)

	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(12,025)	385
Net increase (decrease) in commercial papers	7,500	(34,000)
Proceeds from long-term borrowings	29,566	60,694
Repayments of long-term borrowings	(25,351)	(59,478)
Dividends paid	(5,636)	(4,241)
Dividends paid to non-controlling interests	(611)	(1,077)
Repayments of lease liabilities	(2,805)	(3,911)
Other, net	42	(2,520)
Net cash provided by (used in) financing activities	(9,322)	(44,150)
Effect of exchange rate change on cash and cash equivalents	3,018	3,255
Net increase (decrease) in cash and cash equivalents	798	11,702
Cash and cash equivalents at beginning of period	51,950	53,098
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	275	1,291
Increase in cash and cash equivalents resulting from merger	73	—
Cash and cash equivalents at end of period	*1 53,098	*1 66,092

## Notes to Consolidated Financial Statements

### Significant accounting policies for preparing consolidated financial statements

#### 1. Scope of consolidation

##### (1) Number of consolidated subsidiaries: 116 companies

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

The following companies are included in the scope of consolidation for the reasons indicated in parentheses:

- Okano Electronics Co., Ltd., Furukawa Sangyo Kaisha (H.K.) Ltd., and Furukawa Sangyo Kaisha (S.Z.) Ltd. (due to their increased materiality),
- MFOPTEX Co., Ltd. (due to its becoming a consolidated subsidiary following the additional acquisition of shares),
- Hakusan Inc. (due to the new acquisition of shares), and
- Lightera Holding G.K. and Lightera Japan Co., Ltd. (due to their establishment).

##### (2) Unconsolidated subsidiaries

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

##### Reason for excluding the companies from the scope of consolidation

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

#### 2. Application of equity method

##### (1) Number of associates accounted for using the equity method: 10 companies

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

The following companies are excluded from the scope of application of the equity method for the reasons indicated in parentheses:

- UACJ Corporation (due to the partial transfer of shares held),
- FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO. LTD. (due to the transfer of all shares held through a share exchange),
- Essex Furukawa Magnet Wire LLC (due to the transfer of all shares held), and
- MFOPTEX Co., Ltd. (due to its becoming a consolidated subsidiary following the additional acquisition of shares).

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

NTT DevIces Optech Corporation, and other companies

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

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

#### 3. Fiscal years of consolidated subsidiaries

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

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

#### 4. Accounting policies applied to foreign subsidiaries and associates

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

5. Accounting policies

(1) Valuation basis and method for significant assets

(i) Inventories

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

(ii) Securities

*Held-to-maturity debt securities:*

Stated primarily at amortized cost.

*Available-for-sale securities:*

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

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

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

Stated primarily at cost using the moving-average method.

(iii) Derivatives

Stated at fair value.

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

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

Depreciated on a straight-line basis.

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

Amortized on a straight-line basis.

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

(iii) Leased assets

Leased assets in finance lease transactions that transfer ownership:

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

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

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

(iv) Right-of-use assets

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

(3) Accounting policy for significant deferred assets

(i) Share issuance costs

The full amount is expensed when incurred.

(ii) Bond issuance costs

The full amount is expensed when incurred.

(4) Accounting policy for significant allowances and provisions

(i) Allowance for doubtful accounts

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

(ii) Provision for product warranties

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

(iii) Provision for environmental measures

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

(5) Accounting policy for retirement benefits

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

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

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

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

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

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

(6) Accounting policy for significant revenues and expenses

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

(i) Manufacturing and sale of products

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

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

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

(ii) Maintenance services

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

(iii) Construction contract

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

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

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

(iv) Transactions entered into as an agent

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

the Group controls over products or services before these are provided to customer.

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

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

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

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

(8) Hedge accounting

(i) Hedge accounting method

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

(ii) Hedging instruments and the hedged items

Interest rate swap: borrowings

Currency swap: borrowings

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

Metal forward contracts: Raw materials and work in process

(iii) Hedging policy

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

(iv) Assessments of hedge effectiveness

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

(9) Accounting policy for goodwill

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

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

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

(11) Application of group tax sharing system

The Group applies a group tax sharing system.

## Significant accounting estimates

### 1. Recoverability of deferred tax assets

#### (i) Amount recorded in the consolidated financial statements as of March 31, 2024 and 2025

	(Millions of yen)			
	2024		2025	
Deferred tax assets	¥	8,563	¥	6,703

#### (ii) Details of significant accounting estimates of recognized items

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

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

### 2. Impairment of non-current assets

#### (i) Amount recorded in the consolidated financial statements as of March 31, 2024 and 2025

	(Millions of yen)			
	2024		2025	
Property, plant and equipment and intangible assets (total amount reported on consolidated balance sheets)	¥	298,925	¥	299,890
of which asset group included in (ii) below		9,242		8,451

#### (ii) Details of significant accounting estimates of recognized items

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

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

Due to the continued challenging business environment resulting from delayed performance recovery caused by factors such as restrained customer investment and prolonged inventory adjustments during the current fiscal year, the Group assessed whether any indication of impairment existed. As a result, the Group determined that an indication of impairment existed in the certain asset group of the Communications Solutions business (consisting of property, plant and equipment and intangible assets of ¥8,451 million). However, based upon a future supply and demand trends and production planning assumptions, the Group concluded that the recognition of an impairment loss was not necessary since the total amount of the undiscounted future cash flows generated from the asset group exceeded the carrying amount. Meanwhile, for asset groups other than those mentioned above, impairment losses have been recognized as stated in "Notes to consolidated statements of income, 9. Impairment losses."

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



### 3. Provision for product warranties

#### (i) Amount recorded in the consolidated financial statements

	(Millions of yen)	
	2024	2025
Provision for product warranties	¥ 5,428	¥ 9,692

#### (ii) Details of significant accounting estimates of recognized items

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs. The main components include a provision for vehicle recalls and a provision related to a large electric power project.

Of the above, the provision for vehicle recalls is recognized based on the reasonably estimated loss to be incurred if the customer repairs a malfunction of the vehicle in which some parts manufactured by the Company's consolidated subsidiaries in the past are used.

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

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

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

In addition, the provision related to the large electric power project has been recorded based on the estimated future expenditures following an agreement between our subsidiary and the customer. This agreement was reached as a result of continuous discussions regarding defects identified in the large electric power project, which was delivered by the Company through its subsidiary in the past. Under the agreement, the Group will replace the cables used in the project and bear a portion of the associated costs. The amount of the estimated future expenditures is estimated by calculating the estimated total cost based on the specifications and construction requirements instructed by the customer, and deducting the portion to be borne by the customer.

It should be noted that there is a possibility that the provision may ultimately need to be increased or reversed due to weather conditions, unexpected changes in the construction scope, extension of the construction period, and fluctuations in material, subcontracting, and labor costs, as well as foreign exchange fluctuations and other factors.

### ***Changes in accounting policies***

#### *Application of the Accounting Standard for Current Income Taxes, etc.*

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27 issued on October 28, 2022; hereinafter, the “Revised Accounting Standard 2022”), etc. since the beginning of the current fiscal year.

Revisions concerning categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued on October 28, 2022; hereinafter the “Revised Implementation Guidance 2022”). There is no effect of the revisions on the consolidated financial statements.

Regarding amendments related to the revised treatment in the consolidated financial statements when gains/losses on sale of shares in subsidiaries, etc. resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the Revised Implementation Guidance 2022 since the beginning of the current fiscal year. The change in the accounting policy has been applied retrospectively, and the consolidated financial statements for the previous fiscal year have been restated accordingly.

As a result, compared to before the retrospective application, “Other” under non-current liabilities in the consolidated balance sheet for the previous fiscal year decreased by ¥206 million. There was no impact on the consolidated statement of income for the previous fiscal year.

In addition, as a result of the cumulative effect being reflected on the beginning balance of net assets for the previous fiscal year, retained earnings as of April 1, 2023 increased by ¥206 million.

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

### ***Standards issued but not yet adopted***

- Accounting Standard for Leases (ASBJ Statement No. 34 issued on September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33 issued on September 13, 2024), and other revisions to related accounting standards, implementation guidance, practical solutions, and transition policies.

#### (1) Overview

The standard and guidance, similar to international accounting standards, establish requirements such as the recognition of assets and liabilities for all leases by lessees.

#### (2) Scheduled date of adoption

The Group is scheduled to adopt the standard and guidance from the beginning of the fiscal year ending March 31, 2028.

#### (3) Impact of adoption of the accounting standard and guidance

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

### ***Changes in presentation***

#### *Consolidated balance sheets*

“Provision for product warranties,” which was included in “Other” under “Non-current liabilities” in the previous fiscal year, is separately presented in the current fiscal year due to its increased materiality of the amount. To reflect this change in presentation, the consolidated balance sheet for the previous fiscal year has been reclassified. As a result, “Other” of ¥13,000 million under “Non-current liabilities” in the consolidated balance sheet as of March 31, 2024 (after retrospective application pursuant to “Notes to Consolidated Financial Statements, *Changes in accounting policies*”) has been reclassified as “Provision for product warranties” of ¥163 million and “Other” of ¥12,837 million.

#### *Consolidated statements of income*

1. “Gain on change in equity” under “Extraordinary income,” which was separately presented in the previous fiscal year, is included in “Other” in the current fiscal year due to its decreased materiality of the amount. To reflect this change in presentation, the consolidated statement of income for the previous fiscal year has been reclassified. As a result, “Gain on change in equity” of ¥1,247 million and “Other” of ¥1,084 million, which were presented under “Extraordinary income” in the consolidated statement of income for the previous fiscal year, have been reclassified as “Other” of ¥2,332 million.

2. “Loss on valuation of investment securities” and “Extra retirement payments” under “Extraordinary losses,” which were separately presented for the previous fiscal year, are included in “Other” in the current fiscal year due to their decreased materiality of the amount. On the other hand, “Impairment losses” and “Provision for product warranties,” which were included in “Other” under “Extraordinary losses” in the previous fiscal year are separately presented in the current fiscal year due to their increased materiality of the amount. To reflect these changes in presentation, the consolidated statement of income for the previous fiscal year has been reclassified. As a result, “Loss on valuation of investment securities” of ¥771 million, “Extra retirement payments” of ¥540 million, and “Other” of ¥1,631 million, which were presented under “Extraordinary losses” in the consolidated statement of income for the previous fiscal year, have been reclassified as “Impairment losses” of ¥184 million, “Provision for product warranties” of ¥361 million, and “Other” of ¥2,396 million.

#### *Consolidated statements of cash flows*

“Loss (gain) on change in equity,” “Loss (gain) on valuation of investment securities,” “Extra retirement payments,” and “Extra retirement payments paid,” which were separately presented under “Cash flows from operating activities” in the previous fiscal year are included in “Other, net” in the current fiscal year due to their decreased materiality of the amount. On the other hand, “Impairment losses,” which was included in “Other, net” under “Cash flows from operating activities” in the previous fiscal year is separately presented in the current fiscal year due to its increased materiality of the amount. To reflect these changes in presentation, the consolidated statement of cash flows for the previous fiscal year has been reclassified. As a result, “Loss (gain) on change in equity” of ¥(1,247) million, “Loss (gain) on valuation of investment securities” of ¥771 million, “Extra retirement payments” of ¥540 million, “Extra retirement payments paid” of ¥(401) million, and “Other, net” of ¥10,796 million presented under “Cash flows from operating activities” for the previous fiscal year have been reclassified as “Impairment losses” of ¥184 million and “Other, net” of ¥10,274 million.

#### **Additional information**

##### 1. Board Benefit Trust (BBT)

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

##### (1) Overview

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

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

##### (2) Accounting treatment

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

##### (3) The Company’s shares remaining in the BBT

The Company’s shares owned by the BBT are accounted for as treasury shares under net assets at the carrying amounts in the BBT (excluding acquisition-related costs). The book value and the number of treasury shares are ¥391 million and 139,300 shares as of March 31, 2024, and ¥348 million and 124,300 shares as of March 31, 2025.

2. Conclusion of agreements related to the tender offer for shares of a subsidiary and transfer of the consolidated subsidiary

In the resolution of the Board of Directors held on July 23, 2024, the Company has decided to approve an agreement with AP78 Co., Ltd. (hereinafter the “Offeror”) which is a wholly-owned subsidiary of Sustainable Battery Holdings, Inc. (hereinafter “SBH”) all of whose voting shares are owned by the fund where Advantage Partners, Inc. (hereinafter “AP”) provides investment-related services (hereinafter “AP Fund”), and by TC Investment Partners Co. Ltd. (hereinafter “TCIP”), which is a wholly-owned subsidiary of Tokyo Century Corporation (hereinafter “TC”), regarding the following matters, among others (hereinafter the “Non-Application Agreement”): (i) the Company will not apply for the tender offer by the Offeror (hereinafter the “Tender Offer”) for shares of common stock of The Furukawa Battery Co., Ltd. (hereinafter “Furukawa Battery”), a consolidated subsidiary of the Company, (hereinafter “Furukawa Battery shares”); (ii) upon the successful closing of the Tender Offer, a share consolidation will be carried out in a way where only the Company and the Offeror are the shareholders of Furukawa Battery (hereinafter the “Share Consolidation”); and (iii) on the condition that the Share Consolidation takes effect, all shares of Furukawa Battery owned by the Company (18,781,200 shares; shareholding ratio: 57.30%) will be transferred through the share buyback by Furukawa Battery. In the same Board’s resolution, the Company has also decided to approve an shareholders agreement with AP Fund, TC and TCIP, to stipulate the Company’s acquisition of shares of common stock of SBH (shareholding ratio: approx. 20%) and how to operate SBH and Furukawa Battery thereafter, among others (hereinafter “Shareholders Agreement”). On the same date as above, the Non-Application Agreement was executed.

As a result of a series of transactions scheduled under the Non-Application Agreement, etc. (hereinafter “the Transactions”), Furukawa Battery will no longer be the Company’s consolidated subsidiary. For the details of the Transactions, refer to the press release of July 23, 2024 by Furukawa Battery, titled “Notice of expression of opinion in favor of the commencement of and recommendation to tender in tender offer for company’s share by AP 78 Co., Ltd.”

(1) Overview of the business divestiture

(i) Name of the transferee company  
Sustainable Battery Holdings, Inc.

(ii) Description of the divested business  
Manufacture, sale, installation and service inspection of lead-acid storage batteries, alkaline storage batteries and power supply systems such as rectifiers

(iii) Reason for the business divestiture

Established in 1950 by spinning off the battery division of the Company, Furukawa Battery has been providing value to satisfy customers’ needs and contributing to the society with its “power of storage, motive and sustainability” of main products, storage batteries and power supply systems. In its medium-term management plan released in May 2022, Furukawa Battery has made clear its basic policy of solving social issues by addressing material issues and worked on capturing overseas markets and creating new businesses, in addition to strengthening existing businesses.

Meanwhile, the Company released its Medium-term Management Plan “Road to Vision 2030 -Transform and Challenge-” in May 2022. Under this Plan, the Company has been working on the review of its business portfolio by visualizing the positioning of the Group’s businesses and optimizing allocation of investments, towards achieving “Furukawa Electric Group’s Vision 2030.” Furthermore, the Company has held a series of discussion on listed subsidiaries within the Group. Considering the positioning of Furukawa Battery in the course of these initiatives, the Company judged that, even if the allocation of management resources is concentrated in Furukawa Battery, it is not highly likely to increase corporate value of the Group commensurate with or exceeding the allocation, and thus it would be the best to transfer the shares held by the Company to a partner who strongly supports Furukawa Battery by making capital investments in its growth.

In such circumstances, the Company received a proposal from AP and TC for increasing corporate value of Furukawa Battery (hereinafter the “Proposal”). Upon careful examination of the Proposal, the Company concluded that it is possible to accelerate further growth of Furukawa Battery and increase the corporate value by utilizing synergy between Energywith Co., Ltd. affiliated with the above two companies and Furukawa Battery, TC’s track record and expertise in finance as well as the affinity with automobility and environment energy businesses, and AP’s networks within and outside Japan as well as know-how that facilitates the growth of investee companies. Following Furukawa Battery’s acceptance of the proposal from AP and TC, the Company concluded the Non-Application Agreement with the Offeror. In addition, the Company plans to conclude the Shareholders Agreement with AP Fund, TC and TCIP for stipulating the operations of SBH and Furukawa Battery.

The Company believes that the Transactions fit in with the strategy under the Medium-term Management Plan, that is to concentrate the Group’s strengths and management resources in the growth areas. In case the Transactions are completed, Furukawa Battery will be removed from the Company’s consolidated subsidiaries, but the Company will continue to hold approx. 20% of Furukawa Battery’s shares indirectly through SBH. In order to build a sustainable world and make people’s life safe, peaceful and rewarding, the Company will cooperate with the partner for continuing to contribute to the further development of storage battery business and to increase corporate value of the entire Group.

(iv) Scheduled date of the business divestiture

Scheduled for July 2025 or later

- (v) Overview of other aspects of the transaction including legal form  
The consideration consists of cash and other assets as well as shares of the transferee company.
- (2) Reportable segment to which the divested business belongs  
Electronics & Automotive Systems

**Notes to consolidated balance sheets**

- \*1. Of notes and accounts receivable – trade, and contract assets, receivables and contract assets arising from contracts with customers as of March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Notes receivable – trade	¥ 22,001	¥ 20,326
Accounts receivable – trade	217,346	233,860
Contract assets	6,364	6,376

- \*2. Assets pledged as collateral and secured debt  
Assets pledged as collateral were as follows:

	(Millions of yen)	
	2024	2025
Buildings and structures	¥ –	¥ 209
Land	–	273
Total	¥ –	¥ 482

Secured debt was as follows:

	(Millions of yen)	
	2024	2025
Short-term borrowings	¥ –	¥ 109
Long-term borrowings	–	449
Total	¥ –	¥ 559

- \*3. Assets related to unconsolidated subsidiaries and associates as of March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Investment securities (equity securities)	¥ 103,461	¥ 40,096
Investments in capital	1,203	375

- \*4. Contract liabilities included in “Other” of current liabilities as of March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Contract liabilities	¥ 7,562	¥ 6,825

5. Contingent liabilities

(1) Guarantee obligations

The Group provides debt guarantees for borrowings and the like from financial institutions made by companies other than its consolidated subsidiaries. Contingent liabilities as of March 31, 2024 and 2025 were as follows:

		(Millions of yen)			
		2024		2025	
	Total amount guaranteed	Amount guaranteed by Furukawa Electric Group	Total amount guaranteed	Amount guaranteed by Furukawa Electric Group	
Essex Furukawa Magnet Wire LLC	¥ 2,876	¥ 2,876	¥ 1,135	¥ 1,135	VISCAS Corporation
Essex Furukawa Magnet Wire Japan Co., Ltd.	2,574	2,573	730	730	Birla Furukawa Fibre Optics Private Ltd.
VISCAS Corporation	1,150	1,150	164	164	Furukawa Sangyo Kaisha Philippines Inc.
Birla Furukawa Fibre Optics Private Ltd.	863	863	8	8	Employee property accumulation housing loans, etc.
Furukawa Sangyo Kaisha Philippines Inc.	257	257			
Other	12	12			
<b>Total</b>	<b>¥ 7,735</b>	<b>¥ 7,735</b>	<b>¥ 2,039</b>	<b>¥ 2,039</b>	

Notes: 1. The debt guarantees for VISCAS Corporation include guarantee obligations for bonds and the like related to construction, which were ¥1,150 million and ¥1,135 million as of March 31, 2024 and 2025, respectively.  
2. For the debt guarantees for Essex Furukawa Magnet Wire LLC, the entire amount represents the guarantee obligation in the form of stand-by L/C issued by financial institutions upon the Company's request for the company's borrowing obligations to financial institutions.  
3. For the debt guarantees for Essex Furukawa Magnet Wire Japan Co., Ltd., a portion of the amount represents the guarantee obligation in the form of stand-by L/C issued by financial institutions upon the Company's request for the company's borrowing obligations to financial institutions.

(2) Repurchase obligation of the securitization of receivables as of March 31, 2024 and 2025

		(Millions of yen)	
		2024	2025
Repurchase obligation of the securitization of receivables	¥	4,737	¥ 6,013

\*6. Accounting for notes maturing at the consolidated balance sheet date

Notes maturing at the consolidated balance sheet date are treated as if they were settled on the maturity date for accounting purposes.

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

		(Millions of yen)	
		2024	2025
Notes receivable	¥	671	¥ -
Notes payable		1,217	-

**Notes to consolidated statements of income**

\*1. Revenues from contracts with customers

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

\*2. The amount of inventories held for normal sales that were written down due to a decrease in profitability for the fiscal years ended March 31, 2024 and 2025 were as follows:

	(Millions of yen)			
	2024		2025	
Cost of sales	¥	1,430	¥	342

\*3. The main components of selling, general and administrative expenses and their amounts for the fiscal years ended March 31, 2024 and 2025 were as follows:

	(Millions of yen)			
	2024		2025	
Packing and transportation costs	¥	21,878	¥	23,404
Sales commissions		2,801		3,193
Salaries and allowances and welfare expenses		53,781		56,484
Retirement benefit expenses		1,542		1,490
Depreciation		5,421		5,602
Research and development costs		20,956		21,722

\*4 Total research and development costs

Research and development costs included in general and administrative expenses and manufacturing costs for the fiscal years ended March 31, 2024 and 2025 were as follows:

	(Millions of yen)			
	2024		2025	
	¥	24,539	¥	25,449

\*5. Gain on share exchange

For the fiscal year ended March 31, 2025:

Gain on share exchange was recognized as a result of the share exchange becoming effective, in which Fuji Electric Co., Ltd. became a wholly owning parent company resulting from the share exchange and FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO. LTD. became a wholly owned subsidiary company resulting from the share exchange.

\*6. Gain on disposal of non-current assets

For the fiscal year ended March 31, 2024:

Mainly due to the sale of land by the Company

For the fiscal year ended March 31, 2025:

Mainly due to the sale of land by consolidated subsidiaries of the Company

\*7. Gain on sale of investment securities

For the fiscal year ended March 31, 2024:

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

For the fiscal year ended March 31, 2025:

Mainly due to the sale of certain cross-held shares.

\*8. Insurance claim income

For the fiscal year ended March 31, 2025:

Due to insurance proceeds received in connection with a fire incident at one of the Company’s consolidated subsidiaries.

\*9. Impairment losses

For the fiscal year ended March 31, 2025:

The Group has recognized impairment losses of the following asset groups for the fiscal year ended March 31, 2025. The Group groups assets by company, business, or similar business unit that generate cash flows that are largely independent of those from other assets or groups of assets. Idle assets are grouped on an individual property basis.

(Millions of yen)

Location	Usage	Type of asset	Impairment loss
State of New York, USA	Operating assets of the Service and Development, etc. segment	Machinery and equipment, right-of use assets, and construction in progress	¥ 1,432
Fahs-Anjra Province, Kingdom of Morocco	Operating assets of the Infrastructure segment	Machinery and equipment, etc.	777
Other	Operating assets of the Electronics & Automotive Systems segment	Buildings and structures; machinery and equipment; and tools, furniture and fixtures; etc.	437

With respect to operating assets in the United States, the expected profitability initially assumed is no longer anticipated, resulting in a decline in recoverability. Accordingly, the carrying amounts have been written down to their recoverable amounts. The impairment losses consisted of ¥718 million for machinery and equipment, ¥371 million for right-of-use assets, and ¥342 million for construction in progress.

With respect to operating assets in the Kingdom of Morocco, the expected profitability initially assumed is no longer anticipated, resulting in a decline in recoverability. Accordingly, the carrying amounts have been written down to their recoverable amounts. The impairment losses consisted of ¥707 million for machinery and equipment and ¥70 million for other assets.

The recoverable amounts were mainly measured based on net selling prices, which were determined using appraised values and other relevant information.

\*10. Loss on sale of investment securities

For the fiscal year ended March 31, 2025:

Mainly due to the partial sale of shares in UACJ Corporation, which had been accounted for using the equity method.

\*11. Provision for product warranties

For the fiscal year ended March 31, 2025:

Mainly due to the following factors:

- (i) An amount of ¥1,802 million was recorded to cover the costs of addressing defects found in certain product lots previously shipped by our consolidated subsidiary, The Furukawa Battery Co., Ltd.
- (ii) A defect was identified in a large electric power project previously delivered by the Company through its subsidiary, and discussions had been ongoing with the customer. Recently, an agreement was reached between the subsidiary and the customer to replace the cables used in the project, with the subsidiary bearing a portion of the associated costs. As a result, a provision of ¥4,170 million was recorded for the estimated future costs.



*Notes to consolidated statements of comprehensive income*

\*1. Reclassification adjustments relating to other comprehensive income for the fiscal years ended March 31, 2024 and 2025

	(Millions of yen)			
	2024		2025	
Valuation difference on available-for-sale securities:				
Amount arising during the year	¥	4,774	¥	25,867
Reclassification adjustments		(3,393)		(9,432)
Total	¥	1,381	¥	16,435
Deferred gains or losses on hedges:				
Amount arising during the year	¥	3,397	¥	1,706
Adjustments for amounts transferred to assets' acquisition costs		(1,859)		(3,270)
Total	¥	1,538	¥	(1,564)
Foreign currency translation adjustment:				
Amount arising during the year	¥	11,107	¥	4,445
Reclassification adjustments		(336)		-
Total	¥	10,770	¥	4,445
Remeasurements of defined benefit plans:				
Amount arising during the year	¥	8,403	¥	(2,756)
Reclassification adjustments		427		(66)
Total	¥	8,831	¥	(2,822)
Share of other comprehensive income of entities accounted for using equity method:				
Amount arising during the year	¥	7,408	¥	4,658
Reclassification adjustments		(166)		(250)
Total	¥	7,242	¥	4,407
Subtotal before income taxes and tax effects	¥	29,763	¥	20,902
Income taxes and tax effects		(3,251)		(2,685)
Total other comprehensive income	¥	26,512	¥	18,216

\*2. Income taxes and tax effects relating to other comprehensive income for the fiscal years ended March 31, 2024 and 2025

	(Millions of yen)			
	2024		2025	
Valuation difference on available-for-sale securities:				
Before income taxes and tax effects adjustment	¥	1,381	¥	16,435
Income taxes and tax effects		(440)		(4,084)
After income taxes and tax effects adjustment	¥	941	¥	12,350
Deferred gains (losses) on hedges:				
Before income taxes and tax effects adjustment	¥	1,538	¥	(1,564)
Income taxes and tax effects		(512)		419
After income taxes and tax effects adjustment	¥	1,025	¥	(1,144)
Foreign currency translation adjustment:				
Before income taxes and tax effects adjustment	¥	10,770	¥	4,445
After income taxes and tax effects adjustment	¥	10,770	¥	4,445
Remeasurements of defined benefit plans:				
Before income taxes and tax effects adjustment	¥	8,831	¥	(2,822)
Income taxes and tax effects		(2,298)		979
After income taxes and tax effects adjustment	¥	6,532	¥	(1,843)
Share of other comprehensive income of entities accounted for using equity method:				
Before income taxes and tax effects adjustment	¥	7,242	¥	4,407
After income taxes and tax effects adjustment	¥	7,242	¥	4,407
Total other comprehensive income				
Before income taxes and tax effects adjustment	¥	29,763	¥	20,902
Income taxes and tax effects		(3,251)		(2,685)
After income taxes and tax effects adjustment	¥	26,512	¥	18,216

**Notes to consolidated statements of changes in equity**

For the fiscal year ended March 31, 2024:

1. Shares issued

(Thousands of shares)				
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	70,666	–	–	70,666

2. Treasury shares

(Thousands of shares)				
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	272	0	64	208

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

3. Share acquisition rights

Not applicable.

4. Dividends

(1) Dividend payment

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

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

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

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

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

For the fiscal year ended March 31, 2025:

1. Shares issued

(Thousands of shares)				
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	70,666	–	–	70,666

2. Treasury shares

(Thousands of shares)				
	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	208	0	15	193

- Notes:
1. The increase of 0 thousand shares of common stock represents repurchases of 0 thousand shares through compulsory acquisition of odd-lot shares upon request and an increase of 0 thousand treasury shares (the Company's shares) held by YAMAKIN (Japan) Co., Ltd. that is attributable to the Company.
  2. The decrease of 15 thousand shares of common stock represents a stock transfer from the Stock Benefit Trust (BBT) to eligible persons.
  3. The number of treasury shares at end of the fiscal year includes 124 thousand shares of the Company held in Board Benefit Trust (BBT).

3. Share acquisition rights  
Not applicable.

4. Dividends

(1) Dividend payment

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

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

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

Scheduled resolution	Type of shares	Funds for dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 25, 2025	Common stock	Retained earnings	¥8,473	¥120.00	March 31, 2025	June 26, 2025

Note: The total amount of dividends resolved at the Annual Shareholders Meeting held on June 25, 2025 includes dividends of ¥14 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

**Notes to consolidated statements of cash flows**

- \*1. The reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheets as of March 31, 2024 and 2025 is as follows:

	(Millions of yen)			
	2024		2025	
Cash and bank deposits	¥	48,895	¥	59,967
Time deposits with an original maturity of more than 3 months		(544)		(688)
Securities		4,747		6,813
Cash and cash equivalents	¥	53,098	¥	66,092

- \*2. Breakdown of the assets and liabilities of the companies newly included in the scope of consolidation due to share acquisition  
For the fiscal year ended March 31, 2025:

The following is a breakdown of the assets and liabilities at the time of consolidation resulting from the inclusion of Hakusan Inc. in the scope of consolidation due to the acquisition of its shares, as well as the relationship between the acquisition cost of the shares and the expenditures for acquisition.

	(Millions of yen)	
Current assets	¥	4,093
Non-current assets		835
Goodwill		1,497
Current liabilities		(1,043)
Non-current liabilities		(747)
Non-controlling interests		(1,032)
Acquisition cost of shares	¥	3,603
Cash and cash equivalents		(2,054)
Net expenditures for acquisition	¥	1,548

- \*3. Breakdown of the assets and liabilities of the companies excluded from the scope of consolidation due to sale of shares  
For the fiscal year ended March 31, 2024:

- (1) The following is a breakdown of the assets and liabilities at the time of sale resulting from the exclusion of THAI FIBER OPTICS CO., LTD. from the scope of consolidation due to the sale of its shares, as well as the relationship between the selling price and the proceeds from the sale of shares

	(Millions of yen)	
Current assets	¥	117
Non-current assets		413
Current liabilities		(34)
Non-current liabilities		(2)
Foreign currency translation adjustment		(146)
Valuation difference on available-for-sale securities		0
Non-controlling interests		(413)
Gain on sale of shares of subsidiaries and associates		285
Selling price of shares	¥	220
Cash and cash equivalents		(89)
Net proceeds from sale	¥	130

- (2) The following is a breakdown of the assets and liabilities at the time of sale resulting from the exclusion of OFS UTD2 ApS from the scope of consolidation due to the sale of its shares, as well as the relationship between the selling price and the proceeds from the sale of shares

	(Millions of yen)	
Current assets	¥	543
Non-current assets		2,733
Current liabilities		(275)
Non-current liabilities		(151)
Foreign currency translation adjustment		(2)
Incidental expenses associated with the sale of shares		179
Gain on sale of shares of subsidiaries and associates		1,423
Selling price of shares	¥	4,450
Cash and cash equivalents		(41)
Net proceeds from sale	¥	4,408

### **Leases**

#### 1. Finance leases

Finance lease transactions that do not transfer ownership:

##### (i) Leased assets

Property, plant and equipment (mainly machinery, equipment and vehicles)

##### (ii) Depreciation method of leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

#### 2. Operating leases

Future lease payments under non-cancellable operating leases:

	(Millions of yen)			
	2024		2025	
Due within one year	¥	1,309	¥	1,369
Due after one year		8,412		7,828
Total	¥	9,721	¥	9,198

Notes: 1. Since the foreign subsidiaries comply with International Financial Reporting Standards (IFRS) apply IFRS 16 *Leases*, operating leases are presented in "Right-of-use assets" of "Non-current assets" in the consolidated balance sheets.

2. Since the foreign subsidiaries that comply with U.S. GAAP apply ASU No. 2016-02 *Leases*, operating leases are presented in "Right-of-use assets" of "Non-current assets" in the consolidated balance sheets.

3. The above future lease payments include amounts equivalent to the stipulated damages.

## ***Financial instruments***

### 1. Status of financial instruments

#### (1) Policy on financial instruments

The Group has basic policy of safe fund management with no loss of principal. The necessary fund is obtained through borrowings from banks and other financial institutions and issuances of commercial papers and corporate bonds. The Group shall not enter into derivative transactions for speculative purposes.

#### (2) Nature and risk of financial instruments and risk management system

Notes and accounts receivable - trade arising from operations are exposed to credit risk of customers. The Group carries out the practice of keeping track of due dates and outstanding balances of each customer under the credit management rules, as well as monitoring major customers' credit status on a regular basis in order to minimize credit risk.

Marketable securities and investment securities are mainly equity securities and exposed to the risk of changes in market price. These securities are primarily the shares of companies with which the Group has business relationship, and the fair value of these securities are evaluated on a regular basis.

Trade notes and accounts payable arising from operations normally have payment terms of less than one year.

Short-term and long-term borrowings, commercial paper, and bonds are mainly utilized for working and capital investments. The interest rate risk of a certain portion of those borrowings is hedged using interest rate swaps as hedging instruments.

Derivative transactions include foreign exchange forward contracts used to hedge foreign currency risk associated with trade receivables and payables denominated in foreign currency, interest rate swaps used to hedge interest rate risk associated with borrowings, metal forward contracts used to hedge price fluctuation risk of raw materials and work in process. Details of hedge accounting, including hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are explained in "5. Accounting policies, (8) Hedge accounting" above. Execution and management of derivative transactions are subject to related internal rules.

Although trade payables and borrowings are exposed to liquidity risk, they are managed by such means as cash flow projections prepared in a timely manner.

#### (3) Supplementary information on the fair value of financial instruments

The estimated fair values of financial instruments would not be fixed due to variety of factors and assumptions. In addition, the contractual amounts of the derivative transactions set out in the notes to "Derivatives" are not in themselves an indicator of the market risk associated with derivative transactions.

2. Fair value of financial instruments

Carrying amount and fair value of financial instruments and their difference as of March 31, 2024 and 2025 were as follows:

As of March 31, 2024

		(Millions of yen)		
		2024		
		Carrying amount <sup>(*3)</sup>	Fair value <sup>(*3)</sup>	Difference
(1) Marketable securities and investment securities				
(i)	Held-to-maturity debt securities	¥ 4,747	¥ 4,747	¥ –
(ii)	Available-for-sale securities	22,697	22,697	–
(iii)	Shares of unconsolidated subsidiaries and associates	92,722	205,723	113,001
Total assets		¥ 120,167	¥ 233,168	¥ 113,001
(1) Bonds payable				
		¥ (40,000)	¥ (39,050)	¥ 949
(2) Long-term borrowings				
		(120,168)	(119,119)	1,048
Total liabilities		¥ (160,168)	¥ (158,170)	¥ 1,997
Derivative transactions <sup>(*4)</sup>				
(i)	Derivative transactions to which hedge accounting is not applied	¥ (949)	¥ (949)	¥ –
(ii)	Derivative transactions to which hedge accounting is applied	1,839	1,839	–
Total derivative transactions		¥ 890	¥ 890	¥ –

(\*1) “Cash” is omitted because its fair value is always equal to the carrying amount, and “Deposits,” “Notes and accounts receivable – trade,” “Notes and accounts payable – trade,” “Short-term borrowings,” “Commercial papers,” and “Income taxes payable” are also omitted because they are settled in a short period of time and their fair values approximate their carrying amounts.

(\*2) Equity securities, etc. that do not have a quoted market price in an active market are not included in (1) Marketable securities and investment securities. The carrying amount of such equity instruments were as follows:

		(Millions of yen)
		2024
	Unlisted equity securities	¥ 15,343
	Investments in capital	1,290

(\*3) Carrying amounts and fair values of items reported in liabilities are shown in parentheses.

(\*4) Receivables and payables arising from derivative transactions are shown in net amounts, and those with negative net totals are shown in parentheses.

(\*5) Investments in associations and equivalent entities in which the Group has a net equity interest on the consolidated balance sheets are not included in (1) Marketable securities and investment securities in accordance with the treatment prescribed in paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021). The amount of such investments in the consolidated balance sheet were ¥930 million.



As of March 31, 2025

		(Millions of yen)		
		2025		
		Carrying amount <sup>(*)3</sup>	Fair value <sup>(*)3</sup>	Difference
(1) Marketable securities and investment securities				
(i) Held-to-maturity debt securities	¥	6,813	¥	6,813
(ii) Available-for-sale securities		51,472		51,472
(iii) Shares of unconsolidated subsidiaries and associates		29,612		134,584
				104,972
Total assets	¥	87,899	¥	192,871
				¥
				104,972
(1) Bonds payable	¥	(40,000)	¥	(38,360)
(2) Long-term borrowings		(111,354)		(108,767)
Total liabilities	¥	(151,354)	¥	(147,128)
				¥
				4,226
Derivative transactions <sup>(*)4</sup>				
(i) Derivative transactions to which hedge accounting is not applied	¥	(102)	¥	(102)
(ii) Derivative transactions to which hedge accounting is applied		822		822
Total derivative transactions	¥	720	¥	720
				¥
				-
(*1) "Cash" is omitted because its fair value is always equal to the carrying amount, and "Deposits," "Notes and accounts receivable – trade," "Notes and accounts payable – trade," "Short-term borrowings," "Commercial papers," and "Income taxes payable" are also omitted because they are settled in a short period of time and their fair values approximate their carrying amounts.				
(*2) Equity securities, etc. that do not have a quoted market price in an active market are not included in (1) Marketable securities and investment securities. The carrying amounts of such equity instruments were as follows:				

		(Millions of yen)	
		2025	
Unlisted equity securities	¥	16,786	
Investments in capital		465	

(\*3) Carrying amounts and fair values of items reported in liabilities are shown in parentheses.

(\*4) Receivables and payables arising from derivative transactions are shown in net amounts, and those with negative net totals are shown in parentheses.

(\*5) Investments in associations and equivalent entities in which the Group has a net equity interest on the consolidated balance sheets are not included in (1) Marketable securities and investment securities in accordance with the treatment prescribed in paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021). The amount of such investments in the consolidated balance sheet were ¥922 million.

Note 1: Redemption schedule of monetary receivables and securities with contractual maturities after the consolidated balance sheet date as of March 31, 2024 and 2025 is as follows:

As of March 31, 2024

	(Millions of yen)							
	2024							
	Within 1 year		Over 1 year to 5 years		Over 5 years to 10 years		Over 10 years	
Deposits	¥	41,827	¥	–	¥	–	¥	–
Notes and accounts receivable – trade		239,348		–		–		–
Marketable securities and investment securities								
Government bonds, municipal bonds and other		4,747		–		–		–
Total	¥	285,922	¥	–	¥	–	¥	–

As of March 31, 2025

	(Millions of yen)							
	2025							
	Within 1 year		Over 1 year to 5 years		Over 5 years to 10 years		Over 10 years	
Deposits	¥	55,470	¥	–	¥	–	¥	–
Notes and accounts receivable - trade		254,189		–		–		–
Marketable securities and investment securities								
Government bonds, municipal bonds and other		6,813		–		–		–
Total	¥	316,473	¥	–	¥	–	¥	–

Note 2: Repayment schedule of commercial papers, bonds payable and long-term borrowings after the consolidated balance sheets date as of March 31, 2024 and 2025 is as follows:

As of March 31, 2024

	(Millions of yen)											
	2024											
	Within 1 year		Over 1 year to 2 years		Over 2 years to 3 years		Over 3 years to 4 years		Over 4 years to 5 years		Over 5 years	
Commercial papers	¥	35,500	¥	–	¥	–	¥	–	¥	–	¥	–
Bonds payable		–		–		10,000		10,000		–		20,000
Long-term borrowings		–		33,497		19,770		18,100		26,000		22,800
Total	¥	35,500	¥	33,497	¥	29,770	¥	28,100	¥	26,000	¥	42,800

As of March 31, 2025

	(Millions of yen)											
	2025											
	Within 1 year		Over 1 year to 2 years		Over 2 years to 3 years		Over 3 years to 4 years		Over 4 years to 5 years		Over 5 years	
Commercial papers	¥	1,500	¥	–	¥	–	¥	–	¥	–	¥	–
Bonds payable		–		10,000		10,000		–		10,000		10,000
Long-term borrowings		–		23,382		18,289		26,189		22,683		20,809
Total	¥	1,500	¥	33,382	¥	28,289	¥	26,189	¥	32,683	¥	30,809

3. Financial Instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs for measuring fair value:

Level 1 fair value: Fair value determined by using quoted prices (unadjusted) in active markets for identical assets or liabilities as the inputs for measuring observable fair value

Level 2 fair value: Fair value determined by using inputs for measuring observable fair value other than Level 1 inputs

Level 3 fair value: Fair values determined by using inputs for measuring unobservable fair value

If multiple inputs are used that have a significant impact on the measurement of fair value, the fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial assets and liabilities measured at fair value as of March 31, 2024 and 2025

As of March 31, 2024

		(Millions of yen)					
		2024					
		Level 1	Level 2	Level 3	Total		
Marketable securities and investment securities:							
Available-for-sale securities:							
Equity securities	¥	22,697	¥	–	¥	–	¥ 22,697
Derivative transactions:							
Currency		–	950		–		950
Commodity		–	1,965		–		1,965
Total assets	¥	22,697	¥	2,916	¥	–	¥ 25,614
Derivative transactions:							
Currency	¥	–	¥	(1,985)	¥	–	¥ (1,985)
Commodity		–	(41)		–		(41)
Total liabilities	¥	–	¥	(2,026)	¥	–	¥ (2,026)

(\*) Items reported in liabilities are shown in parentheses.

As of March 31, 2025

		(Millions of yen)					
		2025					
		Level 1	Level 2	Level 3	Total		
Marketable securities and investment securities:							
Available-for-sale securities:							
Equity securities	¥	51,472	¥	–	¥	–	¥ 51,472
Derivative transactions:							
Currency		–	432		–		432
Commodity		–	650		–		650
Total assets	¥	51,472	¥	1,083	¥	–	¥ 52,555
Derivative transactions:							
Currency	¥	–	¥	(260)	¥	–	¥ (260)
Commodity		–	(102)		–		(102)
Total liabilities	¥	–	¥	(362)	¥	–	¥ (362)

(\*) Items reported in liabilities are shown in parentheses.

(2) Financial assets and liabilities not measured at fair value as of March 31, 2024 and 2025  
As of March 31, 2024

(Millions of yen)

	2024			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities:				
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥	–	¥ 4,747	¥ 4,747
Shares of unconsolidated subsidiaries and associates		205,723	–	205,723
Total assets	¥	205,723	¥ 4,747	¥ 210,470
Bonds payable	¥	–	¥ (39,050)	¥ (39,050)
Long-term borrowings		–	(119,119)	(119,119)
Total liabilities	¥	–	¥ (158,170)	¥ (158,170)

(\*1) Fair values of items reported in liabilities are shown in parentheses.

As of March 31, 2025

(Millions of yen)

	2025			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities:				
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥	–	¥ 6,813	¥ 6,813
Shares of unconsolidated subsidiaries and associates		134,584	–	134,584
Total assets	¥	134,584	¥ 6,813	¥ 141,398
Bonds payable	¥	–	¥ (38,360)	¥ (38,360)
Long-term borrowings <sup>*2</sup>		–	(108,767)	(108,767)
Total liabilities	¥	–	¥ (147,128)	¥ (147,128)

(\*1) Fair values of items reported in liabilities are shown in parentheses.

(\*2) For interest rate swaps accounted for under the special treatment, such derivatives are treated as being integrated with long-term borrowings as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding long-term borrowings.

Note: A description of the valuation techniques and inputs used in the fair value measurements:

Marketable securities and investment securities

The fair values of listed equity securities are measured at the quoted market prices. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1. As the municipal bonds and corporate bonds are not considered to be in active markets due to low market transactions, the fair values of municipal bonds and corporate bonds are measured by using discounted present value techniques considering observable inputs such as interest rates, and categorized as Level 2.

Derivatives

The fair values of interest rate swaps, foreign currency forward contracts, foreign currency swaps, and commodity forward contracts are measured by using prices quoted by counterparty financial institutions and brokers, and are categorized as Level 2.

Bonds payable

Bonds issued by the Company are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

Long-term borrowings

The fair values of long-term borrowing are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

## Securities

### 1. Held-to-maturity debt securities as of March 31, 2024 and 2025

As of March 31, 2024

		(Millions of yen)			
		2024			
	Class	Carrying amount	Fair value	Difference	
Securities whose fair value does not exceed the carrying amount	Government bonds, municipal bonds and other	¥ 4,747	¥ 4,747	¥	–
Total		¥ 4,747	¥ 4,747	¥	–

As of March 31, 2025

		(Millions of yen)			
		2025			
	Class	Carrying amount	Fair value	Difference	
Securities whose fair value does not exceed the carrying amount	Government bonds, municipal bonds and other	¥ 6,813	¥ 6,813	¥	–
Total		¥ 6,813	¥ 6,813	¥	–

### 2. Available-for-sale securities as of March 31, 2024 and 2025

As of March 31, 2024

		(Millions of yen)			
		2024			
	Class	Carrying amount	Cost	Difference	
Securities whose carrying amount exceeds the cost	Equity securities	¥ 22,648	¥ 6,388	¥	16,260
Securities whose carrying amount does not exceed the cost	Equity securities	48	54	¥	(6)
Total		¥ 22,697	¥ 6,442	¥	16,254

As of March 31, 2025

		(Millions of yen)			
		2025			
	Class	Carrying amount	Cost	Difference	
Securities whose carrying amount exceeds the cost	Equity securities	¥ 51,368	¥ 18,726	¥	32,641
Securities whose carrying amount does not exceed the cost	Equity securities	104	165	¥	(61)
Total		¥ 51,472	¥ 18,892	¥	32,580

3. Securities sold during the fiscal years ended March 31, 2024 and 2025

For the fiscal year ended March 31, 2024

		(Millions of yen)		
		2024		
Class	Selling price	Gross realized gain	Gross realized loss	
Equity securities	¥ 8,400	¥ 4,815	¥	(101)
Total	¥ 8,400	¥ 4,815	¥	(101)

For the fiscal year ended March 31, 2025

		(Millions of yen)		
		2025		
Class	Selling price	Gross realized gain	Gross realized loss	
Equity securities	¥ 29,042	¥ 10,166	¥	(678)
Total	¥ 29,042	¥ 10,166	¥	(678)

4. Securities for which impairment losses were recognized

In the fiscal year ended March 31, 2024, impairment losses of ¥771 million were recognized for securities (¥771 million for equity securities classified as investment securities).

In the fiscal year ended March 31, 2025, impairment losses of ¥380 million were recognized for securities (¥380 million for equity securities classified as investment securities).

## Derivatives

### 1. Derivative transactions to which hedge accounting is not applied

#### (1) Foreign currency related transactions as of March 31, 2024 and 2025

As of March 31, 2024

		(Millions of yen)			
		2024			
		Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions:					
Foreign currency forward contracts:					
Sell:					
U.S. dollar	¥	24,379	¥	–	¥ (1,129)
Japanese yen		4,394		–	¥ 256
Euro		4,996		–	¥ (109)
Taiwan dollar		7,649		–	¥ (70)
Indonesian rupiah		4,577		–	¥ 35
Thai baht		1,438		–	¥ (6)
Chinese yuan		1,332		–	¥ (0)
Other		1,012		–	¥ (19)
Buy:					
U.S. dollar		4,680		–	¥ 162
Euro		1,222		–	¥ 52
Other		315		–	¥ (2)
Currency Swaps:					
Receiving yen, paying Philippine peso		867	867	(105)	(105)
Total	¥	56,867	¥	867	¥ (936)

As of March 31, 2025

		(Millions of yen)			
		2025			
		Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions:					
Foreign currency forward contracts:					
Sell:					
U.S. dollar	¥	28,437	¥	–	¥ (40)
Japanese yen		2,397		–	¥ (21)
Euro		3,692		–	¥ (19)
Taiwan dollar		6,374		–	¥ (9)
Indonesian rupiah		3,636		–	¥ 94
Thai baht		1,198		–	¥ 3
Chinese yuan		5,837		–	¥ 2
Other		782		–	¥ 6
Buy:					
U.S. dollar		3,608		–	¥ (36)
Euro		–		–	–
Other		345		–	¥ (4)
Currency Swaps:					
Receiving yen, paying Philippine peso		867	–	(62)	(62)
Total	¥	57,178	¥	–	¥ (87)

## (2) Commodity related transactions as of March 31, 2024 and 2025

As of March 31, 2024

		(Millions of yen)			
		2024			
		Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Market transactions:					
Forward contracts:					
Sell:	¥	7,863	¥	–	¥ (105)
Buy:		3,583		–	¥ 92
Total	¥	11,446	¥	–	¥ (12)

As of March 31, 2025

		(Millions of yen)			
		2025			
		Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Market transactions:					
Forward contracts:					
Sell:	¥	10,451	¥	–	¥ 76
Buy:		5,439		–	¥ (91)
Total	¥	15,891	¥	–	¥ (14)



2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency related transactions as of March 31, 2024 and 2025

As of March 31, 2024

Hedged items		(Millions of yen)		
		2024		Fair value
		Notional amount	Portion over 1 year	
Normal accounting method:				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables (Forecast transactions)	¥ 16,637	¥ –	¥ (1,107)
Euro	Trade receivables (Forecast transactions)	33	–	(0)
Thai baht	Trade receivables (Forecast transactions)	65	–	(0)
Chinese yuan	Trade receivables (Forecast transactions)	9	–	0
Other	Trade receivables (Forecast transactions)	–	–	–
Buy:				
U.S. dollar	Trade payables (Forecast transactions)	13,419	259	771
Philippine peso	Trade payables (Forecast transactions)	7,527	–	214
U.K. pound	Trade payables (Forecast transactions)	1,373	447	10
Japanese yen	Trade payables (Forecast transactions)	26	–	(0)
Other	Trade payables (Forecast transactions)	373	–	15
Assignment accounting (special treatment for foreign exchange forward contracts):				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables	95	–	
Other	Trade receivables	35	–	
Buy:				
U.S. dollar	Trade payables	16	–	(Note)
Euro	Accrued expenses	140	–	
Other	Trade payables	15	–	
Total		¥ 39,771	¥ 706	¥ (97)

Note: For forward exchange contracts, etc. accounted for under the assignment accounting (special treatment for foreign exchange forward contracts), such derivatives are treated as being integrated with trade receivables, trade payables, etc. as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding trade receivables, trade payables, etc.

As of March 31, 2025

(Millions of yen)

Hedged items		2025		
		Notional amount	Portion over 1 year	Fair value
Normal accounting method:				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables (Forecast transactions)	¥ 14,556	¥ 481	¥ 41
Euro	Trade receivables (Forecast transactions)	149	–	(0)
Thai baht	Trade receivables (Forecast transactions)	109	–	(0)
Chinese yuan	Trade receivables (Forecast transactions)	174	–	(0)
Other	Trade receivables (Forecast transactions)	43	–	(0)
Buy:				
U.S. dollar	Trade payables (Forecast transactions)	5,438	102	194
Philippine peso	Trade payables (Forecast transactions)	2,012	–	(26)
U.K. pound	Trade payables (Forecast transactions)	2,004	870	53
Japanese yen	Trade payables (Forecast transactions)	7,687	–	(3)
Other	Trade payables (Forecast transactions)	151	–	(0)
Assignment accounting (special treatment for foreign exchange forward contracts):				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables	2,847	–	
Other	Trade receivables	36	–	
Buy:				
U.S. dollar	Trade payables	239	–	
Euro	Accrued expenses	–	–	
Other	Trade payables	109	–	
Total		¥ 35,560	¥ 1,453	¥ 259

Note: 1. For forward exchange contracts, etc. accounted for under the assignment accounting (special treatment for foreign exchange forward contracts), such derivatives are treated as being integrated with trade receivables, trade payables, etc. as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding trade receivables, trade payables, etc.

2. “Chinese yuan” that was included in “Other” under “Sell” of “Normal accounting method” in the previous fiscal year is separately presented in the current fiscal year due to its increased materiality of the amount. As a result, “Other” under “Sell” of “Normal accounting method” in the previous fiscal year has been reclassified and presented as “Chinese yuan.”

3. “Euro” under “Buy” of “Normal accounting method” that was separately presented in the previous fiscal year is presented by including in “Other” in the current fiscal year due to its decreased materiality of the amount. As a result, “Euro” and “Other” under “Buy” of “Normal accounting method” in the previous fiscal year has been reclassified and presented as “Other.”

4. “Japanese yen” that was included in “Other” under “Buy” of “Normal accounting method” in the previous fiscal year is separately presented in the current fiscal year due to its increased materiality of the amount. As a result, “Other” under “Buy” of “Normal accounting method” in the previous fiscal year has been reclassified and presented as “Japanese yen” and “Other.”

## (2) Interest rate related transactions as of March 31, 2025

As of March 31, 2025

		(Millions of yen)		
		2025		
Hedged items	Notional amount	Portion over 1 year	Fair value	
Special treatment of interest rate swaps				
Interest rate swap contracts:				
Paying fixed and receiving variable				
Long-term borrowings	¥ 6,000	¥ 6,000	(Note)	

Note: For interest rate swaps accounted for under the special treatment, such derivatives are treated as being integrated with long-term borrowings as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding long-term borrowings.

## (3) Commodity related transactions as of March 31, 2024 and 2025

As of March 31, 2024

		(Millions of yen)		
		2024		
Hedged items	Notional amount	Portion over 1 year	Fair value	
Normal accounting method:				
Metal forward contracts:				
Sell:	Raw materials and work in process	¥ 14,050	¥ –	¥ (894)
Buy:	Raw materials and work in process	32,004	965	2,832
Total		¥ 46,055	¥ 965	¥ 1,937

As of March 31, 2025

		(Millions of yen)		
		2025		
Hedged items	Notional amount	Portion over 1 year	Fair value	
Normal accounting method:				
Metal forward contracts:				
Sell:	Raw materials and work in process	¥ 7,946	¥ –	¥ (248)
Buy:	Raw materials and work in process	26,399	1,093	811
Total		¥ 34,345	¥ 1,093	¥ 563

## Retirement benefits

### 1. Overview of retirement benefit plans adopted by the Group

The Company and its consolidated subsidiaries (hereinafter, the “Group”) have funded and/or unfunded defined benefit pension plans and/or defined contribution plans. The defined benefit plans consist of Employees’ Pension Fund Plan, defined benefit corporation pension plan and lump-sum payment plan.

There are cases where additional retirement benefits are paid at the time of retirement of employees. The Company has established an employees’ retirement benefit trust and certain consolidated subsidiaries have joined multi-employer employees’ pension fund. The plans, which are not possible to reasonably compute the amounts of plan assets corresponding to their own contribution amounts, are accounted for in the same way as the defined contribution plan.

On the defined benefit pension plans and lump-sum payment plans of certain consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by using the simplified method.

### 2. Defined benefit plans

#### (1) Reconciliation of opening and ending balances of retirement benefit obligations (excluding plans using the simplified method) for the fiscal years ended March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Balance at beginning of year	¥ 94,503	¥ 88,185
Service cost	3,418	3,179
Interest cost	1,248	1,275
Actuarial gains and losses	(978)	(291)
Benefits paid	(12,221)	(5,826)
Net effect resulting from change in scope of consolidation	–	48
Foreign currency translation adjustment	2,213	(59)
Balance at end of year	¥ 88,185	¥ 86,511

#### (2) Reconciliation of opening and ending balances of plan assets (excluding plans using the simplified method) for the fiscal years ended March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Balance at beginning of year	¥ 66,661	¥ 71,625
Expected return on plan assets	1,764	1,880
Actuarial gains and losses	7,947	(2,848)
Contributions from the Company	1,155	1,829
Benefits paid	(7,884)	(3,425)
Foreign currency translation adjustment	1,981	(201)
Balance at end of year	¥ 71,625	¥ 68,860

#### (3) Reconciliation of opening and ending balances of retirement benefit liability under the plans using a simplified method for the fiscal years ended March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Balance at beginning of year	¥ 1,496	¥ 1,438
Retirement benefit expenses	437	837
Benefits paid	(343)	(395)
Contributions to fund	(202)	(215)
Net effect resulting from change in scope of consolidation	50	117
Net effect resulting from business combinations	–	199
Balance at end of year	¥ 1,438	¥ 1,982

- (4) Reconciliation of the ending balances of retirement benefit obligations and plan assets and defined benefit liability and asset recorded in the consolidated balance sheet as of March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Funded retirement benefit obligation	¥ 86,466	¥ 84,587
Plan assets	(75,698)	(72,949)
	10,767	11,637
Unfunded retirement benefit obligation	7,230	7,996
Net liability for defined benefit obligation	17,997	19,634
Retirement benefit liability	29,239	31,559
Retirement benefit asset	(11,241)	(11,924)
Net liability for defined benefit obligation	¥ 17,997	¥ 19,634

Note: The above items include plans accounted for using the simplified method.

- (5) The components of retirement benefit expenses for the fiscal years ended March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Service cost	¥ 3,418	¥ 3,179
Interest cost	1,248	1,275
Expected return on plan assets	(1,764)	(1,880)
Amortization of actuarial gains and losses	406	(86)
Amortization of prior service cost	25	22
Retirement benefit expenses calculated on a simplified method	437	837
Total retirement benefit expenses	¥ 3,772	¥ 3,348

- (6) Remeasurements of defined benefit plans under other comprehensive income

The components of remeasurements of defined benefit plans (before income taxes and tax effect) under other comprehensive income for the fiscal years ended March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Service cost	¥ 59	¥ 23
Interest cost	8,771	(2,846)
Total retirement benefit expenses	¥ 8,831	¥ (2,822)

- (7) Remeasurements of defined benefit plans under accumulated other comprehensive income

The components of remeasurements of defined benefit plans (before income taxes and tax effect) under accumulated other comprehensive income as of March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Unrecognized prior service cost	¥ (255)	¥ (279)
Unrecognized actuarial gains and losses	(5,882)	(3,027)
Total	¥ (6,138)	¥ (3,307)

(8) Plan assets

(i) Major components of plan assets

The components of plan assets as of March 31, 2024 and 2025 were as follows:

	2024	2025
Equity securities	47 %	44 %
Debt securities	17 %	19 %
Assets in a life-insurer's general account	14 %	13 %
Cash and deposits	6 %	6 %
Other	17 %	18 %
Total	100 %	100 %

Note: The above plan assets included 12% and 18% of assets held by the retirement benefit trust set up for the retirement benefit plan as of March 31, 2024 and 2025, respectively.

(ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return, which are expected currently and in the future from the various components of the plan assets.

(9) Actuarial assumptions

Major actuarial assumptions used for the fiscal years ended March 31, 2024 and 2025 are as follows:

	2024	2025
Discount rate	0.4%–6.4 %	0.4%–6.9 %
Long-term expected rate of return on plan assets	1.0%–5.8 %	1.0%–3.8 %

3. Defined contribution plans

Required contributions for defined contribution plans (including multi-employer employees' pension fund plans that are accounted for in the same manner as a defined contribution plan) for the fiscal years ended March 31, 2024 and 2025 were ¥5,119 million and ¥887 million, respectively.

4. Multi-employer plan

Amounts related to the multi-employer plan for which required contributions are accounted for as retirement benefit expenses are as follows.

(1) The funded status of the multi-employer plan as of March 31, 2024 and 2025, was as follows:

	(Millions of yen)			
	2024		2025	
Plan assets	¥	83,259	¥	93,299
Sum of actuarial liabilities of pension plan and minimum actuarial reserve		87,342		86,171
Net balance	¥	(4,083)	¥	7,128

(2) The contribution ratio of the Group in the multi-employer plan for the fiscal years ended March 31, 2024 and 2025

	2024	2025
	(As of March 31, 2023)	(As of March 31, 2024)
Contribution ratio of the Group in the multi-employer plan	0.7 %	0.7 %

(3) Supplementary explanation

The net balance in Item (1) above resulted mainly from past service cost under the plan in pension actuarial valuation and special reserve.

The ratios in Item (2) above do not represent the actual actuarial liability ratio of the Group.

### Tax effect accounting

As stated in “Notes to Consolidated Financial Statements, *Changes in accounting policies*,” The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27 issued on October 28, 2022), etc. since the beginning of the fiscal year ended March 31, 2025. As the change in accounting policy due to the application has been applied retrospectively, the figures for the fiscal year ended March 31, 2024 have been restated accordingly.

#### 1. Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2025

	(Millions of yen)			
	2024		2025	
Deferred tax assets				
Retirement benefits liability	¥	11,233	¥	11,635
Provision for environmental measures		2,824		2,870
Unrealized profits on non-current assets		781		629
Tax loss carryforward (Note 2)		45,968		41,749
Excess amount over limitation of taxable provisions for bonuses		3,207		3,554
Accrued enterprise tax		230		698
Excess amount over limitation of non-current assets depreciation		4,505		5,145
Impairment losses		8,569		6,512
Loss on valuation of inventories		1,562		2,165
Unrealized profits on inventories		1,068		1,409
Retirement benefits for Directors and other officers		116		174
Loss on valuation of securities		1,385		1,068
Provision for product warranties		1,357		2,591
Other		17,088		19,443
Subtotal	¥	99,898	¥	99,649
Less valuation allowance for tax loss carryforward (Note 2)	¥	(39,960)	¥	(38,788)
Less valuation allowance for total of future deductible temporary differences, etc.		(32,386)		(32,185)
Total valuation allowance (Note 1)	¥	(72,347)	¥	(70,973)
Total deferred tax assets	¥	27,551	¥	28,675
Deferred tax liabilities				
Valuation difference on available-for-sale securities	¥	(4,870)	¥	(8,965)
Reserve for tax purpose reduction entry of non-current assets		(28)		(29)
Revaluation difference on land		(181)		(348)
Undistributed earnings of subsidiaries and associates		(13,482)		(9,598)
Deferred gains on hedges		(622)		(61)
Other		(7,204)		(6,191)
Total deferred tax liabilities	¥	(26,388)	¥	(25,194)
Deferred tax assets (liabilities), net	¥	1,162	¥	3,481

Note 1: There were no material changes in the valuation allowance.

Note 2: Tax loss carryforward and the related deferred tax assets by time to expiration as of March 31, 2024 and 2025 were as follows:

As of March 31, 2024

	2024							Total
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years		
Deferred tax assets relating to tax loss carryforward (*1)	¥ 5,397	¥ 1,395	¥ 3,727	¥ 394	¥ 3,908	¥ 31,145	¥ 45,968	
Less valuation allowance for tax loss carryforward	(5,232)	(1,171)	(2,390)	(195)	(2,137)	(28,832)	(39,960)	
Deferred tax assets	164	224	1,336	198	1,770	2,312	(*2) 6,008	

(\*1) Tax loss carryforward is calculated by applying the effective statutory tax rate.

(\*2) Net deferred tax assets of ¥6,008 million were recognized for tax loss carryforward of ¥45,968 million (calculated by applying the effective statutory tax rate). Valuation allowances have not been recognized for the part of the tax loss carryforward expected to be recoverable considering future taxable income. Assumptions for estimating future taxable income is stated in “Item 5 Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, *Significant accounting estimates*.”

As of March 31, 2025

(Millions of yen)

	2025							Total
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years		
Deferred tax assets relating to tax loss carryforward (*1)	¥ 997	¥ 3,763	¥ 440	¥ 3,963	¥ 3,728	¥ 28,857	¥ 41,749	
Less valuation allowance for tax loss carryforward	(633)	(3,299)	(257)	(3,333)	(3,259)	(28,004)	(38,788)	
Deferred tax assets	364	463	182	629	468	852	(*2) 2,961	

(\*1) Tax loss carryforward is calculated by applying the effective statutory tax rate.

(\*2) Net deferred tax assets of ¥2,961 million were recognized for tax loss carryforward of ¥41,749 million (calculated by applying the effective statutory tax rate). Valuation allowances have not been recognized for the part of the tax loss carryforward expected to be recoverable considering future taxable income. Assumptions for estimating future taxable income is stated in "Item 5 Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, *Significant accounting estimates.*"

2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect for the fiscal years ended March 31, 2024 and 2025

	(%)	
	2024	2025
Statutory effective tax rate	30.6	–
Adjustments:		
Expenses not deductible for income tax purposes (e.g. entertainment expenses)	1.7	–
Dividend income not taxable for income tax purposes	1.1	–
Share of profits (losses) of investments accounted for using the equity method	(12.7)	–
Tax credits of experimentation and research expenses	(5.7)	–
Valuation allowance	38.7	–
Tax rate differences with foreign consolidated subsidiaries	(1.8)	–
Amortization of goodwill	0.2	–
Undistributed earnings of subsidiaries and associates	5.4	–
Unrecognized tax effects relating to unrealized profits	(1.0)	–
Consolidation adjustments relating to sale of businesses	1.0	–
Other	(0.1)	–
Actual effective tax rate after applying tax effect accounting	57.8	–

Note: For the fiscal year ended March 31, 2025, the difference between the statutory effective tax rate (30.6%) and the actual effective tax rate after applying tax effect accounting (31.0%) is less than 5% of the statutory effective tax rate, and therefore, the note for the reconciliation has been omitted.

3. Adjustments to deferred tax assets and deferred tax liabilities due to changes in income tax rate  
The Act Partially Amending the Income Tax Act, etc. (Act No. 13 of 2025) was passed by the National Diet on March 31, 2025. As a result, the Defense Special Corporation Tax will be imposed starting from fiscal years beginning on or after April 1, 2026. Accordingly, deferred tax assets and liabilities related to temporary differences expected to be reversed in fiscal years beginning on or after April 1, 2026 are calculated using a revised statutory effective tax rate, which is changed from 30.62% to 31.52%. As a result of this change, deferred tax assets (net of deferred tax liabilities), income taxes – deferred, valuation difference on available-for-sale securities, and remeasurements of defined benefit plans for the fiscal year ended March 31, 2025 decreased by ¥154 million, ¥108 million, ¥254 million, and ¥8 million, respectively.
4. Accounting for income taxes and local income taxes or the related tax effects  
As the Company and some of its subsidiaries in Japan apply the group tax sharing system, they account for and disclose income taxes and local income taxes or the related tax effects in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42 issued on August 12, 2021).



## Business combinations

### Business combinations through acquisition

#### Acquisition of shares of MFOPTEX

Effective on April 25, 2024, the Company concluded a share transfer agreement with Mitsubishi Cable Industries, Ltd. (hereinafter “MCI”) to acquire an additional 40% of shares of MFOPTEX Co., Ltd. (hereinafter “MFO”), a joint venture between the Company and MCI. Subsequently, the Company acquired shares of MFO on October 1, 2024 to make it a consolidated subsidiary.

(1) Overview of the business combination

(i) Name and business of the acquired company

Name of the acquired company: MFOPTEX Co., Ltd.

Description of business acquired:

- Manufacturing and sales of fiber products for laser delivery
- Manufacturing and sales of bundle fibers and lightguide fibers
- Manufacturing and sales of image guides and fiber scopes for industrial and medical use
- Assembly, processing, and sale of optical fiber code cables
- Processing, inspection, and sale of optical applied products such as optical lasers and optical sensors
- Any matters incidental or relating to any of the preceding items

(ii) Primary reason for the business combination

MFO was established in December 2022 as MCI’s optical component business company, in which MCI has a 60% stake and the Company has a 40% stake. Taking advantage of the synergy effect of MCI’s technologies of manufacturing special fibers and processing components coupled with the Company’s photonics technologies, MFO has been manufacturing and developing optical fiber products for medical and industrial use. MFO’s business for medical and industrial equipment has maintained a high growth rate, and is very important for accelerating the Company’s new business development in the life science domain and for industrial equipment.

By strengthening collaboration with MFO, the Company will accelerate the development of new businesses in the life science domain and for the use of industrial lasers, and pursue solutions of social issues and steady progress in commercialization towards realizing ‘safe, peaceful and rewarding life’ as specified in the Furukawa Electric Group Vision 2030.

(iii) Date of the business combination

October 1, 2024

(iv) Legal form of the business combination

Acquisition of shares for cash consideration

(v) Name of the company after combination

Unchanged

(vi) Percentage of voting rights acquired

Percentage of voting rights held immediately before the business combination: 40%

Percentage of voting rights additionally acquired through the business combination: 40%

Percentage of voting rights held after the business combination: 80%

(vii) Basis for determining the acquiring company

The Company was determined to be the acquiring company as it acquired additional shares in exchange for cash.

(2) Period of the acquired company’s results included in the consolidated financial statements

From October 1, 2024 through March 31, 2025

(3) Acquisition cost of the acquired company and breakdown by type of consideration

		(Millions of yen)	
Consideration for the acquisition	Fair value of shares held immediately before the business combination as of the acquisition date	¥	902
	Cash consideration for shares additionally acquired on the acquisition date		902
Acquisition cost		¥	1,804

(4) Details and amount of major acquisition-related costs

Not applicable.

(5) Difference between the acquisition cost of the acquired company and the total acquisition cost of each transaction leading to the acquisition  
Gain on step acquisition: ¥73 million

(6) Amount and cause of gain on bargain purchase  
Goodwill and gain on bargain purchase were not recognized.

(7) Amounts of assets acquired and liabilities assumed as of the date of the business combination, and their major components

	(Millions of yen)	
Current assets	¥	1,908
Non-current assets		598
<b>Total assets</b>	<b>¥</b>	<b>2,507</b>
Current liabilities	¥	466
Non-current liabilities		60
<b>Total liabilities</b>	<b>¥</b>	<b>526</b>

(8) Estimated impact on the consolidated statement of income for the current fiscal year assuming the business combination had been completed at the beginning of the fiscal year, and the method for calculating estimated amounts  
Disclosure is omitted as the impact is immaterial.

(9) Amounts allocated to intangible assets other than goodwill and breakdown by major category, as well as the weighted-average amortization periods for the total and for each major category

Category	Amount (million yen)	Weighted-average amortization period (years)
Customer-related assets	¥ 266	5
Technology-based assets	130	3
<b>Total</b>	<b>¥ 397</b>	<b>4</b>

### Acquisition of shares of Hakusan

Effective on November 7, 2024, the Company concluded a share transfer agreement to acquire 67.1% of shares of Hakusan Inc. (hereinafter “Hakusan”) from an investment partnership DPIP Private Equity I L.P. (hereinafter “DPIP-1”) managed by Daiwa PI Partners Co. Ltd., which is a shareholder of Hakusan, and from Mr. Tatsuya Yonekawa. Subsequently, the Company acquired shares of Hakusan on January 30, 2025 to make it a consolidated subsidiary.

(1) Overview of the business combination

(i) Name and description of business of the acquired company

Name of the acquired company: Hakusan Inc.

Description of business acquired:

- Development, manufacturing and sales of communication and power connection products
- Development, manufacturing and sales of optical communication related products
- Development, manufacturing and sales of lightning protection products
- Development, manufacturing and sales of metal joining machines such as Upset Butt Welder
- Development, manufacturing and sales of environmental and energy related products

(ii) Primary reason for the business combination

Hakusan holds the second-largest global market share for multi-fiber MT ferrule which is a connector part indispensable for optical communications, and its technological capabilities are highly regarded both in Japan and overseas. With its environmental and energy products such as lightning protection devices (SPDs) and uninterruptible power supplies (UPS), it also supports social infrastructure that is essential for people’s lives.

While hyperscale data centers are expected to expand its market, largely driven by growing demand for generative AI, they need to efficiently connect a large number of optical cables. MT connectors, which can connect a number of optical fibers in bulk, are indispensable for high-speed, high-capacity communications for data centers. Especially, there is a growing demand for low-loss MT connectors which can help reduce optical loss in data centers, as they reduce frequency of signal amplification and thus save power consumption. We have been actively exploring a possible cooperative relationship with a partner company with excellent technological capabilities, in order to expand our MT connector business in this growth market.

We concluded a share transfer agreement with Mr. Tatsuya Yonekawa, CEO & President of Hakusan, and DPIP-1, and effective on January 30, 2025, we acquired 67.1% of shares of Hakusan to make it a consolidated subsidiary. This partnership will create synergy between our comprehensive technological strengths and Hakusan’s expertise in developing optical connectors, including MT ferrules, and cost efficiency, thus establishing competitive advantage in terms of manufacturing capacity and product development speed. We aim to become the world’s leading supplier in the low-loss MT connector market, where demand is expected to continue growing, and also to become a pioneer in connectors for photonics-electronics-convergence devices in the computer-on-module (that integrates such key components as processor, memory, and storage) market. In the environment and energy field as well, taking advantage of strengths of both companies, we will work on solving social challenges as well as commercialization towards realizing safe, peaceful, and rewarding life under the Furukawa Electric Group Vision 2030.

(iii) Date of the business combination

January 30, 2025 (Date of share acquisition)

January 1, 2025 (Deemed acquisition date)

(iv) Legal form of the business combination

Acquisition of shares for cash consideration

(v) Name of the company after combination

Unchanged

(vi) Percentage of voting rights acquired

67.1%

(vii) Basis for determining the acquiring company

The Company was determined to be the acquiring company as it acquired the shares in exchange for cash.

(2) Period of the acquired company’s results included in the consolidated financial statements

From January 1, 2025 through March 31, 2025

(3) Acquisition cost of the acquired company and breakdown by type of consideration

		(Millions of yen)	
Consideration for the acquisition	Cash and deposits	¥	3,603
Acquisition cost		¥	3,603

(4) Details and amount of major acquisition-related costs

Advisory fee, etc.: ¥18 million

(5) Amount of goodwill recognized, cause for recognition, and method and period of amortization

(i) Amount of goodwill recognized

¥1,497 million

This amount is provisional, as the allocation of the acquisition cost has not been completed due to the short period between the date of the business combination and the fiscal year-end and the identification and fair value estimation of the identifiable assets acquired and liabilities assumed as of the date of the business combination not having been finalized.

(ii) Cause for recognition

The goodwill was recognized as the acquisition cost exceeded the amount of the identifiable assets acquired net of liabilities assumed.

(iii) Method and period of amortization

The goodwill is amortized on a straight-line basis over 7 years.

(6) Amounts of assets acquired and liabilities assumed as of the date of the business combination, and their major components

	(Millions of yen)	
Current assets	¥	4,093
Non-current assets		835
<u>Total assets</u>	¥	<u>4,929</u>
Current liabilities	¥	1,043
Non-current liabilities		747
<u>Total liabilities</u>	¥	<u>1,791</u>

(7) Estimated impact on the consolidated statement of income for the current fiscal year assuming the business combination had been completed at the beginning of the fiscal year, and the method for calculating estimated amounts

Net sales	¥5,078 million
Profit attributable to owners of parent	¥1,178 million
Basic earnings per share	¥16.73

(Method for calculating estimated amounts)

The estimated impact was calculated as the difference between net sales and profit or loss information assuming the business combination had been completed at the beginning of the fiscal year, and net sales and profit or loss information in the consolidated statement of income of the company. In addition, goodwill was assumed to have arisen at the beginning of the fiscal year, and the related amortization expense was calculated to be included in the estimated impact.

Note that the estimated amounts have not been audited.

## Revenue recognition

### 1. Disaggregated information of revenues from contracts with customers for the fiscal years ended March 31, 2024 and 2025

Fiscal year ended March 31, 2024

	(Millions of yen)								
	2024								
	Infrastructure			Electronics & Automotive Systems			Functional products	Service and Development, etc.	Total
Communi- cations Solutions	Energy infrastructure	Subtotal	Automotive Products & Batteries	Electronics Component Materials	Subtotal				
Revenues from contracts with customers	¥165,044	¥109,380	¥274,424	¥386,578	¥257,216	¥643,795	¥110,968	¥26,759	¥1,055,947
Other revenue (*1)	31	—	31	289	—	289	15	245	581
Net sales to external customers	¥165,075	¥109,380	¥274,455	¥386,868	¥257,216	¥644,084	¥110,983	¥27,004	¥1,056,528

(\*1) Other revenue consists of rental income from real estate.

Fiscal year ended March 31, 2025

	(Millions of yen)								
	2025								
	Infrastructure			Electronics & Automotive Systems			Functional products	Service and Development, etc.	Total
Communi- cations Solutions	Energy infrastructure	Subtotal	Automotive Products & Batteries	Electronics Component Materials	Subtotal				
Revenues from contracts with customers	¥174,747	¥129,750	¥304,497	¥419,809	¥307,602	¥727,412	¥140,923	¥28,370	¥1,201,204
Other revenue (*1)	28	—	28	281	—	281	24	223	558
Net sales to external customers	¥174,776	¥129,750	¥304,526	¥420,091	¥307,602	¥727,694	¥140,947	¥28,593	¥1,201,762

(\*1) Other revenue consists of rental income from real estate.

### 2. Basis for understanding revenue from contracts with customers

Notes are omitted because the same information is presented in “Item 5 Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, *Significant accounting policies for preparing consolidated financial statements*, 5. Accounting policies, (6) Accounting policy for significant revenues and expenses.”

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from contracts with customers that existed at the end of current fiscal year

(1) Balances of contract assets and liabilities

	(Millions of yen)			
		2024		2025
Receivables from contract with customers at beginning of year	¥	223,897	¥	239,348
Receivables from contract with customers at end of year		239,348		254,186
Contract assets at beginning of year		5,654		6,364
Contract assets at end of year		6,364		6,376
Contract liabilities at beginning of year		3,051		7,562
Contract liabilities at end of year		7,562		6,825

Contract assets is a right to the consideration in exchange for performance obligations satisfied, which are calculated by degree of progress, as of the end of the reporting period in connection mainly with construction contracts, excluding receivables. Contract assets is reclassified to receivables at the time when the right to considerations of the Group become unconditional only with the passage of time.

Contract liabilities is the portion of a liability for which consideration has been received from customers, but performance obligations have not been satisfied. It increases when consideration is received from customer before transferring goods or services to customer under contracts with customer, such as construction contracts, and decreases when the performance obligations are satisfied.

The amount of revenue recognized in the previous fiscal year that was included in the contract liability balance at beginning of year was ¥1,268 million. The main reason for the increase in contract assets in the previous fiscal year was due to the amount recognized as revenue resulting from the satisfaction of performance obligations of construction contracts exceeding the amount transferred to receivables arising from contracts with customers upon completion of work under construction contracts. The main reason for the increase in contract liabilities was due to an increase in advances received from customers for products in the Automotive Products business.

The amount of revenue recognized in the previous fiscal year resulting from performance obligations satisfied in prior periods was ¥1,618 million.

The amount of revenue recognized in the current fiscal year included in the balance of contract liabilities at beginning of year was ¥6,177 million. There were no material changes in contract assets during the current fiscal year. The main reason for the decrease in contract liabilities was due to a decrease in advances received from customers in the Energy Infrastructure business.

The amount of revenue recognized in the current fiscal year resulting from performance obligations satisfied in prior periods was ¥160 million.

(2) Transaction amount allocated to remaining performance obligations

The Group do not subject contracts with an original expected contract term of one year or less to notes, applying the practical expedient in noting the transaction price allocated to the remaining performance obligations.

The total transaction amount allocated to performance obligations that are unsatisfied as of March 31, 2024 was ¥77,817 million, which is expected to be recognized as revenue generally within 9 years.

The total transaction amount allocated to performance obligations that are unsatisfied as of March 31, 2025 was ¥73,270 million, which is expected to be recognized as revenue generally within 8 years.

## ***Segment information, etc.***

### *Segment information*

#### 1. Outline of reportable segments

The reportable segments of the Company are components for which the financial information can be obtained separately from its other components, and the Board of Directors reviews such reportable segments on a regular basis in order to decide allocations of managerial resources and evaluate business performance.

The Group establishes divisions by type of product and service, and each division draws up their comprehensive strategy on the products sold and services performed in domestic and overseas market.

Products and services of main business on each segment are as follows:

##### (1) Infrastructure

Optical fiber, optical fiber cable, optical components, optical semiconductor devices, optical fiber fusion splicer, industrial lasers, network equipment, CATV system, radio products, power transmission cable and connecting components, industrial wire, transmission components, etc.

##### (2) Electronics & Automotive Systems

Automotive components (wire harness, steering roll connector, battery state sensor, perimeter monitoring radar, etc.), automotive batteries / batteries for industrial use, copper/aluminum wires, magnet wires, copper and copper alloy products, functional surface products (plating), processed products for electronic parts, special metal materials (shape-memory/super-elastic alloys), etc.

##### (3) Functional Products

Cable conduits, foaming products, UV tapes for semiconductor manufacturing, electronic components materials, heat radiation/cooling products, hard disc drive (HDD) aluminum blank materials, electrodeposited copper foils, etc.

##### (4) Service and Development, etc.

Supporting service for each business of the Group such as hydraulic power generation, driving of R&D for new products, and real-estate leasing

### *Changes in reportable segments*

In the current fiscal year, MFOPTEX Co., Ltd. was made into a consolidated subsidiary. In conjunction with this, the segment classification for MFOPTEX Co., Ltd. has been reviewed and changed from Infrastructure to Services and Development, etc.

Accordingly, the segment information for the previous fiscal year is presented based on the revised classification.

#### 2. Method for calculating net sales, profit or loss, assets and other items by reportable segment

Segment profit is based on operating profit.

In addition, intersegment sales or transfers are based mainly on market prices.

3. Information on net sales, profit or loss, assets and other items for each reportable segment as of March 31, 2024 and 2025

Fiscal year ended March 31, 2024

(Millions of yen)

	2024							
	Reportable segments					Total	Adjustment (Notes 1, 3, 4, 5)	Total (Note 2)
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.				
Net sales								
Net sales to external customers	¥ 274,455	¥ 644,084	¥ 110,983	¥ 27,004	¥ 1,056,528	¥ –	¥ 1,056,528	
Inter-segment sales or transfers	3,729	9,616	4,439	4,570	22,355	(22,355)	–	
Total	¥ 278,184	¥ 653,700	¥ 115,423	¥ 31,575	¥ 1,078,884	¥ (22,355)	¥ 1,056,528	
Segment profit (loss)	¥ (11,252)	¥ 18,702	¥ 5,509	¥ (1,904)	¥ 11,054	¥ 116	¥ 11,171	
Segment assets	292,536	380,982	119,404	112,846	905,769	79,238	985,007	
Others								
Depreciation	12,762	16,034	5,570	1,514	35,882	3,069	38,951	
Amortization of goodwill	–	–	16	143	160	–	160	
Investments in entities accounted for using equity method	10,439	5,888	15,828	69,777	101,935	–	101,935	
Increase in property, plant and equipment and intangible assets	9,757	15,523	9,117	1,898	36,297	2,655	38,953	

- Notes:
1. Adjustment of ¥116 million for segment profit (loss) includes mainly elimination of unrealized profit.
  2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.
  3. Adjustment of ¥79,238 million for segment assets includes corporate assets of ¥80,252 million, which are not allocated to each reportable segment and offsetting elimination of receivables and payables of negative ¥1,014 million.
  4. Adjustment of ¥3,069 million for depreciation includes depreciation relating to corporate assets.
  5. Adjustment of ¥2,655 million for increase in property, plant and equipment and intangible assets includes increase in corporate property, plant and equipment and intangible assets.



Fiscal year ended March 31, 2025

(Millions of yen)

	2025						
	Reportable segments				Total	Adjustment (Notes 1, 3, 4, 5)	Total (Note 2)
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.			
Net sales							
Net sales to external customers	¥ 304,526	¥ 727,694	¥ 140,947	¥ 28,593	¥ 1,201,762	¥ –	¥ 1,201,762
Inter-segment sales or transfers	4,876	8,738	6,082	5,236	24,933	(24,933)	–
Total	¥ 309,403	¥ 736,433	¥ 147,030	¥ 33,829	¥ 1,226,696	¥ (24,933)	¥ 1,201,762
Segment profit (loss)	¥ 4,528	¥ 32,295	¥ 13,957	¥ (3,629)	¥ 47,152	¥ (55)	¥ 47,097
Segment assets	300,598	387,618	145,933	75,376	909,526	77,490	987,016
Others							
Depreciation	13,661	16,566	6,201	1,652	38,081	3,170	41,251
Amortization of goodwill	53	–	16	–	70	–	70
Investments in entities accounted for using equity method	2,844	5,511	28,471	1,034	37,862	–	37,862
Increase in property, plant and equipment and intangible assets	11,266	13,490	8,891	1,610	35,259	3,341	38,600

- Notes:
1. Adjustment of negative ¥55 million for segment profit (loss) includes mainly elimination of unrealized profit.
  2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.
  3. Adjustment of ¥77,490 million for segment assets includes corporate assets of ¥80,062 million, which are not allocated to each reportable segment and offsetting elimination of receivables and payables of negative ¥2,572 million.
  4. Adjustment of ¥3,170 million for depreciation includes depreciation relating to corporate assets.
  5. Adjustment of ¥3,341 million for increase in property, plant and equipment and intangible assets includes increase in corporate property, plant and equipment and intangible assets.

*Related information*

Fiscal year ended March 31, 2024

1. Information for each product or service

This information is omitted as the same information is presented in *Segment information*.

2. Information for each region

(1) Net sales

(Millions of yen)					
For the fiscal year ended March 31, 2024					
Japan	Asia (excluding China)	North and Central America	China	Other	Total
¥511,296	¥242,820	¥120,569	¥103,443	¥78,400	¥1,056,528

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)				
As of March 31, 2024				
Japan	Asia	America	Other	Total
¥148,051	¥78,550	¥37,910	¥14,127	¥278,640

3. Information for each of main customers

This information is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended March 31, 2025

1. Information for each product or service

This information is omitted as the same information is presented in *Segment information*.

2. Information for each region

(1) Net sales

(Millions of yen)					
For the fiscal year ended March 31, 2025					
Japan	Asia (excluding China)	North and Central America	China	Other	Total
¥563,925	¥290,654	¥153,840	¥119,823	¥73,519	¥1,201,762

Note: Net sales are classified by country or region based on the location of customers.

(2) Property, plant and equipment

(Millions of yen)				
As of March 31, 2025				
Japan	Asia	America	Other	Total
¥152,847	¥77,965	¥32,898	¥13,305	¥277,017

3. Information for each of main customers

This information is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

*Information on impairment losses on non-current assets for each reportable segment*

Fiscal year ended March 31, 2024

(Millions of yen)

	2024													
	Reportable segments					Subtotal	Adjustments	Total						
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.										
Impairment loss	¥	179	¥	5	¥	–	¥	–	¥	184	¥	–	¥	184

Fiscal year ended March 31, 2025

(Millions of yen)

	2025													
	Reportable segments					Subtotal	Adjustments	Total						
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.										
Impairment loss	¥	858	¥	354	¥	–	¥	1,435	¥	2,648	¥	–	¥	2,648

*Information on amortized and unamortized balances of goodwill for each reportable segment*

Fiscal year ended March 31, 2024

(Millions of yen)

	2024													
	Reportable segments					Subtotal	Adjustments	Total						
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.										
Depreciation/Amortization for the year	¥	–	¥	–	¥	16	¥	143	¥	160	¥	–	¥	160
Balance at end of year		–		–		50		0		50		–		50

Fiscal year ended March 31, 2025

(Millions of yen)

	2025													
	Reportable segments					Subtotal	Adjustments	Total						
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.										
Depreciation/Amortization for the year	¥	53	¥	–	¥	16	¥	–	¥	70	¥	–	¥	70
Balance at end of year		1,443		–		33		0		1,477		–		1,477

*Information on gain on bargain purchase for each reportable segment*

Fiscal year ended March 31, 2024

Not applicable.

Fiscal year ended March 31, 2025

Not applicable.

## **Related parties**

### 1. Related party transactions

Fiscal year ended March 31, 2024

#### (1) Transactions between the Company filing consolidated financial statements and related parties

(a) Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements  
Not applicable.

(b) Unconsolidated subsidiaries and associates of the Company filing consolidated financial statements  
Not applicable.

#### (2) Transactions between consolidated subsidiaries of the Company filing consolidated financial statements and related parties

Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements  
Not applicable.

Fiscal year ended March 31, 2025

#### (1) Transactions between the Company filing consolidated financial statements and related parties

(a) Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements  
Not applicable.

(b) Unconsolidated subsidiaries and associates of the Company filing consolidated financial statements  
Not applicable.

#### (2) Transactions between consolidated subsidiaries of the Company filing consolidated financial statements and related parties

Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements  
Not applicable.

### 2. Information on the parent company and significant associates

#### (1) Parent company information

Not applicable.

#### (2) Summarized financial information of significant associates

In the current fiscal year, the significant associate is Asia Vital Components Co., Ltd., and its summarized financial information as of March 31, 2024 and 2025 is as follows.

Asia Vital Components Co., Ltd.:	(Millions of yen)			
	2024		2025	
Total current assets	¥	253,601	¥	368,287
Total non-current assets		77,500		115,255
Total current liabilities		170,169		282,114
Total non-current liabilities		41,519		39,419
Total net assets		119,413		162,008
Net sales		267,025		338,935
Profit before income taxes		36,201		58,337
Profit attributable to owners of parent		23,929		38,598

### Per share information

Per share information for the fiscal years ended March 31, 2024 and 2025 is as follows:

	(Yen)	
	2024	2025
Net assets per share	¥ 4,659.87	¥ 4,844.96
Basic earnings per share	92.40	473.49

Notes: 1. Diluted earnings per share is not presented because there are no dilutive potential shares.

2. The Company's shares held by the Trust Account for the Stock Benefit Trust (BBT) are included in treasury shares, which are deducted from the number of shares at the end of the fiscal year and the average number of shares during the fiscal year, in the calculation of net assets per share and basic earnings per share. The number of treasury shares at the end of the fiscal year and the average number of shares during the fiscal year excluded from the calculation of net assets per share and basic earnings per share were 139,300 shares and 155,400 shares, respectively, for the fiscal year ended March 31, 2024, and 124,300 shares and 130,550 shares, respectively, for the fiscal year ended March 31, 2025.

3. As stated in "Notes to Consolidated Financial Statement, *Changes in accounting policies*," the Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27 issued on October 28, 2022), etc. since the beginning of the current fiscal year. As the changes in accounting policies due to this application have been applied retrospectively, the per-share information for the fiscal year ended March 31, 2024 is presented after the retrospective application. As a result of this change, the amounts of "Net assets per share" for the previous fiscal year is ¥2.94 higher compared to the amounts prior to the retrospective application.

4. Basis for calculation of basic earnings per share for the fiscal years ended March 31, 2024 and 2025 is as follows:

	(Millions of yen)	
	2024	2025
Profit attributable to owners of parent	¥ 6,508	¥ 33,366
Profit not attributable to common shareholders	-	-
Profit attributable to common shareholders of parent	6,508	33,366

	(Thousands of shares)	
	2024	2025
Average number of shares of common stock during the year	70,442	70,469

5. Basis for calculation of net assets per share as of March 31, 2024 and 2025 is as follows:

	(Millions of yen)	
	2024	2025
Total net assets	¥ 358,245	¥ 373,336
Deduction from total net assets	29,916	31,896
[of which non-controlling interests]	[29,916]	[31,896]
Net assets applicable to common stock at end of year	¥ 328,328	¥ 341,439

	(Thousands of shares)	
	2024	2025
Number of shares of commons stock at end of year used for the calculation of net assets per share	70,458	70,473

## *Significant subsequent events*

### Company split, etc. (simplified absorption-type split and in-kind contribution) associated with reorganization of optical fiber and cable products business within the Group

At the Board of Directors meeting held on July 11, 2024, the Company resolved to establish a wholly owned subsidiary named Lightera Japan Co., Ltd. (hereinafter “Lightera Japan”), and implement a company split (absorption-type split) where Lightera Japan will succeed the Company’s optical fiber and cable products business and all outstanding shares of Shoden Seiwa Co., Ltd. (hereinafter “Shoden Seiwa”), a wholly owned subsidiary of the Company, which operates the business related to optical fiber and cable products. Subsequently, effective on April 1, 2025, the Company implemented the absorption-type split.

In addition, the Company also established another wholly owned subsidiary named Lightera Holding G.K. (hereinafter the “Lightera Holding”), and made an in-kind contribution by transferring the shares (equity) of Lightera Japan, and the Company’s wholly owned subsidiaries Lightera, LLC (formally OFS Fitel, LLC (hereinafter “OFS”)) and Lightera LatAm S.A. (formally Furukawa Electric LatAm S.A. (hereinafter “FEL”)) to Lightera Holding. As a result, these three companies became wholly owned subsidiaries of Lightera Holding.

#### 1. Absorption-type split

##### (1) Overview of the transaction

###### (i) Name and description of the subject business

Name of the business: Optical fiber cable business

Description of the business: Manufacturing and sales of optical fibers, optical fiber cables, and their accessories

###### (ii) Date of the business combination

April 1, 2025

###### (iii) Legal form of the business combination

Absorption-type company split in which the Company and Shoden Seiwa Co., Ltd. serve as the splitting companies, and Lightera Japan serves as the successor company (a simplified absorption-type company split from the perspective of the Company)

###### (iv) Name of the company after combination

Lightera Japan Co., Ltd.

###### (v) Other matters related to the overview of the transaction

Before this transaction, the Group’s optical fiber and cable products business has consisted of three business units, namely, the Company’s optical fiber and cable products business division (Japan), OFS (U.S.), and FEL (Brazil), and each unit has operated the business in the respective region by taking advantage of its unique nature of business and strengths.

While the telecommunications market continues to grow, challenges facing the society and customers are increasingly becoming diverse due to the rapidly changing external environment, so it is necessary to further strengthen the capability to address changes in the business environment.

The Company decided to reorganize its optical fiber and cable products business by substantively integrating these three business units in order to make maximum use of each unit’s strengths on a global scale, ensure efficient operation under uniform policies, and thus increase profit in the market.

##### (2) Overview of the accounting treatment applied

The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, etc. (ASBJ Guidance No. 10 issued on January 16, 2019).

#### 2. In-kind contribution

##### (1) Overview of the transaction

###### (i) Name and business of the combining company

Name of the combining company: Lightera Holding G.K. (a consolidated subsidiary of the Company)

Description of the business: Manufacturing and sales of optical fibers, optical fiber cables, and their accessories

###### (ii) Date of the business combination

April 1, 2025

###### (iii) Legal form of the business combination

The Company contributed in-kind its shares of Lightera Japan (a consolidated subsidiary of the Company), Lightera, LLC (formerly OFS Fitel, LLC, a consolidated subsidiary of the Company), and Lightera LatAm S.A. (formerly Furukawa Electric LatAm S.A., a consolidated subsidiary of the Company) to Lightera Holding G.K. (a consolidated subsidiary of the Company).

- (iv) Name of the company after combination  
Lightera Holding G.K.
- (v) Other matters related to the overview of the transaction  
Lightera Holding was established in Japan by adopting the form of limited liability company, which allows the flexibility in designing governance. Furthermore, in order to become even more customer-oriented, it has adopted the operating structure of matrix organization through the combination of the headquarters' functions and regional management to enhance the synergy among the units and realize the global management with a sense of unity.
- (2) Overview of the accounting treatment applied  
The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, etc. (ASBJ Guidance No. 10 issued on January 16, 2019).

Company split, etc. (absorption-type merger and absorption-type split) associated with reorganization of metal wire business within the Group

At the Board of Directors meeting held on July 11, 2024, the Company resolved to undertake a reorganization of the metal wire business within the Group, which involves the Company, its wholly owned subsidiaries Furukawa Electric Industrial Cable Co., Ltd. (hereinafter the "Integrated Company"), KANZACC CO., LTD. (hereinafter "KANZACC") and Riken Electric Wire Co., Ltd. (hereinafter "Riken Electric Wire"), and its subsidiary Okano Cable Co., Ltd. (hereinafter "Okano Cable"). Subsequently, effective on April 1, 2025, the Company implemented an absorption-type merger where KANZACC is the disappearing company and the Integrated Company is the surviving company.

Furthermore, effective on October 1, 2025, the Company plans to conduct an absorption-type split where the Company is the splitting company and the Integrated Company is the successor company; and an absorption-type split where Riken Electric Wire and Okano Cable are the splitting companies and the Integrated Company is the successor company.

Meanwhile, the Integrated Company changed its company name to Furukawa Electric Metal Cable Co., Ltd. on April 1, 2025.

1. Absorption-type merger

(1) Overview of the transaction

(i) Name and business of the companies involved in the business combination

Name of the company surviving an absorption-type merger:	Furukawa Electric Industrial Cable Co., Ltd.
Description of the business:	Manufacturing and sales of various types of electric wires and electric machinery/apparatus
Name of the company disappearing in an absorption-type merger:	KANZACC CO., LTD.
Description of the business:	Manufacturing and sales of various types of electric wires and non-ferrous metals

(ii) Date of the business combination

April 1, 2025

(iii) Legal form of the business combination

Absorption-type merger where the Integrated Company is the surviving company and KANZACC is the disappearing company

(iv) Name of the company after combination

Furukawa Electric Metal Cable Co., Ltd.

(v) Other matters related to the overview of the transaction

While the metal wire market in Japan has been shrinking year by year, the Group has promoted the selection and concentration, and made a shift in the portfolio. In the meantime, the Group has produced differentiated products and promising products making use of its technological advantage. However, we have increasingly seen common challenges of the Group, such as the lack of talents and increased burdens of investing in renewal of aged facilities.

Under such circumstances, in order to solve such challenges and promptly address increasingly diverse and sophisticated needs, the Company has concluded that integrating divisions engaged in metal wire business and maximizing the synergy effect will contribute to increasing corporate value of the entire Group, and decided to reorganize the metal wire business.

(2) Overview of the accounting treatment applied

The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, etc. (ASBJ Guidance No. 10 issued on January 16, 2019).

2. Absorption-type split
  - (1) Overview of the transaction
    - (i) Name and description of the subject business
 

Name of the business: Metal wire business  
Description of the business: Development, manufacturing and sales of metal wires
    - (ii) Date of the business combination
 

October 1, 2025 (scheduled)
    - (iii) Legal form of the business combination
 

Absorption-type split where the Company, Riken Electric Wire, and Okano Cable serve as the splitting companies, and the Integrated Company serves as the successor company (a simplified absorption-type from the perspective of the Company)
    - (iv) Name of the company after combination
 

Furukawa Electric Metal Cable Co., Ltd.
    - (v) Other matters related to the overview of the transaction
 

Please refer to “1. Absorption-type merger, (1) Overview of the transaction, (v) Other matters related to the overview of the transaction” above.
  - (2) Overview of the accounting treatment applied
 

The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures, etc. (ASBJ Guidance No. 10 issued on January 16, 2019).

Acquisition of shares accompanying the transfer of a subsidiary

The Company resolved at the Board of Directors meeting held on December 12, 2024 to acquire all shares of Fujitsu Optical Components Limited (hereinafter “FOC”), a wholly owned subsidiary of Fujitsu Limited to make it a subsidiary of the Company, and concluded a share transfer agreement on the same day. Subsequently, on April 1, 2025, the Company acquired all shares of FOC and made it a subsidiary.

- (1) Overview of the business combination
  - (i) Name and business of the acquired company
 

Name of the acquired company: Fujitsu Optical Components Limited  
Description of the acquired business: Development, manufacturing and sales of optical components
  - (ii) Primary reason for the business combination
 

Furukawa Electric has set forth the Furukawa Electric Group Vision 2030 and is working toward, “In order to build a sustainable world and make people’s life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the next generation of global infrastructure combining information, energy and mobility”. In the field of optical communications, we are utilizing our technology in optical devices and optical components accumulated since the early stages of this field to provide high quality products including laser diode modules and splitters to customers around the world and contribute to expanding cutting-edge optical communications.

FOC develops, manufactures and sells optical modulators and optical receivers essential for establishing optical communications networks, as well as optical transceivers that use these components. In particular, over the years, FOC possesses one of the world’s highest market shares as a leading company in the area of high-speed optical modulators that use lithium niobate (hereinafter “LN”), which has excellent range and high-speed modulation properties and is an important technology for increasing the volume of optical communications.

By combining the LN technology possessed by FOC and our optical semiconductor laser technology, it will be possible to supply small, high speed hybrid integrated devices required to 5G/B5G optical networks, and therefore optical transceivers with low power consumption and broader range. It was resolved to acquire all shares of FOC based on a determination that such acquisition will contribute to the advancement of both companies.

Following the share acquisition set forth herein, we will continue to work together with Fujitsu Limited and contribute to the realization of networks that will support the sustainable future society.
  - (iii) Date of the business combination
 

April 1, 2025
  - (iv) Legal form of the business combination
 

Acquisition of shares for cash consideration
  - (v) Name of the company after combination
 

Furukawa FITEC Optical Components Co., Ltd.



(vi) Percentage of voting rights acquired  
100%

(vii) Basis for determining the acquiring company  
The Company was determined to be the acquiring company as it acquired the shares in exchange for cash.

(2) Acquisition cost of the acquired company and breakdown by type of consideration  
(Millions of yen)

Consideration for the acquisition	Cash and deposits	4,423
Acquisition cost		4,423

Note: The final acquisition cost is subject to post-closing price adjustments as stipulated in the share transfer agreement and may change accordingly.

(3) Details and amount of major acquisition-related costs  
Advisory fee, etc.: ¥32 million

(4) Amount of goodwill recognized, cause for recognition, and method and period of amortization  
Not yet finalized as of this time.

(5) Amounts of assets acquired and liabilities assumed as of the date of the business combination, and their major components  
Not yet finalized as of this time.

#### Complete Transition to a Defined Contribution Pension Plan

The Company reached a labor-management agreement on May 9, 2025, regarding revisions to its retirement benefit plan. Effective on March 1, 2026, the Company plans to transition fully—including past service portions—from the current retirement benefit plan, which comprises a lump-sum retirement benefit plan, a defined benefit corporate pension plan, and a defined contribution pension plan, to a defined contribution pension plan.

The accounting treatment for this transition is scheduled to be applied in accordance with the Guidance on Accounting for Transfer between Retirement Benefit Plans (ASBJ Guidance No. 1) and the Practical Solution on Accounting for Transfer between Retirement Benefit Plans (ASBJ PITF No. 2).

The impact of this transition on the Company's financial position and operating results is currently undetermined.

**Consolidated supplementary schedules**

**Schedule of corporate bonds**

(Millions of yen, unless otherwise stated)

Issuing company	Name of bond	Issue date	Balance at beginning of year	Balance at end of year	Interest rate (%)	Security	Redemption date
The Company	46th Unsecured Bond	July 15, 2016	¥ 10,000	¥ 10,000	0.43	None	July 15, 2026
The Company	47th Unsecured Bond	July 14, 2017	10,000	10,000	0.53	None	July 14, 2027
The Company	48th Unsecured Bond	July 25, 2019	10,000	10,000	0.44	None	July 25, 2029
The Company	49th Unsecured Bond	September 16, 2021	10,000	10,000	0.30	None	September 16, 2031
Total	–	–	¥ 40,000	¥ 40,000	–	–	–

Note: Scheduled repayment amounts within five years of the consolidated balance sheet date are as follows:

(Millions of yen)				
Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
–	¥10,000	¥10,000	–	¥10,000

**Schedule of borrowings and other debts**

(Millions of yen, unless otherwise stated)

	Balance at beginning of year	Balance at end of year	Average interest rate (%)	Payment due
Short-term borrowings	¥ 110,762	¥ 116,797	4.3	–
Commercial papers	35,500	1,500	0.0	–
Current portion of long-term borrowings	26,609	36,498	2.4	–
Current portion of lease obligations	113	143	–	–
Current portion of lease liabilities	3,259	2,867	4.3	–
Long-term borrowings (excluding current portion)	120,168	111,354	2.6	2026–2032
Lease obligations (excluding current portion)	388	511	–	2026–2032
Lease liabilities (excluding current portion)	12,128	11,967	4.4	2026–2049
Total	¥ 308,930	¥ 281,641	–	–

- Notes: 1. Average interest rate is based on the interest rate and balance at end of year.  
2. Average interest rate of lease obligations is not stated because lease obligations are recorded in the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in total lease payments.  
3. The scheduled repayment amounts of long-term borrowings, lease obligations, and lease liabilities (excluding current portion) within 5 years from the consolidated balance sheet date are as follows:

(Millions of yen)				
	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	¥ 23,382	¥ 18,289	¥ 26,189	¥ 22,683
Lease obligations	123	106	86	73
Lease liabilities	2,401	1,698	1,354	1,338

**Schedule of asset retirement obligations**

This information is omitted as the beginning and ending balances of asset retirement obligations for the fiscal year ended March 31, 2025 were one percent or less of the total beginning and ending balances of liabilities and net assets of the fiscal year.

**(2) Other information**

Quarterly information for the fiscal year ended March 31, 2025

	(Millions of yen, unless otherwise stated)							
(Cumulative period)	Q1		Q2		Q3		Fiscal year	
Net sales	¥	273,561	¥	570,366	¥	882,015	¥	1,201,762
Profit before income taxes		5,211		15,887		28,405		54,089
Profit attributable to owners of parent		4,676		11,194		16,360		33,366
Basic earnings per share (Yen)		66.37		158.87		232.17		473.49
	<hr/>							
(Accounting period)	Q1		Q2		Q3		Q4	
Basic earnings per share (Yen)	¥	66.37	¥	92.50	¥	73.30	¥	241.32

Note: Review of the financial information for the first three months and nine months: Not reviewed

## 2. Non-consolidated Financial Statements, etc.

### (1) Non-consolidated financial statements

#### (i) Balance sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,797	8,035
Notes receivable – trade	*1, *3 356	*1 438
Electronically recorded monetary claims – operating	11,767	9,292
Accounts receivable – trade	*1 111,610	*1 114,929
Contract assets	4,888	4,513
Income taxes refund receivable	1,465	–
Merchandise and finished goods	14,197	15,646
Work in process	20,560	22,745
Raw materials and supplies	16,546	18,116
Prepaid expenses	*1 1,189	*1 1,369
Short-term loans receivable	*1 80,278	*1 69,914
Accounts receivable – other	*1 36,447	*1 33,103
Other	2,742	*1 4,661
Allowance for doubtful accounts	(23)	(23)
<b>Total current assets</b>	<b>305,827</b>	<b>302,744</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings	38,049	37,341
Structures	3,984	4,007
Machinery and equipment	22,617	22,459
Vehicles	127	148
Tools, furniture and fixtures	3,416	3,217
Land	11,961	11,957
Leased assets	90	151
Construction in progress	10,270	13,782
<b>Total property, plant and equipment</b>	<b>90,518</b>	<b>93,065</b>
<b>Intangible assets</b>		
Software	11,788	11,487
Other	214	209
<b>Total intangible assets</b>	<b>12,002</b>	<b>11,696</b>
<b>Investments and other assets</b>		
Investment securities	24,814	55,119
Shares of subsidiaries and associates	91,956	75,378
Investments in capital of subsidiaries and associates	42,056	42,057
Long-term loans receivable from subsidiaries and associates	76,302	74,497
Prepaid pension costs	6,692	7,216
Deferred tax assets	3,964	3,461
Other	*1 5,478	*1 5,800
Allowance for doubtful accounts	(27,167)	(28,468)
<b>Total investments and other assets</b>	<b>224,098</b>	<b>235,062</b>
<b>Non-current assets</b>	<b>326,619</b>	<b>339,824</b>
<b>Total assets</b>	<b>632,447</b>	<b>642,568</b>

(Millions of yen)

	Previous fiscal year (as of March 31, 2024)	Current fiscal year (as of March 31, 2025)
<b>Liabilities</b>		
Current liabilities		
Notes payable – trade	*3 156	151
Electronically recorded obligations – operating	*1 16,224	*1 12,028
Accounts payable – trade	*1 76,171	*1 82,946
Short-term borrowings	*1 73,913	*1 78,812
Commercial papers	35,500	1,500
Accounts payable – other	*1 15,255	*1 11,503
Accrued expenses	*1 17,294	*1 17,133
Contract liabilities	5,556	5,618
Provision for product warranties	387	569
Provision for loss on construction contracts	211	124
Income taxes payable	–	5,687
Other	5,425	3,768
<b>Total current liabilities</b>	<b>246,096</b>	<b>219,845</b>
Non-current liabilities		
Bonds payable	40,000	40,000
Long-term borrowings	112,500	104,500
Provision for retirement benefits	20,844	19,816
Provision for product warranties	–	4,170
Provision for environmental measures	9,223	9,104
Provision for loss on business of subsidiaries and associates	2,960	3,445
Provision for share awards for directors and other officers	380	550
Asset retirement obligations	500	849
Other	*1 730	*1 768
<b>Total non-current liabilities</b>	<b>187,138</b>	<b>183,206</b>
<b>Total liabilities</b>	<b>433,235</b>	<b>403,051</b>
Net assets		
Shareholders' equity		
Share capital	69,395	69,395
Capital surplus		
Other capital surplus	21,466	21,466
<b>Total capital surplus</b>	<b>21,466</b>	<b>21,466</b>
Retained earnings		
Legal retained earnings	4,484	4,907
Other retained earnings	94,462	122,191
Retained earnings brought forward	94,462	122,191
<b>Total retained earnings</b>	<b>98,946</b>	<b>127,099</b>
Treasury shares	(648)	(608)
<b>Total shareholders' equity</b>	<b>189,159</b>	<b>217,353</b>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,718	22,229
Deferred gains or losses on hedges	333	(65)
<b>Total valuation and translation adjustments</b>	<b>10,052</b>	<b>22,163</b>
<b>Total net assets</b>	<b>199,212</b>	<b>239,517</b>
<b>Total liabilities and net assets</b>	<b>632,447</b>	<b>642,568</b>

## (ii) Statements of income

	(Millions of yen)	
	Previous fiscal year (From April 1, 2023 to March 31, 2024)	Current fiscal year (From April 1, 2024 to March 31, 2025)
Net sales	*2 296,766	*2 353,520
Cost of sales	*2 260,271	*2 302,714
Gross profit	36,494	50,805
Selling, general and administrative expenses	*1 45,581	*1 49,291
Operating profit (loss)	(9,087)	1,513
Non-operating income		
Interest income	*2 4,419	*2 4,552
Dividend income	*2 10,721	*2 13,921
Other	1,636	2,119
Total non-operating income	16,778	20,593
Non-operating expenses		
Interest expenses	*2 2,701	*2 2,767
Foreign exchange losses	117	2,165
Provision of allowance for doubtful accounts	4,235	2,497
Other	306	1,628
Total non-operating expenses	7,360	9,058
Ordinary profit	330	13,048
Extraordinary income		
Gain on share exchange	–	*3 12,155
Gain on disposal of non-current assets	473	102
Gain on sale of shares of subsidiaries and associates	*4 7,742	*4 5,846
Gain on sale of investment securities	*5 3,273	*5 9,864
Other	0	98
Total extraordinary income	11,489	28,066
Extraordinary losses		
Loss on disaster	–	47
Loss on disposal of non-current assets	713	680
Provision for loss on business of subsidiaries and associates	2,524	–
Loss on sale of investment securities	–	678
Loss on valuation of investment securities	771	319
Provision for product warranties	–	*6 4,170
Other	4,837	301
Total extraordinary losses	8,845	6,197
Profit before income taxes	2,974	34,918
Income taxes – current	351	6,032
Income taxes – deferred	709	(3,503)
Total income taxes	1,061	2,528
Profit	1,913	32,390

## (iii) Statements of changes in equity

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

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at beginning of period	69,395	21,466	21,466	3,919	98,763	102,682
Changes during period						
Dividends of surplus					(5,649)	(5,649)
Provision of legal retained earnings				564	(564)	–
Profit					1,913	1,913
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	564	(4,301)	(3,736)
Balance at end of period	69,395	21,466	21,466	4,484	94,462	98,946

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(829)	192,715	9,179	(48)	9,130	201,845
Changes during period						
Dividends of surplus		(5,649)				(5,649)
Provision of legal retained earnings		–				–
Profit		1,913				1,913
Purchase of treasury shares	(0)	(0)				(0)
Disposal of treasury shares	180	180				180
Net changes in items other than shareholders' equity			539	382	921	921
Total changes during period	180	(3,555)	539	382	921	(2,633)
Balance at end of period	(648)	189,159	9,718	333	10,052	199,212

Current fiscal year (From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at beginning of period	69,395	21,466	21,466	4,484	94,462	98,946
Changes during period						
Dividends of surplus					(4,236)	(4,236)
Provision of legal retained earnings				423	(423)	–
Profit					32,390	32,390
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	423	27,729	28,153
Balance at end of period	69,395	21,466	21,466	4,907	122,191	127,099

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(648)	189,159	9,718	333	10,052	199,212
Changes during period						
Dividends of surplus		(4,236)				(4,236)
Provision of legal retained earnings		–				–
Profit		32,390				32,390
Purchase of treasury shares	(1)	(1)				(1)
Disposal of treasury shares	42	42				42
Net changes in items other than shareholders' equity			12,510	(399)	12,111	12,111
Total changes during period	40	28,193	12,510	(399)	12,111	40,305
Balance at end of period	(608)	217,353	22,229	(65)	22,163	239,517



## Notes to Non-consolidated Financial Statements

### *Significant accounting policies*

1. Valuation basis and method for securities
  - (1) Held-to-maturity debt securities  
Stated at amortized cost.
  - (2) Shares of subsidiaries and associates  
Stated at cost using the moving average method.
  - (3) Available-for-sale securities  
*Securities other than equity securities, etc. that do not have a quoted market price:*  
Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).  
*Equity securities, etc. that do not have a quoted market price in an active market:*  
Stated at cost using the moving-average method.
2. Valuation basis and method for derivatives  
Stated at fair value.
3. Valuation basis and method for inventories  
Stated at cost determined mainly using the weighted average method (with the amount of inventories in the non-consolidated balance sheets being written down based on a decrease in profitability).
4. Depreciation method for non-current assets
  - (1) Property, plant and equipment (excluding leased assets)  
Depreciated on a straight-line basis.
  - (2) Intangible assets (excluding leased assets)  
Amortized on a straight-line basis.  
Software for internal use is amortized on a straight-line basis over the estimated useful life as internally determined (5 to 10 years).
  - (3) Leased assets (leased assets in finance lease transactions that do not transfer ownership)  
Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.
5. Accounting for deferred assets  
*Bond issuance costs*  
The full amount is expensed when incurred.
6. Accounting for provision
  - (1) Allowance for doubtful accounts  
To provide for possible bad debt losses on monetary receivables, allowance for doubtful accounts is provided for the estimated uncollectible amount based on the historical bad debt loss ratio for general receivables and on an individual assessment of collectability for specific receivables such as doubtful receivables.
  - (2) Provision for product warranties  
Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs.
  - (3) Provision for environmental measures  
Provision for environmental measures, mainly to remove Poly Chlorinated Biphenyl (PCB) and to improve soil conservation, is provided to cover estimated future costs.
  - (4) Provision for loss on construction contracts  
To provide for losses on construction projects, the Company recognizes estimated losses in the following fiscal year and thereafter on construction projects that have not been delivered as of the end of the current fiscal year and for which losses are expected to incur and the amount of such losses can be reasonably estimated as of the end of the current fiscal year.

(5) Provision for retirement benefits

To provide for retirement benefits for employees, the Company recognizes estimated amount that is deemed to be incurred as of the end of the current fiscal year based on the estimated amounts of retirement benefit obligations and pension assets as of the end of the current fiscal year.

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

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

(ii) Method of accounting for actuarial gains and losses

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

(6) Provision for loss on business of subsidiaries and associates

To provide for expected losses associated with business engaged by subsidiaries and associates, the Company recognizes the estimated amount of losses to be borne by the Company in consideration of their financial situation.

(7) Provision for share awards for directors and other officers

To provide for award of the Company's shares to Directors, etc. of the Company in accordance with the Stock Benefit Regulations for Directors, etc., the Company recognizes estimated amount of share awards obligation as of the end of the current fiscal year.

7. Accounting policy for revenues and expenses

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

(1) Manufacturing and sales of products

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

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

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

(2) Maintenance services

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

(3) Construction contract

The Company performs construction works, such as design, construction, installation, and other work based on contracts with customer in the Infrastructure business. Since the Company transfers control over underlying goods and services over time and satisfies a performance obligation, it recognizes revenue over time. Measuring progress towards satisfaction of a performance obligation is based on the proportion that the cost incurred by the end of each reporting period to the total expected costs incurred (input method). In cases where the Company may not be able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Company recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. For construction contracts with short durations, the Company recognizes revenue at the point of time when a performance obligation is fully satisfied.

(4) Transactions entered into as an agent

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

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

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

8. Accounting policy for translating assets and liabilities denominated in foreign currency into Japanese yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the balance sheet date, and exchange differences are accounted for as profit or loss.

9. Hedge accounting

(1) Hedge accounting method

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

(2) Hedging instruments and the hedged items

Interest rate swap: borrowings

Currency swap: borrowings

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

Metal forward contracts: Raw materials and work in process

(3) Hedging policy

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

(4) Assessments of hedge effectiveness

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

10. Accounting for retirement benefits

The method of accounting for unrecognized actuarial gains or losses for retirement benefits differs from that used to prepare the consolidated financial statements.

11. Group tax sharing system

The Company applies the group tax sharing system.

### Significant accounting estimates

#### 1. Recoverability of deferred tax assets

(i) Amount recorded in the non-consolidated financial statements as of March 31, 2024 and 2025

	Millions of yen			
	2024		2025	
Deferred tax assets	¥	3,964	¥	3,461

(ii) Details of significant accounting estimates of recognized items

The description is omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Significant accounting estimates, 1. Recoverability of deferred tax assets.”

#### 2. Impairment of non-current assets

(i) Amount recorded in the non-consolidated financial statements as of March 31, 2024 and 2025

	Millions of yen			
	2024		2025	
Property, plant and equipment and intangible assets (total amount reported on balance sheets)	¥	102,521	¥	104,762
of which asset group included in (ii) below		9,242		8,451

(ii) Details of significant accounting estimates of recognized items

The description is omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Significant accounting estimates, 2. Impairment of non-current assets.”

#### 3. Provision for product warranties

(i) Amount recorded in the non-consolidated financial statements as of March 31, 2024 and 2025

	(Millions of yen)			
	2024		2025	
Provision for product warranties	¥	387	¥	4,739

(ii) Other information useful for users of the financial statements to understand the nature of estimates

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs. The main components include a provision related to a large electric power project.

The provision related to the large electric power project has been recorded based on the estimated future expenditures following an agreement between our subsidiary and the customer. This agreement was reached as a result of continued discussions regarding defects identified in the large electric power project, which was delivered by the Company through its subsidiary in the past. Under the agreement, the Group will replace the cables used in the project and bear a portion of the associated costs. The amount of the estimated future expenditures is estimated by calculating the estimated total cost based on the specifications and construction requirements instructed by the customer, and deducting the portion to be borne by the customer.

It should be noted that there is a possibility that the provision may ultimately need to be increased or reversed due to weather conditions, unexpected changes in the construction scope, extension of the construction period, and fluctuations in material, subcontracting, and labor costs, as well as foreign exchange fluctuations and other factors.

### Changes in accounting policies

#### Application of the Accounting Standard for Current Income Taxes, etc.

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No.27 issued on October 28, 2022; hereinafter, the “Revised Accounting Standard 2022”), etc. since the beginning of the current fiscal year.

Revisions concerning categories in which current income taxes should be recorded are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022. There is no effect of the revisions on the non-consolidated financial statements.

### Changes in presentation

#### Statements of income

“Loss on valuation of shares of subsidiaries and associates” under “Extraordinary losses,” which was separately presented in the previous fiscal year, is included in “Other” in the current fiscal year due to its decreased materiality of the amount. To reflect this change in presentation, the statement of income for the previous fiscal year has been reclassified. As a result, “Loss on valuation of shares of subsidiaries and associates” of ¥4,576 million and “Other” of ¥260 million, which were presented under “Extraordinary losses” in the statement of income for the previous fiscal year, have been reclassified as “Other” of ¥4,837 million.

### Additional information

Notes on additional information are omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Additional information.”

### Notes to balance sheets

#### \*1. Assets and liabilities associated with subsidiaries and associates as of March 31, 2024 and 2025

Other than separately presented items, the following amounts are included in each of the items below.

	(Millions of yen)	
	2024	2025
Short-term monetary claims	¥ 155,254	¥ 140,722
Long-term monetary claims	54	2
Short-term monetary obligations	70,703	70,632
Long-term monetary obligations	0	0

#### \*2. Contingent obligations

##### (1) Guarantee obligation as of March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Debt guarantees for borrowings from financial institutions [of which guaranteed by the Company]	¥ 69,817 [56,794]	¥ 51,575 [41,412]
Debt guarantees for lease transactions	1,789	1,447
Debt guarantees for bonds related to construction	1,150	1,135

##### (2) Repurchase obligation of the securitization of receivables as of March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Repurchase obligation of the securitization of receivables	¥ 4,737	¥ 6,013

#### \*3. Accounting for notes maturing at the balance sheet date

Notes maturing at the consolidated balance sheet date are treated as if they were settled on the maturity date for accounting purposes.

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

	Millions of yen	
	2024	2025
Notes receivable	¥ 9	¥ –
Notes payable	30	–

### Notes to statements of income

**\*1. Selling, general and administrative expenses**

The composition rates of selling expenses and general and administrative expenses were 19.6% versus 80.4% for the previous fiscal year and 21.2% versus 78.8% for the current fiscal year.

The main components of selling, general and administrative expenses for the fiscal years ended March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Packing and transportation costs	¥ 7,659	¥ 9,228
Salaries and allowances and welfare expenses	11,561	12,053
Research and development costs	9,943	10,687
Outsourcing expenses	5,525	5,845

**\*2. Transactions with subsidiaries and associates**

Transactions with subsidiaries and associates for the fiscal years ended March 31, 2024 and 2025 were as follows:

	(Millions of yen)	
	2024	2025
Amount of operating transactions		
Net sales	¥ 123,451	¥ 142,957
Purchases	239,460	269,155
Amount of non-operating transactions	14,666	17,238

**\*3. Gain on share exchange**

For the fiscal year ended March 31, 2025:

Gain on share exchange was recognized as a result of the share exchange becoming effective, in which Fuji Electric Co., Ltd. became a wholly owning parent company resulting from the share exchange and FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO. LTD. became a wholly owned subsidiary company resulting from the share exchange.

**\*4. Gain on sale of shares of subsidiaries and associates**

For the fiscal year ended March 31, 2024:

Mainly due to the sale of certain securities publicly listed overseas.

For the fiscal year ended March 31, 2025:

Mainly due to the partial sale of shares of UACJ Corporation, which had been an equity-method associate of the Company.

**\*5. Gain on sale of investment securities**

For the fiscal year ended March 31, 2024:

Mainly due to the sale of certain cross-held shares.

For the fiscal year ended March 31, 2025:

Mainly due to the sale of certain cross-held shares.

**\*6. Provision for product warranties**

For the fiscal year ended March 31, 2025:

A defect was identified in a large electric power project previously delivered by the Company through its subsidiary, and discussions had been ongoing with the customer. Recently, an agreement was reached between the subsidiary and the customer to replace the cables used in the project, with the subsidiary bearing a portion of the associated costs. As a result, a provision of ¥4,170 million was recorded for the estimated future costs.

## Securities

Shares of subsidiaries and associates as of March 31, 2024

Classification	(Millions of yen)		
	2024		
	Carrying amount	Fair value	Difference
Shares of subsidiaries	¥ 1,247	¥ 22,034	¥ 20,786
Shares of associates	26,911	188,246	161,335
Total	¥ 28,158	¥ 210,280	¥ 182,122

Shares of subsidiaries and associates as of March 31, 2025

Classification	(Millions of yen)		
	2025		
	Carrying amount	Fair value	Difference
Shares of subsidiaries	¥ 1,247	¥ 28,526	¥ 27,279
Shares of associates	8,836	103,615	94,779
Total	¥ 10,083	¥ 132,141	¥ 122,058

Note: Carrying amounts of shares, etc. without a quoted market price that are not included in the shares above as of March 31, 2024 and 2025

	(Millions of yen)	
	2024	2025
Shares of subsidiaries	¥ 60,191	¥ 62,388
Shares of associates	3,606	2,906
Investments in capital	42,085	42,086

## Tax effect accounting

### 1. Significant components of deferred tax assets and liabilities as of March 31, 2024 and 2025

	(Millions of yen)			
	2024		2025	
Deferred tax assets				
Excess amount over limitation of provision for doubtful accounts	¥	8,325	¥	8,980
Provision for loss on business of subsidiaries and associates		906		1,086
Provisions for bonuses		1,416		1,537
Excess amount over limitation of provision for retirement benefits		10,450		9,849
Loss on valuation of shares of subsidiaries and associates		27,724		26,394
Excess amount over limitation of non-current assets depreciation (including impairment losses)		3,341		3,297
Other		5,664		7,835
Subtotal	¥	57,829	¥	58,979
Valuation allowance	¥	(43,852)	¥	(41,192)
Total deferred tax assets	¥	13,977	¥	17,787
Deferred tax liabilities				
Valuation difference on available-for-sale securities	¥	(4,289)	¥	(8,472)
Other		(5,723)		(5,853)
Total deferred tax liabilities	¥	(10,013)	¥	(14,326)
Deferred tax assets (liabilities), net	¥	3,964	¥	3,461

### 2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect for the fiscal years ended March 31, 2024 and 2025

	2024		2025	
	(%)			
Normal effective statutory tax rate		30.6		30.6
Adjustments:				
Expenses not deductible for income tax purposes (e.g. entertainment expenses)		13.6		1.2
Tax credits of experimentation and research expenses		(35.0)		(5.6)
Income not taxable for income tax purposes (e.g. dividends received)		(83.1)		(9.7)
Valuation allowance		109.2		(8.2)
Upward adjustment to deferred tax assets at year-end due to change in tax rate		–		(0.6)
Other		0.4		(0.5)
Actual effective tax rate after applying tax effect accounting		35.7		7.2

### Changes in presentation

“Inhabitant tax on per capita basis,” which was separately presented in the previous fiscal year, is included in “Other” in the current fiscal year due to its decreased materiality. To reflect this change in presentation, the note for the previous fiscal year has been reclassified. As a result, “Inhabitant tax on per capita basis” of 1.3% and “Other” of negative 1.0%, which were presented in the previous fiscal year, have been reclassified as “Other” of 0.4%.

### 3. Adjustments to deferred tax assets and deferred tax liabilities due to changes in income tax rate

The Act Partially Amending the Income Tax Act, etc. (Act No. 13 of 2025) was passed by the National Diet on March 31, 2025. As a result, the Defense Special Corporation Tax will be imposed starting from fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and liabilities related to temporary differences expected to be reversed in fiscal years beginning on or after April 1, 2026 are calculated using a revised statutory effective tax rate, which is changed from 30.62% to 31.52%.

As a result of this change, deferred tax assets (net of deferred tax liabilities), income taxes – deferred, and valuation difference on available-for-sale securities for the fiscal year ended March 31, 2025 decreased by ¥29 million, ¥212 million, and ¥241 million, respectively.



4. Accounting for income taxes and local income taxes or the related tax effects

As the Company applies the group tax sharing system, it accounts for and discloses income taxes and local income taxes or the related tax effects in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Solution No. 42 issued on August 12, 2021).

***Revenue recognition***

Notes on the basis for understanding revenue from contracts with customers are omitted as the same information is disclosed in “Notes to Consolidated Financial Statements, Revenue recognition.”

***Significant subsequent events***

For more information, please refer to “Notes to Consolidated Financial Statements, *Significant subsequent events.*”

## (iv) Non-consolidated supplementary schedules

*Schedule of non-current assets*

(Millions of yen)

Classification	Type of asset	Balance at beginning of year	Increase during period	Decrease during period	Depreciation during period	Balance at end of year	Accumulated depreciation
Property, plant and equipment	Buildings	¥ 117,273	¥ 2,631	¥ 520	¥ 3,277	¥ 119,384	¥ 82,043
	Structures	14,238	455	146	388	14,548	10,541
	Machinery and equipment	190,214	5,793	3,180	5,704	192,828	170,368
	Vehicles	1,704	88	11	67	1,781	1,633
	Tools, furniture and fixtures	22,562	1,260	1,109	1,393	22,713	19,495
	Land	11,961	–	3	–	11,957	–
	Leased assets	167	145	26	41	286	134
	Construction in progress	10,270	13,383	9,872	–	13,782	–
	Total property, plant and equipment	¥ 368,393	¥ 23,758	¥ 14,870	¥ 10,874	¥ 377,281	¥ 284,216
Intangible assets	Software	¥ 17,989	¥ 2,071	¥ 573	¥ 2,320	¥ 19,488	¥ 8,000
	Other	231	–	4	1	226	17
	Total intangible assets	¥ 18,220	¥ 2,071	¥ 577	¥ 2,321	¥ 19,715	¥ 8,018

- Notes 1. “Balance at beginning of year” and “Balance at end of year” are stated at cost.  
2. Major causes for “Increase during period” of “Construction in progress” are investments in facilities at Chiba Works (¥3,289 million), Hiratsuka Works (¥2,869 million), Mie Works (¥2,861 million), and Nikko Works (¥2,496 million).  
3. Major causes for “Decrease during period” of “Construction at progress” are a transfer to “Machinery and equipment” (at Chiba Works, Nikko Works, etc.) and transfers to “Buildings” (at Chiba Works, Mie Works, etc.)  
4. Major causes for “Increase during period” of “Software” are the development and renewal of a production management system (¥803 million) and the renewal of an enterprise system (¥246 million).

*Schedule of allowances and provisions*

(Millions of yen)

Line item	Balance at beginning of year	Increase during period	Decrease during period	Balance at end of year
Allowance for doubtful accounts	¥ 27,190	¥ 2,497	¥ 1,196	¥ 28,491
Provision for product warranties	387	4,412	60	4,739
Provision for environmental measures	9,223	–	118	9,104
Provision for loss on construction contracts	211	103	190	124
Provision for loss on business of subsidiaries and associates	2,960	649	163	3,445
Provision for share awards for directors and other officers	380	225	54	550

**(2) Details of major assets and liabilities**

The description is omitted as the Company prepares the consolidated financial statements.

**(3) Other**

Not applicable.

## Item 6. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual Shareholders Meeting	To be held in June
Record date	March 31
Record dates of dividends of surplus	March 31 and September 30
Number of shares constituting one unit	100 shares
Purchase or additional purchase of shares of less than one unit	
Handling office	(Special Account) Corporate Agency Division, Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	(Special Account) Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	–
Purchase or additional purchase fee	Free of charge
Method of public notice	The method of public notice by the Company shall be electronic public notice; provided, however, that when electronic public notice cannot be used due to an accident or any other unavoidable reason, the public notices shall be given in The Nihon Keizai Shimbun published in Tokyo.
Special benefits for shareholders	Not applicable.

## Item 7. Reference Information of Reporting Company

### 1. Information about Parent of Reporting Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

### 2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company filed the following documents:

- (1) Annual Securities Report, attached document thereof and Confirmation Letter
  - For the 202nd fiscal year ended March 31, 2024  
(from April 1, 2023 to March 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on June 24, 2024
- (2) Internal Control Report
  - For the 202nd fiscal year ended March 31, 2024  
(from April 1, 2023 to March 31, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on June 24, 2024
- (3) Semi-annual Securities Reports and Confirmation Letter
  - For the first half of the 203rd fiscal year ending March 31, 2025  
(from April 1, 2024 to September 30, 2024) Filed with the Director-General of the Kanto Local Finance Bureau on November 12, 2024
- (4) Amended Shelf Registration Statements
  - Filed with the Director-General of the Kanto Local Finance Bureau on July 2, 2024
  - Filed with the Director-General of the Kanto Local Finance Bureau on July 11, 2024
  - Filed with the Director-General of the Kanto Local Finance Bureau on July 23, 2024
  - Filed with the Director-General of the Kanto Local Finance Bureau on February 3, 2025
  - Filed with the Director-General of the Kanto Local Finance Bureau on February 12, 2025
- (5) Extraordinary Reports
  - Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (result of the resolution made at the Annual Shareholders Meeting) Filed with the Director-General of the Kanto Local Finance Bureau on July 2, 2024
  - Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), items (vii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (decision on absorption-type company split) Filed with the Director-General of the Kanto Local Finance Bureau on July 11, 2024
  - Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), items (vii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (decision on absorption-type company split) Filed with the Director-General of the Kanto Local Finance Bureau on July 11, 2024
  - Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), items (xii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (an event which may have significant effects on the financial position, operating results and cash flow status of a reporting company) Filed with the Director-General of the Kanto Local Finance Bureau on July 23, 2024
  - Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), items (xii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (an event which may have significant effects on the financial position, operating results and cash flow status of a reporting company) Filed with the Director-General of the Kanto Local Finance Bureau on February 3, 2025
  - Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), items (xii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (an event which may have significant effects on the financial position, operating results and cash flow status of a reporting company) Filed with the Director-General of the Kanto Local Finance Bureau on February 12, 2025

**Section 2 Information about Reporting Company's Guarantor, etc.**

Not applicable

## INDEPENDENT AUDITOR'S REPORT

June 23, 2025

To the Board of Directors of  
Furukawa Electric Co., Ltd.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Tutomu Hirose

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Koji Hiraoka

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Kenta Suzuki

### <Audit of Consolidated Financial Statements>

#### Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Furukawa Electric Co., Ltd. and its consolidated subsidiaries (the "Group") included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2025, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2024 to March 31, 2025, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(TRANSLATION)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We had stated that "Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Infrastructure segment " and "Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System" were identified as key audit matters in our audit of the consolidated financial statements for the previous fiscal year.

Although certain asset groups within the Communications Solutions business have shown improvements, such as increased in sales of data center-related products, the business environment remains challenging due to delays in performance recovery as a result of restrained customer investment and prolonged inventory adjustments.

In addition, certain factors have delayed the recovery of business performance in certain areas and the business environment has become increasingly uncertain due to economic conditions and market changes. As a result, the recoverability of deferred tax assets based on future taxable income remains a matter of significant importance to our audit.

Therefore, we identified "Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business" and "Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System" as key audit matters in our audit of the consolidated financial statements for the current fiscal year.

<b>Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business</b>	
<b>Key Audit Matter Description</b>	<b>How the Key Audit Matter Was Addressed in the Audit</b>
<p>As of March 31, 2025, the balance of tangible fixed assets was 277,017 million yen and the balance of intangible fixed assets was 22,872 million yen. Fixed assets classified within a certain asset group in the Group's Communication Solutions business ("the asset group") were 8,451 million yen.</p> <p>Such fixed assets are depreciated and amortized consistently. If any impairment indicators exist, the Group assesses whether to recognize an impairment loss by comparing the total amount of undiscounted future cash flows generated from the asset group to the carrying amount. If recognition of impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount and the reduction is recorded as an impairment loss.</p>	<p>Our audit procedures related to testing the appropriateness of the assessment of impairment loss recognition regarding the fixed assets classified to a certain asset group that are included in the asset group included the following, among others:</p> <p>(1) Evaluation of controls</p> <ul style="list-style-type: none"><li>• We evaluated the design and operating effectiveness of controls related to the assessment of impairment loss recognition for fixed assets, specifically focusing on controls over the estimation of the undiscounted future cash flows.</li></ul>



<p>As stated in "(2) Impairment of non-current assets" of "Notes to Consolidated Financial Statements (Significant Accounting Estimates)," the Group identified an indicator of impairment and performed an impairment test on the asset group which failed to meet its original operating income or loss targets. The asset group became unprofitable due to the ongoing challenging business environment driven by restrained customer investment, prolonged inventory adjustments, and the delays in performance recovery. As a result of the testing, the Group concluded that no impairment loss was required, as the undiscounted future cash flows generated from the asset group exceeded the carrying amount.</p> <p>The estimated undiscounted future cash flows used for testing whether an impairment loss needs to be recognized were based on the future business plans which include significant assumptions made by management involving uncertainties, such as sales volume, sales price per unit, market forecast, and disposal value of the fixed assets.</p> <p>We identified the assessment of impairment loss recognition on the fixed assets in the asset group as a key audit matter because (1) the fixed assets in the asset group were quantitatively material and (2) significant assumptions used in the estimation of the undiscounted future cash flows involve uncertainties and significant judgments made by management.</p>	<p>(2) Evaluation of the reasonableness of the estimated undiscounted future cash flows</p> <p>We tested whether the methods used to estimate the undiscounted future cash flows as well as significant assumptions and data used in developing the future business plans and calculating the disposal value of fixed assets were in accordance with the applied financial framework. We also tested whether management appropriately addressed the estimation uncertainty in the undiscounted future cash flows by performing the following:</p> <ul style="list-style-type: none"><li>• We assessed the consistency of the approved future business plans used as a basis for the undiscounted future cash flows. We also evaluated the degree of reliability in management's estimates with uncertainty by comparing the budgets and the future business plans in past years with the actual results.</li><li>• To evaluate the degree of reliability in management's estimates with uncertainty, we performed a stress test on the estimated undiscounted future cash flows.</li><li>• For sales volume and sales price per unit, which are significant assumptions used in the estimation of the future business plans, we inquired of management and the employees responsible for preparing the future business plans. As part of the sales order testing, we examined sales contracts and orders received to be fulfilled in future periods. Further, we also inspected the consistency of the information such as sales volume and sales price per unit on the sales contracts against other relevant data and information from the customers such as price lists. For the market forecast, we performed a comparison of the forecast with available external data and peer companies and analyzed the historical trend of the financial results.</li><li>• With the assistance of our valuation specialists, we tested the valuation methodology and results of management's valuation of the disposal value of fixed assets.</li></ul>
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<b>Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System</b>	
<b>Key Audit Matter Description</b>	<b>How the Key Audit Matter Was Addressed in the Audit</b>
<p>The amount of deferred tax assets recorded on the consolidated balance sheet as of March 31, 2025, was 6,703 million yen. As stated in the "Notes to Consolidated Financial Statements (Tax Effect Accounting)," the gross deferred tax assets before offsetting deferred tax liabilities were 28,675 million yen. A valuation allowance of 70,973 million yen was recorded to reduce the gross amount of deferred tax assets related to deductible temporary differences and loss carryforwards of 99,649 million yen. The Group applies the Group Tax Sharing System to its domestic affiliates in Japan. Accordingly, the recorded amount of deferred tax assets related to the applicable domestic companies under the Group Tax Sharing System (hereinafter "Applicable Group") was 21,993 million yen, a net of a valuation allowance and before offsetting deferred tax liabilities.</p> <p>The Group records the amount of deferred tax assets expected to be recovered based on the estimated future taxable income (before considering tax loss carryforwards) over the next five years. In determining the recoverability of the Applicable Group's deferred tax assets, the estimated future taxable income of Furukawa Electric Co., Ltd. (the "Company") has a significant impact on this determination as it is approximately half of the total future taxable income of the Applicable Group.</p> <p>The Company's estimated future taxable income is based on significant management assumptions within the future business plans, including sales volume, unit sales price, and market forecasts, all of which involve inherent uncertainties. Furthermore, the Company has been experiencing delays in improving business performance in certain segments, combined with recent economic trends and market shifts have increased uncertainty regarding the business environment. Consequently, the uncertainty surrounding the Company's future taxable income has become comparatively higher.</p>	<p>Our audit procedures evaluated the reasonableness of the estimated future taxable income of the Company related to the Applicable Group's recoverability of the deferred tax, which was approximately half of the total amount of the estimated future taxable income of the Applicable Group, included the following, among others:</p> <p>(1) Evaluation of controls</p> <ul style="list-style-type: none"> <li>• We evaluated the design, implementation, and operating effectiveness of the controls related to the estimation of future taxable income of the Company, specifically focusing on controls related to the determination of the recoverability of deferred tax assets.</li> </ul> <p>(2) Evaluation of the reasonableness of estimated future taxable income</p> <p>With respect to major business units that are expected to have significant impacts on the Company's future taxable income, we tested whether the methods and significant assumptions used to estimate the future taxable income and the data used in developing the future business plans were appropriate in accordance with the applied financial framework. We also tested whether management appropriately addressed the uncertainty in estimation of the future taxable income by performing the followings:</p> <ul style="list-style-type: none"> <li>• We assessed the consistency of the approved future business plans used as a basis for the estimated future taxable income. We also evaluated the degree of reliability and uncertainty in management's estimates by comparing the budgets and the future business plans for past years with the actual results.</li> <li>• To evaluate the degree of reliability and uncertainty in management's estimates, we performed a stress test on the estimated future taxable income.</li> </ul>

(TRANSLATION)

<p>We identified the recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System as a key audit matter because (1) the recorded amount of deferred tax assets related to the Applicable Group was quantitatively material and (2) significant assumptions used in the estimation of the future taxable income involve uncertainties and significant judgments made by management.</p>	<ul style="list-style-type: none"><li>• For the sales volume and sales price per unit, which are significant assumptions used in the estimation of the future business plans, we inquired of management and employees responsible for preparing the future business plans. As part of the sales order testing, we examined sales contracts and orders received to be fulfilled in future periods. Further, we also inspected the consistency of the information such as sales volume and sales price per unit on the sales contracts against other relevant data and information from the customers such as price lists. For the market forecast, we performed a comparison of the forecast with available external data and peer companies and analyzed the historical trend of the financial results.</li></ul>
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### **Other Information**

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

(TRANSLATION)

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### <Audit of Internal Control>

##### **Opinion**

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Furukawa Electric Co., Ltd. as of March 31, 2025.

(TRANSLATION)

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of Furukawa Electric Co., Ltd. as of March 31, 2025, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

#### **Basis for Opinion**

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control**

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

#### **Auditor's Responsibilities for the Internal Control Audit**

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.
- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.
- Obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and performance of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

(TRANSLATION)

**<Fee-Related Information>**

Fees for audit and other services for the year ended March 31, 2025, which were charged by us and our network firms to Furukawa Electric Co., Ltd. and its subsidiaries are disclosed in paragraph (3) titled "Audits" in "Corporate Governance" included in "Information on the Company Submitting Financial Reports" of the Annual Securities Report.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader. The other information in the Annual Securities Report referred to in the "Other Information" section of this English translation is not translated.

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

June 23, 2025

To the Board of Directors of  
Furukawa Electric Co., Ltd.:

Deloitte Touche Tohmatsu LLC  
Tokyo office

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Tsutomu Hirose

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Koji Hiraoka

Designated Engagement Partner,  
Certified Public Accountant:

\_\_\_\_\_  
Kenta Suzuki

**<Audit of Nonconsolidated Financial Statements>**

**Opinion**

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of Furukawa Electric Co., Ltd. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2025, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 203rd fiscal year from April 1, 2024 to March 31, 2025, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(TRANSLATION)

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the nonconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### *Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business*

We have omitted descriptions on this due to overlap with the key audit matter ("Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business") described in our audit report on the consolidated financial statements.

#### *Recoverability of deferred tax assets*

We have omitted descriptions on this due to overlap with the key audit matter ("Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System") described in our audit report on the consolidated financial statements.

### **Other Information**

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.



(TRANSLATION)

### **Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the nonconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **<Fee-Related Information>**

Fee-related information is disclosed in independent auditor's report on the consolidated financial statements as of and for the year ended March 31, 2025.

**Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

## Cover

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 23, 2025
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Title and name of chief financial officer	Koji Aoshima, Director and Corporate Senior Vice President, General Manager, Finance & Accounting Division
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

(Translation)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

## 1. Basic Framework of Internal Control over Financial Reporting

Hideya Moridaira, Representative Director, President; and Koji Aoshima, Director and Corporate Senior Vice President, General Manager, Finance & Accounting Division are responsible for the development and operation of internal control over financial reporting of Furukawa Electric Co., Ltd. (the “Company”).

The Company has developed and operated internal control over financial reporting in accordance with “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” published by the Business Accounting Council.

Internal control over financial reporting may not completely prevent or detect misstatements of financial reporting.

## 2. Matters Related to the Scope, Reference Date, and Evaluation Procedures

### (1) Reference date of evaluation

We conducted our evaluation of internal control over financial reporting based on the reference date of March 31, 2025, the end of the current fiscal year.

### (2) Standards of evaluation

In evaluating internal control over financial reporting, we followed the evaluation standards for internal control over financial reporting generally accepted in Japan.

### (3) Overview of evaluation procedures

First, we conducted an evaluation of company-wide (entity-level) controls that have a material impact on the overall consolidated financial reporting. Based on the results of that evaluation, business processes to be assessed were selected. For the selected business processes and related IT-based controls, key control points that have a material impact on the reliability of financial reporting were identified. The design and operational effectiveness of these key control points were then evaluated to determine the effectiveness of internal control.

### (4) Scope of evaluation

We determined the scope of evaluation of internal control over financial reporting based on the significance of the potential impact on the reliability of financial reporting. The level of significance was assessed by considering both quantitative and qualitative factors, as well as the likelihood of occurrence.

The evaluation of company-wide controls covered all business sites except those where the impact on the reliability of financial reporting was determined to be immaterial.

The Group’s main businesses consist of the manufacturing and sales of products in the Infrastructure, Electronics & Automotive Systems, Functional Products, and other business segments. As there are no significant differences in profit margins among these segments, net sales were deemed an appropriate indicator for determining the materiality of business sites. For the evaluation of internal control over business processes, the business sites that accounted for approximately two-thirds of the Group’s consolidated net sales (after eliminating intercompany transactions), as well as those deemed qualitatively significant, were selected as key business sites, taking into account the results of the company-wide control evaluation.

Taking into account the nature of the Group’s business activities, we included, in principle, in the scope of evaluation the business processes related to “Net sales,” “Accounts receivable,” and “Inventories,” which are closely linked to the Group’s core business objectives at key business sites.

Furthermore, regardless of whether a business site was selected as a key business site, we expanded the scope to other business sites as well, and identified business processes related to businesses or operations with processes involving significant accounts that have a high risk of material misstatement and require estimates or forecasts, or businesses or operations involving high-risk transactions. Then we included such business processes in the scope of evaluation as significant processes, taking into account their potential impact on financial reporting. As a result, the primary business processes selected were impairment of non-current assets, recoverability of deferred tax assets, and estimation of provision for product warranties. Taking into account the impact on the Group’s financial reporting, we included in the scope of evaluation those business sites where the accounts related to the above-mentioned business processes are of high materiality.

## 3. Result of Evaluation

Based on the evaluation procedures described above, the management concluded that the internal control over financial reporting of the Company as of March 31, 2025 was effective.

## 4. Supplementary Information

Not applicable.

## 5. Other Information for Special Attention

Not applicable.

## Cover

Document title	Confirmation Note
Clause of stipulation	Article 24-4-2, Paragraph 1 of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 23, 2025
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Title and name of chief financial officer	Koji Aoshima, Director and Corporate Senior Vice President, General Manager, Finance & Accounting Division
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1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Hideya Moridaira, Representative Director, President and Koji Aoshima, Director and Corporate Senior Vice President, General Manager, Finance & Accounting Division, confirmed that statements contained in the Annual Securities Report for the 203rd fiscal year (from April 1, 2024 to March 31, 2025) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.