All to brighten the world

FURUKAWA ELECTRIC

FURUKAWA ELECTRIC GROUP

INTEGRATED REPORT 2026

Editorial Policy

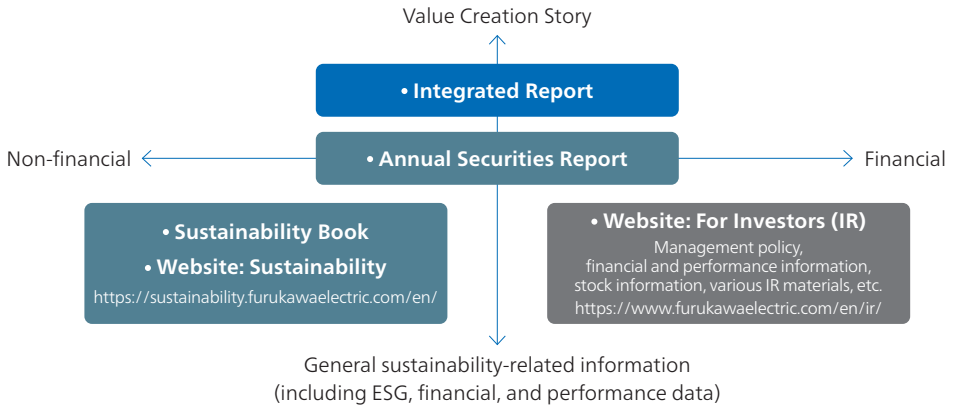
In its Annual Securities Report, the Furukawa Electric Group discloses important sustainability information (including non-financial information) that could have a financial impact in the future. This Integrated Report is designed primarily for investors and complements the Annual Securities Report by providing a clearer picture of our value creation story.

Accordingly, we believe that this Integrated Report, when read together with the Annual Securities Report, will help readers gain a deeper understanding of the Group's efforts to achieve sustainable growth and enhance corporate value over the medium to long term.

In addition, detailed information on our ESG initiatives and various data are available on the "Sustainability" section of the Group's website and in the Sustainability Book, which are intended for a broad range of stakeholders. We encourage you to refer to these resources as well.

In this Integrated Report, we have provided links on each page to the relevant sections of the Annual Securities Report (and, in some cases, the website), along with clear references to the corresponding information. We hope you find these resources useful.

Example: **Annual Securities Report:** Item 2. [Overview of Business], 1. [Management Policy, Business Environment, and Issues to Be Addressed]



Other reports, etc.

- **Corporate Governance Report:** https://www.furukawa.co.jp/en/company/governance.html
- **Intellectual Property Report:** https://www.furukawa.co.jp/en/rd/ip-report/
- **Furukawa Electric Review:** https://www.furukawa.co.jp/en/rd/review/

Reference Guidelines

- **International Integrated Reporting Framework (The IFRS Foundation)**
- **Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry)**
- **Guidance on Climate-related Financial Disclosure 3.0 (Ministry of Economy, Trade and Industry)**

Environment Social Governance
Guidance for Collaborative Value Creation

Scope of This Report

Period covered	From April 1, 2025, to March 31, 2026 Note: Includes selected information on initiatives and activities from prior fiscal years and after April 2026.
Publication timeframe	Issue date: November 13, 2026 (Next issue planned: November 2027)
Target organizations	Furukawa Electric Co., Ltd. (parent company), and its domestic and overseas Group companies are covered. When reporting matters limited to specific regions or corporations, the target is clearly indicated.
Cautionary notes regarding outlooks, etc.	This Integrated Report includes statements concerning the future strategies and earnings forecasts of the Furukawa Electric Group. These forward-looking statements are based on information that is currently available to the Group. As they are subject to changes in the business environment surrounding the Group, actual strategies and business results might differ from those projected.

Key Points of Integrated Report 2026

- **Management policies for achieving Vision 2030 that lead to sustainable growth, and concrete strategies for their execution**
- **Business growth strategies and initiatives for the data center-related business**
- **Corporate governance reforms during a period of transformation, and the roles and initiatives of the Board of Directors and Outside Directors**

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Message from the CFO ▸▸ pp.33-35
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Integrated Report 2026

The Founder's Thoughts

Ichibei Furukawa, the founder of the Furukawa Group, said, based on his wish to **"brighten Japan,"** that we must:

**"Value employees,
Value customers,
Value new technology,
and
Contribute to society"**

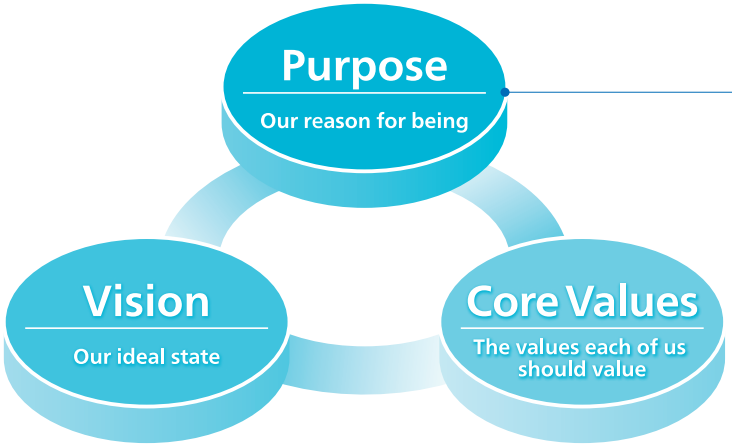
Since its foundation in 1884, Furukawa Electric has inherited these words in its DNA and has grown.

Philosophy System

The Furukawa Electric Group's Philosophy System comprises the Furukawa Electric Group Purpose, which expresses our reason for being, at its apex; our Vision, which defines our ideal state; and our Core Values, the common values shared by all employees.

The Furukawa Electric Group Purpose was established to serve as the basis for management decisions, to ensure that the Group is recognized by its diverse stakeholders as a corporate group that contributes to the realization of a truly prosperous and sustainable society, and to ensure that employees continue to take on challenges with pride. The Group promotes Purpose-driven management.

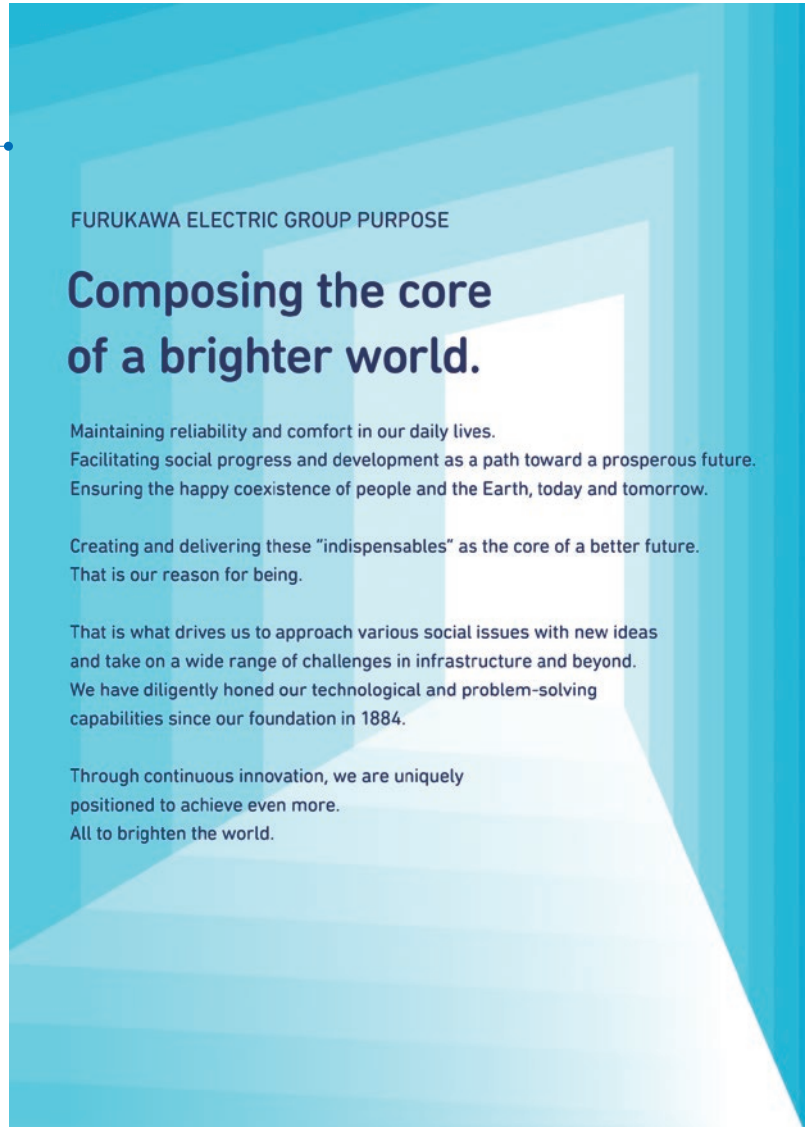
Furukawa Electric Group Philosophy System



Our reason for being
Furukawa Electric Group Purpose
Composing the core of a brighter world.

Our ideal state
Furukawa Electric Group, Vision 2030
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.

The values each of us should value
Core Values
Integrity, Innovation, Addressing Reality, Ownership and Speed, Collaboration

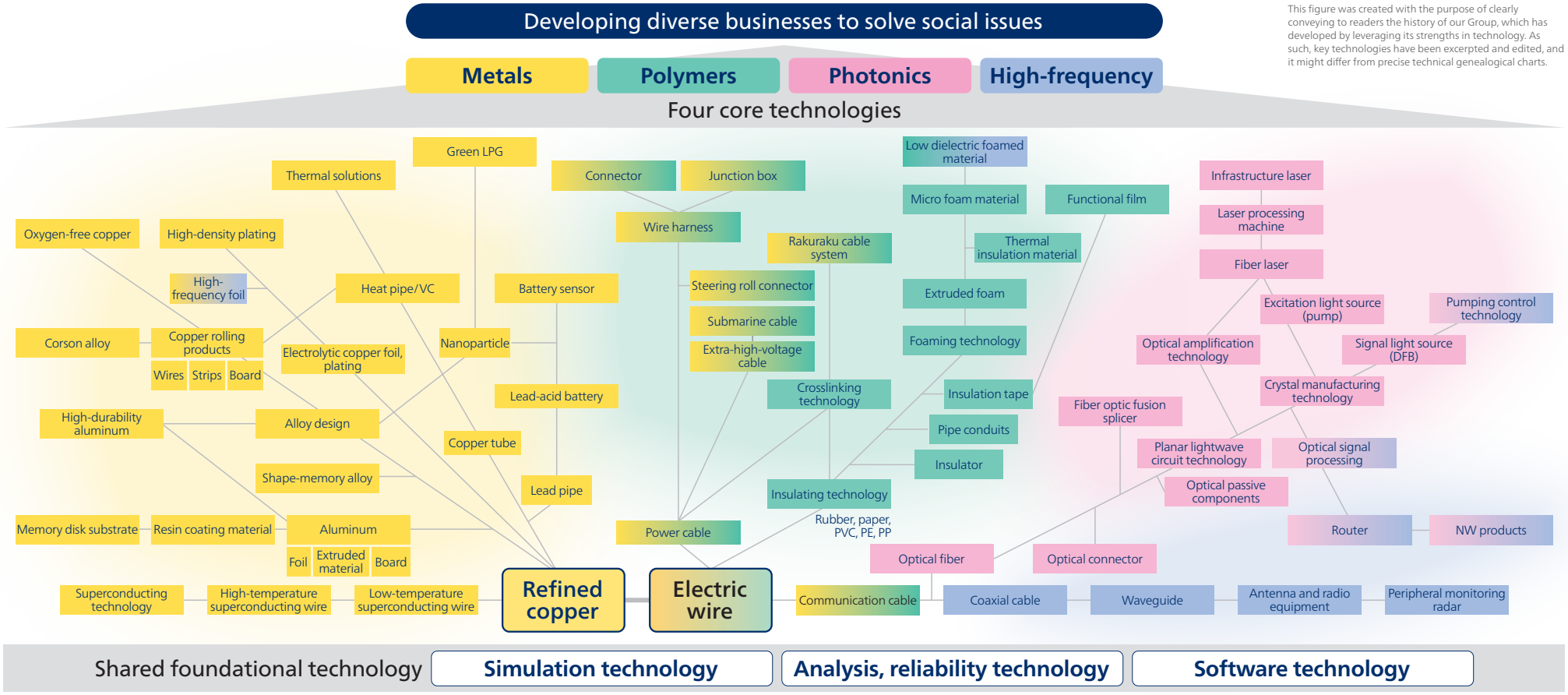


Annual Securities Report: Item 2. [Overview of Business] 1. [Management Policy, Business Environment, and Issues to Be Addressed]
Website: Furukawa Electric Group Purpose

Technological Genealogy and History

The history of our Group spanning more than 140 years is itself a history of contributing to society through technology. Starting from electrical wires and refined copper, and up to today, we have expanded diverse businesses focused on social infrastructure fields, supporting societal growth and continuously refining our technological capabilities with integrity. Our Group, leveraging the four core technologies developed thus far, will continue to challenge continuous innovation and contribution to society across all areas, including social infrastructure and beyond.

This figure was created with the purpose of clearly conveying to readers the history of our Group, which has developed by leveraging its strengths in technology. As such, key technologies have been excerpted and edited, and it might differ from precise technical genealogical charts.



History

1884– Foundation and dawning of a new era



Opened Honjo Copper Smeltery in Tokyo and Yamada Cable Works in Takashima-cho, Yokohama, and established as a manufacturer of copper alloy products and electric wires

1900– Helping to establish Japan's social infrastructure



Manufactured Japan's first submarine electric cable, and installed an antenna and feed line on Tokyo Tower

1960– Expansion overseas



Installed a communications network in Bangkok, Thailand, and successfully conducted the world's first field trial of optical fiber cables

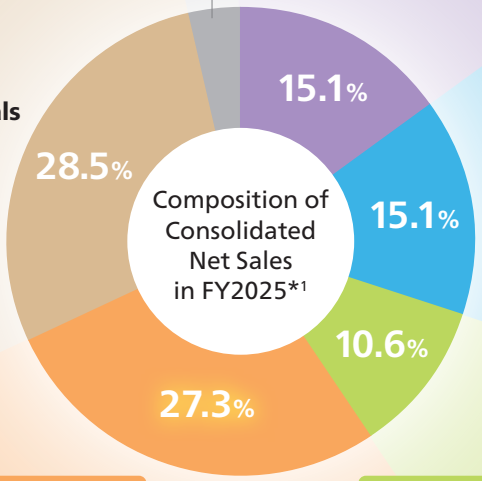
2000–

Supporting people and society with diverse proprietary technologies

Website: Furukawa Electric Innovation history

Business Domains

The Group's business domains currently comprise Optical Solutions, Digital Infrastructure Components, Energy Infrastructure, Automotive Systems, and Metal Solutions. In each domain, we offer a diverse range of products and services that help solve social issues. Building on the four core technologies we have cultivated over the years, we are also working to create new businesses and will continue to evolve the Group's business domains.



Optical Solutions

Supporting next-generation networks, particularly for AI and data centers, through innovative optical solutions



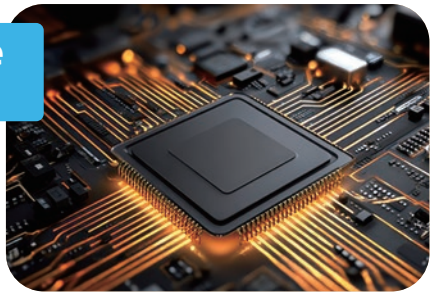
Metal Solutions

Contributing to advances in electronics through our capabilities in developing high-performance materials



Digital Infrastructure Components

Supporting AI- and data center-related markets with high-performance, differentiated technologies



Automotive Systems

Contributing to advances in next-generation mobility through proprietary technologies that support vehicle weight reduction and electrification



Energy Infrastructure

Supporting a sustainable energy society through advanced technological development capabilities and proven quality



*1 FY2025 results have been restated to reflect the new segment structure.
*2 FY2025 results for the battery business, which was deconsolidated in the fourth quarter of FY2025, are included in "Services, Development, etc." (The battery business was consolidated through the third quarter of FY2025.)

Note: The Group changed its segments in April 2026. For details, please see "Business Overview" on p.36 of this Integrated Report.

Furukawa Electric Group at a Glance (FY2025)

Consolidated net sales

¥1,307.6 billion

(Overseas sales ratio: 50.6%)

Consolidated operating profit

¥63.9 billion

Profit attributable to owners of parent

¥72.5 billion

Greenhouse gas emissions*1 (Scope 1 & 2)

364 thousand t-CO_2e

Number of employees (consolidated)

49,112

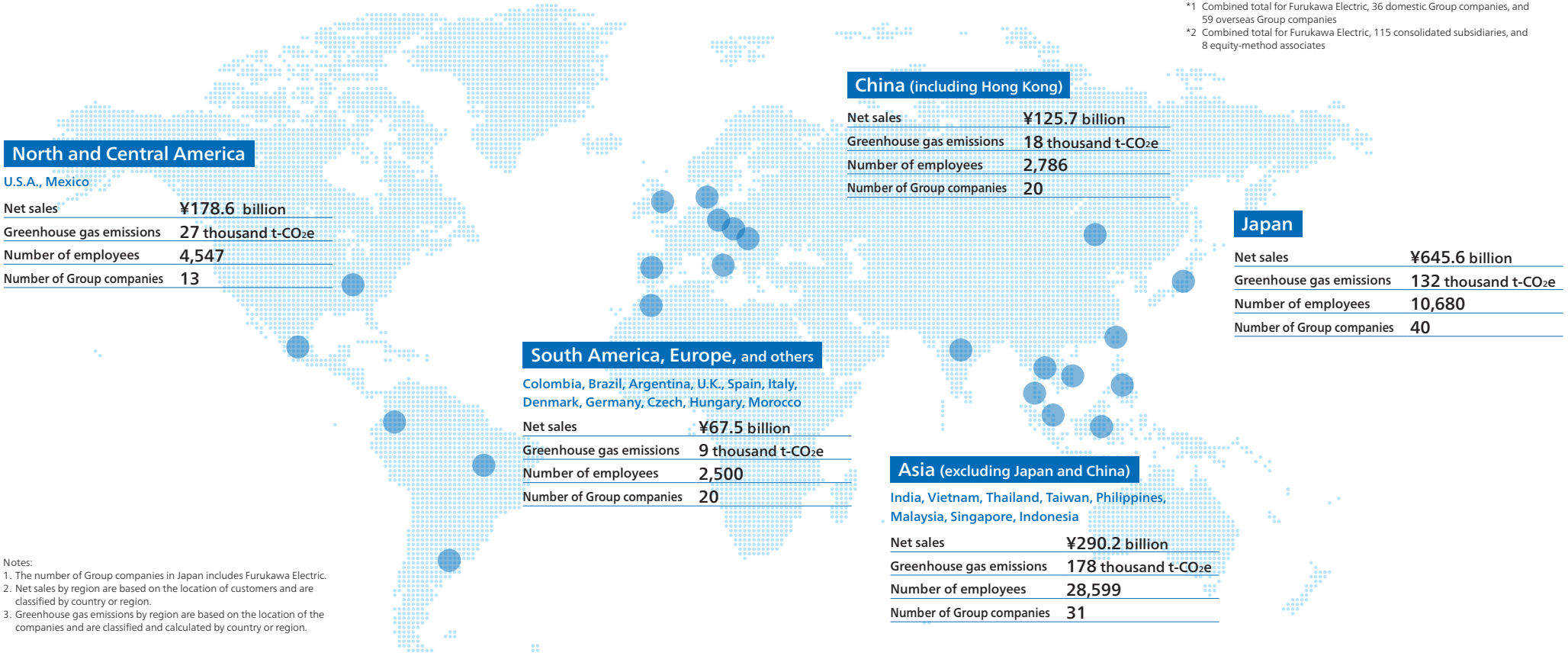
(as of March 31, 2026)

Number of Group companies*2

124

(as of March 31, 2026)

*1 Combined total for Furukawa Electric, 36 domestic Group companies, and 59 overseas Group companies
*2 Combined total for Furukawa Electric, 115 consolidated subsidiaries, and 8 equity-method associates



North and Central America

U.S.A., Mexico

Net sales	¥178.6 billion
Greenhouse gas emissions	27 thousand t-CO_2e
Number of employees	4,547
Number of Group companies	13

China (including Hong Kong)

Net sales	¥125.7 billion
Greenhouse gas emissions	18 thousand t-CO_2e
Number of employees	2,786
Number of Group companies	20

Japan

Net sales	¥645.6 billion
Greenhouse gas emissions	132 thousand t-CO_2e
Number of employees	10,680
Number of Group companies	40

South America, Europe, and others

Colombia, Brazil, Argentina, U.K., Spain, Italy, Denmark, Germany, Czech, Hungary, Morocco

Net sales	¥67.5 billion
Greenhouse gas emissions	9 thousand t-CO_2e
Number of employees	2,500
Number of Group companies	20

Asia (excluding Japan and China)

India, Vietnam, Thailand, Taiwan, Philippines, Malaysia, Singapore, Indonesia

Net sales	¥290.2 billion
Greenhouse gas emissions	178 thousand t-CO_2e
Number of employees	28,599
Number of Group companies	31

Notes:
1. The number of Group companies in Japan includes Furukawa Electric.
2. Net sales by region are based on the location of customers and are classified by country or region.
3. Greenhouse gas emissions by region are based on the location of the companies and are classified and calculated by country or region.



Message from the CEO

With the execution capabilities to compose the core, we will leap forward into our next phase of growth.

Hideya Moridaira
Representative Director, President and CEO
Furukawa Electric Co., Ltd.

H. Moridaira

An era that demands turning social change into corporate growth

Society and industry are undergoing structural changes at an unprecedented pace. Meanwhile, the business environment is becoming increasingly uncertain amid increasing geopolitical risks, supply chain fragmentation, and other challenges. With the future more and more difficult to predict, companies must be able to effectively address change and harness it to drive growth. I believe we are now in an era where the ability to convert change into growth is a key determinant of corporate competitiveness.

Against this backdrop, the Furukawa Electric Group faces greater risks and uncertainty than ever before. However, changes in the business environment are also providing strong tailwinds that present significant growth opportunities. The explosive growth of generative AI is driving rapid expansion of the data center market, further strengthening the alignment between market needs and the Group's technologies and product offerings, including optical fibers and optical devices, thermal dissipation and cooling products, high-performance functional plastics, and semiconductor-related materials. We are also gaining greater recognition in the capital markets as a data center-related company, reflecting growing expectations for the Group. The true test of our capabilities will be whether we can harness these tailwinds to deliver tangible growth.

Building a foundation for growth under the 2025 Medium-term Plan

The Furukawa Electric Group Medium-term Management Plan 2022-2025 (the "2025 Medium-term Plan"), which concluded in FY2025, was an important period in which we built the foundation for the Group to leap forward into its next phase of growth.

During that period, we continued our shift toward management focused on capital efficiency while pursuing management reforms for future growth, including business portfolio transformation, strategic investments, governance reforms, and strengthening the foundation for ESG management. We also restructured our optical fiber and cable business and expanded our production capacity in data center-related fields, as we shifted toward businesses and product offerings with higher added value.

2025 Medium-term Plan indicators/Targets and FY2025 results

		FY2025 targets	FY2025 results
Financial indicators	ROIC (after tax)	6% or higher	12.2%
	ROE	11% or higher	19.1%
	Net D/E ratio	0.8 or lower	0.6
	Equity capital ratio	35% or higher	39.1%
	Net sales	¥1,100 billion or higher	¥1,300 billion
	Operating profit	¥58.0 billion or higher	¥63.9 billion
	Profit attributable to owners of parent	¥37.0 billion or higher	¥72.5 billion
Sustainability indicators (selected)	GHG emissions reduction rate (Scope 1 & 2) (compared with FY2021)	-18.7%	-43.1%
	Ratio of renewable energy use to total electricity consumption	30%	52.2%
	Employee engagement score	80	76
	Ratio of female employees in managerial positions (non-consolidated)	7.0%	6.3%
	Ratio of follow-up on risk management activities for all risk domains	100%	100%

As a result, we achieved all of the financial targets of the 2025 Medium-term Plan in FY2025, with consolidated operating profit of ¥63.9 billion, ROIC of 12.2%, and ROE of 19.1%. We also achieved most of our sustainability-related targets, and despite some ongoing challenges, I believe we have steadily strengthened the management foundation needed to support sustainable growth.

Achieving the targets of the 2025 Medium-term Plan was a significant accomplishment. Equally important to me, however, is the fact that over these four years we were able to improve the quality of our management itself.

There were times when, despite the solid technologies we had developed over many years and our diverse business base, we were unable to fully capitalize on changes in society and the market as opportunities for growth and failed to deliver results. During the 2025 Medium-term Plan period, however, I believe we took an important step toward becoming a company capable of identifying change and turning it into growth. In FY2025, this progress translated into tangible results. However, this is by no means the finish line. I see it as the starting point for further growth in the years ahead.

New management policy to achieve Vision 2030

To achieve the Furukawa Electric Group Vision 2030 (hereinafter, "Vision 2030"), which defines our ideal state in 2030, we formulated and announced a new Purpose-driven management policy, the "Management policy to achieve Vision 2030." Given the rapidly changing business environment, where plans based on fixed assumptions can quickly become obsolete, we have revised our traditional approach to medium-term management planning.

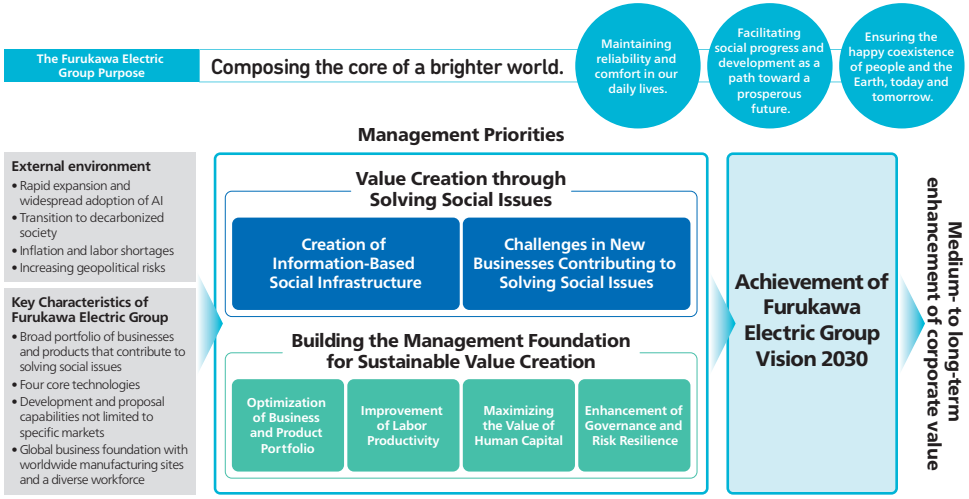
With our Purpose as the starting point, this management policy identifies six management priorities to be addressed in achieving Vision 2030. These management priorities encompass the financial and non-financial themes necessary for sustainable growth and will serve as our management guidelines for the next five years. To fully capitalize on major growth opportunities, we will concentrate management resources on the data center-related business*1, the renewable energy- and HVDC-related business*2, and new business that helps solve social issues. At the same time, we will work on the optimization of business and product portfolio and improvement of labor productivity, while strengthening human capital, governance, and risk management. We will focus not only on short-term performance but also on strengthening our medium- to long-term competitiveness to achieve sustainable growth.

*1 The data center-related business includes Lightera in the Optical Solutions domain; thermal management solutions & products in the Digital Infrastructure Components domain; FITEL products; AT (tape for semiconductor process); memory disk; copper foil; and photonics-electronics convergence devices.
*2 HVDC: High voltage direct current

We plan to invest ¥650 billion over the five-year period from FY2026 through FY2030. Of this, we will allocate ¥500 billion to priority areas, principally the data center-related business; the HVDC-related business that helps address the energy challenges that inevitably accompany the proliferation and expansion of data centers; and new business.

Our current financial target levels for FY2030 are consolidated operating profit of ¥250 billion, ROE of 20%, and ROIC of 15%. Of the consolidated operating profit figure, we plan to generate approximately ¥200 billion from the data center-related business. As we look to 2030, we see growth in the data center-related market as our greatest business opportunity for the foreseeable future and the primary driver of the Furukawa Electric Group's growth. At the same time, looking beyond 2030, we will develop and nurture businesses, such as HVDC and new business, to establish new pillars of growth for the future.

Purpose-driven management policy: Overall framework and financial target levels



Financial target levels	FY2030	(Reference) FY2025 results
Operating profit	¥250.0 billion	¥63.9 billion
ROE	20%	19.1%
ROIC	15%	12.2%

Note: Financial target levels are as of May 19, 2026, and are subject to review as necessary in light of changes in the external environment.

Enhancing management capabilities to drive execution

However, formulating a new management policy is meaningless unless we can execute it. To ensure that we put the policy into action and achieve Vision 2030, we are undertaking major organizational changes and reforming our management structure.

One such reform is the CXO-based structure, which we introduced in FY2026. While our conventional divisional structure enabled optimization within individual specialist functions, it presented challenges in terms of cross-organizational decision-making and the allocation of management resources. Under the CXO-based structure, we have appointed a CXO responsible for each management priority and delegated part of the CEO's authority to these CXOs. Each CXO acts as a member of management, addressing issues in their respective area of expertise from a company-wide perspective. Our aim is to further improve the quality and speed of decision-making and strengthen our execution capabilities.

We have also evolved our approach to business management. Rather than assessing profitability and growth potential within the confines of conventional business segments, we focus on the value generated by combinations of products and businesses built around market opportunities and solutions to social issues. The Group has such a diverse range of business segments that we are sometimes said to be "a difficult company to define." By combining this breadth of capabilities, we are building a competitive advantage in the data center market through our ability to offer wide-ranging related technologies and products. By optimizing our portfolio at the business and product group level in light of the business environment, we are enhancing our competitiveness.

By continuing to evolve both our management structure and approach to business management, we will strengthen our ability to quickly identify change and reliably translate growth opportunities into action.

Turning people and technology into competitive strengths

In this phase of growth, I believe intangible assets, such as human capital, technology, and intellectual property, will be crucial. Ultimately, people are the source of corporate value. I view people not as a cost, but as an investment in creating value for the future. The ideas of individuals, their willingness to take on challenges, and their ability to turn those ideas into reality will determine Furukawa Electric's growth. That is why we place a high priority on creating an environment where employees can fully utilize their abilities while feeling a sense

of fulfillment and contribution. Also critical are the technologies and intellectual property we have accumulated over many years. Our technology base, built up across diverse fields spanning information, energy, and mobility, cannot be replicated overnight.

The growth potential of our key focus areas—including our current data center-related business—is a direct result of this accumulation of technology and intellectual property.

We also need the ability to turn these intangible assets into competitive strengths. As noted earlier, under the 2025 Medium-term Plan, we strengthened our ability to accurately identify changes in markets and the business environment and translate them into growth. This ability also provides an important foundation for making optimal use of the Group's intangible assets, including its people, technology, and intellectual property. As social issues become increasingly complex, moreover, we can no longer create value on our own. Collaboration with stakeholders, including customers, business partners, universities, and research institutions, is essential to add greater value to these intangible assets. By bringing together diverse talent and technologies, we will accelerate their transformation into growth.

Intangible assets are an essential management foundation for sustainable growth beyond 2030. I view investment in strengthening and leveraging our people, technology, and intellectual property as equally important as investment in tangible assets, and through these efforts, we will accelerate sustainable growth.

Our Purpose as the starting point for value creation

At the heart of our management is the Furukawa Electric Group Purpose, "Composing the core of a brighter world." With this Purpose as the starting point for value creation, we aim to achieve sustainable growth and medium- to long-term enhancement of corporate value by addressing social issues through our businesses.

Nearly two years have passed since we established our Purpose, and awareness and understanding of it have grown within the Group. What matters now is for employees to embrace the Purpose and translate it into concrete actions and challenges. Changing corporate culture takes time, but I believe that these changes in behavior will transform the organization, which in turn will drive business growth and enhance corporate value.

For the Group, which is pursuing Purpose-driven management, our Purpose also serves as the guiding principle for management decisions. We will continue to embody the Purpose in both management decision-making and the actions of each individual, thereby achieving sustainable value creation.

Turning expectations into strength and delivering results

I sense that expectations for the Group's businesses and growth potential are rising. While I am very grateful for this as a business leader, I constantly remind myself of the Japanese saying *koji ma oshi*—good fortune is often accompanied by misfortune. I believe that when things are going well, it is all the more important not to become complacent and to remain humble.

I am convinced that the Group has tremendous potential. However, turning that potential into tangible results will depend entirely on our execution from here. With this in mind, we will continue embracing challenges without fear of change, while remaining humble and working steadily, step by step, to enhance corporate value.

We will also seek to steadily enhance shareholder returns while balancing growth investment with financial soundness. For example, we recently revised our dividend policy, replacing the dividend payout ratio as our benchmark with a target dividend on equity (DOE) of approximately 3.5%. We will continue working to deliver stable and consistent returns to shareholders. I would like to thank shareholders and other investors for their continued support and encouragement.



Business Feature

Business Growth Strategy Driven by the Evolution of Data Centers

The data center market continues to expand rapidly worldwide with the proliferation of generative AI, creating extremely significant revenue opportunities for the Furukawa Electric Group. As various challenges surrounding data centers become increasingly apparent, one of the Group's strengths is its diverse range of businesses and products that can help address these challenges.

Since the start of FY2026, the Group has formulated a new management policy and identified six management priorities. With a particular focus on the data center-related business*1, which will drive earnings growth toward 2030 and remain a medium- to long-term pillar thereafter, we will also pursue the renewable energy- and HVDC-related business*2 in anticipation of further growth in demand beyond 2030. Our aim is to deliver sustainable growth while addressing challenges associated with the evolution of data centers.

*1 The data center-related business includes Lightera in the Optical Solutions domain; thermal management solutions & products in the Digital Infrastructure Components domain; FITEL products; AT (tape for semiconductor process); memory disk; copper foil; and photonics-electronics convergence devices.
*2 HVDC: High voltage direct current

Evolution of data centers: Challenges and the Group's role

The continued expansion of data centers faces three barriers—connectivity, heat, and power. A major challenge is to address both the increasing capacity, density, and heat generation of data centers and energy-related issues. Toward 2030 in particular, the Furukawa Electric Group will help address these challenges through its diverse technologies and range of businesses and products, primarily in the data center-related business, thereby playing an important role in supporting the evolution of data centers.

Challenges facing data centers

Three underlying barriers

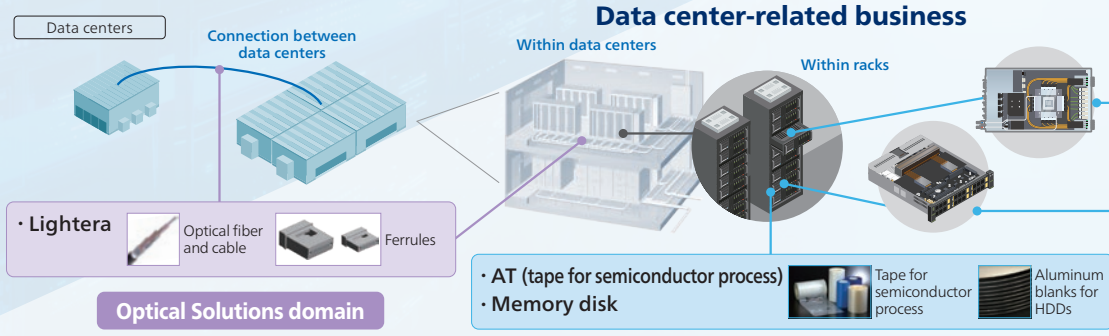
Connectivity barrier
- Increasing data processing capacity and communication traffic is driving the need for greater capacity.
- Processing functions must be concentrated within limited data center space and servers, while shorter distances between servers are needed to reduce latency.
- Growth in data volumes is creating communication constraints (connectivity barrier).

Heat barrier
- Increasing density by packing as many servers equipped with high-performance GPUs as possible into a single rack is essential.
- This higher density increases power consumption and heat generation per unit area, leading to greater heat generation.
- Heat generated by each rack is increasing significantly, placing greater burden on cooling systems.
- Rising heat generation is reaching the limits of cooling capacity (heat barrier).

Power barrier
- Power demand is increasing as data centers evolve.
- In addition to curbing increases in power consumption and improving energy efficiency, a stable supply of the required power must be ensured.
- Growing power demand is creating supply constraints (power barrier).

Increasing capacity, density, and heat generation of data centers — Addressing both challenges — **Energy issues** (Increasing power consumption, energy efficiency, and power supply)

Key businesses and products where the Group can contribute



Renewable energy- and HVDC-related business
Energy Infrastructure domain

Superconducting business
(Superconducting wires for fusion reactors)
Metal Solutions domain

*3 ELS: External light source
*4 SOA: Semiconductor optical amplifier

2030

Initiatives in the data center-related business —Aggressive investment focusing on business expansion toward 2030

With the proliferation of generative AI, the construction of increasingly advanced data centers is accelerating, and demand is growing for products that support their evolution. To steadily capture this demand, the Group will expand supply capacity, primarily for products in its data center-related business. We have already decided to invest in the expansion and construction of plants for thermal management solutions & products (water-cooling modules) and FITEL products (DFB laser chips). Looking ahead to 2030, we will continue investing aggressively in the data center-related business.

At the same time, we will strengthen relationships with major customers, including hyperscalers, and pursue further business expansion through various initiatives, such as proposing the Group's technologies and products from the product specification development stage.

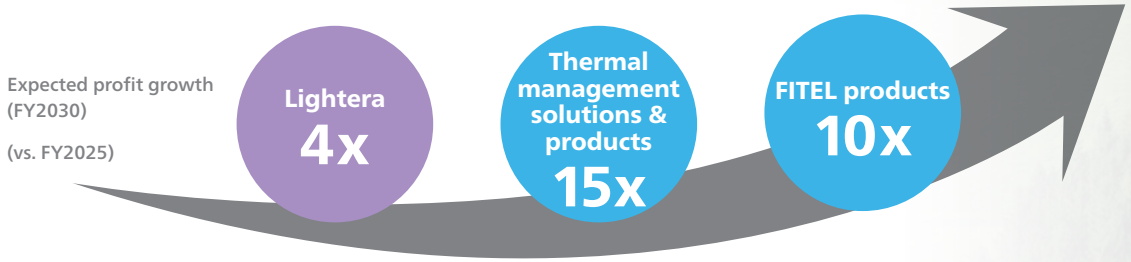
Major investments in the data center-related business (FY2026-FY2030)

Lightera	Thermal management solutions & products	FITEL products
Phased investment to increase production of optical fiber, rollable ribbon cables, and ferrules	Investment to increase production of water-cooling modules (expanding sales of water-cooling modules to approximately ¥400 billion in FY2030)	Investment to expand production of DFB laser chips, excitation light sources for Raman amplifiers, and SOAs, as well as construction of a new plant for DFB laser chips for ELS used in photonics-electronics convergence (CPO) (significant expansion of supply capacity).

Expected profit growth in FY2030 (vs. FY2025)

We expect the data center-related business as a whole to deliver substantial profit growth toward FY2030, reaching eight times the FY2025 level.

Data center-related business overall expected profit growth (FY2030) vs. FY2025 **8x**



Note: Three businesses in our data center-related business are shown as examples.

*5 HSDC: Hyperscale data center
*6 LMM: Large multimodal model

Looking beyond 2030—

Data center-related business

We have also launched initiatives looking beyond 2030. In such areas as photonics-electronics convergence (CPO) and next-generation thermal solutions, we will take proactive steps based on demand trends while building and further strengthening the business foundations needed to capture medium- to long-term growth opportunities.

Renewable energy- and HVDC-related business

We will also pursue initiatives in the renewable energy- and HVDC-related business to help address energy issues at data centers, particularly the need to ensure a stable supply of electricity.

In particular, we have positioned the HVDC-related business as a new pillar of growth beyond 2030. To launch our HVDC cable business, we have decided to establish a new domestic manufacturing site in Futtsu City, Chiba Prefecture, to expand production capacity. We will also advance the technological development of ultra-long direct current submarine cables and establish partnerships for cable laying and construction, while building the business foundation needed to steadily capture future demand.

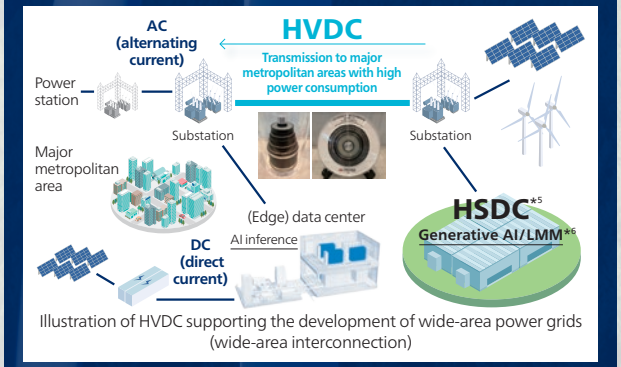


Illustration of HVDC supporting the development of wide-area power grids (wide-area interconnection)

Outside Directors Roundtable

Governance Supporting Growth in a Time of Transformation —Outside Directors discuss the role of the Board

Through the Furukawa Electric Group Medium-term Management Plan 2022-2025 (hereinafter, the "2025 Medium-term Plan"), we have reviewed our business portfolio, advanced governance reforms, and strengthened our management foundation for the next stage of growth. Building on this foundation, from FY2026 we will pursue further growth, particularly in the data center-related business, under our new management policy for achieving the Furukawa Electric Group Vision 2030 (hereinafter, "Vision 2030").

What role should the Board play during this period of major transformation? In this roundtable, three Outside Directors—Takashi Tsukamoto, Yukiko Yabu, and Takao Shiomi—reflect on the 2025 Medium-term Plan and discuss the role of the Board, the perspectives they emphasize as Outside Directors, and initiatives going forward.



Yukiko Yabu
Outside Director

Takashi Tsukamoto
Outside Director
Chairman of the Board

Takao Shiomi
Outside Director
(Audit & Supervisory Committee Member)

Assessment of the 2025 Medium-term Plan

Under the 2025 Medium-term Plan, we achieved our financial targets and largely achieved our sustainability targets as well. How do you assess these results?

Tsukamoto: During the 2025 Medium-term Plan period, we took the necessary management actions one by one, including transforming our business portfolio and reviewing our governance structure. In my view, these steady efforts bore fruit in our performance in the second half of FY2025, particularly in the fourth quarter, enabling us to achieve the targets we had set. At first glance, it might appear that favorable business conditions provided a tailwind and enabled us to achieve our targets in a final sprint. However, I believe greater credit should be given to the period of quiet preparation—the time spent building momentum and laying the groundwork before the results emerged.

In reviewing our business portfolio, for example, we steadily shifted from low-margin products to higher-value-added products. At the same time, we made steady progress in improving productivity and optimizing selling prices.

Yabu: I share Mr. Tsukamoto's view that these results were not achieved overnight and that the steady efforts leading up to them were crucial. In addition to executives responsible for management, these achievements owed much to employees on the front lines, who worked tirelessly day after day to drive the reforms forward.

On the non-financial side, the ratio of female employees in managerial positions did not meet the target. However, we are seeing a steady increase in women taking on positions of responsibility, including executive officer and senior fellow roles. Although further progress is needed, I believe we are moving steadily forward.

Shiomi: Looking back on the 2025 Medium-term Plan, I believe we finished in a very strong position. The Board consistently took a backcasting approach based on Vision 2030, discussing how we wanted to conclude 2025 and position ourselves for what comes next.

Looking ahead to future growth, striking the right balance between "proactive" and "defensive" approaches will be particularly important. As an Audit & Supervisory Committee Member, I focus on ensuring that the more aggressively we pursue growth, the more vigilant we must remain on the defensive side. We have made significant progress in strengthening our governance framework, including changes to our governance structure and the introduction of the CXO-based structure, but these initiatives are still in their early stages. Maintaining the right balance between proactive and defensive approaches will be essential to sustainable growth.



Takao Shiomi
Outside Director
(Audit & Supervisory Committee Member)

Oversight and monitoring by Outside Directors

As Outside Directors, what perspectives do you consider particularly important when overseeing and monitoring management?

Tsukamoto: My primary focus has been on whether risks are properly recognized and incorporated into decision-making. At Board meetings, I have drawn on my own experience to raise issues from a variety of perspectives, particularly risk.

Companies cannot grow without taking appropriate risks. At the same time, risks that could damage corporate value, including quality issues, compliance violations, and cybersecurity attacks, must be thoroughly mitigated. The Board must clearly differentiate between the two and make appropriate decisions for each.

Proposals submitted to the Board carefully set out the risks and corresponding measures associated with each individual matter. In some cases, however, I feel insufficient consideration has been given to the risks that could arise if the underlying assumptions concerning market conditions, the competitive landscape, or technological trends were to change. As an Outside Director, I believe identifying and raising such risks for discussion leads to management decisions informed by a broader range of perspectives and enables more proactive risk-taking.

Yabu: A strength of our monitoring is that Outside Directors with different backgrounds engage in frank exchanges of views, each bringing their own perspective to the oversight of management. I believe these ongoing discussions contribute to more effective monitoring.

We also hold separate discussion sessions outside Board meetings, enabling more in-depth discussion on specific themes. In addition, during the evaluation of the effectiveness of the Board, we engage in dialogue with the Chairman of the Board about what Outside Directors should oversee and how that oversight should be conducted.

Thanks to these initiatives, our monitoring goes beyond a box-ticking exercise and functions effectively in practice.

Shiomi: Personally, I have made a conscious effort to adopt a perspective that considers changes in the external environment. When I first joined the Board, I sometimes felt that the Furukawa Electric Group's initiatives were not clearly positioned in the context of market changes and the competitive environment.

I have therefore repeatedly raised questions at Board meetings such as, "How does this initiative fit within

broader market trends?" and "Where does our competitive advantage lie?"

As the Group is fundamentally a manufacturing (*monozukuri*) company, I have placed importance on understanding actual circumstances on the ground—for example, whether development is progressing according to plan, whether our manufacturing capacity is keeping pace with demand, and whether we are building strong relationships with customers whose businesses are growing. Whenever possible, I speak directly with people close to the front lines and bring their perspectives into our Board discussions.

Growth strategy in this period of transformation

The new management policy sets out the direction for future growth, including concentrated investment in the data center-related business. During this period of transformation, how do you see the Board and Outside Directors contributing to these efforts?

Tsukamoto: Unlike our previous medium-term plans, the recently announced "Management policy to achieve Vision 2030" (hereinafter, the "2030 Management Policy") sets out the financial target levels for 2030. We adopted this approach because, in a rapidly changing business environment, the conventional medium-term management plan framework of pursuing fixed financial targets is no longer sufficiently flexible, so a more adaptable management framework is needed.

We also announced plans to invest ¥650 billion over the five years from FY2026 through FY2030, of which ¥500 billion will be allocated to growth areas, primarily the data center-related business. I believe this is the right direction for the Group. The data center market is still in a growth phase, with demand expanding steadily. In particular, the Group is highly competitive in thermal dissipation and cooling products for data centers, where we are among the market leaders, and at this stage I see little cause for concern about overinvestment.

However, it is extremely difficult to predict the business environment accurately over the next five years. That is why we must not remain locked into policies or strategies once they have been decided, but respond flexibly to change. This includes deciding when to accelerate investment and when to adjust course.

Shiomi: With 2030 in sight, I believe now is the time to move decisively forward with our initiatives for growth. However, as Mr. Tsukamoto pointed out, it is impossible to predict precisely how circumstances will change over the next five years. That is why we must continually verify whether the assumptions underlying the strategy still hold, identify any deviations from the plan and their causes, and adjust course swiftly when necessary. As an Outside Director, I believe it is important to continuously monitor this process.

Yabu: The key point of the 2030 Management Policy is that it goes beyond simply increasing investment and seeks to transform the business model itself. The Group is now in a period of a major transformation.

As we seek to capitalize on growth opportunities in the data center market, our competitive edge going forward will lie in providing solutions that combine the Group's diverse technologies and products, rather than relying on a single product as in the past. In addition, our key data center-related customers are U.S. hyperscalers and semiconductor manufacturers, so we need to engage with them differently from the way we have traditionally done business with Japanese manufacturers. The speed and standards expected of us will also be different, so in addition to putting the right organizational structure in place, we need to change mindsets across the organization, from senior management to individual employees.

Furthermore, while our large-scale capital investment of ¥650 billion represents a significant opportunity for growth, it also brings with it new risks, such as those related to quality and compliance. With this in mind, I intend to continuously monitor signs of change while remaining mindful of the risks lurking behind this growth.

Governance reforms for sustainable growth

In addition to changing our governance structure, including our transition to a Company with an Audit & Supervisory Committee, we have been reviewing our executive structure through major organizational restructuring and the introduction of the CXO-based structure, continuing the governance reforms pursued under the 2025 Medium-term Plan.

Shiomi: We are making steady progress with governance reforms, but establishing the necessary frameworks is only part of the task. What matters is ensuring that they function effectively.

When we transitioned to a Company with an Audit & Supervisory Committee, the number of individuals responsible for audit and supervisory functions decreased from six Audit & Supervisory Board Members to three Audit & Supervisory Committee Members. A major issue was therefore how to maintain the quality of audits. We held repeated discussions within the Audit & Supervisory Committee on how to transfer



Yukiko Yabu
Outside Director

the roles previously performed by Audit & Supervisory Board Members to the Auditing Dept. and, in doing so, enhance the effectiveness of audits. Through regular communication between the Audit & Supervisory Committee Members and the Auditing Dept., we have established a framework that enables in-depth discussions ranging from the sharing of issues to measures for improvement.

In the latter half of the 2025 Medium-term Plan, we undertook various major reforms. These included establishing a new company, Lightera, as part of the restructuring of our Optical Solutions business, as well as restructuring our metal wire business. Amid these changes, it is extremely important to continually verify that governance is functioning appropriately in the new organizations and to keep enhancing the effectiveness of internal controls and risk management.

Tsukamoto: The changes to our governance structure and the recent review of our executive structure, including the organizational restructuring and introduction of the CXO-based structure, share the same objective: to build a management structure capable of responding to rapidly changing business conditions by accelerating decision-making and clarifying authority and responsibility. I believe these reforms will help us strengthen execution and enhance the effectiveness of governance—two priorities President Moridaira has consistently emphasized since taking office.



Takashi Tsukamoto
Outside Director
Chairman of the Board

The real test of these reforms lies ahead. With the CXO-based structure, our objective is to not simply introduce the structure but ensure that it actually functions as intended. To achieve this, the roles and responsibilities of each CXO must be clearly defined and aligned with the decision-making process.

At the same time, it is also important to transform the corporate culture itself. The data center-related business requires us to operate at a different pace and with different risk-return characteristics than in the past. That is why I believe we need to foster a mindset throughout the organization—not just among the CXOs—of "try first" and "if it doesn't work, adjust course."

Yabu: I view the introduction of a job-based HR system and Human Resources Business Partners (HRBPs) as initiatives aimed at transforming the corporate culture itself. In our next phase of growth, it is essential that we transform into an organization that embraces diverse values and empowers each individual to take the initiative in pursuing new challenges.

We need to deepen understanding and motivation on the front lines through dialogue centered on the Furukawa Electric Group Purpose, while creating an environment enabling diverse talent, including women and non-Japanese employees, to fully demonstrate their strengths and expertise and establishing mechanisms that encourage employees to embrace challenges. I will continue closely following the progress of these initiatives on the front lines and provide constructive input and support from my perspective as an Outside Director.

To shareholders and other investors

Finally, could each of you share a message with shareholders and other investors?

Shiomi: One of my core beliefs when it comes to management is that "growth requires investment." I believe a proactive commitment to investing for the future is now taking root across the Group.

However, we must also ensure that these investments deliver results and generate solid returns. It is important to instill this sense of responsibility throughout the organization, and in this respect, I expect each CXO to demonstrate leadership in their respective areas. I hope our shareholders and other investors will look forward to seeing the Group's efforts translate into sustainable growth.

Yabu: We believe that the technologies and products developed by the Group will continue to play a vital role in supporting social infrastructure in 2030 and beyond. I have great confidence in the potential and future prospects of our technologies. Steadily delivering on expectations for growth, while maintaining timely and appropriate dialogue with shareholders and other investors throughout that process, will be essential to enhancing corporate value.

The details of our dialogue with investors are regularly shared with the Board and reflected in management discussions. As an Outside Director, I intend to consider these views as I fulfill my role in further enhancing corporate value.

Tsukamoto: What I particularly want to convey to shareholders and other investors at this point is an accurate picture of the Group as it undergoes transformation. This means communicating openly, accurately, and sincerely not only our current performance and financial position but also the direction we are pursuing and our vision for the future. I believe it is important that the Group be appropriately evaluated on that basis.

Having completed the 2025 Medium-term Plan, the Group has now entered a new phase of growth. There is a shared commitment across the Board to leverage the management foundation we have built and achieve sustainable growth even in a rapidly changing business environment. As Outside Directors, we will also support the Group in taking on these challenges while ensuring effective risk management and supporting the medium- to long-term enhancement of the Group's corporate value.

Furukawa Electric Group Value Creation Story

This diagram presents an overview and flow of the Furukawa Electric Group's value creation, through which we aim to achieve sustainable growth and enhance corporate value over the medium- to long-term by solving social issues through our businesses under the Furukawa Electric Group Purpose. For specific execution strategies toward 2030, please see the next chapter, "4. Execution Strategies for Sustainable Growth," which explains in detail our path toward achieving the Furukawa Electric Group Vision 2030.

Achieve sustainable growth and enhance corporate value over the medium- to long-term by solving social issues through our businesses

▸▸ p.19

Understanding the External Environment

While we recognize growing uncertainty and increasing risks associated with the execution of our strategies due to changes in the external environment, the number of social issues that the Group can address through its businesses is also increasing.

Accelerate sustainable growth through execution of the Management Policy for Achieving Vision 2030.

Growth areas

- Focus on the **data center-related business**
- Promote initiatives with an eye to 2030 and beyond (renewable energy- and HVDC-related business and new business)

Financial target levels*

Operating profit: ¥250.0 billion
ROE: 20%
ROIC: 15%

* Financial target levels are as of May 19, 2026, and are subject to review as necessary in light of changes in the external environment.

Management Priorities

Value Creation through Solving Social Issues

- Creation of Information-Based Social Infrastructure
- Challenges in New Businesses Contributing to Solving Social Issues

Building the Management Foundation for Sustainable Value Creation

- Optimization of Business and Product Portfolio
- Improvement of Labor Productivity
- Maximizing the Value of Human Capital
- Enhancement of Governance and Risk Resilience

4. Execution Strategies for Sustainable Growth ▸▸ pp.22-46

2030

▸▸ p.21

Medium- to Long-term Business Growth Scenario

We have mapped out a medium- to long-term business growth scenario looking toward 2030 and beyond, aiming to further grow businesses that solve social issues and to create and commercialize new businesses.

2040

▸▸ p.20

Sources of Value Creation

Our four core technologies, business domains that solve social issues, development and proposal capabilities not limited to specific markets, global business sites, and diverse human resources are sources of the Group's value creation that underpin our sustainable growth.

Understanding the External Environment

The external environment surrounding the Furukawa Electric Group is changing significantly. While we recognize growing uncertainty and increasing risks associated with the execution of our strategies, the number of social issues that the Group can address through its businesses is also increasing. We view these issues, including those related to data centers arising from the rapid development of generative AI, as revenue opportunities and will steadily translate them into business growth.

Changes in the external environment

Politics

- Expansion of protectionist trade policies
- Increasing geopolitical risks and other uncertainties

Economy

- Growing investment in renewable energy and decarbonization
- Rising interest rates and prices, as well as labor shortages
- Increased volatility in economic, financial, and commodity markets

Society

- Adoption of AI and other information technologies (greater use of information, improved convenience)
- Changes in lifestyle (longer healthy life expectancy, diversified values)
- Growing demand for social infrastructure (natural disaster response, replacement demand for aging infrastructure)

Technology

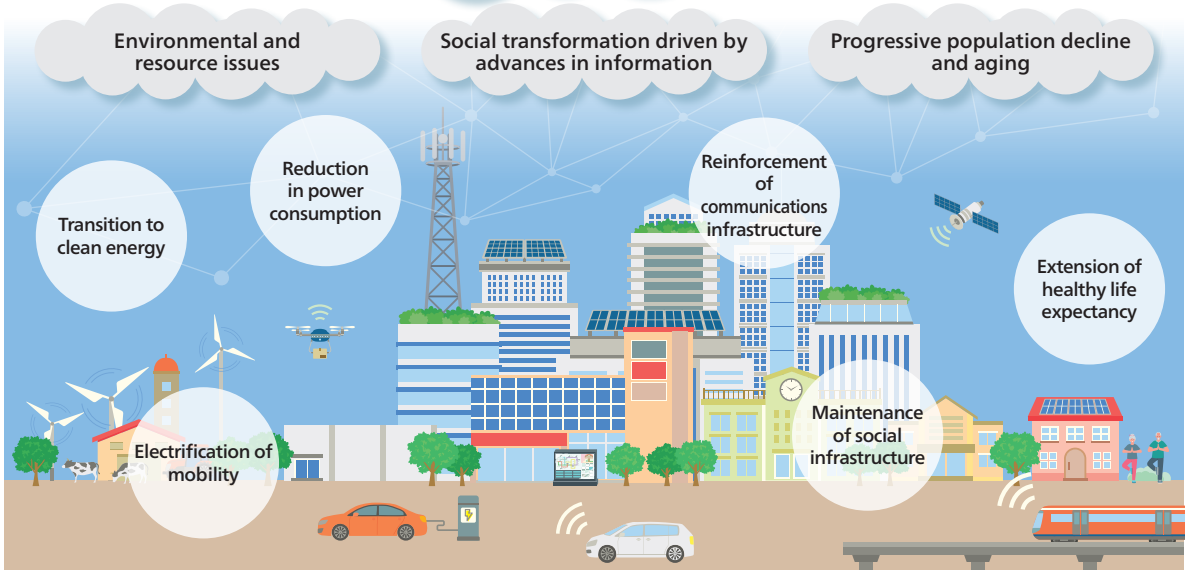
- Evolving computing technologies (generative AI, quantum computing, edge computing)
- Energy technologies (renewable energy, energy storage, next-generation energy, EVs)

Risks — **Growing uncertainty and risks associated with strategy execution (e.g., supply responsibilities and securing talent)**

Revenue opportunities — **Growing number of social issues the Group can address**

Examples of social issues

Evolution of data centers driven
by the rapid development of generative AI



At the start of FY2026, we assessed our revenue opportunities and risks in light of these changes in the external environment and newly identified six management priorities.
For details, please see “Achieving Vision 2030” on pp.24-27 of this Integrated Report.

Sources of Value Creation

Leveraging its four core technologies, the Group operates a broad range of businesses that help address social issues. We also have development and proposal capabilities not limited to specific markets, a global network of business sites, and diverse human resources. These strengths, together with the trust we have built with stakeholders over many years, are the sources of the Group's value creation. We will continue enhancing them as competitive strengths that underpin our sustainable growth.

Four core technologies

Since its foundation in 1884, the Furukawa Electric Group has consistently contributed to society through technology. The four core technologies developed over the course of our history are a key strength that enables us to address social issues and continue growing. We will continue refining these technologies with dedication.

Core technologies: Metals, Polymers, Photonics, High-frequency

Technological Genealogy and History ▸▸ p.5

Business domains that address social issues

Beginning with the manufacture of electric wires and copper refining, we have developed a diverse range of businesses centered on social infrastructure over the years. Today, we operate in five business domains, providing a wide range of products and services that help address social issues in the information, energy, and mobility fields and areas where they converge.

Optical Solutions | Digital Infrastructure Components | Energy Infrastructure | Automotive Systems | Metal Solutions

Main Products ▸▸ p.37

Sources of Value Creation

Development and proposal capabilities not limited to specific markets

By providing products and services in a wide range of fields and continuously helping customers, society, and other stakeholders address various challenges, we have honed and strengthened our development and proposal capabilities not limited to specific markets. These capabilities are distinctive strengths of the Furukawa Electric Group and a source of its competitiveness.

Research & Development ▸▸ p.32

Global business sites and diverse human resources

The Group has business sites around the world, including Japan, China and other Asian countries, North and Central America, South America, and Europe, with approximately 49,000 employees working across these locations (as of March 31, 2026). This global network, together with our diverse human resources and organizational capabilities, provides an essential foundation for our sustainable growth.

Maximizing the Value of Human Capital ▸▸ pp.44-45
Data by Region ▸▸ p.58

Relationships of trust with stakeholders

Stakeholder Engagement ▸▸ p.56

Medium- to Long-term Business Growth Scenario

The Group has mapped out a business growth scenario toward achieving the Furukawa Electric Group Vision 2030 and beyond, charting a path to sustainable growth by addressing social issues through its businesses. In particular, we see the challenges facing the rapidly growing global data center market as a significant revenue opportunity for the Group. We view the data center-related business as a pillar that will drive growth toward 2030 and support sustainable growth thereafter. In addition, we will create and develop new businesses originating from solutions to social issues with the aim of establishing new sources of revenue.



Note: This chart illustrates the timeline for achieving profitability.

Formulating a Purpose-driven Management Policy

Annual Securities Report: Item 2. [Overview of Business]
1. [Management Policy, Business Environment, and Issues to Be Addressed]

Based on the achievements and challenges of the Furukawa Electric Group Medium-term Management Plan 2022-2025 (the "2025 Medium-term Plan"), which concluded in FY2025, as well as the uncertainty and significant changes in the external environment, we shifted from the conventional medium-term management plan to a Purpose-driven management policy beginning in FY2026.

Against this backdrop, with 2030 in mind, we identified six management priorities encompassing both financial and non-financial aspects and taking into account revenue opportunities and risks, with the aim of achieving the Furukawa Electric Group Vision 2030. By selecting the management priorities that the Group should address as priorities and focusing our efforts on them, we will achieve sustainable growth and enhance corporate value over the medium- to long-term. We also presented the FY2030 financial target levels that we expect to achieve as a result. These target levels represent the levels we currently consider most achievable and will be reviewed as necessary in response to future changes in the external environment.

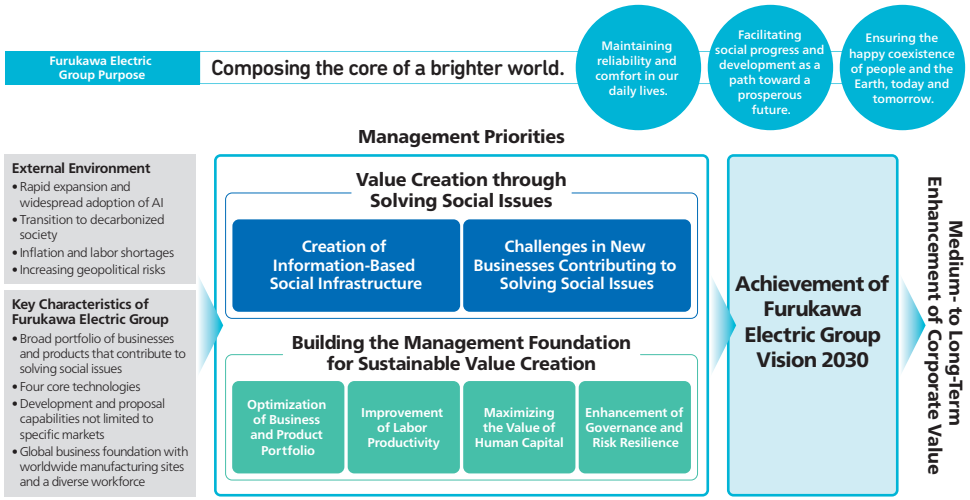
For details on this management policy, please see "Management Policy for Achieving Vision 2030" on pp.24-27 of this Integrated Report.

These initiatives align with the "Furukawa Electric Group Basic Policy on Sustainability,*" and the Group will continue to practice Purpose-driven management.

* For details of this policy, please see the "Sustainability" section of our website.

Website: Basic Approach to Sustainability

Overview of the Purpose-driven management policy



Review of the 2025 Medium-term Plan

The Group implemented its 2025 Medium-term Plan, covering the period from FY2022 to FY2025. The plan was formulated using both backcasting and forward-looking perspectives as a milestone toward achieving the Furukawa Electric Group Vision 2030. During the period of the plan, the Group set out to strengthen and create businesses that solve social issues in the domains of information, energy, and mobility, as well as in areas where these domains converge. As initiatives to expand revenues, the Group promoted three priority measures: (1) maximizing profits in existing businesses with a focus on capital efficiency, (2) building a foundation for creating new businesses by strengthening development and proposal capabilities, and (3) strengthening the foundation of ESG management.

Financial targets

In FY2025, consolidated net sales amounted to ¥1,307.6 billion, consolidated operating profit was ¥63.9 billion, and profit attributable to owners of parent was ¥72.5 billion. Under the 2025 Medium-term Plan, we also promoted management with a focus on capital efficiency, emphasizing ROIC and ROE as key management indicators. In FY2025, ROIC reached 12.2% and ROE 19.1%. We achieved all of the financial targets set for FY2025, including these targets.

2025 Medium-term Plan financial indicators and targets and FY2025 results

Financial indicators	FY2025 targets	FY2025 results
ROIC (after tax)	6% or higher	12.2%
ROE	11% or higher	19.1%
Net D/E ratio	0.8 or lower	0.6
Equity capital ratio	35% or higher	39.1%
Net sales	¥1.1 trillion or higher	¥1.3 trillion
Operating profit	¥58.0 billion or higher	¥63.9 billion
Profit attributable to owners of parent	¥37.0 billion or higher	¥72.5 billion

Formulating a Purpose-driven Management Policy

Review of the 2025 Medium-term Plan

Sustainability indicators and targets

We identified material issues (key management issues that the Group should address) from the perspectives of both revenue opportunities and risks, established sustainability indicators and targets for each, and pursued initiatives accordingly. While we largely achieved our targets, the targets for "employee engagement score" and "ratio of female employees in managerial positions" were not achieved. We will continue working to improve these areas through various initiatives, such as promoting activities to instill the Purpose, improving the working environment for managers, and providing educational opportunities related to career design.

Material issues of revenue opportunities

1. Creating businesses that solve social issues
   - Creating businesses that support next-generation infrastructure
   - Creating environment-friendly businesses
2. Open, Agile, Innovative
3. Building partnerships with various stakeholders

Material issues of risks

- E: Developing business activities that consider climate change
- S: Strengthening human capital management and organizational execution abilities
- G: Building a governance system to strengthen risk management
  - Corporate governance
  - Group governance
  - Supply chain management
  - Human rights and labor practices

Sustainability indicators/targets and FY2025 results

Sustainability indicators	Scope	FY2025 targets	FY2025 results	results*8
Sales ratio of environment-friendly products	Group	70%	72.1%	Achieved
R&D expense growth rate for new businesses (compared with FY2021)*1	Group	125%	156%	Achieved for three years
Implementation rate of IP landscaping for strengthening businesses and themes for creating new businesses	Group	100%*2	100%*2	Achieved
GHG emissions reduction rate (Scope 1 & 2) (compared with FY2021)*3	Group	-18.7%	-43.1%	Achieved
Ratio of renewable energy use to total electricity consumption*3	Group	30%	52.2%	Achieved
Employee engagement score*4	Group	80	76	Not achieved
Ratio of female employees in managerial positions	Furukawa Electric	7.0%	6.3%	Not achieved
Ratio of mid-career hires in total new hires (managerial positions, career-track, and clerical positions)*1	Furukawa Electric	30%*5	52.8%	Achieved every year
Ratio of follow-up on risk management activities for all risk domains*1	Group	100%	100%	Achieved every year
Ratio of SAQ*6 implementation based on the CSR Procurement Guidelines for major suppliers	Group	100%	100%	Achieved
Implementation rate of human rights risk training for managerial positions*1, *7	Group	100%	100%	Achieved every year

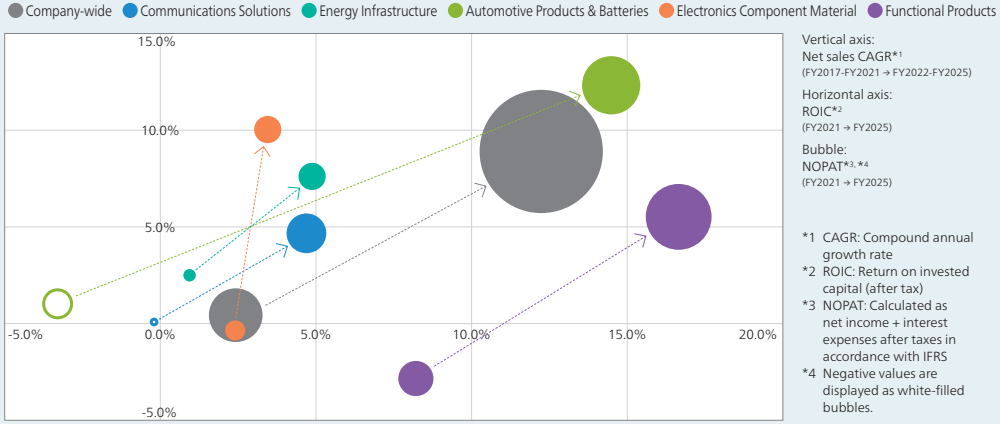
*1 Indicators with single-year targets. Other indicators are indicators with targets to be achieved by FY2025.
*2 We initially set a target of 100% completion for the themes set in FY2022, and this target was achieved in FY2024.
*3 The base year and target values were revised in conjunction with the revision of the Environmental Targets 2030 in FY2022.
*4 The target value was set in FY2022. The scope of the target was broadened to include domestic and overseas Group companies in FY2023, changing the target from non-consolidated to the Group target.
*5 Means maintaining a level of approximately 30% each fiscal year.
*6 SAQ: Self-Assessment Questionnaire
*7 The initiative was launched in FY2022 with the target of starting implementation in Japan, and 100% has been achieved by the Group every year.
*8 For indicators with targets to be achieved by FY2025, the status as of FY2025 is presented. For single-year-target indicators, the number of years in which the target was achieved is presented.

Priority measures

Three priority measures and results

1 Maximize profits in existing businesses with a focus on capital efficiency	・Restructure the global fiber cable business and others ・Sell shares in listed subsidiaries ・Withdraw from businesses, pursue M&As, etc.	・Improve financial indicators related to capital efficiency, including ROIC and ROE
2 Build a foundation for creating new businesses by strengthening development and proposal capabilities	・Establish a dedicated social design organization ・Actively deploy capital investments, M&As, etc.	・Build foundations for new businesses (e.g., life sciences, laser applications, superconductors, green LPG)
3 Strengthen the foundation for ESG management	・Address climate change ・Strengthen human capital and organizational execution abilities ・Pursue initiatives to enhance governance	・Progressively reduce GHG emissions ・Transition to a Company with an Audit & Supervisory Committee

ROIC by segment during the 2025 Medium-term Plan



Vertical axis:
Net sales CAGR*1
(FY2017-FY2021 → FY2022-FY2025)

Horizontal axis:
ROIC*2
(FY2021 → FY2025)

Bubble:
NOPAT*3, *4
(FY2021 → FY2025)

*1 CAGR: Compound annual growth rate
*2 ROIC: Return on invested capital (after tax)
*3 NOPAT: Calculated as net income + interest expenses after taxes in accordance with IFRS
*4 Negative values are displayed as white-filled bubbles.

Achieving Vision 2030

Annual Securities Report: Item 2. [Overview of Business]
1. [Management Policy, Business Environment, and Issues to Be Addressed]

Furukawa Electric Group Vision 2030

Our ideal state

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

Website: Furukawa Electric Group, Vision 2030



Management policy for achieving Vision 2030

Financial target levels* (FY2030)

Operating Profit ¥250 billion / ROE 20% / ROIC 15%

* Financial target levels are as of May 19, 2026, and are subject to review as necessary in light of changes in the external environment.

Management priorities

To translate the Furukawa Electric Group Vision 2030 into concrete strategies, members of the Management Committee and Board of Directors held approximately 20 discussions over a period of around two years. This process led us to identify six management priorities requiring focused attention from the perspectives of revenue opportunities and risks, as well as financial and non-financial factors. These issues, newly established since the start of FY2026, have the potential to significantly affect the achievement of Vision 2030 and sustainable growth beyond it.

To achieve sustainable business growth, we will create value by addressing social issues through "creation of information-based social infrastructure" and "challenges in new businesses contributing to solving social issues." To make this value creation sustainable, we will also pursue "optimization of business and product portfolio," "improvement of labor productivity," "maximizing the value of human capital," and "enhancement of governance and risk resilience."

Value creation through solving social issues

Creation of information-based social infrastructure

Challenges in new businesses contributing to solving social issues

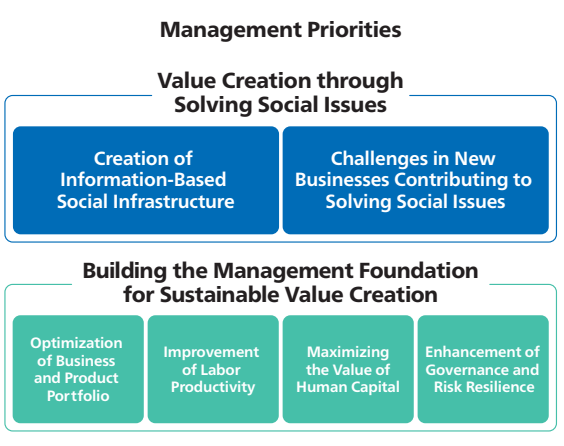
Building the management foundation for sustainable value creation

Optimization of business and product portfolio

Improvement of labor productivity

Maximizing the value of human capital

Enhancement of governance and risk resilience



Achieving Vision 2030

Process of identifying management priorities

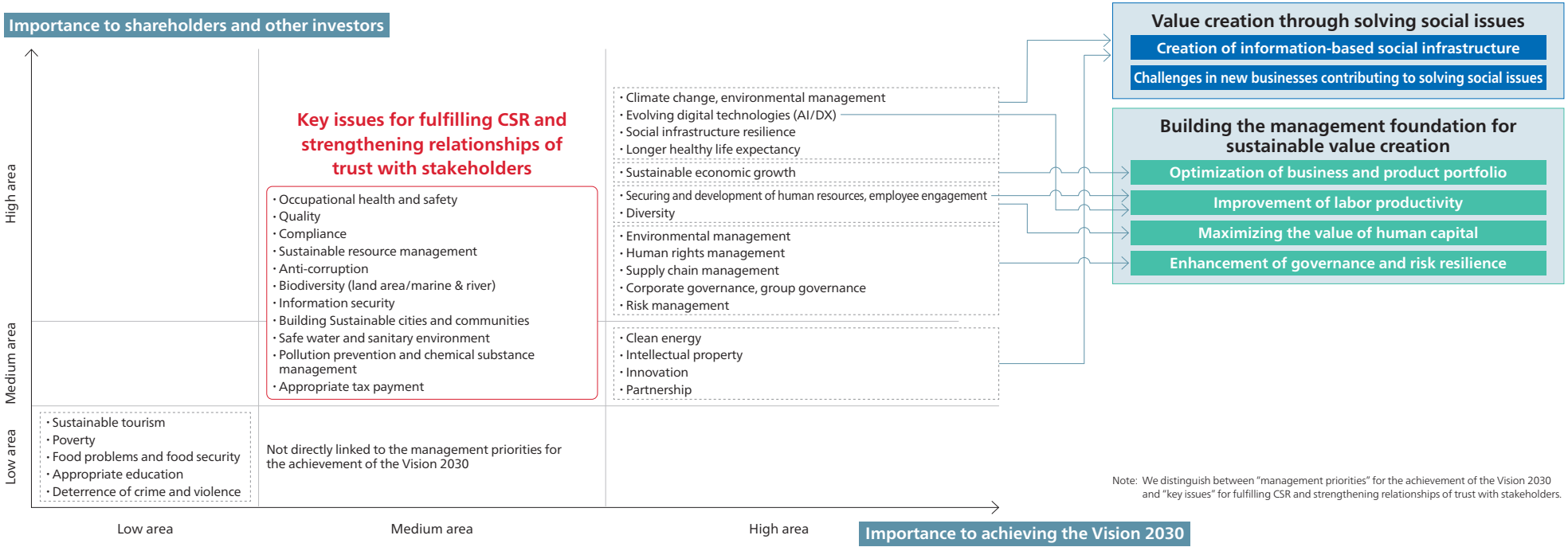
Identification of management priorities was conducted through a four-step process. First, in Step 1, we identified social issues based on "external factors" and "internal factors" and created a list of significant items. In Step 2, the "importance to shareholders and other investors" was evaluated as High, Medium, or Low. In Step 3, the "importance to achieving the Vision 2030" was evaluated as High, Medium, or Low based on the likelihood and timing of occurrence of risks and opportunities, as well as the magnitude of financial impact. In Step 4, items identified as high-priority through Steps 2 and 3 were classified into "key issues for achieving the Vision 2030" and "key issues for fulfilling corporate social responsibility (CSR) and strengthening relationships of trust with stakeholders." The former were then further organized to identify the management priorities for the achievement of the Vision 2030.

Going forward, we will regularly conduct these steps and review the management priorities as necessary.

Regularly reviewing the management priorities

STEP 1	STEP 2	STEP 3	STEP 4
Understanding and organizing social issues	**Evaluation using map of key issues (vertical axis)**	**Evaluation using map of key issues (horizontal axis)**	**Identification of key issues**
・Identifying social issues based on external and internal factors, organizing priority items, and updating the list of items	・Reviewing the importance to shareholders and investors Evaluating the importance to shareholders and investors (High, Medium, or Low) based on the evaluation criteria, weighting, and assessment results of ESG rating agencies and ESG standards, as well as dialogue outcomes with institutional investors	・Reviewing the importance to achieving the Vision 2030 Evaluating the importance of risks and opportunities (High, Medium, or Low), taking financial impact into account	・Classifying items identified as high-priority through Steps 2 and 3 into "key issues for achieving the Vision 2030" and "key issues for fulfilling CSR and strengthening relationships of trust with stakeholders," and then further organizing the former to identify the management priorities

Identification map



Management priorities for the achievement of the Vision 2030

Value creation through solving social issues

- Creation of information-based social infrastructure
- Challenges in new businesses contributing to solving social issues

Building the management foundation for sustainable value creation

- Optimization of business and product portfolio
- Improvement of labor productivity
- Maximizing the value of human capital
- Enhancement of governance and risk resilience

Note: We distinguish between "management priorities" for the achievement of the Vision 2030 and "key issues" for fulfilling CSR and strengthening relationships of trust with stakeholders.

Achieving Vision 2030

Basic strategy

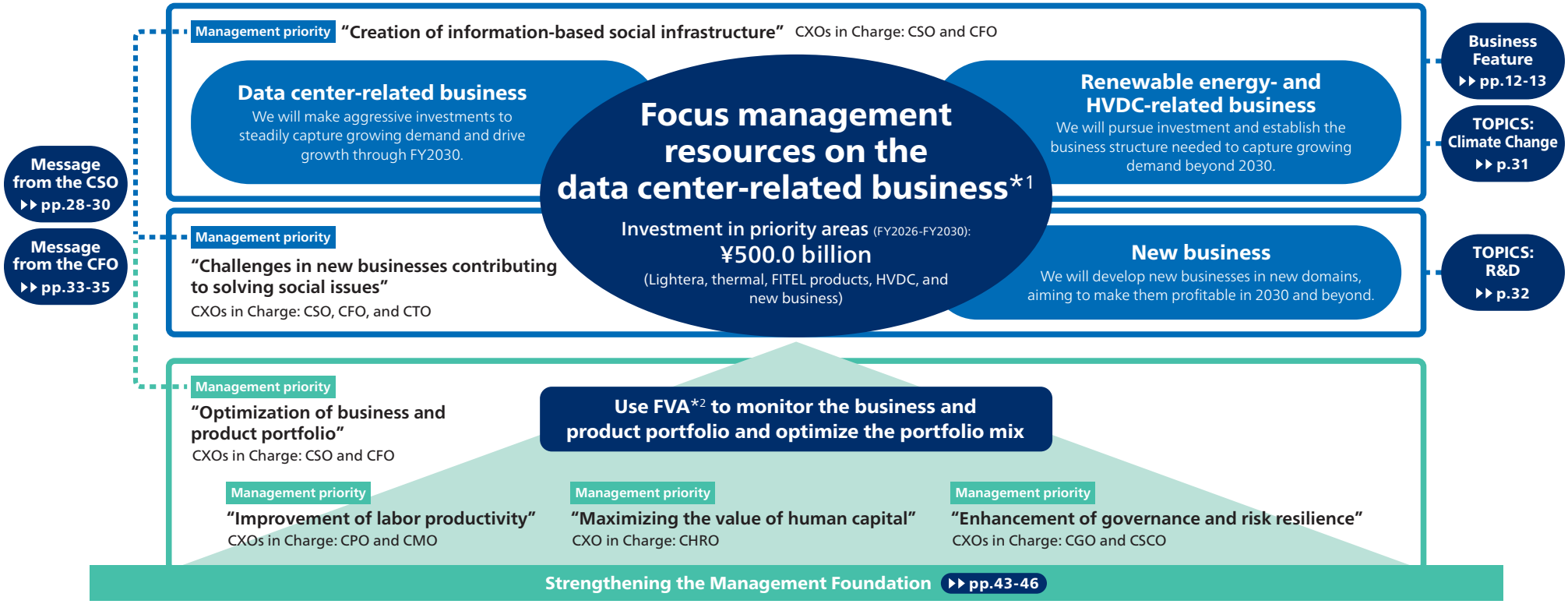
Initiatives to address the management priorities

Toward 2030 in particular, we will focus management resources on priority areas, led by our data center-related business, where demand continues to expand. Our priority areas will be our data center-related business, which helps address challenges posed by increasingly advanced data centers and the need to balance their growth with energy considerations, and the renewable energy- and HVDC-related business, where we see future demand expansion and earnings growth. We will actively invest in and pursue various initiatives in these areas. In addition, we will work relentlessly to create new businesses in new domains. To enable this and establish a sustainable management foundation for growth beyond 2030, we will rigorously pursue initiatives to improve capital efficiency and reduce the cost of capital while strengthening governance and enhancing risk resilience.

Transition to an organizational structure with stronger execution capabilities

In addition to restructuring our operations and significantly transferring head office functions to business divisions, we introduced a CXO-based structure* at the start of FY2026. Each management priority is assigned to a CXO, who takes clear management responsibility for addressing it from a Group-wide optimization perspective. CXOs have end-to-end executive authority, from strategy formulation and execution to monitoring and course correction, and are accountable for achieving the relevant performance indicators.

* An executive structure under which each CXO is responsible for a specific function and management priorities.



*1 The data center-related business includes Lightera in the Optical Solutions domain; thermal management solutions & products in the Digital Infrastructure Components domain; FITEL products; AT (tape for semiconductor process); memory disk; copper foil; and photonics-electronics convergence devices.
*2 FVA: Furukawa value added. EVA was customized for the Company and introduced as an internal management indicator in FY2022.

Achieving Vision 2030

Redesigning the meeting structure to support the CXO system

The management priorities span across business divisions, headquarters functions, sustainability, and risk management. This created challenges, as relying solely on traditional organizational unit management often obscured lines of responsibility and decision-making. We therefore introduced the CXO-based structure at the start of FY2026 and reviewed our meeting structure accordingly. We will establish the new CXO Meeting to organize key issues relating to important matters, discuss them from a company-wide perspective, and consider solutions that take recognized risks into account. This will enable us to address the management priorities across organizational boundaries while accelerating and enhancing decision-making by the Management Committee.

For matters related to sustainability and risk management, including compliance and risks, the Group has established the Sustainability Committee and the Risk Management Committee to consolidate discussions within the Group and further enhance the quality and speed of execution.

Please also see "Corporate Governance" on pp.47-52 and "Risk Management" on p.53 of this Integrated Report.

Sustainability Committee (Chair: President, Vice Chair: CSO)

The Sustainability Committee assumes the function of monitoring the progress of performance indicators for the management priorities. The Committee reports matters deliberated or confirmed to the Management Committee, and if necessary, raises issues at the CXO Meeting. The Management Committee then holds necessary discussions and makes decisions, submits proposals and reports to the Board of Directors, and is subject to the Board's oversight with respect to the matters submitted or reported. (Meetings are held twice a year in principle.)

Risk Management Committee (Chair: President, Vice Chair: CGO)

The Risk Management Committee takes a comprehensive view of risks through risk evaluations based on the assessment results and identifies risks closely tied to management priorities as significant risks that require a Group-wide response, addressing these risks in cooperation with the Sustainability Committee. To fulfill our corporate social responsibility (CSR) and reinforce relationships of trust with stakeholders, we have also established individual committees to closely monitor and manage risks associated with relevant management priorities. The Risk Management Committee deliberates on issues related to risk management, internal controls, and compliance across the Group, while also overseeing and driving responses to these issues. The Committee reports its activities to the Management Committee and the Board of Directors on a regular basis and is subject to the Board's oversight. (Meetings are held twice a year in principle.)

Financial strategy

For details, please see "Message from the CFO" on pp.33-35 of this Integrated Report.

Toward FY2030, we will accelerate investments in growth areas, centered on the data center-related business, while monitoring FVA* to optimize our business and product portfolio and improve capital efficiency.

We have also established the FY2030 financial target levels expected to result from these initiatives: consolidated operating profit of ¥250.0 billion, ROE of 20%, and ROIC of 15%. These targets will be reviewed as necessary in light of changes in the external environment and other factors.

* FVA: Furukawa value added. EVA was customized for the Company and introduced as an internal management indicator in FY2022.

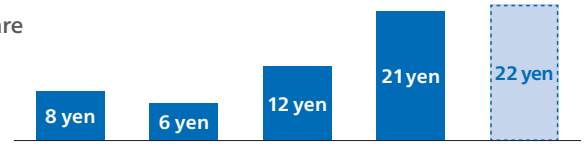
Basic policies for capital strategy and cash allocation

- Practice investment management to balance growth investment and capital efficiency
- Ensure a sound financial base
- Provide stable and ongoing shareholder returns

Basic policy on shareholder returns

For the Vision 2030 period (FY2026-FY2030), our basic policy is to provide stable shareholder returns after making investments to enhance corporate value. We will pay dividends targeting 3.5% of shareholders' equity.

Annual dividend per share (adjusted for stock split)



	FY2022 results	FY2023 results	FY2024 results	FY2025 results	FY2026 forecast
Profit attributable to owners of parent	¥15.9 billion	¥6.5 billion	¥33.4 billion	¥72.5 billion	¥82.0 billion
Payout ratio	35.4%	64.9%	25.4%	20.4%	18.9%
Dividend on equity (DOE)	-	-	-	3.9%	3.5%

Basic policy on shareholder returns revised from FY2026

Payout ratio target of 30%
➔ **DOE-based dividends targeting 3.5%**
(Provide stable dividends that are not dependent on prevailing profit levels while accelerating investment in priority areas.)

Note: The Company conducted a 10-for-1 stock split of its common shares effective July 1, 2026. The annual dividend per share figures shown in this graph have been retrospectively adjusted to reflect the stock split.

Business strategy

For details, please see "Business Strategies" on pp.36-42 of this Integrated Report.



Message from the CSO

We will execute sharply focused strategies to capture growth opportunities.

Satoshi Miyamoto
Representative Director, Corporate Executive Vice President and CSO

Review of the 2025 Medium-term Plan —Sharpening our strategy

Under the Furukawa Electric Group Medium-term Management Plan 2022-2025 (hereinafter, the "2025 Medium-term Plan"), we advanced our transition to management focused on capital efficiency and concentrated on business portfolio reform. Based on the profitability and market potential of each business, we pursued capital alliances, M&As, business restructuring, and other measures. As a result, we achieved all of our financial targets, including capital efficiency indicators like ROIC and ROE.

We placed particular emphasis on sharpening our strategies. We took an objective view of the market and competitive environment, as well as our own strengths and challenges, bringing the realities of our situation into clear view—even those we might have preferred not to confront. This disciplined approach led to more effective strategies and better decision-making.

Looking back, developments did not unfold as envisaged when we initially formulated the 2025 Medium-term Plan. The data center market also expanded far more rapidly than anticipated, driven by the proliferation of generative AI. In the latter half of the 2025 Medium-term Plan period, in particular, the booming data center market provided us with strong tailwinds. By accurately identifying changes in the business environment and responding flexibly while continually sharpening our strategies, I believe we were able to steadily capitalize on these changes as opportunities for growth.

Key business restructuring and other initiatives under the 2025 Medium-term Plan

Main purpose	Business restructuring and other initiatives
Growth strategies	Acquisition of all shares of Fujitsu Optical Components Limited
	Capital and business alliance with Metro Weather Co., Ltd.
	Acquisition of shares of Hakusan Inc.
	Conversion of MFOPTEX Co., Ltd., into a consolidated subsidiary
	Investment in Tokamak Energy Ltd.
Growth strategy and profitability improvement	Restructured the global optical fiber and cable business
Profitability improvement	Restructured the metal wire business
Corporate governance reforms	Sold shares of Furukawa Battery Co., Ltd.
	Sold shares of Totoku Electric Co., Ltd.
Capital efficiency improvement	Sold shares of Fuji Furukawa Engineering & Construction Co., Ltd.
	Sold partial holdings of UACJ Corporation
	Transferred equity interest in Essex Furukawa Magnet Wire LLC

Role of the CSO
—Executing strategies aimed at achieving Vision 2030

Our "Management policy to achieve Vision 2030" (hereinafter, the "2030 Management Policy") identifies six management priorities from both the perspectives of revenue opportunities and risks. I am responsible for three of these priorities: "creation of information-based social infrastructure," "challenges in new businesses contributing to solving social issues," and "optimization of business and product portfolio."

Looking toward 2030, for example, we will steadily grow our data center-related business*1 into a core earnings business for the Furukawa Electric Group. At the same time, we will build a foundation for our renewable energy- and HVDC*2-related business and develop and create new businesses as new pillars of earnings beyond 2030. For our other businesses, we will also work on optimization of our product portfolio to improve profitability.

In particular, we will focus our management resources on the data center-related business. By making investments on an unprecedented scale, we will significantly expand our supply capacity and respond swiftly to the needs of major customers. To achieve this, we must steadily secure and develop the necessary talent and appropriately allocate cash flow, among other measures. In addition to simply formulating strategies, my role is to identify early signs of change and translate those strategies into results, reviewing resource allocation and priorities as necessary.

I also believe we must make faster, higher-quality decisions and strengthen our execution capabilities. Under organizational reforms implemented at the start of FY2026, we transitioned from a divisional structure to a CXO-based structure and substantially transferred head office functions to the business divisions. Strengthening management in this way is also one of my missions as CSO.

*1 The data center-related business includes Lightera in the Optical Solutions domain; thermal management solutions & products in the Digital Infrastructure Components domain; FITEL products; AT (tape for semiconductor process); memory disk; copper foil; and photonics-electronics convergence devices.
*2 HVDC: High voltage direct current

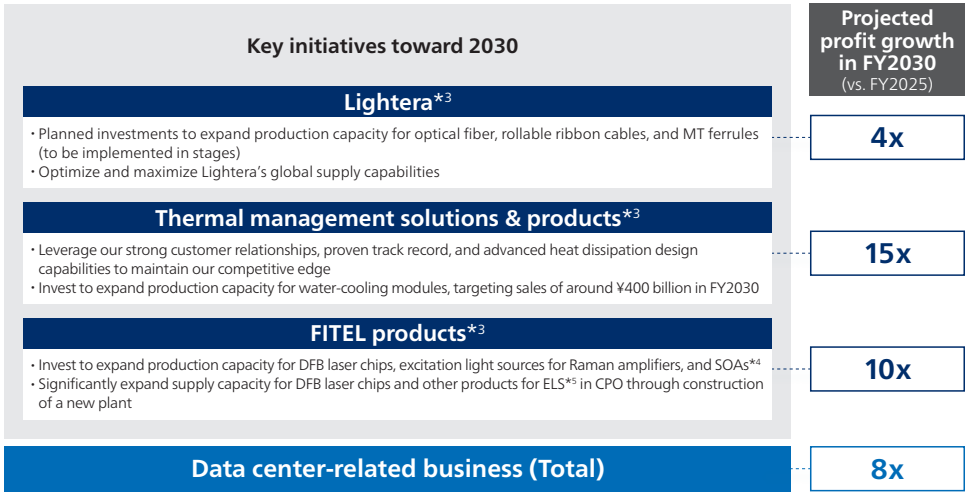
Data centers and renewable energy/HVDC
—Turning growth opportunities into profits

In the data center market, major customers are rapidly moving to secure their supply chains, while technological innovation continues at a rapid pace. Against this backdrop, it is important for us to become deeply embedded in our customers' ecosystems and establish ourselves as an indispensable partner. Our strength is our ability to offer comprehensive solutions to the wide-ranging challenges facing data centers, from advances in optical communications to heat dissipation and cooling and energy-related issues. Leveraging this strength, we will make proposals that address the challenges of major customers from the early stages of product development, further expanding and deepening our long-term partnerships with them.

In addition to the data center-related business, we see the renewable energy- and HVDC-related business as a new earnings pillar beyond 2030. In our HVDC-related business, we will establish a new production site in Japan by 2030 and advance the development of ultra-long direct current submarine cable technology while building and strengthening our network of partners.

Addressing climate change is another important consideration in ensuring that we translate this growth opportunity into profits. In recent years, building partnerships with global customers has increasingly required us to curb GHG emissions even as we expand production. Taking rising carbon costs and other risks into account, we will deliver long-term business growth by reducing GHG emissions through increased use of renewable energy and other measures.

Data center-related business: Future initiatives and projected profit growth



*3 Three businesses in our data center-related business are shown as examples. These businesses also include AT (tape for semiconductor process), memory disk; copper foil, and photonics-electronics convergence devices.
*4 SOA: Semiconductor optical amplifier
*5 ELS: External light source

Note: The information presented above is current as of May 19, 2026, and is subject to review as necessary in light of changes in the external environment.

Creating new businesses
—Nurturing the seeds of future growth

Creating new businesses is also essential to sustainable growth. Accordingly, the Group is working to identify and nurture new businesses as one of its management priorities.

For new businesses, we have established a clearly defined pipeline and manage each business according to its progress. Currently, we are pursuing business expansion and profitability in life sciences, superconductors, and laser applications, which we designate as "scale-up themes." We are also nurturing green LPG, social DX, and aerospace—designated as "incubation themes"—while conducting validation with a view to future commercialization. Going forward, we might accelerate some themes in response to changing market conditions and technological trends, while for others we might decide to change direction or withdraw. The key is to not increase the number of themes but improve the quality of our new business portfolio by establishing clear milestones and continually assessing progress against them.

Our new businesses are not entirely separate from our existing businesses, but instead build on the Group's core technologies, particularly in metals and photonics. Rather than relying solely on our own resources, moreover, we will accelerate commercialization by actively leveraging M&As, venture capital, and collaboration with universities and other companies.

While many themes are still at the up-front investment stage, we are steadily building a business pipeline to support growth beyond 2030. We will assess the potential of each theme as we move toward commercialization, nurturing the seeds of businesses that could become our next pillars of earnings.

Optimization of business and product portfolio
—Advancing market-driven resource allocation

Regarding our business portfolio for 2030, we have set out a plan in our 2030 Management Policy to optimize the allocation of resources—including capital expenditures—with the goal of having the data center-related business account for 80% of consolidated operating profit by 2030. Our first priority is to realize that plan. To this end, each business will work to improve its product portfolio at the product group level by developing and expanding sales of new high-value-added products, scaling back or discontinuing products with low profitability, optimizing prices, reducing costs, and improving productivity.

At the same time, our business portfolio must continually evolve in response to changes in business conditions. Where product portfolio optimization alone is unlikely to deliver sufficient improvement in a business—as assessed in terms of FVA*6, ROIC, and growth potential—we will undertake a fundamental review, including the possibility of exiting the business or partnering with other companies. In the process, rather than simply applying these assessment criteria to our existing business categories, we must also reassess how businesses are defined based on evolving markets and customer needs. This approach led us to identify the data center-related business as a priority area for the Group.

*6 FVA: Furukawa value added. EVA was customized for the Company and introduced as an internal management indicator in FY2022.

Executing our growth strategy

Our 2030 Management Policy represents a challenge for the Group to pursue growth on an entirely different scale from anything we have achieved before. However, this is not simply an optimistic projection. Given the growth outlook for the data center market, our long-term relationships of trust with customers, and the Group's diverse technologies and broad business base, we believe this goal is well within reach.

At the same time, we must overcome many challenges to achieve this goal. In our growth businesses, we must reliably execute large-scale capital investments and ensure stable supply capacity. We must also secure and develop the talent needed to support business expansion and manage cash flow in a way that balances growth investment with financial discipline. Furthermore, we must remain highly attuned to constantly changing market conditions, customer needs, and technological trends, identifying early signs of change and reviewing resource allocation and execution plans as necessary.

We will translate our growth scenario toward 2030 into concrete execution and deliver results while continuously reviewing our progress. Working closely with each CXO and business head, we will steadily advance capital investment and R&D in our priority businesses, secure the necessary talent, nurture and commercialize new businesses, and optimize our portfolio, thereby accelerating sustainable growth.

TOPICS Climate Change

Addressing Climate Change for Sustainable Growth

Annual Securities Report: Item 2. [Overview of Business] 2. [Approach and Initiatives toward Sustainability]
Website: Information Disclosure Based on the TCFD Recommendations

Under the management priority "Creation of information-based social infrastructure," we will focus on the data center-related business and the renewable energy- and HVDC-related business, with particularly rapid growth expected in the data center-related business as a pillar of earnings toward 2030. Against this backdrop, climate change is one issue that is inextricably linked to our growth strategy. In doing business with major customers, we will be expected to keep greenhouse gas emissions under control even as production volumes increase, while also facing potential cost increases from carbon taxes and the purchase of renewable energy certificates. We must therefore achieve both earnings growth and effective action on climate change. With a view to sustainable growth beyond 2030, meanwhile, we will steadily advance our climate change initiatives across our other businesses as well, including efforts to curb greenhouse gas emissions and increase the ratio of renewable energy to total consumption.

Key businesses and product groups balancing earnings growth with climate action

The Furukawa Electric Group aims to achieve sustainable growth by balancing earnings growth with climate action, particularly in the data center-related business and the renewable energy- and HVDC-related business.

Data center-related businesses
- Lightera (optical fiber, optical cables, optical connection products, and fusion splicers)
- AT (tape for semiconductor process)
- Memory disk (aluminum blanks for HDDs)
- Thermal management solutions & products (air-cooling heat sinks and water-cooling modules)
- Copper foil (electrolytic copper foil for printed circuit boards and batteries)
- FITEL products (DFB laser chips, excitation light sources for Raman amplifiers, SOAs, and tunable laser sources)
- Photonics-electronics convergence devices (optical transmission devices, optical transceiver modules, and optical modulators)

Renewable energy- and HVDC-related business
- Power cable (extra-high-voltage and high-voltage underground cables, submarine cables, water pipes, and installation work)
- HVDC (HVDC cables)

Initiatives to achieve net-zero greenhouse gas emissions across the entire value chain

We are reducing greenhouse gas emissions across the entire value chain to build co-creation relationships by consistently meeting major customers' carbon neutrality requirements, while also preparing for higher energy procurement costs arising from carbon taxes, renewable energy certificates, and other factors.

Under the Environmental Vision 2050, we aim to achieve net-zero greenhouse gas emissions across the entire value chain as part of our efforts to "contribute to realizing a carbon-free society."

We disclose information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and have started formulating a climate transition plan. We aim to balance sustainable corporate growth with our goal under the Environmental Vision 2050 of achieving "net-zero greenhouse gas emissions across the entire value chain."

For details, please see the Annual Securities Report.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Indicators and targets

Based on the Furukawa Electric Group Environmental Vision 2050, we have established the Environmental Targets 2030. We have set the GHG emissions reduction rate (Scope 1, 2, and 3) and ratio of renewable energy use to total electricity consumption as indicators and are working to achieve the 2030 targets.

Website: Environmental Policy/Medium- to Long-term Vision and Targets

Indicators	Scope	Base year	Results		Targets				Vision
			FY2024	FY2025	FY2025	FY2026	FY2030	FY2035	FY2050
GHG emissions reduction rate (Scope 1 & 2)*	Group	2021	-34.8%	-43.1%	-18.7%	-23.4%	-42%	-63%	Net Zero
GHG emissions reduction rate (Scope 3)	Group	2021	-8.8%	-25.1%	-11.1%	-13.9%	-25%	-38%	
Ratio of renewable energy use to total electricity consumption	Group	-	39.6%	52.2%	30%	34%	50%	70%	-

* The greenhouse gas emissions produced by the Group are mainly energy-derived carbon dioxide (CO_2) and sulfur hexafluoride (SF_6).

Notes:
1. We previously included the sales ratio of environmentally friendly products as an indicator, but having achieved the target during the 2025 Medium-term Plan, we will no longer set an indicator or target for that from FY2026 onward. For results during the 2025 Medium-term Plan, please see "Review of 2025 Medium-term Plan" on pp.22-23 of this Integrated Report.
2. In FY2025, we reached our FY2030 targets under the Environmental Targets 2030 for the GHG emissions reduction rate (Scope 1, 2, and 3) and the ratio of renewable energy use to total electricity consumption. However, we have left these targets unchanged, taking into account the potential for emissions to increase significantly as our businesses grow from FY2026 onward, as well as ongoing discussions on revisions to the Greenhouse Gas (GHG) Protocol.

TOPICS Research & Development

Strengthening the Research & Development Foundation to Accelerate New Business Creation

Annual Securities Report: Item 2. [Overview of Business] 1. [Management Policy, Business Environment, and Issues to Be Addressed]
Website: R&D

One of our management priorities is "Challenges in new businesses contributing to solving social issues." Under this priority, we will boldly create and develop new businesses in new domains, with the aim of establishing them as profitable businesses beyond 2030. At present, we are focusing on life sciences, superconductors, and laser applications as "scale-up themes" with particularly strong potential, and green LPG, social DX, and aerospace as "incubation themes" with a view to their future transition to scale-up themes. We will also explore new themes to identify further growth opportunities.
These initiatives are underpinned by our R&D foundation, which is built on our four core technologies: metals, polymers, photonics, and high-frequency. Under our new research vision, we will strengthen this foundation by further advancing our technologies, promoting co-creation with stakeholders, and leveraging intellectual property.



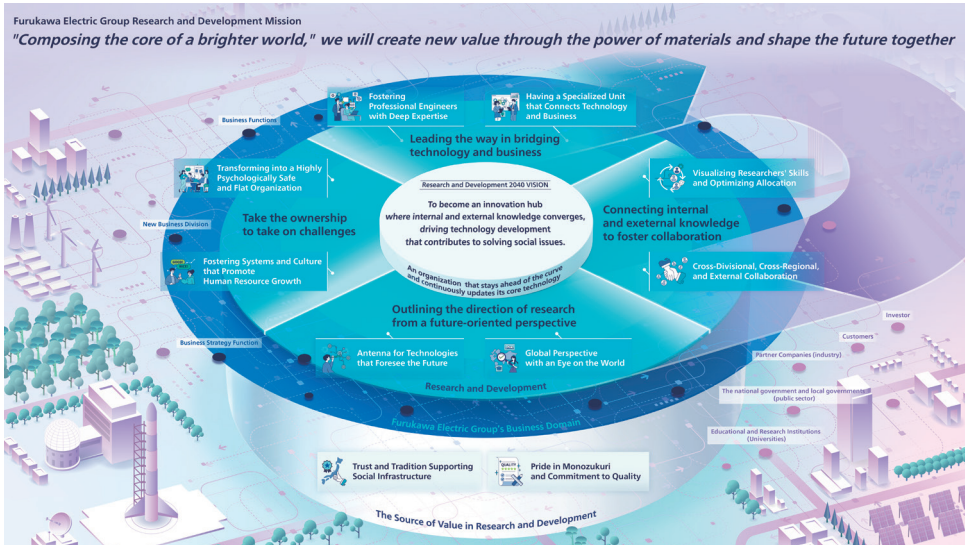
Akira Fujisaki
Corporate Senior Vice President
Chief Technology Officer (CTO)

Research vision

Guided by the Furukawa Electric Group Purpose, we conduct R&D aimed at achieving the Furukawa Electric Group Vision 2030 while also looking ahead to the future beyond 2030.

In FY2025, we developed a new research vision through extensive dialogue with management and discussions by a dedicated project team. Based on this vision, we will move forward with developing road maps and other plans. We also reorganized our research & development structure*1 at the start of FY2026 to further accelerate our pursuit of new technologies.

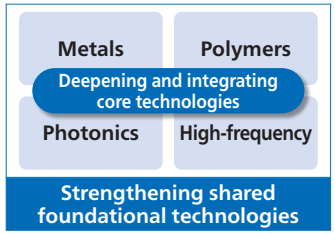
Research & development Vision Map (simplified)



Deepening and strengthening technologies

We will further deepen and strengthen the Group's four core technologies by promoting their integration. In particular, our Advanced Technology Laboratory will drive the enhancement of materials technologies, including those related to metals, polymers, and photonics.

We will also strengthen the foundational technologies shared across all businesses, including technologies related to simulation, analysis and reliability, and software. These efforts will be led by the Fundamental Technology Laboratory.



Promoting collaboration with stakeholders

We actively promote collaboration with stakeholders through industry-government-academia partnerships and the establishment of collaborative organizations and sites. We also use our corporate venture investment framework to invest in and partner with start-ups, with the aim of gaining access to the technologies, talent, and markets we need.

Leveraging intellectual property

The Group has actively leveraged IP landscaping*2 to strengthen businesses in growth areas and build the foundation for creating new businesses*3.

Guided by our basic policy for intellectual property activities—"Leverage intellectual property globally and achieve Vision 2030 through the integrated efforts of business, research & development, and intellectual property"—we will pursue initiatives aimed at Risk Minimization (business stabilization) and Chance Maximization (expansion of business opportunities) while leveraging intellectual property to foster and create new businesses.

For details, please see the Intellectual Property Report.

Website: Intellectual Property Report

*1 Following the substantial transfer of existing research & development functions to the business divisions, we reorganized our research & development structure around two laboratories: the Advanced Technology Laboratory and the Fundamental Technology Laboratory.
*2 IP landscaping: When formulating management or business strategies, we conduct an analysis that incorporates IP information into management and business information, and share the results, including a broad view of the current status and future perspectives, with management and business managers.
*3 Previously, we used the implementation rate of IP landscape analysis for strengthening the businesses and themes for creating new businesses as an indicator. However, having achieved the target during the 2025 Medium-term Plan, we will no longer set an indicator or target from FY2026 onward. For results during the 2025 Medium-term Plan, please see "Review of the 2025 Medium-term Plan" on pp.22-23 of this Integrated Report.



Message from the CFO

We will strike the right balance between growth investment, financial discipline, and shareholder returns, providing the financial support needed to execute our growth strategy.

Koji Aoshima
Representative Director, Corporate Senior Vice President and CFO

Review of the 2025 Medium-term Plan —Embedding capital efficiency-focused management

In FY2025, consolidated net sales reached ¥1,307.6 billion, up 8.8% year on year. Operating profit rose 35.8% to ¥63.9 billion, and ordinary profit grew 56.4% to ¥75.9 billion. Profit attributable to owners of parent was ¥72.5 billion, up 117.4% year on year. We also made steady progress in terms of capital efficiency. ROIC, one of the financial indicators under the Furukawa Electric Group Medium-term Management Plan 2022-2025 (hereinafter, the "2025 Medium-term Plan"), reached 12.2%, well above the 6% target, while ROE came to 19.1%, exceeding the 11% target. In addition, we continued to reduce interest-bearing debt, improving the net D/E ratio to 0.6 and the equity capital ratio to 39.1%. In summary, we achieved all the financial targets set out in the 2025 Medium-term Plan and made progress in both profitability and financial soundness, which I regard as a significant achievement.

More important than achieving these financial targets, however, was the progress we made in embedding capital efficiency-focused management throughout the Furukawa Electric Group and the tangible results we began to see from these efforts. While working to improve asset efficiency and our financial position—including by reducing cross-shareholdings—management has engaged in ongoing discussions on how to allocate the funds generated toward growth investment, debt reduction, and securing future investment capacity. In our business divisions, as well, we have used ROIC and FVA*1 to visualize capital efficiency by business, enabling us to understand how much capital each business uses and how much value it generates. With that in mind, we have forged ahead while clearly designating the individuals responsible for implementing improvements. Through these accumulated efforts, we have expanded our discussions beyond improving indicators, such as ROIC and FVA, to evaluating businesses and investments from the perspective of Group-wide optimization. This perspective has spread from management to the business divisions, which I believe was a key accomplishment of the 2025 Medium-term Plan.

*1 FVA: Furukawa value added. EVA was customized for the Company and introduced as an internal management indicator in FY2022.

Improving financial soundness —Supporting trusted customer relationships

In considering the appropriate level of financial soundness, increasing the equity capital ratio reduces leverage, which can put downward pressure on ROE. At the same time, as we expand our business globally, it is essential to maintain a certain level of equity capital and a stable financial foundation.

The importance of this was reinforced in my mind through our business with overseas customers. In particular, hyperscalers driving the data center market rigorously assess not only their suppliers' technological and product capabilities but also their financial strength. In fact,

we have been asked questions such as, "Why do you have so much debt?" and "Is your equity capital ratio sufficient?" Customers want more than just high-quality products. They also need to know they can rely on us as a business partner for the long term. I see financial soundness as more than just a defensive measure. It is an important competitive strength that helps position us as a trusted long-term partner for our customers.

Role of the CFO
—Executing financial strategies for growth

Under our "Management policy to achieve Vision 2030" (hereinafter, the "2030 Management Policy"), announced in FY2026, we have set FY2030 financial target levels of ¥250.0 billion in consolidated operating profit, 20% ROE, and 15% ROIC. Building on the progress made under the 2025 Medium-term Plan, we will pursue aggressive investments in the focus areas, particularly the data center-related business*2, while continuing to manage the Group with a focus on capital efficiency. We expect the data center-related business to be the primary driver of operating profit growth.

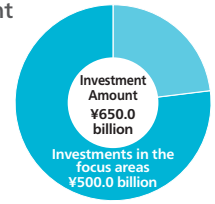
Successfully executing these investments in the focus areas will require us to appropriately allocate the cash we generate while maintaining both capital efficiency and financial soundness. As CFO, I will provide the financial support needed to execute the 2030 Management Policy.

*2 The data center-related business includes Lightera in the Optical Solutions domain; thermal management solutions & products in the Digital Infrastructure Components domain; FITEL products; AT (tape for semiconductor process); memory disks; copper foil; and photonics-electronics convergence devices.

Financial target levels

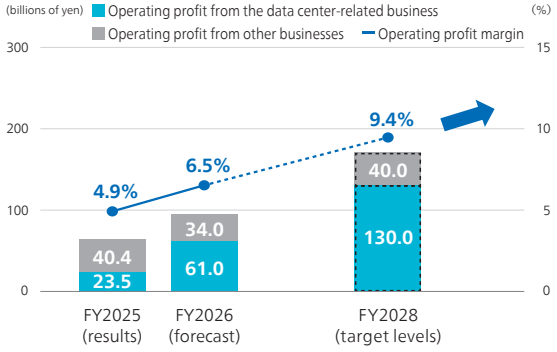
	FY2030	(Reference) FY2025
Operating profit	¥250.0 billion	¥63.9 billion
ROE	20%	19.1%
ROIC	15%	12.2%

Investment amount



FY2026-FY2030

Outlook for operating profit and operating profit margin

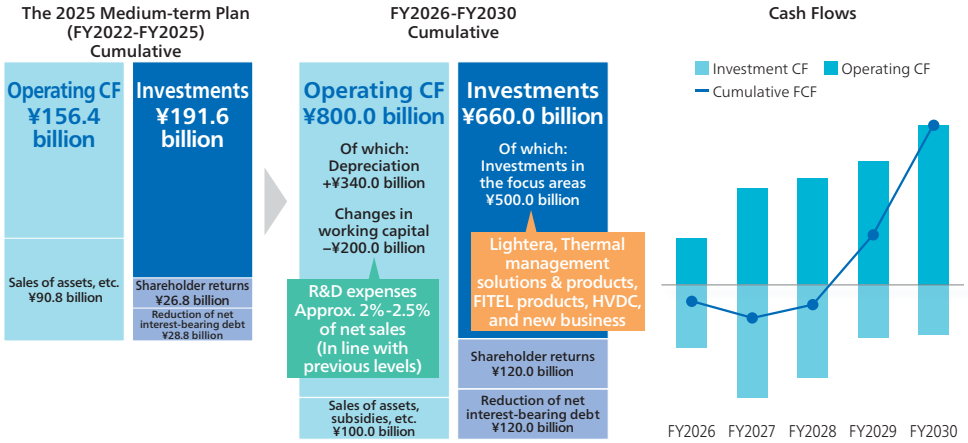


Cash allocation
—Channeling earnings power into growth investment

Under the Cash Allocation Plan we have presented, we intend to invest ¥650.0 billion over FY2026-FY2030, including ¥500.0 billion in strategic investments in the focus areas. This commitment has attracted considerable attention. However, what I really wanted to emphasize is the ability to generate operating cash flow to support those investments. Our approach is not based on the assumption that "more investment will automatically lead to higher profits." Our ability to generate sufficient cash enables us to make growth investment while maintaining financial soundness and delivering returns to shareholders. Our Cash Allocation Plan is built around expanding operating cash flow and using the cash we generate to pursue growth investment and shareholder returns while maintaining financial soundness. By showing the entire flow—from how much cash we generate to how we allocate it—we aim to demonstrate how our growth strategy and financial strategy work together as an integrated approach.

With growth investment being made up-front, we expect free cash flow to turn negative at times in the short term. Nevertheless, we believe we can expand overall investments because we have carefully assessed the potential returns on each individual investment. Customer demand is particularly strong in our data center-related business, and we expect the investment payback period to be relatively short. Rather than making investment decisions based solely on free cash flow in a single year, we will pursue disciplined growth investment while taking into account our financial capacity and human capital.

Cash allocation



Business and product portfolio
—Assessing businesses from a “best owner” perspective

Under the 2025 Medium-term Plan, we have reshaped our business portfolio to generate funds for growth investment while improving capital efficiency. However, asset efficiency and profitability alone do not determine our decisions. Accordingly, we have focused on whether we can continue to grow each business while consistently committing the necessary capital and human resources. If we are unable to allocate sufficient management resources and the business has greater growth potential under another company, transferring it to the “best owner” is also an option. Our restructuring of listed subsidiaries, such as Totoku Electric Co., Ltd., and Furukawa Battery Co., Ltd., during the 2025 Medium-term Plan period was based on this approach. We have also worked to optimize our portfolio by assessing the competitiveness and market potential of individual product groups, as well as their capital efficiency and growth potential. As CFO, I have worked to optimize resource allocation across the Group by determining where our limited management resources should be concentrated, which businesses warrant continued investment, and which should be reviewed. Through these efforts, we have reshaped our portfolio and positioned the Group for further growth.

When considering our business and product portfolio, it is important to not view everything through the same lens of growth but rather assess each one based on its specific characteristics and business environment. Each business can play a different role in enhancing corporate value. By leveraging the strengths of each business and achieving the optimal mix across the portfolio, we can drive sustainable growth for the Group as a whole. Our business and product portfolio is not static but keeps evolving. Accordingly, we will continue reviewing it in light of changes in market conditions and the competitive environment.

Engaging with the market to enhance corporate value

Under the 2025 Medium-term Plan, we succeeded in embedding capital efficiency-focused management and building a foundation for growth. We will now build on this foundation by making growth investment in the focus areas, particularly the data center-related business, to drive medium- to long-term growth.

We will also continue delivering stable returns to shareholders while balancing growth investment, financial discipline, and shareholder returns. To make this commitment clear, we have revised our shareholder return policy and adopted the dividend on equity ratio (DOE) as an indicator, with a target dividend equivalent of 3.5% of shareholders’ equity.

Another important role for me as CFO is to clearly communicate the Group’s growth story to the market and ensure that it is properly understood. By clearly explaining why we are investing now and how those investments will create value in the future, and by engaging in ongoing dialogue, I aim to build long-term relationships of trust with the market.



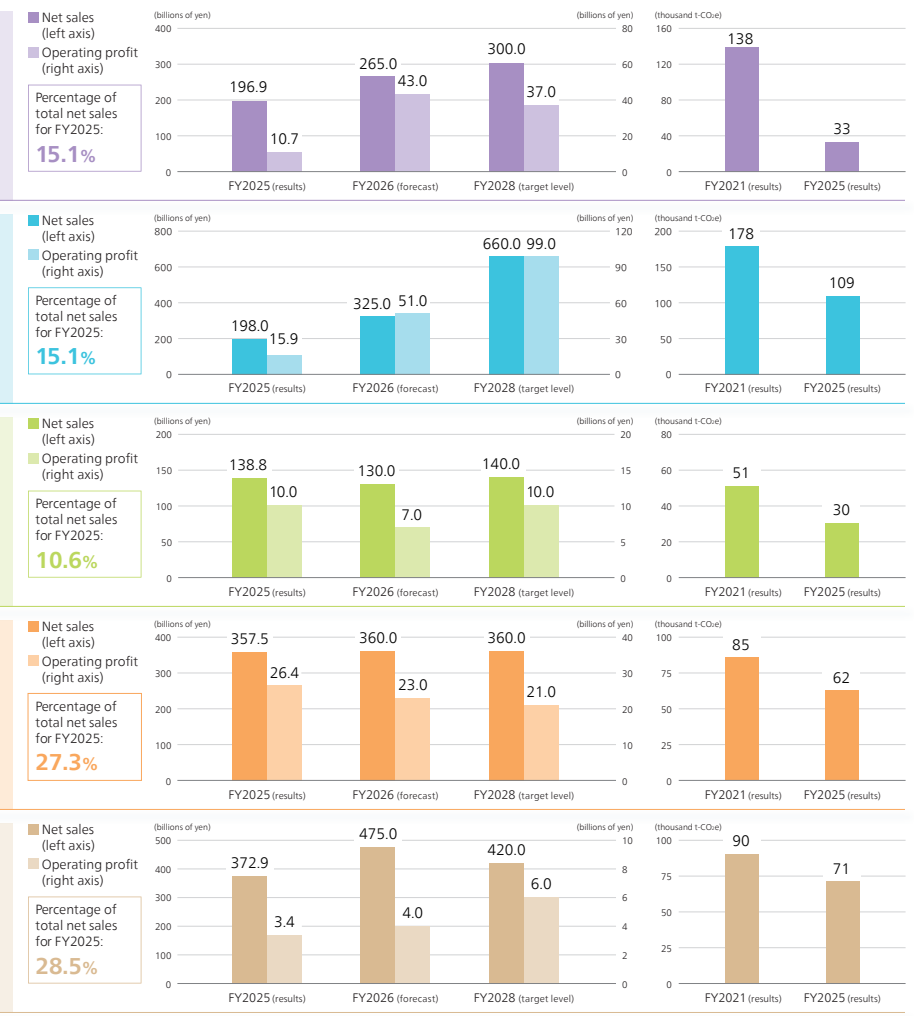
Business Strategies

Business Overview

Former segments	(Business divisions*1)	New segments	(Business divisions*1)
Infrastructure: Communications Solutions	・Optical Solutions (Lightera) ・Broadband Solutions ・FITEL products	Optical Solutions	・Lightera ◆ ・Broadband and network*2
Infrastructure: Energy Infrastructure	・Power cable ・Industrial cable & power cable accessories (FEMC*3, FEPS*4)	Digital Infrastructure Components	・AT ◆ ・Functional plastics ・Thermal management solutions & products ◆ ・Memory disk ◆ ・Copper foil ◆ ・FITEL products ◆ ・Photonics-electronics convergence devices ◆
Electronics & Automotive Systems: Automotive Products & Batteries	・Automotive Products ・Batteries*6	Energy Infrastructure	・HVDC*5 cable ◇ ・Power cable ◇ ・FEMC*3 ◇ ・FEPS*4 ◇
Electronics & Automotive Systems: Electronics Component Material	・Copper & high performance material products ・Electric conductor	Automotive Systems	・Automotive systems*7
Functional Products	・AT & functional plastics ・Thermal management solutions & products ・Memory disk ・Copper foil	Metal Solutions	・Copper & high performance material products ・Electric conductor ・Superconducting business*8 □
Services, Development, etc.	(e.g., social design, superconducting business)	Services, Development, etc.	・Social design □

◆ Data center-related business ◇ Renewable energy- and HVDC-related business
□ New business

Net sales/Operating profit



GHG emissions (Scope 1 & 2)

Note: The FY2026 forecasts for net sales and operating profit are based on information as of August 6, 2026, and the FY2028 target levels are based on information as of May 19, 2026.

*1 Includes certain Group companies
*2 Renamed from Broadband Solutions to Broadband and network
*3 FEMC: Furukawa Electric Metal Cable Co., Ltd.
*4 FEPS: Furukawa Electric Power Systems Co., Ltd.
*5 HVDC, previously included under Power cable in the Energy Infrastructure segment, was established as a separate business division.
*6 The battery business was deconsolidated in the fourth quarter of FY2025.
*7 Renamed from Automotive Products to Automotive Systems
*8 The superconducting business was transferred from Services, Development, etc., to Metal Solutions.

Main Products

Optical Solutions

Lightera



- Optical fibers (e.g., low-loss, low-bending-loss, low-latency fibers, submarine fibers, specialty fibers)
- Optical cables in general (including rollable ribbon cables)
- LAN cable
- Optical connection products (including MT ferrules)
- Fusion splicers

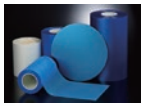
Broadband and network



- FTTH systems
- Wireless systems
- Network routers

Digital Infrastructure Components

AT & functional plastics





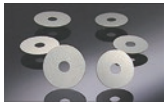
- Tape for semiconductor process
- Protective conduits for cables
- Troughs made from recycled materials
- Insulation materials
- High-performance foam

Thermal management solutions & products



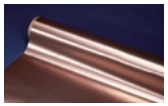
- Air-cooling heat sinks (high-performance heat sinks, heat pipes, and 3D vapor chambers)
- Water-cooling modules

Memory disk



- Aluminum blanks for HDDs

Copper foil



- Electrolytic copper foil for printed circuit boards
- Electrolytic copper foil for lithium-ion battery anodes

FITEL products



- DFB laser chips
- Excitation light sources for Raman amplifiers
- SOA (semiconductor optical amplifier)
- Tunable laser sources

Photonics-electronics convergence devices



- Optical transmission devices
- Optical transceiver modules
- Optical modulators

Energy Infrastructure

Power cable



- Extra-high-voltage/high-voltage underground cables (cables, components, installation)
- Submarine transmission cables (cables, components, installation)
- Water pipes (including installation)

HVDC*1 cable

- HVDC cables

FEMC*2, FEPS*3





- Industrial power cables
- Heat-resistant power cables for vehicles
- Power cables for ocean research vessels
- Transmission and wiring components
- Industrial equipment materials
- Other functional products

Automotive Systems

Automotive Systems



- Wire harnesses (including aluminum wire harnesses), α Terminals (corrosion-proof terminals for aluminum wires), and products using flat cable
- High-voltage wire harnesses, high-voltage junction boxes, high-voltage busbars, high-current high-voltage connectors, and wire harnesses inside battery packs
- SRC (steering roll connector), BSS (lead battery status detection sensor), and peripheral monitoring radar

Metal Solutions

Copper & high performance material products



- Oxygen-free copper (strips, wires, and rods)
- Resistance materials (strips, wires, and rods)
- Copper alloys (strips, wires, and rods)
- Precious metal-plated strips

Electric conductor



- Copper wire, aluminum wire, and oxygen-free copper wire
- Small diameter winding wire

Superconducting business



- Low-temperature superconducting wire
- High-temperature superconducting wire

*1 HVDC: High voltage direct current
*2 FEMC: Furukawa Electric Metal Cable Co., Ltd.
*3 FEPS: Furukawa Electric Power Systems Co., Ltd.

Optical Solutions

Supporting next-generation networks centered on AI and data centers through innovative optical solutions



Shinji Asao
General Manager, Optical Solutions Domain

Business Environment Analysis

Key revenue opportunities

- Continued investment in AI and data centers across regions
- Robust enterprise market
- Strong North American telecom market (dark fiber and BEAD*1)
- Slowing growth in Japan's cable TV market, but solid capital investment in access networks

Major risks and threats

- Emerging shortage of optical fiber
- Rising raw material and energy costs
- Geopolitical uncertainty (e.g., U.S.-China tensions, tariffs)

Strengths

- Broad product portfolio and technologies for AI and data centers
- Major production facilities in the United States
- Global production and supply network
- Customer base in Japan's cable TV market
- PON*2 technology and partnership with Nokia

Challenges

- Ensure sufficient production capacity to meet demand
- Develop new products in a timely manner
- Pass on cost increases through pricing
- Restore profitability in Central and South America and Europe
- Optimize the business portfolio

Business Strategies for Achieving Vision 2030

Basic policies

Lightera

- Provide high-value-added solutions across market segments, including telecommunications, data centers and enterprise, and public infrastructure
- Restructure the portfolio with a particular focus on data centers to achieve higher profitability

Broadband and network

- Expand profits by strengthening existing businesses and investing in new businesses
- Drive business portfolio transformation

Main strategies

Lightera

- Capture growing demand from data centers
- Provide comprehensive solutions for data centers
- Significantly expand global production capacity for rollable ribbon cables
- Expand the lineup of connectivity and preconnectorized products and strengthen production capacity
- Develop new technologies to meet market needs, including hollow-core fibers and multicore fibers

Broadband and network

- Strengthen competitiveness of existing businesses by reorganizing the cable TV business in Japan
- Expand PON sales to Japanese carriers through co-creation with Nokia

*1 BEAD: Broadband Equity, Access, and Deployment Program
*2 PON: Passive optical network

Priority initiatives (Lightera)

Business environment

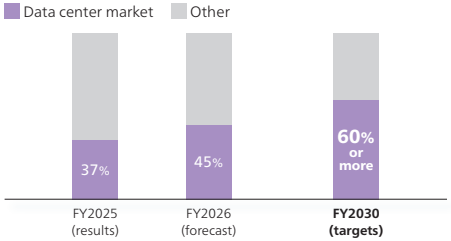
- Continued strong growth in the AI and data center markets, particularly in North America
- Ongoing demand growth in the North American telecom market (more dark fiber providers entering the data center market and growing BEAD demand)

Initiatives

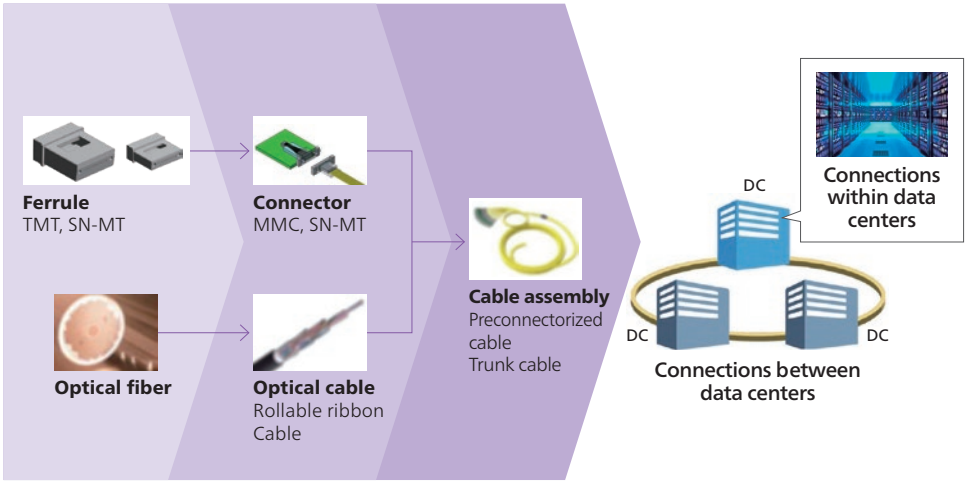
- Expand solutions from connections between data centers to include connections within data centers
- Expand production capacity for high-value-added products (e.g., optical fibers, rollable ribbon cables, ferrules) and strengthen delivery capabilities to better serve the data center market
- Expand the product portfolio and production capacity for VSFF ferrules, connectors, preconnectorized cables, and other products
- Optimize the global production network to reduce supply risks

Lightera

Ratio of data center market sales to total sales



Connectivity solutions



Providing end-to-end solutions from optical fibers to cable assemblies

Digital Infrastructure Components

Supporting AI- and data center-related markets with high-performance, differentiated technologies



Ryoji Ono
General Manager, Digital Infrastructure Components Domain

Business Environment Analysis

Key revenue opportunities

- Increasing global data traffic
- Proliferation of AI technologies and expansion of data centers

Major risks and threats

- Supply chain uncertainty due to geopolitical risks
- Higher labor, energy, raw material, and transportation costs due to inflation

Strengths

- Strong technological capabilities and patents that support differentiation
- Fast, responsive customer service through close collaboration between technical and sales teams

Challenges

- Maintain and strengthen design and development capabilities that enable technological differentiation
- Further strengthen BCP through site optimization and other measures while working to reduce environmental impact, including through carbon neutrality efforts

Business Strategies for Achieving Vision 2030

Basic policies

- Capture new markets and customers and drive growth through high-performance, differentiated products
- Build an organization capable of responding rapidly to changes in data center-related markets

Main strategies

AT & functional plastics
- Focus on high-value-added products for advanced processes, including AI and semiconductor applications
- Help shorten construction lead times for next-generation infrastructure systems related to data centers

Thermal management solutions & products
- Establish and expand production facilities for data center heat dissipation and cooling products (air-cooling heat sinks and water-cooling modules) and develop high-performance, differentiated products

Memory disk
- Use differentiated materials to reduce substrate thickness, enabling more disks to be installed in each HDD

Copper foil
- Focus on high-value-added products for the data center market, including copper foil for high-frequency circuit boards

FITEL products
- Develop high-value-added products for the data center market, focusing on high-output optical sources for higher-speed transmission and CPO*1, and expand production capacity

Photonics-electronics convergence devices
- Develop high-performance products for the data center market, including thin-film LN modulators and 1.6T transceivers, and develop and launch photonics-electronics convergence devices

*1 CPO: Co-packaged optics
*2 DFB: Distributed feedback laser
*3 ELS: External light source
*4 SOA: Semiconductor optical amplifier

Priority initiatives (thermal management solutions & products and FITEL products)

Business environment

- Continued growth in demand in the AI and data center markets

Thermal management solutions & products
- Ongoing growth in demand for air-cooling heat sinks; accelerating demand for higher-performance water-cooling modules as water-cooling becomes mainstream

FITEL products
- Within data centers: Increasing demand for higher-speed products (400G/800G) and high-output optical components for CPO (800G/1.6T)
- Between data centers: Continued growth in demand for optical components

Initiatives

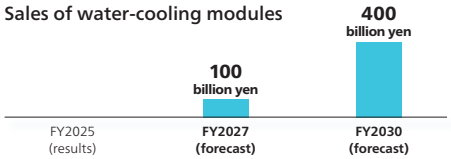
- Expand supply capacity through large-scale investments

Thermal management solutions & products
- Build new plants for water-cooling modules (Philippines and Thailand) and expand plants for air-cooling heat sinks (Philippines and China)

FITEL products
- Within data centers: Build a new plant in Japan for optical sources supporting higher speeds and CPO (DFB*2 laser chips/ELS*3) and develop new products
- Between data centers: Increase production of optical amplification sources (SOAs*4 and excitation light sources for Raman amplifiers)

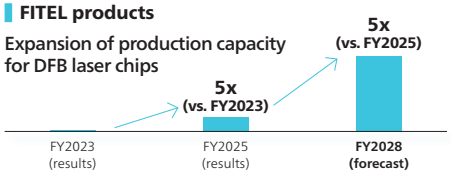
Thermal management solutions & products

Sales of water-cooling modules

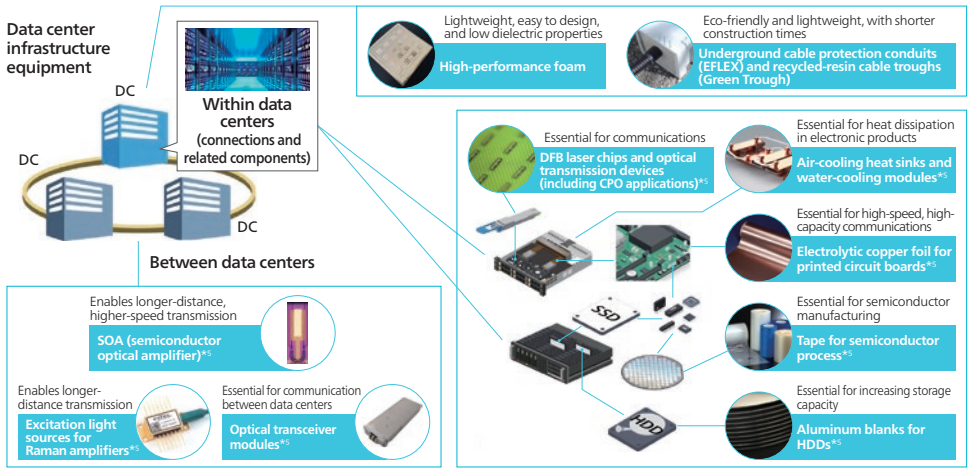


FITEL products

Expansion of production capacity for DFB laser chips



Diverse range of digital infrastructure components products for data centers



*5 Product groups included in the data center-related business

Energy Infrastructure

Supporting a sustainable energy society through advanced technological development capabilities and proven quality



Eiichi Nishimura
General Manager, Energy Infrastructure Domain

Business Environment Analysis

Key revenue opportunities

- Continued solid demand for Japan extra-high-voltage underground power cables
- Expanding demand from the renewable energy and data center markets
- Increasing demand for competitive next-generation high-performance products leveraging the Group's proprietary technologies

Major risks and threats

- Changes in customers' plans for large-scale projects
- Raw material procurement difficulties and rising prices

Strengths

- Proven track record in offshore wind power in Japan (port projects)
- Submarine transmission cable technology development capabilities
- Product development capabilities leveraging metal, polymer, photonics, and materials processing technologies

Challenges

- Expand installation capacity (increase personnel and improve installation efficiency)
- Establish a new plant for HVDC*1 cables
- Advance DX to further improve production efficiency

Business Strategies for Achieving Vision 2030

Basic policies

- Establish a strong business presence centered on energy
- Develop the business into one of the Group's core pillars, delivering sustained growth and contributing to society

Main strategies

Power cable
- Generate earnings by capturing solid demand for Japan extra-high-voltage underground power cables
- Expand renewable energy submarine and underground power cable projects in general sea areas in Japan

HVDC cable
- Commence operations at a state-of-the-art plant in FY2030

FEMC*2, FEPS*3
- Expand sales of products for renewable energy and data centers and shift toward high-performance products
- Maximize the benefits of business integration

*1 HVDC: High voltage direct current
*2 FEMC: Furukawa Electric Metal Cable Co., Ltd.
*3 FEPS: Furukawa Electric Power Systems Co., Ltd.

Priority initiatives (power cable and HVDC cable)

Business environment

Power cable
- Japan extra-high-voltage underground power cables
  - Power cable demand is expected to remain solid over the long term as aging equipment is replaced
  - Growing need to strengthen core power grids, driven by rising electricity demand from construction and expansion of data centers and semiconductor plants and the need to enhance power resilience
- Japan submarine and underground power cables for renewable energy
  - Growing demand to make renewable energy a primary source of power as part of efforts to achieve carbon neutrality
  - Systematic expansion of designated promotion zones for offshore wind power in general sea areas; progressive certification of project operators

HVDC cable
- HVDC cables: Progress in plans for wide-area grid interconnections in Japan and interregional grid interconnections overseas as part of efforts to achieve carbon neutrality

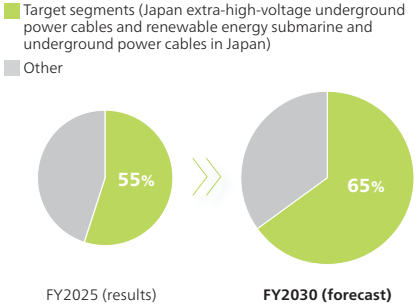
Initiatives

Power cable
- Increase target segment sales ratio (extra-high-voltage underground power cables and renewable energy submarine and underground power cables in Japan)
- Strengthen manufacturing and installation capacity (improve efficiency through DX, expand workforce, strengthen collaboration with partner companies, and improve construction methods and design)
- Develop next-generation cable technologies through participation in demonstration research on floating offshore wind power systems and other initiatives

HVDC cable
- Establish new plant for HVDC cables (scheduled to begin operations in FY2030)

Power cable

Changing target segment sales ratio



Growing demand for HVDC cables

HVDC (high voltage direct current) transmission offers lower transmission losses than AC transmission, making it suitable for long-distance, high-capacity power transmission. With the growing adoption of renewable energy, the need for interregional power interchange and wide-area grid interconnections is increasing, and demand for HVDC cables is expected to expand over the medium to long term.


HVDC cable

Strengthening installation capacity

To meet growing demand, we will strengthen our installation capacity. We aim to increase installation capacity by 30% by FY2030 (compared with FY2025) by expanding our workforce, including recruiting cable jointers from overseas (technicians who connect power cables), and improving construction methods and design.


Training session for cable jointers from overseas

Automotive Systems

Fostering advances in next-generation mobility through proprietary technologies that support vehicle weight reduction and electrification



Teruyoshi Uchida
General Manager, Automotive Systems Domain

Business Environment Analysis

Key revenue opportunities

- Steady growth in the electric vehicle market (increasing demand for high-voltage products)
- Continued evolution of automobiles (market expansion for new products and applications)

Major risks and threats

- Sharp fluctuations in demand (including uncertainty surrounding the shift to vehicle electrification)
- Increasing geopolitical and trade policy risks (including U.S. tariffs and logistics disruptions)
- Tightening environmental regulations (including European ELV*1 regulations) in various countries

Strengths

- Strong technological capabilities combining the Group's accumulated expertise in materials, processing, and design with automotive technologies (including development of high-voltage products and new products)
- Proprietary aluminum technologies (α Terminal and high-durability aluminum electric wire)
- Highly competitive products, including steering roll connector (SRC), which holds the No. 1 global market share, and lead battery status detection sensor (BSS), which holds the No. 1 market share in Japan

Challenges

- Develop products with a view to commercializing next-generation automotive systems
- Build a resilient supply system through local production for local consumption enabled by production automation and an optimal production mix across Southeast Asian sites
- Advance environmental initiatives centered on reducing greenhouse gas emissions

Business Strategies for Achieving Vision 2030

Basic policy

- Realize "A Bright Future for People and Mobility," by delivering value in line with the evolution of vehicles, and achieve both contributions to solving social issues and sustainable growth

Main strategies

Provide products that support vehicle evolution

- Low-voltage wire harnesses: Leverage the advantages and high reliability of aluminum wire and α Terminal to expand aluminum wire harnesses and strengthen competitiveness through production automation
- High-voltage products: Leverage strengths in materials, processing, and design to expand the lineup of high-voltage products for the growing electric vehicle market
- SRC: Meet growing demand for advanced functionality, including steer-by-wire applications, and expand into growth markets and untapped markets
- BSS and radar: Expand applications in response to technological advances and growing needs
- New products: Create next-generation automotive systems products that respond to advances in SDVs*2 and autonomous driving (e.g., wireless communications and power, high-speed communications, V2X*3)

Promote carbon neutrality and a circular economy, centered on reducing greenhouse gas emissions

- Expand the use of renewable energy, steadily pursue energy-saving production activities, and utilize recycled materials

Evolve customer strategies and production systems

- Increase orders for wire harnesses from Japanese OEMs and functional products from global OEMs
- Build a resilient supply system in response to geopolitical risks by addressing customers' local production for local consumption needs and achieving an optimal production mix across Southeast Asian sites

*1 ELV: End-of-life vehicle
*2 SDV: Software-defined vehicle
*3 V2X: Vehicle-to-everything

Priority initiatives (Automotive Systems)

Business environment

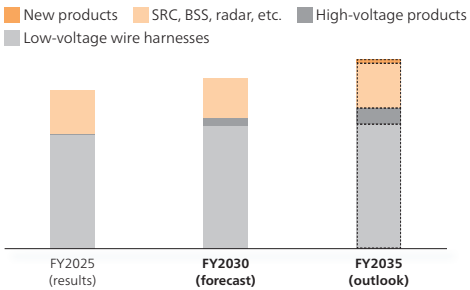
- Low-voltage and high-voltage products (e.g., wire harnesses, connectors):
  - Increasing demand for vehicle weight reduction and higher voltages amid moderate xEV market growth
  - Growing need for local production for local consumption as geopolitical risks increase
  - Expansion of growth markets, particularly those served by Japanese OEMs

Initiatives

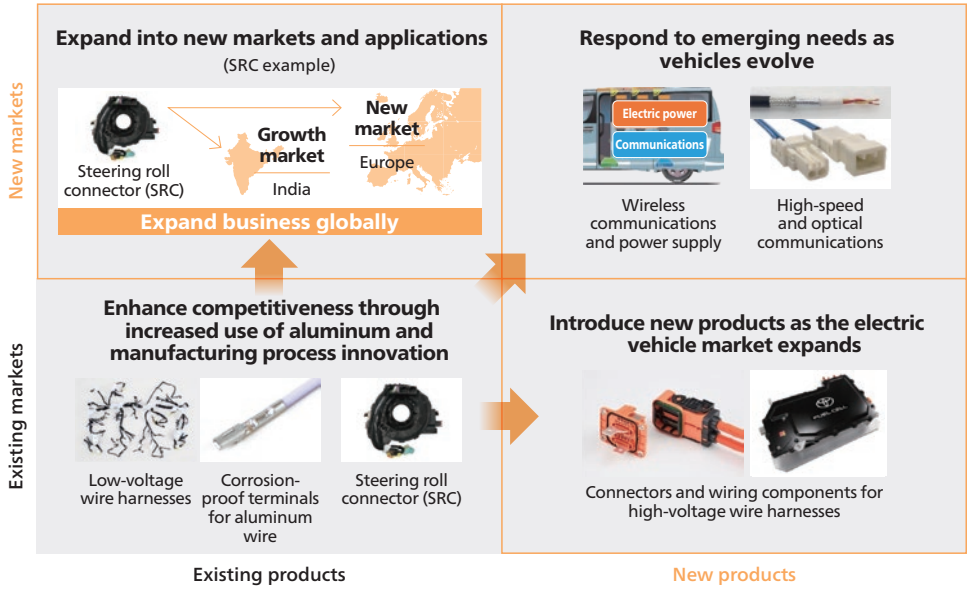
- Low-voltage products:
  - Develop aluminum wire harnesses and expand the product lineup (e.g., expand applications of aluminum by developing high-durability aluminum electric wire)
  - Establish a production system that is resilient to geopolitical risks and market changes (automate wire harness production to support local production for local consumption)
- High-voltage products: Commercialize and expand sales of compact, energy-efficient high-voltage harnesses, connectors, and other products
- Expand production capacity and sales to meet increasing demand in growth markets

Automotive Systems

Change in sales composition by product group



Overall strategy: Strengthen existing areas and expand into new markets and products



Metal Solutions

Driving advances in electronics through our high-performance materials development capabilities



Takashi Yamamoto
General Manager, Metal Solutions Domain

Business Environment Analysis

Key revenue opportunities

- Increasing demand for heat dissipation in next-generation semiconductors
- Growing market for high-performance power supply and power control devices
- Full-scale operation of fusion power demonstration projects
- Accelerating efforts toward copper resource circulation and carbon neutrality

Major risks and threats

- Depletion of copper resources and rising copper prices due to growing copper demand
- Supply chain fragmentation due to increasing geopolitical risks

Strengths

- Materials development and proposal capabilities tailored to customer needs
- Participation in international fusion power demonstration projects
- Production system powered by renewable energy from hydroelectric power

Challenges

- Strengthen marketing capabilities to increase sales of high-value-added products
- Transition to manufacturing processes that reduce environmental impact and contribute to carbon neutrality across the value chain

Business Strategies for Achieving Vision 2030

Basic policies

- Provide high-performance materials that support the expansion of data centers and create new businesses to help address social issues
- Copper & high-performance material products and electric conductor: Capture further business opportunities in the data center, infrastructure, and automotive markets; optimize the product portfolio; and expand sales of high-value-added products
- Superconducting business: Pursue growth and expansion primarily in the fusion power market

Main strategies

- Develop high-performance oxygen-free copper and copper alloy products
- Further improve the product mix
- Further increase sales in overseas markets
- Expand sales of high-temperature superconducting wire by strengthening partnerships
- Contribute to carbon neutrality through short-loop recycling*1

*1 A recycling method that uses copper scrap as a raw material for copper and copper alloy products without returning it to the smelting process

Priority initiatives (copper & high-performance material products, electric conductor, and superconducting business)

Business environment

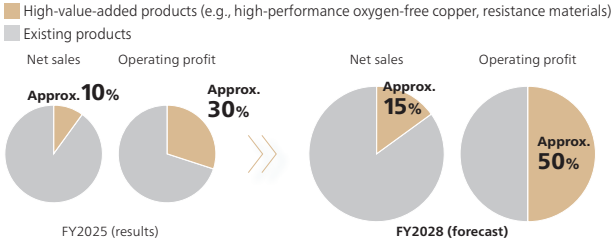
- Growing heat dissipation needs as semiconductors (including power semiconductors and AI semiconductors) deliver higher output and performance
- Growing demand for devices required for advanced power supply and power control (including power semiconductors and resistors)
- Growing demand for high-temperature superconducting wire as fusion power demonstration projects move into full-scale operation
- Growing needs for copper resource circulation and carbon neutrality

Initiatives

- Focus on high-value-added products (e.g., high-performance oxygen-free copper, resistance materials)
  - Capture new business opportunities in the data center market
  - Develop and expand sales of high-performance copper materials for next-generation semiconductors
  - Launch and expand sales of new products for high-performance power supply and power control devices
- Increase production capacity for high-temperature superconducting wire
- Promote short-loop recycling to reduce greenhouse gas emissions and make effective use of copper resources
- Diversify procurement sources and sales destinations to reduce supply chain risks

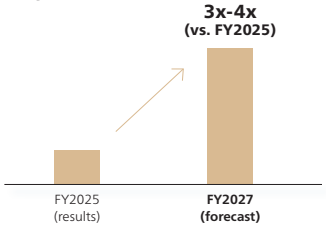
Copper & high-performance material products and electric conductor

Changes in the ratio of high-value-added products in net sales and operating profit

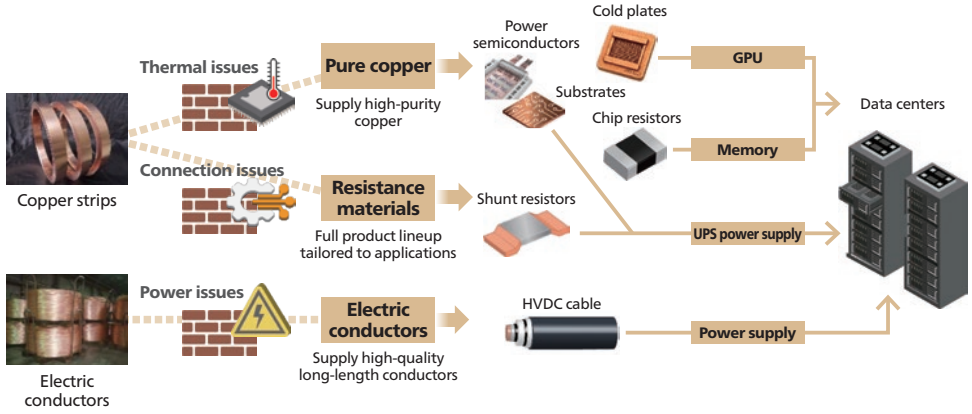


Superconducting business

Production capacity for high-temperature superconducting wire



Shift toward high-value-added products: Capture business opportunities in the data center market



Strengthening the Management Foundation

Annual Securities Report: Item 2. [Overview of Business]
1. [Management Policy, Business Environment, and Issues to Be Addressed

To support business growth, we have identified "Building the management foundation for sustainable value creation" as a management priority. By advancing initiatives to address each priority, we aim to achieve sustainable growth and enhance corporate value over the medium- to long-term.



Yoshio Masutani
Corporate Senior Vice President
Chief Marketing Officer
(CMO)



Katashi Hanaya
Corporate Vice President
Chief Productivity Officer
(CPO)

Management priority: **Improvement of labor productivity**

Improving labor productivity through advances in manufacturing (*monozukuri*), sales, and administrative operations

The Group will drastically improve labor productivity by accelerating the modernization of plants, streamlining administrative operations through the use of DX and other technologies, and improving sales productivity in order to capture business opportunities and scale operations in priority areas, particularly in data center-related fields, without solely relying on headcount increases.

To monitor the progress of these initiatives, we comprehensively review production systems, operating efficiency, capacity utilization, quality, safety, and the utilization of human resources to assess whether these efforts are effectively translated into stronger execution of growth strategies and enhanced profitability.

Main initiatives

Improving productivity in manufacturing (*monozukuri*)

- Develop next-generation factories by leveraging DX and technological capabilities
- Streamline production processes using generative AI and other technologies
- Enhance manufacturing through physical AI and core technologies

Cases

Automated image inspection: Using AI to replace visual inspection with automated quality judgment
Enhanced materials development efficiency: Introduced AI into materials development (MI: materials informatics)
Real-time production improvement: Visualizing equipment operation and flows of materials, people, and information to enable real-time monitoring and enhanced production efficiency

Improving productivity in sales and administrative operations

- Optimize sales channels in global markets
- Enhance the DX infrastructure for sales and administrative operations and streamline operations using generative AI and other technologies

TOPICS DX **DX strategy supporting improved labor productivity**

DX認定

At the start of FY2026, we established a new DX Vision centered on two pillars: "Building an AI-ready environment" and "Transforming productivity across all functions." To address the management priority of "Improvement of labor productivity," we will focus particularly on expanding the use of generative AI and AI agents, creating the necessary environment, and developing human resources and skills.

The Company has also been certified as a "DX Certified Business Operator" under the DX Certification System established by the Ministry of Economy, Trade and Industry (as of June 1, 2023).

DX strategy

Two pillars

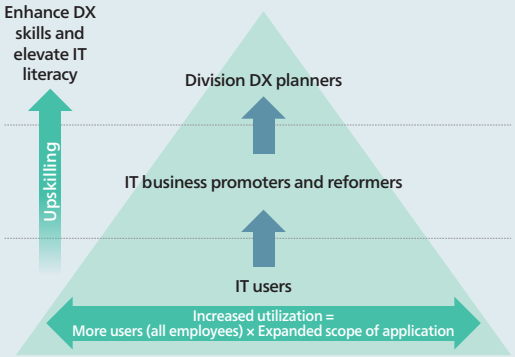
1. Building an AI-ready environment
Prepare the necessary data, infrastructure, and skills to keep pace with the fundamental transformation in productivity driven by advances in AI

2. Transforming productivity across all functions
We will work with each business division to identify and add innovative DX initiatives that contribute to our business strategies, including those previously hindered by resource constraints. We will also promote widespread use of generative AI and AI agents across administrative operations, encouraging all employees to use such technologies autonomously and extensively.

Website: Digital transformation at Furukawa Electric

DX talent development

We will develop talent to lead DX initiatives while raising IT literacy across the workforce and expanding the use of generative AI and other technologies.





Hiroko Takita
Corporate Vice President
Chief Human Resources Officer (CHRO)

Management priority: **Maximizing the Value of Human Capital**

Secure talent for business growth and improve employee engagement

To address our rapid business expansion, we will align our business and human resources strategies, secure the talent needed in priority areas, and enhance human capital and organizational execution abilities.

We will also strengthen management functions, including by introducing a job-based system, while enhancing employee engagement through activities to instill the Purpose. Through these efforts, we will maximize the value of human capital by enabling diverse employees to understand the expectations of their respective roles, fully leverage their abilities, and contribute to business expansion.

To monitor the progress of these initiatives, we comprehensively review employee engagement, recruitment, assignment, and development; talent retention; organizational challenges; and the development of a supportive working environment, thereby enhancing the alignment between management strategies and HR strategies.

Main initiatives

Corporate philosophy and goals	Deepen Purpose engagement
Business operating structure	Embed HRBPs*1 more deeply in frontline operations and transform management styles Secure personnel and shift resources to priority businesses
Role/evaluation/development	Build the foundation for job-based HR management

*1 Following the organizational restructuring in April 2026, Furukawa Electric's HRBPs (Human Resources Business Partners) are assigned to the human resources sections established within each business division or area. Their role is to support talent deployment and development, as well as to resolve challenges in organizational management.

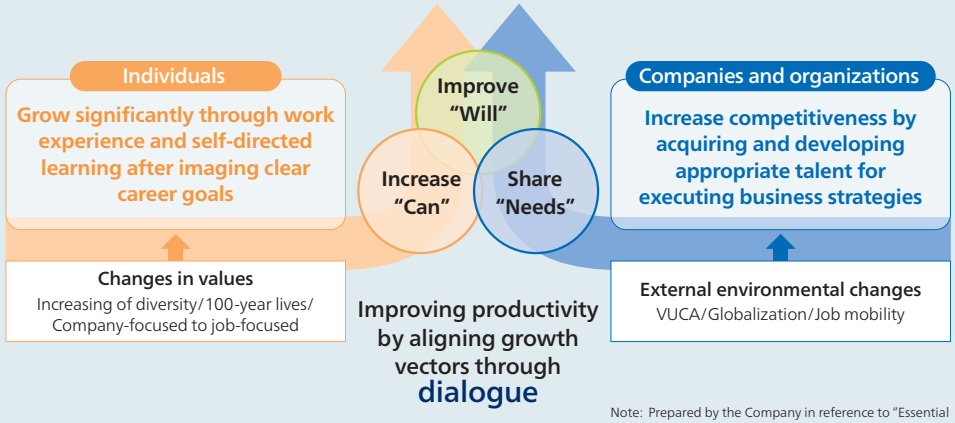
TOPICS Human Resources Management

Human resources management strategy: Strengthen human capital and organizational execution abilities

Under the Furukawa Electric Group Purpose, to achieve "maximizing the value of human capital"—one of our Group's management priorities—we have positioned the strengthening of human capital and organizational execution abilities (individual and organizational GRIT) as the core of our human resource management strategy.

In the implementation of our management and business strategies, we will align the growth vectors of individuals and the organization through dialogue to enhance their execution capabilities. We frame our HR measures, which contribute to resolving management priorities, around three key elements—Needs, Can, and Will—and are undertaking specific initiatives based on these elements.

Have individuals and businesses grow together and improve upon their execution abilities → Solve social issues → Achieve Vision 2030



Note: 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.

Website: Human Resources Management

TOPICS Human Resources Management

Human Capital-related Risks and Opportunities and Progress of Key Initiatives

For further details, please refer to Annual Securities Report Item 2. [Overview of Business] 2. [Approach and Initiatives toward Sustainability].

			The impact on business strategy and financial impact resulting from risks and opportunities as they manifest*1	Period to manifest*2
Risk	Risks arising from a shortage of specialized personnel in focus domains (such as data center-related fields), which may lead to lost business opportunities, deteriorating profitability due to decreased quality, and increased staff workload and turnover	Impact on business strategies	・Decline in competitiveness for securing future projects (decline in contract unit prices and deal acquisition rates) ・Decline in employee productivity ・Increase in turnover due to deterioration of working conditions ・Decline in safety consciousness	Short-term
		Financial impact	・Loss of business opportunities ・Product returns due to declining quality ・Decline in profitability due to additional costs arising from repairs and lost revenue opportunities ・Instability of free cash flow (up-front costs for recruitment and training)	
Opportunity	Opportunities that strengthened human capital and organizational execution abilities lead to enhanced business execution capabilities, which in turn drive productivity improvements and the creation of new businesses and products	Impact on business strategies	・Acceleration in innovation ・Increase in the creation of new businesses and new products ・Enhanced resilience in business operations	Short- to Medium-term
		Financial impact	・Improvement in operating profit margin ・Reduction in recruitment and training costs due to improved employee retention	
	Opportunities arising from the embedding of the Group's Purpose, which facilitates a common decision-making framework and behavioral changes in everyday operations, leading to enhanced employee engagement	Impact on business strategies	・Unity of organization-wide direction through the widespread adoption of the Purpose-driven decision-making and actions ・Clear alignment between business strategy and day-to-day operations	Medium-term
		Financial impact	・Reduction in recruitment and training costs through improved employee retention	

*1 Should the relevant risk or opportunity manifest, the financial impact could include loss of business opportunities or the expansion of revenue opportunities through the creation of new businesses and value. However, quantitative numerical information is not provided because it is difficult to reasonably estimate the extent of such an impact at this time.
*2 We define the short term as 1 to 3 years (through 2028) and the medium term as 5 years (through 2030).

Talent acquisition and development

Website: Talent Acquisition and Development

- **Strengthening talent acquisition and onboarding**
  Mid-career hiring:
  Shift to proactive recruitment, expand the use of direct sourcing and other methods, reduce recruitment costs and improve retention, and strengthen the recruitment of professional talent
  New graduate hiring: Clarify job responsibilities and strengthen onboarding
- **Establish a foundation that supports self-directed learning and enables employees to fully demonstrate their capabilities; strengthen the management capabilities of managers**
  Create a self-directed learning environment for reskilling (e.g., e-learning), strengthen the management capabilities of managers, introduce a job-based human resources system (FY2026), and support improvement activities through HRBPs (from FY2026)

Activities to instill the Purpose

Website: Employee Engagement

Since establishing the Purpose in March 2024, we have pursued initiatives as a four-step process: awareness, understanding, empathy, and action. In FY2024, our initial focus was on increasing awareness, followed in FY2025 by various measures to foster understanding and empathy, including tools, communications from management, and workshops. These efforts increased awareness and produced steady progress in understanding and empathy. We will now move into the action phase, embedding Purpose-based decision-making and behavior by connecting the Purpose with departmental policies and individual goals and integrating it into everyday operations and management. Through these efforts, we aim to enhance employee engagement.

Indicators and targets

We have established the "employee engagement score" as an indicator for assessing the state of our people and organization and will use it to monitor progress. We believe that higher employee engagement will help strengthen profitability by improving productivity.

Although the "ratio of female employees in managerial positions" and the "male childcare leave uptake rate" do not directly measure human capital-related risks and opportunities, we regard them as one type of outcome resulting from our human capital management initiatives and progress in improving the work environment. We will work toward achieving the FY2030 targets for both indicators.

Note: We previously monitored the "employee engagement score," the "ratio of female employees in managerial positions," and the "ratio of mid-career hires in total new hires." As the target for the "ratio of mid-career hires in total new hires" was achieved during the 2025 Medium-term Plan period, it will no longer be included as an indicator from FY2026. For results during the 2025 Medium-term Plan period, please see "Review of the 2025 Medium-term Plan" on pp.22-23 of this Integrated Report.

Indicators	Scope	Results			Forecast	
		FY2023	FY2024	FY2025	FY2025	FY2030
Employee engagement score	Furukawa Electric	63	63	65	-	-
	Group	76	72	76	80	81*1
Ratio of female employees in managerial positions	Furukawa Electric	5.4%	5.4%	6.3%	7.0%	10.0%*2
	Domestic Group companies*3	4.3%	4.7%	5.2%*4	-	-*4
Male childcare leave uptake rate*5	Furukawa Electric	103.0%	77.2%	95.1%	-	100%
	Domestic Group companies*3	45.8%	70.4%	74.5%	-	-*4

*1 The target has been revised from the perspective of ensuring effective medium- to long-term improvement, taking into account average scores by country and industry, historical trends in the Group's engagement scores, and trends among peer companies. The FY2030 target has been revised from 85 to 81, with a score of 85 now targeted for FY2035.
*2 The target has been revised taking into account the expansion of technical personnel hiring based on our business strategy, as well as the gender composition of the candidate pool, which consists primarily of students majoring in science and engineering. The FY2030 target has been revised from 15.0% to 10.0%, with 15.0% now targeted for FY2035.
*3 Domestic Group companies include Furukawa Electric (non-consolidated).
*4 Regarding domestic Group companies, each entity is taking measures tailored to its specific systems and circumstances; therefore, no unified numerical targets have been established at this time.
*5 The ratio of childcare leave taken by male employees 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." In addition, persons who took maternity leave are not included in the number of persons who took childcare leave.

Strengthening the Management Foundation



Toshio Yanagi
Corporate Senior Vice President
Chief Governance Officer
(CGO)



Akifumi Nakajima
Corporate Vice President
Chief Supply Chain Officer
(CSCO)

Management priorities: **Enhancement of Governance and Risk Resilience**

Faster, higher-quality decision-making, stronger execution capabilities, and control of significant risks

To strengthen our execution capabilities, we transitioned to a Company with an Audit & Supervisory Committee in June 2025. At the start of FY2026, we also revamped our executive structure, introducing major organizational changes and a CXO-based structure and redesigning management meeting structures accordingly. These changes are intended to enable faster, higher-quality decision-making and further strengthen our execution capabilities.

In addition, to achieve sustainable growth while limiting the materialization of significant risks even amid increasing uncertainty, we will identify and assess risks by anticipating changes in the operating environment. Based on risk reviews and audits, we will promote appropriate risk responses and risk-taking by facilitating cross-functional problem-solving led by CXOs and strengthening risk response capabilities at the business level. At the same time, we will ensure that officers and employees act in accordance with the Furukawa Electric Group CSR Code of Conduct. Across the entire supply chain, we will strengthen the management of key risk areas, including those related to supply chains, human rights, compliance, health and safety, quality management, and information security. By advancing these risk management initiatives in an integrated and continuous manner, we will appropriately control significant risks during our growth phase.

To monitor the progress of these initiatives, we review the implementation status of business strategies and capital investments, the identification and assessment of risks and the implementation status of countermeasures, and the progress of initiatives related to internal controls, compliance, and sustainability. These matters are monitored by the Management Committee and the Board of Directors.

Review of the executive structure following the transition to a Company with an Audit & Supervisory Committee

- Transition from a head office structure to a CXO-based structure
- Significant transfer of head office functions to business divisions
- Reorganization of business segments and organization of new businesses into business divisions

Please also see “Corporate Governance” on pp.47-52 of this Integrated Report.

Control of significant risks

Risk review

- Regular risk reviews by management
- Strengthen oversight through enhanced organizational and internal audits

Risk response

- Strengthen risk response capabilities at the business level
- Promote cross-functional problem-solving by CXOs
- Enhance management of key risk areas

Please also refer to “Risk Management” on p.53, “Supply Chain Management” on p.54, and “Human Rights Management” on p.55 of this Integrated Report.

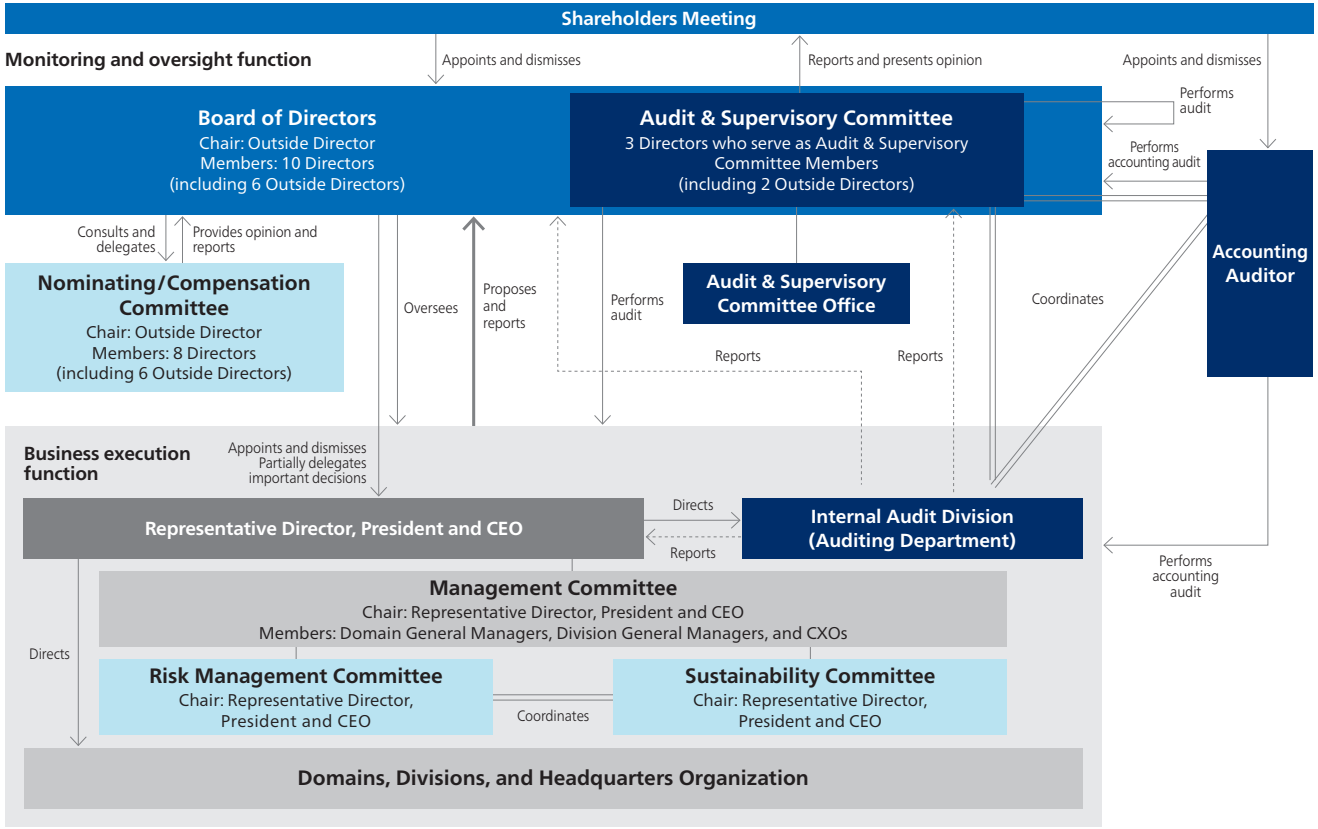
Corporate Governance

Annual Securities Report: Item 4. [Information about Reporting Company] 4. [Corporate Governance]
Website: Corporate Governance

Basic Approach

1. We secure the rights and equal treatment of shareholders.
2. We consider interests of stakeholders including shareholders, and cooperate appropriately with them.
3. We ensure appropriate information disclosure and transparency.
4. Given its fiduciary responsibility and accountability to shareholders, the Board of Directors carries out effective oversight of management from objective standpoint, respecting the independent Directors role for the oversight.
5. We engage in constructive dialogue with shareholders who have investment policies in accordance with interests of mid- to long-term shareholders.

Corporate governance organization chart (as of June 26, 2026)



(1) Board of Directors

In light of its fiduciary responsibility and accountability to shareholders, the Board of Directors of Furukawa Electric 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.

During FY2025, the Board of Directors met 16 times*1 to make decisions on important business execution and check achievement of management targets, including fiscal budgets, and also have deliberations on corporate governance and other fundamental matters related to business management.

*1 The number of the Board of Directors meetings held does not include two occasions of resolution in writing which is deemed to be approved at the Board of Directors meeting according to Article 370 of the Companies Act and Article 23, Paragraph 2 of the Company's Articles of Incorporation.

(2) Audit & Supervisory Committee

The Audit & Supervisory Committee appropriately obtains information, including exercising its authority to conduct investigations under applicable laws and regulations. Based on its fiduciary responsibility to shareholders, the Committee expresses opinions to the Board of Directors and management from an independent and objective standpoint. Furthermore, the Committee ensures sufficient coordination with the Internal Audit Department through regular meetings and ad hoc reports as needed, and reports the audit policy, plan, and results to the Board of Directors.

In FY2025, the Audit & Supervisory Committee held a total of 9 meetings*2.

*2 In FY2025, prior to the transition to a company with an Audit & Supervisory Committee, the Audit & Supervisory Board held a total of four meetings.

(3) Nominating/Compensation Committee

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 5 members (the majority being Outside Directors) appointed from Directors by resolution of the Board of Directors.

During FY2025, the Nominating/Compensation Committee met 6 times. The primary matters deliberated at the Committee meetings were the management execution system from April 2026 for nomination and the executive remuneration system for compensation.

Corporate Governance

Board of Directors (as of June 26, 2026)

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

Hideya Moridaira
Representative Director,
President and CEO



Tenure as Director: 4 years
Attendance (FY2025)
Board of Directors: 100% (16/16)
Nominating/Compensation Committee: 100% (6/6)

Yukiko Yabu
Outside Director



Outside | Independent
Tenure as Director: 7 years
Attendance (FY2025)
Board of Directors: 100% (16/16)
Nominating/Compensation Committee: 100% (6/6)

Satoshi Miyamoto
Representative Director,
Corporate Executive Vice President and CSO



Tenure as Director: 7 years
Attendance (FY2025)
Board of Directors: 100% (16/16)

Tamotsu Saito
Outside Director
Chair of the Nominating/Compensation Committee



Outside | Independent
Tenure as Director: 5 years
Attendance (FY2025)
Board of Directors: 100% (16/16)
Nominating/Compensation Committee: 100% (6/6)

Koji Aoshima
Representative Director,
Corporate Senior Vice President and CFO



Tenure as Director: 2 years
Attendance (FY2025)
Board of Directors: 100% (16/16)

Takeo Hoshino
Outside Director



Outside | Independent
Tenure as Director: 2 years
Attendance (FY2025)
Board of Directors: 100% (16/16)
Nominating/Compensation Committee: 100% (6/6)

Takashi Tsukamoto
Outside Director
Chairman of the Board



Outside | Independent
Tenure as Director: 5 years
Attendance (FY2025)
Board of Directors: 93.8% (15/16)
Nominating/Compensation Committee: 100% (6/6)

Directors who serve as Audit & Supervisory Committee Members

Hiroyuki Ogiwara
Director
(Full-time Audit & Supervisory Committee Member)



Tenure as Director: 3 years*1
Attendance (FY2025)
Board of Directors: 100% (16/16)
Audit & Supervisory Board: 100% (4/4)
Audit & Supervisory Committee: 100% (9/9)

Sayaka Sumida
Outside Director
(Audit & Supervisory Committee Member)



Outside | Independent
Tenure as Director: 6 years*1
Attendance (FY2025)
Board of Directors: 100% (16/16)
Nominating/Compensation Committee: 100% (5/5)*2
Audit & Supervisory Board: 100% (4/4)
Audit & Supervisory Committee: 100% (9/9)

Takao Shiomi
Outside Director
(Audit & Supervisory Committee Member)



Outside | Independent
Tenure as Director: 5 years*1
Attendance (FY2025)
Board of Directors: 100% (16/16)
Nominating/Compensation Committee: 100% (5/5)*2
Audit & Supervisory Board: 100% (4/4)
Audit & Supervisory Committee: 100% (9/9)

Website: Executives

*1 The Company transitioned to a company with an Audit & Supervisory Committee on June 25, 2025. The tenure of Directors who serve as Audit & Supervisory Committee Members includes their period of service as Audit & Supervisory Board Members.
*2 As Sayaka Sumida and Takao Shiomi were newly appointed as members of the Nominating/Compensation Committee at the Board of Directors meeting held on June 25, 2025, the number of Committee meetings they were eligible to attend differs from that of the other members.

Skill Matrix for Directors (as of June 26, 2026)

			1 Common				2 Company-specific		
			a Policy b Oversight	b Oversight	b Oversight	a Policy b Oversight	a Policy	a Policy	a Policy
Name	Gender	Independent officer	Corporate management	Finance, Accounting, and Auditing	Legal affairs and Risk management	Sustainability and Human resources	Knowledge of industry and Business strategy	Technologies, DX, and IT	Internationality and Global management
Directors (excluding those who serve as Audit & Supervisory Committee Members)									
Hideya Moridaira	Male		●				●	●	●
Satoshi Miyamoto	Male				●	●			●
Koji Aoshima	Male			●	●				
Takashi Tsukamoto	Male	★	●	●		●			●
Yukiko Yabu	Female	★				●	●	●	
Tamotsu Saito	Male	★	●				●	●	●
Takeo Hoshino	Male	★					●	●	●
Directors who serve as Audit & Supervisory Committee Members									
Hiroyuki Ogiwara	Male		●	●					●
Sayaka Sumida	Female	★		●	●				●
Takao Shiomi	Male	★	●	●			●		●

Note: 1. The above tables do not cover all experience/knowledge of each person. A circle mark is placed only in case where the Company expects that a person's significant experience and knowledge in each item will particularly contribute to solving key issues.
2. Those marked with a star (★) in the "Independent officer" column are those who meet the independence criteria for outside officers stipulated by the Tokyo Stock Exchange (TSE) and the Independence Standards for Outside Officers (see Chapter 3, Section 6, 2. (2) of the Company's "Guidelines on Corporate Governance") stipulated by the Company and with respect to whom the Company has submitted independent officer notifications to the TSE.

Details of skillsets

1 Common: Skills required for Directors of listed companies 2 Company-specific: Skills required due to the nature of Company's businesses
a Policy: Capability to have substantial discussions/make substantial proposals at the Board of Directors, as the authority was delegated to the management b Oversight: Capability to demonstrate sophisticated oversight function of the Board of Directors over business execution

Skill categories	Explanation	Classification 1	Classification 2
Corporate management	Have experience as representative director or senior management; and be capable of developing management strategy, and holistically making decisions for and overseeing the entire organization	1 Common	a Policy b Oversight
Finance, Accounting, and Auditing	Have advanced expertise in finance/accounting; and be capable of developing financial strategy and capital policy, or monitoring/overseeing financial reports to ensure their adequacy		b Oversight
Legal affairs and Risk management	Have expert knowledge on corporate legal affairs, compliance and governance; and be capable of discovering potential risks and overseeing internal control		b Oversight
Sustainability and Human resources	Be capable of overseeing the improvement of medium to long term corporate value by addressing sustainability issues, including human capital management, organizational development, and responses to climate change		a Policy b Oversight
Knowledge of industry and Business strategy	Be familiar with market trends, competitive environment, and business schemes/policies in our industry; and be capable of discussing business strategy that generates competitive advantages	2 Company-specific	a Policy
Technologies, DX, and IT	Be capable of promoting and discussing business model transformation by utilizing the understanding of technology trends associated with our businesses or digital technologies (DX)		a Policy
Internationality and Global management	Be capable of discussing global strategies based on experience in overseas expansion and in business in the international market environment or cross-cultural understanding, taking into account the international business environment, regulations, and geopolitical risks		a Policy

Effectiveness of the Board of Directors (FY2025)

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.

Method of analysis and evaluation

We conducted the survey targeting all Directors of the Company. Based on aggregated results, after multiple opportunities to exchange opinions at pre-Board meeting briefing and opinion exchange sessions, Directors discussed the effectiveness of the Board of Directors at a Board meeting. For the purpose of obtaining deeper understanding of the aggregated results, the Chairman of the Board had interviews with all Directors on an individual basis (while the lead outside officer interviewed with the Chairman), and shared the results at the Board of Directors meeting.

Category of survey questions

I. Establishing mid- to long-term management policy and ideal state of our Group, and pursuing growth from the medium- to long-term perspective
II. Ensuring compliance, and deciding policy to address risks
III. Implementing/sustaining adequate activities for securing/developing management talent
IV. Implementing external activities (performing accountability to shareholders and other stakeholders)
V. Implementing governance system/meetings

Note: In FY2025, reflecting the transition to a Company with an Audit & Supervisory Committee, for the purpose of further deepening and increasing the effectiveness of corporate governance, we significantly changed the contents of the survey with advice of an external expert organization. The renewed survey was designed to collect more essential and multidimensional opinions and recommendations by digging deeper into the identification of issues from the medium-term perspective as well as direction toward improvement.

Overview of evaluation results

We reconfirmed that our Board of Directors has worked on initiatives to enhance its effectiveness in consideration of the results of the previous year's evaluation; the Board of Directors played fundamental roles such as supporting appropriate risk-taking by the management, and discussing nomination and remuneration; and useful recommendations and inputs based on a wealth of experience and advanced knowledge of outside officers were reflected on business execution. Consequently, we analyzed and evaluated that the Board of Directors maintained its effectiveness in FY2025 as well.

Website: Overview of Evaluation Results on the Effectiveness of the Board of Directors (as of March 3, 2026)

FY2024	Policy for initiatives	Evaluation results
1. Policy for Initiatives and Evaluation Results for FY2024		
(1) Medium-term Management Plan (MTMP) and review of business portfolio	• The Board of Directors (BOD) will discuss such matters as the enterprise strategy toward achieving "Furukawa Electric Group Vision 2030," the implementation status of business portfolio management, and initiatives for crystallizing portfolios of businesses/product families for 2030. • BOD agenda plan will be formulated for the above-mentioned discussions, and the BOD will secure necessary time for deliberation.	• The BOD has held opinion exchange sessions and engaged in effective discussions on Purpose-driven management, the philosophy system, the value creation process, management priorities, strategies based on the business/product portfolio, priority investment areas, and financial targets. • Meeting agendas, which cover the above-mentioned discussions and specific cases, were set, and necessary time for deliberation was secured.
(2) Operation of the Board of Directors	• 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 staff other than board members.	• The BOD created several opportunities for dialogue and information exchange with Corporate Vice Presidents (other than the Board members), General Managers, and other relevant persons, through opinion exchange sessions (including lunch meetings and dialogue sessions), and thereby strived to increase the quality of discussion at the Board meetings.
2. Other issues/initiatives to be continuously addressed		
(1) Board composition, and Nominating/ Compensation Committee	• Continuous efforts will be made to deepen discussions at Nominating/Compensation Committee.	• In-depth discussions have been made at the Nominating/ Compensation Committee concerning the board composition and remuneration system after the change in the form of corporate organization. Matters of deliberation have been regularly reported to the BOD.
(2) Risk management	• Continuous update of risk recognition will be made in order to address changes in the external environment, such as geopolitical risk. • In order to enhance risk tolerance in focus areas, the BOD will design/prepare measures in case of risk occurrence.	• The Risk Management Committee has updated its risk awareness, taking into account changes in the external environment, and made further efforts to strengthen the risk management structure. • With the updated risk awareness, measures to be taken against emerging risks in focus areas were enhanced.
(3) Sustainability (including ESG/ SDGs)	The following items will be reported to the BOD for discussion: • Setting specific milestones for important areas related to sustainability to ensure proactive efforts. • Further integrating important sustainability issues into the management strategy and reflecting them in business operations.	• Concerning key sustainability-related areas, the BOD has set target values and disclosed them in the Securities Report. • The Sustainability Committee examined important issues, including ideal way of disclosure, and reported the results to the BOD for discussion. Consequently, outcome of such initiatives is being incorporated into the mid- to long-term management strategy.

FY2025	Policy for initiatives
1. Significant issues and priority initiatives for FY2025	
(1) Medium- to long-term management policy	• Under the new institutional design (i.e., a Company with an Audit & Supervisory Committee), further strengthen the management's business execution capability through further delegation of authority to the management and sophistication of meetings, and establish a system where the BOD can have more essential discussions on topics centered on management policy and Company-wide strategies. • Promote the enhancement and sophistication of oversight function of the BOD by deepening the monitoring through KPIs and new performance indicators for the Company-wide strategies.
(2) Compliance and risk management	• Ensure that ERM activities are reflected in the management strategy in a way to link them to management priorities. • In case a specific risk emerges, ensure that three lines cooperate with each other and make timely reports at the meeting body, so that rapid information sharing is enhanced.
(3) Securing and developing management talent	• Enhance the identification and development of next-generation management talent (enhancing measures for identifying talent among the young generation, continuing training for talent development, accelerating talent rotation including tough assignment, etc.)
(4) Dialogue with shareholders, etc.	• Continue making opportunities for dialogue between Outside Directors and institutional shareholders, etc. and expand the contents of dialogue. • Enhance information disclosure and IR events, taking into account management/business strategies, etc.
(5) Governance system and meeting management	• Improve agenda setting (further enhancement of strategic discussion, review of agenda-setting process, etc.) • Work on enhancing the evaluation of the Board effectiveness (consider the enhanced use of external expert organization for the evaluation process including interviews from the perspective of objectivity and transparency).

Remuneration for Directors, etc.

The Company has the policy for determining remuneration for individual Directors and other officers, which was established by resolution of the Board of Directors. The Nominating/Compensation Committee confirms the adequacy, effectiveness, and appropriateness of the remuneration plan design and remuneration levels each year, using an external survey to compare the Company's remuneration levels with those of approximately 30 similarly sized manufacturing companies.

Policy for determining remuneration for Directors, etc.

• 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.

• Policy for determining remuneration for individual officer by element and allocation ratio of each remuneration component

The Company's remuneration for officers consists of Base salary, Short-term performance-linked remuneration (individual level), Short-term performance-linked remuneration (company level), ESG-linked remuneration, and Medium-to-long-term performance-linked remuneration. For details, please refer to the upper section of the diagram on the right.

In terms of a percentage of each component of remuneration, by reference to policies of other companies in the same industry as well as other similar-sized companies in other industries, and comprehensively considering official positions/responsibilities, business results, and target achievement levels among others, it is designed as follows: for executive directors, performance-linked remuneration accounts for roughly more than half; and the higher the officer's rank, the larger the percentage of performance-linked remuneration.

• Matters concerning determination of details of remuneration for individual Directors

At the Company, the Board of Directors has delegated authority to Nominating/Compensation Committee to determine details of the system of remuneration to be paid to Directors and other officers as well as individual remuneration, etc. in accordance with the Individual Remuneration Policy.

Note: For further details on officers' remuneration, please refer to the Annual Securities Report: Item 4. [Information about Reporting Company] 4. [Corporate Governance] (4) Remuneration for officers, etc.

Policy for determining remuneration for individual officers by element

Element of remuneration	Overview	Recipient			
		Directors (excluding Outside Directors and Directors who serve as Audit & Supervisory Committee Members)	Outside Directors (excluding Directors who serve as Audit & Supervisory Committee Members)	Corporate Vice Presidents and Senior Fellows, excluding Directors	Directors who serve as Audit & Supervisory Committee Members
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 level)	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 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 profit, as defined by the Nominating/Compensation Committee.	●	-	●	-
ESG-linked remuneration	This element is paid in cash once a year, and the amount is determined based on an evaluation of the achievement of sustainability targets for the management priorities 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.	●	-	●	-

Remuneration for Directors and Audit & Supervisory Board Members for FY2025

Officer classification	Total remuneration (millions of yen)	Total remuneration by element (millions of yen)					Number of subject officers (persons)
		Base salary	Short-term performance-linked remuneration (individual level)	Short-term performance-linked remuneration (company level)	ESG-linked remuneration	Medium-to-long-term performance-linked remuneration	
Directors (excluding Outside Directors and Directors who serve as Audit & Supervisory Committee Members)	317	184	25	40	6	59	6
Directors who serve as Audit & Supervisory Committee Members (excluding Outside Directors)	23	23	-	-	-	-	1
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	23	23	-	-	-	-	3
Outside Officers	95	95	-	-	-	-	10
Outside Directors (excluding Directors who serve as Audit & Supervisory Committee Members)	61	61	-	-	-	-	5
Outside Directors who serve as Audit & Supervisory Committee Members	25	25	-	-	-	-	2
Outside Audit & Supervisory Board Members	9	9	-	-	-	-	3

Notes: 1. The amounts and numbers of officers in the above table include three Directors and three Audit & Supervisory Board Members who retired from the positions due to the expiry of their terms at the end of the 203rd Annual General Meeting of Shareholders held on June 25, 2025 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 2025 as compensation for execution of duties in FY2024. The amount for FY2025 is not yet fixed at the time of filing the Annual Securities Report (June 24, 2026), and therefore not included in the above table.
3. The column of medium- to long-term performance-linked remuneration shows the amount corresponding to the number of shares granted in the form of points under the stock compensation system for FY2025, which is deemed as compensation for FY2025.
4. Short-term performance-linked remuneration (on the company level) falls under the category of performance-linked remuneration. For this remuneration, we designated consolidated operating profit as the indicator for ensuring the Company's performance in a relevant fiscal year is appropriately and clearly reflected to the remuneration. In FY2024, the Company recorded consolidated operating profit of ¥47,032 million. In FY2025, the Company finalized the provisional accounting treatment for business combination, and the above-mentioned amount of consolidated operating profit for FY2024 is the value after the finalization of provisional accounting treatment.
5. ESG-linked remuneration falls under the category of performance-linked remuneration. For this remuneration, to ensure it functions as an appropriate incentive for engaging in sustainability initiatives, we designated sustainability indicators (from April 1, 2026, performance indicators for the management priorities to be addressed by the Group) as the indicator. Nominating/Compensation Committee determines whether or not to pay, upon evaluating achievements of targets for sustainability indicators. With respect to the remuneration amount which was determined in June 2025 as the compensation for business execution during FY2024, while greenhouse gas emission reduction target (Scope 1 & 2) (compared to FY2021) was set at 14.0%, actual reduction rate in FY2024 was 34.8%. The amount for FY2025 is not yet fixed at the time of filing the Annual Securities Report (June 24, 2026), and therefore not included in the above table.
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.

Succession Plan

The Nominating/Compensation Committee checks an update of the succession plan for the CEO and the development of the next generation of managers, and deliberates such matters as the selection of candidates for the next generation of managers and the effectiveness of their development process.

Furukawa Electric Co., Ltd. Guidelines on Corporate Governance (extract)

Chapter 3 Corporate Governance System, Section 3 Nominating/Compensation Committee

3. Succession Planning

(1) Succession planning for the President as CEO is deliberated, determined and revised every year in Nominating/Compensation Committee, based on "Furukawa Electric Group Purpose," "Vision," and "Core Values."

(2) Succession planning for Corporate Vice Presidents is revised every year and confirmed in Nominating/Compensation Committee.

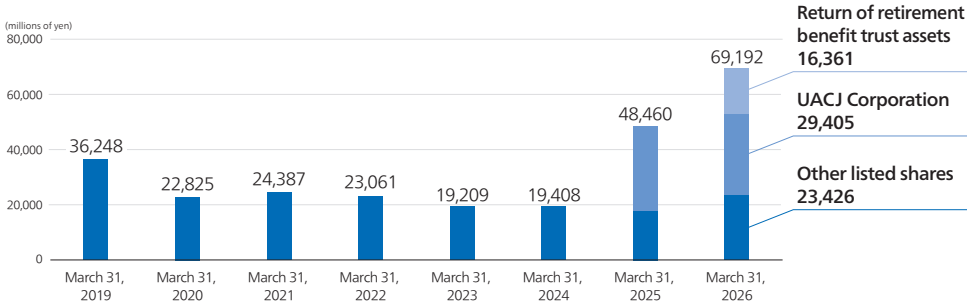
(3) Candidates for the President or Corporate Vice Presidents in the future are fostered based on a plan, for example, they are advised by outside consultants, trained for the Management and targeted for change of Department to get necessary experiences.

Policy for Cross-shareholdings

We will 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 will 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 our cross-shareholdings. 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.

Note: Cross-shareholdings are defined as the shares subject to "investment shares held for purposes other than pure investment purposes" in the Annual Securities Report.

Balance sheet amount of cross-shareholdings



Note: In FY2024, as a result of the sale of a portion of the shares of UACJ Corporation, which had been an equity-method associate, the shares of UACJ Corporation came to be recorded as cross-shareholdings. In FY2025, as a result of the return of retirement benefit trust assets in connection with the revision of the retirement benefit plan, the returned portion came to be recorded as cross-shareholdings. Subsequently, the Company sought to reduce cross-shareholdings, including by further selling a portion of the shares of UACJ Corporation during FY2025. However, due to the impact of recent rises in stock market prices and other factors, the amount recorded on the balance sheet as of the end of FY2025 increased by ¥20,732 million from the end of FY2024.

Risk Management

Annual Securities Report: Item 2. [Overview of Business] 3. [Business Risks]
Website: Risk Management

Basic Approach

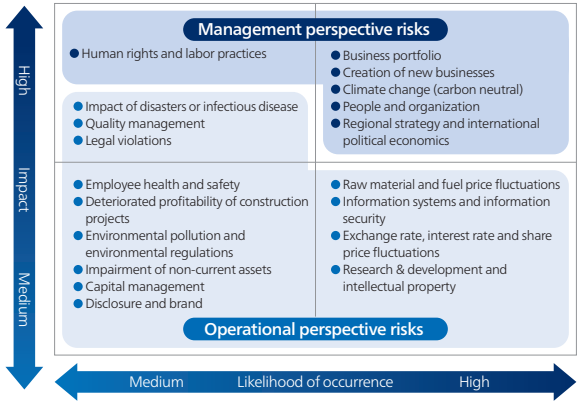
The Furukawa Electric Group has established the Basic Regulations on Risk Management and Internal Control to comprehensively identify risks in business activities, prevent or mitigate potential losses within acceptable levels, and appropriately respond to factors that could affect the achievement of strategic objectives. Through these efforts, we aim to enhance corporate value, ensure stable growth, and promote sound corporate management.

In addition, under the Furukawa Electric Group Purpose, we have established the Basic Policy on Risk Management to define our approach to risks as we work to achieve the Furukawa Electric Group Vision 2030 and pursue sustainable growth and enhancement of corporate value over the medium- to long-term. For details, please see the "Risk Management" section of our website.

Business risks

The important risks that have the potential to affect the Group's financial results and financial situation are listed in the accompanying table. Risk items are defined as those with a medium or higher likelihood of occurrence and magnitude of impact, and are broadly categorized into "management perspective risks" and "operational perspective risks.

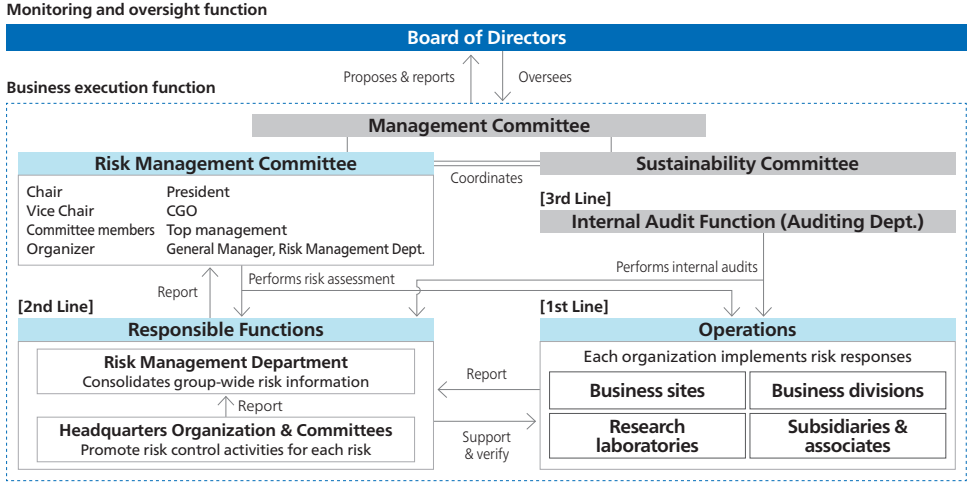
Website: Business Risks



Promotion System

The Risk Management Committee (Chair: President; Vice Chair: CGO) meets twice a year in principle. The Committee deliberates on issues related to risk management, internal control, and compliance across the Group, while overseeing and promoting the activities of the responsible departments.

The Risk Management Committee takes a broad view of risks through risk evaluations based on the results of risk assessments and other information. The committee has designated risks such as "business portfolio," "climate change (carbon neutrality)," "people and organization," "regional strategy and international political economics," and "human rights and labor practices," which are closely related to management priorities, as significant risks that should be addressed on a company-wide basis, and addresses them in cooperation with the Sustainability Committee. In addition, for risks such as "impact of disasters or infectious disease," "quality management," and "employee health and safety," which are related to important issues in fulfilling corporate social responsibility and strengthening relationships of trust with stakeholders, the Group has established individual committees and has put in place a system to manage these risks with particular focus.



Risk Management Activities and Monitoring

To identify and prioritize risks that require a focused response by evaluating business risks across the entire Group, we conduct a comprehensive annual risk assessment. This includes identifying risks and evaluating their likelihood and potential impact at each organizational unit, such as business divisions, business sites, and subsidiaries and associates.

For business divisions, business locations, and subsidiaries and associates, which respond to risks as the first line, the relevant departments, as the second line, provide support for responses to each risk, including "business risks," and confirm the status of implementation, thereby seeking to continuously expand and deepen risk management. The Risk Management Committee evaluates the status of these initiatives and regularly reports each year to the Board of Directors an overall assessment of risk management activities based on the combined results of those evaluations.

In risk management, we use the "ratio of follow-up on risk management activities for all risk domains*" as an indicator to monitor progress and advance our initiatives, and we achieved the target set for FY2025. Going forward, to address the management priority of "enhancement of governance and risk resilience," the Management Committee and Board of Directors will monitor the identification and assessment of significant risks, as well as progress in implementing response measures.

* For details of progress made during the 2025 Medium-term Plan period, please see "Review of the 2025 Medium-term Plan" on pp.22-23 of this Integrated Report.

Supply Chain Management

Website: Supply Chain

Basic Approach

Under the Furukawa Electric Group Procurement Policy, we will help realize a sustainable society through co-creation with our partners*1.

Furukawa Electric Group Procurement Policy	1	Fairness and Integrity	We are open to any and all business partners in accordance with the principle of free competition and we all act with fairness and integrity.
	2	Compliance with Laws and Regulations and CSR Procurement	Toward the realization of a sustainable society, we conduct our procurement activities considering environment preservation and safe operation in compliance with all applicable laws and regulations and we do fulfill our corporate social responsibility.
	3	Partnership	We always value relationships of mutual trust with our partners to create new values by collaboration. We pursue to optimize our procurement conditions from the viewpoint of quality, cost, delivery, technological capabilities and CSR activities.

In supply chain management, we have established the indicator "ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers"*2 to monitor progress and advance our initiatives.

*1 The Furukawa Electric Group refers to our suppliers as "partners" with whom we co-create value.
*2 For details of progress made during the 2025 Medium-term Plan period, please see "Review of the 2025 Medium-term Plan" on pp.22-23 of this Integrated Report.

Promotion of CSR Procurement Activities

The Furukawa Electric Group has issued the Furukawa Electric Group CSR Procurement Guidelines with reference to the RBA Code of Conduct and other standards. Based on these guidelines, we work with our partners to promote environmentally and socially responsible CSR procurement activities, including green procurement and responsible minerals sourcing.

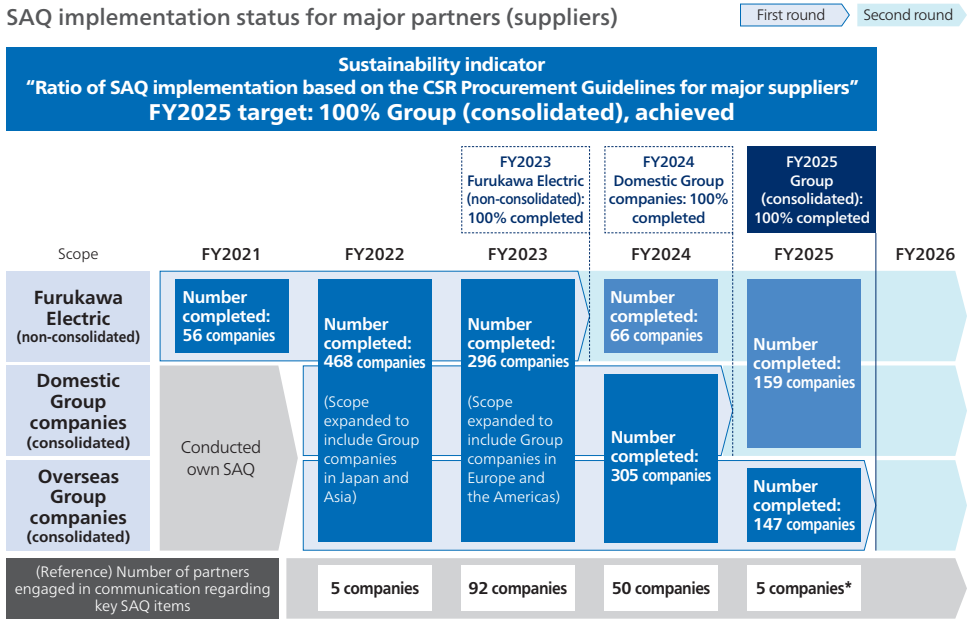
For new partners, agreement to comply with the CSR Procurement Guidelines is a mandatory condition for starting business, and we select partners after conducting appropriate risk assessments. In addition, at the annual Partners Meeting, we directly explain the content of the Guidelines to our partners and continue our efforts to raise awareness and promote understanding.

Website: CSR Procurement Guidelines, Green Procurement Guideline, and Quality Assurance Guidelines
Website: Furukawa Electric Group Procurement Policy / Furukawa Electric Group Responsible Minerals Sourcing Policy

Self-Assessment Questionnaire (SAQ)

As a risk survey for existing (major) partners, in addition to conventional questionnaires, we have been conducting the Self-Assessment Questionnaire (SAQ) based on the CSR Procurement Guidelines since FY2021. 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 dialogues, and encourage the partner(s) in question to correct the situation as necessary. In the FY2025 survey, no serious problems or violations were identified.

SAQ implementation status for major partners (suppliers)



* Starting in FY2025, we have used insights from previous dialogue to identify key items and narrow the scope of partners for further dialogue.

Business Continuity Management (BCM) in the Supply Chain

We conduct surveys of BCM initiatives at our major partners and maintain the results in a database, enabling us to quickly identify partners that could be significantly affected by a disaster. We also take measures such as establishing multiple procurement locations for key products.

Initiatives on Human Rights and Climate Change

Human rights

As part of our responsible minerals sourcing efforts, in particular, we are working to reduce adverse impacts related to forced labor, child labor, and occupational health and safety. For details, please see "Human Rights Management" on p.55 of this Integrated Report.

Climate change

We are working to reduce greenhouse gas emissions across the entire value chain. We encourage our partners to establish reduction targets and survey selected partners to gain a clearer understanding of greenhouse gas emissions throughout the value chain.

Human Rights Management

Website: Human Rights

Basic Approach

Based on the Furukawa Electric Group Purpose and Core Values, as we pursue global business development, we understand that the human rights of all people impacted by our business activities must be respected, and we respect human dignity and all internationally recognized human rights. This commitment is set forth in the Furukawa Electric Group Human Rights Policy, under which we promote initiatives to respect human rights.

Furukawa Electric Group Human Rights Policy

(Established on January 27, 2020; revised on March 21, 2024)

In accordance with the International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenants on Human Rights), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights (formulation of human rights policies, implementation of human rights due diligence, and establishment of remedy mechanisms), we established the Furukawa Electric Group Human Rights Policy in 2020.

Website: Furukawa Electric Group Human Rights Policy

Human Rights Due Diligence

The Group has implemented human rights due diligence, setting "employees" and "suppliers" as the target stakeholders to be prioritized in terms of human rights issues. In FY2024, we reassessed human rights risks using more detailed severity and likelihood assessment categories. As a result, we reaffirmed workplace harassment, forced labor, child labor, and occupational health and safety as priority human rights issues for employees, and forced labor, child labor, and occupational health and safety as priority issues for suppliers, and are working to reduce the associated adverse impacts. We also use the "implementation rate of human rights risk training for managerial positions" and the "ratio of SAQ implementation based on the CSR Procurement Guidelines for major suppliers*1" as indicators to monitor progress and advance our initiatives*2.

*1 For details, please refer to "Supply Chain Management" on p.54 of this Integrated Report.
*2 For results during the 2025 Medium-term Plan period, please refer to "Review of the 2025 Medium-term Plan" on pp.22-23 of this Integrated Report.

Stakeholder Engagement

The Group actively engages in dialogue with investors, legal experts, and labor unions on human rights issues. Through these dialogues, we not only enhance our engagement with stakeholders but also incorporate the feedback and insights gained into our initiatives, thereby helping to prevent and mitigate human rights risks.

Dialogue with investors

We conduct dialogues with multiple investors every year. Through these discussions, we receive valuable feedback on issues and expectations related to human rights, such as human rights due diligence and supply chain management.

Dialogue with legal experts

We regularly engage in dialogue with a lawyer specializing in human rights. In FY2025, following the lawyer's advice, we held a study session for senior management on the theme of "Business and Human Rights," with the lawyer also serving as the lecturer.

Dialogue with labor unions

We continuously engage in dialogue with the labor union representing our employees. In addition to the Central Management Briefing and the Central Labor-Management Committee on Human Rights Due Diligence, we maintain regular communication through daily discussions on various issues. In FY2025, our discussions with the labor union focused on the prevention of harassment.

Remedy Mechanism

We have established contact points for reporting human rights issues, available to both internal and external stakeholders. All reports are handled with strict confidentiality, with full consideration to ensure that whistleblowers do not suffer any disadvantage. We also conduct impartial and fair fact-checking and take appropriate measures.

Internal contact point

As an internal contact point, we have put in place a whistleblowing system involving third parties.

Number of whistleblowing cases: 142 (approximately half related to harassment)*3

*3 Although only a limited number of cases were substantiated, we implemented necessary recurrence prevention measures and dealt with all cases appropriately.

External contact point

As an external contact point, we make use of the reporting system of the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER).

Stakeholder Engagement

Website: Stakeholder Engagement

The Furukawa Electric Group strives to build trust by maintaining and enhancing sound and productive relationships with all stakeholders through communication and dialogue. We believe that these efforts contribute to the sustainable development of society, while also driving the Group's sustainable growth and enhancing its medium- to long-term corporate value through solving social issues.

		Main initiatives
Shareholders and Investors	Through timely and appropriate disclosure of information to shareholders and investors, as well as proactive engagement with them, we aim to enhance medium- to long-term corporate value.	・General Meeting of Shareholders ・Briefings for institutional investors and analysts (financial results; management strategy; briefings by theme) as well as one-on-one meetings ・Dialogue sessions between outside directors and analysts ・Briefings for individual investors ・Information disclosure (corporate website; Annual Securities Reports; Integrated Reports; shareholder newsletters)
Customers	Alongside our efforts to deliver trusted products and services and create value through our business, we strive to address our customers' challenges and build strong relationships through appropriate communication.	・Maintaining and improving quality ・Addressing customer challenges by leveraging the strengths of the Group ・Engagement in day-to-day business transactions (dialogue; ESG questionnaires; factory audits) ・Information dissemination via the corporate website ・Participation in exhibitions and events
Partners (suppliers)	Through sound and productive communication with our partners*, we strive to build relationships of trust and promote collaboration and co-creation to realize a sustainable supply chain.	・Partners meeting ・CSR procurement, Responsible Minerals Sourcing ・Self-Assessment Questionnaire (SAQ) based on the CSR Procurement Guidelines, human rights due diligence ・GHG Emissions Reduction Initiatives in the Supply Chain ・Partner Recognition Program
Employees	Through fulfilling our social responsibilities, including respecting human rights, ensuring occupational health and safety, and complying with applicable laws and regulations, as well as through communication and dialogue with employees, we strengthen human capital and organizational execution abilities that contribute to enhancing corporate value.	・Occupational health and safety, and health and productivity management ・Response to human rights and labor practices, and labor-related risks (management briefing by labor and management; human rights due diligence dialogues) ・Diversity, Equity & Inclusion (DE&I) ・Human resource development ・Employee engagement (dialogue between the President and employees; activities to instill the Purpose) ・Information dissemination (company newsletters; intranet) ・"Furukawa E-survey" on human capital and organizational execution abilities
Central Government, Local Governments, and Local Communities	Through fulfilling our social responsibilities, including compliance with laws and regulations and tax obligations, and by working with governments, local authorities, and communities while creating value through our business activities, we contribute to addressing challenges facing international and local communities and promoting sustainability.	・Addressing challenges facing international and local communities and creating social infrastructure leveraging the Group's strengths ・Industry-academia-government collaboration, participation in government-related projects, and partnership agreements with local governments ・Dialogue through economic and industry organizations, and cooperation regarding government and local government surveys ・Climate change initiatives (responses to government policies and administrative measures; participation in initiatives; collaboration with industry organizations) ・Social contribution activities
Global environment	Through fulfilling our social responsibilities, including environmental conservation and compliance with environmental laws and regulations, and by promoting our business with due consideration for climate change-related risks and opportunities while reducing environmental impacts across our business activities, we contribute to a sustainable global environment.	・Endorsement of and disclosures aligned with the TCFD and TNFD ・Climate change response (reduction of greenhouse gas emissions; use of renewable energy) and the development of a climate transition plan ・Environmental conservation activities (waste reduction; resource recycling; chemical substance management; biodiversity initiatives)

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

Dialogue with Shareholders and Investors in FY2025

Number of implementations/companies

- Briefing of Financial Results and Medium-term Management Plan: 5 times
- Briefing by theme (four business areas): Once
- Small meetings: 9 companies
- One-on-one dialogue (ESG management): 4 companies
- IR interviews (including overseas) and conferences: 1,363 companies (858 overseas and 505 domestic companies)
- Shareholders' meeting: Once
- Dialogue between Outside Directors and analysts: 1 session
- Briefing for individual investors: 1 session

Main themes of dialogue

- Recent business results
- Medium-term Management Plan 2022-2025 (2025 Medium-term Plan) and its progress
- ESG management and sustainability indicators
- Share price and shareholder return policy

Status of feedback to management

- Regular reports at meetings of the Board of Directors and at the Management Committee (every quarter)
- E-mail to internal officers and relevant divisions (any time)

Website: Engagement in Dialogue with Shareholders and Investors

For details of each initiative, please see the "Sustainability" section of our website.

Website: Environment
(TCFD and TNFD, climate change initiatives, environmental protection activities)

Website: Social
(human rights, human resources management, DE&I, occupational health and safety, health management, quality, supply chain, social contribution activities)

Main Financial and Non-financial Data

Main Financial Data

(Millions of yen)		FY2015	FY2016	FY2017	FY2018	FY2019	FY2020*4	FY2021*4	FY2022*4	FY2023*4	FY2024*5	FY2025
Operating results (fiscal year)	Net sales	874,879	843,344	967,333	991,590	914,439	811,600	930,496	1,066,326	1,056,528	1,201,762	**1,307,560**
	Operating profit	27,116	38,623	44,804	40,842	23,565	8,429	11,428	15,441	11,171	47,032	**63,856**
	Ordinary profit	18,710	36,024	46,908	39,078	22,771	5,189	19,666	17,258	10,267	48,506	**75,858**
	Profit attributable to owners of parent	10,007	17,570	28,547	29,108	17,639	10,001	10,093	15,894	6,508	33,357	**72,514**
	Capital expenditures (CAPEX)	25,687	31,584	38,543	50,036	53,144	39,963	38,144	43,792	38,953	38,600	**56,662**
	Depreciation	23,235	23,370	25,106	26,271	29,423	32,163	33,721	39,098	38,951	41,349	**43,218**
	Research and development costs	16,845	17,454	19,533	21,141	21,650	20,217	20,761	23,324	24,539	25,449	**28,423**
Financial position (at the end of fiscal year)	Net assets	198,587	237,051	272,071	279,911	273,030	291,824	314,269	329,302	358,245	373,766	**435,231**
	Total assets	705,725	750,126	808,632	818,021	794,616	832,044	935,876	933,469	985,007	988,052	**1,066,372**
	Equity capital	173,163	206,712	236,518	247,659	240,280	260,076	279,426	301,859	328,328	341,430	**417,048**
	Operating assets*1	298,228	319,588	341,825	364,456	386,176	387,832	444,800	461,822	482,573	496,057	**513,227**
	Inventories	93,167	104,355	113,792	122,890	115,862	120,837	164,116	172,297	183,647	195,041	**210,897**
Cash flows (fiscal year)	Net cash provided by (used in) operating activities	41,569	40,402	38,429	46,460	41,942	-479	-13,269	36,516	31,896	59,833	**28,116**
	Net cash provided by (used in) investing activities	1,947	-36,361	-34,319	-31,042	-33,119	-1,908	-40,074	-21,677	-24,794	-7,235	**-47,137**
	Net cash provided by (used in) financing activities	-20,942	-10,378	-1,943	-19,414	-171	35,140	35,020	-34,475	-9,322	-44,150	**19,930**
Per share data (fiscal year)	Basic earnings per share (yen)	14.17	249.17	405.05	412.98	250.25	141.88	143.40	225.80	92.40	473.36	**1,030.17**
	Net assets per share (yen)	245.26	2,933.21	3,355.77	3,513.58	3,408.86	3,689.29	3,970.02	4,288.09	4,659.87	4,844.82	**5,928.21**
Ratios	Operating profit margin on sales (%)	3.10	4.58	4.63	4.12	2.58	1.04	1.23	1.45	1.06	3.91	**4.88**
	Equity capital ratio (%)	24.5	27.6	29.2	30.3	30.2	31.3	29.9	32.3	33.3	34.6	**39.1**
	Return on operating assets (%)*3	9.1	12.1	13.1	11.2	6.1	2.2	2.6	3.3	2.3	9.5	**12.4**
	ROE (%)	5.5	9.3	12.9	12.0	7.2	4.0	3.7	5.5	2.1	10.0	**19.1**
	ROA (%)	2.6	4.9	6.0	4.8	2.8	0.6	2.2	1.8	1.1	4.9	**7.4**
	Total asset turnover ratio (times)	1.22	1.16	1.24	1.22	1.13	1.00	1.05	1.14	1.10	1.22	**1.27**

Note: Figures are rounded down to the nearest one million yen. Figures such as per-share data and financial indicators are rounded to the nearest value.

*1 Operating assets are the total of inventories and tangible and intangible fixed assets.
*2 We conducted a 1-for-10 reverse stock split of our company's common shares effective October 1, 2016.
*3 Return on operating assets is the ratio of the operating profit over operating assets.
*4 Due to changes in the "Accounting Standard for Income Taxes, Inhabitant Taxes and Enterprise Taxes," etc., a portion of the actual results for FY2020 to FY2023 has been restated.
*5 Due to the finalization of the provisional accounting treatment related to a business combination, a portion of the actual results for FY2024 has been restated.

Main Financial and Non-financial Data

Information for Each Region

Consolidated net sales and overseas sales ratio

(Millions of yen)	FY2021	FY2022	FY2023	FY2024	FY2025
Japan	461,450	517,358	511,296	563,925	**645,598**
China (including Hong Kong)	100,457	104,326	103,443	119,823	**125,685**
Asia (excluding Japan and China)	190,877	224,931	242,820	290,654	**290,197**
North and Central America	91,716	127,793	120,569	153,840	**178,583**
South America, Europe, and others	85,994	91,915	78,400	73,519	**67,495**
Total	**930,496**	**1,066,326**	**1,056,528**	**1,201,762**	**1,307,560**
Overseas net sales	469,046	548,967	545,232	637,837	**661,961**
Overseas net sales ratio (%)	50.4	51.5	51.6	53.1	**50.6**

Note: Net sales by region are based on the location of customers and are classified by country or region.

Number of employees (consolidated)

(Persons)	FY2021	FY2022	FY2023	FY2024	FY2025
Japan	11,029	10,502	10,646	11,165	**10,680**
China (including Hong Kong)	4,859	4,180	3,622	3,357	**2,786**
Asia (excluding Japan and China)	25,976	28,200	30,395	29,175	**28,599**
North and Central America	5,809	5,137	5,294	4,866	**4,547**
South America, Europe, and others	3,194	3,295	2,800	2,604	**2,500**
Total	**50,867**	**51,314**	**52,757**	**51,167**	**49,112**

Note: As of March 31, the end of the fiscal year.

Greenhouse gas emissions (Scope 1 & 2)

(Thousand t-CO_2e)	FY2021	FY2022	FY2023	FY2024	FY2025
Japan	288	255	200	131	**132**
China (including Hong Kong)	130	104	111	28	**18**
Asia (excluding Japan and China)	110	122	114	191	**178**
North and Central America	89	74	54	57	**27**
South America, Europe, and others	23	15	14	10	**9**
Total	**640**	**571**	**493**	**417**	**364**

Note: Greenhouse gas emissions by region are based on the location of the companies and are classified and calculated by country or region.

Website: Scope of Aggregation

Number of Group companies

(Companies)	FY2021	FY2022	FY2023	FY2024	FY2025
Japan	42	41	40	43	**40**
China (including Hong Kong)	18	19	18	20	**20**
Asia (excluding Japan and China)	33	34	34	33	**31**
North and Central America	13	13	13	12	**13**
South America, Europe, and others	18	20	19	19	**20**
Total	**124**	**127**	**124**	**127**	**124**

Note: As of March 31 of each fiscal year. The number of Group companies in Japan includes Furukawa Electric (non-consolidated).

Major Non-financial Data

Website: ESG Data

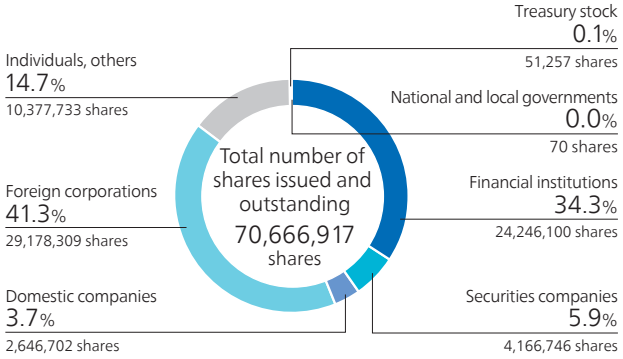
Stock/Dividend Information (as of March 31, 2026)

Note: Furukawa Electric implemented a 10-for-1 stock split effective July 1, 2026. Share and dividend information is presented using the actual figures prior to the stock split.

General Stock Information

Stock code on the Tokyo Stock Exchange	5801
Stock exchange listings	Tokyo Stock Exchange, Prime Market
Number of shares authorized	Common Stock 250,000,000 shares
Common stock issued	Common Stock 70,666,917 shares
Number of shareholders	Common Stock 48,208 persons
Minimum trading units	100 shares
Shareholder register agent	3-3, Marunouchi 1-chome, Chuo-ku, Tokyo, Japan Mizuho Trust & Banking Co., Ltd.
Fiscal year	From April 1 to March 31
Shareholders' meeting	June each year
Accounting auditor	Deloitte Touch Tohmatsu LLC
Main stock indices employed	Nikkei Index 225

Distribution of Ordinary Stock among Shareholders



Major Shareholders

Name of major shareholders	Number of shares held	Shareholding ratio*
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,829,600 shares	16.75%
Custody Bank of Japan, Ltd. (Trust Account)	4,581,250 shares	6.49%
Asahi Mutual Life Insurance Company	1,365,050 shares	1.93%
HSBC-FUND SERVICES HSBC-006 MF EFM	1,100,200 shares	1.56%
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,066,700 shares	1.51%
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1,050,000 shares	1.49%
STATE STREET BANK AND TRUST COMPANY 505001	1,019,485 shares	1.44%
JP MORGAN CHASE BANK 385781	1,008,380 shares	1.43%
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank, Ltd. Account)	971,900 shares	1.38%
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	951,231 shares	1.35%

* Shareholding ratio is calculated after deducting 51,257 shares of the Company's treasury stock.

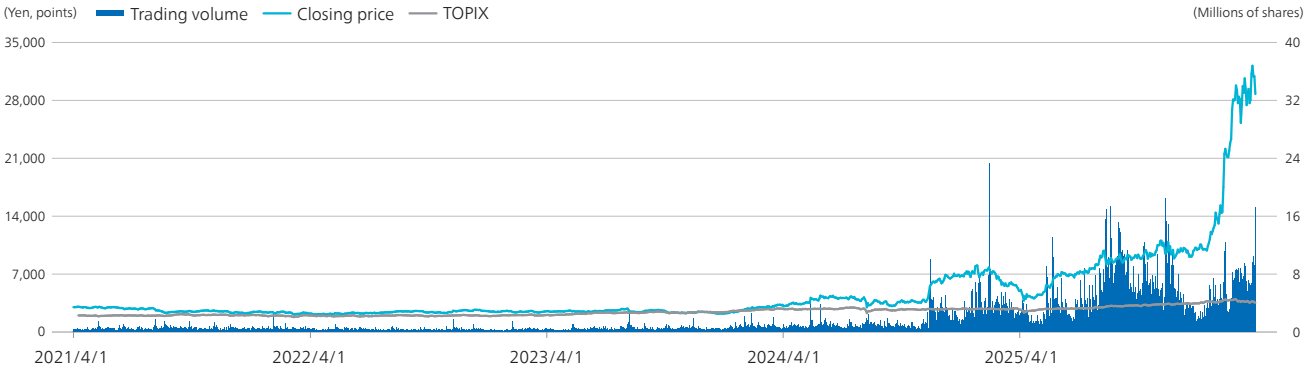
Cash Dividend per Common Share

Fiscal year	2021	2022	2023	2024	2025
Interim dividend (yen)	0	0	0	0	0
Year-end dividend (yen)	60	80	60	120	210
Total dividend (yen)	60	80	60	120	210

Total Shareholder Return (TSR)

Fiscal year	2021	2022	2023	2024	2025
TSR (%) (TOPIX) (%)	75.3 (101.6)	87.6 (107.1)	115.7 (150.8)	176.8 (147.9)	987.0 (198.5)
High (yen)	3,110	2,668	3,290	8,304	34,040
Low (yen)	2,050	2,033	2,134	2,920	3,647

Stock Price and Trading Volume (from April 1, 2021, to March 31, 2026)



About Issuing the Furukawa Electric Group Integrated Report 2026



Satoshi Oguchi
Corporate Vice President
General Manager, Corporate Planning Department

The Furukawa Electric Group has been promoting sustainable management based on the Furukawa Electric Group Purpose, aimed at achieving sustainable growth and enhancing corporate value over the medium- to long-term. As part of our efforts to strengthen engagement with stakeholders, including investors, we have published the Furukawa Electric Group Integrated Report since FY2020.

The Furukawa Electric Group Integrated Report is prepared with particular emphasis on alignment with the Annual Securities Report, taking into account recent developments in sustainability disclosure systems and standards, as well as feedback from investors. As stated in the Editorial Policy at the beginning of this report, the Annual Securities Report serves as the foundation of our sustainability disclosure framework, while the Integrated Report functions as a complementary medium primarily intended for investors. Through narrative content—including messages from the CEO, CSO, and CFO; a roundtable discussion among Outside Directors; and special features on priority business areas—we provide insight into the thinking and background that cannot be fully conveyed in the Annual Securities Report.

In particular, the Integrated Report 2026 presents our value creation story under our new Purpose-driven management policy, explaining what the Group aims to achieve in its next phase of growth and the path it will follow to create value, together with specific execution strategies and initiatives. We hope that reading this report together with the Annual Securities Report will provide a deeper understanding of the Group's approach to management and medium- to long-term value creation.

Going forward, we will continue enhancing the quality and depth of our disclosures while further strengthening engagement with investors and other stakeholders. We sincerely appreciate your continued candid feedback and suggestions.

September 2026

External Evaluation (as of September 2026)

We have been selected as a constituent of the following indices, including the ESG indices adopted by the Government Pension Investment Fund (GPIF).

FTSE4Good Index Series/
FTSE JPX Blossom Japan Index Series

FTSE4Good
FTSE JPX Blossom Japan Index
FTSE JPX Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

S&P/JPX Carbon Efficient Index

SOMPO Sustainability Index

2026 Sompo Sustainability Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)

Website: External Evaluation and Certification

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