Q&A Summary of the IR Business Briefing of Furukawa Electric Co., Ltd.

Date: June 4, 2026 (Thursday) 13:30 – 14:15

Contents: Energy Infrastructure

Speakers:

Eiichi Nishimura, Corporate Senior Vice President and General Manager, Energy Infrastructure Domain

Yukihiro Yagi, General Manager, Power Cable Division

Observers:

Ichiro Ishigaki, General Manager, HVDC Cable Division

Shigeru Tokuda, Corporate Vice President and President, Furukawa Electric Metal Cable Co., Ltd.

Akihiro Asai, President, Furukawa Electric Power Systems, Co., Ltd.

Tetsuhiro Niizeki, General Manager, Planning & Administration Department

Koji Aoshima, Representative Director, Corporate Senior Vice President and CFO

Q: Regarding the HVDC Cable business, what developments are you seeing in the market environment for cross-regional interconnection projects, aside from government announcements? Also, if projects are delayed, how do you view the risk of a timing mismatch with the start-up of the new plant?

A: As for the new plant, the supply chain, materials, personnel and capital investment are all progressing as planned. Due to negative factors including inflation and the impact of foreign exchange, we have revised the investment timing and specifications and are moving forward while limiting the impact on cash flow.

The cross-regional interconnection plan formulation is slightly delayed, but it has been announced that the Sea of Japan side of eastern Japan (East region) route will proceed as initially planned. As a provision for potential delays, we are simultaneously considering overseas projects mainly in ASEAN. While carefully assessing factors such as project feasibility, geopolitical risks, and financing conditions, we are preparing toward the start of plant operations in 2030.

Q: Regarding the overseas market, is your strategy centered mainly on the domestic market, or is your policy to actively pursue overseas projects as a complementary growth area?

A: As for HVDC, carbon neutrality is a global initiative, and there are also a number of large-scale projects overseas. We have a strong track record of working on numerous overseas projects in regions such as the Middle East, Oceania and ASEAN, dating back to the former VISCAS era. We have received high recognition for our quality and reliability, and we intend to leverage these strengths in pursuing overseas projects. We will continue to firmly support Japan's core infrastructure, but we also do not intend to downsize the overseas expansion.

Q: In the FY2028 plan, you aim to achieve net sales of JPY 140.0 billion and operating profit of JPY

10.0 billion, but in light of expanding domestic demand for power cables, the growth appears somewhat limited. What factors are behind these targets?

A : Fixed expenses are expected to increase from the future investments. Also, the offshore wind power projects in general sea areas are anticipated to reach full scale after FY2028. Given this, we position the period through FY2028 as a time to build the foundation and capabilities needed for the next phase.

Although demand related to domestic core grid development and private-sector projects is expected to begin ramping up, the plan figures have been formulated taking those factors into account.

Q : What level of net sales and profit contribution do you expect from the planned JPY 100 billion investment in HVDC?

A : Considerations are progressing based on the Eastern Route 2GW project; however, the specifications are still under detailed review. In addition, as the actual construction and the start of operations are expected to occur after 2030, the contributions from the cross-regional interconnection projects are not included in the Vision 2030 period. In terms of scale, the project is expected to involve an approximately 800 km, 500 kV-class submarine HVDC cable, significantly exceeding the scale of conventional domestic trunk-line projects.

Q : Regarding the FY2030 outlook, what are the key drivers behind the expected increase in net sales and profit from FY2028 to FY2030, given the limited contribution from HVDC projects during that period?

A : In the power cable business, offshore wind projects in general sea areas are expected to enter the delivery and construction phases during this period. In addition, both FEMC and FEPS are expected to expand sales of data center products, including aluminum cables, plug-in connectors and new products.

Q : How much have data center-related products, including plug-in connectors, grown since FY2024, and what is the outlook going forward?

A : Compared with FY2024, sales have nearly doubled. We expect moderate growth through FY2028 and project sales in FY2030 to be nearly twice the FY2025 level.

Q : How should we view the balance between the increase in invested capital associated with progress in HVDC investments and the accumulation of earnings in terms of ROIC?

A : As HVDC investments progress, invested capital will increase, and capital efficiency is therefore expected to decline temporarily. On the other hand, we expect significant improvements in capital efficiency in existing businesses as well as in businesses that are expected to expand going forward.

Q : With respect to acquiring overseas projects, do you intend to advance marketing and pursue project opportunities even before the new plant starts up in 2030?

A : Cross-regional interconnections are extremely large-scale projects, typically requiring several years from the start of business development activities through order receipt, specification finalization, contract execution, and manufacturing. Accordingly, we have already begun selecting target regions and projects, as well as establishing the necessary organizational structure. In parallel, we have initiated the required technology development and supply chain enhancement efforts. In addition, for transmission components such as loose spacers at FEPS, we will advance overseas expansion, particularly in markets such as North America where demand for grid reinforcement is increasing.

End of text