Furukawa Electric Co., Ltd.

H1 Financial Results Briefing for the Fiscal Year Ending March 2027

November 9, 2026

[Number of Speakers] 2

Hideya Moridaira, President, Chief Executive Officer

Koji Aoshima, Representative Director & Corporate Senior Vice President, Chief Financial Officer

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Furukawa Electric Group
FY2026 H1 Financial Results

November 9, 2026

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Koji Aoshima, Representative Director & Corporate Senior Vice President, Chief Financial Officer
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Moridaira: Good afternoon, everyone. I'm Hideya Moridaira. Thank you very much for taking time out of your busy schedules to attend the Furukawa Electric Group's financial results briefing for the second quarter of FY2026. Aoshima and I will provide an explanation based on the materials currently displayed on the screen. Thank you for your attention.

Agenda

■ **Growth Initiatives**

■ **FY26 H1 Financial Results and FY26 Forecasts**

- **FY26 H1 Financial Results Highlights**
- **FY26 H1 Financial Results - P/L Summary, Breakdown of Changes in Net Sales & Operating Profit**
- **Revision to FY26 Financial Forecasts**
- **FY26 Forecasts - P/L Summary, Operating Profit by Segment**
- **Net Sales & Operating Profit by Segment**
- **FY26 H1 Financial Results - B/S Summary, Free Cash Flow**
- **CAPEX, Depreciation & Amortization and R&D Expenses**

Appendix

In the fiscal year ended March 31, 2026, a determination was made on the provisional accounting treatment concerning business combination, and the details of the determined provisional accounting treatment have been reflected in the figures for the fiscal year ended March 31, 2026.

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Please turn to slide 3. This is today's agenda. I'll first explain our growth initiatives, followed by Aoshima's explanation of our first-half results and full-year forecasts.

Growth Initiatives

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Steadily expanding supply capacity to capture demand for data center-related products

➢ **Contributing to profit growth in FY2026; additional investments decided**

Key products with expanding supply capacity		Additional investments decided in FY26	Scheduled start of operations	Increase in supply capacity (compared to the beginning of FY26, at full capacity)
Optical Solutions	Rollable Ribbon Cables	○	Progressively from FY28 H2	2 times
	Submarine fiber	○	Progressively through FY29	4 times
	MT ferrules	○ (TMT ferrules)	Progressively from FY28	2 times
Digital Infrastructure Components	HVLP 4 copper foil	○	Progressively by end-FY29	2 times*
	Water-cooling modules	–	Mass production to start in FY26 H1	
	DFB laser chips	–	Full operation in FY28 H2	5 times

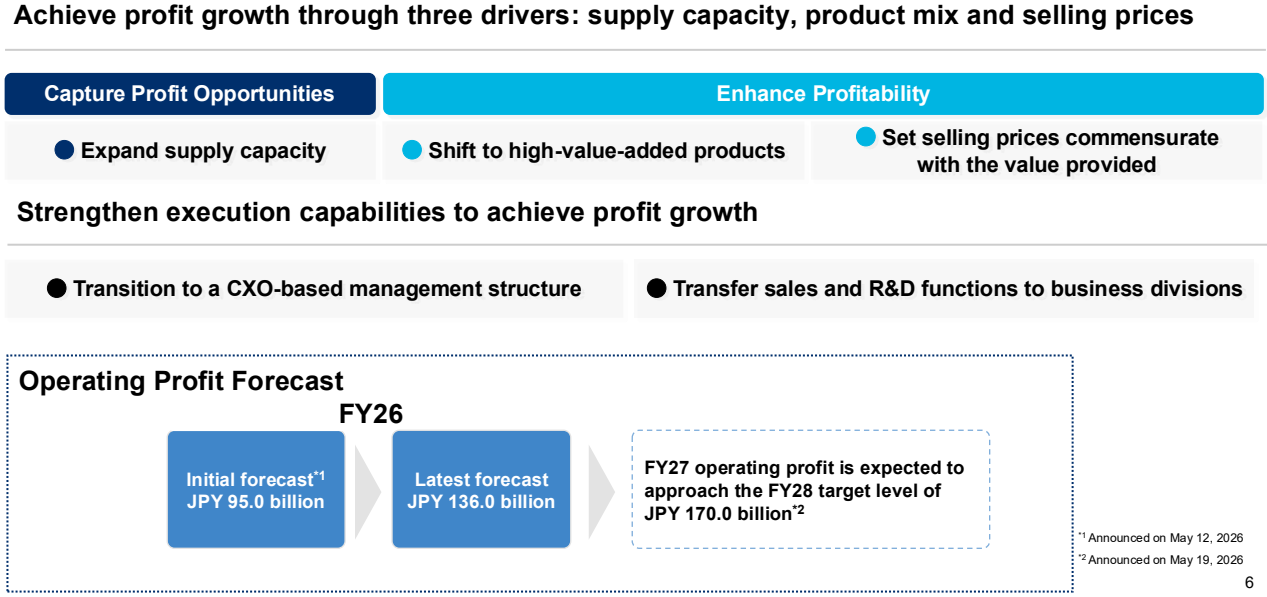
* Compared with the end of FY26

First, I'll explain our growth initiatives. Please turn to slide 5. To respond to strong demand for data center-related products, we are steadily expanding product supply capacity based on customer requests and other factors.

This table summarizes the projects we have announced to date. In Optical Solutions and Digital Infrastructure Components, we are making investments to expand production capacity, mainly for the product groups shown here. For Rollable Ribbon Cables, submarine fiber, MT ferrules, and HVLP 4 copper foil, we have decided to make additional investments on top of the previously announced production capacity expansion investments.

Growth Initiatives

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Please turn to slide 6. We are pursuing business growth through three pillars: expanding product supply capacity, changing the product mix by promoting a shift to high-value-added products, and optimizing selling prices. We have also transitioned to a CXO structure and transferred sales and R&D functions to the business divisions in order to strengthen execution capabilities for achieving growth.

We initially forecast consolidated operating profit of JPY 95.0 billion for FY2026, but have revised the forecast upward to JPY 136.0 billion, taking into account progress to date and other factors. If we can continue at this pace, we now see the possibility of reaching consolidated operating profit of JPY 170.0 billion in FY2027, one year earlier than the FY2028 timing initially anticipated.

Various views have been expressed regarding the data center market, but our assessment remains unchanged from that presented in the Management Policy to Achieve Vision 2030 announced in May this year. We will continue to capture demand in growth markets and make investments of an appropriate scale to achieve growth.

Aoshima will now explain the key points of our first-half results and full-year forecasts for FY2026.

FY26 H1 Financial Results Highlights

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■ **Achieved higher revenue and profit YoY on increased sales of data center-related products**
■ **Highest H1 net sales and profits at all levels since FY2001**

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
JPY 737.7 billion FY25 H1: JPY 610.7 billion YoY: JPY +127.0 billion Change (%): +21%	**JPY 57.6 billion** FY25 H1: JPY 19.1 billion YoY: JPY +38.5 billion Change (%): +201%	**JPY 64.9 billion** FY25 H1: JPY 20.3 billion YoY: JPY +44.7 billion Change (%): +220%	**JPY 58.8 billion** FY25 H1: JPY 12.9 billion YoY: JPY +45.9 billion Change (%): +357%

	FY25 H1	FY26 H1	YoY
Average copper price (JPY/kg)	1,461	2,278	+817
Average exchange rate (USD/JPY)	146	160	+14

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Aoshima: I'll explain our financial results for the first half of FY2026 and our full-year forecasts for FY2026.

Please turn to slide 8. These are the highlights of our financial results for the first half of FY2026. Net sales increased 21% year on year to JPY 737.7 billion. Operating profit increased 201% year on year to JPY 57.6 billion. Ordinary profit was JPY 64.9 billion, and profit attributable to owners of parent was JPY 58.8 billion. Net sales and profits at all levels reached record highs for a first half since FY2001. In particular, our ability to steadily capture expanding demand for data center-related products contributed to higher revenue and profit. Both copper prices and foreign exchange rates were higher than in the same period of the previous year.

FY26 H1 Financial Results - P/L Summary

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(JPY billion)	FY25 H1	FY26 H1	YoY change	Breakdown of major changes（YoY）		FY26 H1 Previous forecasts*	Change from previous forecasts
	a	b	b-a			c	b-c
Net sales	610.7	**737.7**	+127.0	See page 10	・Increased sales of data center-related products	720.0	+17.7
Operating profit	19.1	**57.6**	+38.5	See page 11		49.5	+8.1
(Margin)	3.1%	7.8%	+4.7			6.9%	+0.9
Net interest income (expense)	(3.9)	**(4.8)**	(0.9)			—	—
Share of profit (loss) of entities accounted for using equity method	5.1	**13.9**	+8.9		・Strong results at entities accounted for using equity method	—	—
Foreign exhange gains (losses)	(2.0)	**(3.3)**	(1.3)			—	—
Ordinary profit	20.3	**64.9**	+44.7			60.5	+4.4
(Margin)	3.3%	8.8%	+5.5			8.4%	+0.4
Extraordinary income (losses)	0.4	**19.2**	+18.9		・Gain on sale of cross-shareholdings	—	—
Income taxes	(6.2)	**(23.4)**	(17.2)			—	—
Profit attributable to non-controlling interests	(1.5)	**(2.0)**	(0.4)			—	—
Profit attributable to owners of parent	12.9	**58.8**	+45.9			58.0	+0.8
(Margin)	2.1%	8.0%	+5.9			8.1%	(0.1)
Average copper price (JPY/kg)	1,461	**2,278**	+817			2,225	+53
Average exhange rate (USD/JPY)	146	**160**	+14			160	(0)

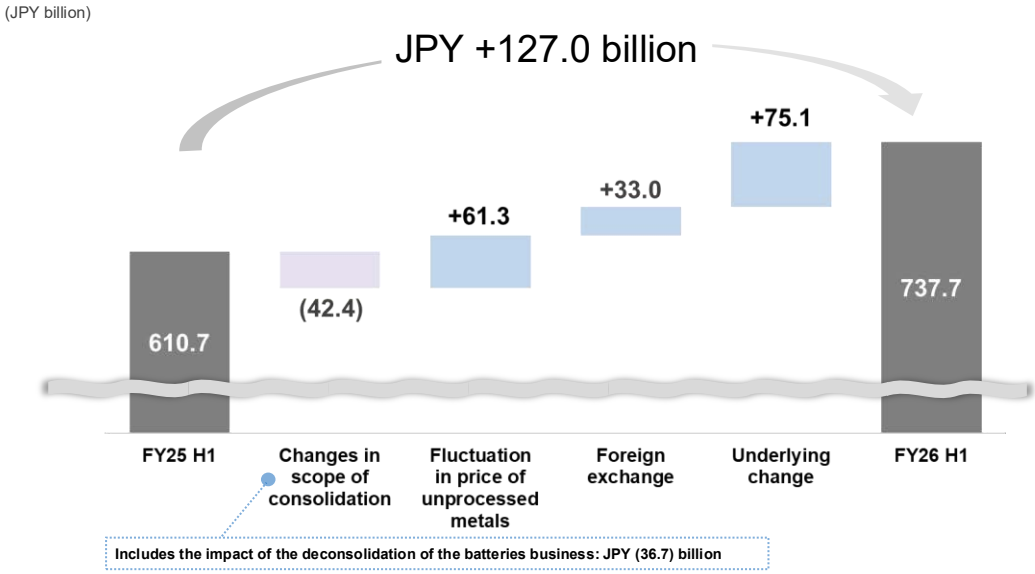
*Announced on September 24, 2026

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Please turn to slide 9. I'll explain net sales and operating profit on the following slides, so here I'd like to briefly touch on the other line items. In non-operating income and expenses, ordinary profit was JPY 64.9 billion, supported in part by strong results at entities accounted for using equity method. Under extraordinary income and losses, gains on sale of cross-shareholdings and other factors contributed to profit attributable to owners of parent of JPY 58.8 billion.

FY26 H1 Financial Results
- Breakdown of Changes in Net Sales

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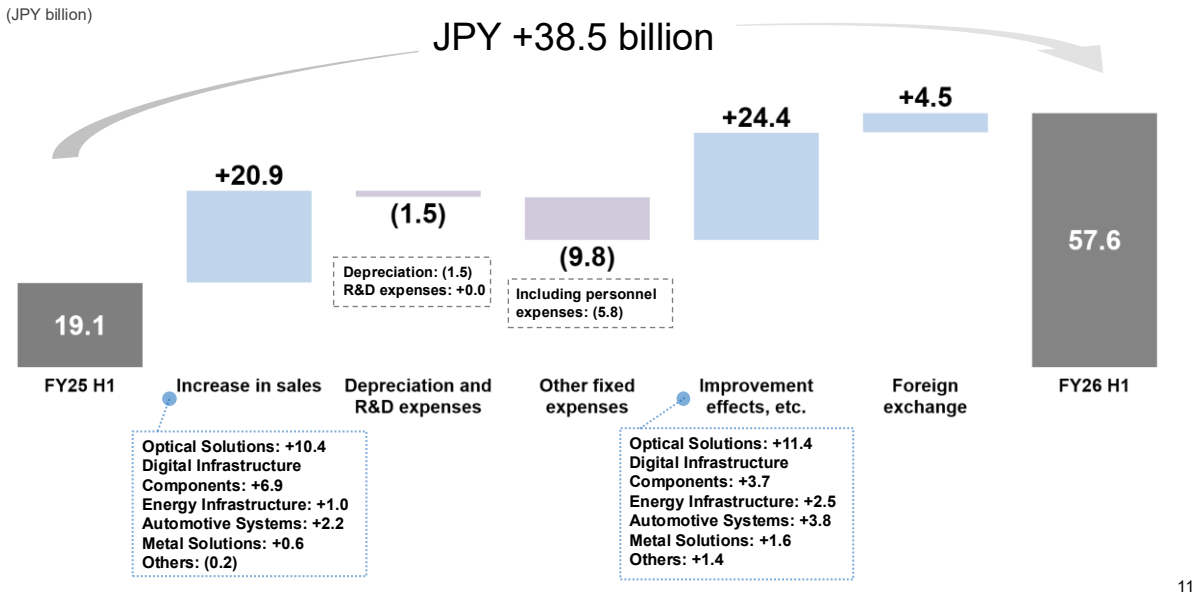
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Slide 10 shows the factors behind the change in net sales. Net sales increased by JPY 127.0 billion from the same period of the previous year. Changes in scope of consolidation had a negative impact of JPY 42.4 billion, partly due to the deconsolidation of the batteries business. Fluctuations in price of unprocessed metals had a positive impact of JPY 61.3 billion due to higher copper prices. Foreign exchange had a positive impact of JPY 33.0 billion due to the weaker yen. Underlying changes had a positive impact of JPY 75.1 billion.

Looking at the breakdown of the underlying change, net sales increased by approximately JPY 30.0 billion in Optical Solutions, JPY 14.0 billion in Digital Infrastructure Components, JPY 4.0 billion in Energy Infrastructure, JPY 9.0 billion in Automotive Systems, and JPY 18.0 billion in Metal Solutions.

FY26 H1 Financial Results
- Breakdown of Changes in Operating Profit

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Slide 11 shows the factors behind the change in operating profit. Increase in sales contributed JPY 20.9 billion to operating profit. By segment, Optical Solutions contributed JPY 10.4 billion and Digital Infrastructure Components JPY 6.9 billion, with expanding demand for data center-related products driving profit growth. In addition, profitability improvement initiatives, including price revisions and an improved product mix, also contributed to higher profit. Although personnel expenses, depreciation, and other costs increased, these increases were absorbed, bringing the total year-on-year increase in operating profit to JPY 38.5 billion.

Revision to FY26 Financial Forecasts

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■ **Revised the forecasts based on H1 financial results and the business environment**
■ **FY26 annual dividend forecast maintained, with an interim dividend of JPY 11 per share**

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
JPY 1,570.0 billion	**JPY 136.0 billion**	**JPY 155.0 billion**	**JPY 118.0 billion**
Previous forecast: JPY 1,530.0 billion	Previous forecast: JPY 123.0 billion	Previous forecast: JPY 143.0 billion	Previous forecast: JPY 105.0 billion
Change from previous forecast: JPY +40.0 billion	Change from previous forecast: JPY +13.0 billion	Change from previous forecast: JPY +12.0 billion	Change from previous forecast: JPY +13.0 billion
Change (%): +3%	Change (%): +11%	Change (%): +8%	Change (%): +12%

	FY26 previous forecast*	FY26 H1	FY26 H2 assumption	FY26 forecast
Average copper price (JPY/kg)	2,227	2,278	2,390	2,334
Average exchange rate (USD/JPY)	160	160	160	160

*Announced on August 6, 2026

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Slide 12 shows our full-year forecasts for FY2026. Based on our first-half results and the current business environment, we have revised upward our full-year forecasts for net sales and profits at all levels. Our annual dividend forecast for FY2026 remains unchanged at JPY 22 per share, as announced in May, and we will pay an interim dividend of JPY 11 per share. We have also revised our copper price assumption.

FY26 Forecasts - P/L Summary

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(JPY billion)	FY25			FY26 Previous forecasts*			FY26 Forecasts			YoY change			Change from previous forecasts		
	H1	H2		H1	H2		H1 Results	H2		H1	H2		H1	H2	
		a			b			c			c-a			c-b	
Net sales	610.7	696.9	1,307.6	720.0	810.0	1,530.0	737.7	832.3	**1,570.0**	+127.0	+135.4	+262.4	+17.7	+22.3	+40.0
Operating profit	19.1	44.7	63.9	49.5	73.5	123.0	57.6	78.4	**136.0**	+38.5	+33.7	+72.1	+8.1	+4.9	+13.0
(Margin)	3.1%	6.4%	4.9%	6.9%	9.1%	8.0%	7.8%	9.4%	8.7%	+4.7	+3.0	+3.8	+0.9	+0.3	+0.6
Net interest income (expense)	(3.9)	(4.1)	(8.0)	–	–	–	(4.8)	–	–	(0.9)	–	–	–	–	–
Share of profit (loss) of entities accounted for using equity method	+5.1	+11.5	+16.5	–	–	–	13.9	–	–	+8.9	–	–	–	–	–
Foreign exhange gains (losses)	(2.0)	2.1	0.2	–	–	–	(3.3)	–	–	(1.3)	–	–	–	–	–
Ordinary profit	20.3	55.6	75.9	60.5	82.5	143.0	64.9	90.1	**155.0**	+44.7	+34.5	+79.1	+4.4	+7.6	+12.0
(Margin)	3.3%	8.0%	5.8%	8.4%	10.2%	9.3%	8.8%	10.8%	9.9%	+5.5	+2.8	+4.1	+0.4	+0.6	+0.5
Extraordinary income (losses)	0.4	28.7	29.1	–	–	18.5	19.2	(3.3)	16.0	+18.9	(32.0)	(13.1)	–	–	(2.5)
Income taxes	(6.2)	(22.8)	(29.0)	–	–	–	(23.4)	–	–	(17.2)	–	–	–	–	–
Profit attributable to non-controlling interests	(1.5)	(1.8)	(3.4)	–	–	–	(2.0)	–	–	(0.4)	–	–	–	–	–
Profit attributable to owners of parent	12.9	59.7	72.5	58.0	47.0	105.0	58.8	59.2	**118.0**	+45.9	(0.4)	+45.5	+0.8	+12.2	+13.0
(Margin)	2.1%	8.6%	5.5%	8.1%	5.8%	6.9%	8.0%	7.1%	7.5%	+5.9	(1.4)	+2.0	(0.1)	+1.3	+0.7
Average copper price (JPY/kg)	1,461	1,929	1,695	2,225	2,230	2,227	2,278	2,390	**2,334**	+817	+461	+639	+53	+160	+107
Average exhange rate (USD/JPY)	146	155	151	160	160	160	160	160	**160**	+14	+5	+9	(0)	–	(0)

*Announced on September 24, 2026

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Slide 13 shows the P/L summary for our full-year forecasts for FY2026. We have revised net sales upward by JPY 40.0 billion from the previous forecast, of which approximately JPY 27.0 billion reflects the impact of higher copper prices. Operating profit has been revised upward by JPY 13.0 billion from the previous forecast. I'll explain the details by segment on the next slide. In addition to the revision to operating profit, we revised our forecast for share of profit of entities accounted for using equity method in a positive direction and our forecast for foreign exchange losses in a negative direction. As a result, ordinary profit has been revised upward by JPY 12.0 billion from the previous forecast, and profit attributable to owners of parent has been revised upward by JPY 13.0 billion.

FY26 Forecasts - Operating Profit by Segment

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■ Demand for data center-related products remains strong

(JPY billion)

Segments	FY25 H1	FY25 H2	FY25	FY26 Previous forecasts*1 H1	FY26 Previous forecasts*1 H2	FY26 Previous forecasts*1	FY26 Forecasts H1 Results	FY26 Forecasts H2	FY26 Forecasts	YoY change H1	YoY change H2	YoY change	Change from previous forecasts H1	Change from previous forecasts H2	Change from previous forecasts
		a			b			c			c-a			c-b	
Optical Solutions	0.7	10.0	10.7	18.5	24.5	43.0	**23.6**	**29.4**	**53.0**	+22.9	+19.4	+42.3	+5.1	+4.9	+10.0
Digital Infrastructure Components	6.3	9.7	15.9	15.5	35.5	51.0	**15.2**	**35.8**	**51.0**	+8.9	+26.2	+35.1	(0.3)	+0.3	–
Energy Infrastructure	2.8	7.2	10.0	4.0	3.0	7.0	**4.9**	**2.1**	**7.0**	+2.2	(5.2)	(3.0)	+0.9	(0.9)	–
Automotive Systems	10.3	16.0	26.4	12.5	10.5	23.0	**12.9**	**11.1**	**24.0**	+2.6	(4.9)	(2.4)	+0.4	+0.6	+1.0
Metal Solutions	1.6	1.8	3.4	1.5	2.5	4.0	**3.1**	**2.9**	**6.0**	+1.4	+1.2	+2.6	+1.6	+0.4	+2.0
Total (Including Service and Developments, etc. and eliminations) *2	19.1	44.7	63.9	49.5	73.5	123.0	**57.6**	**78.4**	**136.0**	+38.5	+33.7	+72.1	+8.1	+4.9	+13.0

*1 Announced on August 6, 2026

*2 FY25 financial results for the batteries business are included in Service and Developments, etc. (The business was consolidated through FY2025 Q3)

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Slide 14 shows our FY2026 outlook for operating profit by segment. We have revised operating profit upward by JPY 13.0 billion from the previous forecast, bringing the full-year forecast to JPY 136.0 billion. Reflecting accelerating increases in sales volumes of data center-related products and other products, price revisions, and changes in the product mix, we have revised the forecast upward by JPY 10.0 billion for Optical Solutions. We have also revised the forecast upward by JPY 1.0 billion for Automotive Systems, reflecting the first-half results and the current business environment, and by JPY 2.0 billion for Metal Solutions due to increased sales of high-value-added products.

Net Sales and Operating Profit by Segment

Optical Solutions

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FY26 H1

(JPY billion)	FY25	FY26	YoY change
	a	b	b-a
Net sales	91.0	**130.9**	+39.9
Operating profit	0.7	**23.6**	+22.9

Factors affecting profits (YoY change)

(+) Increased sales volumes, price revisions, and changes in the product mix of data center-related products

FY26 Full-year forecasts

(JPY billion)	FY25 Results	FY26 Previous forecasts *1	FY26 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	196.9	265.0	**275.0**	+78.1	+10.0
Operating profit	10.7	43.0	**53.0**	+42.3	+10.0

Factors affecting profits (Change from previous forecasts)

(+) Accelerating increases in sales volumes, price revisions, and changes in the product mix of data center-related products

Business environment overview

- Supply-demand conditions for data center-related products remain tight

Key points

- Accelerate development, capacity expansion and sales growth of data center-related products

Rollable Ribbon Cables and related solutions

MT ferrules & VSFF*2 connectors

Specialty fibers (Fibers for submarine transmission lines and amplifiers)

*1 Announced on August 6, 2026
*2 Very Small Form Factor

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Starting on slide 15, I'll explain the situation by segment. First, let's look at Optical Solutions. Operating profit for the first half was JPY 23.6 billion, an improvement of JPY 22.9 billion from the same period of the previous year. For data center-related products, increased sales volumes, price revisions, and changes in the product mix toward high-value-added products contributed to the improvement. We have revised the full-year forecast upward as shown here.

Net Sales and Operating Profit by Segment

Digital Infrastructure Components

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FY26 H1

(JPY billion)	FY25	FY26	YoY change
	a	b	b-a
Net sales	96.5	**118.9**	+22.4
Operating profit	6.3	**15.2**	+8.9

Factors affecting profits (YoY change)

(+) Increased sales of data center-related products, including optical semiconductor-related products and copper foil
(+) Impact of exchange rates

*1 Announced on August 6, 2026

*2 DFB (Distributed Feedback Laser) chips
Pump laser for Raman amplifiers
SOA (Semiconductor Optical Amplifier)

FY26 Full-year forecasts

(JPY billion)	FY25 Results	FY26 Previous forecasts *1	FY26 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	198.0	325.0	**315.0**	+117.0	(10.0)
Operating profit	15.9	51.0	**51.0**	+35.1	-

Revision of consolidation eliminations in the forecast

Business environment overview

- Supply-demand conditions for data center-related products remain tight

Key points

- Increase production and sales of high-value-added products for data center market
  - ➢ Ramp up production of water-cooling modules (mass production started in Q2)
  - ➢ Shift in the copper foil product mix (copper foil for high-frequency printed wiring boards)
  - ➢ Increase production of optical semiconductor-related products

High-performance heat dissipation and cooling products	Copper foil for high-frequency printed wiring boards	Optical semiconductor-related products*2	Thin aluminum blanks for HDD	Tapes for semiconductor process	High-performance foam products

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Please turn to slide 16. This is Digital Infrastructure Components. Operating profit for the first half was JPY 15.2 billion, an improvement of JPY 8.9 billion from the same period of the previous year. Operating profit increased year on year due to increased sales of data center-related products, including optical semiconductor-related products and copper foil. For the full-year forecast, we reviewed consolidation eliminations arising from differences in fiscal year-ends at overseas consolidated subsidiaries and reduced net sales by JPY 10.0 billion.

Net Sales and Operating Profit by Segment

Energy Infrastructure

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FY26 H1

(JPY billion)

	FY25	FY26	YoY change
	a	b	b-a
Net sales	67.2	**69.9**	+2.7
Operating profit	2.8	**4.9**	+2.2

Factors affecting profits (YoY change)

(+) Solid demand for domestic underground power cables
(+) Deconsolidation of a Chinese subsidiary
(+) Increased sales of functional power cables

FY26 Full-year forecasts

(JPY billion)

	FY25 Results	FY26 Previous forecasts *1	FY26 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	138.8	130.0	**130.0**	(8.8)	-
Operating profit	10.0	7.0	**7.0**	(3.0)	-

Business environment overview

Domestic extra-high voltage / Submarine transmission lines	Steady demand in Japan for renewal of underground power cables and for renewable energy-related projects
Functional power cables/ components	Steady demand

Key points

- Strengthen cable manufacturing and installation capabilities
  - Domestic extra-high voltage power cable & submarine transmission lines
  - Renewable energy-related projects
  - HVDC*2
- Increase sales by promoting marketing activities
  - Rakuraku aluminum cable®
  - Functional power cable
  - Transmission and distribution components

*1 Announced on August 6, 2026
*2 High Voltage Direct Current

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Please turn to slide 17. This is Energy Infrastructure. Operating profit for the first half was JPY 4.9 billion, an improvement of JPY 2.2 billion from the same period of the previous year. Operating profit increased year on year due to solid demand for domestic underground power cables, the positive impact from the deconsolidation of a Chinese subsidiary, and increased sales of functional power cables. We are maintaining our full-year forecast.

Net Sales and Operating Profit by Segment

Automotive Systems

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FY26 H1

(JPY billion)	FY25	FY26	YoY change
	a	b	b-a
Net sales	167.1	**188.9**	+21.8
Operating profit	10.3	**12.9**	+2.6

Factors affecting profits (YoY change)

- Market environment is generally stable and unchanged from previous year

(+) Profit increased due to temporary factors

FY26 Full-year forecasts

(JPY billion)	FY25 Results	FY26 Previous forecasts*	FY26 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	357.5	360.0	**375.0**	+17.5	+15.0
Operating profit	26.4	23.0	**24.0**	(2.4)	+1.0

Factors affecting profits (Change from previous forecasts)

(+) H1 results and the current business environment

Business environment overview

- Customer vehicle production is sluggish in China but generally firm in other markets; overall volumes are broadly flat YoY
- Uncertainty remains over the situation in the Middle East and U.S. tariffs

Key points

- Respond to the impact of U.S. tariff policies
- Promote assembly automation
- Develop products for the EV market

Aluminum wire harnesses and high-voltage products

*Announced on August 6, 2026

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Please turn to slide 18. This is Automotive Systems. Operating profit for the first half was JPY 12.9 billion, an improvement of JPY 2.6 billion from the same period of the previous year. The market environment was generally stable and unchanged from the previous year, and profitability also improved due to temporary factors, resulting in higher operating profit year on year. We have revised the full-year forecast upward as shown here.

Net Sales and Operating Profit by Segment

Metal Solutions

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FY26 H1

(JPY billion)

	FY25	FY26	YoY change
	a	b	b-a
Net sales	160.4	**237.5**	+77.2 *1
Operating profit	1.6	**3.1**	+1.4

Factors affecting profits (YoY change)

- Market environment is generally stable and unchanged from previous year

(+) Increased sales of high-value-added products

	FY25		FY26			
	H1	Full-year	Previous forecast*2	H1	H2 assumption	Full-year forecast
Average copper price (JPY/kg)	1,461	1,695	2,227	2,278	2,390	2,334
Average exchange rate (USD/JPY)	146	151	160	160	160	160

*1 Including the impact of copper prices and foreign exchange fluctuations

*2 Announced on August 6, 2026

FY26 Full-year forecasts

(JPY billion)

	FY25 Results	FY26 Previous forecasts *2	FY26 Forecasts	YoY change	Change from previous forecasts
	a	b	c	c-a	c-b
Net sales	372.9	475.0	**490.0**	+117.1	+15.0 *1
Operating profit	3.4	4.0	**6.0**	+2.6	+2.0

Factors affecting profits (Change from previous forecasts)

(+) Increase in sales increase of high-value-added products

Business environment overview

- Demand for electronics-related products is gradually recovering
- Demand for data center-related products remains firm

Key points

- Improvement to the product mix by expanding sales of high-value-added products

Oxygen-free copper product lineup (for power semiconductors and heat dissipation components)

High-performance resistance materials (for smartphones and xEV)

Palladium-plated products (for tantalum capacitors)

19

Please turn to slide 19. This is Metal Solutions. Operating profit for the first half was JPY 3.1 billion, an improvement of JPY 1.4 billion from the same period of the previous year. Although the market environment was generally stable and unchanged from the previous year, profitability improved due to increased sales of high-value-added products, resulting in higher operating profit year on year. We have revised the full-year forecast upward as shown here, reflecting recent higher copper prices and increased sales of high-value-added products.

FY26 H1 Financial Results - B/S Summary, Free Cash Flow

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(JPY billion)	End of FY25	End of FY26H1	Change
	a	b	b-a
Current assets	595.5	**665.3**	+69.8
Cash and deposits	69.2	79.0	+9.8
Notes and accounts receivable - trade, and contract assets	266.5	293.7	+27.3
Total inventories	210.9	238.6	+27.7
Non-current assets	470.9	**480.4**	+9.5
Property, plant and equipment	276.9	298.6	+21.7
Intangible assets	25.4	26.1	+0.7
Investments and other assets	168.5	155.7	(12.8)
Total assets	1,066.4	**1,145.8**	+79.4
Current liabilities	428.7	**470.3**	+41.6
Non-current liabilities	202.5	**202.0**	(0.5)
Total liabilities	631.1	**672.3**	+41.1
Shareholders' equity	356.2	400.3	+44.2
Accumulated other comprehensive income	60.9	54.6	(6.3)
Non-controlling interests	18.2	18.6	+0.4
Total net assets	435.2	**473.5**	+38.3
Total liabilities and net assets	1,066.4	**1,145.8**	+79.4
Equity capital ratio	39.1%	39.7%	+0.6
Net interest-bearing debt	247.5	254.1	+6.6
Net D/E ratio	0.59	0.56	(0.03)

(JPY billion)	FY26 H1
Free Cash Flow	**+7.5**
Operating CF	**+28.7**
Of which: Operating profit	+57.6
Of which: Depreciation and amortization	+21.7
Of which: Changes in working capital	(51.0)
Investing CF	**(21.2)**
Of which: Purchase of property, plant and equipment	(49.3)
Of which: Proceeds from sales of assets	+30.5

Expected to be approximately zero for FY26

Proceeds from sales of cross-shareholdings, etc.

20

Please turn to slide 20. This slide shows the balance sheet summary and free cash flow. Total assets were JPY 1,145.8 billion, an increase of JPY 79.4 billion from the end of the previous fiscal year. This was primarily due to an increase in working capital associated with sales growth. All key financial indicators were within our expectations. Free cash flow for the first half was positive JPY 7.5 billion. Operating cash flow was positive JPY 28.7 billion, while investing cash flow was negative JPY 21.2 billion. Although cash outflows increased due to investments in growth domains, they were covered by the sale of cross-shareholdings and other factors.

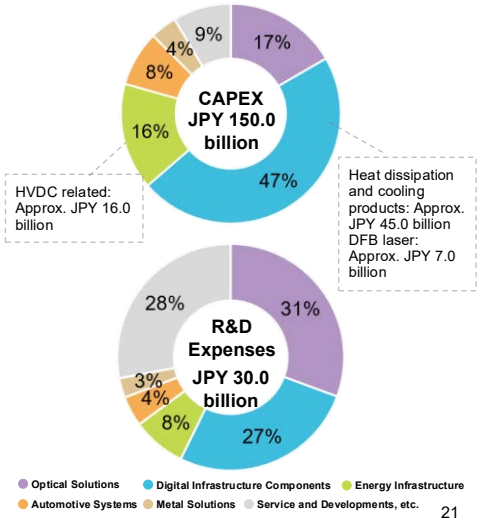
Turning to the right side of the slide, we show our free cash flow outlook for the current fiscal year. In the cash allocation plan announced in May, we explained that free cash flow would be under pressure in the current fiscal year. However, as profitability continues to improve in the second half and operating cash flow is generated, we expect the full-year result to be around zero.

CAPEX, Depreciation & Amortization and R&D Expenses

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■ Full-year forecasts unchanged

(JPY billion)	FY25 H1	FY26 H1	YoY change	FY25	FY26 Forecasts (Announced on May 12, 2026)	YoY change
	a	b	b-a	c	d	d-c
CAPEX	23.3	**44.6**	+21.3	56.7	**150.0**	+93.3
Depreciation and amortization	21.0	**21.7**	+0.7	43.2	**46.0**	+2.8
R&D expenses	15.1	**13.8**	(1.3)	28.4	**30.0**	+1.6



21

Please turn to slide 21. This slide shows CAPEX, depreciation and amortization, and R&D expenses. These items have increased year on year, as we are making investments to expand production capacity in response to growing demand for data center-related products. Our forecasts for CAPEX, depreciation and amortization, and R&D expenses remain unchanged from the previous forecasts.

That concludes my presentation.