



Furukawa Electric Co., Ltd.

Announcement of Management Policy

May 19, 2026

[Number of Speakers] 3

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Management Policy to Achieve Furukawa Electric Group Vision 2030

May 19, 2026

Hideya Moridaira, President, Chief Executive Officer
Furukawa Electric Co., Ltd.

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Moridaira: Thank you very much for taking time out of your busy schedule today to participate in this briefing of the management policy of our group.

Last week, we presented the financial results for FY2025 and our full-year forecast for the current fiscal year. Today, I would like to talk about how to proceed with our business for the future, the direction we selected, and the target levels we see.

I would appreciate your attention.

Agenda

- 1. Introduction**
- 2. Achievements of the 2025 Medium-Term Management Plan**
- 3. Management Policy to Achieve Vision 2030**
- 4. Management Priorities (Value Creation through Solving Social Issues)**
 - 1) Creation of Information-Based Social Infrastructure
 - 2) Challenges in New Businesses Contributing to Solving Social Issues
- 5. Management Priorities
(Building the Management Foundation for Sustainable Value Creation)**
 - 1) Optimization of Business and Product Portfolio
 - 2) Improvement of Labor Productivity
 - 3) Maximizing the Value of Human Capital
 - 4) Enhancement of Governance and Risk Resilience

Today's agenda.

I would like to proceed in this order: a review of 2025 medium-term management plan, the management policy that enables us to achieve Vision 2030, and management priorities.

Delivering on Our Purpose through Vision 2030 — Furukawa Electric Group is entering the Next Phase of Growth

- Under the 4-year Medium-term Management Plan “Road to Vision 2030 – Transform and Challenge” which concluded in FY2025, we made steady progress on our key initiatives. As a result, we achieved most of our stated targets and successfully strengthened our management foundation.
- We are now pleased to present our “Management Policy to Achieve Vision 2030.” Starting from the Group’s Purpose, we have examined the elements required to drive Vision 2030 forward and identified six key priority issues. Over the next five years, we are committed to addressing these issues with sincerity and determination.
- Amid increasing uncertainty and rapid changes in the business environment, the assumptions and targets set forth in conventional medium-term management plans carry an inherent risk of becoming obsolete. Given this situation, we have repositioned this policy from a traditional medium-term plan with fixed commitments to one that outlines the most achievable “target levels” as of May 2026, along with the initiatives needed to reach them.
- We will review these target levels as appropriate in response to future changes in the operating environment. Through such reviews, we aim to foster a shared understanding with our stakeholders while striving to enhance our corporate value over the medium to long term.

H. Mardaine
President, Chief Executive Officer

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This message outlines the overall points of what I would like to convey in today’s briefing.

The 2025 medium-term management plan has been completed, and we achieved all financial targets.

However, there were significant delays during the course of the plan, and we made substantial adjustments to certain initiatives while maintaining our overall strategic direction. In today’s challenging business environment, even if we formulate a five-year plan as we have in the past, the reality is that it does not unfold as planned and is often difficult to execute as intended.

In this context, we have presented the level of performance at which Vision 2030 can be considered achieved, and have identified management priorities to be addressed in order to reach that level, together with the initiatives to solve them. In other words, we have focused on outlining the overall direction.

Based on developments each year, we will maintain this direction while making adjustments to the target levels and specific measures as necessary, with the aim of achieving sustainable medium- to long-term enhancement of corporate value.

Going forward, we will commit to the annual plan and forecast disclosed at each fiscal year-end results announcement. Through the steady execution of these commitments, we aim to ultimately achieve the target level set under Vision 2030.



FURUKAWA ELECTRIC GROUP PURPOSE

Composing the core of a brighter world.

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

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

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

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

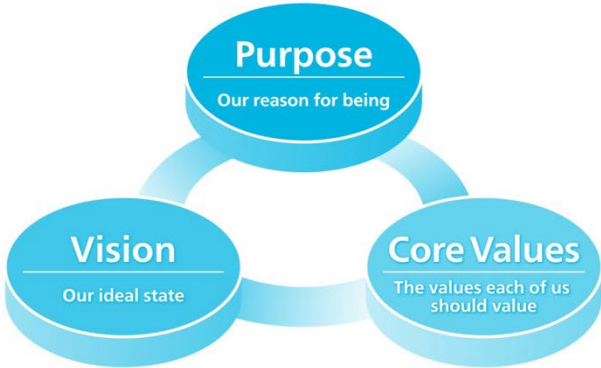
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This is the Purpose of our group; it is the reason we do our business.

The starting point for all our business activities is here.

Structure of the Corporate Philosophy

Based on a pyramid structure, the “Purpose” which sets forth the group’s reason for existing is positioned at the top, followed by the “Vision” aimed for by the Group and “Core Values” shared throughout the Group



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

Together with our Vision and Core Values, our Purpose forms our overall corporate philosophy. While our Purpose and Core Values remain unchanged for the foreseeable future, our Vision—currently Vision 2030—will evolve over time.

Achievements of the 2025 Medium-Term Management Plan

Key Initiatives of the 2025 Mid-Term Management Plan



External Environment Change
Semiconductor market downturn, rapid adoption of generative AI, growth of the data-center market, U.S. tariff developments, geopolitical risks, Japanese-Yen depreciation

Financial and Sustainability Targets and Results

	Items	FY25 Results	FY25 Targets
Financial targets	ROIC(after tax)	12.2%	More than 6%
	ROE	19.1%	More than 11%
	Net D/E ratio	0.6	0.8 or below
	Capital ratio	39.1%	More than 35%
	Net sales	JPY 1,300.0 billion	More than JPY 1,100.0 billion
	Operating profit	JPY 63.9 billion	More than JPY 58.0 billion
Sustainability indicators (excerpt)	Net income attributable to owners of the parent	JPY 72.5 billion	More than JPY 37.0 billion
	GHG emissions reduction rate (Scope1,2)(compared with FY2021)	Reduce 44%(estimated)	Reduce 18.7%
	Ratio of renewable energy use to total consumption	53%(estimated)	30%
	Employee engagement score	76	80
	(non-consolidated) Ratio of female workers in managerial positions	6.3%	7%
	Ratio of follow-up on risk management activities for all risk domains	100%	100%

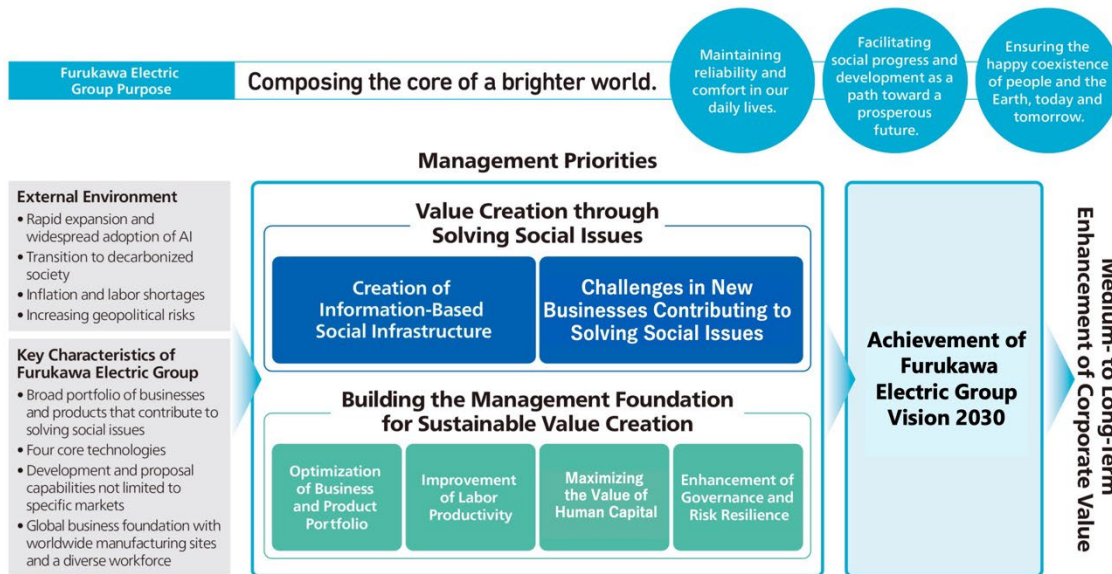
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Let me now review the results of the 2025 medium-term management plan.

Under the 2025 medium-term management plan, we promoted three key initiatives and pursued the achievement of our targets shown on the right side. Specifically, toward achieving Vision 2030, we focused on enhancing profitability in our existing businesses, strengthening our organizational foundation, and improving our development and proposal capabilities by FY2025.

As a result, we achieved all targets except for two indicators—employee engagement score and the ratio of female workers in managerial positions. Overall, we believe this represents solid progress as an interim step toward Vision 2030.

Overview of the Purpose-driven Management Policy



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I will now move to the core topic of today’s presentation—our management policy toward achieving Vision 2030.

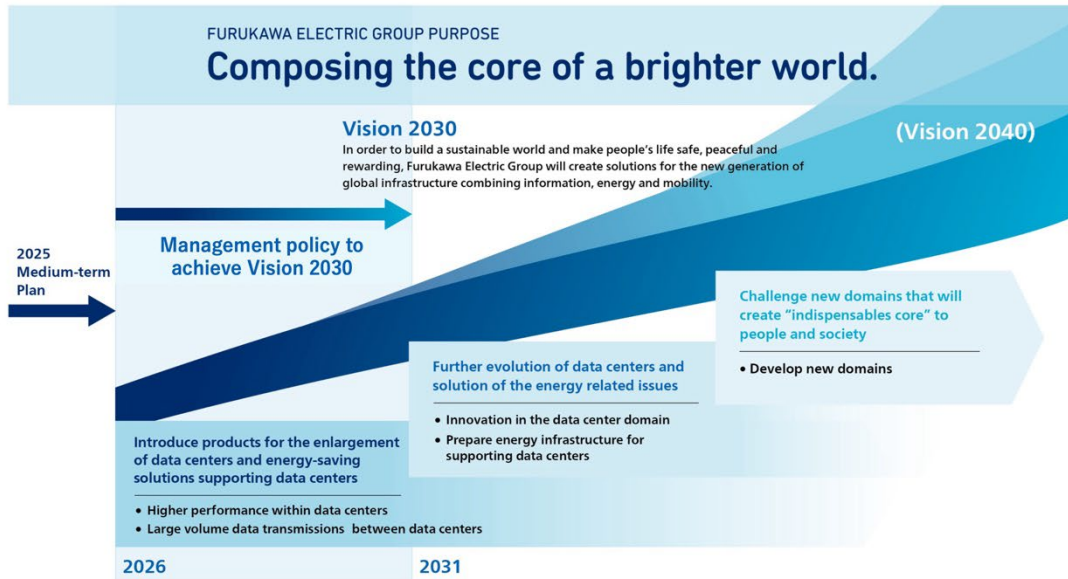
This is our newly organized value creation story.

Starting from our Group purpose, we have identified six management priorities. By addressing these, we aim to achieve Vision 2030 and enhance corporate value over the medium to long term.

Of the six priorities, two relate to value creation through solving social issues: the creation of information-based social infrastructure, and the challenges in new businesses contributing to solving social issues.

The remaining four relate to building the management foundation: optimization of the business and product portfolio, improvement of labor productivity, maximizing the value of human capital, and enhancement of governance and risk resilience.

Overview of the Medium- to Long-term Scenario



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Next, I would like to outline our overall management scenario going forward.

As mentioned earlier in reference to the structure of corporate philosophy, Vision 2030 could change in the future. Vision 2030 represents our desired state around the year 2030. We aim to achieve this by focusing on data center-related businesses.

Looking beyond that, we plan to expand into areas responding to further evolution of data centers, as well as energy-related fields such as electric power. Over the longer term, we envision entering new business domains aligned with our purpose.

Financial Target Levels and Investment Amount

- Accelerate investments in the growth domains centered on the data center-related business*
- Expect to achieve operating profit of JPY 250.0 billion and operating profit margin over 10% in FY2030 (including JPY 200.0 billion from the data center-related business)
- Further increase in ROE and ROIC

Financial target levels

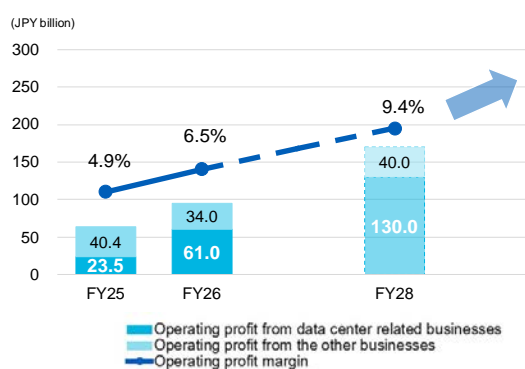
	FY2030	(reference) FY2025
Operating profit	JPY 250.0 billion	JPY 63.9 billion
ROE	20%	19.1%
ROIC	15%	12.2%

Investment amount

	FY2026-FY2030
Investment amount	JPY 650.0 billion
Including investments in the focus domains	JPY 500.0 billion

*The data center-related business include Lightera, Thermal Management Solutions & Products, FITEL Products, AT(Tape for semiconductor process), Memory Disk, Copper Foil and Photonics-Electronics Convergence Devices

Operating profit and operating profit margin forecast



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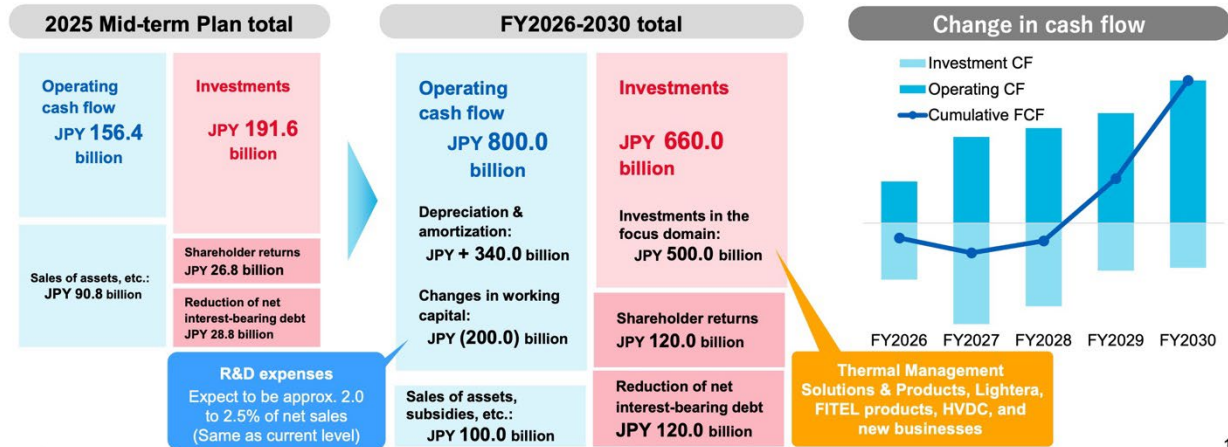
To achieve Vision 2030, we will proactively invest in growth areas, particularly data center-related businesses. Here, we present the financial target levels we expect upon successful execution.

For FY2030, we expect operating profit of 250 billion yen, an operating margin exceeding 10%, ROE of 20%, and ROIC of 15%. As an interim milestone, for FY2028, we expect operating profit of 170 billion yen and an operating margin of approximately 9%. We will formulate and execute annual plans with these targets in mind.

Total investment over five years is planned at 650 billion yen, of which 500 billion yen will be allocated to data center-related businesses.

Cash Allocation

- Total free cash flow during the 5 years through FY2030 is expected to be JPY 240.0 billion
- In FY2026 and FY2027, capital procurement will temporarily increase for the purpose of investments
- While providing shareholder returns, will proceed with the repayment of outstanding debt in order to further strengthen the financial base



*Four years from FY2022 to FY2025

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Under these assumptions, cumulative free cash flow over five years is expected to be positive at 240 billion yen.

Free cash flow is expected to be negative in the first two years due to upfront investments but will turn positive thereafter as returns materialize.

While the 2025 medium-term management plan covered a one-year shorter period than this management policy, a simple comparison indicates that investment will be approximately three times larger and operating cash flow more than five times greater, representing an unprecedented scale for our Group.

As announced during our FY2025 results briefing, we have revised our shareholder return policy. Through profit growth under this management policy, we will enhance shareholder returns through both share price appreciation and increased dividends.

At the same time, we will continue to strengthen our financial base, including debt repayment.

- Change from the current shareholder return policy of “target a dividend payout ratio of about 30%”
- While accelerating the investments in the focus domains, maintain stable dividends that are not affected by fluctuations in profit levels

Basic policy	During the Vision 2030 period (FY2026 - FY2030), the Company aims to maintain stable shareholder returns while continuing investments to enhance corporate value, with dividends generally targeting 3.5% of shareholders' equity.
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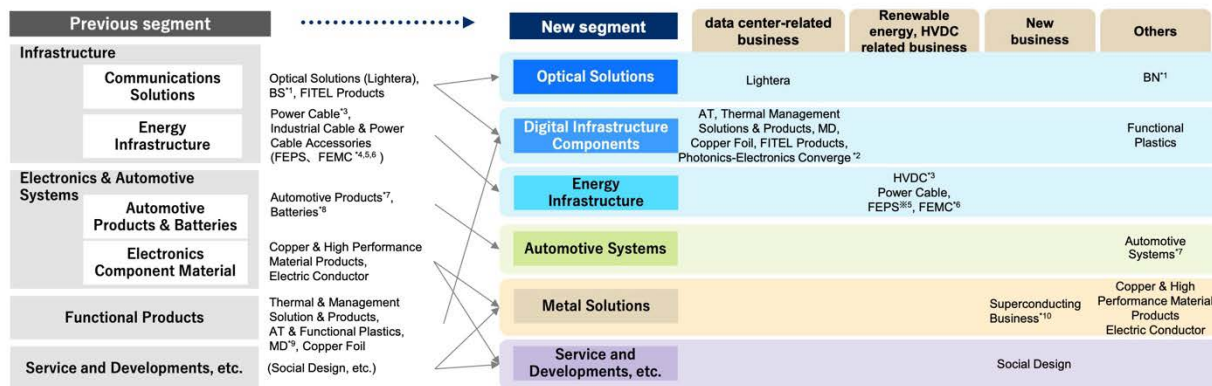
Let me turn to our shareholder return policy.

We will maintain stable dividends, targeting a dividend on equity (DOE) ratio of 3.5%.

Based on the management policy, we will pursue proactive investment to enhance corporate value, expand profits and shareholders' equity, and thereby strengthen shareholder returns.

Change to the Segments

- From FY2026, reorganized into 6 new segments – Starting from marketing, optimize the combination with solutions
- Accelerate growth of the data center-related business



*1 BS (Broadband Solutions) has been renamed as BN (Broadband Networks)
*2 Next-generation photonics domain in Communications Solutions has been positioned under Digital Infrastructure Components as photonics-electronics convergence devices
*3 HVDC (high voltage direct current) domain in the Power Cable business has been positioned as a division under Energy Infrastructure

*4 FEPS & FEMC are subsidiaries under Industrial Cable & Power Cable Accessories
*5 FEPS: Furukawa Electric Power Systems Co., Ltd.
*6 FEMC: Furukawa Electric Metal Cable Co., Ltd.
*7 Automotive Products has been renamed as Automotive Systems

*8 Batteries business was deconsolidated in FY2025 Q4
*9 MD: Memory disk
*10 Superconductors has been transferred from Service and Developments, etc. to Metal Solutions

From here, I would like to discuss the six management priorities for achieving Vision 2030.

The first, related to value creation, is the creation of an information-based social infrastructure.

From this fiscal year, we have reorganized our business segments and restructured our business domains based on markets and customers as the starting point.

We aim to enhance the expertise of each domain, provide products, businesses, and services demanded by customers as total solutions, and maximize the value we deliver.

Going forward, the Optical Solutions and Digital Infrastructure Components domains will take the lead in expanding data center-related businesses.

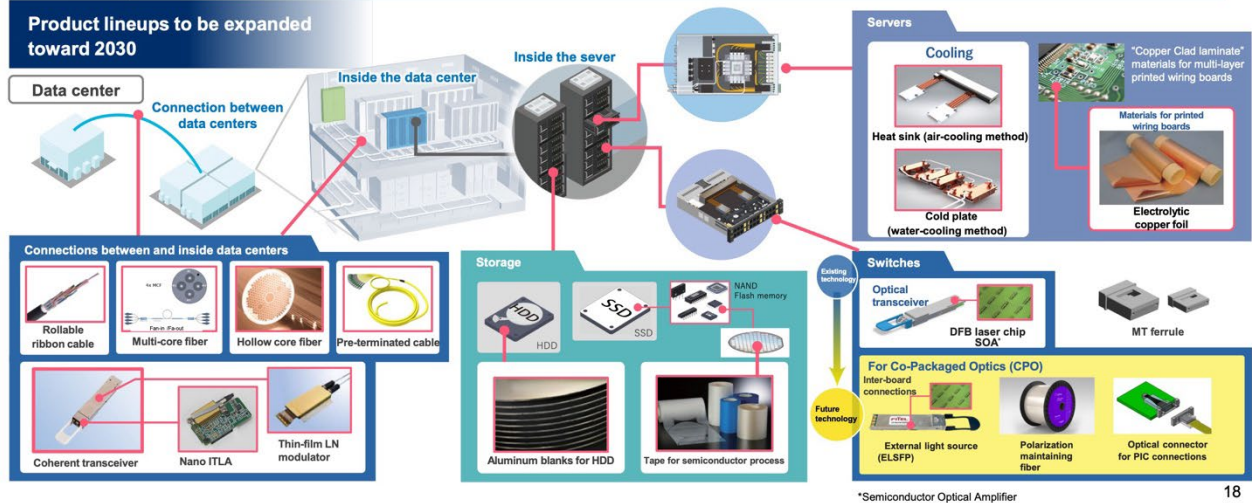
In addition, renewable energy and HVDC-related businesses, which are priority areas following data center-related businesses, will continue to be positioned within the Energy Infrastructure segment.

Furthermore, superconductivity and social design, which are envisaged as future new business areas, have been positioned within the Metal Solutions segment and the Services & Development segment, respectively.

Other businesses are positioned as existing businesses across multiple segments.

Creation of Information-Based Social Infrastructure: Data Center-Related Business

- Respond to larger capacity, higher heat generation and increased density at data centers, and provide solutions to the problem of energy consumption
- Operating profit in the data center-related business is expected to be JPY 200.0 billion (Level to be achieved in 2030)



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This presents the major product portfolio overview included in data center-related businesses.

At present, these product groups are required in order to address the increasing capacity, higher heat generation, and greater density of data centers, as well as to solve energy-related challenges such as rising power consumption.

Our Group will focus on expanding production of these products and aim to achieve operating profit of 200 billion yen from these businesses by FY2030.

Initiatives in the Data Center-Related Business

- **Rising demand for our products and solutions driven by the expansion of generative AI and data center construction**
- **Steadily capture the growing demand through strategic investments, and drive growth in the data center-related business through FY2030**

Lightera

- Plan to expand production capacity for optical fiber, rollable ribbon cables and MT ferrules
- Optimize and maximize supply across the Lightera global productions

Thermal management solutions & Products

- Maintain competitive advantage based on strong customer relationships, proven track record and advanced thermal design capabilities
- Plan to expand water-cooling production capacity and grow water-cooling product-related sales to around JPY400 billion by FY2030

FITEL Products

- Expand production capacity for DFB laser chips, excitation light sources for Raman amplifiers and SOA**
- Significantly expand supply capacity for DFB laser chips for ELS** in CPO (Planned construction of a new plant)

Data center-related business total

Anticipated profit growth
(from FY2025 to FY2030)

4 times

15 times

10 times

8 times

Note) Of the data center-related business, the initiatives for 3 business are given here.
In addition to the above, the data center-related business includes AT (tape for semiconductor process), MD (memory disk), copper foil and photonics-electronics convergence devices.

**Semiconductor Optical Amplifier
**External Light Source

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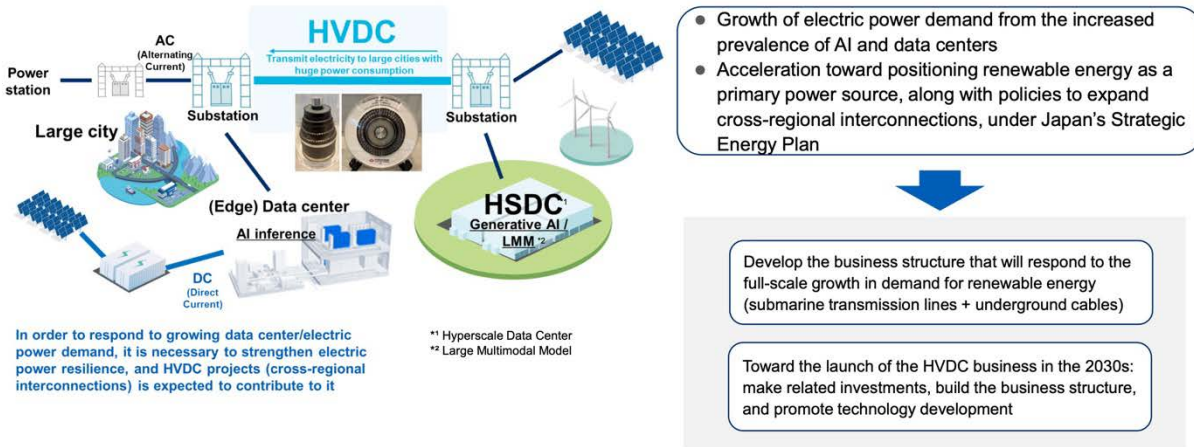
The expansion of data centers is expected to continue, and our Group will capture this demand to drive growth.

Profit growth from FY2025 to FY2030 is assumed to be approximately fourfold through increased production of optical fibers, optical fiber cables, and MT ferrules by Lightera within the Optical Solutions segment, approximately fifteenfold for thermal products through expansion in sales of liquid cooling modules, and approximately tenfold for optical components such as DFB chips, Raman amplification pump sources, and SOAs, resulting in an overall increase of around eightfold.

To realize this, we will continue to make proactive investments in expanding production capacity.

Creation of Information-Based Social Infrastructure: Renewable Energy and HVDC-Related Business

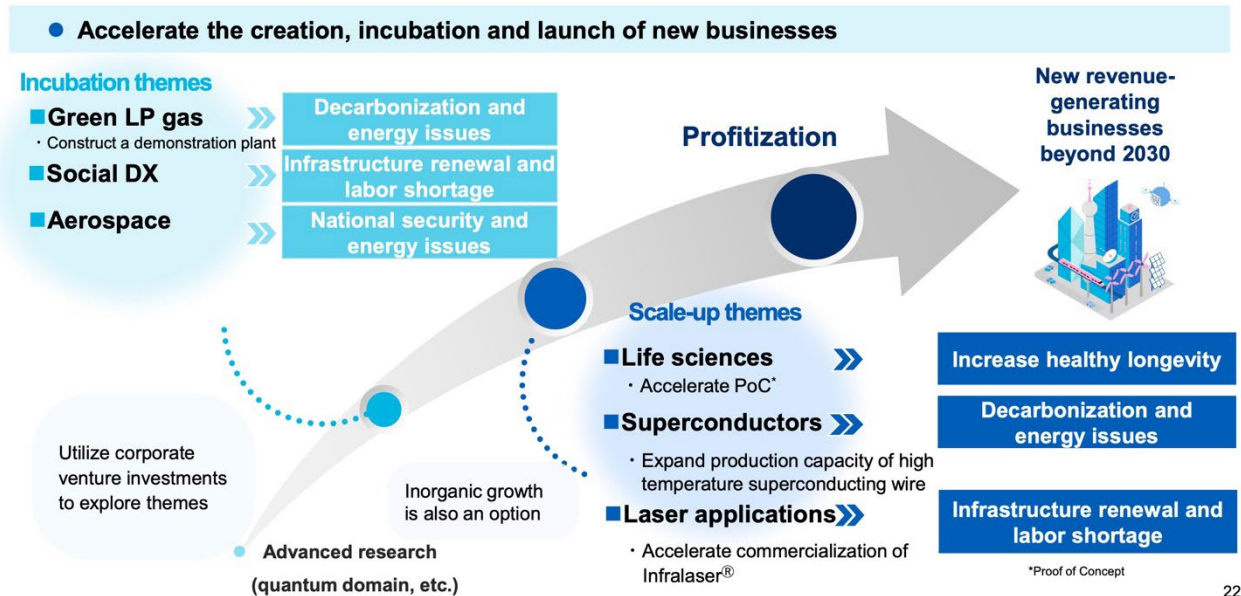
- Create a business structure that will respond to growing renewable energy demand
- Toward the 2030s, invest in HVDC and develop the business structure



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On the other hand, in businesses related to renewable energy and HVDC, we will make investments including the construction of new plants by FY2030, establish and strengthen manufacturing systems for power transmission cables used in offshore wind power generation and HVDC cables used in the construction of DC transmission systems related to cross-regional interconnections concept, and aim to expand profits in the 2030s.

Challenges in New Businesses that Contribute to Solving Social Issues



Second, I would like to talk about the creation of new businesses that contribute to solving social issues. Currently, new businesses under consideration are categorized into those at the research stage, those in the incubation stage, and those in the scale-up stage. Each of these is shown here.

We aim to bring these new businesses to commercialization and expansion phases around 2030 and establish them as new pillars of revenue.

Optimization of the Business and Product Portfolio

● Driving portfolio optimization through business-level FVA monitoring

- Portfolio enhancement via business and organizational restructuring during the 2025 Mid-Term Plan
- Ongoing optimization of the business and product mix through FVA* monitoring

	Key Initiatives under the 2025 Mid-Term Plan	Future Initiatives
Optical Solutions	<ul style="list-style-type: none"> • Integrated optical fiber and cable business and acquired connector business • Portfolio shift toward data center-related products 	<ul style="list-style-type: none"> • Global portfolio optimization • Steady capture of data-center demand • Realization of benefits from broadband business reorganization
Digital Infrastructure Components	<ul style="list-style-type: none"> • Accelerated product portfolio shift toward high-margin products and investment data center-related products 	<ul style="list-style-type: none"> • Capture data center demand through timely and disciplined investment • Continued shift toward higher value-added products
Energy Infrastructure	<ul style="list-style-type: none"> • Expanded domestic high-voltage products and renewable-energy capacity • Integrated metal cable business (FEMC) • Transferred an interest in Shenyang Furukawa Cable 	<ul style="list-style-type: none"> • Steady capture of domestic ultra-high-voltage and renewable-energy projects • Build HVDC business structure, realize integration synergies with FEMC
Automotive Systems	<ul style="list-style-type: none"> • Expanded adoption of aluminum wire harnesses across vehicle models • Developed high-voltage products 	<ul style="list-style-type: none"> • Value enhancement through aluminum wire harnesses and automation • Develop and mass produce high-voltage products
Metal Solutions	<ul style="list-style-type: none"> • Shifted toward high-performance, high-value-added products • Withdrew from reflow tin plating business 	<ul style="list-style-type: none"> • Secure business opportunities in the data center market • Continue shifting toward high-value-added products

*FVA (Furukawa Value Added) : Value added to invested capital Arranged EVA for us and introduced it as an internal control indicator in FY2022.

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With regard to building the management foundation, the first is optimization of the business and product portfolio.

We have been working on this under the 2025 medium-term management plan as well, and since the ideal state is that the business and product portfolio is always optimized, we will continue these efforts going forward.

In each segment, we have shown a comparison between initiatives during the 2025 medium-term management plan period and future initiatives.

We will continuously optimize our product portfolio by monitoring the FVA indicator, using sustained profitability above the cost of capital for each business as a criterion for business continuity.

In other words, we will scale down or withdraw from products that are no longer profitable, concentrate management resources on highly profitable products, and continuously create and launch new products, thereby maintaining ongoing renewal of the product portfolio.

At the business unit level as well, if profitability becomes insufficient, we will consider and implement measures such as downsizing, withdrawal, or transferring to third parties.

Improvement of Labor Productivity and Maximizing the Value of Human Capital

Improvement of Labor Productivity

- Advance manufacturing, sales, and administrative operations
- Optimize headcount and personnel costs even amid business growth

Key Initiatives

- Build next-generation factories leveraging DX and technological capabilities
- Transform business processes through generative AI
- Enhance manufacturing with physical AI and core technologies

Enhance productivity and value creation at both individual and organizational levels

Bridge the gap between business expansion and resource constraints

Maximizing the Value of Human Capital

- Continuous development of talent and skills in priority areas
- Enhance employee engagement amid business growth

Key Initiatives

Corporate philosophy and targets

Deepen purpose engagement

Business management structure

Embed HRBP* in the workplace
Transform the management style
(*Human Resource Business Partner)

Secure talent and reallocating resources for priority businesses

Roles, assessment and training

Build the foundation for job-based talent management

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The second and third issues, improvement of labor productivity and maximizing the value of human capital, are also recognized as major challenges.

To improve labor productivity, we will promote factory digital transformation and the use of generative AI, advancing increased production while suppressing growth in headcount.

Regarding maximizing the value of human capital, particularly in priority businesses, we will implement various measures to continuously secure talent and skills, and to provide an environment in which employees feel a sense of fulfillment and contribution and can maintain high motivation in their work, thereby improving employee engagement.

Enhancement of Governance and Risk Resilience



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The fourth and final issue is enhancement of governance and risk resilience.

From July 2025, we transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee.

Along with this transition, we reduced the number of directors and established a structure in which outside directors constitute the majority.

Furthermore, with the aim of accelerating decision-making, further enhancing its quality, and strengthening execution capabilities, we shifted to a CXO-based structure from April this year, reassigned human resources related to sales, business units, and research from the headquarters to business domains, and implemented the previously explained reorganization of business segments.

At the same time, we are strengthening systems and frameworks to prevent the materialization of significant risks, and improving our management structure to enable prompt and appropriate responses if such risks do materialize.

For example, we are strengthening audit functions by increasing human resources in the audit department and enhancing collaboration with the Audit and Supervisory Committee members. We have also introduced new mechanisms, such as the establishment of a CXO meeting to oversee the entire Group from a cross-functional perspective and to strengthen our ability to address issues.

Through these initiatives, we will accelerate decision-making, enhance risk resilience, and achieve greater management stability and competitiveness.

All to brighten the world
FURUKAWA
ELECTRIC

Thank You

FURUKAWA ELECTRIC GROUP PURPOSE

**Composing the core
of a brighter world.**



This concludes the overview of our management policy toward the achievement of Vision 2030.

Leveraging the business foundation established under the 2025 medium-term management plan, we will accelerate growth and work diligently to evolve into a higher-level corporate group, a “new” Furukawa Electric.

We sincerely ask for your continued support, greater than ever before, and with that, I conclude my presentation. Thank you very much for your attention.