(Translation)
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Annual Securities Report

For the 204th Fiscal Year

(April 1, 2025 through March 31, 2026)

Furukawa Electric Co., Ltd.

The 204th Fiscal Year (April 1, 2025 through March 31, 2026)

Annual Securities Report

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

Table of Contents

Cover

Document title	Annual Securities Report
Clause of stipulation	Article 24, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 24, 2026
Fiscal year	The 204th fiscal year (April 1, 2025 through March 31, 2026)
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Telephone number	+81-3-6281-8500
Name of contact person	Kazuro Imura, Manager, Corporate Accounting Section, Finance & Accounting Department
Nearest place of contact	2-6-4 Otemachi Chiyoda-ku, Tokyo
Telephone number	+81-3-6281-8500
Name of contact person	Kazuro Imura, Manager, Corporate Accounting Section, Finance & Accounting Department
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

Section 1 Company Information

Item 1. Overview of Company

1. Key Financial Data

(1) Consolidated financial data

Fiscal year		200th	201st	202nd	203rd	204th
Year ended March 31,		2022	2023	2024	2025	2026
Net sales	(million yen)	930,496	1,066,326	1,056,528	1,201,762	1,307,560
Ordinary profit	(million yen)	19,666	17,258	10,267	48,506	75,858
Profit attributable to owners of parent	(million yen)	10,093	15,894	6,508	33,357	72,514
Comprehensive income	(million yen)	27,760	27,274	34,989	55,517	85,389
Net assets	(million yen)	314,269	329,302	358,245	373,766	435,231
Total assets	(million yen)	935,876	933,469	985,007	988,052	1,066,372
Net assets per share	(yen)	3,970.02	4,288.09	4,659.87	4,844.82	5,928.21
Basic earnings per share	(yen)	143.40	225.80	92.40	473.36	1,030.17
Diluted earnings per share	(yen)	–	–	–	–	–
Equity capital ratio	(%)	29.9	32.3	33.3	34.6	39.1
Return on equity (ROE)	(%)	3.74	5.46	2.07	9.96	19.12
Price-earnings ratio	(times)	15.17	10.90	35.03	10.42	27.94
Net cash provided by (used in) operating activities	(million yen)	(13,269)	36,516	31,896	59,833	28,116
Net cash provided by (used in) investing activities	(million yen)	(40,074)	(21,677)	(24,794)	(7,235)	(47,137)
Net cash provided by (used in) financing activities	(million yen)	35,020	(34,475)	(9,322)	(44,150)	19,930
Cash and cash equivalents at end of period	(million yen)	67,632	51,950	53,098	66,092	70,474
Number of employees	(persons)	50,867	51,314	52,757	51,167	49,112

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

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

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

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

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

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

5. In the 204th fiscal year, the Company finalized the provisional accounting treatment related to a business combination. Accordingly, the key financial data for the 203rd fiscal year have been adjusted to reflect the finalized provisional accounting treatment.

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

Fiscal year		200th	201st	202nd	203rd	204th
Year ended March 31,		2022	2023	2024	2025	2026
Net sales	(million yen)	292,424	305,835	296,766	353,520	386,945
Ordinary profit	(million yen)	6,461	8,686	330	13,048	29,195
Profit (loss)	(million yen)	(525)	25,235	1,913	32,390	60,932
Share capital	(million yen)	69,395	69,395	69,395	69,395	69,395
Total number of shares issued	(shares)	70,666,917	70,666,917	70,666,917	70,666,917	70,666,917
Net assets	(million yen)	183,515	201,845	199,212	239,517	296,546
Total assets	(million yen)	608,376	593,768	632,447	642,568	732,871
Net assets per share	(yen)	2,606.69	2,866.61	2,826.62	3,397.80	4,214.20
Dividend per share	(yen)	60.00	80.00	60.00	120.00	210.00
[Of which, interim dividend per share]	(yen)	[–]	[–]	[–]	[–]	[–]
Basic earnings (loss) per share	(yen)	(7.47)	358.40	27.15	459.52	865.41
Diluted earnings per share	(yen)	–	–	–	–	–
Equity capital ratio	(%)	30.2	34.0	31.5	37.3	40.5
Return on equity (ROE)	(%)	(0.28)	13.10	0.95	14.77	22.73
Price-earnings ratio	(times)	–	6.87	119.22	10.73	33.26
Dividend payout ratio	(%)	–	22.3	221.0	26.1	24.3
Number of employees	(persons)	4,201	4,267	4,335	4,433	4,009
Total shareholder return	(%)	75.3	87.6	115.7	176.8	987.0
[Benchmark: TOPIX Total Return Index]	(%)	[101.6]	[107.1]	[150.8]	[147.9]	[198.5]
Highest share price	(yen)	3,110	2,668	3,290	8,304	34,040
Lowest share price	(yen)	2,050	2,033	2,134	2,920	3,647

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

2. The figures of price-earnings ratio and dividend payout ratio are not presented for the fiscal years for which basic loss per share was reported.

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

4. The highest and lowest share prices are those on the First Section of the Tokyo Stock Exchange on or before April 3, 2022 and on the Prime Market of the Tokyo Stock Exchange on and after April 4, 2022.

5. Of the dividend of ¥210 per share for the 204th fiscal year, the year-end dividend of ¥210 is subject to approval at the Annual Shareholders Meeting scheduled to be held on June 26, 2026.

6. The benchmark for total shareholder return was the TOPIX Price Return Index up to the 203rd fiscal year and was changed to the TOPIX Total Return Index from the 204th fiscal year.

2. History

Month and year	Event
June 1896	Established as Yokohama Electric Cable Manufacturing Company.
April 1920	Acquires Nikko Copper Electrolyzing Refinery (currently Nikko Works of the Company) from Furukawa Kogyo Co., Ltd. (currently FURUKAWA CO., LTD.) and the Company is renamed as current Furukawa Electric Co., Ltd.
December 1921	Acquires Kyushu Electric Cable Manufacturing Company located in Moji-shi (currently Moji-ku, Kitakyushu-shi), Fukuoka Prefecture, and renames its plant as Kyushu Cable Works (formerly Kyushu Works of the Company and currently Kyushu Plant of Furukawa Electric Metal Cable Co., Ltd.).
May 1949	Lists the Company's shares on the Tokyo Stock Exchange.
September 1950	Establishes The Furukawa Battery Co., Ltd. to spin off the battery division.
September 1958	Establishes Hiratsuka Cable Works (currently Hiratsuka Works of the Company) in Hiratsuka-shi, Kanagawa Prefecture.
March 1961	Establishes Chiba Cable Works (currently Chiba Works of the Company) in Ichihara-cho, Ichihara-gun (currently Ichihara-shi), Chiba Prefecture.
March 1971	Establishes Mie Plant (currently Mie Works of the Company) in Kameyama-shi, Mie Prefecture.
August 1972	Lists shares of The Furukawa Battery Co., Ltd. on the First Section* of the Tokyo Stock Exchange. (*The shares of The Furukawa Battery Co., Ltd. are currently listed on the Prime Market.)
April 1981	Merges Furukawa Metal Industries Co., Ltd. to ensure future growth as a comprehensive nonferrous metal manufacturer.
February 1987	Establishes Yokohama R&D Laboratory in Nishi-ku, Yokohama-shi, Kanagawa Prefecture.
November 2001	Acquires the optical fiber cable division (currently Lightera, LLC) of Lucent Technologies Inc. (back then).
January 2005	Transfers the power cable business to VISCAS Corporation, an equity-method associate of the Company
April 2015	Takes over the overseas power cable business from VISCAS Corporation, an equity-method associate of the Company.
October 2016	Takes over the domestic power cable business from VISCAS Corporation, an equity-method associate of the Company.
April 2022	Moves from the First Section to the Prime Market, following the restructuring of the Tokyo Stock Exchange market segments.
April 2025	Restructures the optical fiber and cable business by having Lightera Japan Co., Ltd., a consolidated subsidiary newly established by the Company, succeed to the business.
October 2025	Restructures the metal cable business by having Furukawa Electric Metal Cable Co., Ltd., a consolidated subsidiary of the Company, succeed to the business.
December 2025	Transfers shares of The Furukawa Battery Co., Ltd., resulting in The Furukawa Battery Co., Ltd. being excluded from the scope of consolidation of the Company.
March 2026	VISCAS Corporation is dissolved, resulting in VISCAS Corporation being excluded from the scope of the equity method application of the Company.

3. Description of Business

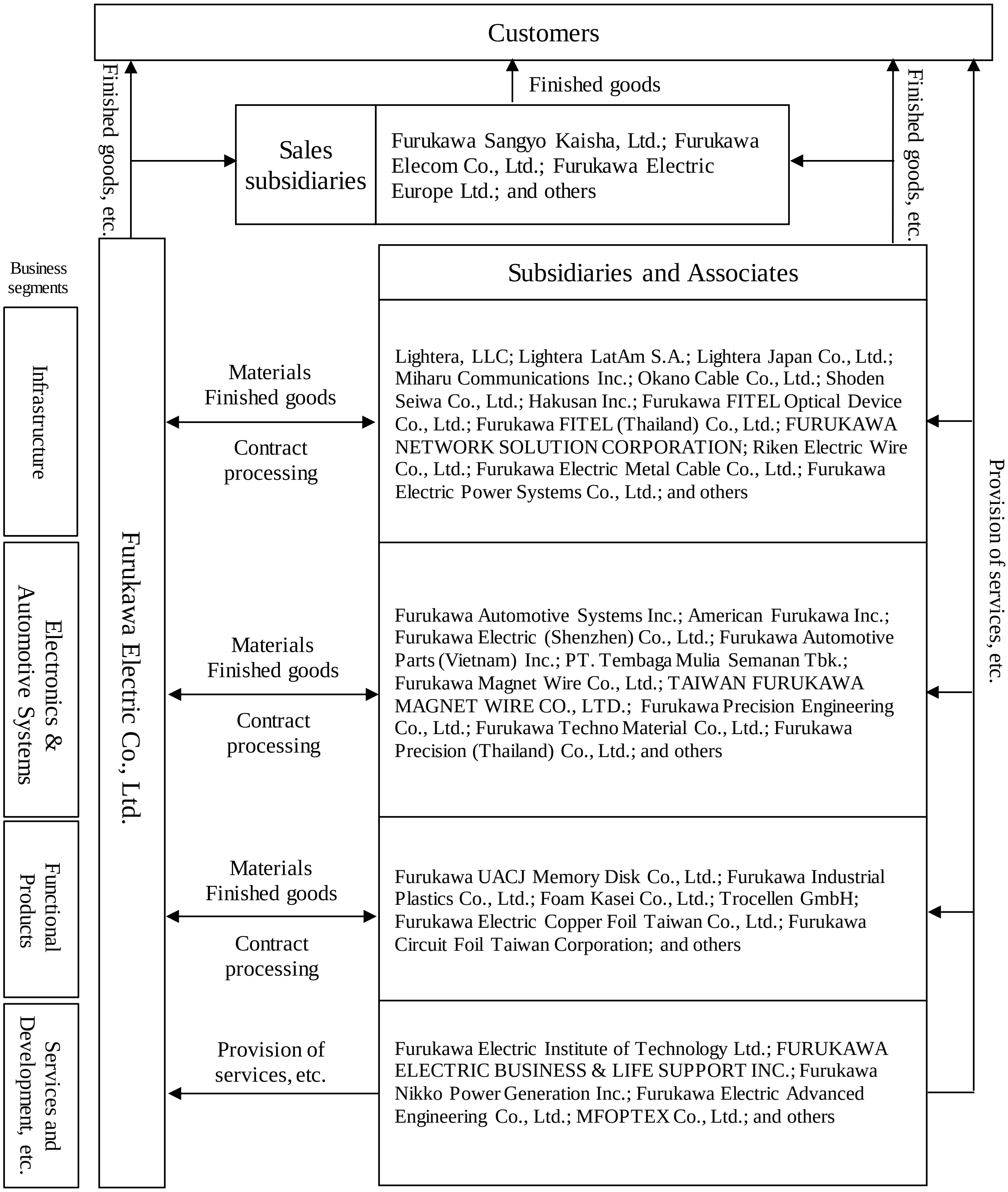
Furukawa Electric Co., Ltd. and its subsidiaries and associates (“Furukawa Electric Group”) is mainly engaged in manufacturing and sales of products based on development and application of technologies cultivated in the Infrastructure, Electronics & Automotive Systems, and Functional Products businesses,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

Furukawa Electric Group’s lines of business, its subsidiaries and associates involved in each of these businesses, and the relationship with the reportable segments as of the end of the fiscal year ended March 31, 2026 (the “current fiscal year” or “FY2025”) are summarized as follows:

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

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

Business Structure Diagram



4. Subsidiaries and Other Affiliated Entities

As of March 31, 2026

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
(Consolidated subsidiaries) Furukawa Sangyo Kaisha, Ltd. Note 8	Minato-ku, Tokyo	700	Sales subsidiary	100.0	They sell the Company's products and purchase some of the raw materials from the Company. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
Okano Cable Co., Ltd.	Yamato, Kanagawa Pref.	489	Infrastructure	100.0 (100.0)	The Company supplies them with some of the raw materials and sells some of their products. Officers serve concurrently. The Company borrows funds.
Furukawa Electric Metal Cable Co., Ltd. Note 8	Arakawa-ku, Tokyo	450	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. The Company also leases real estate and facilities. Officers serve concurrently. The Company lends funds (CMS).
FURUKAWA ELECTRIC POWER SYSTEMS CO., LTD. Note 8	Aoba-ku, Yokohama	450	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
MFOPTEX Co., Ltd. Note 8	Amagasaki, Hyogo Pref.	310	Services and development, etc.	80.0	The Company purchases and sells some of their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
FURUKAWA INDUSTRIAL PLASTICS CO., LTD. Note 8	Mihama-ku, Chiba	300	Functional Products	100.0	The Company supplies them with some of the raw materials and purchases some of their products. The Company also leases real estate and facilities. Officers serve concurrently. The Company lends funds (CMS).
Furukawa Techno Material Co., Ltd. Note 8	Hiratsuka, Kanagawa Pref.	300	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. Officers serve concurrently. The Company lends funds (CMS).

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
Furukawa Nikko Power Generation Inc. Note 8	Nikko, Tochigi Pref.	300	Services and Developments, etc.	100.0	The Company purchases some of their electricity. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
FURUKAWA NETWORK SOLUTION CORPORATION Note 8	Hiratsuka, Kanagawa Pref.	150	Infrastructure	100.0	The Company procures and manufactures on consignment and sells their products. The Company also leases real estate. Officers serve concurrently. The Company borrows funds (CMS).
Furukawa Automotive Systems Inc. Notes 3 and 8	Inugami, Shiga Pref.	100	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Furukawa FITEL Optical Device Co., Ltd. Note 8	Ichihara, Chiba Pref.	100	Infrastructure	70.6	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).
Furukawa Precision Engineering Co., Ltd. Note 8	Nikko, Tochigi Pref.	100	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases and rents real estate. Officers serve concurrently. The Company lends funds (CMS).
Riken Electric Wire Co., Ltd. Note 8	Chuo-ku, Tokyo	100	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
Hakusan Inc.	Kanazawa, Ishikawa Pref.	100	Infrastructure	67.1 (67.1)	Officers serve concurrently.
Furukawa Elecom Co., Ltd. Note 8	Chiyoda-ku, Tokyo	98	Sales subsidiary	100.0	They sell the Company’s products. The Company also leases real estate. Officers serve concurrently. The Company borrows funds (CMS).
Furukawa Magnet Wire Co., Ltd. Note 8	Chiyoda-ku, Tokyo	96	Electronics & Automotive Systems	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends funds (CMS).

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
Miharu Communications Inc. Note 8	Kamakura, Kanagawa Pref.	90	Infrastructure	100.0	The Company supplies them with some of the raw materials and sells their products. The Company also leases real estate. Officers serve concurrently. The Company lends and borrows funds (CMS).
Lightera, LLC Note 3	USA	USD 362 million	Infrastructure	100.0 (100.0)	The Company supplies them with some of the raw materials and purchases and sells some of their products. Officers serve concurrently. The Company lends funds.
Lightera LatAm S.A. Note 3	Brazil	BRL 149 million	Infrastructure	100.0 (100.0)	The Company supplies them with some of the raw materials. Officers serve concurrently.
American Furukawa, Inc. Note 3	USA	USD 109 million	Electronics & Automotive Systems	100.0 (0.1)	They sell the Company's subsidiary's products. The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
Furukawa Electric Copper Foil Taiwan Co., Ltd.	Taiwan	NWD 1,555 million	Functional Products	100.0	The Company sells some of their products. Officers serve concurrently.
Furukawa Circuit Foil Taiwan Corporation	Taiwan	NWD 1,475 million	Functional Products	81.9	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
Furukawa Electric Singapore Pte. Ltd.	Singapore	USD 3 million	Sales subsidiary	100.0	They sell the Company's products. Officers serve concurrently.
Furukawa FITEL (Thailand) Co., Ltd.	Thailand	THB 580 million	Infrastructure	100.0	The Company supplies them with some of the raw materials and purchases and sells some of their products. Officers serve concurrently.
Furukawa Precision (Thailand) Co., Ltd.	Thailand	THB 169 million	Electronics & Automotive Systems	100.0 (50.0)	The Company supplies them with some of the raw materials. Officers serve concurrently.
Thai Furukawa Unicomm Engineering Co., Ltd.	Thailand	THB 104 million	Infrastructure	91.8 (42.8)	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently.
Furukawa Automotive Parts (Vietnam) Inc.	Vietnam	USD 18 million	Electronics & Automotive Systems	100.0 (100.0)	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently. The Company lends funds.
PT. Tembaga Mulia Semanan Tbk. Notes 4 and 6	Indonesia	USD 12 million	Electronics & Automotive Systems	42.4	The Company's subsidiary supplies them with some of the raw materials. Officers serve concurrently.

Company name	Address	Share capital or investments in capital (millions of yen, unless otherwise stated)	Main line of business	Ratio of voting rights held (or owned) (%)	Description of relationship
Trocellen GmbH	Germany	EUR 8 million	Functional Products	100.0	Officers serve concurrently. The Company lends funds.
86 other companies					
(Equity-method associates) YAMAKIN (JAPAN) CO., LTD. Note 5	Chiyoda-ku, Tokyo	600	Electronics & Automotive Systems	25.0	The Company purchases some of the raw materials. They sell the Company’s products.
Asia Vital Components Co., Ltd. Note 7	Taiwan	NWD 3,907 million	Functional Products	15.4 (2.4)	Officers serve concurrently.
6 other companies					

Notes: 1. The “Main line of business” column shows the segment names.

2. The figure in parentheses in the “Ratio of voting rights held (or owned) (%)” column shows the ratio of the voting rights the Company holds indirectly, which is included in the figure without parentheses.
3. Furukawa Automotive Systems Inc.; Lightera, LLC; Lightera LatAm S.A.; and American Furukawa, Inc. fall under specified subsidiaries defined in the Cabinet Office Order on Disclosure of Corporate Affairs.
4. With respect to PT. Tembaga Mulia Semanan Tbk., its sales (excluding intercompany sales within the consolidated group) account for more than 10% of the consolidated net sales.

(Millions of yen)

Major financial information	(i)	Net sales	146,499
	(ii)	Ordinary profit	1,397
	(iii)	Profit	1,041
	(iv)	Net assets	12,537
	(v)	Total assets	34,494

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

Item 2. Overview of Business

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

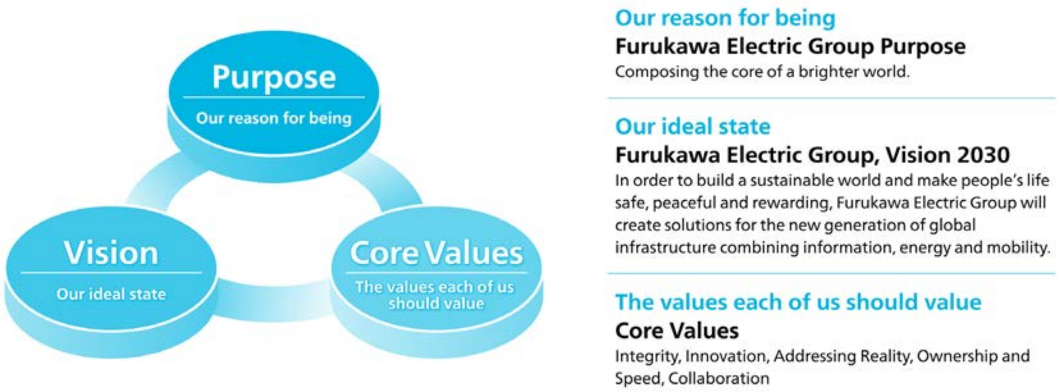
The forward-looking statements contained in the descriptions below are based on Furukawa Electric Group's estimates and assumptions made as of the end of the current fiscal year.

(1) Basic management policy

■ Furukawa Electric Group Philosophy Framework

The Group is promoting management centered on the Furukawa Electric Group Purpose (hereinafter, the "Purpose"), "Composing the core of a brighter world." The Group's Purpose is the core concept that serves as the starting point for the enterprise strategies toward the Furukawa Electric Group Vision 2030 (hereinafter, the "Vision 2030") and for all management decision-making and strategic planning.

Within the Furukawa Electric Group Philosophy Framework, the Purpose represents our reason for being, the Vision indicates our ideal state, and the Core Values form the foundation as the shared values of all employees. Together, these elements are interconnected and constitute a framework that supports the Group's sustainable growth.



- Furukawa Electric Group Purpose*

  The Group's Purpose articulates the Group's reason for being, established to serve as the basis for management decisions, to ensure that the Group is recognized by diverse stakeholders as a corporate group that contributes to realizing a truly prosperous and sustainable society, and to enable employees to continue taking on challenges with pride. This statement expresses our belief that the purpose of our Group lies in creating "indispensables" that lead to a better future by leveraging the technological and problem-solving capabilities we have diligently honed since our foundation and by taking on the challenges posed by various social issues. The statement also reflects our commitment to carrying on the founding spirit of Ichibei Furukawa— his wish to "brighten Japan"— while recognizing the global scope of our business today.

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

■ Furukawa Electric Group Vision 2030

Vision 2030 sets out the future state that the Group aims to achieve. It clarifies the timeline and domains of the Group's ideal state, developed based on the envisioned future society and the Purpose, so that the Group can clearly share the goal of how it should transform itself and what it should do as one unified group in order to continue contributing to society amid rapid and significant change. Under Vision 2030, the Group aims to resolve social issues by creating global infrastructure in the domains of information, energy, and mobility, as well as in areas where these domains converge, in order to "build a sustainable world" and "make people's life safe, peaceful and rewarding." To achieve further growth, the Group is also working to create unprecedented new businesses in new domains.

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.

■ Core Values

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

■ Furukawa Electric Group Basic Policy on Sustainability

The Group promotes initiatives to achieve its Vision under the Purpose. Through these initiatives, we aim to achieve sustainable growth and enhance corporate value over the medium to long term. Based on this fundamental approach, the Group has established the Furukawa Electric Group Basic Policy on Sustainability.

■ Furukawa Electric Group Basic Policy on Sustainability
Furukawa Electric Group will: • address management priorities identified in light of both revenue opportunities and risks, based on the Furukawa Electric Group Purpose, and aim for sustainable growth through solving social issues. • continue to transform its business through constant innovation based on our technological prowess and proposal capability as well as co-creation with diverse stakeholders, while focusing on capital efficiency, in order to strengthen and create businesses that solve social issues. • contribute to the sustainable development of society by maintaining and improving sound and positive relationships with all stakeholders through appropriate information disclosure and active communication, while complying with laws, regulations, social norms and ethics in Japan and overseas.

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

This section sets out the overall direction of management for the Group. It describes the review of the 2025 Medium-term Management Plan, external environment and issues to be addressed by the Group, Purpose-driven sustainable management, management policies and initiatives to achieve Vision 2030 and realize sustainable growth, and the structure that supports execution.

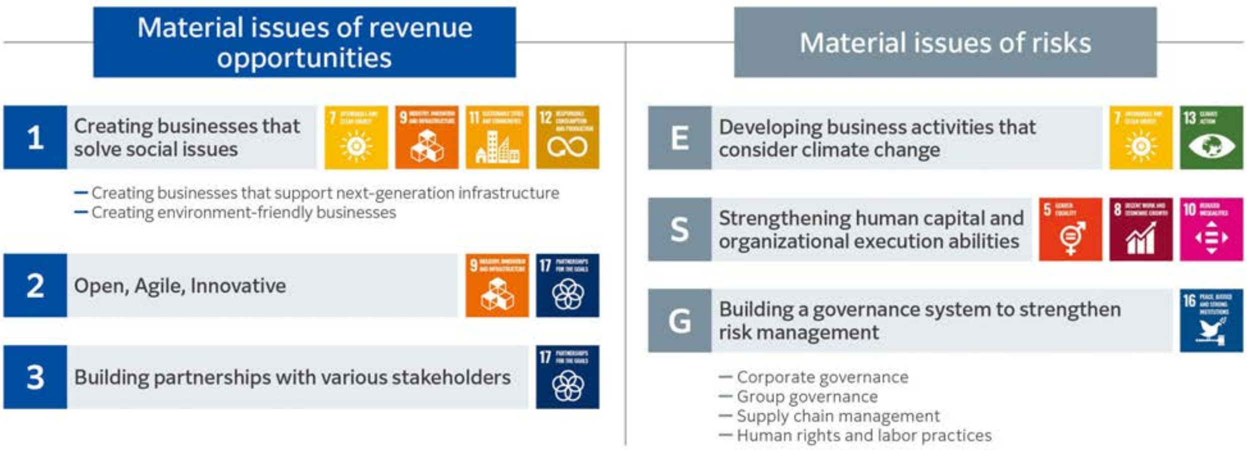
Among these matters, “climate change” and “human capital,” which are particularly significant as sustainability-related risks and opportunities, are described in detail in “2. Approach and Initiatives toward Sustainability.”

1) Review of the 2025 Medium-term Management Plan

The Group defined its target state for 2025 as an interim milestone by backcasting from the ideal state set out in Vision 2030. To achieve this target state, the Group formulated in FY2022 the four-year Medium-term Management Plan, “Road to Vision 2030 – Transform and Challenge” (the “2025 Medium-term Management Plan”), which concluded in FY2025, and has been implementing various initiatives under the plan.

Specifically, 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 “maximizing profits in existing businesses with a focus on capital efficiency” and “building a foundation for creating new businesses by strengthening development and proposal capabilities.” The Group also worked on “strengthening the foundation for ESG management,” which supports these initiatives.

Furthermore, the Group has defined the important management issues that the Group should address in order to achieve Vision 2030 as “material issues.” The Group identified these material issues from both the perspectives of revenue opportunities and risks, and established indicators and targets for each as its sustainability indicators and targets. By achieving these targets, the Group has worked to achieve Vision 2030, contribute to achieving the SDGs, and further enhance the Group’s corporate value over the medium to long term.



(i) Maximizing profits in existing businesses with a focus on capital efficiency

By visualizing the positioning of each business by using growth and profitability indicators and accordingly allocating management resources intensively to business areas with growth potential, we have promoted capital efficiency-conscious management and reviewed our business portfolio.

To optimize our business portfolio, we have driven the transformation of our business portfolio through business restructuring, withdrawal and acquisition, and actively implemented M&As and formed capital alliances by using the strategic investment limit.

[Key efforts for optimizing business portfolio]

- Revamped the operating structure of optical fiber and cable business, and integrated business in each area; and developed the structure that enables efficient and speedy decision-making through the integrated global management under the new brand "Lightera*."
- Restructured the metal cable business, and demonstrated synergy of increased operational efficiency, thus promptly addressing increasingly diversified and sophisticated needs.
- Acquired controlling stake in a company which has advantages in development of optical connectors and cost competitiveness, and a company which has the world's top-level share in the high-speed optical modulator market (i.e. turned them into our subsidiaries), and thus built our competitive advantages in growth markets by creating synergy.
- Improved capital efficiency by cutting off non-core or unprofitable businesses towards re-investments into growth business areas, through selling shares of certain affiliated companies.

Furthermore, in order to make sure to capture growing demand associated with data centers, we have increased capacity to manufacture a product group which contributes to realizing high speed and high capacity/low latency communications as well as thermal management solution & product group which address the issue of high-heat-generating servers, etc., and worked on strengthening the revenue base through development, production increase and sales expansion of such high value-added products. In addition, we have strived to reduce costs by working on the optimization of selling prices and improvement of operational procedures.

*Lightera: A brand name used for the Group's optical fiber and cable business.

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

We have developed a foundation for creating new businesses designed to solve social issues, by drawing on four core technologies, namely, metals, polymers, photonics, and high-frequency based on our long-standing expertise in the development and fabrication of advanced materials, and promoting the use of digital technologies and data, developing and delivering products/ services for solutions.

In the information segment, to adapt to B5G* society, it is required to deal with increasing data traffic volume and ensure that data centers can achieve higher speed, higher capacity, and energy saving. Under such circumstances, we have strived to realize 'all optical network" and a society where energy use is highly efficient, by developing sophisticated photonics products for photonics-electronics convergence, taking advantage of our core technologies, namely photonics and high-frequency technologies.

Moreover, in new segments, we have implemented co-creation initiatives with partner companies in Japan and abroad through marketing activities from a market perspective by taking advantage of our insights based on our technologies, and also promoted cross-departmental business development. We have focused on such specific themes as life science, laser application, superconductor, and green LPG*, and accelerated our efforts towards commercialization. In life sciences, we acquired a controlling stake in a company which manufactures optical fibers and optical components for medical/industrial equipment, making it our subsidiary, and strengthened businesses in the non-communication application segment by using its photonics technologies. In laser applications, with respect of a laser ablation system which can remove coating films and rust on metal surfaces in a contact-free way and contributes to reducing environmental burdens and enhancing safety and comfort in the work environment, we have jointly developed the system with multiple clients and validated it through trials, and a large railway company started operating the system. In superconductors, we have supplied high-temperature superconducting wire rods to a British client company developing nuclear fusion* reactors for a promising next-generation energy resource, and strengthened the partnership with the company through capital contribution. In green LPG, we have developed multiple catalytic agents including our proprietary Ramune catalyst, leveraged them to develop the process to change the molecular structure of biogas, and as such worked on developing a base technology to synthesize green LPG in a highly efficient manner. Furthermore, we have led the world in constructing a demonstration plant towards mass production of green LPG.

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

* Green LPG: LPG produced from raw materials with a smaller environmental burden, such as carbon dioxide obtained from biogas (a mixture of methane gas, which is from the fermentation of animal manure and food waste, and carbon dioxide) or through DAC (Direct Air Capture), and hydrogen produced through water electrolysis using renewable energy.

* Nuclear fusion: The energy is generated through nuclear fusion reactions by trapping high-temperature plasma at several hundred million degrees, using a strong superconducting magnet. The fuel of nuclear fusion comes from seawater (deuterium (2H)), so it is possible to generate power without carbon dioxide (CO_2) emissions and with reduced environmental burdens. Therefore, nuclear fusion power generation is attracting expectations as a next-generation energy source.

(iii) Strengthening the foundation for ESG management

As initiatives related to the environment, the Group has been implementing measures to achieve the respective targets set out in the Furukawa Electric Group Environmental Targets 2030, which include contributing to a decarbonized society and to a water- and resource-recycling society. Through initiatives such as promoting the installation of solar power generation facilities and increasing the ratio of renewable energy to total electricity consumption, the Group achieved the target for the reduction rate of greenhouse gas emissions ahead of schedule. In recognition of these initiatives, in FY2025 the Group was selected for the "A List" in two areas, climate change and water security, by CDP, an international non-profit organization that promotes environmental disclosure by companies and local governments, and was also selected for the "Leaderboard (A)" in the Supplier Engagement Rating. In January 2026, the Group was certified by the Ministry of the Environment as an "Eco-First Company," the first such certification in the non-ferrous metals industry.

As initiatives related to society, in March 2024 the Group established the Furukawa Electric Group Purpose, "Composing the core of a brighter world," which expresses the Group's reason for being. The Group has been carrying out activities aimed at promoting employees' understanding of, and fostering empathy with, this Purpose. By linking these activities to employees' sense of pride in working for the Group, the Group has been promoting improvement in employee engagement. In addition, in order for individual employees and the organization to enhance their execution capabilities and grow together, the Group has conducted surveys to monitor the current status and has been implementing improvement measures based on the results. Through these initiatives, the Group has steadily advanced the "strengthening of human capital and organizational execution abilities" and has sought to enhance corporate value sustainably through investment in human capital.

As initiatives related to governance, in order to further enhance corporate governance, the Company transitioned in June 2025 from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. In addition, as a framework to further promote ESG initiatives, the Company has been operating a remuneration system for Directors, etc. that incorporates ESG-linked remuneration since July 2023. Furthermore, the Group has established a human rights due diligence framework based on international codes of conduct, and has been implementing measures to reduce newly identified risks based on a reassessment of human rights risks among employees and in the supply chain.

[Review of Management Indicators]
Under the 2025 Medium-term Management Plan, the Group placed importance on return on invested capital (ROIC), return on equity (ROE), and other management indicators in order to strengthen and create businesses with an awareness of capital efficiency. As a result of these initiatives, the Group achieved all of the financial targets set as standards to be achieved in FY2025. The Group also generally achieved its sustainability targets, including targets set as standards to be achieved in each fiscal year during the 2025 Medium-term Management Plan period. With regard to the "employee engagement score," for which the target was not achieved, the Group will continue to foster an organizational culture through activities to instill the Purpose. With regard to the "ratio of female employees in managerial positions," for which the target was also not achieved, the Group will continue initiatives such as improving the work environment for employees in managerial positions and providing educational opportunities related to career design.

FY2025 financial targets and actual results

	Targets	Actual results
ROIC (after tax)	6% or more	12.2%
ROE	11% or more	19.1%
Net D/E ratio	0.8 or less	0.6
Equity capital ratio	35% or more	39.1%
Consolidated net sales	¥1.1 trillion or more	¥1.3 trillion
Consolidated operating profit	¥58.0 billion or more	¥63.9 billion
Profit attributable to owners of parent	¥37.0 billion or more	¥72.5 billion

FY2025 sustainability targets and actual results

Sustainability indicators	FY2025 targets	FY2025 actual results	Status (*7)
Sales ratio of environmentally friendly products	70%	72.1%	Achieved
R&D expense growth rate for new businesses (compared to FY2021) (*)	125%	156%	Achieved for three years
Implementation rate of IP landscaping for strengthening businesses and themes for creating new businesses	100% (*1)	100% (*1)	Achieved
GHG emissions reduction rate (Scope 1 and 2) (compared to FY2021) (*2)	-18.7%	-44% (estimate)	Expected to be achieved
Ratio of renewable energy use to total electricity consumption (*2)	30%	53% (estimate)	Expected to be achieved
Employee engagement score (*3)	80	76	Not achieved
Ratio of female employees in managerial positions (non-consolidated)	7.0%	6.3%	Not achieved
Ratio of mid-career hires to total new hires (non-consolidated) (*)	30% (*4)	52.8%	Achieved every year
Ratio of follow-up on risk management activities for all risk domains (*)	100%	100%	Achieved every year
Ratio of SAQ (*5) implementation based on CSR Procurement Guidelines for major suppliers	100%	100%	Achieved
Implementation rate of human rights education for managerial positions (*) (*6)	100%	100%	Achieved every year

*: Indicators with single-year targets. Other indicators are indicators with targets to be achieved by FY2025.
*1: We initially set a target of 100% completion for the themes set in FY2022, and this target has already been achieved in FY2024.
*2: The base year and target values were revised in conjunction with the revision of the Environmental Targets 2030 in FY2022.
*3: 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.
*4: Means maintaining a level of approximately 30% each fiscal year.
*5: SAQ: Self-Assessment Questionnaire.
*6: The initiative was launched in FY2022 with the target of starting implementation in Japan, and 100% has been achieved by the Group every year.
*7: 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.

2) Understanding of the external environment and issues to be addressed

(i) Understanding of the external environment

The external environment surrounding the Group is undergoing significant change. The Group recognizes these changes not only as major growth opportunities but also as factors that increase material risks, including those associated with fulfilling its supply responsibilities and securing talent.

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, 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)

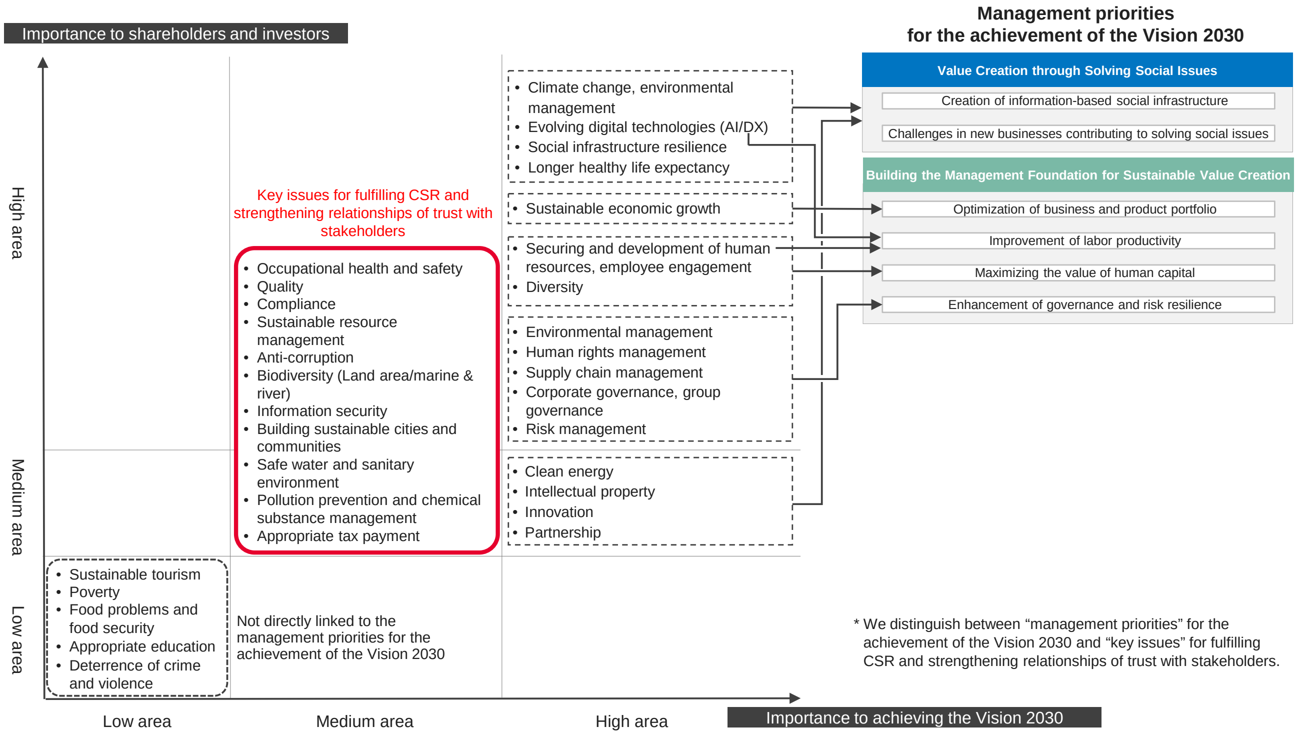
(ii) Management priorities

In light of such circumstances, the Group has engaged in approximately 20 discussions involving members of the Management Committee and the Board of Directors over roughly the past two years to formulate more concrete management strategies for achieving the Vision 2030. Through those discussions, we have identified six management priorities that the Group should address on a priority basis, as they could have a significant impact on the achievement of the Vision 2030 and subsequent sustainable growth in terms of both revenue opportunities and risks as well as financial and non-financial aspects. The six management priorities include two items to promote value creation through solving social issues and four items to build the management foundation for sustainable value creation.

[Management priorities to promote value creation through solving social issues]
▷ Creation of information-based social infrastructure
▷ Challenges in new businesses contributing to solving social issues
[Management priorities to build 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

[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 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.

* Previously, the Group defined the management priorities that the Group should address to achieve the Vision 2030 as "material issues." have now defined "management priorities" as priority issues that could have a significant impact on the achievement of the Vision 2030 and the sustainable enhancement of corporate value, from both opportunity and risk perspectives and from both financial and non-financial perspectives.



3) Purpose-driven sustainable management

During the period covered by the 2025 Medium-term Management Plan, the Group promoted structural business reforms aimed at maximizing profits in existing businesses with a focus on capital efficiency, while also building the foundation for creating new businesses. In addition, by positioning “Strengthening the foundation for ESG management” as one of its priority measures, the Group worked toward the sustainable enhancement of corporate value by establishing non-financial targets related to environmental, social, and governance matters, in addition to financial targets, as part of the value creation process.

From FY2026 onward, we will practice sustainable management based on the Purpose. In light of recent changes in the external environment, factors affecting corporate value span both financial and non-financial aspects, and revenue opportunities and risks increasingly need to be pursued and managed in an integrated manner. Therefore, we will clarify strategies, measures, and indicators from both opportunity and risk perspectives for each management priority and manage them comprehensively by taking into account not only financial factors but also the future financial value of non-financial matters, thereby enhancing corporate value.

These approaches are consistent with the Basic Policy on Sustainability and represent the very practice of management based on the Group’s Purpose. Going beyond ESG management, the Group will realize management based on its Purpose and strive to achieve the Vision 2030 and sustainable growth.

4) Management policy aimed at achieving the Vision 2030 and sustainable growth

Taking into comprehensive consideration the rapidly changing external environment, the resulting social issues, and the Group’s characteristics, business opportunities and risks, we identify management priorities that should be addressed on a priority basis. By focusing on these issues, we will strive to promote value creation through solving social issues and build the management foundation for sustainable value creation. The specific measures are outlined below.

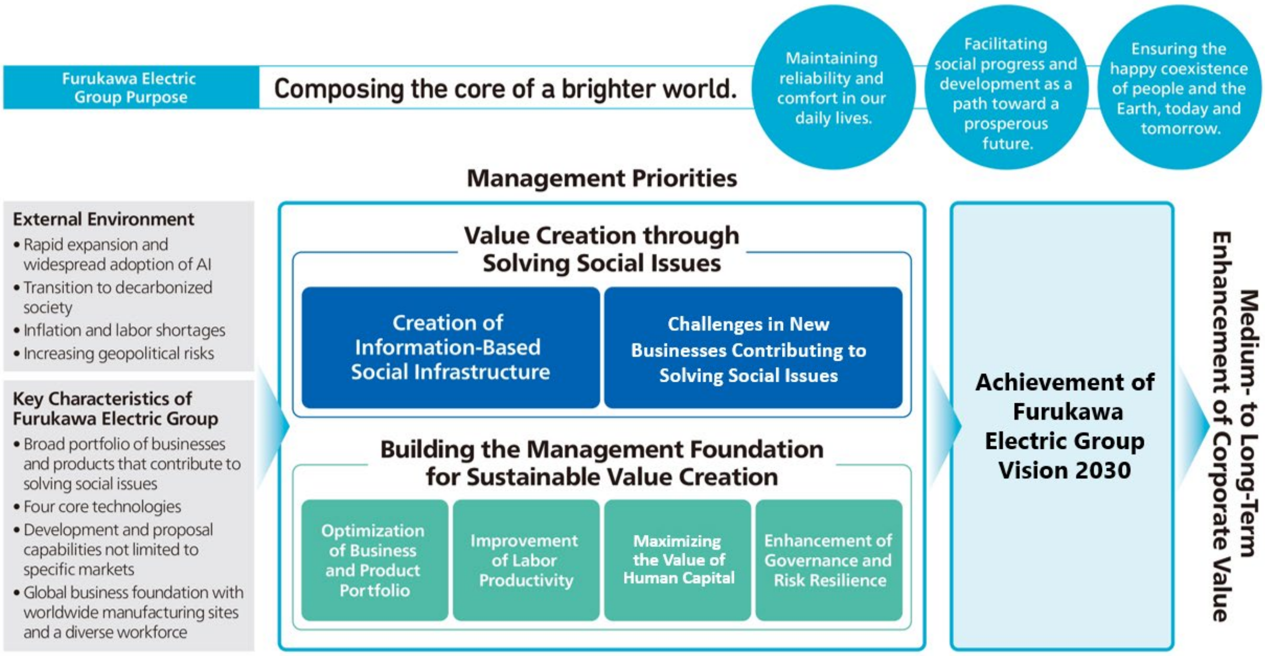
i. Basic strategy (Value creation strategy from FY2026 onward)

The Group possesses four core technologies—metals, polymers, photonics, and high-frequency—and has strength in contributing to the resolution of social issues not only in each of these individual technology domains but also in domains that combine multiple core technologies without being limited to specific markets. Furthermore, the Group has honed its development and solution-proposal capabilities over many years by building relationships of trust with stakeholders in these wide-ranging areas. These are sources of the Group’s competitiveness. As such, to achieve the Group’s sustainable business growth, especially toward 2030, we will concentrate our management resources on the data center domain, where demand continues to expand, to contribute to the development of high-speed, high-capacity communications infrastructure and to achieving both increasingly sophisticated information processing and solutions to energy-related issues. By creating value through such contributions, we will enhance corporate value. In addition, we will boldly take on the challenge of creating new businesses in new domains toward further growth beyond 2030 to continue **value creation through solving social issues**.

In order to expand businesses in these priority areas, we will also **build the management foundation for sustainable value creation** continuing beyond 2030 by implementing various measures that will lead to enhanced competitiveness as well as the improvement of capital efficiency, the reduction of the cost of capital, and the enhancement of governance and risk resilience from a long-term perspective.

Furthermore, effective from FY2026, we have **transitioned to an organizational structure with stronger execution capabilities** to increase the effectiveness of these measures. We have introduced a CXO*-based structure and appointed a CXO for each management priority, while reorganizing business segments and significantly transferring the headquarters functions, such as sales and R&D units, to business divisions. For each key issue, we establish performance indicators that indicate the target state to be achieved by 2030, as well as indicators to track actions, processes, and results that should be managed and improved on a daily basis to achieve the targets. Each CXO assumes responsibility for overall management as a member of management and works to address the management priority under their responsibility by promoting effective initiatives with a sense of urgency.

* CXO (Chief X Officer): An executive structure under which each CXO is responsible for a specific function and management priorities

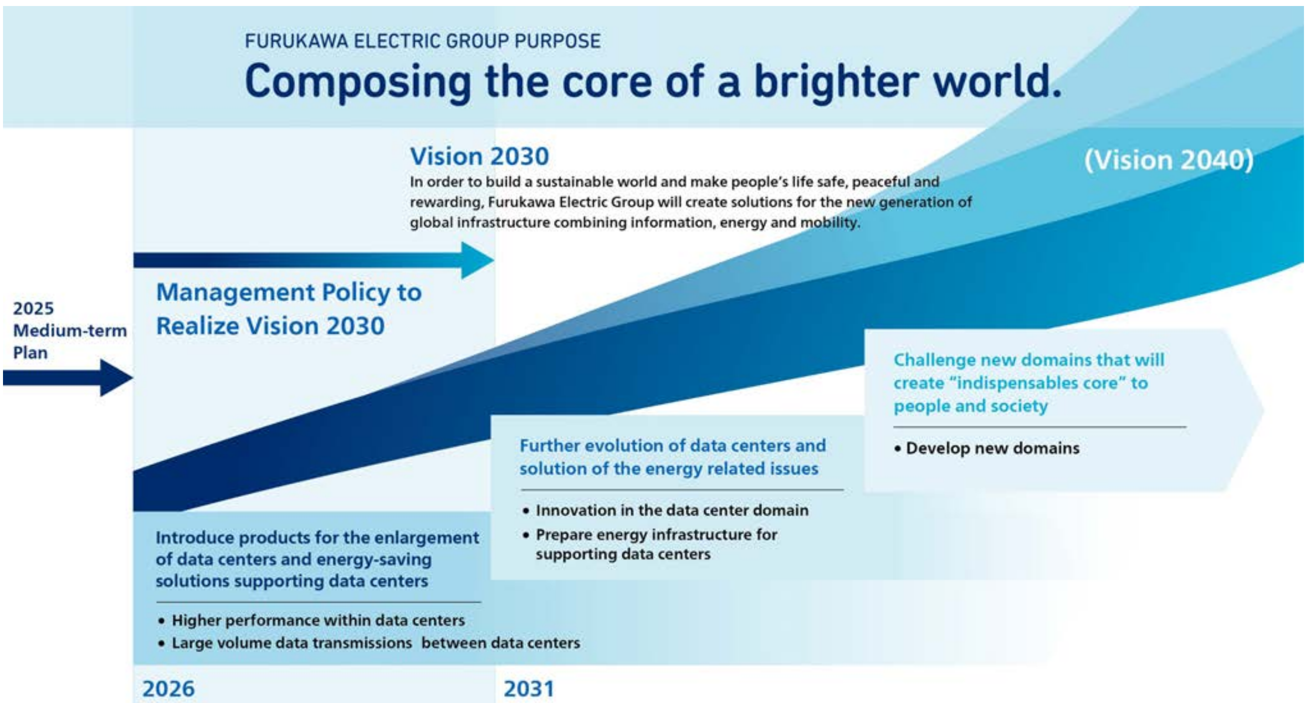


ii. Initiatives for management priorities

Approaches and specific initiatives for all six management priorities that the Group should address on a priority basis as issues that could have a significant impact on the achievement of the Vision 2030 and subsequent sustainable growth are as follows. They are described under two categories: "value creation through solving social issues" and "building the management foundation for sustainable value creation."

[Value creation through solving social issues]

With the rapid expansion and spread of AI technology, the global data center market is expected to experience strong growth, accelerating the trend toward larger-capacity and higher-density data centers. Along with this, the increase in power consumption has also become an issue. The Group, which is capable of contributing to the resolution of these social issues, considers data center-related markets as important revenue opportunities and will prioritize business expansion in this domain. In addition, the Group will accelerate its efforts in domains that help address energy problems associated with increasing power consumption. Furthermore, to further strengthen and create medium- to long-term growth businesses, we will promote the creation and commercialization of new value that contributes to solving social issues, thereby creating "indispensables core" to people and society.



(i) Creation of information-based social infrastructure

Capturing the growing data center market will be a key source of our competitiveness in the near term. Specifically, we will promote a shift to high-value-added products and the enhancement of solution offerings, while continuing efforts to expand the sales of optical and other products for data centers, thereby creating greater value. In addition, amid the accelerating trend of decarbonization and power resilience enhancement against a backdrop of growing power consumption due to an explosive increase in data processing volume, large-scale investments are expected to be made in HVDC* and renewable energy grids. The Group will capture demand for power grid reinforcement to increase its contribution in this domain from a long-term perspective, thereby building a pillar of sustainable growth beyond 2030.

Meanwhile, due to the high risk of market volatility, the Group will also further enhance the trust of major customers to strengthen co-creation relationships with them in order to quickly grasp market conditions and take immediate action. Curbing greenhouse gas emissions even with an upward trend in production volume is becoming a prerequisite for doing business with major customers. In addition, to curb cost increases due to carbon taxes and purchases of certificates, we will work to reduce greenhouse gas emissions and increase the share of renewable energy, while expanding production capacity. By doing so, we will reliably translate near-term growth opportunities into revenue expansion.

To check the progress of this issue, we comprehensively review progress in priority areas—such as business expansion, profitability, customer base, supply systems, and technological development—to continuously monitor whether these efforts are effectively translated into the acquisition of growth opportunities and the enhancement of capital efficiency.

* HVDC (High Voltage Direct Current): High-voltage direct current power transmission system suitable for long-distance, high-capacity power transmission

Measures for significant expansion in the data center domain:

To reliably capture growing data center-related markets, the Group is working to enhance its supply capacity and strengthen its business foundations, centered on product families in the data center domain, including heat sinks, DFB laser* chips and modules, ultra-high-fiber-count RR cable solutions*, and copper foils for high-frequency boards. During the period covered by the 2025 Medium-term Management Plan, we decided to make investments, including those in the capacity expansion of plants producing water-cooling modules for thermal management products (the Philippines and Hiratsuka) and the establishment of a new DFB laser chip plant for FITEL products (Furukawa FITEL (Thailand)). Going forward, we will make necessary investments in stages, while verifying the effects of these investments. In addition, we will expand direct points of contact with major customers including leading cloud service providers (hyperscalers) to offer our technologies and products from the product specification stage, thereby expanding technology and product adoption opportunities and strengthening business relationships with them. Furthermore, we will promote forward-looking initiatives for technologies, such as CPO* (photonics-electronics convergence) and next-generation thermal management, based on demand trends to build a foundation in preparation for medium- to long-term growth opportunities.

* DFB (Distributed Feedback) laser: Semiconductor laser suitable for stable oscillation at specific wavelengths

* Ultra-high-fiber-count RR (Rollable Ribbons) cable solutions: Slim and high-density cable solutions

* CPO (Co-Packaged Optics): A technology that allows close-proximity mounting of semiconductors and optical communications components to enable high-speed, high-capacity communications and lower power consumption

Measures for building growth foundations in the renewable energy and HVDC domains:

The Group is developing foundations for business growth in the renewable energy and HVDC domains to contribute to achieving both increasingly sophisticated information processing and solutions to energy-related issues at data centers. In anticipation of growing demand from cross-regional grid and HVDC projects, we decided to establish a new production site for HVDC cables in Japan (Futtsu City, Chiba Prefecture) during the period covered by the 2025 Medium-term Management Plan. In proceeding with the launch of the new plant, we will flexibly make capital investments in major processes to drastically improve productivity and expand production capacity through such means as process automation by applying AI and DX technologies, as well as to develop technological capabilities for ultra-long direct current submarine cables. At the same time, we will also strive to enhance our execution capabilities from supply to installation by promoting the establishment of a partnership framework for installation and construction.

(ii) Challenges in new businesses contributing to solving social issues

To realize the medium- to long-term corporate strategy, Furukawa Electric Group aims to establish new revenue streams that support its sustainable growth over the medium to long term by creating and developing new businesses, starting from the resolution of social issues. During the period covered by the 2025 Medium-term Management Plan, we advanced our efforts to build foundations for new business creation through such means as the establishment of New Business Development Division, the utilization of IP landscaping*, and the utilization of external partnerships, M&A, and corporate venture investments. Going forward, we will accelerate the commercialization of scale-up themes (life sciences, superconductors, and laser applications) set as promising focus themes. At the same time, we will develop incubation themes (green LPG and others) aimed at transitioning to scale-up themes in the future through hypothesis testing of business feasibility and stage-gate management.

To manage the progress of this issue, we review progress in R&D, co-creation with customers and partners, feasibility studies, utilization of intellectual property, and investment decisions, while assessing future commercial viability and contributions to medium- to long-term corporate value.

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

Measures for potential scale-up themes:

Life science: Accelerating growth through evolution into a medical device CDMO*

In the life sciences field, the Group is advancing its expansion into the medical device CDMO business based on its optical and metal processing technologies, going beyond the supply of medical components. During the period covered by the 2025 Medium-term Management Plan, we promoted the establishment of an integrated framework encompassing quality, development, and manufacturing by making MFOPTEX a subsidiary, obtaining ISO 13485* certification, and enhancing manufacturing capacity and design and development capabilities. Going forward, we will strive to deepen co-creation with medical device manufacturers, leveraging our Shape Memory Alloy (SMA) and optical technologies, while utilizing M&A as necessary, thereby achieving a new level of business growth acceleration.

* CDMO (Contract Development and Manufacturing Organization): A business model that handles everything from product development to manufacturing on a contract basis
* ISO 13485: An international standard that specifies the requirements for a Quality Management System (QMS) dedicated to the medical device industry

Superconductivity: Capturing growing demand related to nuclear fusion and the expansion of markets for superconductivity applications

In the superconductors field, Furukawa Electric Group is expanding its business with a focus on high-temperature superconducting (HTS) wire materials, HTS applications, and low-temperature superconducting (LTS) wire materials. With the advancement of technological verification toward realizing nuclear fusion power generation around the world, demand for HTS wire materials is expected to grow. In this situation, the Group is working to balance supply capacity expansion and high-performance product differentiation of HTS wire materials, led by US-based SuperPower Inc. During the period covered by the 2025 Medium-term Management Plan, we advanced our efforts to strengthen our coil business and develop related applications, while accelerating market development through an investment in Tokamak Energy Ltd. Going forward, we will continue to contribute to market creation and demand expansion for technologies related to nuclear fusion power generation. At the same time, we will strive to expand our addressable markets by expanding applications to, among other things, high-field magnets and power supply cables, thereby accelerating commercialization.

Laser applications: Pioneering new markets through both infrastructure maintenance and industrial advancement

In the laser applications field, the Group is advancing its business expansion, viewing both Infrastructure Laser for infrastructure maintenance and laser equipment for industrial applications as growth opportunities. Characterized by high-precision machining technology that has a low environmental impact and minimizes damage to base materials, Infrastructure Laser is increasingly being adopted in sectors such as railways, power, and shipping. In addition, we reinforced our co-creation framework with customers by establishing CELL, a laboratory jointly operated with NICHIA CORPORATION. Going forward, we will work to increase sales in focus markets by leveraging sales channels within the Group. At the same time, we will strive to create new business models, including the development of high-power equipment for applications to roads, bridges, and other structures, global expansion, and rental services, thereby scaling up the business.

Measures for potential incubation themes:

Green LPG: Assessing the transition to commercialization through demonstration

In the green LPG field, the Group aims to commercialize the green LPG production process toward realizing decarbonization and local energy production and consumption. During the period covered by the 2025 Medium-term Management Plan, we advanced the construction of a bench plant in Hokkaido and commenced a field demonstration using biogas produced in Hokkaido, moving on to the demonstration phase. Going forward, we will assess the technological and commercial feasibility through demonstration and develop a business model through partnerships, thereby building a foundation for commercialization.

Other incubation themes: Nurturing future growth opportunities by exploring new themes and leveraging IP strategies
In addition to the above themes, the Group is exploring new themes to sustainably create medium- to long-term revenue streams. During the period covered by the 2025 Medium-term Management Plan, we strengthened the foundations for exploring, selecting, and developing new themes by driving the Next-Generation Photonics Business Innovation Project, in addition to the utilization of IP landscaping in all themes. In addition, we are working to improve the effectiveness of new business creation by utilizing intellectual property not only as a mere means of protecting intellectual property rights but also to understand the market and competitive landscape, identify priority areas, explore external partnerships, and flesh out business scenarios. Furthermore, by utilizing our corporate venture investment allocation, we are driving the acquisition of necessary technologies, talent, and market touchpoints through investments in and partnerships with startups.

As part of other incubation themes, we are currently working to develop social DX (e.g., Michiten and Tetsuten*) and aerospace (e.g., LiDAR*, heat pipes) businesses. Going forward, we will advance the sustainable creation of new themes that will transition to scale-up themes in the future, while managing business development, intellectual property, R&D, and external partnerships in an integrated manner.

* Michiten and Tetsuten: The Group's proprietary social DX business offering infrastructure maintenance and management solutions for roadside appurtenances and trackside equipment
* LiDAR (Light Detection and Ranging): A technology that uses laser light to measure distance and shape

[Building the management foundation for sustainable value creation]
To secure resources for priority areas, the Group will strive to enhance capital efficiency by ensuring the optimization of product portfolios across all businesses. In addition, to achieve business expansion despite the declining labor force, we will work to improve productivity and maximize the value of human capital. Furthermore, we will strengthen our management foundation through the enhancement of governance and risk resilience, thereby contributing to a lower long-term cost of capital and sustainable value creation.

(i) Optimization of business and product portfolio
To adapt to changes in market environments and drive growth strategies, the Group will enhance the profitability and growth potential of each business and product and advance the optimal allocation of management resources from a Group-wide perspective.

To monitor the progress of this issue, we review profitability improvement, capital efficiency, recovery of investments, and the allocation of resources to growth areas in each business to assess progress toward achieving an optimal portfolio across the Group.

Measures for portfolio management to enhance capital efficiency:
Furukawa Electric Group will concentrate its management resources on data center-related businesses, which we have positioned as a focus area among the Group's diverse businesses and which are expected to experience accelerated growth toward 2030. At the same time, we will continuously review our business portfolio to drive Group-wide optimization. With respect to the product portfolio, we will create new products that anticipate environmental changes and phase out or withdraw from low-profit or unprofitable products, particularly in existing businesses, thereby maintaining an optimal product portfolio and maximizing profitability.

(ii) Improvement of labor productivity
The Group will drastically improve labor productivity by accelerating the modernization of plants, equipment automation, and the streamlining of indirect operations through the use of DX and AI technologies, in order to capture business opportunities and scale operations in priority areas without solely relying on headcount increases.

To monitor the progress of this issue, 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.

Measures for drastically improving labor productivity:
Furukawa Electric Group will pursue a significant improvement in productivity through the realization of next-generation plants that fully leverage DX and advanced technologies. The Group will also maximize the utilization of existing equipment while enhancing safety and maintenance functions and improve quality and productivity through reforms of production rules and processes. In addition, we will leverage generative AI, enhance AI agents, and review and automate work processes to improve the efficiency of administrative and back-office functions. We will also work to improve sales productivity by optimizing our sales channels in global markets.

(iii) Maximizing the value of human capital

To respond to the rapid expansion of priority areas, the Group will secure talent and enhance organizational execution abilities in the priority areas by aligning HR strategies with business strategies. In addition, we will strengthen management functions through the introduction of a job-based HR system, foster understanding of and commitment to the Purpose and encourage purpose-driven actions, and improve employee engagement. 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 this issue, 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.

Measures for maximizing the value of human capital and strengthening organizational execution abilities:
To realize the acquisition of business opportunities and business expansion in priority areas, the Group will systematically execute HR strategies based on business strategies. Specifically, we will transition to an HRBP* system, in which the HR division is embedded in each workplace to ensure agile resource shifts and secure talent for focus businesses, thereby enhancing overall performance. We will also advance business process re-engineering based on the optimal division of roles between generative AI and employees. Furthermore, we will build a foundation for job-based HR management to clarify the roles and duties required to achieve the business strategies, thereby placing the right people in the right positions and conducting systematic talent development, as well as maximizing employees' potential.

In addition, for our activities to instill the Purpose, we will shift from the "awareness and understanding" phase to the "action and embodiment" phase. By demonstrating the connection between the Purpose and each organization and employee, we will strengthen human capital and organizational execution abilities that contribute to the sustainable enhancement of corporate value and enable teams to deliver results.

For details, please refer to "2. Approach and Initiatives toward Sustainability."

* HRBP (Human Resources Business Partner): HR functions embedded in each business division to support talent assignment and development and organizational problem-solving

(iv) Enhancement of governance and risk resilience

Effective from FY2026, the Group introduced a CXO-based structure, transitioning to a system in which each CXO assumes responsibility for overall management as a member of management and makes decisions and promotes effective initiatives with a sense of urgency to address the management priority under their responsibility. In line with this transition, we will also review our meeting framework to enhance governance. Specifically, each CXO will execute various measures with responsibility and authority. We will also establish a CXO Meeting to organize and clarify key issues relating to important matters, discuss such matters from a Group-wide perspective, and consider solutions taking risk recognition into account. By submitting recommendations to the Management Committee based on discussions at the CXO Meeting, we will speed up and enhance decision-making by the Management Committee.

In addition, to prevent the materialization of significant risks and continue to promote value creation even in an increasingly uncertain environment, we will identify and rectify significant risks by anticipating changes and encourage appropriate risk-taking. For officers and employees, we will continue to ensure thorough compliance with our CSR Code of Conduct. Furthermore, we will conduct human rights due diligence and strengthen compliance capabilities across the entire supply chain, including procurement, production, and logistics. We will also strive to enhance management practices in key risk areas, including health and safety, quality, and information security. By doing so, we will work to develop a more resilient and stable supply chain.

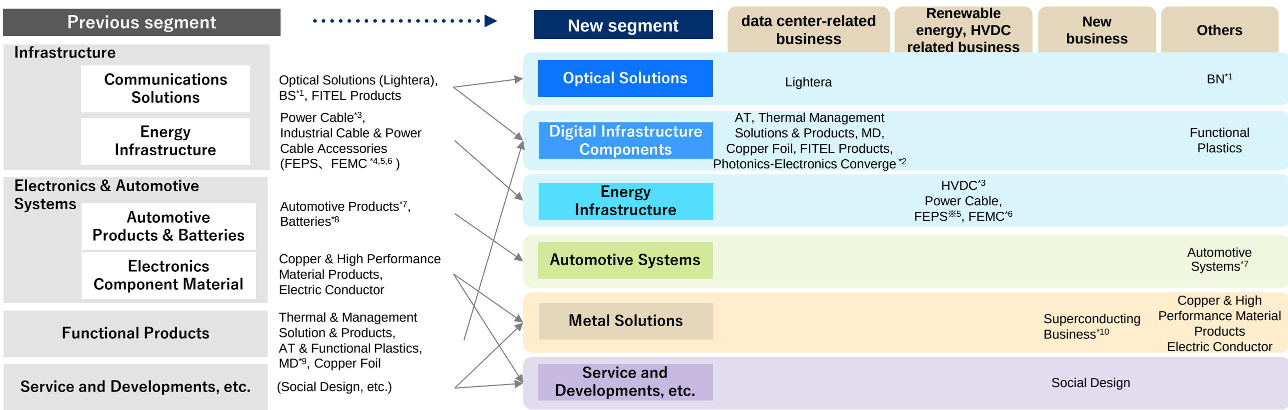
Through the above efforts, we will strive to reinforce the organizational foundation that underpins stable business operations, thereby ensuring prompt and appropriate decision-making and enhancing risk resilience in the growth phase.

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

iii. Structure for enhancing execution capabilities

The Group recognizes that it is essential to secure the execution capabilities necessary to succeed in our priority areas, while further clarifying the initiatives and targets for achieving the Vision 2030. Based on this recognition, we reviewed our organizational structure and redesigned our meeting framework in FY2026 to enhance our execution capabilities.

(i) Reorganization of business segments and organization of new businesses into business divisions
To strengthen the initiatives for data center-related businesses and accelerate the development of new businesses, the Group has transitioned to a business execution structure that allows for quicker responses. We will flexibly restructure our business portfolio through the reorganization of business segments to accelerate the concentration of resources on growth areas. Specifically, we organized our operations into business domains (segments) based on the social issues outlined in the Vision 2030, thereby enhancing the alignment between business strategies and organizational structure. In addition, we will advance the optimization of business and product portfolios by establishing clear missions for each business domain leader and organization. Furthermore, we will accelerate the development of new businesses and organize new businesses in priority areas into business divisions to establish new revenue streams that support sustainable growth over the medium to long term. Through these efforts, we will maximize revenue opportunities and foster new businesses.



*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

(ii) Alignment of headquarters functions with business operations
To maximize business profitability in priority areas, the Group has transferred some of its management strategy, R&D, sales, and HR functions from the headquarters to business divisions. While the previous headquarters functions enabled the promotion of overall optimization from a Group-wide perspective, there were challenges in responding quickly to customer needs and market changes. To address these challenges, we will integrate these functions more closely with business strategies, accelerate market- and customer-driven planning and product development, and enable agile proposals and rapid execution of initiatives, thereby expanding value creation.

(iii) Enhancement of execution capabilities through a CXO-based structure and authority delegation
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. To address this challenge, the Group has appointed a dedicated CXO for each priority and clarified their roles and missions. Each CXO will hold end-to-end responsibility for solving a management priority, with the authority to formulate, execute, monitor, and adjust strategies to meet established performance indicators. Each CXO will assume a high level of responsibility for overall management as a member of management and take the lead in resolving the management priority under their responsibility from a Group-wide optimization perspective. In addition, to speed up and enhance decision-making by the Management Committee, we will establish a CXO Meeting to organize and clarify key issues relating to important matters, discuss such matters from a Group-wide perspective, and consider solutions taking risk recognition into account. Moving forward, we will advance the following initiatives in a cross-functional and integrated manner: expanding the data center domain, driving renewable energy and HVDC, developing new businesses, improving productivity, maximizing the value of human capital, and enhancing governance.

List of CXOs
CEO (Chief Executive Officer)
CSO (Chief Strategy Officer)
CFO (Chief Financial Officer)
CTO (Chief Technology Officer)
CMO (Chief Marketing Officer)
CHRO (Chief Human Resources Officer)
CPO (Chief Productivity Officer)
CSCO (Chief Supply Chain Officer)
CGO (Chief Governance Officer)

(iv) Sustainability Committee and Risk 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.

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. In principle, the Sustainability Committee, chaired by the President, vice-chaired by the CSO, and composed of all CXOs, meets twice a year.

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, chaired by the President, vice-chaired by the CGO, and composed of executive-level members, deliberates on issues related to risk management, internal controls, and compliance across the Group, while also overseeing and driving responses to these issues. In principle, the Committee meets twice a year, reports its activities to the Management Committee and the Board of Directors on a regular basis, and receives oversight from the Board.

The management priorities are identified by taking the impact of both opportunities and risks into account. The Group addresses potential obstacles and potential risks associated with strategy execution by incorporating them into measures for respective management priorities. Each department in charge of specific risk items submits a semi-annual report to the Risk Management Committee outlining its annual action plans and actual activities. The Risk Management Committee then evaluates whether appropriate risk management is being implemented in such activities and provides guidance as necessary. We have conducted risk assessments to ensure proper risk recognition and identify priority risks. Through these efforts, we have taken a comprehensive view of risks from both management and operational perspectives and identified significant risks that require a Group-wide response. In addition, we will strive to further enhance risk management by ensuring the achievement of measures for the management priorities and monitoring the progress of performance indicators.

For details, please refer to "4. Corporate Governance." Also, for the details of climate-related risk management and human capital risk management and the Risk Management Committee, please refer to "2. Approach and Initiatives toward Sustainability" and "3. Business Risks," respectively.

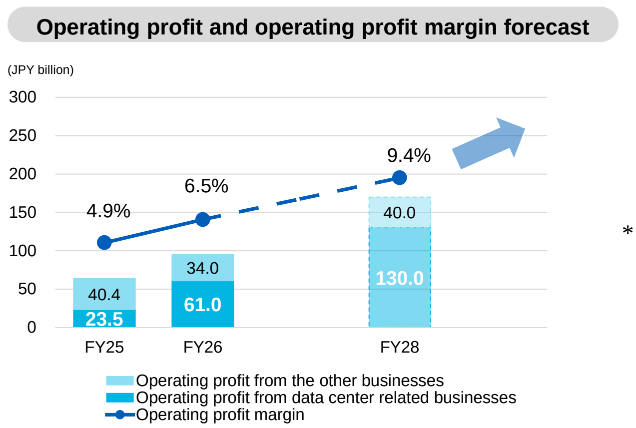
(3) Financial target levels for FY2030 and capital policy

The Group has set the following financial target levels for FY2030: operating profit of ¥250 billion, return on equity (ROE) of 20%, and return on invested capital (ROIC) of 15%. Under the management strategies based on the Purpose, we will accelerate investments in growth areas, centered on data center-related businesses, along with the expansion of the data center market. We will strive to further improve operating profit, ROE, and ROIC while maintaining optimized business and product portfolios and monitoring FVA*. Furthermore, by continuously monitoring the business environment and financial conditions, we will appropriately reflect their changes in the prioritization of measures for the management priorities and in capital allocation. We will also review our financial target levels as necessary.

* FVA (Furukawa Value Added): EVA was customized for the Company and introduced as an internal management indicator in FY2022.

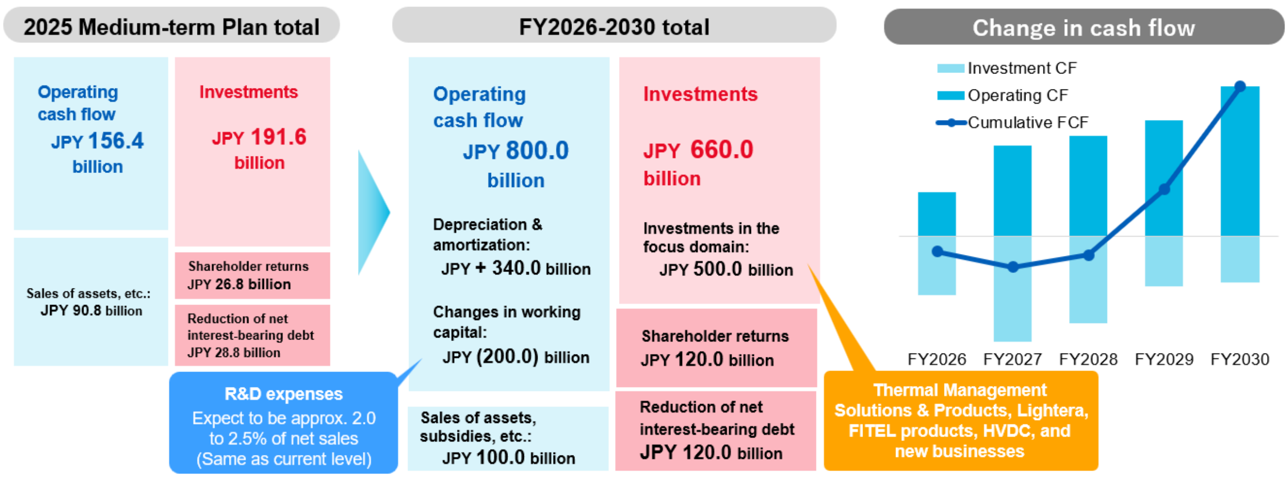
[Financial target levels for FY2030]
Operating profit: ¥250 billion
ROE: 20%
ROIC: 15%

Reference: Operating profit and operating profit margin forecast for FY2028



* Data center-related businesses include Lightera, Thermal Management Solutions & Products, FITEL Products, AT (Tape for semiconductor processes), Memory Disk, Copper Foil, and Photonics-Electronics Convergence Devices.

[Capital policy]
Total investments during the five years through FY2030 will be ¥650 billion (including investments in focus areas of ¥500 billion). In addition, the total free cash flow during the five years is expected to be ¥240 billion. In FY2026 and FY2027, financing is expected to temporarily increase for the purpose of large-scale investments. However, from FY2030 onward, we will improve profitability while curbing the increase in invested capital and harvesting the returns from upfront investments.



2. Approach and Initiatives toward Sustainability

This chapter provides a detailed discussion of the sustainability-related risks and opportunities in the management strategies outlined in “1. Management Policy, Business Environment, and Issues to Be Addressed,” focused on each high-priority theme. The forward-looking statements contained in the descriptions below are based on Furukawa Electric Group’s judgments made as of the end of the current fiscal year.

In its Basic Policy on Sustainability, the Group states its commitment to “address management priorities identified in light of both revenue opportunities and risks, based on the Furukawa Electric Group Purpose (hereinafter, the “Purpose”), and aim for sustainable growth through solving social issues.” We view sustainability as a source of competitive advantage rather than simply an obligation to comply with ESG standards, positioning it as a means of enhancing sustainable growth and corporate value through solving social issues. Through our purpose-driven management strategy starting in FY2026, we will address management priorities to achieve Vision 2030 and enhance our corporate value over the medium to long term. Building on this concept, and from the perspective of the Group’s business environment and the impact on management over the medium to long term, we have reviewed high-priority sustainability-related risks and opportunities. Having determined climate change and human capital to be our most critical themes, we are actively advancing initiatives in these areas. The specifics are as described below. Going forward, we will systematically organize this information in stages, preparing for the further advancement of sustainability-related financial disclosures.

* For details on the Basic Policy on Sustainability, initiatives to address management priorities, and other related matters, please refer to “1. Management Policy, Business Environment, and Issues to Be Addressed.”

* For more information on sustainability, please refer to the Sustainability and other sections on our website.

(1) Climate change

Recognizing the potential for climate-related risks and opportunities to have a material impact on our future financial position and other aspects of our business, the Group discloses information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, in order to recognize long-term environmental issues and promote initiatives to resolve them, we have established the Furukawa Electric Group Environmental Vision 2050, setting a target to “Aim for net-zero greenhouse gas emissions throughout the entire value chain.” To achieve both the Environmental Vision 2050 and the sustainable growth of the Group, we have started formulating a climate transition plan.

TCFD | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We will continue to enhance our disclosure of climate-related financial information, thereby strengthening our relationships of trust with our stakeholders.

(i) Governance

Climate-related risks and opportunities have been incorporated into the Group’s management priorities including the “creation of information-based social infrastructure,” which were formulated through discussions at the Management Committee and the Board of Directors, and have been explicitly integrated into our management strategy. As part of the execution framework, we have integrated the Environment Department, which was responsible for climate-related initiatives leading up to the 2025 Medium-term Management Plan, together with the Corporate Sustainability Office—into the Corporate Planning Department (forming the Corporate Sustainability Office within the Corporate Planning Department), and are advancing these initiatives centrally under the management strategy. Additionally, we have assigned the Sustainability Committee a new role to track key performance indicators for management priorities on a regular basis, thereby checking the status of our response to risks and opportunities, including activities aimed at reducing GHG emissions. Furthermore, the Management Committee—the body responsible for deliberating on important matters concerning the Group’s management—regularly receives reports and deliberates on management priorities.

Meanwhile, the Risk Management Committee continues to identify “climate change (carbon neutrality)” as a business risk and addresses it in collaboration with the Sustainability Committee. In addition, the Central Disaster Prevention and BCM Promotion Committee—a special committee under the Risk Management Committee—regularly discusses business continuity measures to be taken in the event of natural disasters and other physical risks.

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

For more information, please refer to “4. Corporate Governance.”

(ii) Strategy

<Group’s Recognition of Climate-related Risks and Opportunities>

In order to gain a multifaceted understanding of risks and opportunities arising from future climate change and reflect them in management decisions and strategic planning, the Group conducts scenario analysis for each of its businesses. We completed scenario analyses step by step for our core businesses during the period from FY2019 to FY2025. Of the climate-related risks and opportunities identified for each business, those that could affect the overall outlook for our Group have been incorporated into our management priorities for achieving Vision 2030, in terms of both risks and revenue opportunities.

<Selection of Scenario Group>

Through FY2021, we examined a “2°C or lower scenario” and a “4°C scenario” step-by-step for each business field by referring to several existing scenarios published by the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC). In FY2022, to accelerate our efforts toward achieving carbon neutrality by 2050, we revised the Environmental Targets 2030 and applied for an SBT 1.5°C certification. Accordingly, the scenarios for the business fields, for which we had been conducting scenario analysis, were revised to the “1.5°C scenario” and the “4°C scenario”. In FY2025, we revised the scenarios used in scenario analysis for the formulation of our climate transition plan to the “1.5°C scenario” and the “2°C or higher scenario”.

1.5°C scenario	• NZE in the IEA World Energy Outlook • IPCC RCP 2.6*
2°C or higher scenario	• STEPS in the IEA World Energy Outlook • IPCC RCP 8.5

* In case the parameters for the scenario described are not available when determining the financial impact based on the 1.5°C scenario, we use the parameters from the most similar scenario as a substitute.

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

Short term	Up to FY2028	A three-year rolling period used for business management
Medium term	Up to FY2030	Target year for achieving Vision 2030 and Environmental Targets 2030
Long term	Up to FY2050	Target year for achieving the Environmental Vision 2050

<Climate-related Risks and Opportunities Affecting the Entire Group>

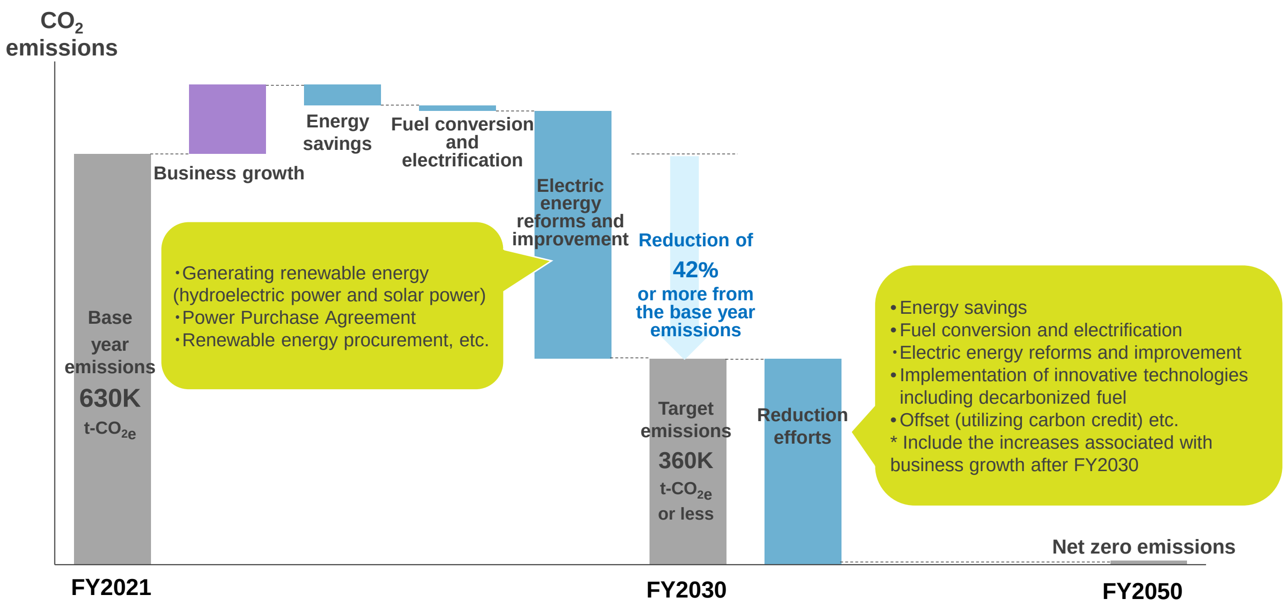
<table>
<tr><th colspan="3" rowspan="2">Category</th><th rowspan="2">Items of climate-related risks and opportunities</th><th rowspan="2">Period to manifest</th><th colspan="2">Business impact in 2030</th></tr>
<tr><th>1.5°C</th><th>2°C or higher</th></tr>
<tr><td rowspan="5">Risks</td><td rowspan="2">Transition risks</td><td>Policies and regulations</td><td>• Increase in costs resulting from applied carbon pricing (Furukawa Electric, supply chain)</td><td>Medium to long term</td><td>Major</td><td>Minor</td></tr>
<tr><td>Markets</td><td>• Increase in procurement costs of renewable energy</td><td>Medium to long term</td><td>Major</td><td>Minor</td></tr>
<tr><td rowspan="3">Physical risks</td><td rowspan="2">Acute</td><td>• Damage to buildings due to large-scale disasters (large typhoons, heavy rains, heavy snow, lightning strikes) caused by abnormal weather
• Supply chain disruption of customers or suppliers caused by weather disaster</td><td>Medium to long term</td><td>Minor</td><td>Minor</td></tr>
<tr><td>• Shut-down of coastal factories caused by flooding and drought</td><td>Medium to long term</td><td>Medium</td><td>Major</td></tr>
<tr><td>Chronic</td><td>• Increase in air conditioning costs due to a rise in average temperature</td><td>Medium to long term</td><td>Medium</td><td>Major</td></tr>
<tr><td rowspan="6">Opportunities</td><td colspan="2" rowspan="3">Markets</td><td>• Increase in revenue and profit of related products driven by rising demand for reduced power consumption in data centers</td><td rowspan="3">Short to medium term</td><td>Major</td><td>Major</td></tr>
<tr><td>• Increase in revenue and profit driven by growing demand for lightweight and high-voltage-compatible products amid the advancement of automotive electrification</td><td>Major</td><td>Medium</td></tr>
<tr><td>• Increase in revenue and profit from demand growth for enhanced core transmission network and power cables along with the expansion of renewable energy and growing electricity demand</td><td>Major</td><td>Medium</td></tr>
<tr><td colspan="2" rowspan="3">Products and services</td><td>• Increase in sales from demand growth for low-carbon and carbon-free products and recycled products in response to requests for carbon neutrality and circular economy</td><td>Medium to long term</td><td>Major</td><td>Medium</td></tr>
<tr><td>• Technology development toward expanding introduction of next-generation energy</td><td>Long term</td><td>–</td><td>–</td></tr>
<tr><td>• Technology development for expanding the implementation of photonics-electronics convergence</td><td>Long term</td><td>–</td><td>–</td></tr>
</table>

<Strategy for Addressing Climate-related Risks and Opportunities>
i) Transition risks – responses to carbon pricing
Transition risks associated with climate change include the potential increase in product manufacturing costs resulting from the application of carbon pricing, such as carbon taxes and emissions trading system, to the Company and our supply chain.

To address these risks, we have set our decarbonization targets in the Environmental Targets 2030 and Environmental Vision 2050, and have been driving steady reductions in GHG emissions. We revised the Environmental Vision 2050 in November 2024, setting a target of aiming for net-zero greenhouse gas emissions across the entire value chain. Under our Environmental Targets 2030, we have set reduction targets for GHG emissions (Scope 1, 2, and 3) based on the guidance of the Science Based Targets initiative (SBTi) and have obtained SBT 1.5°C certification.

Reducing GHG emissions from business operations (Scope 1 and 2)
In the two focus areas for revenue opportunities for the Group—the data center area and the renewable energy and HVDC area—we plan to expand our supply capacity to meet the growing demand for products driven by market expansion. Consequently, GHG emissions (Scope 1 and 2) are expected to increase, raising concerns about increased risks from the impact of carbon pricing. To reduce GHG emissions (Scope 1 and 2), we have formulated a roadmap to achieve net-zero GHG emissions by 2050 and are promoting efforts to achieve these goals.

As business growth driven primarily by our management priority “creation of information-based social infrastructure” is expected to lead to a certain increase in GHG emissions (Scope 1 and 2), we anticipate that measures under a management priority “improvement of labor productivity”—specifically, upgrading factories to next-generation facilities and the automation of equipment—will not only improve labor productivity but also result in a certain reduction in GHG emissions through enhanced energy efficiency and optimized energy use. Furthermore, to achieve net-zero emissions by 2050, it is essential to actively utilize renewable energy. We are therefore working toward improving the ratio of renewable energy use (usage of hydroelectric power, installation of solar power system, and introduction of electricity derived from renewable energy).



Our roadmap to achieve zero GHG emissions (Scopes 1 and 2) by 2050

Reducing GHG emissions in the value chain (Scope 3)
Within our Group’s value chain emissions (Scope 3), the highest contributing categories are Category 1: Purchased Goods and Services, and Category 11: Use of Sold Products. For Category 1, we are pursuing a two-pronged approach, through in-house reduction efforts and by engagement with our supply partners, targeting copper, aluminum, and plastic—materials used in large quantities as raw materials for our Group’s products.

Within the company, we reduce the use of new virgin materials and promote the use of recycled materials. To date, we have leveraged our Group’s strengths in metal and polymer technologies to develop, manufacture, and sell products made from recycled materials. In FY2025, we established the Circular Economy Design Center as a hub for research and development into recycling and resource-saving technologies to further advance our R&D efforts.

We encourage our supply partners to calculate and reduce their GHG emissions, and are also working to gather emissions data associated with purchased products through a dedicated questionnaire conducted alongside the Self-Assessment Questionnaire (SAQ) based on our CSR Procurement Guidelines. Additionally, we engage in dialogue with partners(*) who provide significant volumes of raw materials, specifically copper, aluminum, and plastic, to our Group to exchange views on climate change initiatives.

* At the Group, we refer to business counterparts as “partners” who create value together with us.

ii) Transition risks – responses to increases in renewable energy procurement costs

The majority of the renewable energy used by the Group is sourced through renewable electricity plans and the purchase of non-fossil fuel certificates. While these methods are relatively flexible procurement options, we recognize the risk that price increases and procurement difficulties may arise as demand grows in line with the progress of decarbonization efforts across society. Furthermore, discussions toward revising the Greenhouse Gas (GHG) Protocol have raised issues such as hourly matching and deliverability regarding the use of certificates. Consequently, the approach to treating GHG emission reductions through conventional methods may become subject to review.

In light of these changes in the external environment, the Group has been working to develop a system allowing us to respond appropriately to price fluctuation risks and regulatory change risks by continuously monitoring energy policies and regulatory frameworks in the countries and regions where our manufacturing bases are located, as well as trends in the supply and demand for renewable energy and discussions involving revisions to international standards. In our efforts to reduce GHG emissions (Scope 1 and 2) in our business operations, we are exploring ways to diversify our renewable energy procurement portfolio while considering the medium- to long-term stability of energy costs and alignment with the nature of our business. Looking ahead to 2030 and beyond, we envision gradually reducing our reliance on renewable electricity plans and non-fossil fuel certificates, and combining the use of our own power generation facilities, mainly hydroelectric and solar power generation facilities, with the use of PPAs for wind power generation and other sources. Against this backdrop, during the period of the 2025 Medium-term Management Plan, we have introduced solar power generation via PPAs at some manufacturing sites in the data center-related domain and the Automotive Systems domain.

We will continue to ensure the stable operation of hydroelectric power plants owned by Furukawa Nikko Power Generation Inc. and solar power generation facilities installed at our manufacturing sites. At the same time, we will advance the review and preparation for diverse renewable energy procurement methods, including PPAs, while ensuring alignment with our business strategy and assessing their financial implications.

iii) Physical risks – responses to extreme weather and climate-related disasters

Risks such as operational shutdowns and supply chain disruptions caused by climate-related disasters, which become more prevalent as global temperatures rise, are categorized as “impact of disasters or infectious diseases” under the “operational perspective risks” category in our company-wide risk management framework. Under this framework, we are advancing measures to promote business continuity management (BCM) in accordance with ISO 22301, and to develop and refine business continuity plans, among others.

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

iv) Responses to climate-related opportunities

In our value creation strategy for FY2026 and beyond, the Group views the data center-related market as a key revenue opportunity. In addition, we identify the growing demand for power transmission infrastructure, driven by efforts toward decarbonization and strengthening power resilience, as a longer-term revenue opportunity. These revenue opportunities incorporate the concept of expanded climate-related opportunities, which we are addressing as part of our business strategy. In the data center area, we recognize products that contribute to reducing data center power consumption as climate-related opportunities; these include FITEL products and optical fiber and cable products that leverage our Group’s high-output, low-power-consumption technologies, as well as thermal products addressing increasing heat generation from GPUs and other components, and AT products designed for high-density environments. Other climate-related opportunities include submarine cable systems and DC transmission systems for offshore wind power generation in the renewable energy and HVDC area, as well as superconducting products for nuclear fusion power generation and green LPG—which we view as innovative technologies to solve energy challenges—in the new business sector.

In efforts to build co-creation relationships with major customers through these opportunities, we will strive to foster trust in the Group and secure and enhance our competitive advantage by reliably meeting customer demands related to carbon neutrality and the circular economy.

The Group comprehensively evaluates the entire product lifecycle and defines products and services that contribute to reducing environmental burden or have a positive environmental impact as “environment-friendly products,” actively working to increase both the number of registered products and their share of sales. Starting in FY2026, we will shift our approach to “environmentally conscious design,” which involves calculating the carbon footprint of products and aiming to reduce it. This will enable us to quantitatively assess the environmental burden throughout the entire life cycle of a product and to improve design, materials, and manufacturing processes in line with product features and customer requirements, evolving our efforts from initiatives based on self-declared environmental claims to initiatives aimed at enhancing the environmental performance of products from the customer’s perspective.

As we promote initiatives in growth sectors, the Group is considering utilizing GX investment-related subsidies funded by the Ministry of Economy, Trade and Industry, the New Energy and Industrial Technology Development Organization (NEDO), and other entities, based on the growth-oriented carbon pricing concept outlined in Japan's GX Strategy. Through this approach, we aim to advance capital investments and technological development that contribute to decarbonization while reducing the financial burden and improving investment efficiency. The Group has also participated in the GX League and is continuously monitoring trends in carbon pricing policies, including emissions trading systems, as well as regulatory developments in the energy and environmental sectors. Based on these trends, we view climate-related risks and opportunities in an integrated manner, striving to balance the creation of business opportunities with risk mitigation.

(iii) Risk management

<Identifying Climate-related Risks and Opportunities>

To identify climate-related risks and opportunities, we conduct scenario analysis for each business, using our business strategies and plans as a baseline, following a process of Step 1 through Step 3. First, in Step 1, we create a list of climate-related risks and opportunities, including not only those in our Group but also across the entire value chain by referring to “external information” and “internal information.” In Step 2, the identified items are evaluated with scores in terms of “impact on the Group” and prioritized. In Step 3, high-priority items are identified as climate-related risks and opportunities. For the identified climate-related risks and opportunities, assessment of impact on business in FY2030 is conducted with impact parameters in a 1.5°C scenario and a 2°C or higher scenario. The climate-related risks and opportunities identified for each business are reported to the General Manager overseeing the relevant business domain, as well as to the CSO and CGO.

Upon formulating our value creation strategy for FY2026 and beyond, we have updated our “external information” and “internal information” to reflect the most current data. We have also conducted another scenario analysis for each business unit during the development of our climate transition plan—aimed at achieving the net-zero emissions target set forth in our Environmental Vision 2050—to review climate-related risks and opportunities.

<Management of Climate-related Risks and Opportunities>

The “GHG emissions reduction rate (Scope 1, 2, and 3)” and the “ratio of renewable energy use to total electricity consumption” are indicators related to “creation of information-based social infrastructure,” one of the management priorities for achieving Vision 2030. The Sustainability Committee follows up on progress of these indicators and related countermeasures.

To manage risks arising from carbon pricing—one of the climate-related risks affecting the Company—we utilize internal carbon pricing (using a shadow price). By calculating GHG emissions of each business division using carbon prices (applying ¥20,000/t-CO2e in FY2025) since FY2019, we encourage each business division to be prepared to avoid climate change risks for decarbonization based on the quarterly evaluation and posting effects. In addition, since FY2023, formulation of a renewable energy introduction plan is being promoted for any division that does not meet the target, having established a rule that each business division will bear the increase in procurement costs of renewable energy if the targets are not met.

<Integration into Company-wide Management Strategy and Company-wide Risk Management>

As part of our efforts to pursue purpose-driven sustainable management, we have identified management priorities for achieving Vision 2030, taking into account sustainability-related risks and opportunities, including climate change. For more information, please refer to “1. Management Policy, Business Environment, and Issues to Be Addressed, (2) Business environment, medium- to long-term management strategies, and issues to be addressed.”

In risk management of the entire Group, we identify “climate change (carbon neutrality)” as a risk item from a management perspective. For more information, please refer to 3. Business Risks.

(iv) Indicators and targets

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

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

<Environmental Targets 2030> (Revised in November 2022)

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

(1) Greenhouse gas emissions from business activities (Scope 1 and 2): Reduce by at least 42% compared to FY2021

(2) Greenhouse gas emissions in the value chain (Scope 3): Reduce by at least 25% compared to FY2021

Scope 1: Direct emissions from own factories and offices

Scope 2: Indirect emissions from the use of electricity, heat, etc. purchased by the company

Scope 3: Indirect emissions other than Scope 1 and 2 (emissions by other companies related to the activities of the business operator)

The Group obtained SBT 1.5°C certification for its 2030 GHG emissions reduction targets in July 2023. This certifies that the Group’s targets are based on scientific evidence for pursuing "efforts to limit the increase in the global average temperature to 1.5°C above pre-industrial levels," as set forth in the *Paris Agreement.

*Paris Agreement: An international agreement adopted at the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015 (COP21) for reducing GHG emissions and taking other related measures from 2020 onward.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

<Results against Sustainability Indicators and Targets Under the 2025 Medium-term Management Plan>

Under the 2025 Medium-term Management Plan, we have set “sales ratio of environment-friendly products” as a sustainability indicator for a material issue of revenue opportunity “creating businesses that solve social issues (environment-friendly businesses),” and “GHG emissions reduction rate (Scope 1 and 2)” and “ratio of renewable energy use to total electricity consumption” as sustainability indicators for the material issue of risk “developing business activities that consider climate change,” and have been working to achieve these targets.

In our efforts to increase the “sales ratio of environment-friendly products,” we mainly prioritized registering products classified under “prevention of global warming” (products with functions that contribute to the reduction or absorption/fixation of the greenhouse gas (GHG) emissions through the entire life cycles) among the four accreditation categories (*) since FY2022. As a result, we achieved the target for FY2025.

Our efforts to improve the GHG emissions reduction rate (Scope 1 and 2) and increase ratio of renewable energy use to total electricity consumption primarily involved expanding the use of renewable energy. This was achieved mainly by shifting to renewable energy electricity plans offered by power companies and purchasing non-fossil fuel certificates. In particular, the adoption of renewable energy has progressed in businesses related to the “data center-related domain” and the “renewable energy and HVDC-related domain,” with some manufacturing sites for products in these domains having achieved 100% renewable energy for their power consumption. As a result, we expect to substantially exceed our FY2025 targets for “GHG emissions reduction rate (Scope 1 and 2)” and “ratio of renewable energy use to total electricity consumption.”

For the “GHG emissions reduction rate (Scope 3),” emissions for FY2025 are currently being calculated; however, we have achieved reductions in line with our targets for FY2024 and will continue to work toward our 2030 targets.

* Environment-friendly products of the Group fall into one of the following four categories: “prevention of global warming,” “zero emission,” “elimination of materials that have an impact on the environment,” and “resource saving.”

<Indicators and Targets for FY2026 and Beyond>
For FY2026 and beyond, we continue to use the indicators of GHG emissions reduction rate targets (Scope 1, 2, and 3) and ratio of renewable energy use to total electricity consumption set forth in the Environmental Targets 2030. By 2030, we aim to reduce Scope 1 and 2 GHG emissions by 42% and Scope 3 emissions by 25%, respectively compared to FY2021 levels, and achieve a ratio of renewable energy use of 50% or more.

While the FY2025 results for Scope 1 and 2 are expected to attain the levels set in the Environmental Targets 2030, we have maintained the FY2030 targets, considering the potential for a significant increase in emissions beyond FY2026 due to business growth, as well as the ongoing discussions regarding revisions to the Greenhouse Gas (GHG) Protocol. Meanwhile, we have established the Furukawa Electric Group Greenhouse Gas Reduction Targets 2035 as a milestone beyond FY2030, to ensure we steadily advance the reduction of GHG emissions and the adoption of renewable energy toward achieving our Environmental Vision 2050 even after reaching the levels set by our Environmental Targets 2030.

Indicator ★: Sustainability indicators under 2025 Medium-term Management Plan	Scope	Base year	Result		Target				Vision
			FY2024	FY2025	FY2025	FY2026	FY2030	FY2035	FY2050
★GHG emissions reduction rate (Scope 1 and 2)*1	Group	2021	-34.8%	-44% (Estimate)	-18.7%	-23.4%	-42%	-63%	Net-zero emissions
GHG emissions reduction rate (Scope 3)	Group	2021	-8.8%	(Under calculation)	-11.1%	-13.9%	-25%	-38%	
★Ratio of renewable energy use to total electricity consumption	Group	–	39.6%	53% (Estimate)	30%	34%	50%	70%	–
★Sales ratio of environment-friendly products*2	Group	–	74.0%	72.1%	70%	–	–	–	–

*1 The greenhouse gas emissions produced by the Group are mainly energy-derived carbon dioxide (CO_2) and sulfur hexafluoride (SF_6).
*2 As the “sales ratio of environment-friendly products” indicator has achieved the target set in 2025 Medium-term Management Plan, we have discontinued management and target-setting for this indicator. Going forward, we will evolve our initiatives from those based on self-declared environmental claims to those aimed at enhancing product environmental performance from the customer’s perspective.

(2) Human capital (including diversity of personnel)

We are promoting management driven by the Furukawa Electric Group Purpose (hereinafter, the "Purpose"): "Composing the core of a brighter world." The Purpose is the foundational concept for the company-wide strategies and all management decisions and strategic planning aimed at achieving the "Furukawa Electric Group Vision 2030" (hereinafter, the "Vision 2030"). Based on this philosophy, and taking into account the risks and opportunities associated with human capital, we are pursuing measures to maximize the value of human capital, which is one of our management priorities.

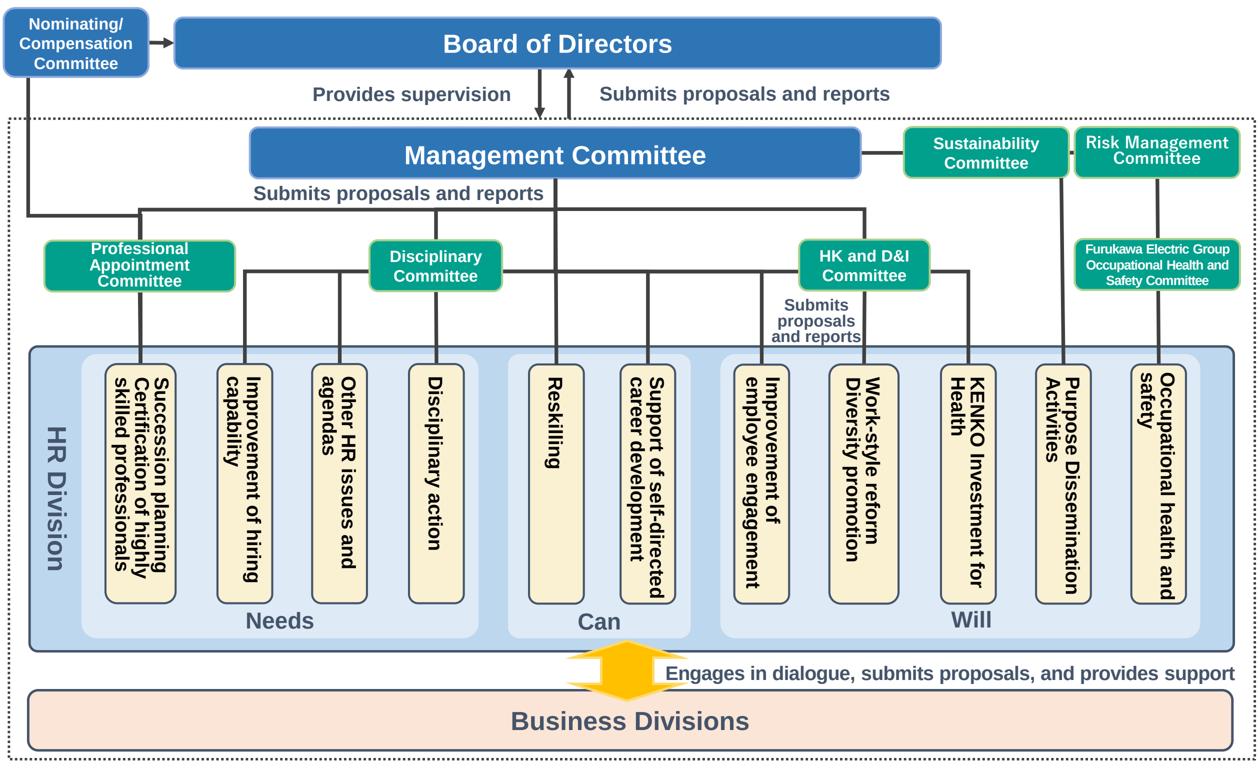
(i) Governance

Since "maximizing the value of human capital" is a key priority for establishing a management foundation enabling sustainable value creation, we have appointed a CHRO to be responsible for formulating and executing human resources strategies, and we discuss and resolve these strategies at the Management Committee.

For individual themes directly related to management issues, we establish committees chaired by the president or CHRO to formulate strategies, determine activity plans, and promote implementation of measures. Specifically, we have established and hold meetings of the "Professional Appointment Committee" to certify highly specialized personnel, "HK (*1) and D&I (*2) Committee" to promote work-style reform, diversity & inclusion and other measures, and "Furukawa Electric Group Occupational Health and Safety Committee" on occupational health and safety. The status of these operations is regularly reported to the Board of Directors, and is subject to its oversight.

*1 HK is an abbreviation for *Hatarakikata Kaikaku*, or work-style reform.
*2 D&I is an abbreviation for Diversity and Inclusion. Based on the principle of "equity—that is, everyone has access to opportunities to grow and perform"—which has been a key focus of our Group's past D&I initiatives, we have explicitly included "Equity" in our framework since April 2026 and are now advancing our efforts under the theme of Diversity, Equity, and Inclusion (DE&I).

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



* Following the organizational restructuring and the introduction of the CXO system in April 2026, we have been reviewing the functions and roles of our various meeting bodies and committees with a view to optimizing them.

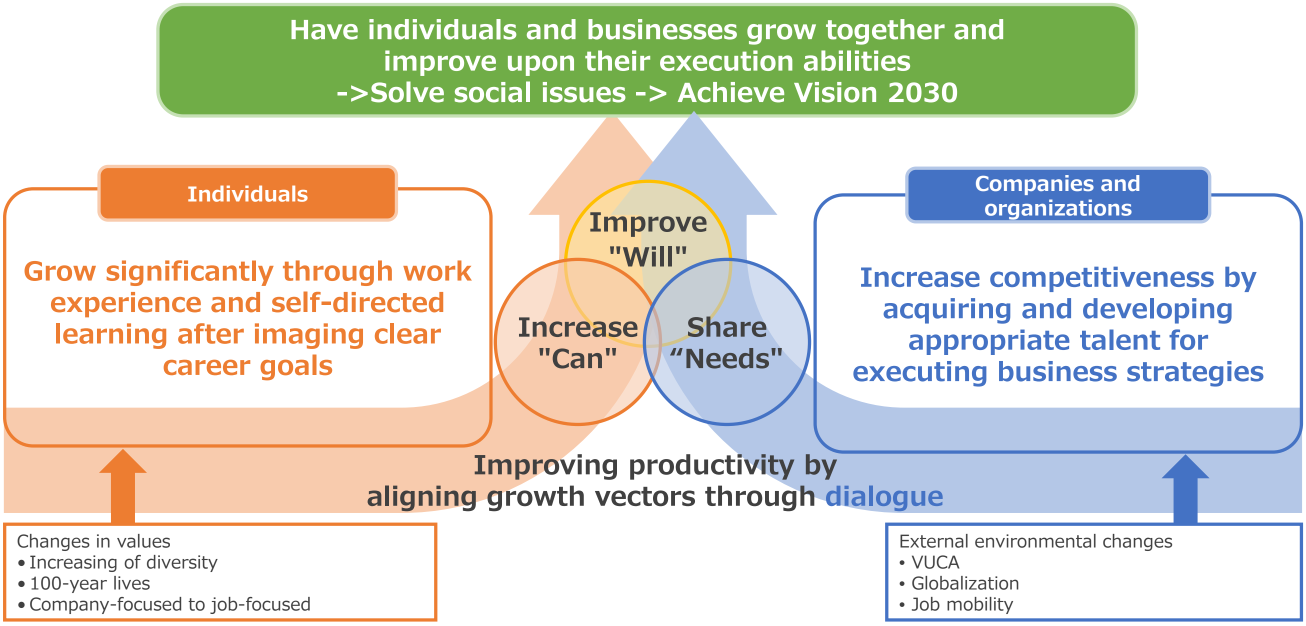
(ii) Strategy

Our Group's human capital measures are based on the Purpose and Management Policies, which we share across the Group, and are designed and implemented under the initiative of each company, reflecting differences in business characteristics, local laws and regulations, and labor market conditions. This section mainly describes representative initiatives undertaken by Furukawa Electric. While these initiatives are led and promoted by the Company, each group company implements measures based on the same principles, tailored to its specific circumstances.

<Human Resource Management Strategy in the Vision 2030>

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 abilities, thereby driving solutions to social issues and realizing the Vision 2030. (Figure below)



As a group with diverse business operations, market environments, and revenue structures, the Group aims to foster an organizational culture where every individual can continue to thrive with a strong sense of purpose. To this end, we secure and deploy the talent necessary to execute our strategies, while supporting individual growth through organizational efforts. To realize the ideal state for both individuals and the organization, 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 (see Table 1 and Table 2).

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

What "Needs," "Can," and "Will" represent	Ideal state
1) Sharing "Needs" The organization clearly defines the roles, functions, structures, and relevant information that shape the environment in which individuals can thrive. In turn, individuals are able to fully understand and internalize these expectations.	• A state in which the necessary talent is secured to execute our business strategies — specifically, individuals capable of driving transformation toward value creation and business development rooted in solving social issues, by leveraging the technological expertise and proposal capabilities that our Group has continuously and sincerely refined. • A state in which a highly equitable human resources system is being operated in a fair and appropriate manner.
2) Increasing "Can" The organization supports individual growth by providing opportunities to gain knowledge and experience, enabling individuals to thrive. In turn, individuals take ownership of their careers and engage in self-directed learning.	• A state in which clearly defined career paths, competencies, and skills—required from the perspective of executing business strategies—are presented, enabling each individual to set clear career goals and grow through self-directed learning. • A state in which talent is being developed that can co-create with customers through the Group's technological expertise and proposal capabilities, thereby helping achieve both the resolution of customer issues and the expansion of the Group's revenue.
3) Improving "Will" Individuals are inspired by their environment, find purpose and fulfillment in their work, and are motivated to continue growing and making meaningful contributions.	• A state in which a highly engaged organizational culture has been fostered—one where individuals resonate with the Group's Purpose and are motivated to continue growing and making meaningful contributions. • A state in which leadership is effectively demonstrated to translate individual growth and performance into collective team achievements, fostering a strong sense of team spirit and shared purpose.

(Table 2)

Three elements	Key issues and initiatives for FY2025
1) Sharing "Needs"	• We continued our efforts to formulate and implement succession plans and development plans, aiming to secure and develop the talent necessary to execute our business strategies. Regarding management personnel, we are building a pool of candidates by utilizing external assessments, providing external training programs, and promoting well-planned transfers, including tough assignments, based on development plans. • To address the challenge of securing talent for our high-priority domains amid rapid changes in the business environment (such as the rapid expansion of data center demand), we worked to reallocate personnel through initiatives such as internal open recruitment system. At the same time, to enable flexible and prompt responses to hiring needs—particularly in our high-priority domains—we improved our mid-career hiring activities, while also strengthening our onboarding process to help new hires become fully productive as quickly as possible. • In preparation for the introduction of a job-based HR system in FY2026, we engaged in preparatory work such as analyzing the existing system and exploring system design options. Specifically, we clarified the roles and functions necessary to achieve our business strategies, drafted job requirement specifications, and defined compensation and benefits policies. • In addressing risks associated with "human rights and labor practices" and the labor management field, to fulfill the company's responsibility to respect human rights, we promote business activities that respect human rights based on FEG Human Rights Policy and conduct human rights due diligence. In addition, we analyze the results of whistleblowing and compliance awareness surveys to take remediation measures when necessary.
2) Increasing "Can"	• We have revised the traditional, hierarchy-based training system and continued to promote initiatives to support career autonomy and reskilling (*), enabling more individuals to acquire knowledge and skills through self-directed efforts. *Our definition of reskilling: The self-directed acquisition of the knowledge and skills necessary to perform one's duties, regardless of whether the tasks are new or existing.
3) Improving "Will"	• We promoted initiatives aimed at instilling our philosophy, advancing diversity and inclusion (D&I), and enhancing employee engagement — all to ensure that a diverse range of individuals can resonate with the Group's Purpose, and continuously demonstrate their capabilities, skills and expertise. • Aiming to realize an organization that achieves results as a team, we formulated the Furukawa Leaders Competency, a set of action guidelines expected of supervisors, by evolving the Furukawa Electric way of Seven Principles for Leaders (Furukawa Seven), which was established in 2020.

<Human Capital-Related Risks and Opportunities That Could Affect the Entire Group>

<table>
<tr><th colspan="3">Risks and opportunities</th><th>The impact on business strategy and financial impact resulting from risks and opportunities as they manifest*1</th><th>Period to manifest *2</th><th>Indicator
The scope is indicated in ( )</th><th>FY2030 targets</th><th>FY2025 results</th></tr>
<tr><td>1)</td><td>Risks</td><td>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</td><td>(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

(Financial impact)
・Loss of business opportunities
・Decline in profitability due to additional costs arising from returned goods and repairs resulting from quality deterioration, as well as lost revenue opportunities
・Instability of free cash flow (upfront costs for recruitment and training)</td><td>Short-term</td><td>Employee engagement score (Group)*3</td><td>81</td><td>76</td></tr>
<tr><td>2)</td><td>Opportunities</td><td>Opportunities arising from the penetration of the Group’s Purpose, which facilitates common decision-making framework and behavioral changes in everyday operations, leading to enhanced employee engagement</td><td>(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
(Financial impact)
・Reduction in recruitment and training costs through improved employee retention</td><td>Medium-term</td><td rowspan="2">Ratio of female employees in managerial positions (Furukawa Electric)*4

Male childcare leave uptake rate (Furukawa Electric)*5</td><td rowspan="2">10%

100%</td><td rowspan="2">6.3%

95.1%</td></tr>
<tr><td>3)</td><td>Opportunities</td><td>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</td><td>(Impact on business strategies)
・Acceleration in innovation
・Increase in the creation of new businesses and new products
・Enhanced resilience in business operations

(Financial impact)
・Improvement in operating profit margin
・Reduction in recruitment and training costs due to improved employee retention</td><td>Short to medium term</td></tr>
</table>

*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).

*3 We have set the employee engagement score—a comprehensive indicator derived from the Furukawa E-survey, which visualizes the state of our human capital and organizational execution abilities—as our key indicator and target. This score is measured through 13 component categories of human capital and organizational execution abilities, including corporate philosophy, leadership, operational structure, communication, diversity, and talent management.

*4*5 Although these indicators do not directly measure risks and opportunities related to productivity improvement, they are viewed as one type of outcome resulting from progress in labor environment improvements and human resources management initiatives. With consideration also for societal demands, we continue to monitor these indicators as important reference metrics.

<Strategies for Addressing Risks and Opportunities>

The strategies outlined below are initiatives primarily led by the Company. Group companies formulate and implement their own measures based on the same principles, taking into account their respective business characteristics, workforce composition, and other factors.

1) Strategies for addressing the risk of a shortage of specialized talent in priority domains, such as data center-related areas, which could lead to lost business opportunities, deterioration in profitability due to declining quality, and increased employee workload and turnover

In FY2025, to address the shortage of specialized talent in our priority areas, we worked to strengthen our recruitment capabilities and onboarding processes. Beyond simply securing a target number of hires, our objective was to ensure that "the right people are brought on board at the right time and become productive as quickly as possible."

With regard to mid-career hiring, we shifted from an agency-based recruitment approach to a proactive recruitment model that targets candidates for specific positions. We expanded our use of direct sourcing, referral hiring, and rehiring former employees to achieve both lower recruitment costs and the acquisition of talent that would likely be retained. Concurrently, we focused on recruiting highly specialized professionals necessary for executing our business strategy. By standardizing and streamlining the recruitment processes associated with these initiatives, we established an operational framework capable of flexibly responding to fluctuating needs throughout the fiscal year.

With regard to new graduate hiring, we shifted to a recruitment approach that emphasizes reducing post-hire mismatches and enhancing retention, with the aim of strengthening our talent base for the future. Specifically, we provided students with detailed explanations of the job responsibilities they will assume upon joining the Company, as well as the roles and characteristics of the business units to which they will be assigned. We also enhanced our onboarding processes, including follow-up interviews after joining the Company. We will continue to pursue these initiatives in FY2026 and beyond.

2) Strategies for capitalizing on opportunities to improve employee engagement by instilling the Purpose, driving alignment in decision-making and behavioral changes in day-to-day operations

We have divided the process of instilling our Purpose into two phases: "awareness and understanding" and "action and embodiment." While rolling out these activities, we use the "Furukawa E-survey," an assessment of human capital and organizational execution abilities, to quantitatively measure and visualize the progress of Purpose embedding.

The results of the Purpose awareness and understanding survey conducted at the end of FY2024 (January 2025) revealed that the level of "awareness and understanding" of our Purpose was not yet sufficient. Furthermore, among direct production departments of domestic group companies and the Company, responses regarding "action and embodiment" were limited, indicating that there is room for growth in linking our Purpose to business decision-making and actions. Subsequently, according to the survey results in June 2025, while the level of "awareness and understanding" showed some improvement, it remained at an insufficient level, and "action and embodiment" fell short of the Company's target level of 50%. The results indicated that, while employees are beginning to understand the core content of the Purpose, they do not yet fully know how to use it as a basis for decision-making in day-to-day operations and on the front lines or how to connect it to their individual work. As a result, a gap between the "awareness and understanding" and "action and embodiment" phases was recognized as a challenge.

Based on these results, in FY2025, we focused our efforts on initiatives to raise the level of "awareness and understanding." Specifically, we provided information through a variety of channels, including producing and distributing videos introducing our Purpose, launching a special page on the Company intranet, issuing guidelines for managerial employees, and distributing posters and credo cards. In addition, we worked to promote understanding of our Purpose through workshops designed for general managers and above, alongside consistent messaging from senior management.

Starting in FY2026, we will gradually transition our activities to instill the Purpose to the "action and embodiment" phase. Specifically, we will expand our workshops aimed at fostering understanding to include manager-level positions. At the same time, we will advance efforts to link divisional policies and issue-setting based on the Purpose to individual goal-setting, which are based on our Purpose, to individual targets, and to incorporate the perspective of our Purpose into day-to-day management and dialogue. We believe that, through these initiatives, decision-making and actions guided by our Purpose will become more widespread, creating opportunities to enhance employee engagement.

3) Strategies for capitalizing on opportunities to improve productivity and create new businesses and products by strengthening human capital and organizational execution abilities, thereby enhancing business execution capabilities

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. We are working to build a foundation that supports each employee’s autonomous learning and enables them to fully demonstrate their capabilities, while also enhancing the management capabilities of our managers.

In FY2025, aligned with the concept of reskilling (*1), we continued our efforts to create an environment where employees can proactively acquire the knowledge and skills they need anytime and anywhere, tailored to their specific job duties and challenges, in addition to traditional, one-size-fits-all group training programs. Specifically, we utilize an e-learning system to continuously support individuals’ self-directed learning and growth. In addition, in preparation for the introduction of a job-based human resources system in FY2026, we proceeded with defining the functions, roles, and job responsibilities necessary to achieve our business strategy, while initiating discussions to clarify the skills required for those roles. To strengthen the management capabilities of our managers, we reviewed our training curriculum for each management level with a view to revamping it.

From FY2026 onward, we will continue to work toward creating an environment where each employee can learn independently, based on a clear understanding of the roles and competencies expected of them. For our managers, we will strengthen their management capabilities by offering opportunities to acquire the skills necessary to execute our business strategy through various training programs and e-learning, centered on the Furukawa Leaders Competency. In addition, we will implement a revised 360-degree feedback program that reflects the newly introduced job-based human resources system and the Furukawa Leaders Competency. By visualizing managers’ leadership behaviors from multiple perspectives, we will promote actions aimed at becoming an organization that achieves results as a team.

Furthermore, we will strengthen the alignment between our management and business strategies and human resources initiatives. HRBPs (*2) will clarify the operational characteristics and workforce composition of each business area and work more closely with business divisions to support improvement efforts. We believe that these initiatives will strengthen human capital and organizational execution abilities, leading not only to enhanced business execution capabilities through leveraging workforce diversity but also to opportunities for creating new businesses and products, improving productivity (*3), and increasing profit margins.

*1 We define reskilling as “the voluntary learning of knowledge and skills necessary for executing work, whether those are new or existing.”

*2 Following the organizational restructuring in April 2026, the Company’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.

*3 Since improving labor productivity is a key initiative supporting the execution of our management strategy, we intend to advance this initiative alongside the sustainable growth of our people and organization. In light of environmental changes such as a shrinking labor force and intensifying competition for talent acquisition, we will improve efficiency through the use of digital technologies and business process reforms, while also working to create a supportive work environment and a workplace where each employee finds their work rewarding. We believe that enhancing the value of our human capital, rather than focusing excessively on efficiency to secure short-term sales, presents an opportunity to increase corporate value over the medium to long term.

(iii) Risk management

<Management of Human Capital-Related Risks and Opportunities>

We recognize that matters related to “maximizing the value of human capital,” one of our management priorities, are not limited to risk management and are closely linked to management strategies such as revenue growth. For this reason, since FY2022, we have conducted the “Furukawa E-survey,” an assessment of human capital and organizational execution abilities, on an annual basis to visualize the state of our human capital and organization. Based on the survey results, we define organizational challenges and consider improvement measures, while also identifying human capital-related risks and opportunities. We then implement the PDS Cycle (*) to incorporate strategies for addressing those risks and opportunities into our business operations. Through this process, we periodically review our assessment of risks and opportunities and reflect the results in our various initiatives. Our current assessment of human capital-related risks and opportunities within the Group is described in Section (ii) Strategy <Human Capital-Related Risks and Opportunities That Could Affect the Entire Group>.

* The PDS Cycle refers to a framework for continuously improving initiatives through the steps of Plan, Do, and See (evaluation and review).

(iv) Indicators and targets

Regarding the progress of our human capital initiatives, we have established indicators that contribute to "maximizing the value of human capital," one of our management priorities, and monitor them on an ongoing basis.

Until FY2025, we monitored the "employee engagement score," the overall indicator of the "Furukawa E-survey" (hereinafter, the "E-survey"), an assessment of human capital and organizational execution abilities, as well as "ratio of female employees in managerial positions," and "ratio of mid-career hires in total new hires." However, as the initial target of 30% for the ratio of mid-career hires under our Medium-term Management Plan has been achieved, we reviewed our indicators in light of recent performance.

From FY2026 onward, we will continue to monitor progress on the "employee engagement score" in the E-survey as an indicator of the state of our people and organization. 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 steadily advance these initiatives to achieve our targets by the end of FY2030.

<Results and targets>

1) Employee engagement score

We believe that cultivating a highly engaged organizational culture—where each employee resonates with our Purpose and feels motivated to grow and thrive within the Group—will lead to developing talent with a strong orientation toward solving social issues, and that the success of such talent will contribute to the sustainable enhancement of corporate value. To this end, since FY2022, we have conducted the "Furukawa E-survey," an assessment of human capital and organizational execution abilities, for the purpose of quantitatively assessing the state of our people and organization and incorporating improvement measures addressing identified issues into our business activities. We have set a target for the "employee engagement score," the overall indicator in this survey, as an indicator for "maximizing the value of human capital," one of our management priorities, and are implementing various initiatives to achieve it.

Regarding the results of the E-survey for FY2025, the employee engagement score for the Group as a whole was 76. Although this was four points below the target, it represented a four-point improvement compared with the previous fiscal year. A breakdown of the results shows improvements from the previous fiscal year at the Company, domestic group companies, and overseas group companies alike, confirming an overall upward trend across the Group. In addition, through dialogue with each division based on the E-survey results, we identified the following as key areas for future improvement: establishing a clearer linkage between our Purpose and policies and individual employee actions; further enhancing the quality of dialogue and management by managers; and reviewing organizational management practices.

Based on these results, in FY2026, we will strengthen our efforts to deepen understanding of and further embed our Purpose through the management hierarchy, enhance the management capabilities of managers, and optimize organizational structures and personnel allocation in line with each business strategy. Going forward, we will continue to monitor progress through the E-survey and implement identified improvement measures, thereby advancing initiatives aimed at maximizing the value of human capital.

Indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Employee engagement score	Furukawa Electric	Result	65	63	63	65	–
		Target	Started measuring	65	–	–	–
	Group[*1]	Result	–	76	72	76	–
		Target	–	–	77	80	81[*2]

*1 The Group includes the Company (non-consolidated) as well as its domestic and overseas group companies.

*2 The target level 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 Group-wide target score has been set at 81 for FY2030, and the timeline for achieving a score of 85 has been extended to FY2035. We will continue working to improve employee engagement through the strengthening of human capital and organizational execution abilities.

2) Ratio of female employees in managerial positions

We position the ratio of female employees in managerial positions as an important reference indicator for creating an organization in which diverse talent can participate in decision-making, and we monitor progress toward our target of reaching 10% by the end of FY2030. As of the end of FY2025, the ratio of female employees in managerial positions at the Company (non-consolidated) stood at 6.3%, a 0.9-point increase from the previous fiscal year. Going forward, we will continue to steadily build a talent pipeline while establishing a solid foundation from a medium- to long-term perspective through initiatives such as planned talent development based on succession planning, continued mid-career hiring, improvements to the working environment for managers, and the provision of career development information.

Indicator	Scope		FY2022	FY2023	FY2024	FY2025	FY2030
Ratio of female employees in managerial positions	Furukawa Electric	Result	4.8%	5.4%	5.4%	6.3%	–
		Target	4.5%	5.0%	6.0%	7.0%	10.0%[*1]
	Domestic group[*2]	Result	3.6%	4.3%	4.7%	5.2%[*3]	–

*1 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, we have set a target of 10% for the ratio of female employees in managerial positions by FY2030 and extended the timeline for achieving 15% to FY2035. We will continue our efforts to ensure diversity in managerial positions.

*2 “Domestic group” include the Company (non-consolidated).

*3 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.

(Reference indicator for the talent pipeline)

Reference indicators	FY2024		FY2025	
	Furukawa Electric	Domestic group[*1]	Furukawa Electric	Domestic group
Ratio of women in the managerial candidate pool	14.4 %	– %	15.5 %	– %
Ratio of women among new hires	16.2 %	– %	16.8 %	25.7 %
Ratio of female workers in employees	13.2 %	19.4 %	15.2 %	19.1 %

*1 “Domestic group” include the Company (non-consolidated). Figures for some group companies may exclude secondees received from other companies.

3) Male childcare leave uptake rate

We position the male childcare leave uptake rate as a reference indicator for creating an organization in which diverse talent can thrive, and we are monitoring progress toward our target of achieving a 100% uptake rate by the end of FY2030. As of the end of FY2025, the male childcare leave uptake rate at the Company (non-consolidated) stood at 95.1%, with both the ratio of childcare leave taken and the average number of days of leave improving from the previous fiscal year. At the same time, we have confirmed disparities in leave utilization depending on factors such as supervisors' understanding of the relevant programs, workplace staffing levels, and the allocation of work responsibilities. Going forward, we will work to enhance awareness of the available programs and provide relevant information while promoting the development of a workplace environment that enables male employees to take childcare leave more easily.

Indicator			FY2024		FY2025		FY2030
			Furukawa Electric	Domestic group	Furukawa Electric	Domestic group	Furukawa Electric[*3]
Ratio of childcare leave taken[*1]	Male	Ratio of childcare leave taken	77.2 %	70.4 %	95.1 %	74.5 %	100%
		Number of persons who had newborns	101 persons	186 persons	61 persons	153 persons	–
		Number of persons who took childcare leave	78 persons	131 persons	58 persons	114 persons	–
		Average number of days of leave[*2]	50 days	– days	74 days	60 days	–
	Female	Ratio of childcare leave taken	115.4 %	105.0 %	105.3 %	102.0 %	–
		Number of persons who had newborns	13 persons	40 persons	19 persons	51 persons	–
		Number of persons who took childcare leave	15 persons	42 persons	20 persons	52 persons	–
		Average number of days of leave	384 days	– days	494 days	352 days	–

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

*2 The average number of days of leave is presented as "the average number of days of childcare leave taken by persons in the current fiscal year."

*3 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. Additionally, we are expanding the scope of performance tracking in phases and, from FY2025, have established a data collection and aggregation framework to monitor performance.

<Key results on human capital (for reference)>

1) Gender pay gap

With regard to pay levels and the gender pay gap among regular employees of the Company (non-consolidated), we recognize that the gap is attributable to differences in workforce composition, with women accounting for approximately 15% of employees and only about 6% of managerial positions, as well as the impact of overtime allowances, as male employees work relatively longer overtime hours. In recent years, we have seen an improving trend in both pay growth rates and the gender pay gap among regular employees. We will continue to explore ways to achieve medium- to long-term improvements, such as diversifying talent allocation and changing the composition of managerial positions.

(Unit: thousand yen, except percentages)

Breakdown		FY2024 Furukawa Electric	FY2024 Domestic group	FY2025 Furukawa Electric	FY2025 Domestic group
Average pay by employment type	All employees	6,895	–	7,400	6,438
	Male	7,149	–	7,691	6,936
	Female	5,228	–	5,781	4,614
	Female / Male	73.1 %	65.1 %	75.2 %	66.5 %
	Regular employees*1	6,985	–	7,495	6,913
	Average of male employees	7,248	–	7,790	7,314
	Average of female employees	5,282	–	5,861	5,250
	Female / Male	72.9 %	71.8 %	75.2 %	71.8 %
	Non-regular employees	4,985	–	5,060	3,396
	Average of male employees	5,103	–	5,296	3,976
	Average of female employees	3,616	–	3,554	2,230
	Female / Male	70.9 %	57.1 %	67.1 %	56.1 %

*1 Figures include employees in career-track and clerical positions, employees on leave, and secondees received from other companies, but exclude employees seconded to other companies.

2) Results of other indicators

(Units: thousand yen, except where otherwise indicated)

Breakdown		FY2024 Furukawa Electric	FY2024 Domestic group	FY2025 Furukawa Electric	FY2025 Domestic group
Training expenses per employee		117	–	106	–
Average years of service (Regular employees*1)	Regular employees*1	19.1 years	– years	18.4 years	18.3 years
	Male	19.7 years	– years	18.9 years	– years
	Female	15.6 years	– years	15.2 years	– years
Leave taken (Regular employees*1)	Ratio of leave taken	67.9 %	– %	69.2 %	70.0 %
	Number of days granted	23.3 days	– days	23.1 days	22.3 days
	Number of days taken	15.8 days	– days	16.0 days	15.6 days
Average monthly overtime hours (Regular employees*1)		23.4 hours	– hours	23.5 hours	20.1 hours
Turnover rate	Regular employees*1	3.4 %	– %	3.3 %	4.1 %
	Male	3.5 %	– %	3.6 %	3.6 %
	Female	2.9 %	– %	1.8 %	4.8 %
Employment rate of people with disabilities (as of June 1st of each year)		2.61 %	– %	2.58 %	2.41 %
Ratio of non-Japanese employees among regular employees*1		0.6 %	– %	0.8 %	1.4 %

*1 Figures include employees in career-track and clerical positions, employees on leave, and secondees received from other companies, but exclude employees seconded to other companies.

3. Business Risks

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

(1) Risk management initiatives

(i) Basic Policy on Risk Management

Guided by its Purpose, the Group has established the Basic Policy on Risk Management as its approach to risks in pursuing sustainable growth and enhancement of corporate value over the medium to long term through initiatives to achieve its Vision.

Furukawa Electric Group Basic Policy on Risk Management (Established in April 2026)
Based on the Furukawa Electric Group Purpose, Furukawa Electric Group: • aims to enhance corporate value by addressing management priorities and strengthening resilience; • continuously implements appropriate risk responses by identifying and assessing risks associated with its business activities and identifying significant risks. To this end, the Group conducts regular reviews by management and seeks timely and appropriate communication with stakeholders; and • accepts risks associated with the execution of strategies under appropriate management, while never tolerating compliance violations.

(ii) Risk management framework

Furukawa Electric Group has established the Basic Regulations on Risk Management and Internal Control and has set up the Risk Management Committee, chaired by the President, with the Chief Governance Officer (CGO) serving as vice chair and management members serving as committee members. Through this structure, the Group deliberates on issues related to risk management, internal control, and compliance, and oversees and promotes the activities of the relevant departments. The General Manager of the Risk Management Department serves as the organizer of the committee, which, in principle, meets twice a year.

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)," "human capital and organization," "political and economic conditions," 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, infectious diseases, etc.," "quality management," and "employee safety and health," 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.

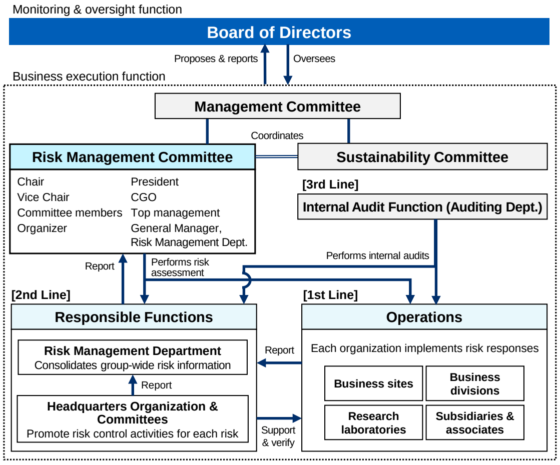
Based on the concept of the Three Lines Model, the Group has organized the division of roles related to risk management and internal control. The first line, consisting of business divisions, business locations, and subsidiaries and associates; the second line, consisting of the relevant departments; and the third line, consisting of the internal audit department, work together according to their respective roles to improve the effectiveness of risk management and internal control.

(iii) Risk management activities and monitoring

In order to identify risks that should be addressed as a priority through the assessment of business risks across the Group, the Group conducts, once a year, a comprehensive identification of risks and an assessment of their likelihood and impact (risk assessment) at the organizational-unit level, including business divisions, business locations, and subsidiaries and associates, and reports the results to the Risk Management Committee.

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 addition, through regular audits conducted by the internal audit department, which serves as the third line, the Group verifies the effectiveness of the activities of the first and second lines and reports the audit results to the Board of Directors.

In addition to these systems, when making important decisions through the Board of Directors, the Management Committee, requests for managerial decisions, or other means, the Group clearly indicates in materials and other documents the risks and other matters expected to arise from the relevant matter, and makes decisions after recognizing them.



(2) Important risks facing the Group

Among the risks that may affect the Group's operating results, financial position, and other matters, important risks for which both the likelihood of occurrence and the magnitude of impact are medium or higher are presented below as risk items. In addition, based on their relevance to management priorities, these risk items are classified into "management perspective risks" and "operational perspective risks." In particular, recognizing that management perspective risks are not independent risks but are mutually interrelated, the Group is advancing initiatives to address each risk.

Forward-looking statements contained in the descriptions below are based on the judgment of the Group as of the end of the current fiscal year.

Listing order	Risk category	Risk item	Magnitude of impact	Likelihood of occurrence	Relevant Management priorities
1	Management perspective risks	Business portfolio	High	High	(ii), (iii), (vi)
2		Creation of new businesses	High	High	(i), (ii), (vi)
3		Climate change (carbon neutral)	High	High	(i), (ii), (vi)
4		People and organization	High	High	(iv), (v), (vi)
5		Political and economic situation	High	High	(iii), (vi)
6		Human rights and labor practices	High	Medium	(v), (vi)
7	Operational perspective risks	Impact of disasters or infectious disease	High	Medium	(vi)
8		Quality management	High	Medium	(vi)
9		Legal violations	High	Medium	(vi)
10		Raw material and fuel price fluctuations	Medium	High	(vi)
11		Information systems and information security	Medium	High	(vi)
12		Exchange rate, interest rate and share price fluctuations	Medium	High	(vi)
13		Research & development and intellectual property	Medium	High	(vi)
14		Employee health and safety	Medium	Medium	(vi)
15		Deteriorated profitability of construction projects	Medium	Medium	(vi)
16		Environmental pollution and environmental regulations	Medium	Medium	(vi)
17		Impairment of non-current assets	Medium	Medium	(vi)
18		Cash management	Medium	Medium	(vi)
19		Disclosure and brand	Medium	Medium	(vi)

Relevant management priorities

Item	Number
Creation of information-based social infrastructure	(i)
Challenges in new businesses contributing to solving social issues	(ii)
Optimization of business and product portfolio	(iii)
Improvement of labor productivity	(iv)
Maximizing the value of human capital	(v)
Enhancement of governance and risk resilience	(vi)

Management perspective risks

Risk item	Details of the risk	Main responses
Business portfolio	• Stagnation or deterioration of profitability and growth due to an inability of the business structure to respond to changes in economic trends and market environment • Suffering from less-than-expected performance or effect due to deterioration of market environment following the conclusion of an M&A transaction or external alliance	• Regularly check and verify the appropriateness of the business portfolio structure at the Management Meeting and the Board of Directors, and deliberate and implement revisions as necessary • Clarify the objective of the acquisition or alliance and get a complete picture of assets and risks in advance • Make an acquisition or form an alliance with appropriate invested capital by considering risk and return • Recover invested capital at an earlier stage following the conclusion of an acquisition or alliance
Creation of new businesses	• Delay in creating new businesses due to divergence from market needs resulting from insufficient coordination between theme exploration and technology development for new businesses and sales functions	• Establish a structure in which sales functions are incorporated into new business creation teams, enabling integrated promotion of theme exploration, technology development, and market validation
Climate change (carbon neutral)	• As a transition risk, higher raw material procurement costs and manufacturing costs due to raising of GHG emission reduction targets across countries and increased burden from carbon taxes resulting from government policy changes • Exclusion from the supply chain or products, services and labor markets due to an insufficient response to climate change • Suspension of factory operations due to an unforeseen risk of flooding or drought linked to climate change	• Revised our Environmental Vision 2050 to reflect our commitment to achieving net-zero greenhouse gas emissions across the entire value chain, and implement reduction initiatives in line with our Environmental Target 2030 • Formulate a climate transition plan and disclose information in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) • In addition to using hydroelectric power in the Nikko area, install solar power and switch to procuring renewable energy in Japan and overseas • Grasp the risk of flooding and drought linked to climate change, and formulate responses
People and organization	• Lack of specialist personnel for creating new businesses and personnel capable of managing the business portfolio • Shortage of human resources, both in quality and quantity, due to insufficient talent acquisition, retention, development, and diversity • Decline in employee engagement, which is the driver of sustainable corporate growth • Impairment of human capital due to misalignment between management strategy and the organization	• Based on the Furukawa Electric Group Vision for Our People, implement measures to strengthen human capital and organizational execution abilities, which will enable individuals and the organization to grow together by aligning their growth vectors and enhancing the attractiveness of our people and organization • Promote diversity, equity and inclusion initiatives and workstyle reform • Monitor through surveys of human capital and organizational execution abilities, including elements related to employee engagement, and implement workplace-led improvement measures through HRBPs • Establish and properly operate a foundation for job-based talent management, including recruitment, assignment, and development, linked to management strategy
Political and economic situation	• Supply chain disruptions caused by the impact of economic sanctions between groups of nations following the heightened repercussions of international conflicts, etc.; and supply shortages and suspensions due to dependence on supply from specific suppliers • Review of international division of labor in response to changes and tightening of laws and regulations—such as tariff policies and economic security policies—resulting from regime changes and policy shifts in various regions. • Decline in earnings due to the overall business impact of reduced demand caused by the economic downturn and changes in customers' policy and measures for capital expenditures and purchasing • Decrease in competitive advantage of our products and services due to intensified competition	• Add redundancy within the supply chain (multiple suppliers and decentralization of manufacturing sites), optimization of inventory quantity, and stable procurement through long-term contracts • Grasp the potential risks within the main international logistics routes • Conduct risk analyses based on potential political instability and emergency situation, and formulate appropriate response policies • Strengthen the foundation of key businesses to enhance their resistance to economic downturns, and establish a system that can respond to rapid changes in demand by regularly monitoring and verifying customer trends and order intake status • Promote efficient and rational manufacturing systems to maintain and strengthen price competitiveness, produce high value-added products, and proactively take on initiatives to optimize product portfolio

Management perspective risks

Risk item	Details of the risk	Main responses
Human rights and labor practices	• Exclusion from the supply chain or products, services and labor markets due to a potential or actual negative impact on human rights resulting from an inability to fulfill the responsibility as a company to respect human rights	• Promote initiatives in line with the three requirements of the UN Guiding Principles on Business and Human Rights for companies: “Establish a human rights policy,” “Conduct human rights due diligence,” and “Establish a remedy mechanism.” • Promote business activities that respect human rights based on Furukawa Electric Group’s human rights policy • Provide education on human rights risks and improvement measures based on the results of compliance surveys, etc., to employees of the Group • Conduct the self-assessment questionnaire (SAQ) for major suppliers based on the Furukawa Electric Group CSR Procurement Guidelines • Promote responsible mineral sourcing • Utilize the whistleblower system and Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) as a remedy mechanism

Operational perspective risks

Risk item	Details of the risk	Main responses
Impact of disasters or infectious disease	• Suspension of operations at manufacturing sites due to flooding or building damage caused by a large typhoon, etc. linked to climate change • Disruption of a customer’s or supplier’s supply chain due to a large earthquake, tsunami, fire or infectious disease • Inability to continue business operations due to the occurrence of a large cluster of infections among employees	• Promote business continuity management (BCM) in accordance with ISO22301 • Develop and refine a business continuity plan and effectively utilize a safety confirmation system • Establish data centers in facilities that are earthquake resistant and have a stable communications environment • Add redundancy to the supply chain • Survey manufacturing sites of customers and suppliers • Permit employees to work from home and utilize remote meetings, etc.
Quality management	• Unexpected future claims for damage compensation due to a defect in products and services, etc. (in particular, additional costs could be large depending on the type of defect for products related to power cable, telecommunications cable and automotive products)	• Aim to realize the quality expected by customers, strive to prevent defects and continue the activities to improve problem solving ability • Consistently strengthen the quality management system based on the guidelines for quality control • In preparation for damage compensation claims, enroll in product liability insurance and product recall insurance • Consider contractual provisions that limit the Group’s liability for loss compensation

Operational perspective risks

Risk item	Details of the risk	Main responses
Legal violations (Note)	• Compliance violation of a law or regulation in the countries in which the group operates • Increased costs, business restrictions, and other impacts due to the revision of applicable domestic and overseas laws and regulations, tighter regulation by regulatory authorities, including arbitrary enforcement, and stricter interpretation of laws and regulations in the countries in which the Group operates • Following the occurrence of a legal violation, administrative actions or sanctions are levied by the regulatory authorities, claim for damage compensation is received from an associated party such as a business partner or there is a negative impact on the company’s social reputation • Risk of administrative action after exporting to an embargoed country, violation of the foreign exchange law or application of export control regulations or laws outside the region in the United States or China due to the deteriorating relationship between the United States and China • Improper accounting or accounting fraud at an overseas site • Tax costs due to changes in tax systems for domestic and international transactions in each country, transfer pricing taxation, etc. • Additional tax costs due to differences in views with tax authorities in each country, etc.	• Establish a compliance system based on ethical and legal compliance through the Furukawa Electric Group Purpose, the Core Values and Furukawa Electric Group CSR Code of Conduct • Along with conducting a compliance self-check every year, provide education within Furukawa Electric Group on themes including the regulations related to competition laws and preventing bribery through compliance seminars and e-learning programs, and communicate information on legal amendments through the relevant departments • Prevent compliance violations and ensure early detection and remediation through the operation of the internal whistleblowing system • Conduct internal audits and provide education to the related division in regards to security export controls and tariffs; coordinate with a specialist attorney for overseas export control laws • Fulfill specified shipper obligations to prevent logistics compliance violations in Japan and improve logistics efficiency • Through the regional headquarters in Southeast Asia and China, integrate the procurement, accounting, HR, and legal operations at the locations in each region • Conduct oversight through financial analysis using data analytics • Raise awareness of tax compliance by establishing a basic tax policy • Comply with tax laws and implement responses to changes in tax systems and tax administration in each country
Raw material and fuel price fluctuations	• Rapid fluctuations in the price of non-ferrous metals such as copper and aluminum, plastics such as polyethylene and fuels such as heavy fuel oil, LPG and LNG due to changes in supply and demand, speculative transactions and global affairs	• Reflect the market prices for non-ferrous metals, plastics and fuels in the product sales price • Implement hedges using futures contracts • Reduce costs and conserve energy in the production activities • Disperse the risk of price fluctuations through procurement from multiple sources
Information systems and information security	• Unauthorized use or system failure resulting from a data leak caused by an external or human factor, such as a cyberattack or unauthorized access • Increased security risks caused by the use of legacy systems	• Based on the basic policy for information security, strengthen security governance for the entire group, provide education and conduct support activities • Protect information assets through measures such as enhancing network security from a zero-trust perspective • Implement medium-term initiatives to update the legacy systems
Exchange rate, interest rate and share price fluctuations	• Fluctuations in the yen-denominated value of overseas transactions including import and export and foreign-denominated monetary claims and debt • Fluctuations in the yen-denominated balances in the non-consolidated financial statements prepared in local currency at overseas consolidated subsidiaries (Annual profit is expected to decline by about ¥0.5 billion for every ¥1 appreciation in the JPY/USD exchange rate) • Increased capital procurement costs due to rising interest rates (Interest-bearing debt as of the end of the current fiscal year is ¥316.7 billion)	• Utilize forward exchange contracts • Achieve a proper balance between yen-denominated and foreign-denominated transactions • Limit the increase in capital procurement costs when interest rates rise by utilizing long-term fixed-rate financing • Reduce interest-bearing debt based on the policy for improving the financial situation and improved capital efficiency through the cash management system (CMS)
Research & development and intellectual property	(Research & development) • Delays to technology development and appearance of alternative products developed through new technology by other companies • Litigation, decertification or decreased reputation of the company and its products due to falsification of the research and development data (Intellectual property) • Direct damage or lost opportunities in a business due to a legal dispute with a third party following conclusion of an insufficient technology licensing agreement, or a dispute or negotiations regarding violation of a third party’s intellectual property rights • Decreased competitive advantages due to technology leakage or imitation by third parties	• Secure and train personnel with a high level of expertise • Secure superiority in technology development through co-creation with external partners • Acquire intellectual property rights from the design and development stage, investigate the patents held by other companies and file counter-patents to limit the use of rights by other companies • Create technology assets and safeguard them (by classifying them into classified, confidential & intra-company use only, and confidential & intra-division use only; and thoroughly managing information including electronic data); provide education for ensuring legal and regulatory compliance in relation to intellectual property; and conclude confidentiality and other agreements

Operational perspective risks

Risk item	Details of the risk	Main responses
Employee health and safety	• An employee suffers death, inability to work, permanent disability, long-term leave of absence or health impairment due to an occupational accident, traffic accident or illness • Disasters caused by failures of aging equipment due to delays in executing investment plans for the maintenance and renewal of manufacturing facilities	• Definitely implement the three pillars of the safety promotion activity (provide and implement safety related knowledge through the training of safety conscious persons, make the facilities safer through activities to promote fundamental safety and establish a safety-oriented organization by improving the level of safety management) • Deploy at each site measures to improve health literacy, address mental health, improve physical function, promote better sleep, improve lifestyle habits, prevent heatstroke, and establish a chemical substance management system, in accordance with annual hygiene management guidelines based on the medium-term occupational health plan • Properly execute maintenance and renewal investment plans for high-risk aging equipment
Deteriorated profitability of construction projects	(Domestic and overseas) • Change in design, soaring of construction material and labor costs during construction. • Incurrence of additional costs during a submarine cable laying project due to disasters, infectious diseases, and adverse ocean or weather conditions caused, for example, by a typhoon • Payment of repair costs or compensation for damages and long-term extension of the defect warranty in the event of the occurrence of a serious defect or an accident and the resulting delay in construction • Unexpectedly large increase in costs or incurrence of additional costs due to a lack of consortium partners' capability to carry out a project or non-performance of tasks assigned to them (Overseas) • Changes in legal regulations, political instability, and exchange rate fluctuations in a country overseas where a construction project is carried out	• Strengthen activities to conclude contracts under reasonable conditions by strictly identifying a demarcation point, specifications and warranty coverage for each of goods and construction service, and by analyzing project-specific risks • Mitigate risks by appropriately monitoring progress and profitability of ongoing projects • Transfer risks through purchase of builder's risk insurance • Clarify responsibility relations in a contract upon formation of a consortium, and thoroughly manage construction progress for the entire project including the share of partner companies
Environmental pollution and environmental regulations	• Occurrence of a problem in relation to environmental conservation due to the leak of toxic substances during the manufacturing process, and new capital expenditures or costs following a revision to an environmental law or regulation • Restrictions on the use or disposal of land • Additional costs following the enactment of stricter laws or regulations concerning the handling of soil contamination and toxic substances such as asbestos and PCBs that occurred during past manufacturing activities • Losses and expenses incurred for a product recall or suspended production and sales due to a violation of a country's regulations concerning the content of chemical substances in products, such as the RoHS Directive and REACH regulation.	• At Furukawa Electric Group's manufacturing sites, based on the environmental management system (ISO14001), thoroughly comply with the various environmental regulations related to the business activities and implement conservation measures • As measures to respond to the regulations for chemical substance content in products, issue the CSR Procurement Guidelines and Green Procurement Guidelines, confirm the status of compliance by business partners, and conduct regular checks within Furukawa Electric Group in response to the enactment of stricter regulations
Impairment of non-current assets	• Impairment of a non-current asset due to decreased profitability caused by deteriorating market conditions or business environment	• Deliberate the appropriateness of investment plan at Investment Committee meeting and Management Meeting • Regular monitoring and follow-up after the investment

Operational perspective risks

Risk item	Details of the risk	Main responses
Cash management	(Funds procurement) • Deteriorating procurement terms and conditions or potential inability to procure capital due to deteriorating capital market environment • Possibility that financing requirements may increase due to expanded growth investments, resulting in constraints on financing or deterioration of financing terms (Credit management) • Occurrence of bad debt loss due to an inability to collect accounts receivable following deterioration in the financial situation or cash position of a business partner	• Secure diverse means of capital procurement, and break up the repayment timing • Establish commitment lines and secure a certain amount of cash on hand • Secure an appropriate long-term borrowing ratio, taking into account the reduction of financing costs and the stability of financing • Improve the financial position • Minimize the risk of delayed collection or inability to collect accounts receivable by regularly monitoring the credit status of each client in accordance with the credit management regulations and sharing credit information between the companies affiliated with Furukawa Electric Group
Disclosure and brand	• Reduced trust due to lack of appropriate information disclosure • Lost recognition opportunities and image enhancement opportunities due to lack of consistent communication	• Ensure timely and appropriate information disclosure through centralized collection and management of material events and multilayered internal checks • Strengthen the delivery of a unified message through the use of multiple media • Improve brand recognition and image through unified Group brand management

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

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

During the current fiscal year, the Group finalized the provisional accounting treatment for a business combination. Accordingly, in performing comparative analysis with the previous fiscal year, the Group uses the amounts revised to reflect the finalization of the provisional accounting treatment. For details, please refer to "*Finalization of provisional accounting treatment for business combinations*" under "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Business Combinations.*"

Overview of operating results, etc.

(1) Operating results

Looking at the global economy in the current fiscal year, although the United States saw an increase in certain procurement costs due, among others, to its own trade policy, as well as a slowdown in employment growth, the US economy has remained strong, supported by consumer spending growth on the back of greater AI investments and rising stock prices. In Europe, despite weak exports due to the uncertainty of the trade environment, capital expenditure has picked up, and the economy has shown a recovery trend. In China, as consumer spending has remained sluggish due to a prolonged downturn in the real estate market, and capital expenditure has declined, the Chinese economy has moderately slowed down. The global economic environment has remained unstable due to the prolonged Russian invasion of Ukraine and growing tension in the Middle East, among others.

In Japan, while capital expenditures, mainly those related to AI, have remained strong, exports have been weak due to the US trade policy, and an increase in wages/income did not stably exceed a rise in prices and consumer spending lacked momentum, thus, the pace of economic recovery has remained moderate.

Under such circumstances, the Group defined its ideal state in 2030 in "Furukawa Electric Group Vision 2030" (hereinafter, "Vision 2030"); and then formulated the Medium-term Management Plan "Road to Vision 2030: Transformation and Challenge" (hereinafter, "MTMP 2025"), articulating what needs to be achieved in 2025 by backcasting from Vision 2030. Based on the MTMP 2025, the Group has been working on "maximizing revenue from existing businesses by focusing on capital efficiency," "strengthening the foundation for the creation of new businesses by strengthening development and proposal capabilities," and "strengthening the foundation for ESG management."

With regard to the current year's financial results, net sales of the entire Group increased due to increased sales of data center-related products such as optical fiber cables, increased sales of automotive parts such as wire harnesses, and upsurge of copper metal price. In terms of profitability, the Group achieved profit growth, not only due to the effect of sales growth, but also as a result of efforts to improve productivity and optimize selling prices.

As a result, the Company recorded consolidated net sales of ¥1,307.6 billion (up 8.8% year on year), consolidated operating profit of ¥63.9 billion (up 35.8% year on year), and consolidated ordinary profit of ¥75.9 billion (up 56.4% year on year). Gain on sales of investment securities of ¥19.3 billion and gain on revision of retirement benefit plan of ¥19.4 billion were recorded as extraordinary income, and impairment losses of ¥1.6 billion and provision of allowance for doubtful accounts of ¥4.1 billion, etc. were recorded as extraordinary losses. Accordingly, profit attributable to owners of parent amounted to ¥72.5 billion (up 117.4% year on year). Overseas sales amounted to ¥662.0 billion (up 3.8% year on year), and the overseas sales ratio was 50.6% (down 2.4 percentage points year on year).

On a non-consolidated basis, the Company recorded net sales of ¥386.9 billion (up 9.5% year on year), operating profit of ¥5.6 billion (up 270.0% year on year), ordinary profit of ¥29.2 billion (up 123.7% year on year), and profit of ¥60.9 billion (up 88.1% year on year).

Operating results by segment are as follows:

Effective from the current fiscal year, the Group has changed the method of classification of business segments, as described in "1. Outline of reportable segments" under "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, *Segment information*, etc., *Segment information*." The year-on-year comparisons presented below are based on comparisons with the figures for the previous fiscal year reclassified under the revised classification.

Infrastructure

With respect to Communications Solutions business, on the background of the growing demand for data center-related products, the business made progress in development and sales expansion of high value-added products such as rollable ribbon cables which contribute to establishing high-speed, high-capacity communication networks, MT ferrules which connector parts are indispensable for optical communications, and DFB laser diode chips, which are suitable for higher-communication speed, aiming at increasing net sales. In the meantime, capital expenditure was incurred to enhance production capacity. Furthermore, to make sure to capture growing demand, we revamped the operating structure of Optical Fiber and Cable Products business, aiming at increasing revenue by operating the business through efficient and speedy decision-making under the globally integrated strategy. By improving the sales expansion system for optical fiber cables in North America, both revenue and profit from the business increased.

With respect to Energy Infrastructure business, on the background of strong demand for extra-high voltage underground cables, submarine and underground cables for renewable energy in Japan, Power Cable division has worked on enhancing cable manufacturing capacity and construction capacity. Also, we have transferred all stakes in a Chinese subsidiary for the business restructuring purpose. With respect to Industrial Cable & Power Cable Accessories business, metal cable businesses within the Group were integrated for the purpose of maximizing synergy effect such as the expansion of sales channels by leveraging trade areas/commercial distribution, and the increased competitiveness through efficient allocation of resources. The business also strived to expand sales of functional cables such as aluminum CV cables which are lightweight and highly flexible and contribute to increased efficiency of installation work and labor-saving, and focus products such as plug-in connectors with cables which receive high reputation for the mechanism for preventing incorrect insertion allowing for safe and speedy use regardless of skills of users. Also, the business has worked on order-taking with the emphasis on securing profit and optimization of selling prices, and as a result, net sales and profit remained at the same level as the previous year.

As a result, this segment recorded consolidated net sales of ¥370.9 billion (up 20.0% year on year), and consolidated operating profit of ¥21.4 billion (up 276.1% year on year). On a non-consolidated basis, the segment reported net sales of ¥86.7 billion (down 11.4% year on year).

Electronics & Automotive Systems

With respect to Automotive Products business, affected by the US trade policy and exchange rates as well as a rise in personnel expenses, we have optimized selling prices. Also, on the background of steady demand for wire harnesses for the Japanese market, we have continuously implemented measures for enhancing the production which can respond to geopolitical risks and changes in the business environment, including securing redundancy of production sites and their optimization, as well as sharing/automating production lines. Furthermore, we have also developed and expanded sales of products such as wire harnesses, which can carry high voltage, for the electric vehicles market; worked on the sales expansion of aluminum wire harnesses which is suitable for weight reduction; and worked on improving the productivity for manufacturing these products. As a result of such initiatives, while revenue declined due to the impact of removing a subsidiary in the battery business from the scope of consolidation, profit increased.

With respect to Electronics Component Materials business, while demand for electronics-related products was on a recovery trend, we have worked on increasing sales of high-value-added products, such as oxygen-free copper products and copper alloys for high-performance resistance materials. We have also worked on the optimization of selling prices, and the improvement of the product mix including withdrawal from less profitable product lines. Accordingly, despite the impact of rising copper metal prices and the weak yen, both net sales and profit increased.

As a result, this segment recorded consolidated net sales of ¥765.1 billion (up 3.9% year on year), and consolidated operating profit of ¥33.9 billion (up 3.9% year on year). On a non-consolidated basis, the segment reported net sales of ¥193.2 billion (up 21.0% year on year).

Functional Products

With respect to Functional Products business, on the background of a boom of data center-related investments and increasing demand related to renewable energy, we have strived to increase sales by focusing on thermal management solutions & products, tapes for semiconductor process, and high-frequency compatible electrolytic copper foils. As for the tapes for semiconductor process, a new plant started operations in FY2025, allowing for stable supply of the products. Due to such initiatives, despite the impact of rising copper metal prices and exchange rates, both net sales and profit increased.

As a result, this segment recorded consolidated net sales of ¥161.1 billion (up 9.6% year on year), and consolidated operating profit of ¥15.4 billion (up 8.9% year on year). On a non-consolidated basis, the segment reported net sales of ¥102.6 billion (up 11.7% year on year).

Services and Developments etc.

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

This segment recorded consolidated net sales of ¥42.2 billion (up 21.2% year on year), and consolidated operating loss of ¥6.7 billion (deteriorated by ¥1.3 billion year on year). On a non-consolidated basis, the segment reported net sales of ¥4.4 billion (up 8.2% year on year).

(2) Cash flows

Cash and cash equivalents at the end of the current fiscal year were ¥70.5 billion (up ¥4.4 billion from the end of the previous fiscal year).

(Cash flows from operating activities)
Net cash provided by operating activities amounted to ¥28.1 billion (down ¥31.7 billion from the previous fiscal year) mainly due to the recording of profit before income taxes of ¥104.9 billion, depreciation of ¥43.2 billion, decrease (increase) in trade receivables and contract assets of ¥(23.8) billion, and decrease (increase) in inventories of ¥(26.1) billion.

(Cash flows from investing activities)
Net cash used in investing activities amounted to ¥47.1 billion (down ¥39.9 billion from the previous fiscal year) mainly due to proceeds from sale and redemption of investment securities of ¥29.3 billion, payments for sale of shares of subsidiaries resulting in change in scope of consolidation of ¥(24.1) billion, and purchase of property, plant and equipment of ¥(46.1) billion.

(Cash flows from financing activities)
Net cash provided by financing activities amounted to ¥19.9 billion (up ¥64.1 billion from the previous fiscal year) mainly due to net increase (decrease) in commercial papers of ¥13.5 billion, proceeds from long-term borrowings of ¥49.7 billion, and repayments of long-term borrowings of ¥(33.9) billion.

Status of production, orders received and sales

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

Analysis of financial position, operation results, and cash flows

(1) Financial position

Total assets at the end of the current fiscal year increased ¥78.3 billion from the end of the previous fiscal year to ¥1,066.4 billion. This is because of increases in cash and deposits of ¥9.2 billion; notes and accounts receivable – trade, and contract assets of ¥5.9 billion; inventories of ¥15.9 billion; and investment securities of ¥46.7 billion.

Working capital, which is current assets less current liabilities, increased ¥4.9 billion from the end of the previous fiscal year to ¥166.8 billion.

Property, plant and equipment, and intangible assets fluctuated mainly due to an increase of ¥56.7 billion in capital expenditures, a decrease of ¥43.2 billion in depreciation, and decreases due to sale and retirement.

Total liabilities increased ¥16.9 billion from the end of the previous fiscal year to ¥631.1 billion, with interest-bearing debt, including borrowings, bonds payable, and commercial papers, having increased ¥10.5 billion compared to the end of the previous fiscal year to ¥316.7 billion.

Total net assets increased ¥61.5 billion from the end of the previous fiscal year to ¥435.2 billion. Retained earnings increased ¥65.9 billion due to the recording of profit attributable to owners of parent and other factors, and accumulated other comprehensive income increased ¥10.9 billion. As a result, the equity capital ratio rose 4.5 percentage points to 39.1%.

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

(2) Operating results

During FY2025, consolidated net sales increased 8.8% year on year to ¥1,307.6 billion, and consolidated operating profit increased 35.8% year on year to ¥63.9 billion. Specifically, net sales of the entire Group increased due to increased sales of automotive parts such as wire harnesses from Electronics & Automotive Systems business, increased sales of products for data centers from Functional Products business, and favorable fluctuation of copper metal price/exchange rate. As for profitability, operating profit increased as a result of expanding high-value-added product line-up, improving the productivity, and ensuring right selling prices.

Among non-operating income or expenses, dividend income increased 37.3% and share of profit of entities accounted for using equity method increased 56.0% year on year. As a result, consolidated ordinary profit increased 56.4% year on year to ¥75.9 billion.

Extraordinary income, net of extraordinary losses, came in at ¥29.1 billion. Specifically, the Group recognized gain on sale of investment securities of ¥19.3 billion, gain on revision of retirement benefit plan of ¥19.4 billion, and others in extraordinary income, while recording impairment losses of ¥1.6 billion, provision of allowance for doubtful accounts of ¥4.1 billion, and others in extraordinary losses.

As a result of the above, profit attributable to owners of parent increased 117.4% year on year to ¥72.5 billion.

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

(3) Funding sources of capital and liquidity of funds

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

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

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

Significant accounting estimates and underlying assumptions

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

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

5. Material Contracts, etc.

(1) At the Board of Directors' meeting held on December 11, 2025, the Company resolved to transfer all equity interest in Shenyang Furukawa Cable Co., Ltd., a consolidated subsidiary of the Company, to Anhui Wei Guang Wire & Cable Co., Ltd., and entered into an equity interest transfer agreement on the same date.

Subsequently, on February 10, 2026, the Company completed the transfer of all equity interest in Shenyang Furukawa Cable Co., Ltd., and Shenyang Furukawa Cable Co., Ltd. ceased to be a consolidated subsidiary of the Company as of the same date.

For more information, please refer to "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., Notes to Consolidated Financial Statements, *Business combinations*."

(2) As of June 9, 2026, the Company decided to conduct an absorption-type merger (the "Merger") with Furukawa FITEL Optical Components Co., Ltd. ("FFOC"), a wholly owned subsidiary of the Company, with April 1, 2027 as the effective date.

1) Purpose of the Merger

Both the Company and FFOC, a wholly owned subsidiary of the Company, globally provide optical devices and optical components that support advanced optical communications networks. Within this field, with respect to products for the data center market, which is an area of focus for Furukawa Electric Group, the business environment and platforms are changing rapidly, and it is necessary to quickly develop new products in response to these changes. Based on this recognition, the Company decided to conduct the Merger with the aim of maximizing the use of management resources and enhancing the speed of decision-making. Through the Merger, by building a comprehensive operational structure spanning everything from elemental technologies development to customer promotion, as well as realizing business operations that leverage the strengths of both companies and facilitating faster decision-making, the Company will work to enhance the competitive strength of the optical devices and optical components businesses.

2) Merger method

The Merger will be conducted as an absorption-type merger, with the Company as the surviving company and FFOC as the absorbed company. Accordingly, FFOC will be dissolved as a result of the Merger.

3) Details regarding allotments related to the Merger

Since the Merger will be conducted with a wholly owned subsidiary of the Company, there will be no issuance of new shares and no payment of cash or other consideration.

4) Basis for calculation of details regarding allotments related to the Merger

Not applicable.

5) Status of assets and liabilities to be assumed

On the effective date of the Merger, the Company will assume the rights and obligations related to the assets, liabilities, and other matters as separately set forth in the absorption-type merger agreement.

6) Matters concerning the surviving company

(i) Share capital

¥69,395 million

(ii) Description of business

Manufacture and sale of the following products:

(a) Metal refining, alloys and processing, and chemical industry products;
(b) Electric wires, cables, rubber and synthetic resin products, electrical machinery and equipment, and industrial machinery;
(c) Optical fibers and optical fiber cables;
(d) Power transmission and distribution equipment, information and communications equipment, and information processing equipment;
(e) Precision machinery and equipment, including medical devices, medical machinery and equipment, and measuring equipment;
(f) Semiconductor and compound semiconductor crystal materials and other electronic industry materials; and
(g) Composite products, parts, accessories, and raw materials for each of the products listed above.

6. Research and Development Activities

Aiming to achieve "Furukawa Electric Group Vision 2030," the Group is actively engaging in research and development to solve social issues in an area overlapping the information, energy, and mobility. During the current fiscal year, the Group's research and development structure was centered on its laboratories and departments in Japan and overseas. In Japan, these included Sustainable Technology Laboratory, Electronics Laboratory, Photonics Laboratory, Material Laboratory, and Digital Transformation & Innovation Center. Overseas, they included Lightera Laboratories, LLC (United States), Furukawa Electric Institute of Technology Ltd. (Hungary), SuperPower Inc. (United States), and Silicon Valley Innovation Laboratories, Furukawa Electric (United States).

Research and development costs for the current fiscal year increased 11.7% year on year to ¥28,423 million. The following are the main results and achievements of each segment.

(1) Infrastructure

(i) We are advancing research and development in photonic-electronic convergence technology and Co-Packaged Optics (CPO) to achieve low power consumption and high-density packaging in the data center and next-generation high-speed communications sectors.
In FY2025, we advanced the development of a compact optical connector (Snap-Beam Connector™) for CPO that enables high-density, highly reliable connections between photonic integrated circuits (PICs) and optical fibers, and confirmed low-loss connection characteristics in 40-channel connectors and PIC surface-coupled connectors. These results were presented at international conferences such as ECOC 2025 and through exhibits at the international exhibition OFC 2026, and customer evaluations toward commercialization are ongoing.

(ii) In a world-first achievement toward the realization of large-scale space-division multiplexed optical networks, we successfully conducted a demonstration experiment over an optical network spanning approximately 1,000 km using a spatial cross-connect system and a multi-core fiber optical amplifier.
We also achieved world-class levels of ultra-low loss and low crosstalk characteristics on a pre-commercial production scale for submarine two-core fibers. The results were presented at SUBOPTIC 2025, an international conference on submarine optical communications, where they attracted significant attention.

Research and development costs for the segment amounted to ¥15,808 million.

(2) Electronics & Automotive Systems

(i) As our initiative toward meeting growing demand in the EV market amid the trend for carbon neutrality, we have continued to focus on developing high-voltage harnesses and high-voltage components, and are working to expand our lineup of high-voltage products.
For connectors for EVs, we continue the development of next-generation products and terminal materials, including surface treatment technologies. For automotive wiring harnesses, we are working on further expanding the range of applications of aluminum wires using our proprietary α terminals to meet the growing needs for weight reduction of vehicles.
We are pushing ahead with expanding sales of and orders for BSS (lead battery state detection sensor) developed by the Company by enhancing its accuracy and robustness in anticipation of an expected increase in in-vehicle electronics and more frequent software updates. BSS helps improve fuel efficiency by controlling overcharging and prevents battery depletion caused by over-discharge.
In addition, with respect to wireless power transmission, we have succeeded in achieving a world-leading level of power transmission of 9.1 kW using the electric resonance coupling method, which is lightweight and less likely to heat metallic foreign objects. To help create a society where elderly and physically disabled individuals can move freely, we are developing a safe, secure, and user-friendly wireless charging system using this method to reduce the burden of charging an increasing number of compact mobility vehicles and to create additional interior space within vehicles.
As for materials development, we have continued to develop copper alloy and precious metal plating with high strength, high conductivity, and advanced functionality. Through this development, we are addressing the evolving requirements of electronic equipment, including multi-polar and high-density connecting parts (e.g., connectors), enhanced functionality of power semiconductor modules through low Young's modulus, high heat resistance, and high thermal conductivity, higher-performing resistors (e.g., chip resistors and shunt resistors) that detect and control electric current, and higher-voltage and higher-current electrical components (e.g., wire harnesses).
In the field of laser processing, we have fully launched the Cutting-Edge Laser Processing Solution Lab. (CELL), which opened in Kariya-shi, Aichi Prefecture in November 2024. By providing many customers with access to our industrial laser oscillators, including the BRACE series of Blue-IR hybrid laser oscillators, we have promoted the adoption of laser processing technologies for materials such as copper, aluminum, and stainless steel across various industries.

(ii) As part of our initiatives toward autonomous driving, we continue mass production of 24 GHz vehicle-mounted surrounding surveillance radars, which are resistant to dirt, snow, and rain and offer stable object detection, and cumulative shipments have reached 10 million units. These radars have been adopted not only for automobiles, but also for a wide range of applications, including construction machinery, heavy equipment, forklifts, and infrastructure applications. With respect to 77 GHz radars, we are conducting research and development at the fundamental technology level with a view toward future applications across a wide range of industries. Our efforts focus on basic technical studies and feasibility evaluations, including advancing sensing technologies and examining system configurations. As part of these activities, we are also conducting research in collaboration with Hokkaido University.

(iii) As part of our initiatives toward simulation and analysis technologies, we are further enhancing the efficiency of research and development by making effective use of advanced analytical equipment at universities and public institutions, and have joined the NanoTerasu coalition. We are advancing deformation and stress simulations for automotive components such as wiring harnesses, as well as vibration, thermal-fluid, and electromagnetic field simulations for the development of electronic devices.

Research and development costs for the segment amounted to ¥4,139 million.

(3) Functional Products

(i) As part of our initiatives to address the rapidly growing demand for data centers, we are advancing developments that help shorten construction timelines and reduce labor requirements. For SFVP, a power cable conduit that is ideal for underground transmission of renewable energy, we have developed and launched an adjustable spacer that ensures proper spacing between conduits and prevents a decline in transmission efficiency caused by heat generated by cables. Furthermore, we have developed and begun offering “F-pipeVision™,” a construction management application that contributes to labor savings at construction sites by measuring the radius of curvature and trench depth in a non-contact manner during SFVP installation.

(ii) With respect to thermal management and cooling solutions for processing units (CPUs, GPUs, etc.) used in data centers, we have advanced research and development on water-cooling methods in addition to conventional air-cooling methods. We have expanded the water-cooling module manufacturing plant at our main facility, FURUKAWA ELECTRIC THERMAL MANAGEMENT SOLUTIONS & PRODUCTS LAGUNA, INC. (the Philippines), and enhanced related equipment at our Hiratsuka Works, advancing preparations to begin mass production in September 2026.

(iii) In the field of information, given that printed circuit boards (PCBs) used in routers and switches for telecom base stations, antennas for wireless communication, and servers for generative AI and data centers, are becoming increasingly high-frequency, and the demand for copper foil used in high-frequency PCBs is also increasing, and we have commenced mass production of our next-generation high-frequency circuit board copper foil “F0X-WS,” which is capable of supporting even higher frequency applications. Furthermore, we are advancing the development of new products designed for even higher frequencies and multilayer configurations.

Research and development costs for the segment amounted to ¥3,006 million.

(4) Service and Developments, etc.

(i) In the field of superconductivity, we are leveraging our strengths in the development and production resources for low-temperature superconducting (hereinafter “LTS”) wire materials and high-temperature superconducting (hereinafter “HTS”) wire materials to continue to push forward the new product development and proposals to customers.
The Superconducting Products Department develops and produces LTS wire materials, and offers a lineup of products with a self-welding feature that helps customers improve the production efficiency of coils.
SuperPower Inc. (US) develops and manufactures yttrium-based HTS wire materials. Together with LTS wire materials, these products are used in high-field magnets essential to the development of new materials and advanced pharmaceuticals.
In the field of advanced fusion (hereinafter, “fusion”), we have been strengthening ties with customers through the supply of HTS wire materials. Among such customers, we have built a cooperative relationship with Tokamak Energy Ltd. (UK) through an investment of approximately £10 million. To further deepen this relationship, we have signed a memorandum of understanding toward the establishment of a jointly operated base in Japan.
In addition to our continued participation in the Japan Fusion Energy Council as an Executive Director, we have launched a corporate sponsored research program with the University of Tokyo and eight private companies to promote the establishment of academic and technological foundations and the development of human resources through industry–academia collaboration toward the early realization of fusion energy. In this way, we are contributing to the development of the fusion energy industry.
Additionally, under the full-scale, future-oriented R&D of the Strategic Basic Research Program ALCA-Next promoted by Japan Science and Technology Agency (JST), we are continuing to develop an HTS multi core conductor cable capable of transmitting kiloampere-class alternating current with low energy loss through the provision of wire materials to Kyoto University. Furthermore, the R&D theme, “R&D of a high-temperature superconducting assembled conductor that will contribute to maximizing the performance of industrial magnets” was adopted under the Frontier Development Project promoted by the New Energy and Industrial Technology Development Organization (NEDO), and full-scale research and development of HTS assembled conductors has commenced. This R&D theme aims to achieve revolutionary HTS technology in the “advanced materials” domain and is expected to have applications in a wide range of fields, including medical devices, particle accelerators, electrical storage, and fusion energy.

(ii) Silicon Valley Innovation Laboratories, Furukawa Electric (US) actively promotes open innovation with stakeholders in the innovation ecosystem, particularly startups, with the aim of creating new technologies and businesses that solve social issues. Specifically, the company has partnered with a local accelerator to establish a co-creation function, whereby we aim to create new customer experiences and new value by integrating Furukawa Electric Group’s core technologies with technologies and business models converging in Silicon Valley. Through cooperation with universities in the U.S., we are also exploring new technologies for solving not only the Company’s technical challenges but also social issues. Moreover, the Laboratory serves as our North American base for collecting Voice of Customer (VOC) feedback through local networks, exploring use cases, incubating our proprietary technologies, and conducting marketing activities such as ecosystem research and analysis in North America.

(iii) The Social Design & New Business Development Department is advancing new business development in areas such as life sciences, DX solutions for social infrastructure maintenance, and aerospace leveraging the Company's core technologies. In the life sciences field, in addition to strengthening the business foundation for quality management through certifications and licenses, such as ISO 13485 and a medical device manufacturing license, we are enhancing collaboration with MFOPTEX Co., Ltd., which became a consolidated subsidiary in FY2024, and are developing and marketing products for medical devices.
In the area of DX solutions for social infrastructure maintenance, we are steadily advancing our initiatives by accelerating the deployment of products and services represented by Michiten and Tetsuten.
In the aerospace field, we are accelerating new business initiatives, including preparations for the launch of a satellite developed using our proprietary technologies through the utilization of a social collaboration course with a national university.

(iv) In the area of infrastructure lasers used for the maintenance of infrastructure structures, the Laser Application Division, established within our Global Marketing Sales Division, has commercialized a compact laser processing system optimized for maintenance tasks such as paint removal from railway vehicles. We are also developing a laser processing system for rust and paint removal as part of surface preparation in ship painting and are conducting demonstration tests on actual vessels. In the field of industrial lasers, we jointly developed a 5kW blue laser oscillator—featuring world-leading brightness from an optical fiber—with NICHIA CORPORATION, to meet diverse processing needs.

(v) To realize carbon neutrality by 2050 and to stably supply sustainable energy, we are working toward the widespread adoption of green LPG that is free of fossil fuels. In Japan, we are proceeding with the construction of a pilot plant in Shikaoi-cho, Hokkaido, for the demonstration of green LPG production technology, with operations scheduled to commence during FY2026. Furthermore, as a result of co-creation activities conducted under the memorandum of understanding with Astomos Energy Corporation and SHV Energy (the Netherlands) for the production and supply of green LPG overseas, we have determined that the initiative has strong potential to develop into a promising business and decided in October 2025 to extend the memorandum of understanding for an additional two years. In addition, through co-creation with Hokkaido University, we are advancing technology development toward realizing a decarbonized, recycle-oriented society by making maximum use of various regional resources, while also committing to develop specialists.

(vi) To address the intensifying natural disasters in recent years, we developed "Minnan Support," a service offered to municipalities to assist with the voluntary evacuation of residents during wind and flooding events. To date, demonstration tests were carried out in nine districts, including Satsumasendai-shi in Kagoshima Prefecture and Misato-cho in Shimane Prefecture. Since then, we have continued and expanded demonstration experiments in multiple districts of Misato-cho, Shimane Prefecture, with the aim of enhancing disaster response capabilities through mutual collaboration among communities. Specifically, we are examining how to facilitate information sharing and cooperation across districts and are working to establish a highly effective operational model. Furthermore, we are utilizing the insights gained from these efforts to explore ways to expand these initiatives to other municipalities and implement them on a broader societal scale.

Research and development costs for the segment amounted to ¥5,469 million.

Item 3. Information about Facilities

1. Overview of Capital Expenditures

During FY2025, the Group (the Company and its consolidated subsidiaries) made capital expenditures totaling ¥56,662 million, up 46.8% compared to the previous fiscal year.

An overview of capital expenditures by business segment is as follows.

In the Infrastructure segment, we invested primarily in expanding production capacity for optical semiconductor devices and optical fiber, and in constructing a manufacturing base for power cables. As a result, capital expenditures during the current fiscal year came in at ¥25,432 million. In the Electronics & Automotive Systems segment, we invested primarily in preparation for the production of automotive wire harnesses and in renewal of production facilities for copper strip products. As a result, capital expenditures during the current fiscal year came in at ¥14,332 million. In the Functional Products segment, we invested primarily in constructing a new plant for water-cooling modules for data centers. As a result, capital expenditures during the current fiscal year came in at ¥9,743 million. Also, in the Services and Development, etc. segment, we invested primarily in constructing manufacturing bases related to new business development. As a result, capital expenditures came in at ¥4,176 million, with corporate or adjusted amount of ¥2,976 million.

Major capital investment projects completed during the current fiscal year include the expansion of production capacity for tape for semiconductor process in the Functional Products segment.

2. Major Facilities

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

(1) Reporting company

As of March 31, 2026

Names of office (location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m^2)	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Leased assets	Total	
Chiba Works (Ichihara-shi, Chiba Pref.)	Infrastructure, Services and Development, etc.	Manufacturing and R&D facilities for optic-related devices, power cables, etc.	3,097 (658)	10,909	5,970	4,137	6	24,121	761
Nikko Works (Nikko-shi, Tochigi Pref.)	Functional Products, Electronics & Automotive Systems, Services and Development, etc.	Manufacturing and R&D facilities for copper alloys, aluminum substrates for memory disks, etc.	443 (685)	7,850	5,974	1,895	2	16,166	590
Hiratsuka Works (Hiratsuka-shi, Kanagawa Pref.)	Infrastructure, Functional Products, Services and Development, etc.	Manufacturing and R&D facilities for products, such as functional plastics, information and communications equipment, heat radiation products, etc.	493 (213)	3,986	3,555	4,192	–	12,227	778
Mie Works (Kameyama-shi, Mie Pref.)	Infrastructure, Functional Products, Electronics & Automotive Systems	Facilities for manufacturing optical fiber cables, copper wires, copper alloys, tapes for semiconductor process	1,003 (532)	10,295	4,396	1,185	–	16,880	251
Copper Foil Division (Nikko-shi, Tochigi Pref.)	Functional Products	Facilities for manufacturing electrodeposited copper foils	1,057 (154)	415	1,036	600	86	3,195	168
Head Office and office reporting directly to the head office (Chiyoda-ku, Tokyo)	Corporate (corporate administration operations, sales operations)	Corporate administration, sale of products, etc.	6,434 (185)	4,472	2,172	1,626	796	15,502	1,181
Yokohama Works (Nishi-ku, Yokohama-shi)	Services and Development, etc. (R&D)	R&D facilities and equipment for infrastructure, functional products, electronics & automotive systems	0 (7)	1,206	69	621	–	1,897	258

(2) Subsidiaries in Japan

As of March 31, 2026

Company name (Location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m^2)	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Leased assets	Total	
Furukawa FITEL Optical Device Co., Ltd. (Ichihara-shi, Chiba Pref.)	Infrastructure	Facilities for manufacturing optical semiconductor products	– (–)	415	2,937	2,522	–	5,876	171
Furukawa Nikko Power Generation Inc. (Nikko-shi, Tochigi Pref.)	Services and Development, etc.	Facilities for electric power generation and transmission	650 (267)	3,281	3,499	108	–	7,539	40
Lightera Japan Co., Ltd.	Infrastructure	Facilities for manufacturing optical fiber cables	– (–)	2,698	3,491	1,118	–	7,308	300

(3) Overseas subsidiaries

As of March 31, 2026

Company name (Location)	Name of segment	Description of facilities	Carrying amount (million yen)						Number of employees (persons)
			Land area (thousand m^2)	Buildings and structures	Machinery, equipment, vehicles	Tools, etc. (incl. construction in progress)	Right-of-use assets	Total	
Lightera, LLC (Norcross, USA)	Infrastructure	Facilities for manufacturing optical fibers	1,110 (161)	8,467	3,737	3,007	507	16,831	321
Furukawa Circuit Foil Taiwan Corporation (Yunlin County, Taiwan)	Functional Products	Facilities for manufacturing electrodeposited copper foils	1,370 (40)	2,120	5,748	419	344	10,003	261
FURUKAWA ELECTRIC THERMAL MANAGEMENT SOLUTIONS AND PRODUCTS LAGUNA, INC. (Laguna, Philippines)	Functional Products	Facilities for heat radiation/cooling products	– (–)	1,126	1,670	4,896	1,535	9,228	202
Lightera LatAm S.A. (Curitiba, Brazil)	Infrastructure	Facilities for manufacturing communication cables	649 (282)	1,300	2,520	1,605	276	6,352	1,117
FURUKAWA AUTOMOTIVE SYSTEMS VINH LONG VIETNAM INC. (Vinh Long, Vietnam)	Electronics & Automotive Systems	Facilities for manufacturing wire harnesses	– (–)	3,180	1,889	1,401	1,039	7,511	5,429

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

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

The Company plans to spend ¥150,000 million in capital expenditure for one year following the end of the current fiscal year. The amount planned to be spent for each segment is as follows.

Segment name	Amount planned as of March 31, 2026 (million yen)	Description/major uses of facilities, etc.
Optical Solutions	25,000	Expanding production capacity for optical fibers
Digital Infrastructure Components	70,500	Constructing a new plant for water-cooling modules Expanding production capacity for optical semiconductor devices
Energy Infrastructure	23,600	Constructing a manufacturing base for power cables
Automotive Systems	12,200	Preparing for production of automotive wire harnesses
Metal Solutions	5,800	Renewing production facilities for copper strip products
Services and Development, etc.	12,900	Developing new products aimed at reducing environmental impact
Total	150,000	

Notes: 1. We have no plans to retire or sell important facilities other than retirement or sale in the ordinary course of updating facilities.

2. Effective April 1, 2026, the Group implemented organizational changes and, in connection with these organizational changes and other factors, changed the method of segment classification. The above is presented based on the segment classification after the change.

Item 4. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

(i) Authorized shares

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

(ii) Issued shares

Class	Number of issued shares as of fiscal year end (March 31, 2026) (shares)	Number of issued shares as of filing date (June 24, 2026) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	70,666,917	70,666,917	Prime Market of the Tokyo Stock Exchange	These are standard shares of the Company with full voting rights and no restrictions on shareholders' rights. The number of share unit is 100 shares.
Total	70,666,917	70,666,917	–	–

(2) Share acquisition rights

(i) Employee share option plans

Not applicable.

(ii) Rights plans

Not applicable.

(iii) Share acquisition rights for other uses

Not applicable.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable.

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

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

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

2. As the Company plans to carry out a 10-for-1 stock split with the effective date of July 1, 2026, the total number of shares issued is expected to increase by 636,002,253 shares to 706,669,170 shares.

(5) Shareholding by shareholder category

As of March 31, 2026

Category	Shareholding status (Number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	–	58	56	562	499	87	32,348	33,610	–
Number of shares held (units)	–	242,460	41,656	26,442	291,470	233	102,491	704,752	191,717
Percentage of shareholdings (%)	–	34.40	5.91	3.75	41.36	0.03	14.54	100	–

Notes: 1. Out of 51,257 shares of treasury shares, 512 share units are included in "Individuals and others" and 57 shares in "Shares less than one unit." Note that 247,300 shares held by the trust account for the Board Benefit Trust (BBT) are not treated as treasury shares.
2. "Other corporations" includes five share units held in the name of Japan Securities Depository Center, Incorporated.

(6) Major shareholders

As of March 31, 2026

Name	Address	Number of shares held (shares)	Shareholding ratio (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	11,829,600	16.75
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	4,581,250	6.49
Asahi Mutual Life Insurance Company	1-6-1 Yotsuya, Shinjuku-ku, Tokyo	1,365,050	1.93
HSBC-FUND SERVICES HSBC - 006 MF EFM	1 Queen's Road, Central, Hong Kong	1,100,200	1.56
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	1,066,700	1.51
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1-8-12 Harumi, Chuo-ku, Tokyo	1,050,000	1.49
STATE STREET BANK AND TRUST COMPANY 505001	One Congress Street, Suite 1, Boston, Massachusetts	1,019,485	1.44
JP MORGAN CHASE BANK 385781	25 Bank Street, Canary Wharf, London, E14 5JP, United Kingdom	1,008,380	1.43
Custody Bank of Japan, Ltd. (Mizuho Trust & Banking Employee Retirement Benefit Trust, Mizuho Bank, Ltd. Account)	1-8-12 Harumi, Chuo-ku, Tokyo	971,900	1.38
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom	951,231	1.35
Total	—	24,943,796	35.32

Notes: 1. Although the Change Report pertaining to large-volume holdings, which was made available for public inspection on June 16, 2025, states that the relevant shareholders held the following shares as of June 9, 2025, the Company has been unable to confirm the actual status of the shareholder's beneficial shareholdings as of March 31, 2026. The details of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Mitsubishi UFJ Trust and Banking Corporation	1,144,200	1.62
Mitsubishi UFJ Asset Management Co., Ltd.	1,653,800	2.34
Total	2,798,000	3.96

2. Although the Change Report pertaining to large-volume holdings, which was made available for public inspection on September 19, 2025, states that the relevant shareholders held the following shares as of September 15, 2025, the Company has been unable to confirm the actual status of the shareholder's beneficial shareholdings as of March 31, 2026. The details of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	2,383,200	3.37
Amova Asset Management Co., Ltd.	1,505,500	2.13
Total	3,888,700	5.50

3. Although the Change Report pertaining to large-volume holdings, which was made available for public inspection on February 6, 2026, states that the relevant shareholder held the following shares as of January 30, 2026, the Company has been unable to confirm the actual status of the shareholder's beneficial shareholdings as of March 31, 2026. The details of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Mizuho Bank, Ltd.	971,900	1.38
Mizuho Securities Co., Ltd.	224,821	0.32
Mizuho Trust & Banking Co., Ltd.	372,300	0.53
Asset Management One Co., Ltd.	3,154,000	4.46
Total	4,723,021	6.68

4. Although the Large-Volume Holding Report, which was made available for public inspection on April 3, 2026, states that the relevant shareholder held the following shares as of March 31, 2026, the Company has been unable to confirm the actual status of the shareholder's beneficial shareholdings as of March 31, 2026. The details of the Large-Volume Holding Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
BlackRock Japan Co., Ltd.	1,238,600	1.75
BlackRock Fund Managers Limited	226,900	0.32
BlackRock Asset Management Ireland Limited	205,495	0.29
BlackRock Fund Advisors	978,300	1.38
BlackRock Institutional Trust Company, N.A.	662,000	0.94
BlackRock Investment Management (UK) Limited	324,400	0.46
Total	3,635,695	5.14

5. Although the Change Report pertaining to large-volume holdings, which was made available for public inspection on April 6, 2026, states that the relevant shareholder held the following shares as of March 31, 2026, the Company has been unable to confirm the actual status of the shareholder's beneficial shareholdings as of March 31, 2026. The details of the Change Report are as follows.

Name of large-volume holders	Number of shares owned (shares)	Holding ratio (%)
Nomura Securities Co., Ltd.	696,471	0.99
Nomura International plc	-50,601	-0.07
Nomura Asset Management Co., Ltd.	5,763,500	8.16
Total	6,409,370	9.07

(7) Voting rights

(i) Issued shares

As of March 31, 2026

Category	Number of shares (shares)	Number of voting rights (units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (treasury shares, etc.)	–	–	–
Shares with restricted voting rights (other)	–	–	–
Shares with full voting rights (treasury shares, etc.)	(Treasury shares) Common stock 51,200	–	–
	(Reciprocal holding) Common stock 74,200	–	–
Shares with full voting rights (other) (Notes 1, 2)	Common stock 70,349,800	703,498	–
Shares less than one unit (Notes 3, 4)	Common stock 191,717	–	–
Total number of issued shares	70,666,917	–	–
Number of voting rights held by all shareholders	–	703,498	–

Notes 1. "Shares with full voting rights (other)" includes 500 shares of the Company held in the name of Japan Securities Depository Center, Incorporated and "Number of voting rights" includes five units of voting rights for the shares with full voting rights held in the name of said organization.

2. "Shares with full voting rights (other)" includes 247,300 shares of the Company held by the trust account for the Board Benefit Trust (BBT), which was established to operate the stock remuneration system for Directors, etc., and "Number of voting rights" includes 2,473 units of voting rights for the shares with full voting rights held in the name of said trust.

3. "Shares less than one unit" includes 57 treasury shares.

4. The 19 shares held by YAMAKIN (JAPAN) CO., LTD., which does not have voting rights due to reciprocal holding restriction, through the Company's share ownership association for business partners (Furukawadenko Kyoei Mochikabukai), are included in the column "Shares less than one unit."

(ii) Treasury shares, etc.

As of March 31, 2026

Name of shareholder	Address of shareholder	Number of shares held in own name (shares)	Number of shares held in other' name (shares)	Total number of shares held (shares)	Shareholding ratio (%)
(Treasury shares) Furukawa Electric Co., Ltd.	2-6-4 Otemachi, Chiyoda-ku, Tokyo	51,200	–	51,200	0.07
(Reciprocal holding) YAMAKIN (JAPAN) CO., LTD. (Note)	1-8-11 Iwamotocho, Chiyoda-ku, Tokyo	74,200	–	74,200	0.10
Total	–	125,400	–	125,400	0.18

Note The 19 shares held by YAMAKIN (JAPAN) CO., LTD. in the name of the Company's share ownership association for business partners (Name: Furukawadenko Kyoei Mochikabukai; Address: 2-6-4 Otemachi, Chiyoda-ku, Tokyo) are included in the column "Shares less than one unit" in (i) "Issued shares" above.

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

The Company introduced the performance-linked stock remuneration system as remuneration for Directors, etc. (the "System") upon the resolution of the 194th Annual Shareholders Meeting held on June 27, 2016. Subsequently, the Company partially amended the System upon the resolution of the 197th Annual Shareholders Meeting held on June 27, 2019, and again partially amended the System upon the resolution of the 203rd Annual Shareholders Meeting held on June 25, 2025. The Company has also established the Board Benefit Trust (the "Trust") to operate the System.

1) Overview of the System

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

Directors, etc. are granted a pre-determined number of points depending on their titles/positions during their term of office every year as the basis of their rights to receive the Company's shares, etc. The number of points to be granted to qualifying Directors, etc. for receiving the Company's shares are finalized after an adjustment for certain cases, according to the performance evaluation criteria established for each evaluation period, with each period consisting of pre-determined three fiscal years. The total points granted to Directors, etc. during the performance period of three fiscal years is limited to 168,000 points (equivalent to 168,000 Company's shares). In principle, upon their retirement, Directors, etc. receive the Company's shares, etc. from the Trust, and the number of such shares corresponds to the number of points finalized during their term of office.

Note: The details of the Company's remuneration system for Directors, etc. including the System are described in "4. Corporate Governance, (4) Remuneration for officers"

2) Overview of the Trust

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

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

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

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

<After the partial amendment of the System (with the performance period of three fiscal years from April 1, 2025 to March 31, 2028)>

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

3) Number of the Company’s shares acquired through the System
The Trust held 247,300 shares as of March 31, 2026.

4) Scope of those eligible to receive beneficiary rights and other rights under the System
Retired Directors, etc. who fulfill beneficiary requirements under the Stock Benefit Regulations for Directors, etc.

2. Acquisition and Disposal of Treasury Shares

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

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

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

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

Category	Number of shares (shares)	Total value (yen)
Number of treasury shares acquired during the current fiscal year	385	4,972,816
Number of treasury shares acquired during the current period	94	3,782,760

Notes: 1. The "current period" refers to the period from the next day of the balance sheet date of the current fiscal year through the filing date of the Annual Securities Report.
2. "Number of treasury shares acquired during the current period" does not include treasury shares acquired through purchase of shares less than one unit during the period from June 1, 2026 until the filing date of the Annual Securities Report.

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

Category	Current fiscal year		Current period	
	Number of shares (shares)	Total amount of disposal (yen)	Number of shares (shares)	Total amount of disposal (yen)
Treasury shares acquired for which subscribers were solicited	–	–	–	–
Treasury shares acquired that were canceled	–	–	–	–
Treasury shares acquired that were transferred for merger, share exchange, stock issuance or company split	–	–	–	–
Other (Sold upon request for additional purchase of shares less than one unit)	–	–	–	–
Number of treasury shares held	51,257	–	51,351	–

Notes: 1. The "current period" refers to the period from the next day of the balance sheet date of the current fiscal year through the filing date of the Annual Securities Report.
2. "Number of treasury shares held" during the current period does not include shares less than one unit purchased and sold during the period from June 1, 2026 until the filing date of the Annual Securities Report.

3. Dividend Policy

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

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

Based on the above policy, the Company will distribute the year-end dividends of ¥210 per share when the proposal of "Dividends from surplus" (as a matter to be resolved) is approved and resolved as originally proposed at the 204th Annual Shareholders Meeting to be held on June 26, 2026.

The Company's Articles of Incorporation provide that the Company may determine matters stipulated in each item of Article 459, paragraph (1) of the Companies Act, such as dividends of surplus, by resolution of the Board of Directors. For FY2025, dividends of surplus are to be determined by resolution of the Shareholders Meeting.

Dividends of surplus for FY2025 are as follows:

Date of resolution	Total amount of dividends (millions of yen)	Dividend per share (yen)
Resolution (to be made) at the Annual Shareholders Meeting to be held on June 26, 2026	14,829	210

Notes: 1. For dividends for the fiscal year ending March 31, 2027, the Company plans to resume interim dividends with the intention of enhancing opportunities for profit distribution and stabilizing share price movements to encourage shareholders to hold shares for the long term.

2. The Company has reviewed the shareholder return policy described above. During the Vision 2030 period (from FY2026 to FY2030), the Company's basic policy will be to provide stable shareholder returns while continuing to make investments to enhance corporate value. In place of the current dividend payout ratio, the Company will introduce the dividend on equity ratio (DOE), which is less susceptible to the impact of single-year performance, as a new indicator, and will pay dividends targeting a level of 3.5% of shareholders' equity, equivalent to a DOE of 3.5%.

4. Corporate Governance

(1) Overview of corporate governance

1) Basic view on corporate governance

Based on “Furukawa Electric Group Purpose,” “Vision” and “Core Values,” we enhance our management performance by responding appropriately to changes in the business and market environment by prompt business decision making as well as with transparency and fairness. At the same time, we ensure sound management by developing and establishing an effective internal control system. With these, we will expand and develop our business on a sustainable basis and increase our corporate value. Furthermore, we seek to strengthen and enhance our corporate governance, in accordance with the followings:

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

2) Corporate governance system

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

a. Overview of the corporate governance system

The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee on June 25, 2025.

As of June 24, 2026 (the filing date of this Annual Securities Report), the Board of Directors of the Company consists of 11 Directors, of whom four are Outside Directors (excluding those who are Audit & Supervisory Committee Members) and two are Outside Directors who serve as Audit & Supervisory Committee Members. All six Outside Directors are registered with the Tokyo Stock Exchange as independent officers. The Board of Directors is chaired by the Director and Chairman of the Board, who is a non-executive Director without representative rights.

Note: The Company will make a proposal of “Election of seven (7) Directors (excluding those who serve as Audit & Supervisory Committee Members)” as a matter to be resolved at the 204th Annual Shareholders Meeting scheduled to be held on June 26, 2026. If the proposal is approved as originally proposed, the Board of Directors will consist of 10 Directors, of whom four are Outside Directors (excluding those who serve as Audit & Supervisory Committee Members) and two are Outside Directors who serve as Audit & Supervisory Committee Members. All six Outside Directors will be registered with the Tokyo Stock Exchange as independent officers. If the proposal is approved as originally proposed and the relevant proposal is also approved at the Board of Directors meeting scheduled to be held immediately after the Annual Shareholders Meeting, the Board of Directors will be chaired by an Outside Director.

Given its fiduciary responsibility and accountability to shareholders, for promoting sustainable corporate growth and the increase of corporate value over the mid-to-long-term and enhancing earnings capability and capital efficiency, the Board of Directors performs roles and responsibilities listed below:

(i) Determination of corporate governance-related matters;
(ii) Establishment and amendment of business strategies and oversight of execution of such strategies and plans;
(iii) Determination of capital allocation policy-related matters;
(iv) Appointment and dismissal of the Management team members (meaning Executive Directors, including Representative Director, and Corporate Vice Presidents; the same applies hereinafter), including identification of the skills set necessary for the Board of Directors as a whole), and determination of their remuneration (including delegation of such roles to Nominating/Compensation Committee); (Note)
(v) Establishment of an internal control system relating to compliance and financial reporting and risk management systems, and oversight of them;
(vi) Decision on important business matters;
(vii) Others prescribed by the applicable laws and regulations etc.

Note: As of June 24, 2026 (filing date of this Annual Securities Report), Nominating/Compensation Committee deliberates on the appointment and dismissal of the management, provides recommendations to the Board of Directors, and determines compensation for such individuals, based on consultations or delegations from the Board of Directors. The details are disclosed in “Matters to be deliberated by Nominating/Compensation Committee” to be described later in this report.

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

At the Company, in order to facilitate timely and decisive decision-making on business execution, on the premise that corporate governance mechanisms, including the Board of Directors' supervision of business execution, are working adequately, decision-making on certain matters related to business execution is delegated to the management within the scope permitted by laws and regulations. The scope of such delegation is specifically defined in the standards for deliberation with respect to the Board of Directors and Management Committee, and other relevant bodies, depending on the degree of significance.

Furukawa Electric Group's business consists of 12 business divisions and a supervisory division that oversees departments and other units in the preparatory stage toward commercialization. The Group has established five areas as organizations that oversee, direct, and supervise one or more business divisions. As for the Company's business execution, under the control of the President and CEO, who is the chief executive, operations are directed by the General Managers of the Optical Solutions Domain, Digital Infrastructure Components Domain, Energy Infrastructure Domain, Automotive Systems Domain, and Metal Solutions Domain, as well as the General Manager of the New Business Development Division. In addition, the Company has headquarters organizations responsible for matters related to the management of the Company and Furukawa Electric Group as a whole, including the formulation and implementation of Group-wide management strategies and management plans; the establishment and maintenance of corporate governance, compliance, risk management, and other management systems; and the supervision and support of Group-wide business operations and related activities. These functions are led by the respective CXOs (excluding the CEO; the same applies hereinafter in this item). The CXOs are responsible for resolving management priorities set forth in the company-wide strategy from the perspective of overall optimization of the Company and Furukawa Electric Group as a whole, and each oversees the relevant corporate functions. The General Managers of the domains, the General Managers of the division, and the CXOs, constitute the Management Committee as persons responsible for business execution. The Management Committee is the highest decision-making body for business execution and is chaired by the President. The Management Committee deliberates and determines important matters related to business execution to ensure effective communication among executive officers and coordinated business execution. Furthermore, the status of business execution is reported to the Board of Directors every three months.

The Company has established the Risk Management Committee as a body that deliberates risk management, including compliance risks, of the Company and Furukawa Electric Group and submits proposals and reports to the Board of Directors. The Risk Management Committee is chaired by the President and consists of the General Managers of the domains and the division, as well as CXOs. The Risk Management Committee manages risks in the execution of the Group's business strategies and strives to establish and strengthen compliance and internal control systems. The status of internal control is regularly reported to the Board of Directors. The Company has also established the Sustainability Committee as a body that deliberates matters related to sustainability of the Company and Furukawa Electric Group and submits proposals and reports to the Management Committee. The Sustainability Committee is chaired by the President and consists of CXOs. The Sustainability Committee deliberates the Group's basic policy on sustainability and basic information disclosure and other matters related to sustainability, and confirms the progress of performance indicators for management priorities. With respect to matters related to performance indicators for governance and risk among the Group's management priorities, the Risk Management Committee and the Sustainability Committee deliberate in cooperation with each other.

While Auditing Department is responsible for internal audits in the Group, the Company established a framework for adequate and objective audits of the entire Furukawa Electric Group's internal control system through close cooperation between Auditing Department and Audit & Supervisory 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 five members (the majority being Outside Directors) appointed from Directors by resolution of the Board of Directors. As of June 24, 2026 (the filing date of this Annual Securities Report), the Committee has eight members: Takashi Tsukamoto (Outside Director), Keiichi Kobayashi (Director and Chairman of the Board), Hideya Moridaira (Representative Director and President), Yukiko Yabu (Outside Director), Tamotsu Saito (Outside Director), Takeo Hoshino (Outside Director), Sayaka Sumida (Outside Director who serves as an Audit & Supervisory Committee Member), and Takao Shiomi (Outside Director who serves as an Audit & Supervisory Committee Member). The Committee is chaired by Takashi Tsukamoto (Outside Director).

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

<Matters to be deliberated by Nominating/Compensation Committee>

(1) Matters for deliberation and recommendation in response to consultation by the Board of Directors:
   - (i) Agendas to be proposed to a Shareholders Meeting upon an appointment and removal of Directors;
   - (ii) Election and dismissal of a Representative Director, Chairperson of the Board and President;
   - (iii) Appointment and removal of Corporate Vice Presidents;
   - (iv) Appointment and dismissal of Executive Officers;
   - (v) Policy on Remuneration for Directors (excluding Directors who serve as Audit & Supervisory Committee Members) and Corporate Vice Presidents; and
   - (vi) Agenda to be proposed to a Shareholders Meeting on Remuneration for Directors

(2) Matters for deliberation and decision based on delegation by the Board of Directors:
   - (i) Evaluation of Directors (excluding Directors who serve as Audit & Supervisory Committee Members) and Corporate Vice Presidents;

(ii) Systems concerning Remuneration for Directors and Corporate Vice Presidents based on the policy decided by Board of Directors (excluding Directors who serve as Audit & Supervisory Committee Members) on the item (v) of the preceding section (1);
(iii) Details concerning Remuneration for individual Directors (excluding Directors who serve as Audit & Supervisory Committee Members) and Corporate Vice Presidents based on the policy decided by Board of Directors on the item (v) of the preceding section (1);
(iv) Guidelines of Remuneration for representatives of affiliated companies;
(v) Policy on the term of Directors (excluding Directors who serve as Audit & Supervisory Committee Members) and Corporate Vice Presidents and handling after their retirement;
(vi) Contents of appointment, removal and remuneration about Senior Advisers and Honorary Advisers;
(vii) Contents of the Management's succession planning.

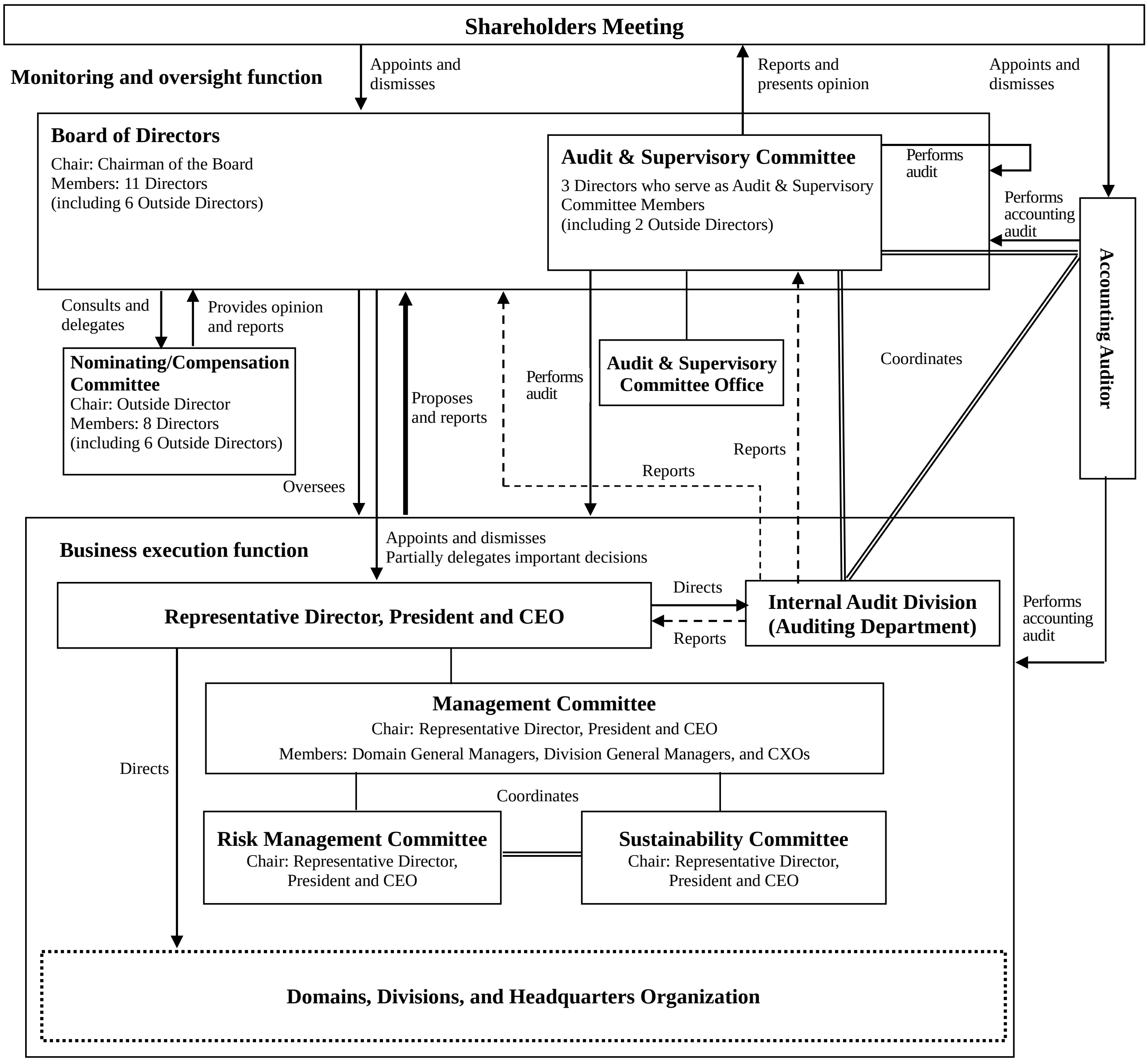
(3) Deliberation on and determination of the training and its policy for Directors and Corporate Vice Presidents

Note: The Company will make a proposal of "Election of seven (7) Directors (excluding those who serve as Audit & Supervisory Committee Members)" as a matter to be resolved at the 204th Annual Shareholders Meeting to be held on June 26, 2026. If the proposal is approved and resolved as originally proposed, and the relevant proposal is subsequently approved at the Board of Directors meeting to be held immediately after the end of the 204th Annual Shareholders Meeting, Nominating/Compensation Committee will have the following eight members: Hideya Moridaira (Representative Director and President), Satoshi Miyamoto (Representative Director), Takashi Tsukamoto (Outside Director), Yukiko Yabu (Outside Director), Tamotsu Saito (Outside Director), Takeo Hoshino (Outside Director), Sayaka Sumida (Outside Director who serves as an Audit & Supervisory Committee Member), and Takao Shiomi (Outside Director who serves as an Audit & Supervisory Committee Member). In addition, Nominating/Compensation Committee will be chaired by an Outside Director upon approval of the relevant proposal at Nominating/Compensation Committee to be held immediately after the Board of Directors meeting as mentioned above.

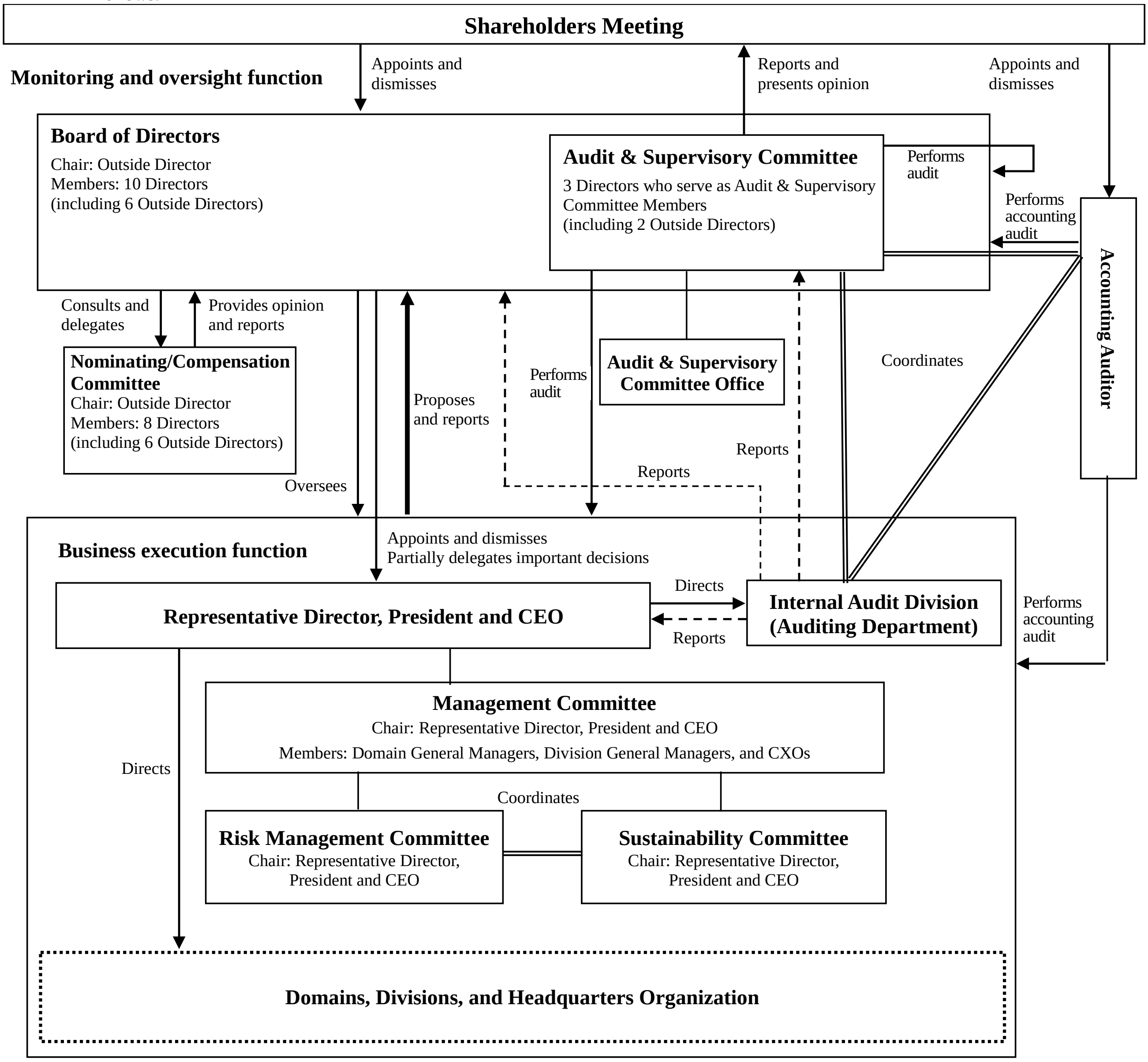
As of June 24, 2026 (the filing date of this Annual Securities Report), the Audit & Supervisory Committee of the Company consists of three members, two of whom are Outside Directors who serve as Audit & Supervisory Committee Members. Both of these Outside Directors are registered with the Tokyo Stock Exchange as independent officers.

The Audit & Supervisory Committee conducts audits in accordance with the audit policy and audit plan determined by the Committee, and audit results are regularly reported to the Board of Directors and the President. Meetings of the Audit & Supervisory Committee are held approximately ten times a year. The Audit & Supervisory Committee requests Directors of the Company and its subsidiaries, excluding Directors of the Company who serve as Audit & Supervisory Committee Members, and employees to report on matters related to business execution, as necessary. The business execution side also reports to the Audit & Supervisory Committee, as necessary, on the status of establishment and operation of internal control systems, including those of subsidiaries, and the status of compliance, risk management, and other matters. In accordance with the audit policy and audit plan determined by the Committee, the Audit & Supervisory Committee conducts interviews with key Directors, including the Representative Director and President, excluding Directors who serve as Audit & Supervisory Committee Members, and Corporate Vice Presidents, and conducts audits of the Company and Group companies in Japan and overseas. In addition to the above, the Director who serves as a full-time Audit & Supervisory Committee Member attends Management Committee meetings, Risk Management Committee meetings, Sustainability Committee meetings, and other important meetings, reviews requests for managerial decisions and other important approval documents, and reports their contents and results to the Audit & Supervisory Committee. In addition, the Auditing Department, which is responsible for internal auditing, reports audit results and other matters to the Audit & Supervisory Committee, conducts investigations and other activities as necessary based on instructions from the Audit & Supervisory Committee, and holds discussions and exchanges opinions with the Committee, thereby seeking to enhance the effectiveness and quality of audits. To further enhance audit functions, the Audit & Supervisory Committee, the Accounting Auditor, and the Auditing Department collaborate with each other and exchange information and opinions. Furthermore, upon request from the Audit & Supervisory Committee, the Company has established the Audit & Supervisory Committee Office to assist the Audit & Supervisory Committee in performing its duties, and has assigned three assisting employees whose independence from management is secured.

<Schematic Diagram of Corporate Governance System as of June 24, 2026 (filing date of this Annual Securities Report)>



Note: The Company will make a proposal of “Election of seven (7) Directors (excluding those who serve as Audit & Supervisory Committee Members)” as a matter to be resolved at the 204th Annual Shareholders Meeting to be held on June 26, 2026. If the proposal is approved and resolved as originally proposed, and the relevant proposal is subsequently approved at the Board of Directors meeting to be held immediately after the end of the 204th Annual Shareholders Meeting, the schematic diagram of corporate governance system will be as follows.



b. Reason for adopting the above corporate governance system

The Company has adopted the current corporate governance system, a company with an Audit & Supervisory Committee, in order to further enhance corporate governance by accelerating decision-making through broad delegation of authority for decisions on business execution from the Board of Directors to management, and by strengthening and upgrading the supervisory function of the Board of Directors through more substantive discussions at the Board of Directors on agenda items centered on management policies and management strategies. Furthermore, to complement the supervisory function of the Board of Directors, the Company established Nominating/Compensation Committee. The Committee consists of at least five members (where Outside Directors comprises a majority) who are chosen among Directors by resolution of the Board of Directors; and the Committee Chair is, in principle, selected from Outside Directors by the Committee members.

(ii) Status of development of internal control system

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

a. Efficient execution of duties

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

b. Compliance system

The Company regards the Furukawa Electric Group Purpose, the Core Values, and Furukawa Electric Group CSR Code of Conduct as the basis for complying with ethical standards as well as laws and regulations; and according to the Compliance Regulations, the Company promotes compliance activities, such as internal education and checks for violations of laws and regulations, while Risk Management Committee chaired by the President and each organization overseen by the CGO plays a central role. Furthermore, major divisions appoint divisional risk management promoters, who are responsible for effectively promoting risk management activities, including compliance, within the division. Especially, to prevent a recurrence of cartel behavior, the Company has reinforced the control over contacts with other companies in the same industry and the pricing procedures, and strengthened monitoring through measures such as seeking advice from external experts as needed. The Company also introduced a whistleblowing system, aiming at early detection and correction of compliance violations. In addition, the Company has established a framework under which Auditing Department, the internal audit division, monitors the status of execution of duties in each division and verifies whether the internal control system, including the compliance system, is functioning effectively, and the results of these activities are reported to the President, the Board of Directors, and the Audit & Supervisory Committee.

c. Risk management system

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

d. Information management system

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

e. Group company management

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

f. Securing appropriateness of financial reporting

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

(iii) Status of the development of risk management system

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

(iv) Basic views on eliminating anti-social forces and status of related measures

a. Basic views

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

b. Establishment of relevant structure

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

(v) Outline of the limited liability agreements

The Company has entered into agreements with all Outside Directors to limit their liabilities for damages under Article 423, paragraph (1) of the Companies Act. The upper limit of liabilities under this agreement is the statutory lower limit.

(vi) Overview of indemnity agreement

The Company has entered into indemnity agreement with all Directors as provided for in Article 430-2, paragraph (1) of the Companies Act.

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

(vii) Overview of directors and officers liability insurance agreement

The Company has entered into a directors and officers liability insurance (D&O Insurance) policy with Directors, Audit & Supervisory Board Members, and Corporate Vice Presidents, etc. (including persons who retired on or after March 31, 1994) and their heirs as insureds.

The policy provides coverage for damages payable based on legal liability for damages arising from acts, including omissions, performed by insured Directors, etc. in connection with the execution of their duties, as well as litigation expenses and other costs incurred by Directors, etc. as a result of claims seeking to hold them liable. However, certain exclusions apply, including cases arising from acts performed by an insured person while recognizing that such acts violated laws and regulations. The Company bears the full amount of the insurance premiums.

3) Maximum number of directors and requirements for resolution to elect Directors

The Articles of Incorporation provide that the Company shall have no more than ten (10) Directors (excluding those who serve as Audit & Supervisory Committee Members), and no more than four (4) Directors who serve as Audit & Supervisory Committee Members. In addition, the Articles of Incorporation provide that resolutions for the election of Directors shall be adopted by a majority of the voting rights of the shareholders present at a meeting where shareholders who are entitled to exercise voting rights and hold one-third or more of the total voting rights are present, and that the election of Directors shall not be made by cumulative voting.

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

(i) Dividends of surplus, etc.
The Company's Articles of Incorporation provide that decisions on dividends of surplus, etc. may also be made by resolution of the Board of Directors pursuant to the provisions of the items of Article 459, paragraph (1) of the Companies Act. This is intended to enable flexible shareholder returns.

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

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

5) Activities of Board of Directors and Nominating/Compensation Committee (FY2025)

(i) Activities of Board of Directors

During FY2025, Board of Directors met 16 times 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. The official title or position, name and attendance to the Board of Directors meetings of each Director were as shown below.

Official title or position	Name	Attendance to Board of Directors meetings (number/rate of attendance)
Director and Chairman of the Board	Keiichi Kobayashi	16 out of 16 (100%)
Representative Director and President	Hideya Moridaira	16 out of 16 (100%)
Representative Director and Corporate Executive Vice President, General Manager of Strategy Division	Satoshi Miyamoto	16 out of 16 (100%)
Representative Director and Corporate Senior Vice President, General Manager of Finance & Accounting Division	Koji Aoshima	16 out of 16 (100%)
Outside Director	Takashi Tsukamoto	15 out of 16 (93.8%)
Outside Director	Yukiko Yabu	16 out of 16 (100%)
Outside Director	Tamotsu Saito	16 out of 16 (100%)
Outside Director	Takeo Hoshino	16 out of 16 (100%)
Director (Audit & Supervisory Committee Member)	Hiroyuki Ogiwara	16 out of 16 (100%)
Outside Director (Audit & Supervisory Committee Member)	Sayaka Sumida	16 out of 16 (100%)
Outside Director (Audit & Supervisory Committee Member)	Takao Shiomi	16 out of 16 (100%)

Note: 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.

(ii) Activities of Nominating/Compensation Committee

During FY2025, Nominating/Compensation Committee met six times. The primary matters deliberated at the Committee meetings included the management execution system from April 2026 with respect to nominations, and the remuneration system for Directors, etc. with respect to compensation. The official title or position, name and attendance to the Committee meetings of each member were as shown below.

Chair	Official title or position	Name	Attendance to Nominating/Compensation Committee meetings (number/rate of attendance)
○	Outside Director	Takashi Tsukamoto	6 out of 6 (100%)
	Director and Chairman of the Board	Keiichi Kobayashi	6 out of 6 (100%)
	Representative Director and President	Hideya Moridaira	6 out of 6 (100%)
	Outside Director	Yukiko Yabu	6 out of 6 (100%)
	Outside Director	Tamotsu Saito	6 out of 6 (100%)
	Outside Director	Takeo Hoshino	6 out of 6 (100%)
	Outside Director (Audit & Supervisory Committee Member)	Sayaka Sumida	5 out of 5 (100%)
	Outside Director (Audit & Supervisory Committee Member)	Takao Shiomi	5 out of 5 (100%)

Note: Ms. Sayaka Sumida and Mr. Takao Shiomi were newly appointed as members of Nominating/Compensation Committee at the Board of Directors meeting held on June 25, 2025. Accordingly, the number of Nominating/Compensation Committee meetings that they were eligible to attend differs from that of the other members.

6) Overview of Evaluation Results on the Effectiveness of the Board of Directors

Our 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. In the current fiscal year, 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. As we completed our analysis and evaluation for FY2025, we hereby disclose the overview as follows:

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 and Audit & Supervisory Board Members on an individual basis (while the lead outside officer interviewed with the Chairman), and shared the results at the above-mentioned Board of Directors meeting.
Category of survey questions	Ⅰ. Establishing mid- to long-term management policy and ideal state of our Group, and pursuing growth from the mid- 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
Overview of analysis and 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/evaluated that the Board of Directors maintained its effectiveness this year as well.

[FY2024]

(i) Policy for Initiatives and Evaluation Results for FY2024

	Policy for initiatives	Evaluation results
Medium-term Management Plan (MTMP) and review of business portfolio	• The Board of Directors will discuss such matters as the enterprise strategy toward realizing "Furukawa Electric Group Vision 2030," the implementation status of business portfolio management, and initiatives for crystallizing portfolios of businesses/product families for 2030. • The Board of Directors agenda plan will be formulated for the above-mentioned discussions, and the BOD will secure necessary time for deliberation.	• The Board of Directors has held opinion exchange sessions, and the Board members have effectively discussed on various themes such as purpose-based management, philosophy system, value creation process, important management issues, strategies based on business/product portfolios, focus areas of investments, and financial targets. • Meeting agendas, which cover the above-mentioned discussions and specific cases, were set, and necessary time for deliberation was secured.
Operation of the Board of Directors	• The Board of Directors will continue to secure opportunities for exchange of opinions and discussions. In addition, Board of Directors will increase opportunities for interaction and information sharing by inviting officers and staff other than board members.	• The Board of Directors 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.

(ii) Other issues/initiatives to be continuously addressed

	Policy for Initiatives	Evaluation Results
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 Board of Directors.
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 Board of Directors 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.
Sustainability (including ESG/SDGs)	The following items will be reported to the Board of Directors 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 operation.	• Concerning key sustainability-related areas, the Board of Directors 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 Board of Directors for discussion. Consequently, outcome of such initiatives is being incorporated into the mid- to long-term management strategy.

[FY2025]

(i) Significant issues and priority initiatives for FY2025

	Policy for Initiatives
Mid- 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 Board of Directors 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 Board of Directors by deepening the monitoring through KPIs and new performance indicators for the Company-wide strategies.
Compliance and Risk Management	• Ensure that ERM activities are reflected in the management strategy in a way to link them to important management issues. • 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.
Securing and developing management talent	• Enhance the identification and development of next-generation management talent (enhancing measure for identifying talent among the young generation, continuing training for talent development, accelerating talent rotation including tough assignment, etc.)
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.
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).

(2) Directors

1) List of Directors

(i) Directors as of June 24, 2026 (filing date of this Annual Securities Report) are as follows:

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

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director and Chairman of the Board	Keiichi Kobayashi	June 24, 1959	April 1985	Joined Furukawa Electric Co., Ltd.	(Note 2)	101
			April 2014	Corporate Vice President and General Manager of Copper & High Performance Material Products Division		
			April 2015	Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			June 2015	Director and Corporate Senior Vice President, Adviser of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division		
			April 2016	Representative Director and Corporate Executive Vice President, General Manager of Global Marketing Sales Division		
			April 2017	Representative Director and President		
			April 2023	Director and Chairman of the Board (present post)		
			Important Concurrent Post Outside Director of NTT DATA Japan Corporation Outside Director of JFE Holdings, Inc. Outside Director of TORAY INDUSTRIES, INC.			
Representative Director, President and CEO	Hideya Moridaira	July 13, 1965	April 1990	Joined Furukawa Electric Co., Ltd.	(Note 2)	70
			April 2020	Corporate Vice President, General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division		
			April 2021	Corporate Vice President, General Manager of Communications Solutions Division, General Manager of Optical Fiber & Cable Products Division (concurrent posts)		
			May 2021	Corporate Vice President, General Manager of Communications Solutions Division		
			April 2022	Corporate Senior Vice President, General Manager of Communications Solutions Division		
			June 2022	Director and Corporate Senior Vice President, General Manager of Communications Solutions Division		
			April 2023	President and Representative Director		
			April 2026	Representative Director, President and CEO (Chief Executive Officer) (present post)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Representative Director, Corporate Executive Vice President and CSO	Satoshi Miyamoto	February 20, 1962	April 1984	Joined Ministry of International Trade and Industry (presently Ministry of Economy, Trade and Industry)	(Note 2)	46
			July 1999	Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of International Trade and Industry		
			June 2001	Deputy Director, Japan External Trade Organization (JETRO) New York Center		
			June 2004	Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			April 2006	Canon Inc. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises)		
			June 2010	Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			April 2011	Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry		
			Feb. 2012	Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau)		
			June 2013	Deputy Chairman, JETRO		
			Oct. 2015	Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			June 2016	Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			July 2017	Retired from Ministry of Economy, Trade and Industry		
			Nov. 2017	Advisor (full-time), Furukawa Electric Co., Ltd.		
			April 2018	Corporate Vice President, and General Manager, Administration & CSR Division		
			April 2019	Corporate Senior Vice President, and General Manager, Administration & CSR Division		
			June 2019	Director and Corporate Senior Vice President, and General Manager, Administration & CSR Division		
			April 2021	Director and Corporate Senior Vice President, and General Manager, Business Basis Transformation Division		
			April 2022	Director and Corporate Executive Vice President, and General Manager, Strategy Division		
			June 2025	Representative Director and Corporate Executive Vice President, and General Manager, Strategy Division		
			April 2026	Representative Director, Corporate Executive Vice President and CSO (Chief Strategy Officer) (present post)		
Representative Director, Corporate Senior Vice President and CFO	Koji Aoshima	March 4, 1969	April 1992	Joined Furukawa Electric Co., Ltd.	(Note 2)	13
			April 2024	Corporate Vice President, General Manager, Finance & Accounting Division		
			June 2024	Director and Corporate Vice President, General Manager, Finance & Accounting Division		
			April 2025	Director and Corporate Senior Vice President, General Manager, Finance & Accounting Division		
			June 2025	Representative Director and Corporate Senior Vice President, General Manager, Finance & Accounting Division		
			April 2026	Representative Director, Corporate Senior Vice President and CFO (Chief Financial Officer) (present post)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takashi Tsukamoto	August 2, 1950	April 1974	Joined The Dai-Ichi Kangyo Bank., Ltd. (presently Mizuho Bank, Ltd.)	(Note 2)	60
			April 2002	Executive Officer / General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd. (presently Mizuho Bank, Ltd.)		
			Mar. 2003	Managing Executive Officer / Head of Risk Management Group and Head of Human Resources Group of Mizuho Financial Group, Inc.		
			April 2004	Managing Executive Officer / Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd.		
			Mar. 2006	Managing Director / Chief Strategy Officer and Chief Financial Officer of Mizuho Corporate Bank, Ltd.		
			April 2007	Deputy President of Mizuho Corporate Bank, Ltd.		
			April 2008	Deputy President-Executive Officer / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			June 2008	Deputy President / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			April 2009	President & CEO of Mizuho Financial Group, Inc.		
			June 2011	Chairman of Mizuho Financial Group, Inc. and President & CEO of Mizuho Bank, Ltd.		
			July 2013	Chairman of Mizuho Financial Group, Inc. and Chairman of Mizuho Bank, Ltd.		
			Nov. 2013	Chairman of Mizuho Financial Group, Inc.		
			April 2014	Senior Advisor of Mizuho Financial Group		
			April 2017	Honorary Advisor of Mizuho Financial Group		
			June 2017	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.		
			June 2021	Outside Director of Furukawa Electric Co., Ltd. (present post)		
			July 2023	Senior Advisor of Mizuho Financial Group, Inc. (present post)		
			Important Concurrent Post Senior Advisor of Mizuho Financial Group, Inc. Outside Director of Asahi Mutual Life Insurance Company Outside Director of AEON CO., LTD. Outside Director of Internet Initiative Japan Inc.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Yukiko Yabu	June 23, 1958	April 1981 Jan. 2006 Jan. 2011 April 2012 April 2013 Mar. 2014 June 2014 June 2015 June 2016 June 2019 June 2021	Joined Matsushita Electric Industrial Co., Ltd. (presently Panasonic Holdings Corporation) Director of Lifestyle Value Research Laboratory, R&D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd. Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Corporation Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Corporation Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Corporation Retired from Panasonic Corporation Outside Director of DUSKIN CO., LTD. Outside Director of TAKARA HOLDINGS INC. Outside Director of Daiwa House Industry Co., Ltd. Outside Director of Furukawa Electric Co., Ltd. (present post) Outside Director, Audit & Supervisory Committee Member of IBIDEN CO., LTD. (present post)	(Note 2)	26
			Important Concurrent Post Outside Director, Audit & Supervisory Committee Member of IBIDEN CO., LTD.			
Director	Tamotsu Saito	July 13, 1952	April 1975 June 2006 Jan. 2008 April 2008 April 2009 April 2011 April 2012 April 2016 April 2017 April 2020 June 2020 June 2021 April 2024	Joined Ishikawajima-Harima Heavy Industries Co., Ltd (presently IHI Corporation) Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd. Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Director, Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Executive Vice President of IHI Corporation President, Chief Executive Officer of IHI Corporation Chairman of the Board, Chief Executive Officer of IHI Corporation Chairman of the Board of IHI Corporation Director of IHI Corporation Senior Counselor of IHI Corporation Outside Director of Furukawa Electric Co., Ltd. (present post) Senior Advisor of IHI Corporation (present post)	(Note 2)	17
			Important Concurrent Post Senior Adviser of IHI Corporation Outside Director of Oki Electric Industry Company, Limited Outside Director of KAJIMA CORPORATION Chairman of New Energy and Industrial Technology Development Organization (NEDO)			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takeo Hoshino	May 16, 1962	April 1987	Joined Ministry of International Trade and Industry (presently Ministry of Economy, Trade and Industry)	(Note 2)	3
			June 2003	Officer, Policy Planning and Research Office, Personnel Division, Ministry of International Trade and Industry		
			July 2004	Assistant Manager of the San Francisco Office and Manager of the Business Innovation Center, Japan External Trade Organization		
			July 2007	Director for Electronic Devices, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			July 2009	Director, Technology Cooperation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry		
			July 2011	Director, Nonferrous Metals Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry		
			July 2012	Commissioner and Director-General for Information, National Institute of Technology and Evaluation		
			Feb. 2013	Director for Nuclear Incident Recovery, Reconstruction Agency		
			June 2014	Director, Regional Economic and Industrial Policy Division, Regional Economic and Industrial Group, Ministry of Economy, Trade and Industry		
			April 2015	Deputy Director-General for Industrial Technology and Standards Certification, Ministry of Economy, Trade and Industry		
			July 2016	Deputy Director-General for Regional Economic and Industrial Policy, Ministry of Economy, Trade and Industry Deputy Director-General, Town/ People/ Work Revitalization Headquarters, Cabinet Secretariat Deputy Secretary General, Office for the Promotion of Regional Revitalization, Cabinet Secretariat		
			July 2017	Deputy Director-General, Nuclear Incident Disaster Response, Ministry of Economy, Trade and Industry		
			July 2018	Retired from the Ministry of Economy, Trade and Industry		
			Nov. 2018	Research Fellow, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo		
			April 2019	Project Professor, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo (present post)		
			Sept. 2019	Deputy General Manager, Division of University Corporate Relations, The University of Tokyo		
			June 2024	Outside Director of Furukawa Electric Co., Ltd. (present post)		
			Important Concurrent Post Project Professor, Graduate School of The University of Tokyo			
Director (Full-time Audit & Supervisory Committee Member)	Hiroyuki Ogiwara	February 18, 1961	April 1983	Joined Furukawa Electric Co., Ltd.	(Note 3)	200
			April 2014	Corporate Vice President, General Manager of Finance & Procurement Division		
			June 2014	Director and Corporate Vice President, General Manager of Finance & Procurement Division		
			April 2016	Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2017	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2018	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division		
			April 2019	Representative Director and Corporate Senior Executive Vice President, Chief of Group Transformation Division		
			April 2021	Representative Director and Corporate Senior Executive Vice President, General Manager of Corporate Strategy & Direction Division		
			April 2022	Director and Corporate Senior Executive Vice President		
			June 2022	Corporate Senior Executive Vice President		
			April 2023	Adviser		
			June 2023	Audit & Supervisory Board Member (full-time)		
			June 2025	Director (Full-time Audit & Supervisory Committee Member) (present post)		
			Important Concurrent Post Outside Director of ASAHI-SEIKI MANUFACTURING CO., LTD.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director (Audit & Supervisory Committee Member)	Sayaka Sumida	January 28, 1961	Oct. 1984 May 1988 May 2006 Aug. 2007 July 2010 Jan. 2015 Feb. 2017 Mar. 2020 June 2020 June 2025	Joined Asahi Accounting Company (presently, KPMG AZSA LLC) Registered as Certified Public Accountant Partner, KPMG AZSA LLC Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants Board Member, International Auditing and Assurance Standards Board (IAASB), International Federation of Accountants (IFAC) Member of the Business Accounting Council in the Financial Services Agency Resigned from KPMG AZSA LLC Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd. Outside Director (Audit & Supervisory Committee Member) (present post)	(Note 3)	22
			Important Concurrent Post Outside Director of Audit & Supervisory Committee Member of ADVANTEST CORPORATION Outside Director of Japan Exchange Group, Inc.			
Director (Audit & Supervisory Committee Member)	Takao Shiomi	November 25, 1952	April 1975 April 2000 Feb. 2001 June 2004 April 2005 June 2006 May 2008 June 2008 Mar. 2012 April 2012 June 2012 June 2014 Mar. 2016 April 2016 June 2016 June 2018 Aug. 2018 June 2021 Aug. 2021 June 2025	Joined ITOCHU Corporation General Manager of Automotive Business Strategy Office of ITOCHU Corporation General Manager of Corporate Planning Department, Finance/ Real Estate/ Insurance/ Logistics Company of ITOCHU Corporation Executive Officer and General Manager of Logistics Division of ITOCHU Corporation Executive Officer and General Manager of Finance Division of ITOCHU Corporation Managing Director, and President, Finance /Real Estate / Insurance/ Logistics Company of ITOCHU Corporation Retired from ITOCHU Corporation Executive Vice President and Representative Director of Orient Corporation Retired from Orient Corporation Managing Executive Officer and President, Machinery Company of ITOCHU Corporation Representative Director, Managing Executive Officer and President, Machinery Company of ITOCHU Corporation Representative Director, Senior Managing Executive Officer and President, Machinery Company of ITOCHU Corporation Retired from ITOCHU Corporation Managing Executive Officer of ISUZU MOTORS LIMITED Executive Vice President of ISUZU MOTORS LIMITED Retired from ISUZU MOTORS LIMITED President, ITOCHU Corporate Pension Fund Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd. Retired as President, ITOCHU Corporate Pension Fund Outside Director (Audit & Supervisory Committee Member) of Furukawa Electric Co., Ltd. (present post)	(Note 3)	–
Total						558

Notes 1. Directors Mr. Takashi Tsukamoto, Ms. Yukiko Yabu, Mr. Tamotsu Saito, Mr. Takeo Hoshino, Ms. Sayaka Sumida, and Mr. Takao Shiomi are Outside Directors under Article 2, item (xv) of the Companies Act.
2. The term of office is from the end of the Annual Shareholders Meeting for FY2024 to the end of the Annual Shareholders Meeting for FY2025.
3. The term of office is from the end of the Annual Shareholders Meeting for FY2024 to the end of the Annual Shareholders Meeting for FY2026.
4. The Company has introduced the executive officer system with 26 Corporate Vice Presidents (consisting of two Corporate Executive Vice President, eight Corporate Senior Vice Presidents, and 16 Corporate Vice Presidents), of which two serve concurrently as Directors. Among the Corporate Vice Presidents, two are female and two are non-Japanese.

5. To ensure that the Company will not lack the mandatory number of Directors who serve as Audit & Supervisory Committee Members, one Director who is a substitute Audit & Supervisory Committee Member (excluding Outside Director) and one Outside Director who is a substitute an Audit & Supervisory Committee Member. Their career summary and other information are as follows.

Name	Date of birth	Career summary		Number of shares held (hundreds of shares)
Masao Terauchi	October 28, 1961	April 1984	Joined Furukawa Electric Co., Ltd.	50
		April 2017	Corporate Vice President, President of PT. Tembaga Mulia Semanan Tbk.	
		June 2017	Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Material Division	
		April 2018	Corporate Vice President, General Manager of Electric Conductor Division, Electronics Component Division	
		April 2020	Corporate Vice President, General Manager of Electronics Component Material Division	
		April 2022	Adviser of Electronics Component Material Division	
		June 2022	Audit & Supervisory Board Member (full-time)	
		June 2025	Advisor, Auditing Department (present post)	
Kunihiko Sakai	March 4, 1954	April 1979	Public Prosecutor, Tokyo District Public Prosecutors Office	27
		July 1998	Senior Counsel, Minister's Secretariat of Ministry of Justice	
		April 2000	Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant Director, Public Security Department of Tokyo District Public Prosecutors Office	
		April 2002	Director, the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders	
		July 2005	Director, Trial Department of Tokyo High Public Prosecutors Office	
		July 2006	Public Prosecutor, Supreme Public Prosecutors Office	
		June 2007	Chief Public Prosecutor, Nara District Public Prosecutors Office	
		July 2008	Director of General Affairs Department, Supreme Public Prosecutors Office	
		June 2010	Director, Lay Judge Trial Department of Supreme Public Prosecutors' Office	
		Oct. 2010	Chief Public Prosecutor of Nagoya District Public Prosecutors Office	
		June 2012	President, Research and Training Institute, Ministry of Justice	
		July 2014	Superintending Prosecutor, Takamatsu District Public Prosecutors Office	
		Sept. 2016	Superintending Prosecutor, Hiroshima District Public Prosecutors Office	
		Mar. 2017	Resigned Above	
		April 2017	Adviser Attorney, TMI Associates (present post)	
		June 2018	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.	
		June 2019	Outside Director, Audit & Supervisory Committee Member of HONDA MOTOR CO., LTD.	
		June 2021	Outside Director of HONDA MOTOR CO., LTD. (present post)	
		June 2025	Retired from Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.	
		Important Concurrent Post Adviser Attorney of TMI Associates Outside Director of HONDA MOTOR CO., LTD.		

(ii) The Company will make a proposal of “Election of seven (7) Directors (excluding those who serve as Audit & Supervisory Committee Members)” as a matter to be resolved at the 204th Annual Shareholders Meeting to be held on June 26, 2026. If the proposal is approved and resolved as originally proposed, the members of the Board of Directors of the Company will be as follows. Note that their official titles or positions and career summaries reflect a matter to be resolved at the Board of Directors meeting and the Audit & Supervisory Committee meeting to be held immediately after the end of the 204th Annual Shareholders Meeting.

Male: 8, Female: 2 (Ratio of female officers: 20%)

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Representative Director, President and CEO	Hideya Moridaira	July 13, 1965	April 1990	Joined Furukawa Electric Co., Ltd.	(Note 2)	70
			April 2020	Corporate Vice President, General Manager of Optical Fiber & Cable Products Division in Communications Solutions Division		
			April 2021	Corporate Vice President, General Manager of Communications Solutions Division, General Manager of Optical Fiber & Cable Products Division (concurrent posts)		
			May 2021	Corporate Vice President, General Manager of Communications Solutions Division		
			April 2022	Corporate Senior Vice President, General Manager of Communications Solutions Division		
			June 2022	Director and Corporate Senior Vice President, General Manager of Communications Solutions Division		
			April 2023	President and Representative Director		
			April 2026	Representative Director, President and CEO (Chief Executive Officer) (present post)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Representative Director, Corporate Executive Vice President and CSO	Satoshi Miyamoto	February 20, 1962	April 1984	Joined Ministry of International Trade and Industry (presently Ministry of Economy, Trade and Industry)	(Note 2)	46
			July 1999	Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of International Trade and Industry		
			June 2001	Deputy Director, Japan External Trade Organization (JETRO) New York Center		
			June 2004	Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			April 2006	Canon Inc. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises)		
			June 2010	Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			April 2011	Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry		
			Feb. 2012	Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau)		
			June 2013	Deputy Chairman, JETRO		
			Oct. 2015	Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			June 2016	Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry		
			July 2017	Retired from Ministry of Economy, Trade and Industry		
			Nov. 2017	Adviser (full-time), Furukawa Electric Co., Ltd.		
			April 2018	Corporate Vice President, and General Manager, Administration & CSR Division		
			April 2019	Corporate Senior Vice President, and General Manager, Administration & CSR Division		
			June 2019	Director and Corporate Senior Vice President, and General Manager, Administration & CSR Division		
			April 2021	Director and Corporate Senior Vice President, and General Manager, Business Basis Transformation Division		
			April 2022	Director and Corporate Executive Vice President, and General Manager, Strategy Division		
			June 2025	Representative Director and Corporate Executive Vice President, and General Manager, Strategy Division		
			April 2026	Representative Director, Corporate Executive Vice President and CSO (Chief Strategy Officer) (present post)		
Representative Director, Corporate Senior Vice President and CFO	Koji Aoshima	March 4, 1969	April 1992	Joined Furukawa Electric Co., Ltd.	(Note 2)	13
			April 2024	Corporate Vice President, General Manager of Finance & Accounting Division		
			June 2024	Director and Corporate Vice President, and General Manager of Finance & Accounting Division		
			April 2025	Director and Corporate Senior Vice President, General Manager of Finance & Accounting Division		
			June 2025	Representative Director and Corporate Senior Vice President, General Manager of Finance & Accounting Division		
			April 2026	Representative Director, Corporate Senior Vice President and CFO (Chief Financial Officer) (present post)		

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takashi Tsukamoto	August 2, 1950	April 1974	Joined The Dai-Ichi Kangyo Bank., Ltd. (presently Mizuho Bank, Ltd.)	(Note 2)	60
			April 2002	Executive Officer / General Manager of Human Resources Division of Mizuho Corporate Bank, Ltd. (presently Mizuho Bank, Ltd.)		
			Mar. 2003	Managing Executive Officer / Head of Risk Management Group and Head of Human Resources Group of Mizuho Financial Group, Inc.		
			April 2004	Managing Executive Officer / Head of Europe, Middle East and Africa of Mizuho Corporate Bank, Ltd.		
			Mar. 2006	Managing Director / Chief Strategy Officer and Chief Financial Officer of Mizuho Corporate Bank, Ltd.		
			April 2007	Deputy President of Mizuho Corporate Bank, Ltd.		
			April 2008	Deputy President-Executive Officer / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			June 2008	Deputy President / Head of Financial Control and Accounting Group of Mizuho Financial Group, Inc.		
			April 2009	President & CEO of Mizuho Financial Group, Inc.		
			June 2011	Chairman of Mizuho Financial Group, Inc. and President & CEO of Mizuho Bank, Ltd.		
			July 2013	Chairman of Mizuho Financial Group, Inc. and Chairman of Mizuho Bank, Ltd.		
			Nov. 2013	Chairman of Mizuho Financial Group, Inc.		
			April 2014	Senior Advisor of Mizuho Financial Group		
			April 2017	Honorary Advisor of Mizuho Financial Group		
			June 2017	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.		
			June 2021	Outside Director of Furukawa Electric Co., Ltd. (present post)		
			July 2023	Senior Advisor of Mizuho Financial Group, Inc. (present post)		
			Important Concurrent Post Senior Advisor of Mizuho Financial Group, Inc. Outside Director of Asahi Mutual Life Insurance Company Outside Director of AEON CO., LTD. Outside Director of Internet Initiative Japan Inc.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Yukiko Yabu	June 23, 1958	April 1981 Jan. 2006 Jan. 2011 April 2012 April 2013 Mar. 2014 June 2014 June 2015 June 2016 June 2019 June 2021	Joined Matsushita Electric Industrial Co., Ltd. (presently Panasonic Holdings Corporation) Director of Lifestyle Value Research Laboratory, R&D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd. Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Corporation Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Corporation Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Corporation Retired from Panasonic Corporation Outside Director of DUSKIN CO., LTD. Outside Director of TAKARA HOLDINGS INC. Outside Director of Daiwa House Industry Co., Ltd. Outside Director of Furukawa Electric Co., Ltd. (present post) Outside Director, Audit & Supervisory Committee Member of IBIDEN CO., LTD. (present post)	(Note 2)	26
			Important Concurrent Post Outside Director, Audit & Supervisory Committee Member of IBIDEN CO., LTD.			
Director	Tamotsu Saito	July 13, 1952	April 1975 June 2006 Jan. 2008 April 2008 April 2009 April 2011 April 2012 April 2016 April 2017 April 2020 June 2020 June 2021 April 2024	Joined Ishikawajima-Harima Heavy Industries Co., Ltd (presently IHI Corporation) Executive Officer, Vice President of Aero-Engine & Space Operations of Ishikawajima-Harima Heavy Industries Co., Ltd. Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Director, Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Director, Managing Executive Officer, President of Aero-Engine & Space Operations of IHI Corporation Executive Vice President of IHI Corporation President, Chief Executive Officer of IHI Corporation Chairman of the Board, Chief Executive Officer of IHI Corporation Chairman of the Board of IHI Corporation Director of IHI Corporation Senior Counselor of IHI Corporation Outside Director of Furukawa Electric Co., Ltd. (present post) Senior Advisor of IHI Corporation (present post)	(Note 2)	17
			Important Concurrent Post Senior Advisor of IHI Corporation Outside Director of Oki Electric Industry Company, Limited Outside Director of KAJIMA CORPORATION Chairman of New Energy and Industrial Technology Development Organization (NEDO)			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director	Takeo Hoshino	May 16, 1962	April 1987	Joined Ministry of International Trade and Industry (presently Ministry of Economy, Trade and Industry)	(Note 2)	3
			June 2003	Officer, Policy Planning and Research Office, Personnel Division, Ministry of International Trade and Industry		
			July 2004	Assistant Manager of the San Francisco Office and Manager of the Business Innovation Center, Japan External Trade Organization		
			July 2007	Director for Electronic Devices, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry		
			July 2009	Director, Technology Cooperation Division, Trade and Economic Cooperation Bureau, Ministry of Economy, Trade and Industry		
			July 2011	Director, Nonferrous Metals Division, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry		
			July 2012	Commissioner and Director-General for Information, National Institute of Technology and Evaluation		
			Feb. 2013	Director for Nuclear Incident Recovery, Reconstruction Agency		
			June 2014	Director, Regional Economic and Industrial Policy Division, Regional Economic and Industrial Group, Ministry of Economy, Trade and Industry		
			April 2015	Deputy Director-General for Industrial Technology and Standards Certification, Ministry of Economy, Trade and Industry		
			July 2016	Deputy Director-General for Regional Economic and Industrial Policy, Ministry of Economy, Trade and Industry Deputy Director-General, Town/ People/ Work Revitalization Headquarters, Cabinet Secretariat Deputy Secretary General, Office for the Promotion of Regional Revitalization, Cabinet Secretariat		
			July 2017	Deputy Director-General, Nuclear Incident Disaster Response, Ministry of Economy, Trade and Industry		
			July 2018	Retired from the Ministry of Economy, Trade and Industry		
			Nov. 2018	Research Fellow, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo		
			April 2019	Project Professor, Department of Materials Engineering, Graduate School of Engineering, The University of Tokyo (present post)		
			Sept. 2019	Deputy General Manager, Division of University Corporate Relations, The University of Tokyo		
			June 2024	Outside Director of Furukawa Electric Co., Ltd. (present post)		
			Important Concurrent Post Project Professor, Graduate School of The University of Tokyo			
Director (Full-time Audit & Supervisory Committee Member)	Hiroyuki Ogiwara	February 18, 1961	April 1983	Joined Furukawa Electric Co., Ltd.	(Note 3)	200
			April 2014	Corporate Vice President, General Manager of Finance & Procurement Division		
			June 2014	Director and Corporate Vice President, General Manager of Finance & Procurement Division		
			April 2016	Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2017	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division		
			April 2018	Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division		
			April 2019	Representative Director and Corporate Senior Executive Vice President, Chief of Group Transformation Division		
			April 2021	Representative Director and Corporate Senior Executive Vice President, General Manager of Corporate Strategy & Direction Division		
			April 2022	Director and Corporate Senior Executive Vice President		
			June 2022	Corporate Senior Executive Vice President		
			April 2023	Adviser		
			June 2023	Audit & Supervisory Board Member (full-time)		
			June 2025	Director (Full-time Audit & Supervisory Committee Member) (present post)		
			Important Concurrent Post Outside Director of ASAHI-SEIKI MANUFACTURING CO., LTD.			

Official title or position	Name	Date of birth	Career summary		Term of office	Number of shares held (hundreds of shares)
Director (Audit & Supervisory Committee Member)	Sayaka Sumida	January 28, 1961	Oct. 1984	Joined Asahi Accounting Company (presently, KPMG AZSA LLC)	(Note 3)	22
			May 1988	Registered as Certified Public Accountant		
			May 2006	Partner, KPMG AZSA LLC		
			Aug. 2007	Chairperson of Audit Standards Committee, The Japanese Institute of Certified Public Accountants		
			July 2010	Executive Board Member (in charge of Quality Control Standards and Audit Standards), The Japanese Institute of Certified Public Accountants		
			Jan. 2015	Board Member, International Auditing and Assurance Standards Board (IAASB), International Federation of Accountants (IFAC)		
			Feb. 2017	Member of the Business Accounting Council in the Financial Services Agency		
			Mar. 2020	Resigned from KPMG AZSA LLC		
			June 2020	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.		
			June 2025	Outside Director (Audit & Supervisory Committee Member) (present post)		
			Important Concurrent Post Outside Director of Audit & Supervisory Committee Member of ADVANTEST CORPORATION Outside Director of Japan Exchange Group, Inc.			
Director (Audit & Supervisory Committee Member)	Takao Shiomi	November 25, 1952	April 1975	Joined ITOCHU Corporation	(Note 3)	–
			April 2000	General Manager of Automotive Business Strategy Office of ITOCHU Corporation		
			Feb. 2001	General Manager of Corporate Planning Department, Finance/ Real Estate/ Insurance/ Logistics Company of ITOCHU Corporation		
			June 2004	Executive Officer and General Manager of Logistics Division of ITOCHU Corporation		
			April 2005	Executive Officer and General Manager of Finance Division of ITOCHU Corporation		
			June 2006	Managing Director, and President, Finance /Real Estate / Insurance/ Logistics Company of ITOCHU Corporation		
			May 2008	Retired from ITOCHU Corporation		
			June 2008	Executive Vice President and Representative Director of Orient Corporation		
			Mar. 2012	Retired from Orient Corporation		
			April 2012	Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			June 2012	Representative Director, Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			June 2014	Representative Director, Senior Managing Executive Officer and President, Machinery Company of ITOCHU Corporation		
			Mar. 2016	Retired from ITOCHU Corporation		
			April 2016	Managing Executive Officer of ISUZU MOTORS LIMITED		
			June 2016	Executive Vice President of ISUZU MOTORS LIMITED		
			June 2018	Retired from ISUZU MOTORS LIMITED		
			Aug. 2018	President, ITOCHU Corporate Pension Fund		
			June 2021	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.		
			Aug. 2021	Retired as President, ITOCHU Corporate Pension Fund		
			June 2025	Outside Director (Audit & Supervisory Committee Member) of Furukawa Electric Co., Ltd. (present post)		
Total						457

Notes
1. Directors Mr. Takashi Tsukamoto, Ms. Yukiko Yabu, Mr. Tamotsu Saito, Mr. Takeo Hoshino, Ms. Sayaka Sumida, and Mr. Takao Shiomi will be Outside Directors under Article 2, item (xv) of the Companies Act.
2. The term of office will be from the end of the Annual Shareholders Meeting for FY2025 to the end of the Annual Shareholders Meeting for FY2026.
3. The term of office will be from the end of the Annual Shareholders Meeting for FY2024 to the end of the Annual Shareholders Meeting for FY2026.
4. The Company has introduced the executive officer system with 26 Corporate Vice Presidents (consisting of two Corporate Executive Vice President, eight Corporate Senior Vice Presidents, and 16 Corporate Vice Presidents), of which two serve concurrently as Directors. Among the Corporate Vice Presidents, two are female and two are non-Japanese.

5. To ensure that the Company will not lack the mandatory number of Directors who serve as Audit & Supervisory Committee Members, it will make the proposal of “Election of two (2) Directors who are substitute Audit & Supervisory Committee Members” as a matter to be resolved at the 204th Annual Shareholders Meeting to be held on June 26, 2026. If this proposal is approved and resolved as originally proposed, Mr. Akihiro Fukunaga will assume the position of Director (excluding Outside Director) who is a substitute Audit & Supervisory Committee Member and Mr. Kunihiko Sakai will assume the position of Outside Director who is a substitute Audit & Supervisory Committee Member. Their career summary and other information are as follows.

Name	Date of birth	Career summary		Number of shares held (hundreds of shares)
Akihiro Fukunaga	January 29, 1964	April 1986	Joined Furukawa Electric Co., Ltd.	104
		April 2018	Corporate Vice President, and General Manager, Global Management Division	
		April 2019	Corporate Vice President, and General Manager, Finance & Global Management Division	
		June 2019	Director and Corporate Vice President, and General Manager, Finance & Global Management Division	
		April 2021	Director and Corporate Senior Vice President, and General Manager, Finance & Global Management Division	
		April 2022	Director and Corporate Senior Vice President, and General Manager, Finance & Accounting Division	
		April 2024	Director	
		June 2024	Advisor, Finance & Accounting Division	
		April 2026	CMO (Chief Marketing Officer) Advisor (present post)	
Kunihiko Sakai	March 4, 1954	April 1979	Public Prosecutor, Tokyo District Public Prosecutors Office	27
		July 1998	Senior Counsel, Minister’s Secretariat of Ministry of Justice	
		April 2000	Public Prosecutor of Tokyo High Public Prosecutors Office and Assistant Director, Public Security Department of Tokyo District Public Prosecutors Office	
		April 2002	Director, the United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders	
		July 2005	Director, Trial Department of Tokyo High Public Prosecutors Office	
		July 2006	Public Prosecutor, Supreme Public Prosecutors Office	
		June 2007	Chief Public Prosecutor, Nara District Public Prosecutors Office	
		July 2008	Director of General Affairs Department, Supreme Public Prosecutors Office	
		June 2010	Director, Lay Judge Trial Department of Supreme Public Prosecutors’ Office	
		Oct. 2010	Chief Public Prosecutor of Nagoya District Public Prosecutors Office	
		June 2012	President, Research and Training Institute, Ministry of Justice	
		July 2014	Superintending Prosecutor, Takamatsu District Public Prosecutors Office	
		Sept. 2016	Superintending Prosecutor, Hiroshima District Public Prosecutors Office	
		Mar. 2017	Resigned Above	
		April 2017	Adviser Attorney, TMI Associates (present post)	
		June 2018	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.	
		June 2019	Outside Director, Audit & Supervisory Committee Member of HONDA MOTOR CO., LTD.	
		June 2021	Outside Director of HONDA MOTOR CO., LTD. (present post)	
		June 2025	Retired from Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.	
		Important Concurrent Post Adviser Attorney of TMI Associates Outside Director of HONDA MOTOR CO., LTD.		

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

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

- Candidates for Outside Directors
  Candidates for Outside Directors are nominated in consideration of the balance of their knowledge and career, for example, a person with experience of corporate management or government, an engineer who is versed in technology and an expert on law or accounting. They are expected to participate in the deliberation of the Board Meetings from the variety of viewpoint.

- Candidates for Inside Directors
  There are many affiliates in Japan and abroad, and our business area is very widely and variously. So candidates for Inside Directors are nominated with taking into consideration whether their skills, knowledge and experience are enough to each position for the occasion, in order to contribute to raising corporate value.

(2) Skill Matrix of the Board of Directors
Recently, with respect to important areas of experience/knowledge ("skill category/ies") which the Company expects Directors to have, we selected anew the categories from the following two perspectives: (1) skills required for Directors of a listed company (Common); and (2) skills required due to the nature of Company's businesses (Company-specific) [Classification 1].

Then, considering the purpose of the transition to a Company with Audit & Supervisory Committee which the Company underwent last year (delegation of authority from the Board of Directors to the management, and strengthening/sophistication of the Board of Directors' oversight function), we validated these skill categories from the following two perspectives: (a) capability to have substantial discussions/make a substantial proposals at the Board of Directors, as the authority was delegated to the management (Policy); and (b) capability to demonstrate sophisticated oversight function of the Board of Directors over business execution (Oversight) [Classification 2].

Accordingly, we revised the skill categories and set them as the following seven: "corporate management," "finance, accounting and auditing," "legal affairs and risk management," "sustainability and human resources," "knowledge of industry/business strategy," "technologies and DX/IT," and "internationality and global management."

Details of each skill category were discussed and determined by the Nominating/Compensation Committee. Going forward, we will review them as necessary, taking into account the external environment as well as the Company's management plan and business nature, among others.

- Details of Skill Categories

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 mid- 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

- Skill Matrix of Directors (including Proposed Candidates)

Name	Gender	Independent officer	(1) Common				(2) Company-specific		
			(a) Policy (b) Oversight	(b) Oversight	(b) Oversight	(a) Policy (b) Oversight	(a) Policy	(a) Policy	(a) Policy
			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	★	✓	✓			✓		✓

Notes 1. The above tables do not cover all experience/knowledge of each person. A check mark is placed only in case where the Company expects that a person’s significant experience and knowledge in each item will particularly contribute to solving key issues.
2. 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.

2) Status of Outside Officers

(i) Numbers of Outside Officers

The Company has four Outside Directors (excluding those who serve as Audit & Supervisory Committee Members) and two Outside Directors who serve as Audit & Supervisory Committee Members as of June 24, 2026 (filing date of this Annual Securities Report). The Company will make a proposal of “Election of seven (7) Directors (excluding those who serve as Audit & Supervisory Committee Members)” as a matter to be resolved at the 204th Annual Shareholders Meeting to be held on June 26, 2026. Even if the proposal is approved and resolved as originally proposed, the Company will have four Outside Directors (excluding those who serve as Audit & Supervisory Committee Members) and two Outside Directors who serve as Audit & Supervisory Committee Members.

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

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

The Company has set forth the independence standards to appoint Outside Directors as follows.

<Independence Standards for Outside Directors>

If none of the following attributes are applicable to the relevant Outside Directors (including candidates), the Company considers that they are Independent Directors without the possibility of creating any conflict of interest with general shareholders.

(a) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
(b) Person belonging to a company which is one of the Company’s main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company’s annualized total net sales in the most recent fiscal year) or who engages in such operations.
(c) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company’s total assets in the most recent years).
(d) Person who receives monetary or other economic benefits from the Company of ¥10 million or more a year, over and above officer’s remuneration, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives ¥100 million a year from the Company.
(e) Person who has fallen under any of the items (a) to (d) during any period within the past three years.
(f) Relative of the person who falls under any of the items (a) to (e) above, within the second degree of kinship.
(g) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.

* Even if any of the items (a) to (g) is not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

(iii) Outside Officers and their relationship with the Company

The status of outside officers and their relationship with the Company as of June 24, 2026 (filing date of this Annual Securities Report) are as follows.

Outside Director Takashi Tsukamoto	Mr. Takashi Tsukamoto has held several leadership positions, including Director in charge of Finance and Representative Director, in a financial institution, and has a wealth of experience and extensive expertise of overall corporate management, including finance and accounting. Since he assumed the position of Outside Director of the Company in 2021, he has actively provided advice and recommendations mainly on business strategy, group management, financial policies and investor relations from the perspectives of the Group's global management as well as shareholders and other stakeholders. Furthermore, he has demonstrated his leadership as the chairperson of Nominating/Compensation Committee as well as outside officer meeting, while taking initiative as the lead outside officer by sharing the recognition of the Company's management challenges among outside officers and by ensuring cooperation between outside officers and the management/Audit & Supervisory Committee. As such, he has significantly contributed to improving the Company's corporate governance. As the Group will work on strengthening the corporate governance system and promoting global corporate management, his advice and recommendations on corporate management and finance/accounting based on his experience and expertise, as well as his leadership will be extremely beneficial for the Company. In addition, the Company believes that his advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position. Mr. Takashi Tsukamoto served as President & CEO of Mizuho Bank, Ltd. until June 2013. As of March 31, 2026, Furukawa Electric Group had borrowings of ¥73,282 million outstanding from the bank. In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.
Outside Director Yukiko Yabu	Although Ms. Yukiko Yabu has not been involved in corporate management other than by serving as Outside Officer, she has experience as Outside Officer at several listed companies, including our Company; and has a wealth of experience and extensive knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. Since she assumed the position of Outside Director of the Company, she has actively provided advice and recommendations mainly on business strategy, marketing, and diversity from a broad perspective. Her advice and recommendations based on her experience and expertise in marketing and product development, among others, will be extremely useful while the Group aims at further accelerating global sales expansion. In addition, the Company believes that her advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed her as an Outside Director, believing that she is qualified for the position. In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.
Outside Director Tamotsu Saito	Mr. Tamotsu Saito has held several leadership positions including President & Representative Director and Chairman of one of Japan's leading heavy industry manufacturers and has a wealth of experience and extensive expertise of global corporation management and overall manufacturing (monozukuri). Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on business strategy, manufacturing (monozukuri), and financial strategy from the perspective of the Group's global management. His advice and recommendations based on his experience and expertise in corporate management and manufacturing will be extremely useful while the Group plans to further expand business as a manufacturer in the future. In addition, the Company believes that his advice and recommendations are indispensable for strengthening the oversight function of the Board of Directors from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position. In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.
Outside Director Takeo Hoshino	Although Mr. Takeo Hosino has not been involved in corporate management other than by serving as Outside Officer, he has held prominent positions, including Deputy Director-General at the Ministry of Economy, Trade and Industry, and has a wealth of experience and extensive expertise in industrial policies and materials engineering. Since he assumed the position of Outside Director of the Company, he has actively provided advice and recommendations mainly on agenda items related to climate change and product technologies from a broad perspective. The Company believes that his advice and recommendations based on his experience and expertise in industrial policy and materials engineering are extremely useful while the Group further focuses on promoting climate-conscious business activities and developing new businesses, and indispensable for strengthening the Board's oversight function from an independent viewpoint. Therefore, the Company appointed him as an Outside Director, believing that he is qualified for the position. In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.

Outside Director (Audit & Supervisory Committee Member) Sayaka Sumida	Although Ms. Sayaka Sumida has not been involved in corporate management other than by serving as Outside Officer, she is an expert on financial statement audit and internal control audit from her long experience as a Certified Public Accountant, and served as an Executive Board Member of Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Japan Financial Services Agency. As such, she has a wealth of experience and extensive expertise in finance, accounting, and auditing. She has actively expressed her opinions mainly on the Group company management and finance and accounting, as well as the enhancement and advancement of disclosure, from the perspective of risk management at the Board of Directors and Audit & Supervisory Committee meetings. The Company believes that her experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed her as Outside Director who serves as an Audit & Supervisory Committee Member, believing that she is qualified for the position. She served as a partner at KPMG AZSA LLC until March 2020. While the firm has provided financial and accounting consulting services to the Company, the total transaction amount in FY2025 was approximately ¥73 million, which is below the monetary threshold set forth in the Company's independence criteria. It should be noted that KPMG AZSA LLC has never served as the Company's accounting auditor, and she was never involved in any audit of the Company while at the firm. In addition, she has had no involvement in any of the consulting transactions between the Company and KPMG AZSA LLC. In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that she is independent from the Company.
Outside Director (Audit & Supervisory Committee Member) Takao Shiomi	Mr. Takao Shiomi has management experience in various industries, including a large general trade corporation, a financial institution, and a manufacturer. He has a wealth of experience and extensive knowledge of overall corporate management, including finance and accounting. He has actively expressed his opinions mainly on Group management from the perspectives risk management at the Board of Directors and Audit & Supervisory Committee meetings. The Company believes that his experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed him as Outside Director who serves as an Audit & Supervisory Committee Member, believing that he is qualified for the position. Mr. Takao Shiomi served as a director of ITOCHU Corporation ("ITOCHU") from June 2012 to March 2016. Between ITOCHU and the Company, there are business relationships including transactions in which our subsidiary sells its products to overseas customers using ITOCHU as its agent. The annual trade value in FY2025 was approximately ¥5,132 million. In addition, Mr. Shiomi served as a director of ISUZU MOTORS LIMITED ("ISUZU") from June 2016 to June 2018. Between ISUZU and the Company, there are business relationships including transactions in which the Company sells automotive parts to ISUZU. The annual trade value in FY2025 was approximately ¥17,539 million. Furthermore, Mr. Mitsuyoshi Shibata, who served as Director of the Company from June 2010 through June 2023, has assumed an office of an Outside Director of ISUZU, where Mr. Shiomi used to serve as a Director. In light of the independence standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company.

Note: The Company will make a proposal of "Election of seven (7) Directors (excluding those who serve as Audit & Supervisory Committee Members)" as a matter to be resolved at the 204th Annual Shareholders Meeting to be held on June 26, 2026. Even if the proposal is approved and resolved as originally proposed, there will be no change to the above table.

(iv) Mutual cooperation between supervision or auditing by outside officers and internal auditing, and their relationship with internal control division

At the Company, the Audit & Supervisory Committee and the Auditing Department conduct audits through on-site audits. Outside Directors who serve as Audit & Supervisory Committee Members receive reports from the Director who serves as a full-time Audit & Supervisory Committee Member on the outline of important meetings and other matters at which the Outside Directors who serve as Audit & Supervisory Committee Members were not present. They also receive an annual audit plan, results of interim review, an audit report, etc. from Accounting Auditor and actively exchange opinions with them.

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

(3) Audits

The status of audits of the Company is as follows.

The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee effective June 25, 2025.

1) Audit by the Audit & Supervisory Committee

(i) Organization, staffing and procedures for audits by the Audit & Supervisory Committee

<Organization and staffing for audits by the Audit & Supervisory Committee>
As of June 24, 2026 (the filing date of this Annual Securities Report), the Company has three Directors who serve as Audit & Supervisory Committee Members, of whom two are Outside Directors who serve as Audit & Supervisory Committee Members. The three Directors who serve as Audit & Supervisory Committee Members all have considerable knowledge of finance and accounting. Specifically, one has experience serving as an officer in charge of the finance division of the Group, another has experience as a certified public accountant, a specialist in the fields of finance and accounting, and the other has experience in corporate management, including finance and accounting. In addition, upon request from the Audit & Supervisory Committee, the Company has established the Audit & Supervisory Committee Office to assist the Audit & Supervisory Committee in performing its duties, and has assigned three assisting employees whose independence from management is secured.

The name and career history, etc. of each Audit & Supervisory Committee Member are as follows.

Name	Career history, etc.
Hiroyuki Ogiwara (Full-time Audit & Supervisory Committee Member)	Mr. Hiroyuki Ogiwara has held positions in Furukawa Electric Group including CFO of a U.S. subsidiary, General Manager of the Finance & Accounting Department of the Company, and General Manager of the Finance & Procurement Division of the Company. In addition, through his experience as the officer responsible for overseeing the Group's transformation activities and as Corporate Senior Executive Vice President, he has extensive experience and advanced knowledge in finance, accounting, and the management of Furukawa Electric Group. The Company determined that his experience and knowledge are essential to further coordination with the Accounting Auditor, to maintaining and strengthening the audit system from the perspectives of the legality of the Group's management and appropriate risk management, and to further strengthening strategic discussions at the Board of Directors and the supervisory function of the Board of Directors. Accordingly, the Company believes that he is qualified to serve as a Director who serves as an Audit & Supervisory Committee Member and has elected him to that position.
Sayaka Sumida (Outside Audit & Supervisory Committee Member)	Although Ms. Sayaka Sumida has not been involved in corporate management other than by serving as Outside Officer, she is an expert on financial statement audit and internal control audit from her long experience as a Certified Public Accountant, and served as an Executive Board Member of Japanese Institute of Certified Public Accountants, International Auditing and Assurance Standards Board (IAASB) Member under International Federation of Accountants (IFAC), and Business Accounting Council Member under the Japan Financial Services Agency. As such, she has a wealth of experience and high level of knowledge in finance, accounting, and auditing. She has actively expressed her opinions mainly on the Group company management and finance and accounting, as well as the enhancement and advancement of disclosure, from the perspective of risk management at the Board of Directors and Audit & Supervisory Committee meetings. The Company believes that her experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed her as Outside Director who serves as an Audit & Supervisory Committee Member, believing that she is qualified for the position.
Takao Shiomi (Outside Audit & Supervisory Committee Member)	Mr. Takao Shiomi has management experience in various industries, including a large general trade corporation, a financial institution, and a manufacturer. He has a wealth of experience and extensive expertise of overall corporate management, including finance and accounting. He has actively expressed his opinions mainly on Group management from the perspectives risk management at the Board of Directors and Audit & Supervisory Committee meetings. The Company believes that his experience and expertise are essential for maintaining/strengthening our auditing system, enhancing strategic discussion at Board meetings, and further strengthening the oversight function of the Board of Directors from an independent standpoint. Therefore, the Company appointed him as Outside Director who serves as an Audit & Supervisory Committee Member, believing that he is qualified for the position.

<Procedures for audits by Audit & Supervisory Committee>

Audits by the Audit & Supervisory Committee are conducted based on the audit policy and audit plan established by the Audit & Supervisory Committee. The audit policy and audit plan of the Audit & Supervisory Committee are explained to the Board of Directors, and the results and status of audits are also reported regularly to the Board of Directors and the President.

(ii) Activities of Directors who serve as Audit & Supervisory Committee Members and the Audit & Supervisory Committee (for FY2025)

<Activities of Directors who serve as Audit & Supervisory Committee Members>
(Director who serves as a full-time Audit & Supervisory Committee Member: ◆
Outside Directors who serve as Audit & Supervisory Committee Members: ◇)

<table>
<tr><th colspan="2">Activities</th><th>Roles</th></tr>
<tr><td rowspan="4">Attendance of important meetings</td><td>Board of Directors</td><td>◆◇</td></tr>
<tr><td>Management Committee</td><td>◆</td></tr>
<tr><td>Outside Officers Committee</td><td>◇</td></tr>
<tr><td>Risk Management Committee, Sustainability Committee, etc.</td><td>◆</td></tr>
<tr><td colspan="2">Individual interviews with Directors (excluding those who serve as Audit & Supervisory Committee Members) and Corporate Vice Presidents</td><td>◆◇</td></tr>
<tr><td colspan="2">Information sharing and exchange of opinions with Director and Chairman of the Board (non-executive Chairperson of the Board who does not have representative rights) and President (chief executive officer)</td><td>◆</td></tr>
<tr><td colspan="2">Information sharing and exchange of opinions with Accounting Auditor</td><td>◆◇</td></tr>
<tr><td colspan="2">Information sharing and exchange of opinions with Auditing Department</td><td>◆◇</td></tr>
<tr><td colspan="2">Debriefing from and exchange of opinions with General Manager of Risk Management Department</td><td>◆</td></tr>
<tr><td colspan="2">Debriefing from part-time Audit & Supervisory Board Members of group companies in Japan</td><td>◆</td></tr>
<tr><td colspan="2">Information sharing and exchange of opinions with Audit & Supervisory Board Members, etc. of major subsidiaries in Japan</td><td>◆</td></tr>
<tr><td colspan="2">Review important requests for approval</td><td>◆</td></tr>
<tr><td colspan="2">Audits of internal divisions of the Company and group companies in Japan and abroad</td><td>◆◇</td></tr>
<tr><td colspan="2">Attendance of regular meetings with Accounting Auditor and an internal audit function (Auditing Department) and an internal control function (Risk Management Department) for the purpose of reinforcing the three-way audit system</td><td>◆</td></tr>
<tr><td colspan="2">Review in cases where audit or other firms within the Deloitte Tohmatsu Group to which Accounting Auditor of the Company belong provide non-audit services to Furukawa Electric Group companies</td><td>◆</td></tr>
</table>

Notes 1. The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee effective June 25, 2025. The activities shown in the table above include activities conducted under the former structure as a company with an Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee.

2. With respect to matters assigned only to the Director who serves as a full-time Audit & Supervisory Committee Member, the Director who serves as a full-time Audit & Supervisory Committee Member reports the results of such activities and other matters to the Audit & Supervisory Committee and shares information with the Outside Directors who serve as Audit & Supervisory Committee Members.

<Attendance status of individual Director who serves as an Audit & Supervisory Committee Member to the Audit & Supervisory Committee meetings and the Board of Directors meetings (in FY2025)>

In FY2025, the Company held a total of four meetings of the Audit & Supervisory Board before transitioning to a company with an Audit & Supervisory Committee, and thereafter held a total of nine meetings of the Audit & Supervisory Committee by the end of the fiscal year, as well as a total of 16 meetings of the Board of Directors.

a. Before the transition to a company with an Audit & Supervisory Committee
(From April 1, 2025 to the conclusion of the 203rd Annual Shareholders Meeting held on June 25, 2025)

Name		Attendance at the Audit & Supervisory Board meetings (number of attendance and attendance ratio)	Attendance at the Board of Directors meetings (number of attendance and attendance ratio)
Nozomu Amano	(Audit & Supervisory Board Member (full-time))	4 out of 4 (100%)	4 out of 4 (100%)
Masao Terauchi	(Audit & Supervisory Board Member (full-time))	4 out of 4 (100%)	4 out of 4 (100%)
Hiroyuki Ogiwara	(Audit & Supervisory Board Member (full-time))	4 out of 4 (100%)	4 out of 4 (100%)
Kunihiko Sakai	(Outside Audit & Supervisory Board Member)	4 out of 4 (100%)	4 out of 4 (100%)
Sayaka Sumida	(Outside Audit & Supervisory Board Member)	4 out of 4 (100%)	4 out of 4 (100%)
Takao Shiomi	(Outside Audit & Supervisory Board Member)	4 out of 4 (100%)	4 out of 4 (100%)

b. After the transition to a company with an Audit & Supervisory Committee
(From the conclusion of the 203rd Annual Shareholders Meeting held on June 25, 2025 to March 31, 2026)

Name		Attendance at the Audit & Supervisory Committee meetings (number of attendance and attendance ratio)	Attendance at the Board of Directors meetings (number of attendance and attendance ratio)
Hiroyuki Ogiwara	(Full-time Audit & Supervisory Committee Member)	9 out of 9 (100%)	12 out of 12 (100%)
Sayaka Sumida	(Outside Audit & Supervisory Committee Member)	9 out of 9 (100%)	12 out of 12 (100%)
Takao Shiomi	(Outside Audit & Supervisory Committee Member)	9 out of 9 (100%)	12 out of 12 (100%)

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

Month	Overview
April	• Report from full-time Audit & Supervisory Board Members on their audit activities • Exchange opinions on the results of audits by Audit & Supervisory Board Members reported at the Board of Directors • Debriefing on the results of audits by Auditing Department
May	• Debriefing from and exchange of opinions with Accounting Auditor on results of year-end accounting audit • Discussion with Accounting Auditor on Key Audit Matters (KAM) • Report on the status of the non-audit services contract from Accounting Auditor • Evaluation of Accounting Auditor and judgment on appropriateness of audit by Accounting Auditor • Judgment on whether to reappoint Accounting Auditor • Review of the results of audit regarding internal control system and other matters • Report from full-time Audit & Supervisory Board Members on their audit activities • Submission of audit reports by Audit & Supervisory Board Members • Preparation of audit report of the Audit & Supervisory Board • Judgment on whether to consent to the proposal for election of Audit & Supervisory Board Members • Discussions about the treatment of proposals submitted to Annual Shareholders Meeting
June	• Debriefing from Accounting Auditor on audit pursuant to the Financial Instruments and Exchange Act • Establishment of the Audit & Supervisory Committee Regulations • Election of Chair of Audit & Supervisory Committee • Election of a Director who serves as a full-time Audit & Supervisory Committee Member • Election of selected Directors who serve as Audit & Supervisory Committee Members • Election of specified Directors who serve as Audit & Supervisory Committee Members • Establishment of the Audit & Supervisory Committee Auditing Standards and the Implementation Standards for Audit & Supervisory Committee Audits related to Internal Control Systems • Revision of the policy for determining dismissal or non-reappointment of the Accounting Auditor, the criteria for evaluating the Accounting Auditor, and the criteria for selecting candidates for Accounting Auditor • Determination of the audit policies as well as audit plan and job assignment • Discussions about the remuneration for Directors who serve as Audit & Supervisory Committee Members
August	• Debriefing from and exchange of opinions with Accounting Auditor on the audit progress • Debriefing from and exchange of opinions with Accounting Auditor on the audit plan • Report on the status of the non-audit services contract from Accounting Auditor • Notification of matters concerning the performance of duties by the Accounting Auditor to the specified Director who serves as an Audit & Supervisory Committee Member • Report from a Director who serves as a full-time Audit & Supervisory Committee Member on his audit activities • Judgment on whether to consent to the proposed compensation for Accounting Auditor
September	• Report from a Director who serves as a full-time Audit & Supervisory Committee Member on his audit activities
November	• Debriefing from and exchange of opinions with Accounting Auditor on the audit progress • Report on the status of the non-audit services contract from Accounting Auditor • Discussion with Accounting Auditor about KAM • Debriefing from and exchange of opinions with Accounting Auditor on the global management letter • Report from a Director who serves as a full-time Audit & Supervisory Committee Member on his audit activities
December	• Report from a Director who serves as a full-time Audit & Supervisory Committee Member on his audit activities • Discussion on remuneration for Audit & Supervisory Committee Members for the following fiscal year • Determination of the schedule of Audit & Supervisory Committee meetings for the following fiscal year • Determination of the schedule of individual interviews with Directors (excluding those who serve as Audit & Supervisory Committee Members) and Corporate Vice Presidents for the following fiscal year
February	• Debriefing from and exchange of opinions with Accounting Auditor on the audit progress • Discussion with Accounting Auditor about KAM • Report on the status of the non-audit services contract from Accounting Auditor • Debriefing from and exchange of opinions with the Accounting Auditor on on-site audits of overseas subsidiaries and other matters • Report from a Director who serves as a full-time Audit & Supervisory Committee Member on his audit activities • Discussion on personnel matters concerning Directors (excluding Directors who serve as Audit & Supervisory Committee Members)
March	• Debriefing from and exchange of opinions with Accounting Auditor on the year-end audit plan • Discussion with Accounting Auditor about KAM • Interim evaluation on Accounting Auditor • Report from a Director who serves as a full-time Audit & Supervisory Committee Member on his audit activities • Prior agreement on performance evaluations of the General Manager of Auditing Department and employees assisting the Audit & Supervisory Committee

Note: The Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee effective June 25, 2025. The matters considered and other items shown in the table above include matters considered and other items under the former structure as a company with an Audit & Supervisory Board before the transition to a company with an Audit & Supervisory Committee.

2) Internal audit

<Organization, staffing and procedures for internal audit>
Internal audits are performed by Auditing Department, which directly reports to the President. Auditing Department, consisting of ten full-time staff and four concurrent staff as of June 24, 2026 (filing date of this Annual Securities Report), monitors each department's status of business execution regularly and whenever necessary depending on changes in environment and reports the results to the relevant department and management. When monitoring each department, Auditing Department perform monitoring from the perspectives of the internal control system and risk management. More specifically, Auditing Department engages in internal auditing activities by focusing on status of compliance, departmental risk management, and group-wide risk management as well as effectiveness and efficiency of operations at each department in the Company, status of control and storage of documents and information used for decision-making, status of development, effectiveness and compliance of internal regulations.

<Cooperation among internal audit, audit by Audit & Supervisory Committee and accounting audit and relationship with internal control division>
The Audit & Supervisory Committee, Auditing Department and Accounting Auditor work closely with each other through regular information sharing and discussion on annual audit planning and audit reports to reinforce the three-way audit system. The Audit & Supervisory Committee holds liaison meetings with their counterparts of major group companies to improve the auditing function of the Group as a whole through mutual information sharing.

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

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

3) Accounting audit

a. Name of Accounting Auditor
Deloitte Touche Tohmatsu LLC

b. Years of continuous auditing
Eight years starting from FY2018

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

d. Composition of assistants of audit engagement
Besides the certified public accountants described in Item c. above, the audit engagement for the Company was assisted by 27 certified public accountants and 63 other individuals.

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

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

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

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

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

As a result of the evaluation, the Audit & Supervisory Committee of the Company has resolved not to submit a proposal for the selection or dismissal of Accounting Auditor since the accounting audit by the audit firm as Accounting Auditor for FY2025 was deemed to have been conducted appropriately and its audit system was deemed to be functioning effectively.

4) Details of audit fees, etc.

a. Audit fees paid to auditing certified public accountants

Classification	Previous fiscal year		Current fiscal year	
	Audit fees (million yen)	Non-audit fees (million yen)	Audit fees (million yen)	Non-audit fees (million yen)
Reporting company	171	–	159	10
Consolidated subsidiaries	98	–	135	5
Total	269	–	295	15

Notes: 1. Fees for audit certification services for the previous fiscal year at the Company include additional remuneration of ¥18 million.
2. Non-audit services for the current fiscal year at the Company consisted of advisory services related to preparing for the revised lease accounting standards, etc.
3. Non-audit services for the current fiscal year at consolidated subsidiaries consisted of procedures related to accepting an audit engagement..

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

Classification	Previous fiscal year		Current fiscal year	
	Audit fees (million yen)	Non-audit fees (million yen)	Audit fees (million yen)	Non-audit fees (million yen)
Reporting company	–	2	–	2
Consolidated subsidiaries	169	50	183	52
Total	169	52	183	55

Notes: 1. Fees for non-audit services were support for trade operations and other services for both the previous and current fiscal years.
2. The details of non-audit services provided to the Company's consolidated subsidiaries are tax advisory service and other for both the previous and current fiscal years.

c. Details of fees for other significant audit certification services

(Previous fiscal year)

Not applicable.

(Current fiscal year)

Not applicable.

d. Policy for determining audit fees

Regarding the policy for determining the amount of fee to be paid to auditing certified public accountants, etc., the amount of fee is reasonably calculated in consideration of the business type, business scale, and characteristics of the Company and its group companies, and is based on an audit man-hour estimate that has been thoroughly discussed and verified with the business execution departments in consideration of past results and statistical indicators. Subsequently, the amount is determined with the approval of the Board of Directors and the consent of the Audit & Supervisory Committee pursuant to Article 399, paragraphs (1) and (3) of the Companies Act.

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

Audit & Supervisory Committee received explanations from the Accounting Auditor regarding the overview of their audit plan, including estimated audit time and audit fees, and checked the adequacy and appropriateness of the estimated audit time and estimated unit price of audit fees. Consequently, the Committee judged that sufficient audit time is secured for high-quality auditing services, and that audit fees and the level of the unit price are rational and appropriate in light of the fees paid in the previous fiscal year, and therefore, expressed agreement as set forth in Article 399, paragraphs (1) and (3) of the Companies Act.

(4) Remuneration for officers

1) Policies for determining officers' remuneration, etc.

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

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

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

Element of remuneration	Overview	Recipients			
		Directors (excluding Outside Directors and those who serve as Audit & Supervisory Committee Members	Outside Directors (excluding those 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 upon evaluating achievements of materiality indicators (to measure the achievement level of targets for material management issues to be addressed by the Group)	●	—	●	—
Mid- to long-term performance-linked remuneration	This is the stock remuneration system, which provides the Company's shares acquired by the Trust that was funded by the Company.	●	—	●	—

(iii) Policy of determining the percentage of remuneration paid to each individual for each remuneration system
In terms of a percentage of each component of remuneration, 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.

(iv) 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.

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

From the perspective of ensuring the objectivity, fairness and transparency, the Board of Directors delegated the authorities related to items under (2) of the following matters for deliberation, including the determination of remuneration for individual directors and officers, to the Nominating/Compensation Committee comprising a majority of Outside Directors.

The details of the authorities delegated to said committee are described in (ii) of "<Matters to be deliberated by Nominating/Compensation Committee>" included in "(1) Overview of corporate governance, 2) Corporate governance system, (i) Overview of the corporate governance system and reasons for adopting such corporate governance system, a. Overview of the corporate governance system."

The Committee comprises 8 members, and 6 members, including the chairperson, are Outside Directors.

The following table shows the Committee composition as of the date when remuneration for individual Directors and other officers was determined for the current fiscal year (June 25, 2025).

Name	Position
Takashi Tsukamoto	Outside Director (Chairman of Nominating/Compensation Committee)
Keiichi Kobayashi	Chairman of the Board and Director
Hideya Moridaira	President and Representative Director
Yukiko Yabu	Outside Director
Tamotsu Saito	Outside Director
Takeo Hoshino	Outside Director
Sayaka Sumida	Outside Director (Audit & Supervisory Committee Member)
Takao Shiomi	Outside Director (Audit & Supervisory Committee Member)

The activities of the Board of Directors and the Nominating/Compensation Committee in the process of determining the amount of remuneration of Directors and other officers during the current fiscal year are as follows:

Meeting Date / Body	Overview
June 10, 2025 Nominating/Compensation Committee	Discussed/evaluated performance of officers during the fiscal year ended March 2025
June 25, 2025 Board of Directors	Resolved on delegating the decision on a remuneration amount for individual Directors and other officers to Nominating/Compensation Committee
June 25, 2025 Nominating/Compensation Committee	Determined the remuneration amount for individual Directors and other officers for the fiscal year ending March 2026

The Board of Directors has received a report from the Nomination and Compensation Committee that the content and method of determining remuneration for individual Directors and other officer, determined by the committee are in line with the Individual Remuneration Policy. We have determined that the content of remuneration for each individual for the fiscal year ended March 2026 is in line with the Individual Remuneration Policy.

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

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

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

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. The following table shows remuneration amount corresponding to an achievement level of consolidated operating profit (estimate), which is the evaluation criterion here, and official position. The Nominating/Compensation Committee regularly checks and reviews this table to ensure the remuneration levels are adequate, taking into account consolidated operating profit in the past several years.

(Thousand yen per year)

Officer classification	Achievement Level of Consolidated Operating Profit (estimate)						
	+50% or more	+30% or more but less than +50%	+15% or more but less than +30%	–15% or more but less than +15%	‑15% or less but greater than –30%	‑30% or less but greater than –50%	Less than ¥15.0 billion or ‑50% or less
Chairman of the Board	17,000	14,025	11,050	8,500	6,800	4,250	–
President	32,000	26,400	20,800	16,000	12,800	8,000	–
Corporate Senior Executive Vice President	20,000	16,500	13,000	10,000	8,000	5,000	–
Corporate Executive Vice President	15,500	12,788	10,075	7,750	6,200	3,875	–
Corporate Senior Vice President	10,600	8,745	6,890	5,300	4,240	2,650	–
Corporate Vice President / Senior Fellow	3,800	3,135	2,470	1,900	1,520	950	–

(ii) ESG-linked remuneration

To ensure this element functions as an appropriate incentive for engaging in sustainability initiatives, we designated materiality indicators (to measure the achievement level of targets for material management issues to be addressed by the Group) as the indicator here. Nominating/Compensation Committee determines whether or not to pay, upon evaluating achievements of greenhouse gas emission reduction rate and employee engagement score among such materiality indicators. With respect to indicators to be adopted for ESG-linked remuneration as well as target achievement level, Nominating/Compensation Committee periodically confirms/revises them.

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

We adopted the Company’s stock price as an indicator, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. In this stock remuneration program, three fiscal years constitute a performance period and the Company contributes funds up to the maximum amount of ¥1,450 million per performance period to the Trust as remuneration for eligible officers. Eligible officers are granted a pre-determined number of points depending on their titles/positions every year as the basis of their rights to receive the Company’s stocks. After the end of each performance period, the number of points qualifying eligible officers for receiving the Company’s stocks are finalized after an adjustment for certain cases, according to the criteria for comparing changes in the Company’s stock prices with those of TOPIX during the period. (The actual points to be granted are calculated by multiplying the payout ratio, which is determined by multiplying the degree of divergence of the volatility of the Company’s stock price and volatility of TOPIX by the cumulative total points granted during the evaluation period.) In case any of eligible officers retire from the position during the period, in principle, eligible officers receive the Company’s stocks from the trust, in proportion to the number of points accumulated during their tenure.

[Point table by official position (from April 1, 2025 to March 31, 2028)]

The maximum total number of points granted to an eligible officer in a performance period is 168,000, and 1 point corresponds to 1 share unit of the Company's common stock.

Officer classification	Number of points granted	Number of shares granted per period
Chairman of the Board	3,320	12,948
President	5,590	21,801
Corporate Senior Executive Vice President	3,470	13,533
Corporate Executive Vice President	2,720	10,608
Corporate Senior Vice President	1,960	7,644
Corporate Vice President / Senior Fellow	1,060	4,134

[Formula for calculating the degree of divergence]

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

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

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

Rate correspondence table for each degree of deviation

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

[Formula for calculating each eligible officer's points during the evaluation period]

Finalized points = (cumulative total points granted to each eligible officer during the evaluation period) x (payout ratio for the evaluation period)

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

At the time of their retirement, eligible officers receive the Company's shares and money calculated by the following formula as the mid- to long-term performance-linked remuneration from the Trust.

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

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

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

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

2. The number of officers covered by the resolution shown in the table above is presented as the number of Directors, etc. as of the conclusion of the relevant Annual General Meeting of Shareholders. The Company will make a proposal of “Election of seven (7) Directors (excluding those who serve as Audit & Supervisory Committee Members)” as a matter to be resolved at the 204th Annual General Meeting of Shareholders to be held on June 26, 2026. If the proposal is approved as originally proposed, the number of officers covered as of the conclusion of that Annual General Meeting of Shareholders will be as follows.

Remuneration element under the current system	Number of eligible officers at the end of the 204th Annual General Meeting of Shareholders
Base salary Short-term performance-linked remuneration (individual level) Short-term performance-linked remuneration (company level) ESG-linked remuneration	7 (3 Directors (excluding Outside Directors and those who serve as Audit & Supervisory Committee Members) and 4 Outside Directors (excluding those who serve as Audit & Supervisory Committee Members))
Base salary	3 (Directors who serve as Audit & Supervisory Committee Members)
Mid- to long-term performance-linked remuneration	30 (3 Directors (excluding Outside Directors and those who serve as Audit & Supervisory Committee Members), 24 Corporate Vice Presidents, and 3 Senior Fellows)

5) Amount of remuneration for officers for the current fiscal year

Officer classification	Total remuneration (JPY millions)	Total remuneration by element (JPY millions)					Number of subject officers (persons)
		Base salary	Short-term performance-linked remuneration (individual level)	Short-term performance-linked remuneration (company level)	ESG-linked remuneration	Mid- to long-term performance-linked remuneration	
Directors (excluding Outside Directors and those 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 Member (excluding Outside Audit & Supervisory Board Member)	23	23	–	–	–	–	3
Outside Officers	95	95	–	–	–	–	10
Outside Directors (excluding those who serve as Audit & Supervisory Committee Members)	61	61	–	–	–	–	5
Outside Directors (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 the current fiscal year is not yet fixed at the time of filing this Annual Securities Report, and therefore not included in the above table.
3. The column of Mid- 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 the current fiscal year, which is deemed as compensation for the current fiscal year.
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, materiality indicators to measure the achievement level of targets for material management issues to be addressed by the Group) as the indicator here. 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 the current fiscal year is not yet fixed at the time of filing this Annual Securities Report, and therefore not included in the above table.
6. Mid- to long-term performance-linked remuneration falls under the categories of performance-linked remuneration as well as non-monetary remuneration. For this remuneration, the Company adopted its stock price, in order to appropriately reflect increased corporate value to remuneration amounts, and to share incentives for increasing corporate value with shareholders. Actual deviation was 7.04 (a reference value calculated by using numerical value in FY2025).

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

Name	Total amount of consolidated remuneration (Millions of yen)	Officer classification	Company classification	Amount of consolidated remuneration by type (Millions of yen)		
				Fixed	Performance-linked	
				Monetary		Non-monetary
Hideya Moridaira	119	Director	Reporting company	58	28	32

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

(5) Shareholdings

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

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

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

a. Shareholding policy, method for verifying the rationale for shareholdings, and details of verification by the Board of Directors, etc. of the appropriateness of shareholdings in individual issues
We hold the shares if they are deemed to be significant from the viewpoint of improving capital efficiency or from need for the Company's business activities, and reduce the shares if they are deemed to be unsuitable for holding.

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

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

b. Number of issues and carrying amount

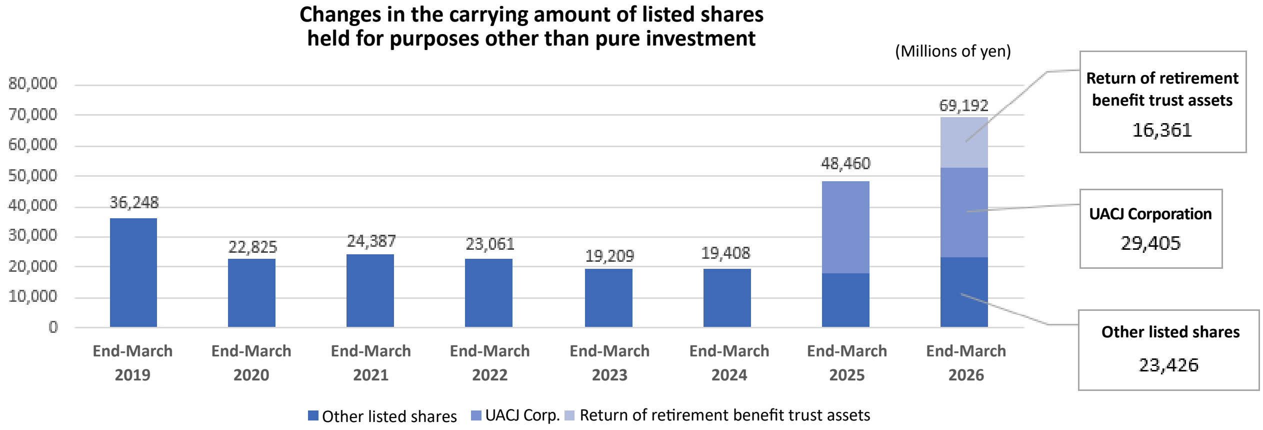
	Number of issues (issues)	Total carrying amount on balance sheet (million yen)
Shares not listed	74	8,050
Shares other than those not listed	16	69,192

Issues whose number of shares increased during the current fiscal year

	Number of shares (issues)	Total cost (million yen)	Reason for acquisition
Shares not listed	4	2,833	Because the Company determined that the investment would contribute to enhancing its corporate value from a medium-to-long-term perspective after fully examining the rationale and necessity of the investment
Shares other than those not listed	4	21,168	Because the Company returned retirement benefit trust assets in connection with the revision of the retirement benefit plan

Issues whose number of shares decreased during the current fiscal year

	Number of issues (issues)	Total proceeds from sale (million yen)
Shares not listed	1	29
Shares other than those not listed	9	26,463



Note: In the previous fiscal year, 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 listed shares held for purposes other than pure investment. In the current fiscal year, 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 listed shares held for purposes other than pure investment.

Subsequently, the Company sought to reduce investment shares held for purposes other than pure investment, including by further selling a portion of the shares of UACJ Corporation during the current fiscal year. 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 the current fiscal year increased by ¥20,732 million from the end of the previous fiscal year.

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

Specified investment shares

Issuer	Current fiscal year Number of shares (shares) Carrying amount on balance sheet (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheet (million yen)	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
UACJ Corporation (Note 1)	12,746,000	6,436,500	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	No
	29,405	30,702		
The Yokohama Rubber Company, Limited (Note 2)	1,885,566	564,366	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	10,975	1,942		
ZEON CORPORATION (Note 2)	2,784,500	831,500	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	4,895	1,243		

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on balance sheet (million yen)	Carrying amount on balance sheet (million yen)		
AICHI ELECTRIC CO., LTD.	565,540	565,540	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment and the Functional Products segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	3,998	2,420		
FUJI ELECTRIC CO., LTD. (Note 2)	336,720	–	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	3,562	–		
Mizuho Financial Group, Inc.	473,700	575,200	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	2,883	2,330		
PT SUPREME CABLE MANUFACTURING & COMMERCE Tbk	97,102,560	97,102,560	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment and the Infrastructure segment and to further expand sales in the global markets. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	2,117	1,811		
FURUKAWA CO., LTD.	491,827	614,727	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	2,092	1,284		
Central Japan Railway Company (Note 2)	410,000	–	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	1,674	–		

Issuer	Current fiscal year Number of shares (shares) Carrying amount on balance sheet (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheet (million yen)	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
NIPPON DENSETSU KOGYO CO., LTD.	307,871	307,871	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	1,467	646		
INABADENKI SANGYO CO., LTD. (Note 3)	550,400	275,200	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Functional Products segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	Yes
	1,431	1,045		
East Japan Railway Company	375,000	375,000	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Infrastructure segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	1,359	1,107		
ADEKA CORPORATION	341,792	511,792	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	1,233	1,376		
ASAHI-SEIKI MANUFACTURING CO., LTD.	425,000	455,800	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined to continue holding the shares because we quantitatively and qualitatively assessed that it was necessary to maintain and strengthen the business relationship and cooperative relationship with the issuer to strengthen business in our Electronics & Automotive Systems segment. However, quantitative holding effects are not described due to the nature of the relationship with the issuer.	No
	1,001	926		
Shibusawa Logistics Corporation (Note 4)	447,040	203,360	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	589	658		

Issuer	Current fiscal year Number of shares (shares) Carrying amount on balance sheet (million yen)	Previous fiscal year Number of shares (shares) Carrying amount on balance sheet (million yen)	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
KANTO DENKA KOGYO CO., LTD.	375,000	625,000	As a result of verifying the rationale for holding the shares at the Board of Directors meeting held in December 2025 and other meetings, we determined from a comprehensive perspective that there is significance in continuing to hold the shares though it is difficult to describe the quantitative holding effect. We will continue to determine the appropriateness of holding the shares from the perspectives of the significance and effect of holding the shares.	Yes
	505	543		
TOKAI Holdings Corporation	–	380,000	—	No
	–	373		
Aidemy Inc.	–	76,900	—	No
	–	48		

Notes
1. UACJ Corporation conducted a four-for-one split of its common shares effective October 1, 2025, and the number of shares held has increased compared with the end of the previous fiscal year. However, since the Company sold a portion of the shares of UACJ Corporation during the current fiscal year, the number of shares effectively held has decreased from the previous fiscal year.
2. The shares of The Yokohama Rubber Company, Limited, ZEON CORPORATION, FUJI ELECTRIC CO., LTD., and Central Japan Railway Company, which had been classified as deemed shareholdings until the previous fiscal year, have been reclassified as specified investment shares from the current fiscal year due to the return of retirement benefit trust assets in connection with the revision of the retirement benefit plan.
3. INABADENKI SANGYO CO., LTD. conducted a two-for-one split of its common shares effective December 1, 2025. As a result, the number of shares held has increased compared with the end of the previous fiscal year, but there has been no change in the number of shares effectively held.
4. Shibusawa Logistics Corporation conducted a four-for-one split of its common shares effective October 1, 2025, and the number of shares held has increased compared with the end of the previous fiscal year. However, since the Company sold a portion of the shares of Shibusawa Logistics Corporation during the current fiscal year, the number of shares effectively held has decreased from the previous fiscal year.
5. The en dash (–) indicates that the Company does not hold any shares of the issuer, or that the shares are classified as those other than specified investment shares.

Shares deemed to be held

Issuer	Current fiscal year	Previous fiscal year	Overview of purposes of shareholdings, business alliances, etc.; quantitative effect of shareholdings; and reasons why the number of shares increased	Holding of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount on balance sheet (million yen)	Carrying amount on balance sheet (million yen)		
The Yokohama Rubber Company, Limited	–	1,321,200	—	Yes
	–	4,547		
ZEON CORPORATION	–	1,953,000	—	Yes
	–	2,919		
FUJI ELECTRIC CO., LTD.	–	336,720	—	Yes
	–	2,119		
Central Japan Railway Company	–	410,000	—	No
	–	1,170		

Note: The shares of The Yokohama Rubber Company, Ltd., ZEON CORPORATION, FUJI ELECTRIC CO., LTD., and Central Japan Railway Company, which had been classified as shares deemed to be held until the previous fiscal year, have been reclassified as specified investment shares from the current fiscal year due to the return of retirement benefit trust assets in connection with the revision of the retirement benefit plan.

(iii) Investment shares held for pure investment purposes

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

5. Employees, etc.

(1) Basic policy and related matters on human resource strategies

Furukawa Electric Group promotes management centered on the Furukawa Electric Group Purpose, “Composing the core of a brighter world.” The Purpose serves as the guiding principle and foundation for management and business strategies aimed at achieving Furukawa Electric Group Vision 2030. Based on this approach, the Group’s basic policy is to strengthen human capital and organizational execution abilities and enhance the effectiveness of strategy execution through human resource strategies linked to management strategies, while considering human-capital-related risks and opportunities related to human capital.

For the approach to human resource strategies linked to management strategies and specific initiatives, please refer to “Item 2. Overview of Business, 2. Approach and Initiatives toward Sustainability, (2) Human capital (including diversity of personnel).”

The wages and treatment of the Company’s employees are determined through annual spring labor-management wage negotiations, taking into account the business environment, business performance, and other actual conditions. In revising wages through spring labor-management wage negotiations, the Company conducts careful discussions based on a comprehensive approach to remuneration, including monthly wages and bonuses, and with the recognition that securing stable business profitability and maintaining a sustainable level of personnel expenses over the medium to long term will lead to enhancement of corporate value. In addition, in order to secure corporate competitiveness and the ability to recruit and retain talent, the Company considers the appropriate level of remuneration based on labor market trends and compensation levels of peer companies, in addition to the Company’s profitability and business characteristics. The results of these considerations, including management’s approach to wages and treatment and the details of labor-management agreements, are shared with Group companies.

With respect to wages and treatment across the Group, the Group seeks to ensure consistency as a whole, while optimizing wages and treatment in accordance with the management strategies and human resource strategies of each Group company and their respective actual circumstances, taking into account differences in each company’s business activities, market environment, earnings structure, and other factors.

(2) Employees

1. Information about the Group

As of March 31, 2026

Segment name	Number of employees (persons)
Infrastructure	9,319
Electronics & Automotive Systems	34,934
Functional Products	2,503
Services and Development, etc.	2,356
Total	49,112

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

2. Information about reporting company (non-consolidated)

As of March 31, 2026

Number of employees (persons)	Average age (years)	Average length of service (years)	Average annual salary (yen)	Year-on-year change in average annual salary (%)
4,009	43.4	18.4	7,494,597	7.3

Segment name	Number of employees (persons)
Infrastructure	1,053
Electronics & Automotive Systems	523
Functional Products	842
Services and Development, etc.	1,591
Total	4,009

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

3. Labor unions

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

4. Ratio of female employees in managerial positions, Male childcare leave uptake rate, and differences in wages between male and female workers

(i) Reporting company

Current fiscal year				
Ratio of female employees in managerial positions (%) (Note 1)	Male childcare leave uptake rate (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
		All workers	Regular employment workers	Part-time and fixed- term workers
6.3	95.1	75.2	75.2	67.1

Notes: 1. The calculation is based on the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-6, item (i) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

(ii) Consolidated subsidiaries

Current fiscal year					
Company name	Ratio of female employees in managerial positions (%) (Note 1)	Male childcare leave uptake rate (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
			All workers	Regular employment workers	Part-time and fixed-term workers
Furukawa Automotive Systems Inc.	2.2	68.2	69.0	71.2	0.0
FURUKAWA ELECTRIC BUSINESS & LIFE SUPPORT INC.	15.8	0.0	70.8	66.4	63.1
Furukawa Electric Power Systems Co., Ltd.	5.5	42.9	75.7	84.7	60.8
Furukawa Electric Metal Cable Co., Ltd.	2.5	57.1	80.7	81.8	69.4
Lightera Japan Co., Ltd.	3.0	81.8	81.8	81.8	0.0
Miharu Communications Inc.	0.0	100.0	63.7	66.9	27.2
Furukawa Sangyo Kaisha, Ltd.	5.3	57.1	62.4	64.7	47.5
Furukawa Techno Material Co., Ltd.	0.0	100.0	64.8	67.4	0.0
Hakusan Inc.	9.5	50.0	67.0	71.9	31.9
Furukawa Elecom Co., Ltd.	5.0	100.0	63.1	63.3	0.0

Notes: 1. The calculation is based on the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-6, item (i) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

(iii) Reporting company and consolidated subsidiaries group in Japan

Current fiscal year				
Ratio of female employees in managerial positions (%) (Note 1)	Male childcare leave uptake rate (%) (Note 2)	Differences in wages between male and female workers (%) (Note 1)		
		All workers	Regular employment workers	Part-time and fixed- term workers
5.2	74.5	66.5	71.8	56.1

Notes: 1. The calculation is based on the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of 2015).

2. The calculation was made according to the method for the percentage of workers taking childcare leave, etc. as stipulated in Article 71-6, item (i) of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of 1991), based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Act No. 76 of 1991).

Item 5. Financial Information

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

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

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

2. Audit Certificate
   The Company's consolidated and non-consolidated financial statements for the fiscal year from April 1, 2025 to March 31, 2026 were audited by Deloitte Touche Tohmatsu LLC in accordance with the provisions of Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

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

1. Consolidated Financial Statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2025)	Current fiscal year (as of March 31, 2026)
Assets		
Current assets		
Cash and deposits	59,967	69,150
Notes and accounts receivable – trade, and contract assets	*1 260,565	*1 266,458
Securities	6,813	1,822
Merchandise and finished goods	76,450	75,085
Work in process	48,660	53,427
Raw materials and supplies	69,930	82,384
Other	35,300	52,047
Allowance for doubtful accounts	(1,251)	(4,867)
Total current assets	556,437	595,508
Non-current assets		
Property, plant and equipment		
Buildings and structures	*2 269,894	*2 259,093
Machinery, equipment and vehicles	529,647	511,681
Tools, furniture and fixtures	81,229	81,679
Land	*2 34,679	*2 30,423
Leased assets	1,348	1,485
Right-of-use assets	25,294	25,889
Construction in progress	27,323	37,406
Accumulated depreciation	(692,401)	(670,732)
Total property, plant and equipment	277,017	276,925
Intangible assets		
Goodwill	570	2,452
Other	23,428	22,952
Total intangible assets	23,999	25,404
Investments and other assets		
Investment securities	*3 98,794	*3 145,478
Investments in capital	*3 465	*3 377
Deferred tax assets	6,613	3,771
Retirement benefit asset	11,924	6,112
Other	13,763	13,746
Allowance for doubtful accounts	(962)	(953)
Total investments and other assets	130,598	168,533
Total non-current assets	431,614	470,864
Total assets	988,052	1,066,372

(Millions of yen)

	Previous fiscal year (as of March 31, 2025)	Current fiscal year (as of March 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	136,673	140,543
Short-term borrowings	*2 153,296	*2 149,405
Current portion of bonds payable	–	10,000
Commercial papers	1,500	15,000
Income taxes payable	13,322	7,534
Provision for product warranties	5,354	3,931
Other	*4 84,313	*4 102,250
Total current liabilities	394,461	428,665
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term borrowings	*2 111,354	*2 112,257
Provision for product warranties	4,338	2,390
Provision for environmental measures	9,105	9,082
Retirement benefit liability	31,559	13,641
Lease liabilities	12,478	12,701
Asset retirement obligations	2,053	2,077
Deferred tax liabilities	3,828	15,060
Other	5,106	5,263
Total non-current liabilities	219,825	202,475
Total liabilities	614,286	631,141
Net assets		
Shareholders' equity		
Share capital	69,395	69,395
Capital surplus	23,907	23,808
Retained earnings	198,830	264,698
Treasury shares	(651)	(1,745)
Total shareholders' equity	291,481	356,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,084	29,519
Deferred gains or losses on hedges	94	1,315
Foreign currency translation adjustment	23,905	29,073
Remeasurements of defined benefit plans	1,863	983
Total accumulated other comprehensive income	49,948	60,892
Non-controlling interests	32,335	18,182
Total net assets	373,766	435,231
Total liabilities and net assets	988,052	1,066,372

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

Consolidated statements of income

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net sales	*1 1,201,762	*1 1,307,560
Cost of sales	*2,*4 1,000,143	*2,*4 1,077,746
Gross profit	201,619	229,813
Selling, general and administrative expenses		
Selling expenses	45,284	45,235
General and administrative expenses	*4 109,302	*4 120,721
Total selling, general and administrative expenses	*3 154,586	*3 165,957
Operating profit	47,032	63,856
Non-operating income		
Interest income	1,197	982
Dividend income	2,171	2,981
Share of profit of entities accounted for using equity method	10,602	16,535
Foreign exchange gains	–	155
Other	2,346	2,922
Total non-operating income	16,318	23,578
Non-operating expenses		
Interest expenses	9,222	9,005
Foreign exchange losses	2,210	–
Other	3,411	2,570
Total non-operating expenses	14,844	11,576
Ordinary profit	48,506	75,858
Extraordinary income		
Gain on share exchange	*5 4,791	–
Gain on disposal of non-current assets	1,614	787
Gain on sale of investment securities	*6 10,406	*6 19,294
Gain on revision of retirement benefit plan	–	*7 19,437
Insurance claim income	*8 2,025	–
Other	984	639
Total extraordinary income	19,821	40,159
Extraordinary losses		
Loss on disposal of non-current assets	1,224	1,494
Impairment losses	*9 2,648	*9 1,583
Provision of allowance for doubtful accounts	38	*10 4,149
Provision for product warranties	*11 6,082	–
Other	4,310	3,845
Total extraordinary losses	14,303	11,072
Profit before income taxes	54,025	104,944
Income taxes – current	18,566	19,440
Income taxes – deferred	(1,841)	9,607
Total income taxes	16,724	29,047
Profit	37,300	75,897
Profit attributable to non-controlling interests	3,943	3,383
Profit attributable to owners of parent	33,357	72,514

Consolidated statements of comprehensive income

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Profit	37,300	75,897
Other comprehensive income		
Valuation difference on available-for-sale securities	12,350	4,964
Deferred gains or losses on hedges	(1,144)	1,234
Foreign currency translation adjustment	4,445	2,494
Remeasurements of defined benefit plans, net of tax	(1,843)	(1,138)
Share of other comprehensive income of entities accounted for using equity method	4,407	1,937
Total other comprehensive income	*1,*2 18,216	*1,*2 9,491
Comprehensive income	55,517	85,389
Comprehensive income attributable to:		
Owners of parent	50,698	83,093
Non-controlling interests	4,819	2,295

(iii) Consolidated statements of changes in equity

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

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	69,395	23,178	193,062	(691)	284,945
Changes during period					
Dividends of surplus			(4,236)		(4,236)
Profit attributable to owners of parent			33,357		33,357
Increase due to increase in consolidated subsidiaries			1,711		1,711
Decrease due to increase in consolidated subsidiaries					–
Increase due to increase in equity-method entities					–
Decrease due to decrease in equity-method entities					–
Decrease due to exclusion from equity method accounting			(25,063)		(25,063)
Increase due to merger with unconsolidated subsidiaries					–
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				42	42
Change in ownership interest of parent due to transactions with non-controlling interests		728			728
Net changes in items other than shareholders' equity					
Total changes during period	–	728	5,767	39	6,535
Balance at end of period	69,395	23,907	198,830	(651)	291,481

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	12,218	1,195	25,286	4,682	43,383	29,916	358,245
Changes during period							
Dividends of surplus							(4,236)
Profit attributable to owners of parent							33,357
Increase due to increase in consolidated subsidiaries							1,711
Decrease due to increase in consolidated subsidiaries							–
Increase due to increase in equity-method entities							–
Decrease due to decrease in equity-method entities							–
Decrease due to exclusion from equity method accounting							(25,063)
Increase due to merger with unconsolidated subsidiaries							–
Purchase of treasury shares							(2)
Disposal of treasury shares							42
Change in ownership interest of parent due to transactions with non-controlling interests							728
Net changes in items other than shareholders' equity	11,865	(1,100)	(1,380)	(2,818)	6,565	2,419	8,984
Total changes during period	11,865	(1,100)	(1,380)	(2,818)	6,565	2,419	15,520
Balance at end of period	24,084	94	23,905	1,863	49,948	32,335	373,766

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	69,395	23,907	198,830	(651)	291,481
Changes during period					
Dividends of surplus			(8,473)		(8,473)
Profit attributable to owners of parent			72,514		72,514
Increase due to increase in consolidated subsidiaries					–
Decrease due to increase in consolidated subsidiaries			(21)		(21)
Increase due to increase in equity-method entities			1,663		1,663
Decrease due to decrease in equity-method entities			(262)		(262)
Decrease due to exclusion from equity method accounting					–
Increase due to merger with unconsolidated subsidiaries			448		448
Purchase of treasury shares				(1,104)	(1,104)
Disposal of treasury shares				11	11
Change in ownership interest of parent due to transactions with non-controlling interests		(99)			(99)
Net changes in items other than shareholders' equity					
Total changes during period	–	(99)	65,868	(1,093)	64,675
Balance at end of period	69,395	23,808	264,698	(1,745)	356,156

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	24,084	94	23,905	1,863	49,948	32,335	373,766
Changes during period							
Dividends of surplus							(8,473)
Profit attributable to owners of parent							72,514
Increase due to increase in consolidated subsidiaries							–
Decrease due to increase in consolidated subsidiaries							(21)
Increase due to increase in equity-method entities							1,663
Decrease due to decrease in equity-method entities							(262)
Decrease due to exclusion from equity method accounting							–
Increase due to merger with unconsolidated subsidiaries							448
Purchase of treasury shares							(1,104)
Disposal of treasury shares							11
Change in ownership interest of parent due to transactions with non-controlling interests							(99)
Net changes in items other than shareholders' equity	5,435	1,220	5,167	(880)	10,943	(14,152)	(3,209)
Total changes during period	5,435	1,220	5,167	(880)	10,943	(14,152)	61,465
Balance at end of period	29,519	1,315	29,073	983	60,892	18,182	435,231

(iv) Consolidated statements of cash flows

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from operating activities		
Profit before income taxes	54,025	104,944
Depreciation	41,349	43,218
Interest and dividend income	(3,369)	(3,964)
Interest expenses	9,222	9,005
Share of loss (profit) of entities accounted for using equity method	(10,602)	(16,535)
Foreign exchange losses (gains)	3,684	(4,044)
Loss (gain) on share exchange	(4,791)	–
Loss (gain) on disposal of non-current assets	(390)	707
Loss (gain) on sale of short-term and long-term investment securities	(7,804)	(18,990)
Loss (gain) on revision of retirement benefit plan	–	(19,437)
Insurance claim income	(2,025)	–
Impairment losses	2,648	1,583
Loss on valuation of inventories	342	1,696
Decrease (increase) in trade receivables and contract assets	(7,193)	(23,827)
Decrease (increase) in inventories	(7,609)	(26,070)
Increase (decrease) in trade payables	2,544	5,942
Increase (decrease) in retirement benefit liability	(1,871)	(1,281)
Increase (decrease) in provision for product warranties	3,892	(3,249)
Increase (decrease) in allowance for doubtful accounts	24	4,162
Other, net	(2,561)	(1,135)
Subtotal	69,512	52,724
Interest and dividends received	6,132	6,616
Interest paid	(8,895)	(8,760)
Income taxes refund (paid)	(8,941)	(22,463)
Insurance claim received	2,025	–
Net cash provided by (used in) operating activities	59,833	28,116
Cash flows from investing activities		
Decrease (increase) in time deposits	(102)	201
Purchase of investment securities	(9,526)	(3,269)
Proceeds from sale and redemption of investment securities	43,268	29,286
Purchase of shares of subsidiaries resulting in change in scope of consolidation	*2 (1,548)	*2 (7,014)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	413	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	*3 (24,052)
Purchase of property, plant and equipment	(36,749)	(46,118)
Purchase of intangible assets	(4,778)	(6,008)
Proceeds from sale of non-current assets	2,086	1,393
Decrease (increase) in short-term loans receivable	312	10,551
Other, net	(611)	(2,106)
Net cash provided by (used in) investing activities	(7,235)	(47,137)

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	385	4,642
Net increase (decrease) in commercial papers	(34,000)	13,500
Proceeds from long-term borrowings	60,694	49,716
Repayments of long-term borrowings	(59,478)	(33,927)
Dividends paid	(4,241)	(8,461)
Dividends paid to non-controlling interests	(1,077)	(1,354)
Repayments of lease liabilities	(3,911)	(3,092)
Other, net	(2,520)	(1,092)
Net cash provided by (used in) financing activities	(44,150)	19,930
Effect of exchange rate change on cash and cash equivalents	3,255	2,629
Net increase (decrease) in cash and cash equivalents	11,702	3,538
Cash and cash equivalents at beginning of period	53,098	66,092
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	1,291	375
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	–	467
Cash and cash equivalents at end of period	*1 66,092	*1 70,474

Notes to Consolidated Financial Statements

Significant accounting policies for preparing consolidated financial statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 115 companies

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

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

- Furukawa FITEL Optical Components Co., Ltd. and its subsidiaries; Furukawa FITEL Optical Components America, Inc.; Furukawa FITEL Optical Components Italy S.p.A.; and Furukawa FITEL Optical Components Thailand Ltd., as well as Furukawa Electric Submarine Cable Co., Ltd. (due to the acquisition of shares); and
- Riken Huatong (Tangshan) Cable Co., Ltd. (due to its increased materiality).

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

- KANZACC CO., LTD. (due to its dissolution as a result of a merger);
- The Furukawa Battery Co., Ltd. and its subsidiaries, Honda Denki Co., Ltd.; SIAM FURUKAWA CO., LTD.; SIAM FURUKAWA TRADING CO., LTD.; and PT. FURUKAWA INDOMOBIL BATTERY MANUFACTURING (due to the transfer of all shares held in The Furukawa Battery Co., Ltd.); and
- Shenyang Furukawa Cable Co., Ltd. (due to the transfer of all of its equity interest).

(2) Unconsolidated subsidiaries

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

<u>Reason for excluding the companies from the scope of consolidation</u>

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

2. Application of the equity method

(1) Number of associates accounted for using the equity method: 8 companies

Names of significant associates accounted for using the equity method are presented in “Item 1. Overview of Company, 4. Subsidiaries and Other Affiliated Entities.”

The following company is included in the scope of application of the equity method for the reason indicated in parentheses:

- Sustainable Battery Holdings, Inc. (due to the new acquisition of shares).

The following companies are excluded from the scope of application of the equity method for the reasons indicated in parentheses:

- SFCC Corporation (due to the transfer of all shares held);
- VISCAS Corporation (due to its decreased materiality following its dissolution); and
- Yokohama Dram Factory Co., Ltd. (due to its decreased materiality).

Effective April 1, 2026, Sustainable Battery Holdings, Inc. changed its name to EneSolve Holdings, Inc.

(2) Unconsolidated subsidiaries and associates not accounting for using the equity method
NTT DevIces Optech Corporation, and other companies

<u>Reason for excluding the companies from the scope of application of the equity method</u>

Unconsolidated subsidiaries and associates not accounting for using the equity method are excluded because they are small in terms of profit and loss (amount corresponding to the Company’s equity interest) and retained earnings (amount corresponding to the Company’s equity interest) and do not have a material impact on the consolidated financial statements as a whole.

3. Fiscal years of consolidated subsidiaries

Of the consolidated subsidiaries, Taiwan Furukawa Electric Co., Ltd.; Tianjin Jinhe Electric Engineering Co., Ltd.; Polifoam Plastic Processing Co., Ltd.; Furukawa AVC Electronics (Suzhou) Co., Ltd.; Furukawa (Thailand) Co., Ltd.; Furukawa Thai Holdings Co., Ltd.; Furukawa Electric Singapore Pte. Ltd.; American Furukawa Inc.; Furukawa Precision (Thailand) Co., Ltd.; Furukawa Auto Parts (Huizhou) Co., Ltd.; and 35 other companies have a fiscal year ending December 31 and are consolidated using their financial statements as of December 31. Adjustments necessary for consolidation are made for significant transactions that occurred between December 31 and March 31, the consolidated balance sheet date.

Three of the associates accounted for using the equity method have a different fiscal year-end date from that of the Company; however, their financial statements as of their respective fiscal year-end dates are used. Adjustments necessary for consolidation are made for significant transactions that occurred between the fiscal year-end dates of those companies and the consolidated balance sheet date.

During the current fiscal year, Furukawa FITEL (Thailand) Co., Ltd. changed its fiscal year-end date from December 31 to March 31, making it the same as the consolidated balance sheet date.

The profit or loss of the subsidiary for the three-month period from January 1, 2026 to March 31, 2026 is adjusted through the consolidated statement of income. As a result, its accounting period in the current fiscal year is 15 months. The impact of this change on the consolidated financial statements is immaterial.

4. Accounting policies applied to foreign subsidiaries and associates

The Group applies the "Revised Practical Solution on Accounting for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18 issued on June 28, 2019) and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method (ASBJ PITF No. 24 issued on September 14, 2018) and makes necessary adjustments to consolidate foreign subsidiaries and associates.

5. Accounting policies

(1) Valuation basis and method for significant assets

(i) Inventories

Stated primarily at cost determined using the weighted average method (with the amount of inventories in the consolidated balance sheets being written down based on a decrease in profitability).

(ii) Securities

Held-to-maturity debt securities:

Stated primarily at amortized cost.

Available-for-sale securities:

Securities other than equity securities, etc. that do not have a quoted market price in an active market:

Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Equity securities, etc. that do not have a quoted market price in an active market:

Stated primarily at cost using the moving-average method.

(iii) Derivatives

Stated at fair value.

(2) Accounting policy for depreciation/amortization of significant assets

(i) Property, plant and equipment (excluding leased assets and right-of-use assets)

Depreciated on a straight-line basis.

(ii) Intangible assets (excluding leased assets and right-of-use assets)

Amortized on a straight-line basis.
Software for internal use is amortized on a straight-line basis over the estimated useful life as internally determined (5 to 10 years).

(iii) Leased assets

Leased assets in finance lease transactions that transfer ownership:

Depreciated using the same method as applied for owned property, plant and equipment.

Leased assets in finance lease transactions that do not transfer ownership:

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

(iv) Right-of-use assets

Depreciated on a straight-line basis using the shorter of the lease term or the useful life of the asset as the useful life.

(3) Accounting policy for significant deferred assets

(i) Share issuance costs

The full amount is expensed when incurred.

(ii) Bond issuance costs

The full amount is expensed when incurred.

(4) Accounting policy for significant allowances and provisions

(i) Allowance for doubtful accounts

To provide for possible bad debt losses on monetary receivables, allowance for doubtful accounts is provided for the estimated uncollectible amount based mainly on the historical bad debt loss ratio for general receivables and on an individual assessment of collectability for specific receivables such as doubtful receivables.

(ii) Provision for product warranties

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs.

(iii) Provision for environmental measures

Provision for environmental measures, mainly to remove Poly Chlorinated Biphenyl (PCB) and to improve soil conservation, is provided to cover estimated future costs.

(5) Accounting policy for retirement benefits

(i) Method of attributing estimated retirement benefits to accounting periods

In calculating retirement benefit obligations, the benefit formula basis is used to attribute the estimated amount of retirement benefits to periods up to the end of the current fiscal year.

(ii) Method of accounting for actuarial gains and losses and prior service cost

Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 1 year through 10 years), which are shorter than the average remaining years of service of the employees.

Actuarial gains and losses are amortized in the year following the year in which the gains and losses are recognized primarily by the straight-line method over periods (mainly 1 year through 10 years), which are shorter than the average remaining years of service of the employees.

Unrecognized actuarial gains and losses and unrecognized prior service cost are recorded as adjustments for retirement benefits in accumulated other comprehensive income within net assets after adjusting for tax effects.

(6) Accounting policy for significant revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the customers of the Company and its subsidiaries (hereinafter, the “Group”) and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

(i) Manufacturing and sale of products

The main business of the Group is the manufacturing and sales of infrastructure products, such as information and telecommunications network components and power cables, electrical and electronics products such as automobile parts and copper products for electronic equipment materials, and functional products processed from resin and nonferrous metals.

The Group has determined that its main performance obligation is to deliver finished products to customer. The Group has comprehensively determined that legal title to the asset, the significant risks and rewards of ownership of the assets, transfer of physical possession of the assets, and the right to receive payment of consideration for the asset shall arise at the time of delivery of the product to the customer. For domestic transactions, control over products is transferred to customer at the time of delivery of the product to the customer, and a performance obligation is considered to have been satisfied. However, since the period from the date of shipment of the product to the date of delivery is a normal period of time, the Group recognizes revenue when the product is shipped based on its significance as selecting the alternative treatment. For trade transactions, the Group recognizes revenue when the risk-bearing is transferred to customer, mainly based on the terms of trade stipulated by Incoterms and other agreements.

For buy-sell transactions, no inventories are recognized because the Group does not obtain control over raw materials and other products, but only records the net amount equivalent to the processing fees as sales. The Group deducts the amount of the consideration to be paid to customer, such as volume discount and sales incentive, from the transaction price, unless such consideration to be received from the customer is related to distinct goods or services received from the customers.

(ii) Maintenance services

The Group provides chargeable maintenance support services after sales of products, in mainly the Infrastructure business. For maintenance services, the Group has determined that it has a performance obligation to always have the services available and on standby so that customer can utilize the maintenance services when the customer desires throughout the performance period. The Group recognizes revenue at the percentage of time elapsed to the period in which the services are to be provided because the maintenance services are identified as distinct performance obligations and are performed over a certain period of time, including standby status period.

(iii) Construction contract

The Group performs construction works, such as design, construction, installation, and other work based on contracts with customers in the Infrastructure business. Since the Group transfers control over underlying goods and services over time and satisfies a performance obligation, it recognizes revenue over time. Measuring progress towards satisfaction of a performance obligation is based on the proportion that the cost incurred by the end of each reporting period to the total expected costs incurred (input method).

In cases where the Group may not be able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For construction contracts with short durations, the Group recognizes revenue at the point of time when a performance obligation is fully satisfied.

(iv) Transactions entered into as an agent

The Group does not manufacture products and only makes transactions of procurement arrangements on behalf of its customers. If the Group does not control products before transferring it to customers, revenue is recognized on a net basis as the amount received from customers less the amount paid to supplier. The following are considered in determining whether the Group controls over products or services before these are provided to customers.

(a) Its primary responsibility for the performance of its promise to provide goods or services

(b) The inventory risk before goods or services are provided to customers or after control has been transferred to customers

(c) Discretion in establishing the price of goods or services.

The payment after satisfying the Group's performance obligation does not include any significant financing component since the payment will be made generally within one year from that time when such a satisfaction.

(7) Accounting policy for translating significant assets and liabilities denominated in foreign currency into Japanese yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the consolidated balance sheet date, and exchange differences are accounted for as profit or loss. Meanwhile, assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot exchange rates on the balance sheet date whereas their revenue and expenses are translated into Japanese yen at average exchange rates for their respective fiscal years, and translation adjustments are included in "Foreign currency translation adjustment" and "Non-controlling interests" under net assets.

(8) Hedge accounting

(i) Hedge accounting method

Deferred hedge accounting is applied. Assignment accounting (special treatment for foreign exchange forward contracts) is applied to currency and interest rate swap transactions, and special treatment is applied to interest rate swaps, if they meet the requirements.

(ii) Hedging instruments and the hedged items

Interest rate swap: borrowings
Currency swap: borrowings
Foreign exchange forward contracts: Receivables and payables denominated in foreign currency, etc.
Metal forward contracts: Raw materials and work in process

(iii) Hedging policy

The Group hedges its borrowing obligations and definitive trading contracts and the like to avoid risks associated with fluctuations in interest rates, foreign exchange rates, and raw material prices.

(iv) Assessments of hedge effectiveness

Cumulative market fluctuations or cash flow fluctuations of hedged items are compared with cumulative market fluctuations or cash flow fluctuations of hedging instruments, and effectiveness is determined based on the amounts of fluctuation of both, excluding the portion not attributable to the basic value of price.

(9) Accounting policy for goodwill

Goodwill is amortized evenly over the period in which its effects are expected to be realized (within 20 years after recognition). However, if the amount of goodwill is immaterial, it is amortized at once in the year in which it arises.

(10) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand; deposits that can be withdrawn on demand; and short-term investments that are readily convertible to cash, averse to price fluctuation risk, and redeemable within three months from the date of acquisition.

(11) Application of the group tax sharing system

The Group applies the group tax sharing system.

Significant accounting estimates

1. Recoverability of deferred tax assets

(i) Amount recorded in the consolidated financial statements as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Deferred tax assets	¥ 6,613	¥ 3,771
Deferred tax liabilities	3,828	15,060

Notes: 1. The consolidated balance sheet presents deferred tax assets and deferred tax liabilities after offsetting those of the same taxable entity.

2. As described in "*Finalization of provisional accounting treatment for a business combination*" under "Notes to Consolidated Financial Statements, *Business combinations*," during the current fiscal year, the Group finalized the provisional accounting treatment for a business combination. Accordingly, the amounts for the previous fiscal year are presented after reflecting significant revisions to the allocation of acquisition cost resulting from the finalization of the provisional accounting treatment.

(ii) Details of significant accounting estimates of recognized items

Deferred tax assets are recognized based on future taxable income estimated by the future business plan. Specifically, it is estimated with major assumptions including sales volume, unit sales prices, and market forecasts, all of which are the basis for the business plan, together with market trends, the Group's recent business performance, and other factors.

The timing and amount of taxable income may be affected by uncertain future fluctuations in economic conditions. If the timing and amount of the deferred tax are different from the estimation, this may have a significant impact on the amount of deferred tax assets recognized in the following fiscal year.

2. Impairment of non-current assets

(i) Amount recorded in the consolidated financial statements as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Property, plant and equipment and intangible assets (total amount reported on consolidated balance sheets)	¥ 301,016	¥ 302,330
of which asset group included in (ii) below	3,545	4,098

Note: As described in "*Finalization of provisional accounting treatment for a business combination*" under "Notes to Consolidated Financial Statements, *Business combinations*," during the current fiscal year, the Group finalized the provisional accounting treatment for a business combination. Accordingly, the amounts for the previous fiscal year are presented after reflecting significant revisions to the allocation of acquisition cost resulting from the finalization of the provisional accounting treatment.

(ii) Details of significant accounting estimates of recognized items

If any impairment indicators exist based on the operating profit/loss at the end of each reporting year, the Group assesses whether to recognize an impairment loss.

The Group groups its assets based on the business unit and recognizes an impairment loss by reducing the carrying amount to the recoverable amount if the carrying amount of an asset or asset group exceeds the total amount of the undiscounted future cash flows generated from the asset or asset group under the business plan formulated based on the remaining economic useful life and the net selling price at some future point in time. The net selling value is calculated based on the amount obtained from outside experts, such as the real estate appraisal value in a real estate appraisal report.

Due to the continued challenging business environment resulting from delayed performance recovery caused by factors such as increases in raw material, fuel, and logistics costs and soaring copper prices during the current fiscal year, the Group assessed whether any indications of impairment existed. As a result, the Group identified indications of impairment for certain asset groups in the Communications Solutions business and the Functional Products business (property, plant and equipment and intangible assets of ¥4,098 million). Based on assumptions regarding future demand trends, production plans, and other factors, the Group recognized impairment losses, as described in "*Notes to consolidated statements of income*, *9. Impairment losses," for asset groups for which the total amount of undiscounted future cash flows expected to be generated from the asset groups fell below their carrying amounts, as well as for asset groups other than those described above.

The total undiscounted future cash flows are estimated with major assumptions including sales volume, unit sales prices, market forecasts, and disposal value of the non-current assets at some future point in time, all of which are the basis for the business plan, together with market trends, the Group's recent business performance, and other factors. If uncertain future changes in economic conditions cause the demand forecast to deviate, necessitating business plans and disposal value of the non-current assets to be revised, an impairment loss may be recognized in the next fiscal year.

3. Provision for product warranties

(i) Amount recorded in the consolidated financial statements as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Provision for product warranties	¥ 9,692	¥ 6,321

(ii) Details of significant accounting estimates of recognized items

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs. The main components include a provision for vehicle recalls and a provision related to a large electric power project.

Of the above, the provision for vehicle recalls is recognized based on the reasonably estimated loss to be incurred if the customer repairs a malfunction of the vehicle in which some parts manufactured by the Company’s consolidated subsidiaries in the past are used.

This amount is calculated by multiplying each of the following factors:

(a) Number of target vehicles

(b) Repair costs per unit

(c) Expected rate of market recovery measures (recall)

(d) Repair cost sharing ratio with customers

Items (b) and (c) are estimated based on past recall results and Item (d) is estimated based on the status of negotiations with customers. These estimates contain uncertainty, and as a result of the situation changes, an additional or reversal of provision may be required.

In addition, the provision related to the large electric power project has been recorded based on the estimated future expenditures following an agreement between our subsidiary and the customer. This agreement was reached as a result of continuous discussions regarding defects identified in the large electric power project, which was delivered by the Company through its subsidiary in the past. Under the agreement, the Group will replace the cables used in the project and bear a portion of the associated costs. The amount of the estimated future expenditures is estimated by calculating the estimated total cost based on the specifications and construction requirements instructed by the customer, and deducting the portion to be borne by the customer.

It should be noted that there is a possibility that the provision may ultimately need to be increased or reversed due to weather conditions, unexpected changes in the construction scope, extension of the construction period, and fluctuations in material, subcontracting, and labor costs, as well as foreign exchange fluctuations and other factors.

Standards issued but not yet adopted

- Accounting Standard for Leases (ASBJ Statement No. 34 issued on September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33 issued on September 13, 2024), and other revisions to related accounting standards, implementation guidance, practical solutions, and transition policies.

(1) Overview

The standard and guidance, similar to international accounting standards, establish requirements such as the recognition of assets and liabilities for all leases by lessees.

(2) Scheduled date of adoption

The Group is scheduled to adopt the standard and guidance from the beginning of the fiscal year ending March 31, 2028.

(3) Impact of adoption of the accounting standard and guidance

The impact of the adoption is currently being evaluated in preparing these consolidated financial statements.

Changes in presentation

Consolidated balance sheets

“Deferred tax liabilities,” which was included in “Other” under “Non-current liabilities” in the previous fiscal year, is separately presented in the current fiscal year due to its increased materiality of the amount. To reflect this change in presentation, the consolidated balance sheet for the previous fiscal year has been reclassified. As a result, “Other” of ¥8,934 million under “Non-current liabilities” in the consolidated balance sheet as of March 31, 2025 (after the retrospective application pursuant to the finalization of provisional accounting treatment for a business combination) has been reclassified as “Deferred tax liabilities” of ¥3,828 million and “Other” of ¥5,106 million.

Consolidated statements of income

"Loss on sale of investment securities" under "Extraordinary losses," which was separately presented for the previous fiscal year, is included in "Other" in the current fiscal year due to its decreased materiality of the amount. On the other hand, "Provision of allowance for doubtful accounts," which was included in "Other" under "Extraordinary losses" in the previous fiscal year, is separately presented in the current fiscal year due to their increased materiality of the amount. To reflect these changes in presentation, the consolidated statement of income for the previous fiscal year has been reclassified. As a result, "Loss on sale of investment securities" of ¥2,601 million and "Other" of ¥1,746 million, which were presented under "Extraordinary losses" in the consolidated statement of income for the previous fiscal year, have been reclassified as "Provision of allowance for doubtful accounts" of ¥38 million and "Other" of ¥4,310 million.

Consolidated statements of cash flows

"Increase (decrease) in allowance for doubtful accounts," which was included in "Other" under "Cash flows from operating activities" in the previous fiscal year, is separately presented in the current fiscal year due to its increased materiality of the amount. To reflect this change in presentation, the consolidated statement of cash flows for the previous fiscal year has been reclassified. As a result, "Other" of ¥(2,537) million (after the retrospective application pursuant to the finalization of provisional accounting treatment for a business combination) presented under "Cash flows from operating activities" for the previous fiscal year have been reclassified as "Increase (decrease) in allowance for doubtful accounts" of ¥24 million and "Other, net" of ¥(2,561) million.

Additional information

1. Board Benefit Trust (BBT)

   Based upon a resolution of the 194th Annual Shareholders Meeting on June 27, 2016, the Company has introduced a Performance-Linked Stock Compensation System (Board Benefit Trust, hereafter the "BBT") to a part of remuneration for Directors (excluding Outside Directors), Corporate Vice Presidents other than Directors, and Senior Fellows (collectively "Directors, etc.") to have Directors, etc. contribute to higher corporate value on a medium- to long-term basis by making stronger linkage of their compensation to the Company's business performance.

   (1) Overview

   In accordance with the Stock Benefit Regulations for Directors, etc. (hereinafter, the "Regulation"), previously set out by the Company, points are granted to Directors, etc. during their term in office and the number of shares equivalent to the accumulated points that are granted at the time of their retirement, are provided after adjusting down points linked to the Company's business performance. If Directors, etc. who receive the benefits meet the requirements of the Regulation, money in an amount equivalent to a certain portion of those points granted to the Directors shall be provided to them instead of the Company's shares.

   The shares to be provided to Directors, etc. including the shares to be provided for their future services, have been acquired using monetary assets contributed previously by the Company to the BBT. Those shares are managed separately as an asset in BBT.

   (2) Accounting treatment

   The Gross method has been applied in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30 issued on March 26, 2015).

   (3) The Company's shares remaining in the BBT

   The Company's shares owned by the BBT are accounted for as treasury shares under net assets at the carrying amounts in the BBT (excluding acquisition-related costs). The book value and the number of treasury shares are ¥348 million and 124,300 shares as of March 31, 2025, and ¥1,436 million and 247,300 shares as of March 31, 2026.

2. Full transition to a defined contribution pension plan

   Effective March 1, 2026, the Company fully transitioned from its previous retirement benefit system, which consisted of a lump-sum retirement benefit plan, a defined benefit corporate pension plan, and a corporate-type defined contribution pension plan, to a corporate-type defined contribution pension plan.

   For the accounting treatment associated with this plan revision, the Company applied "Implementation Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1) and "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (PITF No. 2), and recognized ¥19,437 million in gain on revision of retirement benefit plan as extraordinary income in the current fiscal year.

3. Company split (simplified absorption-type split) associated with reorganization of the CATV business within Furukawa Electric Group

At a meeting of its Board of Directors held on March 19, 2026, the Company resolved to implement, effective October 1, 2026, a company split (the "Company Split"), where Miharu Communications Inc., a wholly owned subsidiary of the Company, ("Miharu Communications") will succeed the CATV business under Broadband Solutions business division of the Company (the "Split Business"), and to change the trade name of Miharu Communications to Furukawa Miharu Solutions Corporation.

(1) Overview of the transaction

(i) Names of the companies involved in the company split

Splitting company: Furukawa Electric Co., Ltd.
Succeeding company: Miharu Communications Inc.

(ii) Name and description of the business to be split

Name: CATV business
Description: Business related to sales, maintenance, and related construction of communication equipment, video equipment and systems for CATV

(iii) Effective date of the absorption-type split

October 1, 2026 (projected)

(iv) Legal form of the business combination

An absorption-type company split where the Company is the splitting company and Miharu Communications is the succeeding company (simplified absorption-type split from the perspective of the Company)

(v) Name of the company after the business combination

Furukawa Miharu Solutions Corporation (projected)

(vi) Purpose of the reorganization

In the CATV market, Furukawa Electric Group (the "Group") has been operating the business through two companies, namely, the Company and Miharu Communications, while facing such issues as overlap in functions and brand decentralization. By integrating the Split Business into Miharu Communications' existing business, the Group will eliminate the overlap/decentralization, increase the efficiency of business operations, and establish the structure to provide customers with necessary optical infrastructure on a one-stop basis. By the Company Split, Miharu Communications will develop a system to provide consistent service from design and construction to operation and maintenance, aiming at becoming a CATV system solution company that satisfies diverse needs of customers.

(2) Overview of accounting treatment

The transaction is planned to be accounted for as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

Notes to consolidated balance sheets

*1. Of notes and accounts receivable – trade, and contract assets, receivables and contract assets arising from contracts with customers as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Notes receivable – trade	¥ 20,326	¥ 26,685
Accounts receivable – trade	233,860	231,872
Contract assets	6,376	7,895

*2. Assets pledged as collateral and secured debt

Assets pledged as collateral as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Buildings and structures	¥ 209	¥ 263
Land	273	273
Total	¥ 482	¥ 536

Secured debt obligations as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Short-term borrowings	¥ 109	¥ 109
Long-term borrowings	449	339
Total	¥ 559	¥ 449

*3. Assets related to unconsolidated subsidiaries and associates as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Investment securities (equity securities)	¥ 40,096	¥ 65,104
Investments in capital	375	217

*4. Contract liabilities included in “Other” of current liabilities as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Contract liabilities	¥ 6,825	¥ 3,728

5. Contingent liabilities

(1) Guarantee obligations

The Group provides debt guarantees for borrowings and the like from financial institutions made by companies other than its consolidated subsidiaries. Contingent liabilities as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

2025			2026		
	Total amount guaranteed	Amount guaranteed by Furukawa Electric Group		Total amount guaranteed	Amount guaranteed by Furukawa Electric Group
VISCAS Corporation	¥ 1,135	¥ 1,135	VISCAS Corporation	¥ 1,127	¥ 1,127
Birla Furukawa Fibre Optics Private Ltd.	730	730	Birla Furukawa Fibre Optics Private Ltd.	797	797
Furukawa Sangyo Kaisha Philippines Inc.	164	164	Furukawa Sangyo Kaisha Philippines Inc.	319	319
Employee property accumulation housing loans, etc.	8	8	Shenyang Furukawa Cable Co., Ltd.	233	233
			Employee property accumulation housing loans, etc.	6	6
Total	¥ 2,039	¥ 2,039	Total	¥ 2,485	¥ 2,485

Note: The debt guarantees for VISCAS Corporation include guarantee obligations for bonds and the like related to construction, which were ¥1,135 million and ¥1,127 million as of March 31, 2025 and 2026, respectively.

(2) Repurchase obligation of the securitization of receivables as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Repurchase obligation of the securitization of receivables	¥ 6,013	¥ 4,430

Notes to consolidated statements of income

*1. Revenues from contracts with customers

Revenues from contracts with customers and other revenues are not separately presented under net sales. Revenues from contracts with customers are presented in “Notes to Consolidated Financial Statements, Revenue recognition, 1. Disaggregated information of revenues from contracts with customers for the fiscal years ended March 31, 2025 and 2026.”

*2. The amount of inventories held for normal sales that were written down due to a decrease in profitability for the fiscal years ended March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Cost of sales	¥ 342	¥ 1,696

*3. The main components of selling, general and administrative expenses and their amounts for the fiscal years ended March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Packing and transportation costs	¥ 23,404	¥ 22,952
Sales commissions	3,193	2,399
Salaries and allowances and welfare expenses	56,484	62,776
Retirement benefit expenses	1,490	1,725
Depreciation	5,602	5,754
Research and development costs	21,722	23,926

*4 Total research and development costs

Research and development costs included in general and administrative expenses and manufacturing costs for the fiscal years ended March 31, 2025 and 2026 were as follows:

(Millions of yen)

2025	2026
¥ 25,449	¥ 28,423

*5. Gain on share exchange

For the fiscal year ended March 31, 2025:

Gain on share exchange was recognized as a result of the share exchange becoming effective, in which Fuji Electric Co., Ltd. became a wholly owning parent company resulting from the share exchange and FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. became a wholly owned subsidiary company resulting from the share exchange.

*6. Gain on sale of investment securities

For the fiscal year ended March 31, 2025:

Mainly due to the sale of certain cross-held shares.

For the fiscal year ended March 31, 2026:

Mainly due to the sale of certain cross-held shares.

*7. Gain on revision of retirement benefit plan

For the fiscal year ended March 31, 2026:

Due to the Company’s full transition from its previous retirement benefit system, which consisted of a lump-sum retirement benefit plan, a defined benefit corporate pension plan, and a corporate-type defined contribution pension plan, to a corporate-type defined contribution pension plan.

*8. Insurance claim income

For the fiscal year ended March 31, 2025:

Due to insurance proceeds received in connection with a fire incident at one of the Company’s consolidated subsidiaries.

*9. Impairment losses

For the fiscal year ended March 31, 2025:

The Group recognized impairment losses of the following asset groups for the fiscal year ended March 31, 2025. The Group groups assets by company, business, or similar business unit that generate cash flows that are largely independent of those from other assets or groups of assets. Idle assets are grouped on an individual property basis.

(Millions of yen)

Location	Usage	Type of asset	Impairment loss
State of New York, USA	Operating assets of the Service and Development, etc. segment	Machinery and equipment, right-of use assets, and construction in progress	¥ 1,432
Fahs-Anjra Province, Kingdom of Morocco	Operating assets of the Infrastructure segment	Machinery and equipment, etc.	777
Other	Operating assets of the Electronics & Automotive Systems segment	Buildings and structures; machinery and equipment; and tools, furniture and fixtures; etc.	437

With respect to operating assets in the United States, the expected profitability initially assumed is no longer anticipated, resulting in a decline in recoverability. Accordingly, the carrying amounts have been written down to their recoverable amounts. The impairment losses consisted of ¥718 million for machinery and equipment, ¥371 million for right-of-use assets, and ¥342 million for construction in progress.

With respect to operating assets in the Kingdom of Morocco, the expected profitability initially assumed is no longer anticipated, resulting in a decline in recoverability. Accordingly, the carrying amounts have been written down to their recoverable amounts. The impairment losses consisted of ¥707 million for machinery and equipment and ¥70 million for other assets.

The recoverable amounts were mainly measured based on net selling prices, which were determined using appraised values and other relevant information.

For the fiscal year ended March 31, 2026:

The Group recognized impairment losses of the following asset groups for the fiscal year ended March 31, 2026. The Group groups assets by company, business, or similar business unit that generate cash flows that are largely independent of those from other assets or groups of assets. Idle assets are grouped on an individual property basis.

(Millions of yen)

Location	Usage	Type of asset	Impairment loss
Liaoning Province, PRC	Operating assets of the Infrastructure segment	Machinery and equipment	¥ 819
State of New York, USA	Operating assets of the Service and Development, etc. segment	Machinery and equipment, and right-of use assets	498
Other	Operating assets of the Electronics & Automotive Systems segment and the Infrastructure segment	Machinery and equipment, etc.	264

With respect to operating assets in the People’s Republic of China, the carrying amount of operating assets whose profitability had declined was reduced to the recoverable amount.

With respect to operating assets in the United States of America, the Group determined that operating results had been continuously negative and that it was unlikely that the full carrying amount would be recovered through future cash flows. Accordingly, the carrying amount was reduced to the recoverable amount. The breakdown is ¥252 million for right-of-use assets and ¥245 million for machinery and equipment.

The recoverable amounts were mainly measured based on net selling prices, which were determined using appraised values and other relevant information.

*10. Provision of allowance for doubtful accounts

For the fiscal year ended March 31, 2026:

Due to the recording of an allowance for loans to Shenyang Furukawa Cable Co., Ltd., which had been a consolidated subsidiary of the Company.

*11. Provision for product warranties

For the fiscal year ended March 31, 2025:

Mainly due to the following factors:

(i) An amount of ¥1,802 million was recorded to cover the costs of addressing defects found in certain product lots previously shipped by our consolidated subsidiary, The Furukawa Battery Co., Ltd.

(ii) A defect was identified in a large electric power project previously delivered by the Company through its subsidiary, and discussions had been ongoing with the customer. Recently, an agreement was reached between the subsidiary and the customer to replace the cables used in the project, with the subsidiary bearing a portion of the associated costs. As a result, a provision of ¥4,170 million was recorded for the estimated future costs.

Notes to consolidated statements of comprehensive income

*1. Reclassification adjustments relating to other comprehensive income for the fiscal years ended March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Valuation difference on available-for-sale securities:		
Amount arising during the year	¥ 25,867	¥ 27,459
Reclassification adjustments	(9,432)	(19,237)
Total	¥ 16,435	¥ 8,221
Deferred gains or losses on hedges:		
Amount arising during the year	¥ 1,706	¥ 7,246
Reclassification adjustments	–	(45)
Adjustments for amounts transferred to assets' acquisition costs	(3,270)	(5,423)
Total	¥ (1,564)	¥ 1,777
Foreign currency translation adjustment:		
Amount arising during the year	¥ 4,445	¥ 5,873
Reclassification adjustments	–	(3,378)
Total	¥ 4,445	¥ 2,494
Remeasurements of defined benefit plans:		
Amount arising during the year	¥ (2,756)	¥ 1,921
Reclassification adjustments	(66)	(3,958)
Total	¥ (2,822)	¥ (2,037)
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	¥ 4,658	¥ 1,936
Reclassification adjustments	(250)	0
Total	¥ 4,407	¥ 1,937
Subtotal before income taxes and tax effects	¥ 20,902	¥ 12,393
Income taxes and tax effects	(2,685)	(2,901)
Total other comprehensive income	¥ 18,216	¥ 9,491

*2. Income taxes and tax effects relating to other comprehensive income for the fiscal years ended March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Valuation difference on available-for-sale securities:		
Before income taxes and tax effects adjustment	¥ 16,435	¥ 8,221
Income taxes and tax effects	(4,084)	(3,257)
After income taxes and tax effects adjustment	¥ 12,350	¥ 4,964
Deferred gains (losses) on hedges:		
Before income taxes and tax effects adjustment	¥ (1,564)	¥ 1,777
Income taxes and tax effects	419	(543)
After income taxes and tax effects adjustment	¥ (1,144)	¥ 1,234
Foreign currency translation adjustment:		
Before income taxes and tax effects adjustment	¥ 4,445	¥ 2,494
After income taxes and tax effects adjustment	¥ 4,445	¥ 2,494
Remeasurements of defined benefit plans:		
Before income taxes and tax effects adjustment	¥ (2,822)	¥ (2,037)
Income taxes and tax effects	979	898
After income taxes and tax effects adjustment	¥ (1,843)	¥ (1,138)
Share of other comprehensive income of entities accounted for using equity method:		
Before income taxes and tax effects adjustment	¥ 4,407	¥ 1,937
After income taxes and tax effects adjustment	¥ 4,407	¥ 1,937
Total other comprehensive income		
Before income taxes and tax effects adjustment	¥ 20,902	¥ 12,393
Income taxes and tax effects	(2,685)	(2,901)
After income taxes and tax effects adjustment	¥ 18,216	¥ 9,491

Notes to consolidated statements of changes in equity

For the fiscal year ended March 31, 2025:

1. Shares issued

(Thousands of shares)

	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	70,666	–	–	70,666

2. Treasury shares

(Thousands of shares)

	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	208	0	15	193

Notes: 1. The increase of 0 thousand shares of common stock represents repurchases of 0 thousand shares through compulsory acquisition of odd-lot shares upon request and an increase of 0 thousand treasury shares (the Company's shares) held by YAMAKIN (Japan) Co., Ltd. that is attributable to the Company.
2. The decrease of 15 thousand shares of common stock represents a stock transfer from the Stock Benefit Trust (BBT) to eligible persons.
3. The number of treasury shares at end of the fiscal year includes 124 thousand shares of the Company held in Board Benefit Trust (BBT).

3. Share acquisition rights
Not applicable.

4. Dividends
(1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 26, 2024	Common stock	¥4,236	¥60.00	March 31, 2024	June 27, 2024

Note: The total amount of dividends resolved at the Annual Shareholders Meeting held on June 26, 2024 includes dividends of ¥8 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Scheduled resolution	Type of shares	Funds for dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 25, 2025	Common stock	Retained earnings	¥8,473	¥120.00	March 31, 2025	June 26, 2025

Note: The total amount of dividends resolved at the Annual Shareholders Meeting held on June 25, 2025 includes dividends of ¥14 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

For the fiscal year ended March 31, 2026:

1. Shares issued

(Thousands of shares)

	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	70,666	–	–	70,666

2. Treasury shares

(Thousands of shares)

	Number of shares at beginning of year	Increase	Decrease	Number of shares at end of year
Common stock	193	125	1	317

Notes: 1. The increase of 125 thousand shares of common stock represents repurchases of 0 thousand shares through compulsory acquisition of odd-lot shares upon request, an increase of 0 thousand treasury shares (the Company's shares) held by YAMAKIN (Japan) Co., Ltd. that is attributable to the Company, and an increase of 124 thousand shares due to share purchase by the Board Benefit Trust (BBT).
2. The decrease of 1 thousand shares of common stock represents a stock transfer from the Stock Benefit Trust (BBT) to eligible persons.
3. The number of treasury shares at end of the fiscal year includes 247 thousand shares of the Company held in Board Benefit Trust (BBT).

3. Share acquisition rights
Not applicable.

4. Dividends
(1) Dividend payment

Resolution	Type of shares	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting held on June 25, 2025	Common stock	¥8,473	¥120.00	March 31, 2025	June 26, 2025

Note: The total amount of dividends resolved at the Annual Shareholders Meeting held on June 25, 2025 includes dividends of ¥14 million paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

(2) Dividends with a record date in the current fiscal year, but an effective date in the following fiscal year

Scheduled resolution	Type of shares	Funds for dividends	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Annual Shareholders Meeting to be held on June 26, 2026	Common stock	Retained earnings	¥14,829	¥210.00	March 31, 2026	June 29, 2026

Note: The total amount of dividends to be resolved at the Annual Shareholders Meeting to be held on June 26, 2026 includes dividends of ¥51 million to be paid for the Company's shares held by the trust account for the Board Benefit Trust (BBT).

Notes to consolidated statements of cash flows

*1. The reconciliation of ending balance of cash and cash equivalents with account balances per consolidated balance sheets as of March 31, 2025 and 2026 is as follows:

				(Millions of yen)
		2025		2026
Cash and bank deposits	¥	59,967	¥	69,150
Time deposits with an original maturity of more than 3 months		(688)		(498)
Securities		6,813		1,822
Cash and cash equivalents	¥	66,092	¥	70,474

*2. Breakdown of the assets and liabilities of the companies newly included in the scope of consolidation due to share acquisition

For the fiscal year ended March 31, 2025:

The following is a breakdown of the assets and liabilities at the time of consolidation resulting from the inclusion of Hakusan Inc. in the scope of consolidation due to the acquisition of its shares, as well as the relationship between the acquisition cost of the shares and net expenditures for acquisition.

		(Millions of yen)
Current assets	¥	4,093
Non-current assets		2,966
Goodwill		557
Current liabilities		(1,043)
Non-current liabilities		(1,477)
Non-controlling interests		(1,493)
Acquisition cost of shares	¥	3,603
Cash and cash equivalents		(2,054)
Net expenditures for acquisition	¥	1,548

Note: As described in "*Finalization of provisional accounting treatment for a business combination*" under "Notes to Consolidated Financial Statements, *Business combinations*," during the current fiscal year, the Group finalized the provisional accounting treatment for a business combination. Accordingly, the amounts for the previous fiscal year are presented after reflecting significant revisions to the allocation of acquisition cost resulting from the finalization of the provisional accounting treatment.

For the fiscal year ended March 31, 2026:

(1) The following is a breakdown of the assets and liabilities at the time of consolidation resulting from the inclusion of Furukawa FITEL Optical Components Co., Ltd. and its subsidiaries, Furukawa FITEL Optical Components America, Inc., Furukawa FITEL Optical Components Italy S.p.A., and Furukawa FITEL Optical Components Thailand Ltd., in the scope of consolidation due to the acquisition of shares, as well as the relationship between the acquisition cost of the shares and net expenditures for acquisition.

		(Millions of yen)
Current assets	¥	8,393
Non-current assets		1,771
Goodwill		897
Current liabilities		(4,804)
Non-current liabilities		(298)
Acquisition cost of shares	¥	5,959
Cash and cash equivalents		(1,134)
Net expenditures for acquisition	¥	4,824

(2) The following is a breakdown of the assets and liabilities at the time of consolidation resulting from the inclusion of Furukawa Electric Submarine Cable Co., Ltd. in the scope of consolidation due to the acquisition of its shares, as well as the relationship between the acquisition cost of the shares and net expenditures for acquisition.

	(Millions of yen)	
Current assets	¥	18
Non-current assets		2,214
Goodwill		1,311
Current liabilities		–
Non-current liabilities		(1,335)
Acquisition cost of shares	¥	2,207
Cash and cash equivalents		(18)
Net expenditures for acquisition	¥	2,189

*3. Breakdown of the assets and liabilities of the companies excluded from the scope of consolidation due to sale of shares

For the fiscal year ended March 31, 2026:

(1) The following is a breakdown of the assets and liabilities at the time of sale resulting from the exclusion of The Furukawa Battery Co., Ltd. and its subsidiaries, Honda Denki Co., Ltd., SIAM FURUKAWA CO., LTD., SIAM FURUKAWA TRADING CO., LTD., and PT. FURUKAWA INDOMOBIL BATTERY MANUFACTURING, from the scope of consolidation due to the sale of shares, as well as the relationship between the selling price of the shares and the net proceeds from sale.

	(Millions of yen)	
Current assets	¥	42,602
Non-current assets		29,951
Current liabilities		(18,590)
Non-current liabilities		(33,914)
Foreign currency translation adjustment		(2,490)
Valuation difference on available-for-sale securities		(206)
Deferred gains or losses on hedges		(32)
Remeasurements of defined benefit plans, net of tax		(1)
Non-controlling interests		(17,320)
Acquisition of common stock of Sustainable Battery Holdings, Inc.	¥	(5,999)
Cash and cash equivalents		(12,130)
Net proceeds from sale	¥	(18,130)

(2) The following is a breakdown of the assets and liabilities at the time of sale resulting from the exclusion of Shenyang Furukawa Cable Co., Ltd. from the scope of consolidation due to the sale of its shares, as well as the relationship between the selling price of the shares and the expenditures for sale.

	(Millions of yen)	
Current assets	¥	21,920
Non-current assets		1,384
Current liabilities		(23,756)
Non-current liabilities		(62)
Foreign currency translation adjustment		49
Gain on sale of shares of subsidiaries and associates		695
Selling price of shares	¥	231
Cash and cash equivalents		(6,154)
Net proceeds from sale	¥	(5,922)

Leases

1. Finance leases

   Finance lease transactions that do not transfer ownership:

   (i) Leased assets

   Property, plant and equipment (mainly machinery, equipment and vehicles)

   (ii) Depreciation method of leased assets

   Leased assets in finance lease transactions that do not transfer ownership are depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

2. Operating leases

   Future lease payments under non-cancellable operating leases:

(Millions of yen)

	2025	2026
Due within one year	¥ 1,369	¥ 1,406
Due after one year	7,828	7,104
Total	¥ 9,198	¥ 8,510

Notes: 1. Since the foreign subsidiaries comply with International Financial Reporting Standards (IFRS) apply IFRS 16 *Leases*, operating leases are presented in "Right-of-use assets" of "Non-current assets" in the consolidated balance sheets.

2. Since the foreign subsidiaries that comply with U.S. GAAP apply ASU No. 2016-02 *Leases*, operating leases are presented in "Right-of-use assets" of "Non-current assets" in the consolidated balance sheets.

3. The above future lease payments include amounts equivalent to the stipulated damages.

Financial instruments

1. Status of financial instruments

   (1) Policy on financial instruments

   The Group has basic policy of safe fund management with no loss of principal. The necessary fund is obtained through borrowings from banks and other financial institutions and issuances of commercial papers and corporate bonds. The Group shall not enter into derivative transactions for speculative purposes.

   (2) Nature and risk of financial instruments and risk management system

   Notes and accounts receivable - trade arising from operations are exposed to credit risk of customers. The Group carries out the practice of keeping track of due dates and outstanding balances of each customer under the credit management rules, as well as monitoring major customers' credit status on a regular basis in order to minimize credit risk.

   Marketable securities and investment securities are mainly equity securities and exposed to the risk of changes in market price. These securities are primarily the shares of companies with which the Group has business relationship, and the fair value of these securities are evaluated on a regular basis.

   Trade notes and accounts payable arising from operations normally have payment terms of less than one year.

   Short-term and long-term borrowings, commercial paper, and bonds payable are mainly utilized for working and capital investments. The interest rate risk of a certain portion of those borrowings is hedged using interest rate swaps as hedging instruments.

   Derivative transactions include foreign exchange forward contracts used to hedge foreign currency risk associated with trade receivables and payables denominated in foreign currency, interest rate swaps used to hedge interest rate risk associated with borrowings, metal forward contracts used to hedge price fluctuation risk of raw materials and work in process. Details of hedge accounting, including hedging instruments and hedged items, hedging policy, and effectiveness of hedge transactions are explained in "5. Accounting policies, (8) Hedge accounting" above. Execution and management of derivative transactions are subject to related internal rules.

   Although trade payables and borrowings are exposed to liquidity risk, they are managed by such means as cash flow projections prepared in a timely manner.

   (3) Supplementary information on the fair value of financial instruments

   The estimated fair values of financial instruments would not be fixed due to variety of factors and assumptions. In addition, the contractual amounts of the derivative transactions set out in the notes to "Derivatives" are not in themselves an indicator of the market risk associated with derivative transactions.

2. Fair value of financial instruments

Carrying amount and fair value of financial instruments and their difference as of March 31, 2025 and 2026 were as follows:

As of March 31, 2025

(Millions of yen)

	2025					
	Carrying amount (*3)		Fair value (*3)		Difference	
(1) Marketable securities and investment securities						
(i) Held-to-maturity debt securities	¥	6,813	¥	6,813	¥	–
(ii) Available-for-sale securities		51,472		51,472		–
(iii) Shares of unconsolidated subsidiaries and associates		29,612		134,584		104,972
Total assets	¥	87,899	¥	192,871	¥	104,972
(1) Bonds payable	¥	(40,000)	¥	(38,360)	¥	1,639
(2) Long-term borrowings		(111,354)		(108,767)		2,586
Total liabilities	¥	(151,354)	¥	(147,128)	¥	4,226
Derivative transactions (*4)						
(i) Derivative transactions to which hedge accounting is not applied	¥	(102)	¥	(102)	¥	–
(ii) Derivative transactions to which hedge accounting is applied		822		822		–
Total derivative transactions	¥	720	¥	720	¥	–

(*1) "Cash" is omitted because its fair value is always equal to the carrying amount, and "Deposits," "Notes and accounts receivable – trade," "Notes and accounts payable – trade," "Short-term borrowings," "Commercial papers," and "Income taxes payable" are also omitted because they are settled in a short period of time and their fair values approximate their carrying amounts.

(*2) Equity securities, etc. that do not have a quoted market price in an active market are not included in (1) Marketable securities and investment securities. The carrying amounts of such equity instruments were as follows:

(Millions of yen)

	2025	
Unlisted equity securities	¥	16,786
Investments in capital		465

(*3) Carrying amounts and fair values of items reported in liabilities are shown in parentheses.

(*4) Receivables and payables arising from derivative transactions are shown in net amounts, and those with negative net totals are shown in parentheses.

(*5) Investments in associations and equivalent entities in which the Group has a net equity interest on the consolidated balance sheets are not included in (1) Marketable securities and investment securities in accordance with the treatment prescribed in paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021). The amount of such investments in the consolidated balance sheet was ¥922 million.

As of March 31, 2026

(Millions of yen)

	2026		
	Carrying amount (*3)	Fair value (*3)	Difference
(1) Marketable securities and investment securities			
(i) Held-to-maturity debt securities	¥ 1,822	¥ 1,822	¥ –
(ii) Available-for-sale securities	71,986	71,986	–
(iii) Shares of unconsolidated subsidiaries and associates	40,679	575,470	534,790
Total assets	¥ 114,488	¥ 649,279	¥ 534,790
(1) Bonds payable (*4)	¥ (40,000)	¥ (38,212)	¥ 1,787
(2) Long-term borrowings	(112,257)	(108,262)	3,994
Total liabilities	¥ (152,257)	¥ (146,475)	¥ 5,781
Derivative transactions (*5)			
(i) Derivative transactions to which hedge accounting is not applied	¥ (573)	¥ (573)	¥ –
(ii) Derivative transactions to which hedge accounting is applied	2,550	2,550	–
Total derivative transactions	¥ 1,977	¥ 1,977	¥ –

(*1) "Cash" is omitted because its fair value is always equal to the carrying amount, and "Deposits," "Notes and accounts receivable – trade," "Notes and accounts payable – trade," "Short-term borrowings," "Commercial papers," and "Income taxes payable" are also omitted because they are settled in a short period of time and their fair values approximate their carrying amounts.

(*2) Equity securities, etc. that do not have a quoted market price in an active market are not included in (1) Marketable securities and investment securities. The carrying amounts of such equity instruments were as follows:

(Millions of yen)

	2026
Unlisted equity securities	¥ 29,593
Investments in capital	377

(*3) Carrying amounts and fair values of items reported in liabilities are shown in parentheses.

(*4) Carrying amounts and fair values include the current portion of bonds payable.

(*5) Receivables and payables arising from derivative transactions are shown in net amounts, and those with negative net totals are shown in parentheses.

(*6) Investments in associations and equivalent entities in which the Group has a net equity interest on the consolidated balance sheets are not included in (1) Marketable securities and investment securities in accordance with the treatment prescribed in paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31 issued on June 17, 2021). The amount of such investments in the consolidated balance sheet was ¥3,219 million.

Note 1: Redemption schedule of monetary receivables and securities with contractual maturities after the consolidated balance sheet date as of March 31, 2025 and 2026 is as follows:

As of March 31, 2025

(Millions of yen)

	2025			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Deposits	¥ 55,470	¥ –	¥ –	¥ –
Notes and accounts receivable – trade	254,189	–	–	–
Marketable securities and investment securities				
Government bonds, municipal bonds and other	6,813	–	–	–
Corporate bonds	–	–	–	–
Total	¥ 316,473	¥ –	¥ –	¥ –

As of March 31, 2026

(Millions of yen)

	2026			
	Within 1 year	Over 1 year to 5 years	Over 5 years to 10 years	Over 10 years
Deposits	¥ 63,912	¥ –	¥ –	¥ –
Notes and accounts receivable - trade	258,563	–	–	–
Marketable securities and investment securities				
Government bonds, municipal bonds and other	–	–	–	–
Corporate bonds	1,822	–	–	–
Total	¥ 324,297	¥ –	¥ –	¥ –

Note 2: Repayment schedule of commercial papers, bonds payable, long-term borrowings, etc. after the consolidated balance sheet date as of March 31, 2025 and 2026 is as follows:

As of March 31, 2025

(Millions of yen)

	2025					
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Commercial papers	¥ 1,500	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	–	10,000	10,000	–	10,000	10,000
Long-term borrowings	–	23,382	18,289	26,189	22,683	20,809
Lease obligations	143	123	106	86	73	121
Lease liabilities	2,867	2,401	1,698	1,354	1,338	5,175
Total	¥ 4,510	¥ 35,907	¥ 30,094	¥ 27,631	¥ 34,095	¥ 36,105

As of March 31, 2026

(Millions of yen)

	2026					
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years
Commercial papers	¥ 15,000	¥ –	¥ –	¥ –	¥ –	¥ –
Bonds payable	10,000	10,000	–	10,000	–	10,000
Long-term borrowings	–	20,298	27,889	24,683	28,809	10,576
Lease obligations	138	126	103	89	76	577
Lease liabilities	3,251	2,534	1,799	1,761	1,042	4,590
Total	¥ 28,389	¥ 32,958	¥ 29,793	¥ 36,534	¥ 29,927	¥ 25,744

3. Financial Instruments categorized by fair value hierarchy

The fair value of financial instruments is categorized into the following three levels, depending on the observability and significance of the inputs for measuring fair value:

Level 1 fair value:	Fair value determined by using quoted prices (unadjusted) in active markets for identical assets or liabilities as the inputs for measuring observable fair value
Level 2 fair value:	Fair value determined by using inputs for measuring observable fair value other than Level 1 inputs
Level 3 fair value:	Fair values determined by using inputs for measuring unobservable fair value

If multiple inputs are used that have a significant impact on the measurement of fair value, the fair value is categorized at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

(1) Financial assets and liabilities measured at fair value as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities:				
Available-for-sale securities:				
Equity securities	¥ 51,472	¥ –	¥ –	¥ 51,472
Derivative transactions:				
Currency	–	432	–	432
Commodity	–	650	–	650
Equity securities	–	–	–	–
Total assets	¥ 51,472	¥ 1,083	¥ –	¥ 52,555
Derivative transactions:				
Currency	¥ –	¥ (260)	¥ –	¥ (260)
Commodity	–	(102)	–	(102)
Total liabilities	¥ –	¥ (362)	¥ –	¥ (362)

(*) Items reported in liabilities are shown in parentheses.

As of March 31, 2026

(Millions of yen)

	2026			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities:				
Available-for-sale securities:				
Equity securities	¥ 71,986	¥ –	¥ –	¥ 71,986
Derivative transactions:				
Currency	–	65	–	65
Commodity	–	3,757	–	3,757
Equity securities	–	–	375	375
Total assets	¥ 71,986	¥ 3,822	¥ 375	¥ 76,185
Derivative transactions:				
Currency	¥ –	¥ (2,083)	¥ –	¥ (2,083)
Commodity	–	(136)	–	(136)
Total liabilities	¥ –	¥ (2,220)	¥ –	¥ (2,220)

(*) Items reported in liabilities are shown in parentheses.

(2) Financial assets and liabilities not measured at fair value as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities:				
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ –	¥ 6,813	¥ –	¥ 6,813
Corporate bonds	–	–	–	–
Shares of unconsolidated subsidiaries and associates	134,584	–	–	134,584
Total assets	¥ 134,584	¥ 6,813	¥ –	¥ 141,398
Bonds payable	¥ –	¥ (38,360)	¥ –	¥ (38,360)
Long-term borrowings(*2)	–	(108,767)	–	(108,767)
Total liabilities	¥ –	¥ (147,128)	¥ –	¥ (147,128)

(*1) Fair values of items reported in liabilities are shown in parentheses.

(*2) For interest rate swaps accounted for under the special treatment, such derivatives are treated as being integrated with long-term borrowings as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding long-term borrowings.

As of March 31, 2026

(Millions of yen)

	2026			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities:				
Held-to-maturity debt securities:				
Government bonds, municipal bonds and other	¥ –	¥ –	¥ –	¥ –
Corporate bonds	–	1,822	–	1,822
Shares of unconsolidated subsidiaries and associates	575,470	–	–	575,470
Total assets	¥ 575,470	¥ 1,822	¥ –	¥ 577,292
Bonds payable	¥ –	¥ (38,212)	¥ –	¥ (38,212)
Long-term borrowings(*2)	–	(108,262)	–	(108,262)
Total liabilities	¥ –	¥ (146,475)	¥ –	¥ (146,475)

(*1) Fair values of items reported in liabilities are shown in parentheses.

(*2) For interest rate swaps accounted for under the special treatment, such derivatives are treated as being integrated with long-term borrowings as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding long-term borrowings.

Notes: 1. A description of the valuation techniques and inputs used in the fair value measurements:

Marketable securities and investment securities

The fair values of listed equity securities are measured at the quoted market prices. Since listed equity securities are traded in active markets, the fair values of listed equity securities are categorized as Level 1. As the municipal bonds and corporate bonds are not considered to be in active markets due to low market transactions, the fair values of municipal bonds and corporate bonds are measured by using discounted present value techniques considering observable inputs such as interest rates, and categorized as Level 2.

Derivatives

The fair values of interest rate swaps, foreign currency forward contracts, foreign currency swaps, and commodity forward contracts are measured by using prices quoted by counterparty financial institutions and brokers, and are categorized as Level 2.

Bonds payable

Bonds issued by the Company are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

Long-term borrowings

The fair values of long-term borrowing are measured by using discounted present value techniques considering assumptions including expected future cash flows and discount rates taking into account maturity and credit risk, and are categorized as Level 2.

2. Information on level 3 fair values of financial assets and financial liabilities measured at fair value in the consolidated balance sheet

Disclosure is omitted because financial instruments classified as level 3 are immaterial.

Securities

1. Held-to-maturity debt securities as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025			
	Class	Carrying amount	Fair value	Difference
Securities whose fair value does not exceed the carrying amount	Government bonds, municipal bonds and other	¥ 6,813	¥ 6,813	¥ –
	Corporate bonds	–	–	–
Total		¥ 6,813	¥ 6,813	¥ –

As of March 31, 2026

(Millions of yen)

	2026			
	Class	Carrying amount	Fair value	Difference
Securities whose fair value does not exceed the carrying amount	Government bonds, municipal bonds and other	¥ –	¥ –	¥ –
	Corporate bonds	1,822	1,822	–
Total		¥ 1,822	¥ 1,822	¥ –

2. Available-for-sale securities as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025			
	Class	Carrying amount	Cost	Difference
Securities whose carrying amount exceeds the cost	Equity securities	¥ 51,368	¥ 18,726	¥ 32,641
Securities whose carrying amount does not exceed the cost	Equity securities	104	¥ 165	(61)
Total		¥ 51,472	¥ 18,892	¥ 32,580

As of March 31, 2026

(Millions of yen)

	2026			
	Class	Carrying amount	Cost	Difference
Securities whose carrying amount exceeds the cost	Equity securities	¥ 66,708	¥ 25,661	¥ 41,047
Securities whose carrying amount does not exceed the cost	Equity securities	5,277	¥ 6,639	(1,361)
Total		¥ 71,986	¥ 32,300	¥ 39,686

3. Securities sold during the fiscal years ended March 31, 2025 and 2026

For the fiscal year ended March 31, 2025

(Millions of yen)

	2025		
Class	Selling price	Gross realized gain	Gross realized loss
Equity securities	¥ 29,042	¥ 10,166	¥ (678)
Total	¥ 29,042	¥ 10,166	¥ (678)

For the fiscal year ended March 31, 2026

(Millions of yen)

	2026		
Class	Selling price	Gross realized gain	Gross realized loss
Equity securities	¥ 27,104	¥ 19,294	¥ –
Total	¥ 27,104	¥ 19,294	¥ –

4. Securities for which impairment losses were recognized

In the fiscal year ended March 31, 2025, impairment losses of ¥380 million were recognized for securities (¥380 million for equity securities classified as investment securities).

In the fiscal year ended March 31, 2026, impairment losses of ¥457 million were recognized for securities (¥457 million for equity securities classified as investment securities).

Derivatives

1. Derivative transactions to which hedge accounting is not applied
   (1) Foreign currency related transactions as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions:				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	¥ 28,437	¥ –	¥ (40)	¥ (40)
Japanese yen	2,397	–	(21)	(21)
Euro	3,692	–	(19)	(19)
Taiwan dollar	6,374	–	(9)	(9)
Indonesian rupiah	3,636	–	94	94
Thai baht	1,198	–	3	3
Chinese yuan	5,837	–	2	2
Other	782	–	6	6
Buy:				
U.S. dollar	3,608	–	(36)	(36)
Thai baht	117	–	(1)	(1)
Other	227	–	(2)	(2)
Currency Swaps:				
Receiving yen, paying Philippine peso	867	–	(62)	(62)
Total	¥ 57,178	¥ –	¥ (87)	¥ (87)

As of March 31, 2026

(Millions of yen)

	2026			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions:				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	¥ 30,557	¥ 20	¥ (823)	¥ (823)
Japanese yen	3,834	–	10	10
Euro	4,972	–	(130)	(130)
Taiwan dollar	6,922	–	13	13
Indonesian rupiah	2,927	–	23	23
Thai baht	3,897	–	(165)	(165)
Chinese yuan	866	–	(96)	(96)
Other	771	–	(6)	(6)
Buy:				
U.S. dollar	10,065	–	114	114
Thai baht	1,357	–	(0)	(0)
Other	789	–	(0)	(0)
Currency Swaps:				
Receiving yen, paying Philippine peso	–	–	–	–
Total	¥ 66,961	¥ 20	¥ (1,061)	¥ (1,061)

Note: Thai baht, which was included in “Other” under “Buy” in the previous fiscal year, is presented separately from the current fiscal year due to its increased materiality of the amount. As a result, “Other” under “Buy” in the previous fiscal year has been reclassified and presented as “Thai baht” and “Other.”

(2) Commodity related transactions as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Market transactions:				
Forward contracts:				
Sell	¥ 10,451	¥ –	¥ 76	¥ 76
Buy	5,439	–	(91)	(91)
Total	¥ 15,891	¥ –	¥ (14)	¥ (14)

As of March 31, 2026

(Millions of yen)

	2026			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Market transactions:				
Forward contracts:				
Sell	¥ 17,871	¥ –	¥ 59	¥ 59
Buy	9,371	14	53	53
Total	¥ 27,242	¥ 14	¥ 113	¥ 113

(3) Equity securities related transactions as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions:				
Stock options:				
Sell	¥ –	¥ –	¥ –	¥ –
Total	¥ –	¥ –	¥ –	¥ –

As of March 31, 2026

(Millions of yen)

	2026			
	Notional amount	Portion over 1 year	Fair value	Unrealized gain (loss)
Off-market transactions:				
Stock options:				
Sell	¥ 319	¥ 319	¥ 375	¥ 375
Total	¥ 319	¥ 319	¥ 375	¥ 375

2. Derivative transactions to which hedge accounting is applied

(1) Foreign currency related transactions as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	Hedged items	2025 Notional amount	2025 Portion over 1 year	2025 Fair value
Normal accounting method:				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables (Forecast transactions)	¥ 14,556	¥ 481	¥ 41
Euro	Trade receivables (Forecast transactions)	149	–	(0)
Chinese yuan	Trade receivables (Forecast transactions)	174	–	(0)
Japanese yen	Trade receivables (Forecast transactions)	43	–	(0)
Other	Trade receivables (Forecast transactions)	109	–	(0)
Buy:				
U.S. dollar	Trade payables (Forecast transactions)	5,438	102	194
Philippine peso	Trade payables (Forecast transactions)	2,012	–	(26)
U.K. pound	Trade payables (Forecast transactions)	2,004	870	53
Japanese yen	Trade payables (Forecast transactions)	7,687	–	(3)
Other	Trade payables (Forecast transactions)	151	–	(0)
Assignment accounting (special treatment for foreign exchange forward contracts):				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables	2,847	–	
Chinese yuan	Trade receivables	–	–	
Other	Trade receivables	36	–	
Buy:				(Note)
U.S. dollar	Trade payables	239	–	
Chinese yuan	Short-term loans receivable	–	–	
Other	Trade payables	109	–	
Total		¥ 35,560	¥ 1,453	¥ 259

Note: For forward exchange contracts, etc. accounted for under the assignment accounting (special treatment for foreign exchange forward contracts), such derivatives are treated as being integrated with trade receivables, trade payables, etc. as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding trade receivables, trade payables, etc.

As of March 31, 2026

(Millions of yen)

		2026		
	Hedged items	Notional amount	Portion over 1 year	Fair value
Normal accounting method:				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables (Forecast transactions)	¥ 16,297	¥ –	¥ (863)
Euro	Trade receivables (Forecast transactions)	138	–	(0)
Chinese yuan	Trade receivables (Forecast transactions)	370	–	(1)
Japanese yen	Trade receivables (Forecast transactions)	258	–	0
Other	Trade receivables (Forecast transactions)	29	–	(0)
Buy:				
U.S. dollar	Trade payables (Forecast transactions)	9,413	628	(173)
Philippine peso	Trade payables (Forecast transactions)	2,108	–	(42)
U.K. pound	Trade payables (Forecast transactions)	870	–	126
Japanese yen	Trade payables (Forecast transactions)	6,818	–	(0)
Other	Trade payables (Forecast transactions)	244	7	(0)
Assignment accounting (special treatment for foreign exchange forward contracts):				
Foreign currency forward contracts:				
Sell:				
U.S. dollar	Trade receivables	2,382	–	
Chinese yuan	Trade receivables	856	–	
Other	Trade receivables	153	–	
Buy:				(Note 1)
U.S. dollar	Trade payables	784	–	
Chinese yuan	Short-term loans receivable	6,233	–	
Other	Trade payables and accrued expenses	94	–	
Total		¥ 47,053	¥ 636	¥ (956)

Notes: 1. For forward exchange contracts, etc. accounted for under the assignment accounting (special treatment for foreign exchange forward contracts), such derivatives are treated as being integrated with trade receivables, trade payables, etc. as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding trade receivables, trade payables, etc.

2. “Thai baht” under “Sell” of “Normal accounting method,” which was separately presented in the previous fiscal year, is included in “Other” and presented in the current fiscal year due to its decreased materiality of the amount. As a result, “Thai baht” and “Other” under “Sell” of “Normal accounting method” in the previous fiscal year have been reclassified and presented as “Other.”

3. “Japanese yen,” which was included in “Other” under “Sell” of “Normal accounting method” in the previous fiscal year, is separately presented from the current fiscal year due to its increased materiality of the amount. As a result, “Other” under “Sell” of “Normal accounting method” in the previous fiscal year has been reclassified and presented as “Japanese yen” and “Other.”

(2) Interest rate related transactions as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

	2025		
Hedged items	Notional amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps			
Interest rate swap contracts:			
Paying fixed and receiving variable			
Long-term borrowings	¥ 6,000	¥ 6,000	(Note)

Note: For interest rate swaps accounted for under the special treatment, such derivatives are treated as being integrated with long-term borrowings as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding long-term borrowings.

As of March 31, 2026

(Millions of yen)

	2026		
Hedged items	Notional amount	Portion over 1 year	Fair value
Special treatment of interest rate swaps			
Interest rate swap contracts:			
Paying fixed and receiving variable			
Long-term borrowings	¥ 6,500	¥ 6,500	(Note)

Note: For interest rate swaps accounted for under the special treatment, such derivatives are treated as being integrated with long-term borrowings as hedged items. Accordingly, their fair value is presented as part of the fair value of the corresponding long-term borrowings.

(3) Commodity related transactions as of March 31, 2025 and 2026

As of March 31, 2025

(Millions of yen)

		2025		
	Hedged items	Notional amount	Portion over 1 year	Fair value
Normal accounting method:				
Metal forward contracts:				
Sell:	Raw materials and work in process	¥ 7,946	¥ –	¥ (248)
Buy:	Raw materials and work in process	26,399	1,093	811
	Total	¥ 34,345	¥ 1,093	¥ 563

As of March 31, 2026

(Millions of yen)

		2026		
	Hedged items	Notional amount	Portion over 1 year	Fair value
Normal accounting method:				
Metal forward contracts:				
Sell:	Raw materials and work in process	¥ 7,553	¥ 130	¥ (349)
Buy:	Raw materials and work in process	35,480	1,941	3,856
	Total	¥ 43,034	¥ 2,072	¥ 3,507

Retirement benefits

1. Overview of retirement benefit plans adopted by the Group

   The Company and its consolidated subsidiaries (collectively, the "Group") have funded and/or unfunded defined benefit pension plans and/or defined contribution plans. The defined benefit plans consist of Employees' Pension Fund Plan, defined benefit corporation pension plan and lump-sum payment plan. Effective March 1, 2026, the Company abolished its previous lump-sum retirement benefit plan and defined benefit corporate pension plan and transitioned to a corporate-type defined contribution pension plan.

   There are cases where additional retirement benefits are paid at the time of retirement of employees. Certain consolidated subsidiaries have joined multi-employer employees' pension fund. The plans, which are not possible to reasonably compute the amounts of plan assets corresponding to their own contribution amounts, are accounted for in the same way as the defined contribution plan.

   On the defined benefit pension plans and lump-sum payment plans of certain consolidated subsidiaries, retirement benefit liability and retirement benefit expenses are calculated by using the simplified method.

2. Defined benefit plans

   (1) Reconciliation of opening and ending balances of retirement benefit obligations (excluding plans using the simplified method) for the fiscal years ended March 31, 2025 and 2026

(Millions of yen)

	2025		2026	
Balance at beginning of year	¥	88,185	¥	86,511
Service cost		3,179		2,930
Interest cost		1,275		1,234
Actuarial gains and losses		(291)		2
Benefits paid		(5,826)		(6,979)
Net effect resulting from change in scope of consolidation		48		(2,253)
Transfer due to change from the principle method to the simplified method		–		(234)
Foreign currency translation adjustment		(59)		1,311
Decrease due to transition to a defined contribution pension plan		–		(49,220)
Balance at end of year	¥	86,511	¥	33,303

   (2) Reconciliation of opening and ending balances of plan assets (excluding plans using the simplified method) for the fiscal years ended March 31, 2025 and 2026

(Millions of yen)

	2025		2026	
Balance at beginning of year	¥	71,625	¥	68,860
Expected return on plan assets		1,880		2,713
Actuarial gains and losses		(2,848)		11,328
Contributions from the Company		1,829		1,025
Benefits paid		(3,425)		(3,473)
Foreign currency translation adjustment		(201)		1,284
Decrease due to transition to a defined contribution pension plan		–		(53,530)
Balance at end of year	¥	68,860	¥	28,208

   (3) Reconciliation of opening and ending balances of retirement benefit liability under the plans using a simplified method for the fiscal years ended March 31, 2025 and 2026

(Millions of yen)

	2025		2026	
Balance at beginning of year	¥	1,438	¥	1,982
Retirement benefit expenses		837		922
Benefits paid		(395)		(422)
Contributions to fund		(215)		(262)
Net effect resulting from change in scope of consolidation		117		(27)
Net effect resulting from business combinations		199		13
Transfer due to change from the principle method to the simplified method		–		234
Other		–		(6)
Balance at end of year	¥	1,982	¥	2,434

(4) Reconciliation of the ending balances of retirement benefit obligations and plan assets and defined benefit liability and asset recorded in the consolidated balance sheet as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Funded retirement benefit obligation	¥ 84,587	¥ 33,785
Plan assets	(72,949)	(32,317)
	11,637	1,468
Unfunded retirement benefit obligation	7,996	6,060
Net liability for defined benefit obligation	19,634	7,529
Retirement benefit liability	31,559	13,641
Retirement benefit asset	(11,924)	(6,112)
Net liability for defined benefit obligation	¥ 19,634	¥ 7,529

Note: The above items include plans to which the simplified method is applied.

(5) The components of retirement benefit expenses for the fiscal years ended March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Service cost	¥ 3,179	¥ 2,930
Interest cost	1,275	1,234
Expected return on plan assets	(1,880)	(2,713)
Amortization of actuarial gains and losses	(86)	(183)
Amortization of prior service cost	22	1
Retirement benefit expenses calculated on a simplified method	837	922
Total retirement benefit expenses	¥ 3,348	¥ 2,192
Gain or loss on transition to a defined contribution pension plan (Note)	¥ –	¥ 19,437

Note: Gain or loss on transition to a defined contribution pension plan was recognized as extraordinary income.

(6) Remeasurements of defined benefit plans under other comprehensive income

The components of remeasurements of defined benefit plans (before income taxes and tax effect) under other comprehensive income for the fiscal years ended March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Prior service cost	¥ 23	¥ 20
Actuarial gains and losses	(2,846)	(2,058)
Total retirement benefit expenses	¥ (2,822)	¥ (2,037)

Note: The amount of actuarial gains and losses in the current fiscal year includes reclassification adjustments associated with the transition to a defined contribution pension plan (actuarial gains and losses of ¥3,929 million).

(7) Remeasurements of defined benefit plans under accumulated other comprehensive income

The components of remeasurements of defined benefit plans (before income taxes and tax effect) under accumulated other comprehensive income as of March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Unrecognized prior service cost	¥ (279)	¥ (300)
Unrecognized actuarial gains and losses	(3,027)	(969)
Total	¥ (3,307)	¥ (1,269)

(8) Plan assets

(i) Major components of plan assets

The components of plan assets as of March 31, 2025 and 2026 were as follows:

	2025	2026
Equity securities	44 %	40 %
Debt securities	19 %	15 %
Assets in a life-insurer's general account	13 %	15 %
Cash and deposits	6 %	13 %
Other	18 %	18 %
Total	100 %	100 %

Note: Plan assets for the previous fiscal year included retirement benefit trust assets established for the corporate pension plan, which accounted for 18% of total plan assets.

(ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return, which are expected currently and in the future from the various components of the plan assets.

(9) Actuarial assumptions

Major actuarial assumptions used for the fiscal years ended March 31, 2025 and 2026 are as follows:

	2025	2026
Discount rate	0.4%–6.9%	0.6%–6.6%
Long-term expected rate of return on plan assets	1.0%–3.8%	1.0%–5.8%

3. Defined contribution plans

Required contributions for defined contribution plans (including multi-employer employees' pension fund plans that are accounted for in the same manner as a defined contribution plan) for the fiscal years ended March 31, 2025 and 2026 were ¥887 million and ¥1,175 million, respectively.

4. Other matters

The impact of the transition from the lump-sum retirement benefit plan and defined benefit corporate pension plan to the defined contribution pension plan in the current fiscal year was as follows.

(Millions of yen)

	2025	2026
Decrease in retirement benefit obligations	¥ –	¥ (49,220)
Decrease in plan assets	–	53,530
Subtotal	¥ –	¥ 4,309
Amount of unrecognized actuarial gains and losses recognized in profit or loss	–	15,127
Total	¥ –	¥ 19,437

5. Multi-employer plan

Amounts related to the multi-employer plan for which required contributions are accounted for as retirement benefit expenses are as follows.

(1) The funded status of the multi-employer plan as of March 31, 2025 and 2026, was as follows:

(Millions of yen)

	2025	2026
Plan assets	¥ 93,299	¥ 90,568
Sum of actuarial liabilities of pension plan and minimum actuarial reserve	86,171	82,652
Net balance	¥ 7,128	¥ 7,916

(2) The contribution ratio of the Group in the multi-employer plan for the fiscal years ended March 31, 2025 and 2026

	2025 (As of March 31, 2024)	2026 (As of March 31, 2025)
Contribution ratio of the Group in the multi-employer plan	0.7 %	0.8 %

(3) Supplementary explanation

The net balance in Item (1) above resulted mainly from past service cost under the plan in pension actuarial valuation and special reserve.

The ratios in Item (2) above do not represent the actual actuarial liability ratio of the Group.

Tax effect accounting

As described in "***Finalization of provisional accounting treatment for a business combination***" under "Notes to Consolidated Financial Statements, ***Business combinations***," during the current fiscal year, the Group finalized the provisional accounting treatment for a business combination. Accordingly, the amounts for the previous fiscal year are presented after reflecting significant revisions to the allocation of acquisition cost resulting from the finalization of the provisional accounting treatment.

1. Significant components of deferred tax assets and liabilities as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Deferred tax assets		
Retirement benefits liability	¥ 11,635	¥ 6,463
Provision for environmental measures	2,870	2,862
Unrealized profits on non-current assets	629	545
Tax loss carryforward (Note 2)	41,749	43,064
Excess amount over limitation of taxable provisions for bonuses	3,554	4,131
Accrued enterprise tax	698	664
Excess amount over limitation of non-current assets depreciation	5,145	5,309
Impairment losses	6,512	6,352
Loss on valuation of inventories	2,165	2,539
Unrealized profits on inventories	1,409	1,718
Retirement benefits for Directors and other officers	174	265
Loss on valuation of securities	1,068	1,400
Provision for product warranties	2,591	1,645
Other	19,443	21,154
Subtotal	¥ 99,649	¥ 98,118
Less valuation allowance for tax loss carryforward (Note 2)	¥ (38,788)	¥ (41,610)
Less valuation allowance for total of future deductible temporary differences, etc.	(32,185)	(33,646)
Total valuation allowance (Note 1)	¥ (70,973)	¥ (75,256)
Total deferred tax assets	¥ 28,675	¥ 22,861
Deferred tax liabilities		
Valuation difference on available-for-sale securities	¥ (8,965)	¥ (12,124)
Reserve for tax purpose reduction entry of non-current assets	(29)	(29)
Revaluation difference on non-current assets	(1,044)	(1,354)
Undistributed earnings of subsidiaries and associates	(9,598)	(12,219)
Deferred gains on hedges	(61)	(738)
Other	(6,191)	(7,684)
Total deferred tax liabilities	¥ (25,890)	¥ (34,150)
Deferred tax assets (liabilities), net	¥ 2,785	¥ (11,289)

Note 1: There were no material changes in the valuation allowance.

Note 2: Tax loss carryforward and the related deferred tax assets by time to expiration as of March 31, 2025 and 2026 were as follows:

As of March 31, 2025

(Millions of yen)

	2025						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforward (*1)	¥ 997	¥ 3,763	¥ 440	¥ 3,963	¥ 3,728	¥ 28,857	¥ 41,749
Less valuation allowance for tax loss carryforward	(633)	(3,299)	(257)	(3,333)	(3,259)	(28,004)	(38,788)
Deferred tax assets	364	463	182	629	468	852	(*2) 2,961

(*1) Tax loss carryforward is calculated by applying the effective statutory tax rate.

(*2) Net deferred tax assets of ¥2,961 million were recognized for tax loss carryforward of ¥41,749 million (calculated by applying the effective statutory tax rate). Valuation allowances have not been recognized for the part of the tax loss carryforward expected to be recoverable considering future taxable income. Assumptions for estimating future taxable income is stated in "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, *Significant accounting estimates*."

As of March 31, 2026

(Millions of yen)

	2026						
	Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforward (*1)	¥ 3,675	¥ 513	¥ 3,907	¥ 3,737	¥ 2,345	¥ 28,884	¥ 43,064
Less valuation allowance for tax loss carryforward	(3,412)	(513)	(3,555)	(3,700)	(2,309)	(28,118)	(41,610)
Deferred tax assets	263	–	352	36	36	765	(*2) 1,454

(*1) Tax loss carryforward is calculated by applying the effective statutory tax rate.

(*2) Net deferred tax assets of ¥1,454 million were recognized for tax loss carryforward of ¥43,064 million (calculated by applying the effective statutory tax rate). Valuation allowances have not been recognized for the part of the tax loss carryforward expected to be recoverable considering future taxable income. Assumptions for estimating future taxable income is stated in "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, *Significant accounting estimates.*"

2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect for the fiscal years ended March 31, 2025 and 2026

(%)

	2025	2026
Statutory effective tax rate	–	30.6
Adjustments:		
Expenses permanently non-deductible for income tax purposes (e.g. entertainment expenses)	–	0.8
Share of profits (losses) of investments accounted for using the equity method	–	(4.8)
Tax credits of experimentation and research expenses, etc.	–	(1.8)
Valuation allowance	–	3.7
Tax rate differences with foreign consolidated subsidiaries	–	(0.5)
Amortization of goodwill	–	0.1
Undistributed earnings of subsidiaries and associates	–	2.8
Unrecognized tax effects relating to unrealized profits	–	(0.0)
Consolidation adjustments relating to sale of businesses	–	(2.6)
Other	–	(0.6)
Actual effective tax rate after applying tax effect accounting	–	27.7

Note: For the fiscal year ended March 31, 2025, the difference between the statutory effective tax rate (30.6%) and the actual effective tax rate after applying tax effect accounting (31.0%) was 5% or less of the statutory effective tax rate, and therefore, the note for the reconciliation has been omitted.

3. Accounting for income taxes and local income taxes or the related tax effects
As the Company and some of its subsidiaries in Japan apply the group tax sharing system, they account for and disclose income taxes and local income taxes or the related tax effects in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42 issued on August 12, 2021).

Business combinations

Finalization of provisional accounting treatment for a business combination

With respect to the business combination with Hakusan Inc. conducted on January 30, 2025, provisional accounting treatment was applied in the previous fiscal year and was finalized in the current fiscal year.

In connection with the finalization of this provisional accounting treatment, significant revisions to the initial allocation of acquisition cost have been reflected in the comparative information included in the consolidated financial statements for the current fiscal year. As a result of the finalization of the accounting treatment, the amount of goodwill provisionally calculated at ¥1,497 million decreased by ¥940 million to ¥557 million. The decrease in goodwill was due to increases of ¥1,799 million in customer-related assets, ¥332 million in technology assets, ¥730 million in deferred tax liabilities, and ¥461 million in non-controlling interests.

In the consolidated balance sheet for the previous fiscal year, other under intangible assets increased by ¥2,032 million, other under non-current liabilities increased by ¥606 million, and non-controlling interests increased by ¥439 million, while goodwill decreased by ¥906 million, deferred tax assets decreased by ¥90 million, and retained earnings decreased by ¥9 million.

In the consolidated statement of income for the previous fiscal year, gross profit decreased by ¥98 million; operating profit, ordinary profit, and profit before income taxes each decreased by ¥64 million; profit decreased by ¥31 million; and profit attributable to owners of parent decreased by ¥9 million.

Goodwill is amortized over seven years, customer-related assets over five years, and technology assets over ten years, in each case on a straight-line basis.

Business combinations through acquisition

Acquisition of shares of Fujitsu Optical Components Limited

The Company resolved at the Board of Directors meeting held on December 12, 2024 to acquire all shares of Fujitsu Optical Components Limited (hereinafter “FOC”), a wholly owned subsidiary of Fujitsu Limited to make it a subsidiary of the Company, and concluded a share transfer agreement on the same day. Subsequently, on April 1, 2025, the Company acquired all shares of FOC and made it a subsidiary.

(1) Overview of the business combination

(i) Name and business of the acquired company

Name of the acquired company: Fujitsu Optical Components Limited

Description of the acquired business: Development, manufacturing and sales of optical components

(ii) Primary reason for the business combination

Furukawa Electric has set forth Furukawa Electric Group Vision 2030 and is working toward, “In order to build a sustainable world and make people’s life safe, peaceful and rewarding, Furukawa Electric Group will create solutions for the new generation of global infrastructure combining information, energy and mobility”. In the field of optical communications, we are utilizing our technology in optical devices and optical components accumulated since the early stages of this field to provide high quality products including laser diode modules and splitters to customers around the world and contribute to expanding cutting-edge optical communications.

FOC develops, manufactures and sells optical modulators and optical receivers essential for establishing optical communications networks, as well as optical transceivers that use these components. In particular, over the years, FOC possesses one of the world’s highest market shares as a leading company in the area of high-speed optical modulators that use lithium niobate (hereinafter “LN”), which has excellent broadband and high-speed modulation properties and is an important technology for increasing the volume of optical communications.

By combining the LN technology possessed by FOC and our optical semiconductor laser technology, it will be possible to supply small, high speed hybrid integrated devices required to 5G/B5G optical networks, and therefore optical transceivers with low power consumption and broader range. It was resolved to acquire all shares of FOC based on a determination that such acquisition will contribute to the advancement of both companies.

Following the share acquisition set forth herein, we will continue to work together with Fujitsu Limited and contribute to the realization of networks that will support the sustainable future society.

(iii) Date of the business combination

April 1, 2025

(iv) Legal form of the business combination

Acquisition of shares for cash consideration

(v) Name of the company after the business combination

Furukawa FITEL Optical Components Co., Ltd.

(vi) Percentage of voting rights acquired
100%

(vii) Basis for determining the acquiring company
The Company was determined to be the acquiring company as it acquired the shares in exchange for cash.

(2) Period of operating results of the acquired company included in the consolidated financial statements
From April 1, 2025 to March 31, 2026

(3) Acquisition cost of the acquired company and breakdown by type of consideration

(Millions of yen)

Consideration for the acquisition	Cash and deposits	5,959
Acquisition cost		5,959

(4) Details and amount of major acquisition-related costs
Advisory fee, etc.: ¥32 million

(5) Amount of goodwill recognized, cause for recognition, and method and period of amortization

(i) Amount of goodwill recognized
¥897 million

(ii) Cause for recognition
Because the acquisition cost exceeded the assets acquired net of liabilities assumed, the excess amount was recorded as goodwill.

(iii) Amortization method and amortization period
Straight-line amortization over 11 years

(6) Amounts of assets acquired and liabilities assumed as of the date of the business combination, and their major components

(Millions of yen)

Current assets	¥	8,393
Non-current assets		1,771
Total assets	¥	10,164
Current liabilities	¥	4,804
Non-current liabilities		298
Total liabilities	¥	5,102

Acquisition of shares of Japan Submarine Cable Co., Ltd.

On April 28, 2025, the Company entered into a share transfer agreement to acquire all shares of Japan Submarine Cable Co., Ltd., which was established by Japan High Voltage Cable Co., Ltd. through a company split (incorporation-type company split). On July 1, 2025, the Company acquired the shares and converted Japan Submarine Cable Co., Ltd. into a consolidated subsidiary.

(1) Overview of the business combination

(i) Name and business of the acquired company
Name of the acquired company: Japan Submarine Cable Co., Ltd.
Description of the acquired business: Manufacture of extra-high-voltage submarine power transmission cables

(ii) Primary reason for the business combination

Guided by its Purpose, "Composing the core of a brighter world," the Group aims to resolve social issues. In particular, the Energy Infrastructure Division has focused on the area of carbon neutrality and has been considering growth strategies.

As part of the growth strategy for the Energy Infrastructure Division (power business), the Company has been working to increase its currently insufficient submarine cable manufacturing capacity. The Company acquired the shares of the acquired company for the purpose of acquiring a site suitable for submarine cable manufacturing and securing employees with extensive experience in cable manufacturing.

The Company is currently proceeding with capital investment to install manufacturing equipment, buildings, and other facilities for HVDC cables* at its sites, including Futtsu-shi, Chiba Prefecture, and to manufacture and sell such cables, with operations scheduled to commence during 2030. This share acquisition will contribute to that investment.

* HVDC cables are power transmission cables used in high voltage direct current (HVDC) systems.

(iii) Date of the business combination

July 1, 2025

(iv) Legal form of the business combination

Acquisition of shares for cash consideration

(v) Name of the company after the business combination

Furukawa Electric Submarine Cable Co., Ltd.

(vi) Percentage of voting rights acquired

100%

(vii) Basis for determining the acquiring company

The Company was determined to be the acquiring company as it acquired the shares in exchange for cash.

(2) Period of operating results of the acquired company included in the consolidated financial statements

From July 1, 2025 to March 31, 2026

(3) Acquisition cost of the acquired company and breakdown by type of consideration

(Millions of yen)

Consideration for the acquisition	Cash and deposits	2,207
Acquisition cost		2,207

(4) Details and amount of major acquisition-related costs

Not applicable.

(5) Amount of goodwill recognized, cause for recognition, and method and period of amortization

(i) Amount of goodwill recognized

¥1,311 million

(ii) Cause for recognition

Because the acquisition cost exceeded the assets acquired net of liabilities assumed, the excess amount was recorded as goodwill.

(iii) Amortization method and amortization period

Straight-line amortization over 10 years

(6) Amounts of assets acquired and liabilities assumed as of the date of the business combination, and their major components

		(Millions of yen)
Current assets	¥	18
Non-current assets		2,214
Total assets	¥	2,232
Current liabilities	¥	–
Non-current liabilities		1,335
Total liabilities	¥	1,335

(7) Estimated impact on the consolidated statement of income for the current fiscal year assuming that the business combination had been completed at the beginning of the current fiscal year, and calculation method thereof
Disclosure is omitted because the impact is immaterial.

Transactions under common control, etc.

At the Board of Directors meeting held on July 11, 2024, the Company resolved to establish a wholly owned subsidiary named Lightera Japan Co., Ltd. (hereinafter “Lightera Japan”), and implement a company split (absorption-type split) where Lightera Japan will succeed the Company’s optical fiber and cable products business and all outstanding shares of Shoden Seiwa Co., Ltd. (hereinafter “Shoden Seiwa”), a wholly owned subsidiary of the Company, which operates the business related to optical fiber and cable products. Subsequently, effective on April 1, 2025, the Company implemented the absorption-type split.

In addition, the Company also established another wholly owned subsidiary named Lightera Holding G.K. (hereinafter the “Lightera Holding”), and made an in-kind contribution by transferring the shares (equity) of Lightera Japan, and the Company’s wholly owned subsidiaries Lightera, LLC (formerly OFS Fitel, LLC (hereinafter “OFS”)) and Lightera LatAm S.A. (formally Furukawa Electric LatAm S.A. (hereinafter “FEL”)) to Lightera Holding. As a result, these three companies became wholly owned subsidiaries of Lightera Holding.

1. Absorption-type split
(1) Overview of the transaction
(i) Name and description of the subject business
Name of the business: Optical fiber cable business
Description of the business: Manufacturing and sales of optical fibers, optical fiber cables, and their accessories

(ii) Date of the business combination
April 1, 2025

(iii) Legal form of the business combination
Absorption-type company split in which the Company and Shoden Seiwa Co., Ltd. serve as the splitting companies, and Lightera Japan serves as the successor company (a simplified absorption-type company split from the perspective of the Company)

(iv) Name of the company after combination
Lightera Japan Co., Ltd.

(v) Other matters related to the overview of the transaction
Before this transaction, the Group’s optical fiber and cable products business has consisted of three business units, namely, the Company’s optical fiber and cable products business division (Japan), OFS (U.S.), and FEL (Brazil), and each unit has operated the business in the respective region by taking advantage of its unique nature of business and strengths.

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

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

(2) Overview of the accounting treatment applied
The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on January 16, 2019).

2. In-kind contribution
(1) Overview of the transaction
(i) Name and business of the combining company

Name of the combining company:	Lightera Holding G.K. (a consolidated subsidiary of the Company)
Description of the business:	Manufacturing and sales of optical fibers, optical fiber cables, and their accessories

(ii) Date of the business combination
April 1, 2025

(iii) Legal form of the business combination
The Company contributed in-kind its shares of Lightera Japan (a consolidated subsidiary of the Company), Lightera, LLC (formerly OFS, a consolidated subsidiary of the Company), and Lightera LatAm S.A. (formerly FEL, a consolidated subsidiary of the Company) to Lightera Holding G.K. (a consolidated subsidiary of the Company).

(iv) Name of the company after combination
Lightera Holding G.K.

(v) Other matters related to the overview of the transaction
Lightera Holding was established in Japan by adopting the form of limited liability company, which allows the flexibility in designing governance. Furthermore, in order to become even more customer-oriented, it has adopted the operating structure of matrix organization through the combination of the headquarters' functions and regional management to enhance the synergy among the units and realize the global management with a sense of unity.

(2) Overview of the accounting treatment applied
The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures. (ASBJ Guidance No. 10 issued on January 16, 2019).

Company split, etc. (absorption-type merger and absorption-type split) associated with reorganization of metal wire business within the Group

At the Board of Directors meeting held on July 11, 2024, the Company resolved to undertake a reorganization of the metal wire business within the Group, which involves the Company, its wholly owned subsidiaries Furukawa Electric Industrial Cable Co., Ltd. (hereinafter the "Integrated Company"), KANZACC CO., LTD. (hereinafter "KANZACC") and Riken Electric Wire Co., Ltd. (hereinafter "Riken Electric Wire"), and its subsidiary Okano Cable Co., Ltd. (hereinafter "Okano Cable"). Subsequently, effective on April 1, 2025, the Company implemented an absorption-type merger where KANZACC is the disappearing company and the Integrated Company is the surviving company. Furthermore, effective on October 1, 2025, the Company conducted an absorption-type split where the Company is the splitting company and the Integrated Company is the successor company; and an absorption-type split where Riken Electric Wire and Okano Cable are the splitting companies and the Integrated Company is the successor company.

In addition, the Integrated Company changed its company name to Furukawa Electric Metal Cable Co., Ltd. on April 1, 2025.

1. Absorption-type merger
(1) Overview of the transaction
(i) Name and business of the companies involved in the business combination

Name of the company surviving an absorption-type merger:	Furukawa Electric Industrial Cable Co., Ltd.
Description of the business:	Manufacturing and sales of various types of electric wires and electric machinery/apparatus
Name of the company disappearing in an absorption-type merger:	KANZACC CO., LTD.
Description of the business:	Manufacturing and sales of various types of electric wires and non-ferrous metals

(ii) Date of the business combination
April 1, 2025

(iii) Legal form of the business combination
Absorption-type merger where the Integrated Company is the surviving company and KANZACC is the disappearing company

(iv) Name of the company after combination
Furukawa Electric Metal Cable Co., Ltd.

(v) Other matters related to the overview of the transaction
While the metal wire market in Japan has been shrinking year by year, the Group has promoted the selection and concentration, and made a shift in the portfolio. In the meantime, the Group has produced differentiated products and promising products making use of its technological advantage. However, we have increasingly seen common challenges of the Group, such as the lack of talents and increased burdens of investing in renewal of aged facilities.

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

(2) Overview of the accounting treatment applied
The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on January 16, 2019).

2. Absorption-type split
(1) Overview of the transaction
(i) Name and description of the subject business
Name of the business: Metal wire business
Description of the business: Development, manufacturing and sales of metal wires

(ii) Date of the business combination
October 1, 2025

(iii) Legal form of the business combination
Absorption-type split where the Company, Riken Electric Wire, and Okano Cable serve as the splitting companies, and the Integrated Company serves as the successor company (a simplified absorption-type from the perspective of the Company)

(iv) Name of the company after the business combination
Furukawa Electric Metal Cable Co., Ltd.

(v) Other matters related to the overview of the transaction
Please refer to “1. Absorption-type merger, (1) Overview of the transaction, (v) Other matters related to the overview of the transaction” above.

(2) Overview of the accounting treatment applied
The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on January 16, 2019).

Business divestitures

Transfer of shares of The Furukawa Battery Co., Ltd.

In the resolution of the Board of Directors held on July 23, 2024, the Company has decided to approve an agreement with AP78 Co., Ltd. (hereinafter the "Offeror") which is a wholly-owned subsidiary of Sustainable Battery Holdings, Inc. (hereinafter "SBH") all of whose voting shares are owned by the fund where Advantage Partners, Inc. (hereinafter "AP") provides investment-related services (hereinafter "AP Fund"), and by TC Investment Partners Co., Ltd. (hereinafter "TCIP"), which is a wholly-owned subsidiary of Tokyo Century Corporation (hereinafter "TC"), regarding the following matters, among others (hereinafter the "Non-Application Agreement"):

(i) the Company will not apply for the tender offer by the Offeror (hereinafter the "Tender Offer") for shares of common stock of The Furukawa Battery Co., Ltd. (hereinafter "Furukawa Battery"), a consolidated subsidiary of the Company, (hereinafter "Furukawa Battery shares");

(ii) upon the successful closing of the Tender Offer, a share consolidation will be carried out in a way where only the Company and the Offeror are the shareholders of Furukawa Battery (hereinafter the "Share Consolidation"); and

(iii) on the condition that the Share Consolidation takes effect, all shares of Furukawa Battery owned by the Company (18,781,200 shares; shareholding ratio: 57.30%) will be transferred through the share buyback by Furukawa Battery. In the same Board's resolution, the Company has also decided to approve an shareholders agreement with AP Fund, TC and TCIP, to stipulate the Company's acquisition of shares of common stock of SBH (shareholding ratio: approx. 20%) and how to operate SBH and Furukawa Battery thereafter, among others (hereinafter "Shareholders Agreement").

On the same date as above, the Non-Application Agreement was executed.

As a result of a series of transactions implemented the Non-Application Agreement, etc. (hereinafter "the Transactions"), the Company has excluded Furukawa Battery from the scope of consolidation. For the details of the Transactions, refer to the press release of July 23, 2024 by Furukawa Battery, titled "Notice of expression of opinion in favor of the commencement of and recommendation to tender in tender offer for company's share by AP78 Co., Ltd."

Effective April 1, 2026, Sustainable Battery Holdings, Inc. changed its trade name to EneSolve Holdings, Inc.

(1) Overview of the business divestiture

(i) Name of the divestee company
Sustainable Battery Holdings, Inc.

(ii) Description of the divested business
Manufacture, sale, installation and service inspection of lead-acid storage batteries, alkaline storage batteries and power supply systems such as rectifiers

(iii) Reason for the business divestiture
Established in 1950 by spinning off the battery division of the Company, Furukawa Battery has been providing value to satisfy customers' needs and contributing to the society with its "power of storage, motive and sustainability" of main products, storage batteries and power supply systems. In its medium-term management plan released in May 2022, Furukawa Battery has made clear its basic policy of solving social issues by addressing material issues and worked on capturing overseas markets and creating new businesses, in addition to strengthening existing businesses.

Meanwhile, the Company released its Medium-term Management Plan 2022–2025 "Road to Vision 2030 -Transform and Challenge-" in May 2022. Under this Plan, the Company has been working on the review of its business portfolio by visualizing the positioning of the Group's businesses and optimizing allocation of investments, towards achieving "Furukawa Electric Group's Vision 2030." Furthermore, the Company has held a series of discussion on listed subsidiaries within the Group. Considering the positioning of Furukawa Battery in the course of these initiatives, the Company judged that, even if the allocation of management resources is concentrated in Furukawa Battery, it is not highly likely to increase corporate value of the Group commensurate with or exceeding the allocation, and thus it would be the best to transfer the shares held by the Company to a partner who strongly supports Furukawa Battery by making capital investments in its growth.

In such circumstances, the Company received a proposal from AP and TC for increasing corporate value of Furukawa Battery (hereinafter the "Proposal"). Upon careful examination of the Proposal, the Company concluded that it is possible to accelerate further growth of Furukawa Battery and increase the corporate value by utilizing synergy between Energywith Co., Ltd. affiliated with the above two companies and Furukawa Battery, TC's track record and expertise in finance as well as the affinity with automobility and environment energy businesses, and AP's networks within and outside Japan as well as know-how that facilitates the growth of investee companies. Following Furukawa Battery's acceptance of the proposal from AP and TC, the Company concluded the Non-Application Agreement with the Offeror. In addition, the Company concluded the Shareholders Agreement with AP Fund, TC and TCIP for stipulating the operations of SBH and Furukawa Battery.

The Company believes that the Transactions fit in with the strategy under the Medium-term Management Plan, that is to concentrate the Group's strengths and management resources in the growth areas. Although Furukawa Battery is no longer the Company's consolidated subsidiary, the Company will continue to hold approx. 20% of Furukawa Battery's shares indirectly through SBH. In order to build a sustainable world and make people's life safe, peaceful and rewarding, the Company will cooperate with the partner for continuing to contribute to the further development of storage battery business and to increase corporate value of the entire Group.

(iv) Date of the business divestiture
December 24, 2025

(v) Overview of other aspects of the transaction including legal form
The consideration consists of cash and other assets as well as shares of the transferee company.

(2) Overview of accounting treatment implemented

(i) Amount of gain or loss on transfer
¥624 million

(ii) Appropriate carrying amounts of assets and liabilities related to the transferred business, and major breakdown thereof

		(Millions of yen)
Current assets	¥	42,602
Non-current assets		29,951
Total assets	¥	72,554
Current liabilities	¥	18,590
Non-current liabilities		33,914
Total liabilities	¥	52,504

(iii) Accounting treatment
The accounting treatment has been applied in accordance with the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(3) Reportable segment in which the divested business was included
Electronics & Automotive Systems

(4) Approximate amount of profit or loss related to the divested business recorded in the consolidated statement of income for the current fiscal year

		(Millions of yen)
Net sales	¥	58,953
Operating profit		1,802

Transfer of equity interest in Shenyang Furukawa Cable Co., Ltd.

At its Board of Directors meeting held on December 11, 2025, the Company resolved to transfer all equity interest held by the Company in Shenyang Furukawa Cable Co., Ltd., a consolidated subsidiary of the Company, and, based on the equity interest transfer agreement entered into on the same date, completed the transfer on February 10, 2026.

(1) Overview of the business divestiture

(i) Name of the divestee company
Anhui Wei Guang Wire & Cable Co., Ltd.

(ii) Description of the divested business
Manufacture and sale of extra-high-voltage power cables and related components, including terminations and joints, and cable jointing work

(iii) Reason for the business divestiture
Shenyang Furukawa Cable Co., Ltd., a consolidated subsidiary of the Company, has made significant contributions to the development of China's underground power transmission grid. However, amid the delayed recovery from the recent slowdown in the Chinese market, price competition has also been intensifying. The Company determined that, even assuming medium- to long-term market expansion going forward, it would be difficult for Shenyang Furukawa Cable Co., Ltd. to return to profitability in terms of net income under its current structure. Against this backdrop, the Company had been considering deconsolidation through the transfer of all equity interest held by the Company. As a result, the Company determined that transferring all of its equity interest to Anhui Wei Guang Wire & Cable Co., Ltd., which has an extensive track record of winning bids in China, would be the most appropriate option.

(iv) Date of the business divestiture
February 10,2026

(v) Overview of other aspects of the transaction including legal form
Transfer of equity interest for consideration consisting only of cash and other assets

(2) Overview of accounting treatment implemented

(i) Amount of gain or loss on transfer
¥98 million

(ii) Appropriate carrying amounts of assets and liabilities related to the transferred business, and major breakdown thereof

	(Millions of yen)	
Current assets	¥	21,920
Non-current assets		1,384
Total assets	¥	23,304
Current liabilities	¥	23,756
Non-current liabilities		62
Total liabilities	¥	23,818

(iii) Accounting treatment
The accounting treatment has been applied in accordance with the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).

(3) Reportable segment in which the divested business was included
Infrastructure

(4) Approximate amount of profit or loss related to the divested business recorded in the consolidated statement of income for the current fiscal year

	(Millions of yen)	
Net sales	¥	7,334
Operating loss		654

Revenue recognition

1. Disaggregated information of revenues from contracts with customers for the fiscal years ended March 31, 2025 and 2026

   Fiscal year ended March 31, 2025

(Millions of yen)

	2025								
	Infrastructure			Electronics & Automotive Systems			Functional products	Service and Development, etc.	Total
	Communi-cations Solutions	Energy infrastructure	Subtotal	Automotive Products & Batteries	Electronics Component Materials	Subtotal			
Revenues from contracts with customers	¥164,240	¥139,100	¥303,340	¥419,809	¥307,598	¥727,408	¥140,922	¥29,531	¥1,201,204
Other revenue (*1)	28	–	28	281	–	281	24	223	558
Net sales to external customers	¥164,269	¥139,100	¥303,369	¥420,091	¥307,598	¥727,690	¥140,947	¥29,754	¥1,201,762

(*1) Other revenue consists of rental income from real estate.

Fiscal year ended March 31, 2026

(Millions of yen)

	2026								
	Infrastructure			Electronics & Automotive Systems			Functional products	Service and Development, etc.	Total
	Communi-cations Solutions	Energy infrastructure	Subtotal	Automotive Products & Batteries	Electronics Component Materials	Subtotal			
Revenues from contracts with customers	¥227,569	¥136,246	¥363,816	¥411,020	¥344,968	¥755,989	¥150,778	¥36,461	¥1,307,045
Other revenue (*1)	28	97	125	181	–	181	25	182	515
Net sales to external customers	¥227,597	¥136,343	¥363,941	¥411,202	¥344,968	¥756,170	¥150,804	¥36,644	¥1,307,560

(*1) Other revenue consists of rental income from real estate.

(*2) Matters concerning changes in reportable segments, etc.

From the beginning of the current fiscal year, the Group has changed the classification of reportable segments. Details are as described in "1. Outline of reportable segments" under "Notes to Consolidated Financial Statements, *Segment information, etc., Segment information*."

In addition, from the beginning of the current fiscal year, within the Infrastructure segment, the Group has changed the classification of certain businesses previously included in the Communications Solutions business to the Energy Infrastructure business in connection with an intra-Group organizational restructuring.

Disaggregated information on revenue from contracts with customers for the previous fiscal year is presented based on the classification after the change.

2. Basis for understanding revenue from contracts with customers

   Notes are omitted because the same information is presented in "Item 5. Financial Information, 1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to Consolidated Financial Statements, *Significant accounting policies for preparing consolidated financial statements*, 5. Accounting policies, (6) Accounting policy for significant revenues and expenses."

3. Information about the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue expected to be recognized in subsequent periods from contracts with customers that existed at the end of current fiscal year

(1) Balances of contract assets and liabilities

(Millions of yen)

	2025	2026
Receivables from contract with customers at beginning of year	¥ 239,348	¥ 254,186
Receivables from contract with customers at end of year	254,186	258,558
Contract assets at beginning of year	6,364	6,376
Contract assets at end of year	6,376	7,895
Contract liabilities at beginning of year	7,562	6,825
Contract liabilities at end of year	6,825	3,728

Contract assets is a right to the consideration in exchange for performance obligations satisfied, which are calculated by degree of progress, as of the end of the reporting period in connection mainly with construction contracts, excluding receivables. Contract assets is reclassified to receivables at the time when the right to considerations of the Group become unconditional only with the passage of time.

Contract liabilities is the portion of a liability for which consideration has been received from customers, but performance obligations have not been satisfied. It increases when consideration is received from customer before transferring goods or services to customer under contracts with customer, such as construction contracts, and decreases when the performance obligations are satisfied.

The amount of revenue recognized in the previous fiscal year that was included in the contract liability balance at the beginning of the fiscal year was ¥6,177 million. There were no significant changes in contract assets in the previous fiscal year. The main reason for the decrease in contract liabilities was a decrease in advances received in the Energy Infrastructure business.

Revenue recognized in the previous fiscal year from performance obligations satisfied in prior periods amounted to ¥160 million.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the fiscal year was ¥5,472 million. There were no significant changes in contract assets in the current fiscal year. The main reason for the decrease in contract liabilities was a decrease in advances received in the Energy Infrastructure business.

Revenue recognized in the current fiscal year from performance obligations satisfied in prior periods amounted to ¥1,180 million.

(2) Transaction amount allocated to remaining performance obligations

The Company and its consolidated subsidiaries apply the practical expedient in disclosing information on the transaction price allocated to remaining performance obligations, and do not include contracts with an originally expected contract period of one year or less in the scope of disclosure.

As of the end of the previous fiscal year, the total amount of the transaction price allocated to performance obligations that had not been satisfied as of the fiscal year-end was ¥73,270 million. This amount is expected to be recognized as revenue generally within eight years.

As of the end of the current fiscal year, the total amount of the transaction price allocated to performance obligations that had not been satisfied as of the fiscal year-end was ¥62,655 million. This amount is expected to be recognized as revenue generally within seven years.

Segment information, etc.

Segment information

1. Outline of reportable segments

   The reportable segments of the Company are components for which the financial information can be obtained separately from its other components, and the Board of Directors reviews such reportable segments on a regular basis in order to decide allocations of managerial resources and evaluate business performance.

   The Group establishes divisions by type of product and service, and each division draws up their comprehensive strategy on the products sold and services performed in domestic and overseas market.

   Products and services of main business on each segment are as follows:

   (1) Infrastructure

   Optical fibers, optical fiber cables, optical connectivity products, optical semiconductor devices, optical fiber fusion splicers, optical transceivers, network equipment, CATV systems, radio products, power transmission cable and connecting components, industrial wire, transmission components, etc.

   (2) Electronics & Automotive Systems

   Automotive components (wire harness, steering roll connector, battery state sensor, perimeter monitoring radar, etc.), automotive batteries / batteries for industrial use, copper/aluminum wires, magnet/stainless steel wires, copper and copper alloy products (strips, wires and rods), precious metal-plated products, special metal materials (shape-memory/super-elastic alloys), etc.

   (3) Functional Products

   Cable conduits, foaming products, UV tapes for semiconductor manufacturing, electronic components materials, heat radiation/cooling products, hard disc drive (HDD) aluminum blank materials, electrodeposited copper foils, etc.

   (4) Service and Development, etc.

   Supporting service for each business of the Group such as hydraulic power generation, driving of R&D for new products, and real-estate leasing

   Matters concerning changes in reportable segments, etc.

   From the beginning of the current fiscal year, the Group has changed the classification of certain businesses previously included in Infrastructure to Service and Development, etc. in connection with an organizational restructuring aimed at accelerating business expansion. In addition, due to a change in organizational management classification, the Group has changed the classification of certain businesses, whose costs had previously been allocated to each segment as corporate expenses, to Infrastructure.

   Segment information for the previous fiscal year is presented based on the classification after the change.

2. Method for calculating net sales, profit or loss, assets and other items by reportable segment

   Segment profit is based on operating profit.

   Intersegment sales or transfers are based mainly on market prices.

   In connection with the revisions described in "*Finalization of provisional accounting treatment for a business combination*" under "Notes to Consolidated Financial Statements, *Business combinations*," segment information for the previous fiscal year is presented after reflecting those revisions.

3. Information on net sales, profit or loss, assets and other items for each reportable segment as of March 31, 2025 and 2026

Fiscal year ended March 31, 2025

(Millions of yen)

	2025						
	Reportable segments					Adjustment (Notes 1, 3, 4, 5)	Total (Note 2)
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Total		
Net sales							
Net sales to external customers	¥ 303,369	¥ 727,690	¥ 140,947	¥ 29,754	¥ 1,201,762	¥ –	¥ 1,201,762
Inter-segment sales or transfers	5,689	8,738	6,082	5,072	25,583	(25,583)	–
Total	¥ 309,058	¥ 736,428	¥ 147,030	¥ 34,827	¥ 1,227,345	¥ (25,583)	¥ 1,201,762
Segment profit (loss)	¥ 5,700	¥ 32,619	¥ 14,127	¥ (5,359)	¥ 47,087	¥ (54)	¥ 47,032
Segment assets	300,265	387,615	145,933	77,210	911,024	77,028	988,052
Others							
Depreciation	13,681	16,566	6,201	1,756	38,205	3,144	41,349
Amortization of goodwill	19	–	16	–	36	–	36
Investments in entities accounted for using equity method	2,844	5,511	28,471	1,034	37,862	–	37,862
Increase in property, plant and equipment and intangible assets	11,577	13,490	8,891	1,978	35,938	2,662	38,600

Notes:
1. Adjustment of negative ¥54 million for segment profit (loss) includes mainly elimination of unrealized profit.
2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.
3. Adjustment of ¥77,028 million for segment assets includes corporate assets of ¥79,746 million, which are not allocated to each reportable segment and offsetting elimination of receivables and payables of negative ¥2,718 million.
4. Adjustment of ¥3,144 million for depreciation includes depreciation relating to corporate assets.
5. Adjustment of ¥2,662 million for increase in property, plant and equipment and intangible assets includes increase in corporate property, plant and equipment and intangible assets.

Fiscal year ended March 31, 2026

(Millions of yen)

	2026							
	Reportable segments					Adjustment (Notes 1, 3, 4, 5)	Total (Note 2)
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Total		
Net sales							
Net sales to external customers	¥ 363,941	¥ 756,170	¥ 150,804	¥ 36,644	¥ 1,307,560	¥ –	¥ 1,307,560
Inter-segment sales or transfers	6,914	8,896	10,285	5,564	31,662	(31,662)	–
Total	¥ 370,856	¥ 765,067	¥ 161,089	¥ 42,208	¥ 1,339,222	¥ (31,662)	¥ 1,307,560
Segment profit (loss)	¥ 21,439	¥ 33,887	¥ 15,379	¥ (6,703)	¥ 64,004	¥ (147)	¥ 63,856
Segment assets	331,690	378,947	178,309	74,648	963,595	102,777	1,066,372
Others							
Depreciation	15,172	15,856	6,935	2,166	40,131	3,086	43,218
Amortization of goodwill	255	–	16	–	272	–	272
Investments in entities accounted for using equity method	2,124	20,053	39,571	1,310	63,059	–	63,059
Increase in property, plant and equipment and intangible assets	25,432	14,332	9,743	4,176	53,685	2,976	56,662

Notes:
1. Adjustment of negative ¥147 million for segment profit (loss) includes mainly elimination of unrealized profit.
2. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.
3. Adjustment of ¥102,777 million for segment assets includes corporate assets of ¥107,567 million, which are not allocated to each reportable segment and offsetting elimination of receivables and payables of negative ¥4,789 million.
4. Adjustment of ¥3,086 million for depreciation includes depreciation relating to corporate assets.
5. Adjustment of ¥2,976 million for increase in property, plant and equipment and intangible assets includes increase in corporate property, plant and equipment and intangible assets.

Related information

Fiscal year ended March 31, 2025

1. Information for each product or service

   This information is omitted as the same information is presented in *Segment information*.

2. Information for each region

   (1) Net sales

(Millions of yen)

For the fiscal year ended March 31, 2025					
Japan	Asia (excluding China)	North and Central America	China	Other	Total
¥563,925	¥290,654	¥153,840	¥119,823	¥73,519	¥1,201,762

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

   (2) Property, plant and equipment

(Millions of yen)

As of March 31, 2025				
Japan	Asia	America	Other	Total
¥152,847	¥77,965	¥32,898	¥13,305	¥277,017

3. Information for each of main customers

   This information is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

Fiscal year ended March 31, 2026

1. Information for each product or service

   This information is omitted as the same information is presented in *Segment information*.

2. Information for each region

   (1) Net sales

(Millions of yen)

For the fiscal year ended March 31, 2026					
Japan	Asia (excluding China)	North and Central America	China	Other	Total
¥645,598	¥290,197	¥178,583	¥125,685	¥67,495	¥1,307,560

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

   (2) Property, plant and equipment

(Millions of yen)

As of March 31, 2026				
Japan	Asia	America	Other	Total
¥153,791	¥72,289	¥35,854	¥14,990	¥276,925

3. Information for each of main customers

   This information is omitted because no external customer accounts for 10% or more of net sales in the consolidated statement of income.

Information on impairment losses on non-current assets for each reportable segment

Fiscal year ended March 31, 2025

(Millions of yen)

	2025						
	Reportable segments					Adjustments	Total
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Subtotal		
Impairment loss	¥ 858	¥ 354	¥ –	¥ 1,435	¥ 2,648	¥ –	¥ 2,648

Fiscal year ended March 31, 2026

(Millions of yen)

	2026						
	Reportable segments					Adjustments	Total
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Subtotal		
Impairment loss	¥ 898	¥ 185	¥ –	¥ 498	¥ 1,583	¥ –	¥ 1,583

Information on amortized and unamortized balances of goodwill for each reportable segment

Fiscal year ended March 31, 2025

(Millions of yen)

	2025						
	Reportable segments					Adjustments	Total
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Subtotal		
Depreciation/amortization for the year	¥ 19	¥ –	¥ 16	¥ –	¥ 36	¥ –	¥ 36
Balance at end of year	537	–	33	0	570	–	570

Note: As described in "*Finalization of provisional accounting treatment for a business combination*" under "Notes to Consolidated Financial Statements, *Business combinations*," during the current fiscal year, the Group finalized the provisional accounting treatment for a business combination. Accordingly, the information on amortization of goodwill and unamortized balance by reportable segment for the previous fiscal year is presented using the amounts after reflecting significant revisions to the initial allocation of acquisition cost resulting from the finalization of the provisional accounting treatment.

Fiscal year ended March 31, 2026

(Millions of yen)

	2026						
	Reportable segments					Adjustments	Total
	Infrastructure	Electronics & Automotive Systems	Functional Products	Service and Development, etc.	Subtotal		
Depreciation/amortization for the year	¥ 255	¥ –	¥ 16	¥ –	¥ 272	¥ –	¥ 272
Balance at end of year	2,435	–	16	0	2,452	–	2,452

Information on gain on bargain purchase for each reportable segment

Fiscal year ended March 31, 2025

Not applicable.

Fiscal year ended March 31, 2026

Not applicable.

Related parties

1. Related party transactions
   Fiscal year ended March 31, 2025
   (1) Transactions between the Company filing consolidated financial statements and related parties
      (a) Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements
         Not applicable.
      (b) Unconsolidated subsidiaries and associates of the Company filing consolidated financial statements
         Not applicable.

   (2) Transactions between consolidated subsidiaries of the Company filing consolidated financial statements and related parties
      Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements
         Not applicable.

   Fiscal year ended March 31, 2026
   (1) Transactions between the Company filing consolidated financial statements and related parties
      (a) Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements
         Not applicable.
      (b) Unconsolidated subsidiaries and associates of the Company filing consolidated financial statements
         Not applicable.

   (2) Transactions between consolidated subsidiaries of the Company filing consolidated financial statements and related parties
      Officers and major shareholders (limited to individuals) of the Company filing consolidated financial statements
         Not applicable.

2. Information on the parent company and significant associates
   (1) Parent company information
      Not applicable.

   (2) Summarized financial information of significant associates
      In the current fiscal year, the significant associate is Asia Vital Components Co., Ltd., and its summarized financial statements as of March 31, 2025 and 2026 is as follows.

Asia Vital Components Co., Ltd.:		(Millions of yen)
	2025	2026
Total current assets	¥ 368,287	¥ 628,357
Total non-current assets	115,255	169,122
Total current liabilities	282,114	485,527
Total non-current liabilities	39,419	60,140
Total net assets	162,008	251,811
Net sales	338,935	671,204
Profit before income taxes	58,337	138,366
Profit attributable to owners of parent	38,598	92,223

Per share information

Per share information for the fiscal years ended March 31, 2025 and 2026 is as follows:

				(Yen)
		2025		2026
Net assets per share	¥	4,844.82	¥	5,928.21
Basic earnings per share		473.36		1,030.17

Notes: 1. Diluted earnings per share is not presented because there are no dilutive potential shares.

2. The Company's shares held by the Trust Account for the Stock Benefit Trust (BBT) are included in treasury shares, which are deducted from the number of shares at the end of the fiscal year and the average number of shares during the fiscal year, in the calculation of net assets per share and basic earnings per share. The number of treasury shares at the end of the fiscal year and the average number of shares during the fiscal year excluded from the calculation of net assets per share and basic earnings per share were 124,300 shares and 130,550 shares, respectively, for the fiscal year ended March 31, 2025, and 247,300 shares and 206,617 shares, respectively, for the fiscal year ended March 31, 2026.

3. Net assets per share and profit per share for the previous fiscal year are calculated based on the amounts after reflecting the revisions described in "*Finalization of provisional accounting treatment for a business combination*" under "Notes to Consolidated Financial Statements, *Business combinations.*"

4. Basis for calculation of basic earnings per share for the fiscal years ended March 31, 2025 and 2026 is as follows:

				(Millions of yen)
		2025		2026
Basic earnings per share				
Profit attributable to owners of parent	¥	33,357	¥	72,514
Amount not attributable to common shareholders		–		–
Profit attributable to common shareholders of parent		33,357		72,514

		(Thousands of shares)
	2025	2026
Average number of shares of common stock during the year	70,469	70,390

5. Basis for calculation of net assets per share as of March 31, 2025 and 2026 is as follows:

				(Millions of yen)
		2025		2026
Total net assets	¥	373,766	¥	435,231
Deduction from total net assets		32,335		18,182
[of which non-controlling interests]		[32,335]		[18,182]
Net assets applicable to common stock at end of year	¥	341,430	¥	417,048

		(Thousands of shares)
	2025	2026
Number of shares of common stock at end of year used for the calculation of net assets per share	70,473	70,349

Significant subsequent events

Stock split and partial amendments to the Articles of Incorporation following the stock split

At the Board of Directors meeting held on May 12, 2026, the Company resolved to conduct a stock split, effective July 1, 2026, and to partially amend the Articles of Incorporation following the stock split.

1. Stock split

(1) Purpose of the stock split

Through the stock split, the Company aims to further expand the shareholder base by lowering the unit cost of investing in its shares and prepares an environment that makes it easier to invest in its shares.

(2) Overview of the stock split

(i) Method of the stock split

The Company will conduct a 10-for-1 stock split for each common share held by shareholders recorded in the final shareholder register as of June 30, 2026.

(ii) Increase in number of shares due to the split

Total number of issued shares before the stock split:	70,666,917 shares
Number of shares to be increased by the stock split:	636,002,253 shares
Total number of issued shares after the stock split:	706,669,170 shares
Total number of authorized shares after the stock split:	2,500,000,000 shares

(iii) Schedule of the split

Date of public notice of the record date:	June 12, 2026
Record date:	June 30, 2026
Effective date:	July 1, 2026

(iv) Impact on per-share information

Assuming that the stock split had been conducted at the beginning of the previous fiscal year, per-share information for the fiscal years ended March 31, 2025 and 2026 would be as follows.

(Yen)

Item	2025	2026
Net assets per share	¥ 484.48	¥ 592.82
Basic earnings per share	¥ 47.33	¥ 103.01

(v) Other

There will be no change in the amount of share capital in connection with this stock split.

2. Partial amendments to the Articles of Incorporation following the stock split

(1) Reason for the amendment to the Articles of Incorporation

Following the stock split, based on Article 184, paragraph (2) of the Companies Act of Japan, the Company will change the total number of authorized shares stated in Article 6 of the Articles of Incorporation.

(2) Details of the amendments

(Underlined text indicates changes)

Current Articles of Incorporation	After the amendment
(Authorized shares) Article 6. The total number of issuable shares of the Company shall be <u>250,000,000</u>.	(Authorized shares) Article 6. The total number of issuable shares of the Company shall be <u>2,500,000,000</u>.

(3) Schedule of the amendments

Date of resolution by the Board of Directors:	May 12, 2026
Effective date:	July 1, 2026

Decision regarding absorption-type merger with a wholly owned subsidiary

Effective June 9, 2026, the Company decided to conduct an absorption-type merger (hereinafter the "Merger") with Furukawa FITEL Optical Components Co., Ltd. (hereinafter "FFOC"), a wholly owned subsidiary of the Company.

(1) Overview of the transaction

(i) Name and business of the acquired company

Name of the combined company:	Furukawa FITEL Optical Components Co., Ltd.
Description of the business:	Development, manufacturing and sales of optical components

(ii) Date of the business combination

April 1, 2027

(iii) Legal form of the business combination

An absorption-type merger in which the Company is the surviving company and FFOC is the absorbed company

(iv) Name of the company after the business combination

Furukawa Electric Co., Ltd.

(v) Purpose of the business combination

Both the Company and FFOC, a wholly owned subsidiary of the Company, globally provide optical devices and optical components that support advanced optical communications networks. Within this field, with respect to products for the data center market, which is an area of focus for Furukawa Electric Group, the business environment and platforms are changing rapidly, and it is necessary to quickly develop new products in response to these changes. Based on this recognition, the Company decided to conduct the Merger with the aim of maximizing the use of management resources and enhancing the speed of decision-making. Through the Merger, by building a comprehensive operational structure spanning everything from elemental technologies development to customer promotion, as well as realizing business operations that leverage the strengths of both companies and facilitating faster decision-making, the Company will work to enhance the competitive strength of the optical devices and optical components businesses.

(vi) Details regarding allotments related to the Merger

Since the Merger will be conducted with a wholly owned subsidiary of the Company, there will be no issuance of new shares and no payment of cash or other consideration.

(vii) Financial position and operating results of the combined company for the most recent fiscal year

	(Millions of yen)
Assets	9,903
Liabilities	4,925
Net assets	4,977
Net sales	11,796
Net loss	244

(2) Overview of the accounting treatment applied

The transaction has been accounted for as a transaction under common control in accordance with the Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on January 16, 2019) and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10 issued on January 16, 2019).

(v) Consolidated supplementary schedules

Schedule of corporate bonds

(Millions of yen, unless otherwise stated)

Issuing company	Name of bond	Issue date	Balance at beginning of year	Balance at end of year	Interest rate (%)	Security	Redemption date
The Company	46th Unsecured Bond	July 15, 2016	¥ 10,000	¥ 10,000 (10,000)	0.43	None	July 15, 2026
The Company	47th Unsecured Bond	July 14, 2017	10,000	10,000	0.53	None	July 14, 2027
The Company	48th Unsecured Bond	July 25, 2019	10,000	10,000	0.44	None	July 25, 2029
The Company	49th Unsecured Bond	September 16, 2021	10,000	10,000	0.30	None	September 16, 2031
Total	–	–	¥ 40,000	¥ 40,000 (10,000)	–	–	–

Notes: 1. The amounts in parentheses in “Balance at end of year” column represent amounts due within one year.
2. Scheduled repayment amounts within five years of the consolidated balance sheet date are as follows:

(Millions of yen)

Within 1 year	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
¥10,000	¥10,000	–	¥10,000	–

Schedule of borrowings and other debts

(Millions of yen, unless otherwise stated)

	Balance at beginning of year	Balance at end of year	Average interest rate (%)	Payment due
Short-term borrowings	¥ 116,797	¥ 122,207	4.2	–
Commercial papers	1,500	15,000	0.0	–
Current portion of long-term borrowings	36,498	27,197	4.5	–
Current portion of lease obligations	143	138	–	–
Current portion of lease liabilities	2,867	3,251	4.2	–
Long-term borrowings (excluding current portion)	111,354	112,257	3.9	2027–2033
Lease obligations (excluding current portion)	511	973	–	2027–2039
Lease liabilities (excluding current portion)	11,967	11,728	4.4	2027–2049
Total	¥ 281,641	¥ 292,754	–	–

Notes: 1. Average interest rate is based on the interest rate and balance at end of year.
2. Average interest rate of lease obligations is not stated because lease obligations are recorded in the consolidated balance sheet at the amount before deducting the amount equivalent to interest included in total lease payments.
3. The scheduled repayment amounts of long-term borrowings, lease obligations, and lease liabilities (excluding current portion) within 5 years from the consolidated balance sheet date are as follows:

(Millions of yen)

	Over 1 year to 2 years	Over 2 years to 3 years	Over 3 years to 4 years	Over 4 years to 5 years
Long-term borrowings	¥ 20,298	¥ 27,889	¥ 24,683	¥ 28,809
Lease obligations	126	103	89	76
Lease liabilities	2,534	1,799	1,761	1,042

Schedule of asset retirement obligations

This information is omitted as the beginning and ending balances of asset retirement obligations for the fiscal year ended March 31, 2026 were one percent or less of the total beginning and ending balances of liabilities and net assets of the fiscal year.

(2) Other information

Quarterly information for the fiscal year ended March 31, 2026

(Millions of yen, unless otherwise stated)

(Cumulative period)	Q1	Q2	Q3	Fiscal year
Net sales	¥ 293,715	¥ 610,658	¥ 948,887	¥ 1,307,560
Profit before income taxes	7,550	20,633	51,173	104,944
Profit attributable to owners of parent	5,109	12,852	35,393	72,514
Basic earnings per share (Yen)	72.51	182.49	502.71	1,030.17

(Accounting period)	Q1	Q2	Q3	Q4
Basic earnings per share (Yen)	¥ 72.51	¥ 110.00	¥ 320.41	¥ 527.66

Notes: 1. Review of the financial information for the first three months and nine months: Not reviewed

2. During the current fiscal year, the Group finalized the provisional accounting treatment for a business combination, and the related figures for the first to third quarters have been adjusted to reflect the finalization of the provisional accounting treatment.

2. Non-consolidated Financial Statements, etc.

(1) Non-consolidated financial statements

(i) Balance sheets

(Millions of yen)

	Previous fiscal year (as of March 31, 2025)	Current fiscal year (as of March 31, 2026)
Assets		
Current assets		
Cash and deposits	8,035	8,708
Notes receivable – trade	*1 438	*1 64
Electronically recorded monetary claims – operating	9,292	16,566
Accounts receivable – trade	*1 114,929	*1 131,449
Contract assets	4,513	5,904
Securities	–	1,822
Merchandise and finished goods	15,646	13,466
Work in process	22,745	27,512
Raw materials and supplies	18,116	18,288
Prepaid expenses	*1 1,369	*1 1,124
Short-term loans receivable	*1 69,914	*1 85,937
Accounts receivable – other	*1 33,103	*1 47,189
Other	*1 4,661	*1 5,395
Allowance for doubtful accounts	(23)	(4,180)
Total current assets	302,744	359,249
Non-current assets		
Property, plant and equipment		
Buildings	37,341	35,195
Structures	4,007	3,939
Machinery and equipment	22,459	23,062
Vehicles	148	112
Tools, furniture and fixtures	3,217	3,369
Land	11,957	12,530
Leased assets	151	891
Construction in progress	13,782	*3 10,889
Total property, plant and equipment	93,065	89,991
Intangible assets		
Software	11,487	11,621
Other	209	*3 207
Total intangible assets	11,696	11,828
Investments and other assets		
Investment securities	55,119	77,242
Shares of subsidiaries and associates	75,378	73,680
Investments in capital of subsidiaries and associates	42,057	56,862
Long-term loans receivable from subsidiaries and associates	74,497	79,794
Prepaid pension costs	7,216	120
Deferred tax assets	3,461	–
Other	*1 5,800	*1 6,182
Allowance for doubtful accounts	(28,468)	(22,080)
Total investments and other assets	235,062	271,802
Non-current assets	339,824	373,621
Total assets	642,568	732,871

(Millions of yen)

	Previous fiscal year (as of March 31, 2025)	Current fiscal year (as of March 31, 2026)
Liabilities		
Current liabilities		
Notes payable – trade	151	131
Electronically recorded obligations – operating	*1 12,028	*1 8,355
Accounts payable – trade	*1 82,946	*1 109,199
Short-term borrowings	*1 78,812	*1 72,696
Current portion of bonds payable	–	10,000
Commercial papers	1,500	15,000
Accounts payable – other	*1 11,503	*1 28,283
Accrued expenses	*1 17,133	*1 18,334
Contract liabilities	5,618	3,044
Provision for product warranties	569	426
Provision for loss on construction contracts	124	1,176
Income taxes payable	5,687	35
Other	3,768	5,087
Total current liabilities	219,845	271,773
Non-current liabilities		
Bonds payable	40,000	30,000
Long-term borrowings	104,500	108,000
Provision for retirement benefits	19,816	700
Provision for product warranties	4,170	2,347
Provision for environmental measures	9,104	9,082
Provision for loss on business of subsidiaries and associates	3,445	4,490
Provision for share awards for directors and other officers	550	840
Asset retirement obligations	849	251
Deferred tax liabilities	–	7,288
Other	*1 768	*1 1,550
Total non-current liabilities	183,206	164,551
Total liabilities	403,051	436,324
Net assets		
Shareholders’ equity		
Share capital	69,395	69,395
Capital surplus		
Other capital surplus	21,466	21,466
Total capital surplus	21,466	21,466
Retained earnings		
Legal retained earnings	4,907	5,755
Other retained earnings	122,191	173,803
Retained earnings brought forward	122,191	173,803
Total retained earnings	127,099	179,558
Treasury shares	(608)	(1,701)
Total shareholders’ equity	217,353	268,719
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	22,229	26,934
Deferred gains or losses on hedges	(65)	892
Total valuation and translation adjustments	22,163	27,826
Total net assets	239,517	296,546
Total liabilities and net assets	642,568	732,871

(ii) Statements of income

(Millions of yen)

	Previous fiscal year (From April 1, 2024 to March 31, 2025)	Current fiscal year (From April 1, 2025 to March 31, 2026)
Net sales	*2 353,520	*2 386,945
Cost of sales	*2 302,714	*2 330,367
Gross profit	50,805	56,577
Selling, general and administrative expenses	*1 49,291	*1 50,976
Operating profit	1,513	5,601
Non-operating income		
Interest income	*2 4,552	*2 4,553
Dividend income	*2 13,921	*2 24,839
Foreign exchange gains	–	458
Other	*2 2,119	*2 436
Total non-operating income	20,593	30,288
Non-operating expenses		
Interest expenses	*2 2,767	*2 2,858
Foreign exchange losses	2,165	–
Provision for loss on business of subsidiaries and associates	649	1,411
Provision of allowance for doubtful accounts	2,497	1,628
Other	*2 978	*2 794
Total non-operating expenses	9,058	6,693
Ordinary profit	13,048	29,195
Extraordinary income		
Gain on share exchange	*3 12,155	–
Gain on disposal of non-current assets	102	892
Gain on sale of shares of subsidiaries and associates	*4 5,846	*4 12,725
Gain on sale of investment securities	*5 9,864	*5 18,983
Gain on revision of retirement benefit plan	–	*6 19,437
Other	*2 98	*2 254
Total extraordinary income	28,066	52,293
Extraordinary losses		
Loss on disaster	47	6
Impairment losses	–	78
Loss on disposal of non-current assets	680	989
Loss on sale of investments in capital of subsidiaries and associates	–	*7 4,493
Loss on sale of investment securities	678	–
Loss on valuation of investment securities	319	457
Provision for product warranties	*8 4,170	–
Provision of allowance for doubtful accounts	–	*9 4,149
Other	*2 301	*2 220
Total extraordinary losses	6,197	10,396
Profit before income taxes	34,918	71,093
Income taxes – current	6,032	2,859
Income taxes – deferred	(3,503)	7,300
Total income taxes	2,528	10,160
Profit	32,390	60,932

(iii) Statements of changes in equity

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

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	69,395	21,466	21,466	4,484	94,462	98,946
Changes during period						
Dividends of surplus					(4,236)	(4,236)
Provision of legal retained earnings				423	(423)	–
Profit					32,390	32,390
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	423	27,729	28,153
Balance at end of period	69,395	21,466	21,466	4,907	122,191	127,099

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(648)	189,159	9,718	333	10,052	199,212
Changes during period						
Dividends of surplus		(4,236)				(4,236)
Provision of legal retained earnings		–				–
Profit		32,390				32,390
Purchase of treasury shares	(1)	(1)				(1)
Disposal of treasury shares	42	42				42
Net changes in items other than shareholders' equity			12,510	(399)	12,111	12,111
Total changes during period	40	28,193	12,510	(399)	12,111	40,305
Balance at end of period	(608)	217,353	22,229	(65)	22,163	239,517

Current fiscal year (From April 1, 2025 to March 31, 2026)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	69,395	21,466	21,466	4,907	122,191	127,099
Changes during period						
Dividends of surplus					(8,473)	(8,473)
Provision of legal retained earnings				847	(847)	–
Profit					60,932	60,932
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	847	51,611	52,458
Balance at end of period	69,395	21,466	21,466	5,755	173,803	179,558

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(608)	217,353	22,229	(65)	22,163	239,517
Changes during period						
Dividends of surplus		(8,473)				(8,473)
Provision of legal retained earnings		–				–
Profit		60,932				60,932
Purchase of treasury shares	(1,103)	(1,103)				(1,103)
Disposal of treasury shares	11	11				11
Net changes in items other than shareholders' equity			4,704	958	5,663	5,663
Total changes during period	(1,092)	51,366	4,704	958	5,663	57,029
Balance at end of period	(1,701)	268,719	26,934	892	27,826	296,546

Notes to Non-consolidated Financial Statements

Significant accounting policies

1. Valuation basis and method for securities

(1) Held-to-maturity debt securities

Stated at amortized cost.

(2) Shares of subsidiaries and associates

Stated at cost using the moving average method.

(3) Available-for-sale securities

Securities other than equity securities, etc. that do not have a quoted market price:

Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Equity securities, etc. that do not have a quoted market price in an active market:

Stated at cost using the moving-average method.

2. Valuation basis and method for derivatives

Stated at fair value.

3. Valuation basis and method for inventories

Stated at cost determined mainly using the weighted average method (with the amount of inventories in the non-consolidated balance sheets being written down based on a decrease in profitability).

4. Depreciation method for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated on a straight-line basis.

(2) Intangible assets (excluding leased assets)

Amortized on a straight-line basis.
Software for internal use is amortized on a straight-line basis over the estimated useful life as internally determined (5 to 10 years).

(3) Leased assets (leased assets in finance lease transactions that do not transfer ownership)

Depreciated on a straight-line basis using the lease term as the useful life and with zero residual value.

5. Accounting for deferred assets

Bond issuance costs

The full amount is expensed when incurred.

6. Accounting for provision

(1) Allowance for doubtful accounts

To provide for possible bad debt losses on monetary receivables, allowance for doubtful accounts is provided for the estimated uncollectible amount based on the historical bad debt loss ratio for general receivables and on an individual assessment of collectability for specific receivables such as doubtful receivables.

(2) Provision for product warranties

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs.

(3) Provision for environmental measures

Provision for environmental measures, mainly to remove Poly Chlorinated Biphenyl (PCB) and to improve soil conservation, is provided to cover estimated future costs.

(4) Provision for loss on construction contracts

To provide for losses on construction projects, the Company recognizes estimated losses in the following fiscal year and thereafter on construction projects that have not been delivered as of the end of the current fiscal year and for which losses are expected to incur and the amount of such losses can be reasonably estimated as of the end of the current fiscal year.

(5) Provision for retirement benefits

During the current fiscal year, the Company abolished its previous lump-sum retirement benefit plan and defined benefit corporate pension plan and transitioned to a corporate-type defined contribution pension plan. After the transition, the defined benefit corporate pension plan will continue to exist only for pension recipients. Accordingly, in order to provide for future pension benefits to pension beneficiaries, the Company records, as provision for retirement benefits or prepaid pension costs, the amount deemed to have accrued as of the end of the current fiscal year based on the estimated amounts of retirement benefit obligations and plan assets as of the end of the current fiscal year. Since the defined benefit corporate pension plan to which the principle method is applied covers only pension beneficiaries, the method of attributing estimated retirement benefits to periods is not applied.

In connection with the plan transition, for employees who meet certain requirements, if the amount of retirement benefits under the new plan is lower than that under the previous plan, the Company will compensate for the difference in a lump-sum payment upon retirement, and records the estimated future payment amount as provision for retirement benefits.

(6) Provision for loss on business of subsidiaries and associates

To provide for expected losses associated with business engaged by subsidiaries and associates, the Company recognizes the estimated amount of losses to be borne by the Company in consideration of their financial situation.

(7) Provision for share awards for directors and other officers

To provide for award of the Company's shares to Directors, etc. of the Company in accordance with the Stock Benefit Regulations for Directors, etc., the Company recognizes estimated amount of share awards obligation as of the end of the current fiscal year.

7. Accounting policy for revenues and expenses

The details of the main performance obligations in the major businesses related to revenue from contracts with the customers of the Company and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

(1) Manufacturing and sales of products

The main business of the Company is the manufacturing and sales of infrastructure products, such as information and telecommunications network components and power cables, electrical and electronics products such as automobile parts and copper products for electronic equipment materials, and functional products processed from resin and nonferrous metals.

The Company has determined that its main performance obligation is to deliver finished products to customer. The Company has comprehensively determined that legal title to the asset, the significant risks and rewards of ownership of the assets, transfer of physical possession of the assets, and the right to receive payment of consideration for the asset shall arise at the time of delivery of the product to the customer. For domestic transactions, control over products is transferred to customer at the time of delivery of the product to the customer, and a performance obligation is considered to have been satisfied. However, since the period from the date of shipment of the product to the date of delivery is a normal period of time, the Company recognizes revenue when the product is shipped based on its significance as selecting the alternative treatment. For trade transactions, the Company recognizes revenue when the risk-bearing is transferred to customer, mainly based on the terms of trade stipulated by Incoterms and other agreements.

For buy-sell transaction, no inventories are recognized because the Company does not obtain control over raw materials and other products, but only record the net amount equivalent to the processing fees as sales. The Company deducts the amount of the consideration to be paid to customer, such as volume discount and sales incentive, from the transaction price, unless such a consideration to be received from the customer is related to distinct goods or services received from the customers.

(2) Maintenance services

The Company provides chargeable maintenance support services after sales of products, in mainly the Infrastructure business. For maintenance services, the Company has determined that it has a performance obligation to always have the services available and on standby so that customer can utilize the maintenance services when the customer desires throughout the performance period. The Company recognizes revenue at the percentage of time elapsed to the period in which the services are to be provided because the maintenance services are identified as distinct performance obligations and are performed over a certain period of time, including standby status period.

(3) Construction contract

The Company performs construction works, such as design, construction, installation, and other work based on contracts with customer in the Infrastructure business. Since the Company transfers control over underlying goods and services over time and satisfies a performance obligation, it recognizes revenue over time. Measuring progress towards satisfaction of a performance obligation is based on the proportion that the cost incurred by the end of each reporting period to the total expected costs incurred (input method). In cases where the Company may not be able to reasonably measure the outcome of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Company recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. For construction contracts with short durations, the Company recognizes revenue at the point of time when a performance obligation is fully satisfied.

(4) Transactions entered into as an agent

The Company does not manufacture products and only makes transactions of procurement arrangements on behalf of its customers. If the Company does not control products before transferring it to customer, revenue is recognized on the net amount received from the customer less the amount paid to supplier. The following are considered in determining whether the Company controls over products or services before these are provided to customer.

(a) Its primary responsibility for the performance of its promise to provide goods or services

(b) The inventory risk before goods or services are provided to customer or after control has been transferred to customer

(c) Discretion in establishing the price of goods or services.

The payment after satisfying the Company's performance obligation does not include any significant financing component since the payment will be made generally within one year from that time when such a satisfaction.

8. Accounting policy for translating assets and liabilities denominated in foreign currency into Japanese yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the balance sheet date, and exchange differences are accounted for as profit or loss.

9. Hedge accounting

(1) Hedge accounting method

Deferred hedge accounting is applied. Assignment accounting (special treatment for foreign exchange forward contracts) is applied to currency and interest rate swap transactions, and special treatment is applied to interest rate swaps, if they meet the requirements.

(2) Hedging instruments and the hedged items

Interest rate swap: borrowings
Currency swap: borrowings
Foreign exchange forward contracts: Receivables and payables denominated in foreign currency, etc.
Metal forward contracts: Raw materials and work in process

(3) Hedging policy

The Company hedges its borrowing obligations and definitive trading contracts and the like to avoid risks associated with fluctuations in interest rates, foreign exchange rates, and raw material prices.

(4) Assessments of hedge effectiveness

Cumulative market fluctuations or cash flow fluctuations of hedged items are compared with cumulative market fluctuations or cash flow fluctuations of hedging instruments, and effectiveness is determined based on the amounts of fluctuation of both, excluding the portion not attributable to the basic value of price.

10. Group tax sharing system

The Company applies the group tax sharing system.

Significant accounting estimates

1. Recoverability of deferred tax assets

(i) Amount recorded in the non-consolidated financial statements as of March 31, 2025 and 2026

	Millions of yen			
	2025		2026	
Deferred tax assets	¥	3,461	¥	–
Deferred tax liabilities		–		7,288

Note: The balance sheet presents the amounts after offsetting deferred tax assets and deferred tax liabilities.

(ii) Details of significant accounting estimates of recognized items

The description is omitted as the same information is disclosed in "Notes to Consolidated Financial Statements, *Significant accounting estimates*, 1. Recoverability of deferred tax assets."

2. Impairment of non-current assets

(i) Amount recorded in the non-consolidated financial statements as of March 31, 2025 and 2026

	Millions of yen			
	2025		2026	
Property, plant and equipment and intangible assets (total amount reported on balance sheets)	¥	104,762	¥	101,819
of which asset group included in (ii) below		3,545		4,098

(ii) Details of significant accounting estimates of recognized items

The description is omitted as the same information is disclosed in "Notes to Consolidated Financial Statements, *Significant accounting estimates*, 2. Impairment of non-current assets."

3. Provision for product warranties

(i) Amount recorded in the non-consolidated financial statements as of March 31, 2025 and 2026

	(Millions of yen)			
	2025		2026	
Provision for product warranties	¥	4,739	¥	2,773

(ii) Other information useful for users of the financial statements to understand the nature of estimates

Provision for product warranties is provided at an amount deemed necessary to cover possible compensation costs. The main components include a provision related to a large electric power project.

The provision related to the large electric power project has been recorded based on the estimated future expenditures following an agreement between our subsidiary and the customer. This agreement was reached as a result of continued discussions regarding defects identified in the large electric power project, which was delivered by the Company through its subsidiary in the past. Under the agreement, the Group will replace the cables used in the project and bear a portion of the associated costs. The amount of the estimated future expenditures is estimated by calculating the estimated total cost based on the specifications and construction requirements instructed by the customer, and deducting the portion to be borne by the customer.

It should be noted that there is a possibility that the provision may ultimately need to be increased or reversed due to weather conditions, unexpected changes in the construction scope, extension of the construction period, and fluctuations in material, subcontracting, and labor costs, as well as foreign exchange fluctuations and other factors.

Changes in presentation

Statements of income

"Provision for loss on business of subsidiaries and associates" under "Non-operating expenses," which was included in "Other" in the previous fiscal year, is separately presented in the current fiscal year due to its increased materiality of the amount. To reflect this change in presentation, the statement of income for the previous fiscal year has been reclassified. As a result, "Other" of ¥1,628 million, which was presented under "Non-operating expenses" in the statement of income for the previous fiscal year, has been reclassified as "Provision for loss on business of subsidiaries and associates" of ¥649 million and "Other" of ¥978 million.

Additional information

Notes on additional information are omitted as the same information is disclosed in "Notes to Consolidated Financial Statements, *Additional information*."

Notes to balance sheets

*1. Assets and liabilities associated with subsidiaries and associates as of March 31, 2025 and 2026

Other than separately presented items, the following amounts are included in each of the items below.

(Millions of yen)

	2025	2026
Short-term monetary claims	¥ 140,722	¥ 169,179
Long-term monetary claims	2	0
Short-term monetary obligations	70,632	81,932
Long-term monetary obligations	0	0

*2. Contingent obligations

(1) Guarantee obligation as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Debt guarantees for borrowings from financial institutions [of which guaranteed by the Company]	¥ 51,575 [41,412]	¥ 58,062 [49,614]
Debt guarantees for lease transactions	1,447	1,195
Debt guarantees for bonds related to construction	1,135	1,127

(2) Repurchase obligation of the securitization of receivables as of March 31, 2025 and 2026

(Millions of yen)

	2025	2026
Repurchase obligation of the securitization of receivables	¥ 6,013	¥ 4,430

*3. The amounts of reduction entries recorded using the direct reduction method as of March 31, 2025 and 2026 are as follows.

(Millions of yen)

	2025	2026
Reduction entries recorded using the direct reduction method	¥ –	¥ 177

Notes to statements of income

*1. Selling, general and administrative expenses

The composition rates of selling expenses and general and administrative expenses were 21.2% versus 78.8% for the previous fiscal year and 19.1% versus 80.9% for the current fiscal year.

The main components of selling, general and administrative expenses for the fiscal years ended March 31, 2025 and 2026 were as follows:

(Millions of yen)

	2025	2026
Packing and transportation costs	¥ 9,228	¥ 8,503
Salaries and allowances and welfare expenses	12,053	12,531
Research and development costs	10,687	11,369
Outsourcing expenses	5,845	6,669

*2. Transactions with subsidiaries and associates

Transactions with subsidiaries and associates for the fiscal years ended March 31, 2025 and 2026 were as follows:

	(Millions of yen)	
	2025	2026
Amount of operating transactions		
Net sales	¥ 142,957	¥ 165,103
Purchases	269,155	308,355
Amount of non-operating transactions	17,238	27,618

*3. Gain on share exchange

For the fiscal year ended March 31, 2025:

Gain on share exchange was recognized as a result of the share exchange becoming effective, in which Fuji Electric Co., Ltd. became a wholly owning parent company resulting from the share exchange and FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD. became a wholly owned subsidiary company resulting from the share exchange.

*4. Gain on sale of shares of subsidiaries and associates

For the fiscal year ended March 31, 2025:

Mainly due to the partial sale of shares of UACJ Corporation, which had been an equity-method associate of the Company.

For the fiscal year ended March 31, 2026:

Mainly due to the sale of shares of The Furukawa Battery Co., Ltd., which had been a consolidated subsidiary of the Company.

*5. Gain on sale of investment securities

For the fiscal year ended March 31, 2025:

Mainly due to the sale of certain cross-held shares.

For the fiscal year ended March 31, 2026:

Mainly due to the sale of certain cross-held shares.

*6. Gain on revision of retirement benefit plan

For the fiscal year ended March 31, 2026:

Due to the Company’s full transition from its previous retirement benefit system, which consisted of a lump-sum retirement benefit plan, a defined benefit corporate pension plan, and a corporate-type defined contribution pension plan, to a corporate-type defined contribution pension plan.

*7. Loss on sale of investments in capital of subsidiaries and associates

For the fiscal year ended March 31, 2026:

Due to the transfer of all equity interest in Shenyang Furukawa Cable Co., Ltd., which had been a consolidated subsidiary of the Company, to Anhui Wei Guang Wire & Cable Co., Ltd.

*8. Provision for product warranties

For the fiscal year ended March 31, 2025:

A defect was identified in a large electric power project previously delivered by the Company through its subsidiary, and discussions had been ongoing with the customer. Recently, an agreement was reached between the subsidiary and the customer to replace the cables used in the project, with the subsidiary bearing a portion of the associated costs. As a result, a provision of ¥4,170 million was recorded for the estimated future costs.

*9. Provision of allowance for doubtful accounts

For the fiscal year ended March 31, 2026:

This was recorded for loans to Shenyang Furukawa Cable Co., Ltd., which had been a consolidated subsidiary of the Company.

Securities

Shares of subsidiaries and associates as of March 31, 2025

(Millions of yen)

Classification	2025					
	Carrying amount		Fair value		Difference	
Shares of subsidiaries	¥	1,247	¥	28,526	¥	27,279
Shares of associates		8,836		103,615		94,779
Total	¥	10,083	¥	132,141	¥	122,058

Shares of subsidiaries and associates as of March 31, 2026

(Millions of yen)

Classification	2026					
	Carrying amount		Fair value		Difference	
Shares of subsidiaries	¥	221	¥	3,647	¥	3,425
Shares of associates		8,112		502,509		494,397
Total	¥	8,334	¥	506,156	¥	497,822

Note: Carrying amounts of shares, etc. without a quoted market price that are not included in the shares above as of March 31, 2025 and 2026

(Millions of yen)

	2025		2026	
Shares of subsidiaries	¥	62,388	¥	61,097
Shares of associates		2,906		4,249
Investments in capital		42,086		56,890

Tax effect accounting

1. Significant components of deferred tax assets and liabilities as of March 31, 2025 and 2026

(Millions of yen)

	2025		2026	
Deferred tax assets				
Excess amount over limitation of provision for doubtful accounts	¥	8,980	¥	8,277
Provision for loss on business of subsidiaries and associates		1,086		1,415
Provisions for bonuses		1,537		1,867
Excess amount over limitation of provision for retirement benefits		9,849		4,115
Loss on valuation of shares of subsidiaries and associates		26,394		28,416
Excess amount over limitation of non-current assets depreciation (including impairment losses)		3,297		2,537
Other		7,835		6,767
Subtotal	¥	58,979	¥	53,397
Valuation allowance	¥	(41,192)	¥	(41,851)
Total deferred tax assets	¥	17,787	¥	11,545
Deferred tax liabilities				
Valuation difference on available-for-sale securities	¥	(8,472)	¥	(11,482)
Other		(5,853)		(7,352)
Total deferred tax liabilities	¥	(14,326)	¥	(18,834)
Deferred tax assets (liabilities), net	¥	3,461	¥	(7,288)

2. Reconciliation between the normal effective statutory tax rate and the actual effective tax rate after applying tax effect for the fiscal years ended March 31, 2025 and 2026

(%)

	2025	2026
Normal effective statutory tax rate	30.6	30.6
Adjustments:		
Expenses permanently non-deductible for income tax purposes (e.g. entertainment expenses)	1.2	1.2
Tax credits of experimentation and research expenses	(5.6)	(1.7)
Income permanently non-taxable for income tax purposes (e.g. dividends received)	(9.7)	(16.3)
Valuation allowance	(8.2)	0.0
Upward adjustment to deferred tax assets at year-end due to change in tax rate	(0.6)	–
Other	(0.5)	0.5
Actual effective tax rate after applying tax effect accounting	7.2	14.3

3. Accounting for income taxes and local income taxes or the related tax effects

As the Company applies the group tax sharing system, it accounts for and discloses income taxes and local income taxes or the related tax effects in accordance with "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Solution No. 42 issued on August 12, 2021).

Business combinations

For more information, please refer to "Notes to Consolidated Financial Statements, *Business Combinations*.

Revenue recognition

Notes on the basis for understanding revenue from contracts with customers are omitted as the same information is disclosed in "Notes to Consolidated Financial Statements, *Revenue recognition*."

Significant subsequent events

For more information, please refer to "Notes to Consolidated Financial Statements, *Significant* subsequent *events."*

(iv) Non-consolidated supplementary schedules

Schedule of non-current assets

(Millions of yen)

Classification	Type of asset	Balance at beginning of year	Increase during period	Decrease during period	Depreciation during period	Balance at end of year	Accumulated depreciation
Property, plant and equipment	Buildings	¥ 119,384	¥ 3,849	¥ 19,479	¥ 2,714	¥ 103,754	¥ 68,558
	Structures	14,548	542	1,727	400	13,363	9,423
	Machinery and equipment	192,828	9,779	57,534	5,420	145,072	122,010
	Vehicles	1,781	37	1,069	70	749	637
	Tools, furniture and fixtures	22,713	1,832	4,223	1,304	20,322	16,953
	Land	11,957	852	280	–	12,530	–
	Leased assets	286	842	34	102	1,094	203
	Construction in progress	13,782	14,536	17,428	–	10,889	–
	Total property, plant and equipment	¥ 377,281	¥ 32,273	¥ 101,776	¥ 10,011	¥ 307,778	¥ 217,786
Intangible assets	Software	¥ 19,488	¥ 2,904	¥ 1,922 [78]	¥ 2,277	¥ 20,470	¥ 8,849
	Other	226	–	1	0	225	18
	Total intangible assets	¥ 19,715	¥ 2,904	¥ 1,923	¥ 2,278	¥ 20,696	¥ 8,868

Notes 1. “Balance at beginning of year” and “Balance at end of year” are stated at cost.

2. The amounts in square brackets in “Decrease during the period” are included in the total and represent amounts recorded as impairment losses.

3. “Decrease during the period” includes decreases resulting from the succession of assets to Lightera Japan Co., Ltd. in connection with the company split associated with the intra-Group organizational restructuring of the optical fiber and cable business, etc. The breakdown is ¥2,847 million for machinery and equipment, ¥2,480 million for buildings, ¥514 million for construction in progress, ¥304 million for tools, furniture and fixtures, ¥175 million for structures, and others. In addition to the above, decrease during the period includes decreases resulting from the succession of assets related to the metal cable business to Furukawa Electric Metal Cable Co., Ltd. The breakdown is ¥681 million for buildings, ¥570 million for machinery and equipment, ¥42 million for tools, furniture and fixtures, ¥16 million for structures, ¥15 million for construction in progress, and others.

4. Major causes for “Increase during period” of “Construction in progress” are capital expenditures and other investments at the Head Office (¥4,246 million), Chiba Works (¥3,181 million), Hiratsuka Works (¥2,113 million), Mie Works (¥1,800 million), and various projects at Nikko Works (¥1,733 million).

5. Major causes for “Increase during period” of “Software” are the development and renewal of production management systems (¥871 million), the renewal of an enterprise system (¥502 million), and others..

Schedule of allowances and provisions

(Millions of yen)

Line item	Balance at beginning of year	Increase during period	Decrease during period	Balance at end of year
Allowance for doubtful accounts	¥ 28,491	¥ 5,785	¥ 8,016	¥ 26,261
Provision for product warranties	4,739	38	2,004	2,773
Provision for environmental measures	9,104	–	22	9,082
Provision for loss on construction contracts	124	1,127	75	1,176
Provision for loss on business of subsidiaries and associates	3,445	1,411	367	4,490
Provision for share awards for directors and other officers	550	299	10	840

(2) Details of major assets and liabilities

The description is omitted as the Company prepares the consolidated financial statements.

(3) Other

Not applicable.

Item 6. Outline of Share-related Administration of Reporting Company

Fiscal year	From April 1 to March 31
Annual Shareholders Meeting	To be held in June
Record date	March 31
Record dates of dividends of surplus	March 31 and September 30
Number of shares constituting one unit	100 shares
Purchase or additional purchase of shares of less than one unit	
Handling office	(Special Account) Corporate Agency Division, Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Shareholder register administrator	(Special Account) Mizuho Trust & Banking Co., Ltd. 1-3-3 Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	–
Purchase or additional purchase fee	Free of charge
Method of public notice	The method of public notice by the Company shall be electronic public notice; provided, however, that when electronic public notice cannot be used due to an accident or any other unavoidable reason, the public notices shall be given in The Nihon Keizai Shimbun published in Tokyo.
Special benefits for shareholders	Not applicable.

Item 7. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other Reference Information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company filed the following documents:

(1) Annual Securities Report, attached document thereof and Confirmation Letter	
For the 203rd fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	Filed with the Director-General of the Kanto Local Finance Bureau on June 23, 2025
(2) Internal Control Report	
For the 203rd fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025)	Filed with the Director-General of the Kanto Local Finance Bureau on June 23, 2025
(3) Semi-annual Securities Reports and Confirmation Letter	
For the first half of the 204th fiscal year ending March 31, 2026 (from April 1, 2025 to September 30, 2025)	Filed with the Director-General of the Kanto Local Finance Bureau on November 13, 2025
(4) Shelf Registration Statement for shares, corporate bonds, etc. and attachments thereto	
	Filed with the Director-General of the Kanto Local Finance Bureau on September 5, 2025
(5) Amended Shelf Registration Statements	
	Filed with the Director-General of the Kanto Local Finance Bureau on December 3, 2025
	Filed with the Director-General of the Kanto Local Finance Bureau on December 11, 2025
	Filed with the Director-General of the Kanto Local Finance Bureau on February 9, 2026
	Filed with the Director-General of the Kanto Local Finance Bureau on June 9, 2026
(6) Extraordinary Reports and Amendment Reports thereto	
Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (result of the resolution made at the Annual Shareholders Meeting)	Filed with the Director-General of the Kanto Local Finance Bureau on June 30, 2025
Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), item (i) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (public offering or secondary distribution of securities in the region other than Japan)	Filed with the Director-General of the Kanto Local Finance Bureau on July 10, 2025
Amendment Report to the above Extraordinary Report	Filed with the Director-General of the Kanto Local Finance Bureau on July 23, 2025
Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), item (xii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (an event which may have significant effects on the financial position, operating results and cash flow status of a reporting company)	Filed with the Director-General of the Kanto Local Finance Bureau on December 3, 2025
Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), item (iii) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (changes in specified subsidiaries)	Filed with the Director-General of the Kanto Local Finance Bureau on December 11, 2025
Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), items (xii) and (xix) of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (an event which may have significant effects on the financial position, operating results and cash flow status of a reporting company)	Filed with the Director-General of the Kanto Local Finance Bureau on February 9, 2026
Extraordinary Report pursuant to the provisions of Article 19, paragraph (2), items (vii)-3 of the Cabinet Office Ordinance on Disclosure of Corporate Affairs (decision on absorption-type merger)	Filed with the Director-General of the Kanto Local Finance Bureau on June 9, 2026

Section 2 Information about Reporting Company’s Guarantor, etc.

Not applicable

(TRANSLATION)

INDEPENDENT AUDITOR’S REPORT

June 24, 2026

To the Board of Directors of
Furukawa Electric Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Tsutomu Hirose

Designated Engagement Partner,
Certified Public Accountant:

Koji Hiraoka

Designated Engagement Partner,
Certified Public Accountant:

Kenta Suzuki

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of Furukawa Electric Co., Ltd. and its consolidated subsidiaries (the “Group”) included in the Financial Section, namely, the consolidated balance sheet as of March 31, 2026, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2025 to March 31, 2026, and a summary of significant accounting policies and other explanatory information, and the consolidated supplementary schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

We had stated that “Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business” and “Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System” were identified as key audit matters in our audit of the consolidated financial statements for the previous period.

In the consolidated financial statements for the current period, uncertainty in the business environment has continued due to factors such as increases in raw material and logistics costs and the surge in copper prices.

As a result, the recoverability of deferred tax assets based on future taxable income remains a matter of significant importance to our audit.

Therefore, we identified “Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System” as a key audit matter in our audit of the consolidated financial statements for the current period.

On the other hand, with regard to “Assessment of impairment loss recognition regarding fixed assets classified to a certain asset group in the Communications Solutions business,” after considering the extent of its impact on the consolidated financial statements for the current period, including the business environment such as increased demand from the data center market, we determined that it is not a key audit matter in the audit of the consolidated financial statements for the current period.

<table>
<tr><th colspan="2">Recoverability of deferred tax assets related to the Applicable Group under the
Group Tax Sharing System</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter Was
Addressed in the Audit</th></tr>
<tr><td>The amount of deferred tax assets recorded on the consolidated balance sheet as of March 31, 2026, was 3,771 million yen. As stated in the “Notes to Consolidated Financial Statements (Tax Effect Accounting)”, the gross deferred tax assets before offsetting deferred tax liabilities were 22,861 million yen. A valuation allowance of 75,256 million yen was recorded to reduce the gross amount of deferred tax assets related to deductible temporary differences and loss carryforwards of 98,118 million yen. The Group applies the Group Tax Sharing System to its domestic companies in Japan. Accordingly, the recorded amount of deferred tax assets related to the applicable domestic companies under the Group Tax Sharing System (hereinafter “Applicable Group”) was 18,626 million yen, a net of a valuation allowance and before offsetting deferred tax liabilities.</td><td>Our audit procedures evaluated the reasonableness of the estimated future taxable income of the Company related to the Applicable Group's recoverability of the deferred tax, which was approximately 70% of the total amount of the estimated future taxable income of the Applicable Group, included the following, among others:

(1) Evaluation of controls

• We evaluated the design, implementation, and operating effectiveness of the controls related to the estimation of future taxable income of the Company, specifically focusing on controls related to the determination of the recoverability of deferred tax assets.</td></tr>
</table>

The Group records the amount of deferred tax assets expected to be recovered based on the estimated future taxable income (before considering tax loss carryforwards) over the next five years. In determining the recoverability of the Applicable Group's deferred tax assets, the estimated future taxable income of Furukawa Electric Co., Ltd. (the “Company”) has a significant impact on this determination as it is approximately 70% of the total future taxable income of the Applicable Group. The Company's estimated future taxable income is based on significant management assumptions within the future business plans, including sales volume, unit sales price, and market forecasts, all of which involve inherent uncertainties. Furthermore, the Company has been experiencing delays in improving business performance in certain segments, combined with recent economic trends and market shifts have increased uncertainty regarding the business environment. Consequently, the uncertainty surrounding the Company's future taxable income has become comparatively higher. We identified the recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System as a key audit matter because (1) the recorded amount of deferred tax assets related to the Applicable Group was quantitatively material and (2) significant assumptions used in the estimation of the future taxable income involve uncertainties and significant judgments made by management.	(2) Evaluation of the reasonableness of estimated future taxable income With respect to major business units that are expected to have significant impacts on the Company's future taxable income, we tested whether the methods and significant assumptions used to estimate the future taxable income and the data used in developing the future business plans were appropriate in accordance with the applied financial framework. We also tested whether management appropriately addressed the uncertainty in estimation of the future taxable income by performing the followings: • We assessed the consistency of the approved future business plans used as a basis for the estimated future taxable income. We also evaluated the degree of reliability and uncertainty in management's estimates by comparing the budgets and the future business plans for the past years with the actual results. • To evaluate the degree of reliability and uncertainty in management's estimates, we performed a stress test on the estimated future taxable income. • For the sales volume and sales price per unit, which are significant assumptions used in the estimation of the future business plans, we inquired of management and employees responsible for preparing the future business plans. As part of the sales order testing, we examined sales contracts and orders received to be fulfilled in future periods. Further, we also inspected the consistency of the information such as sales volume and sales price per unit on the sales contracts against other relevant data and information from the customers. For the market forecast, we performed a comparison of the forecast with available external data and peer companies and analyzed the historical trend of the financial results.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader. The other information in the Annual Securities Report referred to in the "Other Information" section of this English translation is not translated.

(TRANSLATION)

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Audit of Internal Control>

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of Furukawa Electric Co., Ltd. as of March 31, 2026.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader. The other information in the Annual Securities Report referred to in the "Other Information" section of this English translation is not translated.

control over financial reporting of Furukawa Electric Co., Ltd. as of March 31, 2026, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and the Audit and Supervisory Committee for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. The Audit and Supervisory Committee is responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Plan and perform the internal control audit to obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and review of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to Furukawa Electric Co., Ltd. and its subsidiaries are disclosed in paragraph (3) titled “Audits” in “Corporate Governance” included in “Information about Reporting Company” of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader. The other information in the Annual Securities Report referred to in the "Other Information" section of this English translation is not translated.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

June 24, 2026

To the Board of Directors of
Furukawa Electric Co., Ltd.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:

Tsutomu Hirose

Designated Engagement Partner,
Certified Public Accountant:

Koji Hiraoka

Designated Engagement Partner,
Certified Public Accountant:

Kenta Suzuki

<Audit of Nonconsolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the nonconsolidated financial statements of Furukawa Electric Co., Ltd. (the "Company") included in the Financial Section, namely, the nonconsolidated balance sheet as of March 31, 2026, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 204th fiscal year from April 1, 2025 to March 31, 2026, and a summary of significant accounting policies and other explanatory information, and the supplementary schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2026, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the nonconsolidated financial statements of the current period. The matter was addressed in the context of our audit of the nonconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Recoverability of deferred tax assets

We have omitted descriptions on this due to overlap with the key audit matter ("Recoverability of deferred tax assets related to the Applicable Group under the Group Tax Sharing System") described in our audit report on the consolidated financial statements.

Other Information

Management is responsible for the other information. The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Annual Securities Report, but does not include the nonconsolidated financial statements and our auditor's report thereon.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit and Supervisory Committee for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the nonconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>
Fee-related information is disclosed in independent auditor's report on the consolidated financial statements as of and for the year ended March 31, 2026.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan
Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<u>Notes to the Readers of Independent Auditor's Report</u>

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

(TRANSLATION)

Cover

Document title	Internal Control Report
Clause of stipulation	Article 24-4-4, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 24, 2026
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Title and name of chief financial officer	Koji Aoshima, Director and Corporate Senior Vice President, CFO (Chief Financial Officer)
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

(Translation)
This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Basic Framework of Internal Control over Financial Reporting

Hideya Moridaira, Representative Director, President; and Koji Aoshima, Director and Corporate Senior Vice President, CFO (Chief Financial Officer) are responsible for the development and operation of internal control over financial reporting of Furukawa Electric Co., Ltd. (the "Company").

The Company has developed and operated internal control over financial reporting in accordance with "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control over financial reporting may not completely prevent or detect misstatements of financial reporting.

2. Matters Related to the Scope, Reference Date, and Evaluation Procedures

(1) Reference date of evaluation

We conducted our evaluation of internal control over financial reporting based on the reference date of March 31, 2026, the end of the current fiscal year.

(2) Standards of evaluation

In evaluating internal control over financial reporting, we followed the evaluation standards for internal control over financial reporting generally accepted in Japan.

(3) Overview of evaluation procedures

First, we conducted an evaluation of company-wide (entity-level) controls that have a material impact on the overall consolidated financial reporting. Based on the results of that evaluation, business processes to be assessed were selected. For the selected business processes and related IT-based controls, key control points that have a material impact on the reliability of financial reporting were identified. The design and operational effectiveness of these key control points were then evaluated to determine the effectiveness of internal control.

(4) Scope of evaluation

We determined the scope of evaluation of internal control over financial reporting based on the significance of the potential impact on the reliability of financial reporting. The level of significance was assessed by considering both quantitative and qualitative factors, as well as the likelihood of occurrence on financial reporting.

The evaluation of company-wide controls covered all business sites except those where the impact on the reliability of financial reporting was determined to be immaterial.

The Group's main businesses consist of the manufacturing and sales of products in the Infrastructure, Electronics & Automotive Systems, Functional Products, and other business segments. As there are no significant differences in profit margins among these segments, net sales were deemed an appropriate indicator for determining the materiality of business sites. For the favorable evaluation of internal control over business processes, the business sites that accounted for approximately two-thirds of the Group's consolidated net sales (after eliminating intercompany transactions), as well as those deemed qualitatively significant, were selected as key business sites, taking into account the results of the company-wide control evaluation.

Taking into account the nature of the Group's business activities, we included, in principle, in the scope of evaluation the business processes related to "Net sales," "Accounts receivable," and "Inventories," which are closely linked to the Group's core business objectives at key business sites.

Furthermore, regardless of whether a business site was selected as a key business site, we expanded the scope to other business sites as well, and identified business processes related to businesses or operations with processes involving significant accounts that have a high risk of material misstatement and require estimates or forecasts, or businesses or operations involving high-risk transactions. Then we included such business processes in the scope of evaluation as significant processes, taking into account their potential impact on financial reporting. As a result, the primary business processes selected were impairment of non-current assets, recoverability of deferred tax assets, and estimation of provision for product warranties. Taking into account the impact on the Group's financial reporting, we included in the scope of evaluation those business sites where the accounts related to the above-mentioned business processes are of high materiality.

3. Result of Evaluation

Based on the evaluation procedures described above, the management concluded that the internal control over financial reporting of the Company as of March 31, 2026 was effective.

4. Supplementary Information

Not applicable.

5. Other Information for Special Attention

Not applicable.

Cover

Document title	Confirmation Note
Clause of stipulation	Article 24-4-2, paragraph (1) of the Financial Instruments and Exchange Act
Place of filing	Director, Kanto Local Finance Bureau
Filing date	June 24, 2026
Company name	Furukawa Denki Kogyo Kabushiki Kaisha
Company name in English	Furukawa Electric Co., Ltd.
Title and name of representative	Hideya Moridaira, President
Title and name of chief financial officer	Koji Aoshima, Director and Corporate Senior Vice President, CFO (Chief Financial Officer)
Address of registered headquarters	2-6-4 Otemachi Chiyoda-ku, Tokyo
Place for public inspection	Tokyo Stock Exchange, Inc. (2-1 Nihonbashi Kabutocho, Chuo-ku, Tokyo)

1. Matters Related to Adequacy of Statements Contained in the Annual Securities Report

Hideya Moridaira, Representative Director, President and Koji Aoshima, Director and Corporate Senior Vice President, CFO (Chief Financial Officer), confirmed that statements contained in the Annual Securities Report for the 204rd fiscal year (from April 1, 2025 to March 31, 2026) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.