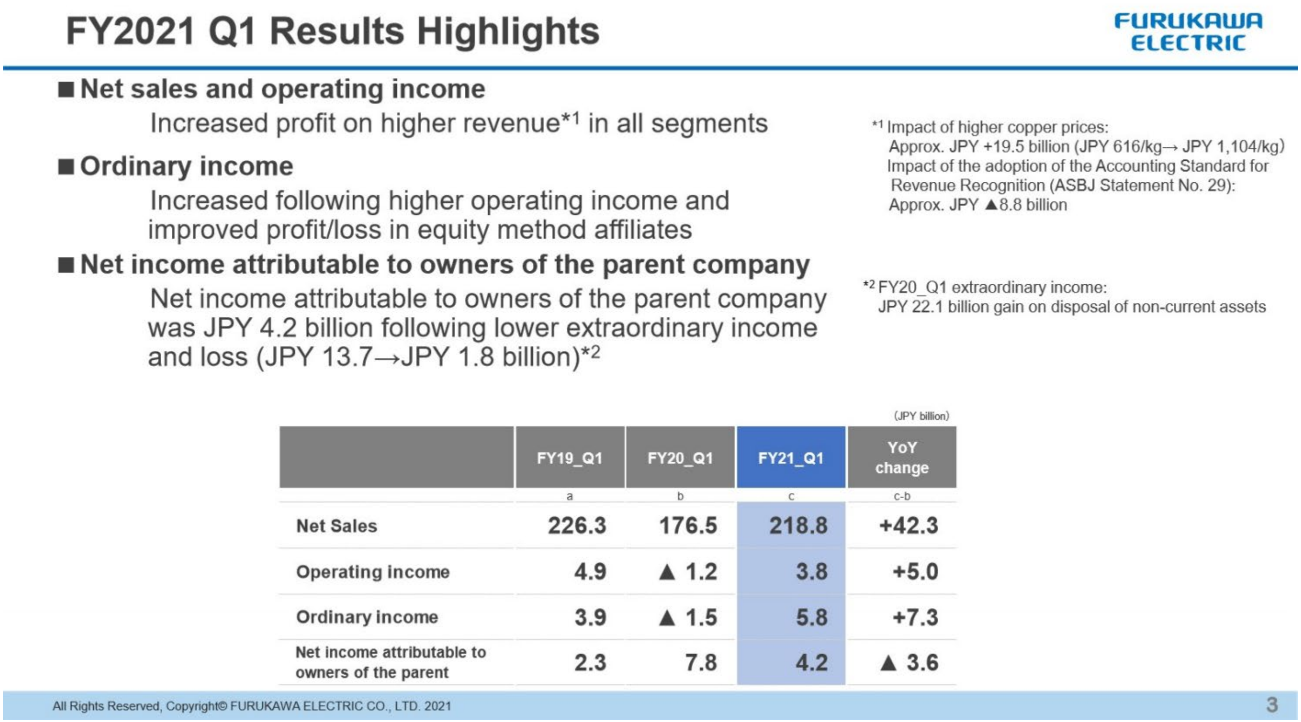
Furukawa Electric Co., Ltd.

Q1 Financial Results Briefing for the Fiscal Year Ending March 2022

Held on August 5, 2021

[Number of Speakers]	1	
	Akihiro Fukunaga	Director, Corporate Senior Vice President, and General Manager of Finance & Global Management Division



FY2021 Q1 Results Highlights

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■ **Net sales and operating income**

Increased profit on higher revenue*1 in all segments

■ **Ordinary income**

Increased following higher operating income and improved profit/loss in equity method affiliates

■ **Net income attributable to owners of the parent company**

Net income attributable to owners of the parent company was JPY 4.2 billion following lower extraordinary income and loss (JPY 13.7→JPY 1.8 billion)*2

*1 Impact of higher copper prices:
Approx. JPY +19.5 billion (JPY 616/kg→ JPY 1,104/kg)
Impact of the adoption of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29):
Approx. JPY ▲8.8 billion

*2 FY20_Q1 extraordinary income:
JPY 22.1 billion gain on disposal of non-current assets

(JPY billion)

	FY19_Q1	FY20_Q1	FY21_Q1	YoY change
	a	b	c	c-b
Net Sales	226.3	176.5	218.8	+42.3
Operating income	4.9	▲ 1.2	3.8	+5.0
Ordinary income	3.9	▲ 1.5	5.8	+7.3
Net income attributable to owners of the parent	2.3	7.8	4.2	▲ 3.6

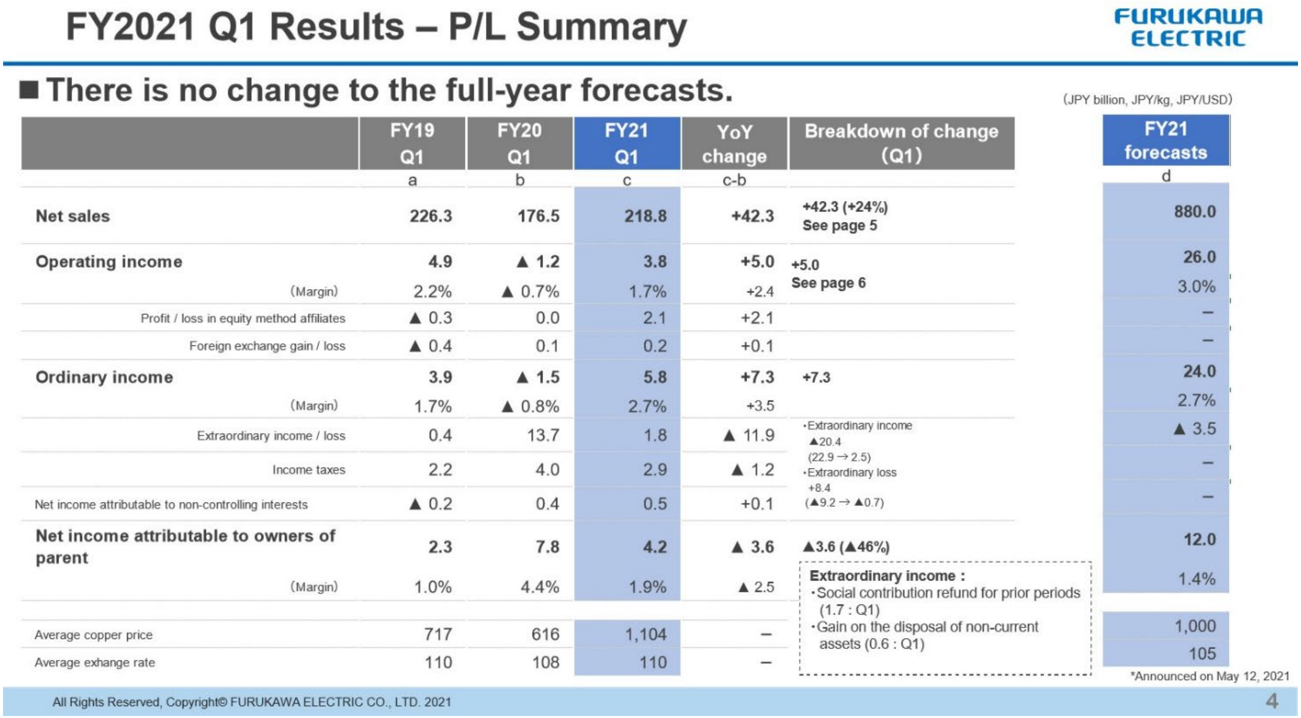
Fukunaga: This is Fukunaga. Thank you very much for taking time out of your busy schedule to attend today's meeting. I will now explain the financial results for the first quarter of FY2021.

Please see page 3. This shows the highlights of the results for the first quarter of FY2021. As a result, net sales were JPY218.8 billion, operating income was JPY3.8 billion, ordinary income was JPY5.8 billion, and net income attributable to owners of the parent company was JPY4.2 billion.

Net sales and operating income increased in all segments. The result was slightly higher than expected. Ordinary income increased due to an increase in operating income and improved profit/loss in equity method affiliates, mainly UACJ.

Net income attributable to owners of the parent company was JPY4.2 billion, a decrease of JPY3.6 billion YoY due to a decrease in extraordinary income and loss. However, in the previous fiscal year, there was an extraordinary income of JPY22.1 billion from the sale of land in Amagasaki in connection with the sale of the Copper Tube business. Since there is no large special profit this year, the profit decreased by that amount.

Compared to FY2019, the figure was up from JPY2.3 billion to JPY4.2 billion, an improvement of about JPY2 billion. Accordingly, compared to FY2019, we are on track for a steady recovery.



FY2021 Q1 Results – P/L Summary

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■ There is no change to the full-year forecasts.

(JPY billion, JPY/kg, JPY/USD)

	FY19 Q1	FY20 Q1	FY21 Q1	YoY change	Breakdown of change (Q1)	FY21 forecasts
	a	b	c	c-b		d
Net sales	**226.3**	**176.5**	**218.8**	**+42.3**	**+42.3 (+24%)** **See page 5**	**880.0**
Operating income	**4.9**	**▲ 1.2**	**3.8**	**+5.0**	**+5.0** **See page 6**	**26.0**
(Margin)	2.2%	▲ 0.7%	1.7%	+2.4		3.0%
Profit / loss in equity method affiliates	▲ 0.3	0.0	2.1	+2.1		–
Foreign exchange gain / loss	▲ 0.4	0.1	0.2	+0.1		–
Ordinary income	**3.9**	**▲ 1.5**	**5.8**	**+7.3**	**+7.3**	**24.0**
(Margin)	1.7%	▲ 0.8%	2.7%	+3.5		2.7%
Extraordinary income / loss	0.4	13.7	1.8	▲ 11.9	･Extraordinary income ▲20.4 (22.9 → 2.5) ･Extraordinary loss +8.4 (▲9.2 → ▲0.7)	▲ 3.5
Income taxes	2.2	4.0	2.9	▲ 1.2		–
Net income attributable to non-controlling interests	▲ 0.2	0.4	0.5	+0.1		–
Net income attributable to owners of parent	**2.3**	**7.8**	**4.2**	**▲ 3.6**	**▲3.6 (▲46%)**	**12.0**
(Margin)	1.0%	4.4%	1.9%	▲ 2.5		1.4%
Average copper price	717	616	1,104	–		1,000
Average exhange rate	110	108	110	–		105

Extraordinary income :
･Social contribution refund for prior periods (1.7 : Q1)
･Gain on the disposal of non-current assets (0.6 : Q1)

*Announced on May 12, 2021

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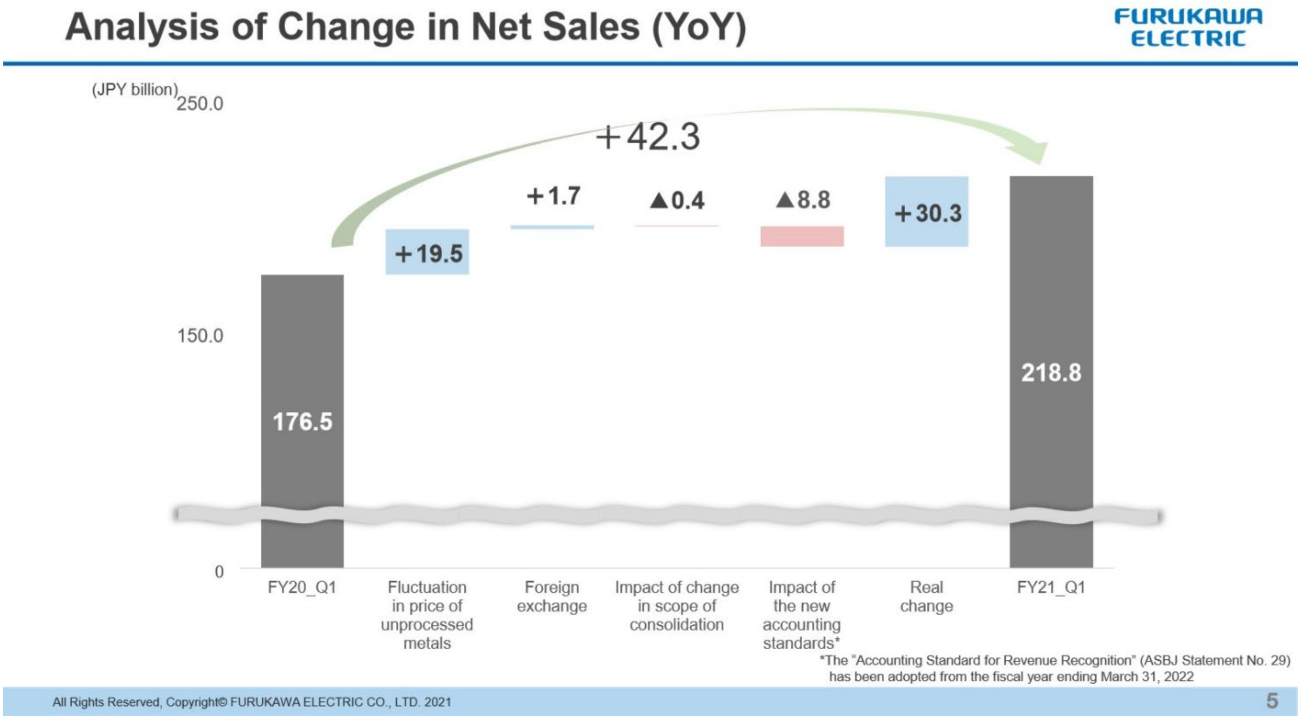
This is the P&L summary for the first quarter of FY2021. The results are the highlighted area in the middle. The figures are as I explained earlier.

In this context, the average copper price is JPY1,104, which is a significant increase compared to last year’s results. There are no major changes in the exchange rate.

The forecast for FY2021 remains unchanged in terms of sales and P&L at each stage. We are assuming a copper price of JPY1,000 and an exchange rate of JPY105.



Analysis of Change in Net Sales (YoY)

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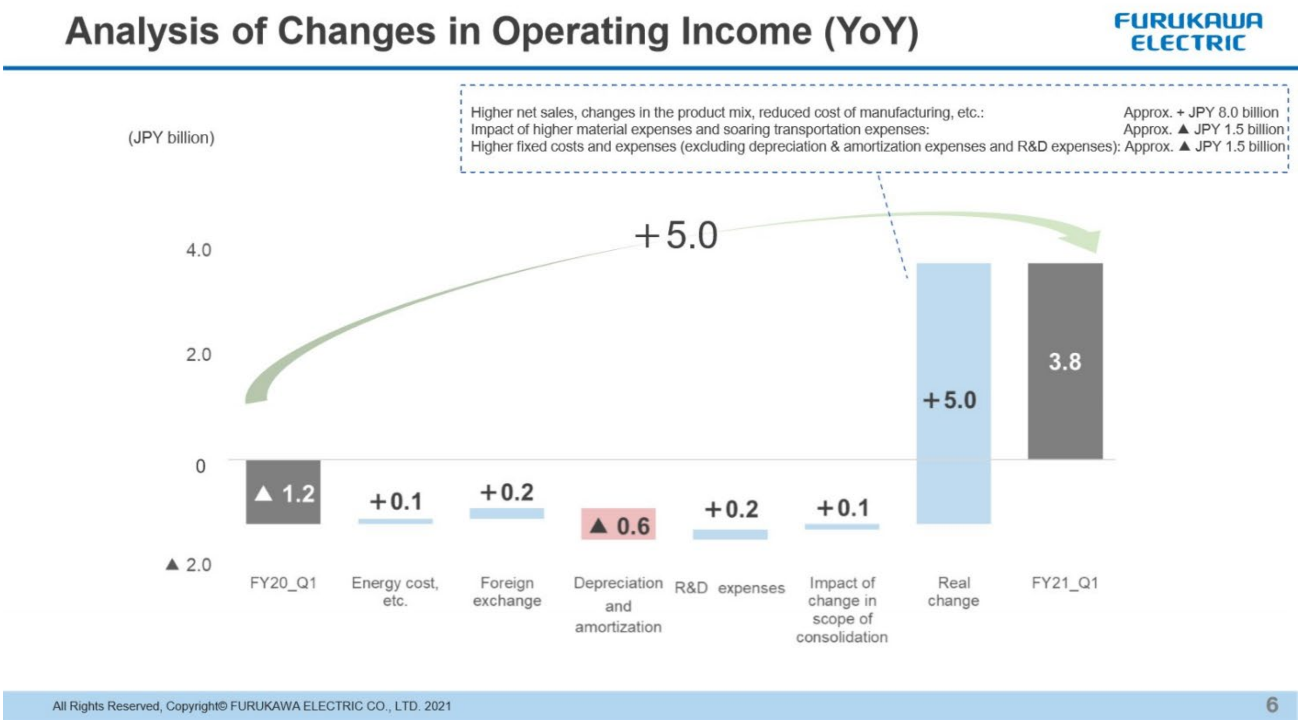
*The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) has been adopted from the fiscal year ending March 31, 2022

Page 5 shows the factors behind the increase/decrease in net sales.

As I mentioned earlier, copper prices have risen, so the impact of the change in bullion prices has resulted in an increase of JPY19.5 billion.

On the other hand, the adoption of the revenue recognition standard, due to the switch of the accounting standard, had a negative impact of JPY8.8 billion.

In terms of actual fluctuation, the result was an increase of JPY30.3 billion.



Analysis of Changes in Operating Income (YoY)

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Higher net sales, changes in the product mix, reduced cost of manufacturing, etc.: Approx. + JPY 8.0 billion
Impact of higher material expenses and soaring transportation expenses: Approx. ▲ JPY 1.5 billion
Higher fixed costs and expenses (excluding depreciation & amortization expenses and R&D expenses): Approx. ▲ JPY 1.5 billion

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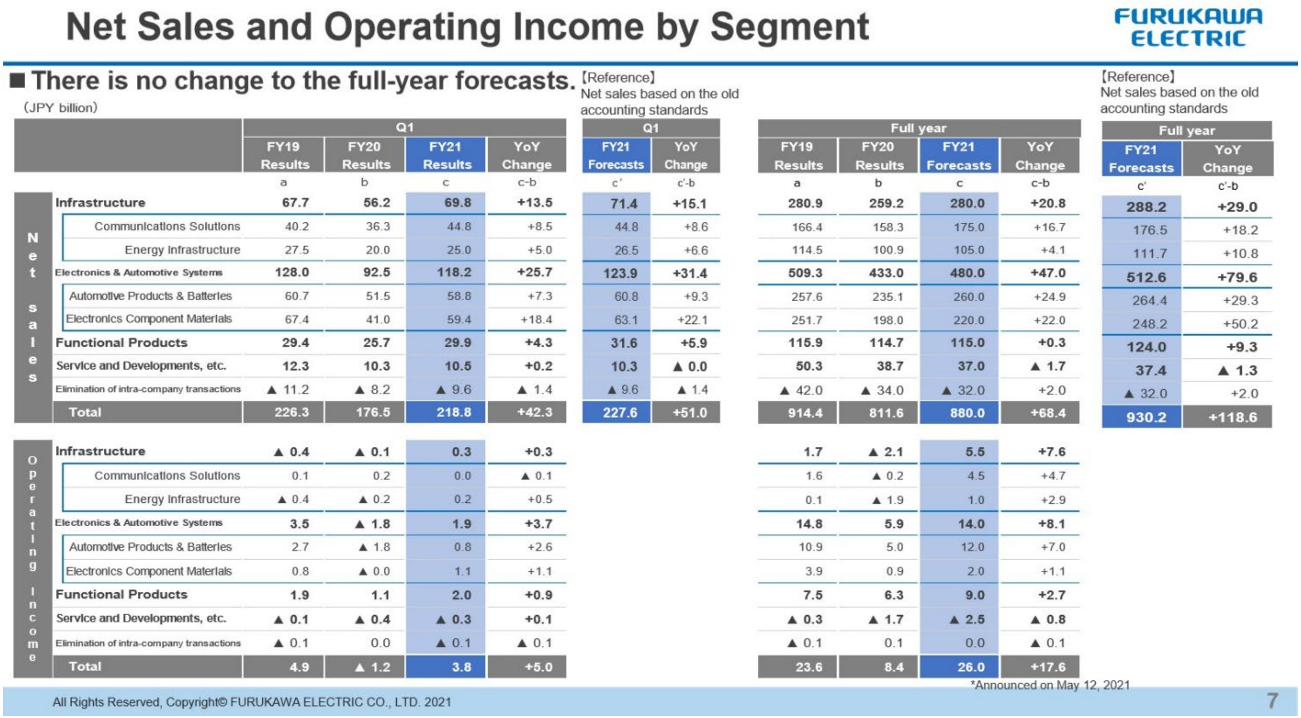
Page 6 shows the waterfall chart for operating income.

Last year, we had a decrease of JPY1.2 billion, but in the first quarter of this year, we had an increase of JPY3.8 billion.

There are some special factors on the right side of energy costs, but in fact, these figures are offset, and the figure of JPY5 billion is the same as the actual change of JPY5 billion, if we combine them with the conventional explanation. However, when we analyze the contents of this report, we find that there is an impact of the soaring cost of materials and transportation. This is about minus JPY1.5 billion.

In terms of fixed costs, the main increase will be due to the return of factory overhead staff to a steady level during the sales recovery phase. About JPY1.5 billion here. The increase in sales, the difference in product mix, and the positive effect of cost reduction resulted in JPY8 billion.



Net Sales and Operating Income by Segment

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■ There is no change to the full-year forecasts.

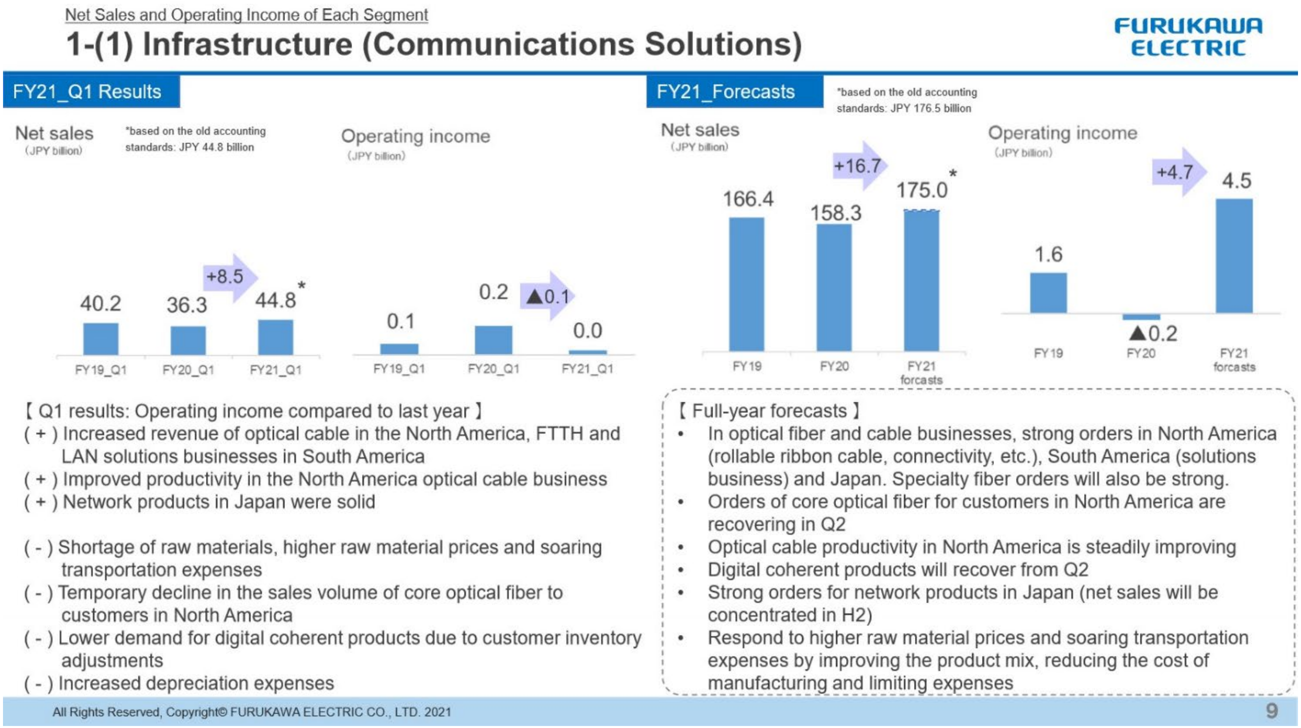
(JPY billion)

		Q1				【Reference】 Net sales based on the old accounting standards Q1		Full year				【Reference】 Net sales based on the old accounting standards Full year	
		FY19 Results	FY20 Results	FY21 Results	YoY Change	FY21 Forecasts	YoY Change	FY19 Results	FY20 Results	FY21 Forecasts	YoY Change	FY21 Forecasts	YoY Change
		a	b	c	c-b	c'	c'-b	a	b	c	c-b	c'	c'-b
Net sales	**Infrastructure**	**67.7**	**56.2**	**69.8**	**+13.5**	**71.4**	**+15.1**	**280.9**	**259.2**	**280.0**	**+20.8**	**288.2**	**+29.0**
	Communications Solutions	40.2	36.3	44.8	+8.5	44.8	+8.6	166.4	158.3	175.0	+16.7	176.5	+18.2
	Energy Infrastructure	27.5	20.0	25.0	+5.0	26.5	+6.6	114.5	100.9	105.0	+4.1	111.7	+10.8
	Electronics & Automotive Systems	**128.0**	**92.5**	**118.2**	**+25.7**	**123.9**	**+31.4**	**509.3**	**433.0**	**480.0**	**+47.0**	**512.6**	**+79.6**
	Automotive Products & Batteries	60.7	51.5	58.8	+7.3	60.8	+9.3	257.6	235.1	260.0	+24.9	264.4	+29.3
	Electronics Component Materials	67.4	41.0	59.4	+18.4	63.1	+22.1	251.7	198.0	220.0	+22.0	248.2	+50.2
	Functional Products	**29.4**	**25.7**	**29.9**	**+4.3**	**31.6**	**+5.9**	**115.9**	**114.7**	**115.0**	**+0.3**	**124.0**	**+9.3**
	Service and Developments, etc.	**12.3**	**10.3**	**10.5**	**+0.2**	**10.3**	**▲ 0.0**	**50.3**	**38.7**	**37.0**	**▲ 1.7**	**37.4**	**▲ 1.3**
	Elimination of intra-company transactions	▲ 11.2	▲ 8.2	▲ 9.6	▲ 1.4	▲ 9.6	▲ 1.4	▲ 42.0	▲ 34.0	▲ 32.0	+2.0	▲ 32.0	+2.0
	Total	**226.3**	**176.5**	**218.8**	**+42.3**	**227.6**	**+51.0**	**914.4**	**811.6**	**880.0**	**+68.4**	**930.2**	**+118.6**
Operating income	**Infrastructure**	**▲ 0.4**	**▲ 0.1**	**0.3**	**+0.3**			**1.7**	**▲ 2.1**	**5.5**	**+7.6**		
	Communications Solutions	0.1	0.2	0.0	▲ 0.1			1.6	▲ 0.2	4.5	+4.7		
	Energy Infrastructure	▲ 0.4	▲ 0.2	0.2	+0.5			0.1	▲ 1.9	1.0	+2.9		
	Electronics & Automotive Systems	**3.5**	**▲ 1.8**	**1.9**	**+3.7**			**14.8**	**5.9**	**14.0**	**+8.1**		
	Automotive Products & Batteries	2.7	▲ 1.8	0.8	+2.6			10.9	5.0	12.0	+7.0		
	Electronics Component Materials	0.8	▲ 0.0	1.1	+1.1			3.9	0.9	2.0	+1.1		
	Functional Products	**1.9**	**1.1**	**2.0**	**+0.9**			**7.5**	**6.3**	**9.0**	**+2.7**		
	Service and Developments, etc.	**▲ 0.1**	**▲ 0.4**	**▲ 0.3**	**+0.1**			**▲ 0.3**	**▲ 1.7**	**▲ 2.5**	**▲ 0.8**		
	Elimination of intra-company transactions	▲ 0.1	0.0	▲ 0.1	▲ 0.1			▲ 0.1	0.1	0.0	▲ 0.1		
	Total	**4.9**	**▲ 1.2**	**3.8**	**+5.0**			**23.6**	**8.4**	**26.0**	**+17.6**		

*Announced on May 12, 2021

Next, on page 7, we show net sales and operating income by segment.

In this section, we have included sales figures before the change in accounting standards for your reference. In particular, there are large fluctuations in the comparison with the previous year, so I think it is easier to understand the comparison of sales before the change in accounting standards.



Net Sales and Operating Income of Each Segment

1-(1) Infrastructure (Communications Solutions)

FY21_Q1 Results

【 Q1 results: Operating income compared to last year 】
(+) Increased revenue of optical cable in the North America, FTTH and LAN solutions businesses in South America
(+) Improved productivity in the North America optical cable business
(+) Network products in Japan were solid

(-) Shortage of raw materials, higher raw material prices and soaring transportation expenses
(-) Temporary decline in the sales volume of core optical fiber to customers in North America
(-) Lower demand for digital coherent products due to customer inventory adjustments
(-) Increased depreciation expenses

FY21_Forecasts

【 Full-year forecasts 】
- In optical fiber and cable businesses, strong orders in North America (rollable ribbon cable, connectivity, etc.), South America (solutions business) and Japan. Specialty fiber orders will also be strong.
- Orders of core optical fiber for customers in North America are recovering in Q2
- Optical cable productivity in North America is steadily improving
- Digital coherent products will recover from Q2
- Strong orders for network products in Japan (net sales will be concentrated in H2)
- Respond to higher raw material prices and soaring transportation expenses by improving the product mix, reducing the cost of manufacturing and limiting expenses

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Next, page 9 shows Communications Solutions. As for the results for the first quarter, operating income was almost unchanged from the previous fiscal year. There will be no major changes in the first quarter from FY2019.

In the first quarter, the lower left part of the chart shows the impact of raw material shortages, unstable procurement, higher raw material prices, and soaring transportation costs. In addition, the sales volume of core optical fiber has temporarily decreased due to material procurement problems of our customers.

In addition to this, digital coherent-related products are also experiencing inventory adjustments by customers. Depreciation expenses also increased.

In contrast, sales of optical fiber cables in North America and FTTH and LAN solutions in South America increased. In addition, the productivity improvement of Optical Cable in North America is progressing as planned. Domestic network-related products are also performing well, and this has offset these negative factors.

The forecast for the full year remains unchanged at JPY4.5 billion. In the area of fiber and cable, demand in North America has been steady. Orders are also strong. Orders in South America are also progressing well.

In the domestic market, some orders have been received since the second quarter, and some are already confirmed. In turn, sales will increase. In addition, there are positive factors such as the return of special fibers such as those related to medical care, which we had explained had a negative impact last year.

In addition, for core optical fiber for North American customers, the issue of procurement by customers has been resolved, and both orders and shipments have been recovering since the second quarter.

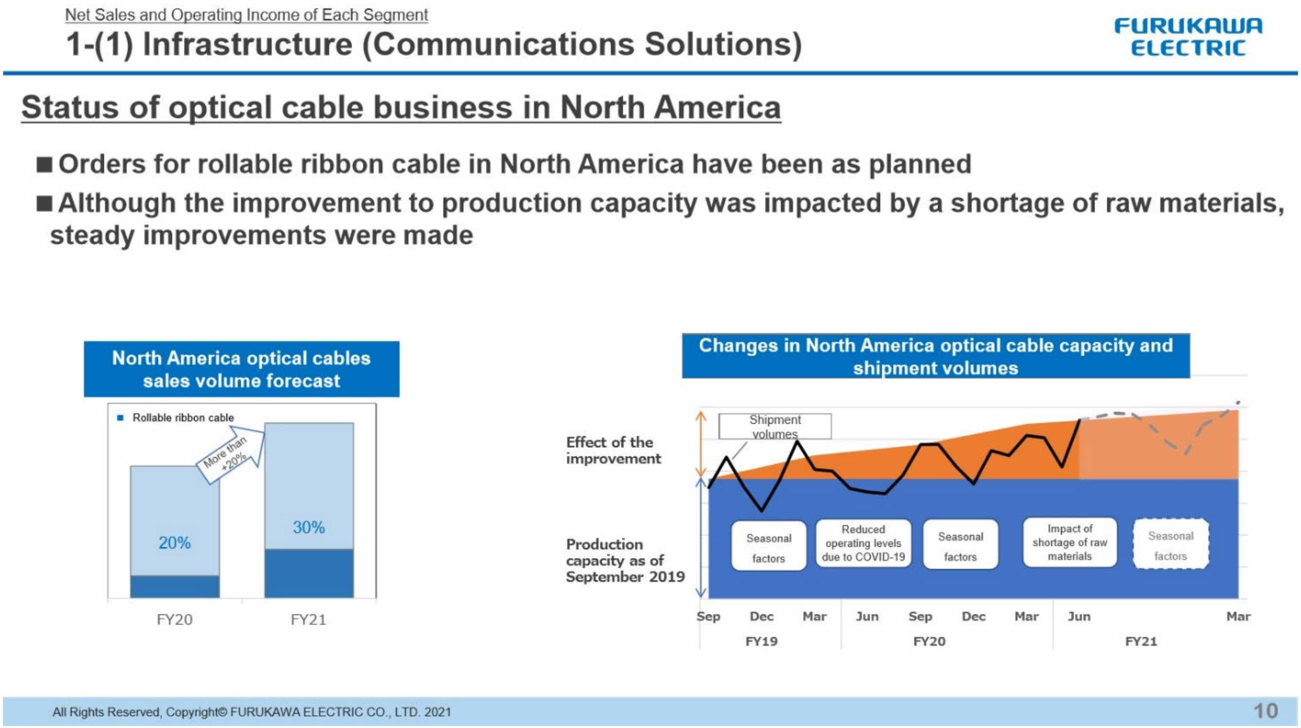
In addition, we are planning to steadily improve the productivity of Optical Cable in North America, as shown in the next page.

Orders for digital coherent-related products have also returned since the second quarter. We will make a full recovery in the second half of the fiscal year and beyond.

Orders for domestic network-related products were also strong. In addition, as usual, sales will be concentrated in the second half of the fiscal year, especially in the fourth quarter.

The difference between the first half and the second half is due to the fact that sales and profits are heavily weighted toward the second half.

Although the price of raw materials and transportation costs have soared, we will continue to achieve the goal of JPY4.5 billion by addressing the above situation, improving the product mix, reducing costs, and continuing to control expenses.



1-(1) Infrastructure (Communications Solutions)

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Status of optical cable business in North America

- Orders for rollable ribbon cable in North America have been as planned
- Although the improvement to production capacity was impacted by a shortage of raw materials, steady improvements were made

North America optical cables sales volume forecast

Changes in North America optical cable capacity and shipment volumes

Next, page 10 shows the status of the Optical Cable business in North America.

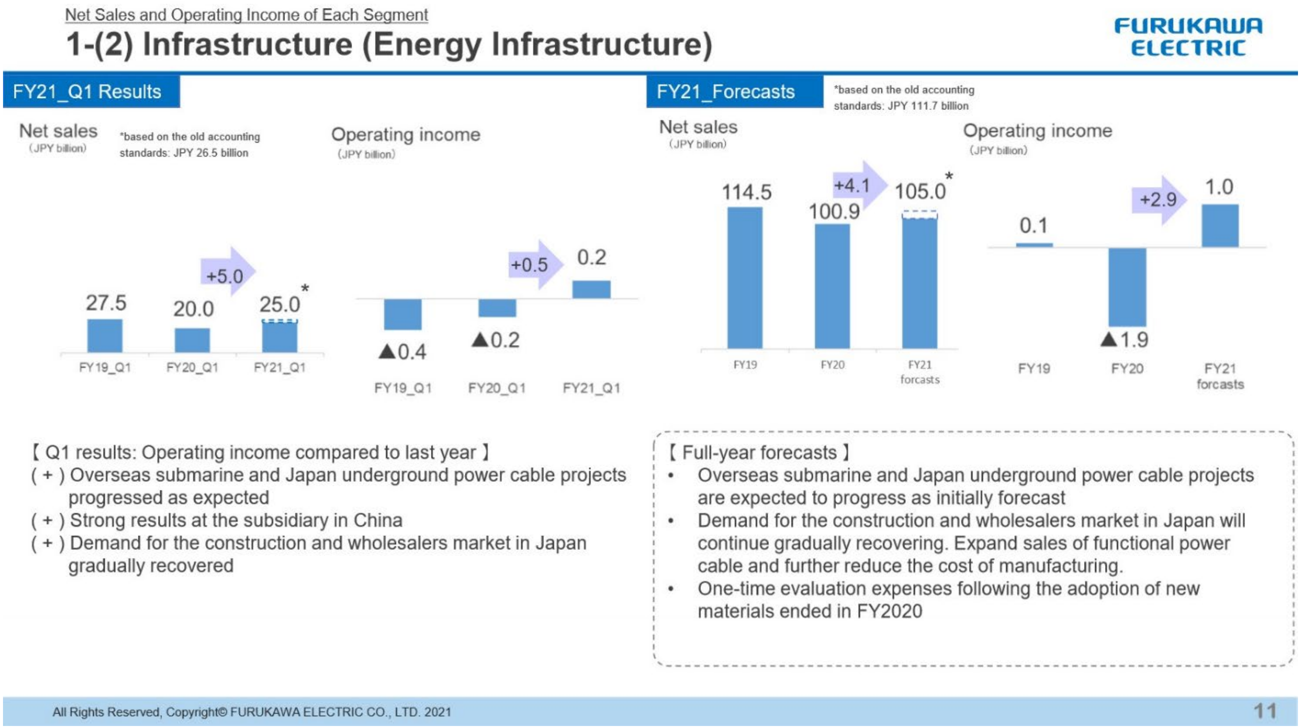
The overall sales forecast for Optical Cable in North America is expected to increase by more than 20% in the current fiscal year for rollable ribbon cables.

Our plan is to increase orders for our core product, the rollable ribbon cables, from 20% to 30%, and orders are proceeding as planned. Orders have been steadily increasing.

Production capacity. The graph is on the right. The dotted line is the movement of the figures we expect in the future. The forecast is based on the assumption that there will be seasonal factors during the winter season, and that there will be a temporary decline this fiscal year as well.

Another point is that, in May, the numbers dropped once. This is where the procurement of raw materials has become unstable, and we have been affected by delays in the procurement of materials in the timing of our production plans for manufacturing.

The productivity improvement itself is progressing, but the impact of this temporary halt has been felt. As for this problem, we have already taken measures, such as multiple purchasing and substitute products, so there have been no major problems since July.



Net Sales and Operating Income of Each Segment

1-(2) Infrastructure (Energy Infrastructure)

FY21_Q1 Results

*based on the old accounting standards: JPY 26.5 billion

FY21_Forecasts

*based on the old accounting standards: JPY 111.7 billion

【 Q1 results: Operating income compared to last year 】
(+) Overseas submarine and Japan underground power cable projects progressed as expected
(+) Strong results at the subsidiary in China
(+) Demand for the construction and wholesalers market in Japan gradually recovered

【 Full-year forecasts 】
- Overseas submarine and Japan underground power cable projects are expected to progress as initially forecast
- Demand for the construction and wholesalers market in Japan will continue gradually recovering. Expand sales of functional power cable and further reduce the cost of manufacturing.
- One-time evaluation expenses following the adoption of new materials ended in FY2020

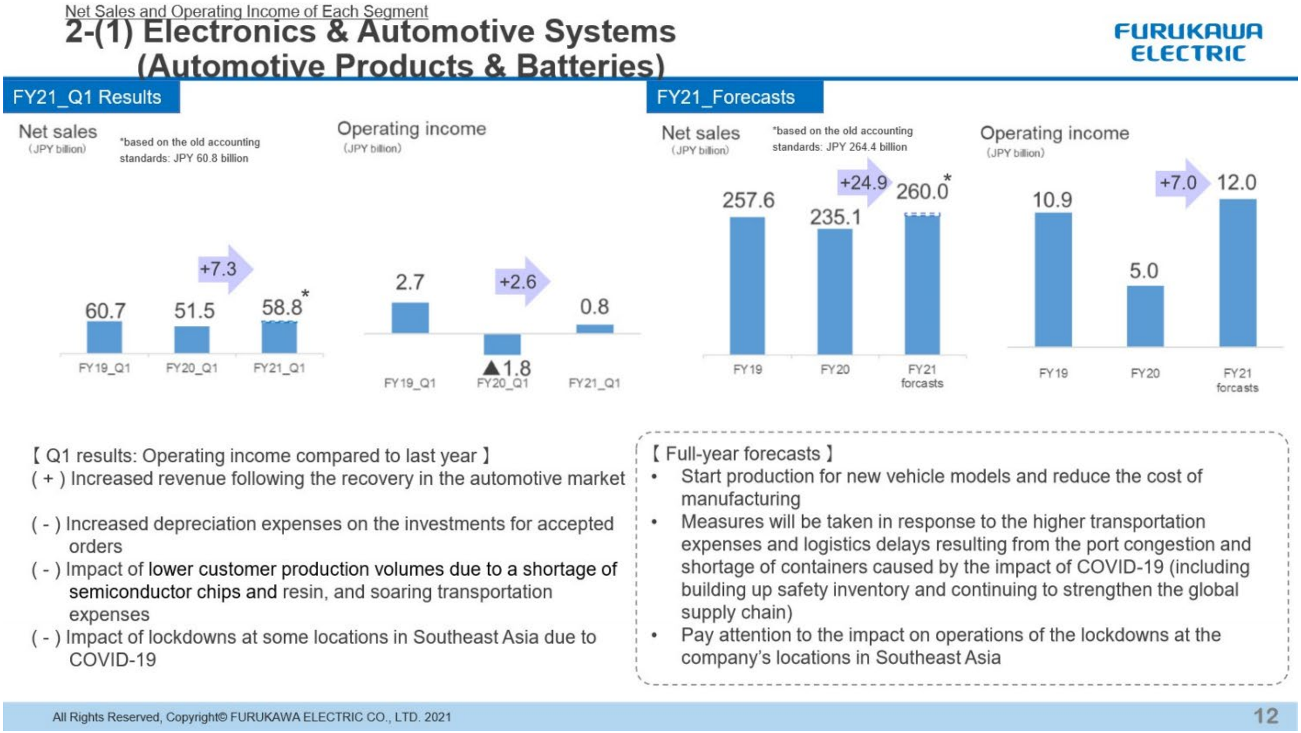
The next page, page 11, shows the status of Energy Infrastructure.

In the Energy Infrastructure business, we expect a steady recovery in sales and operating income for the next quarter and full year.

In the last fiscal year, the Chinese subsidiary was negatively affected by the impact of COVID-19 in China, and also struggled with industrial wires for construction in general in Japan.

In addition, we incurred 1-time expenses for evaluation costs associated with the adoption of new materials related to power cable, and the total impact of this was minus-JPY2.5 billion in the previous fiscal year. This has already improved in the first quarter of this fiscal year and is expected to continue to improve throughout the fiscal year, or even eliminate the occurrence of 1-time expenses.

In addition, there are overseas submarine cable and domestic underground cable projects, including extra-high voltage for electric power and renewable energy. As these items are progressing, as expected at the beginning of the fiscal year, we will continue to make steady progress toward our forecast of JPY1 billion.



Net Sales and Operating Income of Each Segment

2-(1) Electronics & Automotive Systems (Automotive Products & Batteries)

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FY21_Q1 Results

FY21_Forecasts

【 Q1 results: Operating income compared to last year 】
(+) Increased revenue following the recovery in the automotive market

(-) Increased depreciation expenses on the investments for accepted orders
(-) Impact of lower customer production volumes due to a shortage of semiconductor chips and resin, and soaring transportation expenses
(-) Impact of lockdowns at some locations in Southeast Asia due to COVID-19

【 Full-year forecasts 】
- Start production for new vehicle models and reduce the cost of manufacturing
- Measures will be taken in response to the higher transportation expenses and logistics delays resulting from the port congestion and shortage of containers caused by the impact of COVID-19 (including building up safety inventory and continuing to strengthen the global supply chain)
- Pay attention to the impact on operations of the lockdowns at the company's locations in Southeast Asia

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Next, Automotive Products and Batteries. Automotive Products were also significantly affected by the COVID-19 in the previous fiscal year. We have improved from that negative figure to a positive figure of JPY0.8 billion. We have not changed our forecast of JPY5 billion to JPY12 billion for the full year.

As I have explained, we have seen an increase in sales due to the recovery of the automotive market. But on the other hand, we have been affected in the first quarter by an increase in depreciation expenses due to the response to orders, production cutbacks by customers, due to the shortage of semiconductors and resins, and soaring transportation costs. Lockdowns at some of our bases in Southeast Asia are also working as a negative factor here.

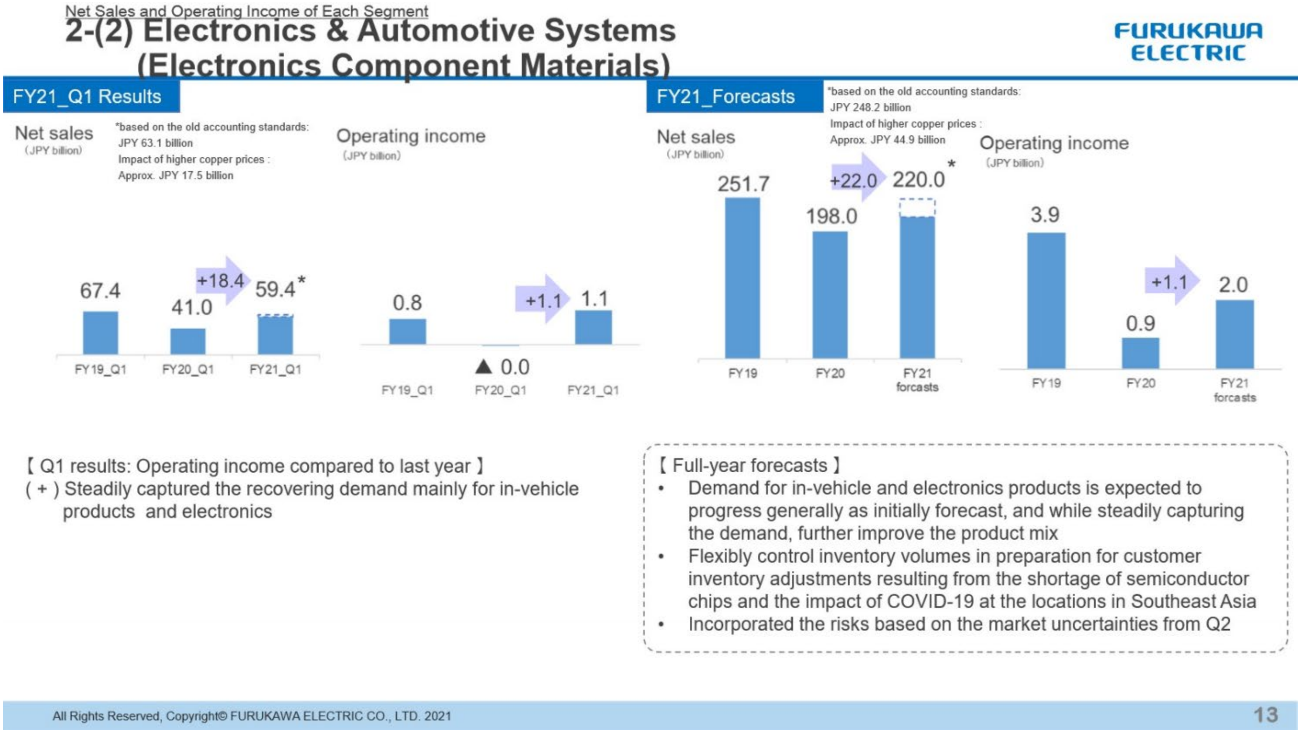
As for the outlook for the full year, new vehicle models, especially those related to aluminum harnesses, will be launched. Cost reduction is also expected to proceed as planned.

On the other hand, we will take measures to deal with the increased transportation costs and logistics delays caused by the congestion at ports and the shortage of containers due to the impact of COVID-19, et cetera. It is expected a rapid recovery in demand. Alternatively, there are concerns about supply chain disruptions due to the impact of COVID-19. In this context, we are continuing to strengthen our supply chain by building up safety inventory to ensure that we are able to supply our customers, and also to create a system in which we can handle business at multiple manufacturing bases.

In addition, the impact of the lockdown in Southeast Asia. For us, Malaysia and India were affected in the first quarter and the second quarter. There are many companies whose fiscal year from January to December, so some of the actual impact will be felt in the first quarter and some in the second quarter.

Also, since July, our Vietnam base has also been affected by the lockdown. With regard to Malaysia and India, Malaysia is still in a lockdown situation, but India is recovering steadily, and is now almost unaffected. As for Vietnam, we will continue to monitor the impact, and we will be able to talk about the situation in the second quarter.

At present, the shortage of semiconductors and resins is expected to be resolved in the second half of the year, and our customers are strongly requesting us to respond to their needs in the second half. By responding firmly to these needs, we hope to achieve the figures as planned.



Net Sales and Operating Income of Each Segment

2-(2) Electronics & Automotive Systems (Electronics Component Materials)

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FY21_Q1 Results

*based on the old accounting standards:
JPY 63.1 billion
Impact of higher copper prices :
Approx. JPY 17.5 billion

FY21_Forecasts

*based on the old accounting standards:
JPY 248.2 billion
Impact of higher copper prices :
Approx. JPY 44.9 billion

【 Q1 results: Operating income compared to last year 】
(+) Steadily captured the recovering demand mainly for in-vehicle products and electronics

【 Full-year forecasts 】
- Demand for in-vehicle and electronics products is expected to progress generally as initially forecast, and while steadily capturing the demand, further improve the product mix
- Flexibly control inventory volumes in preparation for customer inventory adjustments resulting from the shortage of semiconductor chips and the impact of COVID-19 at the locations in Southeast Asia
- Incorporated the risks based on the market uncertainties from Q2

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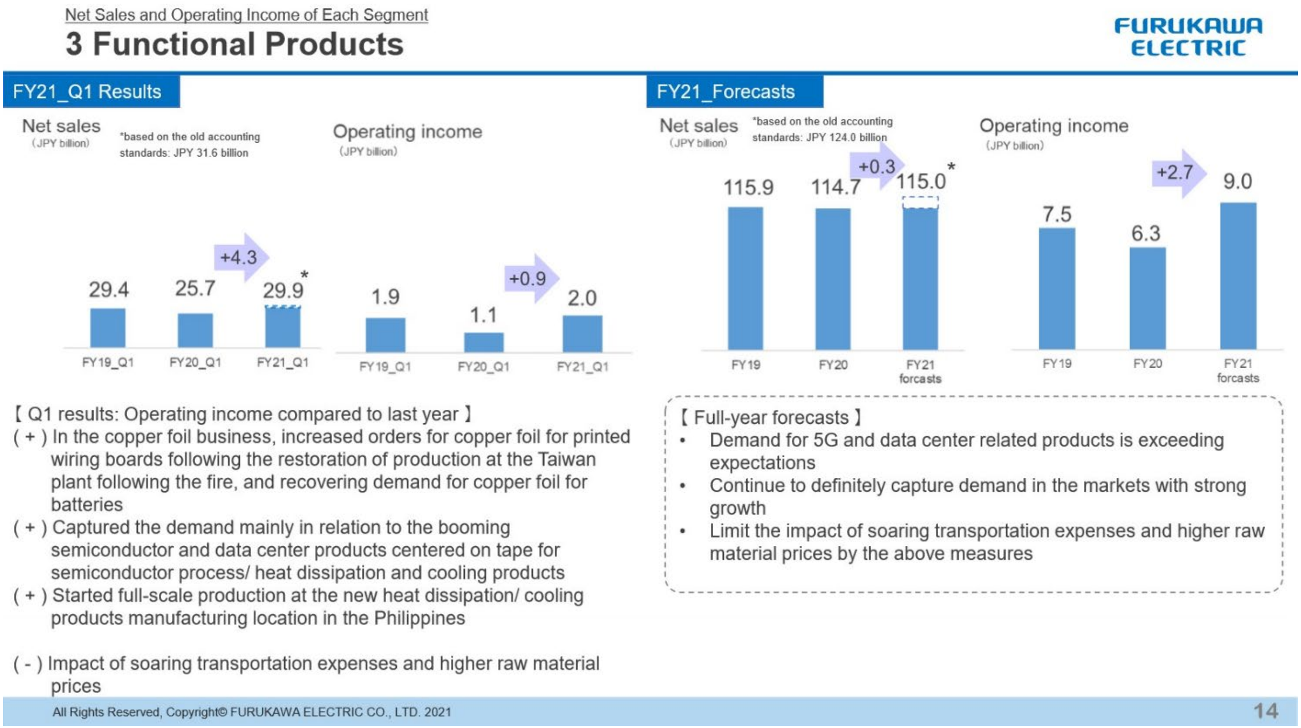
Next, on page 13, we will look at Electronics Component Materials.

In this business, sales are recovering steadily, especially for automotive and electronics-related products. By steadily capturing demand in this environment, operating income increased by JPY1.1 billion in the first quarter, up from zero in the previous fiscal year.

For the full year, we forecast an increase of JPY1.1 billion, from JPY0.9 billion to JPY2 billion, maintaining the increase in the first quarter. However, orders have been strong so far.

In addition, the product mix is improving, and productivity is improving, but we don’t know what kind of impact it will have, such as the situation with automotive market or the impact of COVID-19. In particular, Electronics Component Materials are used in upstream processes, so the end markets are diverse.

In reality, there is a tendency for the impact to be delayed and appeared suddenly, so we have actually factored in about JPY1 billion of that risk. We are aware that if there is no such impact, that amount has increased.



Net Sales and Operating Income of Each Segment

3 Functional Products

FY21_Q1 Results

FY21_Forecasts

【 Q1 results: Operating income compared to last year 】

(+) In the copper foil business, increased orders for copper foil for printed wiring boards following the restoration of production at the Taiwan plant following the fire, and recovering demand for copper foil for batteries

(+) Captured the demand mainly in relation to the booming semiconductor and data center products centered on tape for semiconductor process/ heat dissipation and cooling products

(+) Started full-scale production at the new heat dissipation/ cooling products manufacturing location in the Philippines

(-) Impact of soaring transportation expenses and higher raw material prices

【 Full-year forecasts 】

- Demand for 5G and data center related products is exceeding expectations
- Continue to definitely capture demand in the markets with strong growth
- Limit the impact of soaring transportation expenses and higher raw material prices by the above measures

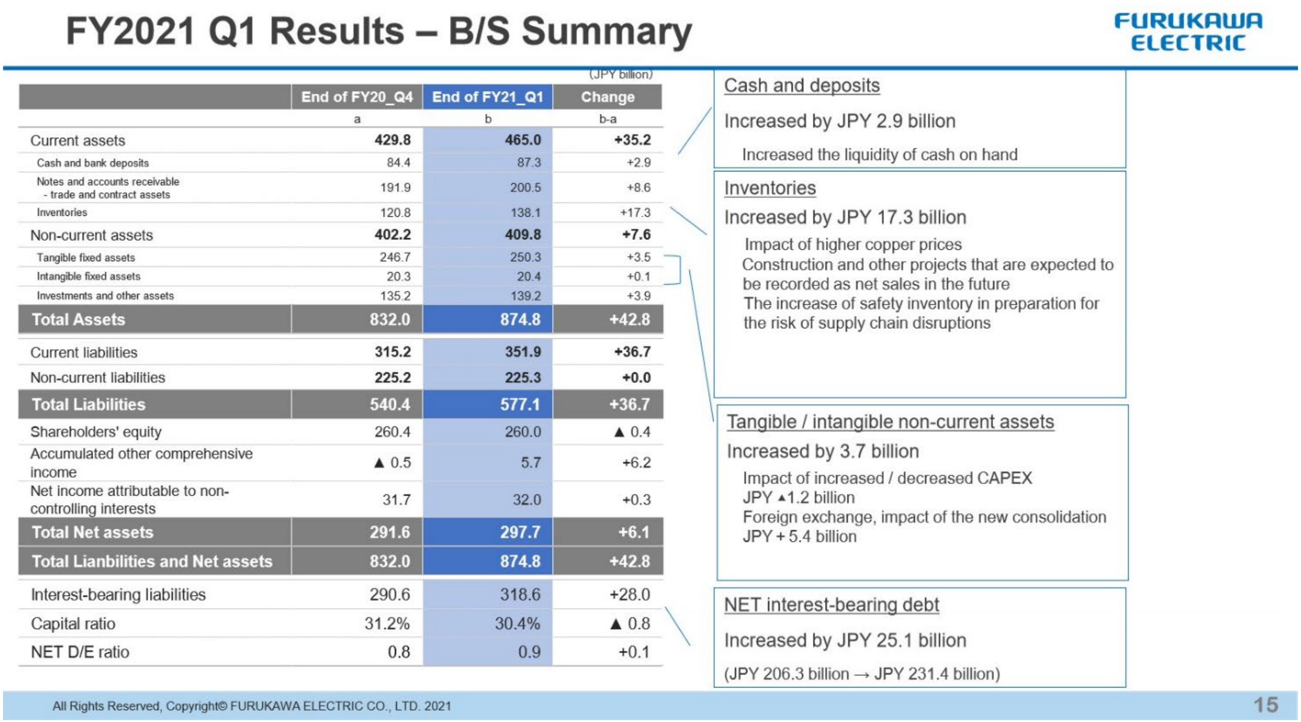
Functional Products.

The data center market and the 5G base station market are also very strong here, and sales and profits are growing steadily. Although transportation costs and raw material prices have soared, demand has exceeded that. And we have been able to respond on the manufacturing front, which we believe will be sufficient for the first quarter and throughout the fiscal year.

In particular, in the area of copper foil, the restoration of our Taiwan base is progressing smoothly, and orders for copper foil for circuits are also increasing as a result. Last year, we had a very difficult time with negative results, but we have already achieved profitability since the first quarter.

We will continue to make progress in the recovery of our Taiwan base.

In terms of copper foil, we expect a considerable improvement from last year’s situation, and we have set this figure as our plan.



FY2021 Q1 Results – B/S Summary

FURUKAWA ELECTRIC

(JPY billion)

	End of FY20_Q4	End of FY21_Q1	Change
	a	b	b-a
Current assets	**429.8**	**465.0**	**+35.2**
Cash and bank deposits	84.4	87.3	+2.9
Notes and accounts receivable - trade and contract assets	191.9	200.5	+8.6
Inventories	120.8	138.1	+17.3
Non-current assets	**402.2**	**409.8**	**+7.6**
Tangible fixed assets	246.7	250.3	+3.5
Intangible fixed assets	20.3	20.4	+0.1
Investments and other assets	135.2	139.2	+3.9
Total Assets	**832.0**	**874.8**	**+42.8**
Current liabilities	**315.2**	**351.9**	**+36.7**
Non-current liabilities	**225.2**	**225.3**	**+0.0**
Total Liabilities	**540.4**	**577.1**	**+36.7**
Shareholders' equity	260.4	260.0	▲ 0.4
Accumulated other comprehensive income	▲ 0.5	5.7	+6.2
Net income attributable to non-controlling interests	31.7	32.0	+0.3
Total Net assets	**291.6**	**297.7**	**+6.1**
Total Lianbilities and Net assets	**832.0**	**874.8**	**+42.8**
Interest-bearing liabilities	290.6	318.6	+28.0
Capital ratio	31.2%	30.4%	▲ 0.8
NET D/E ratio	0.8	0.9	+0.1

Cash and deposits

Increased by JPY 2.9 billion

Increased the liquidity of cash on hand

Inventories

Increased by JPY 17.3 billion

Impact of higher copper prices
Construction and other projects that are expected to be recorded as net sales in the future
The increase of safety inventory in preparation for the risk of supply chain disruptions

Tangible / intangible non-current assets

Increased by 3.7 billion

Impact of increased / decreased CAPEX
JPY ▲1.2 billion
Foreign exchange, impact of the new consolidation
JPY + 5.4 billion

NET interest-bearing debt

Increased by JPY 25.1 billion

(JPY 206.3 billion → JPY 231.4 billion)

Page 15. This is the balance sheet. As for the balance sheet, total assets increased by JPY42.8 billion. Looking at the contents, cash and deposits increased by JPY2.9 billion. There has been no significant change. Since last year, there has been the impact of COVID-19.

There is no problem at all with the procurement situation in the market, but there is operational risk in terms of procurement. In the event of the spread of COVID-19, we may not be able to raise funds, so we continue to maintain liquidity on hand. Please note that we have maintained almost the same level as at the end of the previous fiscal year.

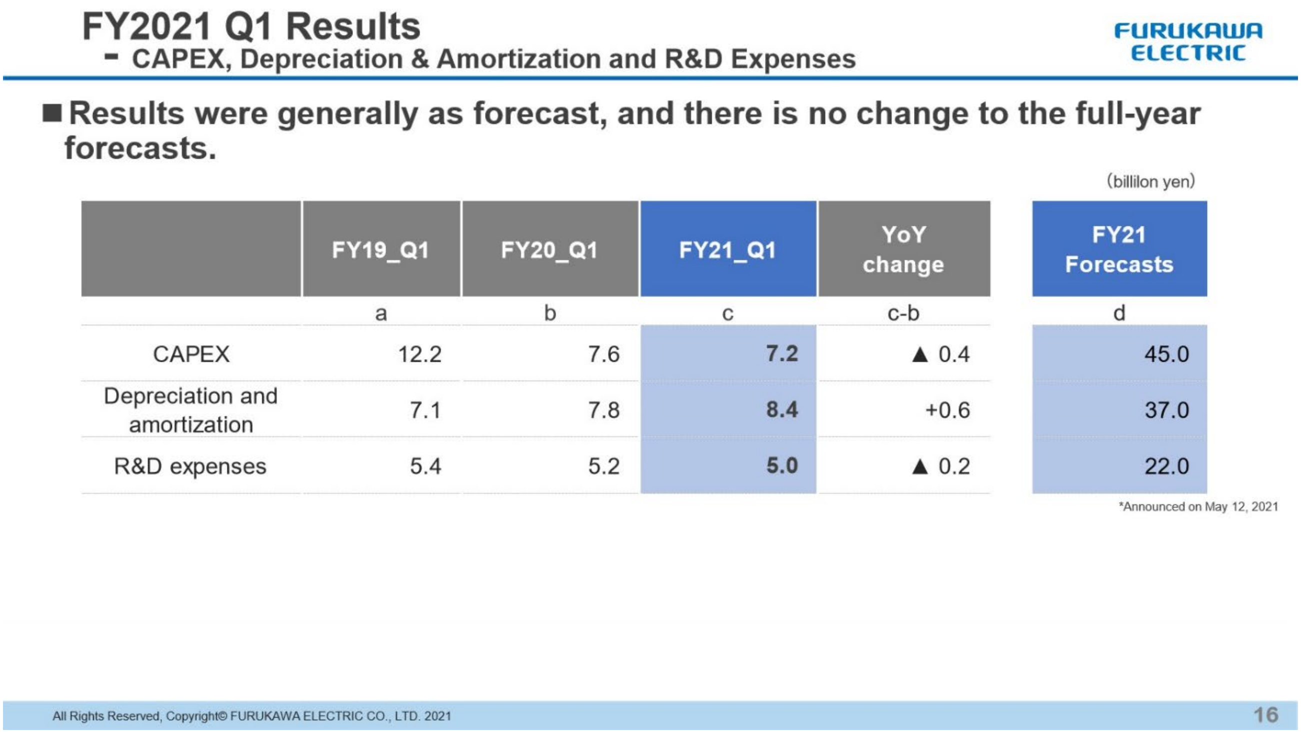
Inventories increased by JPY17.3 billion. One is that copper prices are rising. Although not listed here, there are also new consolidation and other factors such as the impact of exchange rates. In total, the impact is about JPY10 billion, and the remaining JPY7 billion will be for future projects and construction projects that are expected to be recorded as sales.

This may be the power cable or the broadband, and those things will be added to the sales in the fourth quarter and the end of the year. In addition, as I mentioned in the Automotive Products section, we have increased our safety stock at this time in preparation for the risk of supply chain disruptions and the sudden rise of customers.

However, we are now in a situation where we have a good grasp of the basic contents, so we are aware that we will be able to return to an appropriate level toward the end of the fiscal year.

In terms of tangible and intangible fixed assets, we are proceeding almost as planned. The increase of JPY3.7 billion was due to the impact of foreign exchange rates and new consolidations, which totaled JPY5.4 billion.

NET interest-bearing debt is also due to an increase in working capital. Due to this, it has increased by JPY25.1 billion. However, towards the end of the fiscal year, we expect to be able to proceed with interest-bearing debt, equity ratio, and NET D/E ratio as planned.



FY2021 Q1 Results

- CAPEX, Depreciation & Amortization and R&D Expenses

FURUKAWA ELECTRIC

■ **Results were generally as forecast, and there is no change to the full-year forecasts.**

(billilon yen)

	FY19_Q1	FY20_Q1	FY21_Q1	YoY change	FY21 Forecasts
	a	b	c	c-b	d
CAPEX	12.2	7.6	**7.2**	▲ 0.4	45.0
Depreciation and amortization	7.1	7.8	**8.4**	+0.6	37.0
R&D expenses	5.4	5.2	**5.0**	▲ 0.2	22.0

*Announced on May 12, 2021

This is the last page. Capital expenditures, depreciation and amortization, and R&D expenses.

The first quarter results are in line with our expectations, and we expect no change for the fiscal year.

As you can see, inventories, profits, and capital investments are progressing almost according to plan. We have set a plan to achieve a 7% return on operating assets for the current fiscal year, and I hope you can see that we are progressing almost as planned.

That is all for the explanation from me.