



November 8, 2022

Name of Company Furukawa Electric Co., Ltd.
Name of Representative Keiichi Kobayashi, President
(Code: 5801 Prime Market of the Tokyo Stock Exchange)
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Notice regarding conclusion of an agreement concerning a tender offer for shares of a subsidiary, and expected extraordinary profit

Furukawa Electric Co., Ltd. (hereinafter “Furukawa Electric”) resolved at the Board of Directors Meeting held today to conclude an agreement (hereinafter “Agreement”) with TTC Holdings Inc. (hereinafter “Tender Offeror”), a wholly owned company of the special limited partnership TTC Holdings, L. P. established on June 2, 2021 under the laws of the Cayman Islands that itself is an investment fund affiliated with The Carlyle Group (hereinafter “Carlyle”), concerning the tender offer (hereinafter “Tender Offer”), as part of the transaction to make it going private (hereinafter “Transaction”), for the common stock (hereinafter “TOTOKU Common Stock”) of the company’s consolidated subsidiary TOTOKU ELECTRIC CO., LTD. (hereinafter “TOTOKU”) and signed an Agreement today with Tender Offeror. Under the agreement, Furukawa Electric will subscribe all TOTOKU Common Stock held by the company to the Tender Offer.

1. Reason for the Agreement

TOTOKU was established in Taito City, Tokyo in 1940 for the purpose of manufacturing and selling resistance wire and various electric wire. TOTOKU obtained a listing on the Tokyo Stock Exchange in 1954 and became a subsidiary of Furukawa Electric. in 2012. TOTOKU develops and manufactures products with originality in areas such as electric wire, heater products, cable processed products and processed wire product, etc. based on technology cultivated in material development, and the company is active on a global scale. In accordance with the 2025 medium-term management plan announced in 2021 and under the basic policy of aiming to become a company with sustained growth through the provision of technology and products that contribute to society and create value for customers, efforts are being made to further strengthen profitability for the future and expand the business.

Conversely, Furukawa Electric announced the new medium-term management plan “Road to Vision 2030 – Transform and Challenge” in May 2022, and with the aim of achieving the Furukawa Electric Group Vision 2030, Furukawa Electric makes effort to reorganize the business portfolio by optimizing investment allocation based on a clearer positioning of each business. At the same time, Furukawa Electric has discussed at the executive management level concerning the handling of listed subsidiaries in the Furukawa Electric Group.

When the position of TOTOKU within the group was considered as part of the current initiatives, a conclusion was reached that although it is unlikely the business of TOTOKU can realize increased value to the group matching or exceeding the priority allocation of the group’s management resources, TOTOKU can still be expected to achieve further growth by enhancing the product line-up and sales network and increasing cost competitiveness through the allocation of management resources and efforts to strengthen the research and development capabilities. As a result, it was determined that ideally TOTOKU’s shares will be transferred to a partner who is capable of strongly advancing these initiatives. Around this time, a proposal from the Carlyle was

received for the transfer of shares (hereinafter "Proposal") with the goal of increasing the corporate value of TOTOKU. After carefully considering this proposal, a conclusion was reached that the global network and management know-how of the Carlyle will accelerate further growth and increase the corporate value of TOTOKU through the development of new customers and sales channels in markets in Japan and around the world. In addition, this share transfer aligns with the medium-term management plan strategy of concentrating the group's strengths and management resources on domains with high growth potential. Thus, it was decided to subscribe to the Tender Offer.

Following the successful completion of the Tender Offer, as a result of subscribing to the Tender Offer, TOTOKU will no longer be a consolidated subsidiary of Furukawa Electric but Furukawa Electric and TOTOKU will continue to have a transactional relationship in the area of electric wire.

2. Outline of TOTOKU

(1)	Name	TOTOKU ELECTRIC CO., LTD.	
(2)	Address	8-3, Nishi-Shinbashi 3-Chome, Minato-ku, Tokyo	
(3)	Name and title of representative	Hiroshi Kawaguchi, President and Representative Director	
(4)	Business Outline	Manufacture and sales of electric wire and devices	
(5)	Capital Stock (as of March 31, 2022)	1,925 million yen	
(6)	Establishment	November 22, 1940	
(7)	Major shareholders and shareholding ratio (as of March 31, 2022)*	Furukawa Electric Co., Ltd.	57.09%
		BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/FIM/LUXEMBOURG FUNDS/UCITS ASSETS (Standing Proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch Custody Service)	4.82%
		The Master Trust Bank of Japan, Ltd. (Trust account)	3.66%
		Custody Bank of Japan, Ltd. (Trust account)	2.83%
		Mizuho Bank, Ltd. (Standing proxy: Custody Bank of Japan, Ltd.)	2.64%
		Resona Bank, Ltd.	2.22%
		SUMITOMO LIFE INSURANCE COMPANY (Standing proxy: Custody Bank of Japan, Ltd.)	0.82%
		Asahi Mutual Life Insurance Company (Standing proxy: Custody Bank of Japan, Ltd.)	0.70%
		Sanyo Trading Co., Ltd.	0.68%
		TOTOKU TORYO CO., LTD.	0.67%
(8)	Relationship between Furukawa Electric and TOTOKU	Capital	Furukawa Electric holds 57.28%** of the total shares issued by TOTOKU (excluding treasury stock).
		Personnel	4 persons from Furukawa Electric have been appointed as Directors of TOTOKU, and of those persons, 1 person also concurrently holds a position at Furukawa Electric.
		Business	Furukawa Electric Co., Ltd. provides some raw materials to TOTOKU and also purchases some products from TOTOKU.
		Status of corresponding to a related party	TOTOKU is a consolidated subsidiary of Furukawa Electric and therefore corresponds to a related party.

(9) Operating Performance and Financial Condition in the Last Three Fiscal Years			
Fiscal Year	FY2019	FY2020	FY2021
Net Assets (million yen)	14,295	16,098	18,423
Total Assets (million yen)	22,753	25,894	27,737
Net Assets per Share (yen)	2,008.68	2,334.03	2,707.63
Net Sales (million yen)	17,755	17,297	20,921
Operating Income (million yen)	2,260	2,483	3,260
Ordinary income (million yen)	2,322	2,538	3,306
Net Income (million yen)	1,187	1,801	2,335
Net Income per Share (yen)	175.09	267.68	346.77
Dividend per Share (yen)	60.00	60.00	80.00

* Based on the "Status of major shareholders" in the "104th Securities Report" issued by TOTOKU on June 29, 2022

** Of the shares with full voting rights stated in the "104th Securities Report" issued by TOTOKU on June 29, 2022, the shareholdings indicate the ratio of shares held against total number of shares issued excluding treasury stock (6,716,700 shares)

3. Overview of the party acquiring the shares

(1) Name	TTC Holdings Inc.		
(2) Address	5-1, Marunouchi 1-Chome, Chiyoda-ku, Tokyo		
(3) Name and Title of Representative	Kazuhiro Yamada, Representative Director		
(4) Business Outline	Control and management of the TOTOKU business activities by holding their stocks, and engaging in or carrying on any other business incidental to or connected with the aforementioned.		
(5) Capital Stock	25,000 yen		
(6) Establishment	October 14, 2022		
(7) Major Shareholders and Shareholding ratio	TTC Holdings, L.P.		100%
(8) Relationship between Furukawa Electric and TTC Holdings Inc.	Capital		None
	Personnel		None
	Business		None
	Status of Corresponding to a related party		None

4. Number of shares planned to be subscribed to the Tender Offer, purchase price and number of shares held before and after the Tender Offer

Number of shares prior to the subscription	3,847,248 shares (number of voting rights : 38,472) (Ratio to the number of shares issued : 57.28%) *
Number of shares planned to be subscribed	3,847,248 shares (number of voting rights : 38,472)

	(Ratio to the number of shares issued : 57.28%)
Transfer price (planned)	Approx. 21,775 million yen (per share 5,660 yen)
Number of shares after execution of the Tender Offer	0 shares** (number of voting rights : 0 shares) (Ratio to the number of voting rights : 0.00%)

* The ratio of voting rights possessed against the total number of voting rights of TOTOKU as of March 31, 2022 (67,167 voting rights) stated in the “104th Securities Report” issued by TOTOKU on June 29, 2022

** The number of shares are held following the successful completion of the Tender Offer. The Tender Offeror has set 4,495,400 shares as the minimum limit in the Tender Offer, and in the event the total number of shares subscribed to the Tender Offer (hereinafter “Subscribed Shares”) does not reach this minimum limit, none of the Subscribed Shares will be purchased.

5. Schedule

(1) Conclusion of the Tender Offer Agreement	November 8, 2022
(2) Purchase period	November 9, 2022 to December 21, 2022
(3) Announcement of the result of the Tender Offer	December 22, 2022
(4) Start date of the settlement	December 28, 2022

6. Expected extraordinary profit and future outlook

Following the successful completion of the Tender Offer, as a result of subscribing to the Tender Offer, TOTOKU will no longer be a consolidated subsidiary of Furukawa Electric. In FY2022 in which the Tender Offer settlement occurs, it is planned to record extraordinary profit from the gain on the sale of shares of an affiliated company of JPY 17.9 billion in the non-consolidated financial statement and extraordinary profit from the gain on the sale of investment securities of JPY 10.7 billion in the consolidated financial statement. The impact on the consolidated financial results of Furukawa Electric was stated in announcement that “Notice Regarding Revision of the Full-Year Earnings Forecast for the Fiscal Year Ending March 31, 2023” on today.

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