

# Mid-term Management Plan

19<sup>th</sup> May, 2023





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**01. Big-Boned Policy**

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- Founded in 1885 as a private company by Zenpachi Fujikura
- Seeing the arc light, he foresaw the age of electric machines.



Zenpachi  
Fujikura



Arc lamps seen for the first time by common people.  
The brightness of the light was astonishing



- Using manufacturing technology of hair accessories in electric wire manufacturing.
- The only way for an independent company to survive against a strong competitor is “technology”.



## Fujikura's DNA is **“Enterprising Spirit”** and **“Fujikura of Technology”**

In the future, the world will continue to undergo major changes, as well as various technological innovations.

Wherever there are such social changes and technological advances,  
there will always be opportunities to make use of the outstanding technologies of Fujikura Group.

**Our “purpose” and raison d’etre is to create value for our customers  
and contribute to society through “Tsunagu” Technology.**

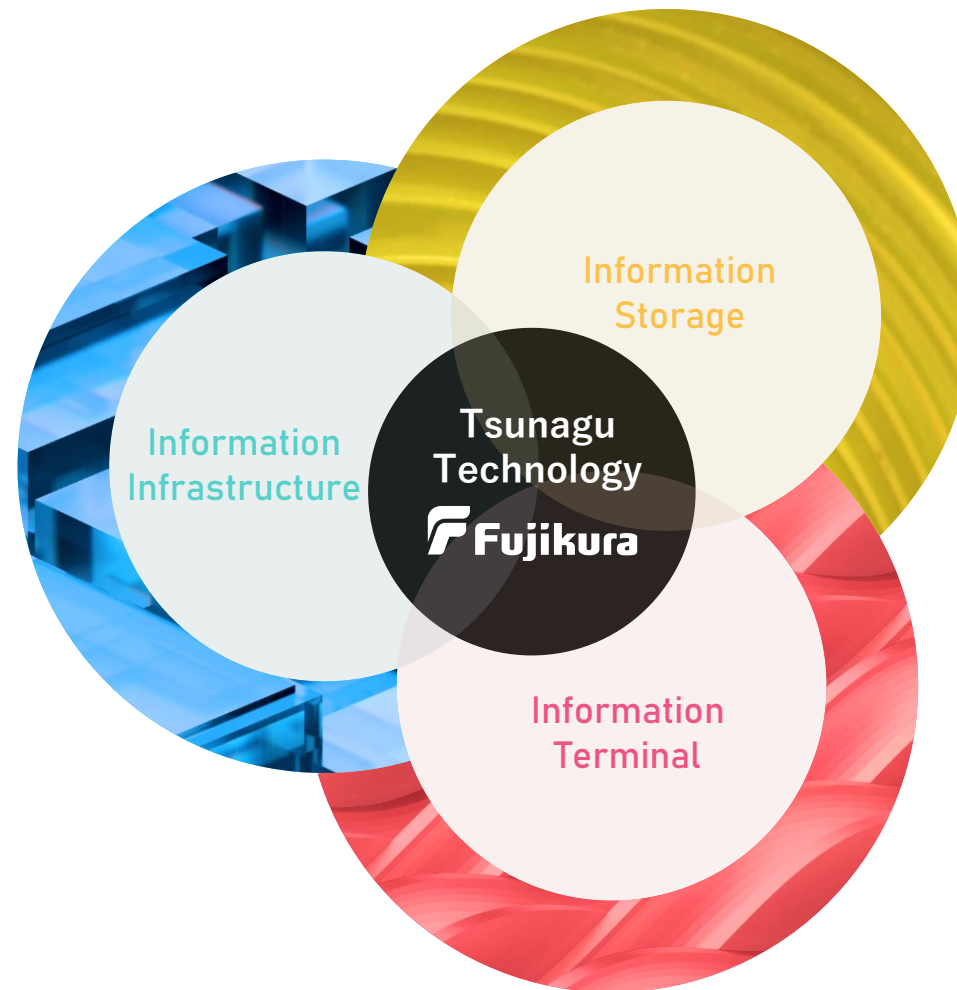
## The World where All Things will be Connected

Movie



## Information Infrastructure

Through optical connecting solutions based on innovative optical technologies and future high-speed wireless communication technologies, we will contribute to the construction of information and communication infrastructure to realize a digitalized society.



## Information Storage

We will contribute to the construction of data centers to store massive amounts of data through unique electronic component and ultra-high-density optical wiring technologies.

## Information Terminal

We will contribute to the evolution of high-speed, high-capacity and high-function information terminals through high-definition electronic components and wiring and mounting technology. We also see automobiles as information terminals and will contribute to the realization and evolution of CASE.

**Aiming to create customer value and contribute to society through "Fujikura of Technology" with "Tsunagu " Technology of information infrastructure, information storage, and information terminals.**



## China

- Largest market
- Local production for local consumption from preform to cable through JV with Chinese companies
- > Japan fiber are used to expand optical cable business



## North America

- 2<sup>nd</sup> largest market
  - TCO(※) reduction from SWR/WTC
  - >Leveraging AFL's sales network, manufacturing plants and construction capabilities
  - Strengthening cooperation in optical cables for the power market, where renewable energy investment is active
- ※TCO=Total Cost Ownership  
Total cost, including enforcement



## Europe

- 3<sup>rd</sup> largest market
- TCO reduction from SWR/WTC
- Unique European barriers to technology (Air Blown, high flame resistance and low smoke emission) )
- >Lateralize the achievements in British telecom career and railways.

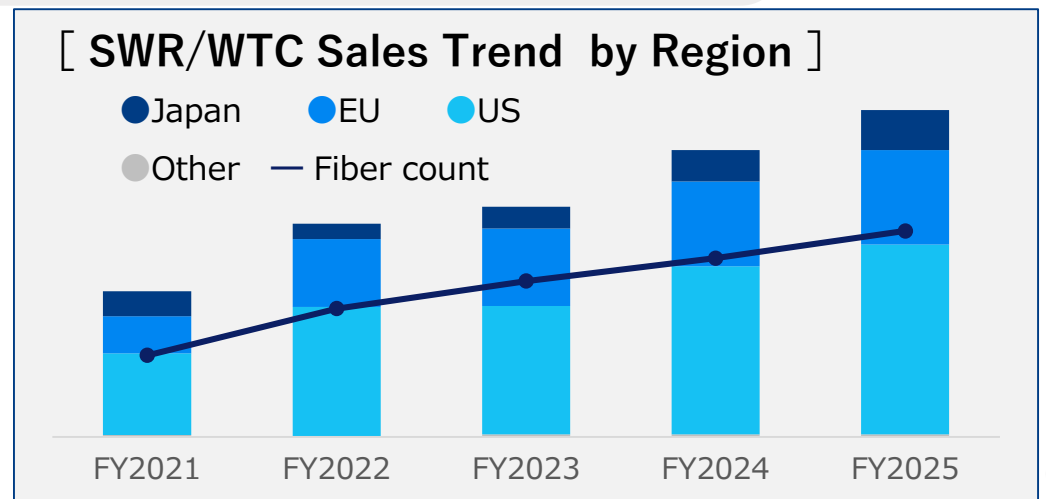


## Middle East Asia, Oceania (excl. China)

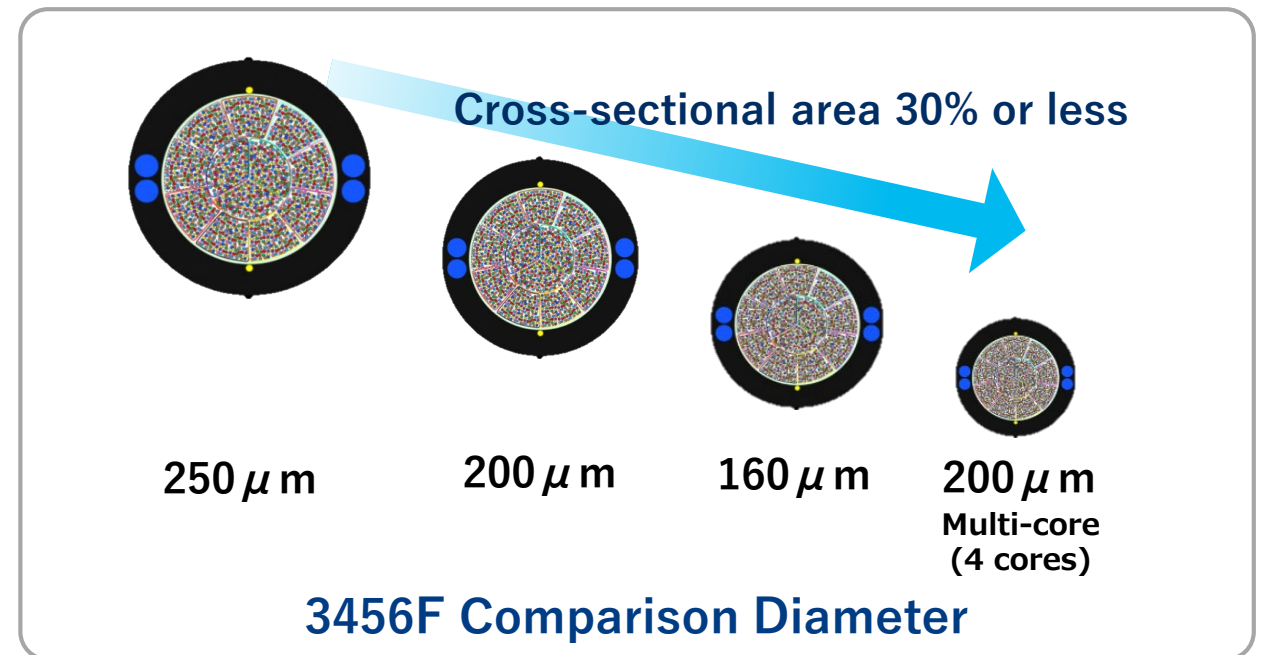
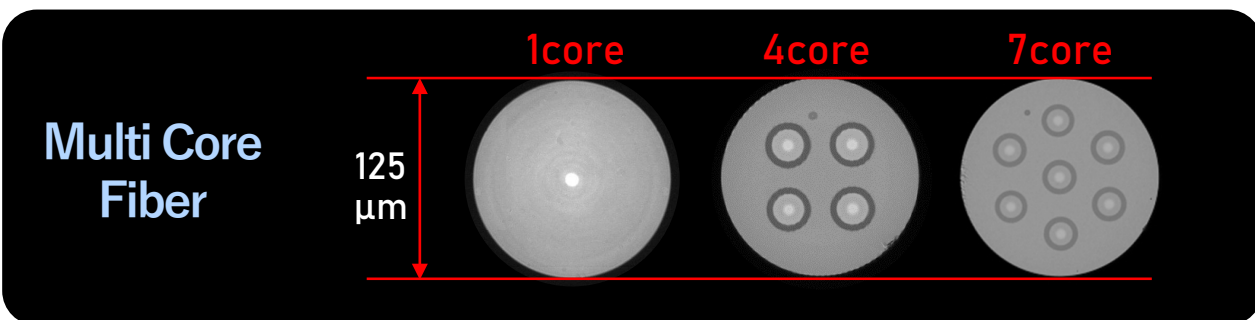
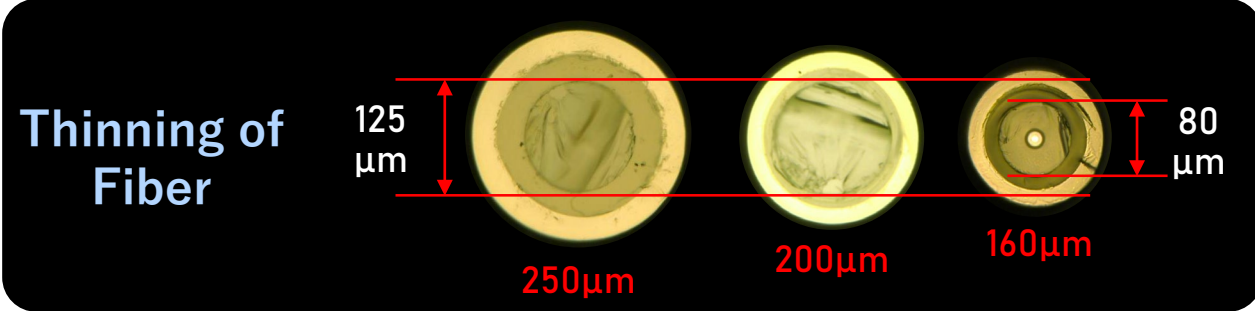
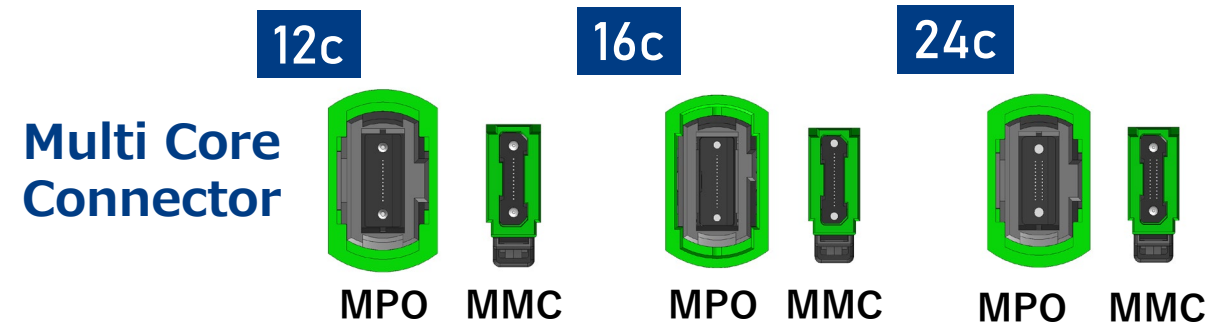
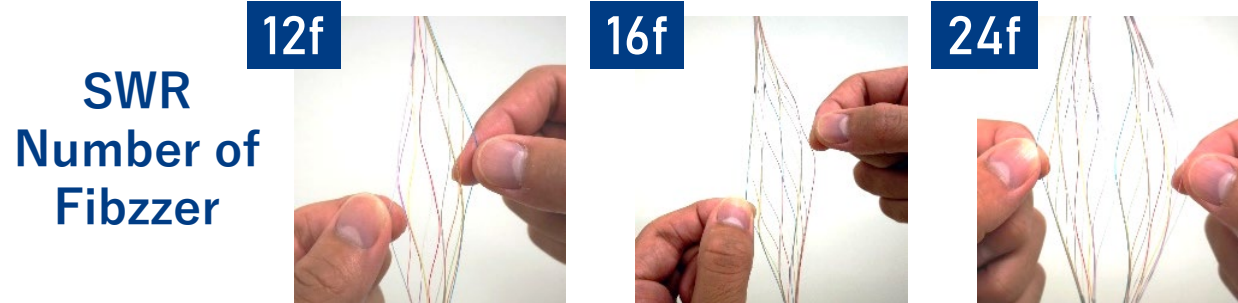
- For Future Promising Markets 25 Mid-term is Time to Prepare
- TCO reduction from SWR/WTC
- Establish innovative manufacturing technology to enhance cost competitiveness

### Hyper Scale Data Center

- Global expansion + high growth rate (Cloud, Metaverse, AI)
- Emphasis on TCO with SWR/WTC(Small diameter, ultra-multi-core, high-density)
- Open-mindedness to new technologies
- > Continuous differentiation with new products and technologies



Through continuous technological innovation, we will meet the market needs for multi-core, thinner diameter, and smaller size.



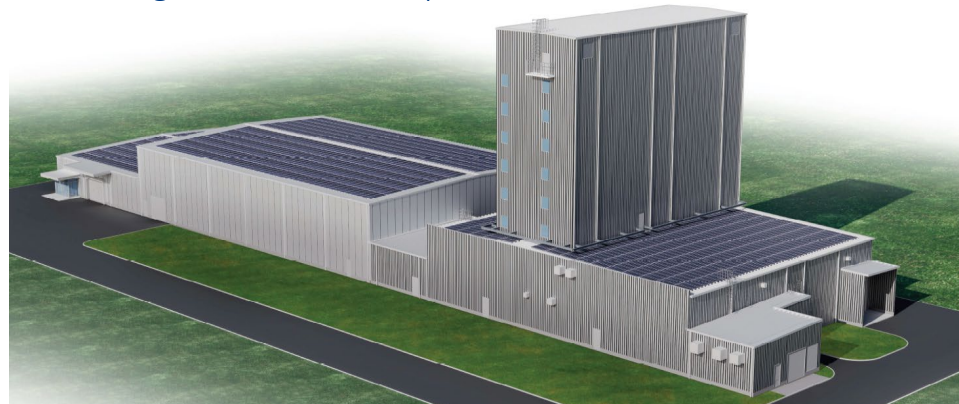
Develop components and fusion splicers that match the new SWR/WTC products (Skill-less and Plug & Play).





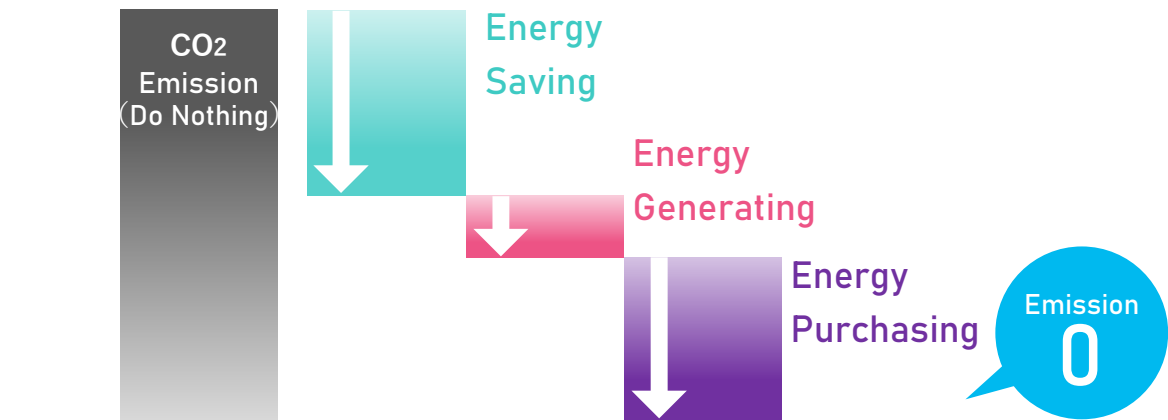
Increase capacity to meet growing demand and strengthen cost competitiveness for the future

Rendering of the new SWR plant



## New Factory Carbon Neutral Plan

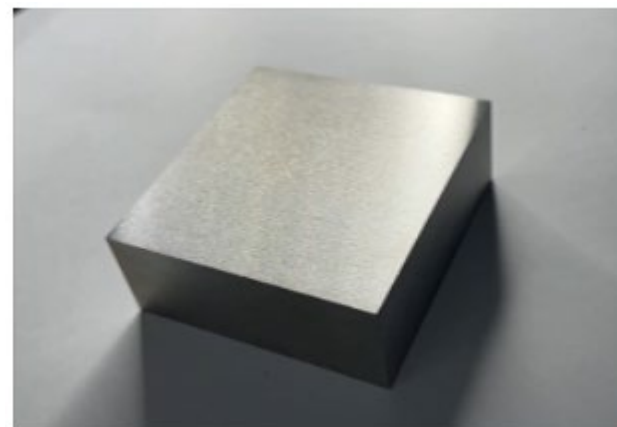
Carbon neutrality is also a source of competitiveness..



## In-house development of manufacturing equipment

- 1 In-house development of manufacturing equipment
    - High-speed manufacturing
    - High yield
  - 2 High-performance molds using advanced precision machining technology
  - 3 Develop a set of new products and manufacturing technology
- Differentiation

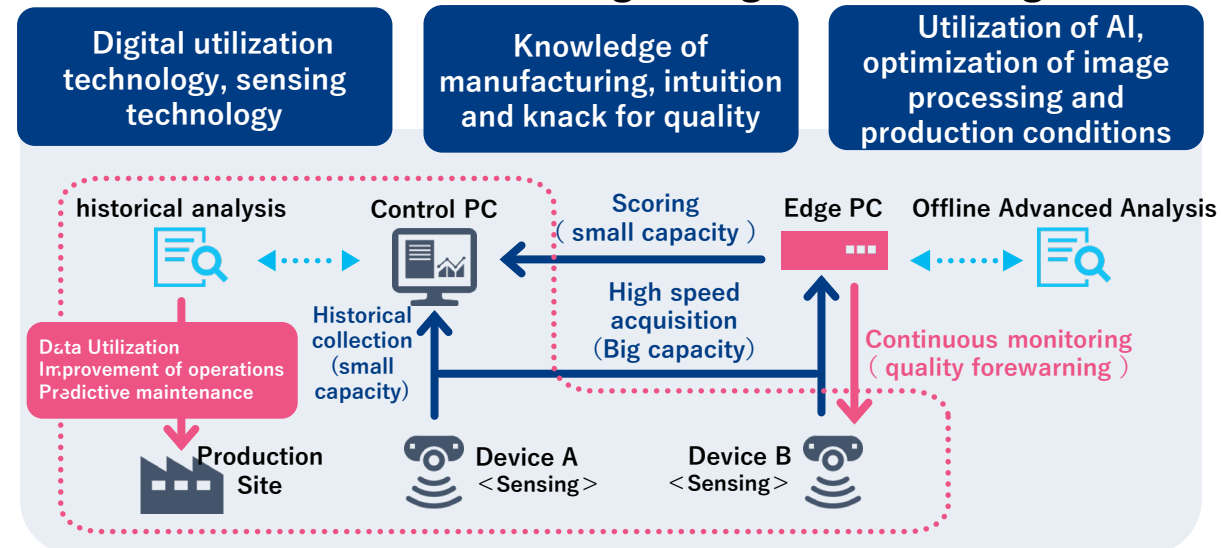
### Examples of High Precision Mold Technology



High productivity and quality

## Manufacturing DX

Achieve advanced manufacturing through the use of digital technology.



Respond to the trend toward high-density, high-definition, and multifunctional electronic components and connectors with advanced manufacturing technologies. In addition, we will expand our business by contributing to the creation of cutting-edge applications as a partner to our excellent customers.

Fujikura's unique technology responds to rapid technological innovation

Shifted from R&D to expand business

Deploying Motor Presence in Robots

## Information Terminal

## Information Storage

## Medical Device

## Industrial Device



PC Tablet Smartphone Wearable AR/VR Connected Car Drone Camera



Data Center



Medical



Industrial

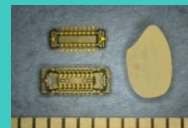
Membrane Switch



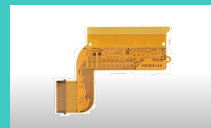
Ultrathin Coaxial Assy



Ultra Small Connector



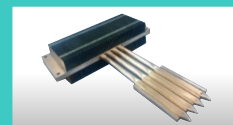
FPC



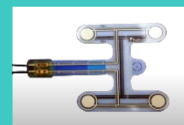
MEMS Semiconductor Sensor



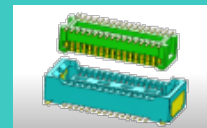
High performance Heat Pipe



Film Sensor



HDD Connector



Carriage for High Capacity HDD



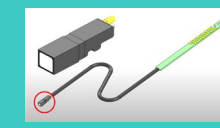
Server Cooling Thermal Products



MEMS Semi-Conductor Sensor



CMOS Endoscope



Oxygen Sensor



Ultrathin Coaxial Assy



MRI Coil



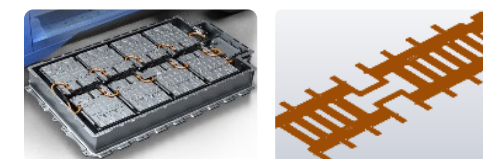
Connector



Improve profitability of wire harnesses (WH) and create new business with all-Fujikura technology, taking the once-in-a-century transformation period called “CASE” as an opportunity.

## WH Business

- Quickly improve profitability by optimizing the business scale with an order strategy that emphasizes profitability.
- Shift from sales of stand-alone WH to provision of solutions including peripheral components.
- Focusing on next-generation high-end vehicles, we will respond to high-difficulty WHs with advanced production technology.



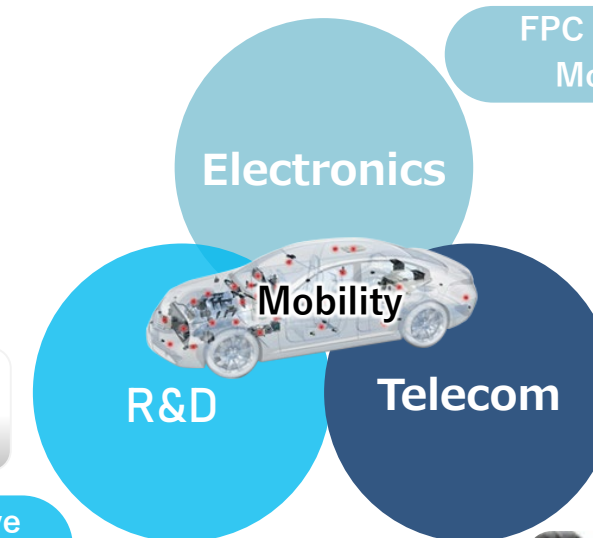
FPC for Battery Monitoring

## Explore New Business Opportunities

- Synergy between CASE and “Tsunagu” Technology.
  - Millimeter-Wave Module
  - Optical Harness
  - Battery Control FPC etc...
- Utilize the assets of the automotive business in other businesses.
  - Excellent customer base
  - Production bases around the world



Millimeter-Wave Module



Optical Harness

**Faster decision-making and more efficient and stable business operations through self-supporting, self-managed operations.**

**Fujikura Dia Cable**

**(FDC)**



**In the industrial wire and cable market, further enhance our presence in the industry by improving profitability through digital manufacturing.**

**Fujikura  
Printed Circuits**

**(FPCL)**



**In the FPC market, through advanced wiring technology and evolved productivity, recover earning power in the FPC market through advanced wiring technology and advanced productivity.**

**Fujikura Energy  
Systems**

**(FES)**



**In the specialty wire and transmission line market, increase competitiveness in high value-added and highly profitable products and put independent management on track.**

**Carbon neutral, one of the initiatives for the SDGs, is to create business opportunities in new markets.**

## Superconducting wire rod



Contributing to the development of nuclear fusion technology and to the solution of energy problems

## Fiber Laser



Higher energy efficiency than other processing methods, contributing to lower environmental impact

## EV

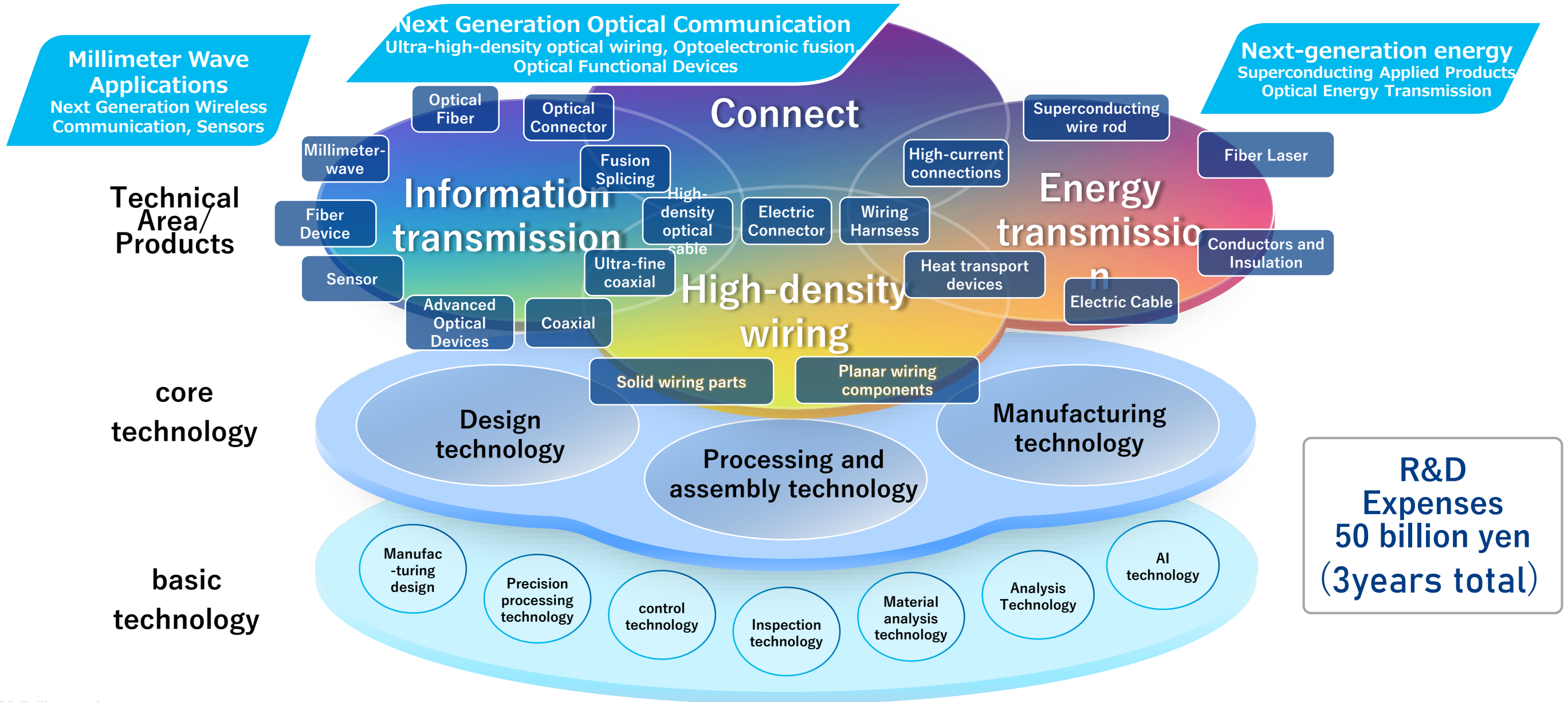


Super Fast Charging Technology Helps Promote EV Popularity

**We will expand the markets where Fujikura's technology can be used and build new business models.**

Continuously create new products and new businesses through business unit development and R&D.

R&D focus areas are next-generation optical communications, millimeter wave applications, and next-generation energy.





01. Big-Boned Policy

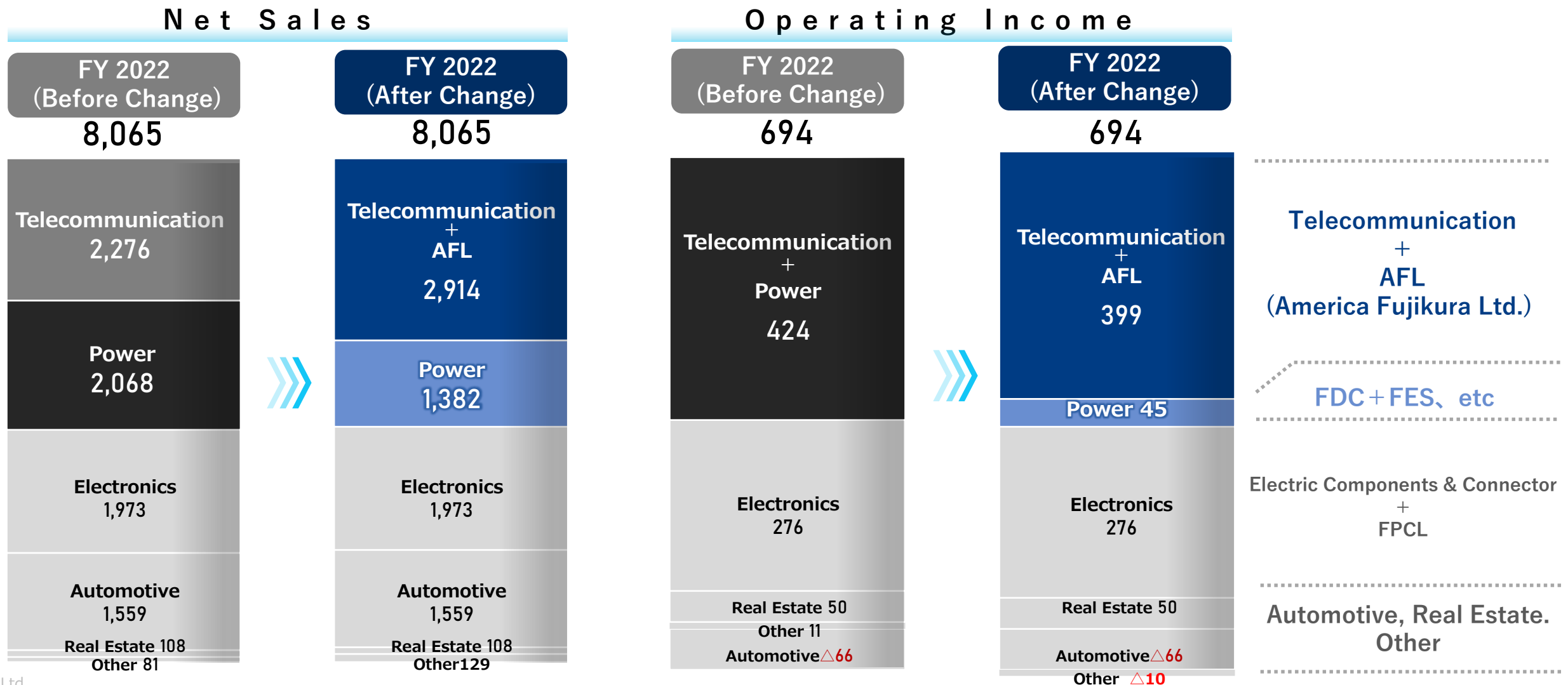
**02. Performance Target**

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# Change in Business Segments (Unit: Hundred Millions of Yen)

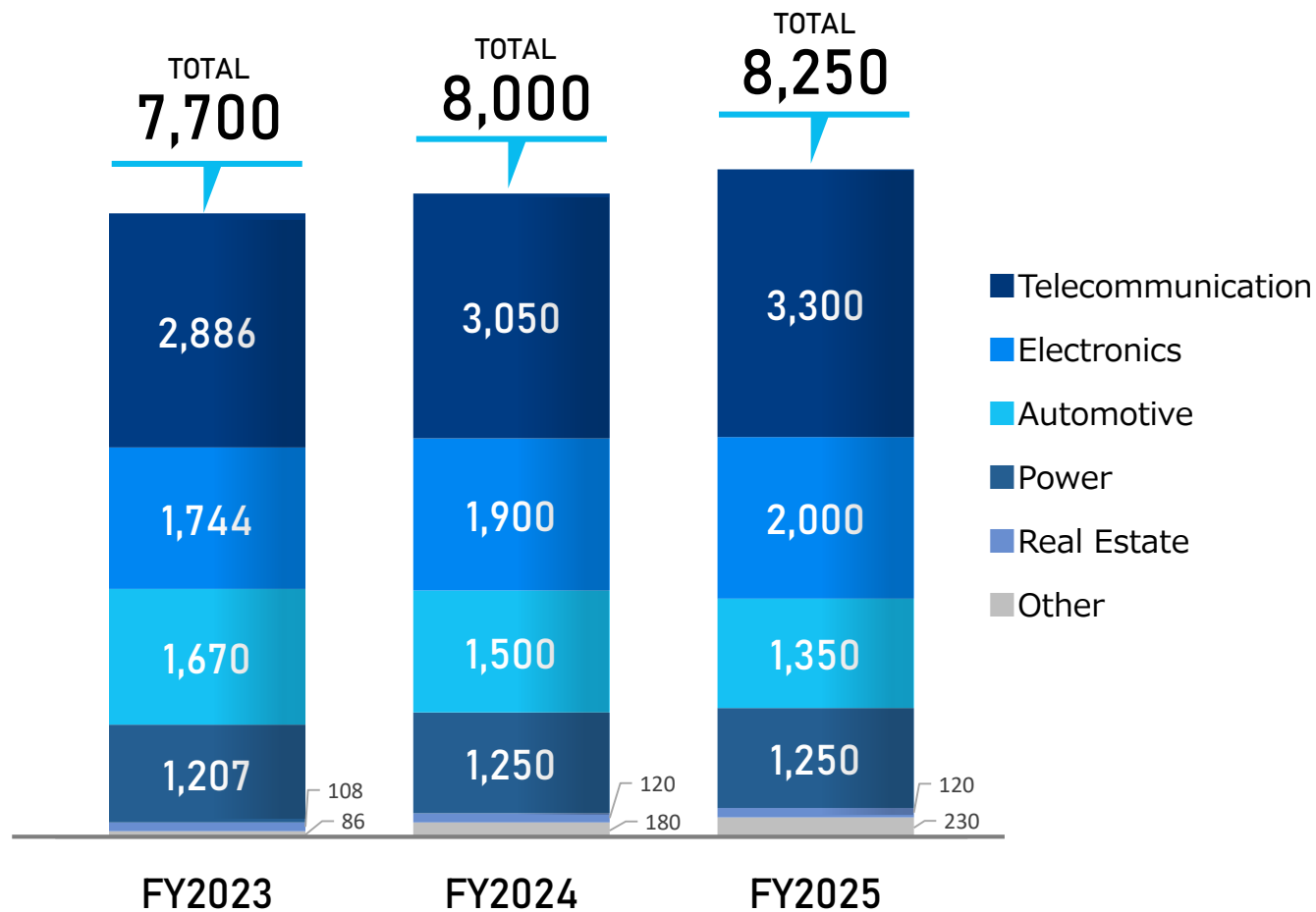
AFL's (America Fujikura Ltd.) main products, such as optical composite overhead ground wires (OPGW) for the transmission business and all-dielectric self-supporting cables (ADSS) used to promote regional computerization, were included in the Power Business segment because the final users are North American Electric companies. In order to further strengthen cooperation within the Group, this business are changed to Telecommunication segment from FY2023.



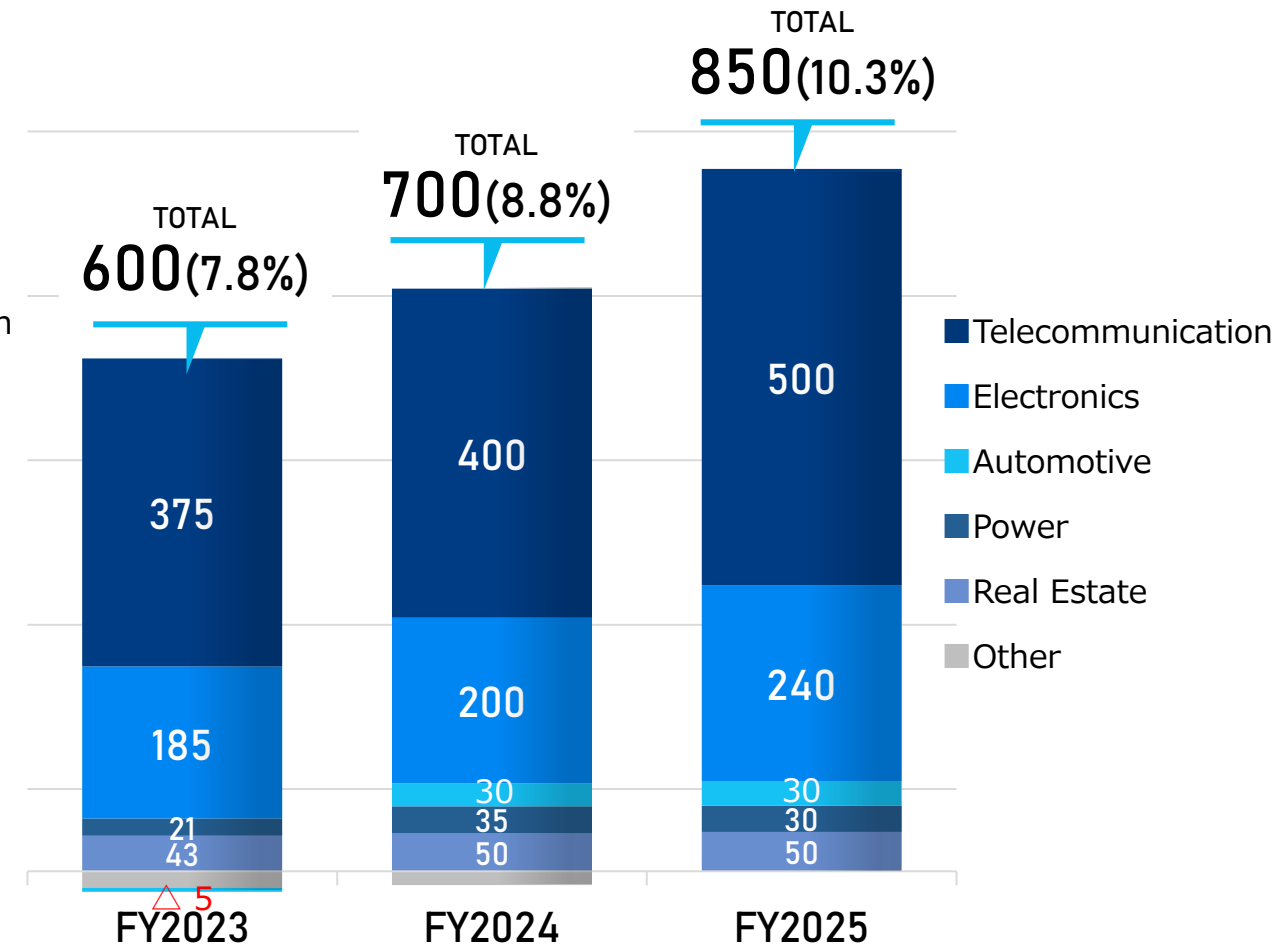


While the size of the Automotive WH will be reduced through structural reforms and selection and concentration, we will grow to 825 billion yen through the growth of the Telecommunication and Electronics segment. Aiming to improve profitability, we will achieve operating income of 85 billion yen and operating margin of over 10%.

## Net Sales



## Operating Income



<Exchange rate> USD=130.00

USD=120.00

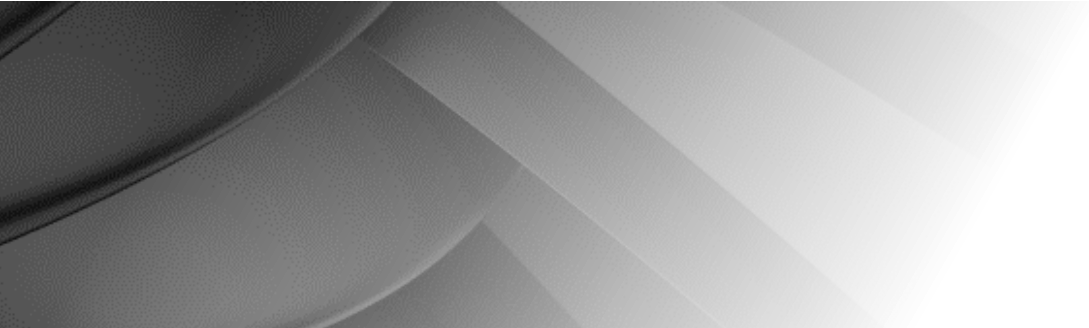
USD=120.00

<Exchange rate>

USD=130.00

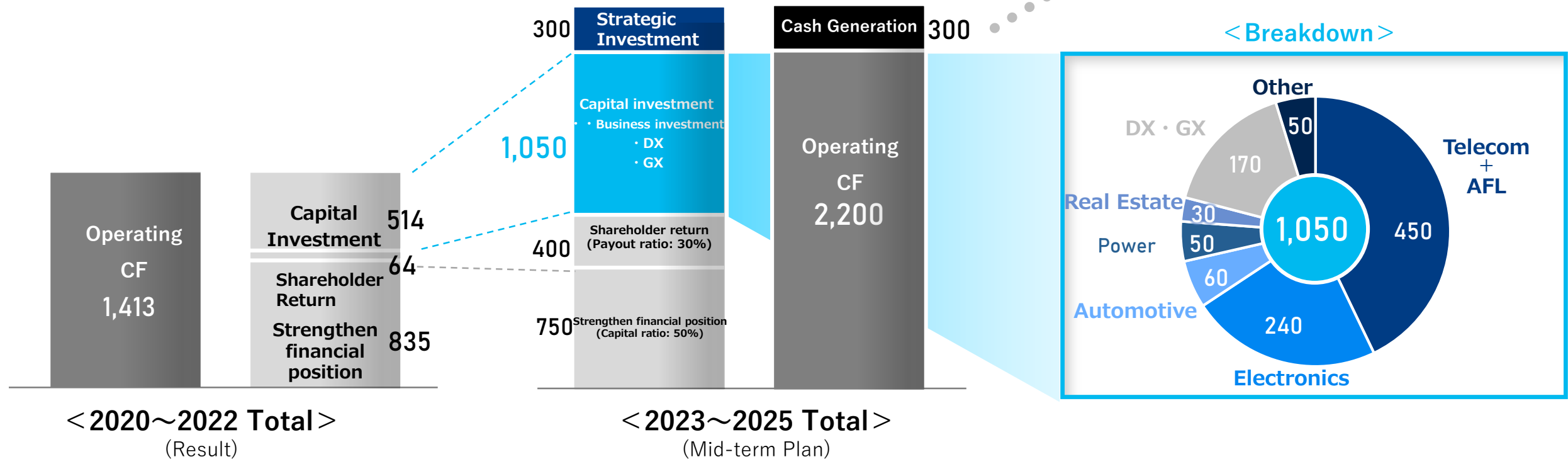
USD=120.00

USD=120.00

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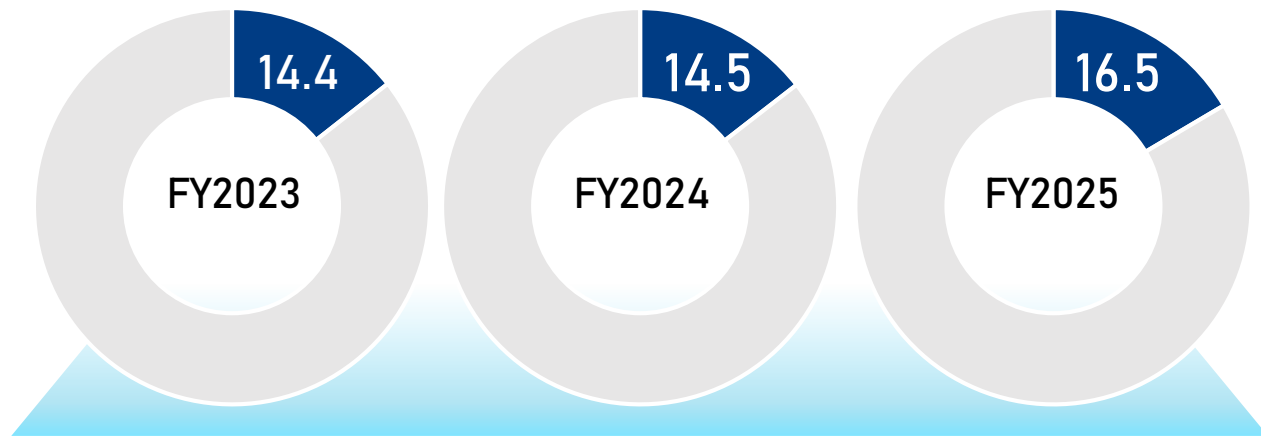
- 01. **Growth Investment** / Focused investment in three core areas of growth markets
- 02. **Strategic Investment** / Invest flexibly in new businesses
- 03. **Shareholder Return Policy** / Payout ratio secured by 30%
- 04. **Ensuring Financial Health** / Capital-to-asset ratio secured at 50%

Cash generation by improving supply chain management

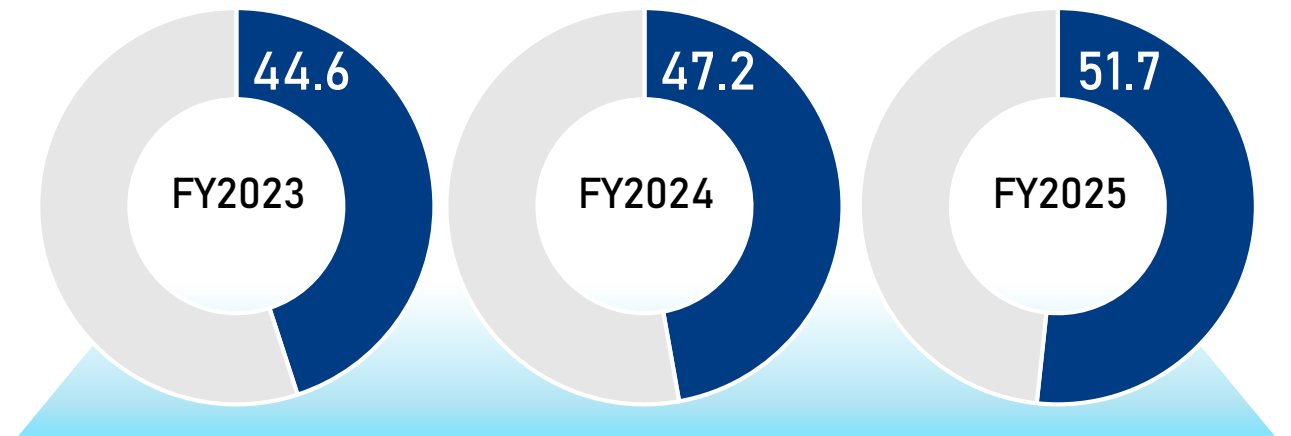


**Strive to increase corporate value by balancing financial soundness with growth investments.**

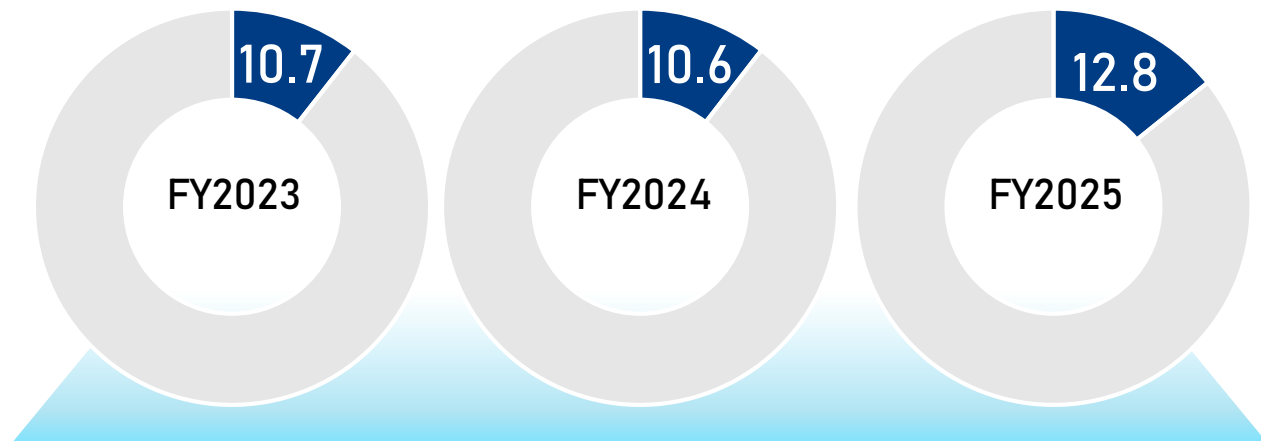
### ROE (%)



### Capital ratio(%)

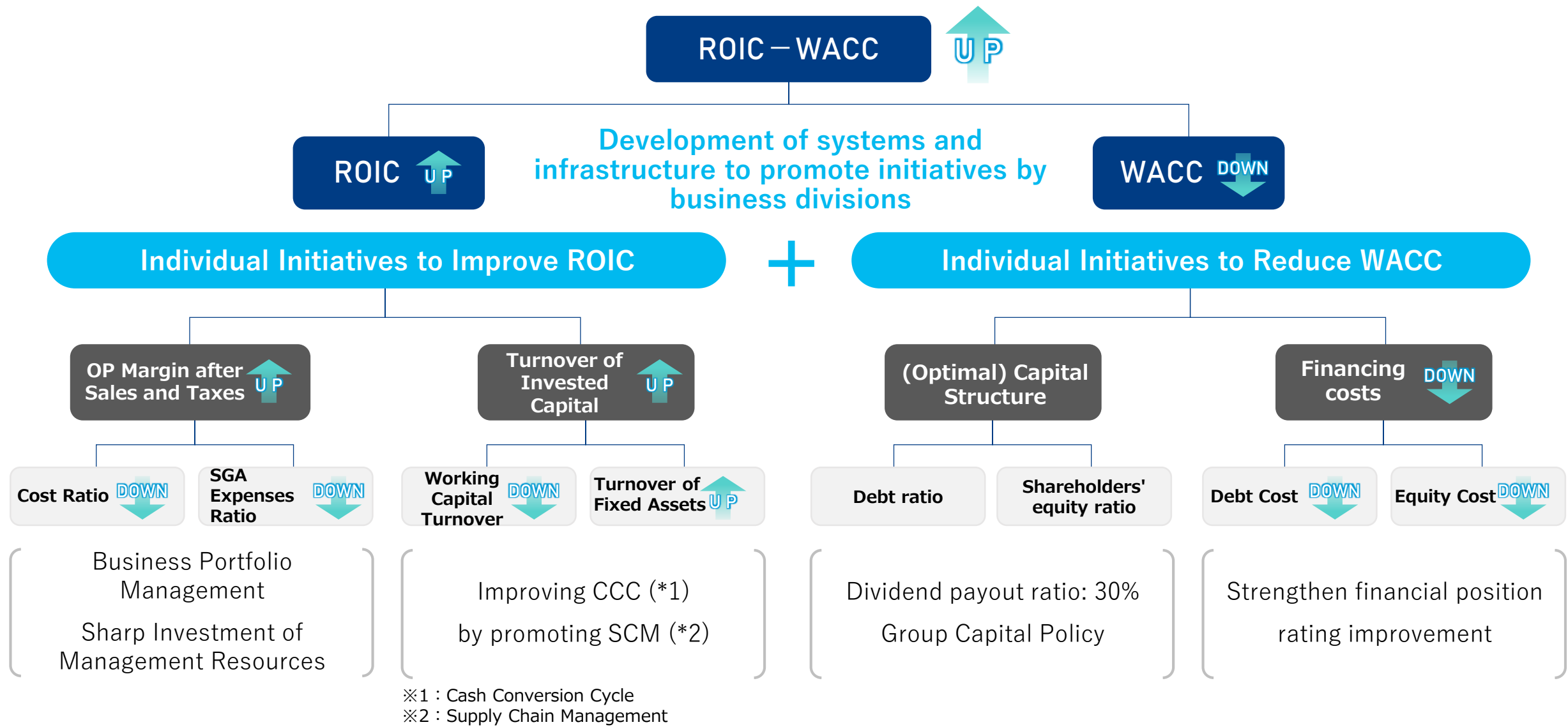


### ROIC (%) after Tax

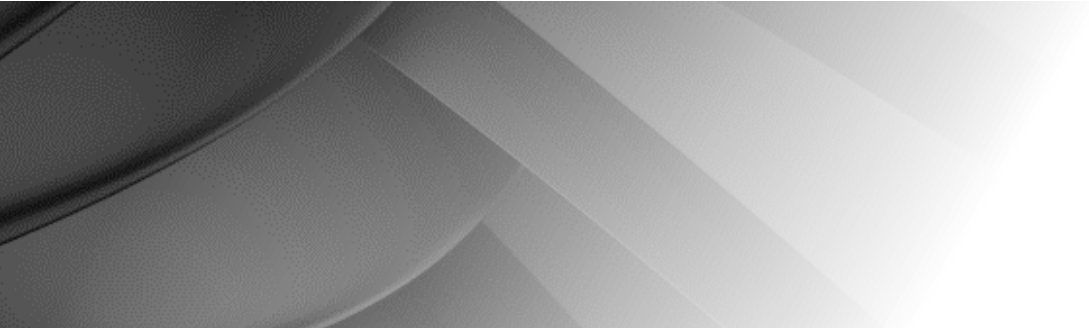


### DPS (JPY) at a payout ratio of 30%



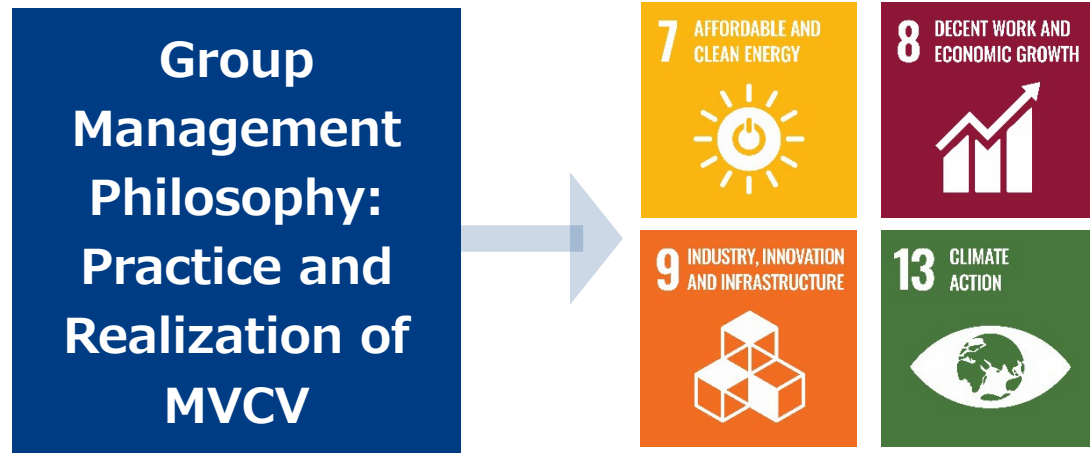


**Aim for a stable PBR of 1.0x or more.**

- 
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Fujikura Group aims to contribute to the creation of value for customers and society through the use of connected technology, which is stated in the group's management philosophy MVCV, by making use of its unique technology. Furthermore, we consider ESG to be our management philosophy, and we are strengthening our efforts by establishing Sustainability Goals 2025.

## 4 Core Targets



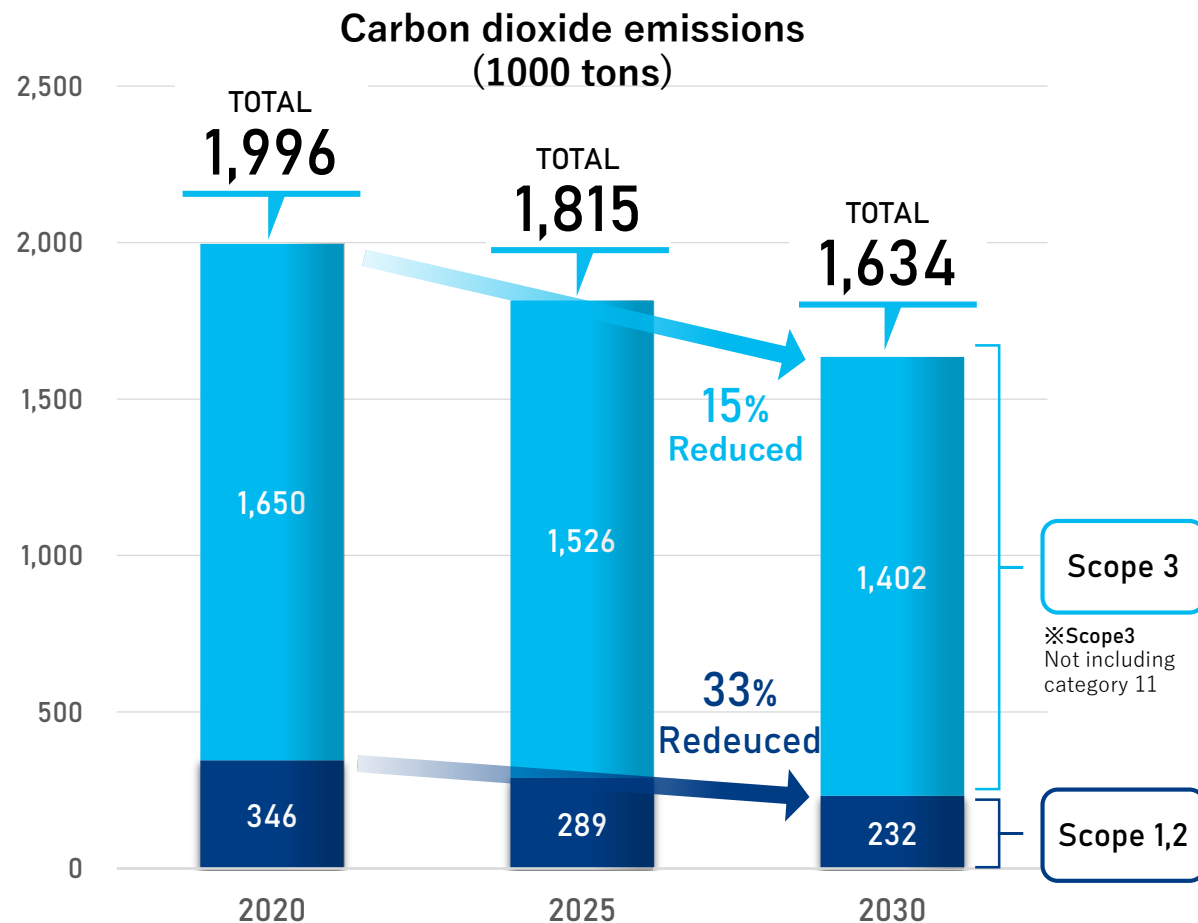
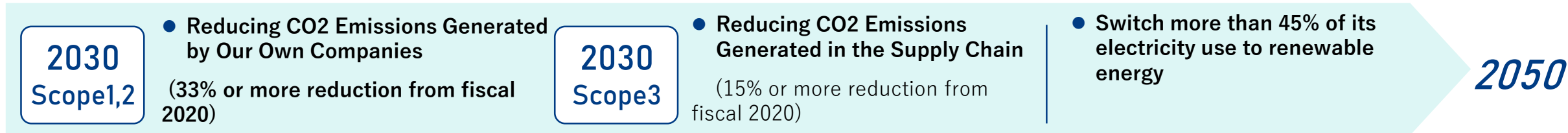
Double materiality perspective:  
Consider not only the CSR perspective but also the financial impact

## Four Sustainability Themes and Key Policies

Sustainability Themes	Priority measures
<b>F</b> Finance, Future	<p><b>Realizing the 2030 Vision (CSV) and Maximizing Business Opportunities</b></p> <p>Solving Challenges of a Comfortable and Sustainable Society and Raising Ongoing Corporate Value by Providing Connected Solutions</p> <p>Using data and digital technologies to improve the efficiency of existing businesses and create new business models</p>
<b>E</b> Environment	<p><b>Achieving Fujikura Group's Long-Term Environmental Vision 2050</b></p> <p>Challenge 1: Total Factory CO2 Emissions "Zero Challenge for 2050"</p>
<b>S</b> Social	<p><b>a talented group of world-class talents</b></p> <p>Developing human resources who can play an active role globally</p> <p>Diversity &amp; Inclusion</p>
<b>G</b> Governance	<p><b>Strengthening corporate governance</b></p> <p>Supply chain management (including responsible mineral procurement)</p>

**Aiming to contribute to a sustainable society and increase corporate value.**

## Zero-CO2 Emissions Roadmap for Achieving the Fujikura Group's Long-Term Environmental Vision 2050



### Reduction of CO2 emissions by the company

- Saving**
  - Development of innovative manufacturing that enhances productivity and business competitiveness
  - Active deployment of conventional energy-saving activities
- Generating**
  - Introduction of renewable energy through PPAs
- Purchasing**
  - Cheap environmental certificates and procurement of renewable energy

### Reducing CO2 emissions in the supply chain

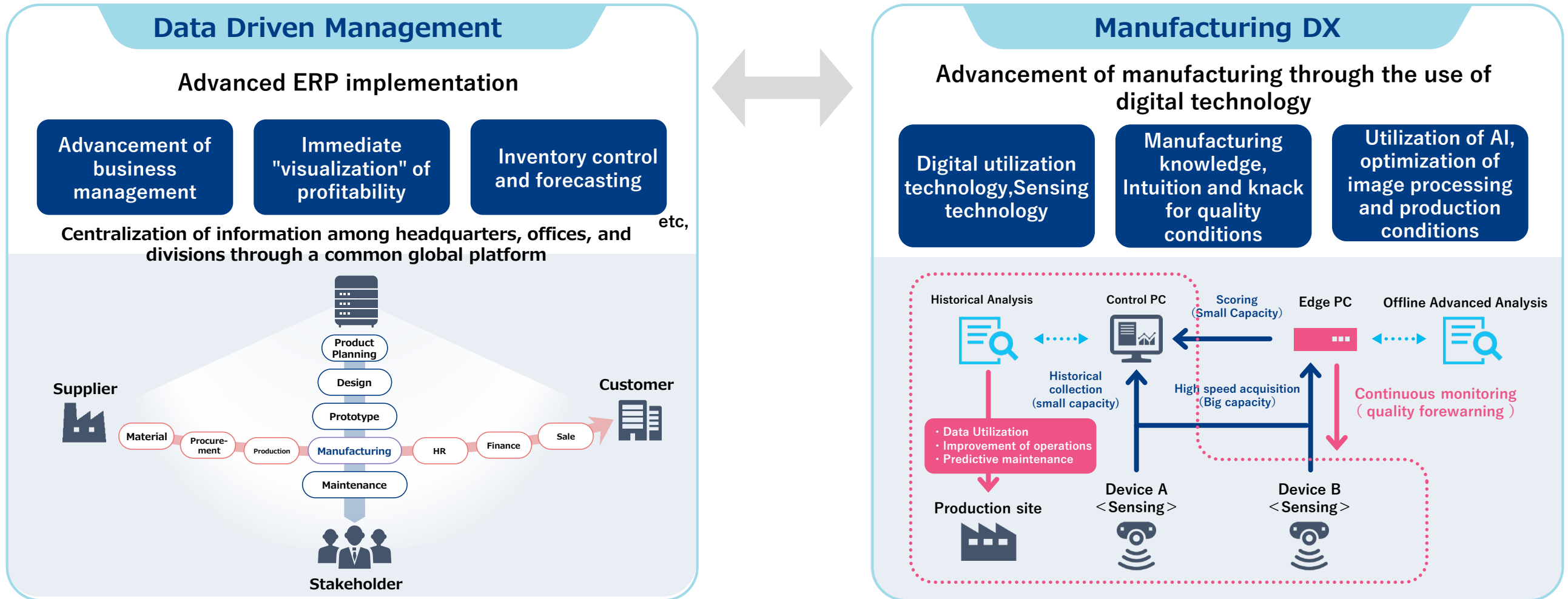
- Promoting the reuse of resources
- Decarbonize the supply chain

### Reducing the carbon footprint of products

- Implementation of Life Cycle Assessment
- Calculating individual product emissions through DX fusion
- Development of environmentally friendly products

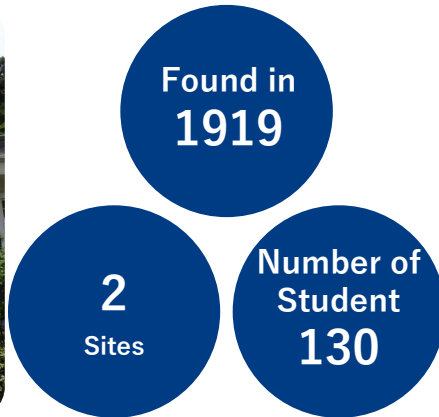


Promote DX (Digital Transformation) to increase productivity and business competitiveness.



**Evolving into a highly profitable company through data-driven management and manufacturing.**

## “Fujikura Gakuen”, Social Welfare Corporation



Fujikura Gakuen, a social welfare corporation, was established for the mentally handicapped person.

Currently, we have facilities in Izu-Oshima and Tama (Hachioji City), and about 100 staff members work 24 hours a day to provide guidance and support to about 130 students.

We will continue to cherish our support for Fujikura Gakuen as the starting point of our social contribution activities.



**Plant greenery and  
environmental preservation**



**The state of work**

As part of our corporate social responsibility (CSR) activities, we are promoting the employment of people with disabilities. The future success of Fujikura Cube, a special subsidiary, is not only one of our important CSR activities, but also a response to the call for diversity that Japan and the international community have for our group.

As a symbol of the local community, a bio-garden named "Forest of 1000" was established in Sakura area and head office area.

**Kiba Millennium Woods**



**Sakura Millennium Woods**



In addition to enhancing the value of existing offices, the construction of the New North Plaza Building will contribute to the local community by providing new value, with a focus on healthcare.



**Introducing new technology for smart building management that satisfies all users and managers**



**Maintenance of the environment and labor saving in the facility by cleaning robot**



**Solar power**



**Early detection of accidents and troubles by ITV image analysis technology**

