

FY2022 Initiatives

Fujikura Ltd.

Naoki Okada, Director, President and CEO

May 12, 2022

1. Structural Reforms

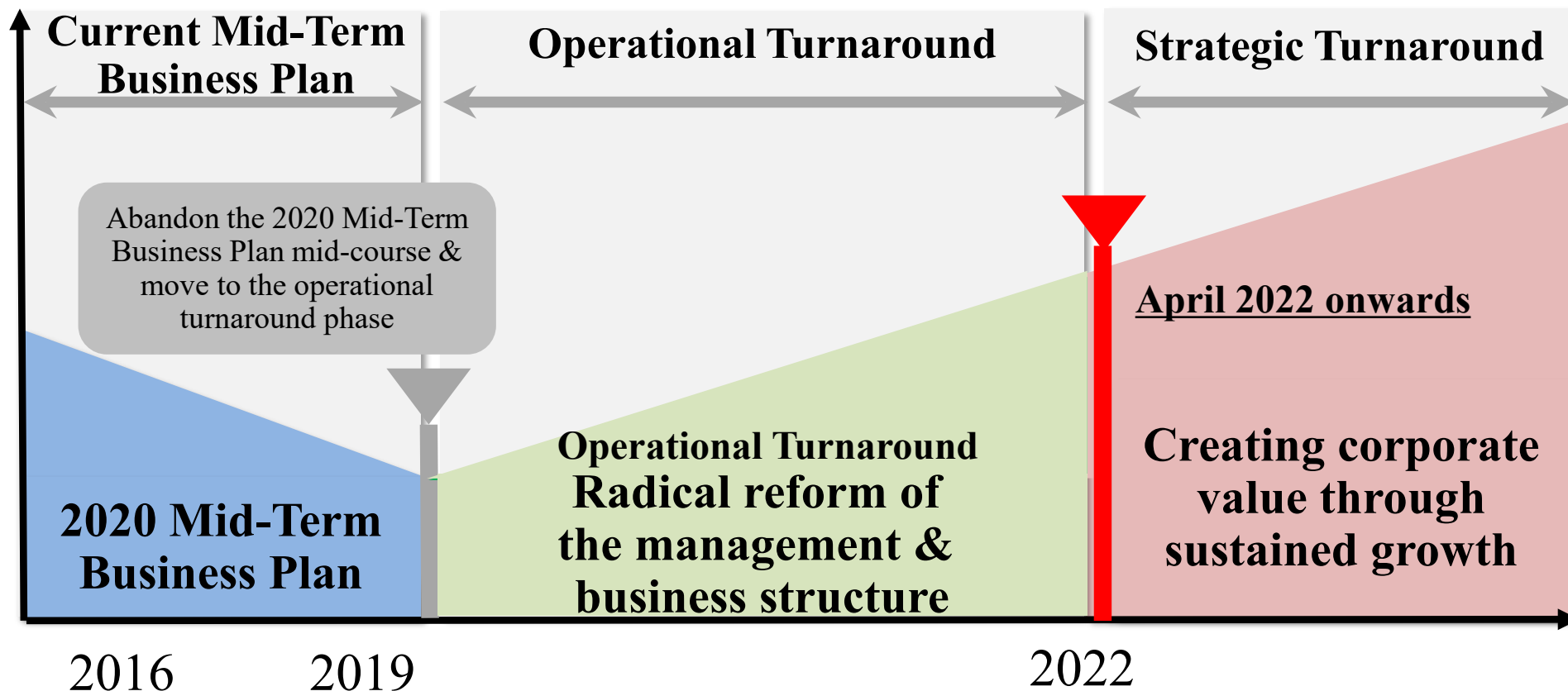
Impact of Structural Reforms

- We successfully reached our 100-Day Plan target of 15 billion yen or more in fixed cost reductions, compared to FY2019.

| Category | FY2020 | FY2021 | FY2022 |
|---|--------|--------|--------|
| Early retirement, etc. | 0.4 | 1.6 | 3.3 |
| Structural business improvements (location reorganization, etc.) | 3.3 | 5.1 | 5.3 |
| Benefit from impairment losses in FY2019 and FY2020 | 4.5 | 7.8 | 7.8 |
| Total benefit from improvement in fixed costs (vs. FY2019) | 8.2 | 14.5 | 16.4 |
| Asset sales, etc. | 6.0 | 21.0 | |

**Painful structural reforms concentrated in the past two years
have put Fujikura back on a path to growth.**

Shift to Sustainable Growth Phase

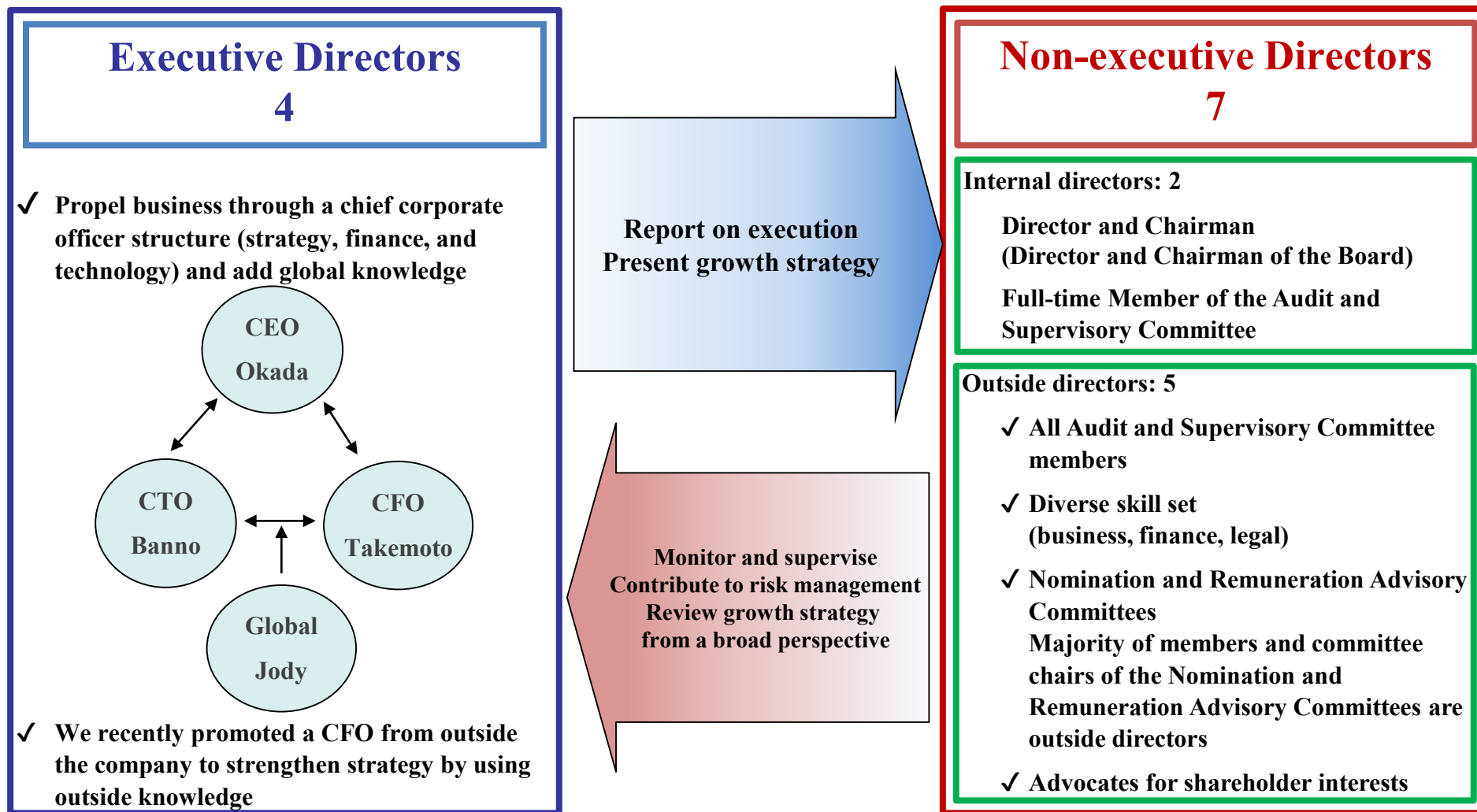


- We shifted to a new growth phase in April 2022 and have prepared a new Mid-Term Business Plan and growth strategy.
- The Company will disclose the new Mid-Term Business Plan in May 2023, clearly outlining the beginning of the growth phase.

We will continue to pursue a robust corporate structure.

2. Targeting the Sustainable Growth Phase

FY2022 Business Structure



**Having a 4:7 ratio of executive to non-executive directors
strengthens the monitoring/supervision and advisory functions**

in pursuit of a solid governance structure and careful examination of the growth strategy.

Awareness of Current External Environment

| Aspect | Positive Factors | Negative Factors |
|--|---|---|
| Trend in exchange rates Stronger U.S. dollar and weaker Japanese yen and emerging country currencies | Beneficial to export business divisions * Mainly telecommunication systems and electronics | Negative impact on raw material and distribution costs |
| COVID-19 pandemic | Accelerating establishment of telecommunication infrastructure Continuing demand for electronic parts due to staying at home becoming the new normal | Could cause reduction in operating rates at production sites Negative impact on supply chains |
| Semiconductor shortage | Increasing demand for semiconductor manufacturing equipment | Continuing supply limitations will have a negative impact on customers (automotive and electronics) |
| Heightened geopolitical risk - Series of changes in the global environment such as conflict between the U.S. and China and Russia's invasion of Ukraine | Creation of economic blocs will lead to capturing product demand in Europe and the U.S. | Acceleration of inflation - Increase in cost of raw materials and distribution will have a negative impact on the supply chain |
| Helium shortage | Accelerating use of high-temperature superconducting materials | Negative impact on optical fiber production |

**The political and economic climate is unstable.
Rapid response to changes will be necessary this year.**

Impact of Helium Shortage

[Factors causing the helium shortage]

- The operating rates of the main plants have recently fallen due to regular maintenance and other factors. The combination of these factors with delays in bringing new plants online and disruption of global maritime transport has produced a temporary supply shortage.
- Helium is a rare gas and also escapes the earth's atmosphere so this resource will be depleted in the future.

[Impact on Fujikura's business and response measures]

- Helium is used in manufacturing optical fiber and will affect production volume and costs.
We will:
 - concentrate investment of limited resources in expanding the SWR/WTC business,
 - look at stable procurement of helium,
 - implement innovations in production technology, drastically reduce the volume used, and switch to alternative gases to expand business further in the future.

[New business opportunities]

- The shortage will accelerate the shift from low-temperature to high-temperature superconductors.
 - Shift from liquid helium cooling (-269°C) to liquid nitrogen cooling (-196°C).
Fujikura's Yttrium-based superconducting material offers global top performance.

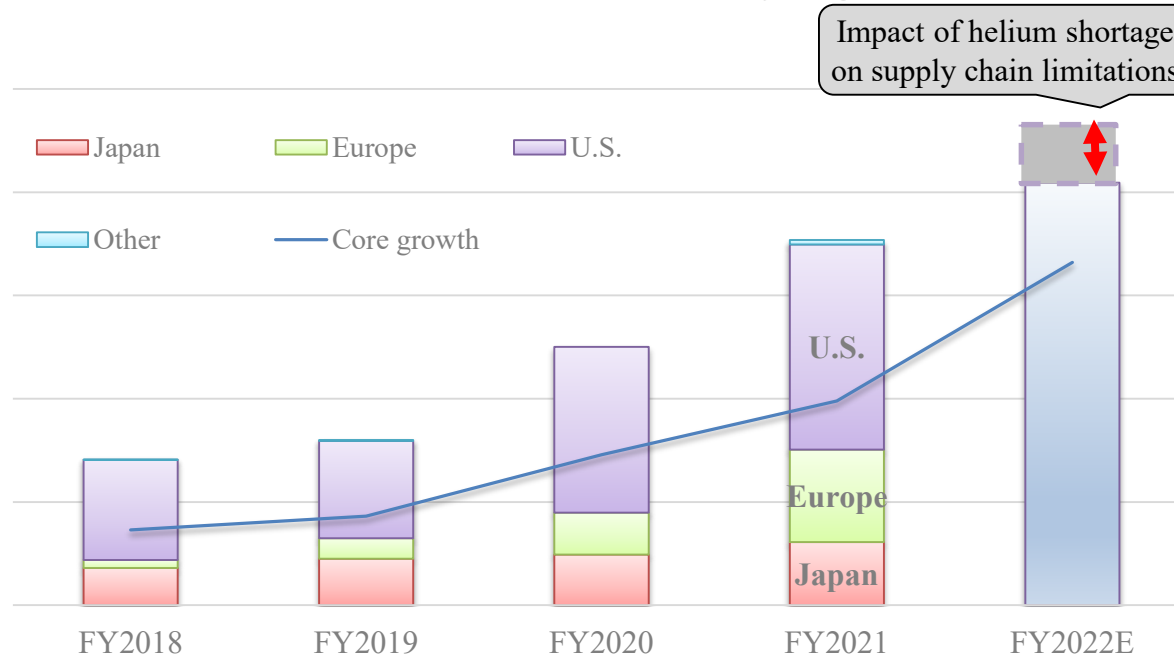
Roll-out of Strategic SWR/WTC Products in Europe and the U.S.

The roll-out to Europe and the U.S. is proceeding steadily. We will vigorously expand business while keeping an eye on the political and economic climate.

Determination of locations for expansion:

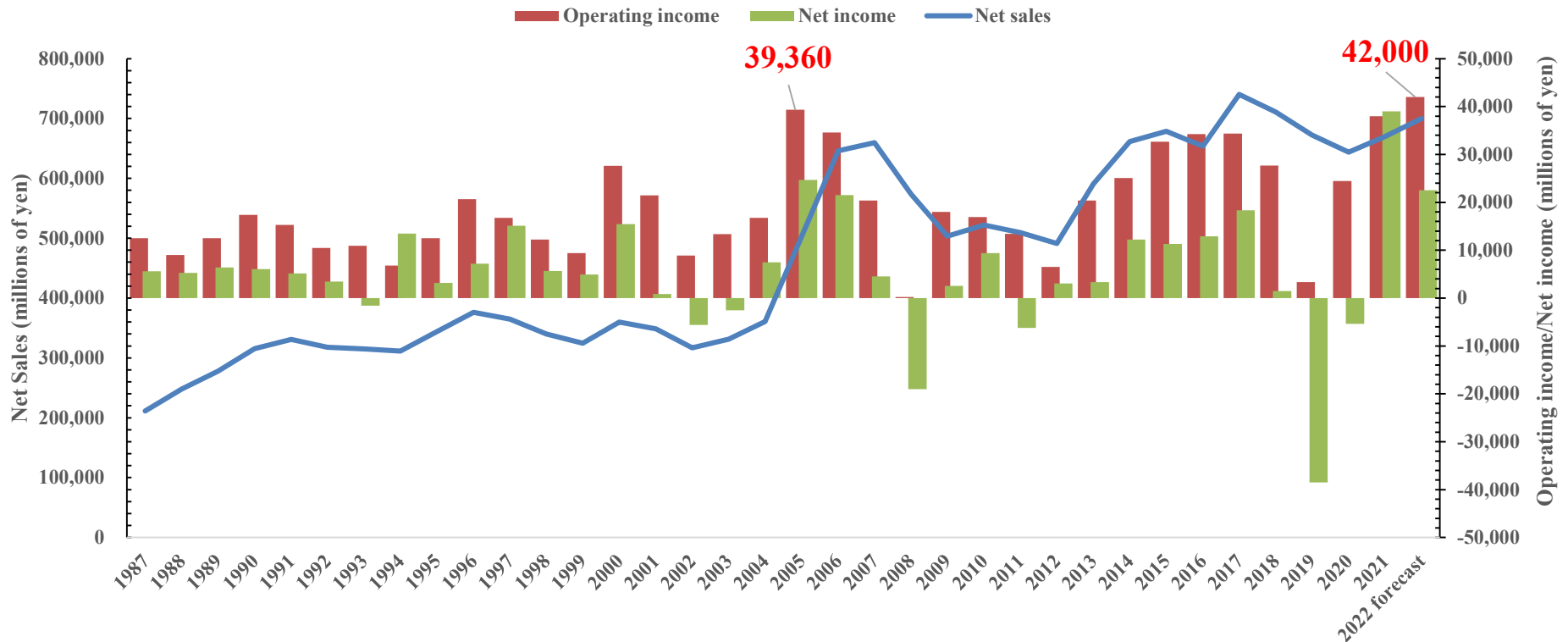
- Technology & product development: Japan
- Cable manufacturing: Japan, U.S., and Europe
- Marketing: Japan, U.S., and Europe
- * High-performance fiber manufactured in Japan

Trend in SWR/WTC Sales by Region



Fujikura Business Performance

Fujikura business performance
(FY1987~FY2022 *Including forecasted performance)



We forecast record high operating income this fiscal year despite our conservative assumptions about the unstable external environment.

Structural reforms are complete and we will achieve the plan for this fiscal year.

We will increase the profitability of growth businesses further and target sustainable growth!

Toward the Next Mid-Term Business Plan (1)

—Direction of Each Business

■ Telecommunication Systems

- Strengthen the optical network solution business and gain new customers.
- The keys are shorter installation time and no need for skilled installation work.

■ Electronic Products & Connector

- Find high-margin niche businesses that can use Fujikura's technology in a wide range of areas.
- Utilize strengths in high-precision, detailed processing and assembly technology.

■ Automotive Products

- Pursue initiatives in wire harnesses for next-generation vehicles (CASE).
- Find businesses that can use Fujikura's technology in automobile platforms.

■ Research and New Business Development

- High-temperature superconductors: MRI, NMR, motors, nuclear fusion
- Wireless (mmWave): 5G
- Medical: Miniaturized, high-precision medical devices

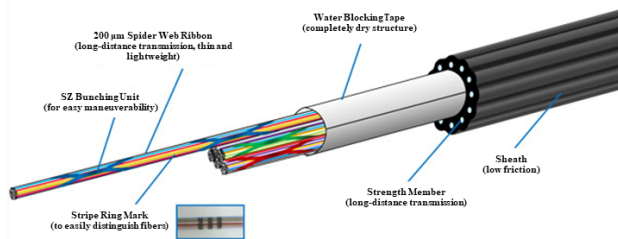
Toward the Next Mid-Term Business Plan (2) Telecommunication Systems

—SWR/WTC Status

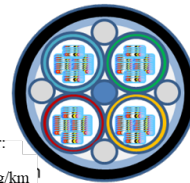
Inquiries are strong for strategic SWR/WTC products in our core optical network solution business. We also anticipate strong demand over the medium term and will continue to concentrate on active expansion measures.

◎ Product characteristics:

Possible for cables to contain a higher density fiber count than in conventional optical cables (**slimmer and lighter weight**)

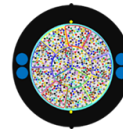


1,728-fiber ribbon loose tube cable

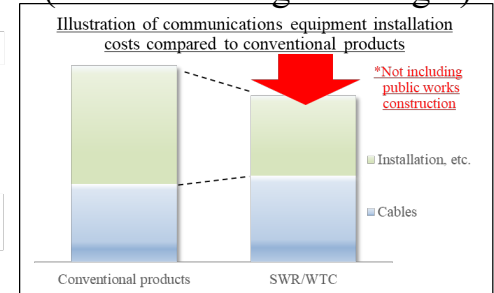


Outer diameter: $\phi 31.5$ mm
Weight: 749 kg/km

1,728-fiber Wrapping Tube Cable (WTC)

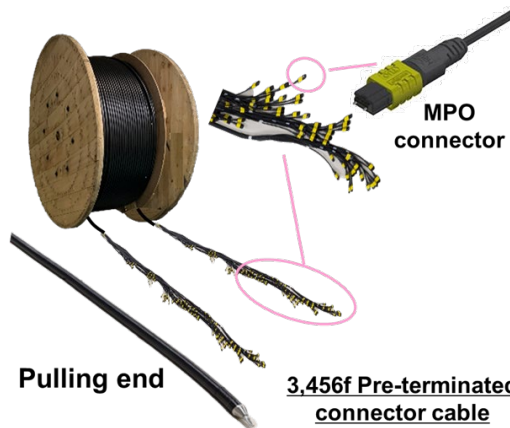


Outer diameter: $\phi 23.0$ mm
Weight: 356kg/km



Future Initiatives

Focus on expanding business domains to meet the high demands of customers



Provide differentiated solutions combined with global top class technology

- ✓ High-performance optical fiber manufacturing technology (low loss, including connector)
- ✓ Cabling technology (high fiber count, high-density, and fire resistant)
- ✓ Connector component high-precision molding technology (low loss)

Continue initiatives aimed at creating innovative products (80μm fiber, multi-core, etc.)

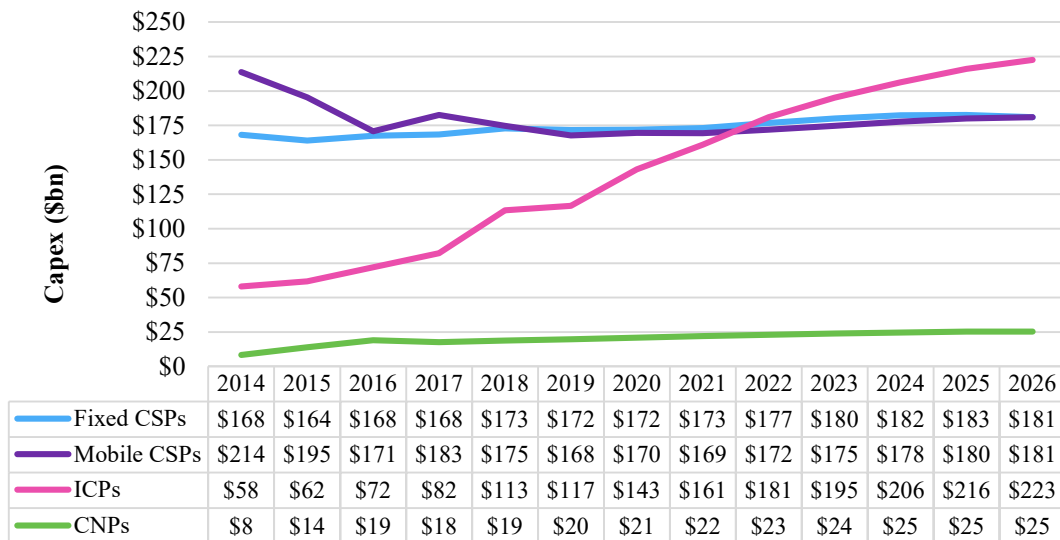
Toward the Next Mid-Term Business Plan (3) Telecommunication Systems

—Market Awareness

We recognize that expanding investment in the areas of HSDC (high-speed data cables) and FTTx (Fiber to the x) will provide major business opportunities, There will also be a high volume of cable demand in the FTTx market as the use of ultra-high fiber counts in HSDC expands.

SWR/WTC enable the use of higher optical fiber density and we expect the use of SWT/WTC in both HSDC and FTTx to expand in the future, mainly in advanced countries. → **We will continue to access new markets and gain new customers.**

Capex by communications provider type (\$bn)



Source: Omdia

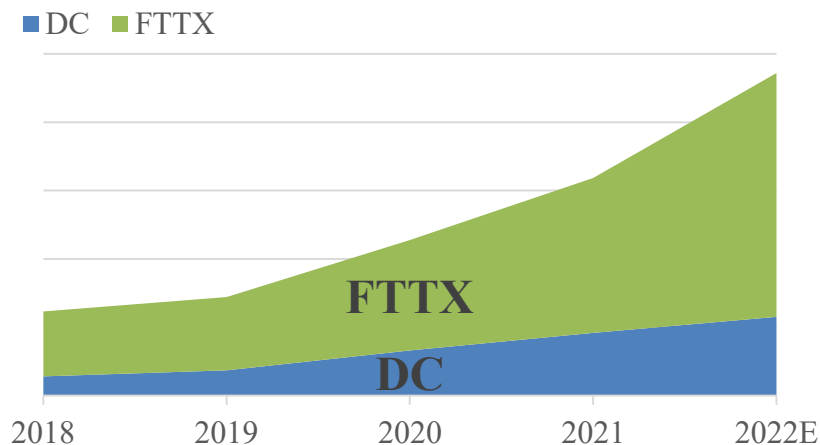
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CSP...Communications Service Providers (telephone companies, telecommunications operators)

ICP...Integrated Communications Providers (OTT, cloud, digital media, hyperscale)

CNP...Carrier Neutral Providers (tower operators, multi-tenant data centers)

SWR/WTC segment sales



HSDC: Preference for ultra-high fiber count containing 2,000 fibers or more

FTTx: The ability of slim SWR/WTC to reduce additional installation costs is a major advantage, even in the market for cables containing 2,000 fibers or less.

Fujikura has a presence in the North American HSDC market.

We are using entrance into the UK British Telecom market to expand initiatives in Europe.

We are successfully responding to the trend of market

expansion.

My Commitment as the CEO

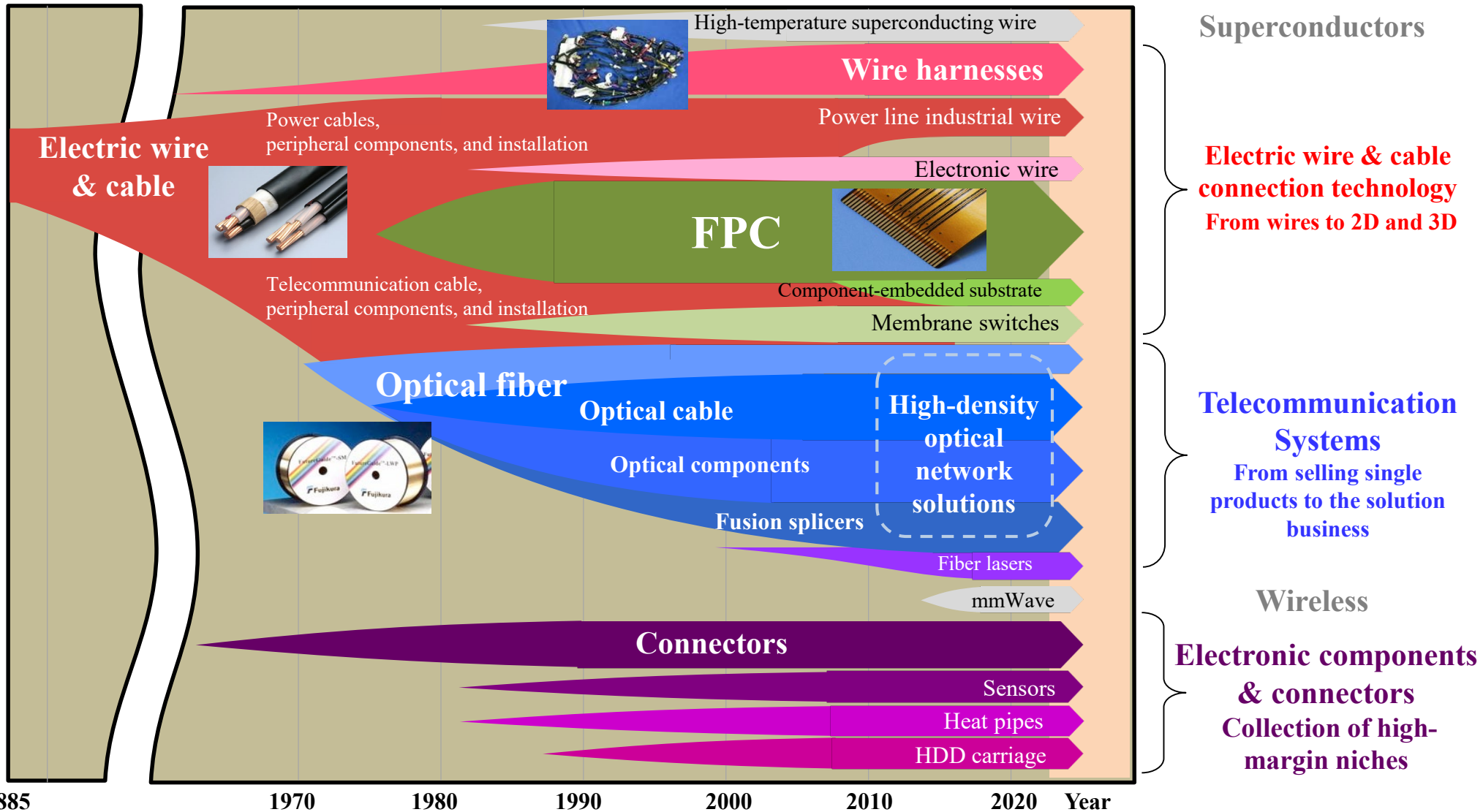
- Creating customer value and contributing to society through “tsunagu” (connecting) technologies are Fujikura’s purpose. The direction of each business is aligned toward solving social issues as these businesses approach next Mid-Term Business Plan. We will contribute to society by expanding our businesses.
- I recognize that this fiscal year is an important year for forming the new Fujikura to successfully complete the shift to the sustainable growth phase.
- We will carefully discern the environment surrounding each business and formulate the medium and long-term business strategy, while investing the appropriate amount of resources in growth areas.
- As CEO, I will make every effort to meet the expectation of stakeholders this fiscal year, despite the extremely unstable political and economic climate.



Disclaimer: These materials contain Fujikura's management policy (intentions) for FY2022. Statements about sales, profits, and other forward-looking statements about FY2022 and future fiscal years are based on market decisions made according to the latest information available at the time. Fujikura's intentions in regard to investments have been quantified, but may change at some point in the future due to changes in the business environment or other factors.

Trend in Fujikura Technologies

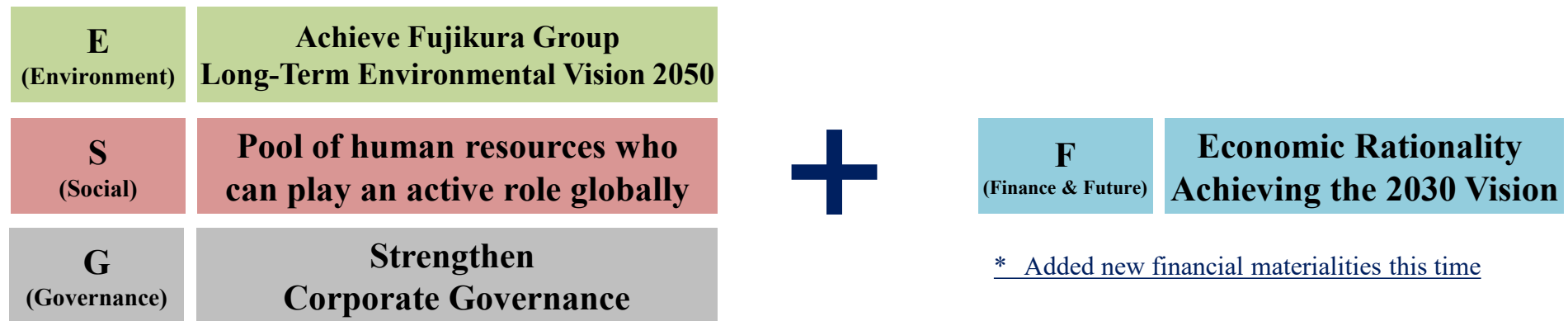
—Using Our Technological Strengths to Contribute to Society—



ESG/Sustainability Initiatives

Management: ESG is management itself

- Formulate 2025 sustainability targets and strengthen initiatives.



Environment: Targeting Achievement of Carbon Neutrality

- Chosen for the Ministry of the Environment’s “Fiscal Year 2021 Model Project for Supporting Achievement of the Decarbonization Targets of the Entire Supply Chains”
- Endorsed the Ministry of Economy, Trade and Industry (METI) GX League Basic Concept

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