

Toward the Second Half of FY2022

Fujikura Ltd.

Naoki Okada, President and CEO

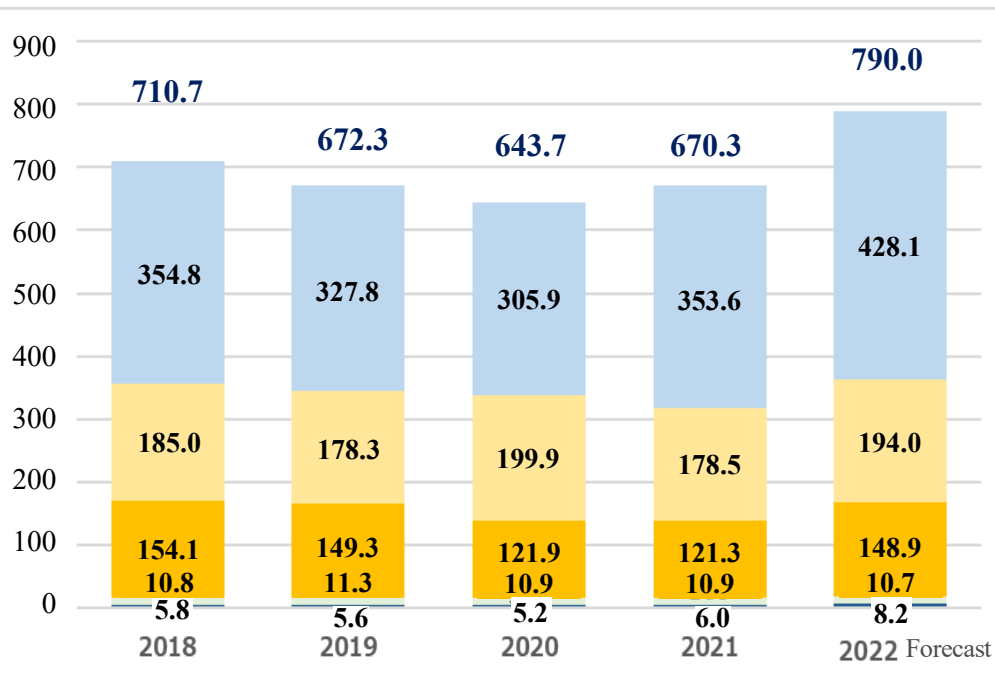
November 9, 2022

1. Toward a Sustained Growth Phase

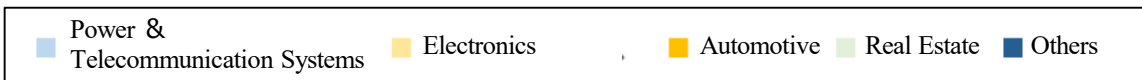
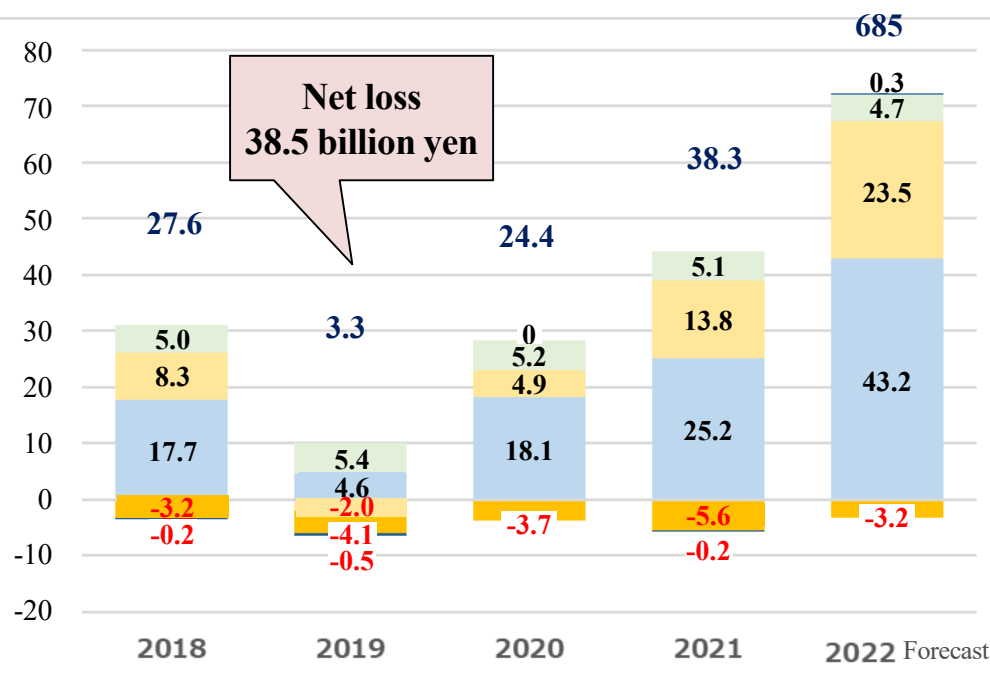
Financial Results and Forecast

—From the Operational Turnaround Phase to a Sustained Growth Phase—

[Net Sales (Billion yen)]



[Operating Income (Billion yen)]



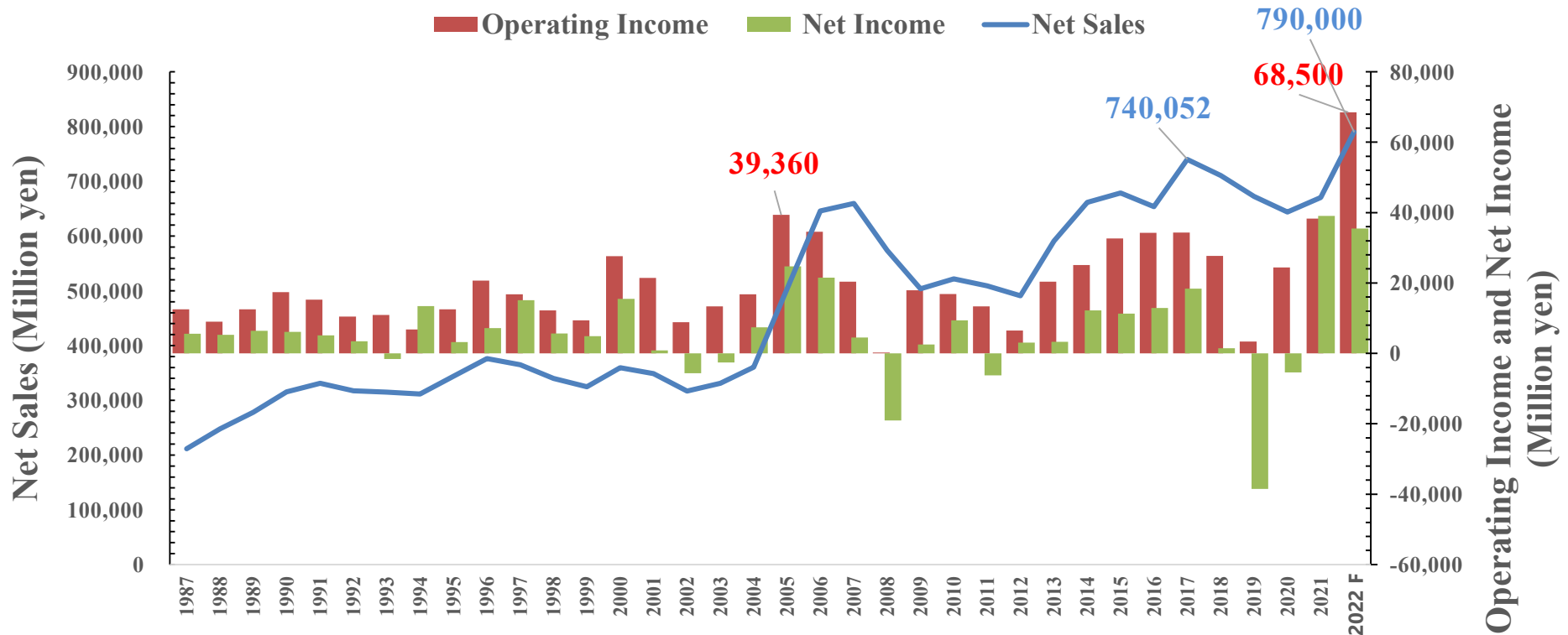
■ FY2021 results rebounded to the level before entering the operational turnaround phase.

⇒ We will enter the sustained growth phase from FY2022 onward.

Financial Results and Forecast

—Targeting Record High Net Sales and Operating Income—

Fujikura Financial Results from FY1987 to FY2022

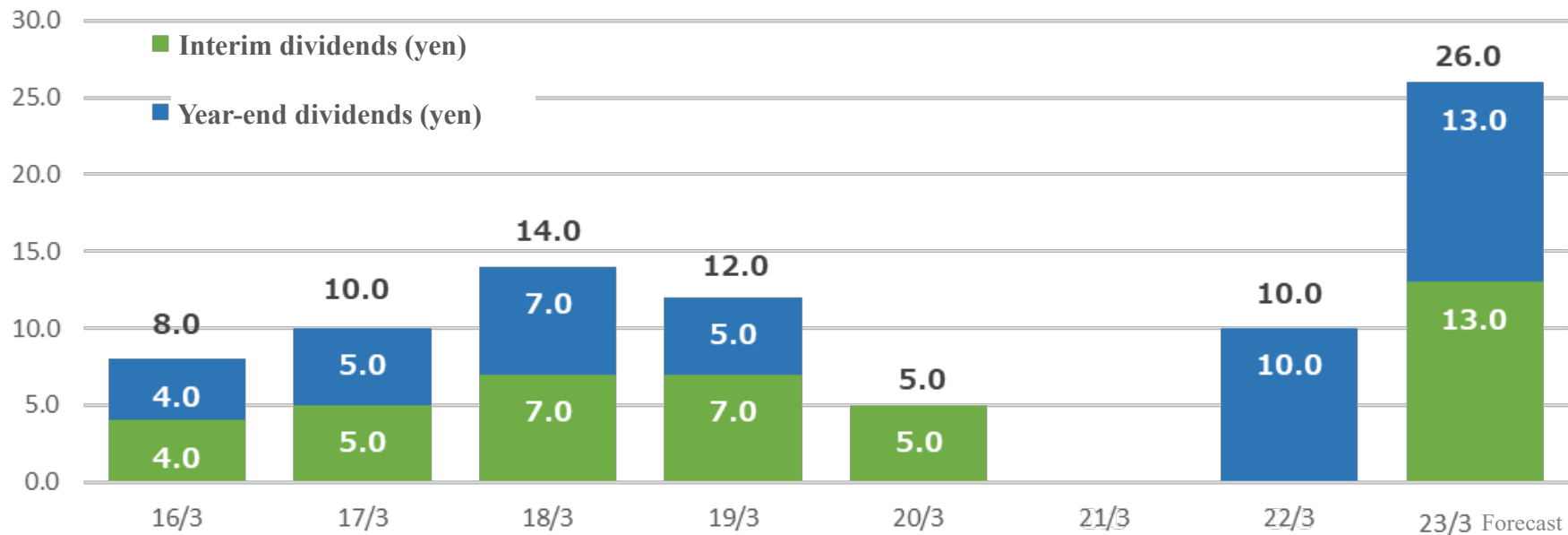


This upward revision puts the plan for both net sales and operating income at record highs. Having newly completed structural reforms, we will achieve the plan for this fiscal year, further increase the profitability of growth businesses, and target sustained growth!

Revision of Dividend Forecast

FY2022 Dividend Forecast

Business performance was strong during the first half and we anticipate performance to exceed the forecasts announced on August 5, 2022. We have therefore declared interim dividends and revised the year-end dividend forecast to increase full-year dividends by **10 yen to 26 yen per share**.




Awareness of Current External Environment

External Environment	Present Conditions and Future Outlook
Concerns over global economic recession and inflation	<ul style="list-style-type: none"> • There is concern that consumer purchasing appetite and corporate investment appetite will decline.
Trend in exchange rates and interest rates	<ul style="list-style-type: none"> • The weak yen benefits export business (mainly telecommunications and electronics). However it has a negative impact on the cost of raw materials, distribution costs, etc.
Slowing growth of large IT firms	<ul style="list-style-type: none"> • There is concern over inventory adjustments.
COVID-19 pandemic	<ul style="list-style-type: none"> • It appears that stay-at-home demand has run its course. • The pandemic is trending toward resolution. The continuing zero-COVID policy in China is something to keep an eye on.
Increased geopolitical risk - U.S.-China conflict, Ukraine, etc.	<ul style="list-style-type: none"> • There are concerns over accelerating inflation and the impact on the supply chain. • However, there are also opportunities to capture product demand in Europe and the U.S. from the move toward economic blocs.
Electric power shortage	<ul style="list-style-type: none"> • There is concern that a shortage of electric power could impact operations at customers' plants and Fujikura's plants.
Semiconductor shortage	<ul style="list-style-type: none"> • The continuing impact on auto and electronic device production by customers.
Helium shortage	<ul style="list-style-type: none"> • The impact on optical fiber and cable. We will continue to work to procure supply volume, reduce the amount used, and switch to alternatives gases. • This provides a tailwind for accelerating use of high-temperature superconductor materials.

➤ **We will respond rapidly to changes in the external environment and minimize the impact of such changes.**

Structural Reform of the Energy Business

Fujikura has been implementing a series of structural reforms in energy-related businesses for some time.

- ✓ **Integration of domestic electrical cable installation business into a Group company**
 - ✓ **Closure of overseas electrical cable production location**
 - ✓ **Exit from the overseas EPC (engineering, procurement, and construction) business**
- 
- ✓ **The remaining overhead transmission line and metal cables business in Fujikura was split into a separate company called Fujikura Energy Systems Ltd. on October 1, 2022. The goal is to achieve independent operation with a leaner, more efficient structure.**

This is a major turning point in the extended period of Energy Business reforms.

Expanding SWR/WTC Business in Europe Market

We will continue to access new markets by our core optical network solution business as Fujikura, a company known for its technology

Air Blown-WTC

- ✓ **Successful development of the world's first ribbon-fiber Air Blown cable**
- ✓ **Adopted by BT/Openreach. It was the first BT/Openreach's use of ribbon fiber.**
- ✓ **We're also entering into several UK telecom operators' market other than BT.**

LSZH-WTC

※LSZH=Low Smoke Zero
Halogen

- ✓ **Achieved the highest level of CPR (European Construction Products Regulation), the world's strictest standard**
- ✓ **Fujikura has achieved specifications that conventional cables can not achieve, and entered into the British railway and London Underground markets. More than 2,000km of cable will be laid by the end of 2024.**

We aim to become the de facto standard and further expand business in Europe based on our track record in the UK

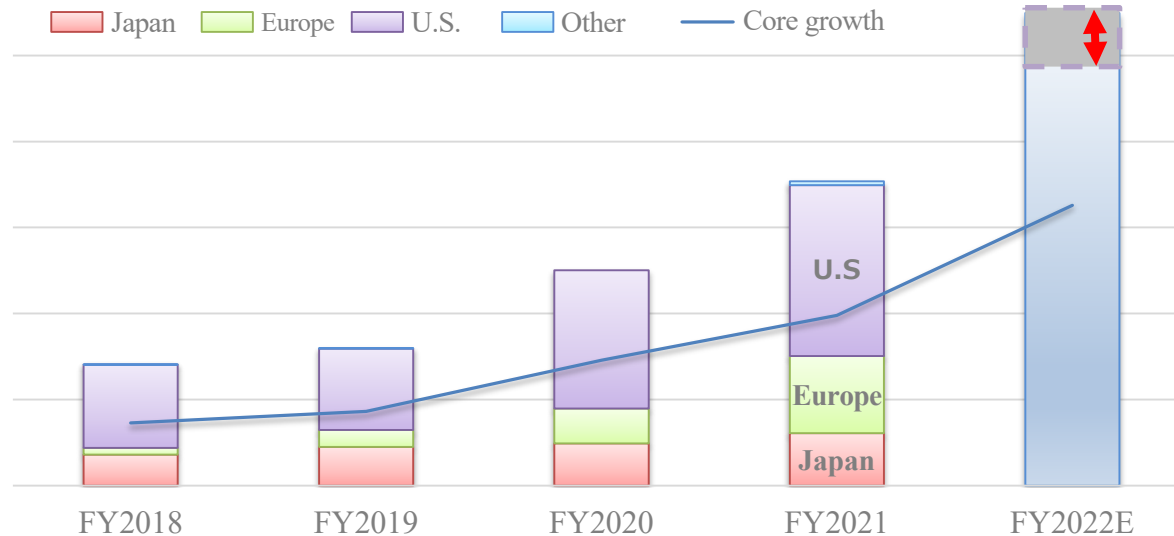
Expansion of SWR/WTC Strategic Products in Europe and the U.S.

Steady progress on expansion in Europe and the U.S.: 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., Europe + α
- * Global expansion for HSDC
- * Accessing new markets and customers in FTTH

Trend in SWR/WTC Sales by Region



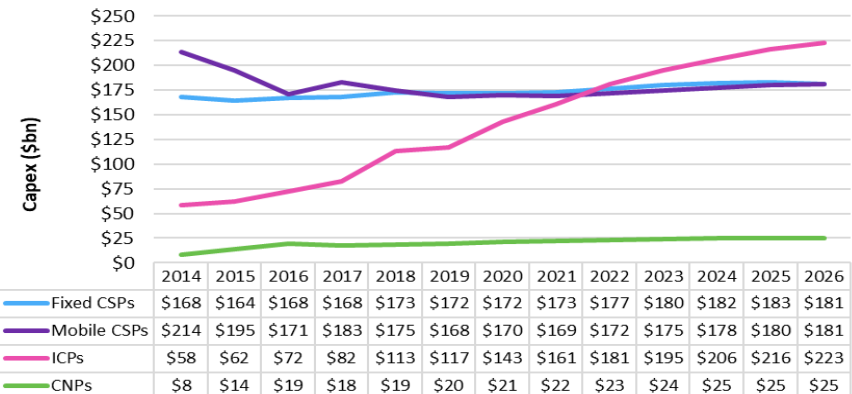
Decision to Build a New SWR Plant Within Sakura Works

Overview of new plant construction

- **Plant location:** In Fujikura's Sakura Works
- **Start-up:** 2025 (schedule)
- **Investment:** Just under 10 billion yen
- **We expect this investment in increase SWR production capacity by about 30%, compared to the volume in FY2022.**
- **The plan will incorporate digital transformation (DX) and green energy transformation (GX) and increase production efficiency, while pursuing labor and energy savings.**
- **This will contribute to building the advanced information infrastructure increasingly demanded worldwide.**



Capex by communications provider type (\$bn)



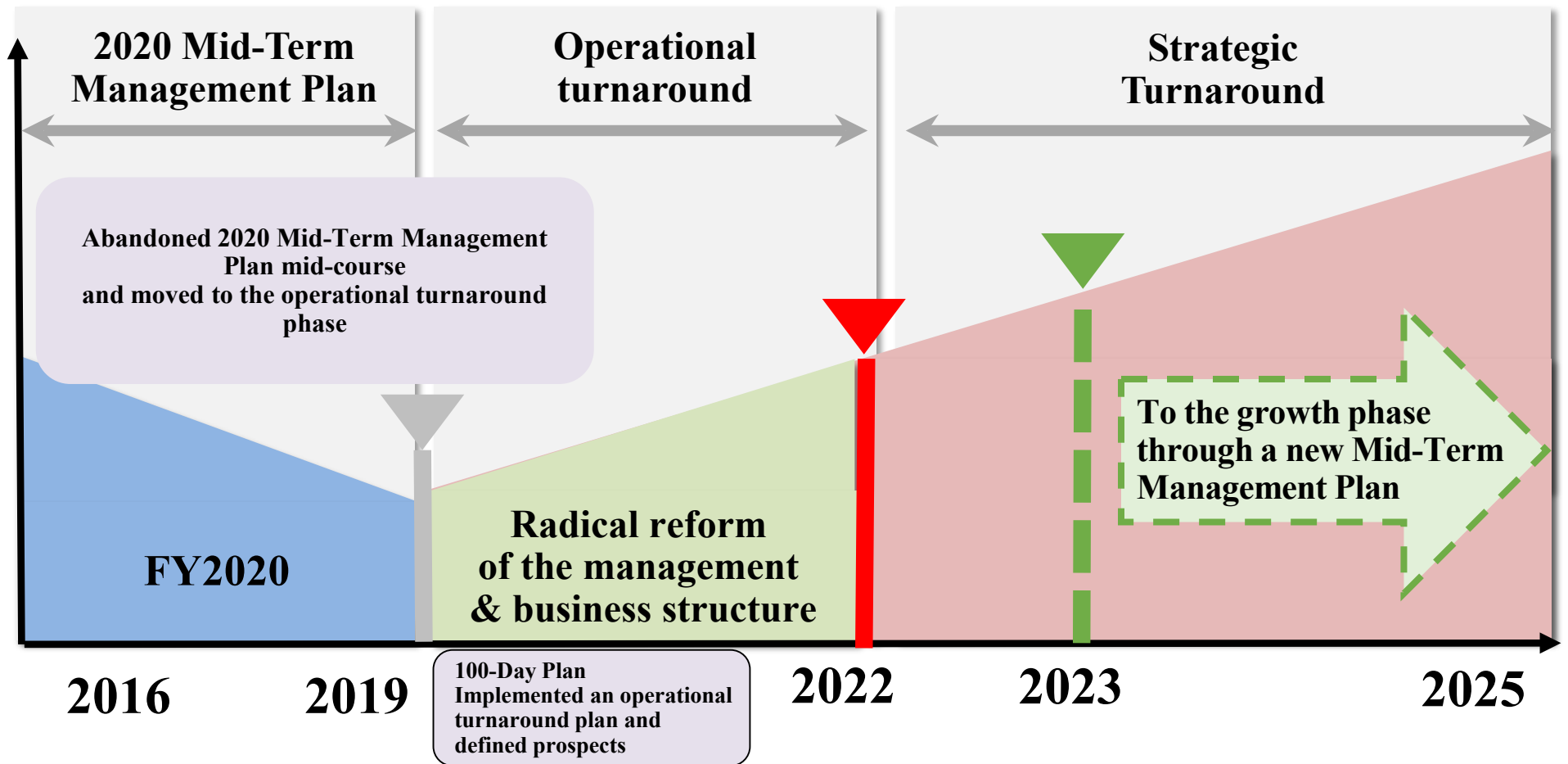
Source: Omdia

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CSP: Communication Service Providers (telephone companies, communications providers)
 ICP: Internet Content Providers (OTT, cloud, digital media, hyperscale)
 CNP: Carrier-Neutral Providers (tower providers, multi-tenant data centers)

2. Next Mid-Term Management Plan

Switch to the Growth Phase and Formulation of the Next Mid-Term Management Plan



- Switch to the growth phase from April 2022 and formulate a mid-term management plan and growth strategy.
- Announce the new mid-term management plan in May 2023. Accelerate the growth phase during the new mid-term management plan.

Fujikura will continue to pursue a lean and efficient company structure.

Vision for the Next Mid-Term Management Plan

- ✓ **Aim to create customer value and contribute to society by being the “Fujikura of Technology” in the area of “tsunagu” (connecting) technologies.**
- ✓ **Aim to become a highly-profitable company through management of the business portfolio.**
- ✓ **Create the future using optical and wireless, and the fundamental technologies for the fusion of optical and electronics technologies and superconductors, beyond optical and wireless.**

**Telecommunication
Systems**

**Strengthen Optical Cable Installation Solutions Business and target acquisition of new markets and new customers worldwide.
Contribute to the realization of IOWN in the future.**

**Electronic Products
and Connector**

Strengthen high-margin niche businesses that use Fujikura technologies and target acquisition of new markets and new customers.

**Automotive
Products**

Identify synergies with businesses that use Fujikura technologies in a period of technological innovation referred to as CASE (Connectivity, Autonomous, Sharing/Subscription, Electrification).

Vision for the Next Mid-Term Management Plan

✓ **Speed up decision-making and improve business stability and efficiency through independent management.**

**Fujikura Dia Cable
(FDC)**

Further increase Fujikura's presence in the industry by improving profitability through digital manufacturing in the industrial cable market.

**Fujikura Printed
Circuits
(FPCL)**

Work to recover earning power in the FPC market through advanced cable installation technology and improvements in productivity.

**Fujikura Energy
Systems
(FES)**

Put the FES business on the path to independent management in the specialty cable and transmission cable market by increasing competitiveness through products that add high value and highly profitable products.

Initiatives in DX and GX

- We think digital transformation (DX) and green energy transformation (GX) will be sources of competitiveness in the future sustainable growth phase and will invest management resources in this, as appropriate.
- Individual project teams have been launched for DX and GX and these teams are pursuing activities.

DX

Policy on DX activities

- ✓ **Improve efficiency of operating processes**
- ✓ **Data driven management**
- ✓ **Innovations in monozukuri (manufacturing) using AI**
- ✓ **Search for a new business model based on data use**

GX

Policy on GX activities

- ✓ **Co-generation: Solar power generation**
- ✓ **Energy savings: Reduction in electricity consumption through innovation in manufacturing technology**
- ✓ **Energy purchase: Purchase clean energy**

My Commitment as the CEO

- Creating value for customers and contributing to society through “tsunagu” (connecting) technologies as Fujikura, a company known for its technology, is Fujikura’s purpose. The direction that each business takes toward the next mid-term management plan will be aligned with the resolution of social issues and will contribute to society through business expansion.
- This fiscal year is an important year for solidifying the groundwork for the mid-term management plan that will begin in FY2023. As CEO, I want to meet the expectations of our stakeholders, make sure we achieve record high net sales and operating income, and set the stage for the next mid-term management plan despite the instability seen in the external environment.



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.