

Progress on 2025 Mid-term Management Plan

- Responding to changes in the environment in the second half of the year -

Fujikura Ltd.

Naoki Okada, President and CEO

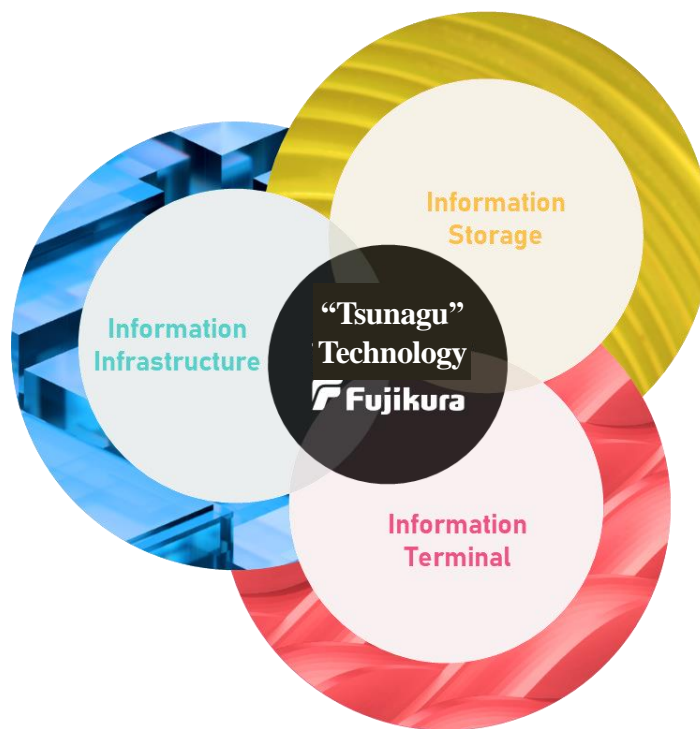
November 8, 2023

1. Mid-term Management Plan and Changes in the External Environment

Core Business Areas in the 2025 Mid-term Management Plan

Information Infrastructure

We will contribute to building the foundational infrastructure to realize an information-intensive society through optical cable installation solutions based on innovative optical technologies and future high-speed wireless communication technologies.



Information Storage

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

Information Terminals

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 next-generation vehicles as information terminals.

Aiming to create customer value and contribute to society as Fujikura, a company known for its technology, using information infrastructure, information storage, and information terminals as “tsunagu” (connecting) technology.

[Beyond 2025] Realizing a Sustainable Society

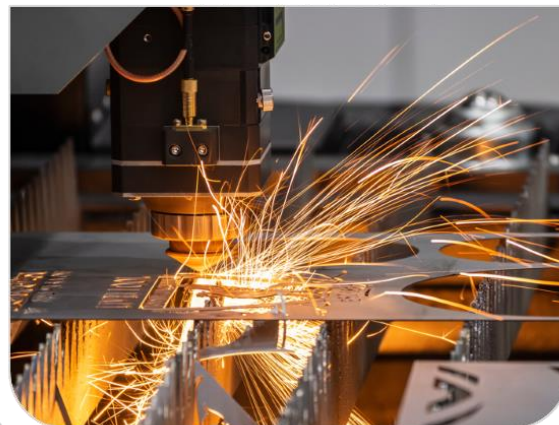
As one of the initiatives targeting the sustainable development goals (SDGs), carbon neutrality provides a good opportunity to create new businesses.

Superconducting wire



Contributes to solving energy problems through advances in nuclear fusion technology

Fiber lasers



Higher energy-efficiency than other processing methods contributes mitigation of environmental impact

Electric vehicles (EV)

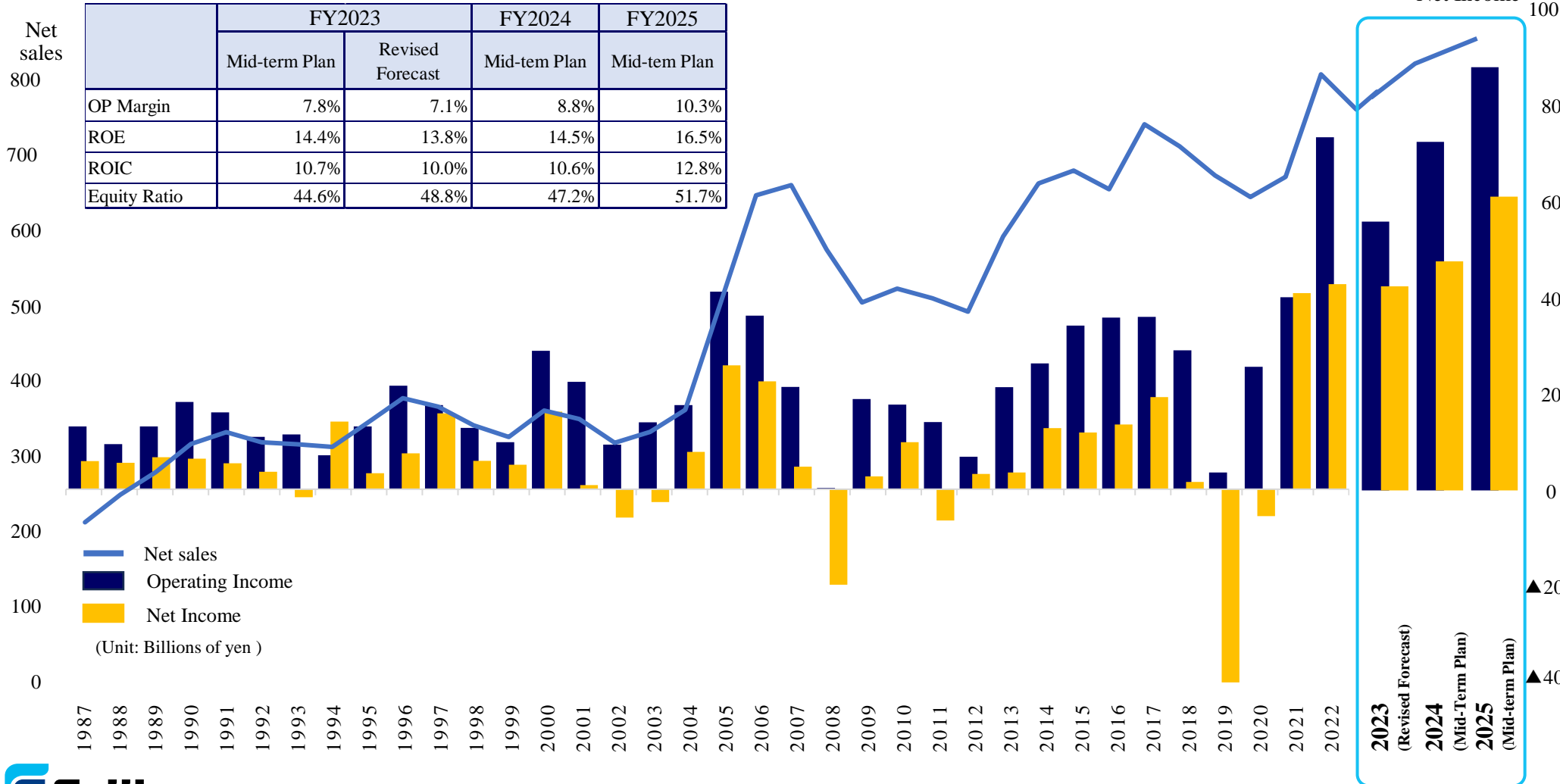


Ultra-fast charging technology facilitates the proliferation of electric vehicles

2025 Mid-term Management Plan: Business Performance

- **Profitability has improved** after the business turnaround phase.
- In FY2023, operating income will be on a temporary plateau, but we **aim to achieve a new record high in net income**.

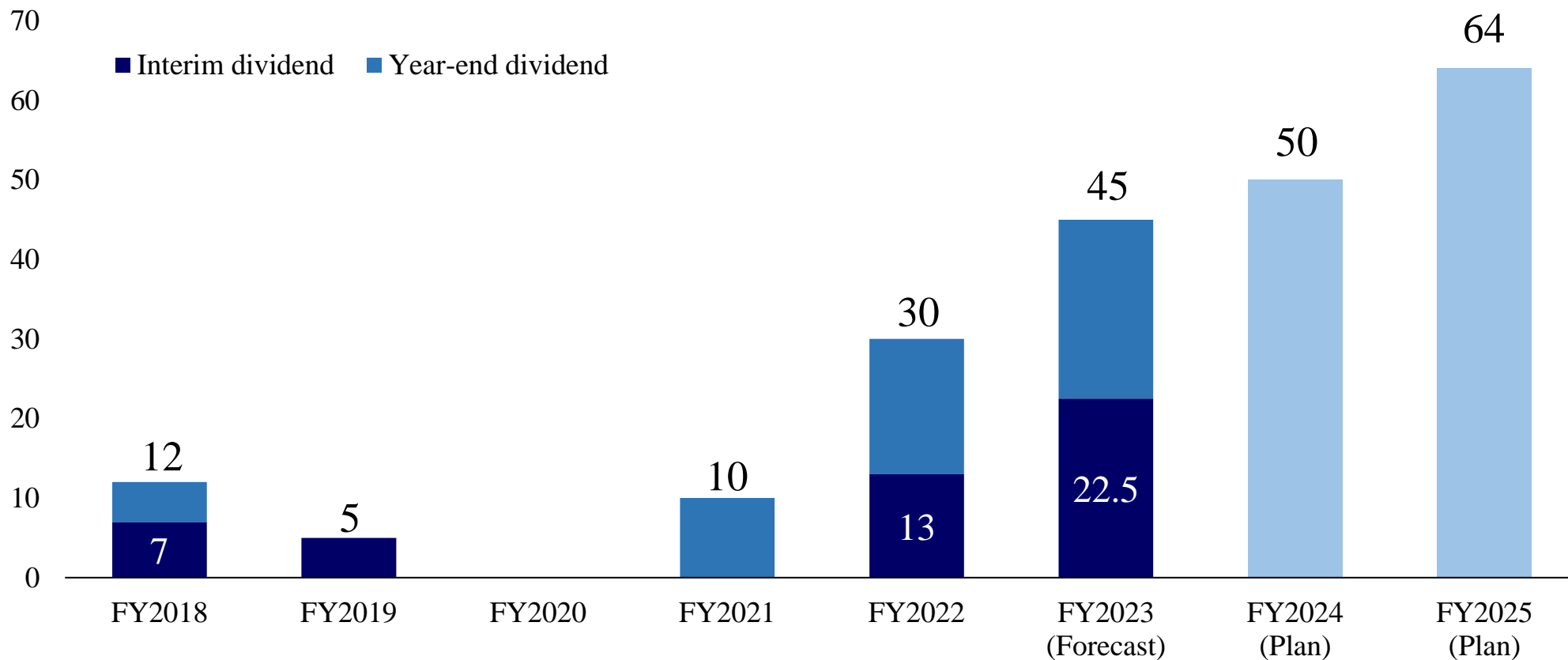
	FY2023		FY2024	FY2025
	Mid-term Plan	Revised Forecast	Mid-tem Plan	Mid-tem Plan
OP Margin	7.8%	7.1%	8.8%	10.3%
ROE	14.4%	13.8%	14.5%	16.5%
ROIC	10.7%	10.0%	10.6%	12.8%
Equity Ratio	44.6%	48.8%	47.2%	51.7%



2025 Mid-term Management Plan: Shareholder Return

- Ensure a balance between financial soundness and investment for growth, and **ensure a dividend payout ratio of 30%**. By achieving the FY2023 plan, the annual dividend is expected to be a record high.

(JP Yen)



Awareness of Current External Environment

Information Infrastructure



For telecommunications carriers in Europe and the U.S.

Despite postponement of investment with an eye toward BABA and postponement of investment due to rising interest rates., future demand for broadband investment is expected to increase.



For North American transmission line business

Firm demand for replacement of power grid transmission lines

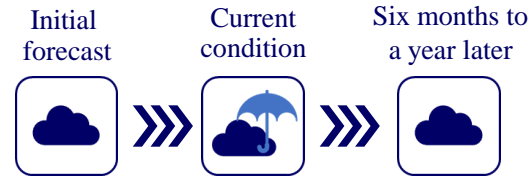
Information Storage



For hyperscale data center (HSDC) business

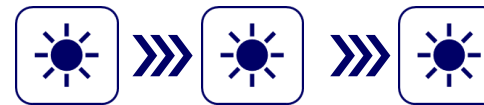
Despite temporary inventory adjustment, investment recovery and demand growth are expected due to generation AI expansion, etc.

Information Terminals



For the smartphone, tablet and PC market

Increased competition in some products



For wearables and drone market

Progress in digitization in various industries

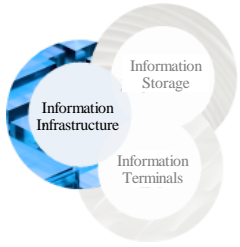


For Automobile market

Recovery of automobile production, acceleration of CASE initiatives

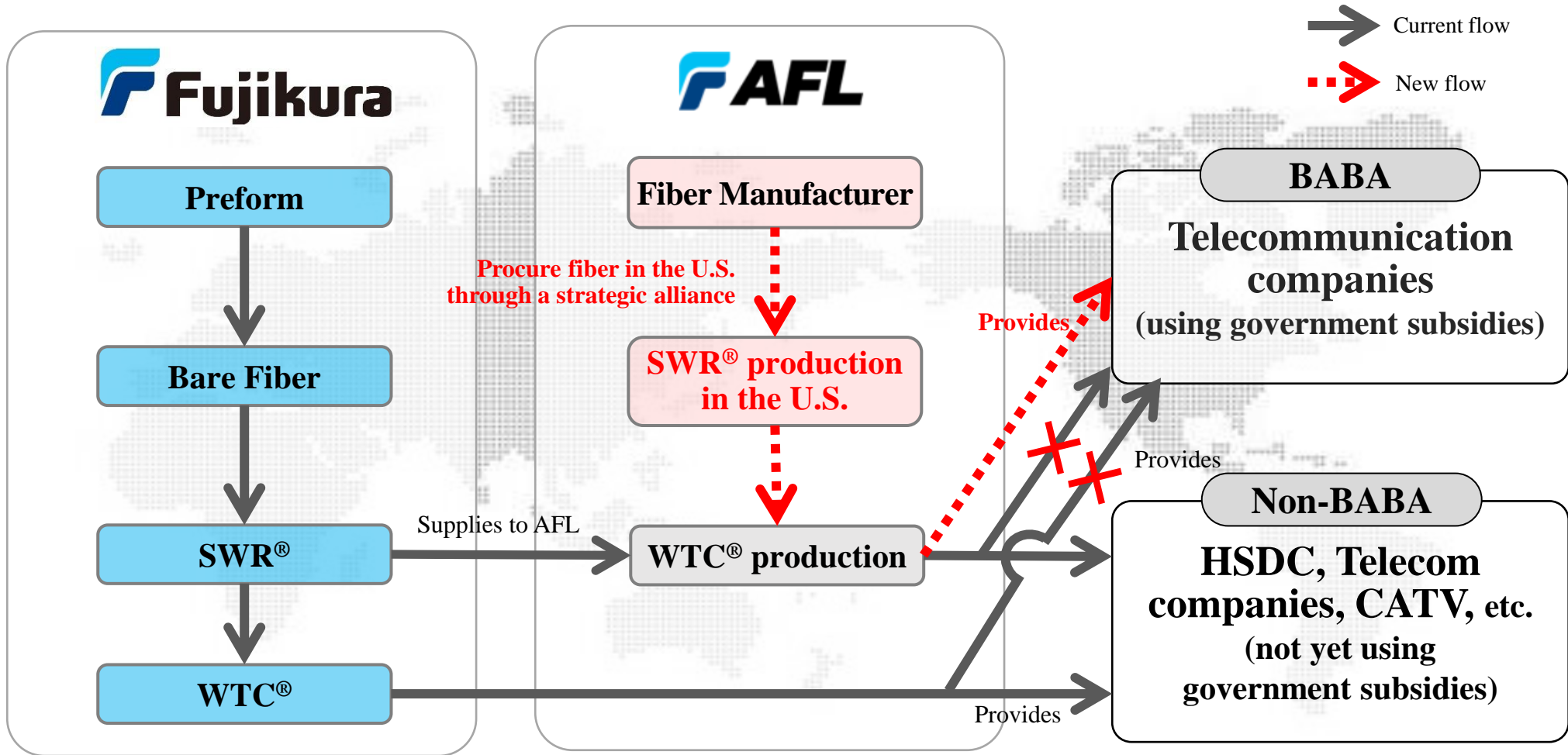
Respond flexibly to short-term changes in the external environment by reviewing production systems and other measures, while ensuring that demand is captured in markets that are expected to grow in the future, leading to Fujikura's sustainable growth.

2. Initiatives to Accommodate Changes in the Environment

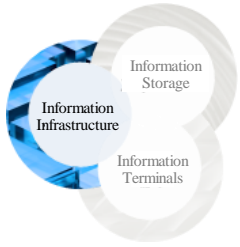


Information Infrastructure

Set up SWR[®]/WTC[®] manufacturing in the U.S. in response to BABA* and **capture demand for ultra-high-density high-fiber-count optical cable (WTC[®])**, even after operation of BABA commences in 2024.



* Build America Buy America Act.

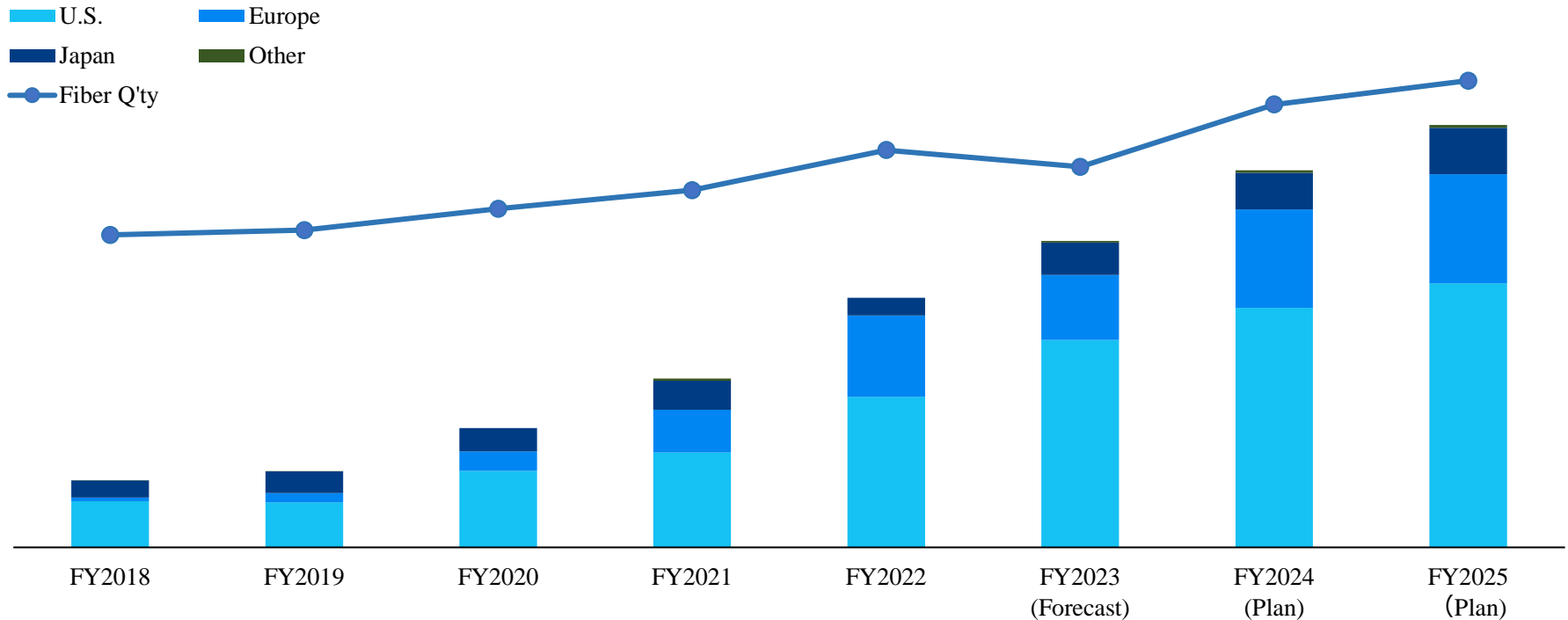


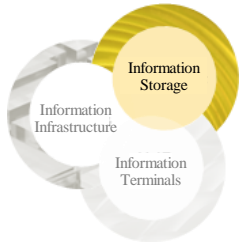
Information Infrastructure

Made further progress in the U.S. and UK while also focusing on expanding sales in the Middle East and Continental Europe and Australia. Also **used the numerous patents related to SWR®/WTC® that Fujikura holds to strengthen our intellectual property strategy.**

On October 23, we sued Sterlite Technologies Ltd. in the U.S. and the UK, demanding an injunction on the sale of the high-density, ultra-high-density high-fiber-count optical cable sold by the company under the claim that this infringes on the patent for SWR®/WTC® high-density, high-fiber-count fiber optic cable developed by Fujikura.

Trend in SWR®/WTC® Sales by Region





Information Storage

Strengthen the optical component production structure with an eye toward the expanding demand for hyper-scale data center (HSDC) investment in the U.S. and Europe.



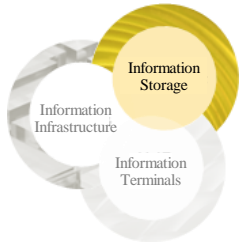
AFL Telecommunications Poland

Established:	2023
Location:	Katowice, Poland
Business description:	Manufacture and sale of optical components, etc.
Production capacity:	Plans to secure eight lines in the next two years
Employees:	Around 300 (plan after plant operation commences)



AFL Telecommunications (Monterrey)

Established:	1999
Location:	Monterrey, Mexico (two hours from the Texas, U.S. border)
Business description:	Manufacture of optical cable, optical components, etc.
Employees:	Over 3,000
As of 2023, currently building a new plant to further boost production capacity. Plans to double plant site area after operation commences.	



Information Storage

Focused on new product development related to HDD/thermal, with an eye toward increasing data volume and improving semiconductor performance through the proliferation of generative AI and other technologies.

1 HDD components: Increasing the number of layers

Demand for hard disk drives (HDD) capable of storing large volumes of data is increasing along with the explosive growth in data volume. We will contribute to such HDD by using our precision processing and micromachining technology to increase the number of layers in HDD.

2 Thermal solutions: High performance thermal solutions

As the performance of CPUs/GPUs in AI servers improves and the amount of data increases explosively, the power consumption (heat generation) of semiconductors rises due to the higher speed of optical interface modules such as CPO* and the higher output of inverters.

We have solved the problem of "heat generation in semiconductors" with our cooling technology cultivated in the Fugaku supercomputer and contributed to the improvement of energy efficiency of HSDC.

**CPO : Co Packaged Optics :Optical components and semiconductor chips in the same package Embedded technology to increase data transfer speed and reduce power consumption*

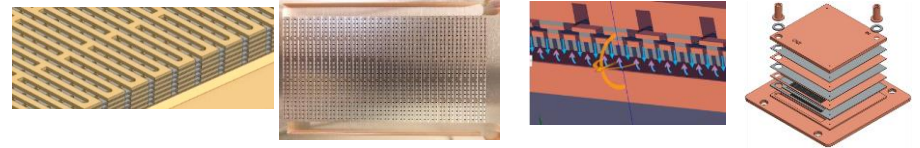
Case example: Development of an actuator



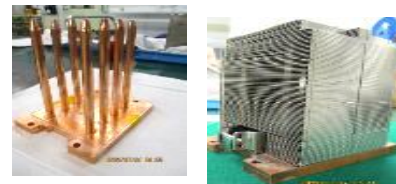
The high-performance actuators Fujikura is working on are the keys to increasing the number of layers on magnetic disks.

Case examples:

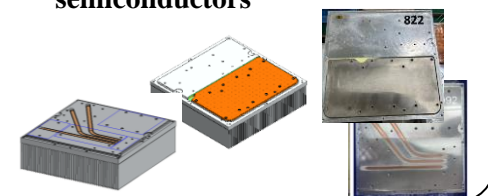
Liquid cooling: Development of laminated cold plate/cold plate with two-phase flow

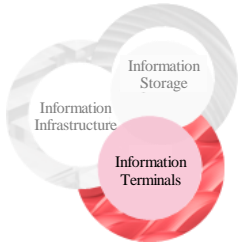


Development of 3D vapor chamber



Development of heat pipes and vapor chambers for power semiconductors





Information Terminals

Pursuing development of high-density, high-definition, multifunctional products to accommodate CASE and digitization in various industries.

**1 Membranes:
3D wiring initiative**

The use of capacitance switches is expanding due to the high degree of freedom in curved and irregular design.

Case example: Use of 3D wiring in vehicle steering

**2 Sensors:
Expand the product menu**

Expand the sensor business by developing applications and using them in products where they could not be installed before.

Small pressure sensor

Sensor size 4 mm

High-precision differential pressure sensor

High-resolution digital pressure sensor

**3 Electronic wires:
Expand the medical market**

Commercialization of CMOS disposable endoscopes, and development of ultrafine coaxial multi-core cables based on SWR technology.

Examples of initiatives:

CMOS image sensor module

Ultra-thin multi-core coaxial cable for ultrasound diagnostic devices

Structural Reform of the Automotive Products Business

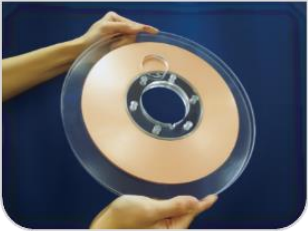
- We are implementing structural reforms to adapt to changes in the external environment. Fujikura closed Wuhu Plant, China in the first half of FY2023.
- Progress has been made on improving productivity of sites in North and South America, and profitability is gradually improving.

Use the underlying technology the Fujikura Group possesses to capture demand for CASE and consider application to vehicle platforms. Proposing EV-related products to customers in the automotive business from the conceptual stage based on our proprietary technologies.

Beyond 2025

Accelerate Beyond 2025 initiatives, in light of the instability of existing businesses against a background of uncertainty over the future global economy.

Superconducting tape/wire



- Our rare-earth high-temperature superconducting wires realize the miniaturization of nuclear fusion reactors, which are expected to be used as clean energy.
- Inquiries have increased since delivery to CFS, Inc. in the U.S. in February 2023. In addition, we are considering joint research with a company developing fusion technology.

Fiber lasers



- Pursue a strategy of differentiation for fiber lasers
 - ✓ Launched a multimode fiber laser with Japan's highest output of 20 kW.
 - ✓ Market penetration of Pulsed Lasers for Semiconductor Processing.
 - ✓ Development of high-power single-mode fibers, and development of new applications (space, semiconductors).

Electric vehicles (EV)



- CHAdeMO-standard ultra-fast charging systems with 150kW output are being sequentially deployed at dealers and hotels nationwide.
- With a view to future overseas deployment, we are also working on the development of connectors with NACS* specifications, which are becoming the de facto standard in North America and other countries, with a structure that can handle a maximum output of 400 kW.
- Studying market introduction and promoting further joint development with multiple customers.

*NACS (North American Charging Standard): A charging standard developed independently by Tesla, a major EV car maker.

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 and the raison d’être.
- We will respond flexibly to changes in the business environment and strive to achieve the mid-term management plan.
- We will also accelerate Beyond 2025 initiatives and achieve sustainable growth.



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