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Shaping the future with
“tsunagu” technology



Fujikura Group
Integrated
Report
2023

Foreword



Naoki Okada

Representative Director, President and CEO

We publish the Fujikura Group Integrated Report to help shareholders, investors, and other stakeholders to understand what type of company the Fujikura Group is, the future vision we target, and the value we provide to society.

Since it was founded in 1885, the Fujikura Group has contributed to the growth of society in the energy, telecommunications, electronics, automotive, and many other sectors through our enterprising spirit and our position as “Fujikura, a technology leader” as our DNA. A wide range of technological innovations will presumably take place as the world continues to undergo major changes. I think the purpose of the Fujikura Group is to create exceptional value for our customers around the world using “tsunagu” (connecting) technologies.

The three-year Mid-term Management Plan announced in May 2023 positions the three areas of Information Infrastructure, Information Storage, and Information Terminals as core business areas. We will strive to create value for customers through our position as a technology leader, mainly in these areas. We also formulated Sustainability Targets 2025, which sets out four themes, adding Financial/Future (F) to the existing ESG (Environmental (E), Social (S), and Governance (G)) elements, and will provide value to all stakeholders through initiatives aimed at realizing a sustainable society.

I hope the Fujikura Group Integrated Report helps everyone to understand Fujikura Group initiatives better and will provide an opportunity for dialog with our stakeholders. I ask for your greater understanding and continuing support of the Fujikura Group in the future.

Editorial Policy

Basic Policy

In editing Fujikura Group Integrated Report 2023, we focused on giving shareholders, investors, and other stakeholders an understanding of initiatives targeting sustained growth of the Fujikura Group from multiple perspectives.

Reference Guidelines

- IFRS Foundation International Integrated Reporting Framework
- GRI (Global Reporting Initiative) Sustainability Reporting Standard
- METI (Ministry of Economy, Trade and Industry) Guidance for Integrated Corporate Disclosure and Company-Investor Dialog for Collaborative Value Creation

Detailed Information Concerning Account Settlement

Please see Financial Data for details about FY2022 settlement of accounts.
<https://www.fujikura.co.jp/eng/ir/index.html>

Scope of Report

Target period : April 1, 2022 to March 31, 2023 (Includes some content from after April 2023)
 Target organization : Fujikura Ltd. and the Fujikura Group

Forward-looking Statements

The financial forecast and descriptions relating to future predictions for Fujikura Ltd. and its consolidated subsidiaries contained in this report describe the outlook at the time of editing, and include latent risks, uncertainties and other factors. Therefore, these forecasts are not a guarantee of future performance, and results may vary widely due to various important factors.

CONTENTS

Foreword	2	Value Creation Performance	
Contents / Editorial Policy	3	Power & Telecommunication Systems Business	42
		Electronics Business	44
		Automotive Products Business	46
		Real Estate Business	48
		Basic Policy on Sustainability Management	50
		Non-financial Highlights	52
		To Achieve Carbon Neutrality	54
		Identifying Climate Change-related Risks and Opportunities	56
		Expansion of Environmentally Friendly Products	58
		Human Resource Development	60
		Supply Chain	64
		Special Initiatives of the Fujikura Group	
		Fujikura Kiba Millennium Woods	66
		Supporting Fujikura Gakuen	68
		Value Creation Platform	
		Corporate Governance	70
		Interviews with Outside Directors	76
		Top Management	80
		Corporate Profile	82

Source of Value Creation

Fujikura Group Corporate Philosophy (MVCV)	4
History of “Fujikura, a technology leader”	6
The “Tsunagu” Connecting Technologies that Support Our Lives	10
Message from the CEO	12
Value Creation Model	18
Three Competitive Advantages	20

Being a Leader Driving Value Creation and the Strategy

Mid-term Management Plan	22
Message from the CTO	28
R&D, Intellectual Property, and Quality Control	32
Message from the CFO	36
Financial Highlights	40

Fujikura Group Corporate Philosophy (MVCV)

Since the start of our 3rd Era in 2005, we have striven to create new paths based on the Group Corporate Philosophy, MVCV. In a society that is undergoing dramatic transformation, the Fujikura Group resolves to create new paths with renewed strength, in order to become a company with the potential to continue long into the future.

- The only way to create these new paths is to provide a value experience exceeding our customers' imaginations.
- To exceed our customers' imaginations, we must be fully aware of the issues our customers face, and consider everything from their points of view.
- To be fully aware of the issues our customers face and consider everything from their points of view, we must strive to acquire a broad range of knowledge and information as highly-active, flexible, and open-minded teams.

Finally, the key factor in following this path is for each of us to proceed virtuously as a member of society.

Standards of Conduct

- 1 Show interest proactively

Let's proactively take an interest in social and market trends and reflect on our work


- 2 Exceed expectations

Let's always think about how to provide value that exceeds expectations


- 3 Embrace different opinions

Let's be open to diverse opinions and create new ideas


- 4 Drive change

Let's be bold in trying something different


- 5 Aspire first

Let's start with our aspirations and work back from those to calculate what the next action should be


- 6 Take ownership with integrity

Let's be professional and accountable for our own actions



Mission

The Fujikura Group's mission is to create exceptional value for our customers around the world using "tsunagu" (the Japanese word meaning "connecting") technologies.

"Tsunagu" technology refers to the Fujikura Group's unique set of capabilities (including skill and knowledge). Through the application of our technology, we create opportunities to connect people, information and power sources.

We dedicate ourselves to providing exceptional products and solutions, earning our customers' trust and contributing to society.

We proactively seek better ways to solve customer issues using our products, skills, and services. By doing so, we deliver value that fulfills customer needs and thus contributes to solving social issues and building a better society.

Vision

Fujikura's vision is to be the most trusted partner in our markets.

We want our customers to reach out to us first with their issues and concerns. We can ensure this by building trust through consistently fulfilling our promises and working together with our customers as their partner of choice. With credibility built over time, we can create a better tomorrow for our customers.

We strive to become the leading player in our markets by utilizing our "tsunagu" technologies, and tirelessly developing innovative and useful products and solutions.

We strive to always be the pioneers in our field and to have a positive impact on society. We realize this through being aware of changes in the world. In addition, we continuously develop products and solutions that meet the existing and potential needs of our customers.

Each individual within the company will endeavor to become an essential player, thus developing a team that can truly help Fujikura make its mark on the world stage.

Everyone in the Fujikura Group understands our common goal and plays his/her part in achieving it. With everyone working together as one, the Fujikura Group competes on the world stage.

Core Value

Customer Satisfaction "Are you doing enough to ensure customers are perfectly satisfied?"

Customer satisfaction refers not only to satisfying external customers and consumers, but also internal customers such as fellow employees. We consider internal and external customers' viewpoints, think about how to truly fulfill each need, and then reflect this in our products and services.

Change "Are you willing to take up challenges to drive progress?"

In order to respond to ever-changing social and customer needs, each of us will challenge current norms and values. By doing so, every one of us is accountable for creating changes for the better in people, organizations, products, and solutions.

Collaboration "As a Fujikura associate, are you driven to work together with others to deliver the best possible result for our company?"

In the Fujikura Group, each one of us acknowledges individual differences and talents. We encourage and support one another's efforts. As a whole, we strive to create products and solutions that meet the existing and potential needs of customers through cross-organizational cooperation.

The History of “Fujikura, a technology leader”

The DNA of the Fujikura Group

Since its establishment in 1885, we have placed importance on outstanding technological strengths, the ability to respond to social changes, and long-term relationships of trust with customers, based on our “enterprising spirit” and standing as “Fujikura, a technology leader”, which we have passed on as the DNA of the Fujikura Group.

The world will undergo major changes in society in the future too and a wide range of technological innovations will take place. We should find opportunities in such societal changes and technological development. The Fujikura Group will continue to create value for customers and contribute to society through our “tsunagu” (connecting) technologies.



Demonstrated originality and ingenuity, and made the effort to continually make progress

Zempachi Fujikura, Founder

The history of Fujikura began in 1885 when Zempachi Fujikura began manufacturing silk and cotton insulated winding wires. Zempachi foresaw the advent of the age of electricity when he saw the electric light from an arc light debuted on Nihonbashi Avenue and it sparked his interest in electricity.

Zempachi operated a braiding business in Kanda-Awajichō at the time and embarked on the electric wire business because that braiding resembled the braiding technique for electric wire insulation.

Zempachi, who had also begun researching rubber-insulated wires, worked to expand the business with Harukichi Nakauchi and Tomekichi Matsumoto and contributed to the development of society by using advanced technology to provide the world with more reliable products.



Inherited the aspirations of Zempachi and established the foundation for “Fujikura, a technology leader”

Tomekichi Matsumoto, first President

Tomekichi Matsumoto, who was the youngest brother of the founder, Zempachi Fujikura, helped Zempachi by researching rubber-insulated wiring.

When Zempachi died, Tomekichi formed a company from Zempachi's sole proprietorship as his successor and established Fujikura Electric Wire & Rubber Co., Ltd. in 1901. Tomekichi's vigorous efforts contributed to steady growth of the electric wire business and he established Fujikura as the technology leader the company still is today. Fujikura Electric Wire Corporation (now Fujikura Ltd.) was established in 1910, when the electric wire business was spun off due to the need to expand the electric wire business.



An engineer who built the starting point for social contribution and supported business development

Harukichi Nakauchi

Harukichi Nakauchi was the blood brother of Zempachi Fujikura but was adopted into the Nakauchi family. He helped Zempachi with the electric wire business, improved manufacturing machines, and made other contributions to the development of manufacturing technology.

Harukichi researched electric insulation paper and punched tape for transmission, which they had to source from overseas at the time, and took part in the development of insulation paper made in Japan, among other things. He worked with partners to support management of company since its founding.

In his later years, Harukichi undertook charitable projects and established Fujikura Gakuen facility for mentally challenged children and adults on Izu Oshima island in 1919, as the starting point for social contributions.

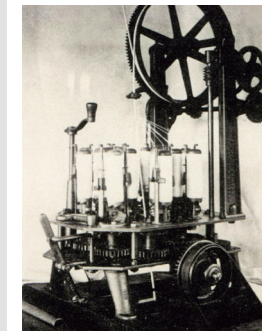
HISTORY 1885

1885- The Beginning

Known for its technology, Fujikura has contributed to the creation of an abundant society by establishing electric power and communications infrastructure

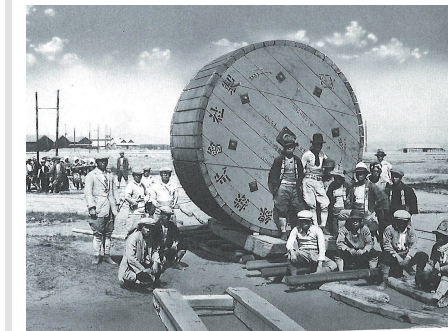
1887

Five large braiding machines imported from the USA by Zempachi Fujikura



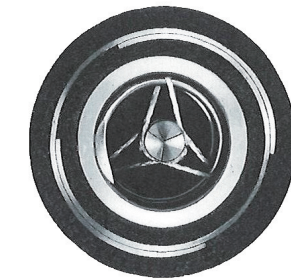
1932

44 kV triple-core SL cable supplied to the Yamaguchi Prefecture Electric Power Bureau (a first in Japan)



1935

Patent acquired on Fujikura's proprietary high-frequency coaxial cable



Beginning

- 1885 Zempachi Fujikura founded the company and began manufacturing silk and cotton insulated winding wires in Kanda-Awajichō
- 1887 Zempachi Fujikura imported five large braiding machines from the USA
- 1888 Began manufacturing Tokyo wires, paraffin wires and lamp cords and researching rubber-insulated wires

Laying the Foundations of Fujikura

- 1893 Company began manufacture of first rubber-insulated wires in Japan
- 1901 Fujikura Electric Wire & Rubber Co., Ltd. established, began producing rubberized fabric
- 1910 Fujikura Electric Wire Corporation established
- 1919 "Fujikura Gakuen", a special facility for mentally-challenged children and adults, established on Izu Oshima island

Post-earthquake Recovery and Technological Advances

- 1923 Head office and plant relocated to Fukagawa where it was totally destroyed by fire in the aftermath of the Great Kanto Earthquake (Rebuilt the following year)
- 1931 Began manufacturing “Fujikousen” electric wire for aircraft
- 1932 44 kV triple-core SL cable supplied to the Yamaguchi Prefecture Electric Power Bureau (a first in Japan)
- 1935 Patent acquired on the Fujikura's proprietary high-frequency coaxial cable
- 1941 Began manufacturing aluminum wire
- 1943 Began manufacturing Fujikura-type 100 kW coaxial cables



Founding location: Kanda-Awajichō Plant



Reconstructed Fukagawa Plant

The History of “Fujikura, a technology leader”

1945- 2nd Phase of Reinvention

Expansion into the power and telecommunication systems and diversification leading to current business
Strengthened our technological footing while pressing forward with globalization and new businesses

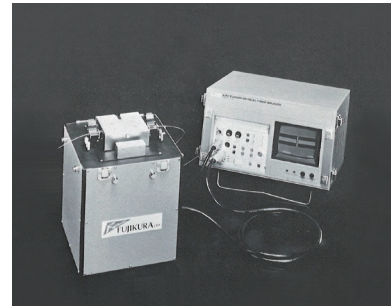
1981

Japan's first OPGW (Optical Fiber Composite Overhead Ground Wire) developed



1985

World's first core alignment optical fiber fusion splicer developed



1999

500 kV CV cable supplied for the cable line between Shin-Keiyo and Shin-Toyosu Substations



Post-war Era of Recovery & High Growth

- 1945 Complete destruction of Fukagawa plant during bombing of Tokyo (Rebuilt the same year)
- 1949 Delivery of Japan's first 24-core TV camera cables to NHK (Japan Broadcasting Corporation)
- 1954 Numazu plant completed
- 1957 Began manufacturing wiring harnesses
- 1958 Established Tama Fujikura Gakuen
- 1965 Completion of the Sakura plant and beginning of manufacturing of printed circuits using a die stamp method
- 1970 Suzuka plant completed



Numazu Plant upon completion



Sakura Plant upon completion



Suzuka Plant upon completion

Era of Turbulence and Trials

- 1974 Began inspecting optical fiber base materials manufactured by the CVD method
- 1979 Began manufacturing FPCs (Flexible Printed Circuit boards)
- 1980 Developed single-mode optical fusion splicers
- 1981 Japan's first OPGW (optical fiber composite overhead ground wire) developed
- 1984 Established local subsidiary Fujikura (Thailand) Ltd.
- 1985 100th anniversary of Fujikura's founding, developed the world's first core alignment optical fiber fusion splicer
- 1987 Successful fabrication of oxide superconducting wires, and completion of the Optical Electronics Laboratory
- 1988 Developed world's first multi optical fiber fusion splicers Established local subsidiary Fujikura Europe Ltd. in the UK

Era of Globalization and New Technologies

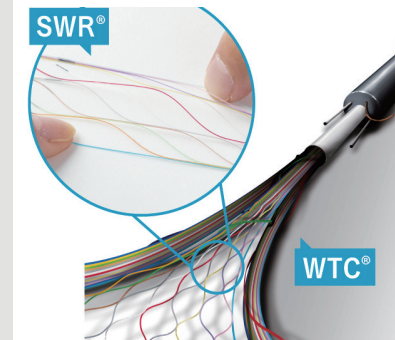
- 1992 Changed corporate name from Fujikura Electric Wire Corporation to Fujikura Ltd.
- 1993 Delivered 500 kV CV cables and Hokkaido-Honshu optical fiber integrated submarine cables
- 1998 Supplied world's largest 500 kV DC OF submarine cables to Kansai Electric Power Co., Inc. and J Power (Electric Power Development Co., Ltd.)
- 1999 500 kV CV cable supplied for the cable line between Shin-Keiyo and Shin-Toyosu Substations
- 2000 Established optical component manufacturer, Fujikura Fiber Optics Vietnam Ltd., in Vietnam
- 2001 Commercialized and began marketing FTTH optical fiber products
- 2003 Established Fujikura (Shanghai) Trading Co., Ltd. as a general import/export business in China

2005- 3rd Phase of Reinvention

Set forth a long-term vision and pursued further technological development and market access

2018

Released optical cable with the most cores in the world (6,912 cores Wrapping Tube Cable® (WTC®))



2020

Began selling new 90R series of mass fusion splicers

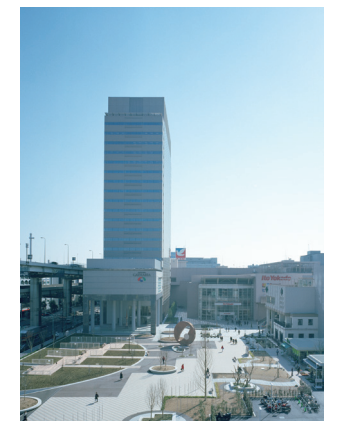


2023

Increased production of rare-earth-based high-temperature superconducting tapes for small fusion power plants



- 2005 120th anniversary; adoption of new management principles: MVCV (Mission, Vision, Core Value); and establishment of America Fujikura Ltd. to manufacture and sell electrical components for telecommunications and automotive applications
- 2007 Shattered the critical current world record with an Yttrium-based oxide superconducting wire
- 2008 Spanish wiring harness manufacturer becomes a wholly owned subsidiary of Fujikura and changes corporate name to Fujikura Automotive Europe S.A.U.
- 2009 Began manufacturing fiber lasers
- 2010 Established Fujikura Electronic (Thailand) Ltd. by unifying seven Thai group companies Completed 'Fukagawa Gatharia' (Fukagawa re-development project); opened Fujikura Kiba Millennium Woods Bio-Garden
- 2011 Great East Japan Earthquake, and Fujikura Group's manufacturing bases damaged by floods in Thailand
- 2013 Introduced in-house company system through reorganization
- 2015 The VAD method was recognized as a prestigious IEEE milestone
- 2016 The Fujikura Group declared complete recovery from floods in Thailand Established Fujikura Group Long-term Environmental Vision 2050
- 2017 Transitioned to a corporate structure with an Audit & Supervisory Committee
- 2018 Released optical cable with the highest fiber count in the world (6,912-fiber Wrapping Tube Cable® (WTC®))
- 2019 Joined the RE100 global corporate renewable energy leadership initiative
- 2020 Fujikura's cold plates used in the Fugaku supercomputer Formulated 100-Day Plan to turn around operations Began selling new 90R series of mass fusion splicers
- 2021 Abolished in-house company system through reorganization Established the electronic components company, Fujikura Electronic Components (Thailand) Ltd.
- 2022 Moved to the Prime Market on the Tokyo Stock Exchange
- 2023 Increased production of rare-earth-based high-temperature superconducting tapes for small fusion power plants



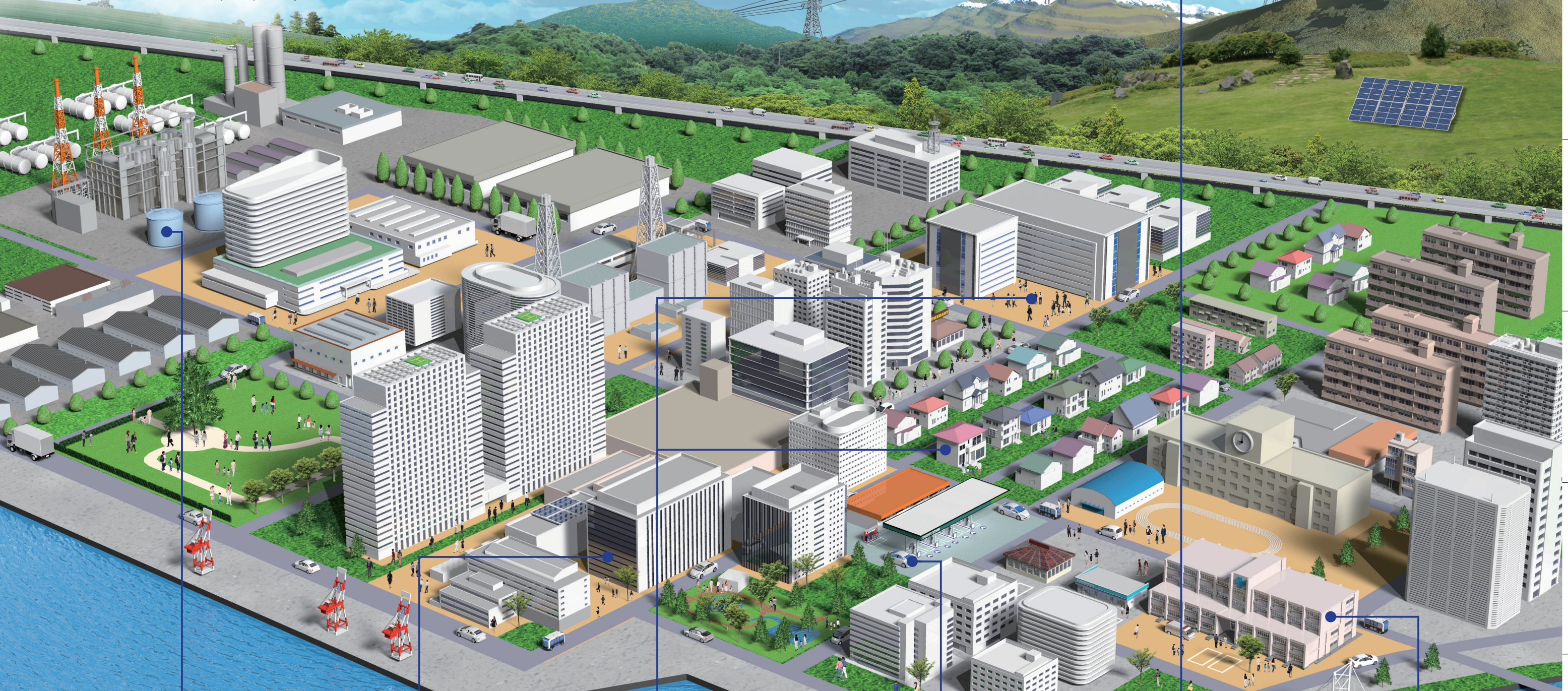
Fukagawa Gatharia redevelopment project



Established Fujikura Kiba Millennium Woods bio-Garden

The "Tsunagu" Connecting Technologies that Support Our Lives

The Fujikura Group uses the "tsunagu" (connecting) technologies it has developed through electrical wire and cable manufacturing since its founding in 1885 to provide products for people's lives and society in a wide variety of areas. Our goal is to realize a "Mirai" (future) society that is comfortable and sustainable.



Plants

Connectors for industrial robots

60 GHz millimeter wave wireless communication module

Data Centers

SWR®/WTC®

Optical fiber fusion splicer

Electronic equipment

Electronic wire

FPC

Automotive

EV Charging connector

Wiring harnesses

Energy

ACSR

power cables

Control cable

Medical

Image fibers

Small oxygen sensors

CMOS

Message from the CEO

We create value for customers and contribute to resolving societal issues through “tsunagu” (connecting) technologies

Naoki Okada

Representative Director, President and CEO

Steering Toward the Sustainable Growth Phase as “the New Fujikura”

In FY2022, the Fujikura Group achieved record highs in both net sales and operating income amid a complex business environment beset by persistent increases in raw material prices and supply shortages. Demand grew, mainly in our core telecommunication systems business, and the weak yen also contributed to performance.

In the Power&Telecommunication Systems Business, we successfully executed our business strategy focused on the optical connection solutions business, revolving around SWR® /WTC®^{*1} innovative optical cable, and captured demand for establishing communication infrastructure mainly in Europe and the U.S. and adding data center capacity accompanying the growth in global data traffic. This resulted in substantial growth in both sales and profit. The Electronics Business also saw strong demand for flexible printed circuit (FPC), where we have made progress on utilizing Fujikura’s strengths to shift our strategy to obtaining orders for high value-added products, in addition to strong demand for connectors. The Automotive Products Business faced considerable challenges from an increase in the cost of launching products for new vehicle models in North America, in addition to the negative impact from surging transport and personnel costs.

In FY2019, the Fujikura Group posted a net loss of 38.5 billion yen, the largest loss since it was founded. Chastened by the severe deterioration in performance at the time, we resolutely undertook structural reform of our businesses, which we named the 100-Day Plan in FY2020-FY2021. During FY2021, we completed the goals of this plan to push ahead to a rapid recovery in each business through management restructuring, strengthening Group governance, and unreserved selection and concentration of existing businesses. We then embarked on a sustainable growth phase as “the new Fujikura” in April 2022. I consequently think the strong performance in FY2022 is proof of the fruition of the concentrated efforts by members

of management and Group employees, who worked as one team on the many measures.

One of the key measures raised in the aforementioned 100-Day Plan was strengthening Group governance. Nevertheless, as 2023 began, we discovered that a company director who was the CEO of a U.S. subsidiary was suspected of misappropriating real estate and other company assets for personal use and immediately launched an internal investigation. An outside law firm was retained to conduct the investigation from an independent perspective and ensure objectivity and fairness. The results of that investigation revealed that the director had caused the U.S. subsidiary to acquire the land and buildings mentioned above under false pretenses and used them personally over a certain period of time. The director who was the object of this investigation resigned from all positions held as a director of Fujikura and at the U.S. subsidiary in May 2023.

We recognize two main factors as the causes of this incident. The first was that authority over business decisions and management was concentrated in the former director. The other factor was the lack of effective checks on the former director in the U.S. subsidiary at that time. To prevent recurrence, we are making changes to the concentration of authority in a specific officer in the U.S. subsidiary, strengthening the Group governance system and internal rules at each operating company, and are educating officers and employees, among other measures.

While the impact of this incident on the Group’s consolidated financials is limited, we take the results of this investigation seriously and are steadily implementing the abovementioned measures to prevent recurrence. Once again, we apologize for the great concern and trouble this caused shareholders, investors, and everyone involved.



*1 An abbreviation of Spider Web Ribbon®/Wrapping Tube Cable®. An optical cable product developed by Fujikura that achieves the insertion of optical fibers at a high density in cables having a small-diameter.

Message from the CEO

Achievements from the New Management Structure

FY2022 was positioned as the entrance into the sustainable growth phase and a new structure was established with the executive officer positions of Chief Financial Officer (CFO) and Chief Technology Officer (CTO), in addition to my position as CEO. Under this structure, the CFO and CTO handle financial affairs, which requires extensive professional knowledge, and formulation of the strategies for technology and development, respectively, while I propel company-wide strategy as CEO.

When I reflect on the past year, I can already see a number of achievements from this new management structure. For example, involving the CFO in the process of discussing whether or not to go ahead with investment projects clearly defines the financial discipline, and forecasting the investment recovery period and projected earnings with a high degree of accuracy is enabling more rational decisions. CFO is certainly an essential position for achieving stable

growth and building a solid financial structure while making effective use of limited management resources.

The CTO ascertains all technology and R&D Fujikura possesses, from development of basic and advanced technologies under direct supervision of headquarters to product development by each business unit. This essential position is responsible for the company-wide technology strategy. In FY2022, the CTO took the lead on sorting out the competitive advantages of and issues with Fujikura's technologies and clarified the areas of technology that we should work on over the medium to long term, while viewing Fujikura's wide range of business areas from a panoramic perspective. This is accelerating the metabolism of change in each business and steady progress is consequently being made on building the framework for creating new technologies and new businesses.

Overview of the 2025 Mid-term Management Plan

In May 2023, we announced the 2025 Mid-term Management Plan, a three-year medium term plan ending in FY2025, to achieve sustainable growth of the Fujikura Group and further enhance corporate value.

The plan targets growth to around 820 billion yen in consolidated net sales, 22% growth in operating income to 85 billion yen compared to FY2022, and an operating margin exceeding 10% during the plan period, stemming from the core businesses of the Telecommunication Systems Business and the Electronics Business. The major business policies established are to make liberal use of basic and core technology groups and position "Information Infrastructure", "Information Storage", and "Information Terminals" as core business areas where we can use our "tsunagu" (connecting) technologies to contribute to the realization of advanced information society in a future where all things are connected. Our goal is to concentrate investment in these three areas and be a highly profitable corporate group that is able to sustain a sufficient operating margin over the long term.

Information Infrastructure is an area involving the platform to support a smart society where AI, IoT, and other digital technologies have penetrated to every corner of people's lives and industry. I think optical connection solutions based

on the innovative optical technology of the Fujikura Group and high-speed wireless communication technologies will play a main role in contributing to the formation of an ultra-advanced information society in the late 2020s.

Meanwhile, many countries have established a series of hyperscale data centers*2 due to the proliferation and expansion of cloud services, social media, generative AI, and other technologies in recent years. Information Storage, the second area specified, is a business area targeted at this rapidly growing market. We will continue to be heavily involved in the design and the construction of data centers to store massive amounts of data through Fujikura's unique electronic component and ultra-high-density optical wiring technologies.

Information Terminals, the third area, targets areas that include smartphones and PCs, virtual and augmented reality (VR/AR) headsets, and next-generation vehicles (connected cars). We aim to use the high-definition electronic components and wiring and mounting technology Fujikura possess to achieve innovation in information terminals and growth in profit.

We will endeavor to manage our businesses in a well-modulated manner, mainly in the three areas above, and create value for customers while also contributing to society.

*2 Extremely large data centers either built by a business operator who needs massive data processing and storage or built under the assumption that they will be leased to business operators who provide cloud services, etc. on a global scale.

Medium/Long-term Market Environment Forecast and Main Strategy

The business environment surrounding the Fujikura Group is increasingly uncertain, beset by intensified conflict between the U.S. and China, the prolonged invasion of Ukraine by Russia,

increases in the price of raw materials and energy, and other unsettling factors. I will talk about the medium to long-term forecasts for our main business markets and our main strategy.

Telecommunication Systems Business

The competitive advantage of the Fujikura Group, compared to other companies in the same industry in Japan, is having widely dispersed operations in the U.S., Europe, China, and other countries. This is a strength because another region can provide cover even when the market in a certain country or region shrinks temporarily. SWR®/WTC® optical cable commercialized using technology developed by Fujikura is also the core of this Telecommunication Systems Business. Major communications providers in the UK as well as the London Underground have opted to use SWR®/WTC® to install 5G communication networks. This has increased Fujikura's presence and we are now focusing on expanding this business on the European continent and in the U.S. The optical fiber network penetration in Japan has reached 99% and is nearly complete. However, the penetration rate has only reached 40% to 50% in some areas of Europe and the U.S. and there is still much room for growth. In Europe and the U.S., existing underground conduits in many regions are jam-packed with other cables. Thin, ultra-high-density SWR®/WTC® can increase fiber capacity without rebuilding or building new conduits so this can contribute to lower construction costs and a lower environmental impact. During the 2025 Mid-term Management Plan, we plan to launch new products that are compliant with safety and other standards in the European region. We will also respond to the need for products that are thinner diameter, smaller size, and are multi-core through continuous technological innovation.

In addition to such FTTx applications, Fujikura is also taking steps to capture business for hyperscale data centers, the demand for which is increasing in Japan and overseas where order inquiries are strong. Hyperscalers cut back on large-scale investment due to temporary inventory adjustments to adapt to stay-at-home demand during the COVID-19 pandemic. However, demand is now back on a path to growth and we are eyeing a rebound in growth over the medium to long-term.

The Middle Eastern, Asian, and Oceanian regions are promising future markets. We see the 2025 Mid-term Management Plan period as a time to "prepare" and will engage in steady marketing to appeal the TCO*3 reduction benefits and other advantages.

The Fujikura Group is one of only a few manufacturers that can provide total optical connection solutions, including everything from manufacturing to installation, peripheral equipment and components, construction, and maintenance, in addition to these innovative optical cables. We also have a line-up of optical fiber fusion splicers, in which we claim top global market share, and many other components in addition to connectors. Continuing steady growth of this business as a business pillar is anticipated during the 2025 Mid-term Management Plan period. We are building a new SWR® plant on the grounds of Sakura Works to accommodate global growth in demand and plan to commence operation in 2025.

*3 TCO: Total Cost of Ownership, including construction

Electronics Business

The electronic components and connectors of the Fujikura Group are used in a wide range of industries, including PCs and smartphones, wearable devices, data centers, and medical equipment. This highly profitable business utilizes the basic and core technology groups of the Fujikura Group and is increasing our presence in the market. We are expanding this business by meeting the need for high density, high-definition, multifunctional products with our advanced manufacturing technology and by partnering with corporate customers to

contribute to the creation of cutting-edge applications.

We will use Fujikura's unique technologies to respond to the increasingly faster pace of technological innovation of product groups in the areas of Information Storage and Information Terminals. Control over ultrafine-diameter CMOS camera modules for use in endoscopes used in medical equipment and other advanced products has been transferred from the R&D Unit and we will work full-force on attracting customers for these products.

Message from the CEO

Automotive Products Business

Over the past several years, the Automotive Products Business has continued to struggle as the COVID-19 pandemic and accompanying shortage of semiconductors caused automotive manufacturers to reduce production volume. Meanwhile, the automotive industry is undergoing a once-in-a-century transformation represented by CASE (Connectivity, Autonomous, Sharing and Electrification) and the Fujikura Group views this as a new business opportunity.

During the 2025 Mid-term Management Plan, we will first work to improve sales and profit in wiring harnesses and provide solutions to customers that include peripheral equipment. The Group is taking the initiative to develop complex wiring harness products that only Fujikura can provide, targeted at next-

generation high-end vehicles. We will strive to transform into a physically fit organizational structure while engaging in activities to obtain orders with a focus on profitability.

The Fujikura Group has already begun joint development with multiple customers aimed at new markets created by CASE and are planning to create new businesses with millimeter wave (mmWave) modules for connecting to high-speed, high-capacity wireless communications services and FPCs for battery monitoring. We are also actively working to identify businesses based on the projection that the market for super fast EV charging, roadside communication equipment and related devices will expand along with the proliferation of electric vehicles.

Creation of New Businesses That Can Contribute to a Sustainable Society

As a company that operates its business on the world stage with over 50,000 employees in the consolidated Group, the Fujikura Group is deeply involved in infrastructure in various countries and regions. We also have a lineup of numerous environmentally friendly products. I think these products likely offer hidden potential to make a significant contribution to the formation of a recycling-oriented society.

I think two things are needed to contribute to the sustainable development of society and solve social challenges from the standpoint of the global manufacturing industry. They are implementing sustainable management and developing products that are useful in building a sustainable society. For the former, we formulated Fujikura Group Long-term Environmental Vision 2050 in 2016, set four challenges for achieving carbon neutrality, beginning with zero CO₂ emissions from plants in 2050, and established a roadmap to accomplish them. The new SWR® plant I just mentioned is one example of practical implementation of sustainable management. The goal is to achieve net zero CO emissions from the time the plant begins operating in 2025, through a combination of installation of solar panels on the roof, in-house power generation, energy conservation, and purchasing energy. The five-year Sustainability Targets 2025 (FY2021–FY2025) also add “Financial/Future” to ESG perspectives in determining the impact that the environment and society have on corporate performance.

For the latter, we have designated the three key areas of high-temperature superconducting materials, fiber lasers, and super fast speed charging technology, and are accelerating commercialization with an eye toward Beyond 2025. Each of these is promising technology that will contribute to solving

issues involving climate change and energy and I think they are good opportunities to create new businesses.

The use of high-temperature superconducting materials in nuclear fusion power generation is anticipated in the future. The reactors are carbon neutral because they use deuterium taken from seawater for fuel. This is said to be an ideal energy source that also offers a high degree of safety. The superconducting devices currently used widely employ low-temperature superconducting materials that require liquid helium for cooling. However, the rare-earth-based superconducting tape Fujikura is developing is promising technology that does not use liquid helium. This is promising technology from the perspective of not needing expensive helium, which the Russian invasion of Ukraine has made difficult to obtain, and we look forward to rapid commercialization. The superconducting materials we are developing demonstrate top world class performance.

Fiber lasers are a type of solid-state laser that uses optical fibers for the amplification medium. They are used to transmit optical energy, in ultra-fine processing, and in welding and cutting, among other uses. Fiber lasers are highly energy-efficient compared to other processing methods and help to reduce the impact on the environment.

Super fast charging technology increases battery capacity in electric vehicles and addresses the need for rapid chargers with higher output. In 2023, the Fujikura Group introduced a liquid-cooled connector cable for rapid chargers ahead of other companies. We are currently developing products with even higher output chargers in sight.

The Fujikura Group is also focusing on the Innovative Optical and Wireless Network (IOWN) concept of NTT and views this as a project that will change the world. It naturally

offers performance capable of processing a large amount of information without delay, and the concept is directly tied to resolution of the societal problem of increasing electricity consumption accompanying the growing volume of

communications year after year. We are also participating in NTT's forum and have begun developing the multi-core fiber and connectivity components needed by the concept.

Plans to Create an Organization Where Diverse Human Resources Can Contribute Effectively and Strengthen the Development System

It goes without saying that human resources are the driving force behind achieving the numerical targets for the 2025 Mid-term Management Plan and the Long-term Environmental Vision, and the thought “without human resources, there is no growth” is ever present in my mind. My ideal is to create a virtuous cycle in which the growth of each and every employee brings about growth as a company and enhances corporate value which, in turn, leads to higher motivation and engagement of each employee. We will provide strong support as a company to assist employees in independently building their careers and actively taking on bold challenges to achieve that.

In the future, we will work to build an organization where

diverse employees can contribute effectively, regardless of nationality, gender, age, or which company they came from. We also plan to revise the personnel and work systems to accommodate a more diverse workforce with a changing sense of values and strengthen the human resource development system. The Fujikura Group especially focuses on growth in overseas markets as a key strategy, so we recognize the need to put more effort into hiring and developing globally versatile human resources. Because the human resource strategy is deeply tied to business strategy, we are engaging in a series of discussions on implementing more strategic measures while maintaining a panoramic view of the Group as a whole.

Passing on Our Enterprising Spirit and Standing as “Fujikura, a technology leader” as Our DNA

The Fujikura Group started as sole proprietorship founded by Zempachi Fujikura in 1885. Shortly before founding the company, Zempachi and his wife made hair accessories called Negake by hand in their home. One day in 1884, Zempachi saw the dazzling electric light from an arc light on Nihonbashi Avenue in Tokyo and, foreseeing the advent of the age of electricity, used the hair accessory manufacturing technology to produce electric wire. When I first heard about this episode which led Zempachi Fujikura to launch an electric wire business, I was impressed by the enterprising spirit exhibited.

Every time society has undergone a major change since that time, Fujikura has innovated or applied its characteristic technologies to quickly commercialize new products to respond to those changes. In other words, we can say that the enterprising spirit of the founder has been passed down in the Fujikura Group over 138 years. We have been able to talk about “Fujikura, a technology leader” for many years, owing to our history of differentiating our products from those of competitors by continuing to refine our unique technologies. We therefore decided to name “enterprising spirit” and “Fujikura, a technology leader”, which are elements of our DNA, when we put together the 2025 Mid-term Management Plan. I think we should prioritize rebuilding Fujikura brand as a technology leader to achieve sustainable growth.

The world will undergo major changes in social structure

in the future too and we should develop a wide range of innovative technologies. This process of change is precisely what provides the opportunity to utilize the outstanding technologies of the Fujikura Group. I think the purpose and significance of the Fujikura Group will continue to be the creation of value for customers and contribution to society through Fujikura technologies that connect people, information, energy, and opportunities. My personal motivation is to develop businesses with a good balance between earning power and social participation, and pass these on to the next generation. I also intend to make sure that we are certain to achieve the sustainable growth phase.

If we can achieve the financial and sustainability targets in the 2025 Mid-term Management Plan, the Fujikura Group should evolve into a corporate group brimming with future potential with even higher earning power. I invite all of our stakeholders to look forward to the fruition of the various measures set forth in the 2025 Mid-term Management Plan.

The Fujikura Group will continue to contribute to the development of an advanced information society while passing on our enterprising spirit of taking on new challenges and our position as “Fujikura, a technology leader” in pursuing advanced technology, as our DNA. I ask all of our shareholders and investors for your continued support.

Value Creation Model

The Fujikura Group contributes to customer value creation and society through our “tsunagu” (connecting) technologies.

Based on the Mission, Vision, and Core Values (MVCV), which constitute the corporate philosophy of the Fujikura Group, we will work to achieve sustainable growth of the Fujikura Group and a better society by using our “tsunagu” (connecting) technologies to work with our customers as one team and solve the problems of our customers and of society.

Business Process

Source of value creation

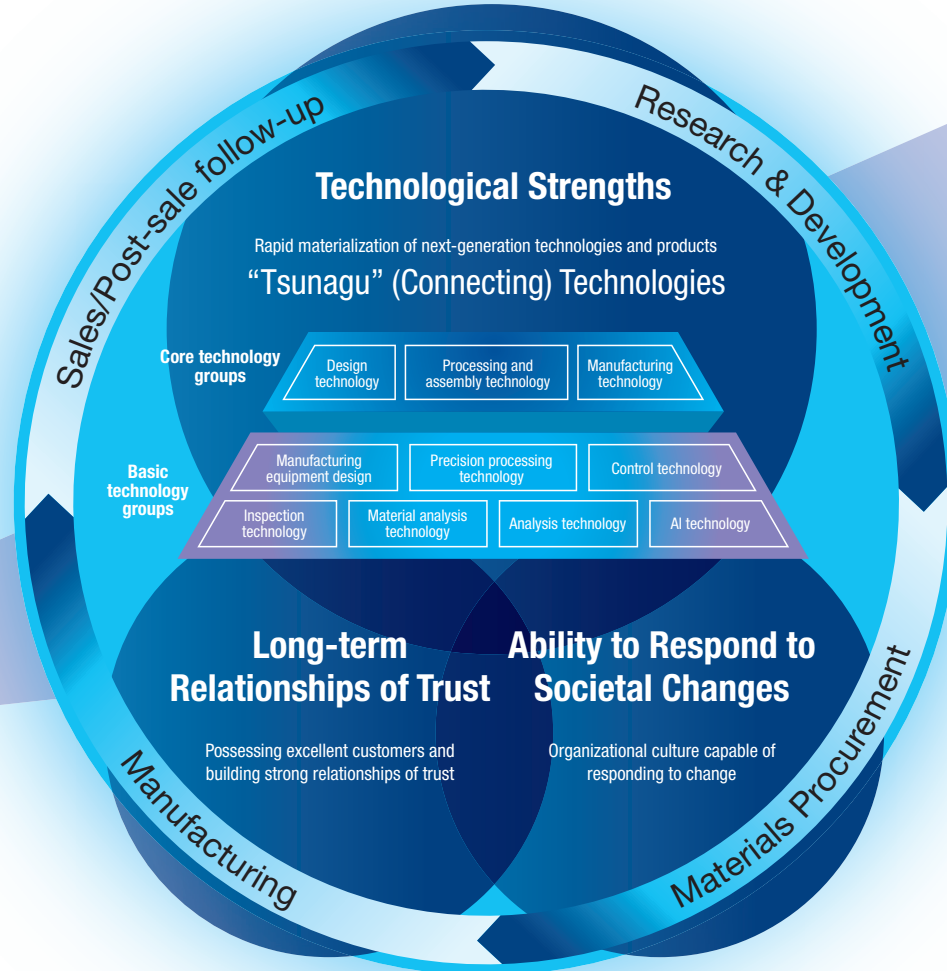


Fujikura Group corporate philosophy MVCV

Input

Inputs for business activities

- Financial Capital**
Investment in growth businesses while also carefully managing earnings and assets
- Manufacturing Capital**
Prioritizing occupational health and safety while engaging in rigorously selected capital investments
- Intellectual Capital**
Concentrating investment in key areas where Fujikura's leadership in technology is necessary
- Human Capital**
Developing human resources to lead innovation and fostering a culture to facilitate leadership
- Social Relationship Capital**
Building deep relationships of trust with customers and suppliers
- Natural Capital**
Minimizing negative impact on the global environment, in line with the long-term vision



Three Advantages Providing Competitive Superiority

Working with customers as a team to provide solutions

“Tsunagu” (connecting) solutions to solve the problems of a comfortable and sustainable “Mirai” (future) society

Output

What we deliver to society

Evolving & Developing Existing Businesses (Forecasting)

- Information Infrastructure**
Contribute to the construction of information and communication infrastructure to realize an advanced information society
○ Optical cabling solutions based on innovative optical technologies and future high-speed wireless communication technologies
- Information Storage**
Contribute to the construction of data centers
○ Unique electronic component and ultra-high-density optical wiring technologies
- Information Terminals**
Contribute to the evolution of high-speed, high-capacity and high-function information terminals
○ High-definition electronic components and wiring and mounting technology

Accessing New Areas of Business (Backcasting)

- Superconducting Wire**
Contributes to the development of nuclear fusion technology and the solution of energy issues
- Fiber Lasers**
High energy efficiency contributes to energy conservation in metal processing, etc.
- Electric Vehicles**
Super fast charging technology contributes to the proliferation of electric vehicles

Outcome

Enhancement of the Fujikura brand

Customers, Shareholders, and Employees

Value Created

- Sustainable growth of Fujikura
- Creation of customer value

Issues Recognized

- Maintaining & strengthening competitiveness
- Evaluation in the capital markets

Stakeholders Impacted

- Customers, shareholders, and employees

Global Environment

Value Created

- Contribution to transition to carbon neutrality
- Product lifecycle

Issues Recognized

- Controlling all GHG emissions
- Responding to the risks of climate change

Stakeholders Impacted

- Global Environment

Society

Value Created

- Abundant lifestyles through an advanced information society
- Improving labor productivity through Health Management

Issues Recognized

- Ethical supply chain management
- Ascertaining & responding to social trends

Stakeholders Impacted

- Suppliers, society

Impact

What we strive for

Mid-term Management Plan

Sustainability Targets 2025

2030 Vision

Long-term Environmental Vision 2050

Achieving the medium and long-term vision and contributing to a sustainable society

Three Competitive Advantages

The Fujikura Group recognizes three competitive advantages it has for using its outstanding technologies and knowledge gained through “tsunagu” (connecting) technologies to successfully provide optimal solutions for social problems. These three advantages are 1) technological strengths, 2) long-term relationships of trust with customers, and 3) ability to respond to societal changes.

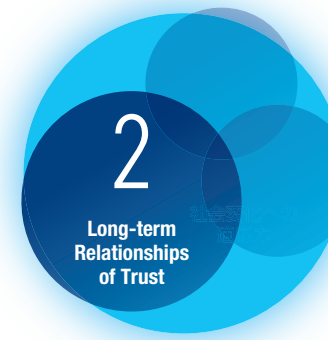
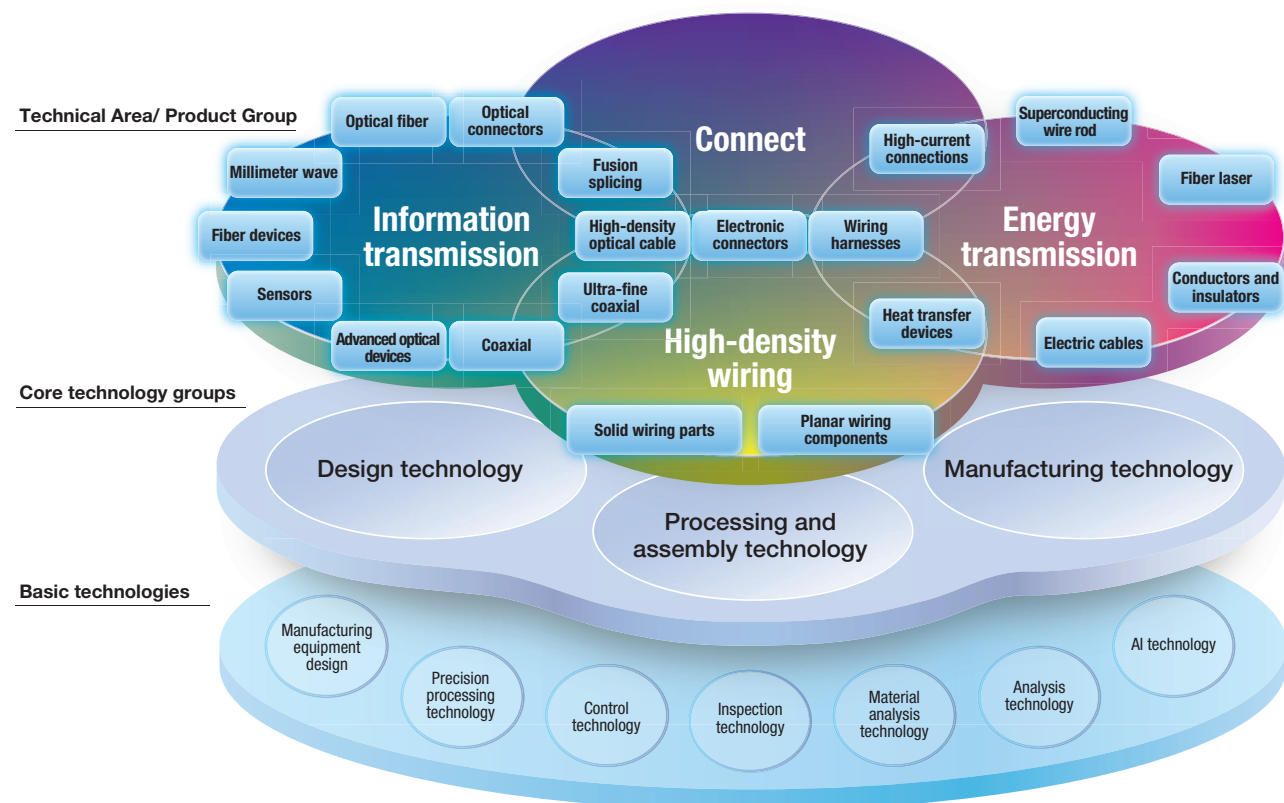


Technological Strengths

“Tsunagu” (connecting) technologies to solve social problems

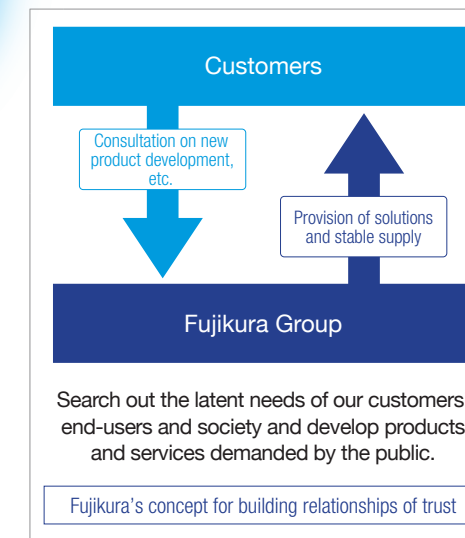
The Fujikura Group is using its “tsunagu” (connecting) technology platform as a base for pursuing initiatives aimed at resolving social problems. We aim to develop our businesses by solving environmental problems, energy problems, and other social problems, and are actively pursuing development of new technologies and new products, mainly in the energy and telecommunication systems, and the electronic products and connector areas.

Technology Platform



Long-term Relationships of Trust with Customers

We work with the customer as one team to provide solutions



The Fujikura Group integrates sales, business units, manufacturing, and development to provide products that meet the needs of customers. The Group builds strong relationships with customers and works with customers as one team to provide solutions by meeting the needs and exceeding the expectations of customers. We call this “customer value creation.”

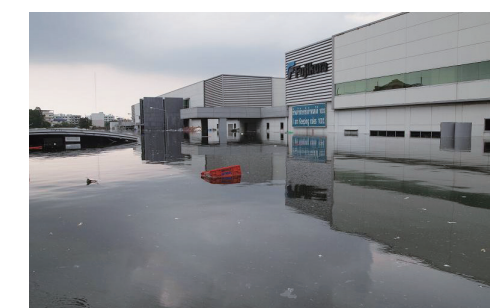
We are working to ensure sustainable growth of the Fujikura Group and create a better society by finding solutions to issues experienced by customers and society. We accomplish this by making customer value creation part of the business activity cycle.



Ability to Respond to Societal Changes

The ability to maintain resilience developed by overcoming difficulties

The Fujikura Group has always succeeded in recovering from the numerous disasters it has experienced. Our high degree of unyielding resilience in the face of difficulties is a part of Fujikura’s DNA. The major flooding in Thailand in 2011 is a symbolic example of this. Although the flooding also dealt a devastating blow to Fujikura Group manufacturing locations, all Group employees demonstrated their strong will to restore operations and recover. Their teamwork led to a declaration of complete recovery in 2016. We also owe our success in recovering to the longstanding deep relationships of trust with our customers, who gave us another chance at doing business with them.



Flooded Plant in Thailand



Declaration of complete recovery in 2016

Mid-term Management Plan

An Enterprising Spirit and “Fujikura, a leader of technology” as the DNA of the Fujikura Group

Fujikura was founded by Zenpachi Fujikura in 1885. When Zenpachi saw the electric arc light, he foresaw the age of electricity and began manufacturing electric wire using the technology for negake, a women’s hair accessory which he was producing at the time. This technological strength was precisely what enabled the independent Fujikura Group to survive competition with the companies that were part of the conglomerates. I think an enterprising spirit to take on new challenges and standing as “Fujikura, a technology leader” comprise the DNA of the Fujikura Group. Innovation in a wide range of technologies will take place as the world continues to undergo major changes. I think there will always be opportunities to utilize the outstanding technologies of the Fujikura Group in places where such societal changes and technological progress are taking place. We will continue to place importance on an enterprising spirit and the company’s standing as “Fujikura, a technology leader,” create value for customers, and contribute to society through Fujikura Group “tsunagu” (connecting) technologies during this Mid-term Management Plan.

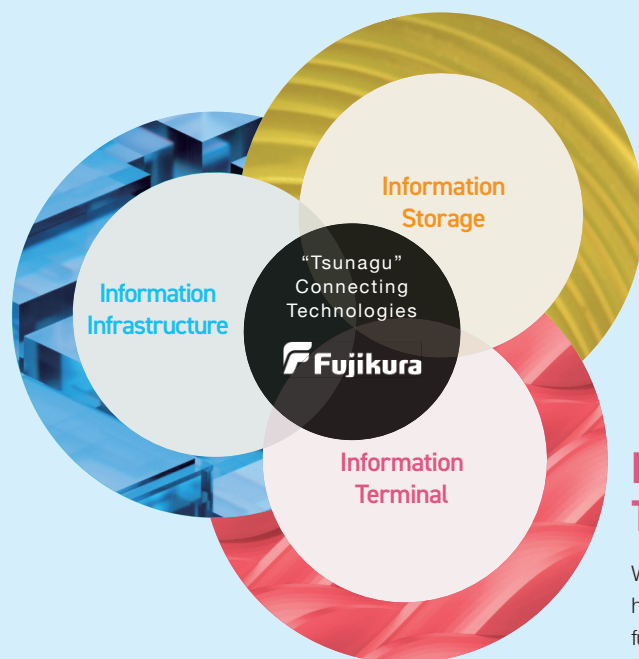
Core Business Areas in the Mid-term Management Plan

In the advanced information society of the future, each person will presumably possess an information terminal and wearable devices of the augmented/virtual reality (AR/VR) glasses will replace smartphones. Vehicles, serving as information terminals, will also be equipped with sophisticated communication functions and automated driving will be made a reality, supported by data from monitoring the area around vehicles for safety and security. Each information terminal will communicate back and forth with other terminals or be connected to other terminals through communication infrastructure, and will also work together in a sophisticated manner. It goes without saying that low latency, high-capacity telecommunication systems are essential in order to realize such a sophisticated digital society.

The Fujikura Group has set three areas— Information Infrastructure, Information Storage, and Information Terminals—in which we can use our “tsunagu” (connecting) technologies to contribute to the realization of advanced information society in a future where all things are connected.

Information Infrastructure

Through optical cabling 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 advanced information society.



Information Storage

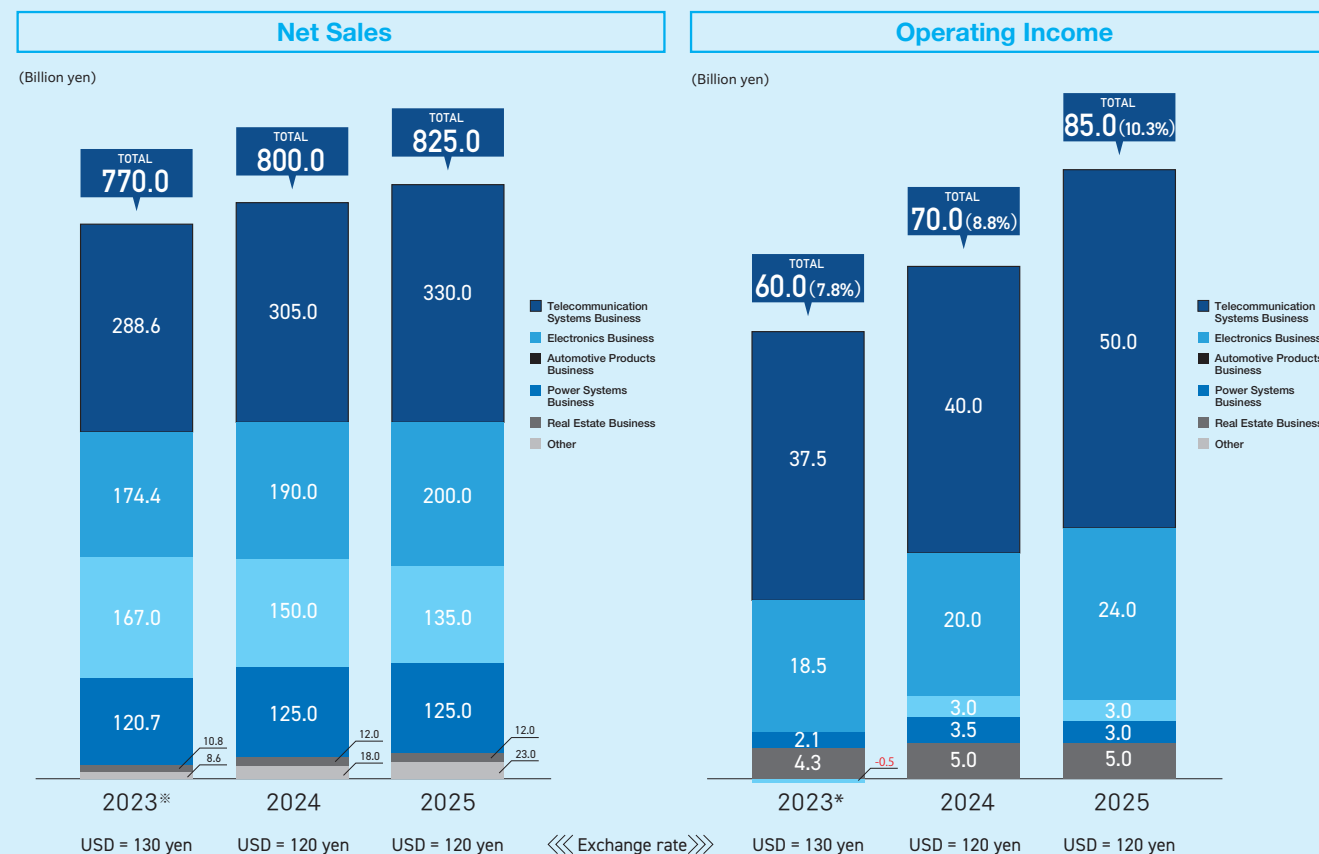
We will contribute to the construction of data centers to store massive amounts of data through unique electronic component and ultra-high-density optical wiring technologies.

Information 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 and will contribute to the realization and evolution of CASE.

Performance Targets

We will steadily implement the policies of the Mid-term Management Plan and manage the business in an even sharper manner. While the automotive wiring harness business will be restructured and downsized through a process of selection and concentration, we will strive to expand the telecommunication systems and electronics business, which we see as areas of growth. Growth to around 820 billion yen in net sales in FY2025 is forecast for the Fujikura Group as a whole. The focus is on improving profitability rather than overly relying on growth in scale and we will target operating income of 85 billion yen, and an operating margin exceeding 10%.



*Numerical targets at the time the Mid-term Management Plan was announced

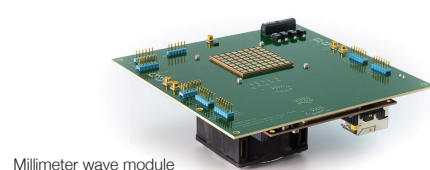
Mid-term Management Plan

Information Infrastructure

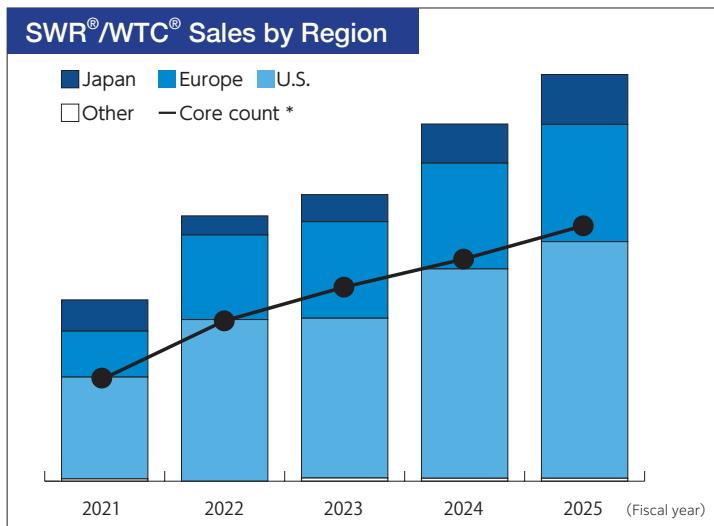
High-capacity information and communication infrastructure is essential for building an information society and we think the optical cabling solutions based on innovative optical technology of the Fujikura Group and future high-speed wireless communication technology can contribute to building the infrastructure for an advanced information society.

Business Opportunities for and Creation of Value for Society by the Fujikura Group

- Providing optical cabling solutions targeted at the proliferation of optical networks in countries around the world (Mainly in the U.S. and UK at present, and targeting expansion to the next promising markets in the Middle East and Asia in the future)
- Using high-speed wireless communication technology to realize an advanced digital society in the future



Millimeter wave module



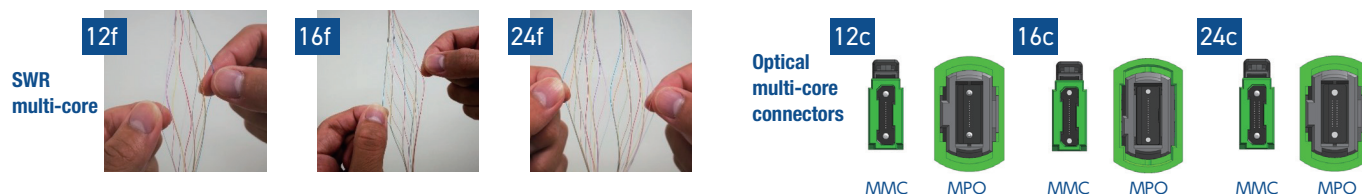
* Refers to the total length of optical fibers inserted in optical wrapping tube cables (WTC)

Information Storage

In the area of Information Storage, as larger volumes of data are used as big data in the future, we think we can contribute to the evolution of data centers that store this data through the unique electronic component and ultra-high-density optical cabling technologies of the Fujikura Group.

Business Opportunities for and Creation of Value for Society by the Fujikura Group

- Ultra-high-fiber-count SWR®/WTC® and optical cabling solutions between data centers



- Electronic products for data centers, mainly HDD and thermal products



Information Terminals

Information terminals, themselves, will presumably become more sophisticated to better handle the large volumes of data sent through information and communication infrastructure at high speeds. We think the high-definition electronic components and wiring and mounting technology of the Fujikura Group can also contribute to the evolution of high-speed, high-capacity, and high-function information terminals in this area. We also see next-generation vehicles as information terminals and think our electronic products and telecommunication systems technology can also be used extensively in such vehicles.

Business Opportunities for and Creation of Value for Society by the Fujikura Group

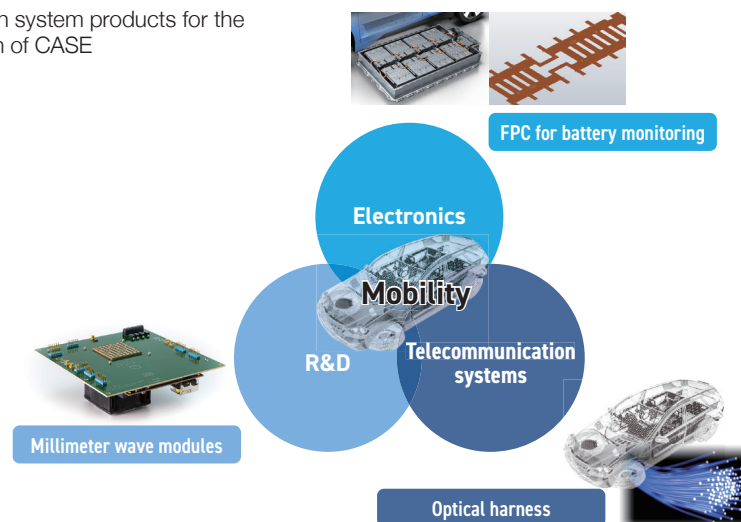
- Electronic products for the whole range of digital devices (PCs, tablets, smartphones, wearable devices, AR/VR, etc.)

Responding to Rapid Technological Innovation with Fujikura's Unique Technology

Information Terminals

PCs	Tablets	Smartphones	Wearable devices	AR/VR	Connected cars	Drones	Surveillance cameras
Membrane switches	Ultrathin Coaxial Assy	Ultra Small connectors	FPC	MEMS semiconductor sensors	High-performance Heat Pipe	Film sensor	

- Electronics and information system products for the achievement and evolution of CASE



Mid-term Management Plan

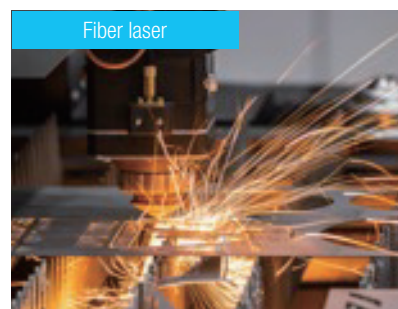
Targeting Realization of a Sustainable Society

During the 2025 Mid-term Management Plan, we will steadily continue to plant the seeds for Beyond 25, after the 2025 plan. We think carbon neutral initiatives provide an especially good opportunity to create new businesses. At present, we anticipate new businesses in superconductors, nuclear fusion, fiber lasers, and electric vehicles in this area.

The application of superconducting wire rod to nuclear fusion is anticipated. While the timing for achieving this is still in the future, it is expected to be technology that offers a radical solution for energy and environmental challenges once achieved, and we will continue to work on this steadily. Fiber lasers are a combination of the Fujikura Group's optical technologies. They contribute to energy conservation in metal and other types of processing due to their high energy efficiency and are expected to contribute to solving energy challenges and achieving carbon neutrality through optical energy transmission and other applications in the future. In electric vehicles, batteries will need to have higher capacity to enable vehicles to travel longer distances and this will also increase the charging capacity needed. Our super fast charging technology will shorten charging time and we will contribute to achieving carbon neutrality by contributing to the proliferation of electric vehicles.



Contributes to the advancement of nuclear fusion technology and to the resolution of energy challenges



High energy efficiency contributes to energy conservation in metal and other types of processing



Super fast charging technology contributes to the proliferation of electric vehicles

Green Transformation (GX) and Digital Transformation (DX)

The Fujikura Group employs unique technology to achieve its mission to “create exceptional value for our customers around the world using “tsunagu” (connecting) technologies,” stated in the Fujikura Group Corporate Philosophy (MVCV). Believing that ESG embodies our corporate philosophy, we formulated Sustainability Targets 2025 and will pursue the initiatives in it.

See **P. 50** for more information on Sustainability Targets 2025.

GX

We set numerical targets for GX in the roadmap for Fujikura Group Long-term Environmental Vision 2050 as initiatives targeted at achieving carbon neutrality and will continue to work to achieve these targets through a combination of energy conservation, in-house power generation, and purchasing renewable energy/energy credits. We will also work to reduce CO₂ emissions throughout the entire supply chain.

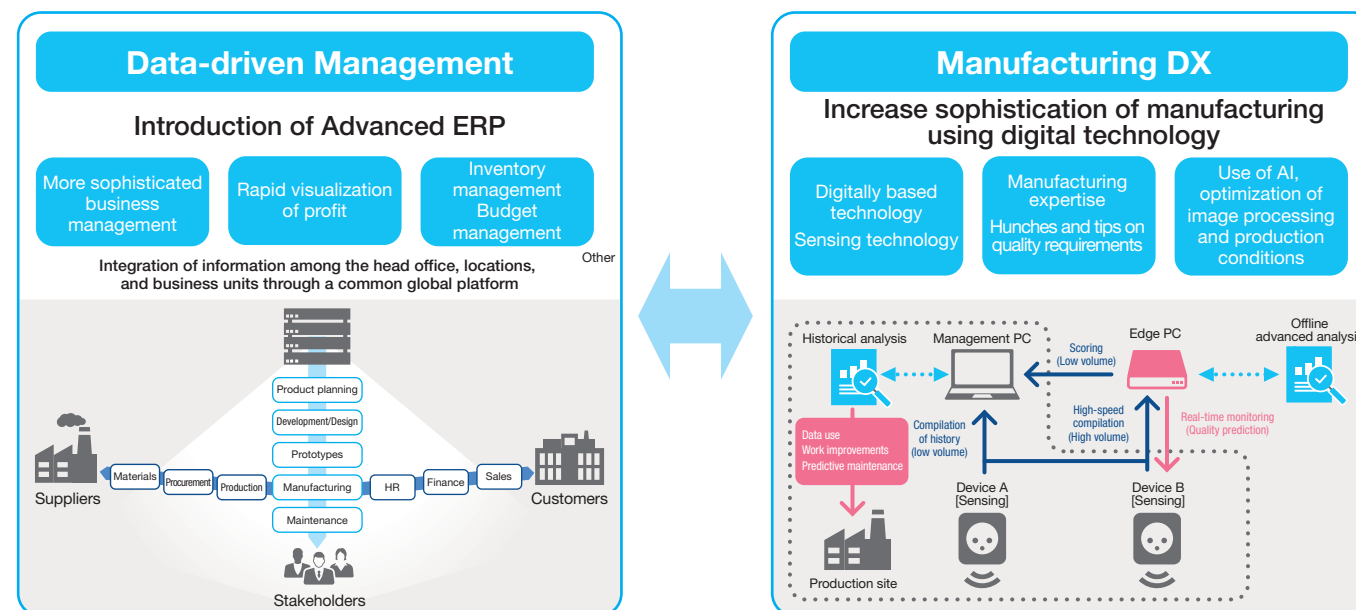
Roadmap to Zero CO₂ Emissions to Accomplish Fujikura Group Long-term Environmental Vision 2050



See **P. 54** for Fujikura Group Long-term Environmental Vision 2050.

DX

One purpose of DX is to systematize sophisticated business management and management of profitability; in other words, data-driven management. We will simultaneously pursue manufacturing DX along with management DX, and will strive to make Fujikura highly profitable through the use of DX in data-driven management and manufacturing.



New SWR[®] Plant at Sakura Works

There is a strong awareness of GX and DX at the new SWR[®] plant being built at Sakura Works, which is one example of such initiatives. The plant is being designed and built based on the concept of using about half the amount of energy for the same level of production volume. We are also installing solar panels for in-house power generation and purchasing renewable energy for the shortfall in electric power. Likewise, on the DX side, we are preparing to be a more competitive plant by employing digital management of operations and quality, and using AI to achieve high productivity.

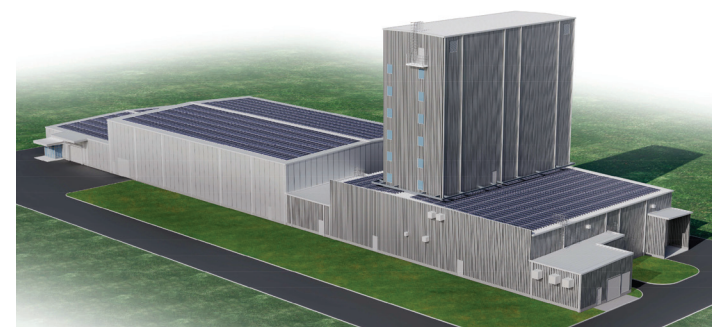
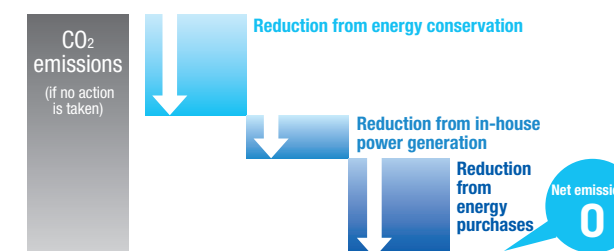


Image of new SWR[®] plant when complete

Plan for Achieving Carbon Neutrality at the Plant

Carbon neutrality is also a source of competitiveness.



Message from the CTO

Pursuing a Technology Strategy based on the Technology Platform



Tatsuya Banno
Representative Director, Director, and CTO

Focusing on Technology Management in Line with the Direction of the 2025 Mid-term Business Plan

In April 2022, the Fujikura Group established the position of Chief Technology Officer (CTO) for the first time, and I assumed this position. As CTO, I am well-versed in the competitive advantages and issues of the Group's technologies and understand that it is my responsibility to formulate and pursue technology strategy. To support Group management from the technological perspective as CTO of the Fujikura Group, I focus on what I regard as four key elements: 1) Management of technology for the Group as a whole, 2) Strengthening product capabilities through collaboration between each business unit and the Production Engineering Unit 3) Creating a framework for generating new technologies and new businesses, and 4) Building a governance structure for R&D and transformation of organizational culture.

It has been a little more than a year since I assumed this position, and this was also the time for formulating the mid-term management plan ending in FY2025. During this time, I have worked to align the four key elements mentioned above to the direction of the 2025 Mid-term Management Plan. I organized the advantages provided by "tsunagu" (connecting) technologies of the Fujikura Group and issues through in-depth discussions with the CEO, CFO, and members in each business unit. The results of these discussions were used to build the "technology platform", which systematizes our basic and core technology groups, and the technical areas/product groups that we should work on, based on the future vision for each business and societal and market trends. This platform was announced in May 2023.

Using the Technology Platform to Enhance Our Ability to Create New Products and Businesses

This technology platform also provides a framework for continuously leveling up our ability to create new products and new businesses through the cooperation of the Research and New Business Development Unit, the Production Engineering Unit, and R&D departments in each business unit.

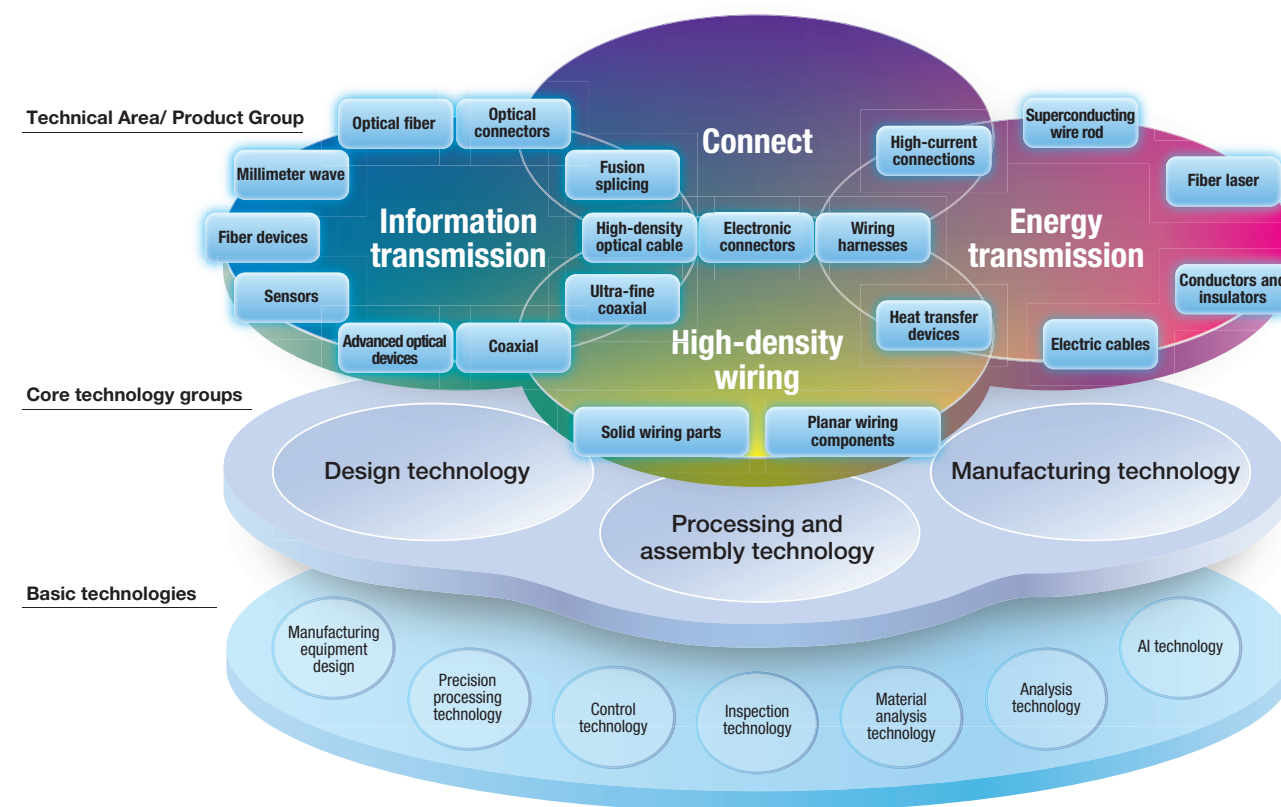
The top tier of this platform defines the technology areas that Fujikura should pursue and the product groups that we will provide for markets, based on social issues and market trends. In the technology areas, four sub-fields are defined such as Information transmission and the Power transmission which Fujikura has pursued since it was founded as well as the Connect area which connects optical and electrical devices individually or mutually and the High-density wiring area which enables miniaturization of many kinds of electronic devices and increases flexibility in design.

The middle tier includes the core technology groups that should be refined through our R&D activities. In this tier, we set three types of technology: Design technology, Processing

and assembly technology, and Manufacturing technology. Design technology refers to refractive index distribution design for optical fibers, circuit design technology for ICs and antennas for millimeter wave (mmWave) applications, and other engineering/design elements. Processing and assembly technology indicates the technology for thinning the glass diameter of optical fibers, forming circuits on multilayer FPCs, and other elemental technologies that give concrete form to products. Manufacturing technology indicates the technology to manufacture high-quality and cost-competitive products.

The bottom tier contains the basic technology we have developed. The seven basic technologies shown in the diagram below are the fundamental and common technologies to the Fujikura Group. We utilize these technologies efficiently and effectively to create and innovate core technologies and introduce new products and services to the market in the four "technology areas" designated in the top tier.

Technology Platform



Message from the CTO

R&D Themes Focused on During the Three Years of 2025 Mid-term Business Plan and Progress on These Themes

We also selected the three key R&D themes of Next generation optical communication, Next generation energy, and mmWave applications to pursue over the three years of the 2025 Mid-term Business Plan, by taking into account the affinity with the social demands and Fujikura's business

Next-generation Optical Communication

Ultra-high-density optical wiring,
Optoelectronic fusion
Optical functional devices

Next-generation Energy

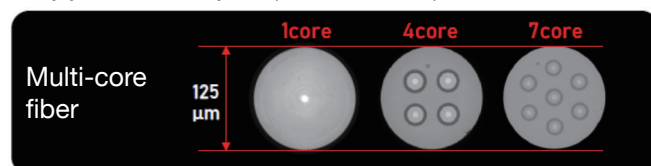
Superconducting applied products
Optical energy transmission

Millimeter wave Applications

Next generation wireless communication
Sensors

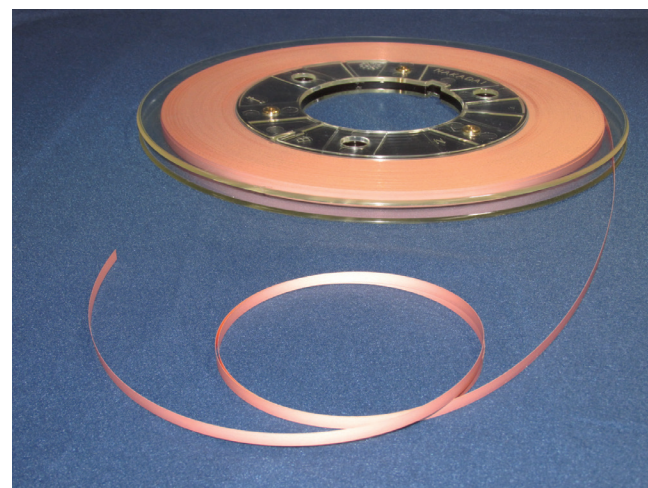
domains.

Next-generation optical communication is an area of technology that responds to the increasing need for high-speed, high-capacity, low-latency communication infrastructure accompanying the massive volume of data circulating around the world as well as the need to reduce electricity consumption. Ultra-high-density optical wiring and optoelectronic fusion are key themes. The development of multi-core fibers with multiple cores inserted in one glass optical fiber is accelerating. We will use the optical-related technology we have accumulated over many years to solidify our position as a top leader.



In the next-generation energy area, we plan to develop practical applications of high-temperature superconducting

technology, where we possess top world-class properties, to the areas of nuclear fusion power generation and electric aircraft. Nuclear fusion power generation is drawing interest as power generation technology that generates no CO₂ emissions. In this area, the use of high-temperature superconducting rod in the development of technology for nuclear fusion power generation has become quite active in recent years. While development of this technology is expected to take some time before it is put into practical use, a huge amount of high-temperature superconducting tape will be needed from the R&D stage onward. We regard our high-temperature superconducting technology as an important area where the Fujikura Group can contribute to resolving global environmental issues, and we will continue to work on establishing manufacturing technology that will dramatically improve tape performance and productivity. That will accelerate the practical application to nuclear fusion power generation. We will also contribute to the resolution of environmental and energy challenges by creating products such as liquid-cooled cables and connectors that enable super fast charging of electric vehicles.

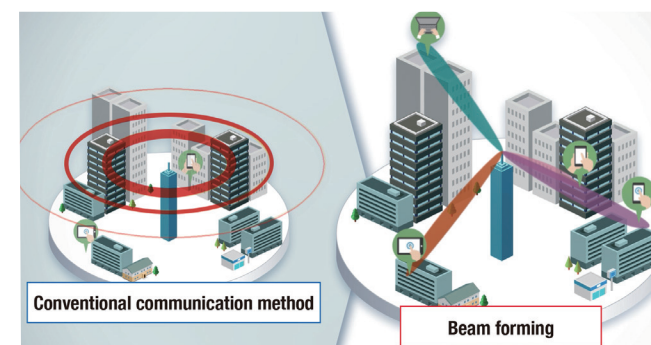


High-temperature superconducting wire rod

In mmWave applications, we are making progress on development and commercialization of communication devices that use the mmWave frequency band for wireless base stations in optical communication networks. The use of mmWave will make downsized antennas possible on both the transmitting and receiving side, and also enables communication at higher speeds and capacity than conventional wireless communications. Because mmWaves are highly directional (straight-line), they require advanced design called beam forming to control the signal in a specific direction. Since mmWave can send pinpoint signals in the required direction by beam-forming control, it is regarded as high-

efficiency and energy-saving communication, compared to conventional communication using microwaves, which radiate signals in all directions.

We have already completed development of the basic



Embarking on Building a Framework That Enables Core Technology to be Shared and Used Mutually Company-wide

The Fujikura Group has a wide range of business areas and the core technologies are present in every product group. However, the problem was that these technologies were only being used in a specific business unit in many cases. I therefore began building a framework for sharing the core technologies in a specific group throughout the whole group, and mutually utilizing them in each business unit as common technologies.

I also think a framework for collaborating with external startups and research institutions is essential for creating new technologies and businesses. One example of such framework is the Advanced Research Core (ARC) laboratory established in 2019 to perform cutting-edge basic research. At ARC, we nurture the "seeds" that will provide value to society in the future, in collaboration with universities in the U.S. and top academic institutions worldwide.

Another area I am focusing on is developing the technical talent to create new technologies and new businesses, as well as building a governance system for commercialization. I am therefore introducing an innovation management system to align these efforts with the business strategy and reduce the uncertainty inherent in R&D, while respecting the individual ideas and ways of thinking.

We have long been able to talk about Fujikura as a technology leader. I think the source of the technological capabilities we have developed is a sense of urgency to survive and be successful. Since all of our rival competitors are strong, we can hardly survive or be successful unless we create products that can differentiate Fujikura by narrowing our R&D targets down, it is fair to say that what created

technology needed for mmWave devices, including beam forming; have shipped samples to customers who are communication carriers; and are now working on multiple projects such as joint proof-of-concept testing with next-generation transportation infrastructure developers for practical applications.

In recent years, we have put effort into R&D on CMOS image sensors and other medical products, and have obtained a certain measure of success in these as a new business by last year. We therefore transferred control over medical products to a business unit in FY2023 to grow these products as an independent business.

the Fujikura Group in the form it exists today is how we continually took on the challenge of developing new products to meet the newly identified needs of society and continuously engaged in a process of metabolizing change. Mr. Okada, our CEO, set the goal of rebuilding our brand as "Fujikura, a technology leader" in 2022. I intend to accomplish this important mission in my position as CTO.



R&D, Intellectual Property, and Quality Control

Research and Development

This section will introduce advances in some of the key R&D themes Fujikura is focusing on in the 2025 Mid-term Management Plan—High-temperature superconducting wire rod (future energy solutions), mmWave communication modules (millimeter wave applications) and multi-core fibers (future optical communication solutions) and Material Informatics which is one of the seven basic technologies.

High-temperature Superconductors

Fujikura is engaged in research and development, manufacture, and sale of rare-earth-based high-temperature superconducting wire rod. Fujikura's high-temperature superconducting wire rod has excellent mechanical properties and critical current characteristics in low-temperatures and high magnetic fields, promising for use in various industrial equipment such as superconducting magnets.

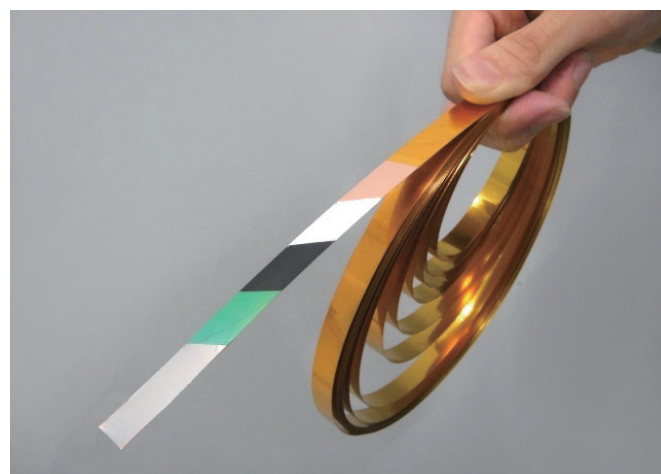
In February 2023, Fujikura supplied superconducting wire rod to Commonwealth Fusion Systems (CFS) in the U.S. for proof-of-concept testing of the world's first nuclear fusion reactor and announced that Fujikura will pursue expansion of production capacity for the future. Compared to conventional power generation, nuclear fusion power generation does not generate CO₂ emissions and the resources for power generation are abundant in seawater. Furthermore, it is said to have excellent safety features and is a promising technology that will provide radical solutions to energy and environmental challenges.

In the trial nuclear fusion reactor that CFS is attempting to create using high-temperature superconductors, high mechanical strength as well as high current characteristics in ultra-high magnetic fields are required for superconducting wire rods. Based on the technological advances cultivated over many years, Fujikura has established mass production technology for high-temperature superconducting wire rod that meets these characteristics. The size of the superconducting magnets for the nuclear fusion reactor is dramatically reduced compared to conventional magnets by using Fujikura's rare-earth-based high-temperature superconducting wire rods that can generate ultra-high magnetic fields.

Fujikura will expand its production capacity of superconducting wire rods and will continue to contribute to the realization of a carbon neutral society in the future through various kinds of advanced superconductor devices by seizing the opportunity presented by this supply of superconducting wire rods.



High-temperature superconducting wire rod

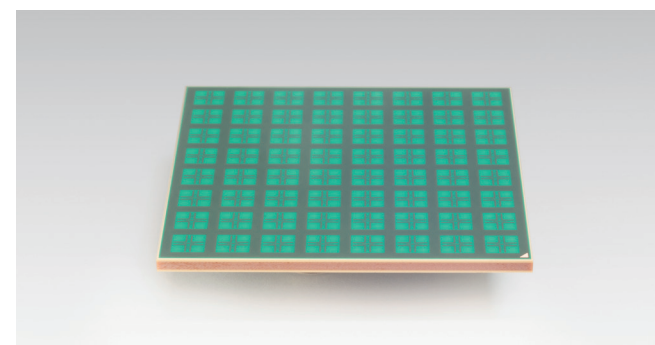


High-temperature superconducting wire rod

Millimeter-Wave Wireless Technology

Communication carriers around the world are now adopting millimeter wave (mmWave) for their 5G networks. The roll-out of mmWave is progressing especially in the U.S. and leading telecommunications providers are expanding mmWave networks and use cases (outdoors, indoors, repeater/relay, etc.).

Fujikura is developing various mmWave products such as a 28 GHz phased array antenna module (PAAM) that generates and controls high-frequency beams in the 5G network base stations. Fujikura is also developing a 60 GHz mmWave wireless communications module and other wireless components such as filters for mmWave.



28 GHz phased array antenna module (PAAM)



60 GHz mmWave wireless communication module

The developed devices are currently being provided as samples and are receiving favorable reviews from communications equipment manufacturers and business operators.

The technology developed for PAAM was recognized for its advanced features and it was therefore awarded the APMC Prize at the Asia-Pacific Microwave Conference, APMC 2022, one of the major international academic conferences.



The APMC Prize is awarded to the most outstanding paper in the conference. The paper that received the prize was authored by eight people, including Chihiro Kamidaki from the Electronic Technologies R&D Center as lead author. This paper describes the latest technical achievements for the power amplifier used in PAAM and its performance. The paper was given high reviews for achieving high output while curbing an increase in power consumption and reducing distortion of mmWave signal, and for making it possible to use smaller IC chips in PAAM.

Our PAAM using this technology will make it possible to produce small 5G base stations with high performance and low power consumption.

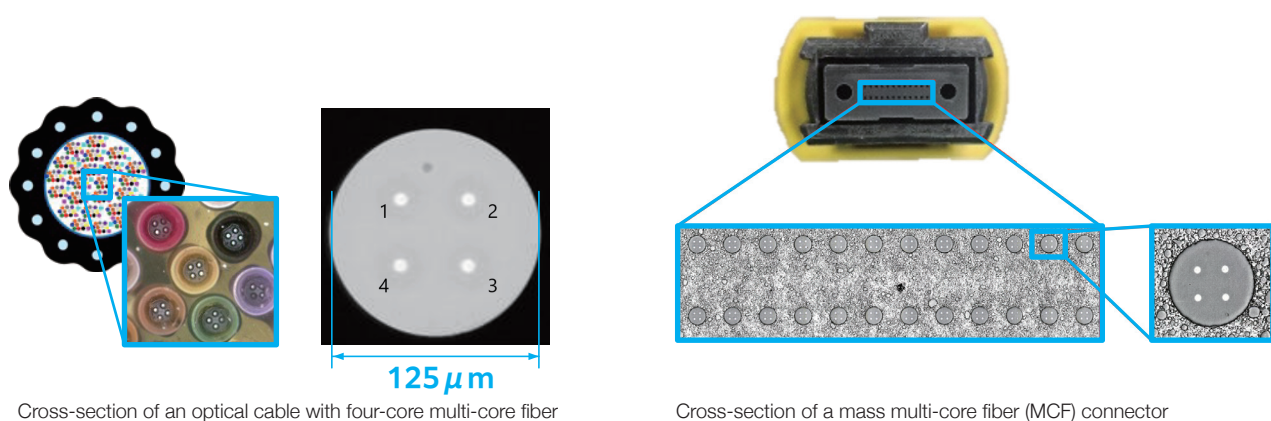
Fujikura will continue efforts to develop products to make 5G networks even faster, with higher capacity.

R&D, Intellectual Property, and Quality Control

Multi-core Optical Fiber Solutions

Development of communication networks using optical fibers began in the 1970s and is an essential element for our social infrastructure. NTT began providing the first generation of its Innovative Optical and Wireless Network (IOWN) service in March 2023 as a next-generation communication network with higher capacity and lower latency. We expect the market requirements for even lower latency and higher capacity communications to expand more and more toward the second and third generation IOWN service in the future. Multi-core optical fibers, which pack multiple cores into a single optical fiber, are regarded as a promising approach to meet the requirements for advanced communications.

Fujikura is working to develop four-core multi-core optical fibers (4c-MCF) with the standard cladding diameter of 125 μm, which is compatible to general single-mode fibers, as a practical application. We performed a test installation using high-density optical fiber cable (SWR® & WTC®) containing 288 4c-MCF fibers (1,152 cores) and verified that this could be installed with sufficiently low transmission loss. These results were announced at international academic conferences. We are also developing a fan-in/fan-out conversion component to connect multi-core fiber to conventional single-mode fiber and a mass multi-core fiber (MCF) connector to connect multiple MCFs at once. We will continue to contribute to the realization of next-generation communication networks that make low latency and high capacity possible.



Cross-section of an optical cable with four-core multi-core fiber

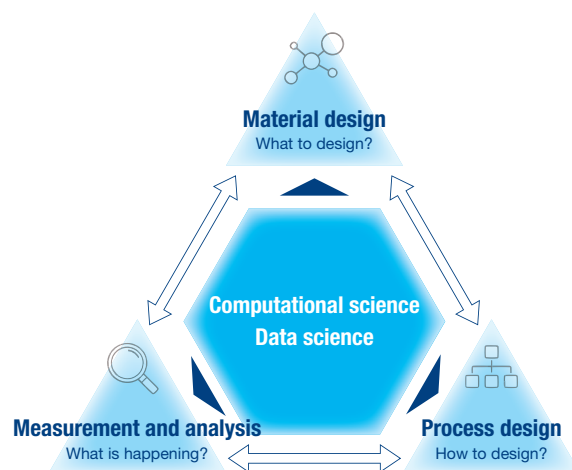
Cross-section of a mass multi-core fiber (MCF) connector

Materials Informatics (MI)

To enhance product characteristics and ensure reliability, we need to have material technology that provides new functions for materials used and draws out the material characteristics to the maximum extent. In the past, such material development was performed through a process of trial and error that relied on the experience and knowledge of the researcher. However, shorter development periods are now demanded. Materials informatics (MI) is drawing interest for that reason.

MI is an approach which actively uses computational science and data science in the development of materials. Material technology includes the technical elements of material design, process design, measuring and analysis. It is therefore necessary to employ appropriate data analysis techniques for them. Fujikura has positioned MI as a basic material technology and is applying it to a wide range of products. For example, we succeeded in cutting cable sheath development time to around one-quarter the time normally taken by using Bayesian optimization. We will continue to improve MI utilization techniques to build our manufacturing technology platform and contribute to society.

MI Conceptual Diagram



Intellectual Property and Quality Control

Respecting and Protecting Intellectual Properties

Fujikura engages in business operations fully respecting the intellectual property rights of others. Based on this policy, R&D divisions and IP divisions work together to regularly evaluate connections between Fujikura's products and technologies and third party industrial property rights. Specifically, information on patents of third parties in Japan and overseas that relates to R&D division research themes is regularly shared internally, and expert investigators are assigned to IP divisions to support investigations by R&D divisions. A number of lawyers employed by the company are also involved in determining the technical scope of products. In addition, we ask outside experts for their judgement when necessary. We also created a set of guidelines on copyrights and holding seminars and distribute it internally for employees to ensure we respect the copyrights of third parties.

We take appropriate actions under the law to protect our patent rights, design rights, and trademarks from unauthorized use.

Fundamental Policy on Intellectual Property Activities

1. Fujikura strives to maintain and enhance its predominance on business by obtaining patents, including design patents, and other intellectual property rights for inventions and other intellectual property resulting from research and development.
2. Fujikura takes appropriate actions as required, such as taking legal actions against third parties in case of the infringement of patent, including design patent, trademark, and other intellectual property rights owned by Fujikura.
3. Fujikura has a system in which business units, research and development units and intellectual property units cooperate each other across the units so that intellectual property strategies will be strongly linked to the solution of business issues. Specifically, Fujikura regularly holds internal conferences specialized in intellectual property in which members from each unit participate in order to align intellectual property strategy with its business strategy, and to clarify and share the information of Fujikura's patent position in comparison with other companies in each business field for the further purpose of strengthening Fujikura's patent position.
4. Fujikura conducts intellectual property training on a regular and ad hoc basis to raise awareness of protecting and respecting intellectual property throughout the Fujikura Group. In addition, Fujikura holds an annual intellectual property event to share information on its own intellectual property activities and to provide an opportunity to listen to lectures by outside experts for the purpose of enlightenment.

Quality Control

To make sure that cases of unsuitable quality never happen again, we will focus on quality as the root of management. We will continue to take steps to prevent recurrence from the dual aspects of corporate governance reform and increasing awareness of quality compliance based on the Fujikura Quality Policy, our company-wide policy that provides guidelines on quality compliance.

We will continue to maintain independence of the Quality Control Unit, conduct internal audits to strengthen and build on the quality compliance system, configure a system that eliminates human operation by computerizing information related to quality at each location, and make sure that everyone is familiar with the whistleblowing system as elements of corporate governance reform.

Since 2019 we have held a Quality Pledge Day to raise awareness of quality compliance, when all Group employees pledge to prevent a recurrence of unsuitable quality. We conduct quality compliance training for all Group employees and are reinforcing dialog between top management and frontline employees to foster a culture of making sure that these mistakes are never repeated.

Message from the CFO

Targeting balanced business growth under the mid-term capital allocation policy



Kazuhito Iijima
Director and CFO

Record High Profits Owing to Successful Structural Reforms and a Tail Wind From the Market Environment

I assumed the position of Chief Financial Officer (CFO) in June 2023. I have been continuously involved in the Finance & Accounting Division since I joined the company in 1989 and have developed professional knowledge of finance and accounting. Appointed just as the switch to the sustainable growth phase is happening, I feel both the weight of responsibility and an immense sense of satisfaction.

After posting a record high net loss in FY2019, the Fujikura Group shared a strong sense of urgency throughout the Group and has pursued drastic reforms in the management and business structure. The results from various measures implemented under the 100-day plan in FY2020-

FY2021, combined with a global expansion in demand for telecommunication and electronic components, led to a V-shaped recovery in performance.

We earned record high profits in FY2022, supported by a favorable market environment and boosted by the weak yen. In the case of the Fujikura Group, however, a high percentage of products manufactured in Japan and the rest of Asia are sold to customers in Europe and the U.S. and exchange rates always affect performance significantly. We should not feel a sense of relief at present. While performance is good, I think we need to diligently prepare for rapid changes in the business environment.

Formulation of Capital Allocation Policy in the 2025 Mid-term Management Plan

In the 2025 Mid-term Management Plan, we formulated a mid-term capital allocation policy that will form the core of our future financial strategy. Reflection on FY2019, when we engaged in advance investment exceeding verified obtainable cash flow, was the underlying reason for formulating this policy. Under the new policy, we first estimated cash flow over three years based on our current business portfolio and then considered how to allocate it among capital investment, shareholder return, and strengthening financial soundness.

In 2025 Mid-term Management Plan, we allocated 105 billion yen over three years to capital investment in further growth of existing businesses. We intend to make timely investments in Telecommunication Systems, Electronics, and Automotive Products where technological innovation is progressing as symbolized by CASE (Connectivity, Autonomous, Sharing and Electrification), three areas where we anticipate steady growth, while keeping the investment and recovery cycle in mind.

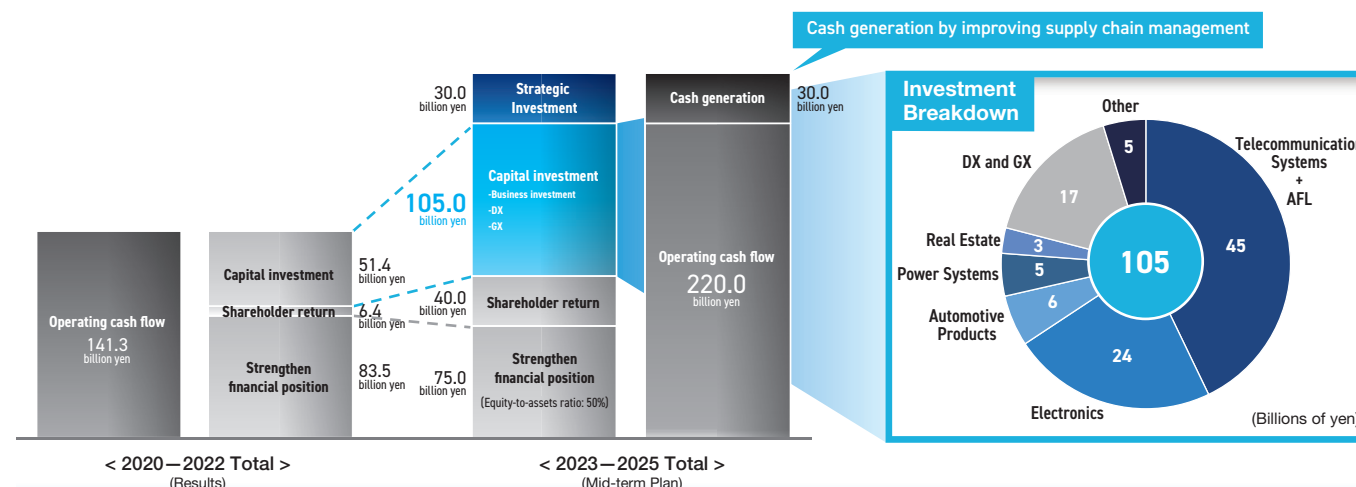
We have also prepared a budget of an additional 30 billion yen for strategic investment in new businesses

and other strategic areas. This budget will be used for flexible investment, including M&A, to secure the facilities and personnel that is lacking if, for example, practical applications of technology for nuclear fusion reactors and other technology in the superconductor area are developed faster than anticipated. I think the resources for this strategic investment will be covered by cash generated from improvements in supply chain management in addition to the foreseeable obtainable cash flow mentioned above. More specifically, we will strive to improve the cash conversion cycle by finding ways to shrink inventories, establishing appropriate settlement terms for accounts payable, and other efforts.

To ensure financial soundness, we will continue to reduce net interest-bearing debt and grow net assets. Net interest-bearing debt has been reduced from over 200 billion yen during the previous mid-term management plan to just under 100 billion yen at the end of FY2022 and we intend to halve it again. Net assets showed a rebound in the equity-to-assets ratio to 41% at the end of FY2022 and we intend to increase it to at least 50%.

Mid-term Capital Allocation Policy

- 01. Growth Investment / Focused investment in three core areas of growth markets
- 02. Strategic Investment / Invest flexibly in new businesses
- 03. Shareholder Return Policy / Secure a payout ratio of 30%
- 04. Ensuring Financial Health / Maintain equity-to-assets ratio at 50%



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

Message from the CFO

Focusing on Capital Cost-Conscious Management

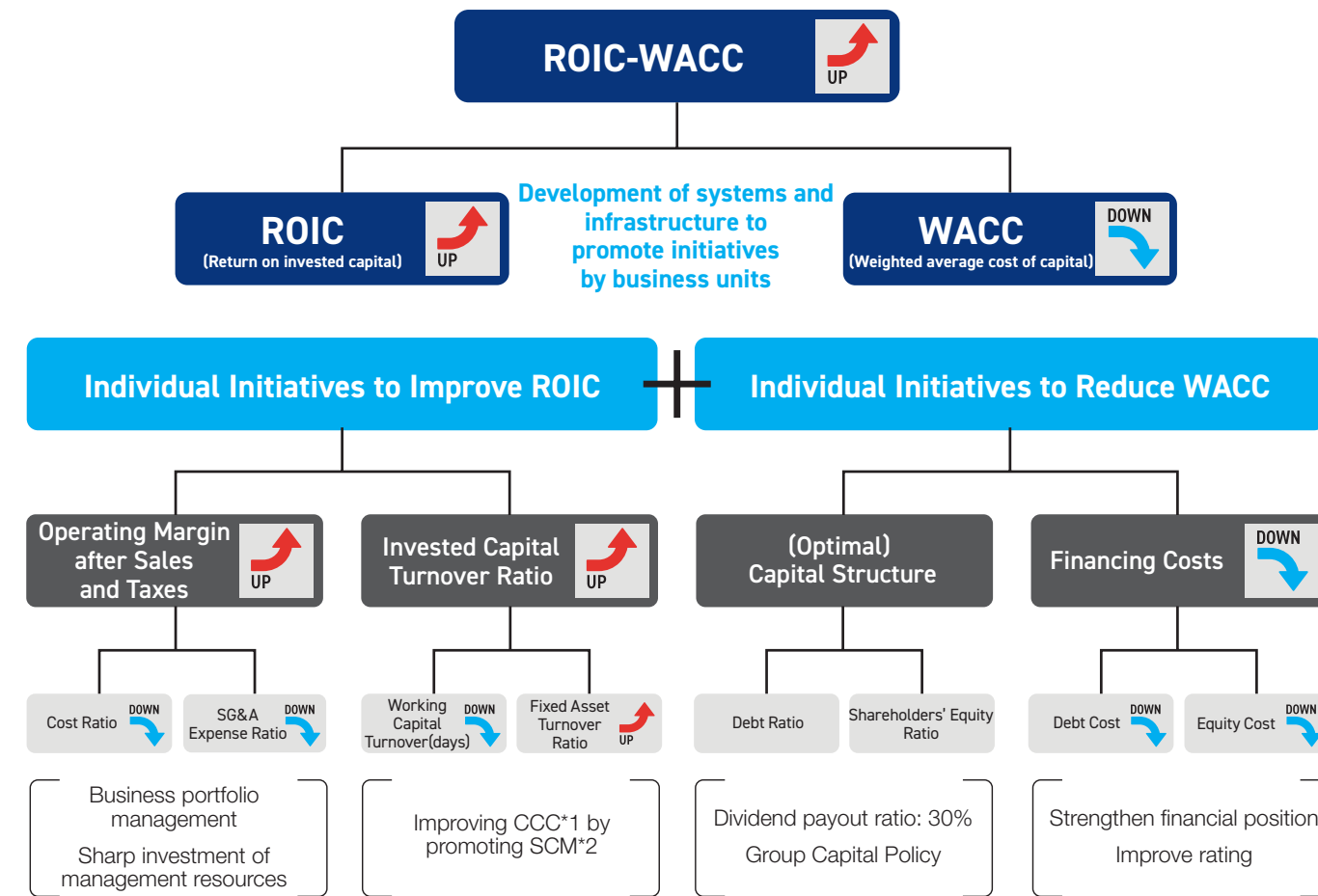
While earning power is rebounding, the stock price has been stagnant and the price-to-book ratio (PBR) has remained around 0.7 to 0.8 over the past several years. When I examined the reason, I arrived at the conclusion that Fujikura Group performance is variable and has not gained the confidence of the stock market in sustained profitability.

We therefore incorporated specific capital cost-conscious measures in the 2025 Mid-term Management Plan. These measures include efforts to reduce the cost ratio and SG&A expense ratio, improve the cash conversion cycle and other measures mentioned above to improve return on invested capital (ROIC), as well as efforts to optimize capital structure, reduce financing costs, and other measures to reduce the

weighted average cost of capital (WACC). Fortunately, the PBR rose to over 1x* after the 2025 Mid-term Management Plan was announced and I think this shows a certain degree of appreciation of our plan. There are three important steps to lower the cost of capital. First increase earning power, then improve asset efficiency. These first two steps will reduce the cost of financing by improving ratings.

Although the Fujikura Group was rated "A" by Rating and Investment Information, Inc. (R&I) for many years, the financial loss in FY2019 resulted in a rating downgrade to "A-." I think steady implementation of the measures set forth in the 2025 Mid-term Management Plan will boost our rating again.

*PBR as of September 30, 2023

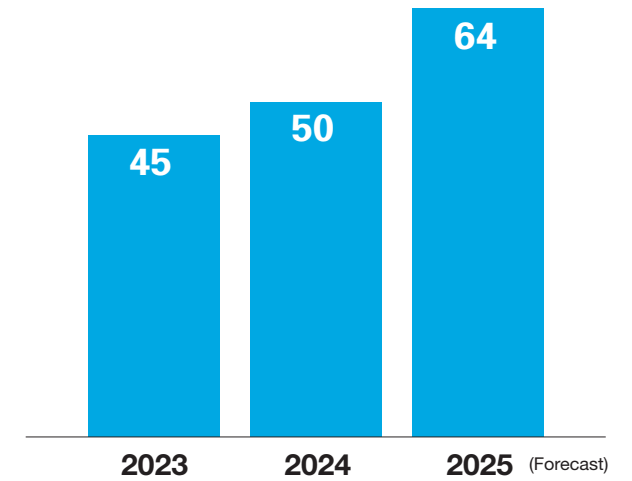


*1 Cash conversion cycle
*2 Supply chain management

Dividend Payout Ratio Raised to 30%; Also Considering Greater Shareholder Returns

Although Fujikura has long set a standard dividend payout ratio of 20%, the financial loss in FY2019, among other factors, resulted in zero dividends for a period of two years. This caused a great deal of concern and trouble for shareholders. Dividend payouts were finally resumed at the end of FY2021 and were restored to the pledged level in FY2022, when we declared record high dividends of 30 yen per share, owing to the increase in profitability. The recent improvement in financial condition led us to raise the dividend payout ratio to 30% in the 2025 Mid-term Management Plan. This of course was made possible because our calculations indicate progress on financial improvement even with a higher dividend payout ratio, based on the aforementioned capital allocation policy. However, considering recent conditions, 30% is not a level that will allow us to rest on our laurels. If we can become a company that is prepared to earn an operating margin exceeding 10% on a consistent basis in the near term, I think we will certainly also be able to raise dividends, buy back shares, and thereby provide additional returns to shareholders.

Dividends Per Share at a Dividend Payout Ratio of 30% (Yen)



Focusing on Communication with Stakeholders

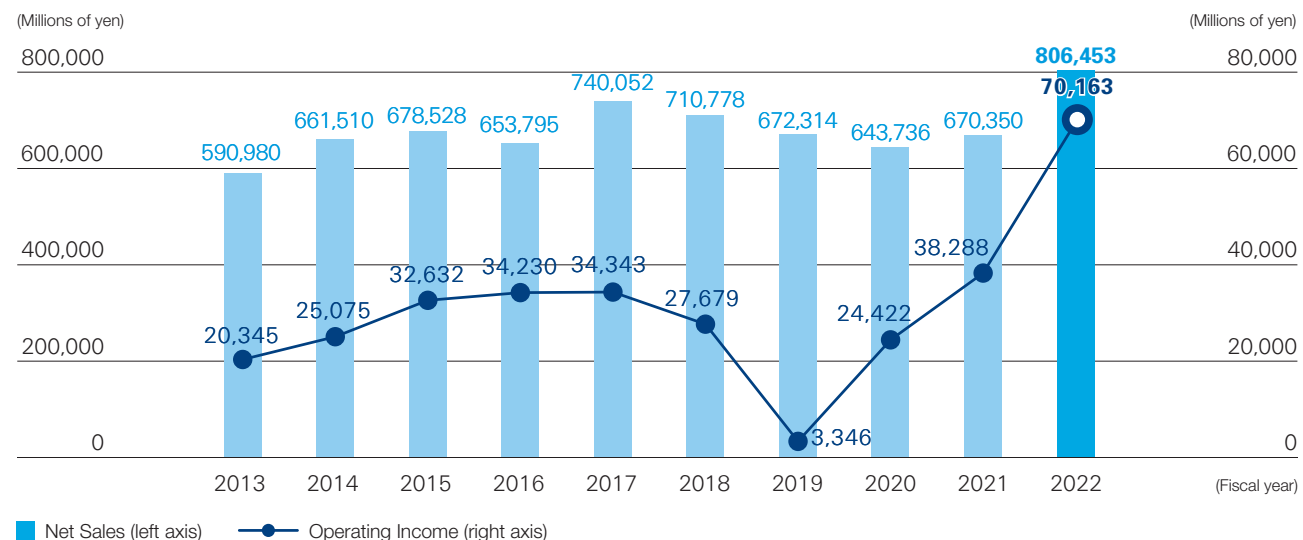
I place importance on communication in accomplishing my work as CFO and will first prioritize continuing to focus on enhancing communication with overseas stakeholders as we expand our businesses globally. Next, I will increase opportunities for engaging in dialog with the business units to help each business increase its value from a finance perspective. Third, I will also engage in close mutual communication with the Corporate Management Unit and Real Estate Business Unit that I am in charge of. My fourth priority is to engage in deeper dialog with outside directors (members of the Audit and Supervisory Committee) to invigorate Board of Directors meetings and strengthen governance.

I will continue to explain the above initiatives aimed at ensuring financial soundness and investment in growth in easily understandable terms, and work diligently to make the Fujikura Group worthy of even higher evaluation by our diverse group of stakeholders.

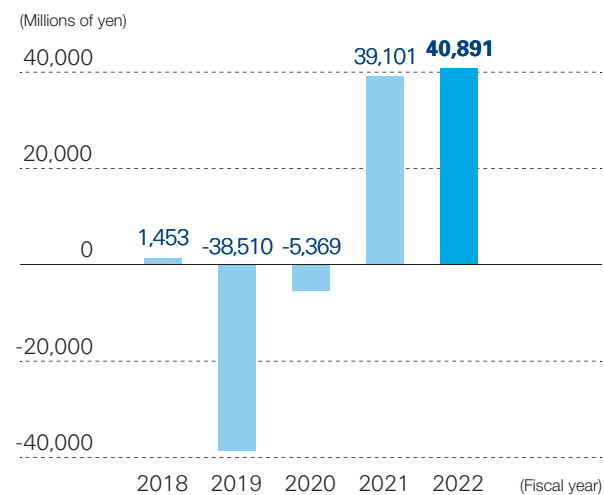


Financial Highlights

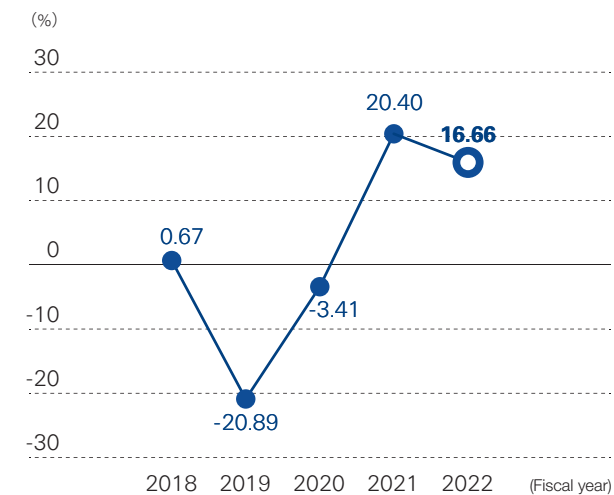
Net Sales/Operating Income



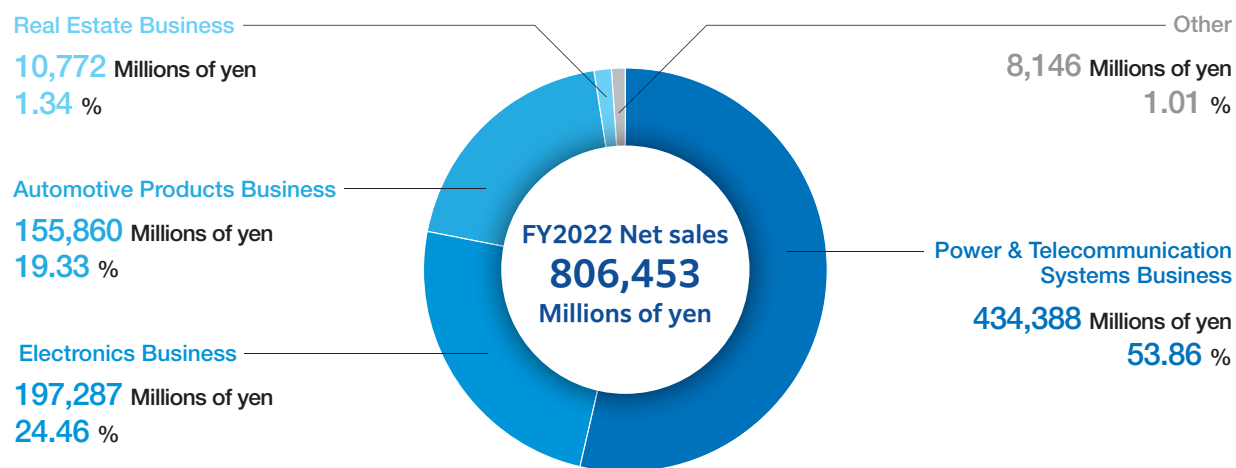
Profit Attributable to Owners of Parent



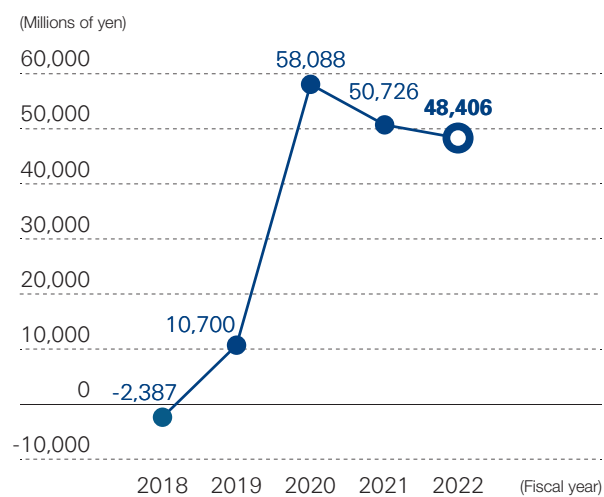
ROE



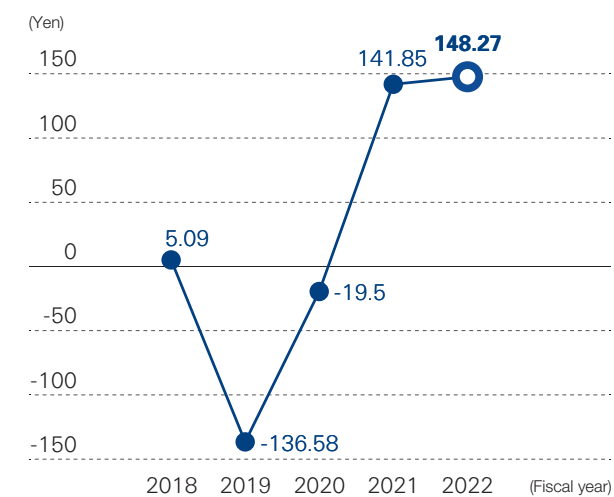
Net Sales by Business



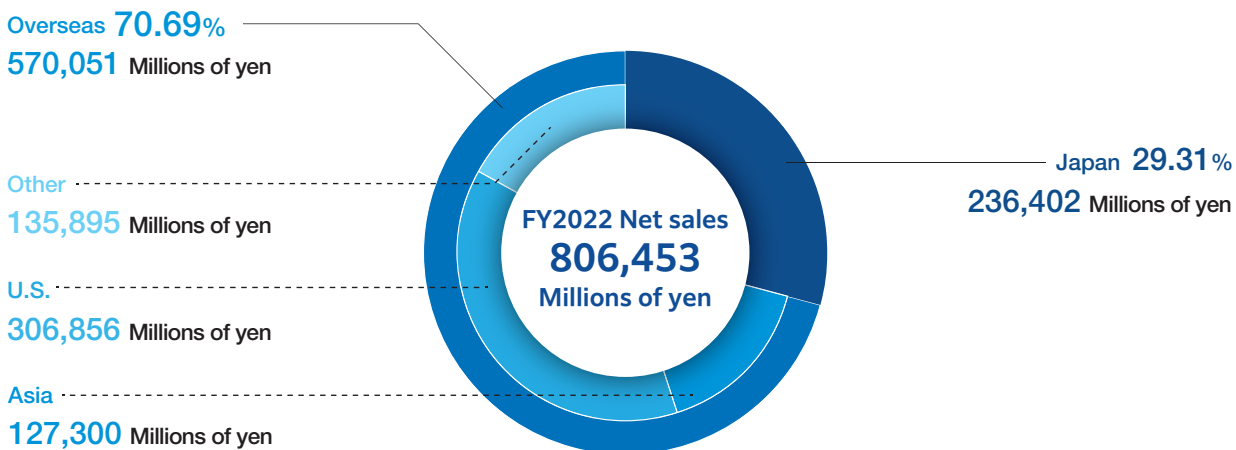
Free Cash Flow



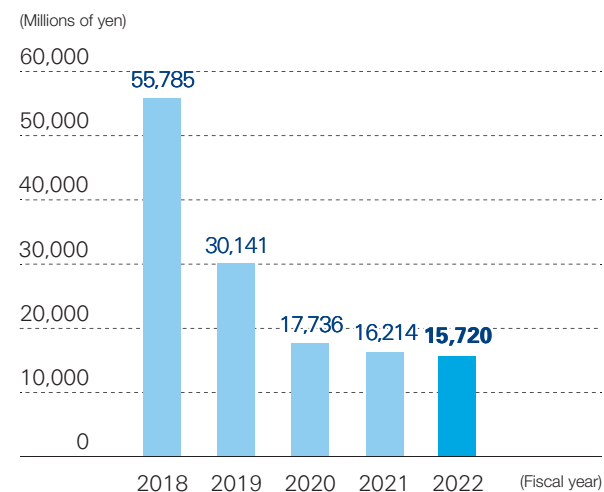
Net Income Per Share



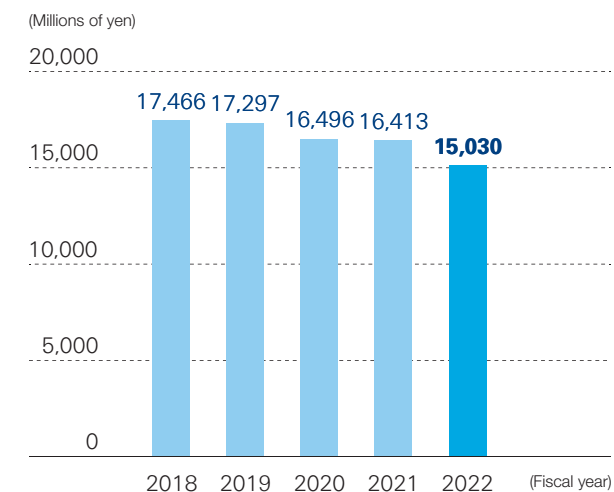
Net Sales by Region



Capital Expenditures



Research and Development Expenses



Source of Value Creation

Being a Leader Driving Value Creation and the Strategy

Value Creation Performance

Special Initiatives of the Fujikura Group

Value Creation Platform

Power & Telecommunication Systems Business

Unit Overview

Providing Solutions for Building Infrastructure Platforms

Networks continue to evolve in a quest for faster, higher capacity connections. The Fujikura Group continues to be the front-runner in optical fiber development and manufacturing technology that provides the backbone support for this goal. We were also the first in the world to develop optical cable (SWR®/WTC®) that achieves high fiber density in a slim cable. Optical fiber fusion splicers are used to connect optical cables around the world. The optical cabling solutions of the Fujikura Group are contributing to building optical network infrastructure.

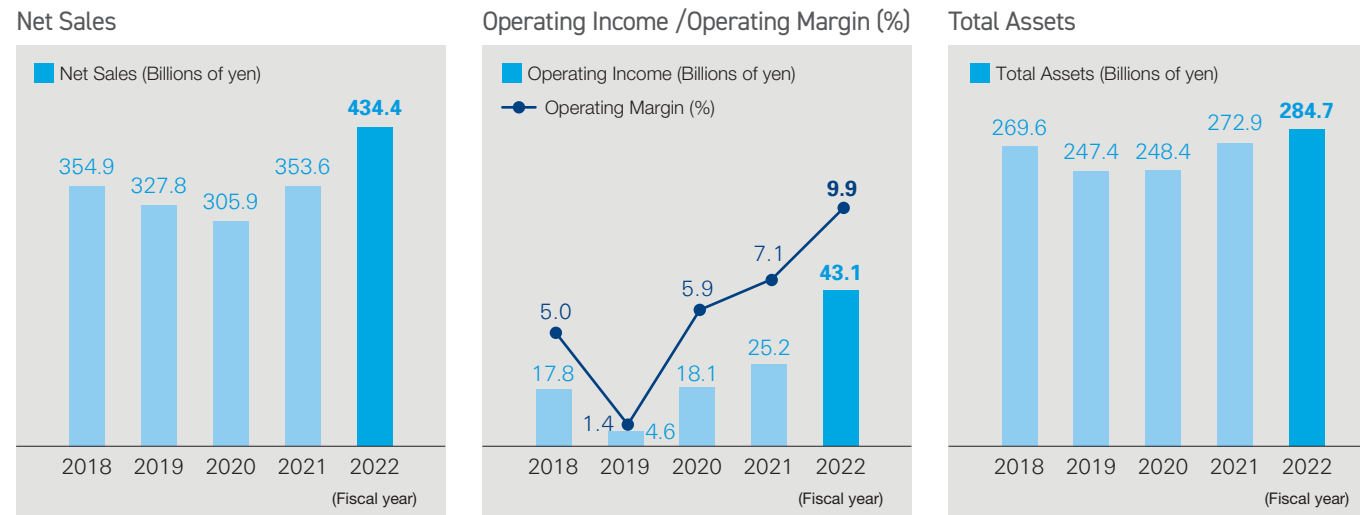
Main Products

- Optical fiber
- Optical cable
- Optical connection equipment and components
- Optical components
- Optical fiber fusion splicer
- Network equipment
- Engineering

SWOT Analysis

<p>S Strengths</p> <ul style="list-style-type: none"> ○ Optical cable technology achieving high density in a slim cable ○ Optical cabling solutions including everything from optical fibers, optical cables, and optical connectors to optical fiber fusion splicers 	<p>W Weaknesses</p> <ul style="list-style-type: none"> ○ Building a global supply chain
<p>O Opportunities</p> <ul style="list-style-type: none"> ○ Growth of the data center market supporting generative AI and other technologies ○ Establishment of FTTx/5G networks in many countries 	<p>T Threats</p> <ul style="list-style-type: none"> ○ Supply chain disruption due to heightened geopolitical risk ○ Continual surge in the cost of energy and materials

Graphs



*Figures for the Power & Telecommunication Systems Business

Market Environment

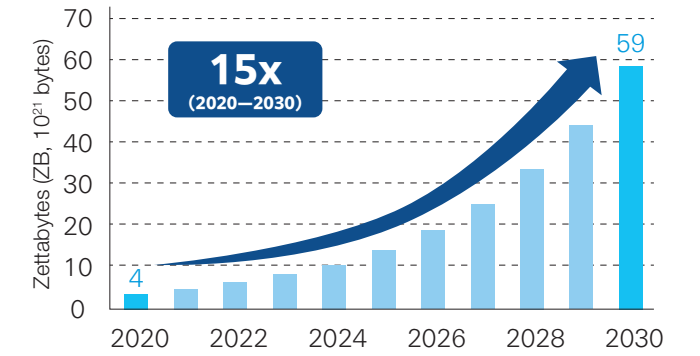
Global Data Communication Volume

- Data communication volume will increase 15 times over the ten-year period from 2020 to 2030.
- Greater use of generative AI and other technologies will result in continued growth in the future.

Market/Industry Trends

- The data center market continues to grow at a high rate.
- Many countries continue to invest in infrastructure for FTTx/5G.

Global Communication Volume Forecast



Source: Survey of Trends in Areas of Interest, Japan Electronics and Information Technology Industries Association (JEITA)

Growth Strategy (Medium and Long-term Targets)

Target business expansion through optical cabling solutions based on innovative optical technology.

Further penetrate the strategic markets in Japan, the U.S., and UK, and develop new markets in Europe and Asia

- Reducing TCO* through SWR®/WTC® having differentiable technology
- Providing solutions matched to the region and purpose of use (air blown installation method, flame-retardant cable)

Differentiation through innovative technology

- Efforts to make cables thinner diameter and smaller size, with a higher fiber count
- Plug & Play connection solutions that do not require skilled installation

New SWR® plant to increase competitiveness

- Carbon neutral
- Manufacturing DX
- Improving productivity and increasing capacity through innovative manufacturing technology

*TCO: Total cost of ownership, including construction

Addressing Societal Challenges (Environmental Issues)

Fujikura provides optical cabling solutions that meet the needs of the market for thinner, smaller cables with a high fiber count through development of innovative technology and contribute to building the infrastructure to support an advance information society.

We will introduce state-of-the-art manufacturing technologies in the new SWR® plant to build a highly productive plant while reducing environmental impact and achieving carbon neutrality.

Electronics Business

Unit Overview

Targeting Sustained Growth in Core Business Areas

In the Electronics Business, we target sustained growth through Fujikura's unique technologies, mainly in the areas of information storage and information terminals, core business areas of the Fujikura Group.

With top customers as our partners, we are providing our advanced technology in electronic components, connectors, and flexible printed circuit boards (FPC) to meet the need for high-density, high-precision, high-function products and expand the business. We are also working to enter the automotive electronic products market for CASE (Connectivity, Autonomous, Sharing and Electrification) and other aspects of the once-in-a-century transformation the automotive industry is undergoing.

Main Products

- FPC
- Electronic Wire
- HDD components
- Sensors
- Thermal solutions
- Membranes
- Connectors

SWOT Analysis

<p>S Strengths</p> <ul style="list-style-type: none"> ○ Ability of the Fujikura Group to propose solutions that match the needs of our customers by using our strengths in high-quality and high-precision processing technology to create products, enabling us to contribute to the creation of value in our customers' products ○ Ability to propose complex products that combine a broad variety of products ○ Use of Fujikura's overseas production locations and other geographical strengths continually provide stable supply 	<p>W Weaknesses</p> <ul style="list-style-type: none"> ○ Business expansion in the automotive market (Response) Expand sales in the automotive sensing market ○ Difficulty in securing human resources due to an aging society with fewer children being born (Response) Develop human resources by introducing an educational system to strengthen ties with suppliers and overseas locations
<p>O Opportunities</p> <ul style="list-style-type: none"> ○ Creation of new opportunities to make equipment smaller and higher density as the wearable device and medical equipment markets grow ○ Expansion of the market for electronic products that address CASE in the automotive market ○ Demand for high-end information terminals in a digital society as data centers expand along with evolution of 5G/6G and AI ○ Strong industrial equipment and FA markets as plants are automated, smart factories are created, and robots are introduced 	<p>T Threats</p> <ul style="list-style-type: none"> ○ Companies in emerging countries entering competition ○ Global supply chain issues ○ Division of the international community due to prolonged conflicts ○ Switch to economic blocks

Graphs



Market Environment

Data Centers

■ Data communication is expected to become faster and increase in capacity due to advancements in data centers, 5G/6G, and satellite communication.

Smartphones

■ While we expect demand to rebound due to the proliferation of 5G in emerging countries, we expect demand to be level over the long term due to a longer replacement cycle.

Industrial Equipment

■ Growth is anticipated due to continued capital investment in semiconductors and expansion in the electric vehicle, DX, and robot areas.

Medical Equipment and Wearable Devices

■ We expect an increasing need for slim, high-density products to make equipment smaller and higher density as the wearable device and medical equipment markets grow.

Vehicles

■ We anticipate an increasing need for new electronic products that meet the need for safety and security, automated driving, and electric vehicles.

Growth Strategy (Medium and Long-term Targets)

Repeatedly cycle through the metabolism of change in ongoing product development and gain access to new markets and new customers.

Differentiation through products that add high value in the information terminal and medical equipment markets

■ Striving to expand sales of complex products that add high value through our high-density and high-definition processing technologies, which are Fujikura's strengths in the information terminal market including smartphone, wearable devices, and VR headsets, and in the medical equipment market, where products are becoming increasingly smaller and higher functioning

Expansion of business in the data center market

■ Use the precision processing technology and cooling technology of the Fujikura Group to expand business in a data center market driven by AI technology

Addressing the CASE segment of the automotive market

■ Seeing the once-in-a-century transformation of CASE in the automotive market as an opportunity and providing optimal solutions to customers from Fujikura's diverse range of electronic products

Expansion of sales in the industrial equipment market

■ Positioning the industrial equipment market as a strategic market and striving to expand sales by introducing products that have been differentiated through new development
 ■ Targeting business expansion utilizing our highly reliable connecting technology, a strength of the Fujikura Group, to achieve innovation in manufacturing through DX and growth in the industrial robot area

Addressing Societal Challenges (Environmental Issues)

We will strive to minimize the impact on the environment by reducing CO₂ emissions through the essential measures of energy conservation, in-house power generation, reducing water usage in plants, and by reducing, reusing, and recycling materials, in line with Fujikura Group Long-term Environmental Vision 2050.

Automotive Products Business

Unit Overview

Providing Solutions to Automotive Industry which is under Transformation Period

The Automotive Products Business has a total of 39 facilities for Manufacturing, R&D, and Sales in 16 Countries in Asia, North & South America and Europe. We globally manufacture and sell wiring harnesses and other electrical distribution systems which are analogous to a vehicle's neural network and blood vessels.

With the cooperation of other business units, we are pursuing and developing new integrated products and/or solutions by marshalling all Fujikura Group elementary technologies and capabilities to meet our customers' needs and expectations during this once-in-a-century transformation period for automotive industry.

Main Products

- Wiring harnesses (WH)
- Electrical components
- High-voltage wiring harnesses for electric vehicles
- EV charging cables

SWOT Analysis

<p>S Strengths</p> <ul style="list-style-type: none"> ○ Strong relationships with customers cultivated over many years by providing them with a vast range of high quality products ○ The existence of other business units that possess advanced basic technologies that can be used in vehicles ○ A stable supply structure that utilizes our overseas production locations and other geographical strengths 	<p>W Weaknesses</p> <ul style="list-style-type: none"> ○ Investment in automating wiring harness assembly work to adapt to the decline in the labor force ○ Development of versatile human resources capable to respond business globalization
<p>O Opportunities</p> <ul style="list-style-type: none"> ○ Vehicle innovation through CASE (Connectivity, Autonomous, Sharing and Electrification) ○ Entrance into electric vehicles from different industries 	<p>T Threats</p> <ul style="list-style-type: none"> ○ A decline in the labor force due to development in low-cost countries ○ Rising labor costs due to inflation

Graphs



Market Environment

Trends in Markets/Areas

- The semiconductor supply-demand issues, which had created a bottleneck in global vehicle production over the past several years, are steadily improving
- The ripple effect on demand in reaction to the inability to supply vehicles in time is expected to persist in the European, U.S., and Japanese markets.

Shift to Electric Vehicles

- As electric vehicles rise to the forefront of the market, electric vehicles account for the majority of new vehicles produced by manufacturers in Europe, the U.S., China, and Korea, excluding Japan. In China in particular, which is the largest market, there has been a switch in hot-selling vehicles to electric vehicles from Chinese manufacturers, and the market share of foreign manufacturers is falling across the board.
- We need to keep an eye on the trend in electric vehicle sales, along with how fast charging stations expand.

Growth Strategy (Medium and Long-term Targets)

Strengthening earning power and increasing presence amid the global transformation.

Improving profitability by reinforcing earning power

- Impacted by lockdowns in various areas due to the spread of COVID-19, demand-supply issues for semiconductors arising from that, and the Russian invasion of Ukraine, the automotive industry saw problems emerge upstream and downstream in the supply chain. This destabilized customers' operations and consequently caused destabilization of operations in the Fujikura Group.
- In response to this, we will strive to steadily restore earning power and improve profitability by pursuing structural reforms even more vigorously than before.
- We will work with top customers of the Automotive Products Business to develop next-generation wiring harness systems by applying products and technology from the electronics business and information and communication business.

Initiatives in vehicles as information terminals

- The automotive industry is right in the middle of a once-in-a-century transformation from CASE (Connectivity, Autonomous, Sharing and Electrification) and other technologies. We will apply optical fiber, wireless, millimeter wave modules, and other technologies to develop next-generation wiring harness systems to handle high-speed communication and electronic power control systems.

Contributing to a carbon neutral society through electric vehicles

- As the trend toward electric vehicles advances rapidly, we are working on development of EV charging cables for charging infrastructure with multiple customers involved in this.
- The greatest weakness of electric vehicles compared to conventional internal combustion engines is the charging time. Improving charging efficiency could improve charging time to a level where it is comparable to fueling time. We will play a supportive role in contributing to the proliferation of electric vehicles and the realization of a carbon neutral society.

Addressing Societal Challenges (Environmental Issues)

The proliferation of electric vehicles is accelerating toward realizing a carbon neutral society. We are working as a team with customers on power source management technology, system optimization, and using technology to make products slimmer and lighter to develop lighter vehicles.

Super fast EV charging cables that apply the technology we have cultivated in industrial cables are making it easier to use electric vehicles. We will work to establish the infrastructure in addition to electric vehicles to realize an electric vehicle-based society and contribute to realization of a sustainable society.

Real Estate Business

Unit Overview

Maximizing Use of Assets and Maintaining Stable Revenue

We are effectively utilizing the former plant site next to Fujikura headquarters to expand our real estate business. Redevelopment began in 1998, and we are operating a real estate leasing and management business, mainly for five office buildings and two commercial buildings. The office buildings have a total leasable office space of around 100,000 m2. This property offers the advantage of being located within 4 km of the Marunouchi district in central Tokyo, and has financial institutions and many other excellent tenants.

The basic policy of Fujikura's real estate business is to utilize long-held land effectively and increase revenues and profit. We plan to increase tenant satisfaction through systematic investment and improvement to maintain and increase the value of currently owned buildings and facilities, and maintain a high occupancy rate for rental units over the medium and long term.

SWOT Analysis

S Strengths	<ul style="list-style-type: none"> ○Close to the city center (Otemachi and Marunouchi) and to the nearest station. A large area equipped with infrastructure. 	W Weaknesses	<ul style="list-style-type: none"> ○It has been 20 years since the property was developed and signs of age and deterioration have begun to appear. Renovation costs are expected to increase in the future.
O Opportunities	<ul style="list-style-type: none"> ○Increasing the value of the entire area through construction of new buildings ○Increasing the value by improving disaster prevention and reducing CO2 emissions 	T Threats	<ul style="list-style-type: none"> ○Deterioration in profitability due to a decline in the level of rental rates

Graphs



Market Environment

There are plans to continue to complete construction on large new buildings in the future, and vacancy rates in the city center will remain high from the impact from telecommuting and diversification of other workstyles. We therefore expect to see a downward trend in rental rates.

Growth Strategy (Medium and Long-term Targets)

- One commercial building is currently being built at Fukagawa Gatharia and is scheduled for completion in FY2024.
- To maintain stable revenue and profit, continue increasing the value of existing office buildings and aim to contribute to our tenant's employees and the local community by constructing new buildings.

Image of new North Plaza building when complete in FY2024

Contributing to the local community by constructing new buildings and providing new value, mainly in the medical area

- Introducing new technology and achieving smart building management
- Maintenance of the interior environment of the facility and achieving labor savings by using cleaning robots
- Introducing solar power generation
- Rapid detection of incidents or trouble through ITV image analysis technology

Fukagawa Gatharia Christmas lights

Cooperating on local seasonal events and contributing to the local community

Addressing Societal Challenges (Environmental Issues)

We are working to develop communities that use less energy to realize a low-carbon society. Adding greenery in the area will contribute to the local community.

Basic Policy on Sustainability Management

Views on Sustainability Targets 2025

The Fujikura Group established Sustainability Targets 2025 (FY2021–FY2025) based on the Fujikura Group Corporate Philosophy (MVCV) and is pursuing sustainability targets. These targets were set from the dual perspectives of environmental and social materialities, and financial materialities. They are also linked to the long-term visions set forth by the Fujikura Group (the 2030 Vision and Fujikura Group Long-term Environmental Vision 2050).

Overview of Sustainability Targets 2025



Each of us must follow an ethical path as a member of society.

Details of Sustainability Targets 2025

Sustainability Targets 2025 is categorized into four themes, collectively called ESGF for Environmental, Governance, Social, and Financial/Future. Financial/Future has three action items, Environmental has five, Social has three, and Governance has five. We evaluate the annual targets and results in terms of achieving the FY2025 targets, and disclose progress toward the targets in the annual Integrated Report and on our corporate website.

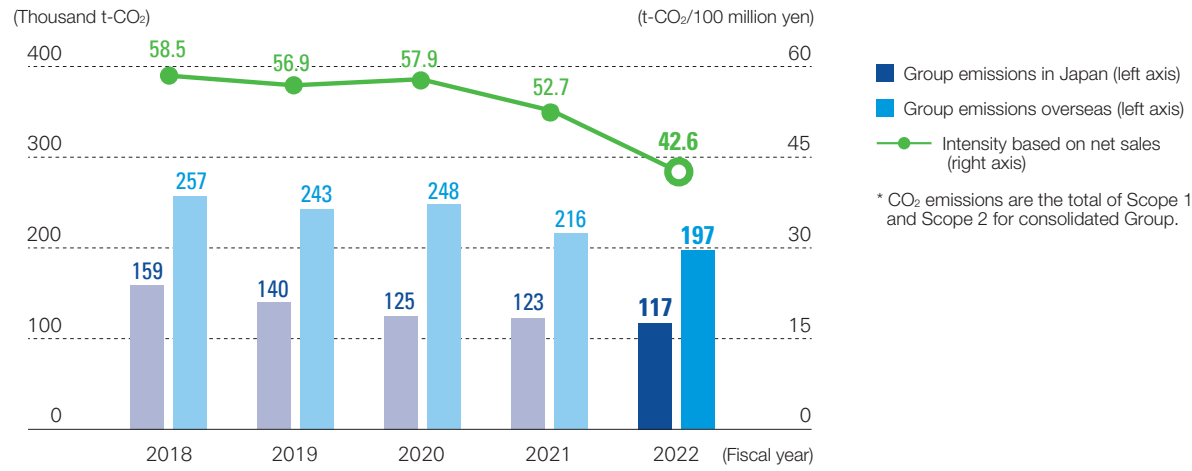
<p>F</p> <ul style="list-style-type: none"> Achieving the 2030 Vision Further expansion of environmentally friendly products Promoting digital transformation (DX) 	<p>E</p> <ul style="list-style-type: none"> Pursuing Fujikura Group Long-term Environmental Vision 2050 (pursuing the four challenges) Response to TCFD recommendations
<p>S</p> <ul style="list-style-type: none"> Development of human resources capable of active contribution globally Innovation in job satisfaction Diversity & inclusion 	<p>G</p> <ul style="list-style-type: none"> Putting philosophy (MVCV) into practice Improving functioning of Board of Directors Improving Group governance Strengthening supply chain management Comprehensive security export control

Main Results for FY2022

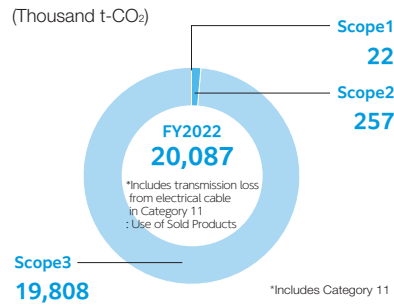
Sustainability Theme	Priority Measure	Main Results for FY2022 (partial excerpt)
F	Realize the 2030 Vision (CSV) and Maximize Business Opportunities	<p>Identified new technologies and business areas</p> <ul style="list-style-type: none"> Received an award for an outstanding paper on milli meterwave (mmWave) development at a major international academic conference. Also partnered with AVNET to develop and sell a 5G mmWave evaluation/development system Began supplying high-temperature superconducting wire rod to CFS, a company developing nuclear fusion in the U.S.
	Use data and digital technologies to improve the efficiency of existing businesses and create new business models	<p>DX at manufacturing sites</p> <ul style="list-style-type: none"> Rolled out membrane circuit inspection and other AI inspection laterally Used AI to automate control of manufacturing equipment
E	Achieve Fujikura Group Long-term Environmental Vision 2050	<p>Achieved a 24% reduction in emissions vs. FY2018, compared to the 8% reduction target (for the Group)</p> <ul style="list-style-type: none"> Achieved extensive energy savings and reduction in electricity use Explored and implemented innovative manufacturing that minimizes energy consumption Used in-house power generation, purchased electric power derived from renewable energy sources, and proceeded with environmental value on a cost-minimum basis
S	Develop human resources capable of active contribution globally	<ul style="list-style-type: none"> Drafted a revised version of the HRM Vision through a process that involved employees in roundtables with the labor union, etc. Held career design seminars focused on specific age ranges Introduced video learning services for gaining knowledge and expertise in business skills, in addition to making the online English conversation program permanent
	Diversity & inclusion	<ul style="list-style-type: none"> Percentage of women employees: 15.4% (Fujikura) Employment rate for people with disabilities: 2.67% (domestic) Women as a percentage of new hires (Corporate planning career track): 29.4% (Fujikura)
G	Manage with an awareness of transparency and value creation	<ul style="list-style-type: none"> Established and are implementing an educational program for the management-track pool of human resources Produced managers from the management-track pool of human resources
	Supply chain management (including responsible mineral sourcing)	<p>Held the Fujikura Group Partners Meeting online to communicate with suppliers</p> <ul style="list-style-type: none"> Explained the management plan, Fujikura Group Basic Procurement Policy, and CSR Procurement Guidelines Implemented a CSR procurement self-assessment questionnaire and procurement division survey Provided information on the importance of human rights due diligence on responsible mineral sourcing and in the rest of the supply chain, and on response to climate change

Non-financial Highlights

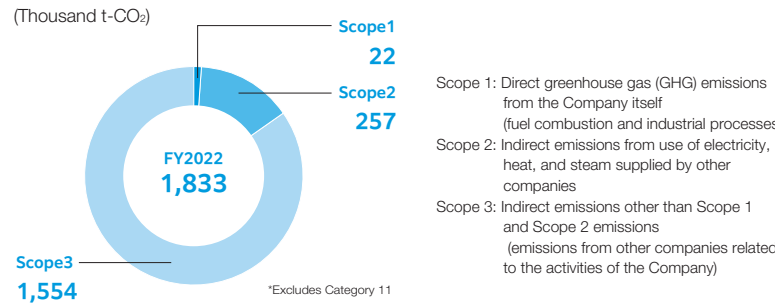
Trend in Domestic/Overseas CO₂ Emissions (Scope 1 and Scope 2) and Intensity Based on Net Sales (Group)



CO₂ Emissions by Scope

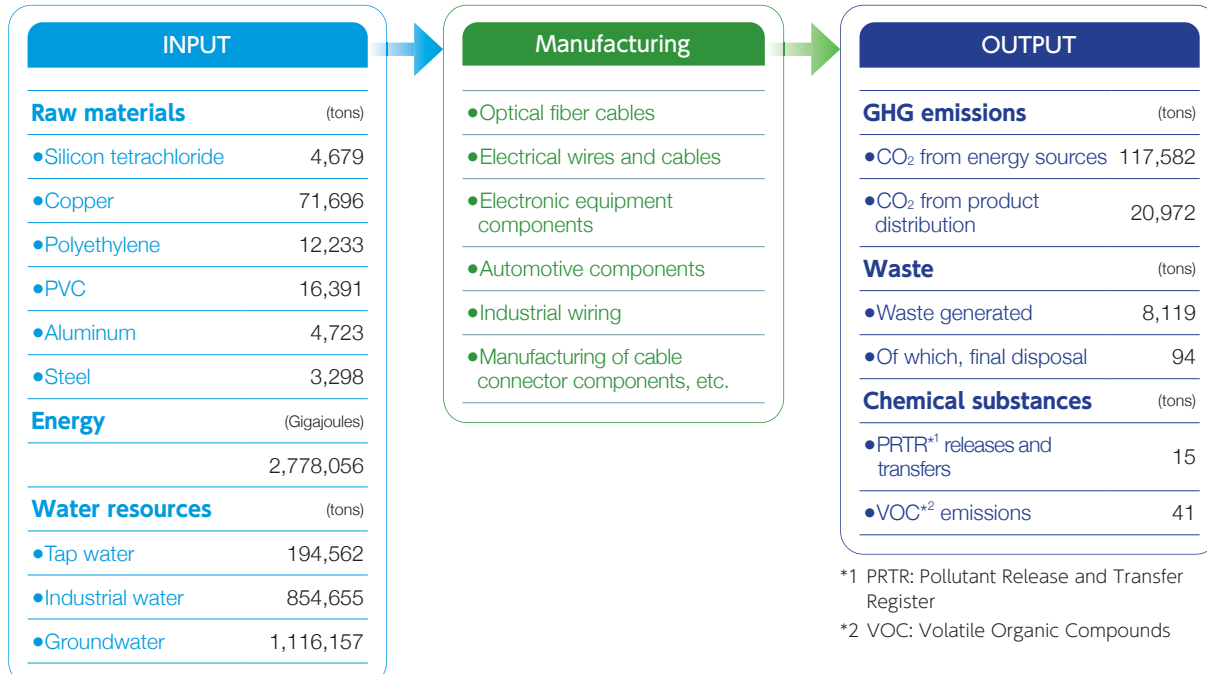


CO₂ Emissions by Scope (excluding Category 11, Scope 3)

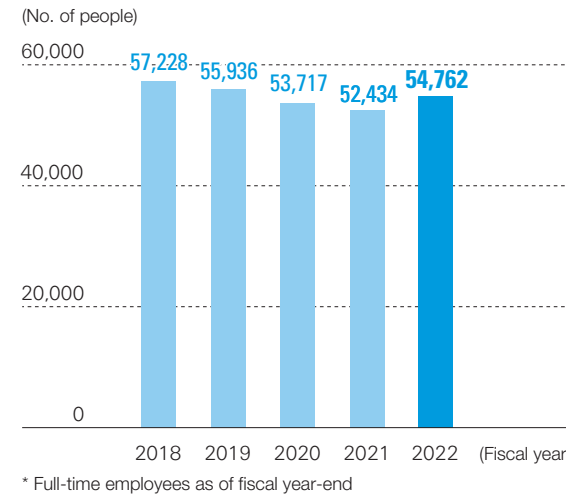


Category 11 accounts for a high percentage of emissions in Scope 3 and it is difficult to know the reduction status for other categories. We have therefore included two types of graphs, one with Category 11 and one without. * Calculated within the scope of approved science-based targets (SBT)

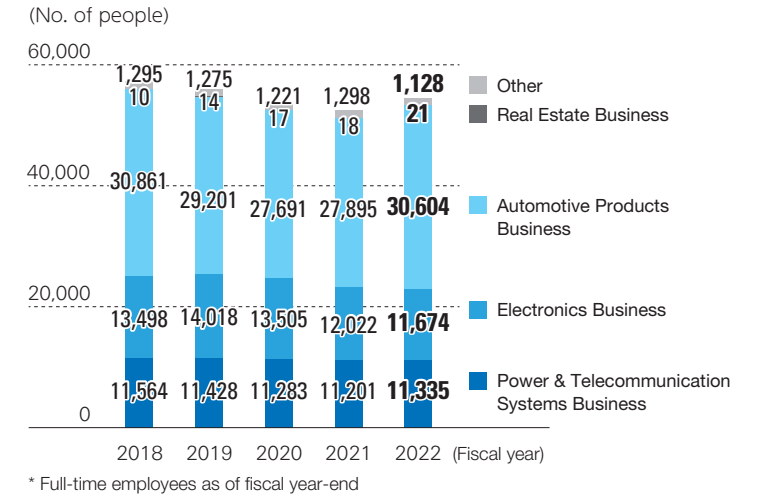
Environmental Impact Accompanying Business Activities (Japan)



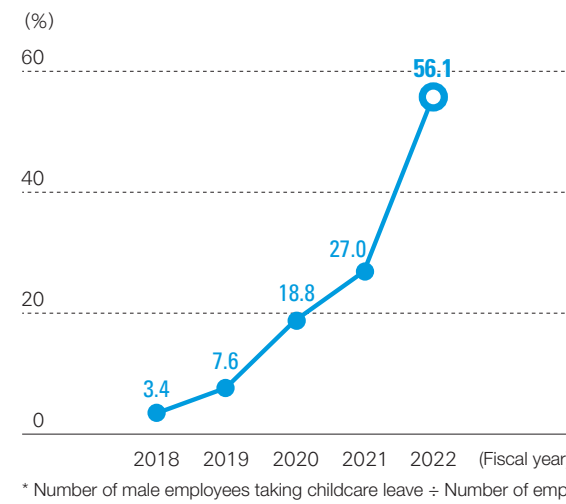
Group Employees*



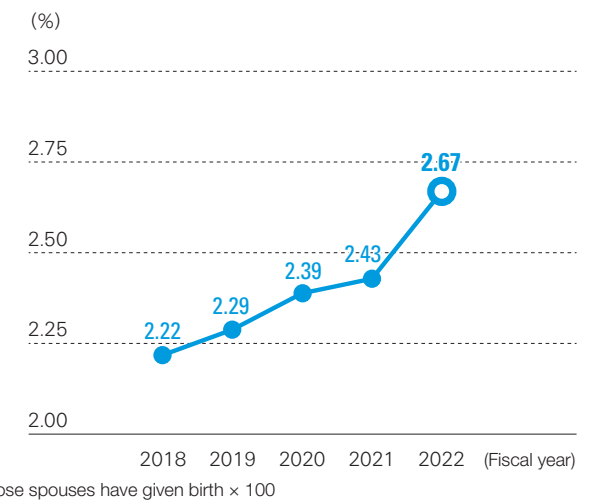
(Group) Employees by Business*



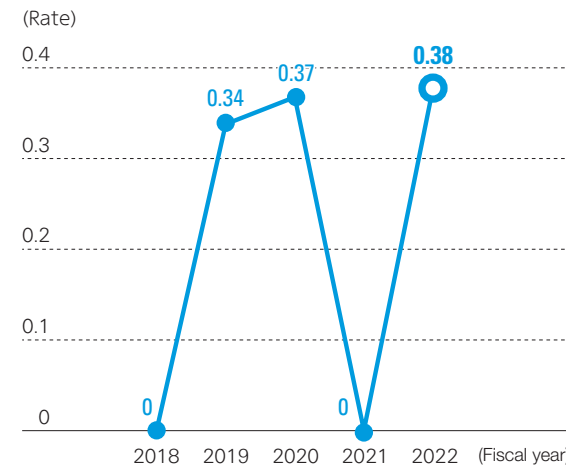
Trend in Percentage of Men Taking Childcare Leave (Fujikura)*



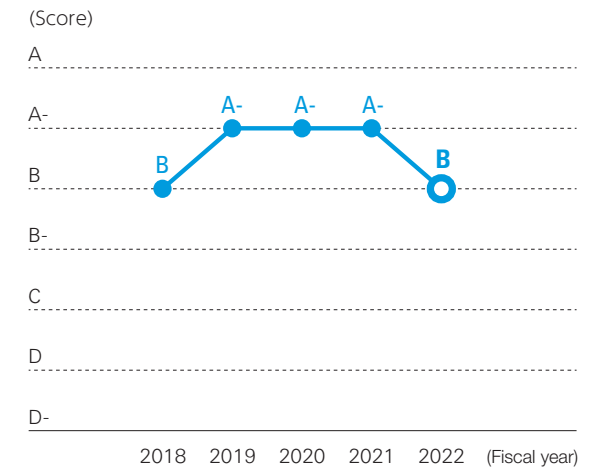
Percentage of People with Disabilities Employed (Japan)



Lost Time Accident Rate (Fujikura)







CDP Climate Change Score

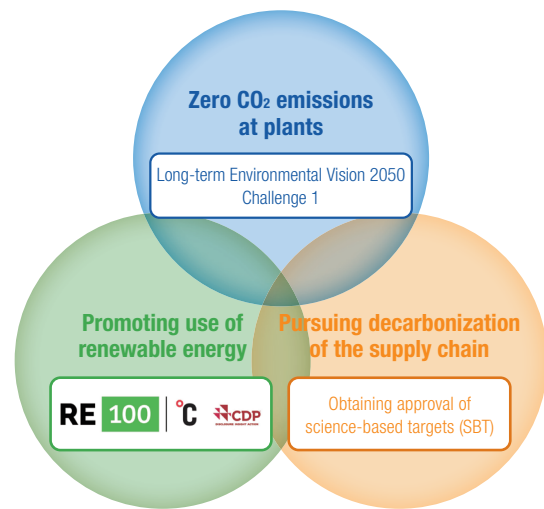


To Achieve Carbon Neutrality

The Four Challenges in Fujikura Group Long-term Environmental Vision 2050

Challenge 1	Zero CO ₂ emissions at plants by 2050		Challenge 2	Minimize use of water at plants and wastewater management	
Challenge 3	Symbiosis between plant workers and nature		Challenge 4	Effective use of resources and resource cycle	

Main Initiatives



Zero CO₂ emissions at plants

One of the challenges set in Fujikura Group Long-term Environmental Vision 2050 is net zero CO₂ emissions at plants by 2050. A roadmap toward reduction of CO₂ emissions was outlined to achieve that and we are pursuing concrete measures such as energy conservation and use of non-fossil fuels.

Pursuing decarbonization of the supply chain

To achieve carbon neutrality, we plan to expand initiatives to our supply chain in addition to pursuing initiatives in Fujikura and its Group companies. The Fujikura Group obtained approval of its science-based targets (SBT) in July 2023.

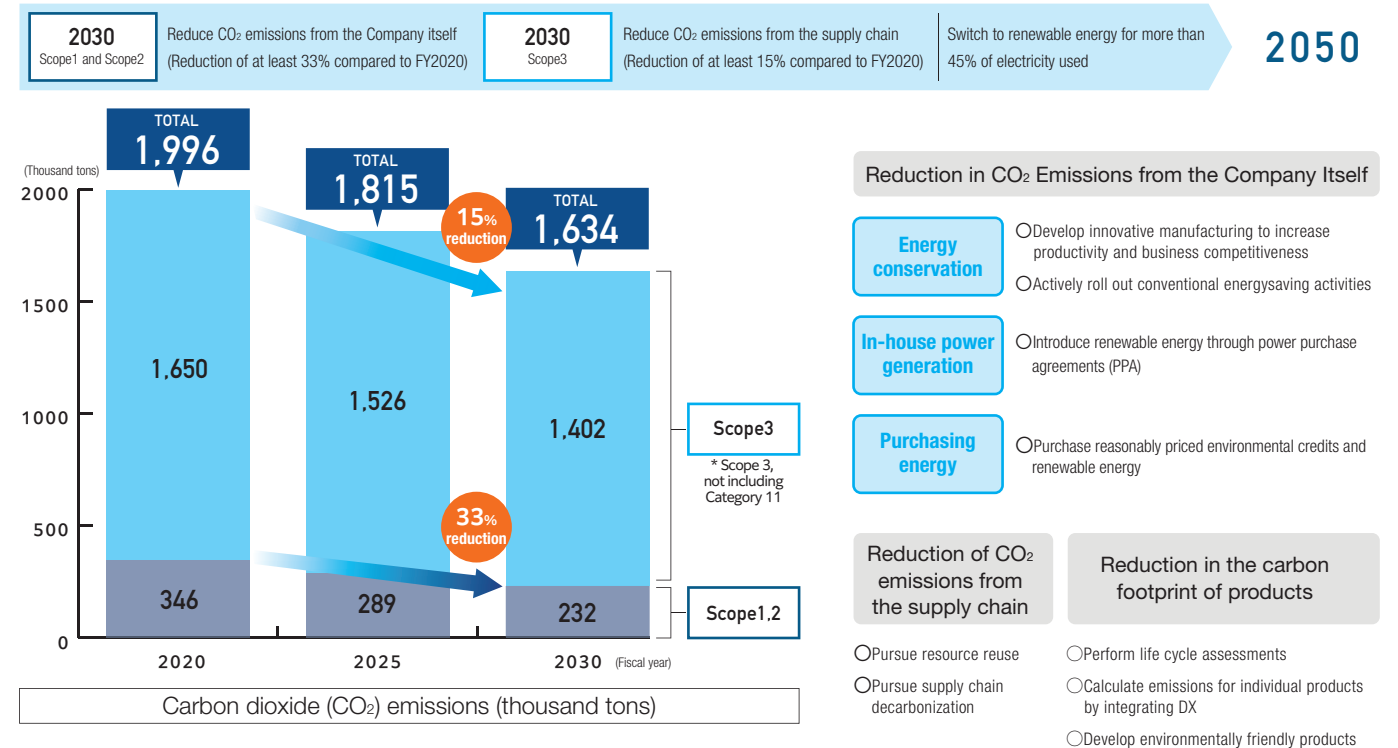
Promoting use of renewable energy

The Fujikura Group has joined the RE100 and is targeting use of renewable energy for 100% of electricity used in business activities. We aim to reach our target of 100% renewable energy use for electricity in 2050 by setting 45% in 2030 and 90% in 2040 as interim goals.

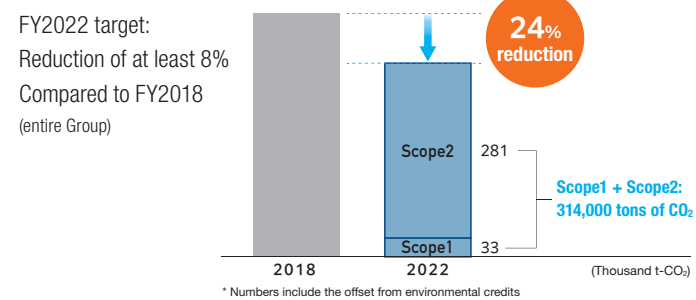
History of Initiatives on Climate Change

Apr. 1992	Established Fujikura Group Global Environmental Charter
Jul. 2012	Began responding to CDP Climate Change Questionnaire
Apr. 2013	Revised Fujikura Group Global Environmental Charter (added preservation of biodiversity)
Sep. 2013	Became a signatory of the UN Global Compact
Apr. 2016	Formulated 5th version of the Fujikura Environmental Management Action Guidelines (FY2016-FY2020)
Jul. 2016	Formulated Fujikura Group Long-term Environmental Vision 2050
Jul. 2017	Began responding to CDP questions on water and the supply chain
Apr. 2019	Joined the Japan Climate Leaders' Partnership (supporting member)
Sep. 2019	Affirmed the Task Force on Climate-related Financial Disclosures (TCFD) recommendations
Oct. 2019	Joined RE100
May 2023	Became a participating company in the GX League
Jul. 2023	Obtained approval of science-based targets (SBT)

Roadmap to Zero CO₂ Emissions



Reduction of Total CO₂ Emissions (Target and Results for FY2022)



See Fujikura Group Environmental Management Activity Guidelines under Environmental Policy and Targets on our corporate website for other environmental targets and indicators.



<https://www.fujikura.co.jp/eng/esg/environmental/index.html>

Main Initiatives in FY2022

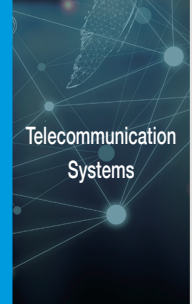

Green Transformation (GX) Project Launched

In April 2022, Fujikura launched the GX Project as an internal cross-organizational project. The project is the pillar for activities to achieve Long-term Environmental Vision 2050 Challenge 1, Zero CO₂ emissions at plants by 2050. We are pursuing the following activities to achieve carbon neutrality under the three themes of (1) energy savings from development of innovative manufacturing and other activities and reduction of CO₂ emissions through in-house power generation and purchasing energy, (2) reduction of CO₂ emissions from the supply chain, and (3) reduction in the carbon footprint of products.

Specifying Climate Change-related Risks and Opportunities

The Fujikura Group is working to specify the risks and opportunities that could materialize in the process of transitioning to a low-carbon economy. We are analyzing what kind of impact climate change will have on growth of Fujikura Group businesses, based on the long-term forecasts of international research institutions (OECD, IPCC), social concerns, and requests for response to climate change from customers. Specified risks are re-evaluated as needed.

Risks		
Type	Climate Change Risk	Future Response
 <p>2°C Scenario (Migration risk) Short Term/ Medium Term</p>	<p>[Policy/Legal Risk]</p> <ul style="list-style-type: none"> Stricter CO₂ emissions regulations in various countries through the introduction of a carbon tax, etc. Trial calculation of financial impact from a carbon tax Demands from customers and the countries Fujikura operates in and obligation to reduce greenhouse gas emissions and our carbon footprint 	<p>Following the roadmap to 100% renewable energy, move forward with extensive use of energy savings, introduction of renewable energy, credits, and other tools based on Fujikura Group Environmental Long-term Vision 2050</p> <ul style="list-style-type: none"> Pursuing use of renewable energy in business activities (at head office, plants, etc.) Strengthening response by joining the RE100 and affirming TCFD recommendations, and regularly monitoring and responding to ESG rating indicators <p>TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p> <p>RE 100 °C CDP DISCLOSURE LEADER ACTION</p>
	<p>[Technology Risk]</p> <ul style="list-style-type: none"> Disruption of existing technology Demand to minimize energy consumption during product manufacturing or use renewable energy <p>[Market Risk]</p> <ul style="list-style-type: none"> Changes in demand for products and services Temporary increase in capital investment cost from climate change countermeasures requested by customers or the community Rising raw material prices and diversification of suppliers from climate change-related factors <p>[Reputation Risk]</p> <ul style="list-style-type: none"> Demands for information disclosure on and response to climate change by customers, investors, and various rating organizations 	
 <p>4°C Scenario (Physical risk) Medium Term/ Long-term</p>	<p>[Acute Risk]</p> <ul style="list-style-type: none"> Impact on operations from flooding, a large typhoon, or other natural disaster Impact on business results if a production facility is damaged and this reduces operating capacity or requires equipment restoration, etc. Impact on production plans due to partial severance of the supply chain Fujikura Group companies suffered massive damage from flooding in Thailand in 2011, and it took five years to recover <p>[Chronic Risk]</p> <ul style="list-style-type: none"> Health considerations for employees who work in the area of operation due to a rise in the temperature, or other changes Securing the safety of employees due to an increase in the amount of rainfall Impact on operations from a future rise in sea level 	<p>Disaster preparedness/prevention response for affected locations</p> <ul style="list-style-type: none"> We used the lessons learned from the damage caused by the 2011 flooding at FETL in Thailand and implemented measures such as diversifying locations and building a flood wall near the business, from the perspective of BCP Slope face maintenance around office sites and response to high tides and tsunamis at plants near the ocean Domestic locations that will be affected by flooding or a rise in sea level are the head office, FUJIKURA HIGH OPT Co., Ltd. (Kiba, Koto-ku, Tokyo), Numazu Copper Refining and Rolling Co., Ltd. (Kanayaizumicho, Shimada City, Shizuoka Prefecture), and NISHI NIPPON ELECTRIC WIRE & CABLE CO., LTD. (Kasugaura, Oita City, Oita Prefecture) <p>*Survey of government hazard maps</p>

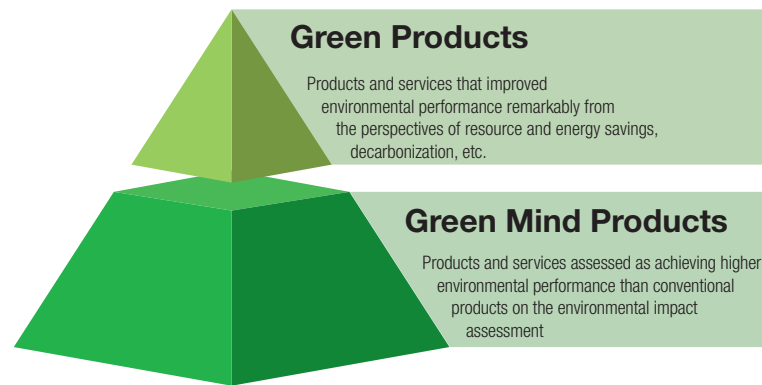
Opportunities		
Individual Businesses	Social Trends	Opportunities
 <p>Energy</p>	<ul style="list-style-type: none"> Increase in demand for power, especially electric power demand, mainly in developing countries due to economic growth, urbanization, population growth, and other factors Power supply stabilization, increased efficiency, and progress on energy savings under the 2° C scenario through the use of digital technology Diversification of both power supply and demand for companies, individuals, etc., and increase in renewable energy use under the 2° C scenario Concern over the increase of natural disaster under the 4° C scenario Response to the Act on Promoting the Elimination of Utility Poles (disaster prevention, etc.) 	<p>[Markets]</p> <p>Proliferation and expansion of renewable energy</p> <p>[Products/Services]</p> <p>Expansion of Green-related products</p> <p>[Energy Sources]</p> <p>Products related to highly efficient electrical power systems</p> <ul style="list-style-type: none"> Promotion of digital technology use <p>[Resilience]</p> <p>Strengthening the resilience of social infrastructure such as electrical wire and cable</p>
 <p>Telecommunication Systems</p>	<ul style="list-style-type: none"> Exponential growth in data distribution, storage, and analysis volume due to the advancement of digitalization Rapid expansion in new service businesses that use digital technologies such as big data, IoT, 5G, and AI Advancement in CASE/MaaS millimeter wave (mmWave) (wireless communication) Concerns over response to natural disasters under a 4° C scenario 	<p>[Products/Services]</p> <p>Roll out of solutions mainly for high density, small-diameter optical cable (SWR®/WTC®)</p> <p>[Markets]</p> <p>Expansion of Green-related products</p> <ul style="list-style-type: none"> Products for highly efficient IT systems Promotion of digital technology use Strengthening the resilience of communication lines as social infrastructure
 <p>Electronics</p>	<ul style="list-style-type: none"> Increase in industrial robots Entrance into medical products Increase in automotive electronic components Increase in mmWave-capable components 	<ul style="list-style-type: none"> Pursuit of R&D to respond to CASE Promotion of digital technology use Expansion of Green-related products Increase in demand for industrial and automotive connectors
 <p>Automotive Products</p>	<p>CASE advances</p> <ul style="list-style-type: none"> Increase in wiring harnesses accompanying increase in electronic components Advancement of move to electric vehicles under a 2° C scenario Increase in demand for lighter wiring harnesses 	<ul style="list-style-type: none"> Lighter wiring harnesses Pursuit of R&D to respond to CASE Combining knowledge of the automotive products business with the telecommunication systems, energy, and other businesses to generate new businesses related to electric vehicles Strengthening response to automotive components other than wiring harnesses and electric vehicles Expansion of Green-related products
 <p>Real Estate</p>	<p>Promotion of digital technology use</p> <ul style="list-style-type: none"> Need to consider the positive environmental impact of ZEB and other measures, etc. 	<ul style="list-style-type: none"> Securing and maintaining tenants that demand environmental friendliness

Expansion of Environmentally Friendly Products

Green-related Products

The Fujikura Group performs a product environmental assessment at the product planning, development, and design stages to assess the environmental friendliness of a product and improve environmental performance. Products that meet the standards are approved as Green products or Green Mind products. We are screening and registering 60 or more of these products a year.

Green-related Products



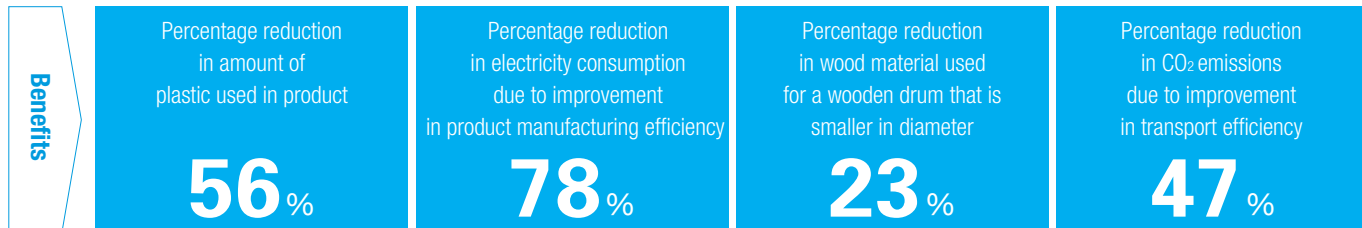
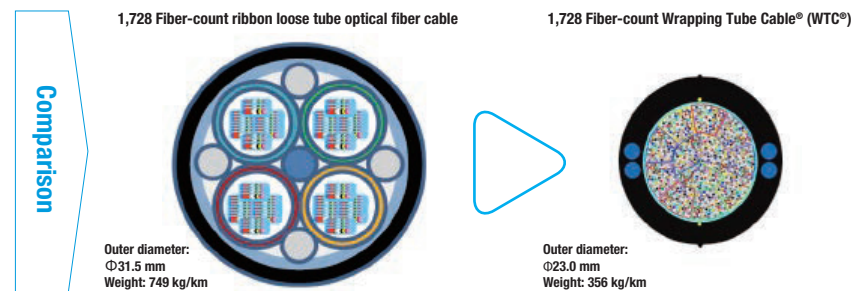
Number of Fujikura Group Products Registered as Environmentally Friendly Products (Green-related Products)

Cumulative Number of Products Registered as Green-related Products	4,115
Products approved from 2011 to March 2023	
Of which, Green products	23
As of March 2023	
Green-related product sales as a percentage of total net sales	57%
FY2022 results	

The Fujikura Group established the Green-related product approval system to pursue development of environmentally friendly products from the perspective of protecting the global environment. The Green Product Management Committee screens product environmental assessment check sheets submitted by each business unit and registers those that score at or above a certain level on the standards as Green-related products. The product environmental assessment check sheet was formulated in 2011 and is updated on a regular basis. A member of the Research and Development Unit is appointed as chairperson of the Green Product Management Committee and committee members are selected from each unit. We have adopted the Type II environmental labelling specified in ISO 14021 for approval of Green-related products.

Reducing the Environmental Impact During Manufacturing and Transport

SWR®/WTC® is contributing to reduction in environmental impact through cables that are lighter and smaller in diameter, streamlining of the manufacturing process, and use of small-diameter drums.



Environmentally Friendly Products

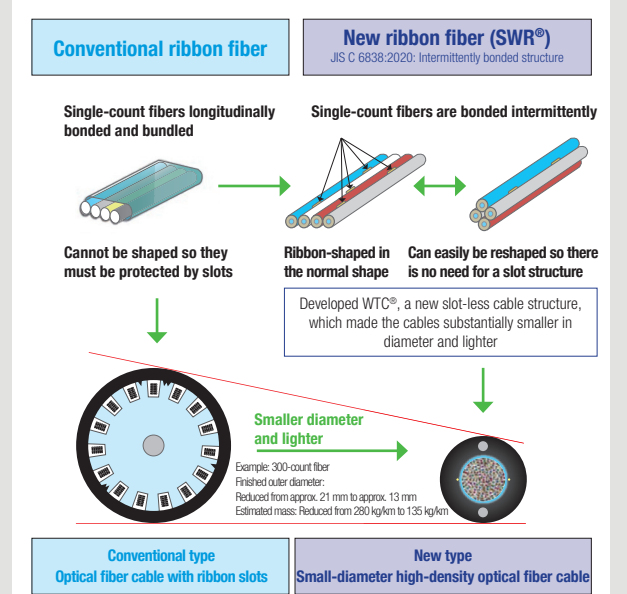
Product name Spider Web Ribbon® (SWR®) and Optical Cable Using SWR®

Purpose of use High-density optical cable for FTTx and large-scale data centers

Environmentally friendly

SWR®, in which single optical fiber strands are intermittently bonded, forms a ribbon-like construction that can easily be reshaped. As a result, the slot protection used when bundling fibers into a cable is no longer needed and we were able to reduce the outer diameter and weight of the cables themselves by up to 60%.

We were also able to include a higher fiber count in cables using SWR® by reducing the diameter of fiber strands from 250 μ m to 200 μ m, without increasing the outer diameter of the cable. This also reduced the weight. We also used the same fiber pitch for 250 μ m and 200 μ m fibers, which made fusion splicing of both possible. This contributes to improved productivity during installation work.

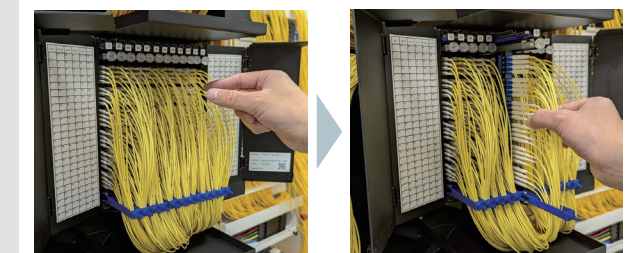


Product name Rack-mountable Optical Connector Termination Cabinets

Purpose of use Optical connector termination cabinets equipped with optical cables for data centers

Environmentally friendly

Fujikura successfully developed an optical termination cabinet that accommodates high density and is easy to maintain. This termination cabinet enables storage of 1.5x the number of optical fiber cords compared to similar products of other companies and contributes to resource conservation. Normally, when a cabinet is simply packed to high density, it makes it harder to insert and remove cables. However, the use of a sliding mechanism for the connector trays has made it possible to easily and safely insert and remove connectors without making maintenance more difficult. The use of SWR®/WTC® has also made it possible to use smaller-sized cables and has increased the number of fibers that can be inserted in racks and pass through ducts.



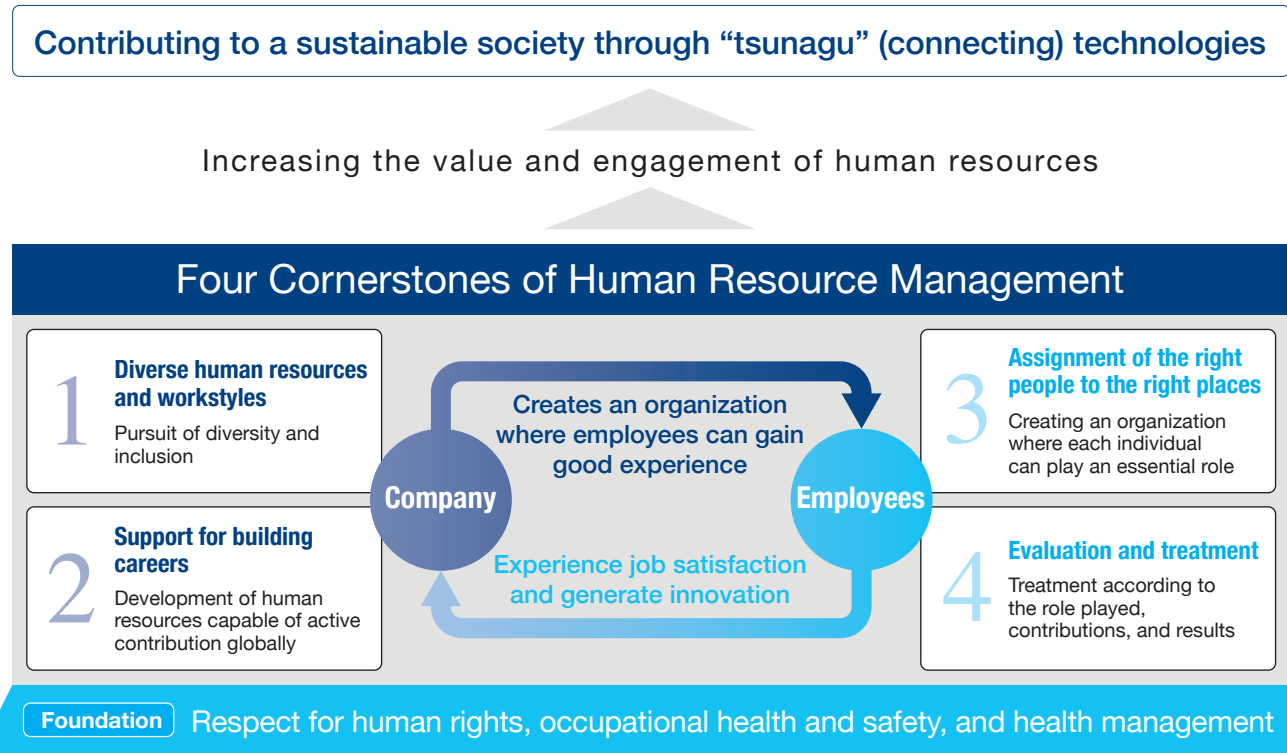
Densely packed optical cords make it difficult to insert and remove connectors

The use of a sliding mechanism for connector trays increases the number of fibers that can be inserted without making maintenance more difficult

Human Resource Development

Basic View on Human Resource Management

The Fujikura Group firmly believes that increasing the value and engagement of human resources creates value for society and will lead to the maximization of corporate value. We will continue to create an organization where employees can gain good experience. Investing in human resources is theme we should make our top priority as the Fujikura Group achieves sustainable growth and we will strive to achieve well-being both for our company and our employees by implementing the measures and initiatives necessary in the four cornerstones of human resource management, below.



Diverse Human Resources and Workstyles

Fujikura strives to create an environment where employees can demonstrate their abilities while utilizing their individuality, regardless of differences in race, nationality, gender, sexual orientation, gender identity, age, disability, sense of values, faith, religion, or other attributes. We strive to provide a range of workstyles that respect the needs of our employees and pursue flexible workstyles to adapt to change in global conditions or circumstances specific to each country as we work to increase the value and engagement of our human resources

Pursuing Flexible Workstyles

Telecommuting System

The existing work-from-home rules were revised in January 2021 to adapt to the new normal and we expanded the scope for which the system is used. We expanded the system mainly by eliminating the limit on the number of days employees can telecommute, expanding eligibility, and paying a telecommuting allowance.

Side Jobs and Concurrent Work

Rules on side jobs and concurrent work were established in January 2023. Employees can engage in side jobs or concurrent work under certain conditions*, provided they obtain permission from the Company in advance. Eight employees have submitted requests in the three months since this system was introduced. The main side jobs include work such as consulting, creating and managing websites and e-commerce sites, work that utilizes the employee's qualifications and expertise, and a family business. Our position is that employees take the initiative and responsibility for engaging in such work outside of working hours. We encourage employees to build their careers in diverse ways and are striving to foster an organizational culture which encourages employees to take on challenges.

*Such work is not permitted when there is a need to avoid long working hours to fulfill the obligation to consider safety, and when it would make it difficult to fulfill the obligation to protect confidentiality, avoid competition, and faithfully fulfill work obligations.

Promoting the Advancement of Women

Fujikura has positioned promoting the advancement of women as key diversity and inclusion measure. To enhance corporate value, we strive to foster a culture in which all employees cooperate and work together while respecting one another, regardless of gender, and which welcomes new ideas and makes it easy to generate creative ideas.

Employee Status (Fujikura) * As of March 31, 2023

	Men	Women
Number of employees	2,028 (84.6%)	369 (15.4%)
Average years of employment	18.5	16.9

Results and Targets (Fujikura)


Indicator		FY2021	FY2022	Target
Percentage of new hires who are women (Corporate planning career track)	Administrative	45%	80%	At least 50% every year
	Technical	7%	7%	At least 10% every year
Percentage of women in managerial positions		3.9%	3.9%	5.6% (by FY2025)

Action Plan for Promoting the Advancement of Women

We are working to foster an internal culture that will increase the number of women in management. This not only includes eliminating concerns that women who are in positions just under management level have in building their careers. It also includes the simultaneous effort to change the mindset on the management side and encourage systematic development and promotion of women.

- (1) Holding seminars on diversity management
- (2) Considering ways to create a framework that will encourage systematic development and promotion
- (3) Providing opportunities for interacting with diverse role models
- (4) Sending employees out to interact with others in a different industry

One employee's perspective as a woman



Catinean Andreea

Manager, Automotive Products Planning Division, Automotive Products Business Unit

I joined Fujikura in 2012. After gaining experience in procurement and logistics in the Global Procurement Planning Division of the Automotive Products Business unit, I had two children and took maternity and childcare leave while working in the Automotive Products Planning Division and returned to my current position in 2021. My current work mainly involves profitability management and I frequently engage in exchanges with the accounting divisions at European locations. I am working shortened working hours from 10:00 a.m. to 4:30 p.m., but also participate in meetings at night on rare occasions due to the difference in time zones. Although my eldest child is now in elementary school, my youngest child is in nursery school and still requires a lot of work, so it is extremely helpful to be able use a hybrid workstyle of coming into the office and working from home. The system for taking time off in hourly increments also enables me to successfully manage both work and childcare. I carefully manage my schedule and take care to communicate closely with work colleagues to accomplish results in limited work hours. I find my current work very fulfilling and can take on new challenges such as responding to the situation in Ukraine, the semiconductor shortage, and other aspects of the dizzying pace of change in the external environment and learning more about management, finance, and accounting. I want to become a management professional in the future while balancing work with raising my children.

Human Resource Development

Encouraging Men to Take Childcare Leave

Fujikura strives to create a workplace that makes it easy for anyone to work and provide an even better environment for achieving a balance between childcare and work, regardless of one's gender. We are actively encouraging men to take childcare leave, which will also help to solve social problems such as consciousness of gender roles, fewer children being born, and a decline in the working population. Initiatives in FY2022 included publishing a Handbook on Childcare Leave for Men for managers and male employees, providing training through fathers' classes and managers' training on managing childcare leave for men to foster a culture that makes it easy to take childcare leave. In FY2022, 56% of men took childcare leave and the average leave taken was 34 days.

One employee's perspective on taking childcare leave



Tomohisa Endo
Assistant Manager, Laser and Photonics Research Department

I took about one month of childcare leave from March 2023 when my first child was born. The number of my peers and junior colleagues taking childcare leave is increasing and I had almost no concerns because I had heard others talk of their experiences beforehand. I thought taking leave was good because it improved my scheduling skills as well as my housework and childcare skills. Although I did housework before the baby was born, during leave I was in charge of the milk, diapers, putting the baby to sleep, taking the baby for check-ups, meals, wash, and other tasks and managed to master the basics. I met with my superior upon returning to work and was able to consult him on my workstyle following my return to work, based on the interview sheet. This reassured me. I was very grateful that the company had established a support system and that my superior understood what it takes to care for a child.

Employing People with Disabilities

The Fujikura Group is actively working to employ people with disabilities and establish a work environment from the perspective of fulfilling our social responsibilities and achieving normalization (mutual support of people with disabilities). We are making progress on improving the work environment in the entire Group to make it easy for people with disabilities to work. Our goal is, of course, to achieve the legally mandated employment rate, which was raised to 2.3% in March 2021, as well as fulfill our social responsibilities and achieve normalization. The legally mandated employment rate for FY2022 was 2.67% (in Japan).



Fujikura Cube Ltd., special subsidiary for promoting the employment of people with disabilities

Fujikura Cube Ltd. actively employs people with disabilities. It was established on the grounds of Fujikura's Sakura Works in November 2015 as a wholly owned subsidiary of Fujikura Ltd. with the mission to be a company where anyone can actively contribute. Fujikura Cube launched its business in greening and cleaning operations in April 2016, and was accepted as a "Special Subsidiary" in June 2016. It has gradually expanded the scope of its business since then, and is providing support services to various companies in the Fujikura Group in the areas of work on greening the premises and environmental conservation, cleaning and maintaining company housing and singles dormitories on the premises, printing business cards, administrative support services, foliage plant rental services, laundering plant uniforms, farming/cultivation and sale of farm produce, horticulture, and processing and manufacturing on consignment.

Support for Building a Career

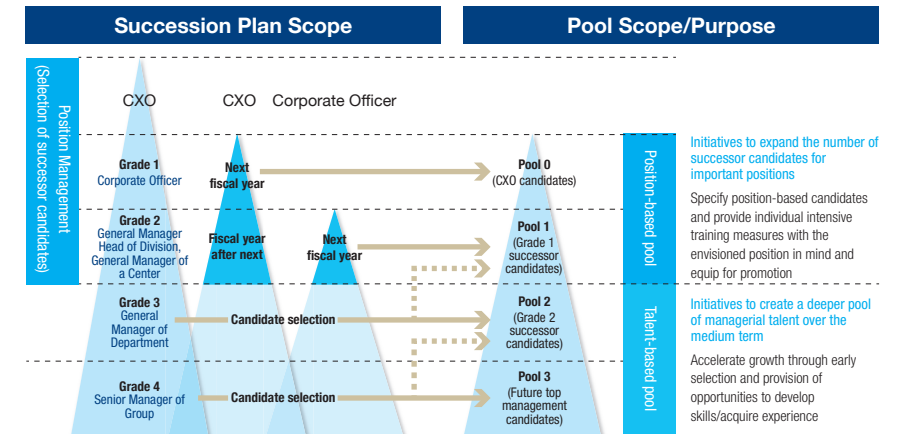
We have established an autonomous training program to support employees in building their own careers. Under this program, employees can voluntarily opt to take advantage of the learning opportunities they need to build their own career. Fujikura is also pursuing initiatives aimed at providing opportunities for employees to think independently about their own careers. In addition to launched career-design training by grade level, everyone who has been promoted to a planning professional and members of HR management meet with employees to discuss their careers.

FY2022 Training Programs

	Training by grade level				Training for all levels						
	Mandatory training	Optional menu-based training	Management development training (selection-based)	Career design training	Global human resource development	Training by division	Other				
Managers	Training for new corporate officers	Online training video service	Managerial talent development program	Career design training	Global human resource development	Training for employees stationed overseas	TOEIC cost subsidization and online English conversation program	Japanese language training	Harassment prevention	Professional training within a division	External training
	Training for new Group company presidents								Internal reporting (whistleblowing)		
	Training for new Group Senior managers								Intellectual property		
	New manager training								Quality		
Planning professionals	Contracts and legal basics	Elective training	Training by age range	Training by age range	Global human resource development	Training for employees stationed overseas	TOEIC cost subsidization and online English conversation program	Japanese language training	Export management	Professional training within a division	External training
	Compliance								Insider trading		
	Training for second-year employees								Corruption prevention		
	Training for new employees								Information security		
									Subcontracting Act		

Managerial Talent Development

Since 2019, Fujikura has been managing a pool of managerial talent selected mainly by members of management and Human Resources & General Affairs. The purpose of this pool is to continuously develop management candidates for the next year and the year after that. Those in the pool are provided training and given experience to generate a stable supply of management candidates.



Assignment of the Right People to the Right Places

A career challenge system was introduced in 2016. Under this system, an employee can take the initiative to apply for transfer to a specified position. We encourage each employee to exercise independence and expect the creation of an autonomous organization to lead to innovation. Moreover, because Fujikura operates its businesses globally, there is a high need for employees to learn the local commercial practices in each country and region. We are providing an environment that enables employees to gain experience by being stationed overseas from an early point and are focusing on developing human resources capable of actively contributing globally.

Evaluation and Treatment

In Fujikura's personnel system, we have introduced a system of evaluating and compensating employees according to type of job position and role. Nationality, gender, or being a new hire or mid-career professional play no role in promotion and treatment. We also emphasize equity in evaluating personnel to establish an environment where each employee can demonstrate their abilities to the fullest extent.

Supply Chain

The businesses of the Fujikura Group are supported by all of our suppliers, who are the business partners that supply us with raw materials, components, and equipment.

The Fujikura Group established the Fujikura Group Basic Procurement Policy to build strong relationships of trust with our suppliers through fair, impartial, and honest procurement activities. We also established the Fujikura Group Procurement Purchasing Division Code of Conduct to strictly control our own actions.

In addition to this, each group company in Japan participates and regularly conducts educational sessions on the Subcontracting Act and is continuing compliance efforts.

Fujikura Group Basic Procurement Policy

1. Fair and Impartial Trade

Fujikura Group companies open doors worldwide for suppliers. We will provide equal opportunity with potential suppliers and encourage free competition. We evaluate them through fair and sound assessment process for price, quality, delivery, stable supply, technological competence and reliability.

2. Collaborative Relationship with Suppliers Based on Mutual Trust

Fujikura Group Companies faithfully and honestly protect suppliers. We always endeavor to develop collaborative, mutually-beneficial relationships with suppliers based on mutual trust. We do not disclose any information obtained through business with suppliers to third parties without prior consent.

3. Compliance with Laws, Regulations and Social Norms

Fujikura Group companies comply with not only relevant laws and regulations but also conduct transactions in accordance with business ethics and social norms in the countries and regions where we are doing business.

4. Environmental Preservation

Fujikura Group companies strive to maintain an environmental management program designed to minimize the impact on the environment together with our suppliers in order to contribute to preservation of global environment and realization of sustainable society.

Fujikura Group Procurement Purchasing Division Code of Conduct

1. Contribute to corporate profits through fair and impartial procurement activities
2. Maintain and enhance society's trust in the Fujikura Group by complying with laws and regulations and maintaining confidentiality.
3. Maintain strict discipline and earn trust within and outside of the Group as an even-handed procurement team member.
4. Prevent breach of trust and improper actions.

Fujikura Group CSR Procurement Structure

As corporate globalization has accelerated in recent years, the corporate social responsibility (CSR) demanded in corporate procurement activities is becoming increasingly important. Fujikura and the Fujikura Group regularly hold internal meetings on CSR where they explain related laws and regulations and share information on compliance, supplier management, and other initiatives. They also consider themes that should be shared with all suppliers as ESG themes increase, including the importance of human rights due diligence on conflict minerals and other aspects of the supply chain, and information relating to response to climate change. These meetings are strengthening the skills of staff members in charge of procurement. The Fujikura Group Partners Meeting is also held every year as a venue for engaging in direct dialog with our suppliers. We are working to maintain CSR procurement through the entire supply chain by communicating with suppliers directly to help them understand CSR procurement in the Fujikura Group.

CSR Supply Chain Surveys

The Fujikura Group regularly provides a CSR procurement self-assessment questionnaire and a procurement department survey to the main suppliers in our supply chain to ascertain the actual status of CSR activities in the supply chain. We share information on the results of the survey with our suppliers in the form of feedback. The main question topics in the survey are listed below.

- Corporate governance relating to CSR
- Environment
- Information security
- Human rights
- Fair corporate activities
- Supply chain
- Labor
- Quality and safety
- Coexisting harmoniously with local communities

Supplier Assessment System

The Fujikura Group introduced a supplier assessment system in FY2016 to establish an appropriate supplier structure by fairly and impartially evaluating suppliers from the standpoint of quality, cost, delivery, development, and management. We are currently expanding the scope of our implementation, and are building deeper partnerships with highly rated suppliers.

Partners Meeting

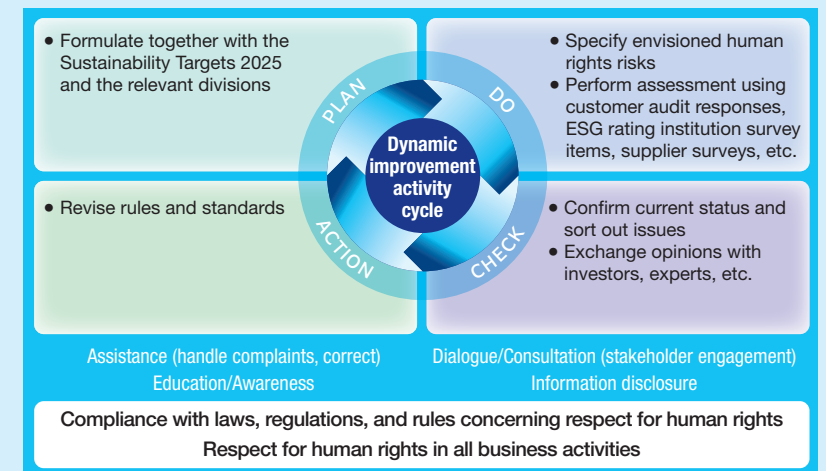
The promotion and penetration of CSR procurement requires direct dialogue with suppliers. The Fujikura Group hosts the Fujikura Group Partners Meeting in Tokyo and Shanghai every year to obtain the understanding and cooperation of suppliers and work toward CSR procurement across the entire supply chain.

At the Partners Meeting, the Fujikura Group's management plan and procurement policy are explained to the suppliers who participate. Through the distribution of CSR procurement guidelines, suppliers are encouraged to participate in the Fujikura Group's procurement activities and we ask for their understanding and cooperation. In recent years, we have shared the importance of responsible mineral sourcing and other aspects of human rights due diligence in the supply chain, and information on response to climate change and other ESG themes with suppliers.

Respect for Human Rights

Practicing Human Rights Due Diligence

Based on the Fujikura Group Policy on Human Rights, the Fujikura Group takes steps internally to address human rights issues when they emerge through the company's internal reporting system and Partners Meetings with suppliers. We are building a human rights due diligence system according to the process described in the UN Guiding Principles on Business and Human Rights.



Specification of Envisioned Human Rights Risks and Regular Close Scrutiny

The Fujikura Group uses international guidance on human rights, customer surveys, and the questionnaires of ESG rating organizations to identify potential human rights risks in business activities and closely scrutinize them on a regular basis.

Envisioned Human Rights Risks Relating to Fujikura Group Business Activities

Business Activities	Procurement	Manufacturing	Sales
Human Rights Risks	Child labor, forced labor, abuse of power, discrimination, non-payment of wages, unfair dismissal, health and safety, etc.	Occupational health and safety, labor-management relations, foreign workers, freedom of association, harassment, etc.	Infringement of human rights due to product quality and safety or unintentional use, etc.
Stakeholders	Suppliers, local community	Group employees	Customers, local community
Impact on Businesses	Impact on stable procurement and risk of customer losses	Decline in engagement	Damage to brand value
Identifying Risks	Communication with suppliers or conducting surveys through Partners Meetings	Use of internal reporting system, internal audits by an expert division, and response to RBA audit from customers	Ascertaining trends in proposed legislation relating to human rights

Fujikura Kiba Millennium Woods



See "Fujikura-Kiba Millennium Woods, a Symbol of Fujikura's Resolve to Protect Biodiversity and the Local Community" on our corporate website for more information.



Fujikura's Resolve to Protect Biodiversity

The Fujikura Group is keenly aware of the close relationship between its business activities and the global environment, and has set the goal of being a corporate group that is good for both people and the environment and strives to make every effort to protect the global environment. All living things live by mutually supporting one another either directly or indirectly, and our lives and lifestyles are supported by the many blessings generated through biodiversity. The Fujikura Group formulated "Roadmap 2030: A Long-Term Vision for Biodiversity" in January 2013 and is pursuing initiatives aimed at increasing awareness of protecting biodiversity.

Created as a Symbol of the Local Community

When we redeveloped the grounds of our head office in November 2010, we opened a biotope and garden called Fujikura Kiba Millennium Woods next to our head office in response to requests from local schools and citizens for more greenery and the increasing interest in biodiversity.

The name, Fujikura Kiba Millennium Woods, incorporates the hope shared with everyone in the Kiba area of Koto-ku that the abundance of nature will persist in the future for 1,000 years.

Fujikura Kiba Millennium Woods covers 2,200 m² and contains two ponds and a river that connects them, a floating island, walking paths, and other features. We gave preference to native species in designing it to replicate the abundant forests and woods that existed in the Musashino plateau several hundred years ago, as a space dedicated to wildlife. The woods have now grown enough for the chicks of the spot-billed duck and the common kingfisher to fly out of their nests.

Wildlife and Plants in Fujikura Kiba Millennium Woods

Plants	Fish	Birds	Insects
<ul style="list-style-type: none"> 73 species native to the Kanto area; 500 tall and medium-sized trees, 2,000 shrubs 35 grass, moss, and aquatic plant species; approx. 15,000 plants 	<ul style="list-style-type: none"> Limited to fish, shrimp, and shellfish in the Arakawa watershed Approximately 800 fish of 10 different species were released; there are now around 1,300 fish 	<ul style="list-style-type: none"> Around 20 species, including the common kingfisher, brown-eared bulbul, and spot-billed duck 	<ul style="list-style-type: none"> Over 50 species of dragonflies, butterflies, and other insects spotted



Communication with Local Residents

At Fujikura Kiba Millennium Woods, we place importance on active communication with employees and members of the community.

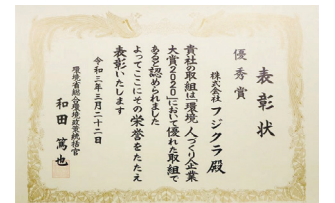
The woods are mainly used for educational activities to raise environmental awareness among employees, nature education for local preschools, kindergartens, and elementary schools, as well as for graduate school classes and government-sponsored ecological tours.



Use for nature education activities for local children Use for graduate school classes

Fujikura Given the Award of Excellence in the 2020 Environmental Human Resource Development Company Awards from the Ministry of the Environment

We received the Award of Excellence (large company division) for the first time in the 2020 Environmental Human Resource Development Company Awards sponsored by The Ministry of the Environment and the Environmental Consortium for Leadership Development (EcoLeaD). This award was given in recognition of the aforementioned kinds of environmentally-friendly production activities, efforts toward employee education, and other comprehensive initiatives, and activities to promote biodiversity in cooperation with the local area and government, as represented by the Fujikura Kiba Millennium Woods. The 2020 Environmental Human Resource Development Company Awards recognize companies which support activities to nurture and produce personnel to lead environmentally-friendly company activities. It is based on the Act on the Promotion of Environmental Conservation Activities through Environmental Education.



Certificate of Commendation

Registration as a Good Edo-Midori Green Area by the Tokyo Metropolitan Government and Participation in Biodiversity Alliances

In 2017, Fujikura Kiba Millennium Woods was registered as a good green area under the Edo-Midori Green Area Registration. This system restores the environment suitable for the creatures of Tokyo, including wildlife such as insects and birds, by planting vegetation (native species) naturally distributed in Tokyo on the premises of buildings, etc. Fujikura was registered because of its participation in the Edo Green Restoration Program, a project to plant native species being implemented by the Tokyo Metropolitan Government as a public-private partnership, where relevant industries join together to formulate measures for spreading native species in Tokyo.

The Fujikura Group is participating in the Ministry of the Environment 30by30 alliance for biodiversity and is targeting registration in the World Database on Other Effective Area-based Conservation Measures (OECM).

We have also affirmed the Keidanren Initiative for Biodiversity Conservation and are working to preserve and improve biodiversity.



Supporting Fujikura Gakuen



Our support of Fujikura Gakuen forms part of the Fujikura Group's social contribution activities. The goal is to support its users, namely children with cognitive disabilities, in developing physically and mentally in a wholesome manner and gaining essential skills for living independently in the local community while preserving their dignity.

What Is Fujikura Gakuen?

Fujikura Gakuen, a social welfare corporation, was founded on June 7, 1919 in the town of Motomachi in Izu Oshima. Harukichi Nakauchi, the blood brother of the founder Zenpachi Fujikura, donated a sizable amount of his personal assets (currently worth approximately two billion yen) and 40,000 tsubo of land (approx. 132,000 m²) in Izu Oshima and buildings to establish the school and residence for mentally handicapped children and adults. Today, Fujikura Gakuen has facilities on Izu Oshima and in the Tama area (Hachioji City). These facilities have around 100 workers who provide 24-hour care and education to approximately 130 individuals.

Since its inception, the Fujikura Group has made donations as a company and individual Fujikura employees have also donated their own money to support operation of the organization. The support provided to Fujikura Gakuen is considered the focal point of the Fujikura Group's social contribution activities, and this support will be sustained going forward.



Harukichi Nakauchi, founder of Fujikura Gakuen



Fujikura Gakuen in Izu Oshima



Fuji Café, operated by Fujikura Gakuen

Established 1919

Facilities 2 locations*
* Izu Oshima, Tama area (Hachioji City)

No. of clients Approx. 130

Main Supporting Activities

Support is provided through fundraising donations, volunteer activities, and product sales, which also contribute to fostering the right mindset (thinking, action, and belief) for each individual employee.



Presenting Donations from the Works

Fujikura Sakura Works conducts fundraising activities in support of Fujikura Gakuen. Sakura Works will continue its supporting activities in the future.

Group Company Donations

Many Fujikura Group companies, including Fujikura Ltd., make donations. The entire Fujikura Group considers the support provided to Fujikura Gakuen to be the focal point of our social contribution activities, and this support will be sustained going forward.

On-site Sale of Fuji Café Products

Located in Izu Oshima, Fuji Café is a living assistance center where students of Fujikura Gakuen undergo vocational training to gain independence. The Fuji Café exhibition and sale, which features products made by Fuji Café (pound cakes, cookies, etc.) for sale to employees, has been hosted at the Fujikura head office and Nishi Nippon Electric Wire & Cable with ongoing support.



Head office



Nishi Nippon Electric Wire & Cable Co., Ltd.

Corporate Governance

Basic View on Corporate Governance

Fujikura adopted the organizational form of a company with an Audit & Supervisory Committee. This organizational form was chosen to enable agile, effective business operation by delegating substantial authority from the Board of Directors to executive directors and enable thorough deliberation by multiple outside directors who are independent of company management and possess extensive expertise in a wide range of areas.

Fujikura has therefore adopted the effective corporate governance structure described below for the sustainable growth phrase.

Board of Directors

The total number of Directors at the close of the Annual General Meeting of Shareholders held for the fiscal year ended March 31, 2023 was nine, consisting of four outside directors (all of whom were Audit and Supervisory Committee members) and five internal directors. The outside directors who make up nearly half of the Board of Directors are independent of Fujikura's management and possess management experience and expertise in finance, accounting, legal matters, and other areas. These outside directors with diverse insights and expert knowledge thoroughly discuss important matters concerning the company's management (e.g., formulation of medium and long-term strategy, business portfolio restructuring) with internal directors at the Board of Directors meetings and make decisions based on such discussions.

The Board of Directors comprises three executive directors and six directors who do not execute business. The Chairperson of the Board of Directors who does not execute business presides over the proceedings of the Board of Directors meetings as its chair to strengthen the Board of Directors' oversight function. (Meeting held in FY2022: 15)

Operational Execution Structure

Fujikura adopted a system of appointing a Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Technology Officer (CTO), based on resolutions of the Board of Directors. The CEO (who may also be referred to as "Director, President and CEO" below) serves as the CEO of the corporate group consisting of Fujikura and its subsidiaries (hereafter, collectively referred to as the "Fujikura Group" while each subsidiary will be referred to as a "Group subsidiary"). The CFO is a person with ultimate responsibility for the area of finance which requires an extremely high level of expertise, while the CTO is a person with ultimate responsibility for the area of technological development, which similarly requires an extremely high level of expertise.

This sort of triumvirate with the CEO at the top and whose functions being supplemented by the CFO and CTO enables Fujikura to operate its business based on more effective and sophisticated management decisions.

Audit & Supervisory Committee

The Audit & Supervisory Committee consisted of five committee members in total as of the close of the Annual General Meeting of Shareholders held for the fiscal year ended March 31, 2023. These included one full-time internal director and four outside directors who are independent of Fujikura's management.

The Audit and Supervisory Committee Office was established and is staffed with exclusive, full-time personnel as the organization which supports the activities of the Audit and Supervisory Committee, at its direction. (Meetings held in FY2022: 19)

Nomination and Remuneration of Directors

When making decisions on the following matters concerning the nomination of directors, the Nominating Advisory Committee, an advisory body to the Board of Directors (having an outside director as Chair and outside directors as the majority of committee members), verifies the fairness and appropriateness of the Board of Directors' decision-making process.

- Draft proposals for resolutions of the General Meeting of Shareholders concerning election and dismissal of directors
- Successor plans
- Criteria for election and dismissal of directors
- Criteria for of independence for outside directors

When making decisions on the following matters concerning remuneration of directors, the Remuneration Advisory Committee, an advisory body to the Board of Directors (having an outside director as Chair and outside directors as the majority of committee members), verifies the fairness and appropriateness of the Board of Directors' decision-making process.

- Director remuneration and the system for determining the amount thereof
- The amount of remuneration for each director

Establishment of a System of Internal Controls by Executive Directors and Audits by the Audit and Supervisory Committee

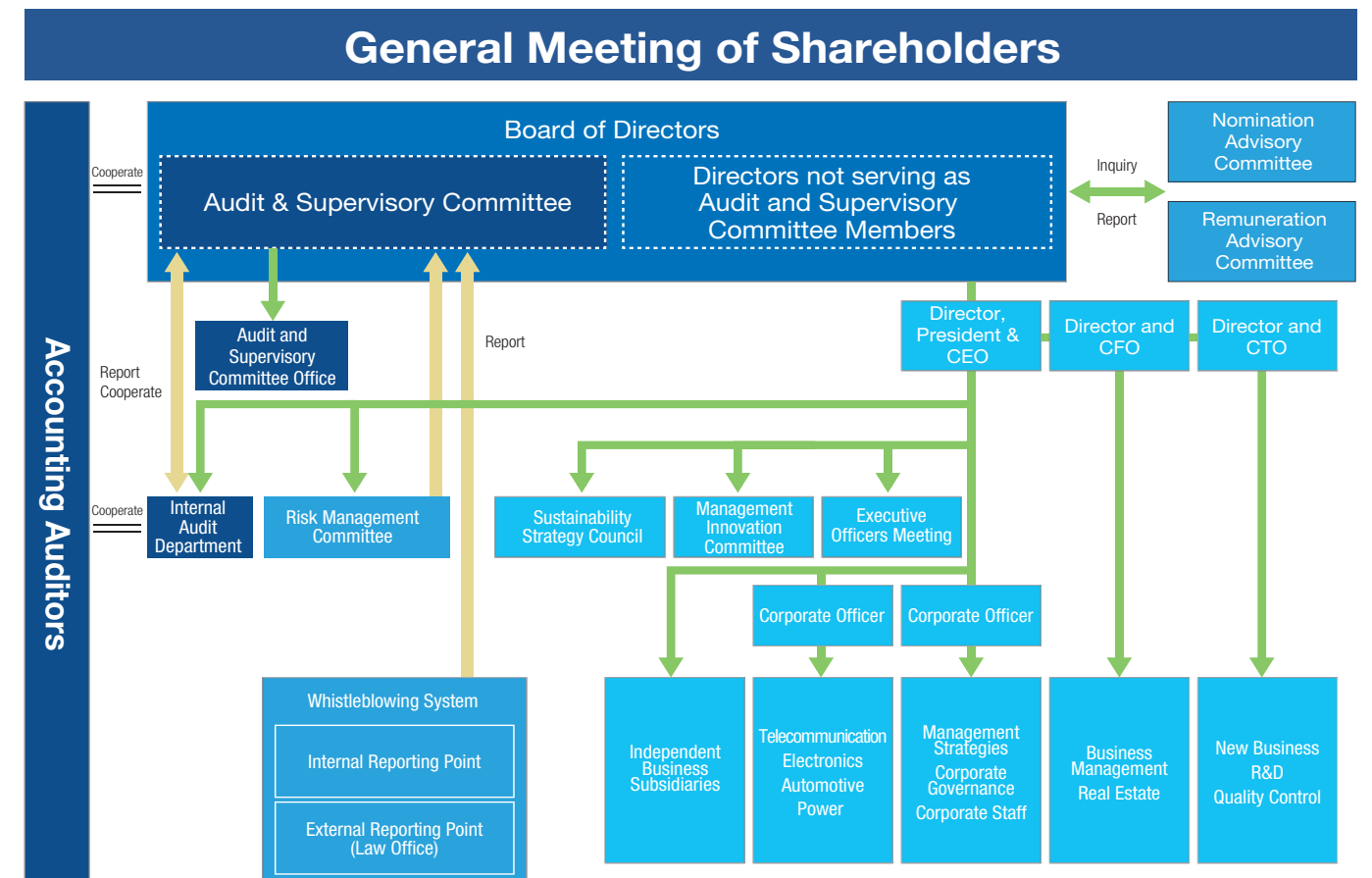
Executive directors are in charge of business divisions they are assigned by the Board of Directors and supporting organizations for business divisions, corporate divisions, or Group companies overseen by them or by an executive officer under their control. They assume responsibility for compliance with and implementation of Fujikura's system of internal controls. As members of the Board of Directors, which makes decisions on the system of internal controls, executive directors also assume responsibility for the appropriateness of the internal control system.

The Audit and Supervisory Committee supervises compliance with and implementation of the system of

internal controls concerning the performance of duties by executive directors. The Committee therefore audits that status of compliance and implementation in Fujikura and in Group companies, as needed. In addition to checking and verifying the contents of information provided by the executive side, the Audit and Supervisory Committee requests direct explanations from executive directors and others responsible for execution. As members of the Board of Directors, which makes decisions on the system of internal controls, Audit and Supervisory Committee members also assume responsibility for the appropriateness of the internal control system.

Corporate Governance Structure

Following the Shareholders' Meeting for the 175th Fiscal Period



Committee Activities

The Fujikura Group has established and is operating the following voluntary committees.

Name	Description	Composition	Number of Meetings Held*2
Nomination Advisory Committee	Advisory body to the Board of Directors established with the purpose of ensuring the objectivity and transparency of decision-making processes related to the nomination of candidates for Directors.	Chairperson: Yoji Yamaguchi, Director*1 Members: Hamako Hanazaki, Director*1; Keiji Yoshikawa, Director*1; and Naoki Okada, Representative Director, President and CEO	6
Remuneration Advisory Committee	Advisory body to the Board of Directors established with the purpose of ensuring the objectivity and transparency of decision-making processes related to the remuneration for Directors.	Chairperson: Keiji Yoshikawa, Director*1 Members: Yoji Yamaguchi, Director*1; Kozo Meguro, Director*1; and Naoki Okada, Representative Director, President and CEO	7
Management Innovation Committee	Committee that examines and promotes streamlining of management resources (including governance) and optimizing business portfolio.	Chairperson: Naoki Okada, Representative Director, President and CEO Composed of executive directors and corporate officers	23
Sustainability Strategy Council	Council that promotes the necessary activities for sustainable corporate management, such as formulating sustainability targets from a perspective of environmental, social, and financial materiality	Chairperson: Naoki Okada, Representative Director, President and CEO Composed of executive directors and corporate officers	3
Risk Management Committee (including the Group Crisis Management Committee)	Committee established to verify the Company's business execution system and execution status from the perspective of risk (including compliance), to prevent and evaluate losses, to formulate policies, and to share the contents of the said policies.	Chairperson: Naoki Okada, Representative Director, President and CEO Composed of executive directors and corporate officers	19

*1 Outside director *2 Number of meetings held in FY2022

Director Remuneration

(1) Policy on Determining Remuneration of Directors

When the Board of Directors determines the policy on remuneration and the amount of remuneration for directors not serving as Audit & Supervisory Committee members, it makes such decisions after these matters have been reported on by the Remuneration Advisory Committee, which is an advisory body to the Board of Directors (chaired by an outside director and comprised of the director in charge of human resources and three outside directors).

The policy on determining the specifics of remuneration for individual directors is explained below.

In addition to handling a large variety of products, Fujikura operates its business globally, and director duties are also highly complex and varied. Our basic policy is that director remuneration should be at a level appropriate for outstanding human resources who are capable of accomplishing such duties. We have therefore classified director remuneration into the following three specific categories based on the survey results from multiple research groups, mainly on listed companies, and have established a system of remuneration based on objective indicators and evaluation, while also strengthening the link to performance.

Basic compensation

A fixed amount of compensation is allocated for the monitoring and supervision functions of each director, according to his/her rank and grade.

Short-term performance-linked compensation

Compensation ranges from 0% to 200% of the basic compensation set by rank and grade, according to corporate performance and performance of the division the director is in charge of, and performance is based on certain indicators (operating margin, ROE, ROIC). These indicators are used because they easily reflect management policy, strongly correspond to shareholder return, and are highly compatible with the Fujikura's growth strategy. The targets for indicators of short-term performance-linked compensation in the fiscal year under review were the abovementioned indicators calculated from the consolidated fiscal year plan for FY2021, which was approved by the Board of Directors at the end of FY2020. The degree to which these targets were achieved, compared to the indicators calculated from the consolidated fiscal year results for the same year, is measured to determine amount to be paid in short-term performance-linked compensation in the fiscal year under review.

Stock-based compensation

This is a system that provides compensation to directors in the form of common shares of the Company, apart from basic compensation and short-term performance-linked compensation. This system is mainly intended to enhance the motivation of directors to contribute to an increase in corporate value of the Company by placing directors in a position to enjoy the advantage of a rising share price as well as to bear the risk of a falling share price, thereby sharing the advantage and disadvantage of such fluctuations with shareholders.

In principle, directors not serving as Audit & Supervisory Committee members receive the shares when they retire from the position of director.

Variable compensation linked to performance and stock prices (short-term performance-linked compensation and stock-based compensation) is expected to be around 40% of total director remuneration, at maximum.

Remuneration of non-executive directors shall consist only of basic compensation in a fixed amount, according to the role of each director. No short-term performance-linked compensation or stock-based compensation will be paid.

The policy on determining remuneration of directors who are Audit & Supervisory Committee members and the amount of that remuneration is to set the basic compensation based on the market environment and the responsibilities they bear. The remuneration of individual directors who are Audit & Supervisory Committee members is determined through discussion by the directors who are Audit & Supervisory Committee members, within the scope of the maximum remuneration approved by the General Meeting of Shareholders.

This policy is determined by directors who are Audit & Supervisory Committee members.

(2) Total Amount of Director Remuneration

(Millions of yen)

Director Category	Total Amount of Remuneration	Total Amount of Compensation by Type			Number of Directors Remunerated
		Basic Compensation	Performance-linked Compensation	Stock-based Compensation	
Directors not serving as Audit & Supervisory Committee members	261	175	56	30	6 directors
Directors serving as Audit & Supervisory Committee members (excluding outside directors)	30	25	5	—	1 director
Directors serving as Audit & Supervisory Committee members (outside directors)	67	67	—	—	5 directors

Notes: 1. None of the directors not serving as Audit & Supervisory Committee members are outside directors.
2. The numbers above include one director not serving as an Audit & Supervisory Committee member and retired due expiration of the term as director upon conclusion of the 174th General Meeting of Shareholders held on June 29, 2022.
3. The targets and results for the main indicators of short-term performance-linked compensation in the fiscal year under review are shown below.

■ Performance-linked Coefficient

Type of Indicator	Target (Consolidated business plan for FY2021)	Performance (Consolidated business results for FY2021)
Consolidated Operating Margin	3.3%	5.7%
Consolidated Rate of Return on Equity (ROE)	3.9%	20.4%

4. Performance-linked compensation for directors serving as Audit & Supervisory Committee members was determined as directors serving as Audit & Supervisory Committee members, based on the performance results during the time period in FY2020 during which they were directors not serving as Audit & Supervisory Committee members.
5. Because the remuneration of individual directors not serving as Audit & Supervisory Committee members is determined according to the procedure outlined in the Policy on Determining Remuneration of Directors mentioned in 1, above, the Board of Directors judges the determination made for the fiscal year under review to be in line with that procedure. The Board of Directors arrives at that judgment after receiving a report from the Remuneration Advisory Committee, which has verified the impartiality and appropriateness of the process for determining the performance of each director, the appropriateness of the level of remuneration based on the market, the remuneration structure, and the specific amount of remuneration.
6. The Audit & Supervisory Committee receives the report from Audit & Supervisory Committee members who have attended the Remuneration Advisory Committee meeting on the remuneration of individual directors not serving as Audit & Supervisory Committee members for the fiscal year under review. After discussion, the Audit & Supervisory Committee concluded that the Remuneration Advisory Committee process for determining the remuneration of directors not serving as Audit & Supervisory Committee members was appropriate, and no special declarations needed to be made in the General Meeting of Shareholders, based on the provisions in the Companies Act.
7. Matters concerning approval of director remuneration by the General Meeting of Shareholders:
(1) The amount of remuneration for directors not serving as Audit & Supervisory Committee members was set at a maximum of 600 million yen a year at the 169th General Meeting of Shareholders held on June 29, 2017. Stock-based compensation, a separate allocation from cash remuneration, was set at maximum of 120 million yen a year and the number of shares was set at a maximum of 285,000 shares a year (outside directors are not eligible to receive shares) at the same annual General Meeting of Shareholders. There were nine directors not serving as Audit & Supervisory Committee members (of which, none were outside directors) at the conclusion of this annual General Meeting of Shareholders.
(2) The amount of remuneration for directors serving as Audit & Supervisory Committee members approved at the 174th General Meeting of Shareholders held on June 29, 2022 is a maximum of 150 million yen a year (including compensation of outside directors of a maximum of 100 million yen a year). There were six directors serving as Audit & Supervisory Committee members (of which, five were outside directors) as of the conclusion of this annual General Meeting of Shareholders.

Directors and Corporate Officers Skill Matrix

The skill matrix below maps the skills the Company considers necessary to achieve the targets in the 2025 Mid-term Management Plan against the skills possessed by each director and corporate officer.

	Executive Non-executive	Management	Planning	Personnel	Governance	Global	Finance and Accounting	R&D	Engineering	Legal Affairs and Compliance	Business Experience*	Gender
Directors (asterisks indicate outside directors independent of Company management)												
Masahiko Ito	Non-executive	●		●							C	Male
Naoki Okada	Executive	●	●								I, S, C	Male
Tatsuya Banno	Executive							●	●		I, S, C	Male
Kazuhito Iijima	Executive						●					Male
Koji Naruke	Non-executive					●	●				I, T	Male
Hamako Hanazaki*	Non-executive									●		Female
Keiji Yoshikawa*	Non-executive	●		●								Male
Yoji Yamaguchi*	Non-executive						●					Male
Kozo Meguro*	Non-executive						●					Male
Corporate Officers (those not serving as directors)												
Toru Hamasuna	Executive		●			●					I, S, T	Male
Keiko Shindo	Executive				●					●		Female
Yuki Mori	Executive			●								Male
Noriyuki Kawanishi	Executive							●			I, S	Male
Junji Fukuhara	Executive					●					S, T	Male
Shuichi Nasu	Executive					●		●			T, C	Male
Tetsuya Mangyoku	Executive					●		●				Male

* Up to 2 items considered major skills may be indicated with ○.

* Business Experience shall cover the business areas noted in the 2025 Mid-term Management Plan:

"I": Information Infrastructure

We contribute to the establishment of telecommunication infrastructure to help realize the digitalized society, through the use of optical cabling solutions based on innovative optical technology and future high-speed wireless communications technology.

"S": Information Storage

We contribute to the creation of high-capacity components and the establishment of data centers that can store vast amounts of data through the use of unique electronic component technology and ultra-high-speed/high-density optical cabling technology.

"T": Information Terminals

We contribute to the evolution of high-speed, high-capacity, and high-functionality information terminals through the use of high-precision electronic components and wiring/mounting technology. Moreover, conceiving automobiles as information terminals, we contribute to the realization and evolution of CASE (Connected, Autonomous, Shared, Electric).

"C": Carbon neutrality

Because carbon neutrality initiatives are an opportunity for business creation as we prepare for the realization of a sustainable society, we will promote the commercialization of our superconductor and other technologies.

Policy and Procedure for Nominating Candidates for Director

Policy on Selecting Candidates for Director

For Fujikura to achieve sustainable growth as a manufacturing company, we need to formulate a strategy based on establishing a strong financial base and advanced technological capabilities. We must build a system that allows full and sufficient discussion in Board of Directors meetings to enable Fujikura to make decisions on important matters that are central to the direction of and growth strategy for our company. Fujikura selects human resources who are capable of formulating and pursuing company-wide strategy from a panoramic perspective for executive director positions. For non-executive director positions, we select human resources who are capable of properly and aptly supervising or providing advice on important matters that are central to Fujikura's direction and growth strategy and business operation.

Procedure for Selecting Candidates for Director

In Fujikura, when the Board of Directors proposes the nomination and dismissal of directors not serving as Audit & Supervisory Committee members (excluding outside directors) to be decided by the General Meeting of Shareholders, it submits a proposal after these matters have been deliberated by the Nomination Advisory Committee, which is an advisory body to the Board of Directors (chaired by an outside director and consisting of the Director, President & CEO, the director in charge of human resources (who is concurrently serving as Director, President & CEO), and three outside directors). The Nomination Advisory Committee deliberates on the standards for director nomination and the reasons given by the Board of Directors for nominating each candidate, including their performance. The committee confirms that the decision-making process for the candidates proposed by the Board of Directors is fair and appropriate, and reports the results of such deliberations to the Board of Directors.

The Board of Directors makes a decision on the proposal to nominate directors for referral to and election by the General Meeting of Shareholders based on this report.

Analysis and Evaluation of the Effectiveness of the Board of Directors

To improve the effectiveness of the Board of Directors, Fujikura conducts an annual survey of all its Directors on the adequacy of the Board meetings as a conference body (e.g., time, frequency, management of meeting proceedings, minutes), adequacy of its agenda items (e.g., timing, importance, volume of information), performance of the Board members (e.g., participation in discussions), and the structure of the executive office.

Fujikura continues making improvements on the issues raised in the survey. More specifically, Fujikura has taken the following actions:

- 1) Improve various meeting materials and provide explanations to outside directors to enhance deliberations by the Board of Directors
 - 2) Strengthen the structure to enable prediction, analysis, and investigation of risks, and rapid response when a risk materializes, to avoid or mitigate losses incurred in business operations
 - 3) Review the agenda criteria for the Board of Directors meetings
- Through these actions, Fujikura has improved the Board's structure to enable the Board to mainly discuss medium- and long-term management strategy and other important issues

As future challenges, the Board is required to further improve its medium- and long-term strategic discussions. Meanwhile, the noticeable increases in the frequency and deliberation time of the Board meetings have highlighted the needs for preparing briefing materials with a clearer focus on key discussion points and for earlier information provision to directors so that discussions can take place more efficiently.

Interviews with Outside Directors



Strengthening internal controls and Group governance

Hamako Hanazaki

Attorney-at-law

Career summary

1996 Registered as an attorney-at-law
 2004 Established Akao-Hanazaki Law Office (current Kita-Aoyama Law Office) (to present)
 2019 Outside Director, Member of the Audit and Supervisory Committee of the Company (to present)

Concurrent positions

○Member of the Intermediary Committee of Nuclear Damage Compensation Dispute Resolution Center
 ○Non-full-time Inspector of Secretariat of Reemployment Surveillance Commission, Cabinet Office
 ○Director of General Incorporated Foundation Jyutaku Kinyu Fukyu Kyokai (Housing Finance Popularization Association)

Reflections on FY2022 Activities

In 2019, when I assumed the position of outside director, the Mid-term Management Plan was abandoned and the 100-Day Plan was implemented the next year. The benefits from that plan emerged in 2022. I feel the hardships endured by all members of management and employees bore fruit.

However, quality problems were confirmed at subsidiaries and while progress is being made on quality compliance, there is still room for improvement.

Deficiencies in the internal controls of America Fujikura Ltd. (AFL Group)

were found at the end of the fiscal year. Because the CEO of AFL was also a director of Fujikura, this was a high-level, serious issue in terms of governance and the Audit & Supervisory Committee regards this in an extremely serious light. However, this incident was detected through the overseas internal reporting system. It therefore indicates that the internal reporting system is functioning globally and I appreciate that point. I will continue to use this opportunity to make recommendations aimed at further strengthening governance.

FY2023 Activity Goals

I likewise think strengthening Group governance is an issue. Authority was concentrated in the CEO of AFL at the time and the fact that the CEO possessed authority over personnel matters made it difficult for other officers to voice their objections. The findings indicated that this resulted in inadequate governance. I think it is important to create a system and organization with functioning governance at subsidiaries to achieve improvement.

We need to create an organization which establishes checks and balances for the entire Group and can guarantee the independence of each officer as well as a system in which head office audits function properly.

However, this will require taking into consideration the differences in

subsidiary scale and operations, and building a highly effective governance system in a form that best suits each subsidiary. For example, the corporate functions in the head office could be used appropriately to support a subsidiary that has limited resources. We need to consider the optimal system capable of ensuring effective internal controls based on the specific characteristics of each Group company.

Steady progress is being made on activities aimed at building the governance, risk, and compliance (GRC) and internal control (IC) systems. I am looking forward to seeing the Fujikura Group overcome the issues mentioned above and become a more resilient company.

Assessment of Mid-term Management Plan Formulation Process

I give high marks to the 2025 Mid-term Management Plan for delineating a vision that will tie into the next mid-term management plan and providing a description that gives stakeholders a sense of management leadership under the new structure.

Outside directors also participated in the process of considering and debating the plan. I want to continue providing supervision and support as the 2025 Mid-term Management Plan is implemented.

In terms of issues, I feel a system is needed to ensure strong compliance. This should be accompanied by a change in mindset and culture for all frontline employees and management and I will continue to support them in accomplishing this. I also recognize the importance of strengthening the audit system and would like to have the Internal Audit Department work organically with the Audit & Supervisory Committee.

Message to Shareholders, Investors, and Fujikura Group Employees

Fujikura directors recognize the importance of Group governance. I want to point out that directors continue to engage in robust debates aimed at strengthening governance and that the governance of Fujikura is steadily

evolving. I will continue to support them as they work to strengthen Group governance.



Business portfolio management and human resource development aimed at rebuilding Fujikura as a technology leader

Keiji Yoshikawa

Career summary

1973 Joined Nippon Sheet Glass Co., Ltd.
 2012 Representative Executive Officer, President and CEO of Nippon Sheet Glass Co., Ltd.
 2015 Adviser of Nippon Sheet Glass Co., Ltd. (Retired)
 2021 Outside Director, Member of the Audit and Supervisory Committee of the Company (to present)

Concurrent positions

○Outside Board Director of Kansai Paint Co., Ltd.
 ○Outside Director of AEON DELIGHT CO., LTD.

Reflections on FY2022 Activities

In the two years since I became an outside director, I have increased the depth of my understanding of the nature of Fujikura's businesses.

I am still deepening my understanding of the businesses through means such as engaging in discussions with corporate officers and visiting a subsidiary in the U.S. last year.

Outside directors are selected for their necessary expertise in the management of Fujikura and they each call on their special expertise in advising management. I utilize my experience in being a manager myself and take care to provide advice on the business strategies formulated by

the executive side from a medium and long-term perspective.

For example, I provide insights to the executive side on important management matters such as selecting key businesses and placing importance of diversity as a global company.

Business portfolio management and human resources are the particular areas I am focusing on. Recognizing the extreme importance of these two are themes to management, I also provided clear advice on these two areas during formulation of the new mid-term management plan.

FY2023 Activity Goals

In addition to business portfolio management and human resource development, I also think it is important for each individual employee to develop a career plan and take on challenges of pursuing their plan. I therefore would like to continue to keep these three points in mind as I provide advice to the executive side.

Fujikura experienced a substantial deterioration in performance in 2019 and subsequently accomplished a strong recovery in performance after implementing the 100-Day Plan. The company implemented quite painful reforms during this period. The frontline employees suffered considerable damage due to these reforms and I think there is a need to look after them. It is important for members of management to listen to the opinions of frontline employees. Moreover, it is the frontline employees who best understand

what is happening on the frontlines, so I am advising management to delegate authority to them and raise the level of frontline operations.

Human resource development is an extremely important management issue at any company, and I feel there is also a great deal of room for improvement at Fujikura. It is extremely important to increase employee motivation and I think this will lead to the development of human resources. It is also extremely important to have a public relations strategy to convey the appeal of Fujikura. The retention rate will also increase if Fujikura communicates in a way that resonates with employees, makes them feel they want to work at Fujikura, provides workstyles that are suited to the personal career plans of those working, and is a company where employees can grow. I think there are many things that need to be done to accomplish that.

Assessment of Mid-term Management Plan Formulation Process

During formulation of the new mid-term management plan, I spent a considerable amount of time discussing it with corporate officers in the basic direction alignment phase. However, I recognize that, while formulation of the plan is also important, implementation of the plan is the phase that we should contribute to. As outside directors, we recognize the importance of our role in improving the quality of the Check (C) part of

the PDCA cycle. As progress is made on implementing the 2025 Mid-term Management Plan, I want to offer advice from the perspective of a manager on what should be done when some problem arises. The word "steering" comes to mind, and I want to assist with course correction when a problem is encountered and help steer the company in a better direction.

Message to Shareholders, Investors, and Fujikura Group Employees

I have experience as the president of a manufacturing company and have also been involved in the management of a considerable number of companies as a management consultant and outside director. Fujikura has a presence in the markets it has entered that makes the brand "Fujikura,

a technology leader" appropriate. It possesses top-notch technology and technology that people dream about, and has outstanding engineers. I will continue to advise Fujikura on utilizing those strengths to achieve further growth and realize the medium and long-term visions.

Interviews with Outside Directors



Anticipating rapid commercialization targeting further growth in an age of volatility, uncertainty, complexity, and ambiguity (VUCA)

Yoji Yamaguchi

Career summary

1978 Joined The Mitsui Bank, Limited (currently Sumitomo Mitsui Banking Corporation)
2008 Standing Corporate Auditor of Sumitomo Mitsui Financial Group, Inc. (Retired in 2014)
2021 Outside Director, Member of the Audit and Supervisory Committee of the Company (to present)

Reflections on FY2022 Activities

As a whole, I can say that 2022 was the year that Fujikura's turnaround transformed into a counteroffensive. The company achieved considerable success following the reforms from the 100-Day Plan, which inflicted considerable pain. I think each unit really worked hard. The Telecommunication Systems Business in particular lifted up the entire company along with AFL, although part of this was due to yen weakness.

While there are lingering issues in Fujikura Printed Circuits Ltd. (FPCL) and the Power Business, which were split off, I think they are off to a pretty good start. As an outside director from a financial institution, I take care to provide advice that will reinforce the determination of company management from the perspective of having seen the management of many companies and will continue to employ that approach in the future.

FY2023 Activity Goals

To achieve further growth in the future, I think it is very important for Fujikura to clearly detail the timeline for business reforms. How to approach the process of selection and concentration of businesses is another important theme. During that process, I think Fujikura should strengthen the creation of new business pillars in particular. The Telecommunication Systems Business is currently the main business and Fujikura has succeeded in growing the company by also shifting sales areas from Japan to overseas. However, each of those areas will likely reach saturation at some point so generating the sprouts that will become the next business pillars during this new mid-term management plan is a big challenge.

The speed of change in the external environment is accelerating remarkably and I am conveying the importance of implementing business

reforms that keep pace with that change, with a sense of urgency.

Actively utilizing M&A, business alliances, and other external resources is also an effective way to accelerate the speed of commercialization. I want to provide advice that will be the optimal solution among the many ways to achieve this.

When I look at the external environment, I sense that the tide is changing in the Telecommunication Systems Business and other businesses. Because Fujikura's core business is greatly affected by infrastructure, it is extremely important to project infrastructure investment. I would like the company to closely follow economic trends and other aspects of the business environment for that reason.

Assessment of Mid-term Management Plan Formulation Process

I give the new mid-term management plan high marks for emphasizing efficiency and profitability. If I were to indulge my preferences, I would confess I wanted a little more specificity on new businesses, but I recognize that the three years of the 2025 Mid-term Management Plan are very important for Fujikura to climb to a new stage. The 2025 Mid-term Management Plan provides a strategic investment budget of 30 billion yen and I think the use of this investment budget is highly significant for

Fujikura's future in terms of where the company should invest strategically and which businesses to focus on more.

For example, while developing fiber lasers and other new businesses into future pillars is an important theme, I would like the company to thoroughly discuss the means for achieving rapid commercialization and profitability, selecting which possibilities to commercialize, and investing efficiently and strategically.

Message to Shareholders, Investors, and Fujikura Group Employees

I feel Fujikura has overcome the crisis and has developed a stronger foundation. CEO Okada frequently says that "differentiation is just a difference in time." I think these humble words are characteristic of an engineer who conveys the importance of how to speed up and continue to create new technologies. Fujikura possesses remarkable technological

strengths traditionally. It also has abundant talent to support those strengths and, in my view, it is a company that possesses the energy to create new things. In the future, I want to continue to actively advise Fujikura on how to use the strengths it possesses to increase the speed and precision of commercialization and improve effectiveness.



Focusing on further reinforcing monitoring to strengthen Group governance

Kozo Meguro

Certified Public Accountant

Career summary

1984 Joined Chuo Accounting Office Audit Corporation
2006 Representative Partner of PricewaterhouseCoopers Aarata (Currently PricewaterhouseCoopers Aarata LLC)
2013 Established MEGURO & Co. (to present)
2021 Outside Director, Member of the Audit and Supervisory Committee of the Company (to present)

Reflections on FY2022 Activities

FY2022 is the year in which Fujikura was able to produce results as a whole and begin to anticipate the years ahead under the basic strategy, the pillars of which are putting the Telecommunication Systems Business at the core of the roadmap to growth and profit-oriented business management

through business efficiency. However, the discovery of improper asset transactions and other acts by one former member of management at a Fujikura Group U.S. subsidiary, America Fujikura Ltd. (AFL), also made it a year of problems in Group governance that will linger in the years ahead.

FY2023 Activity Goals

In my view, monitoring is a basic element of Group governance used to verify whether the activities of each business organization are aligned with the overall objectives of the Group, the current internal and external environments, and are being implemented in a reasonable manner. The three pillars to ensure the comprehensiveness and reliability of Group information are:

1) Concentration of financial and other important data in the parent company

The comprehensiveness of data is not the only important factor. It is also important to integrate the data of the parent company and Group companies and share it.

2) Internal controls and internal audits

Internal audits do not only cover various business and accounting rules and the existence of control procedures; they also audit whether those rules and procedures are actually being implemented. However, internal controls, by nature, limit management fraud.

3) Audit & Supervisory Committee and external audits

It is easy to understand that mutual checks and balances and the existence of an organization that is independent of management

provide the foundation for 2). These first function effectively when they work as one. I think we learned a great deal from the recent case in the U.S. about the harm done when mutual checks and balances in a management organization do not work as they should. I am actually sensing strong movement toward improvement.

Even amid the recent AFL incident, progress is being made in the company monitoring system on pursuing structural reforms and subsequent continuance. The continuous evaluation of business units, subsidiaries, and investments based on the financial numbers is producing certain results in pursuing company portfolio management, in particular. We are in the process of expanding the scope of monitoring to corporate assets in the entire Group, including cash, effective use of resources, customers, competitors, suppliers, and others outside of the company, and information on market trends. Further improving the sophistication to monitor SDG-related and other non-financial information is an issue that I look forward to seeing accomplished.

This fiscal year, I want to focus on improving internal controls and further increasing the sophistication of the monitoring system, in particular.

Assessment of Mid-term Management Plan Formulation Process

The 2025 Mid-term Management Plan is the successor to the basic framework for the growth phase last year. However, the cornerstones of the core Telecommunication Systems Business are the European and U.S. markets, so the plan emphasizes the importance of integrated management with the U.S. subsidiary and profit-oriented, efficient

management. To achieve that, business units are engaging in a more active, concrete, and systematic process of internal business selection and concentration. I also think we cannot overlook the role of the mid-term management plan as a bridge to the next mid-term and long-term management plans, which will have next-generation technology at their core.

Message to Shareholders, Investors, and Fujikura Group Employees

The development of next-generation technologies and products will be a decisive factor in determining the survival and growth of the company over the medium to long term. The point is how to link optical, superconducting,

nuclear fusion, and other technologies Fujikura possesses to existing products and increase product sophistication. I think that depends on how employees utilize their own abilities.

Directors / Member of the Board



Masahiko Ito
Chairperson of the Board of Directors

Reappointed



Naoki Okada
Representative Director, President and CEO

Reappointed



Tatsuya Banno
Representative Director, Director and CTO
Responsible for Research and New Business Development Unit
Responsible for Corporate Quality Management Unit

Reappointed



Kazuhito Iijima
Director and CFO
Responsible for Corporate Management Unit
Responsible for Real Estate Business Unit

Newly Appointed



Koji Naruke
Director, Member of the Audit and Supervisory Committee

Newly Appointed



Hamako Hanazaki
Director, Member of the Audit and Supervisory Committee (Outside Director, Independent Officer)

Reappointed



Keiji Yoshikawa
Director, Member of the Audit and Supervisory Committee (Outside Director, Independent Officer)

Reappointed



Yoji Yamaguchi
Director, Member of the Audit and Supervisory Committee (Outside Director, Independent Officer)

Reappointed



Kozo Meguro
Director, Member of the Audit and Supervisory Committee (Outside Director, Independent Officer)

Reappointed

Corporate Officers Other than Members of the Board/Project Leader of Structural reform task force

Toru Hamasuna
Head of the Corporate Strategy Unit
General Manager, Corporate Strategy Planning Division

Keiko Shindo
Head of the Corporate Governance Unit
General Manager, Legal Department

Yuki Mori
Head of the Corporate Staff Unit
General Manager, Human Resources & General Affairs

Noriyuki Kawanishi
Head of the Telecommunication Systems Business Unit

Junji Fukuhara
Head of the Electronic Components & Connector Business Unit

Shuichi Nasu
Head of the Automotive Products Business Unit

Tetsuya Mangyoku
Head of the Production Engineering Unit

Masataka Mito
Project Leader of Structural reform task force, special appointment by the CEO
General Manager, Power Systems Division

Global Corporate Officers

Jason Peng
President of Fujikura America, Inc.

Gordon Tan
CFO of Fujikura Asia Limited.

Takaaki Habu
President of Fujikura (China) Co., Ltd.

Jenny Hui
CFO of Fujikura Hong Kong Ltd.

Vichan Kumthongkittikul
Vice President of Fujikura Electronics (Thailand) Ltd.

Corporate Profile

Company name : Fujikura Ltd.

Founded : February 1885

Established : March 1910

Capital : 53.1 billion yen (as of March 31, 2023)

Head office : 1-5-1, Kiba, Koto-ku, Tokyo 135-8512

Main Consolidated Subsidiaries (as of March 31, 2023)

Japan

FUJIKURA HIGH OPT Co., Ltd.
 Fujikura Solutions Ltd.
 DDK Ltd.
 Tohoku Fujikura Ltd.
 Nishi Nippon Electric Wire & Cable Co., Ltd.
 Numazu Copper Refining and Rolling Co., Ltd.
 Fujikura Shoji Co., Ltd.
 Fujikura Precision Ltd.
 Fujikura Automotive Asia Ltd.
 Suzuki Giken Co., Ltd.
 SHINSHINRO CABLE CO.,LTD.
 Fujikura Logistics Co., Ltd.
 Fujikura Business Support Co., Ltd.
 Fuji Materials Ltd.
 Fujikura Dia Cable Ltd.
 Yonezawa Electric Wire Co., Ltd.
 FiberTech Co., Ltd.
 Optoenergy, Inc.
 Fujikura Printed Circuits Ltd.
 Fujikura Energy Systems Ltd.

■ Equity method affiliates

FUJIKURA COMPOSITES Inc.
 FUJIKURAKASEI Co., Ltd.

China

Fujikura (China) Co., Ltd.
 Fujikura Electronics (Shanghai)Co.,Ltd.
 DDK (Shanghai) Co., Ltd.
 Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd.
 Fujikura Zhuhai Co., Ltd.
 Fujikura Automotive Guangzhou Co., Ltd.
 Fujikura Hong Kong Ltd.
 Fujikura Hong Kong Trading Limited

Thailand

Fujikura Electronics (Thailand) Ltd.
 DDK (Thailand) Ltd.
 Fujikura Automotive (Thailand) Ltd.
 Fujikura Electronic Components (Thailand) Ltd.

East, South, and Southeast Asia

Fujikura Asia Ltd.
 PT Fujikura Indonesia
 Fujikura Electronics Vietnam Ltd.
 Fujikura Fiber Optics Vietnam Ltd.
 DDK VIETNAM Ltd.
 Fujikura Automotive Vietnam Ltd.
 Fujikura Korea Automotive Ltd.

EMEA (Europe, Middle East, and Africa)

Fujikura Europe Ltd.
 Fujikura Automotive Europe S.A.U.
 Fujikura Automotive Europe GmbH
 Fujikura Automotive Romania S.R.L.
 Fujikura Automotive MLD S.R.L.
 Fujikura Automotive Czech Republic, s.r.o.
 Fujikura Automotive Ukraine Lviv,LLC
 Fujikura Automotive Morocco Tangier, S.A.S.
 Fujikura Automotive Morocco Kenitra, S.A.S.

Americas (North, Central, and South America)

America Fujikura Ltd.
 Fujikura America, Inc.
 AFL Telecommunications LLC
 Fujikura Automotive America LLC
 Fujikura Automotive Mexico, S. de R.L. de C.V.
 Fujikura Automotive Paraguay S.A.

Stock Information (as of March 31, 2023)

1. Authorized shares: 1,190,000,000

2. Issued Shares: 295,863,421 (including 19,457,854 treasury shares)

3. Major Shareholders

Name of Shareholder	Number of Shares Held (Thousands)	Shareholding Composition (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	53,732	19.44
Custody Bank of Japan, Ltd. (Trust account)	19,108	6.91
Taiju Life Insurance Company Limited	10,192	3.69
Sumitomo Mitsui Banking Corporation	8,456	3.06
Custody Bank of Japan, Ltd.(Sumitomo Mitsui Trust Bank,Limited Retirement Benefit Trust Account)	6,777	2.45
Dowa Metals & Mining Co., Ltd.	6,564	2.37
The Shizuoka Bank, Ltd.	5,789	2.09
BNYM AS AGT / CLTS NON TREATY JASDEC	5,739	2.08
THE BANK OF NEW YORK MELLON CORPORATION 140044	3,838	1.39
Fujikura Employees Shareholding Association	3,730	1.35

Supplemental notes: 1. The numbers presented in "Number of Shares Held" are based on the list of shareholders.
 2. There were 19,458,000 treasury shares in addition to the shares listed above on the record date.

External Evaluation

FTSE4Good Global Index Series

A series of stock indices developed by FTSE Russell, a company in the London Stock Exchange Group (LSEG). FTSE Russell evaluates the sustainability of major companies in countries around the world from the three ESG (environmental, social, and governance) perspectives and selects companies having outstanding performance overall as components of each index.



FTSE Blossom Japan Sector Relative Index (from April 2022)

* Selected as a Government Pension Investment Fund (GPIF) ESG Index
 Configured by FTSE Russell, this index reflects the performance of Japanese companies that demonstrate strong relative performance in Environmental, Social, and Governance practices in each sector.



FTSE Blossom Japan Index (from June 2017)

* Selected as a Government Pension Investment Fund (GPIF) ESG Index
 Developed by FTSE Russell, this index consists of Japanese company stocks deemed outstanding from the perspectives of Environment, Social, and Governance practices.



S&P/JPX Carbon Efficient Index

* Selected as a Government Pension Investment Fund (GPIF) ESG Index
 This index was jointly developed by S&P Dow Jones Indices and Japan Exchange Group, Inc. Companies in Japan that disclose sufficient environmental information and companies in Japan that are highly carbon efficient are selected for this index.



Fujikura is a signatory to the UN Global Compact.