Annual Report 2023

Year Ended March 31, 2023

Financial Section

Contents

Fujikura

Consolidated Financial Highlights

Fujikura Ltd. and its Consolidated Subsidiaries (hereinafter referred to as "the Companies")
For the Five Years Ended March 31

	Millions of yen					Thousands of U.S. dollars
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2022
For the Year:						
Net sales	¥710,778	¥672,314	¥643,736	¥670,350	¥806,453	$6,039,037
Operating profit	27,679	3,346	24,422	38,288	70,163	525,408
Profit (loss) attributable to owners of parent	1,453	(38,510)	(5,369)	39,101	40,891	306,208
Capital expenditures	55,785	30,141	17,736	16,214	15,720	117,718
R&D expenditures	17,466	17,297	16,496	16,413	15,030	112,551
At Year-end:						
Total assets	638,318	576,090	569,124	611,526	656,785	4,918,264
Total net assets	240,910	172,115	184,483	243,657	294,384	2,204,463
Number of employees	57,228	55,936	53,717	52,434	54,762	

	Yen					U.S. dollars
Per share data:						
Net profit (loss) - basic	¥5.09	(¥136.58)	(¥19.50)	¥141.85	¥148.27	$1.11
Net profit (loss) - fully diluted (*1)	-	-	-	-	-	-
Cash dividends	12.00	5.00	0.00	10.00	30.00	0.22

(*1) As the Companies do not have any instruments that have a dilutive effect, the Companies have not included net profit (loss) - fully diluted per share data.
(*2) Previously, the Companies used to round down fractions to the nearest million yen, but starting with the FY2019 Annual Securities Report, fractions are rounded to the nearest million yen.
(*3) The Companies began applying the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020) and related guidance from the beginning of fiscal year ended March 31, 2022. Consolidated Financial Highlights after FY2021 shown above include the effect of application of this accounting standard.

Notes: All dollar figures herein refer to U.S. currency, which has been translated from yen amounts, for convenience only, at the rate of ¥133.54=US$1.00, the rate of exchange on March 31, 2023.

Consolidated Balance Sheets

Fujikura Ltd. and its Consolidated Subsidiaries
At March 31, 2022 and 2023

Assets	Millions of yen		Thousands of U.S. dollars (Notes 8)
	2022	2023	2023
Current assets:			
Cash and deposits	¥91,041	¥107,228	$802,965
Notes receivable - trade	14,698	17,476	130,867
Accounts receivable - trade	120,260	129,188	967,411
Contract assets	9,920	8,691	65,082
Merchandise and finished goods (Notes 14)	34,930	40,332	302,022
Work in process (Notes 14)	33,322	33,487	250,764
Raw materials and supplies (Notes 14)	44,380	57,173	428,134
Other	21,217	25,231	188,940
Allowance for doubtful accounts	(628)	(378)	(2,831)
Total current assets	369,141	418,427	3,133,346
Non-current assets:			
Property, plant and equipment			
Buildings and structures, net	79,829	76,970	576,382
Machinery, equipment and vehicles, net	56,396	38,569	288,820
Land (Notes 9)	14,918	15,046	112,670
Leased assets, net	6,059	19,678	147,357
Construction in progress	9,413	8,085	60,544
Other, net	7,513	4,809	36,012
Total property, plant and equipment	174,130	163,156	1,221,776
Intangible assets			
Goodwill	6,878	6,335	47,439
Other	8,535	8,756	65,568
Total intangible assets	15,413	15,090	113,000
Investments and other assets			
Investment securities (Notes 25)	29,100	30,372	227,437
Retirement benefit asset (Notes 28)	889	480	3,594
Deferred tax assets (Notes 29)	7,377	11,837	88,640
Other (Notes 25)	15,625	17,547	131,399
Allowance for doubtful accounts	(127)	(124)	(929)
Allowance for investment loss	(20)	-	-
Total investments and other assets	52,843	60,111	450,135
Total non-current assets	242,385	238,358	1,784,918
Total assets	¥611,526	¥656,785	$4,918,264

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Liabilities	Millions of yen 2022	2023	Thousands of U.S. dollars 2023
Current liabilities:			
Notes and accounts payable - trade	¥71,841	¥74,650	$559,009
Short-term borrowings (Notes 26)	71,014	41,376	309,840
Current portion of bonds payable (Notes 26)	-	10,000	74,884
Income taxes payable (Notes 29)	5,514	4,736	35,465
Contract liabilities	4,933	3,242	24,277
Provision for loss on business of subsidiaries and associates	1,865	2,128	15,935
Other provisions	989	1,142	8,552
Other	42,262	44,745	335,068
Total current liabilities	198,418	182,019	1,363,030
Non-current liabilities:			
Bonds payable (Notes 26)	30,000	20,000	149,768
Long-term borrowings (Notes 26)	110,477	121,531	910,072
Other provisions	267	226	1,692
Lease obligations	4,517	15,493	116,018
Retirement benefit liability (Notes 28)	10,537	11,941	89,419
Other (Notes 9)	13,654	11,190	83,795
Total non-current liabilities	169,451	180,382	1,350,771
Total liabilities	367,869	362,401	2,713,801

Contingent liabilities (Notes 10)

Net assets	Millions of yen 2022	2023	Thousands of U.S. dollars 2023
Shareholders' equity:			
Share Capital	53,076	53,076	397,454
Capital surplus	28,054	26,514	198,547
Retained earnings	126,530	161,721	1,211,030
Treasury shares	(10,575)	(10,470)	(78,403)
Total shareholders' equity (Notes 21)	197,085	230,842	1,728,636
Accumulated other comprehensive income (loss):			
Valuation difference on available-for-sale securities	1,118	2,075	15,538
Deferred gains (losses) on hedges	(714)	38	285
Foreign currency translation adjustments	25,385	39,277	294,122
Remeasurements of defined benefit plans	(2,381)	(1,694)	(12,685)
Total accumulated other comprehensive income	23,407	39,695	297,252
Non-controlling interests	23,165	23,847	178,576
Total net assets	243,657	294,384	2,204,463
Total liabilities and net assets	¥611,526	¥656,785	$4,918,264

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Net sales (Notes 11)	¥670,350	¥806,453	$6,039,037
Cost of sales (Notes 13 and 14)	543,762	635,434	4,758,380
Gross profit	126,588	171,019	1,280,657
Selling, general and administrative expenses (Notes 12 and 13):			
Packing and transportation expenses	20,453	23,416	175,348
Personnel expenses	38,322	42,858	320,938
Other	29,525	34,582	258,964
Total selling, general and administrative expenses	88,300	100,856	755,249
Operating profit	38,288	70,163	525,408
Non-operating income:			
Interest income	324	676	5,062
Dividend income	715	749	5,609
Share of profit of entities accounted for using equity method	2,103	2,055	15,389
Other	1,520	1,313	9,832
Total non-operating income	4,662	4,793	35,892
Non-operating expenses:			
Interest expense	2,497	3,056	22,885
Foreign exchange losses	45	264	1,977
Product repair costs due to customers' claims	1,449	303	2,269
Other	4,871	3,435	25,723
Total non-operating expenses	8,861	7,058	52,853
Ordinary income	34,089	67,897	508,439
Extraordinary gains:			
Gain on sale of shares of subsidiaries and associates	5,675	4,218	31,586
Gain on sale of non-current assets (Notes 15)	15,375	-	-
Insurance claim income (Notes 16)	1,230	-	-
Other	5	587	4,396
Total extraordinary gains	22,285	4,805	35,982
Extraordinary losses:			
Impairment losses (Notes 17)	818	19,289	144,444
Loss on liquidation of subsidiaries (Notes 18)	-	1,247	9,338
Business restructuring expenses (Notes 19)	3,500	1,040	7,788
Other	380	383	2,868
Total extraordinary losses	4,698	21,960	164,445
Income before income taxes	51,675	50,742	379,976
Income taxes (Notes 29):			
Current	10,830	12,408	92,916
Deferred	714	(4,235)	(31,713)
Total income taxes	11,545	8,174	61,210
Profit	40,131	42,568	318,766
Profit attributable to non-controlling interests	1,030	1,678	12,566
Profit attributable to owners of parent	¥39,101	¥40,891	$306,208

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Comprehensive Income

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Profit	¥40,131	¥42,568	$318,766
Other comprehensive income			
Valuation difference on available-for-sale securities	(99)	892	6,680
Deferred gains on hedges	202	752	5,631
Foreign currency translation adjustments	17,060	12,785	95,739
Remeasurements of defined benefit plans, net of taxes	911	595	4,456
Share of other comprehensive income of entities accounted for using equity method	1,069	1,351	10,117
Other comprehensive income (Notes 20)	19,143	16,376	122,630
Comprehensive income	59,274	58,944	441,396
(Breakdown)			
Comprehensive income attributable to owners of parent	57,145	57,179	428,179
Comprehensive income attributable to non-controlling interests	¥2,129	¥1,766	$13,225

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2022 and 2023

		Millions of yen				
		Shareholders' equity				
	Number of shares issued	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2021	295,863,421	¥53,076	¥27,740	¥87,514	(¥10,864)	¥157,466
Cumulative effects of changes in accounting policies		-	-	3	-	3
Restated balance	295,863,421	¥53,076	¥27,740	¥87,517	(¥10,864)	¥157,469
Profit attributable to owners of parent		-	-	39,101	-	39,101
Purchase of treasury shares		-	-	-	(3)	(3)
Disposal of treasury shares		-	-	-	292	292
Purchase of shares of consolidated subsidiaries		-	314	-	-	314
Change in scope of consolidation		-	-	(88)	-	(88)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	314	39,013	288	39,615
Balance at March 31, 2022	295,863,421	¥53,076	¥28,054	¥126,530	(¥10,575)	¥197,085
Dividends paid		-	-	(6,357)	-	(6,357)
Profit attributable to owners of parent		-	-	40,891	-	40,891
Purchase of treasury shares		-	-	-	(2)	(2)
Disposal of treasury shares		-	-	-	108	108
Change in ownership interest of parent due to transactions with non-controlling interests		-	(1,548)	-	-	(1,548)
Purchase of shares of consolidated subsidiaries		-	854	-	-	854
Change in scope of consolidation		-	(846)	658	-	(189)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(1,540)	35,191	106	33,757
Balance at March 31, 2023	295,863,421	¥53,076	¥26,514	¥161,721	(¥10,470)	¥230,842

	Millions of yen						
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2021	¥1,185	(¥917)	¥8,347	(¥3,253)	¥5,363	¥21,654	¥184,483
Cumulative effects of changes in accounting policies	-	-	-	-	-	-	3
Restated balance	¥1,185	(¥917)	¥8,347	(¥3,253)	¥5,363	¥21,654	¥184,486
Profit attributable to owners of parent	-	-	-	-	-	-	39,101
Purchase of treasury shares	-	-	-	-	-	-	(3)
Disposal of treasury shares	-	-	-	-	-	-	292
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	314
Change in scope of consolidation	-	-	-	-	-	-	(88)
Net changes in items other than shareholders' equity	(67)	202	17,037	872	18,045	1,510	19,555
Total changes of items during period	(67)	202	17,037	872	18,045	1,510	59,170
Balance at March 31, 2022	¥1,118	(¥714)	¥25,385	(¥2,381)	¥23,407	¥23,165	¥243,657
Dividends paid	-	-	-	-	-	-	(6,357)
Profit attributable to owners of parent	-	-	-	-	-	-	40,891
Purchase of treasury shares	-	-	-	-	-	-	(2)
Disposal of treasury shares	-	-	-	-	-	-	108
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(1,548)
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	854
Change in scope of consolidation	-	-	-	-	-	-	(189)
Net changes in items other than shareholders' equity	957	752	13,892	686	16,288	682	16,970
Total changes of items during period	957	752	13,892	686	16,288	682	50,727
Balance at March 31, 2023	¥2,075	¥38	¥39,277	(¥1,694)	¥39,695	¥23,847	¥294,384

The accompanying notes to the consolidated financial statements are an integral part of these statements.

	Number of shares issued	Thousands of U.S. dollars Shareholders' equity Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2022	295,863,421	$397,453	$210,080	$947,508	($79,193)	$1,475,848
Dividends paid		-	-	(47,604)	-	(47,604)
Profit attributable to owners of parent		-	-	306,208	-	306,208
Purchase of treasury shares		-	-	-	(15)	(15)
Disposal of treasury shares		-	-	-	809	809
Change in ownership interest of parent due to transactions with non-controlling interests		-	(11,592)	-	-	(11,592)
Purchase of shares of consolidated subsidiaries		-	6,395	-	-	6,395
Change in scope of consolidation		-	(6,335)	4,927	-	(1,415)
Net changes in items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(11,532)	263,524	794	252,786
Balance at March 31, 2023	295,863,421	397,453	198,547	1,211,030	(78,403)	1,728,636

	Thousands of U.S. dollars Accumulated other comprehensive income Valuation difference on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at March 31, 2022	$8,369	($5,349)	$190,092	($17,830)	$175,282	$173,467	$1,824,599
Dividends paid	-	-	-	-	-	-	(47,604)
Profit attributable to owners of parent	-	-	-	-	-	-	306,208
Purchase of treasury shares	-	-	-	-	-	-	(15)
Disposal of treasury shares	-	-	-	-	-	-	809
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(11,592)
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	-	6,395
Change in scope of consolidation	-	-	-	-	-	-	(1,415)
Net changes in items other than shareholders' equity	7,166	5,631	104,029	5,137	121,971	5,107	127,078
Total changes of items during period	7,166	5,631	104,029	5,137	121,971	5,107	379,864
Balance at March 31, 2023	$15,538	$285	$294,122	($12,685)	$297,252	$178,576	$2,204,463

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Fujikura Ltd. and its Consolidated Subsidiaries
For the Years Ended March 31, 2022 and 2023

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Cash flows from operating activities:			
Profit before income taxes	¥51,675	¥50,742	$379,976
Depreciation and amortization	30,516	29,112	218,002
Impairment losses	818	19,289	144,444
Amortization of goodwill	805	1,127	8,439
Interest and dividend income	(1,039)	(1,425)	(10,671)
Interest expenses	2,497	3,056	22,885
Foreign exchange losses (gains)	124	(236)	(1,767)
Share of profit of entities accounted for using equity method	(2,103)	(2,055)	(15,389)
Gain on sale of shares of subsidiaries and associates	(5,675)	(4,218)	(31,586)
Insurance claim income	(1,097)	-	-
Loss on liquidation of subsidiaries	-	1,247	9,338
Decrease in provision for loss on business of subsidiaries and associates	-	264	1,977
Business restructuring expenses	3,160	193	1,445
Decrease (increase) in notes and accounts receivable - trade	(14,391)	(2,214)	(16,579)
Decrease (increase) in inventories	(8,066)	(13,256)	(99,266)
Decrease in notes and accounts payable - trade	(2,563)	(3,357)	(25,139)
Other, net	(5,726)	(11,646)	(87,210)
Sub-total	48,935	66,624	498,907
Interest and dividends received	2,499	2,740	20,518
Interest paid	(2,498)	(2,339)	(17,515)
Income taxes paid	(8,548)	(8,886)	(66,542)
Net cash provided by operating activities	40,388	58,140	435,375
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment and other assets	(15,767)	(15,428)	(115,531)
Proceeds from sales of property, plant and equipment and other assets	18,213	1,827	13,681
Proceeds from sales of investment securities	418	956	7,159
Purchase of investment securities	(560)	(10)	(75)
Purchase of shares of subsidiaries and associates	-	(1,093)	(8,185)
Proceeds from liquidation of subsidiaries and associates	-	344	2,576
Proceeds from sale of shares of subsidiaries and associates	-	4,744	35,525
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(327)	-	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	5,353	-	-
Other, net	509	(1,075)	(8,050)
Net cash provided by (used in) investing activities	7,840	(9,733)	(72,885)
Cash flows from financing activities:			
Net decrease in short-term borrowings	(9,721)	(17,120)	(128,201)
Net increase (decrease) in commercial papers	(15,000)	-	-
Proceeds from long-term borrowings	28,789	15,000	112,326
Repayments of long-term borrowings	(28,450)	(19,430)	(145,499)
Repayments of lease liabilities	(1,911)	(3,739)	(27,999)
Redemption of bonds	(10,000)	-	-
Dividends paid	-	(6,357)	(47,604)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	-	(1,811)	(13,561)
Other, net	(625)	(462)	(3,460)
Net cash used in financing activities	(36,917)	(33,919)	(253,999)
Effect of exchange rate change on cash and cash equivalents	4,954	1,645	12,318
Net increase in cash and cash equivalents	16,264	16,132	120,803
Cash and cash equivalents at beginning of period	74,164	90,428	677,160
Cash and cash equivalents at end of period (Notes 22)	¥90,428	¥106,560	$797,963

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

Fujikura Ltd. and its Consolidated Subsidiaries
For the years ended March 31, 2022 and 2023

1. Basis of Presentation

Accounting principles

The accompanying Consolidated Financial Statements of Fujikura Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects, application and disclosure requirements, from International Financial Reporting Standards, and are prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.
The Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") PITF No. 18, Jun 28, 2019) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, Sep 14, 2018) and made necessary adjustments for the preparation of the Consolidated Financial Statements.
In preparing the Consolidated Financial Statements, certain reclassification and presentation adjustments have been made to the Consolidated Financial Statements filed with the Director of the Kanto Local Finance Bureau in Japan in order to present these Consolidated Financial Statements in a form which is more familiar to readers of these Consolidated Financial Statements outside Japan.

2. Summary of Significant Accounting Policies

(a) Consolidation and investments in affiliates

The Consolidated Financial Statements include the accounts of the Company and all significant subsidiaries (98 subsidiaries at March 31, 2022 and 92 subsidiaries at March 31, 2023). All significant intercompany transactions, accounts and unrealized intercompany profits are eliminated in consolidation.
The difference between the cost and the underlying net equity of the investment in consolidated subsidiaries at the time of acquisition is deferred and amortized over a ten-year period. Investments of 50% or less in companies over which the parent company does not have control but has the ability to exercise significant influence, and investments in unconsolidated subsidiaries are generally accounted by the equity method (10 companies at March 31, 2022 and 2023) and included in Investment securities in the Consolidated Balance Sheets.
When the accounts of subsidiaries and affiliates are not significant in relation to the Consolidated Financial Statements, they are carried at cost.
The excess of the cost over the underlying net equity of investments in unconsolidated subsidiaries and affiliates accounted on an equity basis is deferred and amortized over a ten-year period. Consolidated net income includes the Company's Equity in earnings of affiliates after elimination of unrealized intercompany profits.

(b) Translation of foreign currency transactions and accounts

Foreign currency transactions are translated using the foreign exchange rates prevailing at the transaction dates. Receivables and payables denominated in foreign currencies are translated at the balance sheet date using current exchange rates. All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at current exchange rates at the respective balance sheet dates and all income and expense accounts of those subsidiaries are translated at the average exchange rate for the respective fiscal year then ended.
Foreign currency financial statement translation differences are reported as a separate component of Net Assets in the Consolidated Balance Sheets.

(c) Valuation of Investment securities

Other securities:

These securities are investment securities expected to be held in the long term. Securities for which fair values are readily determinable are carried at fair value with unrealized gains and losses, net of applicable income taxes, being recorded in net assets.
Securities for which fair values are not readily determinable are recorded using the moving average cost.

(d) Derivatives

Derivative financial instruments are measured at fair value, if determinable.

(e) Inventories

Inventories are valued at the lower of cost or market, cost being determined mainly using the weighted average method.

(f) Property, plant and equipment, Intangible assets

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives.
Intangible assets are amortized in line with the same method.
The estimated useful lives are as follows:

Buildings: mainly 50 years
Machinery and equipment: mainly 7 to 10 years
Intangible assets: mainly 5 years

(g) Leased assets

Finance leases are depreciated using the straight-line method over their respective lease terms with no residual values.

(h) Allowance for doubtful accounts

Allowance for doubtful accounts provides for estimated uncollectible accounts at amounts either specifically assessed or an amount computed based on historical loss experience.

(i) Allowance for investment loss

Allowance for investment loss provides for anticipated losses due to the decline of values of investments in unconsolidated subsidiaries and affiliates, considering financial conditions, etc.

(j) Provision for loss on business of subsidiaries and associates

Provision for loss on business of subsidiaries and associates provides the estimated amount in preparation for the losses related to the business of the affiliated companies, which exceed the amount of investment and claims, etc. to the affiliated companies and will be borne by the Company or subsidiaries.

(k) Accounting method for retirement benefits

I. Attribution method for the estimated amount of retirement benefits

In calculating retirement benefits obligations, the method to attribute the estimated amount of retirement benefits to a period until the end of the consolidated fiscal year is based on the plan’s benefit formula.

II. Accounting methods for actuarial differences and prior service cost

Prior service cost is accounted for according to the straight-line method as they are incurred for a certain number of years (principally 15 years) within the average remaining years of service of employees at the time of incurring.

Actuarial differences are charged to expenses from the fiscal year subsequent to the fiscal year when incurred using a straight-line method mainly based on determined years (principally 15 years) within the average remaining years of service of employees when incurred.

(l) Basis for recording significant revenues and expenses

The Companies regard the supply of finished products to customers in Power & Telecommunication Systems Business Division and Electronics & Connector Business Division (Electronic Products Business Division and Automotive Products Business Division) as our main performance obligation.
The Companies recognize revenue for the amount we expect to receive in exchange for goods and services when control over the promised goods and services is transferred to the customer. Revenue is recognized at the time of shipment on domestic sales because the time period from shipment to when control of the product is transferred to the customer is short and consistent.
In Real Estate Business Division, the Company recognizes revenue for the amount we expect to receive in exchange for goods and services when control over the promised goods and services is transferred to the customer.

(m) Hedge accounting

The Companies apply hedge accounting for certain derivative financial instruments, which include foreign currency forward exchange contracts and interest rate swap agreements. The companies utilize these hedging instruments to hedge risks of future changes in foreign exchange rates and interest rates within the normal course of the Companies' operations.

Foreign currency exchange forward contracts:

The Companies utilize foreign currency forward exchange contracts to limit exposure to changes in foreign currency exchange rates on accounts receivable and payable and cash flows generated from anticipated transactions denominated in foreign currencies.

For foreign currency forward exchange contracts, which are designated as hedges, the Companies have adopted the accounting method where foreign currency denominated assets and liabilities are measured at the contract rate of the respective foreign currency forward exchange contract. With respect to such contracts for anticipated transactions, the contracts are marked-to-market and the resulting unrealized gains/losses are deferred and recorded in the income statement when the exchange gains/losses on the hedged items or transactions are recognized.

Interest rate swap agreements:

The Companies utilize interest rate swap agreements in order to limit the Companies' exposure with respect to adverse fluctuations in interest rates underlying the debt instruments.

The related interest differentials paid or received under the interest rate swap agreements are recognized in interest expense over the term of the agreements.

(n) Goodwill

Goodwill is amortized using the straight-line method mainly 10 years.

(o) Scope of cash in the Consolidated Statements of Cash Flows

The cash (cash and cash equivalents) in the Consolidated Statements of Cash Flows consists of cash on hand, bank deposits that can readily be withdrawn, and short-term investments with original maturities of three months or less, that are readily convertible to cash with little risk of change in value.

(p) Income taxes

The Company and some of its domestic subsidiaries adopted the Japanese group relief system from the consolidated fiscal year ended March 31, 2023. It is also disclosing accounting treatment of national and local corporate taxes and the tax effect accounting for such taxes, in accordance with Practical Solution on the Accounting and Disclosure Under the Japanese group relief system (Practical Solution No. 42, August 12, 2021).

(q) Appropriations of retained earnings

Appropriations of retained earnings reflected in the accompanying Consolidated Financial Statements are recorded upon approval by the shareholders.

3. Significant Accounting Estimates

Information on significant accounting estimates recognized in the consolidated financial statements is as follows.

・Impairment analysis of fixed assets of optical fiber business in China

The optical fiber business in China is considered a separate cash-generating unit and its results included within Power & Telecommunication Systems Division.
The Company identified an indicator of potential impairment related to the China optical fiber business based on three factors: 1) the decline in the market price of optical fiber in China from 2019 to 2020, which also caused the decline of selling price of optical fiber preform sold by Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd. (hereinafter referred to as "FFOE") to decline, 2) the steep increase in the procurement price of one of the key raw materials, silicon tetrachloride ($SiCl_4$), since October 2021, and 3) the operating losses recorded in the previous fiscal year.
Although FFOE posted a profit for operating income this fiscal year, uncertainty exists in regard to the purchasing plans of its main customers and concerns over a marked deterioration in the business environment cannot be eliminated. The Company therefore additionally determined there to be indicators of impairment in the consolidated fiscal year ended March 31, 2023.
The result of the impairment assessment concluded that no impairment loss was required to be recognized, since the value-in-use of the business exceeded its book value of ¥12,773 million (US$95,649 thousand). The value-in-use utilized for the impairment assessment was based on the future plans of the China optical fiber business, depending on the assumption that the selling price of optical base materials will fluctuate in line with the movement in selling prices as forecasted by market research companies and with the procurement price of silicon tetrachloride ($SiCl_4$).
The number of years of estimated future cash flows are based on the remaining amortization period of major fixed assets and are discounted to present value using a pre-tax weighted average cost of capital of 12.0%.
These key assumptions are subject to uncertainty and if, for example, the selling price of optical base materials sold by FFOE does not increase in line with management's estimate, or if the selling price does not fluctuate in line with the procurement price of the raw material, $SiCl_4$, this may reduce the value in use of the China optical fiber business, and accordingly may be required to be reassessed for impairment in the future.

・Impairment analysis of fixed assets in the FPC business

The FPC business is the major business of Electronics Business Division, and this business is the smallest identifiable unit that generates cash flows that are independent of the cash flows from other units.
As the profitability of the FPC business in Electronics Business Division is expected to decline due to the deterioration of the business environment and the product composition, the Company performed an impairment assessment and recorded a loss of ¥15,283 million for the fixed assets attributable to the FPC business in the consolidated fiscal year ended March 31, 2021.
Because the intensely competitive environment has continued with the entrance of new competitors and other factors, we anticipate a decrease in sales to our main customers and reflected the risk of not being able to increase sales to new customers to cover the decrease in the mid-term management plan.
We therefore additionally determined there to be indicators of impairment in the consolidated fiscal year ended March 31, 2023. As a result, because the total undiscounted future cash flows of the FPC business were less than the ¥27,002 million (US$202,202 thousand) carrying cost of property, plant and equipment prior to recognition of an impairment loss attributable to the business , the Company recognized an impairment loss of ¥8,904 million (US$66,677 thousand), which is the difference between the fair value of ¥18,098 million (US$135,525 thousand) and the ¥27,002 million (US$202,202 thousand) carrying cost of property, plant and equipment prior to recognition of an impairment loss on the property, plant and equipment attributable to the business.
The undiscounted future cash flows used in determining the recognition and measurement of impairment losses are estimated based on the future plan of the FPC business. These future plans incorporate assumptions about forecasted sales and gross profit on sales to key customers, and cost reductions as a result of planned restructuring, among other assumptions.
The Company used the remaining useful lives of the machinery and equipment held by Fujikura Electronics (Thailand) Ltd. as the time period for estimating future cash flows since it is the main manufacturing location in the FPC business.
The number of years of estimated future cash flows are based on the remaining amortization period of major fixed assets and are discounted to present value using a pre-tax weighted average cost of capital of 9.6%.
These key assumptions are subject to uncertainty and if, for example, sales and gross profit on sales to key customers are less than forecast due to further intensification of the competitive environment, or if cost reductions are unrealized due to the restructuring delay, this may reduce the total undiscounted future cash flows of the FPC business, and accordingly the carrying value of fixed assets may be required to be reassessed for impairment in the future.

・Recoverability of deferred tax assets

The amount of deferred tax assets in the consolidated financial statements for the fiscal year ended March 31, 2023 was ¥11,837 million (US$88,640 thousand).
Each Group company records deferred tax assets within an amount reflecting their expected utility in the reduction of future tax liabilities, based on the projected future tax liability of each Group company and other factors. Because the recoverability of deferred tax assets depends on estimates of projected future tax liability and other factors, any changes in the conditions and assumptions premised on such estimates could significantly affect the amount of deferred tax assets in the consolidated financial statements in the future.

・Contingent liabilities related to claims for loss and damage

The Company was sued by one of its business partners for ¥6.1 billion (US$46 million) in damages for allegedly defective products delivered by the Company, and received the complaint for the lawsuit on November 13, 2020. Further, we received a petition to change the amount of damages claimed in said lawsuit to ¥8.2 billion yen (US$61 million) due to an expansion of the claim on June 30, 2023.
The Company's position is that the delivered products met the customer's specifications and as such the Company does not accept the basis for the claim, nor any obligation to pay damages.
In case new facts are revealed as the legal proceedings unfold, the Company may record a loss in the following consolidated fiscal year.

4. New Accounting Pronouncements and Changes in Accounting Policies

Overseas Group subsidiaries using U.S. GAAP adopted Leases (FASB Accounting Standards Update (ASU) 2016-02 (Topic 842), February 25, 2016) from the beginning of the consolidated fiscal year ended March 31, 2023. Under this standard, the lessee records all leases as assets and liabilities on the balance sheet, in principle. The Group adopted the method of recognizing the cumulative impact from adoption of this standard on the initial date of application as the recognized transitional measure.
This resulted in increases of ¥13,919 million (US$104,231 thousand) in “Leased assets, net” under non-current assets, ¥2,882 million (US$21,582 thousand) in “Other” under current liabilities, and ¥11,127 million (US$83,323 thousand) in “Lease obligations” under non-current liabilities. The impact on the Consolidated Statements of Income from adopting this standard is minor.

The Company began applying Implementation Guidance on Accounting Standard for Fair Value Measurement (the revised ASBJ Guidance No. 31 (revised 2021); hereinafter referred to as Guidance on Accounting Standard for Fair Value) from the beginning of fiscal year ended March 31, 2022. The Company decided to apply the new accounting policies specified in Guidance on Accounting Standard for Fair Value, in accordance with the transitional treatment specified in Paragraph 27-2 of Guidance on Accounting Standard for Fair Value for Financial Instruments. The application of Guidance on Accounting Standard for Fair Value does not affect the Consolidated Balance Sheets.

5. Unapplied Accounting Standard

・Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, revised October 28, 2022)
・Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, revised October 28, 2022)
・Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, revised October 28, 2022)

(1) Summary

Accounting Standards Board of Japan (ASBJ) published the accounting standard for tax effect accounting in February, 2018 and the transferring of the guidance on tax effect accounting completed from Japanese Institute of Certified Public Accountants (JICPA) to Accounting Standards Board of Japan (ASBJ). The following two issues, which were to be considered again after the release of ASBJ Statement No. 28, etc., were discussed and released.
・Recorded category of tax expenses (taxation on other comprehensive income)
・The tax effect on the sale of shares of subsidiaries, etc. (shares of subsidiaries or affiliates) in the case where the group taxation regime is applied

(2) Expected date of application

These standards will be applied from the beginning of fiscal year ending March 31, 2025 (from April 1, 2024).

(3) Impact from Application of the Accounting Standard Update

The impact is still being assessed at the time these consolidated financial statements were produced.

6. Reclassification

Certain accounts in the Consolidated Financial Statements for the year ended March 31, 2022 have been reclassified to conform to the 2023 presentation.

7. Additional Information

(Stock-based compensation plan for the Company's directors)

In accordance with a resolution passed at the 169th Annual General Shareholders' Meeting held on June 29, 2017, the Company introduced a stock-based compensation plan for Company's Directors (limited to directors not serving as Audit and Supervisory Committee Members and excluding Outside Directors; hereinafter the same shall apply) and Executive Officers (hereinafter collectively referred to as "Directors"). The purpose of the plan is to clarify the correlation between the Company's share price and Director compensation and to boost awareness of contribution to the improvement of corporate value by having the Directors share the benefits and risks of stock price fluctuation with shareholders—i.e. not only benefit when the share price rises but also shoulder the risk of a decline in share price.

The accounting procedures for this system conform with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

I. Transaction summary

The Company will set up a monetary trust. This trust will be used to acquire common shares of the Company. A director shall be granted points in each fiscal year according to the Stock Distribution Regulations set forth by the Board of Directors. The stock-based compensation will be delivered to the Directors via the trust. Note that in principle the Directors will receive delivery of said shares at the time of retirement.

II. Shares remaining in the trust

The shares of the Company that remain in the trust are recorded as treasury stock under net assets at book value (excluding associated costs). The book value of these treasury stock shares at the years ended March 31, 2022 and 2023 in the amounts of ¥591 million and 602 thousand shares and ¥486 million (US$3,639 thousand) and 495 thousand shares.

(The personal misappropriation of assets in the subsidiary in the U.S.)

It was revealed via a whistle-blowing complaint received on March 3, 2023 that the Company former director (hereinafter referred to as "the former director"), who also served as the Chief Executive Officer of America Fujikura Ltd. (hereinafter referred to as "AFL"), the U.S. consolidated subsidiary, was alleged to have personally misappropriated real estate through AFL Telecommunications LLC (hereinafter referred to as "AFLT"), the subsidiary of AFL. The Company appointed independent external law firms in Japan and the U.S. and started the internal investigation on March 14, 2023, and received the result on June 30, 2023.

The investigation established the following matters in summary:

I. It was confirmed that land purchased by AFLT in 2020 for ¥538 million (US$4,029 thousand) was acquired for personal use by the former director by circumvention of the Company's approval process.

II. The former director circumvented the Company's controls such that ¥345 million (US$2,583 thousand) paid by AFLT was recorded as selling, general and administrative expense between the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023. However, it was in fact related to the cost of constructing housing on the land aforementioned in I. As a result of the internal investigation, it was confirmed AFLT was the owner of the housing and that therefore, the expense should have recorded as an asset for the investment purpose.

III. It was confirmed that the former director had misrepresented that he had an agreement with the Company, the parent company of AFL, to acquire the land when he retired as CEO of AFL. As a result, selling, general and administrative expenses were overstated by a total of ¥407 million (US$2,583 thousand) in each of the fiscal years from the fiscal year ended March 31, 2021 to the fiscal year ended March 31, 2023.

IV. It was recognized the former director made multiple payments by corporate credit card and AFLT checks for personal use. In addition, it was recognized that the former director used AFLT funds to purchase an aircraft without following proper approval procedures and that aircraft was used on occasion for personal use. (AFLT sold the aircraft after the purchase and the buyer leased back to AFLT.) AFLT paid ¥5 million (US$37 thousand) in the fiscal year ended March 31, 2019, ¥124 million (US$929 thousand) in the fiscal year ended March 31, 2020, ¥109 million (US$816 thousand) in the fiscal year ended March 31, 2021, ¥99 million (US$741 thousand) in the fiscal year ended March 31, 2022, and ¥124 million (US$929 thousand) in the fiscal year ended March 31, 2023, totaling ¥461 million (US$3,452 thousand). There is no impact on the consolidated financial statements because the amounts were recorded as selling, general and administrative expenses.

There were errors in the consolidated financial statements resulting from the accounting described in II. and III. above for each quarter and year end commencing from the third quarter of the fiscal year ended March 31, 2021 to that of the fiscal year ended March 31, 2023 due to the misappropriation of assets by the former director. However, considering the materiality of these effects, the Company did not restate its consolidated financial statements for each quarter or year, but instead adjusted for the cumulative effect in the consolidated financial statements for the fiscal year ended March 31, 2023. As a result of this restatement, compared with the amounts before this adjustment, operating income, ordinary income, and income before income taxes each increased by ¥751 million (US$5,624 thousand), and net income attributable to owners of the parent increased by ¥579 million (US$4,336 thousand), in the consolidated statements of income for the fiscal year ended March 31, 2023. Total assets increased by 247 million (US$1,850 thousand), liabilities decreased by 323 million (US$2,419 thousand), and net assets increased by 571 million (US$4,276 thousand) in the consolidated balance sheets.

The former director resigned from the board of directors of the Company on May 26, 2023. The Company plans to take appropriate measures after carefully reviewing the result of the investigation into the improprieties, following applicable laws and regulations.

The above amounts of assets and liabilities are translated from foreign currencies at the exchange rates prevailing at the end of the fiscal year ended March, 2023. The amounts of profits and losses are translated from foreign currency-denominated amounts using the average exchange rate during the fiscal year ended March, 2023.

8. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of exchange on March 31, 2023 (¥133.54=US$1.00), has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese Yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

9. Assets and debts pledged as collateral for other interest-bearing debts

The Companies' assets pledged as collateral for other interest-bearing debts at March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Carrying values of property, plant and equipment:			
Land	¥7	¥7	$52

The Companies' debts pledged as collateral for other interest-bearing debts at March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Carrying values of liabilities:			
Non-current liabilities other	¥1,517	¥1,517	$11,360

10. Contingent Liabilities

(1) Guarantees	Millions of yen		Thousands of U.S. dollars
Guarantees for loans borrowed / notes issued by:	2022	2023	2023
Fujikura (Malaysia) Sdn. Bhd.	-	¥336	$2,516
VISCAS Corporation	¥56	9	67
Employee	64	42	315
	¥120	¥387	$2,898

(2) Contingent liabilities

The Company was sued by one of its business partners for ¥6.1 billion (US$46 million) in damages for allegedly defective products delivered by the Company, and received the complaint for the lawsuit on November 13, 2020. Further, we received a petition to change the amount of damages claimed in said lawsuit to ¥8.2 billion yen (US$61 million) due to an expansion of the claim on June 30, 2023.
The Company's position is that the delivered products met the customer's specifications and as such the Company does not accept the basis for the claim, nor any obligation to pay damages.

A cable insulation breakdown problem has occurred in a power cable delivered in Malaysia by our consolidated subsidiary in August, 2021.
The Company has been investigating the cause of the problem with the customer to whom we directly delivered the product, and in May, 2022, the Company received a letter from the end-user, the final customer, requesting a solution to this problem.
The Company is currently investigating the cause of the problem and discussing future measures with the customer and the final customer.
It is difficult to reasonably estimate the impact of this problem at this time.

11. Revenue other than that from contracts with customers included in net sales
Revenue other than that from contracts with customers included in net sales on the consolidated statements of income for the year ended March 31, 2022 and 2023, amounted to ¥9,127million and ¥10,663 million (US$79,849 thousand).

12. Selling, general and administrative expenses
Main components of selling, general and administrative expenses for the years ended March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Depreciation and amortization	¥2,556	¥2,558	$19,155
Retirement benefit cost	1,623	1,765	13,217

13. Research and Development Costs
Research and development costs included in Selling, general and administrative expenses and Cost of sales, in aggregate, for the years ended March 31, 2022 and 2023, amounted to ¥16,413 million and ¥15,030 million (US$112,551 thousand), respectively.

14. Inventories
Inventories are valued at the lower of cost or market and the associated losses on inventory devaluation have been included in "Cost of sales" for the years ended March 31, 2022 and 2023 in the amounts of ¥5,415 million and ¥7,309 million (US$54,733 thousand), respectively.

15. Gain on Sale of Fixed Assets

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Land	¥15,825	-	-
Buildings	(451)	-	-
Total	¥15,375	-	-

16. Insurance claim income
This represents the amount of confirmed insurance claims for loss of plant and equipment due to fire and other losses and claim expenses.

17. Impairment losses
Grouping method:
The Companies grouped long-lived assets into asset groups by merchandise category.
Idle assets are grouped on an individual asset basis.

For the year ended March 31, 2022, the Companies have not recorded any significant impairment losses and as such further disclosure is omitted.

For the year ended March 31, 2023, the Companies have recorded impairment losses against the following asset groups:

Location: Fujikura Electronics (Thailand) Ltd. (Thailand)
Use: FPC manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥8,904 million (US$66,677 thousand)

Location: Fujikura Automotive America LLC (USA) , etc.
Use: Wire harness manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥7,392 million (US$55,354 thousand)

Location: Fujikura Automotive Asia Ltd. (Yonezawa City, Yamagata, Japan), etc.
Use: Wire harness manufacturing assets, etc.
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥2,911 million (US$21,799 thousand)

The Company determined there to be indicators of impairment for FPC manufacturing and other equipment owing to deterioration in the business environment and therefore evaluated whether to recognize an impairment loss. As a result, because the total undiscounted future cash flows of the FPC business were less than the ¥27,002 million (US$202,202 thousand) carrying cost of property, plant and equipment attributable to the business, the Company recognized an impairment loss of ¥8,904 million (US$66,677 thousand), which is the difference between the utility value of ¥18,098 million (US$135,525 thousand) and the ¥ 27,002 million (US$202,202 thousand) carrying cost of property, plant and equipment prior to recognition of an impairment loss on the property, plant and equipment attributable to the business.
The wire harness business is part of the Automotive Products Business Division. The business is the smallest identifiable unit that generates cash flows that are independent of the cash flows from other units in the Asian, European, and North and South American geographical businesses. In Asia, the business environment deteriorated due to the impact from fluctuations in the foreign exchange market during the first half of the year, in addition to the resurgence of COVID-19, the continuing impact from the global semiconductor shortage, and other factors. In North and South America, the business has struggled with a rapid rise in transportation costs, along with a steep rise in personnel expenses and increased costs from challenges with the launch of new vehicle models in North America. This resulted in continuous generation of losses from operating activities, which the Company determined to be an indicator of impairment. As a result, because the total undiscounted future cash flows for Asia and North and South America were less than the carrying value of property, plant and equipment for each region (Asia, ¥5,831 million (US$42,665 thousand); North and South America, ¥7,392 million (US$55,354 thousand)), the Companies reduced the carrying cost to the recoverable value and recognized an impairment loss of ¥2,911 million (US$21,799 thousand) for Asia and ¥7,392 million (US$55,354 thousand) for North and South America as extraordinary losses. Because the net sales value for property, plant and equipment exceeded the utility value in each geographical business, the recoverable value used in measuring the impairment loss was calculated from the net sales value. The estimated future cash flows used in determining the recognition of impairment losses were estimated based on the future plans of the wire harness business in Asia and North and South America. Those future plans were formulated based on demand forecasts from customers and other factors, and contain assumptions such as cost reductions from consolidation and elimination of locations and withdrawal from unprofitable products. The Company used the useful lives of the main fixed assets in Asia and North and South America as the time period for estimating future cash flows. The net sales value of the real estate component of property, plant and equipment attributable to the wire harness business in Asia was calculated based on the results of the real estate appraisal obtained from an independent professional.

18. Loss on liquidation of subsidiaries

The loss resulted mainly from the reversal of foreign currency translation adjustments due to the removal of a Company subsidiary from the consolidation.

19. Business Restructuring Expenses

For the Year Ended March 31, 2022

Special additional benefits and estimated reemployment support expenses from implementation of an early retirement benefits system at the Company, and special retirement benefits, etc. accompanying the restructuring of the Companies' locations.

For the Year Ended March 31, 2023

This was mainly due to special retirement benefits, etc. accompanying business restructuring in the Company and its subsidiaries.

20. Consolidated Statements of Comprehensive Income

For the Years Ended March 31, 2022 and 2023

Amount of reclassification and tax effect related to other comprehensive income are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Valuation difference on available-for-sale securities	2022	2023	2023
Amount arising during the year	(¥239)	¥994	$7,443
Reclassification adjustment	126	38	285
Before tax effect adjustment	(112)	1,032	7,728
Tax effect	13	(140)	(1,048)
Valuation difference on available-for-sale securities	(99)	892	6,680
Deferred gains (losses) on hedges			
Amount arising during the year	148	781	5,848
Before tax effect adjustment	148	781	5,848
Tax effect	54	(29)	(217)
Deferred gains (losses) on hedges	202	752	5,631
Foreign currency translation adjustments			
Amount arising during the year	17,060	11,420	85,517
Reclassification adjustment	-	1,366	10,229
Before tax effect adjustment	17,060	12,785	95,739
Foreign currency translation adjustments	17,060	12,785	95,739
Remeasurements of defined benefit plans, net of taxes			
Amount arising during the year	19	(428)	(3,205)
Reclassification adjustment	1,101	1,158	8,672
Before tax effect adjustment	1,120	730	5,467
Tax effect	(209)	(135)	(1,011)
Remeasurements of defined benefit plans, net of taxes	911	595	4,456
Share of other comprehensive income of associates accounted for using equity method			
Amount arising during the year	1,093	1,363	10,207
Reclassification adjustment	(24)	(12)	(90)
Share of other comprehensive income of associates accounted for using equity method	1,069	1,351	10,117
Other comprehensive income	¥19,143	¥16,376	$122,630

21. Supplementary Information for the Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2022

(a) Type and number of outstanding shares

	Thousands of shares			
Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Share capital	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Share capital (*1)(*2)(*3)	20,461	3	297	20,167
Total	20,461	3	297	20,167

(*1) The 3 thousand shares increase in common shares of treasury stock is mainly attributable to the acquisition of treasury stock.

(*2) The 297 thousand shares decrease in common shares of treasury stock reflects the delivery of shares to the Company's directors from the trust account for the stock-based compensation plan.

(*3) The number of common shares of treasury stock at the end of the fiscal year under review are included in 602 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends

(1) Dividends paid to shareholders: N/A

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 29, 2022	Annual general meeting of shareholders	Common stock	¥2,764	Retained earnings	¥10.0	March 31, 2022	June 30, 2022

Note: The total dividend payout approved by Annual general meeting of shareholders at June 29, 2022 includes ¥6 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

For the Year Ended March 31, 2023
(a) Type and number of outstanding shares

	Thousands of shares			
Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Share capital	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Share capital (*1)(*2)(*3)	20,167	4	110	20,061
Total	20,167	4	110	20,061

(*1) The 4 thousand shares increase in common shares of treasury stock is mainly attributable to the acquisition of treasury stock.
(*2) The 110 thousand shares decrease in common shares of treasury stock reflects the delivery of shares to the Company's directors from the trust account for the stock-based compensation plan.
(*3) The number of common shares of treasury stock at the end of the fiscal year under review are included in 495 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends
(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 29, 2022	Annual general meeting of shareholders	Common stock	¥2,764	¥10.0	March 31, 2022	June 30, 2022
November 9, 2022	Board of directors	Common stock	¥3,593	¥13.0	September 30, 2022	December 5, 2022

Note: The total dividend payout approved by the Annual general meeting of shareholders at June 29, 2022 includes ¥6 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.
The total dividend payout approved by the Board of directors meeting at November 9, 2022 includes ¥6 million in dividends for the shares in the trust account for the stock-based compensation plan for directors.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 29, 2023	Annual general meeting of shareholders	Common stock	¥4,699	Retained earnings	¥17.0	March 31, 2023	June 30, 2023

Note: The total dividend payout approved by Annual general meeting of shareholders at the June 29, 2023 includes ¥8 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

22. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the Consolidated Statement of Cash Flows and account balances in the Consolidated Balance Sheets at March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Cash and deposits	¥91,041	¥107,228	$802,965
Deposits with original maturities of over three months	(613)	(668)	(5,002)
Cash and cash equivalents	¥90,428	¥106,560	$797,963

23. Leases

1. Finance leases other than those that are deemed to transfer ownership of the leased property to the lessee and leases in subsidiaries of the Company that apply IFRS 16 "Leases" and Leases (FASB Accounting Standards Update (ASU) 2016-02 (Topic 842)).

(1) Details of leased assets
Mainly consists of "Machinery, equipment and vehicles".

(2) Depreciation method for leased assets
As stated "Notes to the Consolidated Financial Statements, (f) Property, plant and equipment, Intangible assets and (g) Leased assets".

2.Operating lease
Future lease payments on non-cancelable operating leases

	Millions of yen		Thousands of U.S. dollars
Lessee	2022	2023	2023
Within 1 year	¥2,712	¥10	$75
More than 1 year	8,617	15	112
Total	¥11,329	¥25	$187

Lessor	2022	2023	2023
Within 1 year	¥1,054	¥1,182	$8,854
More than 1 year	3,080	2,837	21,248
Total	¥4,134	¥4,020	$30,103

Notes:
The amount of operating leases at the overseas subsidiaries using U.S. GAAP is not included in the consolidated fiscal year ended March 31, 2023 because the subsidiaries adopted Leases (FASB Accounting Standards Update (ASU) 2016-02 (Topic 842)) from the consolidated fiscal year ended March 31, 2023.

24. Financial Instruments

(a) Information on financial instruments policies

The Companies enter into financing arrangements (primarily through bank loans or corporate bonds) based on the planned capital expenditures of its businesses. The Companies invest in low risk financial assets using available cash, finance their short-term working capital needs through bank loans and commercial papers. The Companies use derivative transactions within predetermined transaction volumes to limit the risk of significant fluctuations in foreign currency exchange rates, interest rates, and copper and aluminum prices.The Companies do not enter into derivative transactions for speculative purposes.

Details of financial instruments and related risks

Notes receivable, accounts receivable and contract assets are exposed to customer credit risk. Also, trade receivables denominated in foreign currencies, which are derived from the Company's global business expansion, are exposed to fluctuations in foreign currency exchange rates, however, the exposure is mitigated by entering into foreign exchange forward contracts.

Investment securities consist mainly of equity securities, which are exposed to market price fluctuation risks.

Trade notes and accounts payable have payment terms within one year. Also, within these accounts there are foreign currency denominated balances generated from the import of raw materials and therefore the balances are exposed to fluctuations in foreign currency exchange rates. However, such balances are typically less than accounts receivable balances denominated in the same currencies.
Borrowings and corporate bonds are used primarily for capital expenditures and have maturity dates within mainly seven years subsequent to the balance sheet date. Certain borrowing contracts are based on variable, or floating, interest rates, which are exposed to fluctuation risk and are hedged via interest rate swap agreements.

Derivative transactions are comprised primarily of foreign exchange forward contracts hedging foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies, of interest rate swap agreements hedging interest rate fluctuation risk in bank loans, and commodity forward contracts hedging the risk of copper and aluminum price fluctuation.

Risk management over financial instruments

(1) Credit risk management (risk of customers' default risk, etc.)

The Company periodically monitors major customers' financial conditions and performs customer specific aging analyses. In addition, the Company monitors doubtful accounts due to the current economic difficulties in accordance with the credit management policy. The consolidated subsidiaries and affiliates are also required to conform with the credit management policy of the Company.

In order to mitigate credit risks to the greatest extent possible with regards to derivative transactions, the Companies' counterparties are financial institutions that maintain high credit ratings.

The financial assets exposed to credit risks recorded in the Consolidated Balance Sheets represent the maximum exposure to credit risk as of March 31, 2022 and March 31, 2023.

(2) Market risk management (risk of fluctuations in foreign currency rates, interest rates, etc.)

The Company and certain consolidated subsidiaries generally use foreign exchange forward contracts to limit foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies. Depending on the foreign currency market condition, the Companies use foreign exchange forward contracts for trade receivables denominated in foreign currencies generated from highly probable forecasted export transactions. Also, the Company and certain consolidated subsidiaries use interest rate swap agreements to limit interest rate fluctuation risk associated with bank loans.

In relation to investment securities, the Companies continuously monitor the related market values and financial condition of the issuers while also taking into consideration their business relationships with the issuers.

In executing and managing the daily operations of derivative transactions, the Companies regularly monitor transaction balances/volumes and profit/loss status. Such information is periodically reported to the responsible management team and is audited by certain administration divisions. Prior approval by an Executive Officer of the Company is generally required to enter into significant transactions, transaction modifications or applications for the use of new financial instruments.

(3) Liquidity risk management for financing activities (risk of inability to repay on the due date)

The Company manages liquidity risk by preparing cash flow forecasts, led by the finance division, based on relevant information reported from the respective divisions.

Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based on market values as well as reasonably determined values in situations where the market fair value is unavailable. The determination of such values is based on certain assumptions, which may result in different outcomes if other assumptions are applied.

(b) Fair values of financial instruments

The book value of financial instruments in the Consolidated Financial Statements, their fair value and net difference at March 31, 2022 and 2023, respectively, are shown below:

2022	Millions of yen		
	Book value	Fair value	Difference
(1) Investment securities (*2)	19,502	13,907	(5,595)
(2) Bonds payable	30,000	29,831	(169)
(3) Long-term borrowings (*4)	129,976	129,484	(493)
(4) Derivative Instruments (*5)			
Non-hedge derivative instruments	2,004	2,004	-
Designated hedge instruments	(749)	(749)	-

2023	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Investment securities (*2)						
Shares of subsidiaries and associates	14,653	9,147	(5,506)	109,727	68,496	(41,231)
Available-for-sale securities	6,790	6,790	-	50,846	50,846	-
(2) Bonds payable (*3)	30,000	29,899	(101)	224,652	223,895	(756)
(3) Long-term borrowings (*4)	125,875	124,587	(1,288)	942,601	932,956	(9,645)
(4) Derivative Instruments (*5)						
Non-hedge derivative instruments	809	809	-	6,058	6,058	-
Designated hedge instruments	55	55	-	412	412	-

(*1) “Cash” is omitted in the notes and “Deposits,” “Notes receivable - trade,” “Accounts receivable - trade,” “Notes and accounts payable - trade,” “Short-term borrowings,” and “Income taxes payable” are omitted in the notes because they are paid within a short period of time and their fair value closely resemble book value.

(*2) Equity securities, etc. without a market price are not included in “(1) Investment securities.” The amounts of such financial instruments recorded in the Consolidated Balance Sheets are listed below.

2022	Millions of yen
Description	Amount recorded in consolidated balance sheets
Non-public companies	¥9,598

2023	Millions of yen	Thousands of U.S. dollars
Description	Amount recorded in consolidated balance sheets	Amount recorded in consolidated balance sheets
Non-public companies	¥8,929	$66,864

(*3) Bonds payable due for redemption in one year《amount on the balance sheet: ¥10,000 million (US$74,884 thousand)》are included in "(2) Bonds payable."

(*4) ¥19,499 million and ¥4,344 million (US$32,530 thousand) as of March 31, 2022 and March 31, 2023 of the Long-term borrowings which mature within 1 year and are recorded in "Short-term borrowings" in the consolidated balance sheets are included in "(3) Long-term borrowings" above.

(*5) Net receivables and (liabilities) related to the derivative transactions are presented net.

Note 1: The aggregate annual maturities of cash and deposits, and receivables at March 31, 2022 and 2023 are as follows:

	Millions of yen			
At March 31, 2022	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥91,041	¥ -	¥ -	¥ -
Notes receivable - trade	14,698	-	-	-
Accounts receivable - trade	120,260	-	-	-
Total	¥226,000	¥ -	¥ -	¥ -

	Millions of yen			
At March 31, 2023	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥107,228	¥ -	¥ -	¥ -
Notes receivable - trade	17,476	-	-	-
Accounts receivable - trade	129,084	104	-	-
Total	¥253,788	¥104	¥ -	¥ -

	Thousands of U.S. dollars			
At March 31, 2023	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	$802,965	$ -	$ -	$ -
Notes receivable - trade	130,867	-	-	-
Accounts receivable - trade	966,632	779	-	-
Total	$1,900,464	$779	$ -	$ -

Note 2: The annual maturities of bonds payable and long-term borrowings at March 31, 2022 and 2023 are as follows:

At March 31, 2022

Bonds payable

	Millions of yen
Year ending March 31, 2023	-
2024	10,000
2025	10,000
2026	-
2027	10,000
2028 and thereafter	-

Long-term borrowings

	Millions of yen
Year ending March 31, 2023	¥19,499
2024	4,157
2025	15,586
2026	20,735
2027	10,000
2028 and thereafter	60,000

At March 31, 2023

Bonds payable

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2024	¥10,000	$74,884
2025	10,000	74,884
2026	-	-
2027	10,000	74,884
2028	-	-
2029 and thereafter	-	-

Long-term borrowings

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2024	¥4,344	$32,530
2025	15,730	117,792
2026	20,801	155,766
2027	10,000	74,884
2028	13,300	99,596
2029 and thereafter	61,700	462,034

(c) Breakdown of the fair value of financial instruments by asset level

The fair value of financial instruments is categorized into the following three levels,
according to the observability and significance of inputs relating to the calculation of fair value.

Level 1 Fair Value: The fair value determined by the market price of assets or liabilities for which the fair value is formed by an active market, of the inputs for determining observable fair value

Level 2 Fair Value: The fair value determined using inputs relating to the fair value determined by inputs other than Level 1 inputs, of the inputs for determining observable fair value

Level 3 Fair Value: Fair value determined using inputs relating to determination of fair value that is not observable

(1) Financial instruments recorded at fair value on the Consolidated Balance Sheets

at March 31, 2022

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities	13,907	-	-	13,907
Derivative Instruments				
Non-hedge derivative instruments	-	2,004	-	2,004
Designated hedge instruments	-	(749)	-	(749)

at March 31, 2023

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	6,790	-	-	6,790
Derivative Instruments				
Non-hedge derivative instruments	-	809	-	809
Designated hedge instruments	-	55	-	55

Classification	Fair value (Thousands of US$)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	50,846	-	-	50,846
Derivative Instruments				
Non-hedge derivative instruments	-	6,058	-	6,058
Designated hedge instruments	-	412	-	412

(2) Financial instruments other than financial instruments recorded at fair value on the Consolidated Balance Sheets

at March 31, 2022

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Bonds payable	-	29,831	-	29,831
Long-term borrowings	-	129,484	-	129,484

at March 31, 2023

Classification	Fair value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	9,147	-	-	9,147
Bonds payable	-	29,899	-	29,899
Long-term borrowings	-	124,587	-	124,587

Classification	Fair value (Thousands of US$)			
	Level 1	Level 2	Level 3	Total
Investment securities				
Shares of subsidiaries and associates	68,496	-	-	68,496
Bonds payable	-	223,895	-	223,895
Long-term borrowings	-	932,956	-	932,956

Note: Explanation of valuation method used to determine fair value and inputs relating to determination of fair value

(Investment securities)
The fair value of such equity securities is classified as Level 1 fair value because they are traded on active markets.

(Bonds payable)
The fair value of bonds issued by the Company is determined using market prices based on data obtained from the Japan Securities Dealers Association.
The fair value of such bonds is classified as Level 2 fair value.

(Derivative Instruments)

The fair value of foreign exchange forward contracts is calculated by using forward exchange rates and classified as Level 2 fair value.

The fair value of commodity futures contracts is calculated based on the London Metal Exchange (LME) official price and the current exchange rate at the end of the period and classified as Level 2 fair value. Foreign exchange forward contracts are accounted for combined with the accounts receivable designated as hedged items, and their fair values are included in the related accounts receivable. Interest rate swaps for which a simplified method allowed under JGAAP is applied are combined with the long-term borrowings designated as hedged items, and their fair values are included in long-term borrowings (see "Long-term borrowings" below).

(Long-term borrowings)

The fair value of long-term borrowings is determined based on the present value of the principal and interest discounted at the current interest rate charged for a similar borrowing. This is classified as Level 2 fair value. For long-term borrowings with a floating interest rate, the Company enters into interest rate swaps and applies a simplified method allowed under JGAAP to such swaps. Such long-term borrowings are combined with the related interest swaps and their fair values are determined based on the present value of the principal and interest reflecting the swap discounted at the current interest rate charged for a similar borrowing.

25. Investment Securities

The aggregate cost, gross unrealized gains, gross unrealized losses and fair value of available-for-sale securities at March 31, 2022 and 2023 consisting primarily of equity securities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Cost	¥5,243	¥4,571	$34,229
Gross unrealized gains	1,277	2,254	16,879
Gross unrealized losses	(257)	(35)	(262)
Fair value	¥6,263	¥6,790	$50,846

Available-for-sale securities sold during the year ended March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Investment securities			
Sales amount	¥418	¥956	$7,159
Gain on sales of investment securities	-	352	2,636
Loss on sales of investment securities	(123)	(53)	(397)

Investments in unconsolidated subsidiaries and associates at March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Investments securities	¥20,080	¥21,083	$157,878
Investments and other assets, other	6,447	7,139	53,460
	¥26,527	¥28,222	$211,337

26. Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities at March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Short-term loans, principally from banks, with weighted-average interest rate of 2.8% to the ending balance on March 31, 2023	¥51,515	¥37,032	$277,310
Current portion of unsecured long-term loans from banks and other financial institutions with weighted-average interest rate of 1.3% to the ending balance on March 31, 2023	19,499	4,344	32,530
Current portion of lease obligations	1,590	4,822	36,109
Non-current portion of unsecured long-term loans from banks and other financial institutions with maturity dates from 2024 to 2050 with weighted-average interest rate of 1.4% to the ending balance on March 31, 2023	110,477	121,531	910,072
Non-current portion of lease obligations with maturity dates from 2024 to 2034	4,517	15,493	116,018
Current portion of bonds payable with interest rate of 0.2%	-	10,000	74,884
Bonds with maturity dates from 2024 to 2026 with weighted-average interest rate of 0.2% and 0.3%	30,000	20,000	149,768
	¥217,598	¥213,222	$1,596,690

The annual maturities of long-term borrowings are as follows:

Long term borrowings	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2025	¥15,730	$117,792
2026	20,801	155,766
2027	10,000	74,884
2028	13,300	99,596

Lease obligations	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2025	¥4,017	$30,081
2026	3,073	23,012
2027	2,746	20,563
2028	1,992	14,917

27. Derivative Instruments

(a) Derivative instruments not accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2022

	Millions of yen			
2022	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell				
USD	¥14,486	-	(¥115)	(¥115)
JPY	53	-	3	3
Other	46	-	3	3
Buy				
USD	19,863	-	780	780
CAD	2,724	-	17	17
Other	461	-	(15)	(15)
Total	¥37,632	-	¥674	¥674

At March 31, 2023

	Millions of yen				Thousands of U.S. dollars			
2023	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell								
USD	¥5,286	-	(¥26)	(¥26)	$39,586	-	($195)	($195)
JPY	353	-	2	2	2,643	-	15	15
Buy								
USD	215	-	(2)	(2)	1,611	-	(15)	(15)
CAD	1,490	-	(2)	(2)	11,156	-	(15)	(15)
Other	460	-	(5)	(5)	3,448	-	(37)	(37)
Total	¥7,805	-	(¥33)	(¥33)	$58,444	-	($247)	($247)

(2) Interest Rate Swaps

At March 31, 2022 N/A

At March 31, 2023 N/A

(3) Commodity Futures Contracts

At March 31, 2022

	Millions of yen			
2022	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell	¥4,472	-	(¥232)	(¥232)
Buy	9,334	591	1,563	1,563
Total	¥13,806	¥591	¥1,331	¥1,331

At March 31, 2023

	Millions of yen				Thousands of U.S. dollars			
2023	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell	¥4,107	-	(¥99)	(¥99)	$30,755	$ -	($741)	($741)
Buy	11,689	919	941	941	87,532	6,882	7,047	7,047
Total	¥15,795	¥919	¥841	¥841	$118,279	$6,882	$6,298	$6,298

(b) Derivative instruments accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2022	Millions of yen		
2022	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)			
Accounts receivable - trade			
Sell			
USD	¥29,954	¥ -	(*1) ¥ -
EUR	1,246	-	-
GBP	432	-	-
Accounted for by the method in the principle			
Accounts receivable - trade			
Sell			
USD	10,540	-	(374)
EUR	1,501	-	(59)
GBP	2,591	-	(87)
Other	44	-	(0)
Accounts payable - trade			
Buy			
EUR	150	21	(5)
USD	129	-	8
Total	¥46,586	¥21	(¥517)

(*1) Designated hedge accounting on forward exchange contracts etc. are treated as one with the accounts receivables to be hedged.
The fair value is included in the fair value of the trade receivables.

At March 31, 2023	Millions of yen			Thousands of U.S. dollars		
2023	Notional amount	Notional amount to be settled in more than one year	Fair value	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)						
Accounts receivable - trade						
Sell						
USD	¥9,183	¥ -	(*1) ¥ -	$68,763	$ -	$ -
Accounted for by the method in the principle						
Accounts receivable - trade						
Sell						
USD	609	-	(3)	4,560	-	(22)
Other	69	-	(0)	516	-	(0)
Accounts payable - trade						
Buy						
USD	20	-	0	149	-	0
Total	¥9,880	-	(¥3)	$73,988	-	($22)

(*1) Designated hedge accounting on forward exchange contracts etc. are treated as one with the accounts receivables to be hedged.
The fair value is included in the fair value of the trade receivables.

(2) Interest Rate Swaps

At March 31, 2022	Millions of yen		
2022	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the simplified method allowed under JGAAP			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥23,904	¥20,000	(*1) ¥ -
Accounted for by the method in the principle			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥40,000	¥40,000	(¥161)
Total	¥63,904	¥60,000	(¥161)

(*1) The special treatment of interest rate swaps is treated as one with the long-term debt being hedged.
Therefore, the fair price is included in the fair value of the long-term debt.

At March 31, 2023	Millions of yen			Thousands of U.S. dollars		
2023	Notional amount	Notional amount to be settled in more than one year	Fair value	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for by the simplified method allowed under JGAAP						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥22,000	¥22,000	(*1) ¥ -	$164,745	$164,745	$ -
Accounted for by the method in the principle						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥40,000	¥40,000	¥58	$299,536	$299,536	$434
Total	¥62,000	¥62,000	¥58	$464,280	$464,280	$434

(*1) The special treatment of interest rate swaps is treated as one with the long-term debt being hedged.
Therefore, the fair price is included in the fair value of the long-term debt.

(3) Commodity Futures Contracts
At March 31, 2022: N/A

At March 31, 2023: N/A

28. Severance Indemnities and Pension Plans

(a) Outline of retirement and severance benefits plans adopted by the Companies

The Company and its consolidated subsidiaries sponsor various defined benefit plans such as corporate pension plans and lump sum retirement plans for their employees, and the Company and certain consolidated subsidiaries participate in multi-employer corporate pension plans. The amount of pension assets is included in the notes to the defined benefit plan because the Companies can reasonably calculate it corresponding to the Companies' contribution.

Also, certain consolidated subsidiaries sponsor defined contribution plans and the Company sponsors a retirement benefit trust.

(b) Defined benefit plan

The following tables present summaries of the benefit obligations for defined pension plans, plan assets and the associated funded status recorded in the Consolidated Balance Sheets.

(1) Benefit obligations at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Balance at the beginning of the period	¥48,419	¥46,972	$351,745
Service cost	2,666	2,524	18,901
Interest cost	200	282	2,112
Actuarial (gains) or losses	(932)	(1,094)	(8,192)
Past service cost accrual	(48)	(131)	(981)
Retirement benefits paid	(3,333)	(4,522)	(33,863)
Other	0	380	2,846
Balance at the end of the period	¥46,972	¥44,412	$332,568

(2) Plan assets at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Balance at the beginning of the period	¥42,744	¥39,557	$296,218
Expected return on plan assets	551	539	4,036
Actuarial (gains) or losses	(875)	(1,385)	(10,371)
Employer's contributions	270	271	2,029
Retirement benefits paid	(2,860)	(3,601)	(26,966)
Other	(273)	(23)	(172)
Balance at the end of the period	¥39,557	¥35,358	$264,774

(3) Defined benefit liability at the beginning of the period and the end of the period for consolidated subsidiaries adopting the simplified method

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Balance at the beginning of the period	¥2,077	¥2,232	$16,714
Retirement benefit cost	413	451	3,377
Retirement benefits paid	(58)	(55)	(412)
Annual contribution	(212)	(227)	(1,700)
Other	12	7	52
Balance at the end of the period	¥2,232	¥2,407	$18,031

(4) Reconciliation between the liabilities (assets) recorded in the Consolidated Balance Sheets and the balances of defined benefit obligations and plan assets

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Retirement benefit obligations of the savings plans	¥42,683	¥39,964	$299,266
Plan assets	(32,419)	(30,377)	(227,475)
Retirement benefits trusts	(8,257)	(6,085)	(45,567)
	2,008	3,502	26,224
Retirement benefit obligations of the non-savings plans	7,639	7,959	59,600
Net liabilities and assets recorded on the Consolidated Balance Sheets	9,647	11,461	85,824
Net defined benefit liability	10,537	11,941	89,419
Net defined benefit asset	(889)	(480)	(3,594)
Net liabilities (assets) recorded on the Consolidated Balance Sheets	¥9,647	¥11,461	$85,824

(5) Components of net periodic retirement benefits costs

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Service cost	¥2,666	¥2,524	$18,901
Interest cost	200	282	2,112
Expected return on plan assets	(551)	(539)	(4,036)
Recognized actuarial (gains) or losses	1,318	1,533	11,480
Amortization of prior service cost	(217)	(375)	(2,808)
Net retirement benefit costs of the plans adopting the simplified method	413	451	3,377
Retirement benefit costs related to the defined benefit plans	¥3,829	¥3,876	$29,026

Note. Extra retirement payments for the years ended March 31, 2022 and 2023 in the amount of ¥3,371 million and ¥901 million (US$6,747 thousand) respectively, are accounted for as "Business restructuring expenses" of Extraordinary loss.

(6) Remeasurements of defined benefit plans before deduction of deferred tax

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Unrecognized prior service cost	¥169	¥244	$1,827
Unrecognized actuarial (gains) or losses	(1,289)	(1,241)	(9,293)
Other	-	267	1,999
Total	(¥1,120)	(¥730)	($5,467)

(7) Accumulated other comprehensive income before deduction of deferred tax on defined retirement benefit plans

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Unrecognized prior service cost	(¥2,610)	(¥2,366)	($17,718)
Unrecognized actuarial (gains) or losses	5,011	4,037	30,231
Total	¥2,401	¥1,671	$12,513

(8) Plan assets consisted of the following :

	2022	2023	
Bonds payable	36	33	%
Equity securities	18	21	
Cash and deposits	24	19	
General accounts	1	1	
Others	21	26	
Total	100	100	%

Note. Employee retirement benefits trusts contributed to the company pension plan as of March 31, 2022 and 2023 represent approximately 20% and 17% of "Plan assets total" respectively.

(9) Method to establish a long-term expected return on plan assets

To determine the long-term expected return on plan assets, the present and expected allocation of plan assets and the present and expected future returns from a variety of plan assets have been taken into account.

(10) The actuarial assumptions used

	2022	2023
Discount rates	Mainly 0.4%	Mainly 0.6%
Expected long-term expected return on plan assets	Mainly 1.5%	Mainly 1.5%
Lump sum election rate	Mainly 68.4%	Mainly 66.4%
Re-evaluation rate	Mainly 0.1%	Mainly 0.1%

(c) Defined contribution plan

Total annual contributions to the defined contribution plans for the years ended March 31, 2022 and 2023 are ¥567 million and ¥768 million (US$5,751 thousand), respectively.

29. Income Taxes

(a) The significant components of deferred tax assets and liabilities at March 31, 2022 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2022	2023	2023
Deferred tax assets:			
Net operating losses carried forward (*2)	¥19,844	¥18,273	$136,835
Impairment losses	4,909	8,180	61,255
Loss on valuation of investments in capital of subsidiaries and associates	4,744	4,793	35,892
Net defined benefit liability	4,571	4,318	32,335
Foreign tax credit carried forward	4,050	3,804	28,486
Bonus accrual	2,494	2,964	22,196
Allowance for doubtful accounts	2,539	2,612	19,560
Inventory devaluations	1,418	1,713	12,828
Depreciation	1,371	1,494	11,188
Loss on valuation of investment securities	1,401	1,415	10,596
Elimination of intercompany profits on inventories	401	1,007	7,541
Elimination of intercompany profits on fixed assets	783	780	5,841
Enterprise taxes	551	300	2,247
Other	7,588	6,797	50,899
Gross deferred tax assets	56,663	58,449	437,689
Valuation allowance related to net operating losses carried forward (*2)	(18,882)	(17,179)	(128,643)
Valuation allowance related to total deductible temporary difference, etc.	(29,352)	(26,574)	(198,997)
Subtotal of valuation allowance (*1)	(48,234)	(43,753)	(327,640)
Total deferred tax assets	8,429	14,697	110,057
Deferred tax liabilities:			
Retained earnings of equity-method affiliated company	1,348	2,000	14,977
Special tax-purpose reserve for deferred gain on sale of property	620	622	4,658
Unrealized gains on investment securities	46	187	1,400
Asset retirement obligations	75	87	651
Other	57	159	1,191
Total deferred tax liabilities	2,149	3,055	22,877
Net deferred tax assets	¥6,279	¥11,642	$87,180

Notes:

1. Subtotal of valuation allowance decreased by ¥4,481 million (US$33,555 thousand). The decrease is mainly due to a review of the recoverability of deferred tax assets.

2. Net operating losses carried forward for tax purposes and correlating deferred tax assets by carry forward period.

FY2021 (consolidated fiscal year ended March 31, 2022)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*1	335	877	439	2,466	3,048	12,678	19,844
Valuation allowance	(331)	(580)	(439)	(2,466)	(3,046)	(12,020)	(18,882)
Deferred tax assets	4	297	-	-	2	659	*2 962

*1: Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.
*2: For the net operating losses carried forward of ¥19,844 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥962 million have been recorded.
The net operating losses carried forward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

FY2022 (consolidated fiscal year ended March 31, 2023)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*3	760	437	1,891	2,583	615	11,986	18,273
Valuation allowance	(512)	(437)	(1,815)	(2,548)	(615)	(11,251)	(17,179)
Deferred tax assets	248	-	77	35	-	734	*4 1,094

Thousands of U.S. dollars

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*3	5,691	3,272	14,161	19,343	4,605	89,756	136,835
Valuation allowance	(3,834)	(3,272)	(13,591)	(19,080)	(4,605)	(84,252)	(128,643)
Deferred tax assets	1,857	-	577	262	-	5,496	*4 8,192

*3: Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.
*4: For the net operating losses carried forward of ¥18,273 million (US$136,835 thousand) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥1,094 million (US$8,192 thousand) have been recorded.
The net operating losses carried forward are determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

(b) Normal statutory tax rate

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in aggregate, indicate a normal statutory tax rate in Japan of approximately 30.2% and 30.5% for the years ended March 31, 2022 and 2023, respectively.
A reconciliation between the normal statutory income tax rate and the effective income tax rate in the accompanying Consolidated Statements of Income for the years ended March 31, 2022 and 2023 are as follows:

	2022	2023
Normal statutory tax rate	30.2	30.5 %
Permanently non-deductible expenses such as entertainment expenses	0.0	0.0
Permanently non-taxable income such as dividend income	(0.3)	(0.1)
Withholding tax on dividends from foreign subsidiaries	0.2	0.5
Per capita rate of local tax	0.2	0.2
Elimination of intercompany dividend income	0.9	0.4
Special tax credit	(1.8)	(1.1)
Equity in losses of affiliates	(1.1)	(1.4)
Tax exemption in foreign tax jurisdiction	(0.3)	(0.1)
Valuation allowance	(7.7)	(12.6)
Effect of lower tax rates at overseas subsidiaries	(0.5)	(4.5)
Amortization of Goodwill	(0.5)	(0.5)
Retained earnings of overseas subsidiaries	0.3	1.3
Income taxes for prior periods	0.7	(0.4)
Expiration of loss carryforwards	0.1	0.2
Foreign tax amount carried forward etc.	2.2	2.5
Other	(0.2)	1.1
Effective income tax rate	22.3	16.1 %

(c) Accounting treatment of national and local corporate taxes and of tax effect accounting for such taxes

The Company and some of its domestic subsidiaries adopted the Japanese group relief system from the consolidated fiscal year ended March 31, 2023.
The Company is also disclosing accounting treatment of national and local corporate taxes and the tax effect accounting for such taxes, in accordance with Practical Solution on the Accounting and Disclosure Under the Japanese group relief system (Practical Solution No. 42, August 12, 2021).

30. Notes Regarding Business Combinations

(Simplified Absorption-Type Company Split Related to FPC Business)
Common control transaction, etc.

(a) Transaction summary
(1) Name and description of businesses involved
Business name: FPC business
Business description: Manufacturing and sales of flexible printed circuits

(2) Date of Business Combination
May 1, 2022

(3) Legal Form of Business Combination
The Company Split is an absorption-type company split in which the Company, Fujikura Shoji, and Tohoku Fujikura are the splitting companies and Fujikura Printed Circuits Ltd. is the successor company.
Fujikura Shoji and Tohoku Fujikura conduct this split without assets as a consideration for the split.

(4) Name of Company after Business Combination
Fujikura Printed Circuits Ltd. (Subsidiary of the Company)

(5) Matters Relating to Summarization of Other Transactions
Faced with the rapid deterioration in business performance in fiscal year 2019, the Company formulated the operational turnaround plan (100-Day Plan) and has focused on early business recovery.
With regard to the revitalization of the FPC business, the Company's basic policy is to restrain investment, optimize the business scale, and focus on profitability. From this perspective, the Company has decided to review the current business structure of the Company and its multiple subsidiaries and reorganize them into an entity that is leaner and that enables efficient operations.

(b) Overview of the Accounting Treatment Employed
The business combination was treated as a common control transaction for accounting purposes, based on Accounting Standard for Business Combinations (ASBJ Statement No. 21, revised January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised January 16, 2019).

(Simplified Absorption-Type Company Split Related to Power Systems Business)
Common control transaction, etc.

(a) Transaction summary
(1) Name and description of businesses involved
Business name: Overhead transmission and metal cables business
Business description: Manufacturing and sale of electric wires/cables, etc.

(2) Date of Business Combination
October 1, 2022

(3) Legal Form of Business Combination
The Company Split is an absorption-type company split in which the Company is the splitting company, and Fujikura Energy Systems Ltd. is the successor company.

(4) Name of Company after Business Combination
Fujikura Energy Systems Ltd. (Subsidiary of the Company)

(5) Matters Relating to Summarization of Other Transactions
In regards to its Power Systems business, the Company has examined its business state and implemented various measures for many years under its “Power Systems business structural reform.”
Since then, based on the Company’s operational turnaround plan (100-Day Plan) formulated in light of the rapid deterioration in business performance in the fiscal year 2019, the Company has focused on early business recovery, promoting various initiatives under its basic policy of stabilization of its businesses and optimization of business scale, with an emphasis on profitability.
As part of the abovementioned initiatives, the Company has decided to split the Company’s Overhead Transmission Line and metal cables business to Fujikura Energy Systems Ltd., and to establish an entity that is leaner and that enables efficient operations.

(b) Overview of the Accounting Treatment Employed
The business combination was treated as a common control transaction for accounting purposes, based on Accounting Standard for Business Combinations (ASBJ Statement No. 21, revised January 16, 2019) and Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, revised January 16, 2019).

31. Investment and Rental Property

The Companies own office buildings including land for rent in Tokyo and other districts. Profits generated from these investments and rental properties were ¥ 5,231 million and ¥5,062 million (US$37,906 thousand) for the fiscal years ended March 31, 2022 and 2023, respectively.
The majority of rental revenues were recorded in Net sales and majority of rental costs were recorded in Cost of sales in the Consolidated Statements of Income.
Book value, increase and decrease during the year and fair value of the investment and rental property at March 31, 2022 and 2023 are as follows:

For the Year Ended March 31, 2022

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥40,581	(¥1,333)	¥39,248	¥112,949

(*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary decrease in property during the year is the depreciation of office buildings for rent in the amount of ¥1,814 million.
(*3) Fair value at end of year is primarily based on "Real Estate Appraisal Standards".

For the Year Ended March 31, 2023

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥39,248	(¥377)	¥38,871	¥114,250

Thousands of U.S. dollars			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
$293,904	($2,823)	$291,081	$855,549

(*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.
(*2) The primary decrease in property during the year is the depreciation of office buildings for rent in the amount of ¥1,802 million (US$13,494 thousand).
(*3) Fair value at end of the year is primarily based on "Real Estate Appraisal Standards".
However, the fair value is based on the most recent valuation when there have been no significant fluctuations in the valuation or in the indicators that reflect market value appropriately.

32. Revenue Recognition

(a) Information on revenue by goods or services and by main regional markets is provided below.

For the year ended March 31, 2022

Millions of yen

Main regional markets	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division		Real Estate Business Division (*1)	Other (*2)	Total
		Electronics Business Division	Automotive Products Business Division			
Japan	¥156,982	¥30,029	¥22,518	¥10,879	¥2,890	¥223,298
Asia (excluding Japan)	19,563	99,054	15,258	-	175	134,051
North America	150,688	33,269	17,894	-	1,013	202,865
Europe	19,076	15,144	46,234	-	1,692	82,147
Other	7,326	1,011	19,402	-	251	27,990
Revenue from contracts with customers	¥353,635	¥178,508	¥121,306	¥10,879	¥6,022	¥670,350

For the year ended March 31, 2023

Millions of yen

Main regional markets	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division		Real Estate Business Division (*1)	Other (*2)	Total
		Electronics Business Division	Automotive Products Business Division			
Japan	¥159,095	¥34,592	¥29,234	¥10,772	¥2,709	¥236,402
Asia (excluding Japan)	18,209	95,083	13,602	-	406	127,300
North America	215,205	58,353	33,008	-	2,055	308,622
Europe	33,113	7,668	58,234	-	2,385	101,399
Other	8,765	1,592	21,781	-	592	32,730
Revenue from contracts with customers	¥434,388	¥197,287	¥155,860	¥10,772	¥8,146	¥806,453

Thousands of U.S. dollars

Main Regional Markets	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division		Real Estate Business Division (*1)	Other (*2)	Total
		Electronics Business Division	Automotive Products Business Division			
Japan	$1,191,366	$259,038	$218,916	$80,665	$20,286	$1,770,271
Asia (excluding Japan)	136,356	712,019	101,857	-	3,040	953,272
North America	1,611,540	436,970	247,177	-	15,389	2,311,083
Europe	247,963	57,421	436,079	-	17,860	759,316
Other	65,636	11,922	163,105	-	4,433	245,095
Revenue from contracts with customers	$3,252,868	$1,477,363	$1,167,141	$80,665	$61,000	$6,039,037

Notes:

(*1) Revenue in Real Estate Business Division include revenue, etc. based on the Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007) in addition to revenue from contracts with customers.

(*2) "Other" includes new businesses to launch which are excluded from the aforementioned 4 segments.

(*3) Shows the amount after elimination of intersegment sales and transfers.

(b) Basic information for understanding revenue from contracts with customers

The Company and its consolidated subsidiaries recognize revenue based on the following five-step approach.

Step 1: Identify the contract(s) with a customer.
Step 2: Identify the performance obligations in the contract.
Step 3: Determine the transaction price.
Step 4: Allocate the transaction price to the performance obligations in the contract.
Step 5: Recognize revenue when (or as) the Companies fulfill the performance obligations.

The Companies manufacture and sell products, perform services, and engage in other business activities through Power & Telecommunication Systems Business Division and Electronic Products & Connector Business Division (Electronic Products Business Division and Automotive Products Business Division). Real Estate Business Division recognizes revenue based on the expected amount to be received in exchange for goods or services when control over the promised goods or services is transferred to the customer.
The Companies regard the supply of finished products to customers as their main performance obligation.
The Companies recognize revenue based on the amount the companies expect to receive in exchange for the promised goods or services when control over the goods or services is transferred to the customer, in principle. However, the Companies recognize revenue at the time of shipment for domestic sales since the time period from shipment to when control is transferred to the customer is short and consistent.
Also, the Companies have set warranty periods for products delivered by the Companies, and have obligations to return or exchange products. Moreover, the Companies recognize revenue in proportion to the progress of the obligation for performance obligations fulfilled over a certain period of time.
The Companies calculate the transaction price by deducting the amount of discounts and other variable elements from the amount promised as compensation in the contract with the customer.
The compensation for these performance obligations is generally received within 1 year after fulfillment, according to separately stipulated payment conditions. Compensation does not include significant financing components.
The Companies recognize revenue based on the net amount of compensation after the procurement cost of raw materials, etc. is deducted for fee-based transactions in which payment is received for sales to a customer after procuring raw materials, etc. from the customer and processing them. The Companies also engage in transactions in equal volumes of copper material among multiple companies (so-called barter transactions) to reduce transport costs and ensure a stable supply of copper material.
The Companies recognize revenue based on the net amount.
For fee-based transactions applicable to repurchase agreements, the Companies recognize inventories for the remaining goods supplied to fee payers and recognize “Liabilities for fee-based transactions” in amounts equivalent to the end-of-period inventory balances for the remaining goods supplied to fee payers. Revenue on fee-based transactions is recognized only on the net amount equivalent to the processing fee.
Moreover, performance obligations fulfilled over a certain period of time are recognized as “Contract assets.”
When compensation is received from the customer before transfer of the goods or services to the customer, “Contract liabilities” are recognized on the compensation received from the customer at the time compensation is received or when the payment deadline has arrived, whichever is sooner.

(c) Information on the relationship between the fulfillment of obligations based on contracts with customers and the cash flows that arise from such contracts, and the amount and timing of revenue the Companies expect to recognize in the next fiscal year onward from contracts with customers that exist at the end of the current fiscal year

(1) Balance of contract assets and contract liabilities, etc.
Notes on the balances for contract asset and contract liabilities of the Companies have been omitted because the balances are presented in the consolidated balance sheets. The revenue recognized in fiscal year ended March 31, 2023 from performance obligations fulfilled (or partially fulfilled) in past fiscal years is not material in amount.

(2) Transaction price allocated to remaining unfulfilled performance obligations
The Companies do not have material contracts for which the initially expected contract term exceeds one year.
The allocation of the transaction price to remaining unfulfilled performance obligations has therefore been omitted for practical expediency.

33. Segment Information
(Segment Information)
(a) Summary of reporting segments
The Group's reporting segments are components of the Group for which separate financial statements are available that are regularly monitored by the management in deciding how to allocate resources and in assessing performance.
The Group classifies its businesses into 4 segments, which are "Power & Telecommunication Systems Division", "Electronics Business Division", "Automotive Products Business Division", "Real Estate Business Division", considering similarities in production methods, production process, applications and sales methods.

Definitions of the 4 segments for the years ended March 31, 2022 and 2023 are as follows:
Power & Telecommunication Systems Division deals with Power cables, Telecommunication cables, Aluminum wires, Enameled wires, Optical fibers, Optical fiber cables, Telecommunication components, Optical components, Fiber optic equipment, Network equipment, Installation, etc.
Electronics Business Division deals with Flexible printed circuits, Electronic wiring, HDD components, Various kinds of connectors, etc.
Automotive Products Business Division deals with Automotive wire harnesses, Accessories & Installation, etc.
Real Estate Business Division deals with Real estate rental, etc.

(b) Basis of calculation for sales, profits or losses, assets, liabilities and other items by reporting segments
Accounting policy and method used for segment information by reporting segments are identical to those as described in "2. Summary of Significant Accounting Policies" above.
Profits by reporting segment are based on operating profit as stated in the Consolidated Statements of Income.

(c) Information on sales, profit or loss, assets, liabilities, and other items by reporting segment

	For the year ended March 31, 2022							
	Millions of yen							
		Electronic Products & Connector Division						
Reporting segments	Power &Telecommuni -cation Systems Division	Electronics Business Division	Automotive Products Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	¥353,635	¥178,508	¥121,306	¥10,879	¥6,022	¥670,350	¥ -	¥670,350
Inter-segment sales	697	678	-	-	240	1,615	(1,615)	-
Total sales	354,332	179,186	121,306	10,879	6,262	671,965	(1,615)	670,350
Segment profit (loss)	25,159	13,771	(5,559)	5,139	(222)	38,288	-	38,288
Segment total assets	272,932	135,046	72,987	38,426	4,349	523,739	87,786	611,526
Depreciation and amortization	9,813	11,425	4,533	1,995	335	28,101	2,416	30,516
Impairment losses	612	-	-	-	206	818	-	818
Increase in property, plant and equipment and intangible assets	¥8,197	¥3,072	¥2,173	¥655	¥330	¥14,427	¥1,786	¥16,214

Notes:
(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 4 segments.
(*2) Adjustment of ¥87,786 million in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥117,159 million and elimination of inter-segment transactions in the amount of ¥(29,373) million.
Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.
(*3) Adjustment of ¥2,416 million of "Depreciation and amortization" represents depreciation and amortization associated with common assets not allocated to each reporting segment.
(*4) Adjustment of ¥1,786 million of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

For the year ended March 31, 2023

Millions of yen

Reporting segments	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division: Electronics Business Division	Electronic Products & Connector Division: Automotive Products Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	¥434,388	¥197,287	¥155,860	¥10,772	¥8,146	¥806,453	¥ -	¥806,453
Inter-segment sales	877	1,030	-	-	354	2,261	(2,261)	-
Total sales	435,264	198,318	155,860	10,772	8,500	808,714	(2,261)	806,453
Segment profit (loss)	43,126	27,589	(6,597)	4,990	1,055	70,163	-	70,163
Segment total assets	284,710	137,093	76,023	37,609	9,556	544,990	111,795	656,785
Depreciation and amortization	11,061	10,918	4,693	2,002	439	29,112	-	29,112
Impairment losses	38	8,948	10,303	-	-	19,289	-	19,289
Increase in property, plant and equipment and intangible assets	¥7,138	¥3,382	¥1,994	¥1,197	¥755	¥14,466	¥1,254	¥15,720

Thousands of U.S. dollars

Reporting segments	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division: Electronics Business Division	Electronic Products & Connector Division: Automotive Products Business Division	Real Estate Business Division	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
Sales to outside customers	$3,252,868	$1,477,363	$1,167,141	$80,665	$61,000	$6,039,037	$ -	$6,039,037
Inter-segment sales	6,567	7,713	-	-	2,651	16,931	(16,931)	-
Total sales	3,259,428	1,485,083	1,167,141	80,665	63,651	6,055,968	(16,931)	6,039,037
Segment profit (loss)	322,944	206,597	(49,401)	37,367	7,900	525,408	-	525,408
Segment total assets	2,132,020	1,026,606	569,290	281,631	71,559	4,081,099	837,165	4,918,264
Depreciation and amortization	82,829	81,758	35,143	14,992	3,287	218,002	-	218,002
Impairment losses	285	67,006	77,153	-	-	144,444	-	144,444
Increase in property, plant and equipment and intangible assets	$53,452	$25,326	$14,932	$8,964	$5,654	$108,327	$9,390	$117,718

Notes:
(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 4 segments.
(*2) Adjustment of ¥111,795 million (US$837,165 thousand) in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥113,569 million (US$850,449 thousand) and elimination of inter-segment transactions in the amount of ¥1,775 million (US$(13,292) thousand). Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.
(*3) The standard for allocation of property, plant and equipment to each segment and the standard for allocation of depreciation and amortization expenses differ.
(*4) Adjustment of ¥1,254 million (US$9,390 thousand) of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

(Related information)
(a) Information by products and services
Omitted in the notes because the same information is disclosed in segment information.

(b) Geographical segment information
Sales

	Millions of yen				
2022	Japan	U.S.	China	Others	Total
Sales to external customers	¥223,298	¥202,865	¥72,629	¥171,559	¥670,350

Property, plant and equipment

	Millions of yen				
2022	Japan	Thailand	China	Others	Total
Property, plant and equipment	¥91,111	¥35,259	¥20,920	¥26,840	¥174,130

Sales

	Millions of yen				
2023	Japan	U.S.	China	Others	Total
Sales to external customers	¥236,402	¥306,856	¥73,905	¥189,289	¥806,453

Property, plant and equipment

	Millions of yen					
2023	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	¥88,310	¥25,468	¥23,901	¥15,560	¥9,916	¥163,156

Sales

	Thousands of U.S. dollars				
2023	Japan	U.S.	China	Others	Total
Sales to external customers	$1,770,271	$2,297,859	$553,433	$1,417,471	$6,039,035

Property, plant and equipment

	Thousands of U.S. dollars					
2023	Japan	U.S.	Thailand	China	Others	Total
Property, plant and equipment	$661,300	$190,714	$178,980	$116,519	$74,255	$1,221,776

(c) Major customer information
This information has been omitted as there were no customers to whom the Group individually recorded external sales representing 10% or more of consolidated net sales for the years ended March 31, 2022 and 2023.

(d) Impairment loss information
Omitted in the notes because the same information is disclosed in segment information.

(e) Goodwill information

For the year ended March 31, 2022

Millions of yen

Reporting segments	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division		Real Estate Business Division	Total
		Electronics Business Division	Automotive Products Business Division		
Amortization	¥805	¥ -	¥ -	¥ -	¥805
Unamortized goodwill	6,878				6,878

For the year ended March 31, 2023

Millions of yen

Reporting segments	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division		Real Estate Business Division	Total
		Electronics Business Division	Automotive Products Business Division		
Amortization	¥1,127	¥ -	¥ -	¥ -	¥1,127
Unamortized goodwill	6,335				6,335

Thousands of U.S. dollars

Reporting segments	Power &Telecommuni-cation Systems Division	Electronic Products & Connector Division		Real Estate Business Division	Total
		Electronics Business Division	Automotive Products Business Division		
Amortization	$8,439	$ -	$ -	$ -	$8,439
Unamortized goodwill	47,439				47,439

(f) Information about gain on negative goodwill

None.

34. Related Parties

(Related party transactions)

The tables below summarize the related party transactions with unconsolidated subsidiaries and affiliated companies accounted for using the equity method for the year ended March 31:

2022 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10	Power & Telecommuni - cation Systems Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥775	Long-term loans receivable(*4)	¥8,121
							Guarantee (*2)	56	-	-

2023 (Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10	Power & Telecommuni -cation Systems Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥675	Long-term loans receivable(*4)	¥8,596
							Guarantee (*2)	9	-	-

2023 (Thousands of U.S. dollars)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	$75	Power & Telecommuni -cation Systems Division	Directly owned (50.0%)	Financial assistance	Loan (*1)	$5,055	Long-term loans receivable(*4)	$64,370
							Guarantee (*2)	67	-	-

Terms and conditions of the above transactions and the policy to determine the terms and conditions:

(Notes) 1. Interest rates are determined by taking market rates into account.
2. The Company guarantees the forward exchange contracts of VISCAS Corporation.
3. Consumption taxes are not included in the amount of transactions but are included in the fiscal year-end balance.
4. The Company recorded an allowance for doubtful accounts totaling ¥8,121 million and ¥8,284 million (US$62,034 thousand) for the balance of long-term loans receivable from affiliated companies and recorded the provision of allowance for doubtful accounts totaling ¥575 million and ¥163 million (US$1,221 thousand), for the fiscal years ended 2022 and 2023.

35. Per Share Information

Per share:	Yen 2022	Yen 2023	U.S. dollars 2023
Net income per share- basic	¥141.85	¥148.27	$1.11
Net assets per share	¥799.76	¥980.91	$7.35

Notes:
1. As the Company does not have any instruments that have dilutive effect, the Company has not disclosed net income per share-fully diluted data.

2. In calculating "Net assets per share", the Company's shares held by the trust account related to the share delivery trust established for the share-based payment system for directors etc. are included in treasury stock deducted from the total number of issued shares at the end of the fiscal year 602 thousand shares at the end of the previous consolidated fiscal year, 495 thousand shares at the end of the current consolidated fiscal year.
Also, in calculating "Net income per share", they are included in treasury stock deducted from the average number of shares during the term 654 thousand shares in the previous consolidated fiscal year, 521 thousand shares in the current consolidated fiscal year.

Basis for computation of per share data:	Millions of yen 2022	Millions of yen 2023	Thousands of U.S. dollars 2023
Profit attributable to owners of parent	¥39,101	¥40,891	$306,208
Profit attributable to common shareholders	¥39,101	¥40,891	$306,208

	Thousands of shares 2022	Thousands of shares 2023
Number of weighted average shares	275,648	275,776

36. Subsequent Events

The Company approved 2025 Mid-term Management Plan, a three-year plan beginning in the fiscal year ending March 31, 2024, at the Board of Directors meeting held on May 19, 2023. In 2025 Mid-Term Management Plan, the Company aims to become a highly profitable company in the three business fields of "Information Infrastructure," Information Storage, and "Information Terminals" through "Tsunagu Technology" which the Company is proud of and timely and appropriate business portfolio management of Telecommunication Systems Division, Electronics Business Division, and Automotive Products Business Division.

There were 4 reporting segments for the fiscal year ended March 31, 2023: Power & Telecommunication Systems Division, Electronics Business Division, Automotive Products Business Division, and Real Estate Business Division. These will be revised to 5 reporting segments from the fiscal year ending March 31, 2024 onward: Telecommunication Systems Division, Electronics Business Division, Automotive Products Business Division, Power Systems Division, and Real Estate Business Division.

The main products of America Fujikura Ltd. (subsidiary of the Company) for the transmission business were included in Power Systems Business Division because the final users are North American Electric companies. However, from the fiscal year ending March 31, 2024 onward, the business will be included in Telecommunication Systems Division to strengthen connections to this division.
A business which had been included in Telecommunication Systems Division will also be moved to the Other division, as part of management restructuring.

Definitions of the 5 segments from the fiscal year ending March 31, 2024 onward are as follows:
Telecommunication Systems Division deals with Optical fibers, Optical fiber cables, Telecommunication components, Optical components, Fiber optic equipment, Network equipment, Installation, etc.
Electronics Business Division deals with Flexible printed circuits, Electronic wiring, HDD components, Various kinds of connectors, etc.
Automotive Products Business Division deals with Automotive wire harnesses, Accessories & Installation, etc.
Power Systems Division deals with Power cables, Telecommunication cables, Aluminum wires, Enameled wires, Optical fibers, etc.
Real Estate Business Division deals with Real estate rental, etc.

The Company is currently calculating the net sales and profit/loss and the amount for others for each reporting segment for the fiscal year ended March 31, 2023, based on the new segment classifications.

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Independent Auditor's Report

To the Board of Directors of Fujikura Ltd.

Opinion

We have audited the consolidated financial statements of Fujikura Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the audit of consolidated financial statements in the previous year, we determined that following matters are key audit matters.

- Impairment analysis of the FPC business
- Impairment analysis of the optical fiber business in China
- Impairment analysis of the wire harness business in Asia

From the matters communicated with those charged with governance in the current fiscal year, we verified which matters will be key audit matters considering the changes of assessment of significant risk and or risk of material misstatement, significant judgments in our audit, the impact of material events or transactions that occurred in the current fiscal year, relative importance in our audit and company-specific matters.

In addition, we evaluated the investigation conducted by the Company regarding the suspicion of personal use of real estate by a former director of Fujikura Ltd., who concurrently served as CEO of America Fujikura Ltd., the Company's consolidated subsidiary in the U.S. We evaluated the risk of material misstatement and the audit response due to the fraud identified in the current fiscal year,

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which requires careful consideration by a professional expert. Therefore, we determined that this matter is a key audit matter.

The wire harness business in North and South America struggled with a steep rise in personnel expenses and increased costs from problems with the launch of new vehicle models. This resulted in recording operating losses continuously, which the Company determined to be an indication of potential impairment losses. Therefore, the importance of auditing recognition of impairment loss has increased, and we determined that this matter is a key audit matter.

On the other hand, the optical fiber business in China recorded positive operating income this fiscal year. Therefore, the importance of impairment loss recognition in the audit of this business has become less important. We removed "Impairment analysis of the optical fiber business in China" as a key audit matter of the consolidated financial statements for the current fiscal year.

As a result, during the audit of consolidated financial statements in the current fiscal year, we determined that the following matters are key audit matters.

- The personal misappropriation of the assets in the subsidiary in the U.S.
- Impairment analysis of the FPC business
- Impairment analysis of the wire harness business in Asia
- Impairment analysis of the wire harness business in North and South America

The personal misappropriation of the assets in the subsidiary in the U.S. (Notes on consolidated financial statements, 7. Additional Information, The personal misappropriation of the assets in the subsidiary in the U.S.)	
Key audit matter description	How our audit addressed the key audit matter
A former Company director (hereinafter referred to as "the former director"), who also served as the Chief Executive Officer of America Fujikura Ltd. (hereinafter referred to as "AFL"), the U.S. consolidated subsidiary, was suspected of personal misappropriation of real estate through AFL Telecommunications LLC (hereinafter referred to as "AFLT"), the subsidiary of AFL, identified by the whistle-blowing on March 3, 2023. The Company appointed independent external law firms in Japan and the U.S. and started the internal investigation on March 14, 2023, and received the result on June 30, 2023. As a result of the internal investigation, it was confirmed that there were improper misappropriations for personal use. There were errors in the consolidated financial statements for each quarter and year end commencing from the third quarter of the fiscal year ended March 31, 2021 to that of the fiscal year ended March 31, 2023 resulting from incorrect judgment on accounting events due to the misappropriation of assets by the former director. However, considering the materiality of these effects, the Company did not restate its consolidated financial statements for each quarter or year, but instead adjusted for the	In order to confirm that the Company completely and accurately investigated and remediated the misappropriation of assets for personal use at AFL, and appropriately disclosed in the financial statements, we engaged the fraud investigation experts of our firm and at the component auditor firm, including the work of the auditors of AFL, which was performed based on our instructions. (1) Understanding the facts related to inappropriate personal misappropriation of assets. Regarding the investigation report of the external expert on the fraud investigation used by the Company, we conducted the following matters by inquiring the external expert and the management and inspecting the investigation report and its underlying evidence. ・ Understood the inappropriate personal use of assets that was identified ・ Evaluated the competency and objectivity of external experts engaged by the Board of Directors of the Company to perform the investigation

cumulative effect in the consolidated financial statements for the fiscal year ended March 31, 2023. As a result of this adjustment, compared with the amounts before this adjustment, operating income, ordinary income, and income before income taxes each increased by ¥751 million yen, and net income attributable to owners of the parent increased by ¥579 million, in the consolidated statements of income for the fiscal year ended March 31, 2023. Total assets increased by ¥247 million yen, liabilities decreased by ¥323 million yen, and net assets increased by ¥571 million yen in the consolidated balance sheets. In addition, as a result of the internal investigation, the Company evaluated that the following internal control matters existed in the AFL group caused the incident: (1) Deficiencies in AFL group's control environment (2) Deficiencies in corporate governance within AFL group (3) Deficiencies in the qualifications of AFL group's CFO. The Company concluded that deficiencies in AFL group’s control environment, corporate governance, qualifications of CFO are control deficiencies of the AFL group’s entity level controls. Since these deficiencies have a material impact on financial reporting, the Company has determined that there are material weaknesses. The former director was a director of the Company, and the financial figures of the AFL group, where he concurrently served as CEO, has financial significance to the consolidated financial statements. As a professional expert was engaged, careful consideration is required to evaluate the result of the investigation by the company, assess the risk of material misstatement due to fraud and consider the impact on audit response. Therefore, we determined that this is a key audit matter.	• Evaluated the scope of the investigation, procedures performed, and the results of the investigation including the evidence obtained. • Evaluated the completeness of the digital forensics investigation, completeness of data preservation, adequacy of the keywords, content of the important matters detected and the results of the countermeasures, using fraud investigation experts of our firm and the component auditor firm. • Evaluated the appropriateness of management's judgment in determining that the transaction under investigation was inappropriate personal use of assets. • Inquired with the management and Audit and Supervisory Committee. (2) Possibility of material misstatement due to similar fraudulent transactions Regarding the investigation report of the external expert on the fraud investigation used by the Company, we performed the following by inquiring of the external expert and management and inspecting the investigation report and the supporting evidence. • Evaluated the scope of the investigation, the procedures performed, and the result of the investigation including the evidence obtained. • Evaluated the Company's analysis of the cause of the inappropriate use of assets and considered whether other similar fraudulent transaction opportunities were identified based on the Company’s analysis. • Evaluated the completeness of the digital forensics investigation, the completeness of data preservation, the adequacy of the keywords, the content of the important matters detected and the results of the countermeasures, using fraud investigation experts of our firm and network firm. • Evaluated the investigation surveys and responses provided by management of AFL group's significant subsidiaries. • Evaluated the adequacy of the Company's assessment of the likelihood of material

	misstatements due to potential similar fraudulent transactions at other domestic and foreign subsidiaries of the Company. ・ Inquired with the management and Audit and Supervisory Committee. ・ Evaluated the extent to which internal controls could be affected by the former director's involvement in the identified personal appropriation of real estate and evaluated the likelihood of material misstatements due to potential similar fraudulent transactions. (3) Examination of the accounting treatments for the impact of internal investigation results in consolidated financial statements ・ Examined the appropriateness of the Company's decision of not submitting an amended report and not restating retrospectively with respect to prior period misstatements. ・ Examined whether the necessary settlement procedures based on the results of the fraud investigations by external experts used by the Company are completely and accurately reflected in the consolidated financial statements for the current fiscal year. ・ Examined the appropriateness of the disclosures related to the identified fraudulent transactions. (4) With respect to the work of the AFL component auditor, we verified the adequacy of the auditor's work and the evidence obtained, through communication with the AFL component auditor and inspection of documents prepared by the component auditor.

Impairment analysis of the FPC business (Notes to the consolidated financial statements, 3. Significant Accounting Estimates, Impairment analysis of fixed assets in the FPC business)	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2023, the Company recorded property, plant and equipment of 163,156 million yen (24.8% of total consolidated assets) on the consolidated balance sheets. Of this balance, property, plant and equipment of 18,098 million yen (2.8% of consolidated assets) belong to the Flexible Printed Circuits (FPC) business. The FPC	In order to evaluate the impairment analysis of the FPC business, we performed the following principal audit procedures. ・ We understood and evaluated the design and implementation and operating effectiveness of internal controls related to the process of

business is the major business of the Electronics Business Division, and this business is the lowest level of operations which generates largely independent cash flows. As the profitability of the FPC business in the Electronics Business Division is expected to decline due to the deterioration of the business environment and the product composition, the Company performed an impairment assessment and recorded a loss of 15,283 million yen for the fixed assets attributable to the FPC business in the fiscal year ended March 31, 2021.The competitive environment has continued with the entrance of new competitors and other factors in the current fiscal year. Management has therefore revised the assumptions for forecast sales to key customers and reflected the risk of not being able to increase sales to new customers to cover that decrease in the mid-term plan. The carrying value of property, plant and equipment prior to impairment losses attributable to the FPC business was 27,002 million yen, which exceeded the undiscounted future cash flows of the business. As a result, the Company recorded an impairment loss of 8,904 million yen, which is the difference between the value in use and the carrying value for the property, plant and equipment attributed to this business. The undiscounted future cash flows used in determining the recognition and measurement of impairment losses are estimated based on the mid-term plan of the FPC business developed and approved by management. Estimates of future cash flows include assumptions such as sales projections to major customers and cost reductions due to the consolidation and elimination of business locations and are calculated over the estimated useful life of the primary assets, machinery and equipment, of the Fujikura Electronics (Thailand) Ltd., which is the main manufacturing base of the FPC business. In addition, the discount rate of 9.60% is the weighted average cost of capital which is used to estimate the value in use. These assumptions involve management's subjective judgment and because of the high degree of estimation uncertainty, the quantitative significance of the property, plant and equipment balance of the FPC business, a high degree of audit judgment is	developing and approving the mid-term plan of the FPC business. • We verified the consistency between the mid-term plan approved by management and the undiscounted future cash flows used to determine whether impairment losses existed in the FPC business. • We performed the following procedures to examine the reasonableness of the mid-term plan of the FPC business. - Obtained an understanding of the FPC business strategy through discussions with management. - Inquired with the officers and employees of the FPC business regarding assumptions used in developing the mid-term plan and evaluated the reasonableness and achievability of those assumptions. - Compared the current year forecast to actual results in the previous fiscal year, and analyzed the factors causing any differences, including consideration of whether those factors have been appropriately reflected in the sales and gross profit forecasts to major customers in the current mid-term plan. - Inspected the Company's meeting materials and inquired of officers and employees of the FPC business to evaluate whether the consolidation and elimination of business locations plan exists and is reasonable. - Performed a sensitivity analysis over key assumptions by assessing fluctuations in the calculated value in use with changes in key assumptions. - Evaluated the rational of each input used in the process of calculating the weighted average cost of capital.

required for the evaluation. Therefore, we determined that this is a key audit matter.	

Impairment analysis of the wire harness business in Asia (Notes to consolidated financial statements,17. Impairment losses)	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2023, the Company recorded property, plant and equipment of 163,156 million yen (24.8% of total consolidated assets) on the consolidated balance sheets. Within this balance, property, plant and equipment of 2,920 million yen (0.4% of consolidated assets) belongs to the wire harness business in Asia. The wire harness business in Asia is part of the Automotive Products Business Division, and this business is the lowest level of operations which generates independent cash flows. The Company is developing the wire harness business in Asia in Thailand, China, and Vietnam. The Asian Bloc business has struggled with a rapid rise in transportation costs. This resulted in recording operating losses continuously which the Company determined to be an indication of potential impairment. The Company therefore evaluated whether the wire harness business within the Asia Bloc was impaired because the carrying value of property, plant and equipment, prior to impairment losses attributable to the wire harness business within the Asia, 5,831 million yen, exceeded the undiscounted future cash flows of the business, the Company determined the recoverable amount, and as a result, recorded impairment losses of 2,911 million yen, which is the difference between the recoverable amount and the carrying value for the property, plant and equipment attributed to this business. The future cash flows used in determining the recognition of impairment losses are estimated based on the mid-term plan of wire harness business in Asia, developed and approved by management and are calculated over the estimated useful life of the primary assets. The mid-term plan was developed based on demand forecasts from customers and other factors and contains assumptions such as cost reductions from consolidation and elimination of locations and withdrawal from unprofitable products. The net sales value of the real estate component of property, plant and equipment attributable to the wire harness business in Asia was calculated	In order to evaluate the impairment analysis of the wire harness business in Asia, we performed the following principal audit procedures. ・ We verified the consistency between the mid-term plan approved by management and the non-discounted future cash flows used to determine whether impairment losses existed in the wire harness business in Asia. ・ We performed the following procedures to examine the reasonableness of the mid-term plan of the wire harness business in Asia. - Obtained an understanding of the business strategy through discussions with management. - Compared the forecasted plan to actual results in the previous fiscal year, and analyzed the factors causing any differences, including consideration of whether those factors have been appropriately reflected in the current mid-term plan. - Inspected forecasted demand materials from customers used in formulating sales plans for each customer. - Compared the plan to actual results in the previous fiscal year regarding the gross profit margin by customer. - Inspected Company's meeting materials and inquired of officers and employees of the wire harness business to evaluate whether the consolidation and elimination of business locations plan exists. ・ We performed the following procedures to evaluate the reasonableness of the net realizable value of the real estate. - Assessed the competency and objectivity of the external real estate appraisal used by management. - Evaluated the validity of the estimated value by external real estate appraisal used by management by comparing with the result of an expert selected by the auditor.

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based on the results of the real estate appraisal obtained from an independent professional. These assumptions involve management's subjective judgment and because of the high degree of estimation uncertainty, the quantitative significance of the property, plant and equipment balance, and the net realizable value of the real estate is based on the evaluation by a real estate appraiser which requires a high degree of expertise. Therefore, a high degree of audit judgment is required for the evaluation, and we determined that this to be a key audit matter.	

Impairment analysis of wire harness business in North and South America (Notes to the consolidated financial statements,17. Impairment losses)	
Key audit matter description	How our audit addressed the key audit matter
As of March 31, 2023, the Company recorded property, plant and equipment of 163,156 million yen (24.8% of total consolidated assets) on the consolidated balance sheet. Of this balance, property, plant and equipment of 0 million yen (0% of consolidated assets, book value after recording impairment loss) belongs to the wire harness business in North and South America. The wire harness business in North and South America is part of the Automotive Products Business Division, and this business is the lowest level of operations which generates largely independent cash flows. The Company is developing the wire harness business in North and South America Bloc in America, Mexico, Paraguay. In North and South America, the business struggled with a steep rise in personnel expenses and increased costs from challenges with the launch of new vehicle models. This resulted in recording operating losses continuously, which the Company determined to be an indication of potential impairment losses. The Company evaluated whether the wire harness business in North and South America was impaired because indications of potential impairment losses were identified. As a result, the carrying value of property, plant and equipment, prior to impairment losses attributable to the wire harness business within the North and South America, of 7,392 million yen exceeded the undiscounted future cash flows of the business, the Company determined the recoverable amount, and recorded impairment losses of 7,392 million yen, which is the difference between the recoverable amount and the carrying	In order to evaluate the impairment analysis of the wire harness business in North and South America, we performed the following principal audit procedures which included the procedure performed by the component auditor of America Fujikura Ltd. ・ We verified the consistency between the mid-term plan approved by management and the non-discounted future cash flows used to determine whether impairment losses existed in the wire harness business in North and South America. ・ We performed the following procedures to examine the reasonableness of the mid-term plan of the wire harness business in North and South America. - Obtained an understanding of the wire harness business strategy in North and South America through discussions with management. - Compared the mid-term plan to actual results in the previous fiscal year, and analyzed the factors causing any differences, including consideration of whether those factors have been appropriately reflected in the current mid-term plan. - Inspected forecast demand materials from customers used in formulating sales plans for each customer. - Compared the mid-term plan to actual results in the previous fiscal year regarding the gross profit margin by customer.

value for the property, plant and equipment attributed to this business. The future cash flows used in determining the recognition of impairment losses are estimated based on the mid-term plan of wire harness business in North and South America developed and approved by management and are calculated over the estimated useful life of the primary asset. The mid-term plan was formulated based on forecast demand from customers and other assumptions, and cost reductions from elimination and consolidation of locations and withdrawal from unprofitable products. The quantitative significance of the amount of impairment losses recorded in the wire harness business North and South America, we determined that this is a key audit matter.	- Compared the plan to actual results in the previous fiscal year regarding the cost. • We have evaluated the adequacy of the work performed by the component auditor of America Fujikura Ltd and the sufficiency and appropriateness of the audit evidence obtained, through communication with the auditor and inspection of the documents prepared by the auditor.

Other Information

Other information comprises information included in a document containing audited financial statements, but does not include the financial statements and our auditor's report thereon. We have determined that there is no other information and thus have not performed any work on other information.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023, are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 8 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

DocuSigned by: Tsuyoshi Saito 062827BB30D04C6...	DocuSigned by: Hideki Godai D6DDE98E7EAB44B...	DocuSigned by: Takahiro Oikawa 312BCC2D76164AA...
Tsuyoshi Saito Designated Engagement Partner Certified Public Accountant	Hideki Godai Designated Engagement Partner Certified Public Accountant	Takahiro Oikawa Designated Engagement Partner Certified Public Accountant

August 14, 2023