



25-Dec-20

Dear All

Company name: Fujikura Ltd.
 Representative: Masahiko Ito, President & CEO
 & Representative Director
 (Stock code: 5803, First Section of TSE)
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Notice of a Fundraising through a Hybrid Loan (Subordinated Loan)

Fujikura Ltd. (the "Company") today announced that it had concluded an agreement for raising funds through a hybrid loan (subordinated loan) (the "Subordinated Loan"), as detailed below.

1. The objectives and the background for obtaining the Subordinated Loan

The Company has summarized the initiatives to be taken in turning around its business and formulated a 100-day plan to address the damages to its business foundations caused by the dramatic shift in the business environment.

Based on this 100-day plan, the Company, under the basic strategy of "focusing on early business recovery," will take decisive actions in implementing business structure reform. We have decided to raise funds with this subordinated loan as a backup for business structure improvement costs and to diversify the financing.

2. Features of the Subordinated Loan

The Subordinated Loan is a type of hybrid financing that is midway between equity and debt, i.e. given that it is a debt, no dilution of its stock value per share will occur, but its content and characteristics are similar to that of equity including discretionary interest deferral, an ultra-long-term repayment term, and subordination content in liquidation and bankruptcy proceedings., etc. Accordingly, the Company expects that Rating and Investment Information, Inc. (R&I) to identify an equity content on 50% of the fundraising amount for its rating.

3. Overview of the Subordinated Loan

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|--------------------------------|--|
| Amount to be raised | 40.0 billion yen |
| Date of contract signing | 25-Dec-20 |
| Date of execution | 30-Dec-20 |
| Due date | 30-Dec-50 Prepayment is allowed after 5 years from the date of execution through advance notice of the borrower. |
| Replacement restrictions | In case of early repayment of the Subordinated Loan, the Company intends to raise funds through a product that a rating agency assigns the same or higher equity content as the Subordinated Loan within the 12-month period preceding the date of early repayment. However, if after the date on which early repayment is allowed, the most-recently disclosed Consolidated Balance Sheet of the Company as of the fiscal year-end or the end of the quarter meets the requirement of (i) below, the amount meeting the requirement of (ii) below may be deducted from the equity credit amount. (i) The debt-to-equity ratio does not exceed 1.65 (ii) Amount equivalent to "Consolidated shareholders' equity - 149.9 billion" x 50% |
| Intended use of funds | General operational use |
| Interest payment clause | The Company may suspend interest payment at its own discretion. |
| Subordination clause | If any of the events prescribed in the Subordinated Loan Agreement (liquidation, bankruptcy, reorganization proceedings, or rehabilitation proceedings) should occur, the creditors of the Subordinated Loan have claim rights subordinate to all senior creditors in the priority of repayment. The terms of the agreement of the Subordinated Loan must not be changed to disadvantage any senior creditor. |
| Lenders | Sumitomo Mitsui Banking Corporation (Arranger), Shizuoka Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, MUFG Bank, Ltd., and Mizuho Bank, Ltd. |
| Equity credit rating (planned) | Rating and Investment Information, Inc. (R&I), "Class 3 - Equity Credit 50" |

End