

Overview of New Managerial Structure and Progress of Operational Turnaround

Fujikura Ltd.

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Introduction

- Last September, we formulated the 100-Day Plan for an operational turnaround and took actions toward a fundamental reform of our managerial culture and business structure.
- To enable the unreserved selection and concentration of existing businesses, stronger corporate governance, and a more muscular organization and structure, we will change our managerial and organizational structures.
- To quickly begin managing under the new structure in the next fiscal year, we have decided to go ahead and change the managerial structure effective from April 1, including directors, instead of waiting until the reappointment of officers at the General Meeting of Shareholders scheduled for June of this year.
- Everyone at Fujikura is resolved to work as one in the push to revitalize the Company's business.

1. Overview of the New Managerial Structure

1. Unreserved selection and concentration of existing businesses
2. Stronger corporate governance

- **Installation of CEO and COO**
 - ✓ The CEO will support the COO and focus on solutions to company-wide business challenges and structural reform.
 - ✓ The COO will implement core businesses.
- **Expanded executive responsibility for executive officers**
 - ✓ Half as many executive officers, with revised functions and authority (22 → 11)

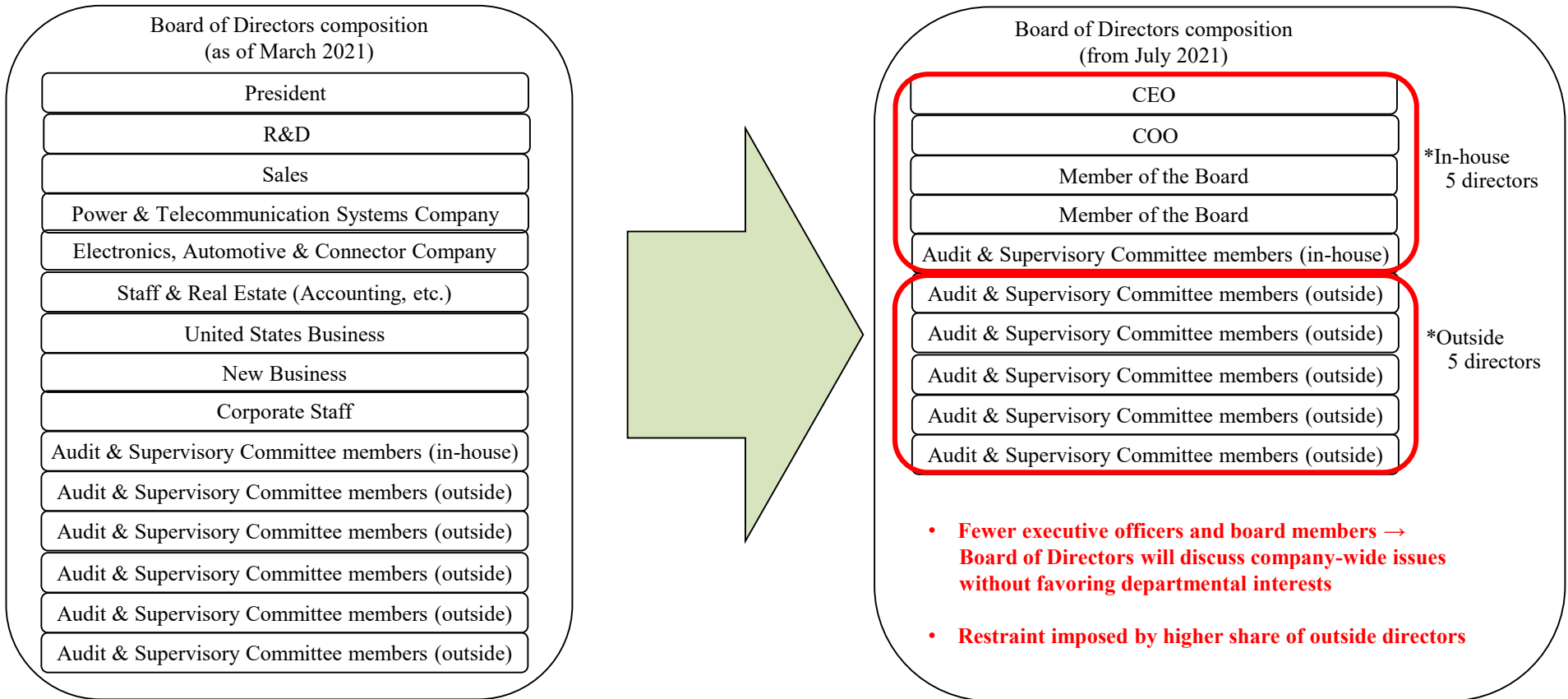
With the CEO's support, the COO will focus on core businesses.

A leaner organization will act with greater speed.

*CEO: Chief Executive Officer

*COO: Chief Operating Officer

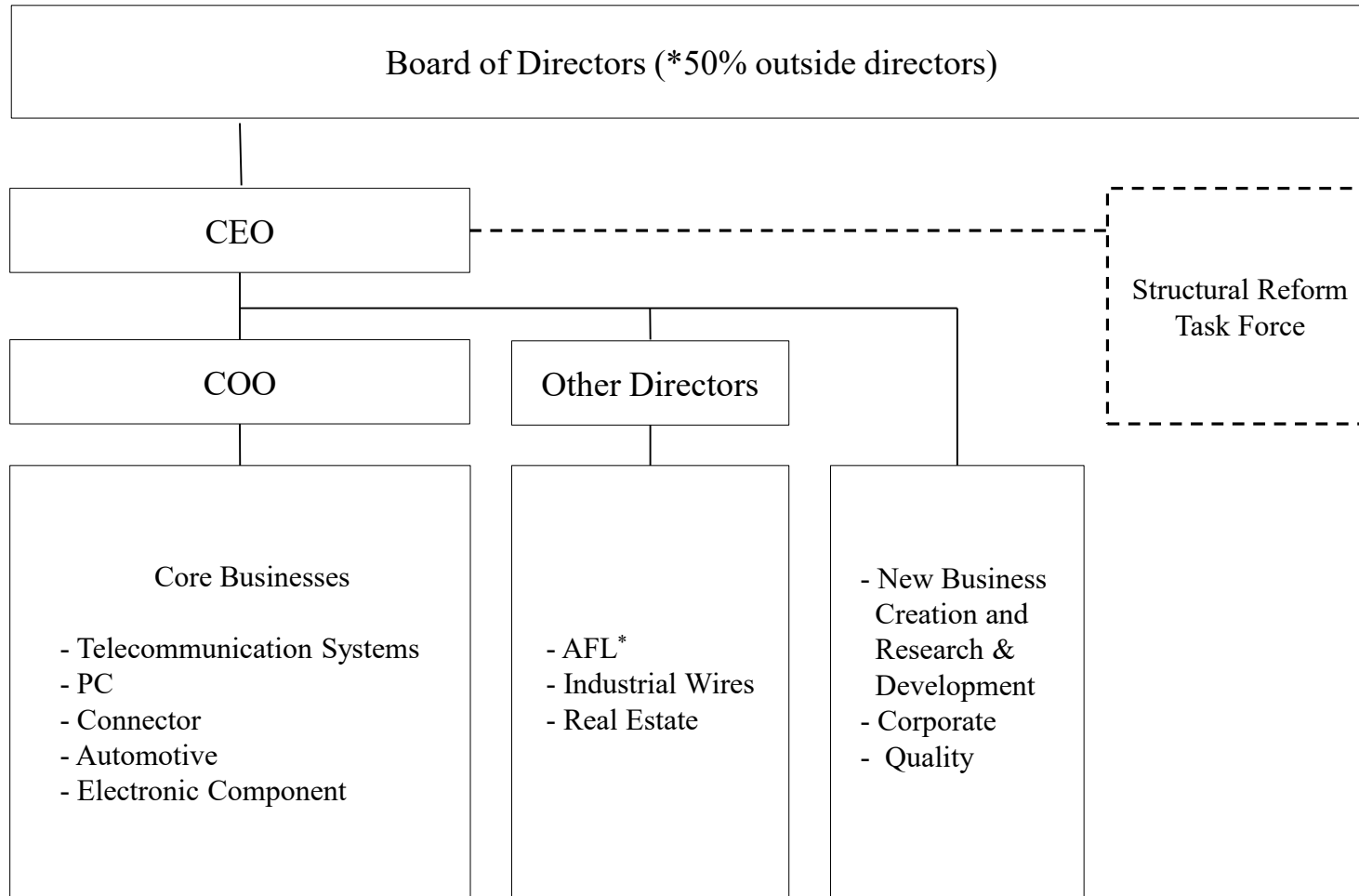
- **50% of Board of Directors members will be outside directors.**



- **Other additions include the Corporate Governance Division.**

For more standardized management

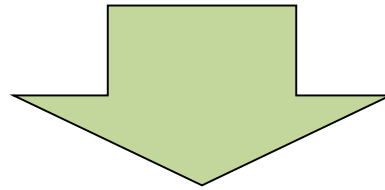
● Managerial Structure from April 2021



*AFL Telecommunications LLC

Managerial overhaul: different executive officer structure and organizational reform

Leaner, faster decision-making framework

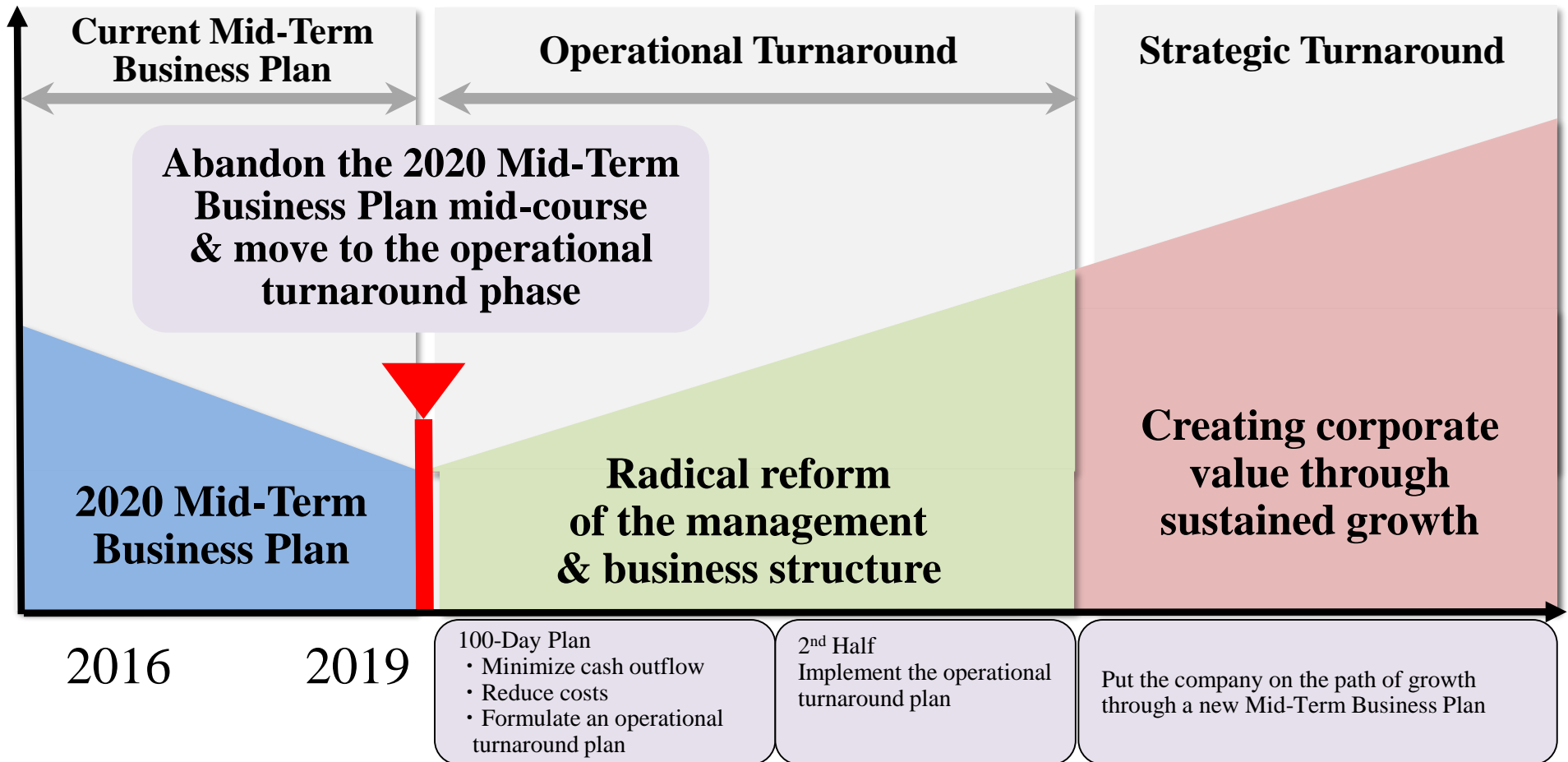


With unwavering determination, we will focus heavily on enacting further reform

2. Progress of Operational Turnaround

Abandoning the Mid-Term Business Plan and Moving to the Operational Turnaround Phase

(* From materials published on June 10, 2020)



- We will establish an operational turnaround period, albeit a short one to normalize operations ⇒ then disclose the operational turnaround plan and policies in the 2nd half of FY2020.
- The new Mid-Term Business Plan incorporating our post-coronavirus growth strategy will be disclosed and implemented after we have successfully turned operations around (strategic turnaround).

Status of Turnaround Plan Execution (1)

Type	Action in FY2020
Early retirement, etc.	~200 at head office (completed by Dec 31, 2020)
Improved finances	Sales of real estate (Dec 2020 announcement: total 3.6 billion yen in expected extraordinary income) Procure 40 billion yen in capital-like funds through hybrid loan(s)
Business location consolidation, etc.	WH: streamline support units, close some European locations FPC: staff reductions, mostly at overseas locations
Managerial overhaul	Fewer board members and executive officers (announced today) (to be presented at June 2021 General Meeting)
Larger optical fiber cable business	Begin capital investment, contribute in H2 FY2021

- The actions explained upon the release of the 100-Day Plan and first-half results in September 2020 have largely proceeded as expected.

Status of Turnaround Plan Execution (2)

FY2020 expectations: lower depreciation costs due to impairment and improved business structure

(Unit: billion yen)

Segment	FY2020		
	Q1-Q3	FY	Comments
Power & Telecommunication Systems Company	2.4	3.2	[Impairment] - FY2019: optical fiber production equipment (2.2) - FY2019: fiber laser production equipment (0.6)
Electronics Business Company	0.3	0.6	
Automotive Products Business Company	3.0	4.0	[Impairment] - FY2019: wire harness production equipment in Europe, etc. (1.5) [Structural reform costs] - FY2019/20: staff reductions in Europe, Asia, N./S. America (2.5)
Electronics, Automotive & Connector Company	3.3	4.6	
Other	0	0.4	[Structural reform costs] - FY2020: staff reductions at head office and elsewhere (0.4)
Total	5.7	8.2	

(*From Q3 results released on Feb 8, 2021)

Conclusion

Promise made with release of first-half results

- Commitment to executing the turnaround plan for all stakeholders
→ We want to follow the PDCA cycle and fully carry out the turnaround plan
- Suitable proposals/execution for additional action
- Actions taken by businesses
 - ✓ Telecommunications: a core domain of the company (focus on business resources and continue spending on growth)
 - ✓ FPC & automotive WH: downsize to appropriate level
- Selective capital investment during turnaround, continuing with policy for a much reduced total
- Implement unreserved reform, acting with unwavering determination as a united company

**We will enact further reform through
a managerial overhaul.**



Disclaimer: These materials contain Fujikura's management policy (intentions) for FY2020. Statements about sales, profits, and other forward-looking statements about FY2020 and future fiscal years are based on market decisions made according to the latest information available at the time. Fujikura's intentions in regard to investments have been quantified, but may change at some point in the future due to changes in the business environment or other factors.