



February 9, 2022

Dear All

Company Name: Fujikura Ltd.
Representative: Masahiko Ito, Director of President , CEO
(Code: 5803 First Section of TSE)
Inquiries: Masayoshi Yamanaka, General Manager of
Corporate Strategy Planning Division
(TEL. +81-3-5606-1112)

Fujikura Shifts from Operational Turnaround Phase to Sustained Growth Phase and Adopts a New Business Structure

Fujikura Ltd. (hereinafter “Fujikura”) hereby announces that its Board of Directors has approved in the meeting held today the appointment of a new Representative Director and Chief Executive Officer (CEO) and the organizational restructuring of the Fujikura Group, signaling a shift from the current Operational Turnaround Phase to the Sustainable Growth Phase from the business year starting on April 1, 2022.

Please refer to the materials separately disclosed today for the details of each of the items described below.

1. Shift from the Operational Turnaround Phase to Sustained Growth Phase

In response to the rapid and significant deterioration in the Group’s business results from the fiscal year 2019, Fujikura switched its basic strategy to *focusing on prompt business recovery* and made a concerted effort to promote various reforms, positioning the period starting from the second half of the fiscal year 2020 as the Operational Turnaround Phase. Under the 100-Day Plan prepared for this phase, Fujikura has worked on stabilizing and improving profitability of its core businesses with the “strengthening of Group governance” and “unreserved selection and concentration of existing businesses” as key measures.

More specifically, for the “strengthening of Group governance,” Fujikura halved the number of its Directors and Executive Officers as of April 1, 2021. In addition, Fujikura has implemented organizational reforms including the introduction of the Company system to clarify responsibilities and authorities, to make decisions flexibly, and to efficiently operate businesses. For the “unreserved selection and concentration of existing businesses,” Fujikura has endeavored to reduce fixed expenses, stabilize its businesses, and build an optimum business portfolio through various measures. These measures include the strengthening of the optical cable total solutions business, transfers of subsidiaries in the energy business, rigorous selection of capital investments, consolidation and closure of business bases, and property sales. As the most significant reform, Fujikura has decided to spin off and restructure businesses as shown in 3. below.

Seeing that, with these measures, a series of initiatives taken under the Operational Turnaround Phase are nearly completed, Fujikura has decided to move on to the Sustained Growth Phase.

2. Appointment of a New Representative Director and Chief Executive Officer (CEO)

Until now, Director, President and CEO Ito has been in charge of structural reforms, while Director and Chief Operating Officer (COO) Okada has been in charge of promoting core businesses. As stated in 1. above, Fujikura has made a certain degree of progress in the structural reforms and other initiatives it has implemented in the Operational Turnaround Phase. In view of this situation, Director and COO Okada will take the helm of the Group as Director, President and CEO from April 2022, while Director, President and CEO Ito will supervise and support business operations under the new structure as the non-executive chair of Fujikura’s Board of Directors. The Board of Directors has approved these appointments based on the opinion of the Nominating Advisory Committee, majority of whose members are outside directors.

Please refer to the “Notice of Changes in Representative Directors” disclosed today for details.

3. Organizational Restructuring in the Fujikura Group

Fujikura has previously operated its energy business and flexible printed circuit (FPC) business under its division system. To stabilize these businesses, Fujikura has decided to consolidate, restructure, and spin off into corporate entities the relevant business functions of the respective businesses of Fujikura and the Group companies to achieve flexible decision-making and more transparent cost structures, among other things.

With respect to the energy business, Fujikura has previously promoted business structure reforms. The recent decision to spin off and restructure this business has been made to build a business operation structure that would better match and more speedily respond to the market environment and to accelerate structural reforms. In this business segment, the power transmission and metal cable business Fujikura is currently running will be handed over to a new subsidiary (which is scheduled to be fully funded by Fujikura) by as early as October 1, 2022. This will complete the transfer of most of Fujikura's energy business to subsidiaries.

For an overview of the above measure, please refer to the "Notice on an Organizational Restructuring within the Group (Simplified Absorption-Type Company Split Related to Power Systems Business)" separately disclosed today.

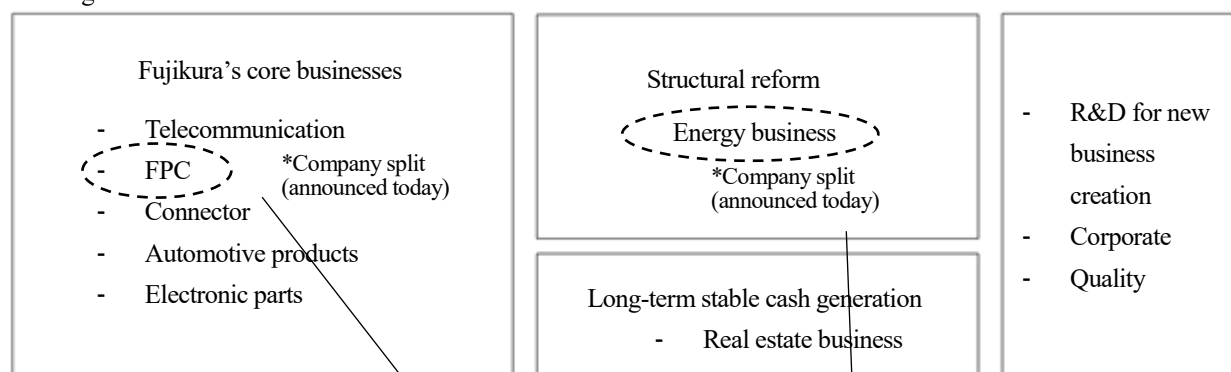
The FPC business, which is operated by Fujikura and its two wholly-owned subsidiaries, Fujikura Shoji Co., Ltd. and Tohoku Fujikura Ltd., will be handed over to a new subsidiary which will be established by the absorption-type company split method (and is scheduled to be fully funded by Fujikura). This is scheduled to take effect on May 1, 2022.

For the details of the above, please refer to the "Notice on an Organizational Restructuring within the Group (Simplified Absorption-Type Company Split Related to FPC Business)" separately disclosed today.

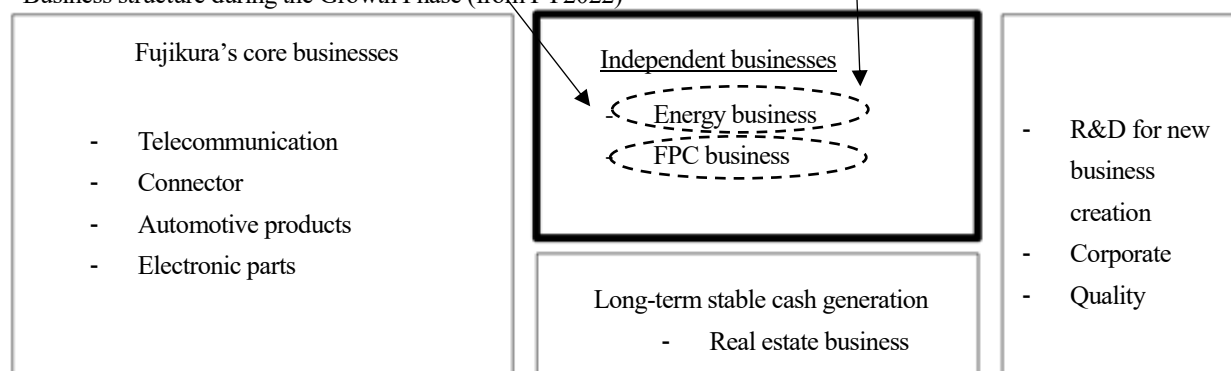
End

Reference: Future Business Structure and Future Growth Image

Existing business structure



Business structure during the Growth Phase (from FY2022)



- 1) Fujikura will spin off its energy business and FPC business to create businesses that are independent from Fujikura.
- 2) Fujikura sees the automotive products business as a promising market and will intensively work on stabilizing the existing operations within Fujikura while cultivating markets.

For Future Growth

Fujikura upholds the following corporate philosophies: “The Fujikura Group’s mission is to create exceptional value for our customers around the world using ‘Tsunagu’ (the Japanese word meaning ‘connecting’) technologies,” and “We dedicate ourselves to providing exceptional products and solutions earning our customers’ trust and contributing to society.” Fujikura is confident that the contribution it has made to society and its customers under these philosophies in the areas of telecommunication, energy, electronics, and automotive products is not small.

The meaning of Fujikura’s existence is to use its own technologies to create values for its customers and to contribute to society. Fujikura believes that this is the only path for its survival.

The world will continue undergoing major transformations and diverse technological innovations. It is Fujikura’s belief that the Fujikura Group will always find business opportunities to utilize its excellent technologies wherever such social changes and technological progress occur.

In fact, Fujikura has technologies that are arguably world-class and highly appreciated and trusted by its customers such as the following: optical fiber fusion splicers, optical fiber cables with SWR and WTC, multi-fiber connectors, optical fiber couplers, PANDA fibers, among others, in the telecommunication business; high density multipole connectors in the connector business; high precision HDD components, micro-coaxial cables, high performance thermal products, pressure/oxygen sensors, and high value added membrane switches in the electronics parts business; and high precision/high density FPC and multi-layered FPC, among others, in the FPC business.

In the automotive products business, a once-in-a-century major transformation of automobiles called CASE is occurring. Although it is difficult to achieve differentiation in Fujikura's core product, wire harness, Fujikura has an excellent customer base and worldwide production bases and believes that many business opportunities will arise by combining the world-class technologies and products existing within the Group.

Furthermore, Fujikura owns various basic technologies that support advanced manufacturing. Integrating such basic technologies with the unique technologies of each business division may also create new businesses.

In its 2030 Vision, Fujikura identifies "Advanced Communication," "Vehicle," "Life-Assistance," and "Energy & Industry" as the business areas the Group should focus on. Fujikura anticipates that these areas will experience major transformations and diverse technological innovations.

In particular, the "Advanced Communication" area has been riding on the strength of dramatic increases in communication volume as telecommunication infrastructure using optical fibers has been built worldwide and the remote work environment has spread during the COVID-19 pandemic. Furthermore, performance enhancement and technological advances of electronics goods in recent years are unstoppable, significantly increasing the volume of processable information. This is the core area where Fujikura can make best use of its strengths.

Fujikura will anticipate future changes in its customers with an eye on the above four areas and endeavor to develop innovative technologies to create values for its customers in the future, while enduring medium- and long-term changes in the global environment.

To achieve sustained growth of the Fujikura Group, all its officers and employees will take actions that will encourage constant regeneration for transformation into a new Fujikura and will contribute to society by connecting its superior technologies with the creation of values for its customers.

Fujikura believes that such actions will generate profits that will allow it to flourish with its customers and other stakeholders.

End