



June 29, 2023

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Notice Regarding the Progress of the Investigation Relating to an Improper Real Estate Acquisition and Similar Incidents at a U.S. Subsidiary

As mentioned in the “Announcement on the Investigation Relating to an Improper Real Estate Acquisition at a U.S. Subsidiary,” released on May 26, 2023, in one of our consolidated subsidiary in the U.S. (the U.S. subsidiary), it is revealed the suspected private misappropriation of real estate by the Fujikura’s Director (the director), who also served as the Chief Executive Officer of the U.S. subsidiary and responsible for the business of a total of 29 of Fujikura’s overseas subsidiaries (including subsidiaries in the U.S., the United Kingdom, Canada, Mexico and Germany (relating to the telecommunication and power business)), by the whistle-blowing on March 3, 2023 (the Incident). We appointed outside law firms in Japan and the U.S. that do not have an interest in Fujikura, and started the internal investigation on March 14, 2023 (the Investigation).

In the process of the Investigation, it is uncovered the possibility of occurrences of similar incidents in addition to the Incident, we are still continuing the Investigation at this moment to grasp the whole details on the Incident and other similar incidents.

The status and the summary of the Incident uncovered by the Investigation to date and the future response are as described below.

<Description>

1. Status of the Investigation and Summary of similar incidents

(1) Status of the Investigation

Based on a whistle-blowing complaint made on March 3, 2023, we were made aware of suspicious activities regarding the personal misappropriation of real property owned by the U.S. subsidiary by the director, who also was the CEO of that U.S. subsidiary, and started the Investigation immediately thereafter. We conducted a wide-ranging investigation including the forensic investigations on equipment such as PCs, mobile phones and tablets lent the director and collection of materials concerning e-mail of the director, interviews and forensic investigations on employees of the U.S. subsidiary and other related parties, and review of relevant documents. In the process of the Investigation we confirmed the detail of the Incident: an improper acquisition was made with respect to land purchased in 2020 and a building built in 2022 by the U.S. subsidiary (the total value of such land and building at the time of acquisition amounts to approximately U.S. \$ 6.5 million (equivalent to ¥ 874 million)).

In addition to the Incident, we found other suspicious cases such as investments in unlisted securities by the U.S. subsidiary under the direction of the director and the director’s use of other assets of the subsidiary including aircraft and credit cards, on which we confirmed that the further investigation should be needed to clarify if any misconduct was occurred or not.

We have been conducting the part of investigation concerning on similar incidents after that indication and will complete by June 30, 2023. We expect it will take considerable time to make analysis and assessment on the appropriateness of accounting treatment concerning the Incident and similar incidents, the financial closing procedures by the Company related to the financial statements for the fiscal year ended March 2023, and the audit by the accounting auditor, all will be based on the result of the investigation.

The director had already been suspended from that U.S. subsidiary and the Company, and on May 26, 2023, we received the resignation letter.

(2) The similar incidents

The investigation to date has confirmed the possible existence of multiple similar incident involving the improper personal misappropriation of assets of the U.S. subsidiary, including (1) multiple unlisted securities investments directed and executed by the director in 2018 and thereafter, (2) the use of corporate credit cards by the director, (3) the purchase and use of aircraft by the director, and (4) payments for membership fees to a golf club by the U.S. subsidiary. Currently, outside experts and Fujikura are clarifying the actual status of each incidents, and conducting a close examination of internal control matters, such as whether there is any opacity in the flow of money, and who is involved in internal procedures such as documentation, inspection, and approval.

2. Impact of the financial statements by the Incident and similar incidents

We are currently examining the impact of the Incident and similar incidents on our consolidated financial statements, but we will promptly announce the amount of impact and accounting method as soon as they are determined.

3. The 175th Annual General Meeting

Based on the results of the Investigation and the analysis and evaluation of the appropriateness of the accounting treatment of the Incident and similar incidents in Fujikura to be conducted based on such results, it is necessary to confirm the scope and impact of the Incident and similar incidents and finalize the financial statements.

We have received from outside experts the progress of the Investigation of the Incident, and have analyzed and evaluated the appropriateness of the accounting treatment of the U.S. subsidiary in the Incident from time to time. However, based on the status of the Investigation and the opinions of the independent auditor regarding the preparation of the audit reports, as mentioned in the “Notice of the policy for holding of Adjourned Meeting of the 175th Annual General Meeting of Shareholders,” released on June 5, 2023, we are unable to report the financial results for the fiscal year ended March 31, 2023, at the 175th Annual General Meeting, held on June 29, 2023. The Company’s proposal to have a separate adjourned meeting of this Meeting is approved.

4. Future Response

Based on the results of the Investigation and the analysis and evaluation of the appropriateness of the accounting treatment of the Incident and similar incidents in the Company to be conducted based on such results, it is necessary to confirm the scope and impact of the Incident and similar incidents and finalize the financial statements.

As a result, we are unable to complete the preparation of the consolidated financial statements and the financial statements and the audit procedures by our independent auditors. We expect to be unable to submit such financial statements by June 30, 2023, the statutory deadline for the submission of the 175th (Year Ended March 31, 2023) securities report.

As described above, we are unable to submit the relevant securities report by the deadline stipulated in Article 24, Paragraph 1 of the Financial Instruments and Exchange Act, and we are considering how to respond to this situation after coordinating with the relevant authorities.

We deeply apologize to our shareholders and all other concerned parties for any inconvenience and concern this may cause. We will fully cooperate with the external specialists and auditing firms, and will make every effort to finalize the settlement of accounts as soon as possible.