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Securities Code: 5803
August 21, 2020
Fujikura Ltd.
5-1, Kiba 1-chome
Koto-ku, Tokyo, Japan

Notice of Invitation to Fujikura's 172nd Annual General Meeting of Shareholders

To our shareholders:

We hereby inform you of the 172nd Annual General Meeting of Shareholders of Fujikura Ltd. (the "Company"), which will be held as indicated below.

In order to prevent the spread of COVID-19, the Company requests that shareholders exercise their voting rights in advance for this General Meeting of Shareholders if at all possible, in writing or via the Internet. **Please review the Reference Document for the General Meeting of Shareholders hereinafter as well as Instructions Concerning the Exercise of Voting Rights on page 3, and exercise your voting rights no later than September 15, 2020 (Tuesday) at 5:30 p.m. (JST).**

1. Date and time: September 16, 2020 (Wednesday) at 10:00 a.m. (JST)

* Due to the impact of factors including the spread of COVID-19, the date of the meeting will be a date that is far removed from the date corresponding to the previous Annual General Meeting of Shareholders (June 27, 2019).

2. Place: Assembly Hall, Fujikura head office
5-1, Kiba 1-chome, Koto-ku, Tokyo

3. Purpose of the meeting

Matters to be reported:

1. Details of the business report, the consolidated financial statements, and the reports by the independent accounting auditor and the Audit and Supervisory Committee on the audit results of consolidated financial statements for the Company's 172nd business year (from April 1, 2019 to March 31, 2020).
2. Details of non-consolidated financial statements for the Company's 172nd business year (from April 1, 2019 to March 31, 2020).

Matters to be acted upon:

Proposal Election of nine Directors not serving as Audit and Supervisory Committee Members

Masahiko Ito
President & CEO & Representative Director

Pursuant to the laws and regulations and our Articles of Incorporation, the following items to be attached to Notice of Invitation to Annual General Meeting of Shareholders are posted on the Company's website. Therefore, those items are not included in the attachment hereto. Note that the consolidated financial statements and non-consolidated financial statements audited by the Accounting Auditor and the Audit and Supervisory Committee include the notes to the consolidated financial statements and notes to the non-consolidated financial statements that are available on the Company's website.

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- (i) Notes to the consolidated financial statements
 - (ii) Notes to the non-consolidated financial statements
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- If there arises any circumstance which gives rise to the need for alteration in Reference Document for the General Meeting of Shareholders, the business report, consolidated financial statements and non-consolidated financial statements, we will post the altered contents on the Company's website.
 - If there are any changes to the location or any other aspects of the holding of the Annual General Meeting of Shareholders in order to prevent the spread of COVID-19, such information will be posted on the Company's website. If you plan to attend in person, please check the website in advance.

Website of the Company: <https://www.fujikura.co.jp/ir/statement/meeting/index.html>

Instructions Concerning the Exercise of Voting Rights

1. In case of exercising the voting rights by post:

Please indicate your approval or disapproval on each of the proposals on the enclosed voting form and return the completed form to us without affixing a postage stamp.

Voting deadline:

It must be received by no later than September 15, 2020 (Tuesday) at 5:30 p.m. (JST)

2. In case of exercising the voting rights via the Internet:

Method 1 Exercising of Voting Rights via “Smart Exercise”

Please scan the QR Code displayed on the bottom right of the voting form with a smartphone or tablet device and enter your approval or disapproval by following the onscreen instructions.

* If you wish to modify your vote after exercising your voting rights, please follow Method 2 “Exercising of Voting Rights on the Website for Exercise of Voting Rights” and enter your changed vote.

Method 2 Exercising of Voting Rights on the Website for Exercise of Voting Rights

Access the website for exercise of voting rights (<https://www.web54.net>), click the login button upon entering the “voting right exercise code” and “password” indicated on the enclosed voting form, and enter your approval or disapproval by following the onscreen instructions.

Voting deadline:

No later than September 15, 2020 (Tuesday) at 5:30 p.m. (JST)

3. In case of attending the General Meeting of Shareholders:

Please submit the voting form to the receptionist. (Not required to place a seal.)

Date and time:

September 16, 2020 (Wednesday) at 10:00 a.m. (JST)

Place:

Assembly Hall, Fujikura head office, 5-1, Kiba 1-chome, Koto-ku, Tokyo

Electronic Voting Rights Execution Platform

Institutional investors may use the electronic voting rights execution platform operated by the Investor Communications Japan (ICJ), Inc.

Reference Document for the General Meeting of Shareholders

Proposal Election of nine Directors not serving as Audit and Supervisory Committee Members

The term of office of all the current eight (*1) Directors not serving as Audit and Supervisory Committee Members will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the Company requests the election of nine Directors not serving as Audit and Supervisory Committee Members.


In the fiscal year 2019, the Group recorded extremely great losses due to factors including significant downturns in all three of its core businesses, optical fiber, FPCs, and wire harnesses for automobiles. The Group has positioned bold reforms of its business structure and more thorough risk management as key measures and decided to implement these in order to rapidly restore its business. To do so, the Group will need to speedily implement major reforms in an extremely wide range of fields, such as strengthening governance, optimizing business, improving productivity in order to reduce costs, ensuring quality, and developing systems that support streamlining of production sites. For the Company to restore its business and achieve sustainable growth subsequently going forward, the Company believes that it is necessary for present officers who are well versed in the Company's business and who truly understand what has led the Company to this point to resolve these issues without leaving them behind and to pass the Company on to the next generation as soon as possible. For this reason, the Company nominates the following candidates.

No.	Name of Candidate	Age (*2)	Current Position and Responsibilities at the Company	Attendance rate for the Board of Directors Meetings during Fiscal Year 2019	Terms of Service
1	Masahiko Ito (Re-election)	63	President & CEO & Representative Director Chief of Governance, Corporate Quality Management Unit, Internal Audit Department, Internal Control Division	(100.0%)	5 years and 2 months
2	Akira Wada (Re-election)	65	Executive Vice President & Member of the Board, Representative Director Corporate R&D Unit, Corporate Production Unit	(100.0%)	6 years and 2 months
3	Takeaki Kitajima (Re-election)	63	Executive Vice President & Member of the Board Corporate Sales & Marketing Unit, Power & Telecommunication Systems Company (Power Systems business segment)	(100.0%)	4 years and 2 months
4	Hideyuki Hosoya (Re-election)	61	Senior Vice President & Member of the Board Power & Telecommunication Systems Company (Telecommunication Systems business segment)	(93.3%)	5 years and 2 months
5	Takashi Takizawa (Re-election)	61	Senior Vice President & Member of the Board Electronics, Automotive & Connector Business Company	(100.0%)	4 years and 2 months


6	Tetsu Ito (Re-election)	60	Senior Vice President & Member of the Board Corporate Staff Unit (Finance & Accounting Division and others), Real Estate Business Company	(100.0%)	4 years and 2 months
7	Joseph E. Gallagher (Re-election)	62	Senior Vice President & Member of the Board President, AFL Telecommunications LLC	(93.3%)	2 years and 2 months
8	Masato Inaba (Re-election)	61	Senior Vice President & Member of the Board New Business Development Center	(100.0%) (*3)	1 year and 2 months
9	Shigeo Sekikawa (New candidate)	58	Managing Executive Officer Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others)	(-)	-


Notes:


1. Mr. Ikuo Kobayashi, who was scheduled to retire from the position of Director not serving as Audit and Supervisory Committee Member at the Annual General Meeting of Shareholders scheduled to be held in June this year, has resigned as of June 30, 2020.
2. Age indicates candidates' ages as of September 16, 2020.
3. Mr. Masato Inaba was appointed as a Director at the Annual General Meeting of Shareholders held on June 27, 2019, and assumed office on the same date. Therefore, his attendance at the Board of Directors meetings only includes meetings held after that date.


Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions
1	 <p>Masahiko Ito (September 1, 1957, 63 years old)</p> <p>[Re-election]</p> <p>Ownership of the Company's Shares 57,587</p> <p>Term of service as Director 5 years and 2 months</p> <p>The number of attendance at the Board of Directors Meetings 100% (15/15)</p>	<p>April 1982 Joined the Company</p> <p>January 2005 General Manager of the Cable Manufacturing Dept., Power Cable Division of VISCAS Corporation.</p> <p>May 2011 General Manager of the Superconductor Business Development Division of the New Business Development Center</p> <p>April 2013 Executive Officer and General Manager of the Superconductor Business Development Division of the New Business Development Center</p> <p>April 2014 Managing Executive Officer, Deputy Chief of the Power & Telecommunication Systems Company, Responsible for the Infrastructure Business Segment, and General Manager of the Superconductor Business Development Division of the New Business Development Center</p> <p>April 2015 Managing Executive Officer, Deputy Chief of the Power & Telecommunication Systems Company</p> <p>June 2015 Senior Vice President & Member of the Board Deputy Chief of the Power & Telecommunication Systems Company</p> <p>April 2016 President & CEO & Representative Director</p> <p>April 2019 President & CEO & Representative Director, Chief of Governance, Chief of the Corporate Quality Management Unit, Responsible for the Internal Audit Department</p> <p>April 2020 President & CEO & Representative Director, Chief of Governance, Chief of the Corporate Quality Management Unit, Responsible for the Internal Audit Department and Internal Control Division (to present)</p> <p>Reason for the nomination of candidate for Director Mr. Masahiko Ito possesses mainly experience accumulated over many years in the Power Systems business segment. In April 2016, he was appointed President & CEO & Representative Director. He took part in senior management in the position of being in charge of a joint-venture company in the power cables business, VISCAS Corporation, and later he led initiatives to start up new businesses of the Company. He also played a leading role in business mergers with other companies and business reorganization in the fields of industrial electric wires and power cables that were forced to undergo stringent business restructuring and reform. Furthermore, he has implemented reorganization within the Fujikura Group.</p> <p>In order to overcome the corporate governance issues revealed by the major losses incurred in overseas business and bring about a recovery of the Company's three core businesses, which have fallen sharply, it is necessary to be able to accurately understand the issues from a company-wide perspective and to make decisions and implement reforms with a sense of urgency. The Company believes that it needs the leadership of Mr. Ito, who has led the Company's management for four years, with his strong capabilities. For these reasons, the Company nominates him as a candidate for Director.</p> <p>Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.</p>


Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
2	 Akira Wada (February 26, 1955, 65 years old) [Re-election]	April 1982	Joined the Company
		July 2003	General Manager of the Optics and Electronics Laboratory
		April 2006	General Manager of the Electronic Components R&D Center
		April 2009	Executive Officer and General Manager of the Electronic Components R&D Center
		April 2011	Managing Executive Officer and General Manager of the Electronic Components R&D Center
		April 2013	Managing Executive Officer and General Manager of the Corporate R&D Planning Center
		April 2014	Managing Executive Officer, Chief of the Corporate R&D Unit and Chief of the Corporate Production Unit
		June 2014	Senior Vice President & Member of the Board, Chief of the Corporate R&D Unit and Chief of the Corporate Production Unit
		April 2018	Executive Vice President & Member of the Board, Representative Director, Chief of the Corporate R&D Unit and Chief of the Corporate Production Unit (to present)
		Reason for the nomination of candidate for Director Mr. Akira Wada has been engaged in the R&D of the Company consistently and contributed to one of the Company's management goal of promoting the renewal of new technology and new products. He possesses the experience and excellent insight required and sufficient for making management decisions on the direction of R&D and the allocation of resources towards the future of the Company. The Company puts the highest priority on the recovery of its three core businesses. However, in order for a company to grow, investments in development and implementation of continuous R&D is indispensable. For the sustainable development of the Company, it is essential to select more effective targets for development investment and focus on key R&D themes that should be continued. The Company has determined that Mr. Wada's extensive experience and insight, which have contributed to the Company's wide-ranging businesses over many years in terms of R&D, manufacturing facilities, and production technologies, are necessary for the recovery of the Company and its subsequent sustainable growth. For these reasons, the Company nominates him as a candidate for Director.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	
	Ownership of the Company's Shares 10,052 Term of service as Director 6 years and 2 months The number of attendance at the Board of Directors Meetings 100% (15/15)		

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
3	<div></div> <div>Takeaki Kitajima (June 28, 1957, 63 years old)</div> <div>[Re-election]</div> <div>Ownership of the Company’s Shares 42,490</div> <div>Term of service as Director 4 years and 2 months</div> <div>The number of attendance at the Board of Directors Meetings 100% (15/15)</div>	April 1981	Joined the Company
		June 2007	Senior Vice President of DDK Ltd.
		February 2009	President of Fujikura America Ltd.
		April 2013	Executive Officer, General Manager of the Electronics & Telecommunication Global Strategy and Marketing Department
		April 2014	Managing Executive Officer, General Manager of the Electronics & Telecommunication Global Strategy and Marketing Department
		April 2015	Managing Executive Officer and General Manager of Kansai Branch
		April 2016	Managing Executive Officer Deputy Chief of the Corporate Sales & Marketing Unit and Deputy Chief of the Electronics Business Company
		June 2016	Senior Vice President & Member of the Board Deputy Chief of the Corporate Sales & Marketing Unit and Deputy Chief of the Electronics Business Company
		April 2017	Senior Vice President & Member of the Board, Chief of the Corporate Sales & Marketing Unit
		April 2019	Executive Vice President & Member of the Board, Chief of the Corporate Sales & Marketing Unit, Customer Value Rebuilding Project
		April 2020	Executive Vice President & Member of the Board, Chief of the Corporate Sales & Marketing Unit, Responsible for Power & Telecommunication Systems Company (Power Systems business segment) (to present)
Reason for the nomination of candidate for Director			
Mr. Takeaki Kitajima has been engaged in sales and marketing of electronics business for many years, and he also has contributed to expand the business of a subsidiary for connectors business as a corporate manager of the subsidiary. He has led the connectors business as a Senior Vice President & Member of the Board since 2016. In addition, he has management experience in an overseas sales subsidiary and extensive sales experience from building relationships of mutual trust with major customers in the electronics business. The Company believes that Mr. Kitajima’s wealth of sales experience and character that he has built up trust relationships with many customers over the years, as well as his dynamism and capabilities are essential in completing the structural reform of the Power Systems business segment, which has been an important issue for the Company’s reform efforts over the years. For these reasons, the Company nominates him as a candidate for Director.			
Special conflicts of interest between the Company and the candidate			
There are no special conflicts of interest between the candidate and the Company.			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
4	 Hideyuki Hosoya (February 10, 1959, 61 years old) [Re-election]	April 1983	Joined the Company
		April 2006	General Manager of the Optics and Electronics Laboratory
		April 2010	President of OPTOENERGY Inc.
		January 2013	General Manager of the Fiber Laser Business Development Division of the New Business Development Center
		April 2014	Managing Executive Officer and Deputy General Manager of the New Business Development Center
		April 2015	Managing Executive Officer, Deputy Chief of the Power & Telecommunication Systems Company and Responsible for the Optical Fiber Division
		June 2015	Senior Vice President & Member of the Board and Deputy Chief of the Power & Telecommunication Systems Company and Responsible for the Optical Fiber Division
		April 2016	Senior Vice President & Member of the Board and Chief of the Power & Telecommunication Systems Company
		April 2017	Senior Vice President & Member of the Board and Chief of the Power & Telecommunication Systems Company
		April 2020	Senior Vice President & Member of the Board and Responsible for Power & Telecommunication Systems Company (Telecommunication Systems business segment) (to present)
		Reason for the nomination of candidate for Director Mr. Hideyuki Hosoya has had many years of experience of engaging in the research and development of information and communication technology. Thereafter, he gained experience as a corporate manager of a company specializing in the development of semiconductor lasers that had been acquired by the Company, and he started working on the establishment of the fiber laser business as a new business in 2013 by utilizing the devices of semiconductor lasers. In 2015, he was appointed as Senior Vice President & Member of the Board, and was responsible for the Optical Fiber Division. From April 2016, he has been in charge of Power & Telecommunication Systems Company, which is the Company’s largest in-house company. In fiscal year 2019, in the face of a significant decline in the optical fiber business due to rapid market changes, he made a decision to shift the Company’s strategy to a total solutions business, including peripheral equipment and installation, centered on its strategic optical fiber products Spider Web Ribbon® / Wrapping Tube Cable™, which paved the way for the expansion of the business into Europe and the U.S. and put the business on a growth path. The Company believes that Mr. Hosoya’s technical knowledge and background, as well as his experience as a general manager of a laboratory and as a corporate manager, make him indispensable for the recovery of the Company’s core business. For these reasons, the Company nominates him as a candidate for Director.	
		Special conflicts of interest between the Company and the candidate There are no special conflicts of interest between the candidate and the Company.	

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
5	<div></div> <div>Takashi Takizawa (November 11, 1958, 61 years old)</div> <div>[Re-election]</div> <div>Ownership of the Company's Shares 31,606</div> <div>Term of service as Director 4 years and 2 months</div> <div>The number of attendance at the Board of Directors Meetings 100% (15/15)</div>	April 1982	Joined the Company
		April 2013	General Manager of the Printed Circuit Board Division
		April 2014	Managing Executive Officer and General Manager of the Printed Circuit Board Division
		January 2015	Managing Executive Officer, General Manager of the Corporate Strategy Planning Division
		April 2016	Managing Executive Officer, and Responsible for Corporate Strategy Planning Division, Legal Department, Human Resource Division, and General Affairs & Public Relations Division, the Information Business System Engineering Division and Corporate Procurement Division
		June 2016	Senior Vice President & Member of the Board, Chief of the Corporate Staff Unit (excluding Finance & Accounting Division and Audit Division)
		April 2018	Senior Vice President & Member of the Board, Responsible for Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others), and Responsible for New Business Development Center
		April 2019	Senior Vice President & Member of the Board, Responsible for Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others)
		April 2020	Senior Vice President & Member of the Board, Chief of the Electronics, Automotive & Connector Business Company (to present)
		Reason for the nomination of candidate for Director	
<p>Mr. Takashi Takizawa has a wide range of experience for engaging with several operations, such as technical engineering, research and development, and business management in electronics business of the Company, and he also has considerable knowledge in the Company's businesses. As Managing Executive Officer and General Manager of the Corporate Strategy Planning Division since 2015, he has been involved in the formulation of Mid-Term Business Plan from the standpoint to supervise the Company as a whole. Appointed as Senior Vice President & Member of the Board in 2016, he has been contributing to the establishment of a new decision-making system, including changes in institutional design to strengthen the Company's corporate governance, as well as reforming the human resources system, as a person in charge. In addition, following the announcement of the cases of impropriety related to quality control, he has led all internal investigations and external correspondence.</p> <p>In addition to possessing sophisticated technical knowledge, Mr. Takizawa has business experience and is well versed in companywide management. He has been the Chief of the Electronics, Automotive & Connector Business Company since April of this year, and the Company believes that he is the most appropriate person to make decisions on strategies for changing the direction of the Company's core businesses, which have been in a significant downturn. For these reasons, the Company nominates him as a candidate for Director.</p>			
Special conflicts of interest between the Company and the candidate			
There are no special conflicts of interest between the candidate and the Company.			


Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
6	<div></div> <p>Tetsu Ito (August 22, 1960, 60 years old)</p> <p>[Re-election]</p> <p>Ownership of the Company's Shares 55,009</p> <p>Term of service as Director 4 years and 2 months</p> <p>The number of attendance at the Board of Directors Meetings 100% (15/15)</p>	April 1983	Joined the Company
		April 2009	General Manager of the Finance & Accounting Division
		April 2015	Executive Officer, General Manager of the Finance & Accounting Division
		April 2016	Managing Executive Officer, and Responsible for Finance & Accounting Division, Audit Division and the Real Estate Business Company
		June 2016	Senior Vice President & Member of the Board, and Responsible for Finance & Accounting Division, Audit Division and the Real Estate Business Company
		April 2018	Senior Vice President & Member of the Board, Responsible for Corporate Staff Unit (Finance & Accounting Division, Audit Division and others), and Responsible for Real Estate Business Company
		April 2019	Senior Vice President & Member of the Board, Responsible for Corporate Staff Unit (Finance & Accounting Division, Internal Control Division, Corporate Procurement Division and the Information Business System Engineering Division), and Responsible for the Real Estate Business Company
		April 2020	Senior Vice President & Member of the Board, Responsible for Corporate Staff Unit (Finance & Accounting Division, Corporate Procurement Division and the Information Business System Engineering Division), and Responsible for the Real Estate Business Company (to present)
		Reason for the nomination of candidate for Director	
		<p>Mr. Tetsu Ito has long-standing experience in the Finance & Accounting Division of the Company and he has a highly specialized knowledge of finance and accounting. In addition, his experience of being stationed overseas has given him extensive insight into the administrative processes of the Company from a global perspective. Furthermore, the good relationships he has built up over the years with financial institutions have contributed to the stability of fundraising by the Company. Appointed as Senior Vice President & Member of the Board in June 2016, he is currently in charge of the Finance & Accounting Division and the Real Estate Business Company.</p> <p>The Company has determined that Mr. Ito's commitment to the financial and accounting aspects of all of the Company's broad-based businesses will enable him to play an adequate role in deliberating the directions necessary for the Company's recovery and growth, and in supervising the business execution in each business field. The Company believes that he is essential for rebuilding the Company's sound financial position, which will be the foundation for its revitalization, and to secure appropriate funding. For these reasons, the Company nominates him as a candidate for Director.</p>	
Special conflicts of interest between the Company and the candidate			
<p>There are no special conflicts of interest between the candidate and the Company.</p>			


Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
7	 <p>Joseph E. Gallagher (September 25, 1957, 62 years old)</p> <p>[Re-election]</p> <p>Ownership of the Company's Shares 1,016</p> <p>Term of service as Director 2 years and 2 months</p> <p>The number of attendance at the Board of Directors Meetings 93.3% (14/15)</p>	<p>July 1979 Joined Alcoa, Inc.</p> <p>January 1988 Joined Alcoa Fujikura, Ltd. (current America Fujikura Ltd.) (*1)</p> <p>September 1998 General Manager of Fiber Optical Cable Division of Alcoa Fujikura, Ltd.</p> <p>January 2003 President & CEO of Alcoa Fujikura, Ltd.</p> <p>April 2005 President of AFL Telecommunications LLC (*2) (to present)</p> <p>April 2011 Executive Officer of the Company</p> <p>October 2012 President of ATI International Investments Inc. (to present)</p> <p>April 2013 Managing Executive Officer of the Company</p> <p>June 2018 Senior Vice President & Member of the Board of the Company (to present)</p>	
		<p>Reason for the nomination of candidate for Director</p> <p>Mr. Joseph E. Gallagher, after working as a manager of the optical fiber system business of Alcoa Fujikura, Ltd., was appointed as President & CEO of Alcoa Fujikura, Ltd. in 2003. He has been serving as President of AFL Telecommunications LLC (hereinafter "AFL-Tele") since 2005, and was appointed as a Managing Executive Officer of the Company in 2013. He demonstrated strong leadership at AFL-Tele, enabling it to grow into a company with sales surpassing ¥120.0 billion by promoting the selection and concentration of business.</p> <p>Mr. Gallagher, as the person practically in charge of the telecommunication business in North America and Europe, has continuously made significant achievements in increasing profits through business expansion while utilizing methods such as M&A. The Company believes that he is indispensable to the main business of the Telecommunication Systems business segment and that he has the governance skills to minimize business expansion risks. For these reasons, the Company nominates him as a candidate for Director.</p>	
		<p>Special conflicts of interest between the Company and the candidate</p> <p>The candidate serves as President of ATI International Investments Inc., which is an affiliate of America Fujikura Ltd. and likewise to the Company, deals with sales of optical connection parts. Moreover, the candidate serves as President of ITC Service Group Intermediary LLC and FiberRise Communications, LLC, which are affiliates of America Fujikura Ltd. and likewise to the Company, deal with telecommunications work and its design.</p>	

Notes:

*1 Alcoa Fujikura, Ltd. is a joint venture company (49% share owned by the Company) established between the Company and Alcoa, Inc. (USA) in 1984. In 2005, we canceled the joint venture and inherited the telecommunications business segment, making it a wholly owned subsidiary (America Fujikura Ltd.). Currently, it is a holding company that oversees the Fujikura Group's North American operations.

*2 AFL-Tele is a company that serves as the core of the energy business and telecommunications business, with a focus on North America, affiliated with America Fujikura Ltd.

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions	
8	<div></div> <div>Masato Inaba (April 16, 1959, 61 years old)</div> <div>[Re-election]</div> <div>Ownership of the Company's Shares 21,774</div> <div>Term of service as Director 1 year and 2 months</div> <div>The number of attendance at the Board of Directors Meetings 100.0% (12/12)</div>	April 1984	Joined Nippon Telegraph and Telephone Public Corporation
		November 2000	Director of International Business Division, NTT Communications Corporation
		July 2010	Director of International Division, Strategic Business Development Division, NIPPON TELEGRAPH AND TELEPHONE CORPORATION
		June 2014	Senior Vice President of NTT DATA CORPORATION
		June 2017	Adviser, Power & Telecommunication Systems Company of the Company
		April 2018	Managing Executive Officer, Responsible for Power & Telecommunication Systems Company
		April 2019	Managing Executive Officer, Responsible for New Business Development Center
		June 2019	Senior Vice President & Member of the Board, Responsible for New Business Development Center (to present)
		Reason for the nomination of candidate for Director	
		Mr. Masato Inaba has been engaged for many years in the promotion of new and international businesses within the NTT Group. The Company has determined that Mr. Inaba's experience and insight into global new businesses cultivated at one of Japan's leading telecommunications and IT companies, and his diverse insight into deliberations on the directions necessary for the Company's recovery and growth and his ability to oversee the execution of business operations in each of the Company's business areas should enable him to fulfill his role adequately. The Company has also deemed that his extensive experience and insight that he has cultivated are necessary to carefully select more effective themes to promote the creation of new businesses. For these reasons, the Company nominates him as a candidate for Director.	
Special conflicts of interest between the Company and the candidate			
There are no special conflicts of interest between the candidate and the Company.			

Candidate No.	Name (Date of Birth)	Career Summary, Position and Responsibilities at the Company and Significant Concurrent Positions
9	 <p>Shigeo Sekikawa (February 6, 1962, 58 years old)</p> <p>[New candidate]</p> <p>Ownership of the Company's Shares 10,552</p>	<p>April 1984 Joined the Company</p> <p>April 2010 General Manager of the NTT Sales Division</p> <p>April 2015 General Manager of the Procurement Division</p> <p>April 2018 Executive Officer and General Manager of the Corporate Procurement Division</p> <p>April 2019 Managing Executive Officer and Deputy Chief of the Power Systems business segment, the Power & Telecommunication Systems Company</p> <p>April 2020 Managing Executive Officer and Responsible for Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others) (to present)</p>
		<p>Reason for the nomination of candidate for Director</p> <p>Mr. Shigeo Sekikawa has an extremely wide range of experience, including experience at the Company's sales & marketing, business, and corporate divisions, in addition to experience working overseas and managing domestic subsidiaries. Recently, he was instrumental in restructuring the Power Systems business segment, and investigating and remediating cases of improper quality control. In particular, while managing a domestic subsidiary, he successfully completed the restructuring and revitalization of the subsidiary.</p> <p>In order to overcome the corporate governance challenges that the Company is facing and achieve steady recovery, knowledge in a wide range of fields and ability to take action and understand people to ensure that these skills are used to bring about reform are necessary. The Company has determined that Mr. Sekikawa's experience and achievements to date are necessary for these reforms. For these reasons, the Company nominates him as a candidate for Director.</p>
		<p>Special conflicts of interest between the Company and the candidate</p> <p>There are no special conflicts of interest between the candidate and the Company.</p>

Reference

[Nominating Advisory Committee]

In nominating candidates for Directors not serving as Audit and Supervisory Committee Members, the advisory body of the Board of Directors, the Nominating Advisory Committee verifies the fairness and appropriateness of the decision process regarding the nomination criteria for Directors not serving as Audit and Supervisory Committee Members and the reasons for appointment, including the achievements of each candidate. The Nominating Advisory Committee comprises of the President & CEO & Representative Director, the Director in charge of human resources, and three Outside Directors; and chaired by an Outside Director.

For this Annual General Meeting of Shareholders, the Nominating Advisory Committee concluded that the decisions were fair and reasonable regarding the candidates for Directors not serving as Audit and Supervisory Committee Members.

[Opinions of Audit and Supervisory Committee Regarding Nomination of Directors not Serving as Audit and Supervisory Committee Members]

The Audit and Supervisory Committee received a report from the Audit and Supervisory Committee Member who attended a meeting of the Nominating Advisory Committee and discussed such report. As a result, the Audit and Supervisory Committee reached the conclusion that the decision process for the nomination of Directors not serving as Audit and Supervisory Committee Members of the Nominating Advisory Committee is appropriate, and there are no special matters to be stated at the general meeting of shareholders pursuant to the provisions of the Companies Act.

[Directors' Skill Matrix]

If the proposal is approved, the Company's Directors will be as follows.

		Management Experience	Finance	Personnel Management	Information Systems	Governance / CSR	Auditing / Legal Affairs / Risk
Directors not serving as Audit and Supervisory Committee Members	Masahiko Ito	●				●	●
Directors not serving as Audit and Supervisory Committee Members	Akira Wada						●
Directors not serving as Audit and Supervisory Committee Members	Takeaki Kitajima						
Directors not serving as Audit and Supervisory Committee Members	Hideyuki Hosoya						
Directors not serving as Audit and Supervisory Committee Members	Takashi Takizawa			●	●	●	●
Directors not serving as Audit and Supervisory Committee Members	Tetsu Ito		●		●		●
Directors not serving as Audit and Supervisory Committee Members	Joseph E. Gallagher	●					
Directors not serving as Audit and Supervisory Committee Members	Masato Inaba			●			
Directors not serving as Audit and Supervisory Committee Members (New candidate)	Shigeo Sekikawa						●
Director serving as Audit and Supervisory Committee Member (Full-time)	Yasuyuki Oda		●				●
Director serving as Audit and Supervisory Committee Member (Outside)	Masaaki Shimojima		●				●
Director serving as Audit and Supervisory Committee Member (Outside)	Kenichiro Abe		●				●
Director serving as Audit and Supervisory Committee Member (Outside)	Yoshio Shirai	●					●
Director serving as Audit and Supervisory Committee Member (Outside)	Tsuneko Murata					●	●
Director serving as Audit and Supervisory Committee Member (Outside)	Hamako Hanazaki						●

		Business Experience			
		Corporate Planning	R&D, Quality, Production / Technology	Sales / Marketing	Global
Directors not serving as Audit and Supervisory Committee Members	Masahiko Ito		●		
Directors not serving as Audit and Supervisory Committee Members	Akira Wada		●		
Directors not serving as Audit and Supervisory Committee Members	Takeaki Kitajima			●	●
Directors not serving as Audit and Supervisory Committee Members	Hideyuki Hosoya		●		
Directors not serving as Audit and Supervisory Committee Members	Takashi Takizawa	●	●		●
Directors not serving as Audit and Supervisory Committee Members	Tetsu Ito				
Directors not serving as Audit and Supervisory Committee Members	Joseph E. Gallagher				●
Directors not serving as Audit and Supervisory Committee Members	Masato Inaba			●	●
Directors not serving as Audit and Supervisory Committee Members (New candidate)	Shigeo Sekikawa			●	
Director serving as Audit and Supervisory Committee Member (Full-time)	Yasuyuki Oda	●			●
Director serving as Audit and Supervisory Committee Member (Outside)	Masaaki Shimojima			●	
Director serving as Audit and Supervisory Committee Member (Outside)	Kenichiro Abe				●
Director serving as Audit and Supervisory Committee Member (Outside)	Yoshio Shirai		●		
Director serving as Audit and Supervisory Committee Member (Outside)	Tsuneko Murata				
Director serving as Audit and Supervisory Committee Member (Outside)	Hamako Hanazaki				

Business Report 172nd period (from April 1, 2019 to March 31, 2020)

1. Current Status of the Fujikura Group

(1) Business Progress and Results

The Japanese economy during the fiscal year 2019 showed a mild recovery trend overall, despite showing some weakness in exports. However, at the end of the fiscal year, in March, the spread of COVID-19 caused a major decline, rapidly producing harsh circumstances.

As for the business performance of the Fujikura Group for the fiscal year 2019, net sales decreased by 5.4% year-on-year to ¥672.3 billion and operating profit decreased by 87.9% year-on-year to ¥3.3 billion.

With regard to sales, while demand for optical components was robust, overall sales decreased due to the price of optical fiber significantly falling from intensifying competition, as well as intensifying competition in FPCs (Flexible Printed Circuit Boards) for smartphones for the Company's main customers.

In terms of profit, despite certain positive factors, such as the strong demand in Japan for power wires for construction, boosted in part by the Tokyo Olympics and Paralympics, as well as strong demand for power infrastructure investment in the U.S., the profit decreased due to adverse factors, including intensifying competition for optical fiber and FPCs, as well as reduced productivity for wire harness production in Morocco.

In addition, due to the spread of COVID-19, sites in China temporarily suspended operations, and major European customers purchasing wire harnesses suspended production, which placed further downward pressure on sales and profit.

As for ordinary income, as a result of recording of ¥6.9 billion in non-operating income and ¥8.9 billion in non-operating expenses, the Company achieved ordinary income of ¥1.3 billion, a decrease of 93.8% year-on-year.

In terms of extraordinary gains and losses, a total of ¥9.6 billion in extraordinary gains were recorded, including gain on sales of cross-shareholdings in accordance with the Corporate Governance Code, as well as gain on sales and valuation of investment securities held by Group companies. Meanwhile, massive extraordinary losses of ¥30.7 billion were recorded, consisting mainly of ¥17.2 billion in impairment losses in the Company's main businesses, ¥5.2 billion in loss on valuation of investments in capital of subsidiaries and associates related to the withdrawal from the EPC business operation in Brazil due to poor performance, and ¥3.8 billion in business structure improvement expenses associated with site consolidation in Japan as well as overseas. With regard to the impairment loss, as a result of closely reviewing recoverability, taking into consideration the current business environment, as well as future demand trends and forecasts regarding the competitive environment, etc., the Company posted losses of ¥7.9 billion in the optical fiber business, ¥5.7 billion in the automotive wire harness business in Europe, and ¥2.5 billion in the fiber laser business, respectively.

Factoring in ¥10.3 billion in reversal of deferred tax assets, loss attributable to owners of parent was ¥38.5 billion, a year-on-year deterioration of ¥39.9 billion.

As stated above, performance for the fiscal year under review fell significantly short of the initial forecast. With regard to the year-end dividends from surplus for the fiscal year under review, in light of the Company's current position and its recording of extremely large losses, the Company regrettably proposes not to pay year-end dividends. The Company is working diligently to recover and improve its business performance, by implementing various measures, such as the business plan for the fiscal year 2020 and priority issues outlined in “(2) Issues facing the Fujikura Group.” The Company wishes to extend its sincere apologies for this state of affairs.

Overview of Business Results by In-house Company

(Billions of yen)

Segments, etc. / Fiscal Year	171st period FY2018	172nd period (current period) FY2019	Variation
Power & Telecommunication Systems Company	354.8	327.8	(27.0)
Electronics, Automotive & Connector Business Company*	339.2	327.6	(11.5)
Electronics business segment	185.0	175.1	(9.9)
Automotive Products business segment	154.1	152.4	(1.6)
Real Estate Business Company	10.8	11.2	0.4
Other	5.8	5.5	(0.2)
Total	710.7	672.3	(38.4)

* On April 1, 2019, the Electronics Business Company and the Automotive Products Company were merged to form the Electronics, Automotive & Connector Business Company.

Power & Telecommunication Systems Company

Main Business:

This in-house company offers a variety of electric wires, cables and equipment, including those for industrial use, and for power transmission, distribution and communication as well as optical fiber cables and various products for the construction of optical networks.

Industrial electric wires, telecommunications metal cables, overhead transmission wires, OPGW (Optical Ground Wires), power distribution lines, cables for power supply, connection components for electric wires and power supply cables, magnet wires, optical fibers, optical fiber cables, connection components including optical connectors, optical devices, optical fusion splicers, optical line monitoring systems, optical transmitters, optical wiring systems and related installation work

The in-house company as a whole posted net sales of ¥327.8 billion, down 7.6% year-on-year, and operating profit of ¥4.5 billion, down 74.4% year-on-year.

The Power Systems business segment posted net sales of ¥187.8 billion, down 7.9% year-on-year, due mainly to the transferring of all the shares owned by the Company of a former consolidated subsidiary, in June 2019, which mainly handled the manufacturing of overhead transmission wires in China, as well as falling sales prices of electric wires and cables owing to a decline in copper price. Profit increased due to strong domestic demand for electric wires for construction related to the Tokyo Olympics and Paralympics and urban redevelopment projects, as well as strong power infrastructure investment demand in the U.S.

In the Telecommunication Systems business segment, while demand for optical components was robust, the price of optical fiber fell rapidly due to intensifying competition in China, which accounts for a large percentage of the Group's sales. The effects of this drop were felt worldwide, and resulted in an overall decline in sales. As a result, net sales decreased by 7.2% year-on-year to ¥139.9 billion, and operating profit decreased significantly.

Electronics, Automotive & Connector Business Company

Main Business:

This in-house company provides various components of electronic equipment for digital home electronics and mobile devices, as well as various electric components for automobiles, etc.

FPCs, connectors, membrane switches, electronic wires, HDD components, sensors, heat pipes, wire harnesses and automotive components

The in-house company as a whole posted net sales of ¥327.6 billion, down 3.4% year-on-year, and operating profit decreased by ¥11.1 billion year-on-year to an operating loss of ¥6.0 billion.

In the Electronics business segment, net sales decreased by 5.4% year-on-year to ¥175.1 billion, and operating profit decreased by ¥10.6 billion year-on-year to an operating loss of ¥2.2 billion, due to intensified competition in FPCs for smartphones of major customers. Furthermore, the in-house company was unable to keep up with changes in demand and inventory has been accumulated for a long period of time. Accordingly, during the fiscal year under review, the in-house company recorded ¥6.1 billion in loss on valuation of inventories and others.

In the Automotive Products business segment, net sales decreased by 1.1% year-on-year to ¥152.4 billion, due to a decline in the global automobile demand, led by the Chinese automobile market, despite an increase in sales due to the rising demand in Europe and the start of mass production of products for new vehicle models in South America. In terms of profit, expenses were reduced compared with the previous fiscal year, especially in Asia, but the delay in the transfer of production from Eastern Europe to Morocco necessitated the partial continuation of production in Eastern Europe, where the cost is high. Furthermore, the production system in Morocco was unstable, and the launch of mass production of wire harnesses for new vehicle models did not progress smoothly, causing productivity to fall significantly. As a result, the in-house company continued to post operating loss as in the previous fiscal year, which amounted to ¥3.7 billion.

Real Estate Business Company

Main Business:

This in-house company is engaged in the building rental business through the operation of “Fukagawa GATHARIA.”

Net sales increased by 3.7% year-on-year to ¥11.2 billion, and operating profit also increased by 7.2% year-on-year to ¥5.3 billion, as a result of an increase in tenant revenue.

Other Matters

As noted above, the decline in our core businesses and the significant decrease in our consolidated net assets during the current fiscal year resulted in a breach of the financial restriction clauses in some of our syndicated loan and commitment line agreements. However, we have received informal consent from main correspondent financial institutions to amend these and other clauses, and we expect to continue to receive support from these institutions upon gaining their understanding of our situation and the issues that we must address in the future.

(2) Issues facing the Fujikura Group

(i) Shifting to Strategies for Rapid Business Recovery

The ongoing 2020 Mid-term Business Plan, a five-year plan launched in the fiscal year 2016, defines “maintaining and improving earning power” and “improving our financial constitution” as basic strategies, and “placing the utmost importance on profitability to ensure sound growth,” “building a company that creates value for customers by accelerating its metabolism,” and “securing enhancement of corporate value by establishing corporate governance, and engaging in environmental and social contribution measures” as its basic policies. It aims to achieve ¥900.0 billion in net sales and a ratio of operating profit to net sales of 7.0% or higher. However, given the business results of the fiscal year 2019 as indicated above, the Group determined that continuing with the 2020 Mid-term Business Plan could further harm the Group’s revenue structure. Accordingly, we have decided to discontinue the current 2020 Mid-term Business Plan, and shift its basic strategy to “focusing on rapid business recovery.”

Under the 2020 Mid-term Business Plan, the Group has expanded its scale of business, by focusing on the markets and strategic customers for which we can leverage its strengths, and engaging in focused investment in accordance with the initial Plan. However, we have been unable to fully respond to the major changes in customer trends and markets, such as declines in smartphone demand among its major customers and the significant drop in optical fiber prices in China. As a result, performance has fallen significantly for all three of the Company’s core businesses, optical fiber, FPCs, and wire harnesses for automobiles. As our business scale expanded rapidly, the major factor in the deterioration of business results was that we put too much emphasis on capturing orders in specific markets and following growth strategies of our customers, and we were unable to dynamically deal with market and customer changes. Furthermore, our resources were dispersed, and the securing of site operation systems and establishment of the governance structure, aimed at managing the overall business, were unable to keep up.

Reflecting on these, in the fiscal year 2020, our basic strategy will be to “focus on rapid business recovery.” We will narrow our key measures down to the twin measures of “selection and concentration of existing businesses, for which no businesses are off-limits” and “enhancement of corporate governance.” We will boldly implement business structure reforms, and more thoroughly implement risk management, such as through the establishment of the Corporate Governance Promotion Division. The management of the Company will work with unflinching resolve to rapidly restore our business.

(ii) Business Plan for the Fiscal Year 2020 and Priority Issues for In-house Companies

The business environment surrounding the Company is expected to undergo further price decreases and fiercer competition. Furthermore, there are concerns of the risk of further downward pressure due to the impact of the spread of COVID-19.

Power & Telecommunication Systems Company

In the Power Systems business segment, we will continue to pursue reforms involving improvement of the business cost structure needed to develop a system to secure the revenue necessary for business continuation. Specifically, we will carry out mergers to integrate the power transmission cable business into a Group company and eliminate our power cable production site in Malaysia. Furthermore, in light of the extreme difficulty of conducting business at the Company, including dealing with the commercial practices of and managing construction in emerging countries, we have decided to pull out of the overseas EPC business (*1), in which we recorded significant losses in the years leading up to the fiscal year 2019.

The structural reforms we have implemented have shrunk the scale of our business, but our approach of focusing on fields in which we have strengths has proven fruitful, and we are gradually recovering our revenue earning capabilities. In the fiscal year 2020, we will follow the policies defined in the previous fiscal years and rapidly move forward with structural reforms in the form of selection and concentration of remaining businesses.

In the Telecommunication Systems business segment, excess supply of optical fibers, corresponding price declines, and intensified competition are expected in the fiscal year 2020 for China, our main market for optical fiber products. On the other hand, progress is being made on the construction of large-capacity telecommunication networks in Europe and the U.S., backed by the deployment of 5G (fifth-generation mobile communication systems), the IoT, data centers, and FTTx installation (*2). Accordingly, we expect that the demand for expansion and development of telecommunications infrastructure will remain robust. Furthermore, due to the recent impact of the spread of COVID-19, there is growing demand for greater telecommunication capacities. The Company will work to streamline and implement further structural reforms to the optical fiber business and fiber laser business, which recorded major impairment losses in the fiscal year 2019. At the same time, we will place a greater focus on the optical cable business, which features high added value, and strive to improve our revenue earning capabilities. In particular, the Company will position the U.S., in which further growth can be expected, and European countries such as the U.K., in which we began sales in the previous fiscal year, as key markets. With the Company's strategic products, Spider Web Ribbon® / Wrapping Tube Cable™ (*3) at the core, we will focus on enhancing our sales in the form of total solutions, including peripheral equipment and components such as connection components, installations, and maintenance services, and strive to rapidly recover the revenue of the entire Telecommunication Systems business segment.

- (*1) The EPC (Engineering, Procurement and Construction) business provides supply of electric wires and cables as well as design and execution of installation work in an integrated manner.
- (*2) FTTx installation refers to the installation of optical fiber networks connecting telephone exchanges of telecommunications providers and homes, buildings, and other sites.
- (*3) The Company's strategic products, Spider Web Ribbon® / Wrapping Tube Cable™, are optical fiber cables that are lighter, thinner, and which feature greater capacities than conventional products, and which can reduce installation costs.

Electronics, Automotive & Connector Business Company

In the electronics business segment, our core FPC business has earned the trust of major customers by refining its quality and technical capabilities, and developed business by responding to their growth strategies. However, our analysis has found that the primary reasons for recording major losses are that we were unable to flexibly and nimbly respond to the changes in demand and intensifying competitive environment from the smartphone demand topping out, and that we have overestimated our own capabilities. We will re-evaluate our own capabilities in every aspect of our business, including QCD and service, and take on orders that match these capabilities in order to restore our revenue earning capabilities. In addition, as the competitive environment is expected to remain fierce, we will implement further business structure reforms, improve the quality of our products to provide them with advantages against competitors, and further reinforce our cost reduction efforts.

In the Automotive Products business segment, the recording of major losses during the second half of the fiscal year 2017 made it evident that there are major issues with the management structure for the wire harness business in the European market. By revising the conventional structure, the head office will strengthen its control, and respond to customer demand flexibly and nimbly. We will continue with the transfer of production sites from Eastern Europe to Morocco and business structure reforms, and take on orders in line with our capabilities in order to restore our revenue earning capabilities. We will also implement business structure reforms in Asian markets, including China, which has suffered from low demand, and restore the earning power of the automotive wire harness business as a whole.

In addition, as part of our growth strategies, we will develop the electronic component business by leveraging the foundation we have cultivated through our automotive wire harness business, in order to capture new business opportunities in the CASE (connected cars, autonomous driving, sharing, and electrification) field.

(iii) Strengthening Corporate Governance

In accordance with the policies of our 2020 Mid-term Business Plan, the Company implemented in June 2017 a changeover in governing structure to a company with an Audit and Supervisory Committee, with a view to strengthen flexible and efficient business management through a significant transfer of authority from the Board of Directors to internal executive directors, while enabling the Board of Directors to sufficiently deliberate over important corporate affairs.

The Company's business performance has fallen significantly due to issues such as major losses in the automotive wire harness business in Eastern Europe and in the overseas EPC business, the discovery of cases of improper quality control (hereinafter "the improper quality control cases") announced on August 31, 2018, and the lack of speedy, nimble response to market and customer changes. Our analysis has determined that these are the result of insufficient forecasting, analysis, and investigation of business execution risks, long-standing issues with management systems for accurately assessing risk, preventing it from materializing, and mitigating losses in the event of materialization, and long-standing issues with appropriate oversight of these management systems.

Based on these issues, from the perspective of business execution, we will further reinforce the systems that enable effective risk management and structures that clarify responsibility for the losses incurred. Specifically, our corporate unit recognizes the problems and issues that arise during the course of our business operation, and, together with the business management departments, has started implementing measures to resolve these problems and issues. In addition, the Internal Audit Division and quality assurance departments have been placed under the direct control of the President to ensure their independence, and supervisory functions have been enhanced by clarifying authority and reinforcing education and training.

In April of this year, the Company decided to establish a Management Innovation Committee under the direct control of the President in order to reinforce the companywide functions of the corporate unit and strictly manage KPI (key performance indicators) to powerfully promote cost reductions and revenue earning power improvements. In addition, we will establish a new Corporate Governance Promotion Division to implement even more thorough risk management.

While we work to enhance our risk management from a business execution vantage, with respect to the Board of Directors, we will increase the ratio of deliberations regarding overall directions that contribute to the Company's growth, such as deliberations on corporate strategies, and reinforce its supervision of the management personnel. Through these, we will further enhance our corporate governance and strive to achieve sustainable growth of the Company.

(iv) Quality management-related measures

The Company has positioned quality management as an important issue, formulated the "Fujikura Quality Policy," a companywide policy that prioritizes quality compliance, implemented measures to fully disseminate this policy, conducted quality compliance training for all Group employees, and decided to continue these initiatives.

With regard to the improper quality control cases, on April 25, 2019, the Company issued an investigation report related to confirmation of the facts and investigation of the cause of the problem, and on October 31, 2019, the Company has announced the progress of the subsequent explanations to customers and safety checks. Following the discovery of the improper quality control cases, we have striven to improve the Group's overall governance and reinforce the quality control system, by thoroughly implementing corrective measures and reoccurrence prevention measures, with our strong resolve to never let these incidents occur again. Specifically, our governance reforms have included the ensuring of independence of the quality assurance departments, the reinforcement of effectiveness through an increase in personnel and provision of education and training, and the creation of an electronic system that eliminates human manipulation. We have also striven to raise awareness of our whistleblower system.

[Fujikura Quality Policy]

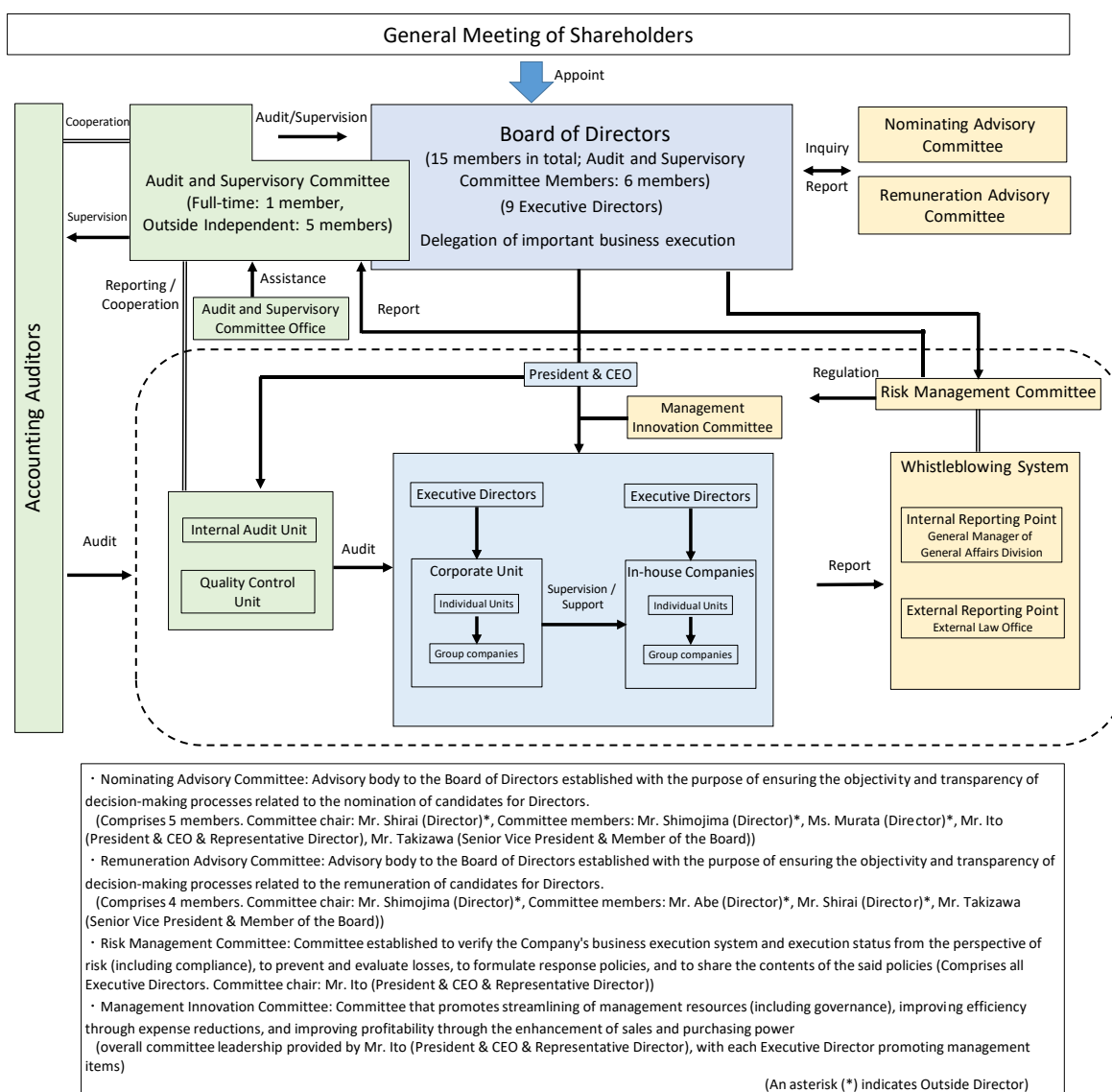
1. To provide customers with products and services that are of the highest quality by pursuing a management philosophy based on Quality.

2. To ensure that all employees continuously engage in proper conduct related to quality control by complying with all laws, regulations and contracts with customers, based on a strong awareness of the importance of quality compliance.
3. To always encourage communication within the workplace to foster an open corporate culture, and promptly report to superiors when problems of quality compliance are recognized.

(v) New business and R&D

The Company's most critical challenge in the fiscal year 2020 will be the recovery of the earning power centered on the three core businesses, whose business performance has suffered major declines. However, in order to achieve sustainable growth following this recovery, we must not stop creating new businesses or developing new products. Our 2030 Vision, formulated in March 2017, aims to create new value through open innovation in the four market areas of Advanced Communication (contributions to an advanced information society), Energy & Industry (utilization and efficient management of diverse energies), Life-Assistance (improving quality of life), and Vehicle (contributing to next-generation mobility society). We will closely watch the market needs and demand trends, identify critical themes in which we can leverage our core businesses and technologies, and continue to create new businesses and develop new products.

Reference: Diagram of Corporate Governance



(3) Fujikura Group Capital Investment

The total amount of capital investments was ¥30.1 billion for the 172nd period.

Principal capital investments are as follows.

Power & Telecommunication Systems Company

For the purposes of expanding production of optical fiber in China and expanding production and reducing the costs of Spider Web Ribbon® and Wrapping Tube Cable™, which are strategic products of optical fiber cables, the Company expanded facilities. The company also made capital investments with the aim of developing advanced fusion splicers in order to achieve differentiation from conventional products.

Electronics, Automotive & Connector Business Company

In the Electronics business segment, in the Kingdom of Thailand, China and other countries, the Company made capital investments to introduce manufacturing facilities to support enhanced functionality of smartphones, and to enhance quality and technical capabilities as well as to improve productivity.

(4) Fujikura Group Fund Procurement

1) Fund procurement

The commitment line agreement signed in the fiscal year 2018 expired, so a new short-term loan commitment line agreement was signed with a main correspondent financial institution in October 2019 for a total of ¥30 billion. There was no borrowing balance at the end of the period under review.

2) Principal lenders and loan amounts

(Millions of yen)	
Lender	Loan balance
Sumitomo Mitsui Banking Corporation	38,941
Mizuho Bank, Ltd.	21,701
MUFG Bank, Ltd.	21,068
Sumitomo Mitsui Trust Bank, Limited	13,574
The Shizuoka Bank, Ltd.	9,032
Bank of Ayudhya Public Company Limited.	8,222
Syndicated loan	71,350

Note: The syndicated loan is a loan from a syndicate, with Sumitomo Mitsui Banking Corporation as the arranger.

(5) Financial Position and Business Performance

(Millions of yen)

Title	169th period FY2016	170th period FY2017	171st period FY2018	172nd period (current period) FY2019
Net Sales	653,795	740,052	710,778	672,314
Operating Income	34,230	34,343	27,679	3,346
Ordinary Income	32,555	34,122	21,020	1,312
Profit (loss) attributable to owners of parent	12,900	18,359	1,453	(38,510)
EPS (yen)	44.61	64.36	5.09	(136.58)
Net Assets	224,546	241,961	240,910	172,115
Total Assets	588,626	638,055	638,318	576,089

(6) Principal Business Locations of the Fujikura Group (Names and locations)*** The Company**

Head office: Koto-ku, Tokyo

Branches: Kansai Branch (Osaka Prefecture), Chubu Branch (Aichi Prefecture)

Plants: Sakura Works (Chiba Prefecture), Suzuka Works (Mie Prefecture) and Numazu Works (Shizuoka Prefecture)

Laboratories: Advanced Technology Laboratory (Chiba Prefecture)

*** Subsidiaries**

Fujikura Dia Cable Ltd. (Tokyo), Nishi Nippon Electric Wire & Cable Co., Ltd. (Oita Prefecture), Yonezawa Electric Wire Co., Ltd. (Fukushima Prefecture), America Fujikura Ltd. (U.S.), Fujikura Electronics (Thailand) Ltd. (the Kingdom of Thailand), Fujikura Electronics Shanghai Ltd. (China), DDK (Thailand) Ltd. (the Kingdom of Thailand), Fujikura Automotive Asia Ltd. (Yamagata Prefecture), Fujikura Automotive Europe S.A.U. (Spain), and Fujikura Automotive America LLC (U.S.)

(7) Employees of the Fujikura Group (as of March 31, 2020)

Segments, etc.	Number of employees (persons)	
Power & Telecommunication Systems Company	11,428	(1,294)
Electronics, Automotive & Connector Business Company	43,219	(12,895)
Electronics business segment	14,018	(5,713)
Automotive Products business segment	29,201	(7,182)
Real Estate Business Company	14	(22)
Head office and other	1,275	(267)
Total	55,936	(14,478)

Note: Figures shown in parentheses above are annual average numbers of temporary employees, excluded from the total number of employees.

(8) Principal Subsidiaries

The outline of principal subsidiaries of the Company is as follows. Each subsidiary manufactures and sells the products listed in the right column.

The Company has 101 consolidated subsidiaries (decreased by 1 compared to the end of the previous fiscal year) and 9 subsidiaries (same as the end of the previous fiscal year) under the equity method.

Company name Capital Ownership percentage	Major lines of business
Fujikura Dia Cable Ltd. Capital: ¥5,400 million Ownership percentage: 60.0%	Electric wires and cables
Nishi Nippon Electric Wire & Cable Co., Ltd. Capital: ¥960 million Ownership percentage: 60.8%	Electric wires and cables and optical cables
Yonezawa Electric Wire Co., Ltd. Capital: ¥400 million Ownership percentage: 94.9%	Electric wires and cables
America Fujikura Ltd. Capital: 202 million U.S. dollars Ownership percentage: 100.0%	OPGW, optical cables, optical fusion splicers, optical connection parts and telecommunications related work
Fujikura Electronics (Thailand) Ltd. Capital: 11,552 million Thai baht Ownership percentage: 100.0%	FPCs and electronic components
Fujikura Electronics Shanghai Ltd. Capital: 97 million renminbi Ownership percentage: 100.0%	FPCs
DDK (Thailand) Ltd. Capital: 1,730 million Thai baht Ownership percentage: 100.0%	Connectors
Fujikura Automotive Asia Ltd. Capital: ¥1,772 million Ownership percentage: 100.0%	Wire harnesses for automobiles
Fujikura Automotive Europe S.A.U. Capital: 10 million euros Ownership percentage: 100.0%	Wire harnesses for automobiles
Fujikura Automotive America LLC Capital: 3 million U.S. dollars Ownership percentage: 100.0%	Wire harnesses for automobiles

2. Company's Stock (As of March 31, 2020)

- (1) Number of Authorized Shares **1,190,000,000 shares**
 (2) Number of Shares Issued **295,863,421 shares (Including 19,454,273 shares of treasury stock)**
 (3) Number of Shareholders **35,094 (down 1,529 from the previous fiscal year end)**
 (4) Major Shareholders

(Thousand shares; %)

Name	Number of shares held	Percentage of total shares issued
The Master Trust Bank of Japan, Ltd. (Trust Account)	29,498	10.67
Japan Trustee Services Bank, Ltd. (Trust Account)	17,964	6.50
Taiju Life Insurance Company Limited	10,192	3.69
Sumitomo Mitsui Banking Corporation	8,456	3.06
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Limited Retirement Benefit Trust Account)	6,777	2.45
Dowa Metals & Mining Co., Ltd.	6,563	2.37
The Shizuoka Bank, Ltd.	5,788	2.09
DFA INTL SMALL CAP VALUE PORTFOLIO	5,029	1.82
Fujikura Employees Shareholding Association	4,951	1.79
JP MORGAN CHASE BANK 385151	4,896	1.77

Notes:

- The numbers presented in "Number of shares held" are based on the list of shareholders.
- Although the Company owns 19,454,273 shares of treasury stock, this is excluded from the above table. Treasury stock does not include 952,707 shares held by the trust account relating to the stock distribution trust established for the stock-based compensation plan for Directors (excluding Outside Directors) and Executive Officers.
- The percentage values presented in "Percentage of total shares issued" are calculated excluding treasury stock.

(5) Other Significant Matters Concerning the Company's Stock

Acquisition of treasury stock

The following acquisition of treasury stock was performed during the fiscal year under review.

- ◇ Date of resolution: October 31, 2019
 Acquisition period: November 1, 2019 to January 17, 2020
 Number of shares: 10,000 thousand shares
 Total acquisition price: ¥4,626,559,612

3. Company's Officers

(1) Directors (As of March 31, 2020)

Position	Name	Responsibilities
President & CEO & Representative Director*	Masahiko Ito	Governance, Corporate Quality Management Unit, Internal Audit Department
Executive Vice President & Member of the Board*	Akira Wada	Corporate R&D Unit, Corporate Production Unit
Executive Vice President & Member of the Board	Takeaki Kitajima	Corporate Sales & Marketing Unit
Senior Vice President & Member of the Board	Hideyuki Hosoya	Power & Telecommunication Systems Company
Senior Vice President & Member of the Board	Takashi Takizawa	Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others)
Senior Vice President & Member of the Board	Tetsu Ito	Corporate Staff Unit (Finance & Accounting Division, Internal Control Division and others), Real Estate Business Company
Senior Vice President & Member of the Board	Ikuo Kobayashi	Electronics, Automotive & Connector Business Company
Senior Vice President & Member of the Board	Joseph E. Gallagher	President, AFL Telecommunications LLC
Senior Vice President & Member of the Board	Masato Inaba	New Business Development Center
Director serving as Audit and Supervisory Committee Member (Full-time)	Yasuyuki Oda	
Director serving as Audit and Supervisory Committee Member (Outside)	Masaaki Shimojima	
Director serving as Audit and Supervisory Committee Member (Outside)	Kenichiro Abe	
Director serving as Audit and Supervisory Committee Member (Outside)	Yoshio Shirai	
Director serving as Audit and Supervisory Committee Member (Outside)	Tsuneko Murata	
Director serving as Audit and Supervisory Committee Member (Outside)	Hamako Hanazaki	

Notes:

1. The asterisk (*) indicates the Representative Director.
2. Full-time Audit and Supervisory Committee Member is selected to ensure the effectiveness of the activities of the Audit and Supervisory Committee.
3. Directors serving as Audit and Supervisory Committee Member Mr. Masaaki Shimojima, Mr. Kenichiro Abe, Mr. Yoshio Shirai, Ms. Tsuneko Murata and Ms. Hamako Hanazaki serve as Outside Directors, as provided for in Article 2, Item 15 of the Companies Act.

4. Director serving as Audit and Supervisory Committee Member Mr. Yasuyuki Oda has experience in the Finance & Accounting Division of the Company for many years and has a significantly high level of knowledge about finance and accounting.
 Director serving as Audit and Supervisory Committee Member Mr. Masaaki Shimojima has assumed key posts in a major city bank for many years and has a significantly high level of knowledge about finance and accounting.
 Director serving as Audit and Supervisory Committee Member Mr. Kenichiro Abe is a certified public accountant and has a significantly high level of knowledge about finance and accounting.
5. Significant concurrent positions are as follows.
 Senior Vice President & Member of the Board Mr. Joseph E. Gallagher is President of subsidiary AFL Telecommunications LLC, ATI International Investments Inc. and AFL IG LLC.
 Director serving as Audit and Supervisory Committee Member Mr. Kenichiro Abe is External Audit & Supervisory Board Member of SoftBank Corp.
 Director serving as Audit and Supervisory Committee Member Mr. Yoshio Shirai is Senior Adviser to Hino Motors, Ltd. and Director (outside director), Audit & Supervisory Committee Member of Seiko Epson Corporation.
 The Company and Seiko Epson Corporation have dealings relating to sales of FPCs, electronic wires, and pressure sensors.
 Director serving as Audit and Supervisory Committee Member Ms. Tsuneko Murata is a Member of the Audit and Supervisory Board of Japan Finance Corporation, and Outside Director and Audit and Supervisory Committee member of ADVANTEST CORPORATION.
 Director serving as Audit and Supervisory Committee Member Ms. Hamako Hanazaki is an attorney at law at Kita-Aoyama Law Office.
6. Directors serving as Audit and Supervisory Committee Members Mr. Masaaki Shimojima, Mr. Kenichiro Abe, Mr. Yoshio Shirai, Ms. Tsuneko Murata and Ms. Hamako Hanazaki are registered as Independent Officers with the Tokyo Stock Exchange.
7. Director Mr. Akira Sasagawa and Director serving as Audit and Supervisory Committee Member Mr. Soichiro Sekiuchi retired from their offices due to the expiration of their terms of office at the conclusion of the 171st Annual General Meeting of Shareholders held on June 27, 2019.

8. On April 1, 2020, responsibilities of Directors were changed as follows.

Name	After Change	Before Change
Masahiko Ito	President & CEO Governance, Corporate Quality Management Unit, Internal Audit Department, Internal Control Division	President & CEO Governance, Corporate Quality Management Unit, Internal Audit Department
Takeaki Kitajima	Executive Vice President & Member of the Board Corporate Sales & Marketing Unit, Power & Telecommunication Systems Company (Power Systems business segment)	Executive Vice President & Member of the Board Corporate Sales & Marketing Unit
Hideyuki Hosoya	Senior Vice President & Member of the Board Power & Telecommunication Systems Company (Telecommunication Systems business segment)	Senior Vice President & Member of the Board Power & Telecommunication Systems Company
Takashi Takizawa	Senior Vice President & Member of the Board Electronics, Automotive & Connector Business Company	Senior Vice President & Member of the Board Corporate Staff Unit (Corporate Strategy Planning Division, Legal Department, Human Resource Division and others)
Tetsu Ito	Senior Vice President & Member of the Board Corporate Staff Unit (Finance & Accounting Division and others), Real Estate Business Company	Senior Vice President & Member of the Board Corporate Staff Unit (Finance & Accounting Division, Internal Control Division and others), Real Estate Business Company
Ikuo Kobayashi	Director Responsible for Automotive and Electronics Solution Fusion Business	Senior Vice President & Member of the Board Electronics, Automotive & Connector Business Company

9. Executive Officers (as of April 1, 2020)

Managing Executive Officer	Takeshi Sato
Managing Executive Officer	Yukihiro Nakayama
Managing Executive Officer	Kenji Nishide
Managing Executive Officer	Ryoichi Hara
Managing Executive Officer	Kinya Takimura
Managing Executive Officer	Shigeo Sekikawa
Managing Executive Officer	Akira Saita
Managing Executive Officer	Koji Ueda
Managing Executive Officer	Junji Fukuhara
Managing Executive Officer	Munehisa Fujimaki
Managing Executive Officer	Toshio Shimma
Managing Executive Officer	Naoki Okada
Executive Officer	Masataka Mito
Executive Officer	Tomoharu Morimoto
Executive Officer	Daiichiro Tanaka
Executive Officer	Norihiro Yokoyama
Executive Officer	Shuichi Nasu
Executive Officer	Toshiaki Shinya
Executive Officer	Tatsuya Banno
Executive Officer	Takaharu Serizawa
Executive Officer	Tetsuya Mangyoku
Executive Officer	Jason Peng

(2) Overview of provisions in contracts for liability limitation

The Company and each Outside Director have entered into a contract to limit their liability to damages in Article 423, Paragraph 1 of the Companies Act, in accordance with the provisions of Article 427, Paragraph 1 of the said act. The maximum amount of liability for damages under this contract is defined as the amount stipulated by laws and regulations.

(3) Outside Directors

The Company's Outside Directors are Mr. Masaaki Shimojima, Mr. Kenichiro Abe, Mr. Yoshio Shirai, Ms. Tsuneko Murata and Ms. Hamako Hanazaki.

Main activities during the 172nd Period

	Attendance and Statements Contribution
Director serving as Audit and Supervisory Committee Member Masaaki Shimojima	He attended all 15 meetings of the Board of Directors, which were held during the current fiscal year, and all 16 meetings of the Audit and Supervisory Committee. He took part in discussions at the meetings of the Board of Directors from a standpoint independent from management, and made remarks to ensure appropriateness and fairness of decision-making of the Board of Directors, utilizing his experience and knowledge acquired in important positions in a major city bank over the years. He is a member of the Nominating Advisory Committee, and attended all four meetings of the Nominating Advisory Committee, which were held during the current fiscal year. He is also the chair of the Remuneration Advisory Committee, and attended all five meetings of the Remuneration Advisory Committee, which were held during the current fiscal year.
Director serving as Audit and Supervisory Committee Member Kenichiro Abe	He attended all 15 meetings of the Board of Directors, which were held during the current fiscal year, and all 16 meetings of the Audit and Supervisory Committee. He took part in discussions and decisions at the meetings of the Board of Directors from a standpoint independent from management, and made remarks to ensure appropriateness and fairness of decision-making of the Board of Directors, utilizing his expertise and work experience as a certified public accountant. He is a member of the Remuneration Advisory Committee, and attended all five meetings of the Remuneration Advisory Committee, which were held during the current fiscal year.

	Attendance and Statements Contribution
Director serving as Audit and Supervisory Committee Member Yoshio Shirai	<p>He attended all 15 meetings of the Board of Directors, which were held during the current fiscal year, and all 16 meetings of the Audit and Supervisory Committee. He took part in discussions at the meetings of the Board of Directors from a standpoint independent from management, and made remarks to ensure appropriateness and fairness of decision-making of the Board of Directors, mainly utilizing his abundant experience and knowledge from many years in corporate management.</p> <p>He is the chair of the Nominating Advisory Committee, and attended all four meetings of the Nominating Advisory Committee, which were held during the current fiscal year. He is also a member of the Remuneration Advisory Committee, and attended all two meetings of the Remuneration Advisory Committee, which were held after his appointment to the committee.</p>
Director serving as Audit and Supervisory Committee Member Tsuneko Murata	<p>She attended all 12 meetings of the Board of Directors, held after the conclusion of the 171st Annual General Meeting of Shareholders held on June 27, 2019, and all 10 meetings of the Audit and Supervisory Committee. She took part in discussions at the meetings of the Board of Directors from a standpoint independent from management, and made remarks to ensure appropriateness and fairness of decision-making of the Board of Directors, mainly utilizing her abundant experience and knowledge from many years in corporate compliance and corporate governance.</p> <p>She is a member of the Nominating Advisory Committee, and attended all four meetings of the Nominating Advisory Committee, which were held during the current fiscal year.</p>
Director serving as Audit and Supervisory Committee Member Hamako Hanazaki	<p>She attended all 12 meetings of the Board of Directors, held after the conclusion of the 171st Annual General Meeting of Shareholders held on June 27, 2019, and all 10 meetings of the Audit and Supervisory Committee. She took part in discussions at the meetings of the Board of Directors from a standpoint independent from management, and made remarks to ensure appropriateness and fairness of decision-making of the Board of Directors, utilizing her expertise and work experience as an attorney.</p>

(4) Total Amount of Compensation to Directors and Corporate Auditors

Category	Number of people	Amount of compensation		Total
		Stock-based compensation	Monetary compensation	
Directors not serving as Audit and Supervisory Committee Members	10	¥280,000,000	¥66,000,000	¥346,000,000
Directors serving as Audit and Supervisory Committee Members (Excluding Outside Directors)	1	¥23,000,000	-	¥23,000,000
Directors serving as Audit and Supervisory Committee Members (Outside Directors)	6	¥64,000,000	-	¥64,000,000

Notes:

1. It was resolved that the amount of compensation of Directors not serving as Audit and Supervisory Committee Members should be under ¥600 million per year at the 169th Annual General Meeting of Shareholders.
2. It was resolved that a stock-based compensation plan should be established for Directors not serving as Audit and Supervisory Committee Members separately from the amount of monetary compensation, in the form of the Company's common stock distributed when leaving from their offices, at the 169th Annual General Meeting of Shareholders.
It was also resolved that the compensation should be under ¥120 million and under 285,000 shares per fiscal year.
3. It was resolved that the amount of compensation to Directors serving as Audit and Supervisory Committee Members should be under ¥100 million per year (of which under ¥70 million for Outside Director) at the 169th Annual General Meeting of Shareholders.
4. Of the Company's Directors who are not Audit and Supervisory Committee Members, there are no Outside Directors.

(5) Outline of the Policy on Determining Compensation to Directors

The Company not only deals with a variety of products but also promotes a global business operation. Accordingly, the duties of Directors are diverse and require expertise. Therefore, the standard for compensation to Directors should be set at a level appropriate to recruit qualified people capable of fulfilling these duties, and in specific, the compensation for Directors comprises following three categories referring to surveys conducted by a number of research agencies that target mainly listed companies. Based on objective benchmarks and evaluations, the remuneration policy has been reformed to ensure stronger link to performance.

The amount of compensation shall be decided by the advisory organ of the Board of Directors, the Remuneration Advisory Committee. The Remuneration Advisory Committee comprises of the President & CEO & Representative Director, the Director in charge of human resources, and three Outside Directors; and chaired by an Outside Director.

1) Basic compensation

The portion corresponding to the monitoring and supervision functions of each Director, which is a fixed amount according to his/her rank.

2) Short-term performance-based compensation

A base amount by rank shall be established reflecting the corporate performance or the performance of the divisions under each Director's responsibility. The amount of compensation under this category shall vary within a range between 0% and 200% of the aforementioned base amount, depending on certain indicators (operating income ratio, return on equity (ROE), and return on invested capital (ROIC)).

3) Stock-based compensation

Apart from the monetary compensation in 1) and 2) above, a scheme that provides compensation in the form of common stock of the Company shall be established. This scheme is intended to enhance the motivation of Directors towards contribution to an increase in corporate value of the Company, by placing Directors in a position to enjoy the merit of a rising share price as well as to bear the risk of a falling share price, whereby Directors and shareholders share the merit and demerit of such fluctuations.

Roughly 40% or more of the entire compensation shall be represented by the portion subject to fluctuations at a maximum, depending on performance and share price (short-term performance-based compensation and stock compensation).

Compensations for non-executive Directors, in light of their duties, will be exclusively a fixed amount as basic compensation, not including short-term performance-based compensation and stock-based compensation.

[Remuneration Advisory Committee]

In determining the compensation, etc. of Directors not serving as Audit and Supervisory Committee Members, the advisory organ of the Board of Directors, the Remuneration Advisory Committee (comprises of the Director in charge of human resources and three Outside Directors; and chaired by an Outside Director), verifies the fairness and appropriateness of the decision process regarding the performance evaluation of each Director, remuneration standards in line with the market, the remuneration system as well as fairness and validity of the process for determining the detailed amount of compensation.

The Remuneration Advisory Committee concluded that the decisions were fair and reasonable regarding compensations to Directors not serving as Audit and Supervisory Committee Members.

[Opinions of the Audit and Supervisory Committee Regarding Compensation of Directors not Serving as Audit and Supervisory Committee Members]

The Audit and Supervisory Committee received a report from the Audit and Supervisory Committee Member, who attended a meeting of the Remuneration Advisory Committee, and discussed such report within the Committee. As a result, the Audit and Supervisory Committee reached the conclusion that the decision process within the Remuneration Advisory Committee for the compensation, etc. to Directors not serving as Audit and Supervisory Committee Members of is

appropriate, and there are no special matters to be stated at the general meeting of shareholders pursuant to the provisions of the Companies Act.

4. Accounting Auditor

(1) Name of Accounting Auditor

PricewaterhouseCoopers Aarata LLC

(2) Content of Non-Audit Services

Preparation of comfort letters in conjunction with the issuance of bonds

(3) Compensation paid by the Total Fujikura Group

	Amount
1. Compensations as Accounting Auditor of the Company for the 172nd period	¥104 million
2. Sum of amount the Company and its subsidiaries owe to Accounting Auditor (including the amount set forth in 4. (3).1).	¥166 million

Notes:

1. In the audit contract between the Company and Accounting Auditor, it is not practically possible to distinguish between the compensation for the audit based on the Companies Act and that based on the Financial Instruments and Exchange Act. Therefore, the amount set forth in 4. (3).1 above is the sum of them.
2. The Company's principal subsidiary companies, America Fujikura Ltd., Fujikura Electronics (Thailand) Ltd., Fujikura Electronics Shanghai Ltd., DDK (Thailand) Ltd., Fujikura Automotive Europe S.A.U. and Fujikura Automotive America LLC are subject to audits by audit corporations other than the Company's accounting auditor.
3. Taking into account the "Practical Guidelines for Cooperation with Accounting Auditors" released by Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee, by acquiring necessary documents and hearing reports from Accounting Auditor and relevant sections within the Company, compares the audit plan with the actual results of the previous fiscal year; confirms the time and contents of audit by auditing item for the fiscal year under review; and examines the appropriateness of the amount of compensation. After these discussions, the Audit and Supervisory Committee gives its consent to the compensation etc. of Accounting Auditor in accordance with Article 399, Paragraphs 1 and 3 of the Companies Act.

(4) Policy on Decision Concerning Dismissal or Non-Reappointment of Accounting Auditor

It is the policy of the Company that the Accounting Auditor shall be dismissed with the consent of all Audit and Supervisory Committee Members in the case that the Accounting Auditor infringes on or violates laws and regulations such as the Companies Act and the Certified Public Accountant Law. Moreover, in the case that it determines that a serious impediment or possibility of a serious impediment arises in the Company's auditing in light of changes in the nature of the Company's business or the corporate scale including consolidated group, or smoothness of partnership with other audit organizations, the Audit and Supervisory Committee shall propose to a General Meeting of Shareholders "Dismissal or Non-reappointment of Accounting Auditor."

5. System to Secure Appropriate Operation and Operational Status of the System

(1) The Contents of Decision for System to Secure Appropriate Operation

1) Body Responsible for the Management System and Internal Control System

[Management System]

The Company is a company with an Audit and Supervisory Committee. There are total of fifteen (15) Directors, consisting of nine (9) Directors not serving as Audit and Supervisory Committee Members (hereinafter “executive directors”) and six (6) Directors serving as Audit and Supervisory Committee Members (hereinafter “Audit and Supervisory Committee Members”). All five (5) Outside Directors are Audit and Supervisory Committee Members.

The Board of Directors of the Company may elect one (1) Chairman of the Board & Representative Director, one (1) President and CEO & Representative Director, several Senior Executive Vice Presidents, several Executive Vice Presidents & Members of the Board and several Senior Vice Presidents & Members of the Board as executive directors through its resolution. The President and CEO & Representative Director is Chairman of the Board of Directors as well as CEO for an overall corporate group comprising of the Company and its subsidiaries (hereinafter collectively “the Group”, and respective subsidiary as “Group company”). Executive directors other than President and CEO & Representative Director are in charge of main business fields organized as an in-house company, or organizational management of cross-company indirect departments including the corporate unit and R&D unit other than the in-house company (hereinafter “corporate unit, etc.”) or organizations which belong to corporate unit, etc.. Furthermore, an executive director from the Company is appointed to be in charge of significant Group companies with the business scale equivalent to that of an in-house company.

The Company’s management is executed under a system where the President & CEO & Representative Director controls the individual executive directors accountable for the above responsibilities.

The Audit and Supervisory Committee consists of six (6) members, of which one (1) is a full-time Internal Director and five (5) are Outside Directors. The Audit and Supervisory Committee Office was established as an organization to support the activity of the Audit and Supervisory Committee under its supervision.

[Establishment of Internal Control System by Executive Directors and Audit by the Audit and Supervisory Committee]

With respect to in-house companies and corporate unit, etc. and Group companies of which executive directors are in charge, they are responsible for ensuring the compliance and execution of the internal control system determined in the following B) and C). Given their position as a member of the Board of Directors which decides on the internal control system, they are responsible for the adequacy of the internal control system.

The Audit and Supervisory Committee’s audit is conducted by confirming and verifying the conditions of compliance and execution of internal control system (refer to B) below) related to the execution of duties by executive directors. Therefore, the Audit and Supervisory Committee conducts investigations on conditions of the Company and Group companies and confirms and verifies the details of information provided by parties in charge of business execution. Furthermore, the Committee may call for explanations from executive directors and other parties in charge of business execution when deemed necessary. Along with this, given their position as a member of the Board of Directors which decides the internal control system, they are also responsible for the adequacy of the internal control system.

2) Matters in Article 399-13, Paragraph 1, Item 1-c of the Companies Act

[The development of systems necessary to ensure that the execution of the duties by the directors complies with the laws and regulations and the articles of incorporation, and other systems prescribed by Ministry of Justice Order as systems necessary to ensure the properness of operations of a Stock Company and of operations of a group of enterprises consisting of the stock company and its subsidiary companies]

A) Matters in Article 399-13, Paragraph 1, Item 1-c of the Companies Act

[The development of systems necessary to ensure that the execution of the duties by the directors complies with the laws and regulations]

The main decision-making of the Company is conducted by the Board of Directors and executive directors whom the Board of Directors delegate authority to. With respect to the Board of Directors, the Corporate Strategy Planning Division or the Legal Department verifies if deliberations comply with laws, regulations and the Articles of Incorporation in advance, and Outside Directors with specialized expertise (attorneys at law and certified public accountants) are included in further deliberations at the meetings of

the Board of Directors to thoroughly confirm their compliance.

Decisions for which authority is delegated to executive directors in accordance with “Rules on Responsibilities and Authorities of Executive Directors” are recorded in a dedicated database and related corporate units and the Audit and Supervisory Committee Office confirm the content or confirm if they comply with laws, regulations and the Articles of Incorporation by confirming the details with executive directors, etc. Furthermore, Audit and Supervisory Committee Members may peruse information recorded in the database at any time and confirm the content and details directly or via the Audit and Supervisory Committee Office when needed.

With respect to daily operations executed under the control of executive directors, while the compliance is ensured by internal rules specified by each corporate unit, education and individual instruction, etc., issues are detected, measures are formulated and their implementation is confirmed by conducting operational audit by the Internal Audit Office.

Matters to note particularly with respect to compliance are shared by the Risk Management Committee held regularly, and top management instructs to improve management accuracy, etc.

In addition, the public interest reporting system is used by specifying “Rules on Internal Reporting System.” It establishes the reporting contact point by General Affairs & Public Relations Division and outside attorney at law, and ensures anonymity of and prohibits unfair treatment of whistle-blowers.

Article 110-4, Paragraph 2, Item 1 to Item 5 of Companies Act Enforcement Regulations shall be as follows.

**B) Matters listed in Article 110-4, Paragraph 2, Item 1 of Companies Act Enforcement Regulations
[Systems for the retention and management of information in relation to the execution of the duties of a Director]**

With respect to reports and decisions by the Board of Directors as well as decisions by executive directors, the Corporate Strategy Planning Division and the Legal Department shall control and store documents prepared for reports and decisions shared at meetings, etc. as well as documents such as minutes recording content of reports and decisions, and respond to inquiries from related parties.

With respect to the documents such as the discussion material distributed and minutes for the Executive Officers Meeting, the Capital Expenses Committee, the Risk Management Committee, the in-house company executive committees and other meetings for important decision-makings and information transmission shall be collectively stored and managed by the principal unit for each meeting in accordance with its stipulated rules, and they respond to inquiries from internal related parties when deemed necessary.

With respect to decision-making in writing not by a meeting body, units in charge of such decisions shall store and manage documents stating decisions in an appropriate manner and respond to inquiries from internal related parties.

**C) Matters listed in Article 110-4, Paragraph 2, Item 2 of Companies Act Enforcement Regulations
[Rules and other systems related to management of the risk of loss]**

The Company classifies risks to be managed (including risks which occur in the Group companies) into risks related to business opportunities (“strategy risks”) and risks related to the performance of its business activities (“operational risks”). Strategy risks are managed by the Board of Directors, which is responsible for decision-making, and executive directors in the respective review process of decisions. Operational risks are managed by the Risk Management Committee chaired by President & CEO & Representative Director based on the “Fujikura Risk Management Rules”.

With regard to crisis management in case that material loss or the occurrence is imminent, we provide prompt information transmission and concentration to top management, and establish a response organization and a responsibility system, etc. as stated in the Risk Management Rules above.

**D) Matters listed in Article 110-4, Paragraph 2, Item 3 of Companies Act Enforcement Regulations
[Systems to ensure that the execution of the duties of a Director is performed efficiently]**

The execution system where President & CEO & Representative Director is CEO (refer to the above (1) [Management System]) allocates decision-makings to the Board of Directors and executive directors for its efficient operation.

The Board of Directors shall determine by thorough and extensive deliberation of major items that form the core of the Company’s growth strategy, such as annual and mid-term business plans and large-scale M&As. Therefore, the makeup of the Board of Directors consists not only of executive directors who manage each in-house company, but also includes Outside Directors with diverse knowledge and excellent objectivity.

Executive directors who manage each in-house company and the corporate unit, etc. have authority to

decide on matters exclusive to those organizations and matters with a relatively minimal degree of risk, and flexibly and efficiently execute by a quick and decisive decision-making.

**E) Matters listed in Article 110-4, Paragraph 2, Item 4 of Companies Act Enforcement Regulations
[Systems to ensure that the execution of the duties of an employee of the stock company complies with laws and regulations and the articles of incorporation]**

The Risk Management Committee chaired by President & CEO & Representative Director is responsible for ensuring the Company's employees and other persons engaged in the Company's operations comply with laws and regulations, and directs as top management regarding identifying issues, sharing information, the training and other measures for legal compliance planned by the corporate unit.

As the public interest reporting system, the Company's employees and other persons engaged in the Company's operations may report to General Affairs & Public Relations Division and outside attorney at law in accordance with "Rules on Use of Internal Reporting System" specifying assurance of anonymity and prohibiting unfair treatment of whistle-blowers.

**F) Matters listed in Article 110-4, Paragraph 2, Item 5-a, b, c, and d of Companies Act Enforcement Regulations
[Systems to ensure the properness of business activities in a business group]**

With respect to each Group company, each company is specified either as an in-house company or a corporate unit, etc. of which the Company is in charge of. Executive directors in charge of the applicable divisions are responsible for overall management of Group companies in charge.

Executive directors may directly control significant Group companies which do not belong to in-house companies or corporate unit, etc., given that their business scale is equivalent to that of an in-house company.

(a) System related to Reports to the Company for Matters concerning the Execution of Duties of Directors and Executing Employees (Hereinafter "Directors, etc.") of subsidiaries

The division in charge establishes rules on in-house company executive committees, etc. to control reports from Group companies, and receives monthly reports for operating results for Group companies, and reports for important matters such as human resources, organization, capital expenses and product quality in a timely manner.

(b) Rules on Management of Risk of Loss for Subsidiaries and Other Systems

Each Group company sets rules on risk management with a basic principle to manage its own risk. The division in charge receives the timely and appropriate reports for risks which occurred at a Group company in charge, and establishes a system to support and guide the Group company for responses to the risk occurred.

(c) System to Ensure if the Duties of Directors, etc. of Subsidiaries are Executed Efficiently

We will clearly specify each role and function for respective Group company and formulate business plan as a corporate group including these Group companies. The system will be arranged in a way that enables a budget monitoring through periodic performance report and close collaboration as well as a smooth and detailed communication through personnel exchange, etc.

(d) System to Ensure the Compliance with Laws, Regulations and the Articles of Incorporation in the Execution of Duties by Directors and Employees of Subsidiaries

Each Group company will appoint a person responsible for compliance with laws and regulations. Such responsible person will report the status of compliance with laws and regulations to the Company and implement individual measures, which are specified by the Company for compliance with laws and regulations, at Group companies.

Each Group company will establish a public interest reporting system through which employees, etc. may either use the Company's internal reporting system or directly report to outside attorney at law.

**3) Matters in Article 399-13, Paragraph 1, Item 1 b of the Companies Act
[The matters prescribed by Ministry of Justice Order as those necessary for the execution of the duties of the Audit and Supervisory Committee]**

Article 110-4, Paragraph 1, Item 1 to Item 7 of Companies Act Enforcement Regulations shall be as follows.

A) Matters listed in Article 110-4, Paragraph 1, Item 1, 2 and 3 of Companies Act Enforcement

Regulations

[Particulars related to Directors and employees to assist with the duties of the Audit and Supervisory Committee]

[Particulars regarding independence of the Directors and employees of the preceding item from other Directors of the stock company (excluding Directors serving as Audit and Supervisory Committee Members)]

[Particulars related to ensuring the effectiveness of instructions given by the Audit and Supervisory Committee of the stock company to the Directors and employees set forth in item (i)]

Executive Directors in charge of the Corporate Strategy Planning Division and the Legal Department (hereinafter “Directors in charge of Corporate”) shall be responsible for establishing a system required by the Audit and Supervisory Committee for executing its duties as necessary and may not decline the request without reasonable cause.

In addition, Directors in charge of Corporate shall establish the Audit and Supervisory Committee Office as the organization to support the execution of duties of the Audit and Supervisory Committee (one dedicated staff shall be placed), place the Committee Office under the direction of the Audit and Supervisory Committee, and when the Audit and Supervisory Committee requires authority, budget and staff, etc. of the Committee Office, they may not decline the request without reasonable cause.

B) Matters in Article 110-4, Paragraph 1, Item 4-a of Companies Act Enforcement Regulations

[Systems for the Directors (excluding Directors serving as Audit and Supervisory Committee Members), Accounting Advisor(s), and employees of the stock company to report to the Audit and Supervisory Committee of the stock company]

If executive directors and employees find acts by the company which violate laws, regulations or the Articles of Incorporation, or facts which may cause serious damage to the Company, they shall immediately report to the Audit and Supervisory Committee. In addition, if the General Affairs & Public Relations Division receives information related to material risks set forth in the “Risk Management Rules,” it shall promptly report to the Audit and Supervisory Committee.

Matters which executive directors would decide and matters to be reported at in-house company executive committees shall be always available for inspection by the Audit and Supervisory Committee; therefore, executive directors shall record such matters in a specified database. The Corporate Strategy Planning Division, the Legal Department and the Audit and Supervisory Committee Office collaborate to confirm information recorded in such database and collect additional information, etc., and report to the Audit and Supervisory Committee when needed (in addition, they shall share information with other corporate units) or take actions such as submitting a proposition at the Board of Directors.

The Audit and Supervisory Committee Member may attend internal meetings at any time as the execution of duties of the Audit and Supervisory Committee and view related documents and records, etc. In addition, whenever the Audit and Supervisory Committee deems necessary, it may request for details or investigation to related executive directors and employees, and executive directors and employees shall respond to such request.

C) Matters in Article 110-4, Paragraph 1, Item 4-b of Companies Act Enforcement Regulations

[Systems for the Directors, accounting advisor(s), company auditors, executive officers, members who execute the business, those who are to perform the duties of Article 598, Paragraph 1 of the Act, and other corporations equivalent thereto, and employees of a subsidiary company of the stock company or persons who receive reports from them to report to the Audit and Supervisory Committee of the stock company]

If executive directors, auditors and employees of Group companies find acts by the Company or such Group company which violate laws and regulations or the Article of Incorporations, or facts which may cause serious damage to the Company, they shall immediately report to the Audit and Supervisory Committee. In addition, if the General Affairs & Public Relations Division receives information related to material risks set forth in the “Risk Management Rules”, it shall promptly report to the Audit and Supervisory Committee.

With respect to Group companies, executive directors in charge of these shall make such Group company perform the above reporting duties thoroughly.

If the Audit Division, other corporate units and administrative units in in-house companies find fraud or improper facts for a Group company, they shall immediately report to the Audit and Supervisory Committee.

D) Matters in Article 110-4, Paragraph 1, Item 5 of Companies Act Enforcement Regulations

[Systems for ensuring that persons who make a report under the preceding item are not treated

disadvantageously due to making the report]

The Company and Group companies shall not treat those who report to the Audit and Supervisory Committee in the preceding item a or b unfairly for reason of reporting.

E) Matters in Article 110-4, Paragraph 1, Item 6 of Companies Act Enforcement Regulations

[Particulars related to policies concerning the procedure for advance payment or reimbursement of expenses that arise with regard to execution of the duties of the Audit and Supervisory Committee Members of the stock company (limited to those related to execution of the duties of the Audit and Supervisory Committee) or any other processing of expenses or obligations that arise with regard to execution of those duties]

The Company shall take budgetary measures with respect to required expenses based on annual audit plan by the Audit and Supervisory Committee. Expenses required for activity as needed other than audit plan including those required for utilizing outside experts, etc. shall be paid as long as they are reasonable for the execution of duties by the Audit and Supervisory Committee, or the Company shall bear the expenses when the Committee requests the Company for payment.

F) Matters in Article 110-4, Paragraph 1, Item 7 of Companies Act Enforcement Regulations

[Other systems to ensure that audits by the Audit and Supervisory Committee of the stock company are performed effectively]

The Audit and Supervisory Committee may request opportunities including but not limited to the meeting of the Board of Directors for opinion exchanges and questions, etc. for Directors, including President & CEO & Representative Director or executive officers and other employees who are responsible for the execution of business, and Directors in charge of Corporate who is to act as contact point shall conduct necessary arrangements to respond to the request based on the gist of request by the Audit and Supervisory Committee.

(2) Outline of Operational Status of System to Ensure the Appropriate Operations

1) Compliance System

The Risk Management Committee convened meetings on 26 occasions during the fiscal year 2019. The Committee follows up the results with respect to risks that need to be dealt by the Group as a whole, including matters related to compliance, as well as specific risks by each in-house company, based on the risk control plan created each year. In addition, the Committee makes such reports for individual cases, confirms measures to prevent recurrence, shares information with Group companies and hold discussions on new risk recognition and prevention. During the fiscal year under review, the Committee confirmed the implementation status of corrective and reoccurrence prevention measures related to the improper quality control cases, and investigated the impact of the spread of COVID-19 on business activities and considered responses.

With respect to matters for which decision-making authority is delegated to executive directors, the corporate unit related to such matters and the Audit and Supervisory Committee Office, which is as an organization to support activity of the Audit and Supervisory Committee, have confirmed that they comply with laws, regulations and the Articles of Incorporation. In addition, with respect to daily operations executed under the control of executive directors, the Internal Audit Division, each corporate unit and the in-house company control organization, etc. have controlled and managed legality and validity.

The major losses in the automotive wire harness business in Eastern Europe and the overseas EPC business, the discovery of cases of improper quality control, the lack of speedy, nimble response to market and customer changes, and other events in the past fiscal years have made it clear that there are operational issues with the Company's corporate governance. Therefore, during the fiscal year under review, we have placed the Internal Audit Division and quality assurance departments under the direct control of the President to ensure their independence, and worked to enhance supervisory functions by clarifying authority and reinforcing education and training. We have also deepened cooperation between business segments and corporate units to enable them to more effectively respond to risks.

On the other hand, as an organization independent from the execution division, the Audit and Supervisory Committee audits risk management status for the entire Group as appropriate, separately from the Risk Management Committee. In addition, the Committee audits validity and effectiveness of the internal control system of the Company.

The Company and Group companies run internal reporting systems respectively as public benefit reporting systems. In the internal reporting systems, an internal and outside reception contact points are established, in which anonymity is ensured and unfair treatment of whistle-blowers is prohibited. In addition, the operation status of the internal reporting system is being reported to the Risk Management Committee and the Audit

and Supervisory Committee.

The Company is disseminating information on the operation of the internal reporting system so as to make it more accessible within the entire Group, in Japan and overseas.

2) Business Management System of Group Companies

Each in-house company or corporate unit, etc. has requested their Group companies in charge for “establishment of the Risk Management Rules,” “placement of responsible persons for compliance” and “establishment of the internal reporting system,” and domestic Group companies have completed such establishment while overseas companies efforts are under way. In addition, each in-house company, etc. continues to ensure timely and appropriate report system from their Group companies in charge by holding periodic in-house company executive committees, etc. including Group companies, and performs the business operation efficiently.

The Group is engaging in deliberations aimed at strengthening the Group governance, in light of the Group’s current situation.

3) System to Ensure the Effectiveness of the Audit and Supervisory Committee

The Company has established the Audit and Supervisory Committee Office as an organization to support the duties of the Audit and Supervisory Committee, and has positioned dedicated staff to the said office. The Audit and Supervisory Committee Office ensures its independence from business execution and provides the Audit and Supervisory Committee with support in line with direct instructions from the Audit and Supervisory Committee.

The Audit and Supervisory Committee Member has authority to attend internal meetings and to access the database recording decision-making matters by executive directors, and conducts investigations, etc. when needed.

In addition, the Accounting Auditor and the Internal Audit Department hold a Tripartite Audit Council on a quarterly basis. At the Council, they share information related to the operational status of the internal control system and audit condition, and exchange opinions on mitigating the fraud risks to ensure the effectiveness of the audit.

Note: Monetary amounts and numbers of shares less than stated units in this Business Report are rounded down.

Consolidated Balance Sheets

(As of March 31, 2020)

(Millions of yen)

ASSETS		LIABILITIES	
Current Assets	299,785	Current Liabilities	252,995
Cash and deposits	44,661	Notes and accounts payable, trade	65,774
Notes and accounts receivable, trade	128,945	Short-term borrowings	138,698
Finished goods	37,434	Income taxes payable	2,335
Goods in process	30,118	Provision for loss on business of subsidiaries and associates	1,346
Raw materials and supplies	36,136	Provision for loss due to inappropriate cases in quality control	293
Other	23,414	Provision for loss on guarantees	19
Allowance for doubtful Accounts	(926)	Other provision	1,032
Non-current assets	276,304	Other	43,495
Property, plant and equipment	210,567	Non-current liabilities	150,979
Buildings and structures, net	88,401	Bonds	40,000
Machinery, equipment, vehicles, net	80,900	Long-term borrowings	81,971
Land	15,163	Other provision	561
Leased assets, net	5,128	Net defined benefit liability	11,209
Construction in progress	10,397	Other	17,236
Other, net	10,576	Total Liabilities	403,974
Intangible assets	15,744	NET ASSETS	
Goodwill	7,064	Shareholders' Equity	159,945
Other	8,680	Common stock	53,075
Investments and Other Assets	49,993	Capital surplus	27,903
Investment securities	28,180	Retained earnings	89,881
Net defined benefit asset	1,605	Treasury stock	(10,915)
Deferred tax assets	5,972	Accumulated other comprehensive income	(7,869)
Other	14,462	Valuation difference on available-for-sale securities	989
Allowance for doubtful accounts	(207)	Deferred gains (losses) of hedges	(847)
Allowance for investment loss	(20)	Foreign currency translation adjustments	(1,737)
		Remeasurements of defined benefit plans	(6,273)
		Non-controlling interests	20,039
		Total Net Assets	172,115
Total Assets	576,089	Total Liabilities and Net Assets	576,089

Consolidated Statements of Income

(From April 1, 2019 through March 31, 2020)

(Millions of yen)

Net Sales		672,314
Cost of sales		572,797
Gross Profit		99,517
Selling, general and administrative expenses		96,170
Operating Income		3,346
Non-operating Income		
Interest income	466	
Dividend income	1,051	
Foreign exchange gains	1,498	
Share of profit of entities accounted for using equity method	1,115	
Reversal of provision for loss due to inappropriate cases in quality control	843	
Other	1,990	6,965
Non-operating Expenses		
Interest expenses	3,559	
Loss on retirement of non-current assets	1,407	
Product repair costs due to customers' claims	1,161	
Other	2,871	8,999
Ordinary Income		1,312
Extraordinary Gains		
Gain on valuation of investment securities	3,566	
Gain on sales of investment securities	3,257	
Reversal of provision for loss on guarantees	2,822	
Other	7	9,654
Extraordinary Losses		
Impairment loss	17,214	
Loss on valuation of investments in capital of subsidiaries and associates	5,249	
Business structure improvement expenses	3,845	
Provision for loss on business of subsidiaries and associates	1,673	
Provision of debt related to retirement benefit	818	
Other	1,928	30,730
Income (loss) before Income taxes		(19,763)
Corporate Income, Resident, and Business Taxes	6,537	
Adjustment for corporate income taxes	10,767	17,304
Profit (loss)		(37,068)
Profit attributable to non-controlling interests		1,441
Profit (loss) attributable to owners of parent		(38,510)

Consolidated Statements of Shareholders' Equity

(From April 1, 2019 through March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance outstanding as of April 1, 2019	53,075	29,571	131,255	(6,327)	207,575
Changes during the fiscal year					
Dividends paid			(2,864)		(2,864)
Profit (loss) attributable to owners of parent			(38,510)		(38,510)
Purchase of treasury stock				(4,627)	(4,627)
Disposal of treasury stock		(0)		39	39
Change in ownership interest of parent due to transactions with non-controlling interests		(1,668)			(1,668)
Net changes of items other than shareholders' equity					-
Total changes during the fiscal year	-	(1,668)	(41,374)	(4,587)	(47,630)
Balance outstanding as of March 31, 2020	53,075	27,903	89,881	(10,915)	159,945

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	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		
Balance outstanding as of April 1, 2019	4,753	(345)	8,241	(3,560)	9,089	24,245	240,910
Changes during the fiscal year							
Dividends paid					-		(2,864)
Profit (loss) attributable to owners of parent					-		(38,510)
Purchase of treasury stock					-		(4,627)
Disposal of treasury stock					-		39
Change in ownership interest of parent due to transactions with non-controlling interests					-		(1,668)
Net changes of items other than shareholders' equity	(3,763)	(502)	(9,978)	(2,713)	(16,958)	(4,205)	(21,164)
Total changes during the fiscal year	(3,763)	(502)	(9,978)	(2,713)	(16,958)	(4,205)	(68,794)
Balance outstanding as of March 31, 2020	989	(847)	(1,737)	(6,273)	(7,869)	20,039	172,115

Non-consolidated Balance Sheets

(As of March 31, 2020)

(Millions of yen)

ASSETS		LIABILITIES	
Current Assets	124,360	Current Liabilities	125,090
Cash and deposits	14,064	Notes payable	123
Notes receivable	988	Accounts payable, trade	33,137
Accounts receivable, trade	56,308	Short-term borrowings	57,152
Finished goods	4,478	Accrued expenses	7,536
Goods in process	8,852	Deposit money	13,730
Raw materials and supplies	2,505	Provision for loss on guarantees	4,365
Accounts receivable	16,870	Provision for loss on business of subsidiaries and associates	1,346
Short-term loans	19,020	Provision for loss due to inappropriate cases in quality control	293
Other	1,274	Other	7,404
Allowance for doubtful accounts	(3)	Non-current liabilities	126,183
Non-current assets	197,768	Bonds	40,000
Property, plant and equipment	83,646	Long-term borrowings	77,167
Buildings, net	59,326	Long-term lease and guarantee deposited	7,806
Structures, net	2,241	Deferred tax liabilities	602
Machinery and equipment, net	8,174	Other provision	333
Land	9,883	Other	273
Construction in progress	2,029	Total Liabilities	251,273
Other, net	1,991	NET ASSETS	
Intangible assets	3,769	Shareholders' Equity	69,958
Software	2,581	Common stock	53,075
Other	1,188	Capital surplus	28,302
Investments and Other Assets	110,352	Capital reserve	13,268
Investment securities	8,677	Other capital surplus	15,033
Investments in subsidiaries and affiliates	78,748	Retained earnings	(554)
Contribution to subsidiaries' and affiliates' capital	15,913	Other retained earnings	(554)
Long-term loans receivable	7,752	Reserve for deferral of capital gain	954
Prepaid pension expenses	6,424	Retained earnings brought forward	(1,508)
Other	649	Treasury stock	(10,866)
Allowance for doubtful accounts	(7,755)	Valuation and translation adjustments	896
Allowance for investment loss	(57)	Valuation difference on available-for-sale securities	878
		Deferred gains (losses) of hedges	18
		Total Net Assets	70,854
Total Assets	322,128	Total Liabilities and Net Assets	322,128

Non-consolidated Statements of Income

(From April 1, 2019 through March 31, 2020)

(Millions of yen)

Net sales		332,910
Cost of sales		314,691
Gross profit		18,218
Selling, general and administrative expenses		30,689
Operating Loss		(12,471)
Non-operating Income		
Interest and dividend income	31,416	
Foreign exchange gains	1,371	
Other	2,101	34,889
Non-operating Expenses		
Interest expenses	1,775	
Interest on bonds	41	
Commission for syndicated loans	648	
Loss on retirement of non-current assets	526	
Provision of allowance for doubtful accounts	197	
Other	1,892	5,082
Ordinary Income		17,336
Extraordinary Gains		
Reversal of allowance for investment loss	4,644	
Gain on sales of investment securities	2,864	
Reversal of provision for loss on guarantees	2,822	
Other	252	10,583
Extraordinary Losses		
Impairment loss	10,356	
Loss on valuation of investments of subsidiaries and associates	8,937	
Loss on valuation of investments in capital of subsidiaries and associates	5,249	
Provision for loss on guarantees	4,295	
Provision for loss on business of subsidiaries and associates	1,673	
Provision of allowance for investment loss	20	
Other	594	31,126
Income (loss) before Income taxes		(3,205)
Corporate Income, Resident, and Business Taxes	259	
Adjustment for Corporate Income Taxes	10,080	10,339
Net Profit (loss)		(13,545)

Non-Consolidated Statements of Shareholders' Equity

(From April 1, 2019 through March 31, 2020)

(Millions of yen)

	Shareholders' equity						
	Common stock	Capital surplus			Retained earnings		
		Capital reserve	Other capital surplus	Total capital surplus	Other retained earnings	Total Retained earnings	
					Reserve for deferral of capital gain	Retained earnings brought forward	
Balance outstanding as of April 1, 2019	53,075	13,268	15,033	28,302	954	14,901	15,855
Changes during the fiscal year							
Dividends paid				-		(2,864)	(2,864)
Provision of reserve for advanced depreciation of non-current assets				-	0	(0)	-
Net loss				-		(13,545)	(13,545)
Purchase of treasury stock				-			-
Disposal of treasury stock			(0)	(0)			-
Net changes of items other than shareholders' equity				-			-
Total changes during the fiscal year	-	-	(0)	(0)	0	(16,409)	(16,409)
Balance outstanding as of March 31, 2020	53,075	13,268	15,033	28,302	954	(1,508)	(554)

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains (losses) of hedges	Total valuation and translation adjustments	
Balance outstanding as of April 1, 2019	(6,278)	90,955	4,501	(139)	4,361	95,317
Changes during the fiscal year						
Dividends paid		(2,864)			-	(2,864)
Provision of reserve for advanced depreciation of non-current assets		-			-	-
Net loss		(13,545)			-	(13,545)
Purchase of treasury stock	(4,627)	(4,627)			-	(4,627)
Disposal of treasury stock	39	39			-	39
Net changes of items other than shareholders' equity		-	(3,622)	157	(3,464)	(3,464)
Total changes during the fiscal year	(4,587)	(20,997)	(3,622)	157	(3,464)	(24,462)
Balance outstanding as of March 31, 2020	(10,866)	69,958	878	18	896	70,854

The Audit and Supervisory Committee's Audit Report

The Audit and Supervisory Committee of Fujikura Ltd. (hereafter, "the Company") conducted an audit regarding the execution of the duties of the directors for the 172nd business year (April 1, 2019 to March 31, 2020). Methods and results of the audit are as follows.

1. Method and contents of the audit

With regard to the contents of the resolution of the Board of Directors regarding matters defined in Article 399-13, Paragraph 1, Items 1-b and c of the Companies Act and the structure established based on such resolution (internal control system), the Audit and Supervisory Committee received reports on the establishment and the status of the operation of the internal control system from the Directors, officers and employees on a regular basis, sought explanations as necessary, expressed their opinions and conducted an audit according to the methods described below.

Meanwhile, with regard to internal control over financial reporting as required by the Financial Instruments and Exchange Act, the Audit and Supervisory Committee received reports from the Directors and the Accounting Auditor, PricewaterhouseCoopers Aarata LLC, regarding their evaluation of internal control and the results of the audit, and sought explanations as necessary.

- (i) Audit and Supervisory Committee Members followed the audit policy, assignment of duties and other relevant matters specified by the Audit and Supervisory Committee. In collaboration with the Internal Audit Division and others, Audit and Supervisory Committee Members attended important meetings, received reports from the Directors, officers and other employees on the execution of their duties, sought explanations as necessary, scrutinized important documents pertaining to decision-making, and examined the business and financial conditions at the head office and other principal offices. Regarding subsidiaries, we communicated and exchanged information with the Directors, the Corporate Auditors and other employees of subsidiaries, and received reports with respect to their business from subsidiaries as necessary.
- (ii) We monitored and verified whether the Accounting Auditors maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditors regarding the performance of its duties and sought explanations as necessary. Also, we received notice from the Accounting Auditors that "the System for ensuring the appropriate execution of duties by accounting auditor" (matters set forth in each item of Article 131 of the Regulations on Corporate Accounting) is organized in accordance with the "Standards Quality Control for Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary.

Based on the above methods, we examined the Business Report and the annexed detailed statements, non-consolidated financial statements ("non-consolidated balance sheets," "non-consolidated statements of income," "non-consolidated statements of shareholders' equity," and "notes to the non-consolidated financial statements"), and the annexed detailed statements, and consolidated financial statements ("consolidated balance sheets," "consolidated statements of income," "consolidated statements of shareholders' equity," and "notes to the consolidated financial statements") for this business year.

2. Audit results

(1) Results of audit of the Business Report

- (i) We confirm that the Business Report and the annexed detailed statements fairly represent the condition of the Company in accordance with the relevant laws and regulations and the

- Articles of Incorporation of the Company.
- (ii) We confirm that there were no improper acts or violations of any laws and regulations or the Articles of Incorporation of the Company committed by any of the Directors in connection with the execution of their duties.
 - (iii) We confirm that the details of the resolution made by the Board of Directors concerning the internal control system is proper. Furthermore, we confirm that there are no matters on which to remark with regard to performance duties of the Directors and content of the Business Report concerning aforementioned internal control system.
As stated in the business report, the improper cases related to the quality control for some products of the Group were found in fiscal year 2018. With respect to these cases, the Audit and Supervisory Committee has confirmed that the Group is taking thorough actions to correct and prevent the recurrence of incidents of the same nature, and that there are no matters on which to remark with regard to its efforts to strengthen quality control system through implementation of these actions.

- (2) Results of audit of the non-consolidated financial statements and the annexed detailed statements
We found the method and the results of the audit by the Accounting Auditor, PricewaterhouseCoopers Aarata LLC to be appropriate.
- (3) Results of audit of the consolidated financial statements
We found the method and the results of the audit by the Accounting Auditor, PricewaterhouseCoopers Aarata LLC to be appropriate.

June 17, 2020

Full-time Audit and Supervisory Committee Member: Yasuyuki Oda	(seal)
Audit and Supervisory Committee Member: Masaaki Shimojima	(seal)
Audit and Supervisory Committee Member: Kenichiro Abe	(seal)
Audit and Supervisory Committee Member: Yoshio Shirai	(seal)
Audit and Supervisory Committee Member: Tsuneko Murata	(seal)
Audit and Supervisory Committee Member: Hamako Hanazaki	(seal)

- (Note) Audit and Supervisory Committee Members Masaaki Shimojima, Kenichiro Abe, Yoshio Shirai, Tsuneko Murata and Hamako Hanazaki are Outside Directors as defined under Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.