



Fujikura Group

# Annual Report 2020

–Financial Section–

A large, light blue network graphic composed of numerous interconnected nodes and lines, forming a complex, wavy structure that spans the width of the page. The nodes are represented by small blue circles, and the lines are thin and light blue, creating a mesh-like appearance.

**“Tsunagu”  
Technology**

# Financial Section

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## Consolidated Financial Highlights

Fujikura Ltd. and its Consolidated Subsidiaries (hereinafter referred to as "the Companies")  
For the Five Years Ended March 31

	Millions of yen					Thousands of U.S. dollars
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019
For the Year:						
Net sales	¥678,528	¥653,795	¥740,052	¥710,778	¥672,314	\$6,178,789
Operating income	32,632	34,230	34,343	27,679	3,346	30,751
Profit (loss) attributable to owners of parent						
Capital expenditures	11,317	12,900	18,359	1,453	(38,510)	(353,920)
R&D expenditures	31,979	45,623	42,588	55,785	30,141	277,006
	16,210	15,614	16,291	17,466	17,296	158,956
At Year-end:						
Total assets	552,678	588,626	638,055	638,318	576,089	5,294,449
Total net assets	217,981	224,546	241,961	240,910	172,115	1,581,794
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Number of employees	54,114	56,961	58,422	57,228	55,936	
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						U.S. dollars
Per share data:						
Net income (loss) - basic	¥36.98	¥44.61	¥64.36	¥5.09	(¥136.58)	(\$1.26)
Net income (loss) - fully diluted (*1)	-	-	-	-	-	-
Cash dividends	8.00	10.00	14.00	12.00	5.00	0.05

(\*1) As the Companies do not have any instruments that have a dilutive effect, the Companies have not included net income (loss) - fully diluted per share data.

Note: All dollar figures herein refer to U.S. currency, which has been translated from yen amounts, for convenience only, at the rate of ¥108.81=US\$1.00, the rate of exchange on March 31, 2020.

# Consolidated Balance Sheets

Fujikura Ltd. and its Consolidated Subsidiaries  
At March 31, 2019 and 2020

Assets	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
<b>Current assets:</b>			
Cash and deposits	¥36,794	¥44,661	\$410,449
Notes and accounts receivable, trade	141,568	128,945	1,185,047
Finished goods (Note 11)	43,844	37,434	344,031
Goods in process (Note 11)	36,176	30,118	276,794
Raw materials and supplies (Note 11)	37,833	36,136	332,102
Other	27,511	23,414	215,182
Allowance for doubtful accounts	(469)	(926)	(8,510)
<b>Total current assets</b>	<b>323,259</b>	<b>299,785</b>	<b>2,755,124</b>
<b>Non-current assets:</b>			
Property, plant and equipment			
Buildings and structures, net	92,881	88,401	812,435
Machinery, equipment and vehicles, net	86,179	80,900	743,498
Land (Note 6)	15,244	15,163	139,353
Leased assets, net	295	5,128	47,128
Construction in progress	24,221	10,397	95,552
Other, net	13,002	10,576	97,197
<b>Total property, plant and equipment</b>	<b>231,825</b>	<b>210,567</b>	<b>1,935,181</b>
Intangible assets			
Goodwill	2,671	7,064	64,921
Other	9,054	8,680	79,772
<b>Total intangible assets</b>	<b>11,726</b>	<b>15,744</b>	<b>144,693</b>
Investments and other assets			
Investment securities (Note 5)	32,526	28,180	258,984
Net defined benefit asset (Note 10)	4,547	1,605	14,750
Deferred tax assets (Note 18)	15,690	5,972	54,885
Other (Note 5)	18,989	14,462	132,911
Allowance for doubtful accounts	(247)	(207)	(1,902)
Allowance for investment loss	-	(20)	(184)
<b>Total investments and other assets</b>	<b>71,506</b>	<b>49,993</b>	<b>459,452</b>
<b>Total non-current assets</b>	<b>315,058</b>	<b>276,304</b>	<b>2,539,325</b>
<b>Total assets</b>	<b>¥638,318</b>	<b>¥576,089</b>	<b>\$5,294,449</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

<b>Liabilities</b>	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
<b>Current liabilities:</b>			
Notes and accounts payable, trade	¥64,999	¥65,774	\$604,485
Short-term borrowings (Note 6)	137,536	138,698	1,274,681
Income taxes payable (Note 18)	2,126	2,335	21,459
Provision for loss on business of subsidiaries and associates	-	1,346	12,370
Provision for loss due to inappropriate cases in quality control	1,514	293	2,693
Provision for loss on guarantees	3,019	19	175
Other provision	191	1,032	9,484
Other (Notes 6 and 7)	49,786	43,495	399,733
<b>Total current liabilities</b>	<b>259,174</b>	<b>252,995</b>	<b>2,325,108</b>
<b>Non-current liabilities:</b>			
Bonds (Note 6)	20,000	40,000	367,613
Long-term borrowings (Note 6)	95,968	81,971	753,341
Other provision	264	561	5,156
Net defined benefit liability (Note 10)	9,356	11,209	103,014
Other (Notes 6 and 7)	12,643	17,236	158,405
<b>Total non-current liabilities</b>	<b>138,233</b>	<b>150,979</b>	<b>1,387,547</b>
<b>Total liabilities</b>	<b>397,408</b>	<b>403,974</b>	<b>3,712,655</b>

Contingent liabilities (Note 19)

<b>Net assets</b>	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
<b>Shareholders' equity:</b>			
Common stock	53,075	53,075	487,777
Capital surplus	29,571	27,903	256,438
Retained earnings	131,255	89,881	826,036
Treasury shares	(6,327)	(10,915)	(100,312)
<b>Total shareholders' equity (Note 21)</b>	<b>207,575</b>	<b>159,945</b>	<b>1,469,948</b>
<b>Accumulated other comprehensive income (loss):</b>			
Valuation difference on available-for-sale securities	4,753	989	9,089
Deferred gains (losses) on hedges	(345)	(847)	(7,784)
Foreign currency translation adjustments	8,241	(1,737)	(15,964)
Remeasurements of defined benefit plans	(3,560)	(6,273)	(57,651)
<b>Total accumulated other comprehensive income</b>	<b>9,089</b>	<b>(7,869)</b>	<b>(72,319)</b>
<b>Non-controlling interests</b>	<b>24,245</b>	<b>20,039</b>	<b>184,165</b>
<b>Total net assets</b>	<b>240,910</b>	<b>172,115</b>	<b>1,581,794</b>
<b>Total liabilities and net assets</b>	<b>¥638,318</b>	<b>¥576,089</b>	<b>\$5,294,449</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Consolidated Statements of Income

Fujikura Ltd. and its Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
<b>Net sales</b>	¥710,778	¥672,314	\$6,178,789
<b>Cost of sales (Notes 9, 10 and 11)</b>	585,770	572,797	5,264,194
Gross profit	125,007	99,517	914,594
<b>Selling, general and administrative expenses (Notes 8, 9 and 10):</b>			
Packing and transportation expenses	18,727	18,813	172,898
Personnel expenses	40,391	39,722	365,058
Other	38,209	37,635	345,878
<b>Total selling, general and administrative expenses</b>	<b>97,328</b>	<b>96,170</b>	<b>883,834</b>
Operating income	27,679	3,346	30,751
<b>Non-operating income:</b>			
Interest income	492	466	4,283
Dividend income	1,266	1,051	9,659
Foreign exchange gains	-	1,498	13,767
Share of profit of entities accounted for using equity method	1,237	1,115	10,247
Reversal of provision for loss due to inappropriate cases in quality control	-	843	7,747
Other	1,411	1,990	18,289
<b>Total non-operating income</b>	<b>4,407</b>	<b>6,965</b>	<b>64,011</b>
<b>Non-operating expenses:</b>			
Interest expenses	3,807	3,559	32,708
Foreign exchange losses	2,428	-	-
Loss on retirement of non-current assets	1,247	1,407	12,931
Product repair costs due to customers' claims	740	1,161	10,670
Other	2,842	2,871	26,385
<b>Total non-operating expenses</b>	<b>11,066</b>	<b>8,999</b>	<b>82,704</b>
Ordinary income	21,020	1,312	12,058
<b>Extraordinary gains:</b>			
Gain on valuation of investment securities	-	3,566	32,773
Gain on sales of investment securities	3,327	3,257	29,933
Reversal of provision for loss on guarantees	-	2,822	25,935
Gain on sales of business	2,410	-	-
Other	9	7	64
<b>Total extraordinary gains</b>	<b>5,747</b>	<b>9,654</b>	<b>88,723</b>
<b>Extraordinary losses:</b>			
Impairment loss (Note 12)	1,784	17,214	158,202
Loss on valuation of investments in capital of subsidiaries and associates	8,872	5,249	48,240
Business structure improvement expenses (Note 13)	1,747	3,845	35,337
Provision for loss on business of subsidiaries and associates	-	1,673	15,375
Provision of debt related to retirement benefit	-	818	7,518
Loss due to inappropriate cases in quality control	1,752	-	-
Other	2,102	1,928	17,719
<b>Total extraordinary losses</b>	<b>16,260</b>	<b>30,730</b>	<b>282,419</b>
Income before income taxes	10,507	(19,763)	(181,629)
<b>Income taxes (Note 18):</b>			
Current	7,654	6,537	60,077
Deferred	(89)	10,767	98,952
<b>Total income taxes</b>	<b>7,564</b>	<b>17,304</b>	<b>159,030</b>
<b>Profit (Loss)</b>	<b>2,943</b>	<b>(37,068)</b>	<b>(340,667)</b>
<b>Profit (Loss) attributable to non-controlling interests</b>	<b>1,489</b>	<b>1,441</b>	<b>13,243</b>
<b>Profit (Loss) attributable to owners of parent</b>	<b>¥1,453</b>	<b>(¥38,510)</b>	<b>(\$353,920)</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Consolidated Statements of Comprehensive Income

Fujikura Ltd. and its Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2020

	Millions of yen		Thousands of
	2019	2020	U.S. dollars (Note 3)
			2020
<b>Profit (Loss)</b>	¥2,943	(¥37,068)	(\$340,667)
<b>Other comprehensive income</b>			
Valuation difference on available-for-sale securities	(3,530)	(3,720)	(34,188)
Deferred gains (losses) on hedges	(563)	(538)	(4,944)
Foreign currency translation adjustments	2,697	(10,723)	(98,548)
Remeasurements of defined benefit plans, net of taxes	1,650	(2,782)	(25,568)
Share of other comprehensive income of entities accounted for using equity method	(317)	(116)	(1,066)
Other comprehensive income (Note 15)	(65)	(17,881)	(164,332)
<b>Comprehensive income</b>	2,877	(54,950)	(505,009)
(Breakdown)			
Comprehensive income attributable to owners of parent	1,685	(55,545)	(510,477)
Comprehensive income attributable to non-controlling interests	¥1,192	¥595	\$5,468

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Consolidated Statements of Changes in Net Assets

Fujikura Ltd. and its Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2020

	Millions of yen					
	Shareholders' equity					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Balance at March 31, 2018</b>	295,863,421	¥53,075	¥29,989	¥133,775	(¥6,388)	¥210,452
Dividends paid	-	-	-	(4,009)	-	(4,009)
Profit (Loss) attributable to owners of parent	-	-	-	1,453	-	1,453
Purchase of treasury shares	-	-	-	-	(0)	(0)
Disposal of treasury shares	-	-	-	-	62	62
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	(415)	-	-	(415)
Change of scope of consolidation	-	-	(2)	36	-	33
Net changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during period	-	-	(418)	(2,520)	61	(2,876)
<b>Balance at March 31, 2019</b>	295,863,421	¥53,075	¥29,571	¥131,255	(¥6,327)	¥207,575
Dividends paid	-	-	-	(2,864)	-	(2,864)
Profit (Loss) attributable to owners of parent	-	-	-	(38,510)	-	(38,510)
Purchase of treasury shares	-	-	-	-	(4,627)	(4,627)
Disposal of treasury shares	-	-	(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 of items during period	-	-	(1,668)	(41,374)	(4,587)	(47,630)
<b>Balance at March 31, 2020</b>	295,863,421	53,075	27,903	89,881	(10,915)	159,945

	Millions of yen						
	Accumulated other comprehensive income						
	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	Non-controlling interests	Total net assets
<b>Balance at March 31, 2018</b>	¥8,380	¥170	¥5,519	(¥5,213)	¥8,856	¥22,651	¥241,961
Dividends paid	-	-	-	-	-	-	(4,009)
Profit (Loss) attributable to owners of parent	-	-	-	-	-	-	1,453
Purchase of treasury shares	-	-	-	-	-	-	(0)
Disposal of treasury shares	-	-	-	-	-	-	62
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(415)
Change of scope of consolidation	-	-	-	-	-	-	33
Net changes of items other than shareholders' equity	(3,627)	(515)	2,722	1,652	232	1,593	1,825
Total changes of items during period	(3,627)	(515)	2,722	1,652	232	1,593	(1,051)
<b>Balance at March 31, 2019</b>	¥4,753	(¥345)	¥8,241	(¥3,560)	¥9,089	¥24,245	¥240,910
Dividends paid	-	-	-	-	-	-	(2,864)
Profit (Loss) attributable to owners of parent	-	-	-	-	-	-	(38,510)
Purchase of treasury shares	-	-	-	-	-	-	(4,627)
Disposal of treasury shares	-	-	-	-	-	-	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 of items during period	(3,763)	(502)	(9,978)	(2,713)	(16,958)	(4,205)	(68,794)
<b>Balance at March 31, 2020</b>	¥989	(¥847)	(¥1,737)	(¥6,273)	(¥7,869)	¥20,039	¥172,115

The accompanying notes to the consolidated financial statements are an integral part of these statements.



	Thousands of U.S. dollars (Note 3)					
	Shareholders' equity					
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
<b>Balance at March 31, 2019</b>	295,863,421	\$487,777	\$271,767	\$1,206,277	(\$58,147)	\$1,907,683
Dividends paid	-	-	-	(26,321)	-	(26,321)
Profit (Loss) attributable to owners of parent	-	-	-	(353,920)	-	(353,920)
Purchase of treasury shares	-	-	-	-	(42,524)	(42,524)
Disposal of treasury shares	-	-	(0)	-	358	358
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	(15,329)	-	-	(15,329)
Net changes of items other than shareholders' equity	-	-	-	-	-	-
Total changes of items during period	-	-	(15,329)	(380,241)	(42,156)	(437,736)
<b>Balance at March 31, 2020</b>	295,863,421	\$487,777	\$256,438	\$826,036	(\$100,312)	\$1,469,948

	Thousands of U.S. dollars (Note 3)						
	Accumulated other comprehensive income						
	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	Non-controlling interests	Total net assets
<b>Balance at March 31, 2019</b>	\$43,682	(\$3,171)	\$75,738	(\$32,718)	\$83,531	\$222,820	\$2,214,043
Dividends paid	-	-	-	-	-	-	(26,321)
Profit (Loss) attributable to owners of parent	-	-	-	-	-	-	(353,920)
Purchase of treasury shares	-	-	-	-	-	-	(42,524)
Disposal of treasury shares	-	-	-	-	-	-	358
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(15,329)
Net changes of items other than shareholders' equity	(34,583)	(4,614)	(91,701)	(24,933)	(155,850)	(38,645)	(194,504)
Total changes of items during period	(34,583)	(4,614)	(91,701)	(24,933)	(155,850)	(38,645)	(632,240)
<b>Balance at March 31, 2020</b>	\$9,089	(\$7,784)	(\$15,964)	(\$57,651)	(\$72,319)	\$184,165	\$1,581,794

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Consolidated Statements of Cash Flows

Fujikura Ltd. and its Consolidated Subsidiaries  
For the Years Ended March 31, 2019 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2019	2020	2020
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥10,507	(¥19,763)	(\$181,629)
Depreciation and amortization	31,598	35,709	328,178
Impairment loss	1,784	17,214	158,202
Amortization of goodwill	1,894	2,060	18,932
Increase (decrease) in provision for loss due to inappropriate cases in quality control	1,514	(1,221)	(11,221)
Increase (decrease) in provision for loss on guarantees	1,426	(2,999)	(27,562)
Increase (decrease) in provision for loss on business of subsidiaries and associates	-	1,346	12,370
Interest and dividend income	(1,759)	(1,517)	(13,942)
Interest expenses	3,807	3,559	32,708
Foreign exchange losses (gains)	1,940	(244)	(2,242)
Share of (profit) loss of entities accounted for using equity method	(1,237)	(1,115)	(10,247)
Loss (gain) on sales of investment securities	(3,327)	(3,252)	(29,887)
Loss (gain) on valuation of investment securities	-	(3,243)	(29,804)
Loss on valuation of investments in capital of subsidiaries and associates	8,872	5,249	48,240
Business structure improvement expenses	1,320	2,182	20,053
Loss (gain) on sale of businesses	(2,410)	-	-
Decrease (increase) in notes and accounts receivable, trade	9,700	2,589	23,794
Decrease (increase) in inventories	(4,689)	9,933	91,288
Increase (decrease) in notes and accounts payable, trade	(12,141)	5,049	46,402
Other, net	1,709	4,588	42,165
Sub-total	50,511	56,123	515,789
Interest and dividend income received	2,356	3,321	30,521
Interest paid	(3,756)	(3,721)	(34,197)
Income taxes (paid) refund	(7,098)	(9,308)	(85,544)
Net cash provided by (used in) operating activities	42,013	46,415	426,569
<b>Cash flows from investing activities:</b>			
Payments for purchase of property, plant and equipment and other assets	(56,096)	(32,603)	(299,632)
Proceeds from sales of property, plant and equipment and other assets	1,838	305	2,803
Proceeds from sales of investment securities	6,637	5,923	54,434
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(4,739)	(43,553)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	1,194	10,973
Proceeds from sale of business	5,303	-	-
Payments for investments in capital of subsidiaries and associates	(4,220)	(5,083)	(46,714)
Other, net	(1,620)	(4,434)	(40,750)
Net cash provided by (used in) investing activities	(48,157)	(39,437)	(362,439)
<b>Cash flows from financing activities:</b>			
Net increase (decrease) in short-term borrowings	21,435	(440)	(4,044)
Net increase (decrease) in commercial papers	(2,000)	-	-
Proceeds from long-term borrowings	33,815	51,746	475,563
Repayments of long-term borrowings	(20,507)	(57,086)	(524,639)
Repayments of lease obligations	(132)	(1,923)	(17,673)
Redemption of bonds	(20,000)	-	-
Proceeds from issuance of bonds	-	19,901	182,897
Cash dividends paid	(4,009)	(2,864)	(26,321)
Purchase of treasury shares	(0)	(4,627)	(42,524)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(226)	(2,149)	(19,750)
Other, net	(6)	(833)	(7,656)
Net cash provided by (used in) financing activities	8,366	1,724	15,844
<b>Effect of exchange rate change on cash and cash equivalents</b>	459	(977)	(8,979)
<b>Net increase (decrease) in cash and cash equivalents</b>	2,683	7,724	70,986
<b>Cash and cash equivalents at beginning of period</b>	33,552	36,236	333,021
<b>Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation</b>	1	-	-
<b>Cash and cash equivalents at end of period (Note 16)</b>	¥36,236	¥43,961	\$404,016

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Notes to the Consolidated Financial Statements

Fujikura Ltd. and its Consolidated Subsidiaries  
For the years ended March 31, 2019 and 2020

## 1. Basis of Presentation

### Accounting principles

The accompanying Consolidated Financial Statements of Fujikura Ltd. (the "Company") and its consolidated subsidiaries (together, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects, application and disclosure requirements, from International Financial Reporting Standards, and are prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") PITF No. 18, Jun 28, 2019) and "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method" (PITF No. 24, Sep 14, 2018) and made necessary adjustments for the preparation of the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, certain reclassification and presentation adjustments have been made to the Consolidated Financial Statements filed with the Director of the Kanto Local Finance Bureau in Japan in order to present these Consolidated Financial Statements in a form which is more familiar to readers of these Consolidated Financial Statements outside Japan.

## 2. Summary of Significant Accounting Policies

### (a) Consolidation and investments in affiliates

The Consolidated Financial Statements include the accounts of the Company and all significant subsidiaries (102 subsidiaries at March 31, 2019 and 101 subsidiaries at March 31, 2020). All significant intercompany transactions, accounts and unrealized intercompany profits are eliminated in consolidation.

The difference between the cost and the underlying net equity of the investment in consolidated subsidiaries at the time of acquisition is deferred and amortized over a ten-year period. Investments of 50% or less in companies over which the parent company does not have control but has the ability to exercise significant influence, and investments in unconsolidated subsidiaries are generally accounted by the equity method (9 companies at March 31, 2019 and 2020) and included in Investment securities in the Consolidated Balance Sheets.

When the accounts of subsidiaries and affiliates are not significant in relation to the Consolidated Financial Statements, they are carried at cost. The excess of the cost over the underlying net equity of investments in unconsolidated subsidiaries and affiliates accounted on an equity basis is deferred and amortized over a ten-year period. Consolidated net income includes the Company's Equity in earnings of affiliates after elimination of unrealized intercompany profits.

### (b) Translation of foreign currency transactions and accounts

Foreign currency transactions are translated using the foreign exchange rates prevailing at the transaction dates. Receivables and payables denominated in foreign currencies are translated at the balance sheet date using current exchange rates. All asset and liability accounts of foreign subsidiaries and affiliates are translated into Japanese Yen at current exchange rates at the respective balance sheet dates and all income and expense accounts of those subsidiaries are translated at the average exchange rate for the respective fiscal year then ended. Foreign currency financial statement translation differences are reported as a separate component of Net Assets in the Consolidated Balance Sheets.

### (c) Consolidated Statements of Cash Flows

For the purpose of reporting cash flows, cash and cash equivalents include all highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and are so near maturity that they present only an insignificant risk of change in value because of changes in interest rates.

### (d) Valuation of Investment securities

Other securities:

These securities are investment securities expected to be held in the long term. Securities for which fair values are readily determinable are carried at fair value with unrealized gains and losses, net of applicable income taxes, being recorded in net assets. Securities for which fair values are not readily determinable are recorded using the moving average cost.

### (e) Derivatives

Derivative financial instruments are measured at fair value, if determinable.

### (f) Inventories

Inventories are valued at the lower of cost or market, cost being determined mainly using the weighted average method.

### (g) Property, plant and equipment, Intangible assets

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives.

Intangible assets are amortized in line with the same method.

The estimated useful lives are as follows:

Buildings: mainly 50 years

Machinery and equipment: mainly 7 years

Intangible assets: mainly 5 years

### (h) Lease assets

Finance leases are depreciated using the straight-line method over their respective lease terms with no residual values.

### (i) Allowance for doubtful accounts

Allowance for doubtful accounts provides for estimated uncollectible accounts at amounts either specifically assessed or an amount computed based on historical loss experience.

### (j) Allowance for investment loss

Allowance for investment loss provides for anticipated losses due to the decline of values of investments in unconsolidated subsidiaries and affiliates, considering financial conditions, etc.

### (k) Provision for loss on guarantees

Provision for loss on guarantees provides for anticipated losses due to execution of guarantees, considering financial conditions in guaranteed companies.

### (l) Provision for loss due to inappropriate cases in quality control

Allowance for losses related to products that do not conform to quality standards: allowance for estimated costs of responding to instances where products do not satisfy public standards or customer specifications, including reparations for the exchange of products to customers and other users, and product inspections.

### (m) Provision for loss on business of subsidiaries and associates

Provision for loss on business of subsidiaries and associates is recorded the estimated amount in preparation for the losses related to the business of the affiliated companies, which exceed the amount of investment and claims, etc. to the affiliated companies and will be borne by the Company or subsidiaries.

### (n) Accounting method for retirement benefits

I. Attribution method for the estimated amount of retirement benefits

In calculating retirement benefits obligations, the method to attribute the estimated amount of retirement benefits to a period until the end of the consolidated fiscal year is based on the plan's benefit formula.

II. Accounting methods for actuarial differences and prior service cost

Prior service cost is accounted for according to the straight-line method as they are incurred for a certain number of years (principally fifteen years) within the average remaining years of service of employees at the time of incurring.

Actuarial differences are charged to expenses from the fiscal year subsequent to the fiscal year when incurred using a straight-line method mainly based on determined years (principally fifteen years) within the average remaining years of service of employees when incurred.

### (o) Accounting for long-term construction-type contracts

The percentage-of-completion method of accounting is applied for the construction contracts which fulfill the conditions that the outcome of the construction activity is reasonably estimated during the course of the activity. Otherwise, the completed-contract method is applied.

The cost-to-cost method is applied for estimating the percentage of completion.

**(p) Hedge accounting**

The Companies apply hedge accounting for certain derivative financial instruments, which include foreign currency forward exchange contracts, interest rate swap agreements and commodity futures contracts. The companies utilize these hedging instruments to hedge risks of future changes in foreign exchange rates, interest rates and prices of raw materials within the normal course of the Companies' operations.

Foreign currency exchange forward contracts:

The Companies utilize foreign currency forward exchange contracts to limit exposure to changes in foreign currency exchange rates on accounts receivable and payable and cash flows generated from anticipated transactions denominated in foreign currencies.

For foreign currency forward exchange contracts, which are designated as hedges, the Companies have adopted the accounting method where foreign currency denominated assets and liabilities are measured at the contract rate of the respective foreign currency forward exchange contract. With respect to such contracts for anticipated transactions, the contracts are marked-to-market and the resulting unrealized gains/losses are deferred and recorded in the income statement when the exchange gains/losses on the hedged items or transactions are recognized.

Interest rate swap agreements:

The Companies utilize interest rate swap agreements in order to limit the Companies' exposure with respect to adverse fluctuations in interest rates underlying the debt instruments.

The related interest differentials paid or received under the interest rate swap agreements are recognized in interest expense over the term of the agreements.

Commodity futures contracts:

The Companies utilize commodity futures contracts to hedge the risk of future price fluctuations in some raw materials.

**(q) Goodwill**

Goodwill is amortized using the straight-line method mainly 10 years.

**(r) Income taxes**

Income taxes are computed using the asset and liability approach. Under this approach, deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting basis and tax basis of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that the tax benefits will not be realized.

The Company files its tax return under the consolidated tax filing system for notional taxes.

The Company and its domestic consolidated subsidiaries transitioned to the group tax sharing system created in Act for Partial Revision of the Income Tax Act. (Act No. 8, 2020). In accordance with this, the Company and its subsidiaries handled the accounting categories and the accompanying revisions to the non-consolidated tax system to which the group tax sharing system applies in the following manner.

Deferred tax assets and deferred tax liabilities were based on the provisions of the tax act prior to revision in accordance with Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39, March 31, 2020), and the provisions in Paragraph 44 of Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) were not applied.

**(s) Consumption tax**

The tax-excluded method is used with respect to consumption tax and local consumption taxes.

**(t) Appropriations of retained earnings**

Appropriations of retained earnings reflected in the accompanying Consolidated Financial Statements are recorded upon approval by the shareholders.

**(u) Other basis for presentation of Consolidated Financial Statements**

Amounts less than ¥ 1 million have been omitted. As a result, the total shown in the Consolidated Financial Statements and notes there to do not necessarily agree with the sum of the individual account balances.

**(v) New Accounting Pronouncements and Changes in Accounting Policies**

Group overseas subsidiaries that use IFRS accounting standards are applying IFRS 16 Leases from the consolidated fiscal year under review.

With the adoption of this standard, the borrower recognizes all leases as assets and liabilities on the Consolidated Balance Sheets, in principle.

In applying this accounting standard, the Group adopted the method of recognizing the cumulative impact on the date the standard was first applied as a permissible transitional measure. This resulted in increases of ¥ 4,098 million in property, plant and equipment, ¥ 1,632 million in "Other" current liabilities, and ¥ 3,407 million in "Other" non-current liabilities in the consolidated fiscal year under review, compared to the figures based on previous accounting standard.

The Group performed an impairment test on business groups which included part of the lease assets recognized as assets under IFRS 16 and the amount recoverable, including some of the lease assets, fell below book value. A cumulative impairment loss of ¥ 944 million was recognized for those lease assets.

The impact on the income for the consolidated fiscal year under review was minor.

**(w) Unapplied accounting standard**

(The Company and Domestic Consolidated Subsidiaries)

- Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, revised March 31, 2020)
- Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, revised March 31, 2020)

(1) Summary

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) jointly developed comprehensive accounting standards on revenue recognition and published these standards in May 2014 as Revenue from Contracts with Customers (IFRS 15 from IASB and Topic 606 from FASB). The Accounting Standards Board of Japan (ASBJ) developed a comprehensive accounting standard on revenue recognition and published it along with the implementation guidance in light of the fact that IFRS 15 would be applied to fiscal years beginning on or after January 1, 2018 and Topic 606, to fiscal years beginning after December 15, 2017.

The Accounting Standards Board of Japan adopted the starting point of incorporating the core principle of IFRS 15 as its basic policy on developing an accounting standard for revenue recognition, from the perspective of comparability of financial statements, which is one of the advantages of maintaining compatibility with IFRS 15. ASBJ specified the accounting standard and added the additional provision permitting alternative treatment of certain items considering existing accounting practices used in Japan, as long as this alternative treatment would not impair comparability.

(2) Expected date of application

These standards will be applied from fiscal year ending March 31, 2022.

(3) Impact of the application of the accounting standards, etc.

The impact on consolidated financial statements is under evaluation at the time of consolidated financial statement preparation.

- Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019)
- Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, Revised July 4, 2019)
- Accounting Standard for Financial Instruments (ASBJ Statement No. 10, Revised July 4, 2019)
- Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, July 4, 2019)
- Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, Revised March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) provided detailed guidance on fair value measurement that is nearly identical in content (IFRS 13 Fair Value Measurement from IASB and FASB Accounting Standards Codification, Topic 820 Fair Value Measurement). In light of that guidance, the Accounting Standards Board of Japan (ASBJ) published the Accounting Standard for Fair Value Measurement and other standards and guidance to maintain compatibility between Japanese and international accounting standards, mainly concerning guidance on and disclosure of the fair value of financial instruments.

The Accounting Standards Board of Japan adopted the incorporation of the core principle of IFRS 13 as its basic policy on developing accounting standards for fair value recognition, from the perspective of improving comparability of financial statements of companies in Japan and internationally by using a consistent method of calculation. ASBJ specified the accounting standard and added the additional provision permitting alternative treatment of certain items considering existing accounting practices used in Japan, as long as this alternative treatment would not impair comparability.

(2) Effective Date

These standard will be applied from the beginning of fiscal year ending March 31, 2022 (from April 1, 2021).

(3) Impact from Application of the Accounting Standards and Related Guidance

The impact was still being assessed at the time these consolidated financial statements were produced.

• Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) published International Accounting Standard (IAS) 1 Presentation of Financial Statements (hereafter, "IAS 1") in 2003. The Accounting Standards Board of Japan (ASBJ) developed and published the Accounting Standard for Disclosure of Accounting Estimates (hereafter, the "accounting standard") in regard to Paragraph 125 of IAS 1, which states that disclosure of "key sources of estimation uncertainty" is required, as a result of requests to consider also requiring disclosure of information in notes under Japanese accounting standards that is of high value to users of financial statements. In developing this accounting standard, the ASBJ used IAS 1, Paragraph 125 as a reference and adopted the basic policy of indicating the general principle (purpose of disclosure) rather than expanding the individual notes, and leaving the judgment of the specific contents to be disclosed to the discretion of companies, in light of the purpose of disclosure.

(2) Effective Date

This standard will be applied from the end of fiscal year ending March 31, 2021.

• Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections (ASBJ Statement No. 24, Revised March 31, 2020)

(1) Overview

The Accounting Standards Board of Japan (ASBJ) made the required revisions and published the Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections in response to the recommendation that it consider enhancing information in notes concerning the principles and procedures of the accounting treatment adopted in cases where the provisions of relevant accounting standards, etc. are unclear.

This accounting standard states that when enhancing information in the notes concerning "the principles and procedures of the accounting treatment adopted in cases where the provisions of relevant accounting standards, etc. are unclear," the provisions of Supplement 1-2, Disclosure of Significant Accounting Policies, in Financial Accounting Standards for Business Enterprises will continue to apply to cases where the provisions of relevant accounting standards, etc. are clear in order to maintain consistency with past practices.

(2) Effective Date

This standard will be applied from the end of fiscal year ending March 31, 2021.

(Companies Using U.S. GAAP)

• Leases (FASB Accounting Standards Update (ASU) 2016-02 (Topic 842), February 25, 2016)

(1) Overview

The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases.

(2) Effective Date

This standard will be applied from the beginning of fiscal year ending March 31, 2023 (from April 1, 2022).

(3) Impact from Application of the Accounting Standard Update

The impact was still being assessed at the time these consolidated financial statements were produced.

**(x) Reclassification**

Certain accounts in the Consolidated Financial Statements for the year ended March 31, 2019 have been reclassified to conform to the 2020 presentation.

**(y) Additional Information**

(Accounting estimates associated with the spread of the novel coronavirus)

The Company formulated future business plans based on the premise that the stagnation in economic activity caused by the novel coronavirus will resolve during the second half of fiscal year ending March 31, 2021 and rebound to pre-virus economic conditions from fiscal year ending March 2022.

The future plans were also based on the assumption that exchange rates will remain steady at the level seen in April and May of 2020 throughout fiscal year ending March 31, 2021. Impairment losses were recognized on the property, plant, and equipment of businesses for which the amount recoverable fell below the book value, as reflected in accounting estimates based on these assumptions made according to impairment accounting standards for property, plant and equipment. This resulted in recognition of ¥ 17,214 million in impairment losses for the consolidated fiscal year under review.

While this amount is the best estimate possible at the present time, these assumptions may change, depending on the future spread of the novel coronavirus and its impact on economies, and this may result in the recognition of additional impairment losses on the Consolidated Balance Sheets for the next fiscal year and thereafter.

(Stock-based compensation plan for the Company's directors)

In accordance with a resolution passed at the 169th Annual General Shareholders' Meeting held on June 29, 2017, the Company introduced a stock-based compensation plan for Company's Directors (limited to directors not serving as Audit and Supervisory Committee Members and excluding Outside Directors; hereinafter the same shall apply) and Executive Officers (hereinafter collectively referred to as "Directors"). The purpose of the plan is to clarify the correlation between the Company's share price and Director compensation and to boost awareness of contribution to the improvement of corporate value by having the Directors share the benefits and risks of stock price fluctuation with shareholders—i.e. not only benefit when the share price rises but also shoulder the risk of a decline in share price.

The accounting procedures for this system conform with the Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts (PITF No. 30, March 26, 2015).

I. Transaction summary

The Company will set up a monetary trust. This trust will be used to acquire common shares of the Company. A director shall be granted points in each fiscal year according to the Stock Distribution Regulations set forth by the Board of Directors. The stock-based compensation will be delivered to the Directors via the trust. Note that in principle the Directors will receive delivery of said shares at the time of retirement.

II. Shares remaining in the trust

The shares of the Company that remain in the trust are recorded as treasury stock under net assets at book value (excluding associated costs).

The book value of these treasury stock shares at the years ended March 31, 2019 and 2020 in the amounts of ¥ 973 million and 992 thousand shares and ¥934 million (US\$8,584 thousand) and 952 thousand shares.

### 3. United States Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of exchange on March 31, 2020 (¥108.81=US\$1.00), has been used for translation purposes. The inclusion of such amounts is not intended to imply that Japanese Yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.

### 4. Financial Instruments

#### (a) Information on financial instruments

##### Policies

The Companies enter into financing arrangements (primarily through bank loans or corporate bonds) based on the planned capital expenditures of its businesses. The Companies invest in low risk financial assets using available cash, finance their short-term working capital needs through bank loans and commercial papers. The Companies use derivative transactions within predetermined transaction volumes to limit the risk of significant fluctuations in foreign currency exchange rates, interest rates, and copper and aluminum prices.

The Companies do not enter into derivative transactions for speculative purposes.

##### Details of financial instruments and related risks

Trade notes and accounts receivable are exposed to customer credit risk. Also, trade receivables denominated in foreign currencies, which are derived from the Company's global business expansion, are exposed to fluctuations in foreign currency exchange rates, however, the exposure is mitigated by entering into foreign exchange forward contracts.

Investment securities consist mainly of equity securities, which are exposed to market price fluctuation risks.

Trade notes and accounts payable have payment terms within one year. Also, within these accounts there are foreign currency denominated balances generated from the import of raw materials and therefore the balances are exposed to fluctuations in foreign currency exchange rates. However, such balances are typically less than accounts receivable balances denominated in the same currencies. Borrowings and corporate bonds are used primarily for capital expenditures and have maturity dates within mainly five years subsequent to the balance sheet date. Certain borrowing contracts are based on variable, or floating, interest rates, which are exposed to fluctuation risk and are hedged via interest rate swap agreements.

Derivative transactions are comprised primarily of foreign exchange forward contracts hedging foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies, of interest rate swap agreements hedging interest rate fluctuation risk in bank loans, and commodity forward contracts hedging the risk of copper and aluminum price fluctuation.

##### Risk management over financial instruments

###### (1) Credit risk management (risk of customers' default risk, etc.)

The Company periodically monitors major customers' financial conditions and performs customer specific aging analyses. In addition, the Company monitors doubtful accounts due to the current economic difficulties in accordance with the credit management policy. The consolidated subsidiaries and affiliates are also required to conform with the credit management policy of the Company.

In order to mitigate credit risks to the greatest extent possible with regards to derivative transactions, the Companies' counterparties are financial institutions that maintain high credit ratings.

The financial assets exposed to credit risks recorded in the Consolidated Balance Sheets represent the maximum exposure to credit risk as of March 31, 2019 and March 31, 2020.

###### (2) Market risk management (risk of fluctuations in foreign currency rates, interest rates, etc.)

The Company and certain consolidated subsidiaries generally use foreign exchange forward contracts to limit foreign currency exchange rate fluctuation risk in trade receivables/payables denominated in foreign currencies. Depending on the foreign currency market condition, the Companies use foreign exchange forward contracts for trade receivables denominated in foreign currencies generated from highly probable forecasted export transactions. Also, the Company and certain consolidated subsidiaries use interest rate swap agreements to limit interest rate fluctuation risk associated with bank loans.

In relation to investment securities, the Companies continuously monitor the related market values and financial condition of the issuers while also taking into consideration their business relationships with the issuers.

In executing and managing the daily operations of derivative transactions, the Companies regularly monitor transaction balances/volumes and profit/loss status. Such information is periodically reported to the responsible management team and is audited by certain administration divisions. Prior approval by an Executive Officer of the Company is generally required to enter into significant transactions, transaction modifications or applications for the use of new financial instruments.

###### (3) Liquidity risk management for financing activities (risk of inability to repay on the due date)

The Company manages liquidity risk by preparing cash flow forecasts, led by the finance division, based on relevant information reported from the respective divisions.

##### Supplementary information on the fair value of financial instruments

The fair value of financial instruments is based on market values as well as reasonably determined values in situations where the market fair value is unavailable. The determination of such values is based on certain assumptions, which may result in different outcomes if other assumptions are applied.

**(b) Fair values of financial instruments**

The book value of financial instruments in the Consolidated Financial Statements, their fair value and net difference at March 31, 2019 and 2020, respectively, are shown below:

2019	Millions of yen		
	Book value	Fair value	Difference
(1) Cash and deposits	¥36,794	¥36,794	¥ -
(2) Notes and accounts receivable, trade	141,568		
Less: Allowance for doubtful accounts	(431)		
Total	141,137	141,137	-
(3) Investment securities	23,888	22,752	(1,136)
(4) Notes and accounts payable, trade	64,999	64,999	-
(5) Short-term borrowings (*1)	84,078	84,078	-
(6) Income taxes payable	2,126	2,126	-
(7) Bonds	20,000	20,012	12
(8) Long-term borrowings (*1)	149,426	149,590	164
(9) Derivative Instruments (*2)			
Non-hedge derivative instruments	863	863	-
Designated hedge instruments	(525)	(525)	-

(\*1) ¥53,458 million of the Long-term borrowings which mature within 1 year and are recorded in "Short-term borrowings" in the consolidated balance sheets are included in "Long-term borrowings" above.

(\*2) Net receivables and (liabilities) related to the derivative transactions are presented net.

2020	Millions of yen			Thousands of U.S. dollars		
	Book value	Fair value	Difference	Book value	Fair value	Difference
(1) Cash and deposits	¥44,661	¥44,661	¥ -	\$410,449	\$410,449	\$ -
(2) Notes and accounts receivable, trade	128,945			1,185,047		
Less: Allowance for doubtful accounts	(907)			(8,336)		
Total	128,037	128,037	-	1,176,703	1,176,703	-
(3) Investment securities	19,863	17,398	(2,464)	182,548	159,893	(22,645)
(4) Notes and accounts payable, trade	65,774	65,774	-	604,485	604,485	-
(5) Short-term borrowings (*1)	77,140	77,140	-	708,942	708,942	-
(6) Income taxes payable	2,335	2,335	-	21,459	21,459	-
(7) Bonds	40,000	39,856	(144)	367,613	366,290	(1,323)
(8) Long-term borrowings (*1)	143,529	144,482	953	1,319,079	1,327,838	8,758
(9) Derivative Instruments (*2)						
Non-hedge derivative instruments	(1,023)	(1,023)	-	(9,402)	(9,402)	-
Designated hedge instruments	(1,173)	(1,173)	-	(10,780)	(10,780)	-

(\*1) ¥61,557 million (US\$565,729 thousand) of the Long-term borrowings which mature within 1 year and are recorded in "Short-term borrowings" in the consolidated balance sheets are included in "Long-term borrowings" above.

(\*2) Net receivables and (liabilities) related to the derivative transactions are presented net.



Note 1: Method used to determine fair value of financial instruments, securities and derivative instruments:

(1) Cash and deposits

The cost of cash and deposits approximate fair value due to their short term maturities.

(2) Notes and accounts receivable, trade

The cost of notes and accounts receivable, trade approximate fair value due to their short term maturities. For certain accounts receivables, the Companies enter into foreign exchange forward contracts for which a simplified method of determining fair value is applied and allowable under JGAAP. The fair values of such receivables are determined on an aggregate basis with the related foreign exchange forward contract.

(3) Investment securities

The fair value of listed equity securities are determined using quoted market prices for those securities. The fair value of debt securities are determined using quoted market prices or the prices provided by the counterparty financial institutions.

(4) Notes and accounts payable, trade, (5) Short-term borrowings and (6) Income taxes payable

The costs of these items approximate fair values due to their short term maturities.

(7) Bonds

The fair value of bonds issued by the Company is determined using quoted market prices.

(8) Long-term borrowings

The fair value of these items is determined based on the present value of the principal and interest discounted at the current interest rate charged for a similar borrowing. For long-term borrowings with a floating interest rate, the Companies enter into interest swaps for which a simplified method is applied and allowable under JGAAP. Such long-term borrowings are combined with the related interest swaps and their fair values are determined based on the present value of the principal and interest reflecting the swap discounted at the current interest rate charged for a similar borrowing.

(9) Derivative instruments

The Companies use a forward exchange rate for foreign exchange forward contracts. Commodity futures contracts fair values are calculated based on LME (London Metal Exchange) and SHFE (Shanghai Futures Exchange) official prices and current exchange rates. Foreign exchange forward contracts are accounted for combined with the accounts receivables designated as hedged items, and their fair values are included in the related accounts receivable. Interest swaps for which a simplified method allowed under JGAAP is applied are combined with the long-term borrowings designated as hedged items, and their fair values are included in long-term borrowings.

Note 2: Financial instruments for which estimation of fair value is extremely difficult

2019		Millions of yen	
Description	Amount recorded in consolidated balance sheets		
Non-public companies	¥8,637		

2020		Millions of yen		Thousands of U.S. dollars	
Description	Amount recorded in consolidated balance sheets			Amount recorded in consolidated balance sheets	
Non-public companies	¥8,316			\$76,427	

These items are not included in "(3) Investment securities" because it is extremely difficult to determine their fair value as there is no quoted market price for these companies available and it is difficult to estimate the future cash flows of these companies.



Note 3: The aggregate annual maturities of cash and deposits, and receivables at March 31, 2019 and 2020 are as follows:

At March 31, 2019	Millions of yen			
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥36,794	¥ -	¥ -	¥ -
Notes and accounts receivable, trade	141,364	204	-	-
Total	¥178,158	¥204	¥ -	¥ -

At March 31, 2020	Millions of yen			
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥44,661	¥ -	¥ -	¥ -
Notes and accounts receivable, trade	128,945	-	-	-
Total	¥173,607	¥ -	¥ -	¥ -

At March 31, 2020	Thousands of U.S. dollars			
	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	\$410,449	\$ -	\$ -	\$ -
Notes and accounts receivable, trade	1,185,047	-	-	-
Total	\$1,595,506	\$ -	\$ -	\$ -

Note 4: The annual maturities of bonds and long-term borrowings at March 31, 2019 and 2020 are as follows:

At March 31, 2019

Bonds

	Millions of yen
Year ending March 31, 2020	¥ -
2021	-
2022	10,000
2023	-
2024	10,000
2025 and thereafter	-

Long-term borrowings

	Millions of yen
Year ending March 31, 2020	¥53,458
2021	61,212
2022	17,539
2023	17,215
2024	0
2025 and thereafter	0

At March 31, 2020

Bonds

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2021	¥ -	\$ -
2022	10,000	91,903
2023	-	-
2024	10,000	91,903
2025	10,000	91,903
2026 and thereafter	10,000	91,903

Long-term borrowings

	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2021	¥61,557	\$565,729
2022	18,345	168,597
2023	18,128	166,602
2024	957	8,795
2025	14,539	133,618
2026 and thereafter	30,000	275,710

## 5. Investment Securities

The aggregate cost, gross unrealized gains, gross unrealized losses and fair value of held-to-maturity investment securities at March 31, 2019 and 2020 consisting primarily of equity securities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cost	¥9,508	¥9,867	\$90,681
Gross unrealized gains	6,411	2,270	20,862
Gross unrealized losses	(667)	(1,057)	(9,714)
Fair value	¥15,252	¥11,080	\$101,829

Available-for-sale investment securities sold during the year ended March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Investment securities			
Sales amount	¥6,103	¥5,923	\$54,434
Gain on sales of investment securities	3,327	3,257	29,933
Loss on sales of securities	0	5	46

Investments in unconsolidated subsidiaries and affiliates at March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Investments securities	¥15,650	¥15,179	\$139,500
Investments and other assets, other	5,595	5,570	51,190
	¥21,245	¥20,749	\$190,690

## 6. Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities at March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Short-term loans, principally from banks, with weighted-average interest rates of 1.3% and 0.9% per year at March 31, 2019 and 2020, respectively.	¥84,078	¥77,140	\$708,942
Current portion of unsecured long-term loans from banks and other financial institutions with weighted-average interest rates of 1.8% and 1.7% at March 31, 2019 and 2020, respectively.	53,458	61,557	\$565,729
Current portion of lease obligations	87	1,778	\$16,340
Non-current portion of unsecured long-term loans from banks and other financial institutions with maturity dates from 2021 to 2028 with weighted-average interest rates of 1.5% and 0.9% at March 31, 2019 and 2020, respectively.	95,968	81,971	\$753,341
Non-current portion of lease obligations	203	3,646	\$33,508
	¥233,796	¥226,094	\$2,077,879

The Companies' assets pledged as collateral for other interest-bearing debts at March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Carrying values of property, plant and equipment:			
Land	¥992	¥992	\$9,117

The Companies' debt pledged as collateral for other interest-bearing debts at March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Carrying values of liabilities:			
Current liabilities other	¥606	¥350	\$3,217
Non-current liabilities other	1,854	1,513	13,905

The annual maturities of long-term borrowings are as follows:

	Millions of yen	Thousands of U.S. dollars
Long term borrowings		
Year ending March 31,		
2022	¥18,345	\$168,597
2023	18,128	166,602
2024	957	8,795
2025	14,539	133,618

	Millions of yen	Thousands of U.S. dollars
Lease obligations		
Year ending March 31,		
2022	¥1,156	\$10,624
2023	715	6,571
2024	514	4,724
2025	380	3,492

	Millions of yen	Thousands of U.S. dollars
Bonds		
Year ending March 31,		
2022	¥10,000	\$91,903
2023	-	-
2024	10,000	91,903
2025	10,000	91,903

#### 7. Other Current Liabilities

Other than the loans and debts included in note 6, interest-bearing debts, which consisted of guarantee money received in the amounts of ¥947 million and ¥350 million (US\$3,217 thousand), were recorded as a part of other current liabilities in the Consolidated Balance Sheets as of March 31, 2019 and 2020, respectively.

#### 8. Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Depreciation and amortization	¥2,607	¥3,123	\$28,701
Retirement benefit cost	1,690	1,511	13,887

#### 9. Research and Development Costs

Research and development costs included in Selling, general and administrative expenses and Cost of sales, in aggregate, for the years ended March 31, 2019 and 2020, amounted to ¥17,466 million and ¥17,296million (US\$158,956 thousand), respectively.

## 10. Severance Indemnities and Pension Plans

### (a) Outline of retirement and severance benefits plans adopted by the Companies

The Company and its consolidated subsidiaries sponsor various defined benefit plans such as corporate pension plans and lump sum retirement plans for their employees. Certain consolidated subsidiaries also sponsor defined contribution plans.

### (b) Defined benefit plan

The following tables present summaries of the benefit obligations for defined pension plans, plan assets and the associated funded status recorded in the Consolidated Balance Sheets.

#### (1) Benefit obligations at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at the beginning of the period	¥53,584	¥50,552	\$464,590
Service cost	2,582	2,880	26,468
Interest cost	216	148	1,360
Actuarial (gains) or losses	1,114	729	6,700
Past service cost accrual	(3,335)	776	7,132
Retirement benefits paid	(3,615)	(4,572)	(42,018)
Other	5	(389)	(3,575)
Balance at the end of the period	¥50,552	¥50,125	\$460,665

#### (2) Plan assets at the beginning of the period and the end of the period (excluding those plans that adopt the simplified method as discussed in (3) below)

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at the beginning of the period	¥49,841	¥48,073	\$441,807
Expected return on plan assets	679	632	5,808
Actuarial (gains) or losses	(1,099)	(2,011)	(18,482)
Employer's contributions	1,407	287	2,638
Retirement benefits paid	(2,764)	(3,564)	(32,754)
Other	8	-	-
Balance at the end of the period	¥48,073	¥43,417	\$399,017

#### (3) Defined benefit liability at the beginning of the period and the end of the period for consolidated subsidiaries adopting the simplified method

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Balance at the beginning of the period	¥2,317	¥2,330	\$21,413
Retirement benefit cost	328	801	7,361
Retirement benefits paid	(65)	(66)	(607)
Annual contribution	(179)	(166)	(1,526)
Other	(70)	(3)	(28)
Balance at the end of the period	¥2,330	¥2,895	\$26,606

#### (4) Reconciliation between the liabilities (assets) recorded in the Consolidated Balance Sheets and the balances of defined benefit obligations and plan assets

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Retirement benefit obligations of the savings plans	¥48,317	¥46,729	\$429,455
Plan assets	(35,492)	(33,277)	(305,827)
Retirement benefits trusts	(13,608)	(11,173)	(102,684)
	(782)	2,279	20,945
Retirement benefit obligations of the non-savings plans	5,590	7,324	67,310
Net liabilities and assets recorded on the Consolidated Balance Sheets	4,809	9,603	88,255
Net defined benefit liability	9,356	11,209	103,014
Net defined benefit asset	(4,547)	(1,605)	(14,750)
Net liabilities (assets) recorded on the Consolidated Balance Sheets	¥4,809	¥9,603	\$88,255

#### (5) Components of net periodic retirement benefits costs

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Service cost	¥2,582	¥2,880	\$26,468
Interest cost	216	148	1,360
Expected return on plan assets	(679)	(632)	(5,808)
Recognized actuarial (gains) or losses	1,437	1,131	10,394
Amortization of prior service cost	(374)	290	2,665
Net retirement benefit costs of the plans adopting the simplified method	328	801	7,361
Retirement benefit costs related to the defined benefit plans	¥3,509	¥4,620	\$42,459

Note. Extra retirement payments for the years ended March 31, 2019 and 2020 in the amount of ¥1,588 million and ¥2,422 million (US\$22,259 thousand) respectively, are accounted for as "Business structure improvement expenses" of Extraordinary loss.

#### (6) Remeasurements of defined benefit plans before deduction of deferred tax

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Unrecognized prior service cost	(¥2,941)	¥485	\$4,457
Unrecognized actuarial (gains) or losses	728	1,600	14,705
Total	(¥2,212)	¥2,085	\$19,162

#### (7) Accumulated other comprehensive income before deduction of deferred tax on defined retirement benefit plans

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Unrecognized prior service cost	(¥3,737)	(¥3,251)	(\$29,878)
Unrecognized actuarial (gains) or losses	8,735	10,335	94,982
Total	¥4,998	¥7,084	\$65,104

(8) Plan assets consisted of the following :

	2019	2020	
Bonds	16	41	%
Equity securities	16	13	
Cash and deposits	35	24	
General accounts	7	1	
Others	26	22	
Total	100	100	%

Note. Employee retirement benefits trusts contributed to the company pension plan as of March 31, 2019 and 2020 represent approximately 28% and 25% of "Plan assets total" respectively .

(9) Method to establish a long-term expected return on plan assets

To determine the long-term expected return on plan assets, the present and expected allocation of plan assets and the present and expected future returns from a variety of plan assets have been taken into account.

(10) The actuarial assumptions used

	2019	2020
Discount rates	Mainly 0.1%	Mainly 0.2%
Expected long-term expected return on plan assets	Mainly 1.9%	Mainly 1.8%
Lump sum election rate	Mainly 77.7%	Mainly 60.6%
Re-evaluation rate	Mainly 0.5%	Mainly 0.3%

(c) Defined contribution plan

Total annual contributions to the defined contribution plans for the years ended March 31, 2019 and 2020 are ¥463 million and ¥538 million (US\$4,944 thousand), respectively.

11. Inventories

Inventories are valued at the lower of cost or market and the associated losses on inventory devaluation have been included in "Cost of sales" for the years ended March 31, 2019 and 2020 in the amounts of ¥6,404 million and ¥11,614 million (US\$106,737 thousand), respectively.

12. Impairment loss

Grouping method:

The Companies grouped long-lived assets into asset groups by merchandise category.

Idle assets are grouped on an individual asset basis.

For the year ended March 31, 2019, the Company has recorded impairment losses against the following asset groups:

Location: Fujikura Electronics (Thailand) Ltd. (Thailand)

Use: Idle assets

Type: Machinery and equipment

Amount of impairment losses: ¥429 million

Location: Fujikura Changchun Ltd. (China)

Use: Wire harness manufacturing plant

Type: Buildings, etc.

Amount of impairment losses: ¥415 million

The Company no longer plans to use the machinery and equipment due to the change in market environment.

Accordingly, a recoverable value of 0 yen was recognized with the previously undepreciated book value recorded as an impairment loss.

The Company no longer plans to use the buildings, etc. following reorganization of production sites.

Accordingly, the difference between the real estate appraisal value and the book value was recorded as an impairment loss.

For the year ended March 31, 2020, the Company has recorded impairment losses against the following asset groups:

Location: Fujikura Ltd. (Sakura City, Chiba and Suzuka City, Mie, Japan)

Use: Optical fiber manufacturing assets

Type: Machinery and equipment, Construction in progress, etc.

Amount of impairment losses: ¥7,993 million (US\$73,458 thousand)

Location: Fujikura Automotive Europe, S.A.U. (Spain), etc.

Use: Wire harness manufacturing assets, etc.

Type: Long-term prepaid expenses, Machinery and equipment, Leased assets, etc.

Amount of impairment losses: ¥5,766 million (US\$52,991 thousand)

Location: Fujikura Ltd. (Sakura City, Chiba, Japan) etc.

Use: Fiber laser manufacturing assets etc.

Type: Machinery and equipment, etc.

Amount of impairment losses: ¥2,524 million (US\$23,196 thousand)

Location: Fujikura Electronics (Thailand) Ltd. (Thailand)

Use: FPC manufacturing assets, etc. (Idle assets)

Type: Machinery and equipment, etc.

Amount of impairment losses: ¥644 million (US\$5,919 thousand)

Optical fiber, wire harness and fiber laser manufacturing assets, etc. were tested for impairment due to the deterioration of the business environment and the recoverable amount was found to have fallen below book value. The impairment amount was recorded as an extraordinary loss.

The Company no longer plans to use the FPC manufacturing assets, etc. and the recoverable amount is ¥0.

The unamortized book value was therefore recorded as impairment loss.

13. Business Structure Improvement Expenses

For the Year Ended March 31, 2019

	Millions of yen
Special retirement pay in tandem with liquidation of a subsidiary's site	¥1,588
Retirement of assets in tandem with the liquidation of a subsidiary's site	159
Total	¥1,747

For the Year Ended March 31, 2020

	Millions of yen	U.S. dollars
Special retirement pay in tandem with liquidation of a subsidiary's site	¥2,844	\$26,137
Retirement of assets in tandem with the liquidation of a subsidiary's site	1,000	9,190
Total	¥3,845	\$35,337

14. Provision of debt related to retirement benefit

The increase in the retirement benefit obligation due to the coming into force of the revised Worker Protection Act in the Kingdom of Thailand on May 5, 2019 and this impact has been recorded as an extraordinary loss.

15. Consolidated Statements of Comprehensive Income  
For the Years Ended March 31, 2019 and 2020

Amount of reclassification and tax effect related to other comprehensive income are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
<b>Valuation difference on available-for-sale securities</b>			
Amount arising during the year	(¥1,727)	(¥1,998)	(\$18,362)
Reclassification adjustment	(3,136)	(2,553)	(23,463)
Before tax effect adjustment	(4,863)	(4,551)	(41,825)
Tax effect	1,333	831	7,637
Valuation difference on available-for-sale securities	(3,530)	(3,720)	(34,188)
<b>Deferred gains or losses on hedges</b>			
Amount arising during the year	(812)	(684)	(6,286)
Remeasurements of acquisition cost for asset	107	(129)	(1,186)
Before tax effect adjustment	(704)	(813)	(7,472)
Tax effect	141	275	2,527
Deferred gains or losses on hedges	(563)	(538)	(4,944)
<b>Foreign currency translation adjustments</b>			
Amount arising during the year	2,769	(10,421)	(95,772)
Replacement adjustment	-	(374)	(3,437)
Before tax effect adjustment	2,769	(10,795)	(99,210)
Tax effect	(72)	72	662
Foreign currency translation adjustments	2,697	(10,723)	(98,548)
<b>Remeasurements of defined benefit plans, net of taxes</b>			
Amount arising during the year	1,037	(3,506)	(32,221)
Reclassification adjustment	1,174	1,420	13,050
Before tax effect adjustment	2,212	(2,085)	(19,162)
Tax effect	(562)	(697)	(6,406)
Remeasurements of defined benefit plans, net of taxes	1,650	(2,782)	(25,568)
<b>Share of other comprehensive income of associates accounted for using equity method</b>			
Amount arising during the year	(339)	(128)	(1,176)
Reclassification adjustment	22	12	110
Share of other comprehensive income of associates accounted for using equity method	(317)	(116)	(1,066)
Other comprehensive income	(¥65)	(¥17,881)	(\$164,332)

16. Supplementary Cash Flow Information

A reconciliation of cash and cash equivalents in the Consolidated Statement of Cash Flows and account balances in the Consolidated Balance Sheets at March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Cash and deposits	¥36,794	¥44,661	\$410,449
Deposits with original maturities of over three months	(557)	(700)	(6,433)
Cash and cash equivalents	¥36,236	¥43,961	\$404,016

17. Leases

1. Leased assets under finance leases other than those that are deemed to transfer ownership of the leased property to the lessee and the right-of-use assets of consolidated subsidiaries that apply IFRS 16 "Leases".

(1) Details of leased assets

Mainly consists of "Buildings and structures".

(2) Depreciation method for leased assets

As stated "Notes to the Consolidated Financial Statements, (g) Property, plant and equipment, Intangible assets and (h) Lease assets".

2. Operating lease

Future lease payments on non-cancelable operating leases

Lessee	Millions of yen		U.S. dollars
	2019	2020	2020
Within 1 year	-	2,206	\$20,274
More than 1 year	-	8,036	73,854
Total	-	10,243	\$94,137
<b>Lessor</b>			
Year ending March 31,			
Within 1 year	-	367	\$3,373
More than 1 year	-	2,547	23,408
Total	-	2,915	\$26,790

## 18. Income Taxes

The Company and its domestic subsidiaries are subject to a number of different income taxes which, in aggregate, indicate a normal statutory tax rate in Japan of approximately 30.2% for the years ended March 31, 2019.

A reconciliation between the normal statutory income tax rate and the effective income tax rate in the accompanying Consolidated Statements of Income for the years ended March 31, 2019 and 2020 are as follows:

	2019	2020
Normal statutory tax rate	30.2 %	-
Permanently non-deductible expenses such as entertainment expenses	0.9	-
Permanently non-taxable income such as dividend income	(0.4)	-
Withholding tax on dividends from foreign subsidiaries	1.8	-
Per capita rate of local tax	0.8	-
Elimination of intercompany dividend income	2.8	-
Special tax credit	(3.5)	-
Equity in losses of affiliates	(3.5)	-
Tax exemption in foreign tax jurisdiction	(5.1)	-
Valuation allowance	58.7	-
Effect of lower tax rates at overseas subsidiaries	(11.9)	-
Amortization of Goodwill	2.6	-
Retained earnings of overseas subsidiaries	3.4	-
Income taxes for prior periods	(6.4)	-
Other	1.8	-
Effective income tax rate	<u>72.0 %</u>	-

As the Companies recorded a net loss, such reconciliation for the year ended March 31, 2020 is not disclosed.

The significant components of deferred tax assets and liabilities at March 31, 2019 and 2020 are as follows:

	Millions of yen		Thousands of
	2019	2020	U.S. dollars
			2020
Deferred tax assets:			
Net operating losses carried forward (*2)	¥14,038	¥19,731	\$181,334
Impairment losses	774	5,619	51,640
Net defined benefit liability	4,605	5,537	50,887
Loss on valuation of investments in capital of subsidiaries and associates	3,153	4,735	43,516
Foreign tax credit carried forward	2,409	4,238	38,949
Allowance for doubtful accounts	2,568	2,410	22,149
Bonus accrual	2,128	2,032	18,675
Depreciation	2,234	1,852	17,020
Inventory devaluations	1,099	1,734	15,936
Loss on valuation of investment securities	1,918	1,510	13,877
Elimination of intercompany profits on fixed assets	803	791	7,270
Elimination of intercompany profits on inventories	196	208	1,912
Enterprise taxes	215	158	1,452
Provision for loss on guarantees	911	5	46
Other	5,069	3,805	34,969
Gross deferred tax assets	<u>42,126</u>	<u>54,373</u>	<u>499,706</u>
Valuation allowance related to net operating losses carried forward (*2)	(10,744)	(18,616)	(171,087)
Valuation allowance related to total deductible temporary difference, etc.	(12,677)	(27,740)	(254,940)
Subtotal of valuation allowance (*1)	<u>(23,422)</u>	<u>(46,357)</u>	<u>(426,036)</u>
Total deferred tax assets	<u>18,704</u>	<u>8,016</u>	<u>73,670</u>
Deferred tax liabilities:			
Retained earnings of equity-method affiliated company	1,326	1,137	10,449
Special tax-purpose reserve for deferred gain on sale of property	633	629	5,781
Unrealized gains on investment securities	1,027	196	1,801
Other	104	1,067	9,806
Total deferred tax liabilities	<u>3,094</u>	<u>3,031</u>	<u>27,856</u>
Net deferred tax assets	<u>¥15,609</u>	<u>¥4,984</u>	<u>\$45,805</u>

Notes: 1. Valuation allowance increase by ¥ 22,934 million (US\$2495,448 thousands). The main reasons for this increase were an ¥ 11,647 million (US\$1267,310 thousands) increase in valuation reserves resulting from the change in categorization of companies in regard to the potential for recovery of deferred tax assets in light of the trend in performance in recent years, and increases in losses carried forward and impairment losses.

2. Net operating losses carried forward for tax purposes and correlating deferred tax assets by carry forward period.

FY2018 (consolidated fiscal year ended March 31, 2019)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*1	974	1,244	947	327	1,539	9,005	14,038
Valuation allowance	(932)	(1,213)	(947)	(227)	(839)	(6,585)	(10,744)
Deferred tax assets	42	31	-	99	700	2,419	* 2 3,293

\*1: Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.

\*2: For the net operating losses carried forward of ¥ 14,038 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥ 3,293 million have been recorded.

The net operating losses carried forward was determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

FY2019 (consolidated fiscal year ended March 31, 2020)

Millions of yen

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*1	1,150	936	273	1,280	567	15,522	19,731
Valuation allowance	(1,133)	(936)	(265)	(922)	(436)	(14,921)	(18,616)
Deferred tax assets	17	-	7	357	131	600	* 4 1,114

Thousands of U.S. dollars

	Within 1 year	More than 1 year, less than 2 years	More than 2 years, less than 3 years	More than 3 years, less than 4 years	More than 4 years, less than 5 years	More than 5 years	Total
Net operating losses carried forward*1	10,569	8,602	2,509	11,764	5,211	142,652	181,334
Valuation allowance	(10,413)	(8,602)	(2,435)	(8,473)	(4,007)	(137,129)	(171,087)
Deferred tax assets	156	-	64	3,281	1,204	5,514	* 4 10,238

\*3: Figures for net operating losses carried forward are the amounts multiplied by effective statutory tax rate.

\*4: For the net operating losses carried forward of ¥ 19,731 million (US\$181,334 thousands) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥ 1,114 million (US\$10,238 thousands) have been recorded.

The net operating losses carried forward are determined to be recoverable as future taxable income is anticipated, and therefore valuation allowance has not been recognized based on "Implementation Guidance on Recoverability of Deferred Tax Assets", ASBJ Guidance No. 26.

19. Contingent Liabilities

Guarantees Guarantees for loans borrowed / notes issued by:	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Employees	¥156	¥118	\$1,084
PT. Fujikura Indonesia	272	82	754
Fujikura Cabos Para Energia e Telecomunicações Ltda.	857	-	-
Unimac Ltd.	310	-	-
Other unconsolidated subsidiaries and affiliates	20	-	-
	¥1,617	¥201	\$1,847



20. Derivative Instruments

(a) Derivative instruments not accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2019

	Millions of yen			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
2019				
Sell				
USD	¥6,319	-	(¥58)	(¥58)
YEN	198	-	(2)	(2)
Others	154	-	0	0
Buy				
USD	49,637	-	512	512
YEN	723	-	0	0
Others	45	-	(2)	(2)
Total	¥57,078	-	¥449	¥449

Calculation method of fair value.

It is calculated based on the price etc. presented by the trading financial institution.

At March 31, 2020

	Millions of yen				Thousands of U.S. dollars			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
2020								
Sell								
USD	¥7,888	-	(¥264)	(¥264)	\$72,493	-	(\$2,426)	(\$2,426)
YEN	148	-	(2)	(2)	1,360	-	(18)	(18)
Others	85	-	0	0	781	-	0	0
Buy								
USD	33,770	-	261	261	310,358	-	2,399	2,399
YEN	198	-	2	2	1,820	-	18	18
Others	104	-	1	1	956	-	9	9
Total	¥42,195	-	(¥1)	(¥1)	\$387,786	-	(\$9)	(\$9)

Calculation method of fair price.

It is calculated based on the price etc. presented by the trading financial institution.

(2) Interest Rate Swaps

At March 31, 2019

N/A

At March 31, 2020

N/A

(3) Commodity Futures Contracts

At March 31, 2019

	Millions of yen			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
2019				
Sell	¥2,299	¥ -	(¥41)	(¥41)
Buy	8,668	973	455	455
Total	¥10,967	¥973	¥414	¥414

Calculation method of fair price.

It is calculated based on LME(London Metal Exchange) official price and current exchange rate.

At March 31, 2020

	Millions of yen				Thousands of U.S. dollars			
	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
2020								
Sell	¥2,191	¥ -	¥166	¥166	\$20,136	\$ -	\$1,526	\$1,526
Buy	8,086	1,079	(1,188)	(1,188)	74,313	9,916	(10,918)	(10,918)
Total	¥10,277	¥1,079	(¥1,021)	(¥1,021)	\$94,449	\$9,916	(\$9,383)	(\$9,383)

Calculation method of fair price.

It is calculated based on LME(London Metal Exchange) official price and current exchange rate.

(b) Derivative instruments accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2019

	Millions of yen		
	Notional amount	Notional amount to be settled in more than one year	Fair value
2019			
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)			
Accounts receivable, trade			
Sell			
USD	¥27,454	¥ -	(¥1) ¥ -
EUR	1,463	-	-
Accounted for by the method in the principle			
Accounts receivable, trade			
Sell			
USD	6,944	-	(18)
EUR	316	-	5
Accounts payable, trade			
Buy			
EUR	51	-	(5)
Total	¥36,229	¥ -	(¥18)

(\*1) Designated hedge accounting on forward exchange contracts etc. are treated as one with the accounts receivables to be hedged.

The fair value is included in the fair value of the trade receivables. (Reference : 4.Financial Instruments (b)Fair values of financial instruments )

(\*2) Calculation method of fair price ... It is calculated based on the price etc. presented by the trading financial institution.

At March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Notional amount	More than one year of Notional amount	Fair value	Notional amount	More than one year of Notional amount	Fair value
2020						
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)						
Accounts receivable, trade						
Sell						
USD	¥23,238	¥ -	(*1) ¥ -	\$213,565	\$ -	\$ -
EUR	602	-	-	5,533	-	-
GBP	566	-	-	5,202	-	-
Accounted for by the method in the principle						
Accounts receivable, trade						
Sell						
USD	8,201	-	13	75,370	-	119
EUR	929	-	4	8,538	-	37
GBP	257	-	5	2,362	-	46
Other	261	-	(7)	2,399	-	(64)
Accounts payable, trade						
Buy						
EUR	379	-	(4)	3,483	-	(37)
MXN	9,785	-	(1,142)	89,927	-	(10,495)
<b>Total</b>	<b>¥44,222</b>	<b>¥ -</b>	<b>(¥1,129)</b>	<b>\$406,415</b>	<b>\$ -</b>	<b>(\$10,376)</b>

(\*1) Designated hedge accounting on forward exchange contracts etc. are treated as one with the accounts receivables to be hedged.

The fair value is included in the fair value of the trade receivables. (Reference : 4.Financial Instruments (b)Fair values of financial instruments )

(\*2) Calculation method of fair price ... It is calculated based on the price etc. presented by the trading financial institution.

### (2) Interest Rate Swaps

At March 31, 2019	Millions of yen		
	Notional amount	More than one year of Notional amount	Fair value
2019			
Accounted for by the simplified method allowed under JGAAP			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥77,795	¥40,230	(*1) ¥ -
Accounted for by the method in the principle			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥29,015	¥28,434	(¥488)
<b>Total</b>	<b>¥106,810</b>	<b>¥68,664</b>	<b>(¥488)</b>

(\*1) The special treatment of interest rate swaps is treated as one with the long-term debt being hedged.

Therefore, the fair price is included in the fair value of the long-term debt. (Reference : 4.Financial Instruments (b)Fair values of financial instruments )

(\*2) Calculation method of fair price ... It is calculated based on the price etc. presented by the trading financial institution.

At March 31, 2020	Millions of yen			Thousands of U.S. dollars		
	Notional amount	More than one year of Notional amount	Fair value	Notional amount	More than one year of Notional amount	Fair value
2020						
Accounted for by the simplified method allowed under JGAAP						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥61,924	¥28,568	(*1) ¥ -	\$569,102	\$262,549	\$ -
Accounted for by the method in the principle						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥4,717	¥1,387	(¥54)	\$43,351	\$12,747	(\$496)
<b>Total</b>	<b>¥66,642</b>	<b>¥29,956</b>	<b>(¥54)</b>	<b>\$612,462</b>	<b>\$275,306</b>	<b>(\$496)</b>

(\*1) The special treatment of interest rate swaps is treated as one with the long-term debt being hedged.

Therefore, the fair price is included in the fair value of the long-term debt. (Reference : 4.Financial Instruments (b)Fair values of financial instruments )

(\*2) Calculation method of fair price ... It is calculated based on the price etc. presented by the trading financial institution.

### (3) Commodity Futures Contracts

At March 31, 2019	Millions of yen		
	Notional amount	More than one year of Notional amount	Fair value
2019			
Accounted for by the method in the principle			
Commodity Futures Contracts			
Raw materials			
Sell	¥2,051	¥ -	(¥18)
<b>Total</b>	<b>¥2,051</b>	<b>¥ -</b>	<b>(¥18)</b>

Calculation method of fair price.

It is calculated based on SHFE(Shanghai Futures Exchange) official price and current exchange rate.

At March 31, 2020 : N/A

21. Supplementary Information for the Consolidated Statements of Changes in Net Assets  
For the Year Ended March 31, 2019

(a) Type and number of outstanding shares

Type of shares	Year ended March 31, 2019			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Common stock (*1)(*2)(*3)	10,612	1	63	10,550
Total	10,612	1	63	10,550

(\*1) The 1 thousand share increase in common shares of treasury stock is mainly attributable to the acquisition of odd-lot shares.

(\*2) The 63 thousand share decrease in common shares of treasury stock reflects the delivery of shares to the Company's directors from the trust account for the stock-based compensation plan.

(\*3) The number of common shares of treasury stock at the end of the fiscal year under review are included in the 992 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends

(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 28, 2018	Annual general meeting of shareholders	Common stock	¥2,004	¥7.0	March 31, 2018	June 29, 2018
October 31, 2018	Board of directors	Common stock	¥2,004	¥7.0	September 30, 2018	December 4, 2018

Note: The total dividend payout approved by the Annual general meeting of shareholders at the June 28, 2018 includes 7 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

The total dividend payout approved by the Board of directors meeting at the October 31, 2018 includes 6 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Paid from	Amount per share (Yen)	Shareholders' cut-off date	Effective date
June 27, 2019	Annual general meeting of shareholders	Common	¥1,432	Retained earnings	¥5.0	March 31, 2019	June 28, 2019

Note: The total dividend payout approved by Annual general meeting of shareholders at the June 27, 2019 includes 4 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

For the Year Ended March 31, 2020

(a) Type and number of outstanding shares

Type of shares	Year ended March 31, 2020			
	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Common stock (*1)(*2)(*3)	10,550	10,001	40	20,512
Total	10,550	10,001	40	20,512

(\*1) The 10,001 thousand share increase in common shares of treasury stock is mainly attributable to the acquisition of odd-lot shares.

(\*2) The 40 thousand share decrease in common shares of treasury stock reflects the delivery of shares to the Company's directors from the trust account for the stock-based compensation plan.

(\*3) The number of common shares of treasury stock at the end of the fiscal year under review are included in the 952 thousand shares of Fujikura stock held in the trust account for the stock-based compensation plan for directors.

(b) Dividends

(1) Dividends paid to shareholders:

Date of approval	Resolution approved by	Type of shares	Amount (Millions of yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
June 27, 2019	Annual general meeting of shareholders	Common stock	¥1,432	\$13,161	¥5.0	\$0.05	March 31, 2019	June 28, 2019
October 31, 2019	Board of directors	Common stock	¥1,432	\$13,161	¥5.0	\$0.05	September 30, 2019	December 3, 2019

Note: The total dividend payout approved by the Annual general meeting of shareholders at the June 27, 2019 includes 4 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

The total dividend payout approved by the Board of directors meeting at the October 31, 2019 includes 4 million yen in dividends for the shares in the trust account for the stock-based compensation plan for directors.

(2) Dividends with a shareholders' cut-off date during the current fiscal year but an effective date subsequent to the current fiscal year-end: N/A

22. Investment and Rental Property

The Companies own office buildings including land for rent in Tokyo and other districts. Profits generated from these investments and rental properties were ¥5,015 million and ¥5,377 million (US\$49,416 thousand) for the fiscal years ended March 31, 2019 and 2020, respectively. The majority of rental revenues were recorded in Net sales and majority of rental costs were recorded in Cost of sales in the Consolidated Statements of Income. Book value, increase and decrease during the year and fair value of the investment and rental property at March 31, 2019 and 2020 are as follows:

For the Year Ended March 31, 2019

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥44,569	(¥1,113)	¥43,456	¥113,929

(\*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.

(\*2) The primary decrease in property during the year is the depreciation of office buildings for rent in the amount of ¥1,939 million.

(\*3) Fair value at end of year was primarily based on "Real Estate Appraisal Standards".

For the Year Ended March 31, 2020

Millions of yen			
Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
¥43,456	(¥218)	¥43,238	¥113,899

Thousands of U.S. dollars

Amounts in the Consolidated Balance Sheets (*1)			
Balance at beginning of the year	Increase and decrease in property during the year (*2)	Balance at end of the year	Fair value at end of the year (*3)
\$399,375	(\$2,003)	\$397,372	\$1,046,770

(\*1) Amounts in the Consolidated Balance Sheets are computed based on acquisition costs after deducting accumulated depreciation and impairment charges.

(\*2) The primary decrease in property during the year is the depreciation of office buildings for rent in the amount of ¥1,842 million (US\$16,929 thousand).

(\*3) Fair value at end of the year is primarily estimated by the Company based on "Real Estate Appraisal Standards".

23. Segment Information  
(Segment Information)

(a) Summary of reporting segments

The Group's reporting segments are components of the Group for which separate financial statements are available that are regularly monitored by the management in deciding how to allocate resources and in assessing performance.

The Group classifies its businesses into 4 segments, which are "Power & Telecommunication Systems Company", "Electronics Business Division", "Automotive Products Business Division", "Real Estate Business Company", considering similarities in production methods, production process, applications and sales methods.

From fiscal year ended March 31, 2020, the previous Automotive Electronics Business Subcompany was integrated with the old Electronics Business Subcompany to become Electronic Products & Connector Company.

The reportable segments were also reorganized into the Power & Telecommunication Systems Company, the Electronic Products & Connector Company (Electronics Business Division and Automotive Products Business Division), and the Real Estate Business Company to create a management structure to manage businesses more efficiently. However, the net sales and operating income (loss) for each reportable segment in the previous fiscal year has not changed.

Definitions of the four segments for the years ended March 31, 2019 and 2020 are as follows:

The Power & Telecommunication Systems Company deals with Power cables, Telecommunication cables, Aluminum wires, Enameled wires, Optical fibers, Optical fiber cables, Telecommunication components, Optical components, Fiber optic equipment, Network equipment, Installation, etc.

The Electronics Business Division deals with Flexible printed circuits, Electronic wiring, HDD components, Various kinds of connectors, etc.

The Automotive Products Business Division deals with Automotive wire harnesses, Accessories & Installation, etc.

The Real Estate Business Company deals with Real estate rental, etc.

(b) Basis of calculation for sales, profits or losses, assets, liabilities and other items by reporting segments

Accounting policy and method used for segment information by reporting segments are identical to those as described in "2. Summary of Significant Accounting Policies" above.

Profits by reporting segment are based on operating income as stated in the Consolidated Statements of Income.

(c) Information on sales, profit or loss, assets, liabilities, and other items by reporting segment

For the year ended March 31, 2019

Reporting segments	Millions of yen							
	Power & Telecommunication Systems Company	Electronic Products & Connector Company		Real Estate Business Company	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
		Electronics Business Division	Automotive Products Business Division					
Sales to outside customers	¥354,856	¥185,065	¥154,141	¥10,883	¥5,831	¥710,778	¥ -	¥710,778
Inter-segment sales	542	253	41	-	10	848	(848)	-
Total sales	355,398	185,319	154,182	10,883	5,842	711,626	(848)	710,778
Segment profit (loss)	17,775	8,319	(3,208)	5,021	(229)	27,679	-	27,679
Segment total assets	269,584	158,397	96,164	42,780	5,215	572,143	66,175	638,318
Depreciation and amortization	9,885	12,000	4,914	2,095	298	29,193	2,404	31,598
Impairment losses	608	429	746	-	-	1,784	-	1,784
Increase in property, plant and equipment and intangible assets	¥21,081	¥24,983	¥4,760	¥1,397	¥278	¥52,501	¥3,283	¥55,785

Notes:

(\*1) "Other" includes new businesses to launch which are excluded from the aforementioned 4 segments.

(\*2) Adjustment of ¥66,175 million in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥98,627 million and elimination of inter-segment transactions in the amount of ¥(32,451) million.

Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.

(\*3) Adjustment of ¥2,404 million of "Depreciation and amortization" represents depreciation and amortization associated with common assets not allocated to each reporting segment.

(\*4) Adjustment of ¥3,283 million of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

For the year ended March 31, 2020

Reporting segments	Millions of yen							
	Power & Telecommunication Systems Company	Electronic Products & Connector Company		Real Estate Business Company	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
		Electronics Business Division	Automotive Products Business Division					
Sales to outside customers	¥327,810	¥175,146	¥152,495	¥11,284	¥5,577	¥672,314	¥ -	¥672,314
Inter-segment sales	533	159	0	-	35	728	(728)	-
Total sales	328,343	175,305	152,496	11,284	5,613	673,042	(728)	672,314
Segment profit (loss)	4,557	(2,293)	(3,787)	5,383	(513)	3,346	-	3,346
Segment total assets	247,422	147,818	72,282	42,063	4,721	514,308	61,781	576,089
Depreciation and amortization	11,408	13,333	6,053	2,002	299	33,097	2,611	35,709
Impairment losses	10,600	647	5,950	-	16	17,214	-	17,214
Increase in property, plant and equipment and intangible assets	¥10,518	¥11,421	¥2,799	¥1,382	¥416	¥26,537	¥3,603	¥30,141

Thousands of U.S. dollars

Reporting segments	Power & Telecommunication Systems Company	Electronics Business Company	Automotive Products Company	Real Estate Business Company	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
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Reporting segments	Thousands of U.S. dollars							
	Power & Telecommunication Systems Company	Electronic Products & Connector Company		Real Estate Business Company	Other (*1)	Total	Adjustment (* 2,3,4)	Consolidated total
		Electronics Business Division	Automotive Products Business Division					
Sales to outside customers	\$3,012,683	\$1,609,650	\$1,401,480	\$103,704	\$51,254	\$6,178,789	\$ -	\$6,178,789
Inter-segment sales	4,898	1,461	0	-	322	6,691	(6,691)	-
Total sales	3,017,581	1,611,111	1,401,489	103,704	51,585	6,185,479	(6,691)	6,178,789
Segment profit (loss)	41,880	(21,073)	(34,804)	49,472	(4,715)	30,751	-	30,751
Segment total assets	2,273,890	1,358,496	664,296	386,573	43,388	4,726,661	567,788	5,294,449
Depreciation and amortization	104,843	122,535	55,629	18,399	2,748	304,172	23,996	328,178
Impairment losses	97,418	5,946	54,682	-	147	158,202	-	158,202
Increase in property, plant and equipment and intangible assets	\$96,664	\$104,963	\$25,724	\$12,701	\$3,823	\$243,884	\$33,113	\$277,006

Notes:

(\*1) "Other" includes new businesses to launch which are excluded from the aforementioned 4 segments.

(\*2) Adjustment of ¥61,781 million (US\$567,788 thousand) in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥93,600 million (US\$860,215 thousand) and elimination of inter-segment transactions in the amount of ¥(31,819) million (US\$(292,427) thousand).

Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.

(\*3) Adjustment of ¥2,611 million (US\$23,996 thousand) of "Depreciation and amortization" represents depreciation and amortization associated with common assets not allocated to each reporting segment.

(\*4) Adjustment of ¥3,603 million (US\$33,113 thousand) of "Increase in property, plant and equipment and intangible assets" represents an increase in common assets not allocated to each reporting segment.

(Related information)

(a) Geographical segment information

Sales

2019	Millions of yen				Total
	Japan	U.S.	China	Others	
Sales to external customers	¥249,483	¥130,884	¥97,525	¥232,884	¥710,778

Property, plant and equipment

2019	Millions of yen				Total
	Japan	Thailand	China	Others	
Property, plant and equipment	¥115,970	¥64,111	¥25,690	¥26,053	¥231,825

Sales

2020	Millions of yen				Total
	Japan	U.S.	China	Others	
Sales to external customers	¥239,059	¥139,049	¥104,439	¥189,765	¥672,314

Thousands of U.S. dollars				
Japan	U.S.	China	Others	Total
\$2,197,032	\$1,277,906	\$959,829	\$1,744,003	\$6,178,789

Property, plant and equipment

2020	Millions of yen				Total
	Japan	Thailand	China	Others	
Property, plant and equipment	¥104,850	¥59,591	¥21,949	¥24,175	¥210,567

Thousands of U.S. dollars				
Japan	Thailand	China	Others	Total
\$963,606	\$547,661	\$201,719	\$222,176	\$1,935,181

(b) Major customer information

This information has been omitted as there were no customers to whom the Group individually recorded external sales representing 10% or more of consolidated net sales for the years ended March 31, 2019 and 2020.

(c) Goodwill information

For the year ended March 31, 2019

	Millions of yen				Total
	Power & Telecommunication Systems Company	Electronic Products & Connector Company		Real Estate Business Company	
		Electronics Business Division	Automotive Products Business Division		
Reporting segments					
Amortization	¥1,894	¥-	¥-	¥-	¥1,894
Unamortized goodwill	2,671	-	-	-	2,671

For the year ended March 31, 2020

	Millions of yen				Total
	Power & Telecommunication Systems Company	Electronic Products & Connector Company		Real Estate Business Company	
		Electronics Business Division	Automotive Products Business Division		
Reporting segments					
Amortization	¥2,060	¥-	¥-	¥-	¥2,060
Unamortized goodwill	7,064	-	-	-	7,064

Thousands of U.S. dollars

	Thousands of U.S. dollars				Total
	Power & Telecommunication Systems Company	Electronic Products & Connector Company		Real Estate Business Company	
		Electronics Business Division	Automotive Products Business Division		
Reporting segments					
Amortization	\$18,932	\$-	\$-	\$-	\$18,932
Unamortized goodwill	64,921	-	-	-	64,921

24. Related Parties

(Related party transactions)

The tables below summarize the related party transactions with unconsolidated subsidiaries and affiliated companies accounted for using the equity method for the year ended March 31:

2019

(Millions of yen)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (* 5)	Financial statement line-item	The fiscal year-end balance (* 5)
Unconsolidated subsidiaries	ProCable Energia e Telecomunicações S.A.	Brazil	R\$190,453 thousand	Power & Telecommunication Systems Company	Directly owned (100.0%)	Capital transaction	Underwriting of capital increase (*4)	¥4,068 million	-	-
Unconsolidated subsidiaries	Fujikura Cabos Para Energia e Telecomunicações Ltda.	Brazil	R\$92,000 thousand	Power & Telecommunication Systems Company	Directly owned (100.0%)	Guarantees	Guarantees (*1)	¥3,790 million (* 2)	-	-
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10 million	Power & Telecommunication Systems Company	Directly owned (50.0%)	Financial assistance	Loan (*3)	¥600 million	Long-term loans receivable	¥6,446 million

2020

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (Note 5)	Financial statement line-item	The fiscal year-end balance (Note 5)
Unconsolidated subsidiaries	ProCable Energia e Telecomunicações S.A.	Brazil	R\$378,953 thousand	Power & Telecommunication Systems Company	Directly owned (100.0%)	Capital transaction	Underwriting of capital increase (*4)	¥5,083 million	-	-
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10 million	Power & Telecommunication Systems Company	Directly owned (50.0%)	Financial assistance	Loan (*3)	¥550 million	Long-term loans receivable	¥6,796 million

2020

(Thousands of U.S. dollars)

Relationship	Name of company	Location	Paid-in-Capital	Description of business	Share of voting rights (%)	Transactions with related parties	Description of transaction	Amount of transactions (Note 5)	Financial statement line-item	The fiscal year-end balance (Note 5)
Unconsolidated subsidiaries	ProCable Energia e Telecomunicações S.A.	Brazil	72,963	Power & Telecommunication Systems Company	Directly owned (100.0%)	Capital transaction	Underwriting of capital increase (*4)	46,714	-	-
Affiliated companies	VISCAS Corporation	Ota, Tokyo	92	Power & Telecommunication Systems Company	Directly owned (50.0%)	Financial assistance	Loan (*3)	5,055	Long-term loans receivable	62,457

Terms and conditions of the above transactions and the policy to determine the terms and conditions:

(Notes) 1. The Company provided guarantees for borrowings from banks.

2. Taking into consideration the year-end balance for debt guarantees, ¥2,932 million was recorded to the reserve for Provision for loss on guarantees.

3. Interest rates are determined by taking market rates into account.

4. The underwriting of a capital increase was for a subsidiary that increased its capital.

5. Consumption taxes are not included in the amount of transactions but are included in the fiscal year-end balance.

## 25. Per Share Information

	Yen		U.S. dollars
	2019	2020	2020
<b>Per share:</b>			
Net income (loss) per share- basic	¥5.09	(¥136.58)	(\$1.255)
Net income per share- fully diluted (*1)	-	-	-
Cash dividends	12.00	5.00	0.046
Net assets per share	¥759.40	¥552.30	\$5.076

(\*1) As the Company does not have any instruments that have dilutive effect, the Company has not disclosed net income (loss) per share-fully diluted data.

### Note:

In calculating "Net assets per share", the Company's shares held by the trust account related to the share delivery trust established for the share-based payment system for directors etc. are included in treasury stock deducted from the total number of issued shares at the end of the fiscal year "992" thousand shares at the end of the previous consolidated fiscal year, 952 thousand shares at the end of the current consolidated fiscal year).

Also, in calculating "Net income (loss) per share", they are included in treasury stock deducted from the average number of shares during the term "1,019" thousand shares in the previous consolidated fiscal year, 964 thousand shares in the current consolidated fiscal year).

Basis for computation of per share data:	Millions of yen		Thousands of U.S. dollars
	2019	2020	2020
Profit (loss) attributable to owners of parent	¥1,453	(¥38,510)	(\$353,920)
Profit (loss) attributable to common shareholders	¥1,453	(¥38,510)	(\$353,920)

Number of weighted average shares	Thousands of shares	
	2019	2020
	285,286	281,953

## 26. Subsequent Events

The cause of the fire that occurred at Fujikura Automotive Morocco Tangier, S.A.S., a consolidated subsidiary of the Company located in the Kingdom of Morocco in May 2020 is being investigated by the local authorities.

In the fiscal year ended March 31, 2021, the Company recorded an extraordinary loss of ¥ 714 million for the loss of assets and idle costs associated with the shutdown. The loss of assets destroyed by fire and etc. is included in the scope of insurance coverage. Insurance proceeds will be recorded when the amount is determined.





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Fujikura Ltd.:

### Opinion

We have audited the consolidated financial statements of Fujikura Ltd. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Convenience translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

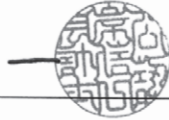


**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Shinichi Kishi  
Designated Engagement Partner  
Certified Public Accountant

五 代 英 介



Hideki Godai  
Designated Engagement Partner  
Certified Public Accountant

August 17, 2020



Fujikura Ltd.

5-1, Kiba 1-chome, Koto-ku, Tokyo 135-8512, Japan

