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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
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020
For the Year:						
Net sales	¥653,795	¥740,052	¥710,778	¥672,314	¥643,736	$5,814,615
Operating income	34,230	34,343	27,679	3,346	24,422	220,594
Profit (loss) attributable to owners of parent	12,900	18,359	1,453	(38,510)	(5,369)	(48,496)
Capital expenditures	45,623	42,588	55,785	30,141	17,736	160,202
R&D expenditures	15,614	16,291	17,466	17,297	16,496	149,002
At Year-end:						
Total assets	588,626	638,055	638,318	576,090	569,124	5,140,674
Total net assets	224,546	241,961	240,910	172,115	184,483	1,666,363
Number of employees	56,961	58,422	57,228	55,936	53,717	

						U.S. dollars
Per share data:						
Net income (loss) - basic	¥44.61	¥64.36	¥5.09	(¥136.58)	(¥19.50)	($0.18)
Net income (loss) - fully diluted (*1)	–	–	–	–	–	–
Cash dividends	10.00	14.00	12.00	5.00	0.00	0.00

(*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.
(*2) Previously, the Companies used to round down fractions to the nearest million yen, but starting with the 173rd Annual Securities Report, fractions are rounded to the nearest million yen. For ease of comparison, the figures for the 172nd term have also been rounded to the nearest million yen.

Note: All dollar figures herein refer to U.S. currency, which has been translated from yen amounts, for convenience only, at the rate of ¥110.71=US$1.00, the rate of exchange on March 31, 2021.

Consolidated Balance Sheets

Fujikura Ltd. and its Consolidated Subsidiaries
At March 31, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 7)
Assets	2020	2021	2021
Current assets:			
Cash and deposits	¥44,662	¥74,740	$675,097
Notes and accounts receivable, trade	128,946	123,347	1,114,145
Finished goods (Note 15)	37,435	36,788	332,292
Goods in process (Note 15)	30,118	27,789	251,007
Raw materials and supplies (Note 15)	36,137	35,889	324,171
Other	23,414	19,706	177,997
Allowance for doubtful accounts	(926)	(885)	(7,994)
Total current assets	299,785	317,374	2,866,715
Non-current assets:			
Property, plant and equipment			
Buildings and structures, net	88,401	85,193	769,515
Machinery, equipment and vehicles, net	80,900	61,342	554,078
Land (Note 10)	15,163	15,125	136,618
Leased assets, net	5,129	5,368	48,487
Construction in progress	10,397	7,678	69,352
Other, net	10,576	9,287	83,886
Total property, plant and equipment	210,567	183,994	1,661,946
Intangible assets			
Goodwill	7,064	6,257	56,517
Other	8,680	8,074	72,929
Total intangible assets	15,745	14,331	129,446
Investments and other assets			
Investment securities (Note 9)	28,180	27,676	249,986
Net defined benefit asset (Note 14)	1,605	2,635	23,801
Deferred tax assets (Note 24)	5,973	7,253	65,514
Other (Note 9)	14,463	16,084	145,280
Allowance for doubtful accounts	(208)	(203)	(1,834)
Allowance for investment loss	(20)	(20)	(181)
Total investments and other assets	49,993	53,425	482,567
Total non-current assets	276,305	251,750	2,273,959
Total assets	¥576,090	¥569,124	$5,140,674

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

Liabilities	Millions of yen 2020	2021	Thousands of U.S. dollars (Note 7) 2021
Current liabilities:			
Notes and accounts payable, trade	¥65,774	¥68,512	$618,842
Short-term borrowings (Note 10)	138,699	77,801	702,746
Commercial paper	-	15,000	135,489
Current portion of bonds payable (Note 10)	-	10,000	90,326
Income taxes payable (Note 24)	2,336	2,474	22,347
Provision for loss on business of subsidiaries and associates	1,346	1,264	11,417
Other provision	1,345	2,123	19,176
Other (Notes 10 and 11)	43,495	39,142	353,554
Total current liabilities	252,996	216,316	1,953,898
Non-current liabilities:			
Bonds (Note 10)	40,000	30,000	270,978
Long-term borrowings (Note 10)	81,972	109,128	985,710
Other provision	562	469	4,236
Net defined benefit liability (Note 14)	11,209	10,992	99,286
Other (Notes 10 and 11)	17,237	17,735	160,193
Total non-current liabilities	150,979	168,324	1,520,405
Total liabilities	403,975	384,640	3,474,302

Contingent liabilities (Note 25)

Net assets	Millions of yen 2020	2021	Thousands of U.S. dollars (Note 7) 2021
Shareholders' equity:			
Common stock	53,076	53,076	479,415
Capital surplus	27,903	27,740	250,565
Retained earnings	89,882	87,514	790,480
Treasury shares	(10,915)	(10,864)	(98,130)
Total shareholders' equity (Note 27)	159,945	157,466	1,422,329
Accumulated other comprehensive income (loss):			
Valuation difference on available-for-sale securities	989	1,185	10,704
Deferred gains (losses) on hedges	(848)	(917)	(8,283)
Foreign currency translation adjustments	(1,737)	8,347	75,395
Remeasurements of defined benefit plans	(6,274)	(3,253)	(29,383)
Total accumulated other comprehensive income	(7,870)	5,363	48,442
Non-controlling interests	20,040	21,654	195,592
Total net assets	172,115	184,483	1,666,363
Total liabilities and net assets	¥576,090	¥569,124	$5,140,674

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2020	2021	2021
Net sales	¥672,314	¥643,736	$5,814,615
Cost of sales (Notes 13, 14 and 15)	572,797	534,633	4,829,130
Gross profit	99,517	109,103	985,485
Selling, general and administrative expenses (Notes 12, 13 and 14):			
Packing and transportation expenses	18,813	19,159	173,056
Personnel expenses	39,723	37,357	337,431
Other	37,635	28,165	254,403
Total selling, general and administrative expenses	96,171	84,681	764,890
Operating income	3,346	24,422	220,594
Non-operating income:			
Interest income	467	288	2,601
Dividend income	1,051	765	6,910
Foreign exchange gains	1,499	317	2,863
Share of profit of entities accounted for using equity method	1,116	430	3,884
Subsidies for employment adjustment	-	1,044	9,430
Reversal of provision for loss due to inappropriate cases in quality control	844	-	-
Other	1,990	1,842	16,638
Total non-operating income	6,966	4,687	42,336
Non-operating expenses:			
Interest expense	3,559	2,558	23,105
Financing expense	787	2,713	24,505
Product repair costs due to customers' claims	1,162	1,950	17,614
Loss on retirement of non-current assets	1,407	689	6,223
Other	2,085	2,818	25,454
Total non-operating expenses	9,000	10,729	96,911
Ordinary income	1,312	18,380	166,019
Extraordinary gains:			
Gain on sale of non-current assets (Note 16)	-	4,294	38,786
Gain on sale of investment securities	3,257	1,545	13,955
Gain on valuation of investment securities	3,567	-	-
Insurance claim income	-	773	6,982
Reversal of provision for loss on guarantees	2,823	2	18
Other	7	151	1,364
Total extraordinary gains	9,654	6,765	61,106
Extraordinary losses:			
Impairment losses (Note 17)	17,214	16,831	152,028
Business structure improvement expenses (Note 18)	3,846	3,607	32,581
Novel infectious disease related losses(Note 19)	-	2,003	18,092
Loss on fire (Note 20)	-	1,188	10,731
Loss on valuation of investments in capital of subsidiaries and associates	5,250	-	-
Provision for loss on business of subsidiaries and associates	1,674	-	-
Provision of debt related to retirement benefit	818	-	-
Other	1,929	342	3,089
Total extraordinary losses	30,731	23,970	216,512
Income before income taxes	(19,764)	1,174	10,604
Income taxes (Note 24):			
Current	6,538	6,184	55,858
Deferred	10,767	(876)	(7,913)
Total income taxes	17,305	5,308	47,945
Profit (Loss)	(37,069)	(4,134)	(37,341)
Profit (Loss) attributable to non-controlling interests	1,441	1,236	11,164
Profit (Loss) attributable to owners of parent	(¥38,510)	(¥5,369)	($48,496)

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2020	2021	2021
Profit (Loss)	(¥37,069)	(¥4,134)	($37,341)
Other comprehensive income			
Valuation difference on available-for-sale securities	(3,721)	113	1,021
Deferred gains (losses) on hedges	(538)	(69)	(623)
Foreign currency translation adjustments	(10,724)	10,816	97,697
Remeasurements of defined benefit plans, net of taxes	(2,783)	3,302	29,826
Share of other comprehensive income of entities accounted for using equity method	(116)	(81)	(732)
Other comprehensive income (Note 21)	(17,881)	14,082	127,197
Comprehensive income	(54,950)	9,948	89,856
(Breakdown)			
Comprehensive income attributable to owners of parent	(55,546)	7,863	71,023
Comprehensive income attributable to non-controlling interests	¥595	¥2,085	$18,833

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, 2020 and 2021

		Millions of yen				
		Shareholders' equity				
	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at March 31, 2019	295,863,421	¥53,076	¥29,571	¥131,256	(¥6,327)	¥207,576
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)	(4,588)	(47,630)
Balance at March 31, 2020	295,863,421	¥53,076	¥27,903	¥89,882	(¥10,915)	¥159,945
Profit (Loss) attributable to owners of parent		-	-	(5,369)	-	(5,369)
Purchase of treasury shares		-	-	-	(1)	(1)
Disposal of treasury shares		-	(0)	-	52	52
Change in ownership interest of parent due to transactions with non-controlling interests		-	(163)	-	-	(163)
Change of scope of consolidation		-	-	3,002	-	3,002
Net changes of items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(163)	(2,368)	51	(2,479)
Balance at March 31, 2021	295,863,421	53,076	27,740	87,514	(10,864)	157,466

	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
Balance at March 31, 2019	¥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	(3,764)	(503)	(9,979)	(2,713)	(16,959)	(4,206)	(21,165)
Total changes of items during period	(3,764)	(503)	(9,979)	(2,713)	(16,959)	(4,206)	(68,795)
Balance at March 31, 2020	¥989	(¥848)	(¥1,737)	(¥6,274)	(¥7,870)	¥20,040	¥172,115
Profit (Loss) attributable to owners of parent	-	-	-	-	-	-	(5,369)
Purchase of treasury shares	-	-	-	-	-	-	(1)
Disposal of treasury shares	-	-	-	-	-	-	52
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(163)
Change of scope of consolidation							3,002
Net changes of items other than shareholders' equity	195	(69)	10,085	3,021	13,232	1,615	14,847
Total changes of items during period	195	(69)	10,085	3,021	13,232	1,615	12,368
Balance at March 31, 2021	¥1,185	(¥917)	¥8,347	(¥3,253)	¥5,363	¥21,654	¥184,483

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

	Number of shares issued	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
		Thousands of U.S. dollars (Note 7)				
		Shareholders' equity				
Balance at March 31, 2020	295,863,421	$479,415	$252,037	$811,869	($98,591)	$1,444,720
Profit (Loss) attributable to owners of parent		-	-	(48,496)	-	(48,496)
Purchase of treasury shares		-	-	-	(9)	(9)
Disposal of treasury shares		-	(0)	-	470	470
Change in ownership interest of parent due to transactions with non-controlling interests		-	(1,472)	-	-	(1,472)
Change of scope of consolidation		-	-	27,116	-	27,116
Net changes of items other than shareholders' equity		-	-	-	-	-
Total changes of items during period		-	(1,472)	(21,389)	461	(22,392)
Balance at March 31, 2021	295,863,421	$479,415	$250,565	$790,480	$(98,130)	$1,422,329

	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
	Thousands of U.S. dollars (Note 7)						
	Accumulated other comprehensive income						
Balance at March 31, 2020	$8,933	($7,660)	($15,690)	($56,671)	($71,087)	$181,013	$1,554,647
Profit (Loss) attributable to owners of parent	-	-	-	-	-	-	(48,496)
Purchase of treasury shares	-	-	-	-	-	-	(9)
Disposal of treasury shares	-	-	-	-	-	-	470
Change in ownership interest of parent due to transactions with non-controlling interests	-	-	-	-	-	-	(1,472)
Change of scope of consolidation							27,116
Net changes of items other than shareholders' equity	1,761	(623)	91,094	27,288	119,519	14,588	134,107
Total changes of items during period	1,761	(623)	91,094	27,288	119,519	14,588	111,715
Balance at March 31, 2021	$10,704	($8,283)	$75,395	($29,383)	$48,442	$195,592	$1,666,363

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, 2020 and 2021

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2020	2021	2021
Cash flows from operating activities:			
Profit (loss) before income taxes	(¥19,764)	¥1,174	$10,604
Depreciation and amortization	35,709	33,600	303,496
Impairment losses	17,214	16,831	152,028
Amortization of goodwill	2,060	1,589	14,353
Increase (decrease) in provision for loss due to inappropriate cases in quality control	(1,222)	(181)	(1,635)
Increase (decrease) in provision for loss on guarantees	(2,999)	(15)	(135)
Increase (decrease) in provision for loss on business of subsidiaries and associates	1,346	(82)	(741)
Interest and dividend income	(1,518)	(1,053)	(9,511)
Interest expenses	3,559	2,558	23,105
Foreign exchange losses (gains)	(245)	(509)	(4,598)
Share of (profit) loss of entities accounted for using equity method	(1,116)	(430)	(3,884)
Subsidies for employment adjustment	-	(28)	(253)
Loss (gain) on sale and retirement of property, plant and equipment and intangible assets	-	(4,294)	(38,786)
Loss (gain) on sale of investment securities	(3,252)	(1,542)	(13,928)
Insurance claim income	-	(125)	(1,129)
Loss (gain) on valuation of investment securities	(3,243)	118	1,066
Loss on valuation of investments in capital of subsidiaries and associates	5,250	-	-
Novel infectious disease related losses	-	393	3,550
Business structure improvement expenses	2,182	918	8,292
Loss on fire	-	1,076	9,719
Decrease (increase) in notes and accounts receivable, trade	2,589	9,693	87,553
Decrease (increase) in inventories	9,933	6,595	59,570
Increase (decrease) in notes and accounts payable, trade	5,049	(380)	(3,432)
Other, net	4,589	723	6,531
Sub-total	56,124	66,629	601,834
Interest and dividend income received	3,322	2,471	22,320
Interest paid	(3,722)	(2,650)	(23,936)
Income taxes (paid) refund	(9,308)	(3,863)	(34,893)
Net cash provided by (used in) operating activities	46,416	62,587	565,324
Cash flows from investing activities:			
Payments for purchase of property, plant and equipment and other assets	(32,604)	(18,649)	(168,449)
Proceeds from sales of property, plant and equipment and other assets	306	7,703	69,578
Proceeds from sales of investment securities	5,923	5,938	53,636
Payments for purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,739)	-	-
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	1,195	164	1,481
Payments for investments in capital of subsidiaries and associates	(5,084)	-	-
Other, net	(4,435)	(2,304)	(20,811)
Net cash provided by (used in) investing activities	(39,438)	(7,149)	(64,574)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(441)	(23,620)	(213,350)
Net increase (decrease) in commercial papers	-	15,000	135,489
Proceeds from long-term borrowings	51,747	46,528	420,269
Repayments of long-term borrowings	(57,086)	(62,117)	(561,078)
Repayments of lease obligations	(1,923)	(1,837)	(16,593)
Proceeds from issuance of bonds	19,902	-	-
Cash dividends paid	(2,864)	-	-
Purchase of treasury shares	(4,627)	(1)	(9)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,149)	-	-
Other, net	(833)	(486)	(4,390)
Net cash provided by (used in) financing activities	1,724	(26,532)	(239,653)
Effect of exchange rate change on cash and cash equivalents	(978)	1,297	11,715
Net increase (decrease) in cash and cash equivalents	7,724	30,203	272,812
Cash and cash equivalents at beginning of period	36,237	43,961	397,082
Cash and cash equivalents at end of period (Note 22)	¥43,961	¥74,164	$669,894

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, 2020 and 2021

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 (101 subsidiaries at March 31, 2020 and 2021). 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, 2020 and 2021) 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 and interest rate swap agreements. The companies utilize these hedging instruments to hedge risks of future changes in foreign exchange rates and interest rates 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.

(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) Change in number rounding

Fujikura previously disregarded amounts of less than ¥ one million. We switched to rounding to the nearest number from the Annual Securities Report for the 173rd Period onward.
The notation in the previous consolidated fiscal year of disregarding amounts less than ¥ one million has also been revised and rounded to the nearest number to facilitate comparison.

3. Significant Accounting Estimates

Information on significant accounting estimates recognized in the consolidated financial statements is as follows.

・Impairment losses on fixed assets in the FPC business

The FPC business is the major business of the Electronics Business Division, and this business is the smallest identifiable unit that generates cash flows that are largely independent of the cash flows from other units.
As the profitability of the FPC business in the Electronics Business Division is expected to decline due to the deterioration of the business environment and the product composition, the Company performed an impairment assessment and recorded a loss of ¥15,283 million, which is the difference between the calculated value-in-use of ¥34,056 million and the book value of for the fixed assets ¥49,339 million before the impairment losses attributable to this business.
The future plan incorporated into the impairment assessment was prepared using the most likely scenario, and using the foreign exchange rate prevailing at the time of the measurement of the impairment losses, sales projections to major customers, and cost reductions that will be achieved due to the consolidation and elimination of business locations, but the value in use may change in the future due to changes in the market environment and other factors.
In calculating the value in use, the estimated period of future cash flows is the estimated useful life of machinery and equipment at Fujikura Electronics (Thailand) Ltd., which is the main manufacturing base, and the value in use is discounted to the present value using a pre-tax weighted average cost of capital of 8.88%.

・Impairment losses on fixed assets of optical fiber business in China

The optical fiber business in China is considered a separate cash-generating unit and its results included within the Power &Telecommunication Systems Company.
The Company identified an indicator of potential impairment of the China optical fiber business based on the decline in selling price of optical base materials sold by Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd. (hereinafter referred to as "FFOE") had been declining due to the fall in optical fiber market prices in China.
The result of the impairment assessment concluded that no impairment loss was required to be recorded, and that the value-in-use of the business exceeded its book value of ¥14,413 million.
The impairment assessment is a value-in-use calculation using the future plans of the China optical fiber business, and based on the assumption that the selling price of optical base materials will fluctuate in line with the movement in selling prices as forecast by market research companies." The estimated future cash flows are discounted to present value using a pre-tax weighted average cost of capital of 12.0%, based on the remaining amortization period of major fixed assets.
These key assumptions are subject to uncertainty and if, for example, the selling price of optical base materials sold by FFOE does not increase in line with management's estimate, this may reduce the value in use of the China optical fiber business, and accordingly may be required to be reassessed for impairment in the future.

・Loss on valuation of inventories in the FPC business

Inventories of the Fujikura Group are stated at cost. However if the net selling price at the end of the fiscal year is lower than the acquisition cost, the net selling price is used as the balance sheet amount, and the difference between the net selling price and the acquisition cost is included in the cost of sales. In addition, Fujikura Electronics (Thailand) Ltd., a consolidated subsidiary of the Company, considers inventories that have been held for more than six months to be out of the operating cycle, and calculates their estimated disposal value in consideration of future market conditions and other factors, and reduces the book value to the estimated disposal value.
As a result, a loss on valuation of inventories of ¥ 2,231 million was recorded in the FPC business in the current consolidated fiscal year.
If the market environment deteriorates more than expected and more inventories are removed from the operating cycle process, additional losses may be incurred in the following consolidated fiscal year.

・Contingent liabilities related to claims for loss and damage

The Company was sued by one of its business partners for ¥ 6.1 billion in damages for allegedly defective products delivered by the Company, and received the complaint for the lawsuit on November 13, 2020.
The Company's position is that the delivered products met the customer's specifications and as such the Company does not accept the basis for the claim, nor any obligation to pay damages.
In case new facts are revealed as the legal proceedings unfold, the Company may record a loss in the following consolidated fiscal year.

4.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 26, 2021)

(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.

In the case of contract processing paid-for transactions, in which the Company purchases raw materials from customers, processes them, and then sells them to the customers, the Company previously recognized revenue based on the total amount of consideration including the purchase price of raw materials, etc.

As a result of the adoption of this accounting standard, the Company will recognize revenue based on the net amount of consideration excluding the purchase price of raw materials, etc. However, with the adoption of this accounting standard, revenue will be recognized at the net amount of consideration excluding the purchase price of raw materials.

In the past, the Company recognized revenue from these transactions on a gross basis, but with the adoption of this accounting standard, the Company will recognize revenue on a net basis.

・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, June 17th, 2021)

・Implementation Guidance on Disclosures about Fair Value of Financial Instruments (ASBJ Guidance No. 19, Revised March 31, 2020)

(1) Summary

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) Expected date of application

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.

(Companies Using U.S. GAAP)

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

(1) Summary

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

(2) Expected date of application

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.

5.Reclassification

Certain accounts in the Consolidated Financial Statements for the year ended March 31, 2020 have been reclassified to conform to the 2021 presentation.

(Application of Accounting Standard for Disclosure of Accounting Estimates)

The Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) was applied to the consolidated financial statements from consolidated fiscal year ended March 31, 2021. The Notes to the Consolidated Financial Statements include notes concerning important accounting estimates. However, notes concerning the previous consolidated fiscal year were not included in the Notes to the Consolidated Financial Statements, in accordance with the transitional treatment specified in the exception clause in Paragraph 11 of this accounting standard.

6. Additional Information

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

We cannot predict when COVID-19 will be brought under control. While social activities in Japan and overseas continue to be restricted, we have seen signs of a rebound in demand in economic activities in industries related to the Fujikura Group. We are therefore formulating future plans from fiscal year ending March 31, 2022 onward based on the assumption that economic conditions will rebound to pre-COVID-19 levels.

(Regarding the fire that occurred at our group company)

In May 2020, a fire occurred at Fujikura Automotive Morocco Tangier, S.A.S., a consolidated subsidiary of Fujikura in the Kingdom of Morocco.
Losses on assets destroyed by the fire were covered by insurance. Part of the insurance proceeds were confirmed in consolidated fiscal year ended March 31, 2021 and are therefore posted as insurance reimbursement income under extraordinary gains.

(Regarding changes in the scope of application of the equity method, etc.)

The equity in earnings (losses) of affiliates for equity method affiliates FUJIKURA KASEI CO., LTD. and FUJIKURA COMPOSITES Inc. was previously calculated based on the non-consolidated financial statements for each company. However, due to the material increase in significance of the consolidated amounts, the decision was made based on the consolidated financial statements of each company from fiscal year ended March 31, 2021.This change increased retained earnings by ¥3,002 million.

(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, 2020 and 2021 in the amounts of ¥ 935 million and 953 thousand shares and ¥883 million (US$7,976 thousand) and 900 thousand shares.

(Fundraising through a Hybrid Loan (Subordinated Loan))

Fujikura Ltd. (the "Company") it had concluded an agreement on December 25, 2020 for raising funds through a hybrid loan (subordinated loan) (the "Subordinated Loan"),

1.The objectives and the background for obtaining the Subordinated Loan

The Company has summarized the initiatives to be taken in turning around its business and formulated a 100-day plan to address the damages to its business foundations caused by the dramatic shift in the business environment.
Based on this 100-day plan, the Company, under the basic strategy of "focusing on early business recovery," will take decisive actions in implementing business structure reform. We have raised funds with this subordinated loan as a backup for business structure improvement costs and to diversify the financing.

2.Features of the Subordinated Loan

The Subordinated Loan is a type of hybrid financing that is midway between equity and debt, i.e. given that it is a debt, no dilution of its stock value per share will occur, but its content and characteristics are similar to that of equity including discretionary interest deferral, an ultra-long-term repayment term, and subordination content in liquidation and bankruptcy proceedings., etc.Accordingly, the credit rating agency "Rating and Investment Information, Inc. (R&I)" to identify an equity content on 50% of the fundraising amount for its rating.

3.Overview of the Subordinated Loan

Amount to be raised	¥ 40.0 billion
Date of contract signing	25-Dec-20
Date of execution	30-Dec-20
Due date	30-Dec-50 Prepayment is allowed after 5 years from the date of execution through advance notice of the borrower.
Replacement restrictions	In case of early repayment of the Subordinated Loan, the Company intends to raise funds through a product that a rating agency assigns the same or higher equity content as the Subordinated Loan within the 12-month period preceding the date of early repayment. However, if after the date on which early repayment is allowed, the most-recently disclosed Consolidated Balance Sheet of the Company as of the fiscal year-end or the end of the quarter meets the requirement of (i) below, the amount meeting the requirement of (ii) below may be deducted from the equity credit amount. (i) The debt-to-equity ratio does not exceed 1.65 (ii) Amount equivalent to "Consolidated shareholders' equity - ¥ 149.9 billion" x 50%
Intended use of funds	General operational use
Interest payment clause	The Company may suspend interest payment at its own discretion.
Subordination clause	If any of the events prescribed in the Subordinated Loan Agreement (liquidation, bankruptcy, reorganization proceedings, or rehabilitation proceedings) should occur, the creditors of the Subordinated Loan have claim rights subordinate to all senior creditors in the priority of repayment. The terms of the agreement of the Subordinated Loan must not be changed to disadvantage any senior creditor.
Lenders	Sumitomo Mitsui Banking Corporation (Arranger), Shizuoka Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, MUFG Bank, Ltd., and Mizuho Bank, Ltd.
Equity credit rating (planned)	Rating and Investment Information, Inc. (R&I), "Class 3 - Equity Credit 50"

7. 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, 2021 (¥110.71=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.

8.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, 2020 and March 31, 2021.

(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, 2020 and 2021, respectively, are shown below:

2020	Millions of yen: Book value	Fair value	Difference
(1) Cash and deposits	¥44,662	¥44,662	¥ -
(2) Notes and accounts receivable, trade	128,946		
Less: Allowance for doubtful accounts	(908)		
Total	128,038	128,038	-
(3) Investment securities	19,864	17,399	(2,465)
(4) Notes and accounts payable, trade	65,774	65,774	-
(5) Short-term borrowings (*1)	77,141	77,141	-
(6) Income taxes payable	2,336	2,336	-
(7) Bonds	40,000	39,856	(144)
(8) Long-term borrowings (*1)	143,529	144,483	953
(9) Derivative Instruments (*2)			
Non-hedge derivative instruments	(1,023)	(1,023)	-
Designated hedge instruments	(1,173)	(1,173)	-

(*1) ¥61,558 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.

2021	Millions of yen: Book value	Fair value	Difference	Thousands of U.S. dollars: Book value	Fair value	Difference
(1) Cash and deposits	¥74,740	¥74,740	¥ -	$675,097	$675,097	$ -
(2) Notes and accounts receivable, trade	123,347			1,114,145		
Less: Allowance for doubtful accounts	(847)			(7,651)		
Total	122,499	122,499	-	1,106,485	1,106,485	-
(3) Investment securities	19,036	14,520	(4,516)	171,945	131,153	(40,791)
(4) Notes and accounts payable, trade	68,512	68,512	-	618,842	618,842	-
(5) Short-term borrowings (*1)	58,412	58,412	-	527,613	527,613	-
(6) Income taxes payable	2,474	2,474	-	22,347	22,347	-
(7) Bonds(*2)	40,000	39,879	(121)	361,304	360,211	(1,093)
(8) Long-term borrowings (*1)	128,517	128,909	392	1,160,844	1,164,384	3,541
(9) Derivative Instruments (*3)						
Non-hedge derivative instruments	1,800	1,800	-	16,259	16,259	-
Designated hedge instruments	(1,015)	(1,015)	-	(9,168)	(9,168)	-

(*1) ¥19,389 million (US$175,133 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) Bonds due for redemption in one year《amount on the balance sheet: ¥ 10,000 million(US$90,326 thousand)》are included in bonds.

(*3) 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) 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

2020	Millions of yen
Description	Amount recorded in consolidated balance sheets
Non-public companies	¥8,316

2021	Millions of yen	Thousands of U.S. dollars
Description	Amount recorded in consolidated balance sheets	Amount recorded in consolidated balance sheets
Non-public companies	¥8,640	$78,042

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, 2020 and 2021 are as follows:

	Millions of yen			
At March 31, 2020	Due within 1year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥44,662	¥ -	¥ -	¥ -
Notes and accounts receivable, trade	128,946	-	-	-
Total	¥173,608	¥ -	¥ -	¥ -

	Millions of yen			
At March 31, 2021	Due within 1year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	¥74,740	¥ -	¥ -	¥ -
Notes and accounts receivable, trade	123,347	-	-	-
Total	¥198,087	¥ -	¥ -	¥ -

	Thousands of U.S. dollars			
At March 31, 2021	Due within 1year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	$675,097	$ -	$ -	$ -
Notes and accounts receivable, trade	1,114,145	-	-	-
Total	$1,789,242	$ -	$ -	$ -

Note 4: The annual maturities of bonds and long-term borrowings at March 31, 2020 and 2021 are as follows:

At March 31, 2020

Bonds

	Millions of yen
Year ending March 31, 2021	¥ -
2022	10,000
2023	-
2024	10,000
2025	10,000
2026 and thereafter	10,000

Long-term borrowings

	Millions of yen
Year ending March 31, 2021	¥61,558
2022	18,346
2023	18,129
2024	958
2025	14,539
2026 and thereafter	30,000

At March 31, 2021

Bonds	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2022	¥10,000	$90,326
2023	-	-
2024	10,000	90,326
2025	10,000	90,326
2026	-	-
2027 and thereafter	10,000	90,326

Long-term borrowings	Millions of yen	Thousands of U.S. dollars
Year ending March 31, 2022	¥19,389	$175,133
2023	19,069	172,243
2024	3,960	35,769
2025	15,434	139,409
2026	20,664	186,650
2027 and thereafter	50,000	451,630

9. Investment Securities

The aggregate cost, gross unrealized gains, gross unrealized losses and fair value of held-to-maturity investment securities at March 31, 2020 and 2021 consisting primarily of equity securities are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Cost	¥9,868	¥5,696	$51,450
Gross unrealized gains	2,270	1,381	12,474
Gross unrealized losses	(1,058)	(212)	(1,915)
Fair value	¥11,080	¥6,865	$62,009

Available-for-sale investment securities sold during the year ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Investment securities			
Sales amount	¥5,923	¥5,938	$53,636
Gain on sales of investment securities	3,257	1,545	13,955
Loss on sales of securities	5	3	27

Impairment losses recognized on investment securities

In the previous consolidated fiscal year (ended March 31, 2020), 324 million yen in impairment losses were recognized on other investment securities with readily determinable fair value. In the current consolidated fiscal year (ended March 31, 2021), no impairment losses were recognized on other investment securities with a readily determinable fair value.

Impairment losses are recognized when the fair value at the end of a fiscal period falls to 50% or less of the acquisition cost, in principle. When the fair value has fallen around 30%-50%, an impairment loss is recognized on the amount deemed necessary, considering the potential for a rebound in price.

Investments in unconsolidated subsidiaries and affiliates at March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Investments securities	¥15,180	¥18,087	$163,373
Investments and other assets, other	5,570	5,655	51,079
	¥20,750	¥23,742	$214,452

10. Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities at March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Short-term loans, principally from banks, with weighted-average interest rates of 0.9% and 0.7% per year at March 31, 2020 and 2021, respectively.	¥77,141	¥58,412	$527,613
Current portion of unsecured long-term loans from banks and other financial institutions with weighted-average interest rates of 1.7% and 1.6% at March 31, 2020 and 2021, respectively.	61,558	19,389	175,133
Current portion of lease obligations	1,779	1,584	14,308
Non-current portion of unsecured long-term loans from banks and other financial institutions with maturity dates from 2022 to 2050 with weighted-average interest rates of 0.9% and 1.4% at March 31, 2020 and 2021, respectively.	81,972	109,128	985,710
Non-current portion of lease obligations with maturity dates from 2022 to 2034	3,646	3,797	34,297
Commercial papers, with weighted-average interest rates of (0.1)% per year at March 31, 2021.	-	15,000	135,489
Current portion of bonds payable interest rates of 0.1%	-	10,000	90,326
Bonds with maturity dates from 2023 to 2026 with weighted-average interest rates of 0.2% and 0.3%	40,000	30,000	270,978
Other current liabilities (Guarantee deposits received)	350		
	¥266,445	¥247,311	$2,233,863

The Companies' assets pledged as collateral for other interest-bearing debts at March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Carrying values of property, plant and equipment:			
Land	¥993	¥7	$63

The Companies' debt pledged as collateral for other interest-bearing debts at March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Carrying values of liabilities:			
Current liabilities other	¥350	¥ -	$ -
Non-current liabilities other	1,514	1,517	13,702

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

Long term borrowings	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2023	¥19,069	$172,243
2024	3,960	35,769
2025	15,434	139,409
2026	20,664	186,650

Lease obligations	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2023	¥1,153	$10,415
2024	689	6,223
2025	529	4,778
2026	433	3,911

Bonds	Millions of yen	Thousands of U.S. dollars
Year ending March 31,		
2023	¥ -	$ -
2024	10,000	90,326
2025	10,000	90,326
2026	-	-

11. Other Current Liabilities

Other than the loans and debts included in note 10, interest-bearing debts, which consisted of guarantee money received in the amounts of ¥350 million, were recorded as a part of other current liabilities in the Consolidated Balance Sheets as of March 31, 2020.

12. Selling, general and administrative expenses

Selling, general and administrative expenses for the years ended March 31, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Depreciation and amortization	¥3,124	¥2,589	$23,385
Retirement benefit cost	1,511	1,574	14,217

13. 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, 2020 and 2021, amounted to ¥17,297 million and ¥16,496million (US$149,002 thousand), respectively.

14. 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
	2020	2021	2021
Balance at the beginning of the period	¥50,553	¥50,125	$452,759
Service cost	2,881	2,761	24,939
Interest cost	149	157	1,418
Actuarial (gains) or losses	730	(201)	(1,816)
Past service cost accrual	776	(162)	(1,463)
Retirement benefits paid	(4,573)	(4,563)	(41,216)
Other	(390)	301	2,719
Balance at the end of the period	¥50,125	¥48,419	$437,350

(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
	2020	2021	2021
Balance at the beginning of the period	¥48,073	¥43,417	$392,169
Expected return on plan assets	633	442	3,992
Actuarial (gains) or losses	(2,012)	2,398	21,660
Employer's contributions	287	266	2,403
Retirement benefits paid	(3,565)	(3,785)	(34,188)
Other	-	6	54
Balance at the end of the period	¥43,417	¥42,744	$386,090

(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
	2020	2021	2021
Balance at the beginning of the period	¥2,330	¥2,896	$26,158
Retirement benefit cost	801	401	3,622
Retirement benefits paid	(66)	(62)	(560)
Annual contribution	(166)	(560)	(5,058)
Other	(3)	8	72
Balance at the end of the period	¥2,896	¥2,683	$24,234

(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
	2020	2021	2021
Retirement benefit obligations of the savings plans	¥46,729	¥44,553	$402,430
Plan assets	(33,277)	(33,722)	(304,598)
Retirement benefits trusts	(11,173)	(10,173)	(91,889)
	2,279	659	5,952
Retirement benefit obligations of the non-savings plans	7,325	7,699	69,542
Net liabilities and assets recorded on the Consolidated Balance Sheets	9,604	8,358	75,495
Net defined benefit liability	11,209	10,992	99,286
Net defined benefit asset	(1,605)	(2,635)	(23,801)
Net liabilities (assets) recorded on the Consolidated Balance Sheets	¥9,604	¥8,358	$75,495

(5) Components of net periodic retirement benefits costs

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Service cost	¥2,881	¥2,761	$24,939
Interest cost	149	157	1,418
Expected return on plan assets	(633)	(442)	(3,992)
Recognized actuarial (gains) or losses	1,132	1,429	12,908
Amortization of prior service cost	291	(635)	(5,736)
Net retirement benefit costs of the plans adopting the simplified method	801	401	3,622
Retirement benefit costs related to the defined benefit plans	¥4,621	¥3,671	$33,159

Note. Extra retirement payments for the years ended March 31, 2020 and 2021 in the amount of ¥2,422 million and ¥2,868 million (US$25,906 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
	2020	2021	2021
Unrecognized prior service cost	¥486	¥473	$4,272
Unrecognized actuarial (gains) or losses	1,600	(4,036)	(36,456)
Total	¥2,086	(¥3,563)	($32,183)

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

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Unrecognized prior service cost	(¥3,252)	(¥2,779)	($25,102)
Unrecognized actuarial (gains) or losses	10,336	6,300	56,905
Total	¥7,084	¥3,521	$31,804

(8) Plan assets consisted of the following :

	2020	2021	
Bonds	41	36	%
Equity securities	13	16	
Cash and deposits	24	24	
General accounts	1	1	
Others	22	23	
Total	100	100	%

Note. Employee retirement benefits trusts contributed to the company pension plan as of March 31, 2020 and 2021 represent approximately 25% and 23% 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

	2020	2021
Discount rates	Mainly 0.2%	Mainly 0.3%
Expected long-term expected return on plan assets	Mainly 1.8%	Mainly 1.5%
Lump sum election rate	Mainly 60.6%	Mainly 70.3%
Re-evaluation rate	Mainly 0.3%	Mainly 0.1%

(c) Defined contribution plan
Total annual contributions to the defined contribution plans for the years ended March 31, 2020 and 2021 are ¥538 million and ¥496 million (US$4,480 thousand), respectively.

15. 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, 2020 and 2021 in the amounts of ¥11,614 million and ¥6,291 million (US$56,824 thousand), respectively.

16.Gain on Sale of Fixed Assets

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Buildings	-	¥3,798	$34,306
Land	-	496	4,480
Total	-	¥4,294	$38,786

17.Impairment losses
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, 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: ¥7,994 million

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: ¥5,767 million

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

Location: Fujikura Electronics (Thailand) Ltd. (Thailand)
Use: FPC manufacturing assets, etc. (Idle assets)
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥645 million

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.

For the year ended March 31, 2021, the Company has recorded impairment losses against the following asset groups:

Location: Fujikura Electronics (Thailand) Ltd. (Thailand)
Use: FPC manufacturing assets, etc. (Idle assets)
Type: Machinery and equipment, etc.
Amount of impairment losses: ¥15,283 million (US$138,045 thousand)

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: ¥702 million (US$6,341 thousand)

Location: Fujikura Automotive Europe, S.A.U. (Spain), etc.
Use: Wire harness manufacturing assets, etc.
Type: Machinery and equipment, building, etc.
Amount of impairment losses: ¥598 million (US$5,401 thousand)

FPC and optical fiber manufacturing assets etc. were tested for impairment due to deterioration in the business environment, and as a result, the book value was reduced to the recoverable amount. The recoverable amount of FPC manufacturing facilities, etc. is measured by use value, which is calculated by discounting the future cash flow at 8.88%. The recoverable amount of optical fiber manufacturing facilities is measured by net sale value.
The unamortized book value was therefore recorded as impairment losses.
For automotive wire harness manufacturing facilities and other assets that are no longer expected to be used in the future, the Company has set the recoverable amount to ¥0 and recorded the unamortized balance as an impairment losses.

18.Business Structure Improvement Expenses
For the Year Ended March 31, 2020
Special retirement benefits, etc. due to the restructuring of the Company's subsidiaries.

For the Year Ended March 31, 2021
Special additional benefits and estimated reemployment support expenses from implementation of an early retirement benefits system at Fujikura and its subsidiaries, and special retirement benefits, etc. accompanying the restructuring of Fujikura's subsidiary locations.

19.Novel Infectious Disease Related Losses
The Fujikura Group shut down operations at some Group locations after considering various demands by the national and local governments in each country due to COVID-19. The cost of idle operations incurred as a result of this was posted as an extraordinary loss.

20.Loss on Fire
The impairment losses on assets destroyed by the fire, cost of idle operations, and other costs incurred were posted as extraordinary losses.
These costs resulted from the fire that occurred in May 2020 at our consolidated subsidiary, Fujikura Automotive Morocco Tangier, S.A.S., in the Kingdom of Morocco and the shutdown of the plant.

21. Consolidated Statements of Comprehensive Income
For the Years Ended March 31, 2020 and 2021
Amount of reclassification and tax effect related to other comprehensive income are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
Valuation difference on available-for-sale securities	2020	2021	2021
Amount arising during the year	(¥1,999)	¥1,428	$12,899
Reclassification adjustment	2,553	(1,451)	(13,106)
Before tax effect adjustment	(4,552)	(23)	(208)
Tax effect	831	137	1,237
Valuation difference on available-for-sale securities	(3,721)	113	1,021
Deferred gains or losses on hedges			
Amount arising during the year	(685)	298	2,692
Remeasurements of acquisition cost for asset	(129)	-	-
Before tax effect adjustment	(814)	298	2,692
Tax effect	276	(367)	(3,315)
Deferred gains or losses on hedges	(538)	(69)	(623)
Foreign currency translation adjustments			
Amount arising during the year	(10,422)	10,816	97,697
Replacement adjustment	(374)	-	-
Before tax effect adjustment	(10,796)	10,816	97,697
Tax effect	72	-	-
Foreign currency translation adjustments	(10,724)	10,816	97,697
Remeasurements of defined benefit plans, net of taxes			
Amount arising during the year	(3,506)	2,768	25,002
Reclassification adjustment	1,421	795	7,181
Before tax effect adjustment	(2,085)	3,563	32,183
Tax effect	(698)	(261)	(2,358)
Remeasurements of defined benefit plans, net of taxes	(2,783)	3,302	29,826
Share of other comprehensive income of associates accounted for using equity method			
Amount arising during the year	(129)	(57)	(515)
Reclassification adjustment	13	(24)	(217)
Share of other comprehensive income of associates accounted for using equity method	(116)	(81)	(732)
Other comprehensive income	(¥17,881)	¥14,082	$127,197

22. 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, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Cash and deposits	¥44,662	¥74,740	$675,097
Deposits with original maturities of over three months	(701)	(576)	(5,203)
Cash and cash equivalents	¥43,961	¥74,164	$669,894

23. 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

	Millions of yen		Thousands of U.S. dollars
Lessee	2020	2021	2021
Within 1 year	¥2,206	¥2,373	$21,434
More than 1 year	8,037	7,049	63,671
Total	¥10,243	¥9,422	$85,105

Lessor	2020	2021	2021
Year ending March 31,			
Within 1 year	¥368	¥1,041	$9,403
More than 1 year	2,548	4,058	36,654
Total	¥2,915	¥5,098	$46,048

24. 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, 2021.

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, 2020 and 2021 are as follows:

	2020	2021	
Normal statutory tax rate	-	30.2	%
Permanently non-deductible expenses such as entertainment expenses	-	0.8	
Permanently non-taxable income such as dividend income	-	(5.1)	
Withholding tax on dividends from foreign subsidiaries	-	18.6	
Per capita rate of local tax	-	7.6	
Elimination of intercompany dividend income	-	(6.1)	
Special tax credit	-	(22.4)	
Equity in losses of affiliates	-	(12.1)	
Tax exemption in foreign tax jurisdiction	-	0.6	
Valuation allowance	-	354.9	
Effect of lower tax rates at overseas subsidiaries	-	(15.3)	
Amortization of Goodwill	-	(35.0)	
Retained earnings of overseas subsidiaries	-	7.0	
Income taxes for prior periods	-	1.3	
Expiration of loss carryforwards	-	57.1	
Foreign tax amount carried forward etc.	-	74.4	
Other	-	(4.3)	
Effective income tax rate	-	452.1	%

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, 2020 and 2021 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2020	2021	2021
Deferred tax assets:			
Net operating losses carried forward (*2)	¥19,731	¥21,427	$193,542
Loss on valuation of investments in capital of subsidiaries and associates	4,736	4,736	42,778
Impairment losses	5,619	4,714	42,580
Foreign tax credit carried forward	4,238	4,573	41,306
Net defined benefit liability	5,538	4,833	43,655
Allowance for doubtful accounts	2,411	2,435	21,994
Bonus accrual	2,033	2,088	18,860
Depreciation	1,853	1,699	15,346
Loss on valuation of investment securities	1,511	1,385	12,510
Inventory devaluations	1,735	927	8,373
Elimination of intercompany profits on fixed assets	791	791	7,145
Elimination of intercompany profits on inventories	208	191	1,725
Enterprise taxes	158	177	1,599
Provision for loss on guarantees	6	2	18
Other	3,805	4,724	42,670
Gross deferred tax assets	54,373	54,701	494,093
Valuation allowance related to net operating losses carried forward (*2)	(18,616)	(20,303)	(183,389)
Valuation allowance related to total deductible temporary difference, etc.	(27,741)	(26,044)	(235,245)
Subtotal of valuation allowance (*1)	(46,357)	(46,347)	(418,634)
Total deferred tax assets	8,016	8,355	75,467
Deferred tax liabilities:			
Retained earnings of equity-method affiliated company	1,137	1,218	11,002
Special tax-purpose reserve for deferred gain on sale of property	630	624	5,636
Unrealized gains on investment securities	196	59	533
Other	1,068	96	867
Total deferred tax liabilities	3,031	1,999	18,056
Net deferred tax assets	¥4,985	¥6,355	$57,402

Notes: 1. There were no significant changes in the valuation allowance.

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

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	1,151	936	273	1,280	568	15,523	19,731
Valuation allowance	(1,134)	(936)	(266)	(923)	(436)	(14,922)	(18,616)
Deferred tax assets	17	-	7	358	131	601	* 2 1,115

*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 ¥ 19,731 million (amount multiplied by effective statutory tax rate), deferred tax assets of ¥ 1,115 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.

FY2020 (consolidated fiscal year ended March 31, 2021)

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*3	885	274	1,244	474	4,406	14,145	21,427
Valuation allowance	(871)	(216)	(982)	(460)	(4,401)	(13,373)	(20,303)
Deferred tax assets	14	58	263	13	5	772	* 4 1,124

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*3	7,994	2,475	11,237	4,281	39,798	127,766	193,542
Valuation allowance	(7,867)	(1,951)	(8,870)	(4,155)	(39,753)	(120,793)	(183,389)
Deferred tax assets	126	524	2,376	117	45	6,973	* 4 10,153

*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 ¥ 21,427 million (US$193,542 thousands) (amount multiplied by effective statutory tax rate), deferred tax assets of ¥ 1,124 million (US$ 10,153 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.

25. Contingent Liabilities

Guarantees	Millions of yen		Thousands of U.S. dollars
Guarantees for loans borrowed / notes issued by:	2020	2021	2021
Viscas Corporation	¥ -	¥53	$479
PT. Fujikura Indonesia	83	0	0
Employee	119	82	741
Other unconsolidated subsidiaries and affiliates		-	-
	¥201	¥135	$1,219

26. Derivative Instruments

(a) Derivative instruments not accounted for under hedge accounting

(1) Foreign forward exchange contracts

At March 31, 2020

	Millions of yen			
2020	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
USD	¥7,888	-	(¥264)	(¥264)
YEN	148	-	(2)	(2)
Others	86	-	0	0
Buy				
USD	33,771	-	261	261
YEN	198	-	2	2
Others	105	-	1	1
Total	¥42,196	-	(¥1)	(¥1)

Calculation method of fair value.

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

At March 31, 2021

	Millions of yen				Thousands of U.S. dollars			
2021	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)
Sell								
USD	¥11,539	-	(¥405)	(¥405)	$104,227	-	($3,658)	($3,658)
YEN	101	-	1	1	912	-	9	9
Buy								
USD	22,951	-	818	818	207,307	-	7,389	7,389
Others	1,395	15	(41)	(41)	12,600	135	(370)	(370)
Total	¥35,987	15	¥372	¥372	$325,056	$135	$3,360	$3,360

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, 2020 N/A

At March 31, 2021 N/A

(3) Commodity Futures Contracts

At March 31, 2020

	Millions of yen			
2020	Notional amount	Notional amount to be settled in more than one year	Fair value	Gain (loss)
Sell	¥2,191	¥ -	¥167	¥167
Buy	8,086	1,079	(1,188)	(1,188)
Total	¥10,278	¥1,079	(¥1,022)	(¥1,022)

Calculation method of fair price.

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

At March 31, 2021

	Millions of yen				Thousands of U.S. dollars			
2021	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)
Sell	¥3,019	¥ -	(¥81)	(¥81)	$27,269	$ -	($732)	($732)
Buy	4,816	247	1,508	1,508	43,501	2,231	13,621	13,621
Total	¥7,835	¥247	¥1,427	¥1,427	$70,770	$2,231	$12,890	$12,890

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, 2020

	Millions of yen		
2020	Notional amount	Notional amount to be settled in more than one year	Fair value
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)			
Accounts receivable, trade			
Sell			
USD	¥23,239	¥ -	(*1) ¥ -
EUR	602	-	-
GBP	567	-	-
Accounted for by the method in the principle			
Accounts receivable, trade			
Sell			
USD	8,202	-	14
EUR	929	-	5
GBP	257	-	6
Other	262	-	(7)
Accounts payable, trade			
Buy			
USD	379	-	(4)
MXN	9,786	-	(1,142)
Total	¥44,222	¥ -	(¥1,129)

(*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, 2021	Millions of yen			Thousands of U.S. dollars		
2021	Notional amount	More than one year of Notional amount	Fair value	Notional amount	More than one year of Notional amount	Fair value
Accounted for combined with the accounts designated as hedged items (allowed under JGAAP)						
Accounts receivable, trade						
Sell						
USD	¥28,694	¥ -	(*1) ¥ -	$259,182	$ -	$ -
EUR	1,160	-	-	10,478	-	-
GBP	50	-	-	452	-	-
Accounted for by the method in the principle						
Accounts receivable, trade						
Sell						
USD	8,756	-	(272)	79,090	-	(2,457)
EUR	1,199	-	(18)	10,830	-	(163)
GBP	581	-	(57)	5,248	-	(515)
Other	216	-	0	1,951	-	0
Accounts payable, trade						
Buy						
USD	690	-	(27)	6,232	-	(244)
JPY	3,487	-	(183)	31,497	-	(1,653)
MXN	6,527	-	18	58,956	-	163
Total	¥51,360	¥ -	(¥540)	$463,915	$ -	($4,878)

(*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 : 8.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, 2020	Millions of yen		
2020	Notional amount	More than one year of Notional amount	Fair value
Accounted for by the simplified method allowed under JGAAP			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	¥61,925	¥28,569	(*1) ¥ -
Accounted for by the method in the principle			
Interest Rate Swaps			
Long-term borrowings			
Pay Fixed interest / Rec. Floating interest	4,718	1,388	(55)
Total	¥66,643	¥29,956	(¥55)

(*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, 2021	Millions of yen			Thousands of U.S. dollars		
2021	Notional amount	More than one year of Notional amount	Fair value	Notional amount	More than one year of Notional amount	Fair value
Accounted for by the simplified method allowed under JGAAP						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥28,659	¥25,574	(*1) ¥ -	$258,866	$231,000	$ -
Accounted for by the method in the principle						
Interest Rate Swaps						
Long-term borrowings						
Pay Fixed interest / Rec. Floating interest	¥41,475	¥40,000	(¥475)	$374,627	$361,304	($4,290)
Total	¥70,134	¥65,574	(¥475)	$633,493	$592,304	($4,290)

(*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, 2020 : N/A

At March 31, 2021 : N/A

27. Supplementary Information for the Consolidated Statements of Changes in Net Assets

For the Year Ended March 31, 2020

(a) Type and number of outstanding shares

Year ended March 31, 2020

Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
	Thousands of shares			
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 953 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 27, 2019	Annual general meeting of shareholders	Common stock	¥1,432	¥5.0	March 31, 2019	June 28, 2019
October 31, 2019	Board of directors	Common stock	¥1,432	¥5.0	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 5 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 5 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

For the Year Ended March 31, 2021

(a) Type and number of outstanding shares

Year ended March 31, 2021

Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
	Thousands of shares			
Issued stock:				
Common stock	295,863	-	-	295,863
Total	295,863	-	-	295,863
Treasury stock:				
Common stock (*1)(*2)(*3)	20,512	1	53	20,461
Total	20,512	1	53	20,461

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

(*2) The 53 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 900 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:N/A

(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

28. 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 ¥5,378 million and ¥5,405 million (US$48,821 thousand) for the fiscal years ended March 31, 2020 and 2021, 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, 2020 and 2021 are as follows:

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	¥113,900

(*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 ¥1,843 million.

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

For the Year Ended March 31, 2021

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)
¥43,238	(¥2,657)	¥40,581	¥111,863

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)
$390,552	($24,000)	$366,552	$1,010,415

(*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 ¥1,827 million (US$16,503 thousand).

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

29. 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 consolidated fiscal year ended March 31, 2021, some of the businesses that were previous included in the Automotive Products Business Division were switched to the Electronics Business Division as part of a management restructuring. The segment information for the previous consolidated fiscal year has been restated to reflect the reportable segments after this change.

Definitions of the four segments for the years ended March 31, 2020 and 2021 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, 2020

Millions of yen

Reporting segments	Power &Telecommuni-cation 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	¥178,343	¥149,298	¥11,284	¥5,578	¥672,314	¥ -	¥672,314
Inter-segment sales	533	159	0	-	36	728	(728)	-
Total sales	328,343	178,503	149,299	11,284	5,613	673,043	(728)	672,314
Segment profit (loss)	4,558	(1,970)	(4,111)	5,383	(514)	3,346	-	3,346
Segment total assets	247,422	147,819	72,283	42,064	4,721	514,309	61,781	576,090
Depreciation and amortization	11,409	13,333	6,053	2,003	300	33,097	2,612	35,709
Impairment losses	10,600	647	5,950	-	16	17,214	-	17,214
Increase in property, plant and equipment and intangible assets	¥10,519	¥11,422	¥2,799	¥1,382	¥416	¥26,538	¥3,603	¥30,141

Notes:
(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 4 segments.
(*2) Adjustment of ¥61,781 million in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥93,600 million and elimination of inter-segment transactions in the amount of ¥(31,819) million.
Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.
(*3) Adjustment of ¥2,612 million of "Depreciation and amortization" represents depreciation and amortization associated with common assets not allocated to each reporting segment.
(*4) Adjustment of ¥3,603 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, 2021

Millions of yen

Reporting segments	Power &Telecommuni-cation 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	¥305,886	¥199,874	¥121,935	¥10,880	¥5,162	¥643,736	¥ -	¥643,736
Inter-segment sales	518	186	-	-	67	770	(770)	-
Total sales	306,404	200,059	121,935	10,880	5,229	644,507	(770)	643,736
Segment profit (loss)	18,109	4,878	(3,714)	5,194	(44)	24,422	-	24,422
Segment total assets	248,419	131,399	66,293	39,797	4,847	490,755	78,368	569,124
Depreciation and amortization	9,671	14,434	4,594	1,995	307	31,000	2,600	33,600
Impairment losses	702	15,530	599	-	-	16,831	-	16,831
Increase in property, plant and equipment and intangible assets	¥7,311	¥5,912	¥1,906	¥739	¥202	¥16,071	¥1,665	¥17,736

Thousands of U.S. dollars

Reporting segments	Power &Telecommuni-cation 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	$2,762,948	$1,805,383	$1,101,391	$98,275	$46,626	$5,814,615	$ -	$5,814,615
Inter-segment sales	4,679	1,680	-	-	605	6,955	(6,955)	-
Total sales	2,767,627	1,807,054	1,101,391	98,275	47,232	5,821,579	(6,955)	5,814,615
Segment profit (loss)	163,571	44,061	(33,547)	46,915	(397)	220,594	-	220,594
Segment total assets	2,243,871	1,186,876	598,799	359,471	43,781	4,432,797	707,867	5,140,674
Depreciation and amortization	87,354	130,377	41,496	18,020	2,773	280,011	23,485	303,496
Impairment losses	6,341	140,276	5,411	-	-	152,028	-	152,028
Increase in property, plant and equipment and intangible assets	$66,037	$53,401	$17,216	$6,675	$1,825	$145,163	$15,039	$160,202

Notes:
(*1) "Other" includes new businesses to launch which are excluded from the aforementioned 4 segments.
(*2) Adjustment of ¥78,368 million (US$707,867 thousand) in "Segment total assets" represents common assets not allocated to each reporting segment in the amount of ¥107,657 million (US$972,423 thousand) and elimination of inter-segment transactions in the amount of ¥(29,288) million (US$(264,547) thousand).
Common assets mainly consist of assets related to investment securities, research and development and administrative divisions of the Company.
(*3) Adjustment of ¥2,600 million (US$23,485 thousand) of "Depreciation and amortization" represents depreciation and amortization associated with common assets not allocated to each reporting segment.
(*4) Adjustment of ¥1,665 million (US$15,039 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

2020	Millions of yen Japan	U.S.	China	Others	Total
Sales to external customers	¥239,060	¥139,049	¥104,440	¥189,765	¥672,314

Property, plant and equipment

2020	Millions of yen Japan	Thailand	China	Others	Total
Property, plant and equipment	¥104,851	¥59,591	¥21,950	¥24,175	¥210,567

Sales

2021	Millions of yen					Thousands of U.S. dollars				
	Japan	U.S.	China	Others	Total	Japan	U.S.	China	Others	Total
Sales to external customers	¥215,272	¥167,574	¥90,775	¥170,116	¥643,736	$1,944,468	$1,513,630	$819,935	$1,536,591	$5,814,615

Property, plant and equipment

2021	Millions of yen					Thousands of U.S. dollars				
	Japan	Thailand	China	Others	Total	Japan	Thailand	China	Others	Total
Property, plant and equipment	¥99,575	¥39,397	¥21,270	¥23,751	¥183,994	$899,422	$355,858	$192,124	$214,533	$1,661,946

(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, 2020 and 2021.

(c) Goodwill information

For the year ended March 31, 2020

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

For the year ended March 31, 2021

	Millions of yen				
	Power &Telecommuni-cation Systems Company	Electronic Products & Connector Company		Real Estate Business Company	Total
Reporting segments		Electronics Business Division	Automotive Products Business Division		
Amortization	¥1,589	¥ -	¥ -	¥ -	¥1,589
Unamortized goodwill	6,257	-	-	-	6,257

	Thousands of U.S. dollars				
	Power &Telecommuni-cation Systems Company	Electronic Products & Connector Company		Real Estate Business Company	Total
Reporting segments		Electronics Business Division	Automotive Products Business Division		
Amortization	$14,353	$ -	$ -	$ -	$14,353
Unamortized goodwill	56,517	-	-	-	56,517

30. 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:

2020 (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 (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Unconsolidated subsidiaries	ProCable Energia e Telecomunicações S.A.	Brazil	R$378,953 thousand	Power & Telecommuni-cation Systems Company	Directly owned (100.0%)	Capital transaction	Underwriting of capital increase (*2)	¥5,083 million	-	-
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10 million	Power & Telecommuni-cation Systems Company	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥550 million	Long-term loans receivable(*4)	¥6,796 million

2021

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 (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	¥10 million	Power & Telecommuni-cation Systems Company	Directly owned (50.0%)	Financial assistance	Loan (*1)	¥750 million	Long-term loans receivable(*4)	¥7,546 million

2021 (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 (*3)	Financial statement line-item	The fiscal year-end balance (*3)
Affiliated companies	VISCAS Corporation	Ota, Tokyo	90	Power & Telecommuni-cation Systems Company	Directly owned (50.0%)	Financial assistance	Loan (*1)	6,774	Long-term loans receivable(*4)	68,160

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

(Note) 1. Interest rates are determined by taking market rates into account.

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

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

4. The Company recorded an allowance for doubtful accounts totaling ¥6,700 million and ¥7,546 million (US$68,160 thousand) for the fiscal year ended March 31, 2020 and 2021 for the balance of long-term loans receivable from affiliated companies.
Also, provision of allowance for doubtful accounts totaled ¥197 million and ¥846 million (US$7,642 thousand) for the fiscal year ended March 31, 2020 and 2021.

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
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2020
For the Year:						
Net sales	¥653,795	¥740,052	¥710,778	¥672,314	¥643,736	$5,814,615
Operating income	34,230	34,343	27,679	3,346	24,422	220,594
Profit (loss) attributable to owners of parent	12,900	18,359	1,453	(38,510)	(5,369)	(48,496)
Capital expenditures	45,623	42,588	55,785	30,141	17,736	160,202
R&D expenditures	15,614	16,291	17,466	17,297	16,496	149,002
At Year-end:						
Total assets	588,626	638,055	638,318	576,090	569,124	5,140,674
Total net assets	224,546	241,961	240,910	172,115	184,483	1,666,363
Number of employees	56,961	58,422	57,228	55,936	53,717	

						U.S. dollars
Per share data:						
Net income (loss) - basic	¥44.61	¥64.36	¥5.09	(¥136.58)	(¥19.50)	($0.18)
Net income (loss) - fully diluted (*1)	–	–	–	–	–	–
Cash dividends	10.00	14.00	12.00	5.00	0.00	0.00

(*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.
(*2) Previously, the Companies used to round down fractions to the nearest million yen, but starting with the 173rd Annual Securities Report, fractions are rounded to the nearest million yen. For ease of comparison, the figures for the 172nd term have also been rounded to the nearest million yen.

Note: All dollar figures herein refer to U.S. currency, which has been translated from yen amounts, for convenience only, at the rate of ¥110.71=US$1.00, the rate of exchange on March 31, 2021.

P.1

Independent Auditor's Report

To the Board of Directors of Fujikura Ltd.

Opinion

We have audited the consolidated financial statements of Fujikura Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated statement of financial position as at March 31, 2021, 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, 2021, 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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<table>
<tr><td colspan="2">Impairment analysis of the FPC business
(Notes on consolidated financial statements, 3. Significant Accounting Estimates, Impairment losses on fixed assets in the FPC business)</td></tr>
<tr><th>Description of key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>As of March 31, 2021, the Company has recorded property, plant and equipment of 183,994 million yen (32.3% of total consolidated assets) on the consolidated balance sheets. Among them, property, plant and equipment of 34,056 million yen (6.0% of consolidated assets) belong to the FPC (Flexible Printed Circuits) business. The FPC business is the major business of the Electronics Business Division, and this business is the lowest level of operations which generates largely independent cash flows.
The Company evaluated whether the FPC business was impaired because the profitability is expected to decline due to deterioration of the business environment and the product composition.
As a result, because the carrying value of property, plant and equipment, prior to impairment losses attributable to the FPC business, of 49,339 million yen exceeded the undiscounted future cash flows of the business, the Company determined the value in use, and as a result, recorded impairment losses of 15,283 million yen, which is the difference between the value in use and the carrying value for the property, plant and equipment attributed to this business.
The future cash flows used in determining the recognition and measurement of impairment losses are estimated based on the future plan of the FPC business developed and approved by management. Estimates of future cash flows include assumptions such as sales projections to major customers and cost reductions due to the consolidation and elimination of business locations and are calculated over the estimated useful life of the machinery and equipment, the primary assets, belonging to the FPC business owned by Fujikura Electronics (Thailand) Ltd., which is the main manufacturing base of the FPC business. In addition, the discount rate of 8.88% used in calculating the value in use is based on the pre-tax weighted average cost of capital.
These assumptions involve management's subjective judgment and because of the high degree of estimation uncertainty, the quantitative</td><td>In order to evaluate the impairment analysis of the FPC business, we performed the following principal audit procedures.
• We understood and evaluated the design and implementation and operating effectiveness of internal controls related to the process of developing and approving future plans for the FPC business.
• We verified the consistency between the future plans approved by management and the undiscounted future cash flows used to determine whether impairment losses existed in the FPC business.
• We performed the following procedures to examine the reasonableness of the future plan for the FPC business.
- Obtained an understanding of the FPC business strategy through discussions with management.
- Inquired with the officers and employees of the FPC business regarding assumptions used in developing future plans and evaluated the reasonableness and achievability of those assumptions.
- Compared the plans to actual results in the previous fiscal year, and analyzed the factors causing any differences, including consideration of whether those factors have been appropriately reflected in the sales forecast to major customers in the current future plan.
- Inspected company’s meeting materials and inquired of officers and employees of the FPC business to evaluate whether the consolidation and elimination of business locations plan exists, and to evaluate the reasonableness of future cost reductions.
- Examined the reasonableness of the inputs used in the process of calculating the pre-tax weighted average cost of capital used as the discount rate.</td></tr>
</table>

significance of the property, plant and equipment balance, and the impairment losses recorded at the FPC business, a high degree of audit judgment is required for the evaluation. Therefore, we determined that this matter is a key audit matter.	

Impairment analysis of the optical fiber business in China (Notes on consolidated financial statements, 3. Significant Accounting Estimates, Impairment losses of fixed assets of optical fiber business in China)	
Description of key audit matter	How our audit addressed the key audit matter
As of March 31, 2021, the Company has recorded property, plant and equipment of 183,994 million yen (32.3% of total consolidated assets) on its consolidated balance sheet. Of that total, property, plant and equipment of 14,413 million yen (2.5% of consolidated assets) relates to the Chinese optical fiber business owned by Fujikura FiberHome Opto-Electronics Material Technology Co., Ltd. (hereinafter referred to as "FFOE") located in China. The optical fiber business in China is included in the Power & Telecommunication Systems Company segment, and China optical fiber business is identified as the cash-generating unit. In relation to the optical fiber business in China, the Company identified an indication of potential impairment, since the selling price of optical base materials sold by FFOE had been declining due to the fall in optical fiber market prices in China. As a result of the management's impairment assessment, it was determined that no impairment losses were required for the current fiscal year, as the value in use of the optical fiber business in China exceeded the carrying value of property, plant and equipment attributable to this business. Based on PITF No.18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements", the Company used consolidated financial information prepared by FFOE in accordance with International Financial Reporting Standards for the purposes of their assessment. The value in use was estimated based on the present value of the future cash flows based on the future plans of the optical fiber business in China which were developed and approved by management. The future plans are based on the assumption	In order to evaluate the impairment analysis of the optical fiber business in China, we performed the following principal audit procedures, including the work performed by the auditors of FFOE, which was based on instructions provided by us. • We understood and evaluated the design and implementation and operating effectiveness of internal controls related to the process of developing and approving future plans for the optical fiber business in China. • We verified the consistency of the future plans approved by management and the future cash flows used in the impairment analysis of the optical fiber business in China. • We performed the following procedures to examine the reasonableness of the future plans for the optical fiber business in China. - Obtained an understanding of the Chinese optical fiber business strategy through discussions with management. - Inquired with the officers and employees of the optical fiber business in China regarding assumptions used in developing future plans and evaluated the reasonableness of those assumptions. - Compared the Company's forecasted optical fiber market price in China with the market price forecasts in available market research firm reports. - Evaluated the reasonableness of the discount rate with the assistance of valuation specialists. We evaluated the adequacy of the work performed by the auditors of FFOE and the evidence obtained through communication with them and examination of the documents prepared by them.

that the selling price of optical base materials sold by FFOE will fluctuate in line with the market forecast price of optical fiber as published by market research companies. Also, the discount rate of 12.0% used in calculating the value in use is the pre-tax weighted average cost of capital. These assumptions involve management's subjective judgment and because of the high degree of estimation uncertainty, the quantitative significance of the property, plant and equipment balance, and the impairment losses recorded during the current fiscal year, a high degree of audit judgment is required for the evaluation. Therefore, we determined that the matter is a key audit matter.	

Assessment of whether substantial doubt exists regarding the entity's ability to continue as a going concern.	
Description of key audit matter	How our audit addressed the key audit matter
As of March 31, 2021, Fujikura Ltd. ("the Company) has recorded borrowings and other financial liabilities of 247,311 million yen (see Note 10. Borrowings and Other Financial Liabilities), of which certain syndicated loan contracts and commitment line contracts contain financial covenants such as maintaining the total amount of net assets as of year end date at a certain percentage of the total amount of net assets on the consolidated balance sheet of the base date. In the previous fiscal year, the Company violated financial covenants specified in certain of its syndicated loan agreements and commitment line agreements entered into with financial institutions due to the net loss attributable to owners of the parent of 38,510 million yen as at the end of the previous fiscal year. In the current fiscal year, the Company obtained consent from the lending financial institutions to waive the right to demand immediate repayment and resolved the debt covenants violation by amending terms of the covenants which were violated previously. In addition, the Company obtained additional financing through a hybrid loan. Therefore, the Company concluded that substantial doubt does not exist regarding the entity's ability to continue as a going concern at the end of the current fiscal year. Due to the judgmental nature of audit procedures	We performed the following audit procedures to examine whether there are events or conditions that exist which may give rise to the existence of substantial doubt regarding the entity's ability to continue as a going concern. • We inquired with management whether there are any events or conditions which may give rise to the existence of substantial doubt regarding the entity's ability to continue as a going concern. • We inspected the consent documents of which the Company obtained in the current fiscal year waiving the right to demand immediate repayment due to the violation of debt covenants. • We verified that the Company obtained additional financing arrangements by inspecting the hybrid loan contract documents. • We inspected the amended contract documents with the lenders to confirm the amendments of the financial covenants. We inspected the Company's calculations for compliance with the financial covenants. • We assessed the reasonableness of management's judgment that there were no events or conditions that would raise substantial doubt regarding the entity's ability to continue as a going concern at the end of the current fiscal year.

required to assess carefully the management actions to resolve substantial doubt regarding the entity's ability to continue as a going concern that existed as at the end of prior year, we determined that this matter is a key audit matter.	

Emphasis of Matter

We draw attention to Note 32 of the financial statements, which describes the Company concluded an agreement to transfer all shares of Fujikura Engineering Co., Ltd. on June 2, 2021.

Our opinion is not modified in respect of this matter.

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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into (Currency: e.g. U.S. dollar) amounts and, in our opinion, such translation has been made on the basis described in Note 7 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.

Tsuyoshi Saito
Designated Engagement Partner
Certified Public Accountant

Hideki Godai
Designated Engagement Partner
Certified Public Accountant

June 30, 2021

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