

[Translation for Reference Purpose Only]

June 8, 2020

Dear Shareholders:

Notice of the 198th Annual Shareholders Meeting

You are cordially invited to attend the 198th Annual Shareholders Meeting of Furukawa Electric Co., Ltd. to be held on June 23, 2020, at 10:00 a.m., at Tokyo Prince Hotel, 3-3-1 Shibakoen Minato-ku, Tokyo, Japan.

The Annual shareholders meeting will be conducted:

To receive the following reports,

1. Business Report, Consolidated Accounting Documents and the Audit Reports of Account Auditors and Audit & Supervisory Board for Consolidated Accounting Documents for the 198th fiscal year (from April 1, 2019 to March 31, 2020)
2. Reports on Non-Consolidated Accounting Documents for the 198th fiscal year (from April 1, 2019 to March 31, 2020)

To consider and act on the following proposals,

- | | |
|------------------------|---|
| Proposal One: | Dividends from surplus |
| Proposal Two: | Election of twelve (12) Directors |
| Proposal Three: | Election of one (1) Audit & Supervisory Board Member |
| Proposal Four: | Election of one (1) Reserve Audit & Supervisory Board Member |

The foregoing proposals of business are more fully described in the documents attached and made a part hereof. Your vote is important. When you are attending the Annual shareholders meeting, please bring enclosed Card for Exercise of Voting Rights with you. If you are unable to attend the Annual shareholders meeting, please exercise your voting rights in writing or via the Internet (<https://soukai.mizuho-tb.co.jp/>). The Card arrived at the Company and the submission via the Internet after 5:00 p.m. on June 22, 2020 would be a void vote.

Sincerely
Keiichi Kobayashi
President

DISCLAIMER: This translation may be used only for reference purposes. This English version is not an official translation of the original Japanese version (including Reference Documents for Annual Shareholders Meeting, the Business Report, Financial Statements for the fiscal year ended March 31, 2020, which consist of consolidated balance sheet, and consolidated statement of operation, non-consolidated balance sheet, non-consolidated statement of operation; hereinafter the same). Due to differences of accounting, legal, and other systems as well as language, etc., this English version might contain inaccuracies, and therefore, might be inconsistent with the original import intended in Japanese version. Certain parts of the translation may have been edited to accommodate differences in writing style and expression between English and Japanese version. In the event of any discrepancies between the Japanese and English version, the former shall prevail. Furukawa Electric Co., Ltd. shall accept no responsibility or liability for damage or loss caused by any error, inaccuracy, or misunderstanding with regard to this translation.

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Proposal One: Dividends from surplus

The Company's capital allocation policy is to strike a balance among investments in growth and new business opportunity, improvement of balance sheet and shareholder returns, with management priority on capital efficiency.

Based on the policy, with the five-year management plan "Furukawa G Plan 2020", for the purpose of improving profitability and strengthening balance sheet, the Company will allocate its capital resources mainly to telecommunication and energy infrastructure and auto part market as the Furukawa group's focused business sector for its sustainable growth and capital expenditure and R&D for new business opportunity. For the return to shareholders, stable and continuous dividends distribution is the most priority under the management policy.

It is proposed that the year-end dividends for the current fiscal year be 85 yen per share, in order to increase the return to shareholders.

- (1) Matters concerning allotment of dividend assets to shareholders and total amount of dividends
85 yen per common share of the Company
Total amount: 6,002,481,040 yen
- (2) Effective date of the dividend from surplus
June 24, 2020

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Proposal Two: Election of twelve (12) Directors

The term of office of all Directors (12 Directors) will expire at the close of the Annual shareholders meeting. We therefore request you to appoint 12 Directors.

The candidates for Directors are as shown below.

Candidate no.	Name		Position/responsibilities
1	Mitsuyoshi Shibata	Re-election	Chairman and Director
2	Keiichi Kobayashi	Re-election	President and Representative Director
3	Sumitaka Fujita	Re-election Candidate for Outside Director, Independent Officer	Outside Director
4	Osamu Tsukamoto	Re-election Candidate for Outside Director, Independent Officer	Outside Director
5	Akira Nakamoto	Re-election Candidate for Outside Director, Independent Officer	Outside Director
6	Yoshiro Miyokawa	Re-election Candidate for Outside Director, Independent Officer	Outside Director
7	Yukiko Yabu	Re-election Candidate for Outside Director, Independent Officer	Outside Director
8	Hiroyuki Ogiwara	Re-election	Representative Director and Corporate Senior Executive Vice President, Chief of Transformation Division
9	Osamu Kuroda	Re-election	Director and Corporate Senior Vice President, General Manager, Global Marketing Sales Division

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10	Satoshi Miyamoto	Re-election	Director and Corporate Senior Vice President, General Manager, Administration & CSR Division
11	Ken Maki	Re-election	Director and Corporate Vice President, General Manager, Strategy Division
12	Akihiro Fukunaga	Re-election	Director and Corporate Vice President, General Manager, Finance & Global Management Division

The Company board of directors selected the candidates here based on the reports from Nominating/ Compensation Committee majority members of which are outside directors.

With respect to board members (Directors and Audit & Supervisory Board Members), the Company believes that their skills, knowledge and experience, as well as multiple views from diverse board members, in terms of gender and international experience, contribute to the Group's global business operations and appropriate oversight/auditing. Based on this perception, the Company selects candidates for board members as follows:

- Candidates for Outside Director: Total mix of various skills and backgrounds; a person with experience of corporate management and governmental body, an engineer with specific technological expertise, and an expert of law or accounting
- Candidates for Director: With the consideration of the Furukawa group business with many affiliates around the globe and various business lines, a person who has the sufficient skillset, knowledge and experience and contributes to the Furukawa corporate value

Please see the following pages for the individual candidates' background, anticipated role in the board and other information.

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1.	Mitsuyoshi Shibata	[Date of Birth: November 5, 1953]
<p>■Brief history</p> <p>April 1977 Joined Furukawa Electric Co., Ltd.</p> <p>June 2008 Corporate Vice President, General Manager of Corporate Planning Department</p> <p>Jan. 2009 Corporate Vice President and Vice President of Metals Company</p> <p>June 2009 Corporate Senior Vice President and President of Metals Company</p> <p>June 2010 Director and Corporate Senior Vice President, President of Metals Company</p> <p>April 2012 President and Representative Director</p> <p>Nov. 2013 President and Representative Director, General Manager of Global Group Management Division</p> <p>April 2016 President and Representative Director</p> <p>April 2017 Chairman and Director (present post)</p>		
<p>Number of shares in the Company 7,400 Shares</p> <p>Number of Potential shares (*1) 25,500 Shares</p>		
<p>The Number of Attendance at the Board of Directors Meetings 16 out of 16 times</p> <p>The Number of Attendance at Nominating/ Compensation Committee 10 out of 10 times</p>		
<p>■Important Concurrent Posts</p> <p>Director (Outside) of Isuzu Motors Limited</p> <p>Director (Outside) of TOBU RAILWAY CO.,LTD.</p> <p>Statutory Auditor (Outside) of Asahi Mutual Life Insurance Company</p>		
<p>■Reasons for selection as a candidate for Director</p> <p>Mr. Mitsuyoshi Shibata has been involved in management within the Furukawa Group for many years, holding positions including President and Representative Director. Since April 2017, he has been overseeing the performance of duties by management staff from the President downwards and he plays a central role in improving the effectiveness of the Board of Directors, such as promoting measures to improve the management of the Board of Directors, in a non-executive as Chairman and Director. We request the re-election of Mr. Shibata as Director so that he can raise the level of strategic discussions within the Board of Directors, based on his wealth of management experience with the Group and his extensive knowledge of Group technologies, as well as continuing to actively focus on reinforcing corporate governance.</p>		

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2.	Keiichi Kobayashi	[Date of Birth: June 24, 1959]
<p>■Brief history</p> <p>April 1985 Joined Furukawa Electric Co., Ltd.</p> <p>April 2014 Corporate Vice President and General Manager of Copper & High Performance Material Products Division</p> <p>April 2015 Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division</p> <p>June 2015 Director and Corporate Senior Vice President, Advisor of Automotive Electronics Material Business, and General Manager of Copper & High Performance Material Products Division</p> <p>April 2016 Representative Director and Corporate Executive Vice President, General Manger of Global Marketing Sales Division</p> <p>April 2017 President and Representative Director (present post)</p>		
<p>Number of shares in the Company 5,300 Shares</p> <p>Number of Potential shares (*1) 22,670 Shares</p>		
<p>The Number of Attendance at the Board of Directors Meetings 16 out of 16 times</p> <p>The Number of Attendance at Nominating/ Compensation Committee 10 out of 10 times</p>		
<p>■Important Concurrent Posts</p> <p>N/A</p>		
<p>■Reasons for selection as a candidate for Director</p> <p>Mr. Keiichi Kobayashi served as President & Representative Director. He has extensive experience and in-depth insight in business operations and marketing/sales, as well as excellent leadership skills. Toward achieving the Medium-Term Management Plan “Furukawa G Plan 2020”, he has implemented various measures, including efforts for strengthening key businesses, and the business portfolio review by taking into account the synergy with such key businesses in a comprehensive manner. He plays a role as the top management in powerfully advancing the Medium-Term Management Plan, and further increasing the corporate value to realize “Furukawa Electric Group Vision 2030” which was developed toward 2030. Therefore, the Company requests his re-election as a Director.</p>		

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3.	Sumitaka Fujita	[Date of Birth: December 24, 1942]
Candidate for outside Director and Independent Officer		
<p>■Brief history</p> <p>April 1965 Joined ITOCHU Corporation</p> <p>June 1995 Director of ITOCHU Corporation</p> <p>April 1997 Managing Director of ITOCHU Corporation</p> <p>April 1998 Managing Representative Director of ITOCHU Corporation</p> <p>April 1999 Senior Managing Representative Director of ITOCHU Corporation</p> <p>April 2001 Representative Director, Vice President of ITOCHU Corporation</p> <p>April 2006 Director, Vice Chairman of ITOCHU Corporation</p> <p>June 2008 Senior Adviser of ITOCHU Corporation</p> <p>June 2008 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p> <p>July 2011 Advisory Member of ITOCHU Corporation (present post)</p>		
Number of shares in the Company 4,800 Shares		
The Number of Attendance at the Board of Directors Meetings 16 out of 16 times		
The Number of Attendance at Nominating/ Compensation Committee 10 out of 10 times		
<p>■Important Concurrent Posts</p> <p>Advisory Member of ITOCHU Corporation</p> <p>Director (Outside) of Olympus Corporation</p> <p>Chairman of Japan Association for Chief Financial Officers</p>		
<p>■Reasons for selection as a candidate for Director</p> <p>Mr. Sumitaka Fujita has held key management posts, including Chief Financial Officer (CFO) of a major general trading firm, and he has extensive experience in corporate management, including finance and accounting. He also has extensive knowledge of corporate governance. As an Outside Director and Independent Officer of the Company, he has spoken up actively at Board of Directors' meetings. As the Chairman of the Nominating/Compensation Committee, he has been involved in the deliberation of the nomination and remuneration of directors, including succession plans or performance-linked remuneration. In addition, he serves as the chairman of the outside directors' meetings as a lead outside director and has been contributing significantly to the enhancement of the Company's corporate governance level, striving to share knowledge about the management challenges faced by the Company among outside directors. We request the re-election of Mr. Fujita as Director in the hope that he will contribute to the further reinforcement of corporate governance and the further facilitation of the Group's global management going forward.</p>		

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5.	Akira Namamoto	[Date of Birth: November 25, 1945]
Candidate for outside Director and Independent Officer		
<p>■Brief history</p> <p>April 1969 Joined SHIMADZU CORPORATION</p> <p>June 2001 Director of SHIMADZU CORPORATION, General Manager of Analytical Instruments Division</p> <p>June 2005 Managing Director of SHIMADZU CORPORATION, General Manager of Analytical & Measuring Instruments Division</p> <p>June 2007 Senior Managing Executive Director of SHIMADZU CORPORATION</p> <p>June 2009 Representative Director, President & CEO of SHIMADZU CORPORATION</p> <p>June 2015 Representative Director, Chairman of the Board of SHIMADZU CORPORATION (present post)</p> <p>June 2016 Director (Outside) of Furukawa Electric Co., Ltd. (present post)</p>		
Number of shares in the Company 1,100 Shares		
The Number of Attendance at the Board of Directors Meetings 16 out of 16 times		
The Number of Attendance at Nominating/ Compensation Committee 10 out of 10 times		
<p>■Important Concurrent Posts</p> <p>Representative Director, Chairman of the Board of SHIMADZU CORPORATION</p>		
<p>■Reasons for selection as a candidate for Director</p> <p>Mr. Akira Nakamoto has previously held positions as President and CEO, and Chairman, of a leading precision equipment manufacturer renowned for its technological development capabilities. He has extensive knowledge and experience in global management, business strategy and manufacturing. Since he assumed the position of Outside Director, he has actively provided advice and recommendations on the medium to long-term business strategies and manufacturing etc., and played a supervisory role concerning the progress of the Medium-Term Management Plan, etc. We request the re-election of Mr. Nakamoto as an Outside Director, as we expect him to provide useful advice and comments on group management, in light of the Group's aim to further develop technology-driven businesses as a B-to-B company, and because he is ideally qualified to strengthen supervisory capabilities over management staff within the Board of Directors, as we work towards achieving our mid-term management plan.</p>		

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6.	Yoshiro Miyokawa	[Date of Birth: December 28, 1952]
Candidate for outside Director and Independent Officer		
■Brief history		
April 1975	Joined Yamanouchi Pharmaceutical Co., Ltd. (presently Astellas Pharma Inc.)	
Jan. 2003	General Manager, Business Process Innovation Promotion Department, Yamanouchi Pharmaceutical	
Sept. 2004	Leader, Integration Secretariat, Merger Preparatory Committee, Group Strategy Planning Department, Yamanouchi Pharmaceutical	
April 2005	General Manager, Integration Promotion Department, Astellas Pharma Inc.	
Sept. 2005	Executive Officer and General Manager, Business Innovation Department, Astellas Pharma Inc.	
April 2006	Executive Officer and General Manager, Human Resources Department, Astellas Pharma Inc.	
April 2008	Executive Officer and Chief Administrative Officer, Astellas Pharma Inc.	
June 2008	Senior Executive Officer and Chief Administrative Officer, Astellas Pharma Inc.	
June 2011	Vice President and Executive Officer, Astellas Pharma Inc.	
June 2013	Representative Director & Vice President, Chief Administrative Officer, and Chief Compliance Officer, Astellas Pharma Inc.	
June 2017	Retired from Astellas Pharma Inc.	
June 2019	Director (Outside) of Furukawa Electric Co., Ltd. (present post)	
Number of shares in the Company 1,200 Shares		
The Number of Attendance at the Board of Directors Meetings 12 out of 12 times (*2)		
The Number of Attendance at Nominating/ Compensation Committee 7 out of 7 times (*3)		
■Important Concurrent Posts		
N/A		
■Reasons for selection as a candidate for Director		
<p>Mr. Yoshiro Miyokawa assumed prominent administrative positions and served as Representative Director & Vice President at a large pharmaceutical company, and has extensive experience and in-depth insight in corporate management, compliance, and corporate governance. Since he assumed the position of Outside Director, he has actively provided advice and recommendations on the medium to long-term business strategies, corporate governance, and human resources strategies, etc., and played a supervisory role concerning the progress of the Medium-Term Management Plan, etc. While our Group will work on further improvement of the Group governance system, we expect that he will provide useful advice and recommendations based on his extensive experience in corporate management, and supervise the management. Therefore, the Company requests his re-election as an Outside Director.</p>		

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7.	Yukiko Yabu	[Date of Birth: June 23, 1958]
Candidate for outside Director and Independent Officer		
■Brief history		
April 1981	Joined Matsushita Electric Industrial Co., Ltd. (presently Panasonic Corporation)	
Jan. 2006	Director of Lifestyle Value Research Laboratory, R&D Headquarters, Home Appliances Company, Matsushita Electric Industrial Co., Ltd.	
Jan. 2011	Director of Global Consumer Research Center, Corporate Brand Strategy Division, Panasonic Corporation	
April 2012	Director of Consumer Research Center, Global Consumer Marketing Sector, Panasonic Corporation	
April 2013	Director and Group Manager responsible for consumer research at the Global Marketing Planning Center, Appliances Company, Panasonic Corporation	
March 2014	Retired from Panasonic Corporation	
June 2014	Director (Outside) of DUSKIN CO., LTD.	
June 2015	Director (Outside) of TAKARA HOLDINGS INC.	
June 2016	Director (Outside) of Daiwa House Industry Co., Ltd. (Present Post)	
June 2017	Retired from the position of Outside Director, DUSKIN CO., LTD.	
June 2018	Retired from the position of Outside Director, TAKARA HOLDINGS INC.	
June 2019	Director (Outside) of Furukawa Electric Co., Ltd. (present post)	
Number of shares in the Company 200 Shares		
The Number of Attendance at the Board of Directors Meetings 12 out of 12 times (*2)		
The Number of Attendance at Nominating/ Compensation Committee 7 out of 7 times (*3)		
■Important Concurrent Posts		
Director (Outside) of DAIWA HOUSE INDUSTRY CO., LTD.		
■Reasons for selection as a candidate for Director		
<p>Ms. Yukiko Yabu has served as outside director of several listed companies, although she has not engaged in corporate management in any other capacity; and has a wealth of experience and advanced knowledge of customer-oriented marketing and product development based on her experience with a leading electrical appliance manufacturer. Since she assumed the position of Outside Director, she has actively provided advice and recommendations on marketing activities, human resources strategies, and other matters, and played a supervisory role concerning the progress of the Medium-Term Management Plan, etc. While our Group accelerates the global sales expansion, we expect that she will provide advice and recommendations based on her insights into marketing, product development, etc. and supervise the management. Therefore, the Company requests her re-election as an Outside Director.</p>		

[Translation for Reference Purpose Only]

8.	Hiroyuki Ogiwara	[Date of Birth: February 18, 1961]
<p>■Brief history</p> <p>April 1983 Joined Furukawa Electric Co., Ltd.</p> <p>Dec. 2003 Vice President and Chief Financial Officer of OFS Fitel, LLC</p> <p>Nov. 2005 Manager of Tax & Accounting Department</p> <p>June 2009 General Manager of Finance & Accounting Department</p> <p>April 2013 General Manager of Finance & Accounting Department, Finance & Procurement Division</p> <p>April 2014 Corporate Vice President and General Manager of Finance & Procurement Division</p> <p>June 2014 Director and Corporate Vice President, General Manager of Finance & Procurement Division</p> <p>April 2016 Director and Corporate Senior Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division</p> <p>April 2017 Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division and General Manager of Global Group Management Division</p> <p>April 2018 Director and Corporate Executive Vice President, General Manager of Finance & Procurement Division</p> <p>April 2019 Representative Director and Corporate Senior Executive Vice President, Chief of Transformation Division (Present Post)</p>		
Number of shares in the Company 4,400 Shares		
Number of Potential shares (*1) 11,330 Shares		
The Number of Attendance at the Board of Directors Meetings 16 out of 16 times		
<p>■Important Concurrent Posts</p> <p>N/A</p>		
<p>■Reasons for selection as a candidate for Director</p> <p>Mr. Hiroyuki Ogiwara has a wealth of knowledge and experience in serving as CFO of an overseas subsidiary and General Manager of Finance & Procurement Division of the Company, and supporting financial aspects of the Group’s businesses over the years. Since April 2019, Mr. Ogiwara, as the leader of Transformation Division, has been promoting transformation activities toward increasing the entire Group’s earnings power and reinforcing the organizational ability for execution, while assisting President in decision-making as Corporate Senior Executive Vice President. The Company expects that he will contribute to stimulating discussion on the Board from the perspective of managing the entire Group, and therefore requests his re-election as a Director.</p>		

[Translation for Reference Purpose Only]

9.	Osamu Kuroda	[Date of Birth: July 21, 1959]
<p>■Brief history</p> <p>April 1983 Joined Furukawa Electric Co., Ltd.</p> <p>April 2007 General Manager of Sales Department of Telecommunication Division, Telecommunications Company, Furukawa Electric Co., Ltd.</p> <p>Dec. 2009 Assistant Manager of Corporate Planning Department</p> <p>April 2010 General Manger of Group Business Management Department</p> <p>April 2012 Assistant Manager of Electronics & automotive Systems Company</p> <p>April 2013 General Manager of Sales Planning & Marketing Department, Sales & Marketing Division</p> <p>April 2015 Corporate Vice President, General Manager of Kansai Branch and Hokuriku Sub Branch, Sales & Marketing Division</p> <p>April 2016 Corporate Vice President, Deputy General Manager, the Global Marketing Sales Division, General Manager of Kansai Branch and Hokuriku Sub Branch in the said division</p> <p>April 2017 Corporate Senior Vice President, General Manager of the Global Marketing Sales Division</p> <p>June 2017 Director and Corporate Senior Vice President, General Manager of the Global Marketing Sales Division</p> <p>April 2020 Director and Corporate Senior Vice President, General Manager of the Global Marketing Sales Division (present post)</p>		
Number of shares in the Company 3,100 Shares		
Number of Potential shares (*1) 5,880 Shares		
The Number of Attendance at the Board of Directors Meetings 16 out of 16 times		
<p>■Important Concurrent Posts</p> <p>N/A</p>		
<p>■Reasons for selection as a candidate for Director</p> <p>Mr. Osamu Kuroda has been engaged in product sales and corporate planning for many years, mainly in the infrastructure field of the power and telecommunication-related businesses, which are focus areas of the Company Group. He has extensive knowledge and experience in the Company Group's business, products, market and clients. Since 2017, from the standpoint of managing marketing and sales activities, he has been taking the lead in the promotion of business development for the Company Group in the global market. We request the re-election of Mr. Kuroda as Director in the hope that he will contribute to discussions of the Board of Directors from a marketing and sales perspective.</p>		

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10.	Satoshi Miyamoto	[Date of Birth: February 20, 1962]
<p>■Brief history</p> <p>April 1984 Joined Ministry of Trade and Industry (current Ministry of Economy, Trade and Industry)</p> <p>July 1999 Director, Information Disclosure Promotion Office, Public Relations Office, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>June 2001 Deputy Director, Japan External Trade Organization (JETRO) New York Center</p> <p>June 2004 Director, Commodity Derivatives Division, Commerce and Information Policy Bureau, Ministry of Economy, Trade and Industry</p> <p>April 2006 Canon Inc. (exchange via Act on Personnel Exchange Between the Government Sector and Private Enterprises)</p> <p>June 2010 Counselor to the Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>April 2011 Councilor for Policy Evaluation, Minister's Secretariat, Ministry of Economy, Trade and Industry</p> <p>Feb. 2012 Councilor, Minister's Secretariat, Ministry of Economy, Trade and Industry (Manufacturing Industries Bureau)</p> <p>June 2013 Deputy Chairman, JETRO</p> <p>Oct. 2015 Deputy Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>June 2016 Commissioner of the Small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry</p> <p>July 2017 Retired from the Ministry of Economy, Trade and Industry</p> <p>Nov. 2017 Advisor (full-time), Furukawa Electric Co., Ltd.</p> <p>April 2018 Corporate Vice President, and General Manager of Administration & CSR Division</p> <p>April 2019 Corporate Senior Vice President, and General Manager of Administration & CSR Division</p> <p>June 2019 Director and Corporate Senior Vice President, and General Manager of Administration & CSR Division (Present Post)</p>		
<p>Number of shares in the Company 700 Shares</p> <p>Number of Potential shares (*1) 2,140 Shares</p>		
<p>The Number of Attendance at the Board of Directors Meetings 12 out of 12 times (*2)</p>		
<p>■Important Concurrent Posts</p> <p>N/A</p>		
<p>■Reasons for selection as a candidate for Director</p>		

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During his career at the Ministry of Economy, Trade and Industry, Mr. Satoshi Miyamoto assumed several prominent positions, including Councilor of the Minister's Secretariat (Manufacturing Industries Bureau) and Commissioner of the Small and Medium Enterprise Agency, etc. and has a wealth of experience and knowledge in industrial policies, as well as a wide network of connections. Since 2018, as General Manager, Administration & CSR Division, he has actively promoted measures for ESG management and SDGs, and the risk management system for the entire Group. The Company expects that his viewpoint on establishing the governance system which is well-balanced between aggressive (growth-oriented) and defensive initiatives, including the above-mentioned measures, will contribute to stimulating discussions at Board meetings. Therefore, the Company requests his re-election as a Director.

11.	Ken Maki	[Date of Birth: December 8, 1960]
■Brief history		
April 1984	Joined Furukawa Electric Co., Ltd.	
Oct. 2003	Assistant Manager of Group Business Administration Department	
June 2007	Assistant Manager of Corporate Strategy Planning Department	
April 2010	Assistant Manager of Group Business Management Department	
June 2010	Director of TOTOKU ELECTRIC CO., LTD.	
June 2014	General Manager of Finance & Accounting Department, Finance & Procurement Division, Furukawa Electric Co., Ltd.	
Apr. 2016	Corporate Vice President, General Manager of Energy Infrastructure Division	
Apr. 2018	Corporate Vice President, General Manager of Strategy Division	
Jun. 2018	Director and Corporate Vice President, General Manager of Strategy Division (Present Post)	
Number of shares in the Company 2,200 Shares		
Number of Potential shares (*1) 3,190 Shares		
The Number of Attendance at the Board of Directors Meetings 16 out of 16 times		
■Important Concurrent Posts		
N/A		
■Reasons for selection as a candidate for Director		
Mr. Ken Maki has a track record of successful turnaround of a listed subsidiary, also assumed responsibilities as General Manager of the Finance & Accounting Department and General Manager of Energy Infrastructure Division of the Company, and has considerable experience and knowledge of business strategy as well as finance and accounting. Since 2018, Mr. Maki, as General Manager of Strategy Division, has been working on measures for establishing an optimal business portfolio through reallocation of management resources, and promoting a forward-looking strategy of the		

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Group. Therefore, the Company expects that he will contribute to strategic discussion at the Board of Directors, and requests his re-election as Director.

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12.	Akihiro Fukunaga	[Date of Birth: January 29, 1964]
<p>■Brief history</p> <p>April 1986 Joined Furukawa Electric Co., Ltd.</p> <p>Nov. 2005 Senior Vice President and Chief Financial Officer, OFS Fitel, LLC</p> <p>Aug. 2009 Manager, Accounting Section 2, Finance & Accounting Department, Furukawa Electric Co., Ltd.</p> <p>Aug. 2011 Manager, Accounting Section 1, Finance & Accounting Department, Furukawa Electric Co., Ltd.</p> <p>June 2013 Manager, Finance & Accounting Section, Finance & Accounting Department, Finance & Procurement Division</p> <p>Nov. 2013 General Manager, Global Group Management Office, Global Group Management Division</p> <p>April 2016 General Manager, Finance & Accounting Department, Finance & Procurement Division</p> <p>April 2018 Corporate Vice President, Global Management Division</p> <p>April 2019 Corporate Vice President, General Manager of Finance & Global Management Division</p> <p>June 2019 Director and Corporate Vice President, General Manager of Finance & Global Management Division</p>		
<p>Number of shares in the Company 2,400 Shares</p> <p>Number of Potential shares (*1) 1,510 Shares</p>		
<p>The Number of Attendance at the Board of Directors Meetings 12 out of 12 times (*2)</p>		
<p>■Important Concurrent Posts</p> <p>N/A</p>		
<p>■Reasons for selection as a candidate for Director</p> <p>Mr. Akihiro Fukunaga assumed the position of CFO of our U.S. subsidiary and leadership positions in the accounting division, and also directed and improved business management of affiliated companies in Japan and overseas as General Manager of Global Group Management Division. As such, he has considerable experience and knowledge in finance and accounting as well as group management. Since 2019, as General Manager, Finance & Global Management Division, he has played a role in further improving the Group's balance sheet and promoting the Group's global management. The Company expects that his viewpoint as an expert on accounting regimes in Japan and overseas will contribute to strategic discussions on the Board, and therefore requests his re-election as a Director.</p>		

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(*1) The number of potential shares represents the number of shares equivalent to vested points granted to each Director under the stock remuneration plan utilizing the trust.

(*2) During FY2019, the Board of Directors met 16 times, and made resolutions in writing twice, which are regarded as the resolutions of the Board in accordance with Article 370 of the Companies Act and Article 24, Paragraph 2 of the Articles of Incorporation. Because Mr. Yoshiro Miyokawa, Ms. Yukiko Yabu, Mr. Satoshi Miyamoto, and Mr. Akihiro Fukunaga were newly elected at the 197th Annual Shareholders Meeting, their meeting attendance numbers differ from those of other Directors.

(*3) The Company established the Nomination/Compensation Committee, which is a voluntary committee consisting of the majority of Outside Directors and chaired by an Outside Director for the purposes of appointing/removing and evaluating Directors as well as discussing remuneration for the management.

[Note] Matters concerning candidates for Outside Director

1. Mr. Sumitaka Fujita, Mr. Osamu Tsukamoto, Mr. Akira Nakamoto, Mr. Yoshiro Miyokawa and Ms. Yukiko Yabu are currently Outside Directors of the Company and their term will be twelve (12) years, seven (7) years and four (4) year and one (1) year, one (1) year respectively at the close of the Annual shareholders meeting.
2. The relationship between the firm from which the candidate for Outside Directors came and the Company are as follows.
 - 1) Concerning Mr. Sumitaka Fujita, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. Regarding ITOCHU Corporation, where he served as Vice Chairman and Director in the past, the Company undertakes transactions with ITOCHU Corporation, which sells products of Furukawa UACJ Memory Disk Co., Ltd., a subsidiary of the Company, to overseas clients as a distributor. The total trading amount in FY2019 was approx. 2,330 million yen, which accounts for 0.05% of the annual total sales of ITOCHU Corporation, and 0.53% of the annual total sales of our Company, and therefore, the amount is quite small. Furthermore, it has been more than 3 years since he retired from the executive position at ITOCHU Corporation. In addition, the Company is a member of the Japan Association for Chief Financial Officers, where he serves as Chairman, and pays an annual membership fee. The amount of the annual membership fee which the Company has paid so far, and will pay this year is approx. 0.2 million yen per year, which is lower than the threshold specified in the Company's Independence Standards.
 - 2) Concerning Mr. Osamu Tsukamoto, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer.

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When his re-election is approved, the Company will continue to register him as an independent officer. An advisory contract was entered into between Mr. Tsukamoto and the Company in October 2010. Since then, the Company has been receiving professional advice from him on the business fields of the Company Group. After he became an Outside Director in June 2013, the Company continued to pay compensations for his advice in his area of expertise in addition to the remuneration for Outside Director, and will continue to do so after he is re-elected as a Director. The amount of the compensation which the Company has paid to him so far and will pay this year is less than 10 million yen, which is lower than the threshold specified in the Company's Independence Standards. Furthermore, the Company is a supporting member of the Japan Coal Energy Center, where he serves as President, and pays an annual membership fee. The amount of the annual membership fees which the Company has paid so far, and will pay this year is approx. 1 million yen per year, which is lower than the threshold specified in the Company's Independence Standards.

- 3) Concerning Mr. Akira Nakamoto, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. Mr. Nakamoto serves as Representative Director and Chairman of the Board of SHIMADZU CORPORATION, with which the Company undertakes transactions. The Company engages in sales for our thermal products and repairing cable for SHIMADZU CORPORATION. However, the total trading amount in FY2019 was approx. 5 million yen, which accounts for less than 0.01% of the annual total sales of SHIMADZU CORPORATION, and less than 0.01% of the annual total sales of our Company, and therefore, the amount is quite small.
- 4) Concerning Mr. Yoshiro Miyokawa, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. There is no special interest between Mr. Miyokawa and the Company.
- 5) Concerning Ms. Yukiko Yabu, in light of the independence Standards for outside officers specified by the Tokyo Stock Exchange and the Company, it is our judgement that he is independent from the Company, and the Company has registered him as an independent officer. When his re-election is approved, the Company will continue to register him as an independent officer. Between the Company and Panasonic Corporation, for which Ms. Yabu worked until 2014, there is a business relationship where the Company sells metal products to Panasonic Corporation. However, the total trading amount in FY2019 was approx. 2,809 million yen, which accounts for 0.07% of the annual total sales of Panasonic Corporation, and 0.64% of the annual

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total sales of our Company, and therefore, the amount is quite small.

3. With respect to the candidates for re-election, there are no specific facts of inappropriate business execution by the Company during the term of the Outside Director.
4. During the past five years, there were the following facts of inappropriate business execution by a candidate for the Company's Outside Director who served as an officer of another company:

While Mr. Sumitaka Fujita has served as outside director of Olympus Corporation since April 2012, its U.S. subsidiary, Olympus Corporation of the Americas (OCA) was investigated by the U.S. Department of Justice (DOJ) for the alleged violation of the U.S. Anti-Kickback Statute and the U.S. False Claims Act, concerning activities relating to its U.S. medical business for the period from 2006 to 2011; and entered into a deferred prosecution agreement with the DOJ on February 29, 2016. From October 11, the OCA was again investigated by the DOJ for the alleged violation of the Foreign Corrupt Practices Act, concerning medical business activities conducted by its U.S. sales subsidiary (an indirect subsidiary of Olympus Corporation) and the latter's subsidiary in Brazil. These subsidiaries entered into a deferred prosecution agreement with the DOJ on February 29, 2016. As for the above-mentioned two agreements, the DOJ filed motions with a U.S. district court seeking the dismissal of the complaints, and the court approved the motion on March 12, 2019, and the complaints were dismissed. Mr. Fujita was appointed as an outside director of Olympus Corporation after the start of the above-mentioned investigations by the DOJ.

In March and August 2015, the DOJ issued subpoenas to a Japanese subsidiary of Olympus Corporation, seeking information relating to products, which the subsidiary sold in the U.S.; and conducted an investigation relating to the Federal Food, Drug and Cosmetic Act (FDCA). The Japanese subsidiary entered into a plea agreement with the DOJ on December 3, 2018, and the plea agreement was approved by a U.S. federal court and became final on December 10, 2018. Although Mr. Fujita had not been aware of the fact until the incident was uncovered, he had regularly made recommendations from the perspective of legal compliance, promoting awareness.

Upon becoming aware of these facts after assuming the position of outside director of Olympus Corporation, Mr. Fujita called for the implementation of appropriate measures to strengthen compliance and prevent a recurrence at the Board of Directors meetings of Olympus Corporation, where these facts were reported, and necessary measures were deliberated. He also supervised the implementation of each measure.

Mr. Akira Nakamoto served as a representative director of SHIMADZU CORPORATION from June 2009, but in January 2013, during his term of office as the representative director, the fact that SHIMADZU CORPORATION overcharged the Japanese Ministry of Defense for expenses on aviation instruments was revealed, and as a result, SHIMADZU CORPORATION was suspended from bidding by the Japanese Ministry of Defense. SHIMADZU CORPORATION refunded this overcharged amount, and the suspension was lifted in March 2014. Based on the results of an

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internal investigation conducted from April 2015 to March 2016, there was also found to be an issue regarding fulfilment of a maintenance contract for aviation instruments with the Ministry of Defense. The matter in question was reported to the ministry in May 2016. As a consequence, SHIMADZU CORPORATION was suspended from bidding by the Japanese Ministry of Defense for three and a half months from June 2017, but the suspension was lifted in September 2017.

Mr. Akira Nakamoto did not recognize the fact in advance, but after the fact became apparent, Mr. Akira Nakamoto conducted an investigation to clarify the overall situation, and in addition, Mr. Akira Nakamoto worked to strengthen the internal control system and foster compliance awareness.

Ms. Yukiko Yabu has served as an outside director of DAIWA HOUSE INDUSTRY CO., LTD. (hereinafter “Daiwa House”) since June 2016. In March 2019, Daiwa House disclosed that its fund for approx. 1,415 million Chinese Yuan (23,400 million yen) was fraudulently withdrawn at its affiliate company in China. Furthermore, as a result of its internal investigation in response to a whistleblowing claim, Daiwa House found some of houses and apartment buildings to rent do not conform to the Building Regulations, and reported the fact to the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) in April 2019. Moreover, as a result of its internal investigation triggered by a whistleblowing claim, Daiwa House found that some employees took certification exams even though they had not met the requirement of certain work experience, and acquired the certification of construction managing engineer, and that some of such employees were assigned as technical experts at construction sites. Daiwa House reported such facts to the MLIT in December 2019.

Ms. Yabu was not aware of such facts in advance, but she has called attention to the importance of legal compliance on a regular basis at the Board of Directors, Joint Member Council, and Corporate Governance Committee, etc., based on her extensive experience and in-depth insights. After such facts were found out, she performed her duties by actively taking part in the fact-finding, causal analysis, and consideration of measures for preventing a recurrence, and calling for appropriate measures to strengthen the compliance system and ensure compliance.

5. Overview of limited liability agreement

It is stipulated in the Articles of Incorporation that the Company may enter into limited liability agreements with Outside Directors to bring qualified human resources capable of fulfilling expected roles in performing their duties. Accordingly, Mr. Sumitaka Fujita, Mr. Osamu Tsukamoto, Mr. Akira Nakamoto, Mr. Yoshiro Miyokawa and Ms. Yukiko Yabu, as Outside Directors, concluded the limited liability agreements with the Company, which will continue to be effective, if they are re-appointed and assume the positions of Outside Directors. The Company will conclude limited liability agreements with them. The limit of liabilities under the agreements is the minimum amount provided for in laws and regulations.

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[Independence Standards for outside officers specified by the Company]

If none of the following attributes are applicable to the relevant outside Directors and outside Audit & Supervisory Board Members (including candidates), the Company considers that they are independent Directors and Audit & Supervisory Board Members without the possibility of creating any conflict of interest with general shareholders.

- (i) Person belonging to a company whose main clients include the Company (a client who provides products or services to the Company and whose amount of transactions with the Company is equivalent to more than 2% of the client's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (ii) Person belonging to a company which is one of the Company's main clients (a client to whom the Company provides products or services and whose amount of transactions with the Company is equivalent to more than 2% of the Company's annualized total sales in the most recent fiscal year) or who engages in such operations.
- (iii) Person who engages in operations at a financial institution which is a main lender to the Company (a lender whose amount of loans is equivalent to more than 2% of the Company's total assets in the most recent years).
- (iv) Person who receives monetary or other economic benefits from the Company of JPY 10 million or more a year, over and above officer's remuneration, in the capacity of such an expert as a consultant, accountant, lawyer, or who belongs to any legal entity which receives JPY 100 million a year from the Company.
- (v) Person who has fallen under items (i) to (iv) during any period within the past three years.
- (vi) Relative of the person who falls under items (i) to (v) above, within the second degree of kinship.
- (vii) Any other person in breach of standards for independence set out by Tokyo Stock Exchange, Inc.

* Even if items (i) to (vii) are not applicable, the Company may determine that the person is not independent depending on factors such as the amount of transactions at subsidiaries of the Company or those of the relevant client to which the person belongs.

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Proposal Three: Election of one (1) Audit & Supervisory Board Member

The term of office of one Audit & Supervisory Board Member, Mr. Yuzuru Fujita, will expire at the close of this shareholders meeting. Therefore, the Company requests the election of one Audit & Supervisory Board Member, in order to maintain/strengthen its auditing system.

The candidate for Audit & Supervisory Board Member is as follows.

The Company obtained prior consent from the Audit & Supervisory Board regarding this proposal.

	Sayaka Sumida	[Date of Birth: January 28, 1961]
Candidate for outside and Independent Audit & Supervisory Board Member		
■Brief history		
Oct. 1984	Joined Asahi Accounting Company (currently, KPMG AZSA LLC)	
May 1988	Registered as Certified Public Accountant	
May 2006	KPMG AZSA LLC (partner)	
July 2010	Executive Board Member, Japanese Institute of Certified Public Accountants	
Feb. 2017	Business Accounting Council Member, Financial Services Agency (present)	
March 2020	Resigned from KPMG AZSA LLC	
Number of shares in the Company 0 Shares		
■Important Concurrent Posts		
N/A		
■Reasons for selection as a candidate for Director		
Ms. Sayaka Sumida is an expert on financial statement audit and internal control audit from her long experience as a Certified Public Accountant, although she has not been directly involved in corporate management. Furthermore, as an Executive Board Member of the Japanese Institute of Certified Public Accountants, she has engaged mainly in developing/revising Japanese audit standards aligned with the International Auditing Standards (IAS). She has also served as Business Accounting Council Member under the Financial Services Agency since 2017. The Company expects that such broad experience and in-depth insights will contribute to strengthening its auditing system, and requests her election as a new Outside Audit & Supervisory Board Member.		

Notes: Matters concerning the candidate for Outside Audit & Supervisory Board Member

- Ms. Sayaka Sumida, the candidate for our Outside Audit & Supervisory Board Member, is also nominated as a candidate for outside director (audit committee member) of Advantest Corporation at its annual shareholders meeting to be held on June 25, 2020; and a candidate for outside audit & supervisory board member of The Nisshin OilliO Group, Ltd. at its annual shareholders meeting to be held on June 23, 2020.
- The relationship between the Company and organizations, for which the candidate for Outside Audit & Supervisory Board Member works/used to work, is as follows:
Concerning Ms. Sayaka Sumida, the Company judged that she satisfies the independence criteria for outside officers stipulated by the Tokyo Stock Exchange and the Company's Independence Standards, and therefore, she is independent from the Company. When her appointment is approved, the Company will register her as an independent officer. Between the

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Company and KPMG AZSA LLC where she had served as Partner until March 2020, there are transactions related to consulting in the sphere of finance and accounting. The total amount of such transactions is less than 0.1 billion yen per year, which is lower than the threshold specified in the Company's Independence Standards.

3. With respect to this candidate for Outside Audit & Supervisory Board Member, there is no case of fraud execution of operation in the past 5 years during her service as an officer at other companies.

4. Overview of limited liability agreement

It is stipulated in the Articles of Incorporation that the Company may enter into limited liability agreements with Outside Audit & Supervisory Board Members to bring qualified human resources capable of fulfilling expected roles in performing their duties. Accordingly, once she is elected, the Company will conclude a limited liability agreement with her. The limit of liabilities under the agreement is the minimum amount provided for in laws and regulations.

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Proposal Four: Election of one (1) Reserve Audit & Supervisory Board Member

The effective terms of the resolution on the election of a substitute Audit & Supervisory Board Member at the 197th Annual Shareholders Meeting held on June 27, 2019, will expire at the beginning of this Shareholders Meeting. Therefore, to ensure that the Company will not lack the mandatory number of outside Audit & Supervisory Board Members, we request the election of one substitute outside Audit & Supervisory Board Member.

The candidate for substitute Audit & Supervisory Board Member is shown below.

The Company obtained prior consent from the Audit & Supervisory Board regarding this proposal.

	Kenji Koroyasu	[Date of Birth: April 16, 1942]
■Brief history		
April 1967	Public Prosecutor	
April 1993	Public Prosecutor, Supreme Public Prosecutors Office	
Dec. 1993	Chief Public Prosecutor, Otsu District Public Prosecutors Office	
Jan. 1996	Chief Secretary, Ministry of Justice	
Dec. 1997	Director of General Affairs Department, Supreme Public Prosecutors Office	
April 1999	Director of Criminal Affairs Department, Supreme Public Prosecutors Office	
Dec. 1999	Director General, Research and Training Institute of the Ministry of Justice	
May 2001	Superintending Prosecutor, Sapporo High Public Prosecutors Office	
June 2002	Superintending Prosecutor, Nagoya High Public Prosecutors Office	
Feb. 2003	Superintending Prosecutor, Osaka High Public Prosecutors Office	
June 2004	Retired as Superintending Prosecutor	
July 2004	Joined Tokyo Eiwa Attorneys at Law	
July 2008	Advisor (Attorney), TMI Associates (present post)	
June 2010	Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.	
June 2018	Retired as Outside Audit & Supervisory Board Member of Furukawa Electric Co., Ltd.	
Number of shares in the Company 2,000Shares		
■Important Concurrent Posts		
Advisor Attorney of TMI Associates		

- Notes: 1. Mr. Kenji Koroyasu is a candidate for substitute Outside Audit & Supervisory Board Member.
2. Reasons for nominating him as a substitute Outside Audit & Supervisory Board Member are as follows:
 Mr. Kenji Koroyasu has not directly engaged in corporate management in any other capacity than outside officer, but he has long experience as a legal professional, and is familiar with legal affairs of companies through his experience as outside officer. He has sufficient expertise and extensive knowledge of corporate management, and therefore, the Company judged that he is capable of properly carrying out auditing

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of the Company's business execution, and requests his election as a substitute Audit & Supervisory Board Member.

3. The relationship between the company for which the substitute Outside Audit & Supervisory Board Member previously worked and the Company is as follows:
Concerning Mr. Kenji Koroyasu, the Company judged that he satisfies the independence criteria for outside officers stipulated by the Tokyo Stock Exchange and the Company's Independence Standard, and therefore, he is independent from the Company. When his appointment is approved, the Company will register him as an independent officer. Mr. Koroyasu served as Outside Audit & Supervisory Board Member of the Company from June 2010 to June 2018. Furthermore, there is no transaction between the Company and TMI Associates, where Mr. Koroyasu works as Advisor Attorney from July 2008.
4. Overview of limited liability agreement
It is stipulated in the Articles of Incorporation that the Company may enter into limited liability agreements with Outside Audit & Supervisory Board Member to bring qualified human resources capable of fulfilling expected roles in performing their duties. If Mr. Kenji Koroyasu are appointed and assume the positions of Outside Audit & Supervisory Board Member, the Company will conclude limited liability agreements with them. The limit of liabilities under the agreements is the minimum amount provided for in laws and regulations.

End.

Business Report

(1) Overview of progress and results of our Group's business in the current fiscal year

In the current fiscal year, while the United States maintained modest economic growth as a whole due to a stable increase in personal consumption backed by the improvement of the employment situation, China and Europe saw weak economic growth due to the prolonged and intensified U.S.-China trade dispute as well as political/geopolitical tensions in Europe and the Middle East. Furthermore, since January 2020, the spread of the novel coronavirus originated from China has caused the stagnation of economic activities on the global scale, making the economic environment unstable with uncertainty all over the world.

As for the Japanese economy, while we saw steady capital investments in the first half of the year, a rapid economic downturn was caused by a series of large-scale natural disasters including the wind and flood damage from Typhoon No. 15 last September, a decline in personal consumption triggered by the sales tax increase in October, and the worldwide spread of the novel coronavirus.

In such a business environment, the Furukawa Electric Group continued to work on strengthening the infrastructure (communications/energy) and automotive segments, which are priority areas in our Mid-term Management Plan "Furukawa G Plan 2020". As for the infrastructure segment, in the area of communications solutions, while prices of optical fibers and optical fiber cables (hereinafter, "optical fibers, etc.") continued to fall due to a deterioration of the supply demand balance, we have worked on expanding sales of high-value-added products and increasing our cost competitiveness by optimizing production sites on a global scale. In the area of energy, we continue to focus on ultra-high voltage underground cables, and submarine and underground cables for renewable energy in the Japanese market, as well as submarine cables in Asian markets. In the current year, we have steadily captured demand for ultra-high voltage underground cables in Japan, and increased orders received for submarine cables, etc. in Asia. Furthermore, we implemented the enhancement of facilities for producing submarine cables, for which demand is expected to further increase in the future, as planned. We will continue to strengthen this area, which is one of our priority areas. In the automotive segment, due to a decrease in global vehicle production over the second half of the year, sales of automotive products including wire harnesses have been slow. We, however, decided on capital investments for the purpose of increasing the production capacity for the medium to long-term sales expansion of wire harnesses in the North American market, and will continue to work on global business development.

We established Transformation Division in April 2019, and have been implementing measures for improving the entire Group's earnings power and organizational ability of execution. Such efforts are gradually yielding results.

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Moreover, aiming at creating the environment where employees can exercise their abilities to the fullest, we have continuously worked on the reform of working practices, and promoted diversity and inclusion.

With respect to the current year's financial results, net sales of the entire Group decreased due to the following reasons: Communications Solutions business was affected by falling prices of optical fibers, etc. due to the deterioration of the supply demand balance, and it took time to improve the productivity of optical fiber cables at our U.S. subsidiary; Electronics Component Materials business and Functional Products business faced a slowdown in sales mainly due to a downturn in the electronics-related market conditions. In terms of earnings, while Energy Infrastructure business returned to profitability, and Communications Solutions business led the cost reduction efforts to produce positive outcomes, our profitability was adversely affected by the downturn in the market conditions, followed by the impact of the novel coronavirus spread on the overall global economy from January 2020, and therefore the profit decreased.

As a result, the Company recorded consolidated net sales of 914.4 billion yen (down 7.8% year-on-year), and consolidated operating income of 23.6 billion yen (down 42.3% yoy), and consolidated ordinary income of 22.8 billion yen (down 41.7% yoy). Furthermore, the profit of 14.9 billion yen, including gain from sale of investment securities, was recorded as extraordinary profit, while the loss of 7.0 billion yen including loss on valuation of investment securities and loss due to fire, was recorded as extraordinary loss. Accordingly, net income attributable to owners of the parent company amounted to 17.6 billion yen (down 39.4% yoy). Overseas sales amounted to 418.8 billion yen (down 11.0% yoy), and the overseas sales ratio was 45.8% (down 1.6 percentage point yoy).

On a non-consolidated basis, the Company recorded net sales of 440.7 billion yen (down 7.0% yoy), operating income of 0.5 billion yen (down 89.7% yoy), ordinary income of 12.0 billion yen (down 47.0% yoy), and net income of 18.2 billion yen (down 15.5%).

(2) Changes in business outcomes and assets

(i) Changes in Group business outcomes and assets

Category	195 th term Fiscal 2016	196 th term Fiscal 2017	197 th term Fiscal 2018	198 th term (Current term) Fiscal 2019
Net sales (JPY millions)	843,344	967,333	991,590	914,439
Operating income (JPY million)	38,623	44,804	40,842	23,565
Ordinary income (JPY million)	36,024	46,908	39,078	22,771
Profit attributable to owners of parent (JPY million)	17,570	28,547	29,108	17,639

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Net income per share (JPY)	249.17	405.05	412.98	250.25
Total assets (JPY millions)	750,126	808,632	818,021	794,616
Net assets (JPY millions)	237,051	272,071	279,911	273,030

(ii) Changes in Company business outcomes and assets

Category	195 th term Fiscal 2016	196 th term Fiscal 2017	197 th term Fiscal 2018	198 th term (Current term) Fiscal 2019
Net sales (JPY millions)	398,777	457,730	473,626	440,675
Operating income (JPY million)	6,209	5,694	5,147	531
Ordinary income (JPY millions)	21,191	21,247	22,619	11,991
Net income (JPY million)	10,909	18,542	21,510	18,177
Net income per share (JPY)	154.68	263.03	305.11	257.82
Total assets (JPY millions)	431,148	463,387	469,013	473,935
Net assets (JPY millions)	134,832	151,504	164,075	167,901

(3) Overview and results of business activities for the term (each segment)

[Consolidated Net Sales and Operating Income by Segment] (Unit: JPY millions)

Segment	Net sales	Increase/ decrease from the previous year-end	Operating income / loss	Increase/ decrease from the previous year-end
Infrastructure	280,932	△7,041	1,710	△5,720
Electronics & Automotive Systems	509,300	△52,354	14,818	△4,651
Functional Products	115,877	△33,423	7,467	△6,071
Services and Developments etc.	50,318	1,737	△349	△641
Elimination	△41,988	13,932	△80	△191
Total	914,439	△77,150	23,565	△17,276

[Notes] 1. Upon reviewing our operational management and responsibilities to accelerate development, a part of business, which had been managed by Electronics & Automotive Systems segment until the previous year, was transferred to Services and Development segment.

2. With the above-mentioned change, the consolidated net sales and consolidated operating income for

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the previous year were restated according to the aggregation method after the change, to compare with the consolidated net sales and consolidated operating income for the current year.

Infrastructure

Sales from Communications Solutions business declined mainly because prices of optical fibers, etc. dropped due to the worldwide deterioration of the supply demand balance started in China, and because it took time to improve the productivity of optical fiber cables at our U.S. subsidiary. As for earnings, while increased sales of digital coherent products contributed to profit performance, and cost reduction efforts produced positive outcomes, the business was severely affected by the downturn of the optical fiber cables market, and its operating income declined. Meanwhile, with respect to Energy Infrastructure business, although damages of Typhoon No. 15 forced a temporary shut-down of our power cable factory in Chiba Works, the business regained profitability because sales increased mainly due to the capture of demand for renewing ultra-high voltage underground cables in Japan; also due to the fact that there was no more temporary loss booked in the previous year; and also as a result of our subsidiary in China improving the profitability.

As a result, this segment recorded consolidated net sales of 280.9 billion yen (down 2.4% yoy), and consolidated operating income of 1.7 billion yen (down 77.0% yoy). On a non-consolidated basis, the segment reported net sales of 94.2 billion yen (down 1.9% yoy).

As for Communications Solutions business, we will continue to improve the productivity of optical fibers, etc. in the U.S. subsidiary and to implement cost reduction measures to fundamentally enhance our cost competitiveness, thus establishing a strong business foundation. In Mie Works where optical fibers, etc. are produced, to improve the productivity, we will aim at realizing a smart factory using IoT.

As for Energy Infrastructure business, a joint venture for the sale of general-purpose power cables for construction and wholesalers was established with SWCC SHOWA HOLDINGS CO., LTD. in April 2020, and works on expanding sales of each Group's unique products and increasing the efficiency of logistics.

Electronics & Automotive Systems

Net sales from this segment declined due to the following reasons: with respect to Automotive Products business, sales of wire harnesses declined due to a decrease in global vehicle production over the second half of the year; with respect to Electronics Component Materials business, affected by sluggish demand for smartphones, etc., and an economic downturn associated with the prolonged U.S.-China trade dispute, demand in the electronics-related market slowed down, and sales of copper and brass products for connectors and lead frames weakened; and the business was also affected by falling copper prices. As for earnings, strong sales of magnet wires for electric vehicles were more than offset by a decline in sales from Automotive Products business along with

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an increase in depreciation expense attributable to increased R&D expense and capital investments for the future of the business, resulting in a decline in income.

As a result, this segment recorded consolidated net sales of 509.3 billion yen (down 9.3% yoy) and consolidated operating income of 14.8 billion yen (down 23.9% yoy). On a non-consolidated basis, the segment reported net sales of 284.6 billion yen (down 8.4% yoy).

Automotive Products business continues to work on establishing and strengthening the manufacturing system in the Asian region, aiming at increasing production of aluminum wire harnesses for making vehicles lighter, as well as optimizing of cost and quality.

Furthermore, with respect to this segment, upon comprehensively considering business synergy with Infrastructure and Automotive segments, which are the priority areas under the Mid-term Management Plan, we decided to transfer the copper tube business and reorganize the magnet wire business. Specifically, we already decided that the copper tube business (including all of our shares in our subsidiaries, Okumura Metals Co., Ltd. and Furukawa Metal (Thailand) Public Co., Ltd.) will be transferred to a special purpose company under Japan Industrial Partners, Inc. We also decided that we will establish a joint venture with the world's largest magnet wire manufacturer, Superior Essex Inc., mainly for establishing a supply system of magnet wires for electric vehicles and expanding sales on a global scale. For that purpose, it was also determined that a part of our Group's magnet wire business will be integrated with Superior Essex's magnet wire business.

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Functional Products

While AT & Functional Plastics business achieved strong sales of certain buried cable conduit materials, Thermal Management Solution & Products, Memory Disk, and Copper Foil businesses were affected by sluggish demand in the electronics-related market - typically, demand for products for data centers and smartphones, and the fire outbreak at our Taiwanese subsidiary (that manufactures and sells copper foil products), which destroyed a part of its factory in June 2019. Consequently, sales and profit from this segment as a whole declined.

As a result, this segment recorded consolidated net sales of 115.9 billion yen (down 22.4% yoy) and consolidated operating income of 7.5 billion yen (down 44.8% yoy). On a non-consolidated basis, the segment reported net sales of 59.6 billion yen (down 7.9% yoy).

We apologize for the trouble and inconvenience caused by the above-mentioned fire at the Taiwanese subsidiary to neighbors, local authorities, customers, and many other parties. We have been working on the restoration of the factory. The subsidiary will strive to enhance the production and sales of high-value added products, including high performance circuit foil products, which are expected to attract higher demand in the future.

Services and Developments etc.

This segment supports various other businesses within the Group through logistics, renting real estate, hydroelectric generation, R&D for new products, and subcontracting.

The segment recorded consolidated net sales of 50.3 billion yen (up 3.6% yoy), and consolidated operating loss of 0.3 billion yen (deteriorated by 0.6 billion yen yoy). Non-consolidated net sales were 2.2 billion yen (up 12.7% yoy).

Effective on April 1, 2020, businesses related to group finance, accounting, and material procurement, which used to be operated by our subsidiary, Furukawa Finance and Business Support Co., Ltd., were succeeded by the Company through the company split.

(4) Issues to be addressed

1. Addressing the issue of Novel Coronavirus (COVID-19)

The pressing issue is how to address the situation where the expansion of COVID-19 infection is having a severe negative impact on the global economy. At the moment, an abatement of the spread of COVID-19 is nowhere in sight, so it is extremely difficult to accurately forecast its impact on our Group that conducts various business activities in Japan and abroad. Nonetheless, the Group established an emergency response system, and has been striving to minimize adverse effects on the Group. While assessing changes in the environment in the future, the Group will implement necessary countermeasures in a prompt and flexible manner.

2. Implementing our Mid-term Management Plan “Furukawa G Plan 2020”

As identified as core measures in the Mid-term Management Plan “Furukawa G Plan 2020” established in 2016, the Group will continue to strive for strengthening and reforming its business, especially strengthening such priority areas as the Infrastructure (Communications/Energy) and Automotive segments.

In FY2020, which is the final year of the current Mid-term Management Plan, we expect that the business environment will remain tough for the time being mostly due to the worldwide deterioration of the supply demand balance of optical fibers, etc. in the communications industry, and the spread of COVID-19 infection, and therefore, it will be very difficult to achieve the target earnings. The entire Group, however, will accelerate its efforts for “delivering sustained profitable growth”, so that we will be able to move toward our targets.

With respect to Infrastructure segment, Communication Solutions business will continue to improve the productivity of optical fibers, etc. at our U.S. subsidiary, fundamentally enhance our cost competitiveness by optimizing production sites for the Group, and expand sales of high-value-added products, including high density multicore optical cables. Furthermore, we will promote switching digital coherent products to next-generation products, aiming at expanding the business backed by the progress of 5G (the fifth-generation mobile communications system) which is expected to expand its market over the mid to long term.

In the area of energy, in order to steadily capture demand in the priority areas (ultra-high voltage underground cable, and submarine and underground cables for renewable energy in the Japanese market, as well as submarine cables overseas, mainly in Asian markets), we will make capital investments for increasing the production capacity, and improve the construction capacity including securing and developing necessary human resources. In addition to developing element technology for submarine cables by taking advantage of our strong materials technologies related to metals and polymers, we are also developing submarine cables in conformity with international standards: we will implement measures for the growth of electricity business from the long-term perspective.

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With respect to Automotive Products segment, although market conditions are expected to remain tough due to the global downturn of vehicle production, we will make capital investments for increasing the production capacity of aluminum wire harnesses which allow for making vehicle lighter. We will also move ahead with delivering unique value by merging various technologies which our Group has developed in wide-ranged businesses in the sphere of “CASE (*1)”, aiming at achieving the growth in this sphere where considerable market expansion is expected in the future. Furthermore, as for perimeter monitoring radars which are indispensable for the advanced driver assistance system, we have already started mass production of those for construction equipment, in addition to existing products for vehicles, and aim at further sales expansion of the products.

(*1) CASE: Connected, Autonomous, Shared & Services, and Electric

By using “return on operating assets (*2)” as an indicator, we will also accelerate our efforts for improving unprofitable businesses/product groups and reviewing our business portfolio. As mentioned earlier, upon comprehensively considering business synergy with Infrastructure and Automotive segments, which are our priority areas, we decided to transfer the copper tube business and reorganize the magnet wire business in the current year, and will further work on establishing the optimum business portfolio. In addition, we will also continue the Group-wide transformation activities led by Transformation Division to strengthen our business foundation. Beyond that, we will develop a system to efficiently strengthen and expand our global business activities, for example, by making our subsidiary in Thailand take the rein of operations in Southeast Asia.

(*2) $\text{return on operating assets} = \frac{\text{operating income}}{\text{operating assets}}$ (where operating assets = inventory + tangible/intangible assets)

Furthermore, as investments in growth of Infrastructure/Automotive segments, we will continue to put our energy into developing next-generation products and technologies including, but not limited to ultra-low loss optical fibers and small-sized digital coherent products for the 5G society, next-generation radars for the mobility use cases, and resin protection tubes for underground cables which contribute to construction cost reduction and labor-saving. Moreover, in order to realize “Furukawa Electric Group Vision 2030”, which was formulated by looking far into the year 2030, we will strengthen cross-divisional efforts in the area where information, energy, and mobility are integrated, and Future Infrastructure Technology Center under R&D Division will take the lead. In addition, Marketing Division and R&D Division will work together on research and development by regarding marketing activities as a starting point to create things of value from the customers’ viewpoint. By doing so, we will develop new businesses.

3. Enhancing ESG Management

Bearing in mind social problem-solving specified in “Sustainable Development Goals (SDGs)” adopted by the United Nations (UN), our Group formulated “Furukawa Electric Group Vision

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2030” to articulate an ideal state of the Group in 2030. The Group works on enhancing ESG management with due consideration to Environmental, Social, and Governance concerns, aiming at increasing not only the mid- to long-term corporate value of the Group, but also its social value through appropriate co-creation with all our stakeholders. In February 2020, we signed up for the UN Global Compact (*1) which is the premise of SDG initiatives, and support the Ten Principles concerning “human rights, labour, environment, and anti-corruption” advocated by the UN.

In addition, while enhancing ESG management, we will also identify new values and lifestyle after the end of the COVID-19 epidemic, and flexibly adapt to such changes.

(*1) UN Global Compact...a voluntary initiative in which participating companies and organizations create a global framework to realize sustainable growth by acting as good members of society through displaying responsible and creative leadership.

As Environmental initiatives, the Group regards risks and opportunities, which climate change poses on/provides to our businesses, as important management issues. During the current year, we participated in a project of the Japanese Ministry of the Environment, “Support for scenario analysis of climate risks/opportunities in line with TCFD (*2)”, and started the scenario analysis. Moreover, in January 2020, we signed up for the recommendations of TCFD. In order to protect the global environment and contribute to realizing sustainable society, the Group set a reduction target vouching that, in FY2030, we will reduce greenhouse gases emitted from our business activities by 26% from the FY2017 level, and this target is validated by SBTi (*3). As our initiatives to achieve the target, we are working on introducing renewable energy: in the Copper Foil Division located in Nikko city, Tochigi prefecture, a solar power generation system was installed; our subsidiary, Furukawa Nikko Power Generation Inc., generates hydraulic power and supplies almost all power used at our Nikko Works. Our Mie Works changed its fuel from LPG (Liquefied Petroleum Gas) to LNG (Liquefied Natural Gas) with higher energy efficiency and lower emission levels of greenhouse gases.

(*2) TCFD...Abbreviation for Task Force on Climate-related Financial Disclosures, which is led by the private sector and recommends companies to disclose climate-related risks and opportunities. In June 2017, it published the final report (recommendations of TCFD).

(*3) SBTi...Abbreviation for Science Based Targets initiative, which requires companies to set a reduction target aligned with scientific findings in order to limit the rise in global temperatures to less than 2°C above pre-industrial revolution levels.

As Social initiatives, in January 2020, based on “Furukawa Electric Group Philosophy”, we formulated “Furukawa Electric Group Human Rights Policy”, stipulating that we respect human rights of all people involved in our business activities. Moreover, under the Philosophy that pledges to “nurture human resources at every level, so that we can become a more diverse and creative organization”, we have been striving to create an environment where diverse workstyles of employees, who drive the Group’s growth toward the achievement of “Furukawa Electric Group Vision 2030”, are respected. In February 2020, the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange announced that we were selected as Nadeshiko Brand, a listed company

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that exhibits excellence in promoting women's participation in the workplace, for the second time since 2018. As our active efforts for promoting women's participation and promotion in the workplace were recognized, we were also added to the "MSCI Japan Empowering Women (WIN) Select Index" companies, and awarded "Eruboshi" certification (the highest rank) by the Minister of Health, Labour and Welfare for the fourth consecutive year in a row. As our health management initiatives were recognized, we were certified as an "Outstanding Enterprise in Health and Productivity Management: White 500" company from the Ministry of Economy, Trade and Industry for the fourth consecutive year in a row. We also encourage employees to use the telework system, and will continue our efforts enabling individuals to realize their full potential. Beyond that, the Group actively engages in social contribution activities rooted in local communities in the following 3 categories: "nurturing future generations", "promoting sport and culture", and "living in harmony with the natural environment and local communities".

As Governance initiatives, we focus on enhancing corporate governance, aiming at achieving sustainable growth and increasing corporate value over the mid to long term. During the current year, at the Annual Shareholders Meeting held in June 2019, we reframed the Board composition from the perspectives of strengthening the independence of Outside Directors and ensuring diversity. We strive to strengthen the supervisory function of the Board of Directors and encourage more active discussion at Board meetings. During the current year, we conducted an evaluation of the Board's effectiveness, which has been conducted every year since 2015. The assessment identified an important issue – appropriate allocation of authority to the Board of Directors and executives (the management). As remedial measures, we reviewed the standards concerning matters to be discussed by the Board of Directors; and discussions at the Board were conducted from the mid- to long-term perspectives, including strategic discussion on businesses facing rapid changes in the market environment, and reports on stakeholders' opinions. As the next step based on this year's results of the evaluation, when discussing the formulation of the new Mid-term Management Plan, the Board will have in-depth discussion on the ideal business portfolio to realize "Furukawa Electric Group Vision 2030", and promote fulfilling deliberations on the Group's global management from the perspective of the entire Group. During the current year, Nominating/Compensation Committee, a voluntary committee comprising the majority of Outside Directors and chaired by an Outside Director, met 10 times. The Committee discussed the management structure for the next year, and officers' remuneration, checked the progress in the development of human resources qualified for the next-generation management, including CEO succession plan, and discussed the nomination/selection of management candidates and the effectiveness of the human resources development process.

[Translation for Reference Purpose Only]

(5) Capital investments

The status of capital investments executed by the Company Group for the current period is as follows:

Segment	Detail of key investments	Amount (JPY millions)	Increase/ decrease from the previous year-end (JPY millions)
Infrastructure	Expansion of optical fiber manufacturing equipment, etc.	18,428	△5,557
Electronics & Automotive Systems	new establishment of winding wire manufacturing equipment for automobiles	21,505	5,389
Functional Products	Expansion of manufacturing equipment for Semiconductor manufacturing tape, etc.	4,772	△475
Services and Developments etc.	Replacement of ERP systems, etc.	2,599	888
Elimination	—	5,838	2,862
Total	—	53,144	3,107

[Note] 1. Upon reviewing our operational management and responsibilities to accelerate development, a part of business, which had been managed by Electronics & Automotive Systems segment until the previous year, was transferred to Services and Development segment.
2. With the above-mentioned change, the consolidated net sales and consolidated operating income for the previous year were restated according to the aggregation method after the change, to compare with the consolidated net sales and consolidated operating income for the current year.

(6) Fund procurement

The Company and each Group company raise necessary funds through long-term/short-term borrowing from financial institutions, issuance of corporate bonds and commercial paper, securitization of notes receivables and trade receivables, etc. In Japan, China and Thailand, the cash management system was introduced for subsidiaries/affiliates in each country (including the Company in Japan), aiming at efficient use of funds and reduction of interest-bearing debts.

During the current year, we issued straight corporate bonds of 10 billion yen in total. Furthermore, since we increased current cash flow to prepare for possible deterioration of fund-raising conditions due to the spread of COVID-19 infection, as of the end of the current fiscal year, consolidated interest-bearing debts amounted to 251.1 billion yen, increased by 5.1 billion yen from the end of the previous fiscal year.

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(7) Main loan creditor (as of March 31, 2020)

Name of creditor	Amount of loan credit (JPY millions)
Mizuho Bank, Ltd.	47,863
The Bank of Mitsubishi UFJ, Ltd.	37,128
The Bank of Yokohama, Ltd.	14,656 [†]

(8) Main offices, plants, and Subsidiaries (as of March 31, 2020)

1) Furukawa Electric Co., Ltd.

Head office	2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo
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Type of facility	Name	Location	
Branch offices	Hokkaido Branch	Sapporo	
	Tohoku Branch	Sendai	
	Chubu Branch	Nagoya	
	Kansai Branch	Osaka	
	Chugoku Branch	Hiroshima	
	Kyusyu Branch	Fukuoka	
Plant	Nikko Works	Nikko, Tochigi Pref.	
	Chiba Works	Ichihara, Chiba Pref.	
	Yokohama Works	Yokohama	
	Hiratsuka Works	Hiratsuka, Kanagawa Pref.	
	Mie Works	Kameyama, Mie Pref.	
	Copper Tube Division	Amagasaki, Hyogo Pref.	
	Copper foil Division	Nikko, Tochigi Pref.	
R&D Laboratories	Laboratories for Fusion of Core Technologies R&D Laboratories	Yokohama	
	Advanced Technologies R&D Laboratories	Yokohama	
	Automotive Products & Electronics Laboratories	Hiratsuka, Kanagawa Pref.	
	Telecommunications & Energy Laboratories	Ichihara, Chiba Pref.	

(Notes) As of April 1, 2020, the Copper Tube Division was succeeded by Daishin P&T Co., Ltd., which the Company established on December 2, 2019, through a company split (absorption-type split). It was already determined that all outstanding shares of the succeeding company will be transferred to a special purpose company (SPC) under Japan Industrial

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Partners, Inc.

2) Subsidiaries in Japan

Company name (Head office / Plant)	Capital	% of the FEC's share	Scope of business
TOTOKU ELECTRIC CO., LTD. (Minato-ku, Tokyo / Ueda, Nagano Pref.)	JPY 1,925 million	56.71%	Manufacture and sales of electric cables, device products
The Furukawa Battery Co., Ltd. (Yokohama /Nikko, Tochigi Pref, Iwaki, Fukushima Pref.)	JPY 1,640 million	58.04%	Manufacture and sales of batteries(for automotive and industry)
Furukawa Sangyo Kaisha, Ltd. (Minato-ku, Tokyo)	JPY 700 million	100%	Sales of electric cables and non-ferrous metal products
Okano Cable Co., Ltd. (Yamato, Kanagawa Pref. / Yamato, Kanagawa Pref.)	JPY 489 million	44.32%	Manufacture and sales of optical fiber cables and optical parts
Furukawa Electric Industrial Cable Co., Ltd.(Arakawa-ku, Tokyo / Hiratsuka, Kanagawa Pref.)	JPY 450 million	100%	Manufacture and sales of electric cables and other cables
FURUKAWA ELECTRIC POWER SYSTEMS CO., LTD. (Yokohama / Nagai, Yamagata Pref.)	JPY 450 million	100%	Manufacture and sales of equipment for transmission-transformation of electric energy and overhead /underground distribution equipment
OKUMURA METALS CO., LTD.(Amagasaki, Hyogo Pref. / Amagasaki, Hyogo Pref., Ritto, Shiga Pref.)	JPY 310 million	100%	Manufacture and sales of processed products of copper and aluminum
Furukawa Logistics Corp. (Chiyoda-ku, Tokyo)	JPY 292 million	100%	Logistics services
FURUKAWA AUTOMOTIVE SYSTEMS INC (Inugami, Mie Pref. /Inugami & Kameyama Mie Pref.)	JPY 100 million	100%	Manufacture and sales of automotive wire harnesses and automotive components
Furukawa Elecom Co., Ltd.(Chiyoda-ku, Tokyo)	JPY 98 million	100%	Sales of electric cables and other cables
Furukawa Magnet Wire Co., Ltd. (Chiyoda-ku, Tokyo /	JPY 96 million	100%	Manufacture and sales of magnet wire and various type of metal

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Kameyama, Mie Pref.)			cables
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(Notes) It was already determined that all of the Company's shareholdings in Okumura Metals Co., Ltd. will be transferred to a special purpose company under Japan Industrial Partners, Inc.

3) Overseas subsidiaries

Company name (Head office / Plant)	Capital	% of the FEC's share	Scope of business
OFS Fitel, LLC (USA)	USD 362 million	100%	Telecommunication solution business
American Furukawa, Inc. (USA)	USD 109 million	100%	Manufacture and sales of automotive components
Furukawa Electric LatAm S.A. (Brazil)	BRL 149 million	100%	Telecommunication solution business
SHENYANG FURUKAWA CABLE CO., LTD. (China)	CNY 643 million	100%	Manufacture and sales of electric wires and components
Furukawa Electric Copper Foil Taiwan Co., Ltd. (Taiwan)	NTD 1,555 million	100%	Manufacture and sale of copper foils for li-ion batteries
Furukawa Circuit Foil Taiwan Corporation (Taiwan)	NTD 1,475 million	81.85%	Manufacture and sale of electrodeposited copper foils
Furukawa Metal (Thailand) Public Co., Ltd.	THB 480 million	44.00%	Manufacture and sales of copper tubes
Thai Furukawa Unicom Engineering Co., Ltd. (Thailand)	THB 104 million	91.75%	Engineering work in Telecommunication, CATV and Civil field.
Furukawa Automotive Parts (Vietnam) Inc.	USD 18 million	100%	Manufacture of automotive components.
PT Tembaga Mulia Semanan Tbk (Indonesia)	USD 12 million	42.42%	Manufacture and sales of metal rods and aluminium rods
Furukawa Electric Singapore Pte. Ltd. (Singapore)	USD 3 million	100%	Sales of electric cables, electric wires, coiled wires and metal products
Trocellen GmbH (Germany)	EUR 8,500 thousand	100%	Manufacture and sales of foam products

[Notes] 1. The figures in the bracket include the ratio of indirectly ownership.

2. In fiscal 2018, the Company had 112 consolidated subsidiaries and 13 equity-method affiliates.

3. It was already determined that all of the Company's shareholdings in Furukawa Metal (Thailand) Public Co., Ltd. will be transferred to a special purpose company under Japan Industrial Partners, Inc.

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(9) Employee Data (as of March 31, 2019)

Segment	Number of employees of the Group	Number of employees of Furukawa Electric Co., Ltd.
Infrastructure	9,650	1,379
Electronics & Automotive Systems	35,328	694
Functional Products	2,956	671
Services and Developments etc.	2,298	1,181
Total	50,232 (-1,983)	3,925 (+109)

[Notes]1. Temporary employees and loan employees assigned to companies outside the Group are not included.

2. Brackets () in the above table show changes compared to the end of the previous period.

3. Number of employees in the segment of Services and Developments segment includes personnel engaged in country-wide operations such as the Head Office departments of the Company and Global Marketing Sales Division.

4. The average age of employees of the Company is 44.1 years old, and the average years of service is 19.4 years. (Temporary employees and loan employees are not included.)

(10) Other important matters concerning the current status of the Group

A recall was issued for vehicles equipped with parts manufactured by our subsidiary, and our subsidiary in the U.S. was sued by companies to which it sold the parts in question with regard to bearing part of the expenses, and was under dispute. On advice of the U.S. court, settlement discussions resumed in December 2019. An allowance was already provided for expenses that can be reasonably estimated in connection with the above.

The Company has been investigated by the Brazilian Anti-trust Authority with respect to trading of automotive parts. While the Brazilian Anti-trust Authority was also investigating VISCAS Corporation, which operates the power cable business, the Authority made a decision for imposing penalties in April 2020. VISCAS agreed to accept the decision. Some clients claimed damages for the alleged violation of the Competition Act to the Company and its subsidiary. All of the above have arisen from conduct in the past, and there is no such conduct at present.

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2. Shares (as of March 31, 2020)

(1) Shareholder' Equity

Class of share	Total number of shares to be issued by the company	Total number of outstanding shares	Number of shareholders
Common Stock	250,000,000	70,666,917	49,411

(2) Major top 10 shareholders of the Company and the Company's capital contributions to such shareholders.

Name of major shareholders	Number of shares	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,524,300	7.82%
Japan Trustee Services Bank, Ltd. (Trust Account)	3,458,200	4.90%
Japan Trustee Services Bank, Ltd. (Trust Account 4)	2,496,300	3.53%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Mizuho Bank Account)	2,413,500	3.42%
Asahi Mutual Life Insurance Company	1,365,050	1.93%
FURUKAWA CO., LTD.	1,329,045	1.88%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,250,000	1.77%
Fuji Electric Co., Ltd.	1,100,000	1.56%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account)	1,091,900	1.55%
Trust & Custody Services Bank, Ltd. (Mizuho Trust & Banking; Employee Retirement Benefit Trust, Asahi Mutual Life Insurance Company Account)	1,050,000	1.49%

[Notes] 1. Shareholding ratio is calculated with the number which deducted 49,493 shares of the Company's treasury stock.

2. In addition to the 2,413,500 shares in a retirement benefits trust mentioned above, Mizuho Bank, Ltd. has a further 173 shares in the Company.

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3. Corporate Officers (as of March 31, 2020)

(1) Directors and Audit & Supervisory Board Members

Name	Position/responsibilities	Other significant positions
Mitsuyoshi Shibata	Chairman and Director	Outside Director of Isuzu Motors Limited Outside Director of TOBU RAILWAY CO., LTD. Outside Statutory Auditor of Asahi Mutual Life Insurance Company
Keiichi Kobayashi	President and Representative Director	
Sumitaka Fujita	Outside Director (part-time)	Advisory Member of, ITOCHU Corporation Outside Director, Olympus Corporation Chairman, Japan Association for Chief Financial Officers
Osamu Tsukamoto	Outside Director (part-time)	Chairman, Japan Coal Energy Center
Akira Nakamoto	Outside Director (part-time)	Representative Director & Chairman, SHIMADZU CORPORATION
Yoshiro Miyokawa	Outside Director (part-time)	
Yukiko Yabu	Outside Director (part-time)	Outside Director, DAIWA HOUSE INDUSTRY CO., LTD.
Hiroyuki Ogiwara	Director and Corporate Executive Vice President (General Manager of the Finance & Procurement Division and General Manager, Global Group Management Division)	
Osamu Kuroda	Director and Corporate Senior Vice President (General Manager of Global Marketing Sales Division)	
Satoshi Miyamoto	Corporate Senior Vice President (General Manager of Administration & CSR Division)	

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Ken Maki	Director and Corporate Vice President (General Manager of Strategy Division)	
Akihiro Fukunaga	Corporate Vice President (General Manager of Finance & Global Management Division)	
Nozomu Amano	Audit & Supervisory Board Member (full-time)	Outside Director, AICHI ELECTRIC Co., Ltd.
Takahiro Kashiwagi	Audit & Supervisory Board Member (full-time)	Outside Audit & Supervisory Board Member, FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO.LTD.
Yoshiaki Mizota	Audit & Supervisory Board Member (full-time)	
Yuzuru Fujita	Audit & Supervisory Board Member (outside, part-time)	Senior Advisor, Asahi Mutual Life Insurance Company Chairman, United World Colleges Japan National Committee Outside Audit & Supervisory Board Member, Zeon Corporation Outside Audit & Supervisory Board Member, Nippon Light Metal Holdings Co., Ltd.
Takashi Tsukamoto	Audit & Supervisory Board Member (outside, part-time)	Honorary Advisor, Mizuho Financial Group Outside Director, Asahi Mutual Life Insurance Company Outside Director, Aeon Retail Co., Ltd. Outside Director, Internet Initiative Japan Inc.
Kunihiko Sakai	Audit & Supervisory Board Member (outside, part-time)	Advisor (Attorney), TMI Associates Outside Director (Audit and Supervisory Committee Member), Honda Motor Co., Ltd.

[Notes]1. Five (5) Directors, namely Mr. Sumitaka Fujita, Mr. Osamu Tsukamoto, Mr. Akira Nakamoto, Mr. Yoshiro Miyokawa and Ms. Yukiko Yabu as well as three (3) Audit & Supervisory Board Members, namely Mr. Yuzuru Fujita, Mr. Takashi Tsukamoto and Mr. Kunihiko Sakai are registered with the Tokyo Stock Exchange as independent officers.

2. Each Audit & Supervisory Board Member has the following expertise in finance and accounting:

- Mr. Nozomu Amano, Audit & Supervisory Board Member, held managerial positions in the legal, human resources, and finance and accounting divisions of the Company, and has considerable expertise in finance and accounting.

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- Mr. Yuzuru Fujita, Audit & Supervisory Board Member, has experience as Representative Director of a financial institution and Director in charge of finance. Consequently, he has considerable expertise in finance and accounting.
 - Mr. Takashi Tsukamoto, Audit & Supervisory Board Member, has experience as Representative Director of a financial institution and Director in charge of finance. Consequently, he has considerable expertise in finance and accounting.
3. Mr. Yoshiro Miyokawa, Ms. Yukiko Yabu, Mr. Satoshi Miyamoto and Mr. Akihiro Fukunaga, Director as well as Mr. Yoshiaki Mizota, Audit & Supervisory Board Members were newly elected as respective positions at the 197th Annual Shareholders Meeting held on June 27, 2019. And, Mr. Nobuyoshi Soma, Mr. Tatu Teratani, Mr. Takamitsu Kozuka and Mr. Takahide Kimura, Director as well as Mr. Tetuya Sato, Audit & Supervisory Board Members retired from respective positions due to the expiry of their terms at the end of the 197th Annual Shareholders Meeting.
4. The Company contributed to the amount equivalent to 2.20% of total funds to Asahi Mutual Life Insurance Company, which in turn holds 3.42% (including shares placed by Asahi Mutual in a retirement benefit trust) of the Company's outstanding shares. The Company holds 2.36% (including shares placed by the Company in a retirement benefits trust) of the outstanding shares of Zeon Corporation, which in turn holds 0.35% of the Company's outstanding shares.
- The Company is a member of the Japan Association for Chief Financial Officers, where Mr. Sumitaka Fujita serves as Chairman, and pays an annual membership fee. The Company is also a supporting member of the Japan Coal Energy Center, where Mr. Osamu Tsukamoto serves as President, and pays an annual membership fee. Furthermore, the Company has a trade relationship with SHIMADZU CORPORATION, where Mr. Akira Nakamoto serves as Representative Director and Chairman, to sell radiators, etc.

(2) Information related to Outside Directors and Outside Audit & Supervisory Board Members

1) Principal activities of outside directors

① Outside Directors

Name	Attendance to Board of Directors Meeting (Attendance rate)	Comments and Remarks
Sumitaka Fujita	16 out of 16 (100%)	Based on his extensive knowledge/experience as a business manager of a trading firm, Mr. Fujita actively speaks mainly on corporate governance, business strategy, finance and accounting, the Group's business management and more from the Group's global management perspective. He serves as Chairman of the Outside Officer's Meeting ^(Note1) as a lead outside director. Moreover, he is also active as Chairman of the Nomination/Compensation Committee.
Osamu Tsukamoto	15 out of 16 (93.8%)	Based on his extensive knowledge/experience in industrial policy at the Ministry of Economy, Trade and Industry, following economic policies and market trends, Mr. Tsukamoto actively speaks mainly

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		on R&D, business strategy, and product quality. Moreover, he is also active as a member of the Nomination/Compensation Committee.
Akira Nakamoto	16 out of 16 (100%)	Based on his extensive knowledge/experience as a business manager of a leading a precision equipment maker, Mr. Nakamoto actively speaks mainly on business strategy and risk management from the Group's global management perspective. Moreover, he is also active as a member of the Nomination/Compensation Committee.
Yoshiro Miyokawa	12 out of 12 ^(Note2) (100%)	Based on his extensive knowledge/experience as a manager of a major pharmaceutical company, Mr. Miyokawa actively speaks mainly on topics such as corporate governance, business strategy, and human resource development, with a view to improving the governance of the Group as a whole. Moreover, he is also active as a member of the Nomination/Compensation Committee.
Yukiko Yabu	12 out of 12 ^(Note2) (100%)	Based on her extensive knowledge/experience in marketing and product development at a major electronics manufacturer, she actively speaks mainly on topics such as business strategy, marketing and diversity from a wide range of perspectives. Moreover, she is also active as a member of the Nomination/Compensation Committee.

[Note]1. The Company holds regular Outside Officers' Meetings in order to give opportunities to Outside Officers to exchange opinions and establish a shared understanding of the Company from an objective viewpoint, and to enable the resulting opinions to be reported to the Board of Directors if necessary. The Company held three (3) Outside Officers' Meetings during the year under review.

2. Mr. Yoshiro Miyokawa, Ms. Yukiko Yabu were newly elected at the 197th Annual Shareholders Meeting, their meeting attendance numbers differ from those of other Directors.

3. In addition to the numbers of Board meetings indicated in the above table, the Board made resolutions in writing twice, which are regarded as the resolutions of the Board in accordance with Article 370 of the Companies Act and Article 24, Paragraph 2 of the Articles of Incorporation.

② Outside Audit & Supervisory Board Members

Name	Attendance		Comments and Remarks
	Board of Directors Meeting (Attendance rate)	Audit & Supervisory Board Meeting (Attendance rate)	

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<p>Yuzuru Fujita</p>	<p>15 out of 16 (93.8%)</p>	<p>8 out of 8 (100%)</p>	<p>Based on his extensive knowledge/experience as a business manager of a financial institution, Mr. Fujita actively speaks mainly on compliance, the Group's corporate management, and business investments from a risk management perspective at the Board of Directors Meeting and the Audit & Supervisory Board Meeting.</p> <p>Additionally, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by the accounting auditor at the Audit & Supervisory Board.</p>
<p>Takashi Tsukamoto</p>	<p>16 out of 16 (100.0%)</p>	<p>8 out of 8 (100%)</p>	<p>Based on his extensive knowledge/experience as a business manager of a financial institution, Mr. Tsukamoto actively speaks mainly on the Group's corporate management, product quality, and disclosure from a risk management perspective at the Board of Directors Meeting and the Audit & Supervisory Board Meeting. Additionally, he actively speaks on such topics as questioning and confirming an audit and results of a quarterly review by an accounting auditor at the Audit & Supervisory Board Meeting.</p>
<p>Kunihiko Sakai</p>	<p>16 out of 16 (100.0%)</p>	<p>8 out of 8 (100%)</p>	<p>Based on his extensive knowledge and expertise through long years of experience in the judicial field, Mr. Sakai has actively shared his views mainly on the quality of products, capital investment, and responses to possible lawsuits from the perspective of risk management at the Board of Directors meetings as well as the Audit & Supervisory Board meetings.</p> <p>In addition to the above, he actively speaks on such topics as questioning and confirming an</p>

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			audit and results of a quarterly review by an accounting auditor at the Audit & Supervisory Board.
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[Note] In addition to the numbers of Board of Directors meetings indicated in the above table, the Board made resolutions in writing twice, which are regarded as the resolutions of the Board in accordance with Article 370 of the Companies Act and Article 24, Paragraph 2 of the Articles of Incorporation.

2) Action in response to improper or unlawful business conduct during the fiscal year under review

There has been no specific fact of such conduct.

3) Outline of the limited liability agreements

The Company has agreements to limit liabilities under Paragraph 1, Article 423 of the Companies Act with outside Directors and outside Audit & Supervisory Board Members. The upper limit of liabilities under this agreement is the statutory lower limit.

[Translation for Reference Purpose Only]

(3) Remuneration of the Company's officers

(i) Nominating/Compensation Committee

A Nominating/Compensation Committee including two outside officers deliberates and makes decisions on policies, framework and other matters related to remuneration of officers and other issues under the authorization from the Company's Board of Directors. The Committee consists of 7 members, which of 5 members including committed chairman are outside directors. Deliberates and determines of the Committee is the followings:

- (1) Nominating/Compensation Committee deliberates the following matters in response to inquiries from the Board of Directors, and reports the results to the Board:
 - ① Proposal for shareholders' meeting concerning election/removal of Directors and Audit & Supervisory Board Members
 - ② Appointment/dismissal of Representative Director, Chairman of the Board, and President
 - ③ Appointment/removal of Corporate Vice Presidents
 - ④ Appointment/dismissal of senior Corporate Vice Presidents (Corporate Senior Executive Vice President, Corporate Executive Vice President, and Corporate Senior Vice President)
- (2) Nominating/Compensation Committee deliberates and determines the following matters delegated by the Board of Directors:
 - ① Evaluation of Directors and Corporate Vice Presidents
 - ② Policy/System concerning remuneration, etc. for Directors and Corporate Vice Presidents
 - ③ Remuneration, etc. for individual Directors and Corporate Vice Presidents
 - ④ Proposal for shareholders' meeting concerning remuneration, etc. for Directors and Audit & Supervisory Board Members
 - ⑤ Guidelines on remuneration, etc. for representatives of affiliated companies
 - ⑥ Policy on the term of office for Directors and Corporate Vice Presidents and the treatment after they leave office
 - ⑦ Content of draft proposal on appointment/removal of Special Advisers/Honorary Advisers and their remuneration
 - ⑧ Content of succession plans for the management
- (3) Nominating/Compensation Committee deliberates and determines program details and policies on training for Directors, Audit & Supervisory Board Members, and Corporate Vice Presidents, taking into account opinions of Audit & Supervisory Board.

(ii) Policy For the Directors' and Officers' remuneration

The Company has the following policy for the directors and officers remuneration, which is determined by the Nomination/Compensation Committee.

[Policy for the directors and officers remuneration]

The remuneration of directors and officers shall be determined in a way that encourages each officer to exert his/her abilities to the maximum level and proactively fulfill his/her duties, so that the Company Group will increase its corporate value and achieve sustainable growth while contributing to society through its business activities.

Based on the policy, the committee confirms validity, effectiveness and appropriateness of plan design and level of remuneration every year, by means of outside survey that is comparing the

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Company's remuneration level with those of other similar size 30 manufacturing companies.

(iii) Outline of the Directors and Officers remuneration

The remuneration of the Company's directors and officers is comprised of base salary, short-term performance-linked remuneration and mid-to-long-term performance-linked remuneration. The performance-linked remuneration is paid to directors except an outside director and non-director officers and senior fellows. The performance-linked remuneration will account for approximately 30% to 50% of total remuneration, while the percentage for each eligible person will vary depending on its position. A summary of each type of remuneration is shown below.

Remuneration plan	Summary
Base salary (Fixed amount)	Basic salary is paid in cash in the fixed amount every month to Directors, Audit & Supervisory Board Members as well as Executive Officers and Senior Fellows who are not Directors. A paid amount for each person differ depending on its roles i.e. management supervision role or business execution role, and each officers position.
Short-term performance-linked remuneration (individual divisions) (Payment ratio: 0~200%)	This remuneration is paid to Directors excluding Outside Directors as well as Corporate Vice Presidents and Senior Fellows who are not Directors. A remuneration amount for each individual officer is determined by the Nominating/ Compensation Committee upon evaluating actual performance versus the business plan (*) of a division in charge and the progress of implementing measures during the previous fiscal year, and the determined amount is paid in cash every month. (*) Actual performance is evaluated by using key performance indicators defined in accordance with the Mid-term Management Plan. However, for Chairman, President, and Directors/Officers in charge of Head Office divisions, the performance is evaluated by using indicators linked to the performance of the Company.
Short-term performance-linked remuneration (the entire Company) (Payment ratio: 0~200%)	This remuneration is paid to Directors excluding Outside Directors as well as Corporate Vice Presidents and Senior Fellows who are not Directors. A remuneration amount is fixed according to the threshold of consolidated operating income defined by Nominating/Compensation Committee as the basis for evaluation, and the determined amount is paid in cash once a year. (*) We adopted consolidated operating income as the indicator, which appropriately and clearly reflects the Company's performance in a relevant fiscal year.

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<p>Mid-to-long-term performance-linked remuneration (Payment ratio: 0~130%)</p>	<p>This remuneration is provided to Directors excluding Outside Directors as well as Corporate Vice Presidents and Senior Fellows who are not Directors (collectively, “Directors and Officers” in this column) (*1) under the stock remuneration program (“the Program” in this column). Under the Program, Directors and Officers are compensated with the Company’s stocks, which are acquired by the Trust that is funded by the Company for the acquisition of stocks.</p> <p>In the Program, three fiscal years constitute a performance period (the current period is from April 1, 2019 to March 31, 2022), and the Company contributes funds up to the maximum amount of 450 million yen per performance period to the Trust as remuneration for Directors and Officers. Directors and Officers are granted a pre-determined number of points depending on their titles/positions every year as the basis of their rights to receive the Company’s stocks (*2). After the end of each performance period, the number of points qualifying Directors and Officers for receiving the Company’s stocks are finalized after an adjustment for certain cases, according to the criteria for comparing changes in the Company’s stock prices with those of TOPIX during the period. In case any of Directors and Officers retire from the position during the period, an adjustment is to be made in a similar manner.</p> <p>In principle, upon their retirement, Directors and Officers receive the Company’s stocks from the Trust, and the number of such stocks corresponds to the number of points finalized during their term of office.</p> <p>(*1) Overseas residents are excluded from the scope of the Program. Instead, they will be paid in cash for the amount equivalent to the remuneration under the Program upon their retirement.</p> <p>(*2) The maximum number of total points granted to Directors and Officers per performance period is 180,000 points, where 1 point corresponds to 1 common stock of the Company.</p>
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[Notes]1. The payment ratios in the above table show the percentage by which the actual amount of remuneration fluctuates as a result of performance-linked assessment when the standard amount of remuneration prescribed for each plan is taken as 100%.

2. The resolutions of the general meeting of shareholders regarding the remuneration of directors and corporate auditors are as follows.

[Directors and Officers]

Date of resolution of shareholders meeting	Detail of resolution	Remuneration type under the current system
184 th Annual Shareholders Meeting (held	Directors’ remuneration shall not exceed 600 million yen per year, and an amount of remuneration	Base salary Short-term performance-linked

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on June 29, 2006)	for each Director is determined by the resolution of the Board of Directors. The above-mentioned maximum amount does not include salaries for employees who serve as Director.	remuneration (individual) Short-term performance-linked remuneration (entire company)
197 th Annual Shareholders Meeting (held on June 27, 2019)	The maximum amount, which the Company can additionally contribute to the Trust established under the performance-linked stock remuneration program for Directors (excluding Outside Directors) as well as Corporate Vice Presidents and Senior Fellows who are not directors, shall be 450 million yen in every 3 fiscal years. During the current year, 7 Directors, 15 Corporate Vice Presidents, and 2 Senior Fellows were granted points.	Mid- to long-term performance-linked remuneration

[Audit & Supervisory Board Member]

At the 192nd Annual Shareholders Meeting (held on June 25, 2014), it was resolved that the total amount is no more than 130 million yen per year, and the amount of remuneration for each Audit & Supervisory Board Member is to be determined upon mutual consultation among Audit & Supervisory Board Members.

(iv) Remuneration for Directors and Audit & Supervisory Board Members in the fiscal year under review

Officer classification	Total remuneration (JPY millions)	Base salary	Total remuneration by type (JPY millions)			Number of subject officers (persons)
			Short-term performance-linked remuneration (individual divisions)	Short-term performance-linked remuneration (the entire Company)	Mid-to-long-term performance-linked remuneration	
Directors (excluding outside directors)	432	267	77	24	63	9
Audit & Supervisory Board Members (excluding outside Audit & Supervisory Board Members)	91	91	-	-	-	4
Outside Officers	111	111	-	-	-	10
Outside directors	75	75	-	-	-	7
Outside Audit & Supervisory Board Members	36	36	-	-	-	3

[Notes]1. The amount and the number of subject officers in the above table include four (4) Director and one (1) Audit & Supervisory Board Members who retired in the fiscal year under review.

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2. Short-term performance-linked remuneration (the entire Company) of 24 million yen for seven directors (excluding outside directors) is scheduled to be paid in July 2020.
3. Amount of medium to Mid-to-long-term performance-linked remuneration is calculated by considering the number of stock shares equivalent to the points granted for the relevant fiscal year under the Stock remuneration system as remuneration for the current period.
4. The following table summarizes activities of Board of Directors and Nominating/Compensation Committee in the process of determining officers' remuneration for the current fiscal year.

Meeting Date / Body	Overview
June 13, 2019 Nominating/Compensation Committee	• Discussed/evaluated performance of officers during the fiscal year ended March 2019
June 27, 2019 Board of Directors	• Resolved on delegating the decision on a remuneration amount for each Director and Corporate Vice President to Nominating/Compensation Committee
June 27, 2019 Nominating/Compensation Committee	• Determined the remuneration amount for each Director and Corporate Vice President for the fiscal year ending March 2020

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4. Accounting Auditor

(1) Name of accounting auditors

Deloitte Touche Tohmatsu LLC

(2) Remuneration of accounting auditors to be paid

	Deloitte Touche Tohmatsu LLC
(i) Total amount of monetary and other property benefits to be paid by Furukawa Electric and its subsidiaries	JPY 181million
(ii) Of the amount stated in (i) above, remuneration for auditing services stipulated in Paragraph 1, Article 2 of the Certified Public Accountant Act	JPY 158 million
(iii) Of the amount stated in (ii) above, remuneration to be paid by Furukawa Electric to the accounting auditor	JPY 109 million

[Note] In the auditing agreement between the Company or the Company's subsidiaries and the accounting auditors, no distinctions are made between the amount of remuneration paid to accounting auditors for their auditing service under the Company Act and the amount of remuneration paid to accounting auditors for their auditing service under the Financial Instruments and Exchange Act. For this reason, the amounts of (ii) and (iii) above include the amount of remuneration to accounting auditors for their auditing service under the Financial Instruments and Exchange Act.

Among the key subsidiaries of the Company, TOTOKU ELECTRIC CO., LTD. and nine (9) others are subject to auditing (limited to that which is conducted under the Company Act, the Financial Instruments and Exchange Act or any overseas law or regulation equivalent to any of these Japanese laws) performed by certified public accountants or auditing companies other than the accounting auditor of Furukawa Electric (including those with an overseas qualification equivalent to any of these Japanese qualifications).

(3) Reason for Audit & Supervisory Board to have agreed to remuneration of the accounting auditors

Audit & Supervisory Board received explanations from accounting auditors regarding the overview of their audit plan, including estimated audit time and audit fees, and checked the adequacy and appropriateness of the estimated audit time. As a result, the Board judged that sufficient audit time is secured for high-quality auditing services, and the unit price of audit fees is appropriate in light of the fees paid in the previous fiscal year, and therefore, expressed agreement set forth in Article 399, Paragraph 1 of the Companies Act.

(4) Contents of non-audit services

The Company has engaged the accounting auditor to provide advisory services and other services related to accounting which do not fall under the scope of Article 2, Paragraph 1 of the Certified

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Public Accountants Act.

(5) Policies on making decisions on dismissing or not reappointing accounting auditor

The Audit & Supervisory Board has determined the following policies on making decisions on dismissing or not reappointing accounting auditors.

The Audit & Supervisory Board shall, based on the consent of all Audit & Supervisory Board Members, dismiss the Accounting Auditors after reviewing a case if it determines that the circumstance falls under any of the items set forth in Article 340, Paragraph 1 of the Companies Act. In this case, an Audit & Supervisory Board Member designated by the Audit & Supervisory Board shall report the dismissal of the Accounting Auditor and the reasoning at the first General Meeting of Shareholders convenes following the dismissal.

In the event that the Audit & Supervisory Board determines that the execution of duties by the Accounting Auditor has been disrupted due to incomplete independence, audit structure and quality control structure, etc., or it is appropriate to further enhance the reliability/appropriateness of an audit, the Board shall consider the dismissal or non-reappointment of the Accounting Auditor and determine proposals related to the dismissal and non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders if determined necessary.

5. The Company's Systems and Policies

(1) Systems for ensuring sound operations

The Company has set out the following basic policy on the *establishment of systems necessary to ensure soundness of operations of stock companies*, as stipulated in Item 6, Paragraph 4, Article 362 of the Companies Act and in Paragraphs 1 and 3, Article 100 of the Ordinance for Enforcement of the Companies Act.

<Basic Policy>

The Company and its Group will operate its businesses in a manner that flexibly responds to changes in the operating environment and in the market in pursuit of quicker decision making and greater management efficiency. The Group will also adopt the following policies and systems to maintain and improve the soundness of management and to increase corporate value.

(1) Systems for ensuring compliance of the execution of duties by directors and employees with laws, regulations and the Articles of Incorporation

① Upholding the basic philosophy of compliance with ethics and prevailing laws as laid out in "Furukawa Electric Group Philosophy" and "Furukawa Electric Group CSR Code of Conduct", the

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Company, with the President assuming the highest responsibility, promotes compliance activities including in-house education and efforts to prevent and detect legal violations through the CSR and Risk Management Committee and the Administration & CSR Division.

- ② To ensure ongoing compliance activities throughout the Group, General Manager of each division has overall responsibility for compliance for that division and in some main divisions, Compliance management officers will be appointed to effectively promote compliance activities.
- ③ To prevent any future involvement in cartels, the Company will ensure thorough monitoring functions through ongoing educational and enlightening activities relating to the Antimonopoly Act of Japan and competition laws of various countries, strengthening of controls on contacts with industry peers and pricing processes, and advice from external professionals to be received on a regular basis.
- ④ To enable early discovery of and correction to compliance infringements, active use shall be made of the whistle blowing system. In response to any notice of suspected violation, the Administration & CSR Division and related divisions shall promptly take the appropriate action consistent with the protection of the whistle blower and submit a report to the Board of Directors as appropriate.
- ⑤ Serving as the section for internal auditing, the Auditing Division shall monitor the execution of duties in individual segments, verify whether the international control framework including the internal control system is operating properly and report the findings to the management team.
- ⑥ With a basic philosophy of adopting a resolute approach and cutting out all relations with antisocial individuals or groups as stated in Item 7-4 of "Furukawa Electric Group CSR Code of Conduct", comprehensive compliance with the provisions is ensured under the supervision of Administration Department in the Administration & CSR Division.

(2) Systems for storage and control of information on directors' execution of duties

- ① Records and documents relating to critical decisions made by the Board of Directors, management committee and under the *ringi* decision-making system shall be stored in accordance with "Regulations on Document Storage" and other internal regulations.
 - ② Information relating to directors' execution of duties shall be controlled in accordance with the Basic Regulations on Information Security and other internal regulations and appropriately treated from the perspective of its importance as information assets and necessity of protection.
- (3) Regulations and other systems relating to control of possibilities of making losses (hereinafter referred to as "risks")
- ① When any critical decision is made by the Board of Directors, management committee or under the *ringi* system, any risk that may be expected to be associated with the matter with which the decision is concerned shall be stated in materials and the decision shall be made after developing awareness of the risk. If any risk is recognized that may have a serious impact on the Company, a

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system shall be established to ensure that its details and countermeasures against it are reported to the Board of Directors as needed.

- ② Risk control conducted by individual divisions that perform business operations shall be subject to internal audit performed by the Auditing Division. The findings thereof shall be periodically reported to the Board of Directors.
- ③ The Company's risk management system and management method will be established in "Basic Regulations on Risk Management and Internal Controls". In addition, to build more systematic and comprehensive risk management system, a CSR/Risk Management Committee chaired by the President, and consisting of the Advisors of business, General Manager of Sales and Marketing Division, General Managers of Corporate Divisions, and General Managers of some Business Divisions shall be established to grasp the Group's risks in general operations, and verify the appropriateness of its evaluation and management methods.
- ④ The CSR/Risk Management Committee shall establish special committees such as quality management, safety, environment, disaster prevention, business continuity management among the risks to strengthen the risk management system.

(4) The system for securing appropriateness of financial reporting

Based on the Basic Regulations on Risk Management and Internal Control, the Company's Group will establish a basic policy for the development and evaluation of an internal control system, to ensure the appropriateness of financial reporting (J-SOX Core Policies). At the same time, the system and responsibilities shall be clarified for the system's construction, development, operation, and monitoring.

(5) Systems for ensuring effectiveness of directors' execution of duties

- ① The mid-term management plan and the single-year budget shall set specific targets. General Managers of Business Divisions etc. shall execute their duties to attain the target and report the progress to the Board of Directors on a regular basis. The evaluation for remuneration and other purposes shall appropriately reflect the result.
- ② The standards for referring matters to the Board of Directors and the ringi system for making decisions shall be established in detail and specifically. The "Regulations on Duties, Powers and the Like of Operating Officers" shall ensure a clear allocation of duties and powers to General Managers of Business Divisions etc.
- ③ With respect to the division of duties for division heads, a system to constantly review the division with organizational changes will be established based on "Basic Regulations on Segregation of Duties and the Regulations Regarding Positional Responsibilities and Authority".

(6) Systems for ensuring the soundness of operations of the Group, consisting of the Company and its subsidiaries

- ① In accordance with "Regulations on Group Management Control", administrative managers of

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individual subsidiaries shall be appointed, and they shall require own subsidiaries reporting subsidiaries' business conditions on a regular basis, and offer management guidance to subsidiaries. Predetermined matters shall require approval of the Company.

- ② Concrete management goals that subsidiary companies should achieve shall be set out in mid-term management plans as well as budgets for single fiscal years, and administrative representatives shall report on the progress toward such goals at Board of Directors' meetings on a regular basis.
 - ③ A risk management system and method shall be provided for in the "Rule of Risk Management and Basic Rule of Internal Control." In addition, the CSR and Risk Management Committee will assess the risk for the Group in operating businesses and verify the reasonableness of the management method.
 - ④ According to "Furukawa Electric Group Philosophy" and "Furukawa Electric Group CSR Code of Conduct", the placement of representatives for administering compliance will be made obligatory for subsidiary companies in "Compliance Manual". In addition, under the leadership of the Administration & CSR Division, education, advice and guidance on risk management, internal control and compliance will be provided to subsidiary companies.
 - ⑤ Part-time officers shall be dispatched to major subsidiaries to monitor their overall management status, including compliance and risk control. The Auditing Division shall perform an audit of subsidiaries from the standpoint of the auditing section of their parent company.
- (7) Provisions concerning assistant employees requested by the Audit & Supervisory Board Members for assistance in their duties
- At the request of a Audit & Supervisory Board Member for any assistant employee, appropriate personnel shall be appointed after consultation with the Audit & Supervisory Board Member.
- (8) Provisions concerning independence of the employees stipulated in the preceding item from Directors, and secureness of effective instructions for them
- ① The assistant employee shall be appointed as assistant to the Audit & Supervisory Board Member by an order of appointment and shall assist the Audit & Supervisory Board Member in fulfilling his or her duties and in operating the Audit & Supervisory Board.
 - ② Pursuant to the Internal Regulations on Assistant Employees to Audit & Supervisory Board Members, assistant employees shall be guaranteed independence from Directors. Transfer, appraisal, disciplinary action and other matters involving assistant employees shall require the approval of the Audit & Supervisory Board Member.
- (9) Systems for reporting from directors and employees to Audit & Supervisory Board Members and other systems relating to notification to Audit & Supervisory Board Members
- ① It shall be ensured that Audit & Supervisory Board Members have constant access to any meeting or any material they deem necessary for auditing purposes.

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- ② Directors or division managers shall report to Audit & Supervisory Board Members the Group's status of development and operation of internal control, compliance and risk control as appropriate.
 - ③ Directors or division managers shall provide swift notification to Audit & Supervisory Board Members should they discover any fact with the potential to severely damage the Company or any critical fact that constitutes a breach of laws, regulations or the Articles of Incorporation committed by a director or a division manager among the Group, should they conduct an investigation into the notification under the whistle blowing system or should government authorities issue any caution or take disciplinary action against the Company.
 - ④ Audit & Supervisory Board Members may request that the directors and employees of the Company, as well as its subsidiaries, report on matters concerning the execution of their duties.
- (10) Systems for securing the person from treating unfavorably because of the reporting stipulated in the preceding item
- "Furukawa Electric Group CSR Code of Conduct" and "the Compliance Manual" have a provision stating that officers or staff members of the Company or its subsidiaries shall not be treated unfavorably because they have undertaken reporting pursuant to the preceding item.
- (11) Matters concerning the policy on procedures for prepayment and repayment for expenses arising in relation to the fulfillment of duties, as well as expenses arising in relation to the fulfillment of other relevant duties, by the Company's Audit & Supervisory Board Members or the handling of obligations thereof.
- If Audit & Supervisory Board Members make a request to the Company such as the prepayment of expenses for the execution of their duties pursuant to Article 388 of the Corporation Act, the Company will deal with the relevant expenses or obligations promptly, except when expenses or obligations pertaining to such request are not deemed necessary for the relevant auditors to fulfill their duties.
- (12) Other systems for ensuring effectiveness of auditing performed by Audit & Supervisory Board Members
- ① The Audit & Supervisory Board shall report its auditing policy and plan to the Board of Directors.
- They shall be made known throughout the entire Company. The status of auditing shall also be reported to the president and the Board of Directors on a regular basis.
- ② The standards for audits performed by Audit & Supervisory Board Members shall be made known to Directors and employees to deepen internal awareness and understanding of the importance of auditing performed by Audit & Supervisory Board Members.
 - ③ The division responsible for internal audits shall be strengthened and it shall have closer ties with Audit & Supervisory Board Members.
 - ④ When Audit & Supervisory Board Members make any request for ensuring effectiveness of their

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audit, Directors and employees shall respond sincerely.

(2) Overview of operation status related to the system to ensure appropriate business operations

1) Matters concerning compliance and risk management

- ① The CSR and Risk Management Committee, chaired by the President, met two (2) times in the fiscal year under review. The Committee assessed the status of risk management within the Group, including the provision of compliance training, accounting data processing, operation of the whistleblowing system, and progress on business continuity plans, and also deliberated and determined measures to deal with matters requiring improvement. The activities of the Committee were also reported to the Board of Directors.
- ② The Quality Control Committee of Furukawa Electric Group, a special committee for the CSR and Risk Management Committee, was held four (4) times for the fiscal year under review and investigated on product inspections. The special committee collects information on the occurrence of serious quality issues and claims from clients and provides guidance on improvement measures for a quality control system as necessary.
- ③ During the fiscal year under review, seminars on competition law and bribery regulations were held at Head Office, branch companies and other facilities. A publication outlining examples of compliance issues distributed to management and related admin divisions. Whistleblowing disclosures were dealt with appropriately upon consultation with outside experts where necessary.
- ④ The results of operational audits of operating departments by the Internal Audit Department were reported to the managers of the audited departments, and a summary of the results was also reported to the management, including the President, and Audit & Supervisory Board members.

2) Matters concerning ensuring the efficient performance of duties by directors

- ① During the fiscal year under review, the Board of Directors met 16 times. At the meetings, Directors made decisions on the execution of important operations and assessed the level of attainment of management targets, including the mid-term management plan and annual budget. The Board also deliberated on basic management matters such as corporate governance.

[note] In addition to the numbers of Board meetings indicated in the above table, the Board made resolutions in writing twice, which are regarded as the resolutions of the Board in accordance with Article 370 of the Companies Act and Article 24, Paragraph 2 of the Articles of Incorporation.

- ② A director remuneration system is in place and in operation so the ratio of performance-linked compensation to total remuneration, including the stock compensation system, will increase to more appropriately reflect the performance of the execution of duties compensated for executive directors and executive officers, based on the decisions of the Nomination/Compensation Committee, the majority of whose members are outside directors.

3) Matters concerning the appropriateness of financial reporting

The results of evaluation of the development of internal control conducted in accordance with the

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“Furukawa Electric Group Basic Policy for the Development and Evaluation of Internal Control Over Financial Reporting” (J-SOX Core Policies) were reported to the Board of Directors, and the Board’s approval was also obtained upon submission of the Internal Control Report.

4) Matters concerning the soundness of operations of the Group

- ① Budgets for single fiscal years were set out and managed for each subsidiary company, and matters specified in the Standards for referral/ reporting to the Company as important matters relating to the management of subsidiary companies were deliberated by the Board of Directors and the Management Committee. The Company also provided support to help overseas subsidiaries in particular to improve their management foundations in relation to personnel/labor, accounting and IT.
- ② The Group Compliance Committee met to share information on activities relating to important aspects of internal control in Japan. The Company has worked on strengthening the internal control within the Group by distributing the casebook of compliance issues to Group companies in Japan and overseas, and holding compliance seminars on compliance with the competition law and prohibition of bribery in Japan, Vietnam, China, and Indonesia.
- ③ Installment and enhancement of an internal reporting system at the Company Group is advancing.
- ④ In light of the scale and importance of some subsidiaries, officers and employees of the Company were sent to such subsidiaries as Directors and Audit & Supervisory Board Members to supervise the execution of their operations.

5) Matters concerning the effectiveness of auditing

- ① Audit & Supervisory Board Members attended meetings of the Board of Directors as well as meetings of the Management Committee, the CSR and Risk Management Committee and other important meetings to assess the status of development and operation of internal control systems.
- ② Audit & Supervisory Board Members reported the audit policies and audit plans established by the Audit & Supervisory Board as well as their audit results to the Board of Directors. They also sought to improve the effectiveness and efficiency of audits through close cooperation with Audit & Supervisory Board Members from the Company’s audit departments and domestic affiliates, and with internal audit departments, and conducted visiting audits of overseas affiliates and others.
- ③ In the fiscal year under review, the Audit & Supervisory Board met eight (8) times and exchanged opinions and shared information.
- ④ The Audit & Supervisory Board received reports about the audit plan by the Accounting Auditor and discussed important audit items. In addition, the Audit & Supervisory Board exchanged opinions on the quarterly review results and audit results of the fiscal year under review as reported by the Accounting Auditor in accordance with the business results of each quarter and at the fiscal year-end, audit quality control structure, and progress status of the business improvement plan. The

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Board also receives reports on the status of an audit's progress as needed.

- ⑤ At the request of Audit & Supervisory Board members, two (2) employees were appointed as assistants to Audit & Supervisory Board Members.

End

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Consolidated Financial Statements for the 198th Fiscal Year

Consolidated Balance Sheet

(As of March 31, 2020)

(Unit: JPY millions)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	386,179	Current liabilities	319,647
Cash and deposits	54,357	Notes and accounts payable	111,586
Notes and accounts receivable - trade	192,513	Short-term loans payable	110,515
securities	899	Commercial paper	15,000
Merchandise and finished goods	34,550	Income taxes payable	2,785
Work in process	33,849	Provision for product defect compensation	17,711
Raw materials and supplies	47,462	Other	62,048
Other	23,801	Long-term liabilities	201,937
Allowance for doubtful accounts	(1,254)	Straight bonds	30,000
Fixed assets	408,436	Long-term debt	95,573
Property, plant and equipment	254,219	Deferred tax liabilities	391
Buildings and structures	229,611	Provision for environmental measures	10,396
Machinery, equipment and delivery equipment	475,766	Net defined benefit liability	53,460
Tools, furniture and fixtures	74,798	Asset retirement obligations	1,304
Land	36,354	Other	10,811
Lease assets	1,261	Total liabilities	521,585
right-of-use asset	10,934	(Net assets)	
Construction in progress	34,529	Shareholders' equity	256,685
Accumulated depreciation	(609,037)	Capital stock	69,395
Intangible assets	16,095	Capital surplus	22,787
Goodwill	2,072	Retained earnings	165,101
Other	14,022	Treasury stock	(598)
Investments and other assets	138,122	Valuation and translation adjustments	(16,405)
Investment securities	100,933	Valuation difference on available-for-sale securities	10,950
Investments	6,466	Deferred gains or losses on hedges	(1,691)
Deferred tax assets	14,726	Foreign currency translation adjustment	(12,853)
Net defined benefit asset	5,899	Re-measurements of defined benefit plans	(12,810)
Others	11,162	Minority interests	32,750
Allowance for doubtful accounts	(1,065)	Total net assets	273,030
Total assets	794,616	Total liabilities and net assets	794,616

[Note] Figures above are rounded off to the nearest JPY millions.

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Consolidated Statement of Operation
(From April 1, 2019 to March 31, 2020)

(Unit: JPY millions)

Account title	Amount
Net sales	914,439
Cost of sales	764,200
Gross profit	150,239
Selling, general and administrative expenses	126,674
Operating profit	23,565
Non-operating income	7,446
Interest and dividends income	2,652
Share of profit of entities accounted for using equity method	2,458
Other	2,335
Non-operating expenses	8,240
Interest expenses	4,326
Foreign Exchange loss	1,014
Other	2,900
Ordinary income	22,771
Extraordinary income	14,934
Gain on disposal of non-current assets	5,848
Gain on sales of investment securities	7,494
Other	1,590
Extraordinary loss	6,953
Loss on disposal of non-current assets	798
Impairment loss	1,102
Product warranty provisions	931
Conflagration loss	958
Other	3,162
Profit before income taxes	30,751
Total income taxes	11,754
Income taxes-current	7,793
Income taxes-deferred	3,960
Profit before minority interests	18,997
Minority interests	1,357
Profit attributable to owners of parent	17,639

[Note] Figures above are rounded off to the nearest JPY millions.

[Translation for Reference Purpose Only]
Non-Consolidated Financial Statements for the 198th Fiscal Year

Non-Consolidated Balance Sheet

(As of March 31, 2020)

(Unit: JPY millions)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets	195,416	Current liabilities	161,694
Cash and deposits	8,142	Notes payable-trade	755
Notes receivable-trade	2,527	Accounts payable-trade	75,309
Electronically recorded monetary claims	4,131	Short-term loans payable	41,300
Accounts receivable-trade	91,287	Commercial paper	15,000
Accrued income taxes	403	Accounts payable-other	10,923
Merchandise and finished goods	4,964	Accrued expenses	14,166
Work in process	15,498	Advances received	1,415
Raw materials and supplies	9,426	Provision for product warranties	387
Prepaid expenses	1,216	Provision for loss on construction contract	1,075
Short-term loans receivable	34,217	Other	1,362
Accounts receivable-other	22,560		
Other	1,055		
Allowance for doubtful accounts	(15)	Long-term liabilities	144,339
Fixed assets	278,519	Straight bonds	30,000
Property, plant and equipment	77,550	Long-term loans payable	80,750
Buildings	30,427	Provision for retirement benefits	21,121
Structures	3,491	Provision for environmental measures	10,364
Machinery and equipment	16,710	Provision for loss on business of subsidiaries and affiliates	494
Vehicles and delivery equipment	91	Allowance for stock benefit for directors	362
Tools, furniture and fixtures	3,313	Asset retirement obligations	514
Land	13,250	Other	731
Lease assets	89		
Construction in progress	10,176	Total liabilities	306,034
Intangible assets	8,047	(Net assets)	
Software	7,802	Shareholders' equity	158,402
Other	245	Capital stock	69,395
Investments and other assets	192,920	Capital surplus	21,467
Investment securities	24,249	Other capital surplus	21,467
Stock of subsidiaries and affiliates	96,599	Retained earnings	68,099
Investments in capital of subsidiaries and affiliates	44,479	Legal retained earnings	2,471
Long-term loans receivable from Subsidiaries and affiliates	25,404	Other retained earnings	65,627
Prepaid pension cost	4,581	Retained earnings carried forward	65,627
Deferred tax assets	6,975	Treasury stock	(559)
other	5,739	Valuation and translation adjustments	9,498
Allowance for doubtful accounts	(15,108)	Unrealized gains on available-for-sales securities	10,060
		Deferred gains on derivatives under hedge accounting	(561)
		Total net assets	167,901
Total assets	473,935	Total liabilities and net assets	473,935

[Note] Figures above are rounded off to the nearest JPY millions.

[Translation for Reference Purpose Only]
Non-Consolidated Statement on Operation
(From April 1, 2019 to March 31, 2020)

(Unit: JPY millions)

Account title	Amount
Net sales	440,675
Cost of sales	400,926
Gross profit	39,749
Selling, general and administrative expenses	39,217
Operating loss	531
Non-operating income	15,707
Interest and dividends income	13,976
Other	1,730
Non-operating expenses	4,247
Interest expenses	1,206
Foreign Exchange loss	416
Reversal of allowance for doubtful accounts	1,258
Provision for loss on business of subsidiaries and affiliates	532
Other	833
Ordinary income	11,991
Extraordinary income	9,904
Gain on disposal of noncurrent assets	5,684
Gain on sales of investment securities	2,947
Gain on establishment of a retirement benefit trust	1,186
Other	85
Extraordinary loss	2,563
Loss on disposal of noncurrent assets	482
Impairment loss	212
Loss on valuation of stocks of subsidiaries and affiliates	896
Expenses for products warranties	352
Loss on disaster	238
Other	380
Net income before income taxes	19,332
Income taxes and others	1,877
Adjustment to deferred income taxes	(722)
Net income	18,177

[Note] Figures above are rounded off to the nearest JPY millions.