



December 19, 2019

To whom it may concern:

Company name: Furukawa Electric Co., Ltd.  
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## **Notice Concerning Partial Succession of Consolidated Subsidiary's Business through Company Split (simplified absorption-type company split)**

Furukawa Electric Co., Ltd. (hereinafter, "the Company") announces that it has resolved at today's Board of Directors' meeting that, effective on April 1, 2020, it will implement an absorption-type company split, where the Company is the successor company and its consolidated subsidiary, The Furukawa Finance and Business Support Co., Ltd. (hereinafter, "FFBS") is the split company; and take over FFBS's businesses related to group finance as well as accounting and procurement of materials (hereinafter, "the Company Split").

Since the Company Split is a simplified absorption-type company split, where the Company takes over business divisions of its consolidated subsidiary, some of disclosure items and details are omitted.

### **1. Purpose of the Company Split**

FFBS was established for the purpose of increasing the efficiency of the group finance and indirect operations, etc., and commissioned to provide services for the Company and its group companies in Japan. Recently, it has been increasingly becoming necessary for Finance & Accounting Dept. and Procurement Dept. to provide more advanced services to the Company and its group companies in Japan and overseas. Accordingly, it has become necessary to integrate operations of FFBS's Accounting and Procurement Center and the Company's Finance & Accounting Dept. and Procurement Dept.

Therefore, the Company decided to take over the businesses stipulated in Section 5 (1) "Description of business to be succeeded" below out of businesses run by FFBS, aiming at establishing a more efficient and adequate operational structure.

Among operations FFBS's Human Resources Center is in charge, operations related to the calculation of salaries, and Accounting Center is in charge, operations related to the Finance will be absorbed by Furukawa Life Service Inc. (trade name to be changed later), a wholly-owned subsidiary of the Company.

### **2. Overview of the Company Split**

#### (1) Schedule of the Company Split

Date of resolution by the Board of Directors	December 19, 2019
Date of the Company Split agreement	February 12, 2020 (scheduled)
Effective date of the Company Split	April 1, 2020 (scheduled)

\* The Company Split falls under a 'simplified absorption-type company split' stipulated in Article 796,

Paragraph 2 of the Companies Act from the standpoint of the Company as the successor company; as well as a

‘short form company split’ stipulated in Article 784, Paragraph 1 of the Act from the standpoint of FFBS as the split company. Accordingly, the Company Split will be implemented without obtaining an approval of their shareholders at general meetings.

(2) Method of the Company Split

This is an absorption-type company split where the Company is the successor company and FFBS is the split company.

(3) Allotment related to the Company Split

While each of The Furukawa Battery CO., LTD. and TOTOKU ELECTRIC CO., LTD. currently holds 1 share (class share) of FFBS, the Company will acquire such shares from them by the scheduled date of split, so that the Company will hold all shares of FFBS, and FFBS will be a wholly-owned subsidiary of the Company. Upon the Company Split, no money or other properties will be granted.

(4) Handling of share acquisition rights and bonds with share acquisition rights associated with the split

Not applicable.

(5) Increase/decrease in capital stock as a result of the Company Split

There will be no change in capital stock of the Company as a result of the Company Split.

(6) Rights and obligations succeeded by the Company

Effective on the date of the Company Split, the Company, as the successor company, will succeed assets, liabilities, and contracts associated with the businesses stipulated in Section 5 (1) “Description of business to be succeeded” below out of businesses run by FFBS.

(7) Prospect of the fulfillment of obligations

It is believed that there will be no question about the prospect of the fulfillment of obligations of both the Company and FFBS after the Company Split.

**3. View on calculation of allotment related to the organizational restructuring**

Concerning this company split, as stated in Section “2. Overview of the Company Split, (3) Allotment related to the Company Split”, the Company will own all shares of FFBS, the split company, as of the effective date of the Company Split; and upon consultation and negotiations with FFBS, it was judged to be adequate not to grant money or other properties.

**4. Overview of the companies involved in the Company Split**

	Successor company (the Company)	Split company
(1) Name	Furukawa Electric Co., Ltd.	The Furukawa Finance and Business Support Co., Ltd.
(2) Address	2-3 Marunouchi 2-chome, Chiyoda-ku, Tokyo	5-1 Marunouchi 2-chome, Chiyoda-ku, Tokyo
(3) Title/name of representative	Keiichi Kobayashi, President	Naohiro Seki, President
(4) Business description	Businesses related to development, manufacturing and sales of optical communication cables, power cables,	Commissioned operations for group finance, accounting, procurement of materials, and human resources

	wire harnesses for vehicles, and other products	
(5) Capital stock	69,395 million yen	17 million yen
(6) Date of establishment	June 25, 1896	December 16, 1997
(7) Number of shares issued	70,666,917 shares (as of March 31, 2019)	302 shares (as of March 31, 2019)
(8) Account closing date	March 31	March 31
(9) Major shareholders and their shareholding ratios (as of March 31, 2019)	<p>Japan Trustee Services Bank, Ltd. (Trust Account) 9.76%</p> <p>The Master Trust Bank of Japan, Ltd. (Trust Account) 7.33%</p> <p>Trust &amp; Custody Services Bank, Ltd. (Mizuho Trust &amp; Banking; Employee Retirement Benefit Trust, Mizuho Bank Account) 3.42%</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account 4) 3.21%</p> <p>Asahi Mutual Life Insurance Company 1.93%</p> <p>FURUKAWA CO., LTD. 1.88%</p> <p>Japan Trustee Services Bank, Ltd. (Trust Account 5) 1.59%</p> <p>Fuji Electric Co., Ltd. 1.56%</p> <p>Trust &amp; Custody Services Bank, Ltd. (Mizuho Trust &amp; Banking; Employee Retirement Benefit Trust, FURUKAWA CO., LTD. Account) 1.55%</p> <p>Trust &amp; Custody Services Bank, Ltd. (Mizuho Trust &amp; Banking; Employee Retirement Benefit Trust, Asahi Life Insurance Account) 1.49%</p>	<p>Furukawa Electric Co., Ltd. 99.34%</p> <p>The Furukawa Battery CO., LTD. 0.33%</p> <p>TOTOKU ELECTRIC CO., LTD. 0.33%</p>

Financial position and business results for the most recent fiscal year (fiscal year ended March 2019)

Net assets	279,911 million yen (consolidated)	246 million yen
Total assets	818,021 million yen (consolidated)	85,219 million yen
Net assets per share	3,513.58 yen (consolidated)	813,850 yen
Net sales	991,590 million yen (consolidated)	2,483 million yen
Operating income	40,842 million yen (consolidated)	289 million yen
Ordinary income	39,078 million yen (consolidated)	289 million yen
Net income attributable to owners of the parent company	29,108 million yen (consolidated)	191 million yen
Net income per share	412.98 yen (consolidated)	637,063 yen

## 5. Overview of business division to be succeeded

### (1) Description of business to be succeeded

FFBS's businesses related to group finance, and accounting and procurement of materials

### (2) Business results of the division to be succeeded

	Division's results for the fiscal year ended in March 2019
Net sales	2,141 million yen
Gross profit	320 million yen
Operating income	227 million yen
Ordinary income	227 million yen

### (3) Items/amount of assets and liabilities to be succeeded (as of March 31, 2019)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	35,191 million yen	Current liabilities	33,505 million yen
Non-current assets	14,004 million yen	Non-current liabilities	15,690 million yen
TOTAL	49,195 million yen	TOTAL	49,195 million yen

\* The above figures are as of March 31, 2019, and different from the actual amounts subject to the split.

## 6. Status after the Company Split

The Company Split will not affect the Company and FFBS in terms of trade name, address, title and name of representative, business description, capital stock, account closing date, etc.

## 7. Future outlook

The Company split is expected to have minor impacts on the consolidated business results and non-consolidated business results.

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