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Securities Code: 6134

June 4, 2021

FUJI CORPORATION

19 Chausuyama, Yamamachi, Chiryu, Aichi, Japan

Shinsuke Suhara, President & COO

Notice of Convocation of the 75th Ordinary General Meeting of Shareholders

To Our Shareholders:

We are pleased to announce that the 75th Ordinary General Meeting of Shareholders of FUJI CORPORATION (the “Company”) will be held as detailed below.

Instead of attending the Meeting in person, you may exercise your voting rights in writing (by postal mail) or via the internet. Please review the “Reference Material for the General Meeting of Shareholders” described below and exercise your voting rights by 6:00 p.m., Monday, June 28, 2021.

Meeting Details

- 1. Date & Time:** 10:00 a.m. on Tuesday, June 29, 2021 (Reception is scheduled to start at 9:30 a.m.)
- 2. Place:** Grand Hall, 7th floor of the Corporate Headquarters
19 Chausuyama, Yamamachi, Chiryu, Aichi, Japan

3. Objectives of Meeting:

Matters to be reported:

1. Presentation of the Business Report, Consolidated Financial Statements and Findings of Audits on Consolidated Financial Statements by the Independent Auditor and the Audit & Supervisory Board for the 75th Business Period (from April 1, 2020 to March 31, 2021)
2. Presentation of the Non-consolidated Financial Statements for the 75th Business Period (from April 1, 2020 to March 31, 2021)

Matters to be resolved:

- | | |
|--------------------|---|
| Proposal 1: | Appropriation of Surplus |
| Proposal 2: | Election of Eight Board Members |
| Proposal 3: | Election of One Audit & Supervisory Board Member |
| Proposal 4: | Election of One Substitute Audit & Supervisory Board Member |
| Proposal 5: | Determination of Remuneration for the Granting of Transfer-Restricted Shares to Board Members (excluding Outside Board Members) |

When you attend the Meeting in person on the day, we kindly request you to submit the enclosed Voting Card to the reception desk at the meeting venue.

Please note that any changes to the Reference Material for the General Meeting of Shareholders as well as the Business Report, Non-consolidated/Consolidated Financial Statements will be posted on the Company’s website at <https://www.fuji.co.jp/>.

Information on Exercise of Voting Rights

Voting rights at the General Meeting of Shareholders are principal rights of shareholders.

Please exercise your voting rights after examining the attached Reference Material for the General Meeting of Shareholders.

You may exercise your voting rights by one of the following three methods.

Attending the General Meeting of Shareholders

Please submit the enclosed Voting Card to the reception desk at the meeting venue.

Date and time

10:00 a.m. on Tuesday, June 29, 2021
(Reception is scheduled to start at 9:30 a.m.)

Exercising voting rights in writing (by postal mail)

Please indicate your approval or disapproval of each proposal on the enclosed Voting Card and return it without affixing a stamp.

Deadline

Must be received no later than 6:00 p.m. on Monday, June 28, 2021

Exercising voting rights via the internet

Please indicate your approval or disapproval of each proposal in accordance with the instructions on the following page.

Deadline

All data entry to be completed no later than 6:00 p.m. on Monday, June 28, 2021

How to fill out the Voting Card

Proposals 1, 3, 4, and 5:

If you approve:

Put a circle in the box marked “贊” [Approve].

If you disapprove:

Put a circle in the box marked “否” [Disapprove].

Proposal 2:

If you approve all candidates:

Put a circle in the box marked “贊” [Approve].

If you disapprove all candidates:

Put a circle in the box marked “否” [Disapprove].

If you selectively disapprove certain candidates:

Put a circle in the box marked “贊” [Approve], and also write the candidate number for each candidate you disapprove.

Please note that your online vote will prevail should you exercise your voting rights both in writing (by postal mail) and via the internet. If you exercise your voting rights more than once via the internet, only the last vote shall be deemed valid.

Guidance for Exercising Voting Rights via the Internet

Scanning the QR Code

You can log in to the website for the exercise of voting rights without entering the login ID or temporary password printed on the Voting Card.

1. Please scan the QR Code printed on the Voting Card.
* “QR Code” is a registered trademark of DENSO WAVE INCORPORATED.
2. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

Note that you can log in to the website only once by using the QR Code.

If you wish to redo your vote or exercise your voting rights without using the QR Code, please refer to “Entering login ID and temporary password” below.

Entering login ID and temporary password

Voting website: <https://evote.tr.mufg.jp/>

1. Please access the website for exercise of voting rights.
2. Log in by entering your “login ID” and “temporary password” presented on the Voting Card.
3. Register a new password.
4. Please follow the directions that appear on the screen to input approval or disapproval to each proposal.

If you have questions about the use of a computer, smartphone or mobile phone for exercising your vote via the internet, please contact

Stock Transfer Agency (Help Desk), Mitsubishi UFJ Trust and Banking Corporation
0120-173-027 (Japanese-language only)
(Toll-free only from Japan / Hours: 9:00 a.m. to 9:00 p.m.)

Business Report

(From April 1, 2020 to March 31, 2021)

1. Current Condition of the Group

(1) Business condition for the fiscal year ended March 31, 2021

1) Business progress and results

In the fiscal year ended March 31, 2021, the Japanese economy faced tremendous downward pressure due to the impact of the spread of the novel coronavirus disease (COVID-19), resulting in a deterioration in corporate earnings and a decrease in capital investments. Meanwhile, there were signs of a pickup in the manufacturing industry, while the economic outlook continues to be uncertain. In the global economy, although a trend of business recovery continued in China, business conditions in Europe and North America remained challenging due to the impact of the spread of COVID-19, and capital investments were weak in the manufacturing industry.

In this environment, under the corporate slogan of “Excite and Inspire,” the Company and its subsidiaries (hereinafter referred to as the “Group”) have taken on the challenge of reforming based on a growth strategy of capturing the times and pioneering the future using robotics technology. The Group is developing attractive products that look ahead to the future. In the area of its leading robotic mounters, the Group is promoting the market launch of the high-end model NXTR, a machine equipped with the world’s first automatic component supply system designed to fully automate electronic component mounting processes, and in the area of machine tools, the Group announced the multitasking machine “GYROFLEX T4000 (referred to as GYROFLEX),” which has a robot that combines the machining of industrial machinery and highly automated technologies. In addition, amid the COVID-19 pandemic, the Group actively implemented new sales approaches, such as promoting “WEB meetings” that do not rely on face-to-face sales, in addition to holding private showings with thorough measures against the spread of COVID-19, including the simultaneous organization of “WEB EXPO,” and worked to expand the Group’s market share. The Group also aimed to improve profitability by building a production structure that simultaneously pursues lower costs and higher efficiency, and carrying out initiatives such as further reduction of fixed costs through business reforms in which paperless operations, web conferences, and teleworking were promoted through active implementation of DX responding to the era of the new normal.

As a result of the above, net sales for the fiscal year ended March 31, 2021 decreased by ¥4,806 million (3.4%) from the previous fiscal year, to ¥136,161 million. Meanwhile, operating profit increased by ¥2,332 million (11.9%) from the previous fiscal year, to ¥21,904 million, and ordinary profit increased by ¥3,105 million (15.4%) from the previous fiscal year, to ¥23,224 million. In addition, profit attributable to owners of parent increased by ¥2,204 million (14.7%) from the previous fiscal year, to ¥17,167 million.

Condition of each business is as follows.

Robotic Solutions

Demand related to communication devices, which are the Company’s main market, remained robust, in addition to the increase of capital investment demand for PCs, servers, and producing electronic components, which are essential for manufacturing those electronic devices, in China and other Asian regions, bolstered by the adoption of new lifestyles such as teleworking spreading through various countries as a measure against the spread of COVID-19. On the other hand, capital investment in European and Americas markets, which mainly sell automotive-related products, was weak due to the impact of economic stagnation caused by the spread of COVID-19. As a result, net sales for the business decreased by ¥2,193 million (1.7%) from the previous fiscal year, to ¥125,569 million. Meanwhile, due to reductions in fixed costs, operating profit increased by ¥2,953 million (12.6%) from the previous fiscal year, to ¥26,307 million.

Machine Tools

Domestic and overseas markets were both continuing their cautious stances on capital investment due to the restrictions on business activities as a result of the resurgence of COVID-19, and impacted by the weakness in the automotive industry. As a result, net sales for the business decreased by ¥2,973 million (27.4%) from the previous fiscal year, to ¥7,866 million, and operating loss was ¥1,324 million (operating loss for the previous fiscal year was ¥636 million).

Others

Regarding Others, which includes the manufacture of control equipment, electronic equipment and image processing development, net sales increased by ¥360 million (15.2%) from the previous fiscal year, to ¥2,725 million. Operating loss was ¥3 million (operating loss for the previous fiscal year was ¥0 million).

<Net sales by business>

Business	Fiscal year ended March 31, 2020		Current fiscal year Fiscal year ended March 31, 2021		Year-on-year change	
	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)	Amount (Millions of yen)	Ratio (%)
Robotic Solutions	127,763	90.6	125,569	92.2	(2,193)	(1.7)
Machine Tools	10,839	7.7	7,866	5.8	(2,973)	(27.4)
Others	2,364	1.7	2,725	2.0	360	15.2
Total	140,967	100.0	136,161	100.0	(4,806)	(3.4)

2) Capital investment

The Group makes ongoing capital investments in production, development, and sales facilities for such purposes as production capacity enhancement, rationalization of facilities, development of next-generation products that lead digital revolution, and the reinforcement of sales network. The total amount of capital investments during the fiscal year ended March 31, 2021 was ¥7,856 million (including intangible assets). Of this amount, ¥7,301 million were invested for the Robotic Solutions business. The amount of capital investments in the Machine Tools business, Others and Company-wide (common) not allocated to each business was insignificant.

The details of major capital investments are as follows.

Company name Plant name	Location	Name of business	Details of facilities	Amount invested (Millions of yen)
The Company's headquarters and headquarters factory	Chiryu, Aichi	Robotic Solutions	Software for market sale	3,971
The Company's Toyota Plant	Toyota, Aichi	Robotic Solutions Machine Tools	Upgrades to machining equipment	830

There were no major disposals or sales of facilities in the fiscal year ended March 31, 2021.

3) Funding procurement

The Company has concluded specified commitment line contracts for a total of ¥12.0 billion with its main financial institutions, in order to ensure agility and security for its funding needs, and to reduce financial risk.

(2) Status of assets and profit and loss for the past three business periods

Category	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Current fiscal year Fiscal year ended March 31, 2021
Net sales (Millions of yen)	120,032	129,104	140,967	136,161
Ordinary profit (Millions of yen)	23,538	23,454	20,119	23,224
Profit attributable to owners of parent (Millions of yen)	17,523	16,855	14,963	17,167
Profit per share (Yen)	195.04	184.52	163.81	184.26
Total assets (Millions of yen)	183,037	194,366	198,504	224,671
Net assets (Millions of yen)	151,412	161,624	167,939	194,556
Net assets per share (Yen)	1,655.29	1,767.30	1,834.76	2,014.41

(3) Status of parent company and principal subsidiaries

1) Parent company

Not applicable

2) Principal subsidiaries

Company name	Share capital	Investment ratio of the Company (%)	Main business
ADTEK FUJI Co., Ltd.	45 million Japanese yen	100	Manufacturing, remodeling and repair of the Company's products
EDEC LINSEY SYSTEM Co., Ltd.	40 million Japanese yen	100	Manufacturing of units related to the Company's products (robotic moulder)
Fasford Technology Co., Ltd.	450 million Japanese yen	100	Manufacturing and sales of semiconductor manufacturing equipment
FUJI LINEAR CORPORATION	200 million Japanese yen	67	Development, manufacturing and sales of linear motors
Fuji America Corporation	1,000 thousand U.S. dollars	100	Sales of the Company's products (robotic moulder)
Fuji Machine America Corporation	1,000 thousand U.S. dollars	100 (100)	Sales of the Company's products (machine tools)
FUJI EUROPE CORPORATION GmbH	1,022 thousand euros	100	Sales of the Company's products (robotic moulder)
Fuji Machine China Co., Ltd.	12,737 thousand Chinese yuan	100	Maintenance and after-sale service of the Company's products (robotic moulder)
Kunshan Fuji Machine Mfg. Co., Ltd.	161,035 thousand Chinese yuan	100	Manufacturing and sales of the Company's products
Fuji Do Brasil Maquinas Industriais Ltda.	6,052 thousand Brazilian reals	60	Sales of the Company's products (robotic moulder)
FUJI INDIA CORPORATION PRIVATE LIMITED	31,000 thousand Indian rupees	100 (1)	After-sale service of the Company's products (robotic moulder) and support to dealers

Notes: 1. The investment ratio of the Company in parentheses indicates the percentage indirectly owned by the Company and is included in the total.

2. Tower-Factory GmbH, which was a consolidated subsidiary, was excluded from principal subsidiaries, because it ceased to exist due to an absorption merger on August 24, 2020 with the consolidated subsidiary FUJI EUROPE CORPORATION GmbH as the surviving company.

(4) Issues to be addressed

With the corporate vision of “To establish the No.1 brand in the industry through the development of next-generation products and innovation of production and sales, proactively adapting to the digital revolution,” the Group is committed to take following initiatives, centered on the new medium-term management plan started in the fiscal year ending March 31, 2022.

- i) Advance business strategies through digital transformation (DX)
- ii) Business development in line with SDGs
- iii) Develop the market awareness of flagship machines
- iv) Pursue improvements in cost
- v) Promote health and productivity in the workplace

Issues to be addressed by business and for finances are as follows.

Robotic Solutions

The Group will strive to expand market share through promoting the sales expansion of flagship machines including the high-end model NXTR. In addition, the Group aims to improve profitability by promoting DX and automation through increased use of E-commerce sites, addition of automated functions to existing models, improvement of manufacturing efficiency through the introduction of AGVs, robots, etc., and production schedule management through DX. The Group will also promote the proposals of total solutions and services centering around the “FUJI Smart Factory.” Combining the semiconductor-related technology of Fasford Technology Co., Ltd. with our proprietary technology fostered by the robotic mounters, the Group seeks to create a new value in the new business domain across the two areas and pursues synergetic effects. The Group also aims to expand markets through the sales expansion of other robotic products than electronic component mounters.

Machine Tools

The Group will focus on winning new customers as well as expanding the product lineup through promoting the market launch of new products including the multitasking machine with a robot, “GYROFLEX T4000.” The Group will strive to strengthen collaboration among the Company’s Toyota Plant and its facilities in China and North America, and to utilize trading firms in Japan, Asia, and European region. The Group also aims to expand new sales channels and markets, leveraging digital tools.

Finances

The Group will strive to increase corporate value by maintaining high level of investment into research and development, while also actively making strategic investments and capital investments in peripheral businesses and new businesses, aiming for future growth. The Group will also actively promote ESG investments as an activity toward the formation of a sustainable society. Additionally, from the perspective of increasing shareholder value, the Group will work to improve profitability and capital efficiency and continuously return profits to shareholders as the most important measure for management, striving to maintain and continuously pay constant, stable dividends.

We look forward to the continued support of all our shareholders.

(5) Main business (as of March 31, 2021)

Business	Main products
Robotic Solutions	Robotic mounter, semiconductor manufacturing equipment
Machine Tools	Machine tools
Others	Control equipment, electronic equipment, image processing development

(6) Principal offices and plants (as of March 31, 2021)

The Company	Headquarters: Chiryu, Aichi Tokyo Branch Office: Minato-ku, Tokyo Osaka Branch Office: Suita, Osaka Headquarters Factory: Chiryu, Aichi Okazaki Factory: Okazaki, Aichi Toyota Plant: Toyota, Aichi
ADTEK FUJI Co., Ltd.	Headquarters: Okazaki, Aichi
EDEC LINSEY SYSTEM Co., Ltd.	Headquarters: Toyohashi, Aichi
Fasford Technology Co., Ltd.	Headquarters: Minami Alps, Yamanashi
FUJI LINEAR CORPORATION	Headquarters: Chiryu, Aichi
Fuji America Corporation	Headquarters: Vernon Hills, Illinois, U.S.A.
Fuji Machine America Corporation	Headquarters: Vernon Hills, Illinois, U.S.A.
FUJI EUROPE CORPORATION GmbH	Headquarters: Kelsterbach, Germany
Fuji Machine China Co., Ltd.	Headquarters: Shanghai, China
Kunshan Fuji Machine Mfg. Co., Ltd.	Headquarters: Kunshan, China
Fuji Do Brasil Maquinas Industriais Ltda.	Headquarters: São Paulo, São Paulo, Brazil
FUJI INDIA CORPORATION PRIVATE LIMITED	Headquarters: Gurugram, Haryana, India

Note: Tower-Factory GmbH, which was a consolidated subsidiary, ceased to exist due to an absorption merger on August 24, 2020 with the consolidated subsidiary FUJI EUROPE CORPORATION GmbH as the surviving company.

(7) Status of employees (as of March 31, 2021)

1) Employees of the Group

Business	Number of employees	Change from the end of the previous fiscal year
Robotic Solutions	1,903	+32
Machine Tools	345	-18
Others	109	+7
Company-wide (common)	165	+8
Total	2,522	+29

Note: The number of employees is the number of full-time employees.

2) Employees of the Company

Number of employees	Change from the end of the previous fiscal year	Average age	Average number of years employed
1,712	+23	42.8 years old	17.9 years

Note: The number of employees is the number of full-time employees.

(8) Status of main lenders (as of March 31, 2021)

Not applicable

(9) Other important matters regarding the current condition of the Group

Not applicable

2. Current Status of the Company

(1) Status of shares (as of March 31, 2021)

- 1) Total number of shares authorized to be issued: 390,000,000 shares
- 2) Total number of shares issued: 97,823,748 shares
- 3) Number of shareholders: 6,983
- 4) Major shareholders (top ten shareholders)

Shareholder name	Number of shares held (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	6,289	6.52
Daido Life Insurance Co.	4,811	4.98
MUFG Bank, Ltd.	4,272	4.43
Custody Bank of Japan, Ltd. (Trust account)	4,130	4.28
FUJI customers stock ownership	3,089	3.20
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,364	2.45
The Bank of Nagoya, Ltd.	1,554	1.61
Mitsubishi UFJ Trust and Banking Corporation	1,483	1.53
BBH BOSTON CUSTODIAN FOR NEXT GENERATION CONNECTIVITY ASIA FUND A SERIES T 621052	1,395	1.44
STATE STREET BANK AND TRUST COMPANY 505001	1,219	1.26

- Notes: 1. Shares held by the Company as treasury shares (1,390,652 shares) are excluded from the top ten shareholders listed above.
2. The number of shares held is rounded down to the nearest thousand. The shareholding ratio is calculated after deducting shares held by the Company as treasury shares, and is given to two decimal places.

(2) Status of share acquisition rights, etc.

Not applicable

(3) Status of Board Members and Audit & Supervisory Board Members

1) Status of Board Members and Audit & Supervisory Board Members (as of March 31, 2021)

Position in the Company	Name	Responsibility and representation of other companies
Chairman & CEO	Nobuyuki Soga	
President & COO	Shinsuke Suhara	
Board Member Managing Executive Officer	Hajime Ezaki	General Manager, Machine Tools Division Manager, Sales Department Chairman, Fuji Machine America Corporation Chairman, Kunshan Fuji Machine Mfg. Co., Ltd.
Board Member Managing Executive Officer	Masaaki Sugiura	General Manager, Robotic Solutions Division Chairman, Fuji Machine China Co., Ltd. Chairman, FUJI INDIA CORPORATION PRIVATE LIMITED
Board Member Executive Officer	Junichi Kano	Manager, Business Administration Department Manager, Accounting Department
Board Member	Nobuko Kawai	Representative, Nobuko Kawai Law Office Outside Board Member, IBIDEN Co., Ltd.
Board Member	Hideaki Tamada	
Board Member	Shoji Mizuno	
Full-time Audit & Supervisory Board Member	Yoshiaki Kuroyanagi	
Audit & Supervisory Board Member	Shigeki Matsuda	Representative, Matsuda Certified Public Accountant Office Representative, Aiki Tax Accounting Corporation Outside Audit & Supervisory Board Member, Roland DG Corporation
Audit & Supervisory Board Member	Kayoko Yamashita	Representative, Yamashita Certified Public Accountant Office Outside Audit & Supervisory Board Member, Sotoh Co., Ltd.

- Notes:
1. Board Members, Nobuko Kawai, Hideaki Tamada and Shoji Mizuno, are Outside Board Members.
 2. Audit & Supervisory Board Members, Shigeki Matsuda and Kayoko Yamashita, are Outside Audit & Supervisory Board Members.
 3. Audit & Supervisory Board Members, Shigeki Matsuda and Kayoko Yamashita, are licensed as a certified public accountant and have extensive knowledge of finance and accounting.
 4. Mitsuji Tatsumi resigned from the Board Member as of August 31, 2020. Mr. Tatsumi had served as Manager, Accounting Department when he resigned.
 5. The Company has designated Board Members, Nobuko Kawai, Hideaki Tamada and Shoji Mizuno, as well as Audit & Supervisory Board Members, Shigeki Matsuda and Kayoko Yamashita, as Independent Directors/Auditors according to the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and has notified said Exchanges thereof.

2) Outline of the liability limitation agreement

Pursuant to the provisions in Article 427, paragraph (1) of the Companies Act, the Company entered into an agreement with each Outside Board Member and Outside Audit & Supervisory Board Member to limit the liability for damages set forth in Article 423, paragraph (1), of the said Act. The limit of the liability for damages under the agreement will be the amount stipulated in applicable laws and regulations.

3) Remuneration, etc., for Board Members and Audit & Supervisory Board Members

a) Total amount of remuneration, etc., for the fiscal year ended March 31, 2021

Category of officers	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. by type (Millions of yen)			Numbers of eligible officers (Person)
		Fixed remuneration	Performance-linked remuneration		
			Company-wide	Individual	
Board Members (including Outside Board Members)	340 (21)	245 (21)	85 (-)	10 (-)	10 (3)
Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members)	35 (16)	35 (16)	- (-)	- (-)	3 (2)
Total (including Outside Board Members/Audit & Supervisory Board Members)	375 (38)	280 (38)	85 (-)	10 (-)	13 (5)

- Notes:
1. The above includes one Board Member who resigned at the close of the 74th Ordinary General Meeting of Shareholders held on June 26, 2020 and one Board Member who resigned as of August 31, 2020.
 2. No employee-portion salary was paid to any Board Member who also serves as an employee.
 3. The performance indicators for performance-linked remuneration, etc. are “consolidated operating profit” and “consolidated ROE,” the results of which for the fiscal year ended March 31, 2020 are ¥19,571 million and 9.1%, respectively. The reason why the Company has selected this indicator is that it is valued as an indicator reflecting the results of continuous business activities and that it motivates us to enhance our business performance and corporate value. The Company’s remuneration system for directors (and other officers) is based on “fixed remuneration” for each position, taking into account “performance-linked remuneration” for the entire Company as well as each individual to determine the distinctive remuneration as a regular fixed remuneration.

The remuneration ratio by position is as follows:

Position	Fixed remuneration	Performance-linked remuneration	
		Company-wide	Individual
Chairman & CEO/President & COO	67%	33%	0%
Board Member, Chairman/President	67%	33%	0%
Board Member, Vice President, Executive Officer	59%	31%	10%
Board Member, Senior Managing Executive Officer	61%	28%	11%
Board Member, Managing Executive Officer	63%	26%	11%
Board Member, Executive Officer	65%	24%	11%
Full-time Audit & Supervisory Board Member	100%	0%	0%
Outside Board Member	100%	0%	0%
Part-time Audit & Supervisory Board Member	100%	0%	0%

“Fixed remuneration” may be reduced, regardless of the above table in the case of deterioration in business performance. The performance-linked remuneration consists of the “performance-linked remuneration (company-wide)” and the “performance-linked remuneration (individual).” The “performance-linked remuneration (company-wide)” is remuneration according to the business performance, which is increased or decreased each fiscal year in consideration of the previous year’s results of “consolidated operating profit” and “consolidated ROE” that the Company emphasizes as management indicators. Meanwhile, the “performance-linked remuneration (individual)” is an evaluation of the individual performance of each director. The “performance-linked remuneration (company-wide)” is designed to reward the results and performance produced. By setting it so that the higher position can receive greater allocation, higher positions are required to achieve higher results and responsibility for business performance. On the other hand, the “performance-linked remuneration (individual)” is an evaluation of the results and contributions to individual performance of each director on company-wide and divisional issues. In addition to the degree of achievement of issues set by the directors themselves in consideration of the medium-term management plan, business policies, department policies, etc., the President evaluates their ability to execute business operations from the perspective of strategy, operations, and people/organization. Full-time Audit & Supervisory Board Members, Outside Board Members and Part-time Audit & Supervisory Board Members are not subject to the “performance-linked remuneration (company-wide)” and the “performance-linked remuneration (individual).”

b) Policy for determining remuneration, etc. for directors (and other officers)

The Company has adopted a resolution at the Board of Directors meeting on the determination policy concerning the details of remuneration, etc. for each Board Member.

The Board of Directors has confirmed that the method of determining the details of remuneration, etc., as well as the details of remuneration, etc., determined for each individual Board Member for the fiscal year ended March 31, 2021 are consistent with the determination policy adopted at the Board of Directors meeting, and has judged that they are in line with the said determination policy.

The content of determination policy concerning the details of remuneration, etc. for each Board Member is as follows:

1. Basic policy

Remuneration for Board Members shall be linked to the shareholders’ interests so that it can work well as an incentive for the sustainable enhancement of corporate values. For determining the remuneration of individual Board Member, an appropriate level based on the responsibilities of each position shall

be applied. They shall be set as the basic policy, and “fixed remuneration” for each position as well as the “performance-linked remuneration” for the entire Company and individuals shall be paid.

On the premise that the proposal of “Determination of Remuneration for the Granting of Transfer-Restricted Shares to Board Members (excluding Outside Board Members)” is approved and passed at the 75th Ordinary General Meeting of Shareholders to be held on June 29, 2021, a part of “fixed remuneration” shall be paid in the form of the “restricted share awards.”

For Outside Board Members, in consideration of their duties, only “fixed remuneration” shall be paid, except for the “performance-linked remuneration” and the “restricted share awards.”

2. Policy on determination of the amounts of “fixed remuneration,” “performance-linked remuneration” and “restricted share awards” or the number of allotted shares for each Board Member

“Fixed remuneration” for Board Members shall be comprehensively determined, taking into account the position, responsibilities, years of service, the Company’s business performance, and the level of employees’ salaries.

The “performance-linked remuneration” for Board Members consists of the “performance-linked remuneration (company-wide)” and the “performance-linked remuneration (individual).” The “performance-linked remuneration (company-wide)” is remuneration according to the business performance in consideration of the previous year’s results of “consolidated operating profit” and “consolidated ROE” that the Company emphasizes as management indicators. The “performance-linked remuneration (individual)” is an evaluation of the individual performance of each director.

On the premise that the proposal of “Determination of Remuneration for the Granting of Transfer-Restricted Shares to Board Members (excluding Outside Board Members)” is approved and passed at the 75th Ordinary General Meeting of Shareholders to be held on June 29, 2021, a part of annual remuneration shall be paid in the form of the “restricted share awards” up to ¥90 million, equivalent to 20% of ¥450 million, an annual amount of remuneration for Board Members approved and passed at the 62nd Ordinary General Meeting of Shareholders (held on June 27, 2008). The outline of the “restricted share awards” is as follows:

• Maximum amount of restricted share awards	Total amount ¥90 million (per year)
• Maximum number of shares to be granted	50,000 shares (per year)
• Timing of initiating the grant	July 2021 or after
• Period of restriction on transfer	Until the date of resignation

From the next fiscal year (the 76th) ending March 31, 2022, the Board of Directors will determine the amounts of “fixed remuneration,” “performance-linked remuneration” and “restricted share awards,” as well as the number of shares to be allotted, within the scope of the total amount of remuneration approved at the General Meeting of Shareholders, based on the details of the reports by the Advisory Committee, a voluntary advisory body for the Board of Directors newly established in April 2021. The “fixed remuneration” and the “performance-linked remuneration” are paid every month and the “restricted share awards” is paid at a certain time every year.

The Board of Directors will determine the remuneration ratio for Board Members by type, based on the details of the reports by the Advisory Committee.

3. Matters pertaining to the resolution adopted at the General Meeting of Shareholders on the remuneration, etc. for Board Members

The annual amount of monetary remuneration for Board Members is within ¥450 million, pursuant to the resolution adopted at the 62nd Ordinary General Meeting of Shareholders held on June 27, 2008. The number of Board Members at the close of this General Meeting of Shareholders is eight.

4. Matters pertaining to the resolution adopted at the General Meeting of Shareholders on the remuneration, etc. for Audit & Supervisory Board Members

The annual amount of monetary remuneration for Audit & Supervisory Board Members is within ¥60 million, pursuant to the resolution adopted at the 60th Ordinary General Meeting of Shareholders held

on June 29, 2006. The number of Audit & Supervisory Board Members at the close of this General Meeting of Shareholders is four.

- c) Total amount of remuneration, etc. for directors (and other officers) paid to Outside Board Members/Audit & Supervisory Board Members from the parent company, etc. or subsidiaries of the parent company, etc. (excluding the Company)
Not applicable
- 4) Matters related to Outside Board Members/Audit & Supervisory Board Members
 - a) Significant concurrent positions held as an executive in other corporations, etc., and relationship between these corporations, etc., and the Company
 - Board Member Nobuko Kawai concurrently serves as a representative of Nobuko Kawai Law Office. There is no special interest between Nobuko Kawai Law Office and the Company.
 - Audit & Supervisory Board Member Shigeki Matsuda concurrently serves as a representative of Matsuda Certified Public Accountant Office and Aiki Tax Accounting Corporation. There is no special interest between Matsuda Certified Public Accountant Office and Aiki Tax Accounting Corporation and the Company.
 - Audit & Supervisory Board Member Kayoko Yamashita concurrently serves as a representative of Yamashita Certified Public Accountant Office. There is no special interest between Yamashita Certified Public Accountant Office and the Company.
 - b) Significant concurrent positions held as Outside Board Members/Audit & Supervisory Board Members in other corporations, etc., and relationship between these corporations, etc., and the Company
 - Board Member Nobuko Kawai assumed the office of Outside Board Member of IBIDEN Co., Ltd. in June 2017. There is no special interest between IBIDEN Co., Ltd. and the Company.
 - Audit & Supervisory Board Member Shigeki Matsuda assumed the office of Outside Audit & Supervisory Board Member of Roland DG Corporation in June 2015. There is no special interest between Roland DG Corporation and the Company.
 - Audit & Supervisory Board Member Kayoko Yamashita assumed the office of Outside Audit & Supervisory Board Member of Sotoh Co., Ltd. in June 2015. There is no special interest between Sotoh Co., Ltd. and the Company.

c) Main activities during the fiscal year ended March 31, 2021

	Summary of the attendance, statements made and duties performed in the expected role of Outside Board Members
Board Member Nobuko Kawai	Attended all 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2021. Taking advantage of her extensive expertise and experience as a lawyer, she proactively provides her opinion at Board of Directors meeting. Especially for matters regarding compliance, gender, etc., she asks questions as appropriate, and provides advice and recommendations as necessary.
Board Member Hideaki Tamada	Attended 12 out of 13 meetings of the Board of Directors held in the fiscal year ended March 31, 2021. Based on his extensive experience and wide range of insight in general management and sales field, he proactively provides advice and recommendations for the management of the Company and the Group by asking questions from an objective standpoint, making efforts to enhance his understanding of the internal culture, and sharing his specific experiences and examples of other companies.
Board Member Shoji Mizuno	Attended all 10 meetings of the Board of Directors held after taking office on June 26, 2020. Based on his extensive experience and wide range of insight in general management and sales field, he proactively provides advice and recommendations for the management of the Company and the Group by asking questions from an objective standpoint, making efforts to enhance his understanding of the internal culture, and sharing his specific experiences and examples of other companies.
Audit & Supervisory Board Member Shigeki Matsuda	Attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2021. He mainly provides his opinions as necessary from his professional viewpoints as a certified public accountant and certified tax accountant.
Audit & Supervisory Board Member Kayoko Yamashita	Attended all 13 meetings of the Board of Directors and all 14 meetings of the Audit & Supervisory Board held in the fiscal year ended March 31, 2021. She mainly provides her opinions as necessary from her professional viewpoints as a certified public accountant and certified tax accountant.

Note: In addition to the number of Board of Directors meetings held in the above table, one resolution was adopted in writing that was deemed to be resolution of the Board of Directors in accordance with the provisions of Article 370 of the Companies Act and Article 27 of the Articles of Incorporation of the Company.

(4) Status of accounting auditor

1) Name: KPMG AZSA LLC

2) Amount of remuneration, etc.

	Payment amount (Millions of yen)
The amount of remuneration, etc., for the accounting auditor for the fiscal year ended March 31, 2021	65
Total amount of monies and other property benefits to be paid to the accounting auditor by the Company and its subsidiaries	65

- Notes:
1. Among subsidiaries of the Company, FUJI EUROPE CORPORATION GmbH, Fuji Machine China Co., Ltd., Kunshan Fuji Machine Mfg. Co., Ltd., Fuji Do Brasil Maquinas Industriais Ltda. and FUJI INDIA CORPORATION PRIVATE LIMITED are audited by an auditing firm other than the Company's accounting auditor, for statutory audits.
 2. The audit agreement between the Company and the accounting auditor does not and cannot practically distinguish between remuneration, etc., for audits stipulated by the Companies Act and those stipulated by the Financial Instruments and Exchange Act. For this reason, the amount of the remuneration, etc., for the accounting auditor for the fiscal year ended March 31, 2021 represents the total amount for those audits.
 3. The Audit & Supervisory Board gave consent regarding the amount of remuneration, etc., for the accounting auditor after necessary verification, such as whether the details of the audit plan, status of execution of the duties of the accounting audit, and the calculation basis for the remuneration estimate undertaken by the accounting auditor were appropriate.

3) Policy for decisions on dismissal or non-reappointment of accounting auditor

If the Audit & Supervisory Board deems necessary, such as in the event that the accounting auditor is unable to appropriately execute its designated duties, the Audit & Supervisory Board shall determine the details of a proposal for the dismissal or non-reappointment of the accounting auditor, to be submitted to the General Meeting of Shareholders.

In addition, the Audit & Supervisory Board may dismiss an accounting auditor if they unanimously agree that there has been an event that corresponds to the items listed in Article 340, paragraph (1), of the Companies Act. In this case, an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board shall report the dismissal of the accounting auditor and reasons for the dismissal at the General Meeting of Shareholders convened for the first time after such dismissal.

4) Outline of the liability limitation agreement

Not applicable

(5) Systems to ensure appropriate conduct of operations and the status of implementation of such systems

The Board of Directors resolved to adopt systems to ensure compliance of the execution of duties by Board Members and employees with laws and regulations and the Articles of Incorporation, and other systems to ensure appropriate conduct of operations by the Company as follows.

- 1) Systems to ensure compliance of the execution of duties by Board Members and employees with laws and regulations and the Articles of Incorporation
 - a) The Company provides the Corporate Behavior Charter to achieve control objectives, such as effectiveness and efficiency of operations, reliability of financial reporting, assurance of compliance, and preservation of assets, and Board Members shall take initiatives in publicizing the Charter among employees.
 - b) The Company establishes the Risk Compliance Committee as the internal control organization, for which the responsible chief officer is the President.
 - c) The Company establishes the Internal Control Council, for which the responsible chief officer is the President, aiming to supervise the relevant operations for the setup, improvement, operation and evaluation of internal controls involved in financial reporting.
 - d) The Audit Department conducts audits about whether operational duties in the respective departments are properly and reasonably executed in accordance with laws and regulations, the Articles of Incorporation and internal rules, and reports the results to the President.
 - e) The Company establishes the whistleblower hotline to which compliance violations relating to the execution of duties by Board Members and employees are reported.

2) System for the storage and management of information related to the execution of duties by Board Members

Information related to the execution of duties by Board Members shall be recorded and kept in documents or electromagnetic media pursuant to the Rules on Document Archive Management and managed so that Board Members and Audit & Supervisory Board Members can view such documents or media at all times.

- 3) Rules and other aspects of the system for managing risks of loss
 - a) The Company establishes the Risk Compliance Committee, which supports the streamlining of cross-departmental risk management systems in the respective departments and promotes their improvement from a company-wide viewpoint.
 - b) Each department structurally and systematically organizes risks that obstruct the execution of management activities pursuant to the Basic Rules of Risk Management, and then prevents the occurrence of such risks and minimizes damages upon occurrence of such risks.
 - c) The Audit Department conducts audits about the risk management conditions in the respective departments and reports the results to the President.
 - d) The Company is committed to various risk management efforts through the Environment Control Committee and the Health and Safety Committee with regard to environment- and health/safety-related risks associated with corporate social responsibility.
- 4) System for ensuring that the duties of Board Members are efficiently performed
 - a) The Company has introduced an executive officer system separating the decision-making function and business execution function in management in order to speed up the managerial decision-making

process and clarify responsibility. Under the system, executive officers assume the responsibility for the execution of operational duties with the delegation of authority given by the President.

- b) With respect to the execution of duties of Board Members, the Company provides the scope of roles/responsibilities and the procedures for execution of duties in accordance with rules on organization, administrative authorities, division of business operations, etc.
 - c) In conducting the execution of business operations, the Company clarifies management objectives by formulating the annual “Management Policies” and “Annual (Medium-term) Profit Plan,” and each department manages to achieve their objectives.
- 5) System for ensuring appropriate business operations within the Group
- a) The regular Operations Executive Board meetings, which are attended by representatives from the Group, including subsidiaries, confirm that the subsidiaries’ business activities are properly and effectively carried out.
 - b) The Audit Department audits that business duties are properly executed in the subsidiaries and that the compliance and risk management systems are properly operated, including those of the subsidiaries, and reports the results to the President.
- 6) Matters related to an employee to assist the duties of Audit & Supervisory Board Members and the independence of such employee
- a) The Company shall not appoint any employee who assists the duties of Audit & Supervisory Board Members. However, upon request of Audit & Supervisory Board Members, the President responds to such request in each case by designating a staff of the Audit Department.
 - b) The employee who assists Audit & Supervisory Board Members shall not be subject to instructions and orders from Board Members, and personnel transfers and personnel evaluations of such employee shall be approved by Audit & Supervisory Board Members.
- 7) The system for reporting to Audit & Supervisory Board Members by Board Members and employees and other systems concerning reporting to Audit & Supervisory Board Members, and the system for ensuring effective audits by Audit & Supervisory Board Members
- a) Board Members and employees shall, upon request of Audit & Supervisory Board Members, report the status of the execution of the Company’s business activities to Audit & Supervisory Board Members. Also, if Board Members find any fact likely to cause significant damage to the Company, Board Members shall immediately report the fact to the Audit & Supervisory Board.
 - b) Audit & Supervisory Board Members shall meet regularly with the President and exchange opinions concerning important audit issues, etc.
 - c) Audit & Supervisory Board Members shall endeavor to enhance the quality of audits and make the audits more effective by consistently maintaining close cooperation and collaboration with the accounting auditor, proactively exchanging opinions and information, and sharing the details obtained from their audits, in addition to holding regular briefing meetings, attending audits, and exchanging information verbally or in writing.
 - d) Board Members and employees shall promptly report to Audit & Supervisory Board Members the reports relating to compliance violations.

The following is a summary of the operating status of the system to ensure appropriate conduct of operations.

The Company makes efforts to spread its corporate philosophy and to improve understanding for compliance through meetings, such as the monthly Operations Executive Board meetings and the divisional meeting held by each division, and through in-house training, etc. In addition, the Company endeavors to improve the compliance level by establishing a whistleblower hotline system for the primary purpose of early detection and prevention of violations of laws and regulations, etc., and by audits conducted by the Audit & Supervisory Board Members and the Audit Department.

In order to strengthen efforts related to risk management, the Company has established the Risk Compliance Committee as a cross-departmental organization. The responsible chief officer for this committee is the President, and the members are elected from Board Members, etc., in charge of each division and department. In order to ensure risk management related to responsible business operations, this committee identifies priority risks annually, and evaluates and establishes policies to address these risks, and also provides compliance training, as necessary.

In order to ensure effective audits by the Audit & Supervisory Board Members, the Audit & Supervisory Board meeting is held monthly. In addition, the Audit & Supervisory Board exchanges information with the Audit Department and the accounting auditor, and holds a regular meeting with the President.

(6) Policy concerning decision on dividends of surplus

With regard to the Company's basic policy for profit distribution, we strive to maintain stable dividends, paying attention to capital demands for future business development as well as considering the continuous return of profits to shareholders as one of the most important management measures.

Retained earnings are used for proactive investments for further growth and expansion, such as developing next-generation products and building a production structure anticipating the digital revolution, as well as to improve and strengthen the Company's business structure.

Year-end dividends are proposed at ¥30 per share, based on the basic policy for profit distribution. This results in a total annual dividend of ¥50 per share, including the interim dividend of ¥20.

Remarks

Amounts described in this Business Report are rounded down to the nearest unit used for presentation.

Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Assets		Liabilities	
Current assets	143,859	Current liabilities	27,279
Cash and deposits	60,278	Notes and accounts payable - trade	11,025
Notes and accounts receivable – trade	36,374	Income taxes payable	4,861
Securities	1,757	Provision for product warranties	955
Merchandise and finished goods	9,996	Other	10,438
Work in process	20,804	Non-current liabilities	2,834
Raw materials and supplies	7,364	Deferred tax liabilities	2,517
Other	7,369	Retirement benefit liability	254
Allowance for doubtful accounts:	(86)	Other	62
Non-current assets	80,811	Total liabilities	30,114
Property, plant and equipment:	24,342	Net assets	
Buildings and structures	13,383	Shareholders' equity	181,624
Machinery, equipment and vehicles	4,571	Share capital	5,878
Tools, furniture and fixtures	1,139	Capital surplus	7,034
Land	5,193	Retained earnings	170,381
Construction in progress	53	Treasury shares	(1,670)
Intangible assets	24,851	Accumulated other comprehensive income	12,631
Goodwill	11,893	Valuation difference on available-for-sale securities	9,779
Software	8,130	Deferred gains or losses on hedges	42
Other	4,827	Foreign currency translation adjustment	2,066
Investments and other assets	31,618	Remeasurements of defined benefit plans	742
Investment securities	28,509	Non-controlling interests	300
Deferred tax assets	826		
Retirement benefit asset	1,890		
Other	390	Total net assets	194,556
Total assets	224,671	Total liabilities and net assets	224,671

Consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Item	Amount	
Net sales		136,161
Cost of sales		85,458
Gross profit		50,703
Selling, general and administrative expenses		28,799
Operating profit		21,904
Non-operating income		
Interest and dividend income	897	
Miscellaneous income	461	1,358
Non-operating expenses		
Interest expenses	(0)	
Miscellaneous expenses	38	38
Ordinary profit		23,224
Extraordinary income		
Gain on disposal of non-current assets	42	
Gain on sales of investment securities	1,773	1,815
Extraordinary losses		
Loss on disposal of non-current assets	108	
Impairment losses	828	
Other	38	975
Profit before income taxes		24,065
Income taxes - current		7,170
Income taxes - deferred		(289)
Profit		17,183
Profit attributable to non-controlling interests		16
Profit attributable to owners of parent		17,167

Consolidated Statement of Changes in Equity

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,878	5,924	157,781	(7,781)	161,803
Changes during period					
Dividends of surplus			(4,567)		(4,567)
Profit attributable to owners of parent			17,167		17,167
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		1,109		6,112	7,222
Net changes in items other than shareholders' equity					
Total changes during period	—	1,109	12,600	6,110	19,820
Balance at end of period	5,878	7,034	170,381	(1,670)	181,624

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,184	15	961	(369)	5,791	343	167,939
Changes during period							
Dividends of surplus							(4,567)
Profit attributable to owners of parent							17,167
Purchase of treasury shares							(1)
Disposal of treasury shares							7,222
Net changes in items other than shareholders' equity	4,595	27	1,105	1,111	6,839	(43)	6,796
Total changes during period	4,595	27	1,105	1,111	6,839	(43)	26,617
Balance at end of period	9,779	42	2,066	742	12,631	300	194,556

Notes to Consolidated Financial Statements

1. Significant Accounting Policies for Preparing Consolidated Financial Statements

(1) Scope of consolidation

Consolidated subsidiaries

- Number of consolidated subsidiaries: 11 companies
- Names of consolidated subsidiaries: Names of consolidated subsidiaries are as specified in “1. Current Condition of the Group, (3) Status of parent company and principal subsidiaries” of the Business Report.
- Change in scope of consolidation: Tower-Factory GmbH, which was a consolidated subsidiary, was excluded from the scope of consolidation from the fiscal year ended March 31, 2021, because it ceased to exist due to an absorption merger on August 24, 2020 with the consolidated subsidiary FUJI EUROPE CORPORATION GmbH as the surviving company.

(2) Application of the equity method

Not applicable

(3) Matter relating to fiscal year, etc., at consolidated subsidiaries

Of the Company’s consolidated subsidiaries, the closing date of Fuji Machine China Co., Ltd., Kunshan Fuji Machine Mfg. Co., Ltd., and Fuji Do Brasil Maquinas Industriais Ltda. is on December 31. In preparing consolidated financial statements, as for Fuji Do Brasil Maquinas Industriais Ltda., the Company uses the subsidiary’s financial statements as of December 31, and significant transactions arising between the closing date and the consolidation closing date are subject to adjustments necessary for the consolidation. As for Fuji Machine China Co., Ltd., and Kunshan Fuji Machine Mfg. Co., Ltd., the Company uses financial statements based on provisional settlement of accounts carried out as of the consolidated closing date. The closing date of other consolidated subsidiaries is on the last day of consolidated fiscal year.

(4) Accounting policies

1) Valuation standard and valuation method for significant assets

a. Securities:

Held-to-maturity bonds

Amortized cost method (Straight-line method)

Available-for-sale securities

- With fair market values: Fair value method based on market prices at the end of the fiscal year (valuation differences are directly included in net assets, and costs of securities sold are calculated by the moving-average method)

- Without fair market values: Measured at cost using the moving-average method

b. Inventories:

- Merchandise and finished goods, and work in process: Mainly measured at cost using the specific identification method (calculated by the method to write down book value due to a decline in profitability)

- Raw materials and supplies: Mainly measured at cost using the moving-average method (calculated by the method to write down book value due to a decline in profitability)

2) Method of depreciation of significant depreciable assets

a. Property, plant and equipment:

Mainly measured at the declining-balance method

However, buildings (excluding facilities attached to buildings) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016 are measured using the straight-line method.

- b. Intangible assets:
 - Software for market sale: Straight-line method over the estimated useful life
 - Software for internal use: Straight-line method over the estimated usable period
 - Other intangible assets: Straight-line method

3) Standards for recording significant allowances

- a. Allowance for doubtful accounts: To provide for loss associated with default of receivables held as at the end of fiscal year, estimated uncollectible amount is set aside in consideration of historical credit loss ratio for general receivables, while in consideration of individual collectability for doubtful receivables.
- b. Provision for product warranties: To provide for expenditure associated with costs arising from defects of products of the Company and its consolidated subsidiaries during the product warranty period, an amount calculated by multiplying net sales by the historical defect rate, which is calculated based on historical amounts, is set aside.

4) Other important matters for the preparation of consolidated financial statements

- a. Basis for recording retirement benefit asset and liability:

As for retirement benefit asset and liability, retirement benefit obligations less plan assets are recorded, based on the estimated amount as at the end of the fiscal year, in order to provide for retirement benefits for the employees.

Actuarial differences are charged to expenses collectively in the fiscal year following the year in which they arise.

Unrecognized actuarial differences are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets after tax effect adjustments.

In the calculation of retirement benefit obligations, estimated retirement benefits are attributed to the period up to the end of the fiscal year by using a benefit formula basis.
- b. Accounting method for consumption tax and others: Tax-exclusion method is adopted.

2. Notes to Changes in Presentation Methods

(Change associated with application of “Accounting Standard for Disclosure of Accounting Estimates”)

As the Company started applying “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020) from the fiscal year ended March 31, 2021, “3. Notes to Accounting Estimates” is provided in Notes to Consolidated Financial Statements.

3. Notes to Accounting Estimates

Goodwill arising from the acquisition of Fasford Technology Co., Ltd. (“FFT”)

- Amount recorded during the fiscal year under review
¥11,893 million

- Other information relating to accounting estimates

The amount of goodwill of ¥14,271 million represents the excess of the acquisition cost of FFT stocks (¥21,799 million) over a net of assets received (¥13,458 million) and liabilities assumed (¥5,929 million) upon acquisition. The goodwill is amortized on a straight-line basis over 15 years, which is the investment recovery period based on the business plan made upon acquisition. The unamortized amount at the end of the fiscal year under review is ¥11,893 million.

There is no indication of impairment as the business performance of FFT outperformed the business plan made upon acquisition through the end of the fiscal year under review. Therefore, the Company has determined that the value of the goodwill is not impaired.

4. Additional Information

In response to the spread of the novel coronavirus disease (COVID-19), the Group has continued its business activities while implementing measures to reduce the risk of the spread of infections at each site of the Group. The spread of COVID-19 has also brought about an opportunity such as to promote the implementation of

teleworking. The Group plans to make capital investments in infrastructures, such as servers and networks, PCs, smartphones, and semiconductor-related fields that support teleworking and the likes. Meanwhile, the spread of COVID-19 has escalated to become a global pandemic, whose impact on the economy remains significant. At this point, the Group forecasts business performance and makes accounting estimates based on the assumption that the impact of COVID-19 on the global economy will continue for some time; however, if uncertainty grows further, the actual result of the future business performance may differ from the estimates and forecasts.

5. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment ¥38,081 million

6. Notes to Consolidated Statement of Income

Impairment losses

The Group recorded an impairment loss on the following asset group during the fiscal year under review.

Place:	Use	Type
Toyota, Aichi	Production facilities for Machine Tools business located at the Company's Toyota Plant	Machinery, equipment, etc.

The Group sorts out, in principle, its operating assets based on the business classification used for the management accounting purpose and categorizes its idle assets by the individual asset.

During the fiscal year under review, the Machine Tools business continued to record operating losses due to decreased profitability caused by a significant deterioration in its business environment. Accordingly, the Group wrote down the book value of machinery, equipment, etc., to its recoverable amount and recorded the decrease as impairment losses (¥828 million) under extraordinary losses.

The impairment losses consist mainly of machinery, equipment, and vehicles of ¥644 million, buildings and structures of ¥96 million, and tools, furniture and fixtures of ¥51 million.

The recoverable amount of this asset group was measured at value in use, which is equal to the memorandum value because the future cash flows are estimated to be negative.

7. Notes to Consolidated Statement of Changes in Equity

(1) Matter relating to the total number of shares issued

(Thousand shares)

Type of shares	Number of shares at beginning of current period	Increased shares during period	Decreased shares during period	Number of shares at the end of current period
Common stock	97,823	–	–	97,823

(2) Matter relating to the number of treasury shares

(Thousand shares)

Type of shares	Number of shares at beginning of current period	Increased shares during period	Decreased shares during period	Number of shares at the end of current period
Common stock	6,479	0	5,089	1,390

- Notes: 1. The increase of zero thousand shares is due to purchase of fractional shares.
 2. The decrease of 5,089 thousand shares is due to the exercise of subscription rights to shares attached to zero coupon convertible bonds.

(3) Matters relating to dividends of surplus

1) Dividends paid and others

Resolution	Type of shares	Total dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
June 26, 2020 Ordinary General Meeting of Shareholders	Common stock	2,740	30.00	March 31, 2020	June 29, 2020
November 6, 2020 Board of Directors' Meeting	Common stock	1,826	20.00	September 30, 2020	December 7, 2020

2) Of the dividends whose record date falls during the fiscal year ended March 31, 2021, those of which will become effective in the fiscal year ending March 31, 2022

Planned resolution	Type of shares	Total dividends (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
June 29, 2021 Ordinary General Meeting of Shareholders	Common stock	2,892	Retained earnings	30.00	March 31, 2021	June 30, 2021

8. Notes on Financial Instruments

(1) Matters relating to status of financial instruments

The Group restricts its investment of funds to deposits and held-to-maturity bonds, etc., while raises funds through borrowings from financial institutions, including banks.

The Group is striving to mitigate customers' credit risk associated with notes and accounts receivable – trade in accordance with the Credit Management Rules. Securities and investment securities largely comprise held-to-maturity bonds and shares, which are marked to market on a regular basis.

Loans payable and bonds payable are used for funding based on business plans, and interest rate swap transactions are used to fix interest expenses for the interest rate risks of long-term loans payable.

In addition, derivative transactions used by certain domestic consolidated subsidiaries are forward exchange contracts for avoiding exchange fluctuation risks involving operating transactions denominated in foreign currency.

Derivative transactions are carried out within the scope of actual demand in accordance with the Internal Control Rules.

(2) Matters relating to the fair values of financial instruments

Amounts recorded on the consolidated balance sheet, fair values and the differences between them as of March 31, 2021 (consolidated closing date of the fiscal year under review) are as follows.

(Millions of yen)

	Amounts recorded on the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	60,278	60,278	–
(2) Notes and accounts receivable – trade	36,374	36,374	–
(3) Securities and investment securities			
Held-to-maturity bonds	4,600	4,596	(3)
Available-for-sale securities	24,779	24,779	–
(4) Notes and accounts payable – trade	11,025	11,025	–
(5) Derivative transactions (*)	61	61	–

(*) Net debts and credits arising from derivative transactions are presented in net amounts, and a value of a net debt after totaling of credit and debt is presented in parentheses.

(Note 1) Matters relating to the method for calculating fair values of financial instruments, as well as matters relating to securities

(1) Cash and deposits and (2) Notes and accounts receivable – trade

They are measured at book values, because their fair values approximate book values as they are settled on a short-term basis.

(3) Securities and investment securities

Fair values of securities and investment securities are based on the prices quoted on stock exchanges. Fair values of debt securities are based on prices quoted by underwriting financial institutions. In addition, fair values of negotiable certificates are measured at book values because their fair values approximate book values as they are settled on a short-term basis.

(4) Notes and accounts payable – trade

They are measured at book values, because their fair values approximate book values as they are settled on a short-term basis.

(5) Derivative transactions

The method of calculating fair values is based on the quoted price, etc. obtained by the Company's main financial institutions.

(Note 2) Unlisted shares (amount recorded on the consolidated balance sheet of ¥888 million) are not included in “(3) Securities and investment securities, Available-for-sale securities,” since there are no market prices and future cash flows cannot be estimated, and it is extremely difficult to determine their fair values.

9. Notes to Per Share Information	
(1) Net assets per share	¥2,014.41
(2) Profit per share	¥184.26
10. Notes to Significant Subsequent Events	
Not applicable	

Non-consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Assets		Liabilities	
Current assets	102,034	Current liabilities	19,084
Cash and deposits	33,771	Accounts payable - trade	7,704
Notes receivable - trade	870	Accounts payable - other	358
Accounts receivable - trade	32,959	Income taxes payable	4,248
Securities	1,000	Accrued expenses	3,287
Merchandise and finished goods	3,974	Provision for product warranties	794
Work in process	15,849	Other	2,690
Raw materials and supplies	5,963	Non-current liabilities	1,665
Other	7,646	Deferred tax liabilities	1,639
Non-current assets	79,033	Other	25
Property, plant and equipment	18,001	Total liabilities	20,749
Buildings	7,891	Net assets	
Structures	1,724	Shareholders' equity	150,539
Machinery and equipment	3,990	Share capital	5,878
Vehicles	44	Capital surplus	7,034
Tools, furniture and fixtures	750	Legal capital surplus	5,413
Land	3,590	Other capital surplus	1,621
Construction in progress	9	Retained earnings	139,296
Intangible assets	7,869	Legal retained earnings	1,450
Software	7,556	Other retained earnings	137,846
Other	312	General reserve	54,900
Investments and other assets	53,163	Retained earnings brought forward	82,946
Investment securities	26,479	Treasury shares	(1,670)
Shares of subsidiaries and associates	24,004	Valuation and translation adjustments	9,779
Investments in capital	4	Valuation difference on available-for-sale securities	9,779
Investments in capital of subsidiaries and associates	1,756		
Prepaid pension costs	818		
Other	99	Total net assets	160,318
Total assets	181,068	Total liabilities and net assets	181,068

Non-consolidated Statement of Income

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

Item	Amount	
Net sales		113,886
Cost of sales		75,730
Gross profit		38,156
Selling, general and administrative expenses		19,866
Operating profit		18,289
Non-operating income		
Interest and dividend income	945	
Miscellaneous income	389	1,335
Non-operating expenses		
Interest expenses	(4)	
Miscellaneous expenses	27	23
Ordinary profit		19,601
Extraordinary income		
Gain on disposal of non-current assets	28	
Gain on sales of investment securities	1,773	1,801
Extraordinary losses		
Loss on disposal of non-current assets	101	
Impairment losses	828	
Other	38	968
Profit before income taxes		20,435
Income taxes - current		5,840
Income taxes - deferred		(296)
Profit		14,891

Non-consolidated Statement of Changes in Equity

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at beginning of period	5,878	5,413	511	5,924	1,450	54,900	72,622	128,972	(7,781)	132,994
Changes during period										
Dividends of surplus							(4,567)	(4,567)		(4,567)
Profit							14,891	14,891		14,891
Purchase of treasury shares									(1)	(1)
Disposal of treasury shares			1,109	1,109					6,112	7,222
Net changes in items other than shareholders' equity										
Total changes during period	–	–	1,109	1,109	–	–	10,324	10,324	6,110	17,544
Balance at end of period	5,878	5,413	1,621	7,034	1,450	54,900	82,946	139,296	(1,670)	150,539

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	5,185	5,185	138,179
Changes during period			
Dividends of surplus			(4,567)
Profit			14,891
Purchase of treasury shares			(1)
Disposal of treasury shares			7,222
Net changes in items other than shareholders' equity	4,594	4,594	4,594
Total changes during period	4,594	4,594	22,138
Balance at end of period	9,779	9,779	160,318

Notes to Non-consolidated Financial Statements

1. Matters Relating to Significant Accounting Policies

(1) Valuation standard and valuation method for assets

- 1) Shares of subsidiaries and affiliates Measured at cost using the moving-average method
- 2) Held-to-maturity bonds Amortized cost method (Straight-line method)
- 3) Available-for-sale securities
 - With fair market values: Fair value method based on market prices at the end of the fiscal year (valuation differences are directly included in net assets, and costs of securities sold are calculated by the moving-average method)
 - Without fair market values: Measured at cost using the moving-average method
- 4) Inventories
 - Merchandise and finished goods, and work in process: Measured at cost using the specific identification method (calculated by the method to write down book value due to a decline in profitability)
 - Raw materials and supplies: Measured at cost using the moving-average method (calculated by the method to write down book value due to a decline in profitability)

(2) Method of depreciation of non-current assets

- 1) Property, plant and equipment: Declining-balance method
However, buildings (excluding facilities attached to buildings) acquired on and after April 1, 1998, and facilities attached to buildings and structures acquired on and after April 1, 2016 are measured using the straight-line method.
- 2) Intangible assets
 - Software for market sale: Straight-line method over the estimated useful life
 - Software for internal use: Straight-line method over the estimated usable period
 - Other intangible assets: Straight-line method

(3) Standards for recording allowances

- 1) Allowance for doubtful accounts: To provide for loss associated with default of receivables held as at the end of fiscal year, estimated uncollectible amount is set aside in consideration of historical credit loss ratio for general receivables, while in consideration of individual collectability for doubtful receivables.
- 2) Provision for product warranties: To provide for expenditure associated with costs arising from the Company's product defects during the product warranty period, an amount calculated by multiplying net sales by the historical defect rate, which is calculated based on historical amounts, is set aside.
- 3) Provision for retirement benefits (prepaid pension costs): To provide for retirement benefits for the employees, provision for retirement benefits is recorded based on the estimated amounts of retirement benefit obligations and plan assets at the end of fiscal year. Actuarial differences are charged to expenses collectively in the fiscal year following the year in which they arise.

(4) Other important matters for the preparation of non-consolidated financial statements

- 1) Accounting method for retirement benefits: Accounting method for unrecognized actuarial differences related to retirement benefits is different from the accounting method for those in the consolidated financial statements.
- 2) Accounting method for consumption tax and others: Tax-exclusion method is adopted.

2. Additional Information

The disclosure on the impact of COVID-19 is omitted here as the same information is provided in "Notes to Consolidated Financial Statements, 4. Additional Information."

3. Notes to Non-consolidated Balance Sheet

- (1) Accumulated depreciation of property, plant and equipment ¥32,634 million
- (2) Monetary claims and debts to subsidiaries and associates
- | | |
|-----------------------------|----------------|
| Short-term monetary claims: | ¥6,617 million |
| Short-term monetary debts: | ¥1,583 million |
| Long-term monetary debts: | ¥9 million |

4. Notes to Non-consolidated Statement of Income

- (1) Amount of transactions with subsidiaries and associates
- | | |
|---|-----------------|
| Net sales: | ¥13,062 million |
| Purchase of goods: | ¥550 million |
| Other operating expenses: | ¥14,869 million |
| Amount of transactions other than operating transactions: | ¥187 million |

(2) Impairment losses

The Company recorded impairment losses on the following asset group during the fiscal year under review.

Place:	Use	Type
Toyota, Aichi	Production facilities for the Machine Tools business located at Toyota Plant	Machinery, equipment, etc.

The Company categorizes, in principle, its operating assets based on the business classification used for the management accounting purpose and categorizes its idle assets by the individual asset.

During the fiscal year under review, the Machine Tools business continued to record operating losses due to decreased profitability caused by a significant deterioration in its business environment. Accordingly, the Group wrote down the book value of machinery, equipment, etc., to its recoverable amount and recorded the decrease as impairment losses (¥828 million) under extraordinary losses.

The impairment losses consist mainly of machinery, equipment, and vehicles of ¥644 million, buildings and structures of ¥96 million, and tools, furniture and fixtures of ¥51 million.

The recoverable amount of this asset group was measured at value in use, which is equal to the memorandum value because the future cash flows are estimated to be negative.

5. Notes to Non-consolidated Statement of Changes in Equity

Matter relating to the number of treasury shares

(Thousand shares)

Type of shares	Number of shares at beginning of current period	Increased shares during period	Decreased shares during period	Number of shares at the end of current period
Common stock	6,479	0	5,089	1,390

- Notes:
1. The increase of zero thousand shares is due to purchase of fractional shares.
 2. The decrease of 5,089 thousand shares is due to the exercise of subscription rights to shares attached to zero coupon convertible bonds.

6. Notes to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities by main cause

(Deferred tax assets)	(Millions of yen)
Accrued expenses	872
Loss on valuation of inventories	651
Impairment losses	458
Loss on valuation of investments in capital of subsidiaries and associates	446
Loss on valuation of investment securities	425
Enterprise tax payable	262
Provision for product warranties	243
Other	100
Deferred tax assets subtotal	3,459
Valuation reserve	(1,090)
Deferred tax assets total	2,368
(Deferred tax liabilities)	
Valuation difference on available-for-sale securities	(3,758)
Prepaid pension costs	(250)
Deferred tax liabilities total	(4,008)
Deferred tax assets (liabilities), net	(1,639)

7. Notes to Transactions with Related Parties

Subsidiaries, etc.

Type	Name of companies, etc.	Owning (owned) ratio of voting rights, etc.	Relationship with related parties	Description of transactions	Amount of transactions (Millions of yen)	Account	Year-end balance (Millions of yen)
Subsidiary	Fuji America Corporation	Owning 100% directly	Sales of the Company's products	Sales of robotic moulder (Note)	4,990	Accounts receivable - trade	2,110
Subsidiary	FUJI EUROPE CORPORATION GmbH	Owning 100% directly	Sales of the Company's products	Sales of robotic moulder (Note)	5,753	Accounts receivable - trade	2,169
Subsidiary	EDEC LINSEY SYSTEM Co., Ltd.	Owning 100% directly	Manufacturing of units related to the Company's products	Delegation of manufacturing units related to the robotic moulder (Note)	11,057	Accounts payable - trade Accrued expenses	1,058

Terms of transactions and the policy for determining such terms

Note: Terms of transactions including prices are determined based on market prices, the same way as general terms of transactions.

8. Notes to Per Share Information

(1) Net assets per share	¥1,662.49
(2) Profit per share	¥159.83

9. Notes to Significant Subsequent Events

Not applicable

Independent Auditors' Audit Report

May 10, 2021

To the Board of Directors, FUJI CORPORATION

KPMG AZSA LLC
Nagoya Office

Noriko Shinke
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahide Kinbara
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

In accordance with Article 444, paragraph (4), of the Companies Act, we have audited the consolidated financial statements, comprising the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements of FUJI CORPORATION, and its subsidiaries as of March 31, 2021 and for the fiscal year from April 1, 2020 to March 31, 2021.

In our opinion, these consolidated financial statements referred to above present fairly, in all material aspects, the financial position and results of operations of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2021, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

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

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Board Members' performance of duties within the maintenance and operation of the financial reporting process.

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

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Independent Auditors' Audit Report

May 10, 2021

To the Board of Directors, FUJI CORPORATION

KPMG AZSA LLC
Nagoya Office

Noriko Shinke
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Masahide Kinbara
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

In accordance with Article 436, paragraph (2), Item 1, of the Companies Act, we have audited the non-consolidated financial statements, comprising the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity and notes to non-consolidated financial statements and supplementary schedules (hereinafter referred to as the "non-consolidated financial statements, etc.") of FUJI CORPORATION, as of March 31, 2021 and for the 75th business period from April 1, 2020 to March 31, 2021.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material aspects, the financial position and results of operation of the Company, applicable to the business period ended March 31, 2021, in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

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

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Non-consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Board Members' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements, etc.

Our responsibilities are to obtain reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the non-consolidated financial statements, etc. based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these non-consolidated financial statements, etc.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- When auditing the non-consolidated financial statements, etc., obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and the appropriateness of related notes thereto.
- Conclude on the appropriateness of preparing the non-consolidated financial statements, etc. with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the non-consolidated financial statements, etc. or, if the notes to the non-consolidated financial statements, etc. on material uncertainty are inadequate, to express a qualified opinion with exceptions on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation of the non-consolidated financial statements, etc. and notes to the non-consolidated financial statements, etc. are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, related safeguards in order to eliminate or reduce obstruction factors.

Interest

We or engagement partners have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Audit Report

With respect to Board Members' performance of their duties during the 75th business period (from April 1, 2020 to March 31, 2021), the Audit & Supervisory Board has prepared this audit report after deliberations, as unanimous opinion of all Audit & Supervisory Board Members based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1. Method and Contents of Audit by Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board has established the audit policies and the division of duties of each Audit & Supervisory Board Member, etc., and received a report from each Audit & Supervisory Board Member regarding the status of implementation of their audits and results thereof. In addition, the Audit & Supervisory Board has received reports from Board Members, etc., and accounting auditors regarding the status of performance of their duties, and requested explanations as necessary.
- (2) In conformity with the Audit & Supervisory Board Members auditing standards established by the Audit & Supervisory Board, and in accordance with the audit policies and division of duties, etc., each Audit & Supervisory Board Member endeavored to facilitate mutual understanding with Board Members, the internal audit division and other employees, etc., endeavored to collect information and maintain and improve the audit environment, and conducted audits in the following manner.
 - 1) Each Audit & Supervisory Board Member attended Board of Directors' meetings, Operations Executive Board meetings and other important meetings, received reports on the status of performance of duties from Board Members and other employees and requested explanations as necessary, examined requests for approval and other important documents, and inspected the status of corporate affairs and assets at head office and other principal business locations. With respect to the subsidiaries, each Audit & Supervisory Board Member endeavored to facilitate a mutual understanding and exchanged information with the Board Members and Audit & Supervisory Board Members, etc., of each subsidiary and received from subsidiaries reports on their respective business as necessary.
 - 2) Each Audit & Supervisory Board Member regularly received reports on the status of the system and performance from Board Members and other employees and, as necessary, requested explanations for and expressed opinions on the status of the contents of the Board of Directors' resolutions regarding the development and maintenance of the system to ensure that Board Members' performance of their duties described in the business report complied with all laws, regulations and the Articles of Incorporation of the Company and other systems that are set forth in Article 100, paragraphs (1) and (3), of the Ordinance for Enforcement of the Companies Act as being necessary for ensuring the appropriateness of the corporate affairs of the corporate group comprising the Company and its subsidiaries, and the systems (internal control systems) based on such resolutions.
 - 3) Each Audit & Supervisory Board Member monitored and verified whether the accounting auditor maintained its independence and properly conducted its audit, received a report from the accounting auditor on the status of its performance of duties, and requested explanations as necessary. In addition, each Supervisory & Audit Board Member received a report from the accounting auditor to the effect that the "system to ensure that the performance of the duties of the accounting auditor was properly conducted" (matters stipulated in the items of Article 131 of the Ordinance on Company Accounting) had been developed and maintained in accordance with "Quality Control Standards for audit" (Business Accounting Council, October 28, 2005), etc., and requested explanations as necessary.

Based on the above-described methods, each Audit & Supervisory Board Member examined the business report and the supplementary schedules thereto, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and the supplementary schedules thereto, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements), for the business period under consideration.

2. Results of Audit

(1) Results of Audit of Business Report, etc.

- 1) We acknowledge that the business report and the supplementary schedules thereto fairly present the status of the Company in conformity with the applicable laws and regulations and the Articles of Incorporation of the Company.
- 2) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or the Articles of Incorporation of the Company was found with respect to the Board Members' performance of their duties.
- 3) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents of the business report concerning the internal control systems and the Board Members' performance of their duties.

(2) Results of Audit of the Non-consolidated Financial Statements and their Supplementary Schedules

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

(3) Results of Audit of the Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

May 10, 2021

Audit & Supervisory Board of FUJI CORPORATION

Full-time Audit & Supervisory Board Member	Yoshiaki Kuroyanagi
Outside Audit & Supervisory Board Member	Shigeki Matsuda
Outside Audit & Supervisory Board Member	Kayoko Yamashita

Reference Material for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

With regard to the Company's basic policy for profit distribution, we strive to maintain stable dividends, paying attention to capital demands for future business development as well as considering the continuous return of profits to shareholders as one of the most important management measures. Retained earnings are used for proactive investments for further growth and expansion, such as developing next-generation products and building a production structure anticipating the digital revolution, as well as to improve and strengthen the Company's business structure.

Based on the basic policy for profit distribution, we would like to propose to pay year-end dividends for the 75th business period as follows.

Details of the year-end dividends

- (1) Type of assets distributed as dividends: Cash
- (2) Allocation of assets distributed as dividends and the total amount thereof: ¥30 per share of the Company's common stock

Please note that the total of the dividends will amount to ¥2,892,992,880.

As a result, the annual dividend for the current fiscal year is ¥50 per share, including the interim dividend of ¥20.

- (3) Effective date of dividend distribution from surplus: Wednesday, June 30, 2021

Proposal 2: Election of Eight Board Members

The term of office of all eight Board Members expires at the close of this ordinary general meeting of shareholders. Accordingly, the Company proposes the election of eight Board Members including three Outside Board Members.

The candidates for Board Members are as follows.

Candidate number	Name		Position and primary responsibility in the Company	
1	Reappointment	Nobuyuki Soga	Chairman & CEO	
2	Reappointment	Shinsuke Suhara	President & COO	
3	Reappointment	Hajime Ezaki	Board Member, Managing Executive Officer General Manager, Machine Tools Division	
4	Reappointment	Masaaki Sugiura	Board Member, Managing Executive Officer General Manager, Robotic Solutions Division	
5	Reappointment	Junichi Kano	Board Member, Executive Officer Manager, Business Administration Department Manager, Accounting Department	
6	Reappointment	Nobuko Kawai	Outside Board Member	Outside Board Member Independent Director
7	Reappointment	Hideaki Tamada	Outside Board Member	Outside Board Member Independent Director
8	Reappointment	Shoji Mizuno	Outside Board Member	Outside Board Member Independent Director

Candidate number	Name (Date of birth)	Career summary, position and responsibility in the Company (Position and representation of other companies)	Number of the Company's shares owned
1	Nobuyuki Soga (February 26, 1952)	<p>April 1975 Entered the Company</p> <p>April 1997 Manager, Planning and Management Office</p> <p>April 2006 Manager, Business Planning Office, Electronics Assembly Equipment Division</p> <p>June 2007 Board Member, Executive Officer</p> <p>June 2008 Board Member, Managing Executive Officer</p> <p>June 2009 President & CEO</p> <p>June 2019 Chairman & CEO (Present post)</p>	25,969
<p>(Reason for nomination as a candidate for Board Member)</p> <p>Nobuyuki Soga has properly supervised management and made decisions on important matters as Chairman & CEO and has contributed to the expansion of business since 2019. In addition, he is working on enhancing corporate value by formulating and promoting the medium-term management plan; thereby he is re-nominated as a candidate for Board Member.</p>			
2	Shinsuke Suhara (October 3, 1957)	<p>April 1981 Entered the Company</p> <p>April 2004 Manager, Development Department 1, Electronics Assembly Equipment Division</p> <p>June 2008 Executive Officer; Deputy General Manager, Electronics Assembly Equipment Division; Manager, General Engineering Department 1</p> <p>June 2010 Board Member, Executive Officer</p> <p>June 2012 Board Member, Managing Executive Officer</p> <p>June 2013 Board Member, Managing Executive Officer; General Manager, Electronics Assembly Equipment Division (Currently Robotic Solutions Division)</p> <p>June 2015 Board Member, Senior Managing Executive Officer</p> <p>June 2018 Board Member, Vice President, Executive Officer</p> <p>June 2019 President & COO; General Manager, Robotic Solutions Division</p> <p>June 2020 President & COO (Present post)</p>	6,422
<p>(Reason for nomination as a candidate for Board Member)</p> <p>Shinsuke Suhara has served as Manager of Development Department, Manager of General Engineering Department, General Manager of Robotic Solutions Division, etc., and has executed the Company's business operations as President & COO since 2019. The Company believes that he will be able to utilize his experience and knowledge cultivated through his career in management of the Company; thereby he is re-nominated as a candidate for Board Member.</p>			

Candi- date number	Name (Date of birth)	Career summary, position and responsibility in the Company (Position and representation of other companies)	Number of the Company's shares owned
3	Hajime Ezaki (October 5, 1957)	<p>April 1980 Joined Nichimen Co., Ltd (Currently Sojitz Corporation)</p> <p>November 2003 Entered the Company</p> <p>April 2007 Manager, International Sales Department 2, International Management Department, Electronics Assembly Equipment Division</p> <p>June 2011 Executive Officer; Manager, Planning and Management Office</p> <p>March 2014 Executive Officer; Manager, Marketing and Strategic Planning Department</p> <p>June 2015 Board Member, Executive Officer</p> <p>January 2018 Board Member, Executive Officer; Deputy General Manager, Machine Tools Division; Manager, Sales Department</p> <p>June 2019 Board Member, Managing Executive Officer</p> <p>June 2020 Board member, Managing Executive Officer; General Manager, Machine Tools Division; Manager, Sales Department (Present post)</p> <p>[Representation of Other Companies] Chairman, Fuji Machine America Corporation Chairman, Kunshan Fuji Machine Mfg. Co., Ltd.</p>	4,554
<p>(Reason for nomination as a candidate for Board Member)</p> <p>Hajime Ezaki has served as Manager of Sales Department, Manager of Planning and Management Office, Manager of Marketing and Strategic Planning Department, etc., and has extensive job experience in sales and public relations. The Company believes that he will be able to utilize his experience and knowledge cultivated through his career in management of the Company; thereby he is re-nominated as a candidate for Board Member.</p>			

Candidate number	Name (Date of birth)	Career summary, position and responsibility in the Company (Position and representation of other companies)	Number of the Company's shares owned
4	Masaaki Sugiura (August 10, 1961)	<p>April 1986 Entered the Company</p> <p>April 1993 Manager, European Representative Office</p> <p>April 2004 President, Fuji Machine Manufacturing (Europe) GmbH</p> <p>April 2011 Manager, Sales Department 3, General Sales Department, Electronics Assembly Equipment Division</p> <p>April 2015 Executive Officer; Manager, Sales Department 1, Electronics Assembly Equipment Division (Currently Robotic Solutions Division)</p> <p>June 2018 Board Member, Executive Officer; Deputy General Manager, Robotic Solutions Division; Manager, Sales Department 1</p> <p>June 2020 Board Member, Managing Executive Officer; General Manager, Robotic Solutions Division (Present post)</p> <p>[Representation of Other Companies] Chairman, Fuji Machine China Co., Ltd. Chairman, FUJI INDIA CORPORATION PRIVATE LIMITED</p>	3,522
<p>(Reason for nomination as a candidate for Board Member)</p> <p>Masaaki Sugiura has served as President of a subsidiary, Manager of Sales Department, etc. and has extensive job experience in sales. The Company believes that he will be able to utilize his experience and knowledge cultivated through his career in management of the Company; thereby he is re-nominated as a candidate for Board Member.</p>			
5	Junichi Kano (April 17, 1963)	<p>April 1986 Joined OSG Corporation</p> <p>February 1987 Entered the Company</p> <p>April 2012 Manager, Sales Department 2, General Sales Department, Electronics Assembly Equipment Division; Chairman, Fuji America Corporation</p> <p>April 2015 Manager, Sales Department 2, Electronics Assembly Equipment Division; Chairman, Fuji America Corporation; Chairman, Fuji Machine Manufacturing (Europe) GmbH</p> <p>April 2017 Manager, President's Office</p> <p>July 2017 Executive Officer; Manager, President's Office (Currently Business Administration Department)</p> <p>June 2020 Board Member, Executive Officer</p> <p>September 2020 Board Member, Executive Officer; Manager, Business Administration Department; Manager, Accounting Department (Present post)</p>	2,086
<p>(Reason for nomination as a candidate for Board Member)</p> <p>Junichi Kano has served as Manager of Sales Department, Chairman of a subsidiary, etc. and has extensive job experience in sales and public relations. The Company believes that he will be able to utilize his experience and knowledge cultivated through his career in management of the Company; thereby he is re-nominated as a candidate for Board Member.</p>			

Candi- date number	Name (Date of birth)	Career summary, position and responsibility in the Company (Position and representation of other companies)	Number of the Company's shares owned
6	Nobuko Kawai (December 5, 1961) Outside Board Member Independent Director	April 1992 Registered as a lawyer Joined Nishimura & Sanada Law Office April 1998 Established Nobuko Kawai Law Office (Representative) (Present post) April 2002 Contract Lawyer, The Japan Center for Settlement of Traffic Accident Disputes (Present post) April 2009 Vice Chairman, Aichi Bar Association April 2012 Professor, Nagoya University Graduate School of Law June 2015 Outside Board Member of the Company (Present post) [Representation of Other Companies] Representative, Nobuko Kawai Law Office Outside Board Member, IBIDEN Co., Ltd. (Scheduled to retire on June 18, 2021)	1,710
(Reason for nomination as a candidate for Outside Board Member and overview of expected role) Although Nobuko Kawai does not have experience in corporate management other than as an Outside Board Member, the Company believes that she will be able to utilize her expertise and experience as a lawyer to be adequately involved in decision making on its management issues and supervision over the execution of its operations. Thereby, she is re-nominated as a candidate for Outside Board Member. If she is elected, she will be involved as a member of the Nominating and Compensation Committee from an objective and neutral standpoint in the selection of the Company's candidates for directors (and other officers), the determination of remuneration for directors (and other officers), and other matters.			

Candidate number	Name (Date of birth)	Career summary, position and responsibility in the Company (Position and representation of other companies)	Number of the Company's shares owned
7	Hideaki Tamada (January 2, 1947) Outside Board Member Independent Director	<p>April 1970 Joined SANYO Electric Co., Ltd.</p> <p>May 1995 President, SANYO Energy (EUROPE) Corporate GmbH</p> <p>October 2006 President, SANYO Europe Ltd.</p> <p>November 2011 Advisor, TONG SAN ELECTRIC CO., LTD.</p> <p>June 2019 Outside Board Member of the Company (Present post)</p>	2,065
<p>(Reason for nomination as a candidate for Outside Board Member and overview of expected role) Hideaki Tamada has a wealth of sales experience in Japan and overseas, as well as extensive knowledge as a manager. The Company believes that he will be able to take advantage of this experience to be adequately involved in decision making on its management issues and supervision over the execution of its operations. Thereby, he is re-nominated as a candidate for Outside Board Member. If he is elected, he will be involved as a member of the Nominating and Compensation Committee from an objective and neutral standpoint in the selection of the Company's candidates for directors (and other officers), the determination of remuneration for directors (and other officers), and other matters.</p>			
8	Shoji Mizuno (February 28, 1955) Outside Board Member Independent Director	<p>April 1977 Joined MARUBUN CORPORATION</p> <p>March 2005 CEO and Representative Director, Marubun Semicon Corporation</p> <p>June 2011 Executive Vice President and Representative Director, MARUBUN CORPORATION</p> <p>January 2012 Senior Executive Vice President, Representative Director, MARUBUN CORPORATION</p> <p>June 2013 Chief Executive Officer, Representative Director, MARUBUN CORPORATION</p> <p>January 2020 Vice President, MARUBUN CORPORATION</p> <p>June 2020 Outside Board Member of the Company (Present post)</p> <p>[Representation of Other Companies] Outside Director, Mikasa Shoji Co., Ltd. (Scheduled to assume the position on June 22, 2021)</p>	373
<p>(Reason for nomination as a candidate for Outside Board Member and overview of expected role) Shoji Mizuno has a wealth of sales experience and extensive knowledge as a manager. The Company believes that he will be able to take advantage of this experience to be adequately involved in decision making on its management issues and supervision over the execution of its operations. Thereby, he is re-nominated as a candidate for Outside Board Member. If he is elected, he will be involved as a member of the Nominating and Compensation Committee from an objective and neutral standpoint in the selection of the Company's candidates for directors (and other officers), the determination of remuneration for directors (and other officers), and other matters.</p>			

- Notes: 1. These candidates have no particular interests in the Company.
2. Matters on candidates for Outside Board Members
- (1) Nobuko Kawai, Hideaki Tamada, and Shoji Mizuno are candidates for Outside Board Members.
 - (2) Nobuko Kawai, Hideaki Tamada, and Shoji Mizuno are incumbent Outside Board Members of the Company. The length of service of Ms. Kawai, Mr. Tamada, and Mr. Mizuno as Outside Board Members will be six years, two years, and one year, respectively, at the close of this ordinary general meeting of shareholders.
 - (3) Pursuant to Article 427, paragraph (1) of the Companies Act, agreements to limit the liability for damages set forth in Article 423, paragraph (1) of the said act are entered into between the Company and Nobuko Kawai, Hideaki Tamada, and Shoji Mizuno. When they are reappointed, the Company

- intends to continue the agreements with them. The limit of the liability for damages under the agreement will be the amount stipulated in applicable laws and regulations.
- (4) The Company has designated Nobuko Kawai, Hideaki Tamada, and Shoji Mizuno as Independent Directors according to the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and has notified said Exchanges of that.
 3. The Company has entered into a directors and officers liability insurance policy (D&O insurance policy) with an insurance company. The policy covers losses that may arise from the assumption of liability incurred in the course of the performance of duties by the insured, which includes the Company's Board Members, or receipt of claims pertaining to the pursuit of such liability. If each candidate is elected and assumes office as Board Member, they will be included as an insured in the D&O insurance policy. In addition, when the policy is renewed, the Company plans to renew it with the same terms.
 4. The number of the Company's shares owned by each candidate indicates the number of shares as of the end of the current fiscal year (March 31, 2021). In addition, the number presented includes the equities of the candidate in the Company's officer stock ownership.

Proposal 3: Election of One Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member, Shigeki Matsuda expires at the close of this ordinary general meeting of shareholders. Accordingly, the Company proposes the election of one Audit & Supervisory Board Member.

This proposal has been approved by the Audit & Supervisory Board.

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

Name (Date of birth)	Career summary and position in the Company (Position and representation of other companies)	Number of the Company's shares owned
Shigeki Matsuda (May 21, 1961) Outside Audit & Supervisory Board Member Independent Auditor	<p>October 1986 Joined Marunouchi Audit Corporation (Currently Deloitte Touche Tohmatsu LLC)</p> <p>March 1990 Registered as a Certified Public Accountant</p> <p>December 1993 Registered as a Certified Tax Accountant</p> <p>January 1994 Established Matsuda Certified Public Accountant Office (Representative) (Present post)</p> <p>January 2004 Established Aiki Tax Accounting Corporation (Representative) (Present post)</p> <p>April 2012 Auditor, National University Corporation Nagoya Institute of Technology</p> <p>June 2013 Outside Audit & Supervisory Board Member of the Company (Present post)</p> <p>[Representation of Other Companies] Outside Audit & Supervisory Board Member, Roland DG Corporation</p>	11,846
<p>(Reason for nomination as a candidate for Outside Audit & Supervisory Board Member)</p> <p>Although Shigeki Matsuda does not have experience in corporate management other than as an Outside Audit & Supervisory Board Member, the Company believes that he will be able to utilize his expertise and experience as a Certified Public Accountant and Certified Tax Accountant to reinforce the auditing system of the Company. Thereby, he is re-nominated as a candidate for Outside Audit & Supervisory Board Member.</p>		

- Notes:
1. This candidate has no particular interests in the Company.
 2. Matters on the candidate for Outside Audit & Supervisory Board Member
 - (1) Shigeki Matsuda is a candidate for Outside Audit & Supervisory Board Member.
 - (2) Shigeki Matsuda is an incumbent Outside Audit & Supervisory Member of the Company. The length of service of Mr. Matsuda as an Audit & Supervisory Board Member will be eight years at the close of this ordinary general meeting of shareholders.
 - (3) Pursuant to Article 427, Paragraph (1) of the Companies Act, an agreement to limit the liability for damages set forth in Article 423, Paragraph (1) of the said act is entered into between the Company and Shigeki Matsuda. When he is reappointed, the Company intends to continue the agreement with him. The limit of the liability for damages under the agreement will be the amount stipulated in applicable laws and regulations.
 - (4) The Company has designated Shigeki Matsuda as an Independent Auditor according to the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange, and has notified said Exchanges of that.
 3. The Company has entered into a directors and officers liability insurance policy (D&O insurance policy) with an insurance company. The policy covers losses that may arise from the assumption of liability incurred in the course of the performance of duties by the insured, which includes the Company's Audit & Supervisory Board Members, or receipt of claims pertaining to the pursuit of such liability. If the candidate is elected and assumes office as Audit & Supervisory Board Member, he will be included as an insured in the D&O insurance policy. In addition, when the policy is renewed, the Company plans to renew it with the same terms.
 4. The number of the Company's shares owned by the candidate indicates the number of shares as of the end of the current fiscal year (March 31, 2021). In addition, the number presented includes the equities of the candidate in the Company's officer stock ownership.

Proposal 4: Election of One Substitute Audit & Supervisory Board Member

The Company proposes that one Substitute Audit & Supervisory Board Member be elected in case of a vacancy in the statutory number of Audit & Supervisory Board Members.

As long as it occurs before he assumes office, the election of this Substitute Audit & Supervisory Board Member can be nullified by a resolution of the Board of Directors, with the consent of the Audit & Supervisory Board.

This proposal has been approved by the Audit & Supervisory Board.

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

Name (Date of birth)	Career summary and position in the Company (Position and representation of other companies)	Number of the Company's shares owned
Masaaki Abe (October 31, 1960) Substitute Outside Audit & Supervisory Board Member Independent Auditor	<p>April 1990 Registered as a Certified Public Accountant</p> <p>April 1992 Established Masaaki Abe Certified Public Accountant Office (Representative)</p> <p>November 1992 Registered as a Certified Tax Accountant Established Masaaki Abe Certified Tax Accountant Office (Representative)</p> <p>December 2011 Established Abe Certified Tax Accounting Corporation (Representative) (Present post)</p>	—
<p>(Reason for nomination as a candidate for Substitute Outside Audit & Supervisory Board Member)</p> <p>Although Masaaki Abe has no corporate management experience, the Company believes that he will be able to utilize his expertise and experience as a Certified Public Accountant and Certified Tax Accountant to reinforce the auditing system of the Company; thereby he is re-nominated as Substitute Audit & Supervisory Board Member.</p>		

- Notes:
1. This candidate has no particular interests in the Company.
 2. Matters on the candidate for Substitute Outside Audit & Supervisory Board Member
 - (1) Masaaki Abe is a candidate for Substitute Outside Audit & Supervisory Board Member.
 - (2) Pursuant to Article 427, paragraph (1) of the Companies Act, the Company will conclude an agreement to limit the liability for damages set forth in Article 423, paragraph (1) of the said act with Masaaki Abe if he assumes the office of Audit & Supervisory Board Member. The limit of the liability for damages under the agreement will be the amount stipulated in applicable laws and regulations.
 - (3) Masaaki Abe satisfies the qualifications for Independent Auditor according to the regulations of the Tokyo Stock Exchange and the Nagoya Stock Exchange.
 3. The Company has entered into a directors and officers liability insurance policy (D&O insurance policy) with an insurance company. The policy covers losses that may arise from the assumption of liability incurred in the course of the performance of duties by the insured, which includes the Company's Audit & Supervisory Board Members, or receipt of claims pertaining to the pursuit of such liability. If the candidate assumes office as Audit & Supervisory Board Member, he will be included as an insured in the D&O insurance policy. In addition, when the policy is renewed, the Company plans to renew it with the same terms.

Proposal 5: Determination of Remuneration for the Granting of Transfer-Restricted Shares to Board Members (excluding Outside Board Members)

The 62nd Ordinary General Meeting of Shareholders, held on June 27, 2008, approved an upper limit of 450 million yen per year in terms of remuneration for board members of the Company.

As part of a recent review of the remuneration system for directors and other officers, the Company proposes to provide remuneration to the board members of the Company (excluding Outside Board Members; hereinafter “Eligible Board Members”) through the granting of new, transfer-restricted shares, within the above-mentioned limit to remuneration. The aim is to provide a further incentive to work for sustainable improvements in corporate value, and to align the interests of Eligible Board Members with those of shareholders.

Under this proposal, remuneration provided to Eligible Board Members for the granting of transfer-restricted shares shall be made in the form of monetary claims, the total amount of which shall be not more than 90 million yen per year (however, this amount shall not include the salaries of board members who also serve as employees). The specific timing of payments to Eligible Board Members, and the details of allocations, shall be determined by the Board of Directors.

There are currently eight (8) board members, including three (3) Outside Board Members, and there will be no change in the number of Eligible Board Members even if approval is obtained for Proposal 2.

All monetary claims provided to Eligible Board Members under this Proposal shall be paid by them as property contributed in kind, in recognition of which the Company shall issue or dispose of its common shares to said Eligible Board Members in accordance with a resolution by the Board of Directors. Common shares of the Company issued or disposed of in this way shall total no more than 50,000 shares per year. However, in the event that, on or after the day on which this proposal is approved and adopted, the Company performs a share split (including an allotment of shares without contribution) or a reverse share split of its common shares, or there arises some other event necessitating an adjustment to the total number of common shares issued or disposed of by the Company, the total number shall be adjusted within reasonable bounds.

The amount to be paid in per share shall be decided by the Board of Directors within a range that is not particularly advantageous to the Eligible Board Members who are to receive the common shares of the Company, based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately before the date of each resolution by the Board of Directors (if there is no closing price on that date, the closing price on the closest preceding trading day). In addition, when common shares of the Company are issued or disposed of in relation to the payment of monetary remuneration claims as property contributed in kind, the Company shall enter into an agreement with each Eligible Board Member on the allotment of transfer-restricted shares (the “Allotment Agreement”), as set out below. Moreover, the upper limit for remuneration, the total number of common shares of the Company issued or disposed of, and other conditions for the granting of transfer-restricted shares to Eligible Board Members under this Proposal take into account a variety of circumstances, such as the purpose described above, the state of the Company, and the policy for determining details related to the remuneration of individual board members of the Company (please refer to pages 14-16 of the Notice of Convocation of the 75th Ordinary General Meeting of Shareholders for details of said policy), and are believed to be appropriate.

[Overview of the Allotment Agreement]

(1) Restriction period

During the period extending from the date on which payment of the common shares of the Company (hereinafter, “the Allotted Shares”) is to be made, to the point in time directly following resignation by an Eligible Board Member from the position determined in advance by the Board of Directors of the Company (hereinafter, “the Restriction Period”), the Eligible Board Member must not transfer, create a security interest on, or in any other way dispose of the Allotted Shares (these constraints to be referred to hereinafter as “the Restrictions”).

(2) Treatment of resignation from position

In the event that an Eligible Board Member resigns the position determined in advance by the Board of Directors of the Company before the expiration of the term of service determined in advance by said Board of Directors (hereinafter, “the Services Provision Period”), the Company shall automatically acquire the Allotted Shares without contribution, unless there are reasonable grounds for this resignation.

(3) Lifting of Restrictions

Notwithstanding the provisions of (1) above, the Company shall lift the Restrictions on all Allotted Shares at the point at which the Restricted Period ends, on condition that the Eligible Board Member served continuously in the position determined in advance by the Board of Directors of the Company during the Services Provision Period. However, in cases where the Eligible Board Member has reasonable grounds to resign from the position determined in advance by the Board of Directors of the Company before the expiration of the Services Provision Period, or in cases where the Eligible Board Member in question resigns from the position determined in advance by the Board of Directors after the expiration of the Services Provision Period but before the expiration of the Restricted Period for grounds other than those considered reasonable, the number of Allotted Shares from which the Restrictions are lifted shall be adjusted by a reasonable amount, as necessary. In addition, in accordance with the above provisions, at the point directly after the Restrictions have been lifted the Company shall automatically acquire without contribution the Allotted Shares from which the Restrictions have not been lifted.

(4) Treatment during reorganizations, etc.

Notwithstanding the provisions of (1) above, if, during the Restriction Period, matters relating to a merger agreement in which the Company is the disappearing company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other reorganization, etc. are approved at the Company's General Meeting of Shareholders (or at a meeting of the Board of Directors of the Company in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall lift the Restrictions on the Allotted Shares for a number of shares that is determined to be reasonable considering the period from the start date of the Restriction Period to the date of approval of the reorganization, etc. prior to the date on which the reorganization, etc. becomes effective, by resolution of the Board of Directors. In addition, when prescribed as above, at the point directly after the Restrictions have been lifted the Company shall automatically acquire without contribution those Allotted Shares from which the Restrictions have not been lifted.

(5) Other matters

Other matters related to the Allotment Agreement shall be determined by the Board of Directors of the Company.