Securities code: 6504

To Our Shareholders
145th Term (Fiscal 2020) Annual Business Report

(April 1, 2020–March 31, 2021)

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FUJI ELECTRIC CO., LTD.

Business Report (April 1, 2020–March 31, 2021)

[Business Overview]

Overview

In the fiscal year ended March 31, 2020, Fuji Electric launched "Reiwa Prosperity 2023," a new five-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2024, the year in which we celebrate the centennial anniversary of Fuji Electric's founding. Under this plan, the Company is implementing growth strategies prescribing the concentration of resources on growth fields, namely the power electronics systems and power semiconductor businesses, and the expansion of overseas businesses.

The operating environment for the fiscal year ended March 31, 2021, saw the ongoing curtailment of investments in Japan and overseas due to the global COVID-19 pandemic, resulting in the prolongation of difficult conditions. In China, meanwhile, economic activities were quickly resumed during the first half of the fiscal year, and there were indications of recovery in capital investment in the manufacturing industry. Furthermore, domestic machine tool-related demand increased leading up to the second half of the fiscal year, and there was pronounced growth in domestic and overseas semiconductor demand triggered by the popularization of electrified vehicles and renewable energy.

Consolidated net sales in the fiscal year ended March 31, 2021, decreased ¥24.7 billion year on year, to ¥875.9 billion. Factors behind this decrease included reductions in demand in the Power Electronics Systems Energy, Food and Beverage Distribution, and Power Generation segments and these reductions were the result of the capital investment curtailments and delivery delays stemming from the COVID-19 pandemic. Another factor was the absence of large-scale orders recorded in the previous fiscal year.

Consolidated operating profit rose ¥6.1 billion year on year, to ¥48.6 billion, and ordinary profit increased ¥5.9 billion, to ¥50.4 billion, as the benefits of fixed cost and other cost reduction activities offset the decline in sales. In addition, profit attributable to owners of parent rose to the record high of ¥41.9 billion, an increase of ¥13.1 billion year on year. This feat was a result of recording ¥40.9 billion in extraordinary profit following the sale of certain investment securities to secure funds for growth investments, which outweighed the ¥25.7 billion recorded in extraordinary loss as expenses for addressing defects in certain power semiconductor products for specific fields.

Consolidated results of operations for the fiscal year ended March 31, 2021, were as follows.

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

Classification	145th term Fiscal 2020	Increase/Decrease
Net sales	¥875.9 billion	Down ¥24.7 billion YoY
Operating profit	¥48.6 billion	Up ¥6.1 billion YoY
Ordinary profit	¥50.4 billion	Up ¥5.9 billion YoY
Profit attributable to owners of parent	¥41.9 billion	Up ¥13.1 billion YoY
Basic earnings per share	¥293.52	Up ¥91.95 YoY
Total assets	¥1,052.0 billion	Up ¥55.1 billion YoY

Business Segment Overview

(¥ billion)

Business segment	Classification	144th term Fiscal 2019	145th term Fiscal 2020	Change (%)
Power Electronics Systems Energy	Net sales	218.0	209.2	96%
	Operating profit	12.3	14.0	114%
Power Electronics Systems Industry	Net sales	317.5	345.9	109%
	Operating profit	16.5	21.8	132%
Electronic Devices	Net sales	137.4	157.5	115%
	Operating profit	9.7	17.7	182%
Food and Beverage Distribution	Net sales	104.4	76.6	73%
	Operating profit	3.8	(5.3)	–
Power Generation	Net sales	109.9	80.4	73%
	Operating profit	2.3	2.5	110%
Others	Net sales	60.8	52.7	87%
	Operating profit	2.7	2.2	82%
Sub-total	Net sales	948.1	922.2	97%
	Operating profit	47.4	52.9	112%
Eliminate/Corporate	Net sales	(47.5)	(46.3)	–
	Operating profit (loss)	(4.9)	(4.3)	–
Total	Net sales	900.6	875.9	97%
	Operating profit	42.5	48.6	114%

Results by Business Segment

[Power Electronics Systems Energy]

Net sales decreased 4% year on year, to ¥209.2 billion, and operating profit increased ¥1.7 billion year on year, to ¥14.0 billion.

In the Power Electronics Systems Energy segment, net sales were down year on year in all businesses, but operating profit was up year on year due to the benefits of cost reduction activities.

- In the energy management business, net sales were down year on year as a result of a decline in demand for smart meters and the absence of large-scale orders for industrial power supply equipment recorded in the previous fiscal year, but operating results were up year on year due to the benefits of cost reduction activities.
- In the power supply and facility systems business, net sales were down year on year as a result of the absence of large-scale projects recorded in switchgear and controlgear business in the previous fiscal year, but operating results were up year on year due to the benefits of cost reduction activities.
- In the ED&C components business, net sales and operating results were down year on year due to the decline in demand in the first half of the fiscal year despite improved demand from Japanese machine manufacturers, including those of machine tools, in the second half of the fiscal year.

[Power Electronics Systems Industry]

Net sales increased 9% year on year, to ¥345.9 billion, and operating profit increased ¥5.2 billion year on year, to ¥21.8 billion.

In the Power Electronics Systems Industry segment, net sales and operating profit were up year on year due to higher demand in the IT solutions business, the automation systems business, and the social solutions business, which offset the decline in sales in the equipment construction business that stemmed from delays in customers' capital investment plans.

- In the automation systems business, net sales and operating results improved year on year due to the higher demand seen centered on factory automation components in China, which counteracted the impacts of sluggish demand in Japan.
- In the social solutions business, net sales and operating results improved year on year thanks to increases in demand for electrical equipment for railcars and for exhaust gas cleaning system for ships.
- In the equipment construction business, net sales decreased year on year due to delays in customers' capital investment plans and the absence of large-scale electrical equipment construction projects recorded in the previous fiscal year, but operating results improved year on year due to the benefits of cost reduction efforts.
- In the IT solutions business, net sales and operating results improved year on year as a result of the Company's involvement in large-scale projects related to the GIGA School Concept in the academic sector.

(Note) Effective October 1, 2020, exhaust gas cleaning system for ships were transferred from the automation systems business to the social solutions business. Figures compared with the previous fiscal year were calculated after restating the figures for the previous fiscal year.

Power Electronics Systems' TOPICS

Expanding sales of UPS that supports stable operation of data centers

With the development of cloud information systems and e-commerce systems, demand for data centers is expanding. UPS (uninterrupted power system) is a necessity for data centers, which store important information, to protect electrical facilities for servers against power outages and power trouble. The Company aims to increase sales by promoting integrated proposals for data centers that include demand and substation equipment, as well as providing a UPS that has both top tier power usage effectiveness in the industry by using our power semiconductors products and high reliability. The Company commands the top share of UPS for data centers in Japan.

Realization of energy conservation in electricity and heat at food and beverage factories by utilizing EMS

Due to multiple heating and cooling processes, general energy conservation for "electricity and heat" becomes a challenge for food and beverage factories. In fiscal 2020, Dalian Fuji Bingshan Control Systems Co., Ltd. in China introduced EMS (energy management systems) to a major dairy manufacturer with a core in edge controllers which can connect to existing facilities. By optimizing control of operating sequences and outputs of freezers according to data such as equipment operational status and temperatures, it has cut down on overall power consumption of freezers by 20% compared to before the introduction of such EMS.

Realization of first automated sorting line for Japanese yam in Japan

In the agriculture sector, facing the challenge of lack of labor due to an aging population, etc., the Company constructed Japan's first automated sorting line in a Japanese yam sorting facility, managed by JA Obihiro Kawanishi in Hokkaido. As Japanese yams are vulnerable to injuries in the packing process due to their varied sizes, unmanned operation is achieved by automation while avoiding impact as much as possible using the Company's servo system. Moreover, aiming for shorter process time and equipment off-time, shipping capacity has increased by 30% by implementing a production management system that manages production output and visualizes operational monitoring in real-time.

Support for building ICT environment for school education

In the academic sector, under impact by the spread of the COVID-19 pandemic, the Ministry of Education, Culture, Sports, Science and Technology advocates

the GIGA School Concept, which creates an environment where each young student has one PC/tablet device, to secure young students' opportunities to study. The Company received large-scale orders thanks to our strength in undertaking contracts from delivery of devices, assignment of ICT (information and communication technology) supporters, to proposals for curriculums as a whole. We will continue contributing to the enhancement of the learning environment.

*The Company has set nine SDG targets to be addressed in its overall corporate activities (see page 14).

[Electronic Devices]

Net sales increased 15% year on year, to ¥157.5 billion, and operating profit increased ¥7.9 billion year on year, to ¥17.7 billion.

- In the Electronic Devices business, net sales and operating results improved year on year thanks to the increased demand for power semiconductors for electrified vehicles (xEVs), the new energy market and factory automation systems. The higher demand compensated for the rise in expenses associated with investments for bolstering power semiconductor production capacity.

TOPICS

Expanding sale of power semiconductor in response to rising needs in the shift to electrified vehicles

Against a background of stricter environment regulations across the world, the shift to electrified vehicles is accelerating. In response to needs for less environmental impact and longer cruising distances, the Company is expanding sales of power semiconductor and enhancing production capacity by its strength in RC-IGBT, which boasts one of the highest power densities in the industry and reduced weight and improved efficiency in drive inverters installed on electrified vehicles.

[Food and Beverage Distribution]

Net sales decreased 27% year on year, to ¥76.6 billion, and operating profit decreased ¥9.1 billion year on year, to an operating loss of ¥5.3 billion.

In the Food and Beverage Distribution segment, net sales and operating profit decreased due to massive reductions in demand in the vending machine and store distribution businesses as a result of the capital investment curtailments and delivery postponements stemming from the prolongation of the COVID-19 pandemic.

- In the vending machine business, net sales and operating results were down year on year due to the curtailment of capital investment by Japanese beverage manufacturers as well as lower demand in China and other Asian markets.
- In the store distribution business, net sales and operating results were down year on year because of a decline in demand for store facilities for convenience stores and delivery delays.

TOPICS

Contributing to safety and ease of mind for users with contactless vending machine

As hygiene becomes more important for people, the Company developed an "absolute contactless vending machine" that allows users to purchase products without touching the machine with their hands. Equipped with a telecommunications device developed by the Company, users can operate the vending machine using their smartphones from choosing products to making payments. The door of the compartment for picking up the product opens and closes automatically. We will continue contributing to the safety and ease of mind for vending machine users.

[Power Generation]

Net sales decreased 27% year on year, to ¥80.4 billion, and operating profit increased ¥0.2 billion year on year, to ¥2.5 billion.

- In the Power Generation business, net sales were down year on year due to the absence of large-scale thermal power generation facility projects and large-scale renewable energy projects recorded in the previous fiscal year, but operating results improved year on year, despite increased construction costs stemming from COVID-19-related construction delays, because of disparities between projects, etc.

TOPICS

Focus on the renewable energy business

As countries around the world are taking measures against climate change, the Company has focused on renewable energy businesses such as geothermal power, hydro power, and solar power. In fiscal 2020, the Company received an order for power generation facilities (152MW) for the Tauhara Geothermal Power Station in New Zealand, of which the scale in terms of single unit capacity is one of the largest in the world. In Japan, orders received are strong due to replacements for aged hydro power generation facilities and demand for upgrading output capacity.

[Others]

Net sales decreased 13% year on year, to ¥52.7 billion, and operating profit decreased ¥0.5 billion year on year, to ¥2.2 billion.

Research and Development Activities

In fiscal 2020, our efforts were focused on research and development for competitive components and systems that utilizes synergies between power semiconductor technologies and power electronics technologies and on creating solutions that create value for customers by combining fundamental technologies such as digital technology and Analytics AI.

The following provides an overview of these activities.
In the Power Electronics Systems Energy business, we developed and released "7500WX," a high-capacity uninterruptible power supply system (UPS) for hyperscale data centers. By combining four UPS units of 600 kVA per unit, we achieved a maximum capacity of 2,400kVA as a single unit. As it requires one of the smallest installation areas in the industry, we achieved maximization of installation area for IT equipment such as servers. Moreover, the optimum load operation mode automatically adjusts power supply based on the load factor of each UPS and improves overall system efficiency, thus achieving energy conservation.

In the Power Electronics Systems Industry business, we developed and released general-purpose inverter "FRENIC-MEGA (G2) Series." By achieving industry-leading level of 1,000Hz current response and 200Hz speed response (about two times faster than current models), it contributes to better processing quality and improved processing speed for machine tools, etc. Additional functions were added to this series: the life prediction function, which alerts users by monitoring signs of abnormality in the built-in IGBT modules, and the low cooling capacity alarm function, which detects signs of deterioration in the inverter cooling capacity. This helps with maintenance and prevents unplanned equipment downtime. Moreover, we developed and supply the main circuit system and the fully active damper drive system for Central Japan Railway Company Shinkansen (bullet train) N700S series railcars, which started commercial operations in July 2020. The main circuit system consists of the main power converter, which is equipped with our SiC power semiconductor module, the main electric motor, and the main transformer, and contributes to the realization of a "standard train which can accommodate a variety of car-sets" and energy conservation due to it being smaller and lighter. The fully active damper drive system consists of inverters and small motors, and is incorporated into the fully active damping control system to contribute to the improvement in the experience of traveling by rail.

In the Electronic Devices business, we developed and launched mass production of direct liquid cooling power module, which has higher power density than previous products by adopting fourth generation direct liquid-cooling technology, etc., for 2020

models of electric vehicles and hybrid vehicles. Moreover, we are expanding the series of low-capacity modules such as low-capacity IPM for small drive motors and DC-DC Converter Modules.

In the Food and Beverage Distribution business, while shortened business hours became common practice and needs for product sales outside of business hours rose due to the spread of the pandemic, we developed and released "Multi-kun," a multi-purpose vending machine that can cut down on the installation area by 20% compared to typical machines, be installed outdoors, and display products of varied shapes. Adopting the main structure for beverage vending machines, which has superior airtight and thermal features, it is the first outdoor-safe vending machine in the industry that sells processed food and chilled items, which require good temperature management. It can also be installed in small-scale stores or operate outside of business hours, selling foods and beverages, hygiene products, etc. whether refrigerated or at room temperature.

In the Power Generation business, we are developing technologies such as sophistication and diversification of diagnoses in maintenance services for power generation systems, and scale inhibition and corrosion resistance in steam turbines for thermal power generation.

Capital Investment

In fiscal 2020, we made investments totaling ¥35.9 billion, including capital investment and leasing mainly for expanding production capacity of the Electronic Devices business, as well as for reinforcement of product competitiveness of the Power Electronics Systems business.

Key investments were as follows.
In the Electronic Devices business, we continued to make large-scale investments in Yamanashi Factory, following the previous fiscal year, for production capacity expansion of power semiconductor chips mainly for automotive applications. With respect to back-end processes, we made investments to increase production of pressure sensors for vehicles, air-conditioning IPMs, and high-capacity IGBT modules used in power conversion equipment for power generation of renewable energy, in Japan and overseas.

In the Power Electronics Systems business, the construction of an engineering center at Chiba Factory, aiming for the enhancement of energy-related products, was completed. In order to accelerate product development of high-capacity UPS for data centers, high-capacity testing device was implemented in Tokyo Factory. Moreover,

we have started construction of a plant system building at Tokyo Factory, in order to construct an integrated production system to expand sales of switch gear and controlgear system.

Financing

In fiscal 2020, we redeemed the 28th series of unsecured bonds in the amount of ¥15.0 billion and redeemed commercial papers, using funds procured by long-term borrowings and free cash flows.

As a result, our consolidated bonds, commercial papers and loans payable as of the end of March 2021 decreased by ¥8.0 billion year on year to ¥153.4 billion.

Initiatives contributing to the environment and society

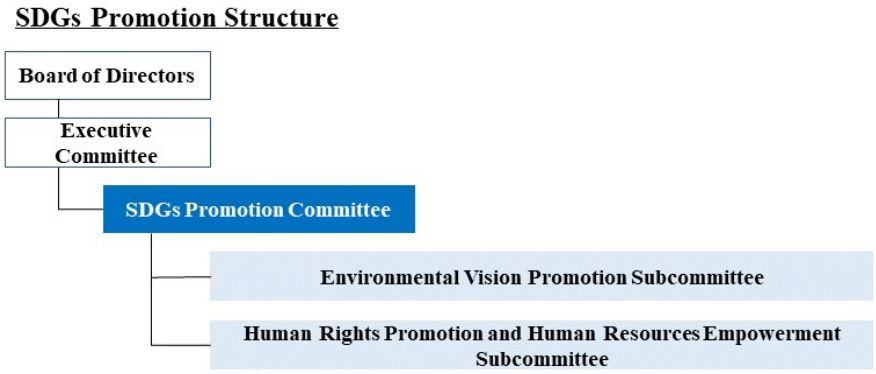
Relationship between Fuji Electric's activities and the SDGs

Fuji Electric takes the diverse social issues from the perspectives of SDGs and works for their solutions in order to improve sustainable corporate value.

Among the 17 goals of SDGs, we identify a total of 9 goals as the Company's "priority SDGs," consisting of 5 goals for which we can contribute by utilizing our business strengths and 4 goals for which we can contribute through activities that support our business.

In order to identify the Company's material issues and reinforce its reflection to our business strategies from an SDG perspective, the company-wide "SDGs Promotion Committee," consisting of Executive Officers, was newly established in May 2020.

Under this committee, we established two subcommittees to promote, manage and evaluate progress (PDCA management) on measures towards realization of the Environmental Vision 2050 and measures for human rights and human resources development.



Initiatives contributing to the environment

We are working to reduce greenhouse gas emissions by pursuing the Environmental Vision 2050

- CO_2 emission reductions in society through our products

  We are contributing to reducing the volume of CO2 emissions in society due to customers making use of our products that create clean energy and products that contribute to energy saving. Our contribution to reducing emissions in the fiscal year ended March 31, 2021, was 41.78 million tons (increased 14% year on year). The shipment of biomass power generation plants and continued robust demand for power semiconductors contributed to this result.

- Greenhouse gas emission reductions during production

  We are working not only to reduce CO2 emissions created during production at factories, but also the replacement of insulation gas, solvents, etc., which have a large greenhouse effect. Greenhouse gas emissions during production in the fiscal year ended March 31, 2021, were 450,000 tons, which is a reduction of 10,000 tons year on year.

- Support for recommendation by TCFD and preparation for information disclosure

  We expressed our support for recommendations by TCFD (the Task Force on Climate-related Financial Disclosures) in June 2020. Currently, we are identifying “risks” and “opportunities” due to climate change and considering countermeasures thereto from a long-term perspective. We will disclose details as we progress.

- Selection as an "A List (climate change)" company by CDP
  We were selected as an "A List" company, the top rating of CDP*1, as one of the most excellent companies leading measures against climate change and the transparency of those measures for two years in a row.

*1: CDP is an international environmental NGO that investigates, evaluates and discloses companies' environmental measures.

Measures for human rights and employees' success

- Human rights due diligence*1 measures
  Based on the Policy for Human Rights of the Employees and the Guidelines established in February 2020, a self-assessment on the status for respecting human rights was conducted for offices and consolidated subsidiaries in Japan and overseas. No infringement against the human rights policy was found and we will continue to evaluate and make improvements on a regular basis in the future.
- Measures for "workstyle reforms" for encouragement of employees' success
  Amidst spread of the COVID-19 pandemic, we have taken measures against it, taking the safety of our employees and their families as a first priority, and expanded new workstyles.
  From the perspective of avoiding risk of being infected during commutes, we have expanded the teleworking system and use of staggered work hours, which utilizes a flextime system and sliding work hours*2. (Teleworking for up to four days per week is possible.)

*1: Human rights due diligence: measures to recognize, prevent, and deal with adverse human rights harm
*2: Sliding work hours: a system that allows changing of the start time of work to a time registered in advance without changing the prescribed daily working hours.

Challenges to Be Addressed

The Company is implementing "Reiwa Prosperity 2023," a five-year medium-term management plan slated to conclude with the fiscal year ending March 31, 2024. Aiming to achieve net sales of ¥1 trillion and an operating profit ratio of 8% or more, we work for the "promotion of growth strategies" centered on the expansion of the power electronics systems business and the power semiconductor business, "further improvement of profitability" by strengthening manufacturing globally, and "ongoing reinforcement of operating foundations" centered on the environment, society and governance (ESG).

Although there are regional difficulties and risks of prolongation regarding the impact of COVID-19, the environment surrounding the Company's operations is expected to see a gradual recovery in world economy, as well as ongoing acceleration of more environmentally-friendly initiatives and digitization. Aiming to achieve the targets set for fiscal year ending March 31, 2024, the Company will continue to focus on enhancement of the power electronics systems business and the power semiconductor business while promoting business developments that cope with changes in the market environment and enhancing our ability to cope with risks.

1. Promotion of growth strategies

[Expanding sales in the power semiconductor business]

As for power semiconductors, we will aim for expansion in sales in the automobile field, in the industrial field, and in the renewable energy field. Specifically, we are proactively making investments to enhance the capacity of production facilities in response to world-wide rapid growth in demand for electrified vehicles.

[Expanding the power electronics systems business]

We will strive to strengthen the systems business, which contributes to stable supply of energy, energy conservation, and automation, by combining strong components, engineering services, optimal control technology and AI/IoT.

Amid the efforts by companies to enhance measures against climate change, we will focus on expanding orders received on power stabilization and electricity storage control systems for renewable energy, in collaboration with the power generation department, and on energy management systems that realize optimal control on energy and energy conservation at factories and facilities.

Aiming for the expansion of the overseas business, centering on Fuji Electric Manufacturing (Thailand) Co., Ltd., we will expand local production and strengthen engineering structure in Asia to expand the systems business targeting power companies, data centers, and material plants. In India, by merging two local subsidiaries, reorganizing and expanding local bases for manufacturing, sales and services, and strengthening the local design and development structure, we will look to expand our business, targeting data centers and the renewable energy field, which are expected to grow.

2. Further improvement of profitability

We promote the digital innovation of manufacturing to achieve innovative improvements in productivity, as well as utilizing the IoT and through improving every process from design and manufacturing to inspection and strengthening quality management.

In order to achieve global business expansion, we will work on thorough local production for local consumption on the basis of business continuity and diversification of risk, as well as making overseas bases self-sustained by continuously developing local human resources to become managers, to further strengthen our manufacturing capacity globally.

3. Continuous strengthening of the management base with a focus on ESG

Aiming at sustainable growth, the Company makes efforts on improvement of effectiveness of governance, as well as tackling the key issues regarding "environment" and "human resource" mainly by the company-wide SDGs Promotion Committee established in 2020.

- Promotion of Environmental Vision 2050

Based on the "Environmental Vision 2050" established in 2019, we promote reducing society's CO_2 emissions through our energy and environment businesses and reducing greenhouse gas emissions during production. In line with the global trend towards a decarbonized society, we are reviewing our targets for fiscal 2050 and fiscal 2030.

- Encouragement of employees' success and workstyle reforms

We are improving the employee treatment system for senior staff and building a framework where staff can work to a maximum of 75 years old, and promoting utilization of these systems. Moreover, we will continue to step up our hiring of women and developing female officers through plans, in order to encourage success for diverse human resources.

To realize workstyle reforms mainly in digitization for operations and flexibility in working structure, we promote companywide "Pro-7" activities to improve work quality and work efficiency, and conduct employee awareness surveys every year to create a friendlier working environment.

Furthermore, by utilizing the personnel and technologies we have cultivated through our business, we will solve social issues, develop communities and contribute to revitalization.

- Improvement of effectiveness of governance

We will work to further strengthen our capability to cope with risks such as supply chain management and data security based on diversified management risks and business continuity.

For improvement of effectiveness of governance of the Board of Directors, we will continue conducting surveys via a third-party, as well as invigorate discussions for long-term improvement in corporate value at the Board of Directors meetings, which emphasize the balance and diversity of qualities, professionalism, and experience, etc.

With regard to cross-shareholdings, we sold cross-shareholdings of multiple listed companies in fiscal 2020. We plan to further reduce cross-shareholdings from fiscal 2021 onward.

[Dividends of Surplus]

Policies Relating to Decisions on the Dividend of Surplus, etc.

We intend to return profit gained through business activities to shareholders. At the same time—while maintaining and strengthening our management foundation—we intend to appropriate profit for consolidated shareholders' equity in order to secure internal reserves for research and development, capital investment, human resources development, and other investments reflecting a medium- to long-term viewpoint.

We will determine the amount of dividends to be paid from retained earnings in light of the above medium- to long-term business cycle; our policy of paying stable and continuous dividends; and comprehensive consideration of the business results of the relevant fiscal year, research and development and capital investment plans for future growth, and business conditions.

We regard the acquisition of treasury shares as a flexible mechanism to supplement dividends when warranted by the cash flow position.

Moreover, the capital strategies as prescribed by Article 459, Paragraph 1 of the Companies Act, shall be conducted with a view to strengthening consolidated shareholders' equity.

Also the matters prescribed by Article 459, Paragraph 1 of the Companies Act will be decided by resolution of the Board of Directors, or the Ordinary General Meeting of Shareholders.

Year-End Dividend for Fiscal Year Ended March 31, 2021

Based on the policies relating to decisions on the dividend of surplus, etc. described in the above, the Company resolved to pay a year-end dividend of ¥45 per share at the meeting of the Board of Directors held on May 27, 2021, with due consideration given to the consolidated operating results for the current and next period, financial conditions, and other factors.

The annual dividend for the fiscal 2020 amounted to ¥85 per share including the amount of interim dividend.

[Consolidated Financial Results and Trends in Assets]

Classification		142nd term Fiscal 2017	143rd term Fiscal 2018	144th term Fiscal 2019	145th term Fiscal 2020
Net sales	(¥ billion)	893.5	914.9	900.6	875.9
Operating profit	(¥ billion)	56.0	60.0	42.5	48.6
Ordinary profit	(¥ billion)	56.0	63.5	44.5	50.4
Profit attributable to owners of parent	(¥ billion)	37.8	40.3	28.8	41.9
Basic earnings per share	(¥)	264.34	281.89	201.57	293.52
Total assets	(¥ billion)	914.7	952.7	996.8	1,052.0
Annual dividend per share	(¥)	70.0	80.0	80.0	85.0

(Note) Effective October 1, 2018, the Company conducted a one-for-five reverse share split pertaining to common shares. Basic earnings per share is calculated assuming that the reverse share split was executed at the beginning of fiscal 2017 (142nd term). As for annual dividend per share, the amounts of dividends paid before the reverse share split are presented to reflect the effect of the reverse share split retrospectively.

[Remuneration for Directors and Audit & Supervisory Board Members]

Policy on the Determination of Remuneration for Directors and Audit & Supervisory Board Members

(1) Details of the policy

In accordance with the Board of Directors' resolutions, the Company set the policy on determination of remuneration for the Company's Directors and Audit & Supervisory Board Members as described below.

In paying remuneration etc. to Directors and Audit & Supervisory Board Members of the Company, the Company considers its duty to respond to the mandate of the shareholders, acquire and maintain excellent personnel and provide incentive for improvement in earnings performance, and it has in place a remuneration system with set remuneration levels.

While considering changes in the business environment and data objectively compiled by third parties, the Company continuously examines the suitability of the remuneration system and the remuneration levels and whether there is a need to make changes.

1. Standing Directors
   Since Standing Directors are charged with a duty to improve consolidated results for each fiscal year and realize medium- to long-term improvement in corporate value, their remuneration is structured and managed as follows.
   (i) Base remuneration
   Base remuneration shall be paid as a monthly financial sum determined in advance, applicable to that senior management rank, and at certain time of the month.

   A portion of the remuneration of Standing Directors, applicable to that senior management rank, shall be contributed to the Director Shareholding Association to share the economic interests of shareholders and as an incentive to make management aware of share value.

   (ii) Performance-related remuneration
   Performance-related remuneration shall be paid only in instances in which dividends are paid to shareholders from retained earnings, and at certain time of the year. The total amount of performance-related remuneration shall be within one percent of the consolidated profit for the fiscal year prior to the date of payment in order to make the linkage with consolidated results for each fiscal year more transparent.

   Performance-related remuneration was decided by taking into consideration consolidated results (net sales, operating profit, profit, dividends, etc.) for the previous year using, as a basis, provision standards where the ratio of performance-related remuneration increases due to the increase of the consolidated ratio of operating income to net sales, which was set as a key target in the medium-term management plan. In the consolidated ratio of operating income to net sales for results in the fiscal year ended March 31, 2021, of 5.5%, the ratio of performance-related remuneration to remuneration was 35%.

2. Standing Audit & Supervisory Board Members
   Remuneration for Standing Audit & Supervisory Board Members shall be paid, at certain time of the month, as base remuneration as a monthly financial sum determined in advance, applicable to their senior management rank, since Standing Audit & Supervisory Board Members are charged with the duty of auditing the execution of duties across the entire Fuji Electric.

   Standing Audit & Supervisory Board Members may acquire shares in the Company at their own discretion.

3. Outside Directors and Outside Audit & Supervisory Board Members
   Remuneration for Outside Directors and Outside Audit & Supervisory Board Members shall be paid, at certain time of the month, as base remuneration as a monthly financial sum determined in advance, applicable to their senior management rank, since Outside Directors and Outside Audit & Supervisory Board Members are charged with the duty of supervising or auditing the execution of duties across the entire Fuji Electric.

   Outside Directors and Outside Audit & Supervisory Board Members may acquire shares in the Company at their own discretion.

The Board of Directors has resolved to delegate the decision on amount of remuneration for each Director to Representative Director Michihiro Kitazawa. The scope of his authority is to reflect evaluations of the performance in direct duties by each Director in line with the resolution passed in the Board of Directors, which is based on report by the Nomination and Remuneration Committee. To ensure this authority be exercised appropriately, the Nomination and Remuneration Committee has decided on a range within which performance-related remuneration shall be determined based on individual evaluation and the delegated authority shall be exercised within said range.

(2) Method for determining the policy

The Company has established the Nomination and Remuneration Committee to discuss policies and standards relating to remuneration of Directors and Audit & Supervisory Board Members and details of remuneration of Directors and Audit & Supervisory Board Members. Consisting of a majority of Outside Directors and chaired by an Outside Director, the Nomination and Remuneration Committee considers changes in the business environment and data objectively compiled by third parties and discusses the suitability of policies and standards relating to remuneration and the remuneration levels before reporting to the Board of Directors. Thereby, the Board of Directors resolves on policy on the determination respecting details of said report.

(3) Reasons for which the Board of Directors judges details of remuneration of Directors and Audit & Supervisory Board Members are in line with the policy for fiscal 2020

Regarding determination of remuneration for Directors and Audit & Supervisory Board members, the Nomination and Remuneration Committee makes consideration from various perspectives in matters such as whether is it in line with the policy on the determination and the Board of Directors respects the Committee's report and judges it in line with the policy on the determination.

Total Amount, etc. of Remuneration Paid to Directors and Audit & Supervisory Board Members for Fiscal 2020

Classification	Total Remuneration (¥ million)	Remuneration by Type (¥ million)		Number of Recipients
		Base Remuneration	Performance-related remuneration	
Directors	413	272	140	8
(Outside)	(29)	(29)	(-)	(3)
Audit & Supervisory Board Members	82	82	-	7
(Outside)	(23)	(23)	(-)	(5)
Total	494	354	140	15
(Outside)	(52)	(52)	(-)	(8)

(Notes) 1. The above performance-related remuneration for fiscal 2020 shows amounts for payments determined in May 2021. The amounts of performance-related remuneration for fiscal 2019 was ¥109 million.

2. The above table includes payments to two Audit & Supervisory Board Members (of which, two Outside Audit & Supervisory Board Members) who retired at the conclusion of the 144th Ordinary General Meeting of Shareholders held on August 6, 2020.

3. The amounts of remuneration for Directors were resolved as follows at the 131st Ordinary General Meeting of Shareholders held on June 26, 2007 and at the 137th Ordinary General Meeting of Shareholders held on June 25, 2013.

(1) Directors (excluding Outside Directors)

Total amount of the fixed amount (i) and performance-related amount (ii) as below

(i) within ¥450,000 thousand per annum

(ii) within one percent of the consolidated profit for the fiscal year prior to the date of payment

(2) Outside Directors

within ¥30,000 thousand per annum

The number of Directors at the conclusion of the 131st Ordinary General Meeting of Shareholders was eight (of which, two Outside Directors) and the number of Directors at the conclusion of the 137th Ordinary General Meeting of Shareholders was ten (of which, three Outside Directors).

4. The amounts of remuneration for Audit & Supervisory Board Members were resolved as ¥120,000 thousand per annum at the 131st Ordinary General Meeting of Shareholders held on June 26, 2007. The number of Audit & Supervisory Board Members at the conclusion of said General Meeting of Shareholders was five.

5. The Board of Directors has resolved to delegate the decision on amount of remuneration for each Director to Representative Director Michihiro Kitazawa. The scope of his authority is to reflect evaluations of the performance in duties by each Director in line with the resolution passed in the Board of Directors, which is based on report by the Nomination and Remuneration Committee. The reason for delegating this authority to a Representative Director is that the Company judges a Representative Director most suitable to make comprehensively evaluations based on the operating environment, the Company's business results, and performance in direct duties by each Director. To ensure this authority be exercised appropriately, the Nomination and Remuneration Committee has decided on a range within which performance-related remuneration shall be determined based on individual evaluation and the delegated authority shall be exercised within said range.

6. As described earlier in "Policy on the Determination of Remuneration for Directors and Audit & Supervisory Board Members," a portion of the base remuneration of Standing Directors shall be contributed to the Director Shareholding Association with the obligation to acquire shares of the Company. The following table shows the amount contributed to the Director Shareholding Association, including voluntary contributions, together with the amount of shares of the Company acquired.

	Contribution to Director Shareholding Association (¥ million)	Shares of the Company acquired (hundreds of shares)
Directors	20	60
Audit & Supervisory Board Members	4	12

(Note) As used in this Business Report, the expression "Standing Directors" refers to executive directors as prescribed in Article 2, Item 15 of the Companies Act.

[Corporate Overview]

Share Information (as of March 31, 2021)

1. Authorized shares: 320,000,000

2. Issued shares: 149,296,991

3. Number of shareholders: 35,775
(a decrease of 253 from the end of the previous term)

4. Shareholdings by type of shareholder

Classification	Number of shareholders (persons)	Number of shares (shares)	Ratio of shareholding (%)
Financial institutions/Securities firms	147	68,809,473	46.09
Other domestic corporations	438	12,476,584	8.36
Foreigners	649	46,027,987	30.83
Individuals and others	34,541	21,982,947	14.72
Total	35,775	149,296,991	100.00

(Note) "Individuals and others" includes treasury shares.

5. Top ten shareholders

Name	Number of shares (thousands of shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,090	11.97
Custody Bank of Japan, Ltd. (Trust Account)	15,738	11.02
FUJITSU LIMITED	4,066	2.85
Asahi Mutual Life Insurance Company	3,955	2.77
National Mutual Insurance Federation of Agricultural Cooperatives	3,359	2.35
FANUC CORPORATION	2,684	1.88
STATE STREET BANK AND TRUST COMPANY 505001	2,287	1.60
FURUKAWA CO., LTD.	2,205	1.54
THE BANK OF NEW YORK MELLON 140044	2,067	1.45
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	2,026	1.42

(Notes) 1. Treasury shares of 6,457,667 shares are excluded from the above list of top ten shareholders.
2. Ratio of shareholding is calculated by deducting treasury shares from the total number of issued shares based on the provisions of the Ordinance for Enforcement of the Companies Act.

Type of Bonds with Share Acquisition Rights (as of March 31, 2021)

Not applicable.

Status of Directors and Audit & Supervisory Board Members

1. Directors and Audit & Supervisory Board Members

Name	Positions and direct duties in the Company	
Michihiro Kitazawa	Representative Director President and Director	President General Management Nomination and Remuneration Committee member
Kenzo Sugai	Representative Director	Executive Vice President Assistant to President Corporate General Manager, Sales Group Nomination and Remuneration Committee member
Toshihito Tamba	Outside Director	Nomination and Remuneration Committee chairman
Naoomi Tachikawa	Outside Director	Nomination and Remuneration Committee member
Yoshitsugu Hayashi	Outside Director	Nomination and Remuneration Committee member
Michio Abe	Director	Senior Managing Executive Officer Corporate General Manager, Production & Procurement Group In charge of Power Generation Business
Masatsugu Tomotaka	Director	Senior Managing Executive Officer In charge of Power Electronics Systems Energy Business and Power Electronics Systems Industry Business
Junichi Arai	Director	Senior Managing Executive Officer Corporate General Manager, Corporate Management Planning Headquarters General Manager, Export Administration Office In charge of compliance management and crisis management
Yoshio Okuno	Standing Audit & Supervisory Board Member	
Junichi Matsumoto	Standing Audit & Supervisory Board Member	
Tetsuo Hiramatsu	Outside Audit & Supervisory Board Member	
Hirohiko Takaoka	Outside Audit & Supervisory Board Member	
Yuko Katsuta	Outside Audit & Supervisory Board Member	

(Notes) 1. The term of Directors has been set as one (1) year in order to clarify the management responsibilities of individual Directors with regard to each given fiscal year and construct a management system that can quickly respond to changes in the operating environment.

2. The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors to further enhance corporate governance by strengthening the fairness, transparency and objectivity of the procedures relating to the nomination and remuneration of Directors and Audit & Supervisory Board Members.
The majority of Nomination and Remuneration Committee members are Outside Directors and it is chaired by an Outside Director.

3. We expect Outside Directors to play roles in strengthening the management supervisory function and ensuring adequacy and appropriateness of decision-making related to the execution of business. To this end, Mr. Toshihito Tamba, who is management executives of a listed company, Mr. Naoomi Tachikawa, who is an experienced manager in listed companies, and Mr. Yoshitsugu Hayashi, who is an expert of environmental engineering, which is closely related to Fuji Electric's business activities were selected as Outside Directors at the General Meeting of Shareholders as persons who have an understanding of the

Fuji Electric's management, as well as insights and experience necessary for making multifaceted management decisions.
Mr. Toshihito Tamba, Mr. Naoomi Tachikawa and Mr. Yoshitsugu Hayashi are reported as Independent Officers as stipulated by the Securities Listing Regulations of the Financial Instruments and Securities Exchange.

4. We expect Outside Audit & Supervisory Board Members, along with Outside Directors, to be conducive to ensuring the adequacy and legality of decision-making related to the execution of business, as well as to play roles in strengthening the management audit function, by giving advice and making suggestions about the entire spectrum of management activities at meetings of the Board of Directors and on other occasions. To this end, Mr. Tetsuo Hiramatsu, who is a corporate manager, Mr. Hirohiko Takaoka, who is an experienced Audit & Supervisory Board Member for a listed company, and Ms. Yuko Katsuta, who is an attorney-at-law, were selected as Outside Audit & Supervisory Board Members at the General Meeting of Shareholders upon obtaining approval at a meeting of the Audit & Supervisory Board as persons who have expertise and experience necessary for performing audits.
Mr. Tetsuo Hiramatsu, Mr. Hirohiko Takaoka, and Ms. Yuko Katsuta are reported as Independent Officers as stipulated by the Securities Listing Regulations of the Financial Instruments and Securities Exchange.
5. The financial, accounting and other expertise possessed by each Audit & Supervisory Board Member is as follows:
   - Standing Audit & Supervisory Board Member Yoshio Okuno is highly knowledgeable about sales & marketing and overall corporate management, which he has gained from his longstanding career in Fuji Electric as Representative Director, Executive Vice President and person in charge of the sales and other divisions mainly in the overseas plants.
   - Standing Audit & Supervisory Board Member Junichi Matsumoto is highly knowledgeable about financial and accounting matters and overall corporate management, which he has gained from his longstanding career in Fuji Electric as person in charge of finance and accounting division, including Director.
   - Outside Audit & Supervisory Board Member Tetsuo Hiramatsu is highly knowledgeable of financial and accounting matters and overall corporate management, which he has gained from his previous career in the management of financial institutions.
   - Outside Audit & Supervisory Board Member Hirohiko Takaoka is highly knowledgeable about auditing and overall corporate management, which he has gained from his career history having been a management executive of a company and an Audit & Supervisory Board Member for a listed company.
   - Outside Audit & Supervisory Board Member Yuko Katsuta is highly knowledgeable about overall corporate legal matters thanks to her involvement as an attorney-at-law in many corporate legal matters.

2. Significant Concurrent Positions of Directors and Audit & Supervisory Board Members

(1) Directors

Name	Significant concurrent positions
Toshihito Tamba	Director, Tokyo Century Corporation

(Note) There is no noteworthy relationship based on Article 124 of the Ordinance for Enforcement of the Companies Act between the Company and the other company where Outside Director serves concurrent position.

(2) Audit & Supervisory Board Members

Name	Significant concurrent positions
Tetsuo Hiramatsu	President, Nippon Tochi-Tatemono Co. Ltd President, Chuo-Nittochi Group Co., Ltd.
Yuko Katsuta	Attorney-at-law (Partner, ITN Partners)

(Notes) 1. Nippon Tochi-Tatemono Co., Ltd, where Mr. Tetsuo Hiramatsu served a concurrent position, changed its trade name to Chuo-Nittochi Co., Ltd. on April 1, 2021.

2. Besides the above, there is no noteworthy relationship based on Article 124 of the Ordinance for Enforcement of the Companies Act between the Company and the other companies where Outside Audit & Supervisory Board Members serve concurrent positions.

3. Overview of Directors and Officers Liability Insurance Policy

The Company has concluded a Directors and Officers liability insurance policy with an insurance company, under which if claim for damages is made against the insured when such damage is caused by actions (including inactions) taken when performing duties as a Director or an Audit & Supervisory Board Member of the Company, compensations for such damages and court costs, etc. shall be reimbursed by said insurance. All Directors (including Outside Directors) and Audit & Supervisory Board Members (including Outside Audit & Supervisory Board Members) are insured, and for all who are insured under this insurance, the insurance premium shall be fully borne by the Company.

4. Status of Outside Directors and Outside Audit & Supervisory Board Members

(1) Major activities

(i) Outside Directors

Name	Number of attendance at the Board of Directors meetings (attended/held)	Opinions offered and overview duties performed regarding expected roles as an Outside Director
Toshihito Tamba	13/13	Mr. Toshihito Tamba is expected to fulfill the management supervisory function and has offered necessary opinions concerning the overall business management including the following items at the Board of Directors meetings as appropriate, based on his extensive experience and considerable insight as a management executive of a listed company. He has played an appropriate role in strengthening the management supervisory function and ensuring adequacy and appropriateness of important decision-making of Fuji Electric. - Formulation of business plans by taking into account changes in the market environment - Appropriate way of IR activities Moreover, he attended all two Nomination and Remuneration Committee meeting held in the current fiscal year as the chairman and led the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Naoomi Tachikawa	13/13	Mr. Naoomi Tachikawa is expected to fulfill the management supervisory function and has offered necessary opinions concerning the overall business management including the following items at the Board of Directors meetings as appropriate, based on his extensive experience and considerable insight as someone experienced as management executive of a listed company. He has played an appropriate role in strengthening the management supervisory function and ensuring adequacy and appropriateness of important decision-making of Fuji Electric. - Management of progress of management plan - Management of progress large-scale orders Moreover, he attended all two Nomination and Remuneration Committee meeting held in the current fiscal year as a member of the committee and fulfilled the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.
Yoshitsugu Hayashi	13/13	Mr. Yoshitsugu Hayashi is expected to fulfill the management supervisory function and has offered necessary opinions concerning the overall business management including the following items at the Board of Directors meetings as appropriate, based on his professional standpoint and considerable insight in the environmental engineering. He has played an appropriate role in strengthening the management supervisory function and ensuring adequacy and appropriateness of important decision-making of Fuji Electric. - Initiatives to reduce environmental impact - Appropriate way of research and development strategy Moreover, he attended all two Nomination and Remuneration Committee meeting held in the current fiscal year as a member of the committee and fulfilled the supervisory function in appointment of candidates for Directors and Audit & Supervisory Board Members and the process of determining remunerations for Directors and Audit & Supervisory Board Members from an objective and neutral standpoint.

(ii) Outside Audit & Supervisory Board Members

Name	Number of attendance at the Board of Directors meetings Number of attendance at the Audit & Supervisory Board meetings (attended/held)	Opinions offered
Tetsuo Hiramatsu	13/13 7/7	Offered necessary opinions at meetings of the Board of Directors as appropriate, concerning the contents of meeting items and the Fuji Electric's business activities, based on his extensive experience and considerable insight as an experienced manager in financial institutions. Also, at meetings of the Audit & Supervisory Board, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.
Hirohiko Takaoka	9/9 5/5	Offered necessary opinions at meetings of the Board of Directors as appropriate, concerning the contents of meeting items and the Fuji Electric's business activities, based on his extensive experience and considerable insight as an experienced Full-time Audit & Supervisory Board Member, etc. of listed Companies. Also, at meetings of the Audit & Supervisory Board, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.
Yuko Katsuta	9/9 5/5	Offered necessary opinions at meetings of the Board of Directors as appropriate, concerning the contents of meeting items and the Fuji Electric's business activities, based on her professional experience as an attorney-at-law. Also, at meetings of the Audit & Supervisory Board, confirmed the legality of business activities overall from the viewpoint of ensuring legal compliance, and offered appropriate opinions.

(Note) Since Mr. Hirohiko Takaoka and Ms. Yuko Katsuta newly assumed the office of Auditor at the conclusion of the 144th Ordinary General Meeting of Shareholders held on August 6, 2020, the above status on attendance at the Board of Directors and the Board of Auditors meetings refers to those meetings held after their assumption.

(2) Outline of limited liability agreement with Outside Directors and Outside Audit & Supervisory Board Members

In accordance with laws and regulations and the Articles of Incorporation of the Company, the Company has concluded a limited liability agreement with each Outside Director and Outside Audit & Supervisory Board Member stipulating that in the event that he or she bears liability with regard to the Company, the maximum amount of his or her liability to the Company will be the amount of ¥6 million or the minimum amount for damages stipulated in the Companies Act, whichever is higher, so long as he or she has carried out his or her duties in good faith and in absence of gross negligence.

In the agreement, the Company has set forth articles to provide instruction ensuring that duties of due diligence as Outside Director or Outside Audit & Supervisory Board Member are fulfilled and these duties are executed sincerely even after the conclusion of the agreement to ensure the propriety of duties of Outside Director and Outside Audit & Supervisory Board Member.

Matters Related to Accounting Auditor

1. Designation of accounting auditor ERNST & YOUNG SHINNIHON LLC

2. Accounting auditor remuneration for the period

Category	Payment amounts (¥ million)
(i) Remuneration and other amounts payable by the Company for the period	179
(ii) Total profit on cash and other financial assets payable by the Company and its subsidiaries	334

(Notes) 1. In the audit contract between the Company and the accounting auditor, no distinction is made and no such distinction can be made substantially in the amounts of auditing fees under the Companies Act and audit fees under the Financial Instruments and Exchange Act. For this reason, the sum of these two is entered in the total amount under (i) above.

2. The Audit & Supervisory Board confirmed and deliberated on the details of the audit plan of the accounting auditor, the execution of duties regarding an accounting audit, and the calculation basis of remuneration estimates upon receiving necessary documents and reports from Directors, related divisions of the Company, and the accounting auditor. As a result, the Audit & Supervisory Board believes these are appropriate and agrees to the amount of remuneration and other amounts payable to the accounting auditor.

3. The total profit under (ii) above includes the amount the Company paid as remuneration to the accounting auditor for advisory services related to adoption of new accounting standard, that is entrusted as services (non-audit services) other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act.

3. Policy for determining accounting auditor dismissal or non-reappointment

If any matters or circumstances surrounding the accounting auditor apply to any of the items under Article 340, Paragraph 1 of the Companies Act, and no improvement is expected, the Audit & Supervisory Board will dismiss the accounting auditor with the consent of all of the Audit & Supervisory Board Members.

In addition, if it is deemed impossible for the accounting auditor to perform its duties properly, the Audit & Supervisory Board may determine the content of a proposal concerning dismissal or non-reappointment of the accounting auditor which will be submitted to the Ordinary General Meeting of Shareholders.

[The Fuji Electric Group]

Group Companies

(as of March 31, 2021)

Fuji Electric

Power Electronics Systems Energy

Fuji Electric Meter Co., Ltd.
Fuji Electric FA Components & Systems Co., Ltd.
CHICHIBU FUJI CO., Ltd.
Fuji Electric (Changshu) Co., Ltd.
Fuji Electric Manufacturing (Thailand) Co., Ltd.
Fuji SMBE Pte. Ltd. and other 16 companies
Ibarakifuji Co., Ltd.
Fuji Electric Technica Co., Ltd.
Fuji Electric Dalian Co., Ltd.
Fuji Electric FA (Asia) Co., Ltd.
Fuji Tusco Co., Ltd.

Power Electronics Systems Industry

Fuji IT Co., Ltd.
Fuji Electric FA Service Co., Ltd.
Fuji Electric IT Solutions Co., Ltd.
Fuji CAC Joint Stock Company
Fuji Electric Motor (Dalian) Co., Ltd.
Shanghai Electric Fuji Electric Power Technology (Wuxi) Co., Ltd.
Fuji SEMEC Corp.
Fuji Electric Consul Neowatt Private Limited
FUJI FURMANITE CO., Ltd.*
Hakko Electronics Co., Ltd.
Fuji Festec Co., Ltd.
FUJI ELECTRIC FRANCE S.A.S
Fuji Electric (Zhuhai) Co., Ltd.
WUXI FUJI ELECTRIC FA CO., LTD.
Fuji SEMEC Inc.
Fuji Gemco Private Limited
FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD.
FUJI FURUKAWA E&C (THAILAND) CO., Ltd.*

Electronic Devices

Fuji Electric Power Semiconductor Co., Ltd.
FUJI ELECTRIC (SHENZHEN) CO., LTD.
FUJI ELECTRIC (MALAYSIA) SDN. BHD.
Fuji Electric Tsugaru Semiconductor Co., Ltd.
FUJI ELECTRIC PHILIPPINES, INC.

Food and Beverage Distribution

Shinshu Fuji Electric Co., Ltd.
MIE FUJI CO., Ltd.
Dalian Fuji Bingshan Vending Machine Co., Ltd.
FUJI ELECTRIC (HANGZHOU) SOFTWARE Co., Ltd.
HOEI PLASTICS CO., Ltd.
Fuji Electric Retail Service Co., Ltd.
Dalian Fuji Bingshan Vending Machine Sales Co., Ltd.

Power Generation

Reliable Turbine Services LLC

Others

Fuji Electric Finance and Accounting Support Co., Ltd.
Fuji Office & Life Service Co., Ltd.
METAWATER SERVICE Co., Ltd.*
Fuji Electric Information Technology Center Co., Ltd.
METAWATER Co., Ltd.*

Shared sales companies
HOEI DENKI CO., LTD.
HOEI HONG KONG CO., Ltd.
HOKKAIDO FUJI ELECTRIC CO., Ltd.

Overseas sales companies
FUJI ELECTRIC CORP. OF AMERICA
Fuji Electric Europe GmbH
Fuji Electric Asia Pacific Pte. Ltd.
Fuji Electric India Private Limited
Fuji Electric (Thailand) Co., Ltd.
PT Fuji Electric Indonesia
Fuji Electric (China) Co., Ltd.
Fuji Electric Taiwan Co., Ltd.
Fuji Electric Hong Kong Co., Ltd.
Fuji Electric Korea Co., Ltd.
Fuji Electric Vietnam Co., Ltd.

Production facilities company
Fuji Electric F-Tech Co., Ltd.

(Notes) 1. The number of consolidated subsidiaries for fiscal 2020 including those above is 74 and the number of equity method affiliates is 4.
2. Companies marked with an asterisk (*) are accounted for as equity method affiliates.

Important Subsidiaries of the Corporate Group

(as of March 31, 2021)

Company name	**Fuji Electric FA Components & Systems Co., Ltd.**		
The Company's capital contribution	63.2%		
Major business	Development, manufacturing and sales of control equipment and power receiving/distribution equipment.		
Net sales (¥ billion)	39.4	Net assets (¥ billion)	37.6
Operating profit (loss) (¥ billion)	0.4	Capital (¥ billion)	7.6
Profit (loss) (¥ billion)	1.0	Number of employees	890

Company name	**FUJI FURUKAWA ENGINEERING & CONSTRUCTION CO., LTD.**		
The Company's capital contribution	46.1%		
Major business	Designing and construction of plant facilities, air conditioning facilities, electrical engineering work, civil engineering work, solar power facilities, power transmission work, and information and communications work.		
Net sales (¥ billion)	63.9	Net assets (¥ billion)	26.2
Operating profit (loss) (¥ billion)	5.1	Capital (¥ billion)	2.0
Profit (loss) (¥ billion)	3.6	Number of employees	1,150

Company name	**Fuji Electric IT Solutions Co., Ltd.**		
The Company's capital contribution	91.1%		
Major business	Sales of computer and telecommunication equipment, development of information processing systems and provision of total solutions.		
Net sales (¥ billion)	106.6	Net assets (¥ billion)	11.8
Operating profit (loss) (¥ billion)	6.1	Capital (¥ billion)	1.0
Profit (loss) (¥ billion)	4.3	Number of employees	692

Specified Wholly Owned Subsidiaries

Not applicable.

Important Corporate Realignments

Not applicable.

Main Facilities of the Group (as of March 31, 2021)

1. Power Electronics Systems Energy

Domestic bases

Production bases	Ichihara, Kobe, Ami machi (Ibaraki), Konosu, Otawara

Overseas bases

Fuji Electric Dalian Co., Ltd. (China), Fuji Electric (Changshu) Co., Ltd. (China), Fuji Electric FA (Asia) Co., Ltd. (China), Fuji Electric Manufacturing (Thailand) Co., Ltd., Fuji Tusco Co., Ltd. (Thailand), Fuji SMBE Pte. Ltd. (Singapore)

2. Power Electronics Systems Industry

Domestic bases

Production bases	Hino, Suzuka

Overseas bases

FUJI ELECTRIC FRANCE S.A.S, Fuji CAC Joint Stock Company (Vietnam), Fuji Electric (Zhuhai) Co., Ltd. (China), Fuji Electric Motor (Dalian) Co., Ltd. (China), WUXI FUJI ELECTRIC FA CO., LTD. (China), Shanghai Electric Fuji Electric Power Technology (Wuxi) Co., Ltd. (China), Fuji SEMEC Inc. (Canada), Fuji SEMEC Corp. (U.S.A.), Fuji Gemco Private Limited (India), Fuji Electric Consul Neowatt Private Limited (India), FUJI FURUKAWA E&C (THAILAND) CO., Ltd.

3. Electronic Devices

Domestic bases

Production bases	Matsumoto, Minami Alps

Overseas bases

FUJI ELECTRIC (SHENZHEN) CO., LTD. (China), FUJI ELECTRIC PHILIPPINES, INC., FUJI ELECTRIC (MALAYSIA) SDN. BHD.

4. Food and Beverage Distribution

Domestic bases

Production bases	Yokkaichi, Ueda

Overseas bases

Dalian Fuji Bingshan Vending Machine Co., Ltd. (China), Dalian Fuji Bingshan Vending Machine Sales Co., Ltd. (China), FUJI ELECTRIC (HANGZHOU) SOFTWARE Co., Ltd. (China)

5. Power Generation

Domestic bases

Production bases	Kawasaki

Overseas bases

Reliable Turbine Services LLC (U.S.A.)

6. Others, Common

Domestic bases

Sales bases	Shinagawa-ku (Tokyo), Chiba, Saitama, Sapporo, Sendai, Toyama, Kanazawa, Nagoya, Chiryu, Osaka, Kobe, Fukuoka, Hiroshima, Takamatsu, Naha

Overseas bases

FUJI ELECTRIC CORP. OF AMERICA, Fuji Electric Europe GmbH (Germany), Fuji Electric Asia Pacific Pte. Ltd. (Singapore), Fuji Electric India Private Limited, Fuji Electric (Thailand) Co., Ltd., PT Fuji Electric Indonesia, Fuji Electric (China) Co., Ltd., Fuji Electric Taiwan Co., Ltd., Fuji Electric Hong Kong Co., Ltd. (China), Fuji Electric Korea Co., Ltd., Fuji Electric Vietnam Co., Ltd., HOEI HONG KONG CO., Ltd. (China)

Employees of Fuji Electric (as of March 31, 2021)

(Persons)

Business segment	Number of employees	Year-on-year change
Power Electronics Systems Energy	6,604	(72)
Power Electronics Systems Industry	9,135	6
Electronic Devices	6,514	(107)
Food and Beverage Distribution	2,170	(176)
Power Generation	1,198	(26)
Others	1,972	8
Total	27,593	(367)

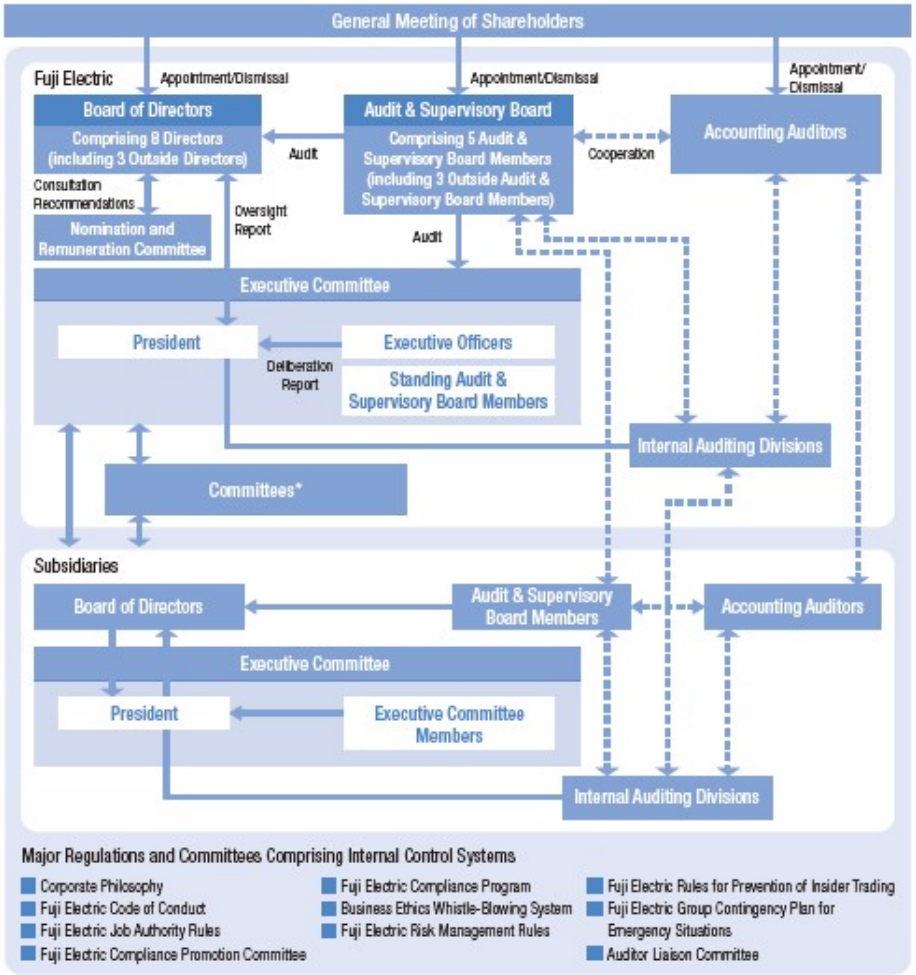
(Note) The number of employees of the Company at the end of March 2021 is 10,513 (a decrease of 11 from the end of the previous year).

Major Lenders (as of March 31, 2021)

Name of lenders	Balance of loans (¥ billion)
Mizuho Bank, Ltd.	29.6
MUFG Bank, Ltd.	20.8
Resona Bank, Limited	16.4
Mizuho Trust & Banking Co., Ltd.	8.7

(Reference) The corporate governance system and internal controls system of the Company

The Company's corporate governance system consists of the Board of Directors, which performs the management supervisory function and important decision-making, and the Audit & Supervisory Board, which is in charge of the management auditing functions. As a company employing the corporate auditor system, the Audit & Supervisory Board suitably undertakes audits of the Company's Directors and Executive Officers and guarantees objectivity and neutrality.
The Company actively appoints Outside Audit & Supervisory Board Members that satisfy the requirements for Independent Officers, endeavors to strengthen management supervisory and management auditing functions, and has established the Nomination and Remuneration Committee comprising a majority of Outside Officers as an advisory body to the Board of Directors.
Also, in order to separate the roles of management and execution, we have introduced the executive officer structure in an effort to clearly define the responsibilities of each business and streamline business execution.
We are endeavoring to build an effective corporate governance system with the use of Executive Committee, which deliberates and reports on important matters related to management as an advisory body to the President and Representative Director, as well as other committees tasked with planning and promoting key business strategy issues and key external issues, such as legal compliance.
Details on the internal controls system of the Company is as stated in the following pages.



Basic Policy on System of Internal Controls and Operation of the Internal Controls System

1. Basic policy on system of internal controls

Based on the provisions of Article 362, Paragraph 5 of the Companies Act, as for the development of an internal control system as provided for in Article 362, Paragraph 4, Item 6 of the Companies Act and each Item of Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act, the Board of Directors resolved to adopt the proposal as follows.

(1) System for ensuring that Directors and employees carry out their duties in accordance with laws, regulations, and the Articles of Incorporation

(i) The Company will repeatedly give explanations to employees of the Company and its subsidiaries on management principles applicable to the Company, and on the spirit behind the Criteria of Corporate Behavior, which serves as a code of behavior for all executives and employees, and ensure such principles and criteria are rigorously followed.

(ii) The Company will establish and promote a compliance system as follows, based on internal regulations, to ensure the transparency and soundness of business execution.

- The Compliance Promotion Committee is chaired by the Representative Director of the Company. It will ensure full compliance with laws, regulations, and social norms pertaining to the Company and its subsidiaries.
- The Company will establish a compliance program that systematizes roles and responsibilities in terms of internal rules, daily monitoring, auditing, education, and other areas for each law and regulation, and carry out the program in accordance with the annual plan.
- Compliance training is conducted for all full-time executives of the Company and its subsidiaries.
- The Company will establish an internal reporting system that facilitates communication from employees of the Company and its subsidiaries to the President of the Company and external attorneys-at-law, using a route that is independent of normal lines of communication. This is intended to prevent actions that violate laws, regulations, Articles of Incorporation, or internal rules before they occur, and aid the early discovery of such actions.
- The establishment and promotion of the above systems will also enable the Company to provide an organized response aimed at rejecting antisocial forces and groups that threaten public order and the safety of private citizens.

(iii) Internal auditing divisions of the Company under the jurisdiction of the respective company presidents conduct audits of the Company and subsidiaries. In addition, to ensure effective internal auditing, information on various activities is shared within the committee, which consists of members of internal auditing divisions of the Company and subsidiaries.

(2) System for retaining and managing information pertaining to the performance of Directors

Internal regulations will be formulated to ensure accurate retention and management of records of important business and to ensure that Directors and Audit & Supervisory Board Members acquire knowledge of records. The regulations establish procedures for Directors, Audit & Supervisory Board Members, and managers involved in saving and storing records regarding

access to information. Audit & Supervisory Board Members are also consulted in advance with regard to formulating, amending, or eliminating regulations.

(3) Regulations for managing loss-related risk and other systems

(i) The internal regulations will be formulated to systematically manage operational risks faced by the Company and its subsidiaries. Based on these regulations, the Company and its subsidiaries will establish appropriate risk management systems, and a system for managing specific group-wide risks will be established. The system involves the designation of departments to manage each category of risk.

(ii) The Company will establish an emergency response manual to minimize damage incurred at the time of a crisis, such as a major disaster. The manual will prescribe the directors in charge of crisis management and establishment of a conference system and response headquarters to be activated when an emergency occurs.

(iii) The internal auditing division audits the progress of risk management at the Company and its subsidiaries and reports the results to the president.

(4) System for ensuring effective execution of business by Directors

(i) The Company will adopt the executive officer structure to separate management and execution, and accelerate decision-making procedures. The division of duties of each executive officer will be clarified by a resolution of the Board of Directors.
In addition, the internal regulations that prescribe the duties and authority of executive officers and employees will be formulated to clarify decision-making authority and locus of responsibilities with regard to business execution.

(ii) Executive Committee will be established as a permanent corporate body to advise the Company's president. It will comprise the Company's executive officers and other individuals, and will deliberate and formulate reports on important matters pertaining to the management. The Company's Representative Director will communicate the deliberations and reports of Executive Committee to the Company's Board of Directors as necessary.

(iii) To formulate annual and medium-term management plans for the Company and its subsidiaries and to share information, Executive Committee and the Company's Board of Directors will confirm, evaluate, and review progress for each business division on a monthly basis.

(5) System to ensure reliable financial reporting

The Company will formulate internal regulations to ensure the appropriateness of documents and other information related to financial settlements as stipulated by the Financial Instruments and Exchange Act. Based on these regulations, the Company will build internal controls for financial reporting, appropriately conduct evaluations and reporting, and report the results of evaluations to the Board of Directors.

(6) System for ensuring the appropriate administration of the company group comprising the Company and its subsidiaries

(i) The Company will formulate internal regulations that prescribe authority and responsibilities pertaining to business execution of the Company and its subsidiaries. Based on these regulations, the Company will ensure systematic and efficient management.
In addition, the Company will request subsidiaries to comply with these regulations and report to the Company or obtain approval from the

Company regarding important matters pertaining to business execution of subsidiaries.

(ii) The Company will enhance systems to ensure appropriate administration for the items discussed above, to maximize the corporate value of the entire company group comprising the Company and its subsidiaries.
In addition, the Company will request the formulation of a basic policy on the establishment of a system that ensures subsidiaries conduct appropriate business activities as stipulated by the Companies Act, and will ensure the effectiveness of such systems.

(7) Matters pertaining to employees assisting Audit & Supervisory Board Members, their independence from Directors, and ensuring the effectiveness of instructions to these employees

(i) Employees assisting Audit & Supervisory Board Members shall be designated and the treatments for said employees shall respect opinions of Audit & Supervisory Board Members and require consents thereof.

(ii) Audit & Supervisory Board Members may request the assistance of employees other than the designated employees in (i) above as necessary. Employees carrying out this work may do so independently of instructions or orders from Directors and prioritizing the business over other businesses.

(8) System for reporting to Audit & Supervisory Board Members by Directors and employees, system for reporting to Audit & Supervisory Board Members by subsidiaries' Directors, Audit & Supervisory Board Members, and employees or those who have received report from these persons, and other matters pertaining to reporting to Audit & Supervisory Board Members

Internal regulations will be established to ensure Audit & Supervisory Board Members acquire sufficient information for them to fulfill their duties. The regulations establish specific methods for ensuring Audit & Supervisory Board Members have opportunities to attend important meetings where decisions are made on business execution of the company group comprising the Company and its subsidiaries, for distributing regular reports and important documents from executives and employees of the Company and its subsidiaries to Audit & Supervisory Board Members, and for making it possible for Audit & Supervisory Board Members to otherwise collect information on the performance of duties by executives and employees of the Company and its subsidiaries.

(9) System for ensuring that persons who report (8) above are not treated disadvantageously on the basis of making the report

The Company shall prohibit disadvantageous treatment of persons who report (8) above on the basis of making the report.

(10) Matters pertaining to procedures for advance payment or repayment of costs arising from the execution of duties by Audit & Supervisory Board Members and other matters pertaining to the policy for processing costs or liabilities arising from the execution of Audit & Supervisory Board Members' duties

When Audit & Supervisory Board Members request the Company to make advance payment of costs, etc. pertaining to the execution of their duties, the Company will promptly process the payment, etc. except when it is deemed unnecessary for the execution of duties by Audit & Supervisory Board Members.

(11) **Other systems to ensure audits are conducted effectively by Audit & Supervisory Board Members**

A committee comprising Audit & Supervisory Board Members from the Company and subsidiaries, which are large companies as defined by the Companies Act, and a committee comprising Audit & Supervisory Board Members, members of internal audit divisions, and accounting auditors work to strengthen communication among all auditing bodies and ensure the effectiveness of auditing practices for the entire company group comprising the Company and its subsidiaries.

2. Overview of operation of the internal controls system

An overview of the operation of the internal controls system for the Company in the current fiscal year is as provided below.

(1) **System for ensuring that Directors and employees carry out their duties in accordance with laws, regulations, and the Articles of Incorporation**

Regarding a compliance system, the Company holds the Compliance Promotion Committee chaired by the Representative Director twice a year. It deliberates on the operation of an internal reporting system as well as the implementation and implementation plan of a compliance program to make sure that there is no compliance violation that would have a material impact on the management of the Company and its subsidiaries.

In addition, the annual results and plans for the details deliberated at the Compliance Promotion Committee above are reported to the Board of Directors meeting once a year.

The Company conducts internal audits on organizational management, risk management, compliance management, business execution, and accounting of the entire company group comprising the Company and its subsidiaries. This is done based on an internal audit plan and from the perspectives of compliance with laws and regulations related to business activities, reliability of financial reporting, protection of assets, and effectiveness and efficiency of business.

(2) **System for retaining and managing information pertaining to the performance of Directors**

The Company appropriately retains and manages documents pertaining to the performance of Directors including minutes of the Board of Directors meetings and other related documents pursuant to the related laws and regulations as well as internal regulations.

(3) **Regulations for managing loss-related risk and other systems**

The Company systematically manages risks based on its risk management regulations. The Company strives to maximize the corporate value of the Company and its subsidiaries while minimizing the impact on management when risks materialize. It does so by fully and appropriately managing and addressing risks that may impact the management of the Company and its subsidiaries while preventing the materialization of risks (occurrence of critical situations) or reducing losses.

In preparation for the occurrence of major accidents, disasters, and other situations, the Company has established a business continuity plan (BCP), implemented drills based on the assumption of earthquakes and other disasters, and facilitated the dissemination, full enforcement, and increased efficiency of a BCP.

(4) System for ensuring effective execution of business by Directors

Matters deliberated on by the Board of Directors are deliberated on and reported at Executive Committee comprising the Company's executive officers and other individuals prior to the Board of Directors meetings. In the current fiscal year, Executive Committee met 25 times and business plans and important matters pertaining to the management of the Company and its subsidiaries were deliberated on and reported there appropriately based on the internal regulations that prescribe the duties and authority of executive officers and employees.

(5) System to ensure reliable financial reporting

Regarding the internal control evaluation pertaining to financial reporting, the Company evaluates the effectiveness of internal controls for financial reporting of the company group comprising the Company and its subsidiaries. It does so upon selecting the scope of evaluation pursuant to evaluation criteria generally deemed fair and appropriate. The results of the evaluation are reported to the Board of Directors meeting once a year.

(6) System for ensuring the appropriate administration of the company group comprising the Company and its subsidiaries

Based on internal regulations that prescribe authority and responsibilities pertaining to business execution of the Company and its subsidiaries, systematic and efficient management is ensured and important matters pertaining to business execution of subsidiaries are reported to the Company appropriately. Also, when needed, they are deliberated on and reported to Executive Committee or the Board of Directors meetings of the Company.

(7) Matters pertaining to employees assisting Audit & Supervisory Board Members, their independence from Directors, and ensuring the effectiveness of instructions to these employees

(i) Employees assisting Audit & Supervisory Board Members shall be designated and the treatments for said employees shall respect opinions of Audit & Supervisory Board Members and require consents thereof.

(ii) Employees carrying out assistance business based on requests from Audit & Supervisory Board Members are doing so independently of instructions or orders from Directors and prioritizing the business over other businesses.

(8) System for reporting to Audit & Supervisory Board Members by Directors and employees, system for reporting to Audit & Supervisory Board Members by subsidiaries' Directors, Audit & Supervisory Board Members, and employees or those who have received report from these persons, and other matters pertaining to reporting to Audit & Supervisory Board Members

Each Audit & Supervisory Board Member conducts audits by attending the Board of Directors and other important meetings, collecting information on the performance of duties by Directors, internal auditing divisions and others, viewing important approval forms and other documents, investigating the situation of business and assets at major offices, and if needed, requesting subsidiaries to report on their business.

(9) System for ensuring that persons who report (8) above are not treated disadvantageously on the basis of making the report

The Company makes executives and employees well aware of the fact that it is prohibited to treat persons who report to Audit & Supervisory Board Members disadvantageously.

(10) Matters pertaining to procedures for advance payment or repayment of costs arising from the execution of duties by Audit & Supervisory Board Members and other matters pertaining to the policy for processing costs or liabilities arising from the execution of Audit & Supervisory Board Members' duties

The Company promptly processes costs arising from the execution of duties by Audit & Supervisory Board Members based on requests from Audit & Supervisory Board Members.

(11) Other systems to ensure audits are conducted effectively by Audit & Supervisory Board Members

The Audit & Supervisory Board meetings of the Company were held seven times in the current fiscal year. The Audit & Supervisory Board receives reports, deliberates on, and resolves important matters pertaining to auditing.

A committee comprising Audit & Supervisory Board Members from the Company and subsidiaries, which are large companies as defined by the Companies Act, and a committee comprising Audit & Supervisory Board Members, members of internal audit divisions, and accounting auditors are working to strengthen communication among all auditing bodies thereby ensuring the effectiveness of auditing practices for the entire company group comprising the Company and its subsidiaries.

Basic Policy on Control of the Company

1. Details of the basic policy

In implementing the Corporate philosophy and continuing to improve corporate value, Fuji Electric amasses unique technologies, experience and know-how, and strives to develop and maintain good relations with various stakeholders, including customers, partners, communities, and employees.

These are the Fuji Electric's precious tangible and intangible assets, the Fuji Electric's DNA, and resources that support the creation of corporate value for Fuji Electric.

Based on that philosophy, the Company strives to manage in line with changes in the environment. The Company recognizes that the most effective countermeasures against share purchases that could damage the corporate value of Fuji Electric are increasing corporate value in the medium- to long-term vision and further raising the share of profits to shareholders, and strives to realize those aims.

Furthermore, the Company is actively engaging in a range of IR activities to ensure that the Fuji Electric's share value is properly understood. The Company will strive to further deepen understanding of Fuji Electric by issuing reports on its performance including quarterly financial reports and holding plant tour programs for the shareholders.

The Board of Directors recognizes that the free trade of shares by shareholders is a reality as a listed company, and believes that the question of whether or not large-scale purchases of shares in the Company by specific individuals should be permitted is a matter that should ultimately be delegated to the shareholders.

However, corporate acquisitions undertaken to profit unduly from selling a company's shares at the highest price do occur. The Board of Directors does not believe that any parties who engage in any such large-scale share purchases of the Company's shares or table proposals which do not contribute to the corporate value of Fuji Electric or the mutual benefit of the shareholders are suitable parties to control the Company's finances and the determination of its business policy.

At this point in time, no specific threat related to large-scale purchases of the Company's shares has emerged. Moreover, the Company has not yet put in place any specific preventative measures (so-called "poison pill") against the emergence of a takeover threat.

However, the Board of Directors will, as a managerial duty to the shareholders, establish an internal system to install measures against any large-scale purchases of the Company's shares that threaten the corporate value of Fuji Electric or the mutual benefit of the shareholders.

2. The Fuji Electric's measures to realize the basic policy

(1) Initiatives to improve corporate value of Fuji Electric

As our basic strategy for sustainable growth, Fuji Electric aims to create growth on the global market based on our power electronics technologies cultivated over many years, which handle electrical energy universally, backed by energy and environmental investments projected to take place in many countries.

To realize this, we will rapidly shift our managerial resources to the field of "energy and the environment," aiming to maximize our corporate value and contribute to the resolution of social and environmental issues as a "company that contributes to the global society through business."

(2) Measures to prevent control of the Company by undesirable parties as described in the basic policy

The Company will, based on 1. Details of the basic policy above, strive to establish an internal system in view of any potential or actual purchases of the Company's shares that threaten the corporate value of Fuji Electric or the mutual benefit of the shareholders.

Specifically, the Company will very carefully monitor daily trading movements and shareholder changes and at the same time put in place a first-response manual for contingencies, and establish a framework for collaboration with external experts. The Company will determine specific preventative measures in a timely and appropriate manner, and strive towards the enhancement of internal systems.

Furthermore, the Company will continue to consider the introduction of a "poison pill," from the viewpoints of ensuring and increasing the corporate value of Fuji Electric or the mutual benefit of the shareholders, based on the opinions and judgments of the legal system and the relevant authorities, social trends, and the opinions of our stakeholders.

3. The decisions and rationale of the Board of Directors regarding the measures above

Because the measures referred to in 2. above mean: (1) to maintain and enhance the corporate value of the Company over the medium-term, and (2) to establish internal systems to respond to large-scale purchases of the Company's shares that threaten the corporate value of Fuji Electric or mutual benefits of shareholders, the Board of Directors confirmed and resolved at its meeting that these measures comply with the basic policy in 1. above, and neither measure represents a threat to the mutual benefits of the shareholders or is a means to maintain the members of the current top management team in their positions.

Further, the resolution was unanimously agreed upon at an Audit & Supervisory Board meeting, provided that the specific operations of the measures described in 2. above are conducted properly.

(Notes) 1. Amounts less than a unit are rounded to the nearest yen in the Business Report.
2. The number of shares shown in the Business Report are rounded down to the nearest whole unit.
3. As used in this Business Report, the expression "Fuji Electric" refers to the company group comprising the Company, its subsidiaries, and affiliates.
4. The business object in the future, stated in the Business Report is calculated based on given assumptions that we assess to be reasonable at the time of writing the Business Report. The description may differ from the actual results, and we cannot guarantee the accuracy of the content.

Consolidated Balance Sheets

(as of March 31, 2021) (¥ Millions)

[Assets]		[Liabilities]	
Current assets	**629,207**	**Current liabilities**	**356,416**
Cash and deposits	76,546	Notes and accounts payable - trade	167,260
Notes and accounts receivable - trade	319,644	Short-term borrowings	21,744
Merchandise and finished goods	66,319	Lease obligations	18,376
Work in process	65,023	Accrued expenses	48,058
Raw materials and supplies	51,847	Income taxes payable	18,183
Other	53,723	Advances received	35,239
Allowance for doubtful accounts	-3,897	Provision for product warranties	15,698
		Other	31,854
Non-current assets	**422,652**	**Non-current liabilities**	**234,281**
Property, plant and equipment	**209,758**	Bonds payable	35,000
Buildings and structures	86,797	Long-term borrowings	96,686
Machinery, equipment and vehicles	23,550	Lease obligations	43,226
Tools, furniture and fixtures	6,376	Deferred tax liabilities	1,678
Land	35,537	Provision for retirement benefits for directors (and other officers)	150
Leased assets	52,378	Retirement benefit liability	53,322
Construction in progress	3,930	Other	4,218
Other	1,188		
		Total liabilities	**590,698**
Intangible assets	**23,426**		
Software	9,403	**[Net assets]**	
Other	14,022	**Shareholders' equity**	**358,021**
		Share capital	**47,586**
Investments and other assets	**189,468**	**Capital surplus**	**46,003**
Investment securities	136,282	**Retained earnings**	**271,772**
Long-term loans receivable	655	**Treasury shares**	**-7,340**
Net defined benefit asset	21,043		
Deferred tax assets	14,682	**Accumulated other comprehensive income**	**58,975**
Other	17,267	**Valuation difference on available-for-sale securities**	**55,761**
Allowance for doubtful accounts	-461	**Deferred gains or losses on hedges**	**322**
		Foreign currency translation adjustment	**1,539**
		Remeasurements of defined benefit plans	**1,351**
Deferred assets	**92**		
Bond issuance costs	92	**Non-controlling interests**	**44,257**
		Total net assets	**461,254**
Total assets	**1,051,952**	**Total liabilities and net assets**	**1,051,952**

Consolidated Statements of Income

(from April 1, 2020 to March 31, 2021) (¥ Millions)

Net sales		**875,927**
Cost of sales		**654,661**
Gross profit		**221,266**
Selling, general and administrative expenses		**172,670**
Operating profit		**48,595**
Non-operating income		
Interest and dividend income	2,955	
Miscellaneous income	2,995	5,951
Non-operating expenses		
Interest expenses	1,441	
Miscellaneous expenses	2,704	4,146
Ordinary profit		**50,401**
Extraordinary income		
Gain on sales of non-current assets	280	
Gain on sales of investment securities	40,864	41,145
Extraordinary losses		
Loss on disposal of non-current assets	552	
Loss on valuation of investment securities	1,018	
Impairment loss	963	
Cost of measures taken for product defects	25,727	28,262
Profit before income taxes		**63,284**
Income taxes - current	21,423	
Income taxes - deferred	-3,481	17,941
Profit		**45,342**
Profit attributable to non-controlling interests		3,415
Profit attributable to owners of parent		**41,926**

Consolidated Statement of Changes in Equity

(from April 1, 2020 to March 31, 2021) (¥ Millions)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2020	47,586	45,949	241,305	-7,327	327,513
Changes of items during the period					
Dividends of surplus			-11,427		-11,427
Profit attributable to owners of parent			41,926		41,926
Purchase of treasury shares				-13	-13
Disposal of treasury shares		1		0	1
Change of scope of consolidation			-33		-33
Change in ownership interest of parent due to transactions with non-controlling interests		53			53
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	54	30,466	-13	30,507
Balance at March 31, 2021	47,586	46,003	271,772	-7,340	358,021

(¥ Millions)

	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 April 1, 2020	44,606	-231	-3,545	-2,724	38,105	40,382	406,002
Changes of items during the period							
Dividends of surplus					-		-11,427
Profit attributable to owners of parent					-		41,926
Purchase of treasury shares					-		-13
Disposal of treasury shares					-		1
Change of scope of consolidation					-		-33
Change in ownership interest of parent due to transactions with non-controlling interests					-		53
Net changes of items other than shareholders' equity	11,154	553	5,084	4,076	20,869	3,875	24,744
Total changes of items during the period	11,154	553	5,084	4,076	20,869	3,875	55,252
Balance at March 31, 2021	55,761	322	1,539	1,351	58,975	44,257	461,254

Non-Consolidated Balance Sheet

(as of March 31, 2021) (¥ Millions)

[Assets]		[Liabilities]	
Current assets	**357,433**	**Current liabilities**	**239,346**
Cash and deposits	1,948	Accounts payable - trade	103,855
Notes receivable - trade	25,638	Short-term borrowings	30,218
Accounts receivable - trade	169,292	Current portion of long-term borrowings	3,691
Merchandise and finished goods	28,385	Lease obligations	12,079
Work in process	53,714	Accounts payable - other	2,830
Raw materials and supplies	28,475	Accrued expenses	28,217
Advance payments - trade	15,700	Income taxes payable	11,041
Accounts receivable - other	23,577	Advances received	19,568
Other	10,708	Deposits received	8,388
Allowance for doubtful accounts	-7	Provision for product warranties	15,476
		Other	3,978
Non-current assets	**370,569**	**Non-current liabilities**	**204,588**
Property, plant and equipment	**127,698**	Bonds payable	35,000
Buildings	51,952	Long-term borrowings	94,500
Structures	2,079	Lease obligations	31,431
Machinery and equipment	6,999	Provision for retirement benefits	38,366
Vehicles	29	Asset retirement obligations	1,559
Tools, furniture and fixtures	2,879	Other	3,730
Land	24,221		
Leased assets	37,607		
Construction in progress	1,928	**Total liabilities**	**443,935**
Intangible assets	**7,708**	**[Net assets]**	
Software	6,213	**Shareholders' equity**	**231,358**
Other	1,494	**Share capital**	**47,586**
		Capital surplus	**56,824**
Investments and other assets	**235,162**	Legal capital surplus	56,777
Investment securities	108,897	Other capital surplus	46
Shares of subsidiaries and associates	98,127	**Retained earnings**	**134,481**
Investments in capital	397	Legal retained earnings	11,515
Long-term loans receivable	512	Other retained earnings	122,966
Prepaid pension costs	11,720	Retained earnings brought forward	122,966
Deferred tax assets	12,314	**Treasury shares**	**-7,534**
Other	3,390		
Allowance for doubtful accounts	-196		
		Valuation and translation adjustments	**52,801**
Deferred assets	**92**	**Valuation difference on available-for-sale securities**	**52,479**
Bond issuance costs	92	**Deferred gains or losses on hedges**	**322**
		Total net assets	**284,159**
Total assets	**728,095**	**Total liabilities and net assets**	**728,095**

Non-Consolidated Statements of Income

(from April 1, 2020 to March 31, 2021) (¥ Millions)

Net sales		**515,517**
Cost of sales		**403,317**
Gross profit		**112,199**
Selling, general and administrative expenses		**103,193**
Operating profit		**9,006**
Non-operating income		
Interest and dividend income	8,247	
Other	196	8,444
Non-operating expenses		
Interest expenses	707	
Other	1,847	2,555
Ordinary profit		**14,895**
Extraordinary income		
Gain on sales of non-current assets	24	
Gain on sales of investment securities	40,843	40,867
Extraordinary losses		
Loss on disposal of non-current assets	316	
Loss on valuation of shares of subsidiaries and associates	984	
defects	25,727	
Other	1,623	28,652
Profit before income taxes		**27,111**
Income taxes - current	10,306	
Income taxes - deferred	-4,787	5,518
Profit		**21,592**

Non-Consolidated Statement of Changes in Equity

(from April 1, 2020 to March 31, 2021) (¥ Millions)

	Shareholders' equity								
		Capital surplus			Retained earnings				
	Share capital	Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings	Treasury shares	Total shareholders' equity
Balance at April 1, 2020	47,586	56,777	45	56,823	11,515	112,801	124,316	-7,520	221,205
Changes of items during the period									
Dividends of surplus				-		-11,427	-11,427		-11,427
Profit for the year				-		21,592	21,592		21,592
Purchase of treasury shares				-			-	-13	-13
Disposal of treasury shares			1	1			-	0	1
Net changes of items other than shareholders' equity									
Total changes of items during the period	-	-	1	1	-	10,164	10,164	-13	10,152
Balance at March 31, 2021	47,586	56,777	46	56,824	11,515	122,966	134,481	-7,534	231,358

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at April 1, 2020	43,114	-231	42,883	264,088
Changes of items during the period				
Dividends of surplus			-	-11,427
Profit for the year			-	21,592
Purchase of treasury shares			-	-13
Disposal of treasury shares			-	1
Net changes of items other than shareholders' equity	9,364	553	9,918	9,918
Total changes of items during the period	9,364	553	9,918	20,071
Balance at March 31, 2021	52,479	322	52,801	284,159