

Reports on the 121st Business Period

FUJITSU LIMITED

Note:

This English version of *Reports on the 121st Business Period* is a translation for reference only. The style of this English version differs slightly from the original Japanese version.

To Our Shareholders

I would like to express my respectful condolences for those who have lost their lives to COVID-19. I would also like to express my sincere respect and thanks for healthcare professionals engaged in the treatment of patients in the front line, and those engaged in essential works for people's lives.

We welcome the opportunity to present this report on our 121st business period (covering fiscal year 2020, from April 1, 2020 to March 31, 2021).

In May 2020, we defined “Our Purpose” – “to make the world more sustainable by building trust in society through innovation.” At the Management Direction Briefing in July 2020, we declared to realize Our Purpose through value creation for our customers and society in two business areas; “For Growth” which contributes to the business growth of our customers, and “For Stability” which contributes to the further stability of the business of our customers.

In order to realize Our Purpose, in the business area “For Growth,” we launched Fujitsu Japan Limited in October 2020 to establish the overwhelming position in the domestic market by solving various social issues in Japan with digital technology and data. Fujitsu Japan Limited has been in the full scale of operations since April 2021. In the business area “For Stability,” we have striven to strengthen the structure of the Solutions and Services business in Japan, including the consolidation of the knowledge and know-how of solutions and the development functions dispersed throughout the Group companies to the Company and Fujitsu Japan Limited, toward the improvement of productivity through the standardization of operations and the improvement of profitability in businesses through the elimination of redundant investments. In addition, we have promoted the transformation of ourselves such as the “Company-wide DX Project” and “Work Life Shift,” aiming to strengthen our competitiveness in the digital era.

Convinced that these initiatives will lead to further growth of the Fujitsu Group, we will continue to pursue them.

Regarding the financial performance in fiscal 2020, revenue decreased year on year due to the impact of COVID-19, along with a reactionary decline in demand following the especially strong demand for PCs in fiscal 2019, and the impact of business reorganization. Meanwhile, both operating profit and profit for the year were the highest ever, owing to the steady improvement of profitability in our main businesses and significant progress on streamlining costs, in addition to a one-time gain from the transfer of a business and a decrease in the burden of expenses for business model transformation. For details of our financial results, please refer to Page A-4 of this report.

Considering these financial results, the financial position, and the business environment from now on in, as announced in July 2020, we will pay an annual dividend of 200 yen for fiscal 2020. This is our fifth consecutive year of dividend increases, and a 20 yen increase from the annual dividend for fiscal 2019.

In fiscal 2021, we will continue to further promote creation of value offered to our customers and transformation of ourselves to realize the Purpose. Moreover, under the capital allocation policy that we announced in July 2020, we will continue to pay a stable dividend while expanding the amount of shareholder returns by proactively conducting repurchases of treasury stock with an eye on our capital efficiency.

We would like to ask for continued support and encouragement from all shareholders.

June 2021

Takahito Tokita, Representative Director and CEO

Notes:

1. Purpose: The reason Fujitsu exists in society; the objective of corporate activities
2. Company-wide DX Project: The project to transform operating processes, organizations, and corporate culture in addition to products, services, and business models
3. DX: Digital transformation. Using digital technologies and data to deliver completely new and innovative services and transform business processes
4. Work Life Shift: A new workstyle to deliver higher productivity than ever before and keep creating innovation even under the New Normal environment

Business Report

1. Business Overview (April 1, 2020 to March 31, 2021)

(1) Major Businesses of the Fujitsu Group (As of March 31, 2021)

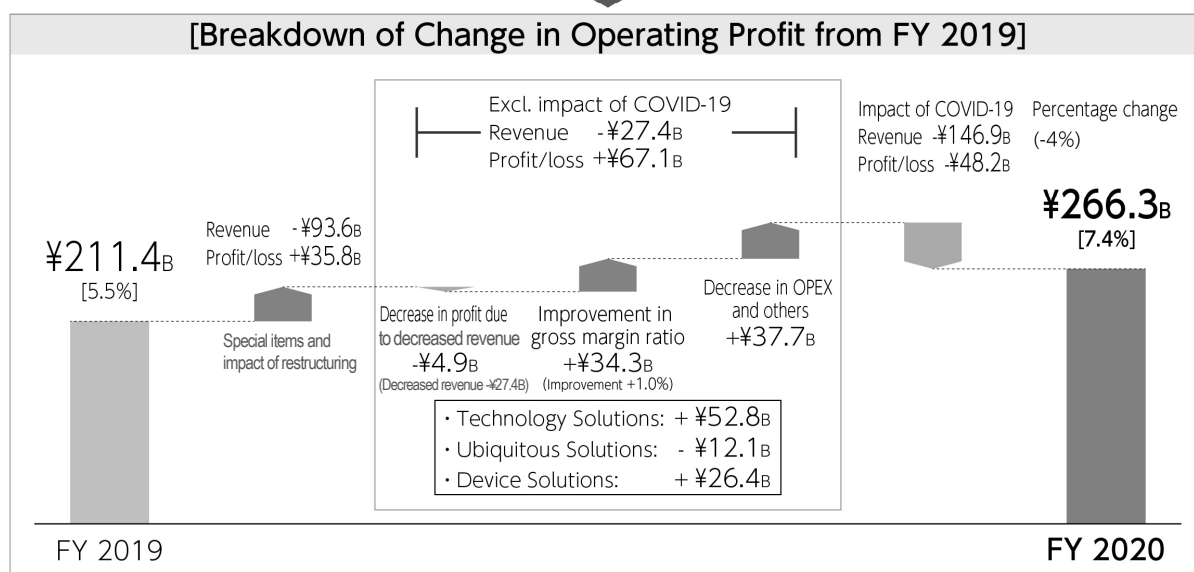
Fujitsu Limited and its subsidiaries are engaged in providing total solutions in the ICT field, delivering services as well as developing, manufacturing, selling, and maintaining the cutting-edge, high-performance, high-quality products and electronic devices that support these services. The main products and services of each segment are described below.

<i>Segment</i>	<i>Main products and services</i>
Technology Solutions	<p>[Solutions/Services]</p> <ul style="list-style-type: none"> ● Systems Integration (System Implementation, Business Application Services, etc.) ● Consulting ● Outsourcing Services (Data Center Services, ICT Managed Services, Application Managed Services, Business Process Outsourcing, etc.) ● Cloud Services (IaaS, PaaS, SaaS, etc.) ● Network Services (Business networks, etc.) ● System Support Services (ICT System and Network Maintenance and Monitoring Services, etc.) ● Security Solutions ● Software (Middleware) <p>[System Platforms]</p> <p>System Products</p> <ul style="list-style-type: none"> ● Servers (Mainframe, UNIX server, Mission Critical IA Server, PC server) ● Storage Systems ● Front End Technology (ATM, POS systems, etc.) ● Software (OS) ● Automotive Control Units and In-Vehicle information systems <p>Network Products</p> <ul style="list-style-type: none"> ● Network Management System ● Optical Transmission System ● Mobile Base Station
Ubiquitous Solutions	<ul style="list-style-type: none"> ● PCs
Device Solutions	<ul style="list-style-type: none"> ● Electronic components (Semiconductor package, battery, etc.)

(2) Trends and Results for the Consolidated Group**a) Overview**

Revenue	Operating profit [Operating profit margin]	Profit for the year attributable to owners of the parent
¥3,589.7 billion	¥266.3 billion [7.4%]	¥202.7 billion
[Change from FY 2019] -6.9% ↘	[Change from FY 2019] +¥54.8 billion (+1.9%) ↗	[Change from FY 2019] +¥42.6 billion ↗

Note: Revenue to unaffiliated customers



Note:

The Company revised its business segments in the first quarter of fiscal 2020. The Technology Solutions segment after the revision comprises of the four sub-segments; the “International Regions Excluding Japan” and the “Technology Solutions (Common),” in addition to the “Solutions/Services” and the “System Platforms” stated in (1) Major Businesses of the Fujitsu Group on Page A-3. For details, please refer to a press release on July 28, 2020 “Notice of Changes to Business Segments” (<https://www.fujitsu.com/global/about/resources/news/press-releases/2020/0728-01.html>).

Revenue and operating profit for fiscal 2018 and fiscal 2019 on Page A-6 are stated according to the new segments.

Consolidated revenue for fiscal 2020 was 3,589.7 billion yen, down 6.9% from fiscal 2019. While 5G base stations and electronic components businesses remained strong, revenue declined primarily due to the impact of COVID-19 (decline in revenue of 146.9 billion yen, mainly in the Technology Solutions segment) and a reactionary decline in demand following the PC replacement demand in fiscal 2019 as well as the impact of the transfer of the mobile phone retail store business in fiscal 2020.

Despite the impact of COVID-19 (decrease of 48.2 billion yen), operating profit recorded the highest ever at 266.3 billion yen for fiscal 2020, up 54.8 billion yen from fiscal 2019. Despite the impact of revenue decline, there were improvements in profitability of services and efficiency of expenses in addition to 5G base stations and electronic components businesses remaining strong in the actual business, excluding special items such as business model transformation expenses and the impact of restructuring.

Moreover, profit associated with the transfer of mobile phone retail store business was recorded as a special item for fiscal 2020, and there was a reduction in business model

transformation expenses, both of which contributed to the increase of operating profit.

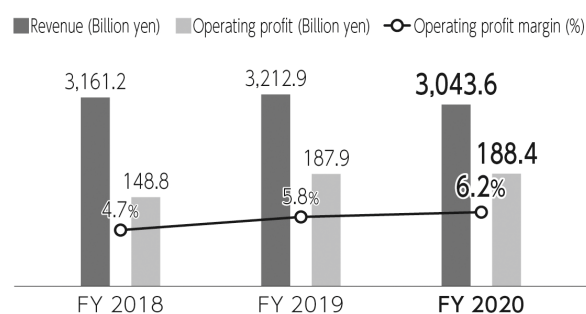
Net financial income, consisting of financial income, financial expenses, and income from investments accounted for using the equity method, net, was 25.5 billion yen, up 8.4 billion yen from fiscal 2019, attributable to the depreciation of yen toward the end of fiscal 2020 in addition to the profit relating to the initial public offering of QD Laser, Inc., which started as an internal startup company.

As a result, profit before income taxes was the highest ever at 291.8 billion yen, an increase of 63.2 billion yen from fiscal 2019.

Profit for the year attributable to owners of the parent was 202.7 billion yen, up 42.6 billion yen from fiscal 2019.

b) Overview by Business Segment

Technology Solutions



	FY 2018	FY 2019	FY 2020
Breakdown of Revenue			
Solutions/Services	1,760.2	1,883.0	1,765.9
System Platforms	625.4	647.0	665.4
International Regions Excluding Japan	861.7	766.3	723.7
Common	(86.1)	(83.5)	(111.5)
Breakdown of Operating Profit			
Solutions/Services	146.1	179.5	183.5
System Platforms	5.2	27.4	41.2
International Regions Excluding Japan	(25.7)	3.8	11.6
Common	23.2	(22.9)	(47.8)

To achieve transformation from an IT company to a DX company, the Company's basic policy is to grow the digital field (For Growth) while at the same time expanding revenue in the existing IT market (For Stability), such as conventional mission-critical systems, on foundation of the robust customer base.

Revenue in the Technology Solutions segment in fiscal 2020 amounted to 3,043.6 billion yen, a decrease of 5.3% year on year. Revenue in Japan decreased 4.8% year on year, while revenue outside Japan decreased 6.4% year on year.

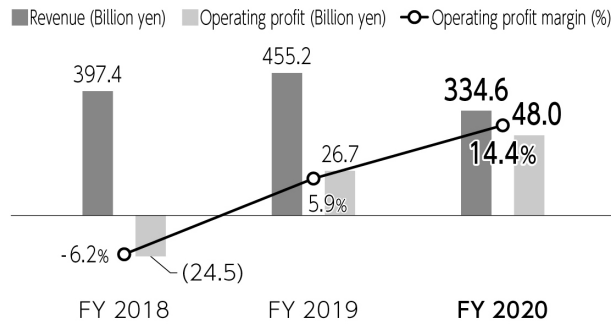
Revenue from the Solutions/Services sub-segment decreased due to a drop in sales of hardware integrated services such as PC set-up and development support which had performed well in fiscal 2019, in addition to the impact of COVID-19.

Overall revenue from the System Platforms sub-segment increased with the sales increase in Network Products reflecting an increase in deals regarding 5G base stations and reinforcement of optic fiber networks, offsetting the sales decrease in System Products due to the impact of COVID-19.

Revenue from the International Regions Excluding Japan sub-segment decreased due to the impact of COVID-19 and restructuring, despite the closing of the deal for a major public system development in Europe.

The segment posted an operating profit of 188.4 billion yen, up 0.5 billion yen compared to fiscal 2019. Operating profit was virtually unchanged from fiscal 2019 due to improvements in profitability in the Solutions/Services sub-segment and the effect of revenue increase in Network Products, despite the major impact of COVID-19.

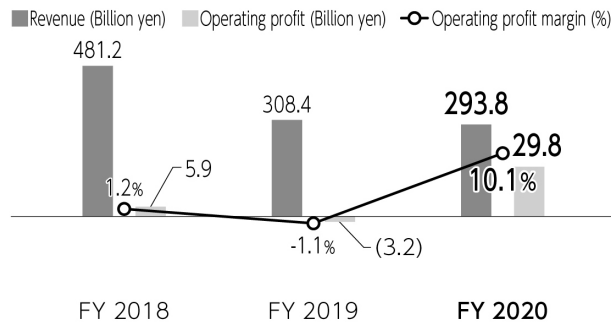
Ubiquitous Solutions



Revenue in the Ubiquitous Solutions segment was 334.6 billion yen, down 26.5% year on year. Revenue in Japan decreased 30.6% year on year and revenue outside Japan decreased 16.6% year on year. Revenue decreased greatly owing to a reactionary decline after the special demand relating to the Windows 7 in fiscal 2019 in addition to the effect of lower revenue due to the transfer of mobile phone retail store business.

Operating profit amounted to 48.0 billion yen, an increase of 21.2 billion yen from fiscal 2019. The increase was largely attributable to the profit associated with the transfer of mobile phone retail store business, and excluding the profit, operating profit decreased as a result of lower revenue.

Device Solutions



Revenue in the Device Solutions segment amounted to 293.8 billion yen, down 4.7% year on year. The decline in revenue was primarily due to the restructuring of Semiconductor Mie Plant and the print circuit board business in fiscal 2019. Revenue excluding the impact of the restructuring increased owing to increased demand for electronic components.

The segment posted an operating profit of 29.8 billion yen, representing an increase of 33.0 billion yen from fiscal 2019. Profit significantly increased partly owing to favorable market conditions for semiconductors globally.

Note: Revenue in each segment includes intersegment revenue.

(3) Consolidated Asset and Profit (Loss) Situation for the Most Recent Four Fiscal Years*Billion yen, except where stated*

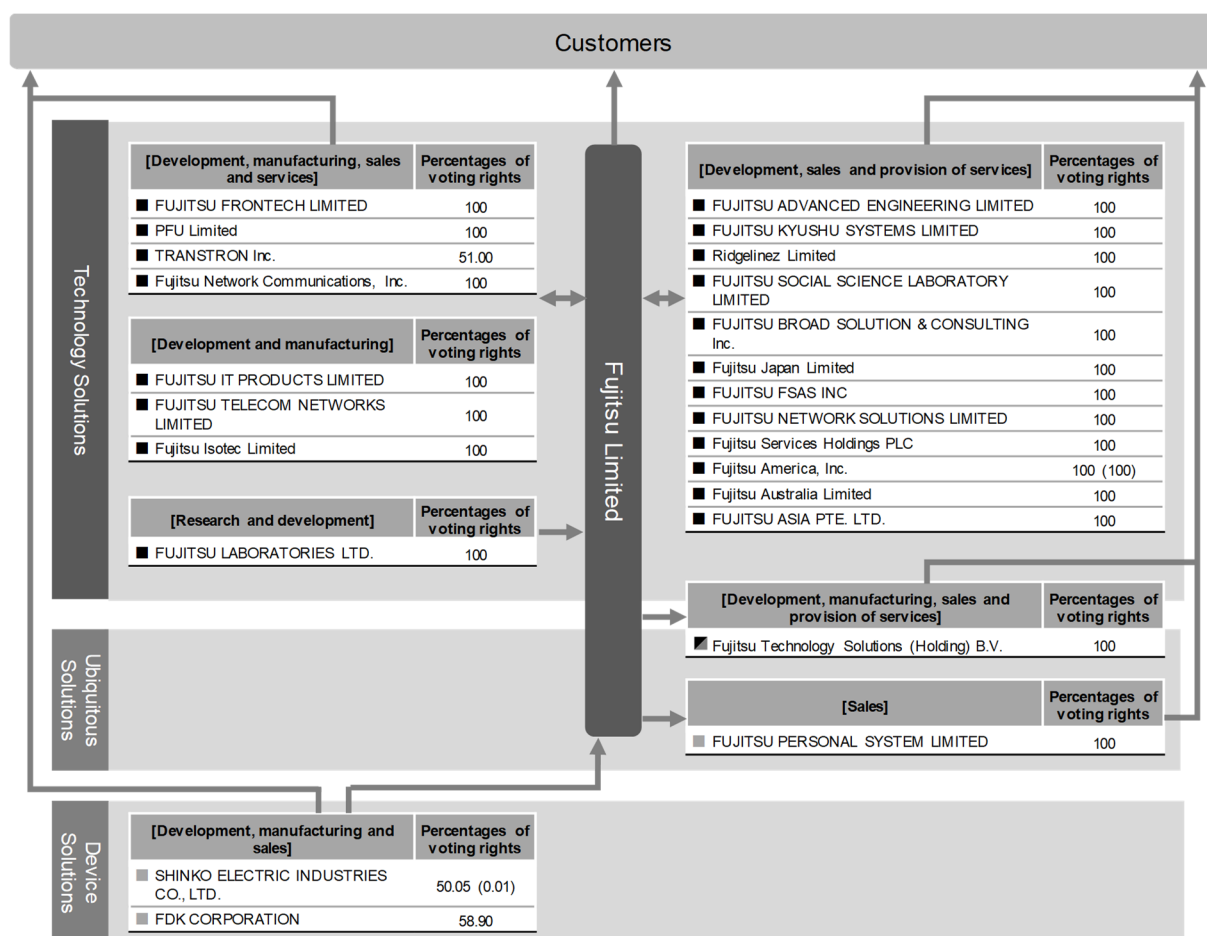
<i>Fiscal Year (Business period)</i>	<i>FY 2017 (118th)</i>	<i>FY 2018 (119th)</i>	<i>FY 2019 (120th)</i>	<i>FY 2020 (Current period)</i>
Revenue	¥4,098.3	¥3,952.4	¥3,857.7	¥3,589.7
Japan (included in Revenue)	2,591.5	2,517.0	2,629.2	2,417.6
Outside Japan (included in Revenue)	1,506.8	1,435.4	1,228.5	1,172.0
Ratio of Revenue Outside Japan [%]	[36.8]	[36.3]	[31.8]	[32.7]
Operating Profit	182.4	130.2	211.4	266.3
Operating Profit Margin [%]	[4.5]	[3.3]	[5.5]	[7.4]
Profit for the Year Attributable to Owners of the Parent	169.3	104.5	160.0	202.7
Basic Earnings per Share [yen]	825.32	512.50	791.20	1,013.78
Total Assets	3,121.5	3,104.8	3,187.4	3,190.2
Equity Attributable to Owners of the Parent	1,087.7	1,132.0	1,240.9	1,450.1
Equity Attributable to Owners of the Parent Ratio [%]	[34.8]	[36.5]	[38.9]	[45.5]
Equity per Share Attributable to Owners of the Parent [yen]	5,283.85	5,585.35	6,197.11	7,287.15
Free Cash Flow	177.8	103.5	233.0	236.3

Notes:

1. Pursuant to Article 120, paragraph (1) of the Regulation on Corporate Accounting, the Company prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).
2. Free cash flow: Total of cash flows from operating and investing activities
3. On October 1, 2018, the Company conducted consolidation of shares of common stock at a rate of one share for every ten shares. Basic Earnings per Share and Equity per Share Attributable to Owners of the Parent have been calculated on the basis that share consolidation had been conducted at the beginning of the 118th fiscal term.

(4) The Fujitsu Group

The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates (as of March 31, 2021) are shown below.



(Equity method affiliates)

FUJITSU GENERAL LIMITED **44.09%**, FUJITSU LEASING Co., Ltd. **20.00%**, Socionext Inc. **40.00%**, FUJITSU CONNECTED TECHNOLOGIES LIMITED **30.00%**, FUJITSU CLIENT COMPUTING LIMITED **44.00%**, FUJITSU COMPONENT LIMITED **25.00%**, etc.

Notes:

1. Percentages are percentages of voting rights and figures in parentheses are indirect shareholdings, which are included in the percentages of voting rights.
2. FUJITSU CLIENT COMPUTING LIMITED delivers parts of personal computers for enterprises it develops and manufactures to the Company.

(5) Significant Realignment

- 1) On July 1, 2020, the Company absorbed and merged with FUJITSU DESIGN LIMITED.
- 2) On October 1, 2020, FUJITSU FIP CORPORATION merged with Fujitsu Marketing Limited and dissolved. On October 1, 2020, Fujitsu Marketing Limited changed its trade name to Fujitsu Japan Limited.
- 3) On July 30, 2020, the Company started to acquire outstanding shares of FUJITSU FRONTECH LIMITED through a tender offer, and made it a wholly owned subsidiary of the Company on December 28, 2020 through prescribed procedures.
- 4) As of December 28, 2020, Fujitsu Electronics Inc. is not within the scope of equity method affiliates, following the transfer of its shares from FUJITSU SEMICONDUCTOR LIMITED to Kaga Electronics Co., Ltd.

(6) Capital Expenditures

Capital expenditures in fiscal 2020 totaled 87.5 billion yen, a decrease of 9.2% compared with fiscal 2019.

In the Technology Solutions segment, capital expenditures amounted to 46.6 billion yen, primarily for equipment related to the service business and office renovation associated with Borderless Office, an initiative we promote to review the usage of offices. In the Ubiquitous Solutions segment, capital expenditures amounted to 0.2 billion yen, mainly for the PC business. In the Device Solutions segment, capital expenditures amounted to 40.7 billion yen, mainly for production equipment for electronic components at Shinko Electric Industries Co., Ltd.

(7) Capital Procurement

During fiscal 2020, the Company did not engage in capital procurement by means of issuance of shares or bonds.

(8) Principal Lenders (As of March 31, 2021)

<i>Lender</i>	<i>Loan amount (million yen)</i>
MUFG Bank, Ltd.	38,363
Sumitomo Mitsui Banking Corporation	20,260
Mizuho Bank, Ltd.	12,437
Sumitomo Mitsui Trust Bank, Limited	11,780
The Hachijuni Bank, Ltd.	9,000

(9) Key Challenges Ahead

The Fujitsu Group has set out Our Purpose “to make the world more sustainable by building trust in society through innovation.” To realize Our Purpose, the Fujitsu Group strives for sound profit and growth, while continually enhancing its corporate value.

[Market environment]

Regarding the market environment in which the Fujitsu Group operates, the existing IT market, such as conventional mission-critical systems, is expected to shrink at a moderate pace from now on. On the other hand, replacement of legacy systems and spending on modernization to increase efficiency are predicted to solidly increase. Moreover, spending on digitization, including AI, data utilization, and IoT, is expected to expand due to the effect of COVID-19 in addition to the market demand.

In these circumstances, spearheading digital transformation (DX) of companies, demand for which is rising, the Fujitsu Group aims to transform itself into a DX company that contributes to resolution of social issues. To this end, the Fujitsu Group formulated a Management Direction through discussion at the Board of Directors Meetings, the Independent Directors & Auditors Council, and other opportunities and announced it in July 2020.

[Outline of the Management Direction]

The Company defined its Purpose, “to make the world more sustainable by building trust in society through innovation,” and reformulated the Fujitsu Way for the first time in 12 years. The new “Fujitsu Way,” which provides the foundation of autonomous decision-making and actions for executives and employees as they work to realize the Purpose, comprises of three components; “Our Purpose,” “Our Values,” and the “Code of Conduct.” The Company shall treat all of the Fujitsu Group’s business activities as activities for achieving the Purpose.

The Fujitsu Group classified its business areas into two major categories based on value to deliver to customers. The digital field comprising of the DX business based on technologies such as AI and data utilization, and modernization including migration to the cloud that collectively represents an essential step in realizing DX, is defined as a business area “For Growth,” which contributes to the business transformation and the growth of customers. Positioning the field as the growth area, the Fujitsu Group aims to grow both of its scale and profitability. The conventional IT field, including the maintenance and operation of systems as well as the provision and maintenance of products, is defined as a business area “For Stability,” which contributes to the stable operation of customer IT platforms and quality improvement. In the area, the Fujitsu Group aims to raise profitability through further improved efficiency.

The Fujitsu Group will implement the following measures “For Growth.”

The Fujitsu Group revised its formation to create a six-region structure including Japan to steadily implement its strategy on a global basis. Under the new structure, the Fujitsu Group will provide services optimized for each region, while implementing portfolios, account plans, and services and offerings that are common on a global basis. Regarding the technologies supporting these services, the Fujitsu Group is striving to establish strengths unique to the Fujitsu Group, and will concentrate its resources to strengthen the seven technologies defined as the key technology fields; computing, AI, 5G network, cybersecurity, cloud, data management, and IoT.

In order to develop strategic solutions to grow the DX business, with an eye to create new markets, the Company is working on the data platform business, the cross-industrial value exchange platform business utilizing tokens, and so on, while forming ecosystems with the companies that hold expertise in such business areas.

On October 1, 2020, the Company launched Fujitsu Japan Limited, a new company responsible for business in Japan to enhance its business rooted in the Japanese market. The new company will take responsibility for business in areas where factors that are unique to Japan play a major role, including local governments, education, healthcare, and medium-sized companies in the private sector.

In addition, in order to become a DX partner of its customers, the Group is implementing internal reforms to accelerate DX of the Fujitsu Group itself, including the upgrading of human resources and structure.

In order to realize data-driven management with speedy management decision-making based on data, the Company has been upgrading its processes and systems. On July 1, 2020, the Company launched the “Company-wide DX Project” to drive the initiative across the Company. On the same day, the Company also established Design Center to implement Design Management which uses Design Thinking in all kinds of business activities. The Company is also promoting “Work Life Shift” based on remote work, and will improve its personnel system and office environment to foster workstyles and mindsets that are suitable for a DX company.

To execute these initiatives, the Company will actively make necessary investments. In addition to external investments including the development of services and offerings and M&A as well as strategic investments for the expansion of the DX business in the future, the Company will also invest in the recruitment of sophisticated talent and in the strengthening of internal human resources and systems.

The Company will also strengthen its non-financial initiatives. To realize the Purpose set out by the Fujitsu Group, it is essential for the Group itself to achieve sustainable growth for the Fujitsu Group. To that end, the Group needs to build relationships of trust with all the stakeholders surrounding the Group. From that perspective, the Company will set new management indicators to evaluate non-financial activities, taking society, customers and employees into consideration.

The Company has established seven key issues under the heading of Global Responsible Business, including Human Rights, Diversity and Inclusion, Well-being, Environment, Compliance, Supply Chain, Health and Safety, and Community that the Company should focus on as a responsible global company. Each issue is related with each other, and the Company believes that focusing on these seven issues will lead to greater trust from customers and employees. For that purpose, the Company has set non-financial indicators, “net promoter score” as an indicator of trust from customers, and “employee engagement.” In addition, the Company objectively measures progress in transforming its organization and culture using the Ministry of Economy, Trade and Industry of Japan’s “DX Promotion Indices,” and works toward continual improvements.

In order to strengthen quality management and risk management, on November 1, 2020, the Company reformed its organization with enhanced quality management function, and established CORPORATE RISK MANAGEMENT DIVISION under the CEO. The Company also launched a project to implement company-wide inspections to prevent critical system faults and started its activities. The Company will work on the stable operation and quality improvement of the IT infrastructure of its customers toward the further stabilization of their businesses.

As for the financial management targets, the Fujitsu Group aims to achieve revenue of 3.5 trillion yen and consolidated operating profit margin of 10% in the Technology Solutions in fiscal 2022.

By working on both financial and non-financial management indicators, the Fujitsu Group

seeks to make stable contribution to society and customers over the long term, and to create, as a result, a positive loop that will lead again to the Fujitsu Group's own growth.

The spread of COVID-19 is affecting the economic activities on a global basis, with a wide variety of impacts on each industry, while the prospects for recovery is still uncertain. On the other hand, the IT-related demand stemming from remote work and online education as new lifestyles is expected to expand. Leveraging its digital technologies as well as track record and knowledge in the wide range of industries, the Group will contribute to creating a safe and convenient society in which data are more complexly connected centering around people.

2. Company Overview

(1) Stock (As of March 31, 2021)

- a) Number of Authorized Shares: 500,000,000
- b) Number of Outstanding Shares: 207,001,821
- c) Stated Capital: ¥324,625,075,685
- d) Shares Issued
During the Business Period: There was no issuance of shares during the business period.
- e) Number of Shareholders: 108,464 (10,030 decrease from the end of fiscal 2019)

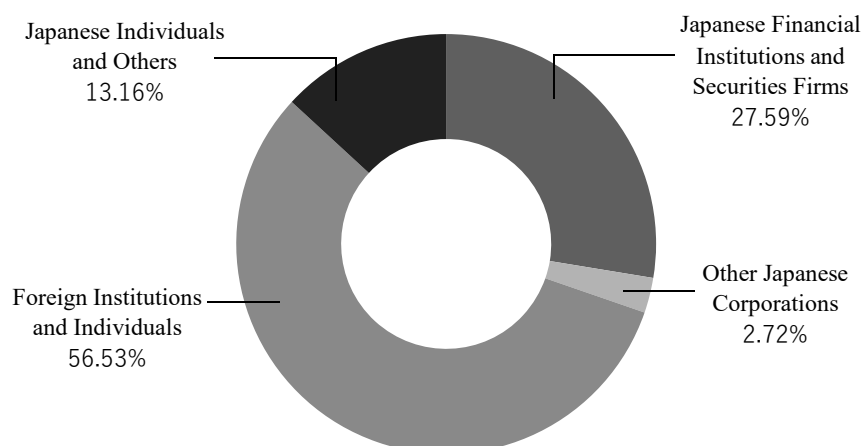
f) Principal Shareholders

Name	Number of shares held (thousands)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (for trust)	16,807	8.45
Ichigo Trust Pte. Ltd.	14,899	7.49
Custody Bank of Japan, Ltd. (for trust)	10,395	5.22
GIC PRIVATE LIMITED – C	5,491	2.76
Fujitsu Employee Shareholding Association	4,442	2.23
Asahi Mutual Life Insurance Company	3,518	1.77
Custody Bank of Japan, Ltd. (for trust 7)	3,396	1.71
STATE STREET BANK WEST CLIENT - TREATY 505234	3,220	1.62
STATE STREET BANK AND TRUST COMPANY 505103	3,002	1.51
Fuji Electric Co., Ltd.	2,844	1.43

Notes:

- The investment ratio is calculated after exclusion of treasury stock holdings (8,002,339 shares).
- The shares held by The Master Trust Bank of Japan, Ltd. (for trust), Custody Bank of Japan, Ltd. (for trust), and Custody Bank of Japan, Ltd. (for trust 7) pertain to their trust business.

< Equity Shareholdings by Type of Shareholder >



g) Shares Granted as Consideration for Duties Performed by the Company's Directors and Auditors during Fiscal 2020

	<i>Number of shares granted</i>	<i>No. of grantees</i>
Directors (excluding External Directors)	945	2
External Directors	—	—
Audit & Supervisory Board Members	—	—

Note: The details of our stock compensation are described in Performance-based Stock Compensation on Pages A-20.

h) Important Matters Concerning the Stock

On January 30, 2020, the Company made a decision to repurchase its common stock up to either a maximum of 5,500,000 shares or a maximum aggregate purchase value of 50 billion yen during the period from February 3, 2020 to February 2, 2021, and purchased approximately 1,260,000 shares of its common stock with the aggregate purchase value of approximately 19.9 billion yen during fiscal 2020.

(2) Stock Acquisition Rights

As of March 31, 2021, no stock acquisition right was granted as consideration for duties performed by the Company's Directors and Auditors, and no stock acquisition right was granted to employees in fiscal 2020 as consideration for duties.

(3) Management

a) Directors and Audit & Supervisory Board Members (As of March 31, 2021)

<i>Position</i>	<i>Name</i>	<i>Areas of Responsibility</i>	<i>External Director/ Auditor</i>	<i>Independent Director/ Auditor</i>
Representative Director and CEO	Takahito Tokita	CDXO, Chairman of the Risk Management & Compliance Committee		
Representative Director and COO	Hidenori Furuta	CTO		
Director and Corporate Executive Officer, SEVP	Takeshi Isobe	CFO		
Director and Senior Advisor	Masami Yamamoto			
Director	Jun Yokota	Chairperson of the Executive Nomination Committee Member of the Compensation Committee	○	○
Director	Chiaki Mukai	Chairperson of the Compensation Committee Member of the Executive Nomination Committee	○	○
Director	Atsushi Abe	Chairman of the Board of Directors	○	○
Director	Yoshiko Kojo	Member of the Executive Nomination Committee and Compensation Committee	○	○
Director	Scott Callon		○	○
Audit & Supervisory Board Member	Youichi Hirose			
Audit & Supervisory Board Member	Megumi Yamamuro			
External Audit & Supervisory Board Member	Koji Hatsukawa		○	○
External Audit & Supervisory Board Member	Hideo Makuta		○	○

Notes:

- Independence of Directors and Audit & Supervisory Board Members is judged based on the Company's independence standards. (For details, please refer to Page 5.)
- Director and Senior Advisor Masami Yamamoto concurrently serves as a Director (external member of the board) of JFE Holdings, Inc. and a Member of the Board of Directors (Outside Director), Mizuho Financial Group, Inc.
- Audit & Supervisory Board Member Megumi Yamamuro retired as External Audit & Supervisory Board Member due to the expiration of his term of office at the close of the 120th Annual Shareholders' Meeting held on June 22, 2020, and was newly elected and assumed office as Audit & Supervisory Board Member at that meeting. Furthermore, at the Audit & Supervisory Board Meeting held after the close of the 120th Annual Shareholders' Meeting, he was appointed and assumed office as Audit & Supervisory Board Member.
- Audit & Supervisory Board Member Youichi Hirose has lengthy experience of finance and accounting, including former service as Head of Corporate Finance Unit of the Company, and he has extensive knowledge of finance and accounting. He concurrently serves as an External Audit & Supervisory Board Member, FUJITSU GENERAL LIMITED.
Audit & Supervisory Board Member Koji Hatsukawa has a wealth of experience in auditing global companies as a Certified Public Accountant, and he has extensive knowledge about finance and accounting.
Audit & Supervisory Board Member Hideo Makuta served as a Public Prosecutor and as a Commissioner of the Fair Trade Commission, and because of his abundant experience of economic affairs, he has extensive knowledge of finance and accounting.

5. Significant concurrent positions of External Directors and Auditors are described in 3. Concurrent Positions of External Directors and Auditors and Their Activities in the “Disclosed Information on the Internet at the Time of Notice of the 121st Annual Shareholders’ Meeting.”
6. CDXO, CTO, and CFO are abbreviations of Chief Digital Transformation Officer, Chief Technology Officer, and Chief Financial Officer, respectively.

b) Overview of Liability Limitation Agreement

The Company has entered into an agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act with each of the Non-Executive Directors and Audit & Supervisory Board Members. The maximum amount of liability for damages in accordance with the relevant agreement is the minimum liability amount stipulated by laws and regulations. The said liability limitation shall apply only when a relevant Non-Executive Director or Audit & Supervisory Board Member executes a duty that created a liability in good faith and without gross negligence.

Note:

Non-Executive Directors refer to External Directors, and Director and Senior Advisor Masami Yamamoto.

c) Compensation of Directors and Audit & Supervisory Board Members

A. Policy on the Determination of Executive Compensation

To make its executive compensation systems even more transparent, Fujitsu established a Compensation Committee based on a corporate resolution of the Board of Directors in October 2009. Compensation of Directors and Audit & Supervisory Board Members, which is aggregated in B. “Total Compensation Paid for Fiscal 2020,” is determined within the scope of total compensation established by resolution of the Annual Shareholders’ Meeting based on the framework of the policy on the determination of the details of compensation, etc. for individual Directors (hereinafter referred to as “The Determination Policy”), which was determined by the Board of Directors following the recommendation by the Compensation Committee. Compensation for each Director is determined by the Representative Director and CEO subject to the approval of the Compensation Committee, and compensation for each Audit & Supervisory Board Member is decided based on consultation with the Audit & Supervisory Board Members.

In addition, the Board of Directors has confirmed that it did not receive any report from the Compensation Committee that the details of compensation for individual Directors for fiscal 2020 were outside the Determination Policy, and that the determination of the details of said compensation was in conformity with the above operation. The Board of Directors therefore has judged that the compensation for individual Directors for fiscal 2020 is in line with the Determination Policy.

The details of the Determination Policy are as follows.

(a) Summary

To secure exceptional human resources required to manage the Fujitsu Group as a global ICT company, and to further strengthen the link between its financial performance and shareholder value, while at the same time improving its transparency, executive compensation is comprised of the following: “Base Compensation,” specifically a fixed monthly salary in accordance with position and responsibilities; “Bonuses” that are compensation linked to short-term business performance; and “Performance-based Stock Compensation,” which is a long-term incentive that emphasizes the connection to shareholder value.

(b) Base Compensation

Base compensation is paid to all Directors and Audit & Supervisory Board Members. A fixed monthly amount shall be determined for each executive in accordance with the position and responsibilities of each executive.

(c) Bonuses

- Bonuses shall be paid to Executive Directors. The amount of a bonus shall reflect business performance in the respective fiscal year.
- As a specific method for calculating Bonuses, Fujitsu shall adopt an “On Target model” that is based primarily on consolidated revenue and consolidated operating profit as indices and the amount shall be determined in accordance with the degree of achievement of the performance targets for the respective fiscal year.

(d) Performance-based Stock Compensation

- Performance-based stock compensation shall be granted to Executive Directors, in order to share the profit with shareholders and as an incentive to contribute to enhancement of medium- to long-term performance.
- A base number of shares in accordance with respective rank, performance judging period (three years), mid- to long-term performance targets in terms of consolidated revenue and consolidated operating profit, and coefficient according to performance achievement level vis-à-vis the mid- to long-term performance targets shall be set in advance. The number of shares to be allocated for each fiscal year shall be calculated by multiplying the base number of shares and the coefficient according to the performance achievement level, and the total number of shares calculated shall be allocated upon completion of the performance evaluation period.

(e) Composition Ratio for Each Type of Executive Compensation

- With the aim of setting competitive compensation that contributes to securing and maintaining exceptional human resources, executive compensation shall be determined based on the financial position of the Company, comparing the compensation composition ratio and compensation levels for each executive position at other companies with similar business lines and similar scale as benchmarks.
- The ratio of performance-based compensation to the total compensation for Executive Directors shall be determined so as to strengthen the link between the Group’s financial performance and shareholder value by setting the higher ratio to the higher rank.
- In the decision process, the Compensation Committee shall deliberate to ensure objectivity and validity.

B. Total Compensation Paid for Fiscal 2020

Section	No. of qualified persons	Types of Compensation (Million yen)			Total Amount Paid (Million yen)
		Base compensation	Bonuses	Performance-based stock compensation	
a. Directors	10	294	120	208	623
b. External Directors (included in a.)	5	75	—	—	75
c. Audit & Supervisory Board Members	7	105	—	—	105
d. External Audit & Supervisory Board Members (included in c.)	4	33	—	—	33
e. Total	17	400	120	208	729
f. Total External Directors/Auditors (included in e.)	9	109	—	—	109

Notes:

- Includes Directors and Audit & Supervisory Board Members who resigned in fiscal 2020. As the displayed compensation amounts have been rounded down to millions of yen, the displayed compensation amounts in the total rows may not match the sum of the displayed compensation amounts in the Directors and Audit & Supervisory Board Members rows.
- The limit on monetary compensation to Directors was resolved to be 600 million yen per year at the 106th Annual Shareholders' Meeting held on June 23, 2006, at the close of which the number of Directors was ten (including two External Directors). The limit on non-monetary compensation was resolved to be 300 million yen per year and the total number of shares of common stock of the Company to be allocated to be within 43,000 shares* per year at the 117th Annual Shareholders' Meeting held on June 26, 2017, at the end of which the number of Directors was ten (including four External Directors). The limit on compensation to Audit & Supervisory Board Members was resolved to be 150 million yen per year at the 111th Annual Shareholders' Meeting held on June 23, 2011, at the close of which the number of Audit & Supervisory Board Members was five (including three External Audit & Supervisory Board Members). The Company pays the compensation shown in the above table within these limits.
* The Company conducted consolidation of shares at a rate of one share for every ten shares effective October 1, 2018, and thus the number of shares after the consolidation of shares is indicated here.
- For performance-based stock compensation, the amount charged to expenses during fiscal 2020 is stated.

C. Matters Related to Performance-based Compensation

i) Details of performance indicators for the calculation basis and reason for selecting them

In order to provide Executive Directors with an incentive to achieve their performance targets for one fiscal year with regard to bonuses, and to provide Executive Directors with an incentive to increase corporate value over the medium to long term with regard to performance-based stock compensation as well as to further promote management from the perspective of shareholders, the Company has selected revenue and operating profit of the consolidated financial results, which are set out as management target indicators for each type of compensation, as indicators for bonuses and performance-based stock compensation.

ii) Calculation method

(a) Bonuses

At the beginning of each fiscal year, the Company will present the Executive Directors with a base bonus amount in accordance with performance targets and respective rank. Then, at the end of the relevant fiscal year, the bonus amount to be paid will be calculated by multiplying the base bonus amount by the coefficient, which was set within a certain range in accordance with the level of achievement of the performance targets set in advance. No bonus will be paid if the degree of achievement is less than the preset lower limit. In addition, if the degree of achievement exceeds the preset upper limit, the amount obtained by multiplying the base bonus amount by the preset upper limit

of the coefficient will be paid.

(b) Performance-based Stock Compensation

The Company will present to Executive Directors a base number of shares in accordance with respective rank, performance judging period (three fiscal years) and performance targets in advance. The number of shares, which is calculated by multiplying base number of shares by a fixed coefficient according to the level of achievement of the performance targets, is fixed at each fiscal year and upon completion of the performance judging period. When the performance judging period is over, the total number of shares is allocated to each applicable person under the condition that they continued to be in the position of an applicable person in the plan throughout the performance judging period. Then, monetary compensation claims comparable to market value of allocated shares are provided to the Executive Directors. The Executive Directors invest these monetary compensation claims in allocated shares to acquire shares of the Company.

The Executive Directors may transfer acquired shares of the Company at their own discretion unless they violate regulations regarding insider trading.

iii) Targets and actual results of performance indicators related to performance-based compensation for fiscal 2020

	<i>Targets (Billion yen)</i>	<i>Results (Billion yen)</i>
Consolidated revenue	3,610.0	3,589.7
Consolidated operating profit	212.0	266.3

D. Matters Related to Delegation of Determination of Compensation for Individual Directors

Based on the recommendations from the Compensation Committee, which is an advisory body to the Board of Directors, the Board of Directors has established the Determination Policy and determines the level of compensation for individual Directors within the framework. The Company believes that the indicators used to determine compensation and the amount to be paid when the target is achieved should be decided by the Representative Director and CEO, who is in charge of business operations, based on his own ideas in order to realize the management direction decided by the Board of Directors. Thus, the Company has delegated the authority to make decisions to Takahito Tokita, Representative Director and CEO, subject to the approval of the Compensation Committee.

d) Other Matters Regarding Management

● **Executive Nomination Committee and Compensation Committee**

The Company has established the Executive Nomination Committee and the Compensation Committee as advisory bodies to its Board of Directors to ensure the transparency and objectivity of its process for nominating Directors and Audit & Supervisory Board Members and for determining executive compensation as well as to ensure the fairness of the system and level of executive compensation.

The Executive Nomination Committee deliberates about candidates for Director and Audit & Supervisory Board Member positions in accordance with the “Structural framework” and the “Procedures and policy of Directors and Auditors nomination/dismissal” stipulated in the Company’s Corporate Governance Policy and provides its recommendations to the Board of Directors. In addition, the Compensation Committee provides its recommendations about the level of base compensation and the method for calculating performance-based compensation to the Board of Directors in accordance with the “Procedures and policy of determining Directors and Auditors compensation” stipulated in the Company’s Corporate Governance Policy.

Members of the Executive Nomination Committee and the Compensation Committee were as

follows as of March 31, 2021:

<Executive Nomination Committee>

Chairperson: Jun Yokota
Members: Chiaki Mukai, Yoshiko Kojo

<Compensation Committee>

Chairperson: Chiaki Mukai
Members: Jun Yokota, Yoshiko Kojo

After the selection of the above committee members in July 2020, the Executive Nomination Committee met three times by the end of fiscal 2020 and discussed the nomination of Representative Directors including CEO, candidates for Director, etc., and provided its recommendations to the Board of Directors. The Compensation Committee met twice by the end of fiscal 2020 and discussed the level of compensation for Directors and Auditors, composition ratio, etc., and provided its recommendations to the Board of Directors.

* The full text of the Corporate Governance Policy is available at the Company's website.
(<https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf>).

● **Independent Directors & Auditors Council**

In response to the requirements of Japan's Corporate Governance Code, which facilitates the activities of Independent Directors and Auditors, and in order to invigorate discussions on the medium- to long-term direction of the Company at its Board of Directors Meetings, the Company believes it essential to establish a system enabling Independent Directors and Auditors, who maintain a certain degree of separation from the execution of business activities, to consistently gain a deeper understanding of the Company's business. Based on this recognition, the Company established the Independent Directors and Auditors Council. In the Independent Directors and Auditors Council, members discuss the medium- to long-term direction of the Company and share information and exchange viewpoints so that they can each formulate their own opinions.

In fiscal 2020, the Independent Directors and Auditors Council met nine times. The members shared information and exchanged viewpoints on the Company's management direction, the scope of business of the Company and of the Fujitsu Group, etc., and the Council provided advice to the Board of Directors based on the knowledge of its members.

(4) Basic Policy on the Control of the Company

Based on the fundamental recognition that the increase in corporate value creates the defensive power as a consequence, the Company is focusing on increasing corporate value and does not adopt any specific antitakeover measures at this time.

In the case that an acquisition offer is made to the Company, the Board of Directors takes appropriate action based on the recognition that the shareholders determine where the control of the Company lies.

(5) Policy on Decision Regarding Dividends of Surplus etc.

Article 40 of the Company's Articles of Incorporation grants the Board of Directors the authority to distribute surplus. As part of its basic policy on the exercise of this authority, the Company believes that a portion of surplus should continue to be paid to stable dividends of surplus to shareholders based on sustainable business growth, in accordance with the capital allocation policy announced in July 2020. In addition, while balancing the funding needs, the Company will flexibly repurchase the Company's own shares using long-term surplus funds.

(6) Accounting Auditor

- a) Name of the Accounting Auditor: Ernst & Young ShinNihon LLC
 b) Remuneration to be Paid to the Accounting Auditor

	<i>(Million yen)</i>
(1) Amount of remuneration, etc. as an accounting auditor for fiscal 2020	483
(2) Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	836

Notes:

- The Company does not clearly differentiate the amounts of compensation for an audit under the Companies Act from an audit under the Financial Instruments and Exchange Act. The Amount stated (1) thus includes the compensation for the audit under the Financial Instruments and Exchange Act.
- Some subsidiaries of the Company receive an audit from an audit corporation other than the accounting auditor of the Company.
- The Audit & Supervisory Board, in accordance with the Company's Standards for Nomination and Evaluation of Accounting Auditor, evaluated the performance of auditing by the accounting auditor in fiscal 2019 and, reflecting the evaluation results, reviewed appropriateness of the audit plan for fiscal 2020 in terms of the time spent on auditing and staffing, the status of execution of duties by the Accounting Auditor, and the estimated amount of remuneration. As a result, the Audit & Supervisory Board gave consent pursuant to Article 399, paragraph (1) of the Companies Act concerning compensation for the accounting auditor.

c) Contents of Non-Audit Services

The Company commissioned the accounting auditor to provide services mainly concerning assurance report on internal control over the Company's cloud service, which fall outside the scope of attestation services under Article 2, paragraph (1) of the Certified Public Accountants Act, and paid fees.

d) Policy on Decision of Dismissal and Refusal of Reappointment of the Accounting Auditor

When it is considered that the accounting auditor falls under any of the items stipulated in Article 340, paragraph (1) of the Companies Act, the Company will dismiss the accounting auditor subject to the unanimous consent of the Audit & Supervisory Board Members.

In addition to the above, the Audit & Supervisory Board will determine the content of a shareholder resolution to be proposed at an Annual Shareholders' Meeting to dismiss or refuse the reappointment of the accounting auditor, when it is deemed to be difficult for the accounting auditor to execute auditing properly because of the occurrence of events that impair its qualification, independence or expertise, or when otherwise events occur that the Audit & Supervisory Board judges make it necessary to do so.

Consolidated Statement of Financial Position

(As of March 31, 2021)

	<u>Millions of yen</u>
Assets	
Current assets:	
Cash and cash equivalents	Y 481,832
Trade receivables	859,930
Other receivables	48,769
Inventories	237,013
Others	233,333
Subtotal	<u>1,860,877</u>
Assets held for sale	12,215
Total current assets	<u>1,873,092</u>
Non-current assets:	
Property, plant and equipment, net of accumulated depreciation	569,593
Goodwill	41,239
Intangible assets	120,459
Investments accounted for using the equity method	154,396
Other investments	176,891
Deferred tax assets	76,661
Others	177,875
Total non-current assets	<u>1,317,114</u>
Total assets	<u>Y 3,190,206</u>

	<u>Millions of yen</u>
Liabilities and Equity	
Liabilities	
Current liabilities:	
Trade payables	Y 468,139
Other payables	358,425
Short-term borrowings, current portion of long-term debt and lease liabilities	174,268
Accrued income taxes	32,183
Provisions	60,680
Others	194,757
Subtotal	<u>1,288,452</u>
Liabilities directly associated with assets held for sale	<u>1,045</u>
Total current liabilities	<u>1,289,497</u>
Non-current liabilities:	
Long-term debt and lease liabilities	142,057
Retirement benefit liabilities	149,994
Provisions	26,615
Deffered tax liabilities	8,451
Others	26,687
Total non-current liabilities	<u>353,804</u>
Total Liabilities	<u>1,643,301</u>
Equity	
Share capital	324,625
Capital surplus	241,254
Treasury stock, at cost	(79,495)
Retained earnings	909,139
Other components of equity	54,616
Total equity attributable to owners of the parent	<u>1,450,139</u>
Non-controlling interests	96,766
Total Equity	<u>1,546,905</u>
Total Liabilities and Equity	<u>Y 3,190,206</u>

Consolidated Statement of Profit or Loss

(Year ended March 31, 2021)

	<u>Millions of yen</u>
Revenue	Y 3,589,702
Cost of sales	(2,509,454)
Gross profit	1,080,248
Selling, general and administrative expenses	(834,519)
Other income	46,748
Other expenses	(26,153)
Operating Profit	266,324
Financial income	14,200
Financial expenses	(3,995)
Income from investments accounted for using the equity method, net	15,326
Profit before income taxes	291,855
Income tax expenses	(78,332)
Profit for the year	Y 213,523
Profit for the year attributable to:	
Owners of the parent	202,700
Non-controlling interests	10,823
Total	Y 213,523

Consolidated Statement of Changes in Equity

(Year ended March 31, 2021)

(Millions of yen)

	Equity Attributable to Owners of the Parent			
	Share Capital	Capital surplus	Treasury stock, at Cost	Retained Earnings
Beginning balance	324,625	237,654	(59,614)	735,920
Profit for the year	-	-	-	202,700
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	-	202,700
Purchase of treasury stock	-	-	(20,141)	-
Disposal of treasury stock	-	1	3	-
Share-based payment transactions	-	1,284	257	-
Dividends paid	-	-	-	(40,052)
Transfer to retained earnings	-	-	-	9,996
Acquisition (disposal) of non-controlling interests	-	3,064	-	-
Changes in ownership interests in subsidiaries	-	27	-	(23)
Others	-	(776)	-	598
Ending balance	324,625	241,254	(79,495)	909,139

	Equity Attributable to Owners of the Parent					Total Equity Attributable to Owners of the Parent
	Other Components of Equity					
	Foreign Currency Translation Adjustment	Cash Flow Hedges	Financial Assets Measured at Fair Value through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	Total Other Components of Equity	
Beginning balance	(30,095)	(289)	32,755	-	2,371	1,240,956
Profit for the year	-	-	-	-	-	202,700
Other comprehensive income	23,902	164	31,285	6,894	62,245	62,245
Total comprehensive income for the year	23,902	164	31,285	6,894	62,245	264,945
Purchase of treasury stock	-	-	-	-	-	(20,141)
Disposal of treasury stock	-	-	-	-	-	4
Share-based payment transactions	-	-	-	-	-	1,541
Dividends paid	-	-	-	-	-	(40,052)
Transfer to retained earnings	-	-	(3,102)	(6,894)	(9,996)	-
Acquisition (disposal) of non-controlling interests	-	-	-	-	-	3,064
Changes in ownership interests in subsidiaries	-	-	(4)	-	(4)	-
Others	-	-	-	-	-	(178)
Ending balance	(6,193)	(125)	60,934	-	54,616	1,450,139

	Non-Controlling Interests	Total Equity
Beginning balance	107,479	1,348,435
Profit for the year	10,823	213,523
Other comprehensive income	1,323	63,568
Total comprehensive income for the year	12,146	277,091
Purchase of treasury stock	-	(20,141)
Disposal of treasury stock	-	4
Share-based payment transactions	-	1,541
Dividends paid	(2,489)	(42,541)
Transfer to retained earnings	-	-
Acquisition (disposal) of non-controlling interests	(20,810)	(17,746)
Changes in ownership interests in subsidiaries	442	442
Others	(2)	(180)
Ending balance	96,766	1,546,905

[Unaudited] Simplified Consolidated Statement of Comprehensive Income

(Year ended March 31, 2021)

	<u>Millions of yen</u>
Profit for the year	Y 213,523
Other Comprehensive Income	<u>63,568</u>
Total Comprehensive Income	<u><u>277,091</u></u>
Total Comprehensive Income attributable to:	
Owners of the parent	264,945
Non-controlling interests	<u>12,146</u>
Total	Y <u><u>277,091</u></u>

Note: Major components of other comprehensive income are remeasurement of defined benefit plans, foreign currency translation adjustments, and financial assets measured at fair value through other comprehensive income.

[Unaudited] Simplified Consolidated Statement of Cash Flows

(Year ended March 31, 2021)

	<u>Millions of yen</u>
1. Cash flows from operating activities	Y <u>307,947</u>
2. Cash flows from investing activities	<u>(71,561)</u>
1+2 [Free cash flow]	<u>236,386</u>
3. Cash flows from financing activities	<u>(219,626)</u>
4. Cash and cash equivalents at end of year	Y <u><u>481,833</u></u>

Unconsolidated Balance Sheet

(As of March 31, 2021)

	<u>Millions of yen</u>
Assets	
Current assets:	
Cash and deposits	Y 47,895
Deposits paid	180,000
Notes receivable, trade	571
Accounts receivable, trade	609,488
Finished goods	57,564
Work in process	4,690
Raw materials	31,001
Advanced payments	3,559
Accounts receivable, other	96,627
Others	21,811
Allowance for doubtful accounts	(275)
Total current assets	<u>1,052,935</u>
Non-current assets:	
Property, plant and equipment, net of accumulated depreciation:	
Buildings	95,856
Structure	3,055
Machinery	1,073
Vehicle and delivery equipment	13
Equipment	43,137
Land	40,840
Construction in progress	7,115
Total property, plant and equipment	<u>191,092</u>
Intangible assets:	
Software	61,007
Others	6,220
Total intangible assets	<u>67,227</u>
Investments and other non-current assets:	
Investment securities	118,459
Subsidiaries' and affiliates' stocks	444,290
Long-term loans to affiliated companies	895
Receivables from companies under bankruptcy or reorganization process	23
Prepaid pension cost	23,979
Deferred tax assets	22,578
Others	29,768
Allowance for doubtful accounts	(580)
Total other non-current assets	<u>639,414</u>
Total non-current assets	<u>897,734</u>
Total assets	Y <u><u>1,950,670</u></u>

	<u>Millions of yen</u>
Liabilities and net assets	
Liabilities	
Current liabilities:	
Accounts payable, trade	426,046
Current portion of long-term borrowings payable	20,208
Current portion of bonds payable	30,000
Lease obligations	2,364
Accrued liability	40,684
Accrued expenses	102,798
Accrued income taxes	12,077
Advance received	77,817
Deposits payable	14,606
Provision for construction contract losses	16,001
Provision for product warranties	4,708
Provision for loss on business of subsidiaries and associates	115,208
Provision for bonuses to board members	120
Provision for restructuring charges	50
Provision for share-based payments	451
Provision for environmental measures	328
Others	666
Total current liabilities	<u>864,141</u>
Long-term liabilities:	
Bonds payable	10,000
Long-term borrowings	25,030
Lease obligations	4,416
Provision for loss on repurchase of computers	1,929
Provision for share-based payments	1,930
Provision for environmental measures	716
Asset retirement obligations	11,580
Others	5
Total long-term liabilities	<u>55,608</u>
Total liabilities	<u>919,750</u>
Net assets	
Shareholders' equity:	
Common stock	324,625
Capital surplus:	
Other capital surplus	167,822
Total capital surplus	<u>167,822</u>
Retained earnings:	
Legal retained earnings	27,065
Other retained earnings:	
Retained earnings brought forward	541,723
Total retained earnings	<u>568,789</u>
Treasury stock	<u>(79,495)</u>
Total shareholders' equity	<u>981,741</u>
Valuation and translation adjustments:	
Unrealized gain and loss on securities, net of taxes	49,178
Total valuation and translation adjustments	<u>49,178</u>
Total net assets	<u>1,030,919</u>
Total liabilities and net assets	<u>Y 1,950,670</u>

Unconsolidated Profit and Loss Statements

(Year ended March 31, 2021)

	Millions of yen
Net sales	Y 1,970,684
Cost of sales	1,394,413
Gross profit	576,270
Selling, general and administrative expenses	469,894
Operating profit	106,376
Other income:	
Interest income	132
Dividend income	51,812
Other finance income	3,399
Total other income	55,344
Other expenses:	
Interest expense	343
Interest on bonds	296
Foreign exchange losses	190
Provision of allowance for doubtful accounts	18
Provision for loss on business of subsidiaries and associates	15,133
Other finance expenses	2,371
Total other expenses	18,352
Ordinary income	143,367
Extraordinary income:	
Gain on sales of investment securities	5,437
Gain on sales of subsidiaries' and affiliates' stocks	28,053
Total extraordinary income	33,491
Extraordinary losses:	
Impairment losses	2,430
Total extraordinary losses	2,430
Income before income taxes	174,429
Income taxes:	
Current	21,488
Deferred	(5,180)
Total income taxes	16,307
Net income	Y 158,121