

Reports on the 123rd Business Period

Fujitsu Limited

Note:

This English version of *Reports on the 123rd Business Period* is a translation for reference only. The style of this English version differs slightly from the original Japanese version.

To Our Shareholders

We would like to sincerely thank you for your continued support.

We welcome the opportunity to present this report on our 123rd business period (covering fiscal year 2022, from April 1, 2022 to March 31, 2023).

The Company has defined its Purpose as “to make the world more sustainable by building trust in society through innovation,” and we strive to create value for our customers and contribute to business growth and stability while engaging in the transformation of ourselves by further practicing DX (digital transformation) within the Company.

Starting from the social issues that need to be resolved in order to realize an ideal world, the Group is working to provide new value and contribute to realizing both business transformation and a sustainable society by continuously creating innovations with a digital technology platform from a cross-industry perspective.

In fiscal 2022, we further promoted business centered on Fujitsu Uvance, the global business brand for creating a sustainable world.

In addition, in order to further boost the shift to DX and globalization in our customers’ businesses, we have focused on various measures, including the transformation of the style used in sales discussions based on the design thinking of business producers in Japan who lead DX and the standardization of development for solutions and services using uniform methods worldwide.

For the Group’s own DX, we are working on internal reforms, which include strengthening personnel and systems, such as the “OneFujitsu” program, which reformulates the internal operational processes and operational systems for strengthening data driven management into a globally integrated object, and “Work Life Shift,” which realizes a new workstyle. Furthermore, we set “Customer NPS®,” “Employee Engagement” and “DX Promotion Index,” which are evaluation indicators in non-financial area, and have continuously worked to improve the evaluation of each item.

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 2022, profits have improved due to an increase in orders for digitization and other DX-related business, and together with contributions mainly from improved productivity accompanying the standardization of development for solutions and services, both operating profit and profit for the year were the highest ever. 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 April 2022, we will pay an annual dividend of 240 yen for fiscal 2022. This is our seventh consecutive year of dividend increases, and a 20 yen increase from the annual dividend for fiscal 2021.

In fiscal 2023, we will further promote creation of value offered to our customers and the transformation for this creation to realize the Purpose and to achieve our management direction based on the new medium-term management plan. Moreover, under the Company’s capital allocation policy, 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 2023

Takahito Tokita, Representative Director and CEO

Notes:

1. Fujitsu Uvance: The name of our business brand, which is a combination of the two words “Universal” and “Advance,” which means “to move everything forward in a sustainable direction.”
2. Customer NPS® (Net Promoter Score): Indicators that measure “customer loyalty,” which presents the degree of trust and degree of attachment customers have toward corporations and services.
3. DX Promotion Index: Indicators established by the Ministry of Economy, Trade and Industry for evaluating the degree of maturity of the promotion status of digital management reform.

Business Report**1. Business Overview (April 1, 2022 to March 31, 2023)****(1) Major Businesses of the Fujitsu Group (As of March 31, 2023)**

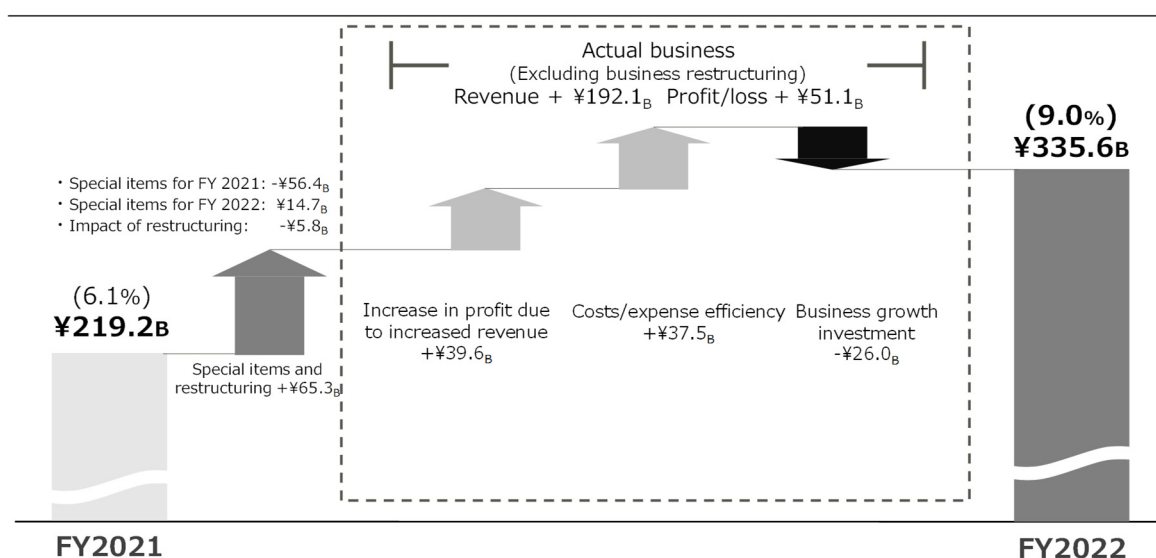
Fujitsu Limited and its subsidiaries are engaged in providing total solutions in the ICT field, delivering various services as well as developing, manufacturing, selling, and maintaining the cutting-edge, high-performance, high-quality products and electronic devices that support these services. The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

<i>Segment</i>	<i>Main products and services</i>
Technology Solutions	Solutions/Services <hr style="border-top: 1px dashed black;"/> <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)
	System Platforms <hr style="border-top: 1px dashed black;"/> [System Products] <ul style="list-style-type: none"> ● Servers (Mainframe, UNIX Server, Mission Critical IA Server, PC Server, etc.) ● Storage Systems ● Front-End Technology (ATM, POS Systems, etc.) ● Software (OS) ● Automotive Control Units and In-Vehicle Information Systems [Network Products] <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
¥3,713.7 billion	¥335.6 billion [9.0%]	¥215.1 billion
[Change from FY2021] 3.5%	[Change from FY2021] ¥116.4 billion (53.1%)	[Change from FY2021] ¥32.4 billion

Note: Revenue to unaffiliated customers

**[Breakdown of Change in Operating Profit from FY2021]**

Consolidated revenue for fiscal 2022 was 3,713.7 billion yen, up 3.5% from fiscal 2021. Consolidated revenue from the actual business, excluding the impact of the revenue decline of 65.1 billion yen due to business restructuring, was 3,675.0 billion yen, up 5.5% from fiscal 2021. Consolidated revenue increased due to the following factors. In Technology Solutions, orders expanded for DX-related businesses, such as digitization and modernization, and there was progress in recovery from the impact of a decline in revenue due to component supply delays caused by the semiconductor shortage.

In addition, sales of our network business focusing on 5G base stations for North America were strong. In the International Regions Excluding Japan sub-segment, the service business expanded due to M&A, which also contributed to higher revenue.

Operating profit for fiscal 2022 amounted to 335.6 billion yen, an increase of 116.4 billion yen from fiscal 2021. In addition to the improvement in profits due to the impact of higher revenue in the Technology Solutions segment, profitability improved as a result of steadily taking steps to enhance productivity through standardization of development and operation using the Global Delivery Centers (GDCs) and to increase efficiency of maintenance and operation support in our infrastructure service.

Moreover, there was income of 30.8 billion yen associated with the transfer of shares of PFU Limited as a special item for fiscal 2022, plus a reaction to the spending of 65.0 billion yen on the DX human resource initiatives made in fiscal 2021, which contributed to the increase in operating profit.

Meanwhile, on the cost side, we made investments in our value creation initiatives, including the

development of Fujitsu Uvance and other offerings and the reinforcement of GDC, as well as in internal DX toward promoting self-transformation. However, operating profit marked a record high due to the significant impact of the aforesaid profit increasing factors.

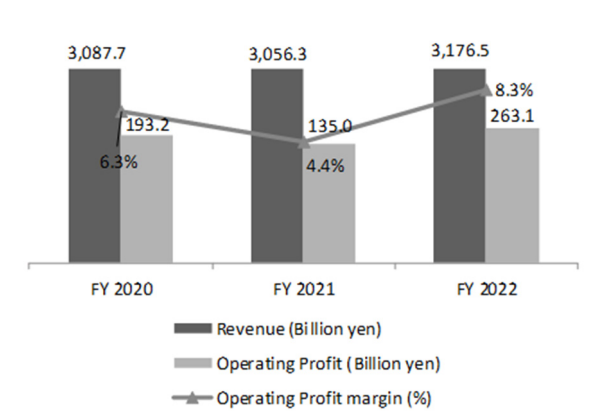
Net financial income for fiscal 2022, consisting of financial income, financial expenses, and income from investments accounted for using the equity method, net, was 36.2 billion yen, an increase of 15.4 billion yen from fiscal 2021, mainly due to recording a gain on valuation of fair value of 7.7 billion yen associated with PFU Limited becoming an equity method affiliate.

As a result, profit before income taxes for fiscal 2022 was 371.8 billion yen, an increase of 131.8 billion yen from fiscal 2021.

Profit for the year attributable to owners of the parent was 215.1 billion yen, up 32.4 billion yen from fiscal 2021, and marked a record high just as operating profit did.

Note:

Global Delivery Center (GDC): Numerous sites established by the Company in different parts of the world for providing offshore development and other services.

b) Overview by Business Segment**Technology Solutions**

	FY 2020	FY 2021	FY 2022
Breakdown of Revenue			
Solutions/Services	1,883.6	1,840.5	1,819.3
System Platforms	633.7	617.5	678.1
International Regions Excluding Japan	723.7	729.3	812.4
Common	(153.3)	(131.0)	(133.4)
Breakdown of Operating Profit			
Solutions/Services	190.7	188.7	233.7
System Platforms	38.8	56.6	68.9
International Regions Excluding Japan	11.6	23.9	5.9
Common	(47.8)	(134.4)	(45.4)

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 2022 amounted to 3,176.5 billion yen, an increase of 3.9% year on year.

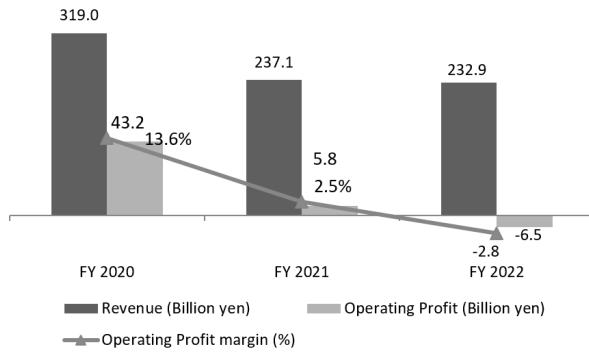
In the Solutions/Services sub-segment, although revenue decreased 1.1% from fiscal 2021, revenue from the actual business, excluding the impact of business restructuring, increased 2.5% from fiscal 2021, as sales were strong primarily with orders for core system innovation and modernization in manufacturing and logistics industries.

In the System Platforms sub-segment, revenue increased due to a steady recovery in revenue and profit & loss from the impact of component supply delays due to the semiconductor shortage since the second half of the year and higher sales of system products mainly for servers and storage systems from a year earlier, as well as the growth in sales in our network business for 5G base stations for North America and optical transmission systems.

Revenue from the International Regions Excluding Japan sub-segment increased as sales in the service business in the digital field expanded as a result of M&A and due to the foreign exchange impact.

The segment posted an operating profit of 263.1 billion yen, an increase of 128.1 billion yen from fiscal 2021. The increase was due to the following factors. In addition to the improvement in profits due to the impact of higher revenue from the actual business of Solutions/Services sub-segment and higher revenue in the System Platforms sub-segment, profitability improved as a result of enhancing productivity through standardization of development and operation using the Global Delivery Center (GDC) and increasing efficiency of maintenance and operation support in our infrastructure service.

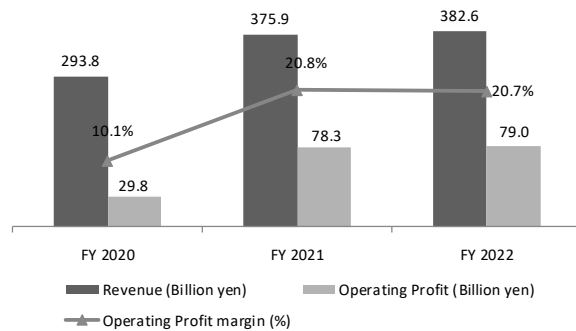
Ubiquitous Solutions



Revenue in the Ubiquitous Solutions segment in fiscal 2022 was 232.9 billion yen, down 1.7% year on year. Revenue in Japan increased 10.6% year on year, while revenue outside Japan decreased 16.6% year on year due to lower sales of PCs in conjunction with weaker demand caused by stagnant European market conditions.

The segment recorded an operating loss of 6.5 billion yen, a decrease of 12.4 billion yen from fiscal 2021. Profit declined due to the impact of higher capital procurement costs caused by foreign exchange fluctuations.

Device Solutions



Revenue in the Device Solutions segment in fiscal 2022 amounted to 382.6 billion yen, up 1.8% year on year. Revenue was largely unchanged from fiscal 2021 on a full-year basis because demand for semiconductors that expanded strongly up till the first half of the year declined drastically in the second half.

As a result, operating profit was also largely unchanged from fiscal 2021 at 79.0 billion yen, an increase of 0.7 billion yen from fiscal 2021.

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*

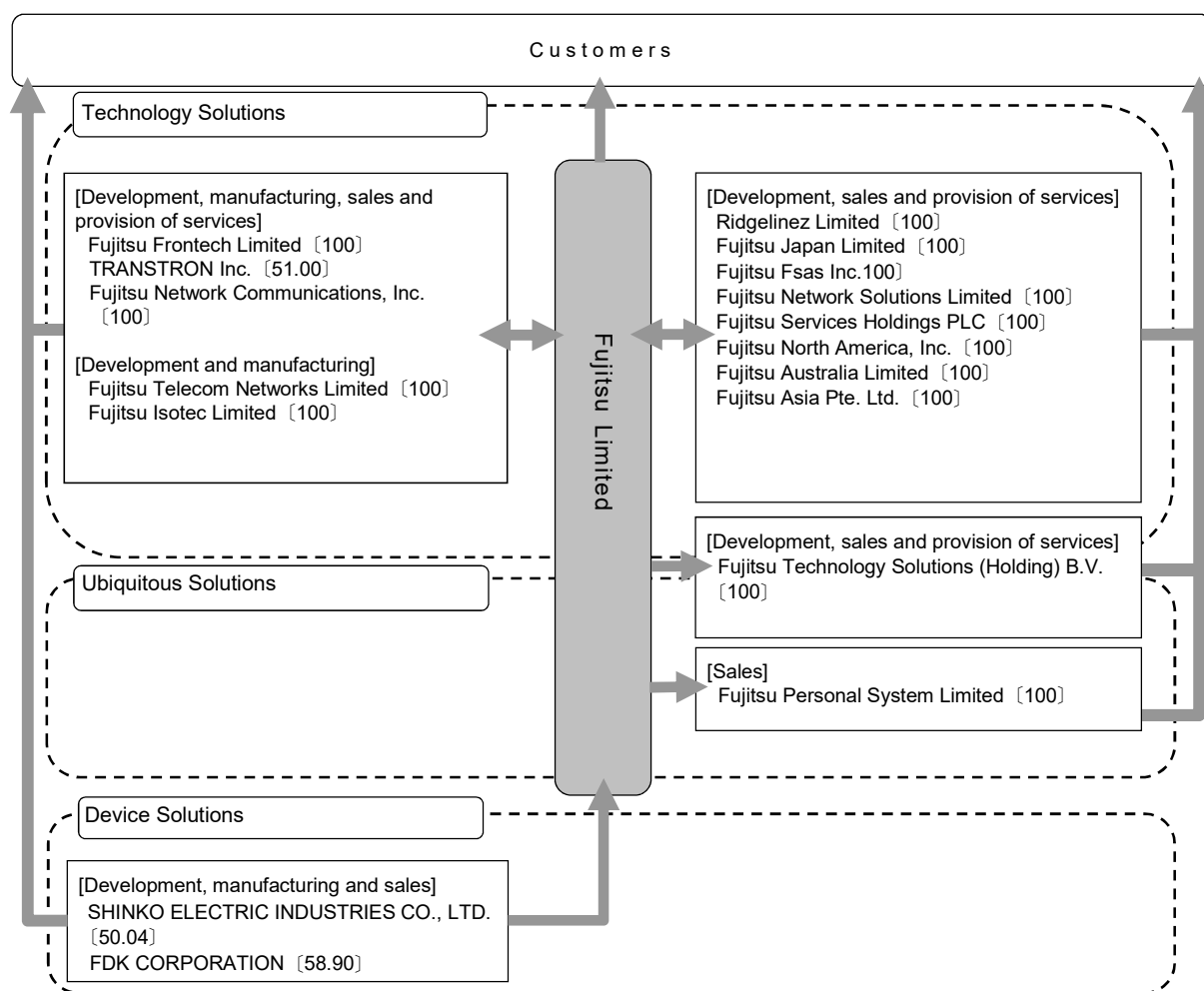
<i>Section</i>	<i>FY 2019 (120th)</i>	<i>FY 2020 (121st)</i>	<i>FY 2021 (122nd)</i>	<i>FY 2022 (Current period)</i>
Revenue	¥3,857.7	¥3,589.7	¥3,586.8	¥3,713.7
Japan	2,629.2	2,417.6	2,269.8	2,290.2
Outside Japan	1,228.5	1,172.0	1,316.9	1,423.4
Ratio of Revenue Outside Japan [%]	[31.8]	[32.7]	[36.7]	[38.3]
Operating Profit	211.4	266.3	219.2	335.6
Operating Profit Margin [%]	[5.5]	[7.4]	[6.1]	[9.0]
Profit for the Year Attributable to Owners of the Parent	160.0	202.7	182.6	215.1
Basic Earnings per Share [yen]	791.20	1,013.78	924.21	1,107.63
Total Assets	3,187.4	3,190.2	3,331.8	3,265.5
Equity Attributable to Owners of the Parent	1,240.9	1,450.1	1,590.7	1,586.8
Equity Attributable to Owners of the Parent Ratio [%]	[38.9]	[45.5]	[47.7]	[48.6]
Equity per Share Attributable to Owners of the Parent [yen]	6,197.11	7,287.15	8,094.70	8,425.37
Free Cash Flow	233.0	236.3	189.0	177.5

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

(4) The Fujitsu Group

The positioning of, and relationship between, Fujitsu Limited and its principal consolidated subsidiaries and affiliates (as of March 31, 2023) are shown below.



(Equity method affiliates)

Fujitsu General Limited 44.07%, Fujitsu Client Computing Limited 44.00%, FLCS Co., Ltd. 20.00%, PFU Limited 20.00%, etc.

Notes:

1. Percentages are percentages of voting rights.
2. Fujitsu Client Computing Limited delivers parts of personal computers for enterprises it develops and manufactures to the Company.
3. Fujitsu Leasing Co., Ltd. changed its trade name to FLCS Co., Ltd. on April 1, 2022.

(5) Significant Realignment

On September 1, 2022, PFU Limited became an equity method affiliate, following the transfer of its shares from the Company to Ricoh Company, Ltd.

(6) Capital Expenditures

Capital expenditures in fiscal 2022 totaled 121.0 billion yen, an increase of 36.1% compared with fiscal 2021.

In the Technology Solutions segment, capital expenditures amounted to 48.6 billion yen, primarily for equipment related to the service business, and establishment of new office and office renovation associated with Borderless Office, an initiative we promote to review the usage of offices. In the Device Solutions segment, capital expenditures amounted to 72.3 billion yen, mainly for production equipment for electronic components at SHINKO ELECTRIC INDUSTRIES CO., LTD.

(7) Capital Procurement

During fiscal 2022, the Company did not engage in capital procurement by means of issuance of shares or bonds.

(8) Key Challenges Ahead

The Fujitsu Group has defined its Purpose as “to make the world more sustainable by building trust in society through innovation.” All of our business activities are undertaken to realize this Purpose, and to this end, 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. On the other hand, replacement of legacy systems and spending on modernization are predicted to solidly increase. Moreover, spending on digitization such as the use of AI and data, etc. is expected to further expand in future in order to respond to the needs prompted by changes in social systems and lifestyles caused by the spread of COVID-19, in addition to the needs for society and businesses to grow and develop.

In these circumstances, spearheading digital transformation (DX) of companies, demand for which is rising, the Fujitsu Group pursued activities in accordance its management direction for which fiscal 2022 is the final year with the aim of transforming itself into a company that contributes to resolution of social issues.

[Outline of the Management Direction]

Under the management direction for which fiscal 2022 is the final year, the Group was committed to “value creation” and “self-transformation” to achieve its management direction.

Under “Value Creation,” we designated business areas that contribute to the transformation and growth of our clients’ businesses as “For Growth” and positioned these as growth areas to expand both in scale and profitability. At the same time, the conventional IT field was defined as a business area “For Stability,” which contributes to the stable operation of customer IT platforms and quality improvement. In this area, the Fujitsu Group strived to raise profitability through further improving efficiency.

In terms of “Value Creation,” the Fujitsu Group implemented the following measures:

As part of the restructuring of our global business strategy, we selected priority accounts and worked to expand our offerings in line with a common global portfolio. In order to further enhance our agility global-wide, we reorganized regions in April 2022 to operate on a four-region structure consisting of Europe Region in which two European regions were integrated, Asia Pacific Region composed of Asia and Oceania, Americas Region, and Japan Region. In order to promote markets on a global basis, we also ensured best

assignments of persons in charge of business global-wide. We assigned the head of Solutions Business in Europe and the head of Network Business in North America. We will continue to take steps to expand our global business.

To strengthen our problem-solving capabilities in Japan, we have been continuing to strengthen our structure in order to contribute to digitalization and the resolution of social issues in Japan. We completed a training program for 8,000 business producers to lead DX by uncovering the customers' latent needs with design thinking and empathizing with our customers. These business producers are leading the efforts to reform business negotiation styles. We are also strengthening collaboration with companies and local governments as we work toward realizing a sustainable digital society. We will make the best of the benefits gained from such collaboration as we continue to aim at expanding the eco system while promoting DX, mainly in social infrastructures, in Japan.

We will also continue our efforts to further stabilize our customers' businesses.

In order to promote development based on a globally consistent methodology, we will review our service delivery levels and optimize them, while strengthening our cost competitiveness by improving efficiency. We are reinforcing manpower at the Global Delivery Center (GDC) where we carry out development and delivery by this methodology. At the same time, we are proceeding with a major efficiency enhancement of the assignment of human resources using the data analysis platform of Palantir Technologies Inc. and effective use of the platform, and will consistently adopt this process globally for expanded use. In addition, the Group will advance collaboration between Japan Global Gateway, which standardizes delivery in consideration of Japan's unique business practices and needs, and the Global Delivery Center to further support globalization of Japanese customers.

With regard to the strengthening of quality management and risk management, we are implementing measures to detect signs of decline in quality by utilizing the platform of Palantir Technologies Inc. and analyses made by AI. We will put in place dashboards and others to detect risks to increase sophistication of measures to prevent troubles in advance. Further, in strengthening the functions related to information management and information security, we are strengthening our information management rules and regulations to ensure that they are strictly enforced under our full-time Chief Information Security Officer (CISO), including the way audits are conducted.

In order to become the best DX partner of its customers, the Company defines the achievement of customers' business and reform targets as customer success and is striving to reinforce support for customers to achieve those targets. We will develop Account General Managers who centrally undertake customer support and work with customers from a medium- and long-term perspective in an organization in which the development and sales functions are unified. At the same time, we will continue to focus on solving social issues and offerings that support the sustainable management of our customers.

With regard to Fujitsu Uvance, a business brand to realize a sustainable world, we established a dedicated global organization of about 1,000 employees in April 2022. We have identified seven Key Focus Areas that include four cross-industry "Vertical Areas," which are "Sustainable Manufacturing," "Consumer Experience," "Healthy Living," and "Trusted Society," and three technology-and-solution-based "Horizontal Areas" that support customer DX, which are "Digital Shift," "Business Application," and "Hybrid IT." We will concentrate our management resources in these seven areas over the medium to long term also going forward and move forward with our efforts in establishing a structure for solution development and offering.

On the other hand, as part of its "own transformation," the Group is implementing internal reforms to accelerate DX of the Fujitsu Group itself, including the upgrading of human resources and structure.

As a measure to strengthen data-driven management, we are promoting the "OneFujitsu" program, which increases sophistication of management of the entire Group by utilizing data, to laterally across all regions. As part of this effort, in April 2022, we launched OneCRM for integration of pipeline management and implementation of a globally consistent management methodology. Also, in April of that year, OneERP+,

which integrates ERP for the entire Group, was launched in the U.K. and Ireland ahead of others, and we are making preparations for implementation in all regions around the world. In addition, we are promoting transformation of our corporate culture and even the mindset of our employees, focusing on the Company-wide DX project named “FUJITRA” with the participation of all employees. In order to increase the mobility of human resources on a global basis, we are widening the scope of application of the posting system as well as expanding the implementation of the common global “Connect” evaluation system for evaluating the contribution to realizing Our Purpose and the introduction of a job-based human resource management system. In “Work Life Shift” that fosters suitable workstyles and mindsets for a DX company, we will implement data-driven measures globally based on results of employee surveys. Furthermore, based on the knowledge that we have gained through our own efforts, we will continue to help our clients to reform the way they work.

To execute these initiatives, the Company actively made 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 continue to invest in the recruitment of sophisticated talent and in the strengthening of internal human resources and systems.

In addition to handling financial aspects, the Company is also strengthening 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 this viewpoint, the Company has set non-financial indicators such as “net promoter score” as an indicator of its trust from customers, “employee engagement” as an indicator of its bond with its employees, and the “DX Promotion Indices” set by the Ministry of Economy, Trade and Industry of Japan as an indicator of its progress in transforming its organization and culture, and has worked to make improvements. The Company will continue taking its non-financial initiatives while considering the key matters that it should address with priority.

As for the financial management targets, the Fujitsu Group aims to achieve consolidated revenue of 3,860.0 billion yen and consolidated operating profit of 340.0 billion yen for fiscal 2023.

In the aftermath of the spread of COVID-19, the Company shifted to new workstyles, primarily remote work, and continues to adopt these workstyles globally. Furthermore, with regard to the recent situation in Ukraine, the Company closed its business office in Russia in November 2022 to continue to stably provide services to customers, and completed the transfer of services that it used to provide in Russia to other locations. Furthermore, the Company is making donations to the Office of the United Nations High Commissioner for Refugees, actively hiring Ukraine nationals, and carrying out volunteer activities through employees. Leveraging its digital technologies as well as our experience and knowledge in a wide variety of industries cultivated over the years, the Fujitsu Group will contribute to creating a safe and convenient society while continuing to make swift decisions in response to the situation.

2. Company Overview

(1) Management

a) Directors and Audit & Supervisory Board Members (As of March 31, 2023)

<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	CEO, CDXO, Chairman of the Risk Management & Compliance Committee		
Representative Director and COO	Hidenori Furuta	COO, CDPO		
Director and Corporate Executive Officer SEVP	Takeshi Isobe	CFO		
Director and Senior Advisor	Masami Yamamoto	Member of the Executive Nomination Committee		
Director	Chiaki Mukai	Chairperson of the Compensation Committee	○	○
Director	Atsushi Abe	Chairman of the Board of Directors, Chairperson of the Executive Nomination Committee	○	○
Director	Yoshiko Kojo	Member of the Executive Nomination Committee and Compensation Committee	○	○
Director	Scott Callon	Member of the Executive Nomination Committee and Compensation Committee	○	○
Director	Kenichiro Sasae	Member of the Compensation Committee	○	○
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		○	○
External Audit & Supervisory Board Member	Catherine O'Connell		○	○

Notes:

- Independence of Directors and Audit & Supervisory Board Members is judged based on the Company's independence standards. (For details, please refer to Page 6 of the Notice of the 123rd Annual Shareholders' Meeting.)
- 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 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 Megumi Yamamuro has abundant experience in handling economic affairs as a judge, and he has extensive knowledge of finance and accounting.
External 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 of finance and accounting.
External Audit & Supervisory Board Member Hideo Makuta has abundant experience in handling economic affairs having served as a Public Prosecutor and as a Commissioner of the Fair Trade Commission, and he has extensive knowledge of finance and accounting.
- Significant concurrent positions of External Directors and Auditors are described in 8. Concurrent Positions of External Directors and Auditors and Their Activities on Page 6 of the "Matters Subject to Measures for Electronic Provision (Matters Excluded from Paper-Based Documents Delivered Upon Request) at the Time of Notice of the 123rd Annual Shareholders' Meeting."

5. CEO, CDXO, COO, CDPO, and CFO are abbreviations of Chief Executive Officer, Chief Digital Transformation Officer, Chief Operating Officer, Chief Data & Process Officer and Chief Financial Officer, respectively.
6. SEVP is one of the FUJITSU Levels (other levels include EVP and SVP) which are globally common levels that demonstrate the scale of job responsibility of corporate executives and employees of the Fujitsu Group.

b) 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 2022,” is determined within the scope of total compensation established by resolution of the Annual Shareholders’ Meeting based on the framework of the basic policy on executive compensation (policy on executive compensation including 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 resolution of the Board of Directors following the deliberation of the Compensation Committee, and compensation for each Audit & Supervisory Board Member is decided based on consultation with the Audit & Supervisory Board Members.

In determining the details of compensation of each Director for fiscal 2022, the Compensation Committee composed of independent External Directors made considerations from various viewpoints based on the Determination Policy, and the Board of Directors that received recommendation of the Compensation Committee confirmed that the determination of the details of such compensation was in accordance with the above operation and therefore confirmed that the determination was in conformity with the Determination Policy.

At the Board of Directors meeting held on May 11, 2023, the Company resolved to revise the Determination Policy on condition that it is approved at the 123rd Annual Shareholders’ Meeting held on June 26, 2023. If Proposal No. 3 indicated on Page 19 of the Notice of the 123rd Annual Shareholders’ Meeting is approved, the Determination Policy will be revised as stated on Page A-18 of this report.

The details of the Determination Policy concerning fiscal 2022 are as follows.

Basic Policy on Executive Compensation

The Company has established the following basic policy on executive compensation to secure the exceptional human resources required to manage the Fujitsu Group and achieve its Purpose “to make the world more sustainable by building trust in society through innovation,” and to further strengthen the link to its financial performance and shareholder value while at the same time improving its transparency.

(a) Policy on the Compensation System and Compensation Levels

- 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 medium- and long-term incentive that emphasizes the connection to shareholder value.
- With the aim of setting competitive compensation that contributes to securing and maintaining exceptional human resources, compensation levels and composition ratio by type shall be set based on the financial position of the Company, comparing the compensation composition ratio and compensation levels for each position and responsibility 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 to the Group’s financial performance and shareholder value by setting the higher ratio to the greater responsibilities.

- Individual director's compensation shall be determined by the Board of Directors following deliberation by the Compensation Committee to ensure objectivity, transparency and fairness.

(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 evaluation indicator and calculation method, the Company shall adopt an "On Target model" to determine the bonus amount to be paid by setting the base amount in accordance with the position and responsibilities in advance. The bonus amount is calculated by multiplying the base amount by the coefficient in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company's consolidated revenue and consolidated operating profit, which are our financial management target indicators, growth from the previous fiscal year in employee engagement (Note 1), Customer NPS® (Note 2) and DX Promotion Indices (Note 3), which are our non-financial management target indicators, and acquisition of the highest evaluation from a third-party assessment organization on ESG initiatives.

(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.
- As a specific evaluation indicator and calculation method, the Company shall set a base number of shares in accordance with the position and responsibilities in advance, and calculate the number of shares for each fiscal year by multiplying the base number of shares by the coefficient in accordance with the degree of achievement of the performance targets for the performance judging period (three years) based on the Company's consolidated revenue, consolidated operating profit, and EPS, which are financial management target indicators. When the performance judging period is over, a portion of the total number of shares is paid in cash for the amount equivalent to the market value, and the remainder is allocated in shares of the Company.

As resolved at the Annual Shareholders' Meeting, the total amount of the "base compensation" and "bonuses" to Directors shall not exceed 1,200 million yen per year, the amount of the "performance-based stock compensation" shall not exceed 1,200 million yen per year, and the total number of shares to be allocated shall not exceed 75,000 shares per year. And the amount of "base compensation" to Audit & Supervisory Board Members shall not exceed 150 million yen per year.

(Reference) Executive compensation items and payment recipients

Recipient	Base compensation		Bonuses	Performance-based stock compensation
	For management oversight	For management execution		
Directors	○	—	—	—
Executive Directors	○	○	○	○
External Audit & Supervisory Board Member	○		—	—

Notes:

1. An indicator to present willingness and attachment to work voluntarily and independently, and to contribute to the Company, with empathy for the Company's direction and Purpose.
2. Abbreviation for Net Promoter Score. It is an indicator to measure "customer loyalty," which presents the degrees of trust and attachment of customers to companies, products, and services, in order to understand the degree of improvement and depth of the customer experience (CX).
3. A set of indices intended to share recognition of the current situation and issues among related parties, such as senior

management, business division, DX division, and IT division, and to provide opportunities for awareness leading to the next actions, in order to promote companies' management reforms within the framework of digital technologies defined by the Ministry of Economy, Trade and Industry of Japan.

B. Total Compensation Paid for Fiscal 2022

Section	No. of qualified persons	Types of Compensation(Million yen)			Total Amount Paid (Million yen)
		Base compensation	Bonuses	Performance-based stock compensation	
a. Directors	9	325	124	277	726
b. External Directors (included in a.)	5	79	—	—	79
c. Audit & Supervisory Board Members	5	113	—	—	113
d. External Audit & Supervisory Board Members (included in c.)	3	41	—	—	41
e. Total	14	438	124	277	840
f. Total External Directors/Auditors (included in e.)	8	120	—	—	120

Notes:

1. Since the amounts of remuneration are rounded down to the nearest million yen, the total amount of each remuneration listed in the “Type of Compensation” column for each category of Director or Audit & Supervisory Board Members, etc., may not match the amount listed in the “Total Amount Paid” column.
2. The upper limit on monetary compensation to Directors was resolved to be 1,200 million yen per year (including 150 million yen per year for External Directors) at the 121st Annual Shareholders’ Meeting held on June 28, 2021. The upper limit on non-monetary compensation was resolved to be 1,200 million yen per year and the total number of shares of common stock of the Company to be allocated to be within 75,000 shares per year at the 121st Annual Shareholders’ Meeting. As of the conclusion of the 121st Annual Shareholders’ Meeting, the number of directors was 9 (including 5 External Directors). The upper 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. As of the conclusion of the 111th Annual Shareholders’ Meeting, the number of Audit & Supervisory Board Members was 5 (including 3 External Audit & Supervisory Board Members). The Company pays the compensation shown in the above table within these limits.
3. For performance-based stock compensation, the amount charged to expenses during fiscal 2022 is stated.

C. Matters Related to Performance-based Compensation for Fiscal 2022

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

(a) Bonuses

In order to provide Executive Directors with an incentive to achieve their performance targets for a single fiscal year, the Company has selected revenue and operating profit of the consolidated financial results, which are financial management target indicators for the Company, as evaluation indicators. In addition, the Company has selected employee engagement, Customer NPS®, and DX Promotion Indices, which are non-financial management target indicators for the Company, and third-party assessment, the “third-party assessment on ESG initiatives (DJSI (Note 1), CDP Climate Change (Note 2)),” as evaluation indicators to enhance the commitment of Executive Directors to achieving their performance targets.

Notes:

1. DJSI: Abbreviation for Dow Jones Sustainability Index. A global ESG investment index.
2. CDP Climate Change: CDP, an international non-profit organization, conducts surveys and evaluations of climate change initiatives at the request of investors and others, and publishes the results.

(b) Performance-based Stock Compensation

In order to provide Executive Directors with an incentive to increase corporate value over the medium to long term as well as to further promote management from the perspective of shareholders, the Company has selected revenue, operating profit, and EPS of the consolidated financial results, which are financial management target indicators for the Company, as evaluation indicators.

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, positions, and responsibilities. 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 in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company's consolidated revenue and consolidated operating profit; growth from the previous fiscal year in employee engagement, Customer NPS®, and DX Promotion Indices, which are set out as non-financial management target indicators; and acquisition of the highest evaluation from a third-party assessment organization on ESG initiatives. No bonus will be paid if the degree of achievement of the performance targets is less than the preset lower limit. In addition, if the degree of achievement of the performance targets 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 their duties and responsibilities, a performance judging period (three fiscal years), and performance targets in advance. The number of shares is calculated by multiplying the base number of shares by the coefficient in accordance with the degree of achievement of the performance targets for the performance judging period (three fiscal years) based on the Company's consolidated revenue, consolidated operating profit, and EPS, and is fixed for each fiscal year and upon completion of the performance judging period. When the performance judging period is over, (1) a portion of the total number of shares is paid in cash for the amount equivalent to the applicable person's tax obligations arising from compensation paid under the performance-based stock compensation plan and (2) the remainder is allocated in shares of the Company, for each applicable person under the condition that they continue to be in the position of an applicable person in the plan throughout the performance judging period. At that time, monetary compensation claims and cash equivalent to market value of the total number of shares mentioned above are provided to Executive Directors. The Executive Directors invest these monetary compensation claims in allocated shares to acquire shares of the Company. The proportion of the amount paid in cash out of the total shares is determined by the Board of Directors, taking into consideration the tax obligation of each applicable Executive Director.

iii) Targets and actual results of performance indicators related to performance-based compensation for fiscal 2022

	<i>Targets(Billion yen)</i>	<i>Results(Billion yen)</i>
Consolidated revenue	3,720.0	3,713.7
Consolidated operating profit	400.0	335.6

[Reference] Basic Policy on Executive Compensation (if Proposal No. 3 is approved)

While the Determination Policy for fiscal 2022 is as stated on Page A-14 of this report, if Proposal No. 3 is approved at the 123rd Annual Shareholders' Meeting held on June 26, 2023, the said Policy will be revised as below.

Basic Policy on Executive Compensation

The Company has established the following basic policy on executive compensation to secure the exceptional human resources required to manage the Fujitsu Group and achieve its Purpose "to make the

world more sustainable by building trust in society through innovation,” and to further strengthen the link to its financial performance and shareholder value while at the same time improving its transparency.

1. Policy on the Compensation System and Compensation Levels

- 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 “Stock Compensation,” which is a medium- and long-term incentive that emphasizes the connection to shareholder value.
- With the aim of setting competitive compensation that contributes to securing and maintaining exceptional human resources, compensation levels and composition ratio by type shall be set based on the financial position of the Company, comparing the compensation composition ratio and compensation levels for each position and responsibility at other companies with similar business lines and similar scale as benchmarks.
- The ratio of performance-based compensation (bonuses and performance-based stock compensation) to the total compensation for Executive Directors shall be determined so as to strengthen the link to the Group’s financial performance and shareholder value by setting the higher ratio to the greater responsibilities.
- Individual director’s compensation shall be determined by the Board of Directors following deliberation by the Compensation Committee to ensure objectivity, transparency and fairness.

[Matrix diagram of executive compensation items and payment recipients]

Recipient	Base compensation(1)		Bonuses (2,6)	Stock compensation	
	For management oversight	For management execution		Performance- based stock compensation (3a,5,6)	Restricted stock units (3b,5)
Executive Directors (4)	○	○	○	○	—
External Directors (4)	○	—	—	—	○
Directors other than the above	○	—	—	—	—
External Audit & Supervisory Board Member	○		—	—	—

2. Basic Policy on Executive Compensation Items

(1) Base compensation

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

(2) 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 evaluation indicator and calculation method, the Company shall adopt an “On Target model” to determine the bonus amount to be paid by setting the base amount in accordance with the position and responsibilities in advance. The bonus amount is calculated by multiplying the base amount by the coefficient in accordance with the following elements: the degree of achievement of the performance targets for the respective fiscal year based on the Company’s consolidated revenue and consolidated operating profit, which are our financial management target indicators, growth from the previous fiscal year in employee engagement (Note 1), Customer NPS® (Note 2) and DX Promotion Indices (Note 3), which are our non-financial management target indicators, and acquisition of the highest evaluation from a third-party assessment organization on ESG initiatives.

Notes:

1. An indicator to present willingness and attachment to work voluntarily and independently, and to contribute to the

Company, with empathy for the Company's direction and Purpose.

2. Abbreviation for Net Promoter Score. It is an indicator to measure "customer loyalty," which presents the degrees of trust and attachment of customers to companies, products, and services, in order to understand the degree of improvement and depth of the customer experience (CX).
3. A set of indices intended to share recognition of the current situation and issues among related parties, such as senior management, business division, DX division, and IT division, and to provide opportunities for awareness leading to the next actions, in order to promote companies' management reforms within the framework of digital technologies defined by the Ministry of Economy, Trade and Industry of Japan.

(3) Stock Compensation

a) Performance-based Stock Compensation (performance shares)

- Performance shares shall be granted to Executive Directors, in order to share the profit with shareholders and as an incentive to contribute to the enhancement of medium- to long-term business performance.
- As a specific evaluation indicator and calculation method, the Company shall set a base number of shares in accordance with the position and responsibilities in advance, and calculate the number of shares for each fiscal year by multiplying the base number of shares by the coefficient in accordance with the degree of achievement of the performance targets for the performance judging period (three years) based on the Company's consolidated revenue, consolidated operating profit, and EPS, which are financial management target indicators. When the performance judging period is over, a portion of the total number of shares is paid in cash for the amount equivalent to the market value, and the remainder is allocated in shares of the Company.

b) Restricted Stock Units

- Restricted stock units (under a post-delivery type incentive plan that grants shares as compensation after confirming the right which is subject to a certain period of continuous service) shall be granted to External Directors, in order to share the profit with shareholders and as contribution to the sustainable enhancement of corporate value.
- The Company shall set a number of stock units in accordance with the position each year in advance, and with the elapse of the period of continuous service (three years), a portion of the number of shares is paid in cash for the amount equivalent to the market value, and the remainder is allocated in shares of the Company.

(4) Benchmark Composition Ratio for Compensation

The benchmark ratio of base compensation (only for the portion for management execution and excluding the portion for management oversight), bonuses, and performance-based stock compensation shall be 1:1:3 for Representative Director and CEO, and the percentage for performance-based compensation is set higher than that for other Executive Directors. In addition, the benchmark ratio of base compensation (excluding allowances) and restricted stock units for External Directors shall be 7:3.

(5) Stock Holding Guideline

The Company has established the Stock Holding Guideline with the aim of promoting long-term value sharing with shareholders. Directors who are eligible to receive stock compensation shall make an effort to hold at minimum the certain number of the Company's shares set for each position during their terms of office. Representative Director and CEO shall make an effort to hold the Company's shares equivalent to twice as much as the annual amount of base compensation by the time four years have passed after taking office and continue holding them during the term of office.

(6) Return of Compensation (Malus and Clawback Policy)

In the event of an inappropriate accounting treatment including material ex-post adjustments to past-year financial results or a serious misconduct or compliance violation during the term of office, the Company may demand reduction or return of performance-based compensation (bonuses and performance-based stock compensation) to the relevant Executive Director, including a person who retired within two years, based on a decision of the Board of Directors after deliberation by the Compensation Committee.

As resolved at the Annual Shareholders' Meeting, the total amount of the "base compensation" and "bonuses" to Directors shall not exceed 1,200 million yen per year (including the portion for External Directors not exceeding 150 million yen per year). The amount of the "performance-based stock compensation" for Executive Directors shall not exceed 1,200 million yen per year, with the total number of shares to be allocated not exceeding 75,000 shares per year. And the amount of the "restricted stock units" for External Directors shall not exceed 100 million yen per year, with the total number of shares to be allocated not exceeding 6,000 shares per year, as resolved at the 123rd Annual Shareholders' Meeting. The amount of "base compensation" for Audit & Supervisory Board Members shall not exceed 150 million yen per year.