

TRANSLATION



Interim Report on FY2022 (123rd Business Period)
(Six months ended September 30, 2022)

Fujitsu Limited

Note:

This English version of Interim Report on FY2022 (123rd Business Period) is a translation for reference only.

To Our Shareholders

Fujitsu has set out Our Purpose “to make the world more sustainable by building trust in society through innovation.” During the first half of fiscal 2022, we have been taking steps to enhance the sustainability of society and the Fujitsu Group underpinned by Our Purpose by placing focus on providing value creation to our customers and society and by achieving self-transformation, which has involved our Fujitsu Uvance business brand unveiled in fiscal 2021. Going forward, we will encourage new challenges extending beyond existing frameworks through pursuit of Our Purpose, thereby seeking to create value that only the Group can provide.

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

November 2022

Takahito Tokita, Representative Director and CEO

Highlights

➤ Summary of FY 2022 First-Half Consolidated Results (Billion Yen)

	1H FY 2021	1H FY 2022
Revenue	1,663.0	1,705.3
Operating Profit	81.4	100.9
Profit for the Period	52.9	71.9
Free Cash Flow	104.0	47.2

➤ FY 2022 Full-Year Consolidated Forecast (Billion Yen)

	FY 2021	FY 2022 Forecast
Revenue	3,586.8	3,720.0
Operating Profit	219.2	400.0
Profit for the Period	182.6	280.0
Free Cash Flow	189.0	280.0

* In this report, profit for the period attributable to owners of the parent is presented as “Profit for the Period.”

➤ Results for First Half of FY 2022

Revenue for the first half of fiscal 2022 increased by 42.3 billion yen year on year due to sales growth in the Technology Solutions segment, in addition to strong sales of electronic components in the Device Solutions segment, despite the impact of lower revenue due to component supply delays caused by the semiconductor shortage.

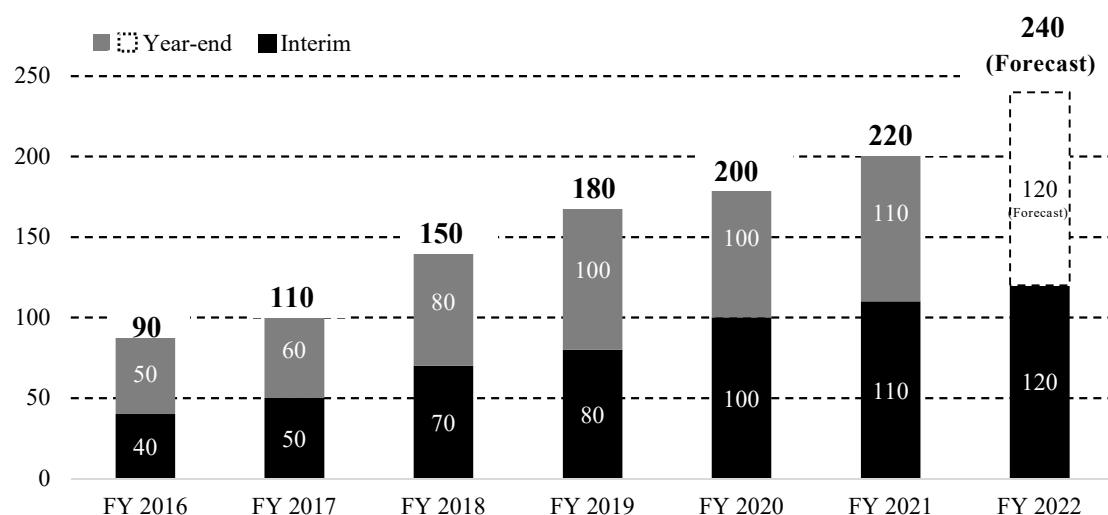
Operating profit overall increased by 19.4 billion yen year on year, due to the increased profit resulting from the increased revenue in the Technology Solutions and Device Solutions segments, the effect of DX human resource initiatives implemented in the previous fiscal year, and the progress of the improvement of profitability through productivity improvements as planned, in addition to the recording of one-time gains from the business transfer. This was despite the negative impact on profit from component supply delays, and aggressive expansion of investments for business growth and our own transformation. For details of the results for the first half of fiscal 2022, please refer to the Overview by Business Segment on Pages 3 to 4.

Shareholder Returns

We will increase the interim dividend by 10 yen per share from the previous year's interim dividend to 120 yen per share, as planned.

Moreover, we plan to repurchase our own shares valued at up to a maximum of 150.0 billion yen during this fiscal year. With regard to future shareholder returns, we will expand overall shareholder returns by actively repurchasing our own shares with an eye on our capital efficiency, in addition to stable dividends, in accordance with Fujitsu's Capital Allocation Policy.

Dividend per share (Yen)



* Dividends from fiscal 2016 through the interim period of fiscal 2018 are converted on the basis of the share consolidation implemented on October 1, 2018.

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Overview by Business Segment

Technology Solutions

Revenue in the Technology Solutions segment increased overall as revenue increased for SI/Services of Solutions/Services and in the International Regions Excluding Japan, making up for the revenue decline due to component supply delays.

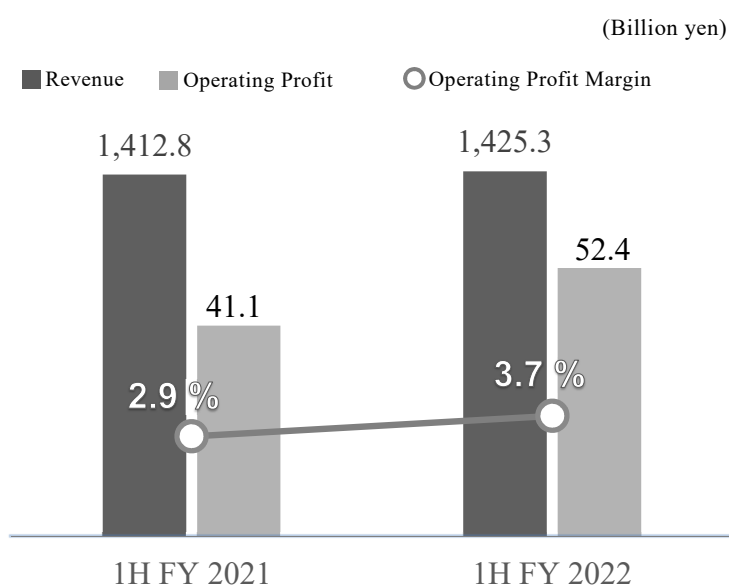
Revenue in the Solutions/Services increased mainly in manufacturing and finance businesses of SI/Services, but overall revenue declined due to the impact of component supply delays on business selling solutions and hardware together.

Revenue in the System Platforms increased due to an increase in materials caused by recovery from the effects of component supply delays.

Revenue in the International Regions Excluding Japan increased mainly in the Asia Pacific Region.

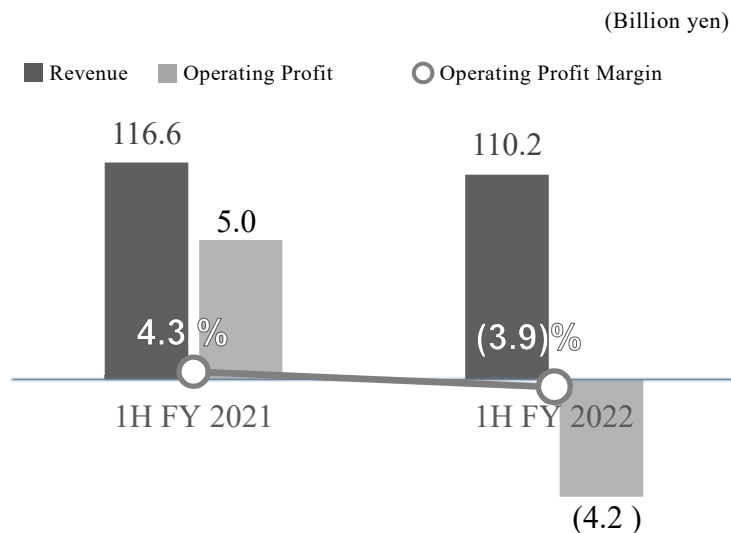
Operating profit was affected by expanded investments for growth, component supply delays, and an increase in procurement costs that was due to exchange rate fluctuations. However, in addition to the aforementioned revenue growth effect, profitability improved due to cost efficiency improvements and the effect of DX human resource initiatives, as well as one-time gains from the business transfer, resulting in an increase in operating profit year on year.

(Billion yen)	Revenue Breakdown		Operating Profit Breakdown	
	1H FY 2021	1H FY 2022	1H FY 2021	1H FY 2022
Solutions/Services	845.4	815.6	56.6	63.6
System Platforms	286.7	301.0	15.8	8.9
International Regions Excluding Japan	346.6	370.3	5.1	(9.0)
Common	(65.9)	(61.6)	(36.4)	(11.0)



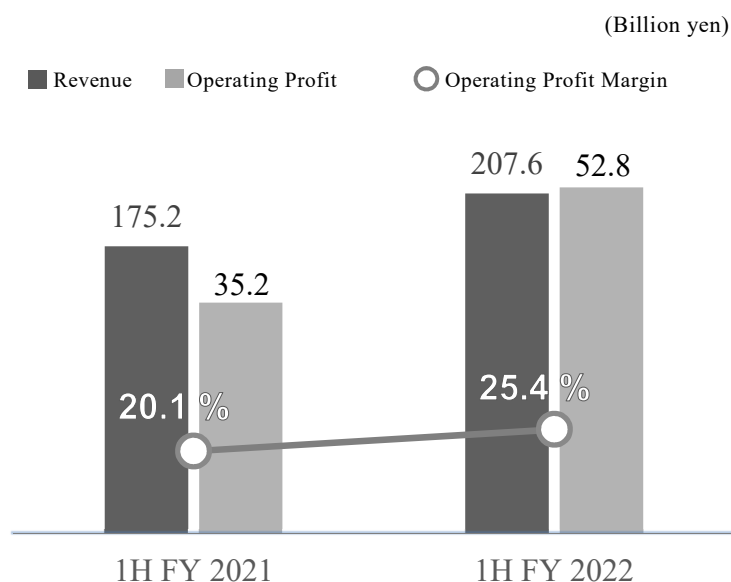
Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment decreased due to the impact of component supply delays. Operating profit decreased year on year due to higher procurement costs caused by exchange rate fluctuations both in Japan and outside of Japan.



Device Solutions

Revenue in the Device Solutions segment increased due to increased sales of electronic components in the wake of continued global semiconductor demand. Operating profit increased significantly year on year due to the effect of increased revenue of electronic components and exchange rate fluctuations.



* For details, please refer to “FY 2022 First-Half Financial Results” available on the Fujitsu website at: <https://www.fujitsu.com/global/about/ir/data/results/>

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Stock (As of September 30, 2022)

Number of Authorized Shares: 500,000,000
Number of Issued Shares: 207,001,821
Stated Capital: ¥324,625,075,685
Number of Shareholders: 102,935 (1,277 increase from the end of FY 2021)

Principal Shareholders (As of September 30, 2022)

<i>Name</i>	<i>Number of shares held (thousands)</i>	<i>Percentage of shares held (%)</i>
The Master Trust Bank of Japan, Ltd. (for trust)	34,214	17.40
Ichigo Trust Pte. Ltd.	14,899	7.58
Custody Bank of Japan, Ltd. (for trust)	12,999	6.61
GIC PRIVATE LIMITED - C	7,325	3.73
SSBTC CLIENT OMNIBUS ACCOUNT	3,824	1.94
Fujitsu Employee Shareholding Association	3,740	1.90
JP MORGAN CHASE BANK 385632	3,576	1.82
Asahi Mutual Life Insurance Company	3,518	1.79
STATE STREET BANK WEST CLIENT - TREATY 505234	3,445	1.75
GOVERNMENT OF NORWAY	2,880	1.46

Notes:

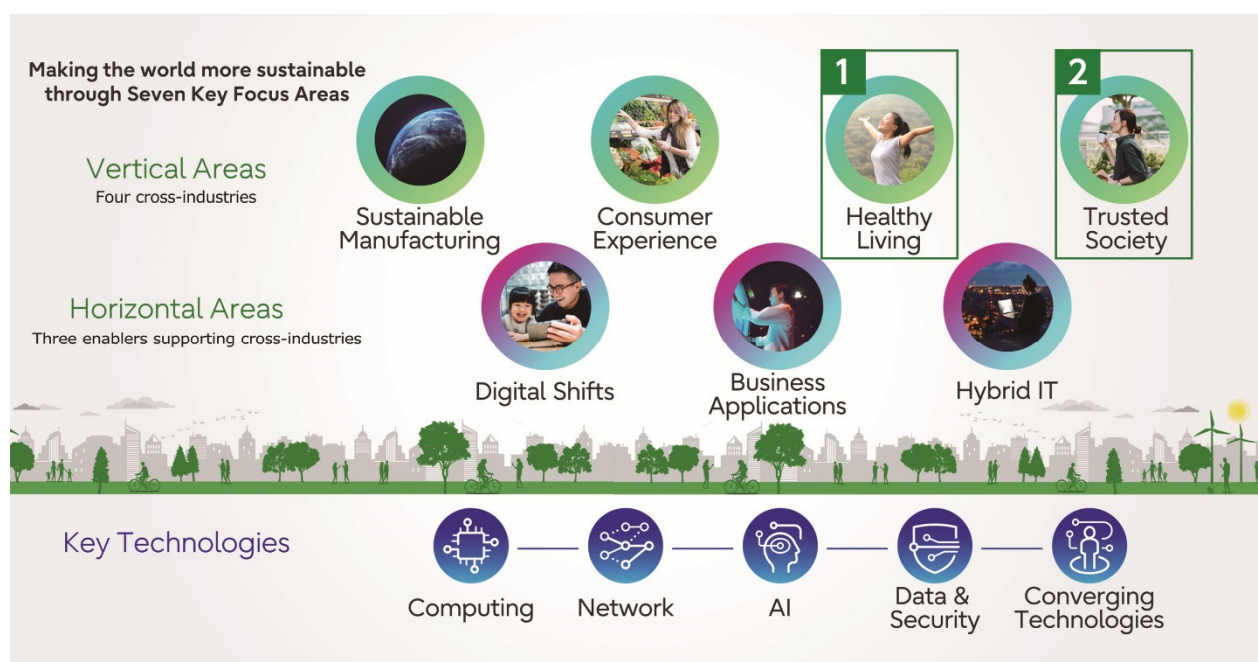
1. The investment ratio is calculated after exclusion of treasury stock holdings.
2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust) and Custody Bank of Japan, Ltd. (for trust) pertain to their trust business.

TOPIC

“Fujitsu Uvance” to Create Sustainable World

Aiming to “create a sustainable world where everyone can move forward toward their dreams by connecting diverse values with trust and providing the flexibility to adapt to change,” under the Fujitsu Uvance business brand, we have established seven key focus areas that transcend industry boundaries, starting from the social issues that need to be resolved in order to realize an ideal world, to drive our business forward. Through Fujitsu Uvance, we are working on Sustainability Transformation, connecting companies with different strengths, for the greater good of our world and society.

Details here: <https://www2.fujitsu.com/global/uvance/>



Two Fujitsu Uvance-related initiatives announced in the first half of fiscal 2022 are introduced below.

1. Healthy Living (Supporting all kinds of people in living in ways that promote wellbeing)

Joint research started on next-generation IT drug discovery technology using the supercomputer Fugaku and simulation integrated AI

Fujitsu and RIKEN (Note 1) launched a joint research project on next-generation IT drug discovery technology utilizing the supercomputer Fugaku (Note 2) on May 17, 2022, aiming to accelerate DX (digital transformation) in drug discovery, explore promising new areas in this process, and dramatically reduce development period and costs for new drug development.

The joint research project will leverage high performance computing (HPC) technologies and the supercomputer Fugaku to accelerate simulation integrated AI that combines Fujitsu’s DeepTwin AI technology, which accurately acquires quantitative features from complex data by unsupervised learning, with molecular dynamics simulation using RIKEN’s AI drug discovery simulation technology. It is expected that this approach makes it possible to improve the accuracy and speed of molecular simulation and establish innovative technologies that can predict changes in the structure of target proteins over a wide range.

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Based on this research, the two parties aim to develop a next-generation IT drug discovery technology with world-leading capabilities by the end of fiscal 2026. Fujitsu and RIKEN anticipate that this technology will perform analysis of target protein and drug candidate molecule complex and predict large-scale structural changes of molecules with high speed and high accuracy to contribute to the development of middle-molecular drugs and large-molecular drugs, which are expected to have high efficacy and low side effects. Through this joint research, Fujitsu aims to contribute to the solution of challenges in the medical field by developing technologies that combine its strengths in AI and HPC. Fujitsu will simultaneously work to create use cases in the drug discovery field to integrate into its Fujitsu Computing as a Service (CaaS) portfolio, a suite of cloud services that makes advanced computing and software technologies readily available to everyone.

(Note 1) RIKEN: The headquarters is located at Wako, Saitama, and the President is Makoto Gonokami.

(Note 2) The supercomputer Fugaku: A computer installed at RIKEN as a successor to the K computer.

Details here: <https://www.fujitsu.com/global/about/resources/news/press-releases/2022/0517-01.html>

2. Trusted Society (Creating communities that embody safety, security, and resilience)

Developed a new technology that enables highly accurate matching of a subject based on video images of people walking

Fujitsu has developed gait matching technology that can accurately identify a subject based on the way he or she walks (“gait”), even from video images that do not include facial and other information.

As this technology can make the work of analyzing video images, which is usually performed by a person, significantly more efficient, Fujitsu is engaged in efforts to demonstrate its application in various situations and put it to practical use. For example, when using this technology to search for a lost child or elderly person, based on video images taken by a guardian or family members with smartphones or other devices in the past that show the gait of the subject, AI can accurately identify that subject whose gait is highly similar to that of a person walking in video images from cameras installed in various locations such as train stations, airports, commercial facilities, and public institutions.

Details here: <https://pr.fujitsu.com/jp/news/2022/07/22.html> (available in Japanese only)

Fujitsu Limited

1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa 211-8588, Japan

<https://www.fujitsu.com/global/>