

To our shareholders,

Security Code (in Japan) 6702  
June 3, 2022

Takahito Tokita  
Representative Director and CEO  
Fujitsu Limited  
1-1, Kamikodanaka 4-chome,  
Nakahara-ku, Kawasaki-shi,  
Kanagawa, Japan

## **NOTICE OF THE 122<sup>nd</sup> ANNUAL SHAREHOLDERS' MEETING**

We hereby inform you that the 122<sup>nd</sup> Annual Shareholders' Meeting will be held as set forth below.

In order to help prevent the spread of the novel coronavirus disease (COVID-19) and mitigate the risk of infection, you are strongly advised to refrain from attending the Shareholders' Meeting and instead to exercise your voting rights by mail or via the Internet in advance.

Please review the attached Reference Materials for the Annual Shareholders' Meeting and exercise your voting rights in advance by following the instructions of "Exercise of Voting Rights in Case of Nonattendance" on Page 2.

**1. Time & Date**                    10:00 a.m., Monday, June 27, 2022 (The reception desk opens at 9:00 a.m.)

**2. Venue**                            Shin Yokohama Prince Hotel \*The reception desk will be on the 1<sup>st</sup> floor.  
4, Shin Yokohama 3-chome, Kohoku-ku, Yokohama-shi, Kanagawa, Japan

### **3. Purposes of the Shareholders' Meeting**

#### **Reports:**

Business Report, Consolidated and Unconsolidated Financial Statements for the 122<sup>nd</sup> Business Period (April 1, 2021 – March 31, 2022); Auditing Reports from Accounting Auditor and Audit & Supervisory Board on Consolidated Financial Statements

#### **Agenda:**

Proposal No. 1	Amendment to the Articles of Incorporation
Proposal No. 2	Election of Nine Directors
Proposal No. 3	Election of One Audit & Supervisory Board Member
Proposal No. 4	Revision to the Details of Performance-based Stock Compensation Plan for Directors

### **4. Attached Materials**

(1) The Business Report and Consolidated and Unconsolidated Financial Statements for the 122<sup>nd</sup> Business Period are attached as Exhibit A.

(2) The following items are provided on the Company's website (<https://www.fujitsu.com/global/about/ir/>) in accordance with Japanese laws and regulations, and Article 17 of the Articles of Incorporation; they are not included in Exhibit A:

- a) Fujitsu Group Principal Offices and Plants
- b) Employees
- c) Concurrent Positions of External Directors and Auditors and Their Activities
- d) System to Ensure the Properness of Fujitsu Group Operations
- e) Notes to Consolidated Financial Statements
- f) Unconsolidated Statements of Changes in Net Assets, and Notes to Unconsolidated Financial Statements

- (3) In the case of any revisions to the Reference Materials for the Annual Shareholders' Meeting, Business Report, or Consolidated Financial Statements or Unconsolidated Financial Statements, they will be posted on the Company's website (<https://www.fujitsu.com/global/about/ir/>).

## 5. Voting

### (1) Exercise of Voting Rights in Case of Nonattendance

If you are not attending the Shareholders' Meeting, we ask you to exercise your voting rights by using one of the following methods.

#### [Voting by mail]

Please complete the enclosed Voting Card, indicating your approval or disapproval for each of the proposals, and return it to reach the Company no later than 6:00 p.m. on Friday, June 24, 2022 (Japan standard time).

#### [Voting via the Internet]

Please access the Company's designated online voting site (<https://evote.tr.mufg.jp/>) via a PC or mobile phone using the login ID and temporary password printed on the enclosed Voting Card. Please indicate and submit your approval or disapproval for each of the proposals no later than 6:00 p.m. on Friday, June 24, 2022 (Japan standard time), following the on-screen instructions.

Please note that the input of neither login ID nor temporary password is required when you access the voting site by reading the QR code (for the first-time login only).

#### [Exercise of Voting Rights by Proxy]

Voting rights can be exercised by a proxy shareholder, so long as the proxy is a shareholder who is able to exercise his or her voting rights at the Shareholders' Meeting. The absent shareholder's Voting Card, along with a document authorizing the proxy's representation of the absent shareholder, should be passed to the proxy, and we ask that the proxy present these materials along with the proxy's own Voting Card, to the reception desk on the day of the meeting.

### (2) Board Resolution regarding Exercise of Voting Rights

- a. Any voting right exercised by mail without indicating approval or disapproval for a particular proposal on the Voting Card will be counted as a vote for approval of the proposal.
- b. If any voting right is exercised both by mail and via the Internet, exercise via the Internet will be recognized as the valid exercise of the voting right.
- c. If any voting right is exercised more than once via the Internet, the latest exercise will be recognized as the valid exercise of the voting right.
- d. No Voting Card has been sent to those shareholders who have given consent to receive a notice by email. Any such shareholder wishing to have his or her Voting Card issued is asked to contact the Company's representative at the following address:

Contact: Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation

Mailing address: P.O. Box 29, Shin-Tokyo Post Office, 137-8081, Japan

#### *Note:*

This English version of the Notice and attached materials is a translation for reference only. The style of this English version differs slightly from the original Japanese version.

**REFERENCE MATERIALS FOR THE ANNUAL SHAREHOLDERS' MEETING****Proposal No. 1 Amendment to the Articles of Incorporation**

## 1. Reason for the proposal

- (1) To unify the Fujitsu brand further by integrating the English notation of our company name globally to “Fujitsu Limited”, the Company proposes to amend Article 1 of the current Articles of Incorporation to change the English notation of our trade name.
- (2) Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to the current Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the shareholders' meeting in electronic format.
  - (i) Article 17, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference materials for the shareholders' meeting, etc. in electronic format.
  - (ii) Article 17, paragraph 2 in “Proposed Amendments” below will establish the provision to make it possible to limit the items to be stated in the paper-based documents to be delivered to shareholders who request the delivery of paper-based documents.
  - (iii) Since the provisions for Internet Disclosure and Deemed Provision of Reference Materials for the Shareholders' Meeting, Etc. (Article 17 of the current Articles of Incorporation) will no longer be required, they will be deleted.
  - (iv) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

## 2. Description of the amendment

(The underlines indicate the amended parts.)

Current Articles of Incorporation	Proposed Amendments
<p>Article 1. (Trade Name)</p> <p>The Name of the Company shall be “Fujitsu Kabushiki Kaisha” and in English it shall be “<u>FUJITSU LIMITED.</u>”</p> <p><u>Article 17. (Internet Disclosure and Deemed Provision of Reference Materials for the Shareholders' Meeting, Etc.)</u></p> <p><u>When the Company convenes a shareholders' meeting, if it discloses information that is to be stated or presented in the reference materials for the shareholders' meeting, business report, unconsolidated financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p>	<p>Article 1. (Trade Name)</p> <p>The Name of the Company shall be “Fujitsu Kabushiki Kaisha” and in English it shall be “<u>Fujitsu Limited.</u>”</p> <p>(Deleted)</p> <p><u>Article 17. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>When the Company convenes a shareholders' meeting, it shall take measures for providing information that constitutes the content of reference materials for the shareholders' meeting, etc. in electronic format.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p><u>(Supplementary Provisions)</u></p> <ol style="list-style-type: none"><li><u>1. The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Materials for the Shareholders' Meeting, Etc.) in the pre-amended Articles of Incorporation and the establishment of the new Article 17 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</u></li><li><u>2. Notwithstanding the provision of the preceding paragraph, Article 17 of the pre-amended Articles of Incorporation shall remain effective regarding any shareholders' meeting held on a date within six months from the Date of Enforcement.</u></li><li><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the shareholders' meeting in the preceding paragraph, whichever is later.</u></li></ol>

**Proposal No. 2 Election of Nine Directors**

The terms of office for all nine Directors expire at the close of this Annual Shareholders' Meeting. Accordingly, the Company proposes the election of nine Directors including five Independent Directors. Candidates for the position of Director are listed on Pages 8 to 16. The term of office for each Director shall be until the close of next year's Annual Shareholders' Meeting.

The candidates for Director were approved by the Board of Directors as the Executive Nomination Committee consulted with the Board of Directors and gave a report after consideration 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. In addition, for the purpose of materializing the discussion on the mid-to long-term Management Direction in the Board of Directors, the nomination of the candidates for Executive Directors was conducted from a standpoint of electing candidates with a company-wide perspective and who can meet expectations that shareholders have for this position.

In order to achieve the Company's significance, "Our Purpose" of "making the world more sustainable by building trust in society through innovation", the Company has set consolidated financial targets of "revenue of ¥3.2 trillion and operating profit margin of 10% for Technology Solutions in fiscal 2022," and moreover, it has set indicators to evaluate non-financial activities in consideration of various stakeholders such as society, customers, and employees and is working on initiatives to achieve the targets of such indicators.

In fiscal 2021, the Company announced the new business brand "Fujitsu Uvance" targeting the 7 Key Focus Areas<sup>\*1)</sup> aimed at resolving social issues. The Company is also implementing reforms from various standpoints, such as revising operating processes aimed at executing data-driven management and expanding internal digital transformation (DX) activities, in order to achieve financial and non-financial targets, and realize Our Purpose. To accelerate these initiatives for this fiscal year, the Company has decided to continuously nominate Mr. Takahito Tokita, Representative Director and CEO<sup>\*3)</sup>, Mr. Hidenori Furuta, Representative Director and COO<sup>\*3)</sup>, and Mr. Takeshi Isobe, Director and Corporate Executive Officer, SEVP<sup>\*2)</sup>, as candidates for Executive Director.

Regarding the six Non-Executive Directors, taking the mission of the Board of Directors into account, that is, to continue monitoring of the implementation of measures for realizing Our Purpose and their progress, the Company proposes to reelect all of them.

**[Planned Board Structure after the approval at the Shareholders' Meeting]**

Candidate No.	Name	Authority of Representation	Independent Director	Position and responsibility at the Company
<b>Executive Directors</b>				
1	Takahito Tokita	○		CEO <sup>*3)</sup> , CDXO <sup>*3)</sup> , Chairman of the Risk Management & Compliance Committee
2	Hidenori Furuta	○		COO <sup>*3)</sup> , CDPO <sup>*3)</sup>
3	Takeshi Isobe			Corporate Executive Officer, SEVP <sup>*2)</sup> , CFO <sup>*3)</sup>
<b>Non-Executive Directors</b>				
4	Masami Yamamoto			Senior Advisor
5	Chiaki Mukai		○	
6	Atsushi Abe		○	Chairman of the Board of Directors
7	Yoshiko Kojo		○	
8	Scott Callon		○	
9	Kenichiro Sasae		○	

**Notes:**

\*1) "Key Focus Areas" refer to businesses on which the Company is focusing to achieve its purpose. The Key Focus Areas are composed of seven fields including four cross-industry Vertical Areas to resolve social issues and three Horizontal Areas that act as our technological foundation to support the Vertical Areas.

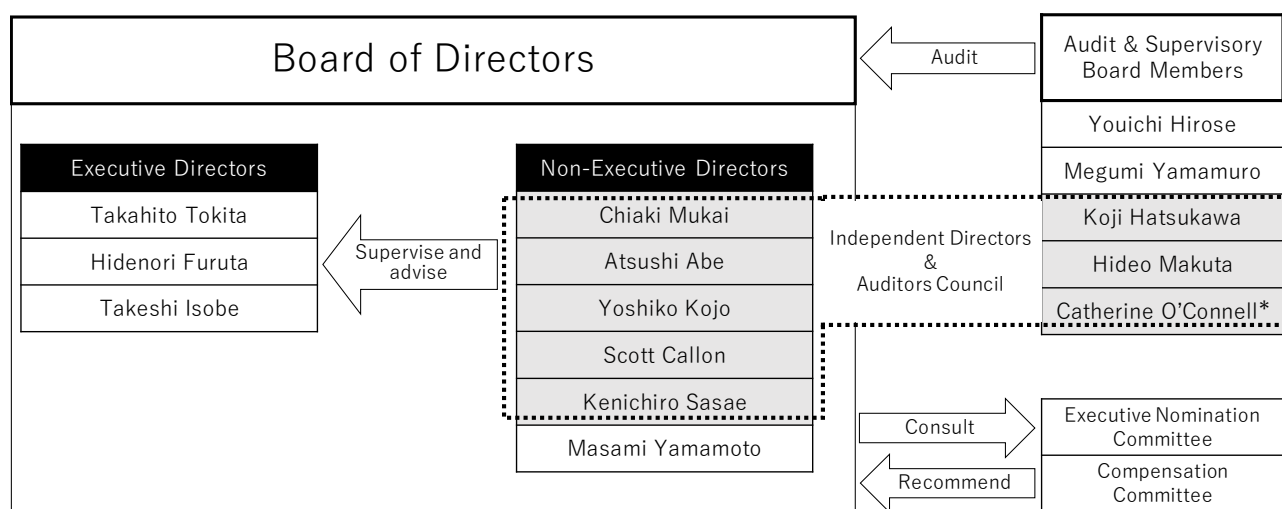
\*2) Regarding Corporate Executive Officers, in April 2022, we eliminated position names (Senior Executive Vice President/Executive Vice President) and changed to naming that demonstrates the scale of job responsibility using the FUJITSU Level (SEVP, EVP, SVP, etc.).

\*3) 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.

### Framework of Fujitsu's Corporate Governance Structure (Reference)

The Company outlines the following rules to ensure the effective oversight and advice from a diverse perspective of Non-Executive Directors (Independent Directors and Directors from within the Company who are not in charge of execution of business) to Executive Directors on their business execution as part of the Board of Directors function while taking advantage of the Company with the Audit & Supervisory Board system:

- a) Independent Directors are appointed as the core members of Non-Executive Directors, and at least one Non-Executive Director is appointed from within the Company.
- b) The skills and diversity necessary for the Board of Directors shall be considered when selecting candidates for Non-Executive Director.
- c) The majority of the Board of Directors members shall be Independent Directors.
- d) Independent Directors must meet the independence standards established by the Company (hereinafter referred to as "Independence Standards").
- e) The Company has the Audit & Supervisory Board Members' external audit and oversight on the Board of Directors, the voluntary Executive Nomination Committee and Compensation Committee composed of Non-Executive Directors and Auditors (hereinafter, the term used for the combination of Non-Executive Directors and Audit & Supervisory Board Members), and the Independent Directors & Auditors Council composed of Independent Directors & Auditors (hereinafter, the term used for the combination of Independent Directors and Independent Audit & Supervisory Board Members), all of which function to complement the Board of Directors.
- f) Independent Audit & Supervisory Board Members shall be the External Audit & Supervisory Board Members who meet the Independence Standards.



■ = External Directors & Auditors satisfying the independence standards \* New nominee

## Stance on Independence of External Directors & Auditors (Reference)

The Company states its Independence Standards for External Directors & Auditors in the Corporate Governance Policy, which was established by the resolution of the Board of Directors in December 2015.

### Independence Standards for External Directors & Auditors

1. A Director and Auditor will be independent if none of the following are met, at present and/or in the past:
  - (1) Director who is not an Independent Director or employee of one of Fujitsu Group Companies<sup>1</sup>;
  - (2) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Shareholder<sup>3</sup> of Fujitsu;
  - (3) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Lender<sup>4</sup> to Fujitsu;
  - (4) Partner or employee of accounting auditor of Fujitsu;
  - (5) Director, Executive Officer, Audit & Supervisory Board Member, or Corporate Executive Officer mutually exchanged between Fujitsu and another company;
  - (6) A person who receives a Significant Amount of Monetary Benefits<sup>5</sup> or other property as an individual, or as a Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a small corporation, etc. that can be regarded as an individual, other than the compensation as a Director or Audit & Supervisory Board Member from Fujitsu; or
  - (7) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Business Partner<sup>6</sup> of Fujitsu
  
2. A person who does not have a Close Relative<sup>7</sup> will be independent, wherein a Close Relative meets one of following, at present or at any time within the preceding three years:
  - (1) Executive Director, Non-Executive Director<sup>8</sup>, or important employee of Fujitsu Group Companies;
  - (2) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Shareholder of Fujitsu;
  - (3) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Lender to Fujitsu;
  - (4) Partner or employee of accounting auditor of Fujitsu;
  - (5) Director, Executive Officer, Audit & Supervisory Board Member, or Corporate Executive Officer mutually exchanged between Fujitsu and another company
  - (6) A person who receives a Significant Amount of Monetary Benefits or other property as an individual, or as a Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a small corporation, etc. that can be regarded as an individual, other than the compensation as a Director or Audit & Supervisory Board Member from Fujitsu; or
  - (7) Director, Executive Officer, Audit & Supervisory Board Member, or important employee<sup>2</sup> of a Major Business Partner of Fujitsu.

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1 "Fujitsu Group Companies" means Fujitsu Limited and its subsidiaries.

2 Excluding an Independent Director or an Independent Auditor of a Major Shareholder, Lender, or Business Partner

3 "Major Shareholder" indicates a shareholder who holds at least 10 percent of the voting rights of Fujitsu nominally or substantially.

4 "Major Lender" indicates the lender in the group's major lenders listed in the latest business report of Fujitsu.

5 "Significant Amount of Monetary Benefits" means the sum of annual compensation for expert services and donation equal to or more than 10 million yen.

6 "Major Business Partner" means a company with whom Fujitsu Group Companies made a business transaction within the preceding three fiscal years and the total amount of the transaction exceeds 1% of consolidated sales revenue of either Fujitsu or that company.

7 "Close Relative" means a family, spouse, or cohabiter within the second degrees of kinship (as stipulated in the Civil Code of Japan).

8 This condition applies only when judging the independence of Fujitsu's External Audit & Supervisory Board Member or a nominee thereof.

9 The positions listed in the Independence Standards include those corresponding positions.

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
1	<p>Takahito Tokita (September 2, 1962)</p> <p><i>*Reappointment</i></p> <p>[No. of Years Served as a Director*4] 3</p> <p>[No. of the Company's Shares Held] 1,364</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1988 Joined the Company</p> <p>Jun. 2014 Head of Financial Systems Unit, Integration Services Business</p> <p>Apr. 2015 Corporate Executive Officer</p> <p>Jan. 2019 Corporate Executive Officer EVP*2), Head of Global Delivery Group, Technology Solutions Business</p> <p>Mar. 2019 Corporate Senior Executive Vice President</p> <p>Jun. 2019 Representative Director and CEO*3) (to present) Chairman of the Risk Management &amp; Compliance Committee (to present)</p> <p>Oct. 2019 CDXO*3) (to present)</p> <p>[Significant concurrent positions outside the Company] None</p>
	<p>[Reasons for Nomination]</p>	<p>Mr. Takahito Tokita has a wealth of experience as a systems engineer in the business for the financial sector, is decisive, and has the capabilities necessary to execute business improvements. In addition, he has a good grasp of what is happening in the global business arena through his overseas experience, including his position as the Head of the Global Delivery Group whose mission is to offer uniform services throughout the world. Following his assumption of office as Representative Director and CEO, he formulated the new Management Direction and has led initiatives to transform Fujitsu from an IT company to a DX company. Aiming to contribute to solving social issues, the Company defined Our Purpose, the reason it exists in society, and is going to work on all corporate activities to realize this as a purpose-driven company. In order to further accelerate these initiatives, the Company believes his leadership is necessary. Therefore, the Company proposes reappointing him as an Executive Director. The Company intends to reappoint him as Representative Director and CEO, if his reappointment is approved at this Shareholders' Meeting.</p>
	<p>[Comments on Special-interest Relationships]</p>	<p>Mr. Takahito Tokita has no special-interest relationships with the Company.</p>
	<p>[Special Notice regarding the Director Candidate]</p>	<p>The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If Mr. Takahito Tokita is reappointed, he will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>

Note:

\*4) "No. of Years Served as a Director" is as of the close of this Annual Shareholders' Meeting.



## (TRANSLATION FOR REFERENCE ONLY)

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
2	<p>Hidenori Furuta (December 13, 1958)</p> <p><i>*Reappointment</i></p> <p>[No. of Years Served as a Director*<sup>4)</sup>] 3</p> <p>[No. of the Company's Shares Held] 3,763</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1982 Joined the Company</p> <p>May 2009 Head of Manufacturing Industry Solutions Business Unit</p> <p>Apr. 2012 Corporate Executive Officer</p> <p>Apr. 2014 Corporate Executive Officer, EVP*<sup>2)</sup> Head of Global Delivery</p> <p>Apr. 2018 Corporate Executive Officer, SEVP*<sup>2)</sup> Head of Digital Services Business</p> <p>Jan. 2019 SEVP, Head of Technology Solutions Business (until March 2020) CTO*<sup>5)</sup> (until June 2021)</p> <p>Jun. 2019 Representative Director and COO*<sup>3)</sup> (to present)</p> <p>Apr. 2020 SEVP, Head of Global Solutions Business</p> <p>Oct. 2021 CDPO*<sup>3)</sup> (to present)</p> <p>[Significant concurrent positions outside the Company] None</p>
		<p>[Reasons for Nomination]</p> <p>Mr. Hidenori Furuta has international experience due to launching Global Delivery as well as many years of experience in the systems integration business. As CTO*<sup>5)</sup> he has been supporting Mr. Takahito Tokita, Representative Director and CEO*<sup>3)</sup>, from a technological perspective. Additionally, he has been responsible for operational process design, application, and maintenance operations, and formulated and implemented policies to promote the utilization of the data relevant to those operations as the CDPO*<sup>3)</sup> from October 2021. In view of his experience, the Company believes he is the most suitable person to fulfill the role of leading the initiatives for realization of Our Purpose in terms of the business operation. Therefore, the Company proposes reappointing him as an Executive Director.</p> <p>The Company intends to reappoint him as Representative Director and COO*<sup>3)</sup>, if his reappointment is approved at this Shareholders' Meeting.</p>
		<p>[Comments on Special-interest Relationships]</p> <p>Mr. Hidenori Furuta has no special-interest relationships with the Company.</p>
		<p>[Special Notice regarding the Director Candidate]</p> <p>The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If Mr. Hidenori Furuta is reappointed, he will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>

Note:

\*5) CTO is abbreviations of Chief Technical Officer.

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
3	<p>Takeshi Isobe (July 29, 1962)</p> <p><i>*Reappointment</i></p> <p>[No. of Years Served as a Director*<sup>4)</sup>] 2</p> <p>[No. of the Company's Shares Held] 978</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1985    Joined the Company</p> <p>Jun. 2014    VP of Corporate Controller Division, Corporate Finance Unit</p> <p>Apr. 2018    Corporate Executive Officer Head of Corporate Finance Unit (until March 2021)</p> <p>Jun. 2019    Corporate Executive Officer, EVP*<sup>2)</sup> CFO*<sup>3)</sup> (to present)</p> <p>Apr. 2020    Corporate Executive Officer, SEVP*<sup>2)</sup></p> <p>Jun. 2020    Director and Corporate Executive Officer, SEVP*<sup>2)</sup> (to present)</p> <p>[Significant concurrent positions outside the Company] None</p>
	<p>[Reasons for Nomination]</p>	<p>Mr. Takeshi Isobe has many years of experience in the Corporate Finance Unit of the Company. He has been responsible for the formulation and execution of the financial strategy and constructive dialogues with shareholders and investors as CFO*<sup>3)</sup>. Based on such knowledge, he has been providing advice to the management and formulating and executing Capital Allocation Policy. In this way, he has supported important decision-making concerning the Company's business execution. In view of his experience, the Company believes he is the most suitable person to fulfill the role of leading the initiatives for realization of Our Purpose from a financial perspective. Therefore, the Company proposes reappointing him as an Executive Director.</p>
	<p>[Comments on Special-interest Relationships]</p>	<p>Mr. Takeshi Isobe has no special-interest relationships with the Company.</p>
	<p>[Special Notice regarding the Director Candidate]</p>	<p>The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If Mr. Takeshi Isobe is reappointed, he will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
4	<p>Masami Yamamoto (January 11, 1954)</p> <p><i>*Reappointment</i></p> <p>[No. of Years Served as a Director*<sup>4</sup>] 12</p> <p>[No. of the Company's Shares Held] 10,159</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1976 Joined the Company</p> <p>Jun. 2004 Vice Head of Personal Systems Business Group</p> <p>Jun. 2005 Corporate Vice President</p> <p>Jun. 2007 Corporate Senior Vice President</p> <p>Jan. 2010 Corporate Senior Executive Vice President</p> <p>Apr. 2010 President</p> <p>Jun. 2010 Representative Director and President</p> <p>Jun. 2015 Representative Director and Chairman (until June 2017) Chairman of the Board of Directors (until June 2019)</p> <p>Jul. 2015 Member of the Executive Nomination Committee and Compensation Committee (until June 2019)</p> <p>Jun. 2017 Director and Chairman (until June 2019) Outside Director, JFE Holdings, Inc. (to present)</p> <p>Oct. 2018 Member of Council for Promotion of Regulatory Reform, Cabinet Office (until July 2019)</p> <p>Mar. 2019 Member of Intellectual Property Strategy Headquarters, Cabinet Office (until March 2021)</p> <p>Jun. 2019 Director and Senior Advisor of the Company (to present) Member of the Board of Directors (Outside Director), Mizuho Financial Group, Inc. (to present)</p> <p>[Significant concurrent positions outside the Company] Outside Director, JFE Holdings, Inc. Member of the Board of Directors (Outside Director), Mizuho Financial Group, Inc.</p>
<p>[Reasons for Nomination] Mr. Masami Yamamoto has experience in business execution, having served as Representative Director and President for five years, and as Representative Director and Chairman for two years. At the same time, serving in key positions in the business community and at governmental institutions, he has been engaged in external activities that advance the interests of the Japanese IT industry and contribute to enhancement of the Company's presence in the international community. The Company believes he is ideally suited to fulfill the role of being responsible for oversight of business execution and providing advice based on his experience and knowledge. Therefore, the Company proposes reappointing him as a Non-Executive Director. The Company intends to reappoint him as Director and Senior Advisor, if his appointment is approved at this Shareholders' Meeting.</p>		
<p>[Comments on Special-interest Relationships] Mr. Masami Yamamoto has no special-interest relationships with the Company.</p>		
<p>[Special Notice regarding the Director Candidate] An agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act has been concluded between the Company and Mr. Masami Yamamoto. The Company plans to extend the agreement if he is reappointed at this Shareholders' Meeting*<sup>6</sup>). The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If he is reappointed, he will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>		

Note:

\*6) The maximum liability for damages in accordance with the agreement limiting liability concluded between the Company and Non-Executive Directors and Audit & Supervisory Board Members is the minimum liability amount stipulated by laws and regulations.

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
5	<p>Chiaki Mukai (May 6, 1952)</p> <p><i>*Reappointment</i> <i>*Independent Director</i></p> <p>[No. of Years Served as a Director*4] 7</p> <p>[No. of the Company's Shares Held] 3,295</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1977 Staff of Department of Surgery, Keio University School of Medicine (until November 1985)</p> <p>Aug. 1985 Payload Specialist of National Space Development Agency of Japan*7) (until March 2015)</p> <p>Jun. 1987 Visiting Scientist of Division of Cardiovascular Physiology, Space Biomedical Research Institute, NASA Johnson Space Center (until December 1988)</p> <p>Oct. 2014 Vice President of Science Council of Japan (until September 2017)</p> <p>Apr. 2015 Vice President, Tokyo University of Science (until March 2016)</p> <p>Jun. 2015 Director of the Company (to present)</p> <p>Apr. 2016 Specially Appointed Vice President of Tokyo University of Science (to present)</p> <p>Jul. 2016 Member of the Executive Nomination Committee (to present) Member of the Compensation Committee (until June 2018)</p> <p>Jan. 2017 Chair of the Scientific and Technical Subcommittee, UN Committee on the Peaceful Uses of Outer Space (COPUOS) (until January 2018)</p> <p>Apr. 2018 Special Counselor of JAXA (until March 2021)</p> <p>Jul. 2018 Chairperson of the Compensation Committee of the Company (to present)</p> <p>Mar. 2019 Outside Director, Kao Corporation (to present)</p> <p>[Significant concurrent positions outside the Company] Specially Appointed Vice President of Tokyo University of Science Outside Director, Kao Corporation</p>
		<p>[Reasons for Nomination and Overview of Expected Role]</p> <p>Although Ms. Chiaki Mukai has not previously been involved with company management other than having served as an external director, she has an impressive personal history as a doctor who became Asia's first female astronaut, and exemplifies the Company's spirit of taking on challenges at the cutting edge of science. As well as providing oversight and advice concerning business execution from diverse perspectives, she led discussion about executive compensation in her capacity as the Chairperson of the Compensation Committee. Because the Company expects that she will continue to be able to provide oversight and advice from a fair and objective global perspective based on broad knowledge of science and technology, the Company proposes reappointing her as an Independent Director.</p>
		<p>[Comments on Special-interest Relationships and the Independence of the Candidate]</p> <p>Ms. Chiaki Mukai has no special-interest relationships with the Company. Academic Corporation Tokyo University of Science that operates Tokyo University of Science, where she serves as Specially Appointed Vice President, and the Company do have sales business dealings that in fiscal 2021 amounted to approximately 2 million yen. In light of the scale of the Company's sales, however, this is not considered material. Thus, she satisfies the Independence Standards (Refer to Page 7) established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that she is an Independent Director.</p>
		<p>[Special Notice regarding the Director Candidate]</p> <p>An agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act has been concluded between the Company and Ms. Chiaki Mukai. The Company plans to extend the agreement if she is reappointed at this Shareholders' Meeting*6). The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If she is reappointed, she will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>

Note:

\*7) Currently, the Japan Aerospace Exploration Agency (JAXA)

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
6	<p style="text-align: center;">Atsushi Abe</p> <p style="text-align: center;">(October 19, 1953)</p> <p><i>*Reappointment *Independent Director</i></p> <p>[No. of Years Served as a Director*<sup>4)</sup>] 7</p> <p>[No. of the Company's Shares Held] 2,902</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1977 Joined Mitsui &amp; Co., Ltd.</p> <p>Jun. 1990 Manager, Electronic Industry Department, Mitsui &amp; Co., Ltd.</p> <p>Jan. 1993 Managing Director, Alex. Brown &amp; Sons, Inc.*<sup>8)</sup></p> <p>Aug. 2001 Managing Director and Head of Global Corporate Finance, Deutsche Securities, Ltd.*<sup>9)</sup></p> <p>Aug. 2004 Partner &amp; Head of Japan, J.P. Morgan Partners Asia*<sup>10)</sup> (until March 2009)</p> <p>May 2007 Board Member, Edwards Group Ltd.*<sup>11)</sup> (until October 2009)</p> <p>Dec. 2009 Managing Partner, Sangyo Sosei Advisory Inc. (to present)</p> <p>Feb. 2011 Director, ON Semiconductor Corporation (to present)</p> <p>Jun. 2015 Director of the Company (to present)</p> <p>Jun. 2019 Chairman of the Board of Directors (to present)</p> <p>Dec. 2019 Senior Advisor, Sangyo Sosei Advisory Inc. (to present)</p> <p>Jul. 2021 Chairperson of the Executive Nomination Committee (to present)</p> <p>[Significant concurrent positions outside the Company] Managing Partner, Senior Advisor, Sangyo Sosei Advisory Inc. Director, ON Semiconductor Corporation</p>
<p>[Reasons for Nomination and Overview of Expected Role]</p> <p>Through many years of experience in investment banking and private equity, Mr. Atsushi Abe has gained a deep understanding of the ICT industry and mergers and acquisitions. As the Chairman of the Board of Directors, he has been managing proceedings objectively from his perspective as an investor gained through his experience to date and dialogues with institutional investors. Additionally, he has led discussions on the qualities required for candidates for Director and Audit &amp; Supervisory Board Member to improve the composition of the Company's Board of Directors as the Chairperson of the Executive Nomination Committee since July 2021. Because the Company expects that, in addition to being able to provide oversight and advice from a shareholder and investor perspective, he will continue to contribute to timely and decisive management decision-making. Therefore, the Company proposes reappointing him as an Independent Director.</p> <p>The Company intends to reappoint him as Chairman of the Board of Directors, if his appointment is approved at this Shareholders' Meeting.</p>		
<p>[Comments on Special-interest Relationships and the Independence of the Candidate]</p> <p>Mr. Atsushi Abe has no special-interest relationships with the Company.</p> <p>Sangyo Sosei Advisory Inc., where he serves as Managing Partner, and the Company have no business dealings. ON Semiconductor Corporation, where he serves as Director, and the Company have sales business dealings, but sales transactions in fiscal 2021 amounted to approximately 300 thousand yen. In light of the scale of the Company's sales, this is not considered material. He is neither a Major Shareholder nor has he held an executive management position with a major trading partner of the Company, and does not receive monetary benefits other than the compensation as a Director of the Company, and thus, he satisfies the Independence Standards (Refer to Page 7) established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that he is an Independent Director.</p>		
<p>[Special Notice regarding the Director Candidate]</p> <p>An agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act has been concluded between the Company and Mr. Atsushi Abe. The Company plans to extend the agreement if he is reappointed at this Shareholders' Meeting*<sup>6)</sup>.</p> <p>The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If he is reappointed, he will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>		

## Notes:

\*8) Currently, Raymond James &amp; Associates, Inc.

\*9) Currently, Deutsche Securities Inc.

\*10) Currently, Unitas Capital

\*11) Currently, Atlas Copco

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
7	<p>Yoshiko Kojo*<sup>12)</sup> (June 19, 1956)</p> <p><i>*Reappointment</i> <i>*Independent Director</i></p> <p>[No. of Years Served as a Director*<sup>4)</sup>] 4</p> <p>[No. of the Company's Shares Held] 856</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1988 Assistant Professor of International Relations, Faculty of Law, Kokugakuin University</p> <p>Apr. 1991 Associate Professor of International Relations, Faculty of Law, Kokugakuin University</p> <p>Apr. 1996 Associate Professor of International Relations, Department of Advanced Social and International Studies, The University of Tokyo</p> <p>Jun. 1999 Professor of International Relations, Department of Advanced Social and International Relations, The University of Tokyo (until March 2020)</p> <p>Oct. 2010 President, Japan Association of International Relations</p> <p>Oct. 2012 Member of Advisory Board, Japan Association of International Relations (to present)</p> <p>Oct. 2014 Member of Science Council of Japan (until September 2020)</p> <p>Jun. 2018 Director of the Company (to present)</p> <p>Jul. 2019 Member of the Executive Nomination Committee and Compensation Committee (to present)</p> <p>Apr. 2020 Professor of Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication (to present)</p> <p>[Significant concurrent positions outside the Company] Professor of Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication</p>
<p>[Reasons for Nomination and Overview of Expected Role]</p> <p>Although Ms. Yoshiko Kojo has not previously been involved with company management other than having served as an external director, she served in important positions including the President of the Japan Association of International Relations. Her research has for many years focused mainly on the impact of economic entities, including private companies, and on international politics. The Company expects that she will be able to provide extensive advice and oversight concerning the Company's responses to change in the external environment during a dramatic transition of international politics and initiatives for SDGs*<sup>13)</sup> based on her deep insight. Therefore, the Company proposes reappointing her as an Independent Director.</p>		
<p>[Comments on Special-interest Relationships and the Independence of the Candidate]</p> <p>Ms. Yoshiko Kojo has no special-interest relationships with the Company. She is neither a Major Shareholder nor has she held an executive management position with a major trading partner of the Company, and thus the Company believes that she satisfies the Independence Standards (Refer to Page 7) established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that she is an Independent Director.</p>		
<p>[Special Notice regarding the Director Candidate]</p> <p>An agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act has been concluded between the Company and Ms. Yoshiko Kojo. The Company plans to extend the agreement if she is reappointed at this Shareholders' Meeting*<sup>6)</sup>.</p> <p>The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If she is reappointed, she will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>		

## Notes

\*12) The name of Yoshiko Kojo in the domiciliary register is Yoshiko Kugu.

\*13) Abbreviation of "Sustainable Development Goals."

SDGs, adopted by the United Nations in 2015, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
8	<p>Scott Callon <sup>*14)</sup> (December 6, 1964)</p> <p><i>*Reappointment</i> <i>*Independent Director</i></p> <p>[No. of Years Served as a Director<sup>*4)</sup>] 2</p> <p>[No. of the Company's Shares Held] 0</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 100%</p>	<p>Apr. 1988 MIPS Computer Systems, Inc.<sup>*15)</sup> Jan. 2003 Head of Equities, Morgan Stanley Japan Limited<sup>*16)</sup> May 2006 Chief Executive Officer, Ichigo Asset Management, Ltd. (to present) Oct. 2008 Chairman and Representative Statutory Executive Officer, Asset Managers Holdings Co., Ltd.<sup>*17)</sup> (to present) Nov. 2008 Director and Chairman of the Board of Directors, Asset Managers Holdings Co., Ltd. (to present) May 2012 External Audit &amp; Supervisory Board Member, Chiyoda Co., Ltd. (until May 2020) Mar. 2020 Chairman and Representative Director, Japan Display Inc. (until December 2020) Jun. 2020 Director of the Company (to present) Aug. 2020 Chairman of the Board of Directors, Japan Display Inc. (to present) Jan. 2021 Chairman, Representative Executive Officer, CEO and Director, Japan Display Inc. (to present) Jul. 2021 Member of the Executive Nomination Committee and Compensation Committee of the Company (to present)</p> <p>[Significant concurrent positions outside the Company] Chief Executive Officer, Ichigo Asset Management, Ltd. Director and Chairman of the Board of Directors, Chairman and Representative Statutory Executive Officer, Ichigo Inc. Chairman, Representative Executive Officer, CEO and Director, and Chairman of the Board of Directors, Japan Display Inc.</p>
	[Reasons for Nomination and Overview of Expected Role]	<p>Having served at a foreign-owned securities firm, Mr. Scott Callon currently serves as Chief Executive Officer of Ichigo Asset Management, Ltd., a non-affiliated investment advisory firm specialized in investment in Japanese stocks, and has a wealth of experience as an institutional investor. After being appointed as Director of the Company, he has actively engaged in dialogues with shareholders and investors. In view of his experience, the Company expects that he will play a role in providing oversight and advice from a shareholder and investors' perspective, as well as in providing feedback of shareholder and investor opinions to the Company's management. Therefore, the Company proposes reappointing him as an Independent Director.</p>
	[Comments on Special-interest Relationships and the Independence of the Candidate]	<p>Mr. Scott Callon has no special-interest relationships with the Company. Ichigo Asset Management, Ltd., where he serves as Chief Executive Officer, and Ichigo Inc., where he serves as Director and Chairman of the Board of Directors, Chairman and Representative Statutory Executive Officer, and the Company have no business dealings. Japan Display Inc., where he serves as Chairman of Representative Executive Officer, CEO and Director, and Chairman of the Board of Directors, and the Company do engage in sales transactions that in fiscal 2021 amounted to approximately 310 million yen. In light of the scale of the Company's sales, however, this is not considered material. ICHIGO TRUST PTE. LTD., which is a joint owner that exercises voting rights jointly with Ichigo Asset Management, Ltd., where Mr. Callon serves as Chief Executive Officer, is a shareholder of the Company with a large ownership, but is not a Major Shareholder as defined by the Independence Standards (Refer to Page 7) established by the Company. Moreover, he has not held an executive management position with a major trading partner of the Company, and thus, he satisfies the Independence Standards established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that he is an Independent Director. Additionally, he has declared that he would fulfill his duties as a Director for the Company and for all the shareholders of the Company.</p>
	[Special Notice regarding the Director Candidate]	<p>An agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act has been concluded between the Company and Mr. Scott Callon. The Company plans to extend the agreement if he is reappointed at this Shareholders' Meeting<sup>*6)</sup>. The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If he is reappointed, he will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>

## Notes

\*14) The name of Scott Callon in the domiciliary register is Callon Scott Anderburg.

\*15) Currently, MIPS

\*16) Currently, Morgan Stanley MUFG Securities Co., Ltd.

\*17) Currently, Ichigo Inc.

Candi- date No.	Name and date of birth	Career summary, position and responsibility in the Company, and significant concurrent positions outside the Company
	<p style="text-align: center;">Kenichiro Sasae</p> <p style="text-align: center;">(September 25, 1951)</p> <p><i>*Reappointment</i> <i>*Independent Director</i></p> <p>[No. of Years Served as a Director*<sup>4)</sup>] 1</p> <p>[No. of the Company's Shares Held] 45</p> <p>[Attendance at the FY2021 Board of Directors' Meetings] 90.9%</p>	<p>Apr. 1974 Joined Ministry of Foreign Affairs</p> <p>Mar. 2002 Director-General of Economic Affairs Bureau, Ministry of Foreign Affairs</p> <p>Jan. 2005 Director-General of Asian and Oceania Affairs Bureau, Ministry of Foreign Affairs</p> <p>Jan. 2008 Deputy Minister for Foreign Affairs</p> <p>Aug. 2010 Vice-Minister for Foreign Affairs</p> <p>Sep. 2012 Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America</p> <p>Jun. 2018 President and Director General, The Japan Institute of International Affairs</p> <p>Jun. 2019 Outside Director, SEIREN CO., LTD. (to present) Outside Director, MITSUBISHI MOTORS CORPORATION (to present)</p> <p>Dec. 2020 President, The Japan Institute of International Affairs (to present)</p> <p>Jun. 2021 Director of the Company (to present)</p> <p>Jul. 2021 Member of the Compensation Committee of the Company (to present)</p> <p>Mar. 2022 Outside Director of Asahi Group Holdings, Ltd. (to present)</p> <p>[Significant concurrent positions outside the Company] President, The Japan Institute of International Affairs Outside Director, SEIREN CO., LTD. Outside Director, MITSUBISHI MOTORS CORPORATION</p>
9		<p>[Reasons for Nomination and Overview of Expected Role]</p> <p>Although Mr. Kenichiro Sasae has not previously been involved with company management other than having served as an external director, he has served in important positions including the Vice-Minister for Foreign Affairs, Ambassador Extraordinary and Plenipotentiary of Japan to the United States of America, and currently as the President of the Japan Institute of International Affairs. He has extensive knowledge and practical experience in international politics and economics. As the international situation becomes more complicated these days, the Company expects that he will be able to provide oversight and advice from a fair and objective global perspective based on his knowledge and experience. Therefore, the Company proposes reappointing him as an Independent Director.</p>
		<p>[Comments on Special-interest Relationships and the Independence of the Candidate]</p> <p>Mr. Kenichiro Sasae has no special-interest relationships with the Company. The Japan Institute of International Affairs, where he serves as President, and the Company have no business dealings. He is neither a Major Shareholder nor has he held an executive management position with a major trading partner of the Company, and thus the Company believes that he satisfies the Independence Standards (Refer to Page 7) established by the Company. In accordance with listing regulations, the Company has reported to the securities exchanges on which the Company is listed in Japan that he is an Independent Director.</p>
		<p>[Special Notice regarding the Director Candidate]</p> <p>An agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act has been concluded between the Company and Mr. Kenichiro Sasae. The Company plans to extend the agreement if he is reappointed at this Shareholders' Meeting*<sup>6)</sup>. The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If he is reappointed, he will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.</p>



**Proposal No. 3 Election of One Audit & Supervisory Board Member**

To strengthen our auditing system, the Company proposes increasing the Audit & Supervisory Board by one member and requests the election of one candidate. The candidate for Audit & Supervisory Board Member is stated below.

Taking into account that an important role of Audit & Supervisory Board Members is to perform compliance and accounting audits, the Company has decided to adopt a structure for audits to be performed by two full-time Audit & Supervisory Board Members and three Independent Audit & Supervisory Board Members who have the experience and knowledge required for such audits.

The Company has already received the consent for this proposal from the Audit & Supervisory Board.

<i>Name and date of birth</i>	<i>Career summary, position in the Company, and significant concurrent positions outside the Company</i>
Catherine O'Connell*18  (February 10, 1967)  <i>*New appointment</i> <i>*Independent Audit &amp; Supervisory Board Member</i>  [No. of the Company's Shares Held] 0	Nov. 1994 Anderson Lloyd Barristers & Solicitors Mar. 2012 Head of Legal, Molex Japan LLC Jun. 2017 Representative Director, O'Connell Consultants (until December 2017) Jan. 2018 Principal, Catherine O'Connell Law (to present)  [Significant concurrent positions outside the Company] Principal, Catherine O'Connell Law
[Reasons for Nomination] Ms. Catherine O'Connell is an attorney at law in New Zealand. She has a wealth of practical experience at law offices in Japan and overseas as well as at the legal divisions of Japanese companies. She possesses the legal and compliance knowledge required for Audit & Supervisory Board Members of the Company. She also possesses deep insight into issues related to internationality and gender. The Company expects that she will audit and supervise business execution from diverse perspectives. Therefore, the Company proposes appointing her as an Independent Audit & Supervisory Board Member.	
[Comments on Special-interest Relationships and the Independence of the Candidate] Ms. Catherine O'Connell has no special-interest relationships with the Company. Catherine O'Connell Law, where she serves as Principal, and the Company have no business dealings. She is neither a Major Shareholder nor has she held an executive management position with a major trading partner of the Company, and the Company believes that she satisfies the Independence Standards (Refer to Page 7) established by the Company. In accordance with listing regulations, the Company plans to report to the securities exchanges on which the Company is listed in Japan that she is an Independent Audit & Supervisory Board Member.	
[Special Notice regarding the Audit & Supervisory Board Member Candidate] The Company plans to conclude an agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act with Ms. Catherine O'Connell if her appointment is approved at this Shareholders' Meeting*6). The Company plans to conclude a directors and officers liability insurance contract with an insurance company. It covers the damages and dispute costs that the insured may bear if they receive a claim for damages as a result of serving as director or officer. If she is appointed, she will be included as an insured in the insurance contract. We also plan to renew the contract with the same content at the next contract renewal.	

Note

\*18) The name of Catherine O'Connell in the domiciliary register is O'Connell Catherine Maree.

## (Reference) Skill Matrix of the Company's Director and Audit &amp; Supervisory Board Member

Fujitsu, as a global company making the world more sustainable by building trust in society through innovation, has identified requisite qualities including diversity and the necessary skills for Directors and Audit & Supervisory Board Members to execute business and provide appropriate advice and supervision in their respective roles. Fujitsu has nominated the candidates for Director and Audit & Supervisory Board Member as described above based on such requisites. Below is the skill matrix of the Company's Directors and Audit & Supervisory Board Members (planned) after this Shareholders' Meeting.

	Name	External	Diversity		Skill Matrix				
			Gender	Nationality	Corporate management	Finance and investment	Global	Technology	ESG, academia, and policy
CEO	Takahito Tokita		Male	JP	X		X	X	
COO	Hideori Furuta		Male	JP	X		X	X	
CFO	Takeshi Isobe		Male	JP	X	X	X		
Senior Advisor	Masami Yamamoto		Male	JP	X		X	X	
Independent Director	Chiaki Mukai	X	Female	JP			X	X	X
Independent Director	Atsushi Abe	X	Male	JP		X	X	X	
Independent Director	Yoshiko Kojo	X	Female	JP			X		X
Independent Director	Scott Callon	X	Male	US	X	X	X		
Independent Director	Kenichiro Sasae	X	Male	JP			X		X

	Name	External	Diversity		Skill Matrix		
			Gender	Nationality	Legal affairs and compliance	Finance and accounting	Operating process
Full-time Audit & Supervisory Board Member	Youichi Hirose		Male	JP		X	X
Full-time Audit & Supervisory Board Member	Megumi Yamamuro		Male	JP	X	X	
Audit & Supervisory Board Member	Koji Hatsukawa	X	Male	JP		X	X
Audit & Supervisory Board Member	Hideo Makuta	X	Male	JP	X	X	
Audit & Supervisory Board Member	Catherine O'Connell	X	Female	NZ	X		

## **Proposal No. 4 Revision to the Details of Performance-based Stock Compensation Plan for Directors**

### 1. Reason for the proposal and reasons justifying the revisions

#### (1) Current status of the Plan

The performance-based stock compensation plan, known as “Performance Share” (hereinafter referred to as “the Plan”) was introduced after shareholders’ approval at the 117<sup>th</sup> Annual Shareholders’ Meeting held on June 26, 2017 to grant Executive Directors mid- to long-term incentives for improving corporate value and to further encourage them to enhance management from the shareholders’ perspective. Furthermore, separate from the upper limit of the amount of monetary compensation that was resolved at said Annual Shareholders’ Meeting, a resolution was made at the 121<sup>st</sup> Annual Shareholders’ Meeting held on June 28, 2021 to revise the upper limit of the compensation amount related to the Plan to up to 1.2 billion yen per year (the total number of allocated shares of the Company is set to within 75,000 shares a year\*<sup>19</sup>). In addition, the specific details of the Plan have been resolved.

#### (2) Details and reasons for the revisions

EPS (earnings per share) shall be added to the existing performance indicator levels under the Plan from fiscal 2022 and onward, in addition to existing indicators such as sales revenue and operating profits drawn from the Company’s consolidated financial results. The purpose of this revision is to enhance the commitment of Executive Directors to continuously increase corporate value by generating profit and improving capital efficiency.

Furthermore, with regard to compensation that is subject to said revisions to the indicators, within the scope of the upper limit (up to 1.2 billion yen a year) of compensation amount under the Plan that was resolved at the 121<sup>st</sup> Annual Shareholders’ Meeting, each applicable person shall be paid in cash the amount equivalent to a portion of said compensation to pay for the applicable person’s tax obligation arising from compensation paid under the Plan, with the remainder being paid with monetary compensation claims for the allocated shares of the Company. The change in the payment method will be made in consideration of the applicable person’s tax obligation arising from compensation paid under the Plan.

#### (3) Reasons justifying the proposal

These changes are in line with the policy on the determination of the details of compensation, etc. for individual Directors, which was determined by the Board of Directors following the recommendation of the Compensation Committee, which is mainly composed of External Directors. These changes have been determined by the Board of Directors where the majority is comprised of External Directors, following the recommendation based on the deliberation of the Compensation Committee. Therefore, the Company believes that this proposal is appropriate.

#### (4) Executive Directors applicable for the Plan

The Company currently has nine Directors (of which five are External Directors), and the Plan is applicable to three Executive Directors among such Directors. There will be no change in the number of the applicable Executive Directors for the Plan, even if Proposal No. 2 “Election of Nine Directors” is approved as originally proposed at this Shareholders’ Meeting.

### 2. Amount of compensation and specific details of the Plan after the revisions

#### (1) Overview of the Plan

The Company will in advance provide Executive Directors with a base number of shares, a performance evaluation period (three fiscal years), and performance targets in accordance with their duties and responsibilities. The number of shares is calculated by multiplying base number of shares by a fixed coefficient according to the level of performance achievement and is fixed at each fiscal year and at the end of the performance judging period. When the performance judging period is over, and on the condition that the person has been at a position that is applicable for the Plan throughout the performance judging period, each applicable person is paid in cash the amount equivalent to a portion of the total number of shares that is allocated to the applicable person to pay for the tax obligation pertaining to the compensation paid under the Plan, with the remainder of the allocated shares. At that time,

monetary compensation claims and cash equivalent to market value of allocated shares 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. Executive Directors may transfer acquired shares of the Company at their own discretion unless they violate insider trading regulations.

(2) Total amount of monetary compensation claims and cash pertaining to the Plan, maximum number of shares to be allotted

As stated above in Item 1., the upper limit of the total amount of monetary compensation claims and cash paid to Executive Directors under the Plan is set up to 1.2 billion yen per year. The total number of allocated shares of the Company is set to be within 75,000 shares a year.

(3) Indicator of performance achievement level and coefficient

The coefficient is set up within a certain scope according to performance achievement level vis-à-vis the prearranged performance targets in terms of sales revenue, operating profit, and EPS (earnings per share) of the Company's consolidated financial results.

(4) Payment amount per share

The payment amount per share allocated to Executive Directors under the Plan shall be the fair price of the Company's shares on the day of payment, such as the closing value of the share at the Tokyo Stock Exchange one business day before the date of the Board of Directors' meeting held to decide about the allocation.

(5) Condition for provision of monetary compensation claims and cash, allocation of shares of the Company

When the performance judging period is over, on the condition that the person has been at a position that is applicable for the Plan throughout the performance judging period, monetary compensation claims and cash are paid to each Executive Director. the Company shares will be allotted to each Executive Director by having all monetary compensation claims contributed in kind. However, should an applicable Executive Director for the Plan lose the aforementioned position before the expiration of the performance judging period with reasons deemed valid by the Company's Board of Directors, the Board shall reasonably adjust the amount of the monetary compensation claims and cash to be paid, the number and payment of allocated shares and the timing of allocation as necessary.

(6) Others

Handling of the Plan at the time of measures including organizational restructuring, handling of the base number of shares at the time of stock split or stock consolidation and other details of the Plan are determined by resolution of the Board of Directors.

*Note*

*\*19) Because a stock consolidation of ten common shares to one common share was implemented on October 1, 2018, the number of shares after the stock consolidation is listed.*

# Reports on the 122<sup>nd</sup> Business Period

## FUJITSU LIMITED

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Note:

This English version of *Reports on the 122<sup>nd</sup> 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 would also like to express our heartfelt sympathy to those who have suffered from the infectious disease caused by the novel coronavirus, and to express our sincere respect and gratitude to medical personnel and others who are working hard to maintain social life.

We welcome the opportunity to present this report on our 122nd business period (covering fiscal year 2021, from April 1, 2021 to March 31, 2022).

The Company has defined its Purpose as “to make the world more sustainable by building trust in society through innovation” and all its business activities are carried out for the realization of this Purpose.

In October 2021, the Fujitsu Group announced a new business brand, Fujitsu Uvance, that the Group will focus on in order to grow while working with customers to solve social issues from the beginning so as to realize a sustainable world. Under this business brand, we will focus on businesses of seven Key Focus Areas to realize the Purpose, which consist of four cross-industry areas (Vertical Areas) to resolve social issues that society is expected to face in 2030, and three technology platforms (Horizontal Areas) to support these Vertical Areas. We will concentrate our management resources in these seven areas over the medium to long term to address both business transformation and the realization of a sustainable society.

Furthermore, for the Group’s own DX, we have been promoting the Company-wide DX project “FUJITRA.” We are working on internal reforms, which includes strengthening personnel and systems, such as the “One Fujitsu” program, which reformulates the processes and systems for realizing data driven management, and “Work Life Shift.” In addition, in order to realize the Purpose, it is necessary to build relationships of trust with all the stakeholders involved in the Group, so we will strengthen our efforts in non-financial aspects as well.

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 2021, although operating profit decreased from fiscal 2020 due to special items such as the implementation of human resource initiatives to accelerate the transformation into a DX company, operating profit excluding special items increased from fiscal 2020. 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 2021, we will pay an annual dividend of 220 yen for fiscal 2021. This is our sixth consecutive year of dividend increases, and a 20 yen increase from the annual dividend for fiscal 2020.

In fiscal 2022, we will continue to further promote creation of value offered to our customers and transformation of ourselves to realize the Purpose and to achieve our management direction. 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 2022

Takahito Tokita, Representative Director and CEO

Notes:

1. Fujitsu Uvance: The name of our new business brand, which is a combination of the two words “Universal” and “Advance,” which means “to move everything forward in a sustainable direction.”
2. Company-wide DX project “FUJITRA” (Fujitsu Transformation): The project to reform business processes, organization and corporate culture in addition to products, services and business models with the aim of strengthening competitiveness in the digital era.
3. 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, 2021 to March 31, 2022)**

#### **(1) Major Businesses of the Fujitsu Group (As of March 31, 2022)**

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.

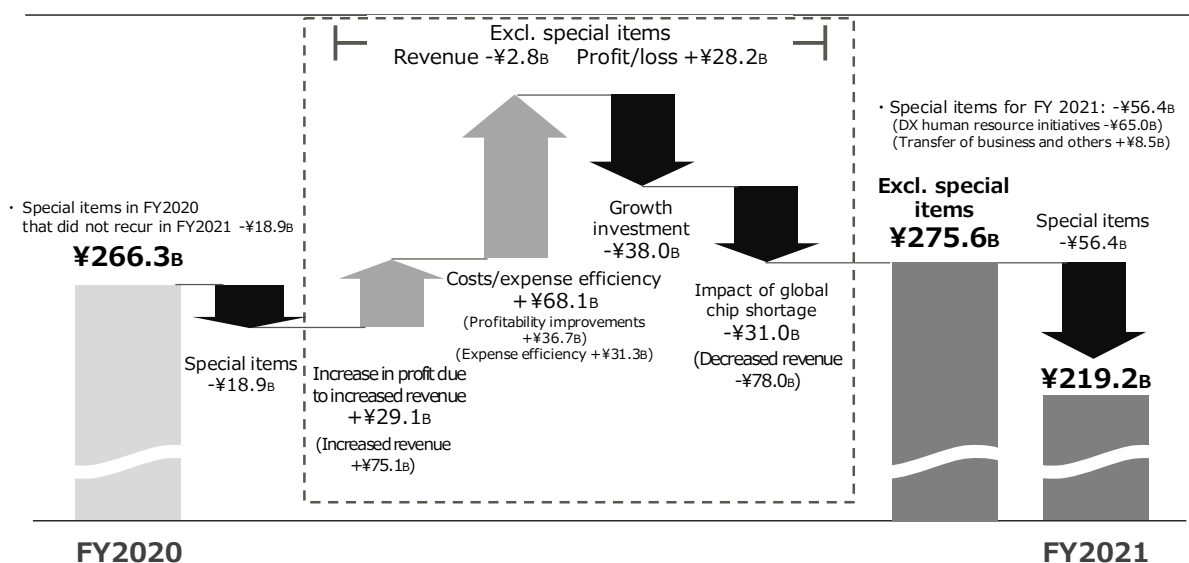
<i>Segment</i>	<i>Main products and services</i>
<b>Technology Solutions</b>	<b>Solutions/Services</b> <hr style="border-top: 1px dashed black;"/> <ul style="list-style-type: none"> <li>● Systems Integration (System Implementation, Business Application Services, etc.)</li> <li>● Consulting</li> <li>● Outsourcing Services (Data Center Services, ICT Managed Services, Application Managed Services, Business Process Outsourcing, etc.)</li> <li>● Cloud Services (IaaS, PaaS, SaaS, etc.)</li> <li>● Network Services (Business networks, etc.)</li> <li>● System Support Services (ICT System and Network Maintenance and Monitoring Services, etc.)</li> <li>● Security Solutions</li> <li>● Software (Middleware)</li> </ul>
	<b>System Platforms</b> <hr style="border-top: 1px dashed black;"/> <p>[System Products]</p> <ul style="list-style-type: none"> <li>● Servers (Mainframe, UNIX Server, Mission Critical IA Server, PC Server, etc.)</li> <li>● Storage Systems</li> <li>● Front-End Technology (ATM, POS Systems, etc.)</li> <li>● Software (OS)</li> <li>● Automotive Control Units and In-Vehicle Information Systems</li> </ul> <p>[Network Products]</p> <ul style="list-style-type: none"> <li>● Network Management System</li> <li>● Optical Transmission System</li> <li>● Mobile Base Station</li> </ul>
<b>Ubiquitous Solutions</b>	<ul style="list-style-type: none"> <li>● PCs</li> </ul>
<b>Device Solutions</b>	<ul style="list-style-type: none"> <li>● Electronic Components (Semiconductor Package, Battery, etc.)</li> </ul>



**(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
¥3,586.8 billion	¥219.2 billion [6.1%]	¥182.6 billion
[Change from FY2020] -0.1% ↓	[Change from FY2020] -¥47.1 billion (-17.7%) ↓	[Change from FY2020] -¥20.0 billion ↓

Note: Revenue to unaffiliated customers

**[Breakdown of Change in Operating Profit from FY2020]**

Consolidated revenue for fiscal 2021 was 3,586.8 billion yen, down 0.1% from fiscal 2020. Sales of 5G base stations for North America and electronic components were strong, but the consolidated revenue was largely unchanged from fiscal 2020 due to the significant impact mainly on the Technology Solutions segment caused by component supply delays due to the semiconductor shortage and the rebound from telework demand in the Ubiquitous Solutions segment in fiscal 2020.

Operating profit for fiscal 2021 amounted to 219.2 billion yen, a decrease of 47.1 billion yen from fiscal 2020. The main reason for the decrease in operating profit was the appropriation of 65.0 billion yen in expenses related to human resource initiatives to accelerate our transformation into a DX company as one of the special items that are one-time gains or losses related to business restructuring in fiscal 2021.

On the other hand, operating profit excluding special items for fiscal 2021 was 275.6 billion yen, an increase of 28.2 billion yen from fiscal 2020. Despite an impact of growth investments in the development of solutions and services that can be offered globally and enhancement of Japan Global Gateway, as well as an impact of a decrease in revenue due to component supply delays, higher sales of 5G base stations for North America and electronic components as well as improved profitability and improved cost efficiency due to work reforms contributed to the increase in the operating profit excluding special items.

Net financial income for fiscal 2021, consisting of financial income, financial expenses, and

income from investments accounted for using the equity method, net, was 20.7 billion yen, a decrease of 4.7 billion yen from fiscal 2020. The decrease in net financial income was due to the absence of gains related to the listing of QD Laser Inc. recorded in fiscal 2020 and the impact of higher costs associated with surging component prices at several affiliated companies.

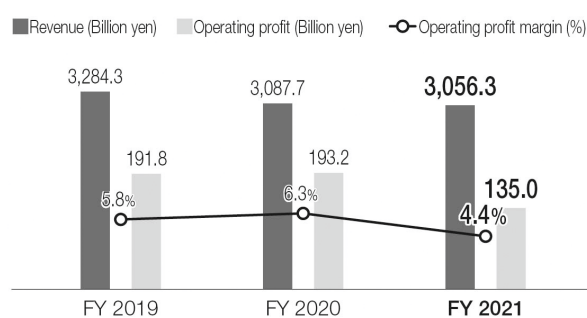
As a result, profit before income taxes for fiscal 2021 was 239.9 billion yen, a decrease of 51.8 billion yen from fiscal 2020.

Profit for the year attributable to owners of the parent was 182.6 billion yen, down 20.0 billion yen from fiscal 2020.

Note:

Japan Global Gateway: A near-shore center that organizes and standardizes Japan's unique business practices and needs for offshore development.

## b) Overview by Business Segment Technology Solutions



	FY 2019	FY 2020	FY 2021 (Current period)
<b>Breakdown of Revenue</b>			
Solutions/Services	2,040.0	1,883.6	1,840.5
System Platforms	614.2	633.7	617.5
International Regions Excluding Japan	766.3	723.7	729.3
Common	(136.3)	(153.3)	(131.0)
<b>Breakdown of Operating Profit</b>			
Solutions/Services	185.8	190.7	188.7
System Platforms	25.0	38.8	56.6
International Regions Excluding Japan	3.8	11.6	23.9
Common	(22.9)	(47.8)	(134.4)

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 2021 amounted to 3,056.3 billion yen, a decrease of 1.0% year on year. Revenue in Japan decreased 4.8% year on year, while revenue outside Japan increased 8.8% year on year.

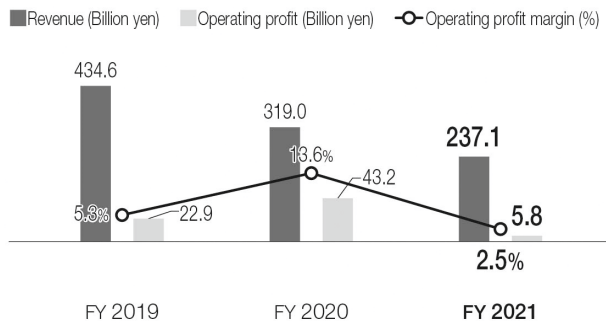
In the Solutions/Services sub-segment, system development and other services performed well, but overall revenue from the Solutions/Services sub-segment declined due to component supply delays caused by the semiconductor shortage, as well as sluggish sales in the hardware-based business.

In the System Platforms sub-segment, our network business focusing on 5G base stations for North America improved significantly, but overall revenue from the System Platforms sub-segment declined due to the impact of component supply delays and the rebound from fiscal 2020 when the supercomputer "Fugaku" was shipped.

Revenue from the International Regions Excluding Japan sub-segment increased due to the continuous orders for renewal of core systems of government agencies in the U.K., as well as growth in the service business in North America, and the effect of yen depreciation on foreign exchange rates.

The segment posted an operating profit of 135.0 billion yen, a decrease of 58.2 billion yen from fiscal 2020. Although we tried to improve cost efficiency, including reducing the burden of business model transformation costs associated with the restructuring of domestic plants in the System Platforms sub-segment in fiscal 2020, and also improve profits and service profitability in International Regions Excluding Japan sub-segment, operating profit dropped due to the aggressive expansion of investments for growth, the impact of component supply delays and other factors, as well as expenses related to our DX human resource initiatives.

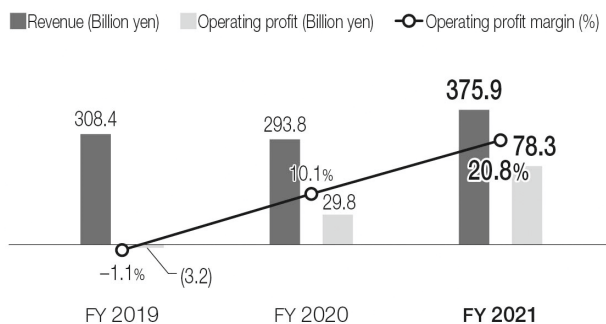
## Ubiquitous Solutions



Revenue in the Ubiquitous Solutions segment in fiscal 2021 was 237.1 billion yen, down 25.7% year on year. Revenue in Japan decreased 38.0% year on year, while revenue outside Japan decreased 2.3% year on year. Revenue declined significantly in reaction to the previous fiscal year's special demand for PCs to accommodate teleworking and special demand for GIGA school business discussions.

Operating profit amounted to 5.8 billion yen, a decrease of 37.3 billion yen from fiscal 2020. The decrease was attributable to the large reactionary effect from the gain on the transfer of the cell phone distribution business in the previous fiscal year.

## Device Solutions



Revenue in the Device Solutions segment in fiscal 2021 amounted to 375.9 billion yen, up 27.9% year on year. In conjunction with the rising demand for semiconductors, sales of electronic components improved.

Operating profit amounted to 78.3 billion yen, an increase of 48.5 billion yen from fiscal 2020. In addition to positive conditions in the global semiconductor market, profitability improved significantly due to improved operations, resulting in a significant increase in the operating profit.

### Notes:

1. Revenue in each segment includes intersegment revenue.
2. Segment information was changed in the first quarter of the current fiscal year. Revenue and operating profit for fiscal 2019 and fiscal 2020 are stated by reclassifying as segment information after the change.

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

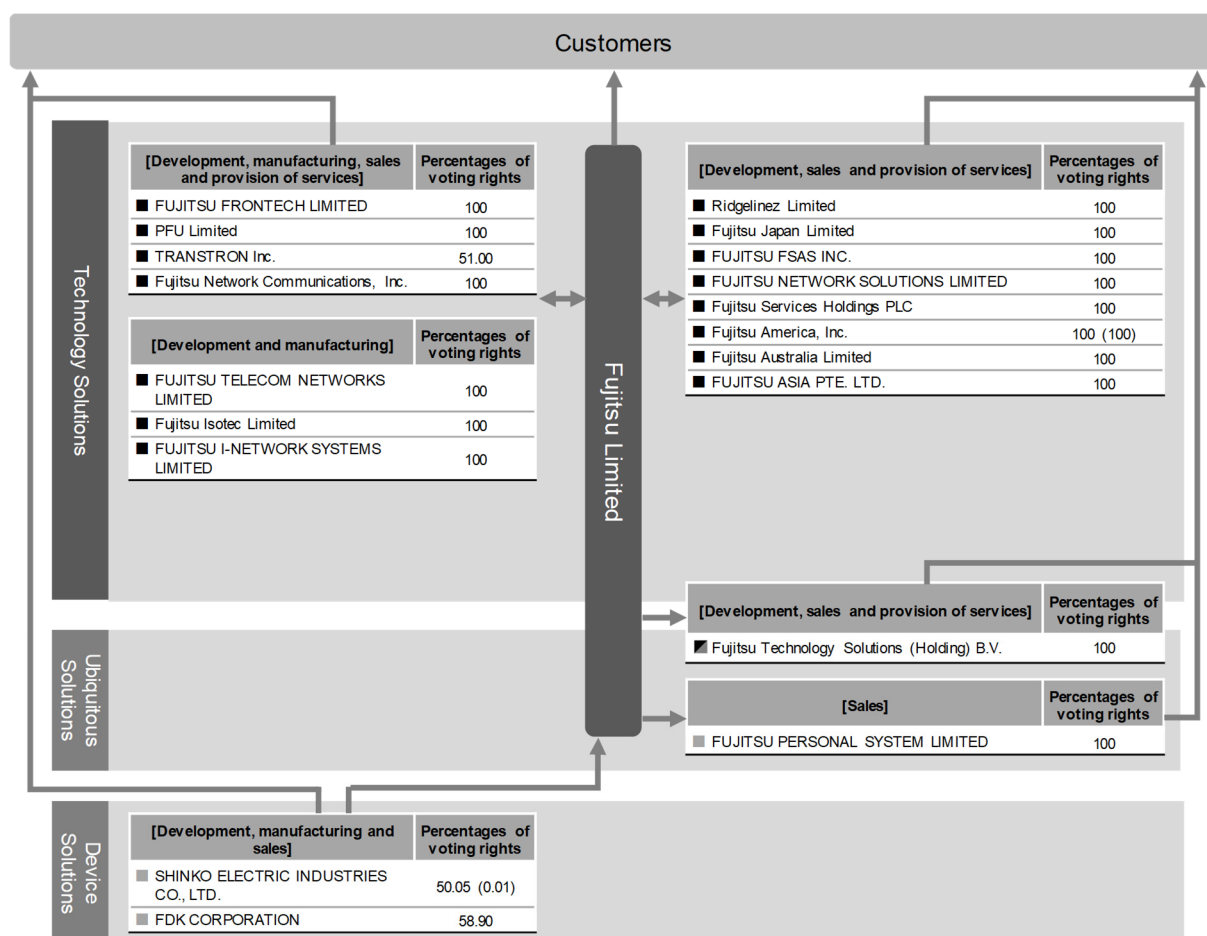
<i>Section</i>	<i>FY 2018 (119th)</i>	<i>FY 2019 (120th)</i>	<i>FY 2020 (121st)</i>	<i>FY 2021 (Current period)</i>
Revenue	¥3,952.4	¥3,857.7	¥3,589.7	¥3,586.8
Japan	2,517.0	2,629.2	2,417.6	2,269.8
Outside Japan	1,435.4	1,228.5	1,172.0	1,316.9
Ratio of Revenue Outside Japan [%]	[36.3]	[31.8]	[32.7]	[36.7]
Operating Profit	130.2	211.4	266.3	219.2
Operating Profit Margin [%]	[3.3]	[5.5]	[7.4]	[6.1]
Profit for the Year Attributable to Owners of the Parent	104.5	160.0	202.7	182.6
Basic Earnings per Share [yen]	512.50	791.20	1,013.78	924.21
Total Assets	3,104.8	3,187.4	3,190.2	3,331.8
Equity Attributable to Owners of the Parent	1,132.0	1,240.9	1,450.1	1,590.7
Equity Attributable to Owners of the Parent Ratio [%]	[36.5]	[38.9]	[45.5]	[47.7]
Equity per Share Attributable to Owners of the Parent [yen]	5,585.35	6,197.11	7,287.15	8,094.70
Free Cash Flow	103.5	233.0	236.3	189.0

*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 119th 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, 2022) are shown below.



(Equity method affiliates)

FUJITSU GENERAL LIMITED 44.08%, FUJITSU LEASING Co., Ltd. 20.00%, Socionext Inc. 40.00%, 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 April 1, 2021, the solution business and service and product related business of the Company for second-tier, medium-sized and small companies in the private sector, local governments, medical and educational institutions, local agriculture, forestry and fisheries organizations, and local media, were merged with Fujitsu Japan Limited.
- 2) On April 1, 2021, the Company absorbed and merged with FUJITSU LABORATORIES LTD., FUJITSU BROAD SOLUTION & CONSULTING Inc., FUJITSU SOCIAL SCIENCE LABORATORY LIMITED, FUJITSU SOFTWARE TECHNOLOGIES LIMITED, FUJITSU ADVANCED ENGINEERING LIMITED, Fujitsu Public Solutions Limited, Fujitsu Applications, Ltd., Fujitsu Systems Web Technology Limited, FUJITSU KYUSHU SYSTEMS LIMITED, FUJITSU HOKURIKU SYSTEMS LIMITED, Fujitsu Systems Applications & Support Limited, and OKINAWA FUJITSU SYSTEMS ENGINEERING LIMITED.
- 3) As of April 1, 2021, FUJITSU CONNECTED TECHNOLOGIES LIMITED is no longer an equity method affiliate, following the transfer of its shares from the Company to a group company of Polaris Capital Group Co., Ltd. FUJITSU CONNECTED TECHNOLOGIES LIMITED changed its trade name to FCNT LIMITED on the same date.

**(6) Capital Expenditures**

Capital expenditures in fiscal 2021 totaled 88.9 billion yen, an increase of 1.6% compared with fiscal 2020.

In the Technology Solutions segment, capital expenditures amounted to 46.4 billion yen, primarily for equipment related to the service business and the establishment of new offices and renovation associated with Borderless Office, an initiative we promote to review the usage of offices. In the Device Solutions segment, capital expenditures amounted to 42.5 billion yen, mainly for production equipment for electronic components at SHINKO ELECTRIC INDUSTRIES CO., LTD.

**(7) Capital Procurement**

During fiscal 2021, the Company did not engage in capital procurement by means of issuance of shares or bonds.

**(8) Principal Lenders (As of March 31, 2022)**

<i>Lender</i>	<i>Loan amount (million yen)</i>
MUFG Bank, Ltd.	40,454
Mizuho Bank, Ltd.	23,142
Sumitomo Mitsui Banking Corporation	16,564
The Hachijuni Bank, Ltd.	11,000
Sumitomo Mitsui Trust Bank, Limited	1,846

## **(9) 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 changes in social systems and lifestyles caused by the spread of COVID-19, in addition to 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 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 assuming FY2022 as the final year.

### **[Outline of the Management Direction]**

The Group is committed to “value creation” and “self-transformation” to achieve its management direction.

Under “Value Creation,” we will designate business areas that contribute to the transformation and growth of our clients’ businesses as “For Growth” and position these as growth areas to expand both our scale and profitability. The conventional IT field is 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 aims to raise profitability through further improved efficiency.

The Fujitsu Group will implement the following measures “Value Creation.”

As part of the restructuring of our global business strategy, we will select priority accounts and expand our offerings in line with a common global portfolio, and further promote collaboration among regions and between each business group and region. For the Global Delivery Centers located in eight countries around the world, we will review our service model by promoting standardization and optimization of our service delivery throughout the world, while strengthening our cost competitiveness by improving efficiency.

To strengthen our problem-solving capabilities in Japan, we will strengthen our structure in order to contribute to digitalization and the resolution of social issues in Japan. Launched in October 2020, Fujitsu Japan Limited began full-scale operations on April 1, 2021 with a staff strength of 11,000. We will conduct activities that are tailored to the characteristics of each area while leveraging our strengths, such as the know-how and resources that we have accumulated over many years in the Japanese market, having shouldered the digitization efforts of customers in various industries and regions.

In order to realize the wellbeing of people, the Future Society & Technology Unit, which designs the society of the future, forms the ecosystem necessary for its implementation, and develops cutting-edge technologies, started up with a structure of approximately 350 people on April 1, 2021, and is already working on new initiatives that utilize digital technology with



some local governments. We will apply the knowledge we have gained from our efforts in Japan to our global operations.

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

The entire Group will strengthen its solution and service delivery capabilities in order to improve productivity and profitability. The Group is expanding collaboration between Japan Global Gateway, which organizes Japan's unique business practices and needs for offshore development, and the Global Delivery Center. We will improve quality and productivity through thorough in-house production, skill development, and standardization.

By consolidating the strengths dispersed among the group companies and executing a speedy reorganization to strengthen the group's overall capabilities, we will curb duplicate investments and reduce costs. In April 2021, 11 of the domestic group companies specializing in system integration were merged with Fujitsu Limited and 4 with Fujitsu Japan Limited. A reorganization will be carried out to consolidate the delivery capabilities possessed by each company into Japan Global Gateway and so on.

With regard to the strengthening of quality management and risk management, the Company completed company-wide inspections in the project for implementing company-wide inspections for prevent critical system faults. The Company will continue work on the stable operation and quality improvement of the IT infrastructure of its customers toward the further stabilization of their businesses.

In addition, in order to restructure capabilities related to information management and information security, we appointed a full-time CISO and established an Information Security Division on October 1, 2021. We will strengthen our information management rules and regulations to ensure that they are strictly enforced, including the way audits are conducted.

With the aim of becoming the best DX partner for our customers, we will promote the development of business producers to lead DX by empathizing with our customers and uncovering their latent needs with design thinking as a way to strengthen the front office. Approximately 8,000 people within Japan have already completed the training program course.

Under the DX theme, we are also promoting co-creation with customers and companies having a variety of different strengths. A new company was established with the purpose of developing drugs for the treatment of novel coronavirus infections, and a new company was established to provide cloud services to realize DX in the manufacturing industry. Started in April 2020, Ridgelinez Limited will promote its own proprietary DX business and HR system etc., which are different from ours. We have already provided consulting services to approximately 300 clients across diverse sectors to help them realize DX.

In October 2021, the Fujitsu Group announced a new business brand, Fujitsu Uvance, which defines seven priority areas that the Group will focus on in order to grow while working with customers to solve social issues from the beginning in order to realize the Purpose. Regarding issues and demands that ought to be addressed in order to realize a sustainable world where no one will be left behind in 2030, we will view the entire society as cross-industry "Vertical Areas," and focus on the four areas of "Sustainable Manufacturing," "Consumer Experience," "Healthy Living," and "Trusted Society" first. We will develop technologies and solutions to support the DX of our customers as "Horizontal Areas," and focus our efforts on the three areas of "Digital Shift," "Business Application," and "Hybrid IT." We will concentrate our management resources in these seven areas over the medium to long term.

On the other hand, in order to become a DX partner of its customers 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.

In order to realize data-driven management with speedy management decision-making based on data, we have been upgrading our processes and systems, and promoting the “One Fujitsu” program to promote this laterally across the entire Company. 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.” We are promoting “Work Life Shift,” a new HR system and office environment, to foster a work style and mindset appropriate for DX corporations. Based on the knowledge that we have gained through our own efforts, we have also started helping our clients to reform the way they work.

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 this viewpoint, the Company has set non-financial indicators such as “net promoter score” as an indicator of its trust from customers, and “employee engagement” as an indicator of its bond with its employees. 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.

As for the financial management targets, the Fujitsu Group aims to achieve revenue of 3.2 trillion yen and operating profit margin of 10% on the consolidated financial results of Technology Solutions for fiscal 2022.

With regard to the spread of COVID-19, the Company is shifting to new workstyles, primarily remote work, as quickly as possible, and expanding them globally. Although delayed recovery has been seen in some markets, the Company is focusing on growth markets where demand for DX is high. Furthermore, with regard to the recent situation in Ukraine, the Company is gradually transferring services provided by its business office in Russia to other business offices in order to continue to stably provide services to customers, and is making donations to the Office of the United Nations High Commissioner for Refugees as well as carrying out volunteer activities through employees. Leveraging its digital technologies as well as our experience in a wide variety of industries and knowledge of a wide variety of business operations 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) Stock (As of March 31, 2022)

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:	101,658 (6,806 decrease from the end of fiscal 2020)

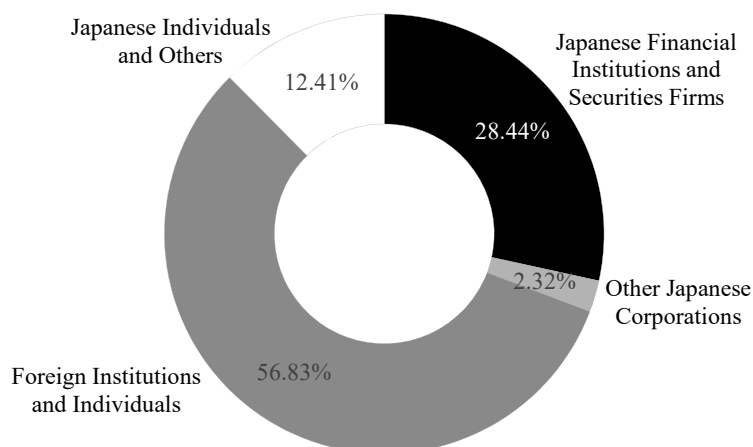
### f) Principal Shareholders

Name	Number of shares held (thousands)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (for trust)	31,811	16.19
Ichigo Trust Pte. Ltd.	14,899	7.58
Custody Bank of Japan, Ltd. (for trust)	11,060	5.63
GIC PRIVATE LIMITED – C	6,920	3.52
JP MORGAN CHASE BANK 385632	6,566	3.34
Fujitsu Employee Shareholding Association	4,056	2.06
SSBTC CLIENT OMNIBUS ACCOUNT	3,608	1.84
Asahi Mutual Life Insurance Company	3,518	1.79
STATE STREET BANK WEST CLIENT - TREATY 505234	3,450	1.76
Fuji Electric Co., Ltd.	2,844	1.45

*Notes:*

1. The investment ratio is calculated after exclusion of treasury stock holdings (10,488,990 shares).
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.

### < Equity Shareholdings by Type of Shareholder >



## g) Shares Granted as Consideration for Duties Performed by the Company's Directors and Auditors during Fiscal 2021

	<i>Number of shares granted</i>	<i>No. of grantees</i>
Directors (excluding External Directors)	2,281	2
External Directors	—	—
Audit & Supervisory Board Members	—	—

*Note:* The details of our stock compensation are described in Performance-based Stock Compensation on Page A-20 of the Business Report.

## h) Important Matters Concerning the Stock

On April 28, 2021, the Company made a decision to repurchase its common stock up to either a maximum of 4,000,000 shares or a maximum aggregate purchase value of 50 billion yen during the period from May 6, 2021 to March 31, 2022, and purchased approximately 2,540,000 shares of its common stock with the aggregate purchase value of approximately 49.9 billion yen during fiscal 2021.

**(2) Stock Acquisition Rights**

As of March 31, 2022, 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 2021 as consideration for duties.

**(3) Management**

## a) Directors and Audit &amp; Supervisory Board Members (As of March 31, 2022)

<i>Position</i>	<i>Name</i>	<i>Areas of Responsibility</i>	<i>External Director/Aud itor</i>	<i>Independent Director/Aud itor</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		○	○

*Notes:*

- Independence of Directors and Audit & Supervisory Board Members is judged based on the Company's independence standards. (For details, please refer to Page 10 of the Notice of the 122nd 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 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.
- 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 122nd Annual Shareholders' Meeting."
- 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.

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) Summary of Contents of Directors and Officers Liability Insurance Policy, etc.

The Company has concluded directors and officers liability insurance policies with some insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the contents of the policies and other information is given below.

A Scope of the insured

Directors, Audit & Supervisory Board Members, Corporate Executive Officers, etc. of the Company and its consolidated subsidiaries (excluding listed subsidiaries)

B Summary of Insurance Policy Contents

The policies shall cover damages and legal costs, etc. incurred by the insured due to claims for damages arising from acts (including omissions) committed by the insured in an official capacity. However, in order not to compromise the proper enforcement of duties by the insured, no compensation etc. shall be payable in the event of any claims arising from profits or advantage being obtained illegally, or arising from dishonest acts, etc. The Company pays all premiums and the insured does not pay anything.

d) 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 2021," 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 2021 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 2021 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 2021

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	323	100	104	528
b. External Directors (included in a.)	6	77	—	—	77
c. Audit & Supervisory Board Members	4	102	—	—	102
d. External Audit & Supervisory Board Members (included in c.)	2	30	—	—	30
e. Total	14	425	100	104	630
f. Total External Directors/Auditors (included in e.)	8	107	—	—	107

## Notes:

- Includes Directors who resigned in fiscal 2021. 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.
- The limit on monetary compensation to Directors was resolved to be 1200 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 limit on non-monetary compensation was resolved to be 1200 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 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.
- For performance-based stock compensation, the amount charged to expenses during fiscal 2021 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 2021

	<i>Targets (Billion yen)</i>	<i>Results (Billion yen)</i>
Consolidated revenue	3,630.0	3,586.8
Consolidated operating profit	275.0	219.2

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 Mr. Takahito Tokita, Representative Director and CEO, subject to the approval of the Compensation Committee.

*Note:*

The above includes the details of compensation, etc. of Directors and Audit & Supervisory Board Members as of the end of fiscal 2021.

After the end of fiscal 2021, the Company revised its executive compensation for fiscal 2022 and beyond. For details, please refer to the press release dated April 28, 2022. (<https://www.fujitsu.com/global/about/resources/news/press-releases/2022/0428-01.html>)

e) 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 while conducting efficient and substantive deliberations.

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 findings or recommendations to the Board of Directors. In addition, the Compensation Committee provides its findings or 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, 2022:

<Executive Nomination Committee>

Chairperson	Atsushi Abe
Committee Members	Yoshiko Kojo, Scott Callon, Masami Yamamoto

<Compensation Committee>

Chairperson	Chiaki Mukai
Committee Members	Yoshiko Kojo, Scott Callon, Kenichiro Sasae

After the selection of the above committee members in July 2021, the Executive Nomination Committee met seven times by the end of fiscal 2021 and discussed the nomination of Representative Directors including CEO, candidates for Director, and director skill matrix, etc., and provided its findings to the Board of Directors. The Compensation Committee met six times by the end of fiscal 2021 and discussed the revisions of executive compensation, changes in the process to determine individual compensation, etc., and provided its findings 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 2021, the Independent Directors and Auditors Council met 12 times. The members shared information and exchanged viewpoints on important management matters including 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 Company’s capital allocation policy. 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 2021	485
(2) Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	841

*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 2020 and, reflecting the evaluation results, reviewed appropriateness of the audit plan for fiscal 2021 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 audit and 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, 2022)

		<u>Millions of yen</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	Y	484,020
Trade receivables		878,473
Other receivables		62,327
Contract assets		116,357
Inventories		309,829
Others		90,823
<b>Total current assets</b>		<b><u>1,941,829</u></b>
<b>Non-current assets:</b>		
Property, plant and equipment, net of accumulated depreciation		571,168
Goodwill		47,487
Intangible assets		133,856
Investments accounted for using the equity method		166,126
Other investments		170,105
Retirement benefit assets		139,543
Deferred tax assets		99,838
Others		61,857
<b>Total non-current assets</b>		<b><u>1,389,980</u></b>
<b>Total assets</b>	Y	<b><u><u>3,331,809</u></u></b>

		<u>Millions of yen</u>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade payables	Y	470,237
Other payables		403,873
Contract liabilities		166,926
Short-term borrowings, current portion of long-term debt and lease liabilities		168,766
Accrued income taxes		34,610
Provisions		42,851
Others		33,472
<b>Total current liabilities</b>		<u>1,320,735</u>
<b>Non-current liabilities:</b>		
Long-term debt and lease liabilities		116,553
Retirement benefit liabilities		115,972
Provisions		21,416
Deferred tax liabilities		15,305
Others		26,079
<b>Total non-current liabilities</b>		<u>295,325</u>
<b>Total Liabilities</b>		<u>1,616,060</u>
<b>Equity</b>		
Share capital		324,625
Capital surplus		243,048
Treasury stock, at cost		(128,897)
Retained earnings		1,088,429
Other components of equity		63,508
<b>Total equity attributable to owners of the parent</b>		<u>1,590,713</u>
Non-controlling interests		125,036
<b>Total Equity</b>		<u>1,715,749</u>
<b>Total Liabilities and Equity</b>	Y	<u>3,331,809</u>

**Consolidated Statement of Profit or Loss**

(Year ended March 31, 2022)

		<u>Millions of yen</u>
<b>Revenue</b>	<b>Y</b>	<b>3,586,839</b>
Cost of sales		(2,468,188)
<b>Gross profit</b>		<b>1,118,651</b>
Selling, general and administrative expenses		(852,775)
Other income		39,807
Other expenses		(86,482)
<b>Operating profit</b>		<b>219,201</b>
Financial income		11,475
Financial expenses		(4,543)
Income from investments accounted for using the equity method, net		13,853
<b>Profit before income taxes</b>		<b>239,986</b>
<b>Income tax expenses</b>		<b>(26,845)</b>
<b>Profit for the year</b>	<b>Y</b>	<b>213,141</b>
<b>Profit for the year attributable to:</b>		
Owners of the parent		182,691
Non-controlling interests		30,450
<b>Total</b>	<b>Y</b>	<b>213,141</b>

**Consolidated Statement of Changes in Equity**

(Year ended March 31, 2022)

(Millions of yen)

	Equity Attributable to Owners of the Parent			
	Share Capital	Capital surplus	Treasury stock, at Cost	Retained Earnings
<b>Beginning balance</b>	<b>324,625</b>	<b>241,254</b>	<b>(79,495)</b>	<b>909,139</b>
Profit for the year				<b>182,691</b>
Other comprehensive income				
Total comprehensive income for the year	–	–	–	<b>182,691</b>
Purchase of treasury stock			<b>(50,164)</b>	
Disposal of treasury stock		<b>0</b>	<b>0</b>	
Share-based payment transactions		<b>683</b>	<b>762</b>	
Dividends paid				<b>(41,680)</b>
Transfer to retained earnings				<b>39,724</b>
Acquisition (disposal) of non-controlling interests		<b>(339)</b>		
Others		<b>1,450</b>		<b>(1,445)</b>
<b>Ending balance</b>	<b>324,625</b>	<b>243,048</b>	<b>(128,897)</b>	<b>1,088,429</b>

	Equity Attributable to Owners of the Parent					
	Other Components of Equity					Total Equity Attributable to Owners of the Parent
	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	
<b>Beginning balance</b>	<b>(6,193)</b>	<b>(125)</b>	<b>60,934</b>	–	<b>54,616</b>	<b>1,450,139</b>
Profit for the year						<b>182,691</b>
Other comprehensive income	<b>16,389</b>	<b>(85)</b>	<b>(512)</b>	<b>32,828</b>	<b>48,620</b>	<b>48,620</b>
Total comprehensive income for the year	<b>16,389</b>	<b>(85)</b>	<b>(512)</b>	<b>32,828</b>	<b>48,620</b>	<b>231,311</b>
Purchase of treasury stock						<b>(50,164)</b>
Disposal of treasury stock						<b>0</b>
Share-based payment transactions						<b>1,445</b>
Dividends paid						<b>(41,680)</b>
Transfer to retained earnings			<b>(6,896)</b>	<b>(32,828)</b>	<b>(39,724)</b>	–
Acquisition (disposal) of non-controlling interests						<b>(339)</b>
Others			<b>(4)</b>		<b>(4)</b>	<b>1</b>
<b>Ending balance</b>	<b>10,196</b>	<b>(210)</b>	<b>53,522</b>	–	<b>63,508</b>	<b>1,590,713</b>

	Non- Controlling Interests	Total Equity
<b>Beginning balance</b>	<b>96,766</b>	<b>1,546,905</b>
Profit for the year	<b>30,450</b>	<b>213,141</b>
Other comprehensive income	<b>1,333</b>	<b>49,953</b>
Total comprehensive income for the year	<b>31,783</b>	<b>263,094</b>
Purchase of treasury stock		<b>(50,164)</b>
Disposal of treasury stock		<b>0</b>
Share-based payment transactions		<b>1,445</b>
Dividends paid	<b>(3,303)</b>	<b>(44,983)</b>
Transfer to retained earnings		–
Acquisition (disposal) of non-controlling interests	<b>339</b>	–
Others	<b>(549)</b>	<b>(548)</b>
<b>Ending balance</b>	<b>125,036</b>	<b>1,715,749</b>

**[Unaudited] Simplified Consolidated Statement of Comprehensive Income**

(Year ended March 31, 2022)

		<u>Millions of yen</u>
<b>Profit for the year</b>	Y	213,141
<b>Other Comprehensive Income</b>		<u>49,953</u>
<b>Total Comprehensive Income</b>		<u><u>263,094</u></u>
<b>Total Comprehensive Income attributable to:</b>		
Owners of the parent		231,311
Non-controlling interests		<u>31,783</u>
<b>Total</b>	Y	<u><u>263,094</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, 2022)

		<u>Millions of yen</u>
<b>1. Cash flows from operating activities</b>	Y	<u>248,347</u>
<b>2. Cash flows from investing activities</b>		<u>(59,267)</u>
<b>1+2 [Free cash flow]</b>		<u>189,080</u>
<b>3. Cash flows from financing activities</b>		<u>(193,685)</u>
<b>4. Cash and cash equivalents at end of year</b>	Y	<u><u>484,020</u></u>



**Unconsolidated Balance Sheet**

(As of March 31, 2022)

		<u>Millions of yen</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	Y	33,524
Deposits paid		145,014
Notes receivable, trade		530
Accounts receivable, trade		447,066
Contract assets		83,732
Finished goods		55,206
Work in process		8,576
Raw materials		62,240
Advanced payments		4,644
Accounts receivable, other		136,603
Others		25,297
Allowance for doubtful accounts		(189)
<b>Total current assets</b>		<b>1,002,246</b>
<b>Non-current assets:</b>		
Property, plant and equipment, net of accumulated depreciation:		
Buildings		98,639
Structure		2,883
Machinery		1,102
Vehicle and delivery equipment		13
Equipment		42,239
Land		40,294
Construction in progress		7,496
<b>Total property, plant and equipment</b>		<b>192,668</b>
Intangible assets:		
Software		60,546
Others		5,722
<b>Total intangible assets</b>		<b>66,268</b>
Investments and other non-current assets:		
Investment securities		95,887
Subsidiaries' and affiliates' stocks		428,175
Long-term loans to affiliated companies		666
Receivables from companies under bankruptcy or reorganization process		10
Prepaid pension cost		27,495
Deferred tax assets		60,447
Others		30,820
Allowance for doubtful accounts		(569)
<b>Total other non-current assets</b>		<b>642,934</b>
<b>Total non-current assets</b>		<b>901,871</b>
<b>Total assets</b>	<b>Y</b>	<b>1,904,118</b>

	<u>Millions of yen</u>
<b>Liabilities and net assets</b>	
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable, trade	379,942
Current portion of bonds payable	10,000
Current portion of long-term borrowings payable	25,030
Lease obligations	1,973
Accrued liability	76,220
Accrued expenses	100,325
Accrued income taxes	1,862
Contract liabilities	72,030
Deposits payable	17,978
Provision for construction contract losses	9,595
Provision for product warranties	4,295
Provision for loss on business of subsidiaries and associates	69,767
Provision for bonuses to board members	100
Provision for restructuring charges	0
Provision for share-based payments	1,025
Provision for environmental measures	3
Others	2,326
<b>Total current liabilities</b>	<u>772,477</u>
<b>Long-term liabilities:</b>	
Lease obligations	3,685
Provision for retirement benefits	1,311
Provision for share-based payments	2,272
Provision for environmental measures	619
Asset retirement obligations	11,020
Others	5
<b>Total long-term liabilities</b>	<u>18,914</u>
<b>Total liabilities</b>	<u>791,391</u>
<b>Net assets</b>	
<b>Shareholders' equity:</b>	
Common stock	324,625
Capital surplus:	
Other capital surplus	153,804
Total capital surplus	<u>153,804</u>
Retained earnings:	
Legal retained earnings	31,233
Other retained earnings:	
Retained earnings brought forward	696,037
Total retained earnings	<u>727,270</u>
Treasury stock	<u>(128,897)</u>
<b>Total shareholders' equity</b>	<u>1,076,802</u>
<b>Valuation and translation adjustments:</b>	
Unrealized gain and loss on securities, net of taxes	35,923
<b>Total valuation and translation adjustments</b>	<u>35,923</u>
<b>Total net assets</b>	<u>1,112,726</u>
<b>Total liabilities and net assets</b>	<u>Y 1,904,118</u>

**Unconsolidated Statement of Profit and Loss**

(Year ended March 31, 2022)

		<u>Millions of yen</u>
<b>Net sales</b>	Y	<b>1,742,360</b>
Cost of sales		1,219,094
<b>Gross profit</b>		<b>523,265</b>
Selling, general and administrative expenses		434,130
<b>Operating profit</b>		<b>89,135</b>
<b>Other income:</b>		
Interest income		117
Dividend income		40,579
Reversal of provision for loss on business of subsidiaries and associates		38,498
Other finance income		3,483
<b>Total other income</b>		<b>82,678</b>
<b>Other expenses:</b>		
Interest expense		195
Interest on bonds		86
Foreign exchange losses		1,308
Provision of allowance for doubtful accounts		1
Provision for loss on business of subsidiaries and associates		5,550
Other finance expenses		1,604
<b>Total other expenses</b>		<b>8,747</b>
<b>Ordinary income</b>		<b>163,066</b>
<b>Extraordinary income:</b>		
Gain on extinguishment of tie-in shares		39,771
Gain on sales of subsidiaries' and affiliates' stocks		5,350
Gain on sales of investment securities		10,734
Gain on sales of non-current assets		2,457
<b>Total extraordinary income</b>		<b>58,314</b>
<b>Extraordinary losses:</b>		
Restructuring charges		40,483
Impairment losses		558
<b>Total extraordinary losses</b>		<b>41,041</b>
<b>Income before income taxes</b>		<b>180,339</b>
<b>Income taxes:</b>		
Current		6,270
Deferred		(27,075)
<b>Total income taxes</b>		<b>(20,804)</b>
<b>Net income</b>	Y	<b>201,143</b>