

Our value creation: Fujitsu Uvance

With the launch of Fujitsu Uvance, a portfolio of global solutions that contribute to the solution of societal issues, we have started a new chapter for the Fujitsu Group. The name "Uvance" combines the two words in the underlying concept of making all (Universal) things move forward (Advance) in a sustainable direction. By concentrating our management resources and building a business model with sustainability at its core, we will achieve growth on a global scale.



Message from the Head of Global Solutions

Tackling global social challenges: seven Key Focus Areas

The starting point of Fujitsu Uvance is Fujitsu Group's Purpose, which is "to make the world more sustainable by building trust in society through innovation." Fujitsu Uvance was launched with the vision to seek growth by providing services globally that are tightly linked to the realization of this Purpose.

To turn our vision into practice, we have envisaged what global society might look like in 2030, the target year of the "2030 Agenda" of the United Nations Sustainable Development Goals (SDGs), and we are backcasting to examine the social issues to be resolved and the role that the Group should play in addressing them. As a result, we have identified seven Key Focus Areas that comprise Fujitsu Uvance. Four of these are cross-industry Vertical areas, while the remaining three are Horizontal areas, all supported by five Key Technologies. Fujitsu Uvance is a collection of offerings provided by the Fujitsu Group in these seven Key Focus Areas.

Having said that, the term "a collection of offerings" does not fully describe the entire scope of the transformation we are striving for under the Fujitsu Uvance brand. This is because the business model on which Fujitsu Uvance is based will go beyond that of the existing Fujitsu Group.

Going beyond traditional business models

The Fujitsu Group has developed its business incrementally around the world and has established its identity as a global company. However, given our scale and the diversity of our

businesses and geographies, we have a very broad portfolio to manage. With an emphasis on solving social issues faced by communities globally, Fujitsu Uvance will transform our traditional business model and achieve sustainable growth with a view to realizing Our Purpose.

We established the Uvance Unit in April 2022 as the core business unit that drives Fujitsu Uvance. Currently, about 1,000 employees from four regions around the world have joined the Uvance Unit to formulate strategies, build new offerings, and create an organization and structure that enables a new business model. Personally speaking, I moved from Tokyo to London earlier this year to refresh my mindset and pursue a new business model consistent with our objective of global business development and growth.

Transforming development processes and revenue models

Our short-term priority is to expand the number of Uvance offerings to 20 covering all seven Key Focus Areas by April 2023, and then to 35 offerings by the first half of fiscal 2023. We will realize this in an agile and continuous manner, repeating development and testing in short cycles. We will also promote collaboration with our global alliance partners and co-creation with our customers, in addition to development within the Group. In collaborating with our customers, we emphasize an approach in which we take the lead while discerning how the markets in which our customers operate and the society that lies beyond them will change.

Key Focus Areas

P37-38

Global alliance

P21



Through the pursuit of a better world, we will create a global business that leads to the realization of Our Purpose and achieves growth.

Megumi Shimazu
Corporate Executive Officer
SEVP, Head of Global Solutions

Fujitsu Uvance's revenue structure is also different from that of the traditional business model. In the traditional business model, where we develop an IT system as per the customer's requirements, our revenue is generated based on so-called "person-month" compensation; that is, fees for the number of people and time spent in building the finished product. Fujitsu Uvance, on the other hand, is based on a stock-type revenue model in which we generate revenue from the customer's use of our offerings. We plan to flexibly combine our revenue structure according to the characteristics of our seven Key Focus Areas. We are also looking at revenue sharing on a contingency fee basis with respect to offerings developed through collaboration with the aforementioned partners or through co-creation with customers.

We envision that by 2025 Fujitsu Uvance will be a well-established brand in the global market, and by 2030, a core business and a major source of revenue for the Fujitsu Group. To achieve this goal, we are accelerating efforts toward product development, service provision, and organizational and structural development in collaboration with our colleagues, customers, and partners in the Group across the four regions.

Enhancing foresight

To clearly break away from the traditional business model, accepting a set of offerings as a given and simply continuing to sell them is not enough. The key to Fujitsu Uvance's success will be the ability to foresee the changes that lie ahead in 2030 and beyond, and to rapidly and flexibly build offerings based on that understanding. This means, in practical terms, that we must strengthen our consulting capabilities. To do so, we will continue to reinforce the Uvance team using the global job posting system with personnel who have a desire to contribute to making the world better, and work in collaboration with our consulting subsidiary Ridgelinez and external partner companies. We will also utilize AI to enhance our sensitivity and responsiveness to changes in society and the market.

Job posting system	P44
Ridgelinez	P23



Fujitsu Uvance: Vertical areas

	Sustainable Manufacturing	Consumer Experience	Healthy Living	Trusted Society
Fujitsu's competitive advantage	<ul style="list-style-type: none"> ▶ Knowledge of the manufacturing industry ▶ Having both engineering and supply chain solutions and the ability to provide comprehensive offerings 	<ul style="list-style-type: none"> ▶ Global retail customers and business base ▶ Extensive track record mainly in the retail area ▶ In-house ownership of Key Technologies ▶ Knowledge of supply chain management and traceability management 	<ul style="list-style-type: none"> ▶ Customer and business base developed through existing healthcare business in Japan ▶ Customer base centered on the public sector in Europe ▶ Data analysis and simulation capabilities supported by computing technologies and their application in prior cases 	<ul style="list-style-type: none"> ▶ Broad technology portfolio that enables digital twins ▶ Knowledge of system integration ▶ Core technologies that enable forecasting and matching ▶ Extensive industry and business know-how and experience
Target market	<ul style="list-style-type: none"> ▶ Cross-industry areas such as optimization throughout the value chain and carbon neutrality (starting with assembly manufacturing, automotive and automotive parts manufacturing, heavy industry, chemical industry, etc.) 	<ul style="list-style-type: none"> ▶ Retailers and the logistics providers that comprise their supply chains ▶ All businesses and brands that serve as consumer contact points 	<ul style="list-style-type: none"> ▶ Medical institutions, insurance organizations/insurers, medical device manufacturers, pharmaceutical companies 	<ul style="list-style-type: none"> ▶ Central government, local governments, public institutions ▶ Public transportation, utility companies (electricity, water, gas, etc.) ▶ Airports, ports, road and transportation operators ▶ Automobiles, manufacturing, distribution, logistics operators, non-life insurance
High priority customer needs	<ul style="list-style-type: none"> ▶ Sophistication of decision-making through visualization of corporate activities ▶ Automation and skill transfer using robots and AI ▶ Traceability throughout the value chain and optimization of supply/demand ▶ Strengthening of the supply chain's resilience in the face of unpredictable crises ▶ Visualization and reduction of GHG emissions along the value chain 	<ul style="list-style-type: none"> ▶ Responding to the convergence of online and offline (omni-channel integration) and personalization ▶ Improving sustainability in the supply chain ▶ Addressing labor shortages ▶ Improving productivity through automation and labor savings in operations 	<ul style="list-style-type: none"> ▶ Maximization of healthcare outcomes for society as a whole by improvement of diagnostic accuracy, increased efficiency of healthcare services, and optimization of healthcare resources ▶ More efficient and faster drug discovery R&D ▶ Support for digital health (distribution of medical information and its use in peripheral and other areas crossed with lifestyle information) ▶ Strengthening of preventive medical services and personalized medicine using big data 	<ul style="list-style-type: none"> ▶ Transformation and expansion of public services, improving accessibility and equity ▶ Promotion of dialogue with and participation by citizens for better policy making and service realization ▶ Promotion of green energy and shift to low-carbon lifestyles ▶ Development of social infrastructure to achieve carbon neutrality, including new means of transportation and efficient use of renewable energy
Key growth factors	<ul style="list-style-type: none"> ▶ Shifting to consulting-based business ▶ Integrating proprietary know-how to add value to global applications ▶ Accumulating successful track records of businesses that solve social issues 	<ul style="list-style-type: none"> ▶ Acquiring upstream consulting capabilities ▶ Building an ecosystem with partners on a global basis ▶ Acquiring business and customer base through M&As, especially in North America 	<ul style="list-style-type: none"> ▶ Establishing partnerships with advanced users and disseminating best practices ▶ Acquiring business and customer base through M&As, especially in North America 	<ul style="list-style-type: none"> ▶ Developing precedents through co-creation with strategic partners ▶ Obtaining sales consultants with contacts to decision-makers in target industries

Fujitsu Uvance: Horizontal areas

	Digital Shifts		Business Applications	Hybrid IT
	Data-driven	Workstyle reforms		
Fujitsu's strengths / Key Technologies	<ul style="list-style-type: none"> ▶Development of services that enable advanced decision-making through data intelligence, AI demand forecasting, advanced document analysis through AI natural language processing, and improved traceability transparency through blockchain, all based on proprietary global knowledge of data science 	<ul style="list-style-type: none"> ▶Presentation of extensive case studies, implementation and operational know-how, and results based on in-house practices ▶“Work Life Shift 2.0” to support workstyle reforms and productivity improvement ▶Specialist expertise and know-how accumulated in the development of human resources at the Group's subsidiaries 	<ul style="list-style-type: none"> ▶Accumulation of implementation and operational know-how based on extensive in-house practice of SAP, ServiceNow, and Salesforce, and presentation of implementation results ▶Provision of unique offerings that combine a wealth of industry and business expertise with key solutions ▶Proposing and building of optimal cloud infrastructure for customers, including cloud infrastructure from various solution vendors and public cloud infrastructure 	<ul style="list-style-type: none"> ▶Provision of Hybrid IT by combining accumulated IT knowledge with computing technology, trust data technology, and explainable AI.
Track record to date / Practices within the Fujitsu Group	<p>In-house practices In-house practice of data-driven management and business operations through large-scale data integration</p>	<p>In-house practices</p> <ul style="list-style-type: none"> ▶Work Life Shift (transformation of organizational culture, workstyle, and employee mindset) ▶Initiatives to transform human resource management and improve employee engagement ▶Provision of training, including reskilling of business producers 	<p>Track record A proven track record of implementing applications tailored to individual customer requirements as part of conventional system integration services</p> <p>In-house practices Implementation and operation of applications provided by key vendors such as OneERP+ and OneCRM</p>	<p>Track record Provision of cyber security services to public utility companies in the UK, etc.</p> <p>In-house practices Operation of local 5G system for smart factory at a manufacturing site in Japan</p>
Global trends	<ul style="list-style-type: none"> ▶Data-driven ESG management ▶Enhanced traceability transparency ▶Utilization of data across industries and sectors 	<ul style="list-style-type: none"> ▶Remote work taking root, especially in advanced economies; its importance increasing from an employee retention perspective 	<ul style="list-style-type: none"> ▶Transition from providing individual SaaS, PaaS, and IaaS services to more comprehensive industry cloud services ▶API-first approach to quickly respond to unforeseen risks ▶Low-code/no-code technology for quick development 	<ul style="list-style-type: none"> ▶Use of AI technology to enhance IT system operations and speed up decision-making ▶Public cloud proliferation and highly connected supply chains becoming increased security risks and targets of cyber attacks

Message from the Chief Technology Officer (CTO)

Fujitsu's world-leading technologies

The Fujitsu Group has focused its management resources on five Key Technologies that are essential for digital transformation (DX): Computing, which enables the processing of massive amounts of data; Network, which connects data; AI, which supports decision-making using data; Data & Security, which maintain the safety of all of these; and Converging Technologies, which support the combination of technology with humanities and social sciences that is needed for people to use data.

In these five Key Technologies, we are either at the top level in the world, or have the potential to be at the top. For example, in the area of Computing, we have the technology to develop and manufacture processors for the Fugaku*¹ supercomputer, which boasts world-class processing capacity. We also lead the world with the world's fastest quantum simulator*² as well as our proprietary Digital Annealer technology for solving combinatorial optimization problems. In addition to the area of Computing, our strengths as a technology company also include ultra-high-speed telecommunications technology that realizes 5G, and beyond that, will realize 6G and the technology to discover causal relationships between various individual data related to people and objects, using AI. Our ability to develop such technologies for providing high value to customers and retain them as intellectual property is our strength as a technology company.

Delivering value through the optimization of technology and business

My role as CTO is to connect these technologies with business in order to contribute to the global business growth of the Fujitsu Group. Therefore, my current priority is to combine and incorporate the five Key Technologies within the seven Key Focus Areas of Fujitsu Uvance to provide them as competitive services. We will offer computing power, including high performance computing (HPC), as a service that is available to a wide range of customers, and adding further business applications, we will provide added value that is unique to Fujitsu. We will also realize massive efficiency gains in customers' plants in the manufacturing industry through the use of 5G. By optimizing these technologies and businesses, we will focus on delivering value to even more customers.

Japanese corporations are known for having a low rate of R&D expenditures relative to their net sales. In fact, the Fujitsu Group's R&D expenditure is somewhat limited compared to US technology companies. However, I don't think it is meaningful to make a comparison only in terms of monetary amounts. The important thing is the degree to which we can close and optimize the gap between R&D and business. Based on our original technological capabilities, which US and European companies do not possess, we believe there is ample potential to leverage our presence in the global market by expanding businesses that contribute to solving social issues.

*1 Press release on May 30, 2022: "Supercomputer Fugaku retains first place worldwide in HPCG and Graph500 rankings"
<https://www.fujitsu.com/global/about/resources/news/press-releases/2022/0530-01.html>

*2 Press release on March 30, 2022: "Fujitsu achieves major technical milestone with world's fastest 36 qubit quantum simulator"
<https://www.fujitsu.com/global/about/resources/news/press-releases/2022/0330-01.html>



We will provide customers with value based on our world-leading technology, contributing to solutions for societal issues and the global growth of the Fujitsu Group.

Vivek Mahajan
Corporate Executive Officer
SEVP, CTO

Establishing a research structure that accelerates development

We are also strengthening our global research organization. In November 2021, we established a center in Israel for developing technologies and solutions to support safe applications of AI, followed in April 2022 by the establishment of a research center in India to focus on AI and quantum software. We are now concentrating our technologies at centers under a global research structure for accelerating development.

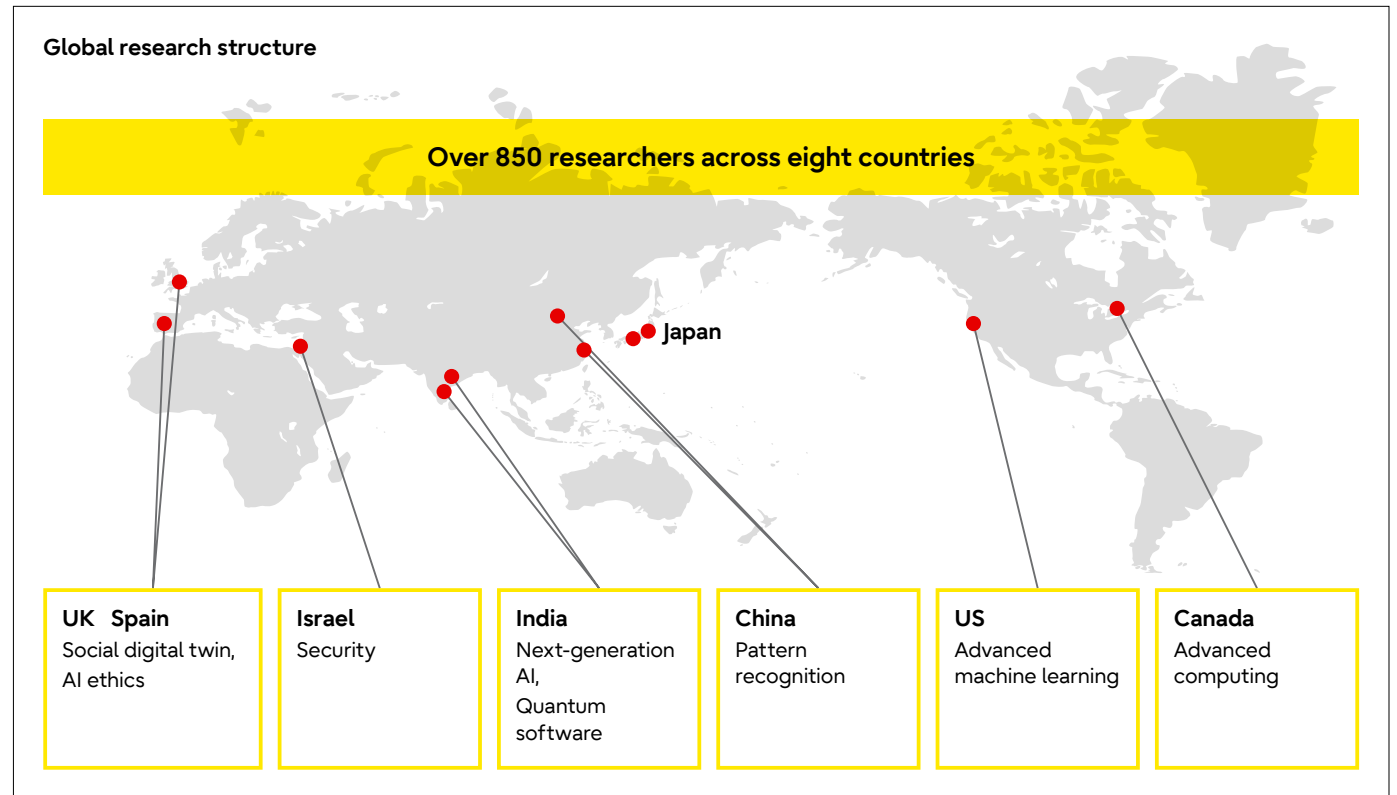
We also emphasize collaboration with academia at the forefront of technology development. At the aforementioned centers in Israel and India, we are promoting joint research with Ben-Gurion University of the Negev and the Indian Institute of Technology Hyderabad and the Indian Institute of Science. Meanwhile, in Japan, we are promoting Fujitsu Small Research Lab, in which the Group's researchers have permanent tenure or long-term residencies within universities to accelerate joint research and identify new themes. Our policy is to incorporate a wide range of innovative ideas through collaboration.

Stimulating innovation by challenging the limits

To be a trusted partner of customers who want to achieve innovation with the Fujitsu Group, we must make speedy decisions and act quickly without eschewing risks. In the area of technology, rather than the conventional approach of developing a technology until it is 100% complete before exploring applications in the real world, it is sometimes necessary to appeal to customers with new technologies and the potential they offer at the pre-completion stage. Business styles differ significantly between global IT companies, where top-down management is the mainstream, and Japanese companies, which are frontline oriented. To grow our business globally, a change of mindset is required.

Innovation inevitably involves failure. The absence of failure means that one is not challenging the limits. Moreover, to encourage employees to take on daunting challenges requires “organizational transparency,” meaning alignment between the vision set out by leadership and actual operations and the positive environment that such transparency creates. I consider this kind of transparency to be one of the

special characteristics of the Fujitsu Group. Our Purpose—“to make the world more sustainable by building trust in society through innovation”—and a desire to transform ourselves and succeed globally are shared throughout the entire Fujitsu Group, and I am certain that we have the capability to generate exciting value together with our customers.



Intellectual property management supporting technology strategy

The Fujitsu Group's intellectual property management plays an important role in realizing Our Purpose. Intellectual property management that corresponds with our business, technology, and brand strategies contributes to the differentiation of our products and services and the strengthening of our competitive advantages. At the same time, we uphold our responsibilities as a global corporation by respecting the intellectual property of others.

The three perspectives of intellectual property management

The Fujitsu Group promotes intellectual property management based on three perspectives:

- 1) Contribution to business, technology, and brand strategies from an innovation perspective,
- 2) Initiatives to protect rights and form rules from a perspective of gaining society's trust, and
- 3) Use of intellectual property from a perspective of realizing a sustainable world.

The practical duties are conducted by the Intellectual Property Division, which comprises around 120 members. The Intellectual Property Global Head Office formulates and executes intellectual property strategies based on Our Purpose and business, technology, and brand strategies. It also builds our intellectual property portfolio and leads global governance through coordination with regional intellectual property managers (IP CoE) stationed at four locations in Europe, China, Australia, and the United States. The Intellectual Property Front Service Division is responsible for providing service functions to our business front lines, including provision of intellectual property information to business divisions and engineers.

Strengthening the intellectual property portfolio of the five Key Technologies

Among the three perspectives, our strongest focus is on the contribution to business, technology, and brand strategies. To promote the growth of Fujitsu Uvance, we are working to strengthen our intellectual property portfolio with a focus on the five Key Technologies (Computing, Network, AI, Data & Security, and Converging Technologies), based on a strategy of concentrating management resources in these technologies to support our seven Key Focus Areas.

Among the five Key Technologies, Computing is where we hold the highest number of patents and the fastest growing number of patent applications. The Group has significant intellectual property in this field, as evidenced by our track record in the development and manufacture of Fugaku, one of the world's leading supercomputers. We also hold a significant amount of intellectual property in Network, including a world-leading number of patents in optical communication technology. These were cultivated in the field of communications equipment, which has been a business of the Fujitsu Group since its founding in 1935. Moreover, in Converging Technologies, we also hold a significant share of the number of design patents, having made design applications focused on screen designs, which is directly related to user experience. In addition, we aggressively obtain trademark rights for the names of technologies that have especially strong potential for differentiation among the five Key Technologies.

For many of the assets in our intellectual property portfolio we apply for registration globally, and our portfolio includes many inventions that originate in other countries, which support our global business. Guided by this intellectual property management, our intellectual property activities have won high acclaim, with Fujitsu being ranked in the Top 100 Global Innovators by Clarivate every year for the past 11 years.

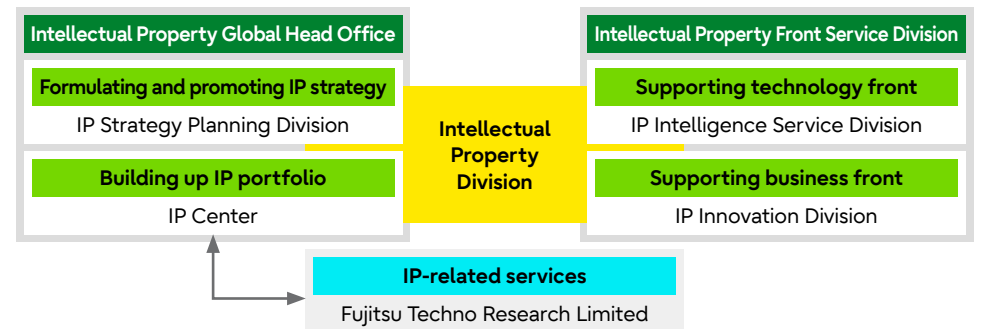
For details on Fujitsu's intellectual property activities to support the realization of Our Purpose, please visit the following website.

<https://www.fujitsu.com/global/about/businesspolicy/tech/intellectualproperty/>

For details on Fujitsu's intellectual property, please visit the following website.

<https://www.fujitsu.com/global/about/csr/intellectual-property>

Intellectual property management organization



Intellectual property and design patent portfolio

