INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

The Board of Directors
Fujitsu Limited

Opinion

We have audited the accompanying consolidated financial statements of Fujitsu Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

We have considered and addressed areas of higher assessed risk of material misstatement, or significant risks identified, including those communicated as key audit matters in our independent auditor's report of the prior period, throughout the audit. We have also communicated those matters in sufficient detail with the Corporate Auditor and the Board of Corporate Auditors.

As a result, we determined the following areas to be key audit matters in our audit of the consolidated financial statements of the current period.

1. Revenue Recognition Based on Progress toward Complete Fulfillment of Performance Obligations under Service Contracts Containing Obligations to Provide Deliverables and Provision for Contract Losses (Estimates of Total Project Costs)
2. Recognition of Deferred Tax Assets Resulting from the Group's Decision to Restructure its North American Subsidiaries and Liquidate Certain Subsidiaries

<table>
<tr><td colspan="2">Revenue Recognition Based on Progress toward Complete Fulfillment of Performance Obligations under Service Contracts Containing Obligations to Provide Deliverables and Provision for Contract Losses (Estimates of Total Project Costs)</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor’s Response</th></tr>
<tr><td>As described in Notes 4 and 25 (2) to the consolidated financial statements, revenue arising from service contracts such as system integration services, containing performance obligations to provide the delivery of services are recognized based on the progress toward completion when the outcome of the contract can be reliably estimated. Revenue is measured based on the total estimated project revenues and the progress toward completion, calculated based on costs incurred to date as percentage of total estimated project costs.

As described in Note 23, a provision for contract losses is recognized if it is probable that the total estimated project costs will exceed the total estimated project revenues. The Group recorded a provision for contract losses in the amount of ¥18,736 million, which represents 0.6% of total assets as of March 31, 2022.

Total estimated project costs are revised throughout the project period, and as a result, the progress toward completion may be affected.

As estimates of total project costs in the calculation of progress toward completion involve uncertainties and require significant management judgment because each service contract is unique in terms of specifications and service period, we determined this to be a key audit matter.</td><td>We performed the following audit procedures, among others, to assess revenue recognition of contracts containing performance obligations to provide the delivery of services by reference to the progress toward completion and provisions for contract losses:

- We evaluated the effectiveness of internal controls over the estimation process of estimated project costs and calculation of the progress toward completion for projects in order to evaluate the effectiveness of its design and the operation of the corresponding process.

- We reviewed the terms and conditions of contracts, assessed the consistency between the total project costs and relevant project plans and remeasured the progress toward completion for samples of selected contracts based on materiality in order to assess the reasonableness of estimated project costs and calculation of the progress toward completion.

- We assessed the feasibility of the project forecasts approved by management by evaluating the final outcome of projects completed in prior periods and by discussing with management about the latest progress of ongoing projects in order to assess the reasonableness of uncertainty in the estimate of total project costs being considered and incorporated in management’s assessment.

- We assessed the completeness of the total estimated costs and the provision of contract loss if it is probable that total estimated project costs exceed total estimated project revenue by discussing them with the quality assurance department of the Group.

- With the assistance of our data analytics specialists, we performed trend analyses and correlation analyses of the progress toward completion of the project. In addition, in order to identify any deviation with regard to the progress of ongoing projects, we monitored the progress toward completion for ongoing projects by comparing the number of working days to date since the commencement date with the trends from projects completed in prior periods.</td></tr>
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Recognition of Deferred Tax Assets Resulting from the Group's Decision to Restructure its North American Subsidiaries and Liquidate Certain Subsidiaries	
Description of Key Audit Matter	**Auditor's Response**

As described in Note 13, in accordance with a resolution at the Board of Directors' meeting held in December 2021, the Group is restructuring its North American subsidiaries and will liquidate certain subsidiaries. As a result of this decision, the Group recognized deferred tax assets on a deductible temporary difference arising from investments due to the cumulative losses in Fujitsu America, Inc ("FAI") and certain subsidiaries, which will be liquidated, (the "affected companies") in the amount of ¥29,110 million, which represents 0.9% of total assets as of March 31, 2022.
 	
The Group has been working on the restructuring of FAI's business structure since fiscal 2019 in response to rapid changes in the North American market and the technology sector. During the year ended March 31, 2021, the Group completed streamlining highly competitive hardware-related businesses to concentrate on the services business.
 	
The purpose of this restructuring is to reduce the number of subsidiaries by liquidating certain subsidiaries, to align the management structure and capital structure and to improve financial conditions of subsidiaries in North America and achieve synergies by ultimately integrating management resources that have been dispersed among multiple subsidiaries in the United States as the final step of the restructuring process.
 	
Specifically, the Group will consolidate its service business in the North America by transferring FAI's business in the United States and shares of FAI's subsidiaries to Fujitsu North America, Inc., and liquidate the affected companies that have become redundant.
 	
In response to the decision, the Group revisited the recoverability of deferred tax assets arising from investments due to the cumulative losses in the affected companies because it is expected that the investments to FAI and associated losses can be realized as tax deductible losses when the Group will absorb losses from the net deficit of the affected companies at the time of liquidation based on the reference to a tax authority and the assistance of the tax specialist. Specifically, the Group recognized deferred tax assets since it is probable that the deductible temporary difference arising from investments to the affected companies will be realized.
	We performed the following audit procedures to assess the deferred tax assets from a deductible temporary difference arising from investments due to cumulative losses in the affected companies:
	
	- In order to understand the plan for the restructuring in North America, we inspected the minutes of Board of Directors' and Executive Management Committee meetings as well as making inquiries.
	- We tested internal controls on the process to recognize of deferred tax assets to assess the effectiveness of its design and the operation of the corresponding process.
	- We obtained an understanding of the estimation process of the amount of the additional financing expected at the time of liquidation to assess the consistency with the restructuring plan approved by the Board of Directors' and Executive Management Committee.
	- In order to assess the assumptions used for the estimate of the amount of the additional financing expected at the time of the affected companies' liquidation, we obtained an understanding of the net deficit of the affected companies as of March 31, 2022 and the adjustment due to expected cash receipt and expenditures by the time of liquidation. We also performed the following audit procedures:
	  - As for the transfer of the service business and shares of a subsidiary of FAI, which accounts for a large portion of the total expected cash receipts, we inspected the agreement of those transactions and corroborated the expected cash receipt by a bank record of corresponding cash receipts on April 20, 2022.
	  - We tested the transfer prices of the service business and the shares of a subsidiary of FAI, with the assistance of our valuation specialists from our network firms, through the evaluation of the future cash flow estimates that served as the basis of the transfer prices by comparing with budget approved at the Board of Directors' meeting.
	- We inquired of a person in charge of tax to understand the tax position of the losses to be absorbed by the Group at the time of liquidation of the affected companies.

Although the Group recognized the deferred tax assets on the deductible tax losses arising from investment of the affected companies based on the Group's estimate of the effect of the decrease in tax expenses related to losses absorbed by the Group at the time of liquidation, the amount of the deferred tax assets are subject to changes based on judgement on recoverability corresponding the purpose and nature of the restructuring, the tax position of losses to be absorbed by the Group, timing of recognition of deductible expenses and future taxable income. As estimates of losses to be absorbed by the Group are complex and require significant management judgment to determine its tax position, we determined this to be a key audit matter.	- We obtained an understanding of the Group's tax position through inspecting the position paper prepared by the Group and the inquiry letter prepared for the reference to the tax authority. - With the assistance of tax specialists from our network firms, we discussed the tax position with a person in charge of tax. - In order to assess the feasibility of the estimate of future taxable income, we performed inquiries and inspection of the medium-term management plan that serves as the basis of future taxable income. We assessed the medium-term management plan by comparing it with the latest budget approved at the Board of Directors' meeting. - In order to assess the effectiveness of management's estimation process of the medium-term management plan, we performed retrospective analysis by comparing the medium-term management plan for prior years with actual results.

Other Information

The other information comprises the information included in the Fujitsu Group Integrated Report 2022 Financial Section that contains audited consolidated financial statements but does not include the consolidated financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 27, 2022

持　永　勇　一
Yuichi Mochinaga
Designated Engagement Partner
Certified Public Accountant

中　谷　喜　彦
Yoshihiko Nakatani
Designated Engagement Partner
Certified Public Accountant

田　邉　朋　子
Tomoko Tanabe
Designated Engagement Partner
Certified Public Accountant

小　山　浩　平
Kohei Koyama
Designated Engagement Partner
Certified Public Accountant