Medium-Term Management Plan

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CEO
Fujitsu Limited

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I  Previous Medium-Term Management Plan Summary

II  Fujitsu's Ideal State
   • Fujitsu's Materiality
   • Fujitsu’s Value Creation Model
   • Positioning of the Medium-Term Management Plan

III  Medium-Term Management Plan (FY2023 to FY2025)
   • Business Model and Portfolio Strategy
   • Customer Success / Regional Strategy
   • Technology Strategy
   • People Strategy

IV  Company Targets for FY2025
Our Purpose

Make the world more sustainable by building trust in society through innovation.
Fujitsu Way

Our Purpose

• Making the World more sustainable
• Building trust in society

Aspiration

Innovation

Empathy

Trust

Our Values

• Set ambitious targets and act with agility.
• Embrace diversity and create original ideas.
• Stay curious and learn from failures and experiences.
• Deliver positive impact through human centric innovation.

• Honor promises and exceed expectations.
• Act with ethics, transparency and integrity.
• Work autonomously and unite for common goals.
• Contribute to a trusted society using technology.

• Strive for customers’ success and their sustainable growth.
• Listen to all people and act for the needs of our planet.
• Work together to solve global challenges.
• Generate shared value for our people, customers, partners, community and shareholders.

• We respect human rights.
• We comply with all laws and regulations.
• We act with fairness in our business dealings.
• We protect and respect intellectual property.
• We maintain confidentiality.
• We do not use our position in our organization for personal gain.

Code of Conduct

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I. Previous Medium-Term Management Plan Summary
Provide digital services originating from cross-industry societal issues, which contribute to customer growth.

**7 Key Focus Areas**

**Achieving a Sustainable World**

**Vertical Areas**

4 cross-industry areas that solve societal issues

- Sustainable Manufacturing
- Consumer Experience
- Healthy Living
- Trusted Society

**Horizontal Areas**

3 technical areas that support cross-industry

- Digital Shifts
- Business Applications
- Hybrid IT

**Key Technologies**

- Computing
- Network
- AI
- Data & Security
- Converging Technologies
Examples of Fujitsu Uvance Offerings

- Reduce the environmental burden across the end-to-end supply chain
  - Reducing GHG emissions by changing procurement routes
  - Environmental consulting and GHG reduction Platform

- Optimize the supply chain across manufacturing, distribution and sales
  - Factory production planning and management
  - Logistics planning and traffic control
  - Retail demand forecasting and purchasing planning
  - Traceability

- Secure stable supplies of goods in an emergency
  - Simulate the impact of hazardous scenarios
  - Propose optimal transport routes to avoid affected locations

Offering

- Fujitsu Technology
  - Explainable AI
  - Social Digital Twin
  - Behavioral Analysis (AI Image Analysis)
  - Connection Chain
  - Proactive Optimization
  - Blockchain

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Previous Medium-Term Management Plan Performance Results

Progressively improved profitability with record profit in FY2022

**Financial & Non-Financial Performance Results**

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Operating Profit (0.1 billions of yen)</th>
<th>Operating Profit Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,302</td>
<td>3.3%</td>
</tr>
<tr>
<td>2019</td>
<td>2,115</td>
<td>5.5%</td>
</tr>
<tr>
<td>2020</td>
<td>2,663</td>
<td>7.4%</td>
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<tr>
<td>2021</td>
<td>2,192</td>
<td>6.1%</td>
</tr>
<tr>
<td>2022</td>
<td>3,356</td>
<td>9%</td>
</tr>
</tbody>
</table>

**Summary: Activities and Results of the 7 Strategic Priorities**

- **Becoming our customers’ DX partner of choice**
- **Contributing to greater stability of our customers’ business**
- **Strengthening issue resolution capabilities**
- **Rebuilding our global business strategy**

**Revenue**

- **200 billion yen**

**GDC & JGG***

- **8,000 people**
- **30,000 people**

**System**

- **250+ companies**

**Consulting Proposals**

- **30,000 people / event**

**Strengthen data-driven management**

- **OneCRM**

**Progression to DX employees and improved productivity**

- **Productivity**

  - Operational in
  - Operating income per capita

  - **Up 60%**

**All inclusive, ecosystem-based, DX promotion**

- **Company-wide DX Event**

  - Participants

**Customer NPS * **

- **-**
- **-**
- **-**
- **+2.3**
- **+18.1**

**Employee Engagement**

- **-**
- **63**
- **68**
- **67**
- **69**

**DX Promotion Index**

- **-**
- **1.9**
- **2.4**
- **3.2**
- **3.56**

*GDC: Global Delivery Center

*JGG: Japan Global Gateway
Ⅱ. Fujitsu's Ideal State
Fujitsu's Materiality

Purpose

Make the world more sustainable by building trust in society through innovation

Fujitsu Way

Values

Aspiration  Trust  Empathy

Materiality
(Essential Areas for Contribution)

Solving global environmental issues

Planet

- Climate change (Carbon neutral)
- Recycling circulation (Circular economy)
- Living in harmony with nature (Protection and restoration of biodiversity)

Developing a digital society

Prosperity

- Maintaining information security
- Eliminating the digital divide
- Leading ethical AI and IT
- Ensuring a positive work environment and addressing labor shortages
- Assuring responsible supply chains

Improving people's well-being

People

- Contributing to healthcare for an improved quality of life
- Promoting lifelong education and reskilling
- Improving customer/consumer experience

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Value Creation Concept for 2030

Being a technology company that realizes net positive* through digital services

In addition to maximizing financial returns, we are committed to solving global environmental problems, developing a digital society, and improving people’s well-being. Technology and innovation will have a positive impact on society as a whole.

Financial capital
- Total assets: 3.3 trillion yen
- FCF: 177.5 billion yen
- Growth investment: 131.0 billion yen

Human capital
- Number of employees: 124 thousand people
- Ratio of female employees: 24 %
- Ratio of female managers: 14 %

Natural capital
- Energy consumption: 13 million GJ
- GHG emissions: 490 thousand tons (FY2021 Actual)

Technology and intellectual capital
- R&D investment: 109.5 billion yen/year
- Internal DX investment: 50.0 billion yen/year

Global Responsible Business
- Human Rights and DE&I
- Wellbeing
- Environment
- Compliance
- Supply Chain
- Community

Key Strategies
- Business Model and Portfolio Strategy
- Technology Strategy
- People Strategy
- Customer Success / Regional Strategy

Solving global environmental issues
- Contribute to reduced global GHG emissions (Global CO2 reduction impact in Service Solutions)
- Use of renewable energy in Fujitsu

Developing a digital society
- Digital accessibility

Improving people’s well-being
- Number of people receiving ICT skill training
- Employee Engagement
- Diverse Leadership (e.g. ratio of female managers)

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*Net positive: In addition to maximizing financial returns, we are committed to solving global environmental problems, developing a digital society, and improving people’s well-being. Technology and innovation will have a positive impact on society as a whole.
Positioning of the Medium-Term Management Plan

During this 3-year Medium-Term Management Plan period, we will establish a business model for sustainable growth and improved profitability for 2025, through to 2030 and beyond.

Key Strategies:

- Improved profitability
- Transforming corporate culture
- Business Model and Portfolio Strategy
- Customer Success / Regional Strategy
- Technology Strategy
- People Strategy
III. Medium-Term Management Plan (FY2023 to FY2025)
Medium-Term Management Plan Key Strategies

Key strategies to maximize stakeholder value and achieve Fujitsu’s aspirations

**Business Model and Portfolio Strategy**
- Business segments and portfolio
- Shift to growth areas
- Customer engagement model

**Technology Strategy**
- Develop core technologies
- Business utilization of technologies (Enhance value delivered)

**Customer Success / Regional Strategy**
- Expand consulting
- Modernization
- International focus on services
- Strategic alliances
- Further stability of customers’ business

**People Strategy**
- Globally unified roles
- Improve productivity (per employee)
- Strengthen management foundation
Business Model and Portfolio Strategy
Business Model and Portfolio Strategy

Business Segment Changes

Technology Solutions separated into Service Solutions and Hardware Solutions. Business portfolio transformation realized by dividing our business structure and increasing focus and investments in growth areas.

Service Solutions
- **Global Solutions**: Create and provide globally common, value-based services, centered on Fujitsu Uvance
- **Regions**
  - Japan: Implement* and provide services for the Japan market
  - International: Implement* and provide services for the international market

Hardware Solutions
- Hardware provision and hardware maintenance business

Ubiquitous Solutions

Device Solutions
- Common

Eliminations / Corporate
- Ubiquitous Solutions
- Device Solutions

*Includes implementation of Fujitsu Uvance
Business Model and Portfolio Strategy

Grow Service Solutions

Shift to Growth Areas

Target high growth and profit in cloud and digital services, including Fujitsu Uvance

Focused Measures

- Expand consulting
- Develop strategic alliances
- Develop core technologies and improve business utilization and value delivered
- Develop and reskill employees

- Standardize delivery and improve productivity
- Expand modernization
- Stabilize and enhance quality and security

*Indicator which represents an actual profit from core business calculated by deducting profits from business restructuring, M&A, etc., and one-off profits from changes in regulations. (Equivalent to previously known as operating profit excluding special items)
Develop Long-Term Customer Engagement

Customer Engagement Model

Jointly address challenges with customers, continuously provide optimal solutions at each stage of the business model and provide long-term support for modernization and cloud shift.

- **Consulting Led**
  Work with the CEO/CxO/LoB to address business challenges, identify solutions and propose offerings, that are connected and implemented through the Delivery Lead.

- **Delivery Led**
  Satisfy customer’s IT strategic requirements and ensure secure and reliable delivery of offerings to QCD (Quality, Cost, Delivery).

- **Modernization Led**
  Proactively identify solutions to progress system modernization based on cloud migration and application modernization, e.g. when systems need replacing, contract renewal, and can lead to next-stage consulting opportunities.
Customer Success / Regional Strategy

Business Model and Portfolio Strategy
Technology Strategy
People Strategy

Customer
Increase Consulting Capability to Solve Customer Issues

Expand consulting

Scale Technology Consulting and Business Consulting capabilities, expand to 10,000 employees through re-skilling, etc.

Technology Consulting

- Fujitsu Uvance horizontal areas
- Strategic alliance partners
- Technology drivers
- Support internal IT developments

Business Consulting

- Fujitsu Uvance vertical areas
- Ridgelinez consulting approach
- Business transformation
- Business management
Customer Success / Regional Strategy

Realize Customers’ Optimal Modernization

Use Fujitsu’s unique strengths to create greater customer value by supporting their DX / GX* while optimizing their existing assets.

Value to the customer

Safe and Secure
Optimal and appropriate modernization of existing assets to meet future business needs.

Total Support
Total support for modernization needs, utilizing Fujitsu engineering capability cultivated from mainframe and other core systems experience.

The Right Solution
Provide global modernization services leveraging alliances with strategic partners.

Fujitsu’s modernization services

- **Process 01**: Visualization of operations and assets
- **Process 02**: Overall design framework
- **Process 03**: Comprehensive information systems streamlining
- **Process 04**: Modernization

Fujitsu capabilities

- Transformation Partner (Ridgelinez)
- Specialized function (Modernization Knowledge Center)
- Delivery structure (35,000 employees by FY2025)
- Technology

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*GX: Green Transformation
Main Regional Initiatives
International Focus on Services

Provide optimal solutions for customers in Japan and strengthen service businesses globally.

**Japan**
Support customers’ modernization needs across all industries and strengthen our support structures for customers with Japan-originated businesses operating globally.

**International**
Grow global offerings and services centered on Fujitsu Uvance.
(Fujitsu Uvance revenue ratio in International services FY22: 20% → FY25: 45%)
Customer Success / Regional Strategy

**Further Develop Strategic Alliances**

Enhance strategic partner alliance relationships to increase value to stakeholders.

- Global strategic partnership agreement
- Largest global SI partner in Japan

- Global program co-developing market offerings and employee skilling
- Leverage from AWS industry expertise to jointly expand globally

- Global technology partner
- Further develop and scale RISE with SAP *

- 2023 Worldwide Elite Segment Partner of the Year Award
- Further develop highly specialized capability

- #1 Certified Salesforce Partner Program in Japan
- Joint development of manufacturing and healthcare services

*RISE with SAP: Comprehensive offering for business process transformation based on SAP S/4HANA Cloud
Further Stabilizing our Customers’ Business

Company-wide measures to prevent the recurrence of information security incidents and system quality problems.

- **Strengthen management structure**
  - Strengthen the Risk Compliance Committee
  - Appointment of Chief Quality Officer (CQO) with increased authority
  - Empowered CISO (Chief Information Security Officer)

- **Strengthen information security**
  - Highly objective risk assessment and response
  - Centralize security authority controls
  - Increase security capability across the business

- **Improve systems quality**
  - Centralize quality control approval
  - Implement permanent quality control
  - Strengthen design and operational infrastructure to support quality control
Technology Strategy
Enhance Value through Technology

Develop core technologies centered around AI to create added value in the services business.

**Converging**
High precision simulation

**Data & Security**
Autonomous and decentralized social system

**Network**
Control large scale network

**Computing**
Provide massive speed with low power consumption
Examples of Technology Utilization

Business Utilization of Technologies (Enhance Value Delivered)

Transforming technological innovation into added value for customers and society

**Examples of Technology Utilization**

- **Sustainable Manufacturing**
  - Defect detection and factor analysis
  - Material analysis and search
  - Worker analysis

- **Consumer Experience**
  - Purchasing behavior analysis
  - Cashier fraud monitoring
  - Network distribution optimization

- **Healthy Living**
  - Predict viral mutations
  - Amino acid sequence analysis
  - Radiation therapy

- **Trusted Society**
  - Detect suspicious behavior
  - Optimize traffic flow
  - Reduce CO2 emissions

**Fujitsu Kozuchi**

- **Code Name**

**Fujitsu Web 3 Acceleration Platform**

**Hybrid IT**

- Large-scale simulations
- Fast optimization calculation
- Advanced data security

**Other Technology and OSS Communities**

**Fujitsu CaaS HPC**

**Fujitsu CaaS Digital Annealer**

**Data e-TRUST**

**Technology Platform**

- **Shared e-scooter - Isle of Wight, England**
  - Develops human behavior selection models and integrates them with digital twin

**Converging AI**

- AI combined with other key technologies results in a greater impact

**Fujitsu uvance**

**Computing × AI**

- Developing training methods for large language models that will be the core of generative AI with "Fugaku"

**Technology Strategy**

- **Fujitsu Kozuchi**
  - New discoveries
  - Sophisticated analysis
  - Trusted information

- **Fujitsu Web 3 Acceleration Platform**
  - Advanced data security

- **Hybrid IT**
  - Large-scale simulations
  - Fast optimization calculation
  - Advanced data security

- **Other Technology and OSS Communities**
  - New discoveries
  - Sophisticated analysis
  - Trusted information

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People Strategy
Develop and establish a global workforce portfolio, aligning employees to growth areas with measures centered on re-skilling and up-skilling with standard global training programs.

Globally Unified Roles

**Sales & Marketing**
Continuously propose and provide optimal solutions, jointly addressing customer challenges

**Consulting**
Propose solutions to customers' business challenges from a business and a technology perspective

**Delivery**
Implement and deliver Fujitsu and partners' solutions in an optimal way

**Managed Service**
Operate and maintain services and products for customers and assure the quality of service

**Offering Development**
Plan and develop offerings that solve societal and customer challenges

**Research & Development**
Research and develop technologies and apply them to solutions and business

**Corporate Functions**
Provide corporate function services to the Fujitsu Group
People Strategy

Increase Value to Customers by Strengthening the Management Foundation

Improve Productivity (Per Employee), Strengthen Management Foundation

Strengthen and upgrade Fujitsu’s management foundation focusing on people and IT. Expand the value proposition by utilizing the experience and know-how gained through internal practices.

Human Capital Management

- Mechanism for individual-focused growth
- Corporate culture that generates sustainable results

Data-Driven Management

OneFujitsu

- Real-time management
- Integrated data insights and visualization
- Standardized global business operations
IV. Company Targets for FY2025
# Targets for FY2025

Increase company profitability and drive growth in Service Solutions through Fujitsu Uvance

## Financial

### Consolidated

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY25</th>
</tr>
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<tbody>
<tr>
<td>Revenue</td>
<td>3.7 trillion yen</td>
<td>4.2 trillion yen</td>
</tr>
<tr>
<td>Adjusted operating profit*</td>
<td>320 billion yen</td>
<td>500 billion yen</td>
</tr>
</tbody>
</table>

*Adjusted operating profit: Indicator which represents an actual profit from core business calculated by deducting profits from business restructuring, M&A, etc., and one-off profits from changes in regulations. (Equivalent to previously known as operating profit excluding special items)

### Service Solutions

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2.0 trillion yen</td>
<td>2.4 trillion yen</td>
</tr>
<tr>
<td>160 billion yen</td>
<td>360 billion yen</td>
<td></td>
</tr>
</tbody>
</table>

Fujitsu Uvance Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 billion yen</td>
<td>700 billion yen</td>
<td></td>
</tr>
</tbody>
</table>

### Business growth and improved profitability

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY25</th>
</tr>
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### Strengthen cash generation capabilities

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core FCF* (company-wide)</td>
<td>150 billion yen</td>
<td>300 billion yen</td>
</tr>
</tbody>
</table>

*Core FCF: Current FCF after deducting temporary income and expenses associated with business restructuring, M&A, etc.

### Increase efficiency of corporate capital

<table>
<thead>
<tr>
<th></th>
<th>FY22</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS CAGR</td>
<td>12%</td>
<td>14 - 16%</td>
</tr>
</tbody>
</table>

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Financial Strategies to Enhance Corporate Value

Accelerate cash generation by focusing on Service Solutions.
Optimize allocations and increase investment in growth areas.

- **2020-22 Actuals**
  - 650 billion yen *3 year cumulative

- **2023-25 Medium-Term Management Plan**
  - 1.3 trillion yen *3 year cumulative

- **2.0 times**
  - 2020-22 Actuals
  - 2023-25 Medium-Term Management Plan

- **Business Model and Portfolio Strategy**
  - Business Portfolio management
  - Inorganic growth
  - Strengthen the management foundation (OneFujitsu Program)

- **Customer Success / Regional Strategy**
  - Develop and acquire consulting capabilities
  - Improve quality and security

- **Technology Strategy**
  - 5 Key Technologies
  - Technology implementation and commercialization

- **People Strategy**
  - Develop, reskill and acquire talent

- **Shareholder return**
  - 1.3 trillion yen

- **Investment in business growth**
  - 1.3 trillion yen

- **Base Cashflow**
  - 650 billion yen

- **2023-25 M-T Management Plan**
  - 1.3 trillion yen

*Free cash flow before investment in business growth and lease payments*
Business model and portfolio transformation is complete and 2025+ growth plans are on track.

**Targets for FY2025**

**Environment**
- GHG emissions (Fujitsu Group - Scope 1, 2) 50% reduction (Compared to FY20)

**Customer**
- Customer NPS +20 (Compared to FY22)

**Productivity**
- Per capita productivity (operating income) +40% (Compared to FY22)

**People**
- Employee engagement 69 → 75 (FY22)
- Diverse leadership (e.g. ratio of female managers) 14% → 20% (FY22)

*Category 11: CO2 emissions due to product power consumption only*
Thank you
Cautionary Statement

These materials may contain forward-looking statements that are based on management’s current information, views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results may differ materially from those projected or implied in the forward-looking statements due to, without limitation, the following factors listed below.

• General economic and market conditions in key markets (Particularly in Japan, Europe, North America, Oceania, and Asia, including China)
• Fluctuations in exchange rates or interest rates
• Fluctuations in capital markets
• Intensifying price competition
• Changes in market positioning due to competition in R&D
• Changes in the environment for the procurement of parts and components
• Changes in competitive relationships relating to collaborations, alliances and technical provisions
• Risks related to public regulations, public policy and tax matters
• Risks related to product or services defects
• Potential emergence of unprofitable projects
• Risks related to R&D investments, capital expenditures, business acquisitions, business restructuring, etc.
• Risks related to natural disasters and unforeseen events
• Changes in accounting policies