The Fujitsu Group has positioned the three years from fiscal 2023 as a time to build a model for growth and improved profitability, with the aim of realizing its 2030 vision and creating sustainable value thereafter through backcasting. We will promote the four key strategies under our 2023–2025 Medium-Term Management Plan and concentrate resources on growth areas centered on Fujitsu Uvance. As a result, we will help to resolve the management and social challenges our customers face, and also enhance our own corporate value.
Over the 88 years since its founding, the Fujitsu Group has used innovative technologies to solve issues faced by customers and society, and to provide new value, growing in step with the development of society. With the ever-changing social conditions and the evolution of digital technology, the business environment is undergoing tremendous change. To ensure the Group's sustainable growth in this situation, we are transforming our business model by shifting its central focus from products to solutions and services, and are concentrating our management resources in this area. In the last 20 years, we have spun off or sold several businesses, including the semiconductor, mobile handset, and consumer PC businesses. Net sales have fallen from their historical peak, but by focusing on growth areas and efficiency gains, operating profit has advanced, and profitability is climbing steadily. Using the enhanced cash-generating ability produced by our reforms to date, we are making strategic growth investments in pursuit of sustainable growth and an increase in corporate value. The reforms have been well received by the market and our share price has risen around 2.2 times over the past five years.
In the core Technology Solutions segment, the Fujitsu Group is targeting an operating profit margin of 10%. By comparison, in fiscal 2022, revenue excluding special items was ¥3,176.5 billion and operating profit was ¥249.9 billion, for an operating profit margin of 7.9%. Unable to shake off the external environmental impacts during the previous Medium-Term Management Plan period, such as COVID-19 and a deterioration in demand and supply due to supply chain disruptions, the segment did not reach its targets. Nevertheless, business profitability improved steadily, and the segment achieved a record-high operating profit in fiscal 2022. This was mainly attributable to the effects of higher revenues due to DX-related demand, such as digitalization and modernization, coupled with productivity gains and profitability improvements, such as global system development and standardization of operations.

To emphasize capital efficiency improvements, we targeted a CAGR of 12% for Companywide EPS. In fiscal 2019, EPS was ¥791.20, rising to ¥1,013.78 in fiscal 2020. In fiscal 2021, EPS fell to ¥924.21, partly due to recording expenses of approximately ¥65.0 billion in relation to human resource measures undertaken to accelerate the transformation into a DX company as part of business restructuring. In fiscal 2022, EPS rose to ¥1,107.63 with the expansion of the profit base. By optimizing the allocation of our increased cash flow between uses such as business growth investments and share repurchases, we achieved a CAGR of 12%, in line with the plan. Compared with fiscal 2018, EPS has grown by around 2.2 times.

ROE, calculated by dividing profit attributable to owners of the parent by equity achieved to owners of the parent (owners’ equity), was 15.1% in fiscal 2020, 12.0% in fiscal 2021, and 13.5% in fiscal 2022. The decline in fiscal 2021 was in line with a decrease in profit due to one-time losses related to business restructuring and business transfers. However, with the constant improvement in business profitability, and the strengthening of shareholder returns through the expansion of share repurchases and steady dividend increases, capital efficiency improved in fiscal 2022 and is maintaining a consistent level.
2020–2022 Medium-Term Management Plan: Review of non-financial indicators

Medium-term management plan: Non-financial indicators

Customer Net Promoter Score™ (NPS®)

Customer NPS is a metric that enables objective evaluation of customer loyalty, i.e., the customers’ level of trust and attachment toward a company. Customer loyalty is characterized by the ability to determine the degree of customer attachment and the likelihood of repeat purchases; therefore, the Fujitsu Group employs Customer NPS as one of its non-financial indicators with the aim of realizing customer-centric management. In fiscal 2022, the Group recorded a significant jump in its Customer NPS evaluation result compared with the target, because it was recognized for providing proposals based on a deep understanding of the customer’s business challenges, for its experience in offering digital transformation projects, and for the initiatives undertaken in its own transformation. At the same time, for the future, we acknowledge the need to focus on consultancy support relevant to our customers’ business challenges and on execution capabilities to advance transformation for our customers.

Employee engagement

The Fujitsu Group’s greatest management resource is its employees, who are the source of the value it provides to customers. We believe that increasing the engagement of each and every employee leads to the growth of both the individual and the Group. Based on this belief, we have set employee engagement, which demonstrates empathy for Our Purpose and organizational culture, as well as enthusiasm for work, as an indicator to measure the sustainable growth of the Group. Based on the employee engagement survey results of each organization and team, the senior and middle management of the organizations work together with team members to promote their own initiatives to increase engagement.

DX Promotion Indices

DX Promotion Indices measure the progress of management transformation beyond surface-level utilization of digital technology. In fiscal 2022, we achieved an average score of 3.56 on the indices against a target of 3.5. According to the DX Promotion Indices standard set by the Japanese Ministry of Economy, Trade and Industry, this score places the Group among the leading DX companies in Japan. We conducted a DX promotion maturity diagnosis based on a common global format to enable a quantitative grasp of our own transformation toward achieving Our Purpose, thereby firmly embedding a transformative mindset throughout the Group. We will also utilize the results of these efforts in our business activities, such as providing customers with practical insights gleaned from our initiatives based on the DX Promotion Indices.
The objective of the Fujitsu Group’s new Medium-Term Management Plan (new medium-term plan), starting in fiscal 2023, is to establish a business model for sustainable growth and improved profitability that will position us to achieve our vision for 2030 and beyond. The plan has three themes: transform our business model and portfolio, ensure reliable support for the modernization of customers’ IT assets, and improve the profitability of our international business.

We have set four key strategies to secure the successful promotion of these three themes. The business model and portfolio strategy is based on the growth of the service domain, centered on the Fujitsu Uvance business. Through the customer success/regional strategy, we will establish greater support structures for global customers with Japan-originated businesses, expand our consulting capability, build a structure to support customer modernization, significantly improve profitability in Regions (International), and further evolve our strategic alliance partnerships. The technology strategy is based on developing five core technologies, including and centered on AI, and utilize them to improve value to our stakeholders, including to society. Our people strategy includes globally unifying standard roles and developing our workforce portfolio aligned to our business growth needs. Additionally, we continue improving productivity and strengthening our management foundation across the business.

We will diligently execute these four key strategies to maximize the value we provide to stakeholders and achieve continued sustainable growth.
2023–2025 Medium-Term Management Plan: Financial and non-financial indicators

Our financial targets for fiscal 2025, the final year of this medium-term plan, are revenue of ¥4.2 trillion, adjusted operating profit of ¥500.0 billion, and an adjusted operating profit margin of 12%. Centering on Service Solutions, we aim to boost profitability, driven by growth from Fujitsu Uvance. Furthermore, by improving working capital efficiency to strengthen our cash flow generation capabilities, by fiscal 2025 we aim to expand core free cash flow (FCF) to ¥300.0 billion, around twice the fiscal 2022 level. Also, by this date, we intend to achieve a compound annual growth rate (CAGR) in earnings per share (EPS) of between 14% and 16% by optimally allocating the increased cash flow. We will progressively implement our financial strategy to achieve sustainable improvements in corporate value.

To measure and substantiate our materiality contribution to customers and society, and augment our foundation for sustainable growth, we have set non-financial key performance indicators (KPIs) for fiscal 2023 to fiscal 2025 in four areas: the environment, customers, productivity, and people. We also have initiatives underway targeted to achieve these goals. We are continuing to improve Customer NPS and employee engagement, which were management targets under our previous medium-term plan. In addition, we have added greenhouse gas (GHG) emissions as an indicator for the environment, operating profit per employee as a productivity measure, and percentage of female managers globally as one of our diversity indicators. We further conduct quantitative analysis to understand how these non-financial initiatives contribute to our financial performance and enhance our corporate value.
2023–2025 Medium-Term Management Plan: Key strategies

### Business model and portfolio strategy

- **Business segment changes**
  From fiscal 2023, we have separated Technology Solutions into Service Solutions and Hardware Solutions. This change improves business portfolio management with clear visibility of growth areas and results from investments.

- **Grow Service Solutions**
  In Service Solutions, a growth area, we will expand highly profitable on-cloud digital services centered on Fujitsu Uvance. We will drive modernization—working with our customers to modernize their business and improve productivity, shifting traditional on-premises services to being cloud-based.

- **Develop long-term customer engagement**
  We will work with customers to jointly address challenges, continuously provide optimal solutions at each stage of their business model, and provide long-term support for modernization with a shift to the cloud.

**Grow Service Solutions**

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<thead>
<tr>
<th>Fiscal 2022</th>
<th>Fiscal 2025</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>¥2 trillion</td>
</tr>
<tr>
<td>Adjusted operating profit margin</td>
<td>8%</td>
</tr>
</tbody>
</table>

**On-cloud digital services that contribute to our customers’ business transformation, centered on Fujitsu Uvance**

**On-premises core services that ensure a safe and secure environment for customers**

### Customer success/regional strategy

- **Expand consulting**
  We will increase the number of employees with consulting skills (technical and business) to 10,000, which will be achieved through a number of activities including reskilling.

- **Realize customers’ optimal modernization**
  We will help customers optimize their assets and achieve digital and sustainability transformations (DX/SX) by utilizing our long-standing engineering capabilities, establishing dedicated specialized modernization teams, and leveraging our global delivery system.

- **International focus on services**
  We will grow the ratio of service revenue from Fujitsu Uvance in the international business from 20% in fiscal 2022 to 45% in fiscal 2025.

- **Further develop strategic alliances**
  We will cultivate and expand strategic partner alliance relationships to enhance the level of value we bring to our global stakeholders.

- **Further stabilizing our customers’ businesses**
  Information security and system quality are of utmost importance in earning society’s trust, and core to Our Purpose. We will implement further measures to strengthen our management structure and approaches, measure effectiveness, and drive continued improvements.
Technology strategy

- **Enhance value through technology**
  Fujitsu Uvance leverages five Key Technologies: Computing, Network, AI, Data & Security, and Converging Technologies. We are concentrating research and development in these areas, and by accelerating our standing in these five technologies, centered on AI, we will continue to create added value in our business.

- **Business utilization of technologies (enhance value delivered)**
  We are increasing our efforts to transform how our technical innovations bring enhanced added value for customers and society. By applying our core technologies to applications and services in Fujitsu Uvance's Vertical domain, we will work with and offer our customers integrated solutions that propel the adoption of technology in society.

People strategy

- **Business-aligned workforce portfolio**
  We will create a business-aligned workplace portfolio and promote employee development programs across the Company. We will define and unify job roles globally and expand our talent pool in growth areas through reskilling and upskilling.

- **Increase value to customers by strengthening our management foundation**
  We will continue driving existing initiatives under the previous medium-term plan to upgrade and strengthen our management foundation and increase productivity. We will leverage from, share, and apply valuable experience and expertise from these initiatives in improved human capital management and data-driven management (for example, OneFujitsu) to aid our customers with their transformations, which will also help promote DX across society.
Interview with the COO

We asked the COO about the key points of the regional strategy, which aims to transform the business foundation in Regions (International), and the assumptions underlying the growth scenario for Fujitsu Uvance, all in line with reaching the goals set in the medium-term plan.

**Q** What will be the biggest challenges to meeting the goals outlined in the medium-term plan?

**A** The key to achieving our financial goals lies in our business model and portfolio strategy, with a focus on the growth of Fujitsu Uvance and transformation of service delivery. However, one of the biggest challenges will be the execution of the business model and portfolio strategy, particularly the regional strategy, and especially in Regions (International).

To date, Regions (International) has relied on managed infrastructure services (MISs) for its revenue base, which involve the monitoring, operation, and maintenance of IT systems such as servers and networks. Meanwhile, the Fujitsu Group has positioned the expansion of digital services, centered on Fujitsu Uvance, as its management strategy. Accordingly, the medium-term plan sets forth a regional strategy of accelerating the shift toward a focus on service businesses known as business application services (BASs), replacing MISs.

MIS business faces intense competition outside Japan, and it is difficult to differentiate ourselves from Indian vendors, which are highly cost-competitive. This situation is not new, and the transition from MISs to BASs in Regions (International) has been a strategic issue for the Fujitsu Group over the past 10 years. Our regional strategy under the medium-term plan reflects our determination to move out of this untenable situation.

**Q** How do you plan to address long-standing issues that have not been resolved? What will you change, compared to the past?

**A** As our reference model, let us look at the business portfolio transformation in the Americas. In this region, MISs were previously the core business. However, in fiscal 2020, we implemented a business portfolio transformation focused on service operations, by withdrawing from product-based businesses centered on hardware sales, equipment for the retail industry, hosting, and maintenance services. As a result, we became profitable in fiscal 2021.

Partly because the scale of business in the Americas was small, we conducted a detailed analysis into the fundamental reasons why the MIS-to-BAS transition was not progressing as well as expected, and then identified our necessary actions. We will build on our experience in this region of executing a series of transformations such as withdrawing from the product business, concentrating resources on major strategic clients, and standardizing delivery, to accelerate the shift from MIS to BAS in Europe and Asia Pacific.

The changes we have made in the past were to the level of control and support our headquarters business groups provided to the regions. In fiscal 2022, we consolidated each region’s solution development functions within the Global Business Solutions Group. From the perspective of Regions (International), it is essential to collaborate with the business groups to provide solutions to customers. In fiscal 2023, we will enhance this
collaboration further and optimize resource allocation. Additionally, we are introducing a mechanism whereby small teams from the business groups will be dispatched to each region to address specific regional needs and to coordinate support from the business groups.

Q  As effects of restructuring, don’t the financial targets for Regions (International) under the medium-term plan seem too low?

A  Even using the Americas as a reference model, we anticipate that it will take some time to carry out restructuring measures in Europe, which has a business scale approximately 10 times that of the Americas on a revenue basis, and Asia Pacific, which has a business scale approximately three times that of the Americas. Our assumption is that we will first proceed with restructuring and then aim for growth by providing high-value-added Service Solutions. With this in mind, we have set a target operating profit margin of 3.3% for the Regions (International) segment in fiscal 2025.

In Europe, some progress was achieved in fiscal 2022 by expanding sales of Fujitsu Uvance in Horizontal areas, particularly in Hybrid IT, Business Applications, and Digital Shifts. However, upon closer examination, we discovered that many of the projects had low profitability due to insufficient differentiation from other companies’ services. In addition to the transition from MISs to BASs, we aim to find ways to maximize the added value of Fujitsu Uvance’s offerings during the period of the medium-term plan. For example, we will restructure customer support systems and reskill personnel to meet the needs of growth areas.

Q  With its offerings in Vertical areas finally complete in fiscal 2023, will Fujitsu Uvance be able to gain customer acceptance and drive growth?

A  The Fujitsu Uvance growth scenario incorporates the concept of an ecosystem, which promotes relationship-building with customers through business. We believe that once one company recognizes the value of Fujitsu Uvance’s offerings, we can then extend our customer base to include that company’s business partners.

Let me give a concrete example. The Fujitsu Group and Teijin Limited, a major chemical firm that manufactures industrial products including high-performance fibers, composites, and electronic materials, have jointly developed a platform to collect and trace environmental impact information of recycled materials throughout the value chain. Approximately six months after the project’s initiation, two German bicycle manufacturers decided to participate in the pilot project for this platform. Their aim is to achieve traceability and create value by managing and reducing greenhouse gas emissions from their business operations.

As this case demonstrates, initiatives such as reducing environmental impact cannot be accomplished by single companies acting alone. Thus, there are significant benefits to expanding the ecosystem, both for customers and for their business partners. By creating use cases of our services in fiscal 2023 and leveraging them in multiple business negotiations in and beyond fiscal 2024, we are confident that we can expand Fujitsu Uvance’s customer base.

Q  What is the current status of your efforts to earn customers’ trust, which is a prerequisite for business growth?

A  First and foremost, we would like to deeply apologize to all those who were affected by our system quality issues and information security incidents.

Following a major system failure in fiscal 2021, the Fujitsu Group reevaluated its IT governance framework and implemented measures to identify and address vulnerabilities via a thorough inspection of mission-critical systems. Additionally, we worked to strengthen global information security measures. However, while instituting these measures, further information security incidents and system quality issues occurred, which showed that we had not yet been able to sufficiently foresee and prepare for possible risks. In fiscal 2023, we appointed a CQO (Chief Quality Officer) in addition to the existing CISO (Chief Information Security Officer) to enhance system quality and information security management, with the aim of regaining customer trust.
Message from the CFO

We will grow Service Solutions and realize a sustainable increase in corporate value through the expansion of our cash generation capabilities and optimal capital allocation.

Takeshi Isobe
Director and Corporate Executive Officer
SEVP, CFO

Fiscal 2022 performance and medium-term plan financial targets

Looking at our consolidated financial results for fiscal 2022, revenue increased by 3.5% from the previous year to ¥3,713.7 billion, operating profit increased by 53.1% to ¥335.6 billion, and the operating profit margin was 9.0%. Operating profit reached a new record high, and improvements in profitability helped earnings per share (EPS) to rise steadily with a compound annual growth rate (CAGR) of 12% over the three-year period of the previous medium-term plan. These results are the successful culmination of a range of initiatives for improving profitability, and we see them as evidence that the direction of our management policy was correct.

In areas other than performance figures, we have been internally promoting KPI management to achieve profit targets at a high level, and I think that we have thoroughly inculcated an awareness of the need to stringently examine investments with regard to profits and the timeline thereof, particularly among our management leaders. By expanding our cash generation capabilities backed by profit growth and reliable management, and by optimally allocating that cash to business growth investments and shareholder returns, we will accomplish a sustainable increase in the Group’s corporate value. I believe that this consistent management direction in our previous medium-term plan for fiscal 2020 to fiscal 2022 has set us on the right path.

However, there are also some results of the previous medium-term plan that we should reflect upon. During the plan period, the business environment changed dramatically. The main factors driving this change included the spread of COVID-19 in the first year, fiscal 2020, followed in fiscal 2021 and onward by a global delay in supplies of electronic components, the emergence of geopolitical risks around the world, and significant foreign exchange fluctuations. While it would be extremely difficult to foresee such changes in the business environment, we did not respond to them quickly enough, and we strongly recognize the need for greater flexibility and speed. In particular, since the overseas business has a relatively weak earnings base, our inability to respond rapidly to changes in the external environment had a noticeable impact, with revenue and operating profit margin both remaining at a standstill.

Previous medium-term plan: Operating profit

<table>
<thead>
<tr>
<th>(Billions of yen)</th>
<th>(% of revenue)</th>
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<tbody>
<tr>
<td>Previous medium-term plan</td>
<td>3.3</td>
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<tr>
<td></td>
<td>6.1</td>
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<tr>
<td></td>
<td>9.0</td>
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<tr>
<td></td>
<td>335.6</td>
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Cash flow and capital allocation performance

We realized an increase in cash flow generation capabilities with base cash flow,*1 which is the source of cash allocation, totaling ¥652.8 billion over the three years from fiscal 2020 to fiscal 2022, an increase of over 50% from the preceding three-year period.

Of the ¥652.8 billion cash that we generated, a total of ¥256.0 billion was invested over the three-year period in the growth of our most important businesses. We conducted investments for value creation, such as developing Fujitsu Uvance offerings, reforming service delivery to improve profitability, reskilling human resources, and creating new businesses. In addition, we made a powerful effort in internal DX, such as the OneFujitsu Program, as an investment for our own transformation. We also introduced and expanded Work Life Shift (WLS), to transform human resource management and systemize upgrades of our employee working environment and systems.

Our cash flow generation ability expanded faster than we initially planned, and we expect it to continue accelerating. In light of this situation, we also enhanced our shareholder returns significantly. The cumulative total amount of shareholder returns in the form of dividends and share repurchases for the three-year period came to ¥347.3 billion.

*1 Free cash flow before growth investments plus lease obligation payments.

2023–2025 medium-term plan financial targets and pathway to achievement

The new medium-term plan has set targets for fiscal 2025 of revenue of ¥4.2 trillion, adjusted operating profit*2 of ¥500.0 billion, adjusted operating profit margin of 12.0%, core free cash flow (FCF)*3 of ¥300.0 billion, and a CAGR of 14%–16% for EPS. Compared to our results for fiscal 2022, this represents a 1.5 times increase in adjusted operating profit and an approximately two times increase in FCF. These targets were formulated by describing the Group’s ideal position in 2030 and backcasting from there. We look forward to making a leap ahead from the previous medium-term plan period in revenue, adjusted operating profit margin, core FCF, and EPS.

*2 An indicator that represents actual profit from the core business calculated by deducting profits from business restructuring, M&A, etc., and one-off profits from changes in regulations from operating profit. (Previously presented as operating profit excluding special items.)

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

To reach the ambitious target of adjusted operating profit of ¥500.0 billion, we must achieve two major objectives. The first is expanding revenue, in particular strong growth of digital services centered on Fujitsu Uvance, which has a fiscal 2025 revenue target of ¥700.0 billion. In Vertical areas, we will launch cross-industry offerings that will help to resolve social issues, while in Horizontal areas, we will capture soaring customer demand for business applications such as SAP.
and will deploy DX platforms that can support Vertical areas. Using these offerings as a primer, we will achieve revenue expansion by supporting the modernization progress of customers and society.

The second is expanding profitability and driving even deeper with our delivery transformation. During the previous medium-term plan period, we progressed with system development and service standardization, namely standardization of operating processes and content through expanded utilization of the Japan Global Gateway (JGG) and Global Delivery Centers (GDCs). These promoted steady productivity improvements and the strengthening of service quality, which led to an improvement of our gross profit margin. There is still plenty of room to continue developing these initiatives even further. For example, our GDC utilization rate was only 11% in fiscal 2022, so we expect the real improvements in productivity are actually yet to come. By accelerating standardization, automation, and GDC utilization, while reskilling and upskilling delivery personnel, we plan to improve the gross profit margin by one percentage point per year through to fiscal 2025.

**Capital allocation: Significant increase in both business growth investment and shareholder returns**

Base cash flow is the source of capital allocation. During the course of the new medium-term plan, we expect to be able to increase base cash flow to ¥1.3 trillion, approximately double that of the previous medium-term plan. Of this, we plan to allocate ¥700.0 billion to business growth investments and ¥600.0 billion to shareholder returns, representing a significant increase to both.

With regard to business growth investments, we plan to concentrate investments in Service Solutions, which is a growth area among our business segments, through the promotion of four key strategies outlined in the new medium-term plan. We will pursue growth through development investments for expanding offerings in the Vertical areas of Fujitsu Uvance, and technology investments that will help to strengthen consulting capabilities to deliver those offerings to customers and strengthen the competitive advantages of Fujitsu Uvance. In addition, we will also promote investments that contribute to the OneFujitsu Program for realizing data-driven management and to human resource portfolio transformation.

While the new medium-term plan financial targets may appear challenging, they are on the pathway to the Group’s sustainable growth, and they show our thinking that there is still room for further growth toward 2030 and beyond. To achieve these ambitious targets, we will align the directions of our management team and employees, and work together to realize a sustainable increase in corporate value for the Fujitsu Group.
Revision of segments

The Fujitsu Group has made some changes to its segments in fiscal 2023. We did so to more clearly demonstrate our progress toward the achievement of our medium-term goals and to more closely reflect the perspective of the management approach that aligns the current organizational structure with the segment classification for which information is disclosed.

Specifically, we divided the Technology Solutions segment into the Service Solutions segment and the Hardware Solutions segment. We also established three Service Solutions subsegments. Items included in a previous subsegment, Technology Solutions (Common) and items eliminated in intersegment sales will be included in Intersegment Elimination/Corporate.

We will transform our business portfolio with a view to sustainable value creation by focusing our resources, such as investments and talent, on the growth area of Service Solutions. This segment will provide global services and solutions, centered on Fujitsu Uvance.

### Key changes to segments

Fujitsu has eliminated the Technology Solutions segment, created two new segments, and changed the Intersegment Elimination/Corporate segment.

#### 1. Establishment of the Service Solutions segment

The hardware sales and hardware maintenance services were separated from the subsegments Solutions/Services and International Regions Excluding Japan, included in Technology Solutions, and the name has been changed to Service Solutions.

The following three subsegments have been newly established:
- **Global Solutions**: Creating and providing global value services centered on Fujitsu Uvance
- **Regions (Japan)**: Provision of services to the Japanese market (including implementation of Fujitsu Uvance)
- **Regions (International)**: Provision of services in regions outside of Japan (including implementation of Fujitsu Uvance)

#### 2. Establishment of the Hardware Solutions segment

The subsegment System Platforms has been consolidated with hardware sales and hardware maintenance services into a new segment, Hardware Solutions.

#### 3. Changes in Intersegment Elimination/Corporate

Intersegment Elimination/Corporate refers to the following items included in the previous subsegment Technology Solutions (Common): advanced R&D conducted by the Fujitsu Research Unit and other Groupwide organizations that do not belong to any of the segments; investment in common business growth, including in-house DX investment on a global group basis; sale and disposal of common assets; and elimination of intersegment sales.

### Major subsidiaries in each segment

- **Service Solutions (excluding sales of Hardware and Ubiquitous products)**
  - Fujitsu Japan Limited, Fujitsu FSAS, Inc., Fujitsu Research Institute, Ridgelinez Limited, Transtron Inc.
  - Fujitsu Services Holdings PLC, Fujitsu North America, Inc., Fujitsu Australia Limited, Fujitsu Technology Solutions (Holdings) BV, Fujitsu Asia Pte. Ltd., etc.

- **Hardware Solutions (excluding manufacturing and sales of Ubiquitous products)**
  - Fujitsu Personal System Limited, etc.

- **Ubiquitous Solutions**
  - Fujitsu Personal System Limited, etc.

- **Device Solutions**
  - Shinko Electric Industries Co., Ltd., FDK Corporation, etc.
### Approach to Materiality

**Essential contributions: Solving global environmental issues, developing a digital society and improving people's well-being**

As essential areas for contribution, we will work to expand Fujitsu Uvance and other businesses and promote internal initiatives to accelerate the reduction of negative effects while promoting greater positive impacts on our operations and society.

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<tr>
<th>Materiality</th>
<th>Item</th>
<th>Approaches for fiscal 2025 (main initiatives)</th>
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</table>
| **Solving global environmental issues**          | Climate change (Carbon neutral)           | ● Visualize/reduce GHG emissions in the supply chain  
● Visualize energy usage at factories and other facilities (automate primary data collection)  
● Identify a broad spectrum of supply chain risks, including disasters, pandemics, and international political risks  
● Develop and make effective use of new energy sources and materials, such as clean ammonia, and improve traceability  
● Optimize and integrate natural energy into social infrastructure systems  
● Enhance resilience against emergencies in cities  
● More accurate weather forecasts and disaster prevention simulations  
● Reduce GHG emissions at business sites (promote energy savings and increase renewable energy use)  
● Promote energy-saving product design and reduce GHG emissions in the supply chain |
| Resource circulation (Circular economy)          |                                          | ● Reduce losses and enhance traceability through the use of blockchain  
● Promote the effective use of materials through the visualization of product quality, etc.  
● Enhance resource traceability with the aim of creating environmental value through recycling  
● Establish recycling schemes and assure a stable supply of recycled resources though business-to-business data sharing  
● Reduce water usage at business facilities and raise awareness of water source security upstream of the supply chain  
● Promote greater resource savings in products and improved resource circulation  
● Get involved in activities to standardize business models and circular economy indicators, and measure social impacts |
| Living in harmony with nature (Protection and restoration of biodiversity) | In business activities that take biodiversity into account, use business planning simulations to visualize environment conservation and impact severity  
● Protect water and forestry resources and limit excessive consumption by developing new materials and adopting new production methods  
● Reduce negative impacts and increase positive impacts on biodiversity in areas of business activities, including the supply chain |
| **Developing a digital society**                 | Maintaining security of information       | ● Ensure that customer systems and businesses are trusted by providing secure Hybrid IT platforms  
● Provide resilient Hybrid IT platforms along with more rigorous IT and security governance for mission-critical areas such as public-sector and financial institutions  
● Enable security management that is capable of responding quickly to stricter and more sweeping regulations, such as the Data Protection Directive  
● Combine Zero Trust Security technology and other technologies to create a new high-speed, high-capacity network security technology that offers enhanced reliability and convenience  
● Stronger governance: implement countermeasures more quickly and effectively by bolstering on-site security systems and active intervention by management  
● Stronger responses to cyber threats: use more rigorous information management and responses, and security risk visualization that includes prediction  
● Stronger supply chain security: consolidate data in secure development environments and data management environments, and develop training to achieve more mature security |

- ● Business growth for customers and society  
- ✦ Internal initiatives
### Approach to Materiality

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<tr>
<th>Materiality</th>
<th>Item</th>
<th>Approaches for fiscal 2025 (main initiatives)</th>
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| Developing a digital society (continued) | Eliminating the digital divide | - Optimization tailored to patients and the democratization of advanced healthcare  
- Enable more advanced decision-making and problem solving for the traceability and verification of raw materials  
- Promote the adoption of integration and corporate IT consulting through co-creation with financial institutions  
- Build broadband networks for local governments (US) |
| | Leading ethical AI and IT | - Provide AI that complies with AI ethics guidelines and ensures reliability and transparency with respect to AI by providing explainable AI (improve sustainable reliability in business by using explainable AI to predict the risk of illegality from companies' financial and non-financial data)  
- Provide consulting services for areas such as creating guidelines and ethical rules for the appropriate use of AI  
- Implement initiatives aimed at disseminating AI ethics, such as providing AI ethics training to employees and customers, and formalizing the Fujitsu internal practice of AI ethics  
- Provide technology and ecosystems that simplify the identification of AI ethics risk by AI developers and customers themselves, and present solutions |
| | Ensuring a positive work environment and addressing labor shortages | - Provide ways to make work (production, distribution, shipping, sales, etc.) both safer and more efficient by using automation technology, AR/VR, and remote communication  
- Respond to changes in working environments, formulate and implement strategies by visualizing and analyzing worker feedback and working conditions, thereby improving engagement and innovating workstyles with the focus on the workers themselves  
- Make operations more efficient and advanced using digital technology, and plan the optimal workspace for customers' business transformation  
- Provide high-usability services by using more advanced digital touchpoints with automated technology, multilingual support, and AIOps |
| | Assuring responsible supply chains | - Provide stronger management through improved supply chain traceability  
- Enable detection of a broad spectrum of supply chain risks, including disasters, pandemics, and international political risks  
- Enable digitalization and resilience in supply chains that are shared by multiple corporations on a global scale  
- Enable sustainable consumption and waste product reductions through end-to-end optimization of the value chain  
- Offer logistics optimization and retail (OMO) management  
- Enable digital tracking of products along the supply chain  
- Enable new value creation/conversion using secure platforms that support expanded ethical purchasing  
- Prevent and reduce human rights risks in the supply chain  
- Promote reduction of GHG emissions in the supply chain  
- Ensure supply chain diversity |
| Improving people's well-being | Contributing to healthcare for an improved quality of life | - Connect medical institutions with external institutions and services to enable the mutual exchange of consumers' and patients' treatment and lifestyle information  
- Individualize and optimize a patient's end-to-end healthcare journey, from prevention through to treatment and recuperation (effective personal healthcare) |
| | Promoting lifelong education and reskilling | - Provide micro-learning environments that use AI to provide personally optimized education, regardless of time or location  
- Enable strategic reskilling by defining the type of personnel needed to achieve DX, supporting the formulation of personnel strategy and personnel development plans, and providing education and training programs |
| | Improving customer/consumer experience | - Personalize marketing/promotions and enable new online and offline purchasing  
- Offer consistent, fluid, and personalized shopping experiences wherever there is contact between consumers and any type of brand channel  
- Provide efficient monitoring, operation, and maintenance for retail systems  
- Enable sophisticated promotions that target consumers by predicting their behavior |

*Business growth for customers and society*  
*Internal initiatives*
As its foundation for achieving sustainable development, the Fujitsu Group promotes internal initiatives to elevate its technology, management foundation, and human resources as sources of value creation. These efforts underpin the creation of new business models and drive innovation.

### Foundation for achieving sustainable development: Technology, management foundation and human capital

As its foundation for achieving sustainable development, the Fujitsu Group promotes internal initiatives to elevate its technology, management foundation, and human resources as sources of value creation. These efforts underpin the creation of new business models and drive innovation.

#### Approaches for fiscal 2025 (main initiatives)

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| Technology                   | Creating and developing cutting-edge innovative technologies         | - Quantum: work with customers to develop apps that use quantum-HPC hybrid technology and develop world-leading error-correction technology. Develop 1,000 qubit machines and further scaling technologies  
                               |                                                                             | - Computing: enhance computing workload broker technology, develop frameworks that will accelerate graph AI, and expand HPC into new areas such as digital twins  
                               |                                                                             | - AI: provide global customer value through AI platforms that feature AI technology, such as world-leading graph AI and AI trust; strategically acquire specialists in the AI area  
                               |                                                                             | - Data & Security: accelerate innovation-creation using ecosystems with world-leading Web3/Trust technology that allows the distribution and use of highly reliable distributed data maintained by companies or individuals  
                               |                                                                             | - Converging Technologies: establish the world’s first social digital twin platform to continually improve society by enabling SX and develop initiatives that use environmental, social, and economic synergies, and then roll out solutions globally |
| Management foundation        | Governance and compliance                                            | - Corporate governance:  
                               |                                                                             |   - Undertake continual reviews of corporate governance  
                               |                                                                             |   - Fully disclose corporate information that is conducive to cooperative relations with all stakeholders, including shareholders  
                               |                                                                             |   - Promote constructive interaction with shareholders  
                               |                                                                             | - Compliance:  
                               |                                                                             |   - Promote the Global Compliance Program to raise awareness of compliance  
                               |                                                                             |   - Provide compliance training to suppliers  
| Risk management              |                                                                        | - Conduct internal assessment reviews using tools to measure potential risk, visualize the impacts of those risks using actualized data, and formulate and implement recurrence-prevention measures  
                               |                                                                             | - Build data-driven risk management systems  
                               |                                                                             | - Build a global solutions network to ensure that overseas risk information is reported to and acted upon by the Head Office promptly  
| Economic security management | Bolster business resilience by assessing risks to business continuity from the perspective of economic security and geopolitics, and then reflect those risks in the business continuity plan (BCP)  
                               |                                                                             | - Strengthen Companywide management across all departments for technologies that include important cutting-edge fields  
                               |                                                                             | - Respond to the economic security countermeasures in each country and region  
| Digital transformation       | Expand data-driven management and operational excellence by promoting the OneFujitsu Program:  
                               |                                                                             |   - Real-time management to support speedy and practical decision-making  
                               |                                                                             |   - End-to-end management resource visualization and conversion to digital data  
                               |                                                                             |   - Global standardization of business processes  
| Human capital                | DE&I                                                                   | - Diversity:  
                               |                                                                             |   - Build an inclusive and egalitarian corporate culture that makes everyone feel included and free to express themselves  
                               |                                                                             |   - Boost the participation of women in leadership positions  
                               |                                                                             |   - Develop a comprehensive strategy for cultures and ethnicities that operates globally  
                               |                                                                             |   - Introduce the FWEI (Fujitsu Workplace Equality Index)  
                               |                                                                             |   - Promote and advocate for digital accessibility as one corporate strategy, including in-brand communication, customer experience, and the workplace  
                               |                                                                             |   - Ensure supply chain diversity through:  
                               |                                                                             |     - Activities to determine diversity indicators based on the societal requirements in each country or region  
                               |                                                                             |     - Development of mechanisms to determine the support for female participation in key activities in the domestic supply chain and to measure the progress of initiatives by suppliers  
                               |                                                                             | - Human rights: prevent or reduce human rights risks in the value chain (human rights training, dialog with experts)  
| Well-being and human resource development |                                                                        | - Stronger personnel development platforms: job-based human resource management, measures to encourage the evolution of employees into DX personnel, etc.  
                               |                                                                             | - Improved well-being:  
                               |                                                                             |   - Develop measures to promote understanding and wider acceptance of well-being  
                               |                                                                             | - Data-driven visualization and analysis  
                               |                                                                             | - Thorough preventive measures for health and safety  

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*Internal initiatives*