

Fiscal Year 2020

Financial Results

April 28, 2021

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Management Direction Update

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CEO & CDXO
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- Thank you for taking the time out of your busy schedules today to participate in this briefing on our fiscal year 2020 financial results.
- To prevent the spread of COVID-19 infections, we are holding today's event online. We apologize for any inconvenience this may cause.
- My presentation will offer an overview of the progress of our management direction. To meet the management targets we announced last year for FY2022, I will explain the initiatives we have undertaken in FY2020 and the areas on which we will focus this fiscal year and into the future.

Fujitsu's Purpose



**Our purpose is to make the world more sustainable
by building trust in society through innovation**

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- It was just around a year ago that we first defined our Purpose: “to make the world more sustainable by building trust in society through innovation.”
- Today, all of our activities are aligned to achieve this purpose.

FY2020 Results and Initiatives



Results and Initiatives

01

Summary of FY2020 Financial Results



- Despite a reduction in sales because of the impact of COVID-19, operating profit and profit for the year reached the highest levels ever

(Unit: Billions of yen)

	2019 (Actual)	2020 (Actual)	Variance
Revenue	3,857.7	3,589.7	▲268.0
Operating Profit	211.4	266.3	54.8
Operating Profit Margin	5.5%	7.4%	1.9%
Profit for the Year	160.0	202.7	42.6

Technology Solutions

Revenue	3,212.9	3,043.6	▲169.2
Operating Profit	187.9	188.4	0.5
Operating Profit Margin	5.8%	6.2%	0.4%

- First, I would like to provide a summary of our financial results for FY2020.
- The upper part of the table shows company-wide figures for Fujitsu. Consolidated revenue was 3,589.7 billion yen, and operating profit was 266.3 billion yen.
- In the lower part of the table, which shows the results in our core business of Technology Solutions, consolidated revenue was 3,043.6 billion yen, operating profit was 188.4 billion yen, and our operating profit margin was 6.2%.
- Due to the impact of COVID-19, revenue fell, but because of our shift toward the services business and greater efficiencies, on a company-wide basis our operating profit and profit for the year were the highest in Fujitsu's history.
- Later our CFO Takeshi Isobe will provide details on our financial results.

Priority Issues in Achieving Our Purpose



- Creating value through “For Growth” and “For Stability” initiatives, and contributing to the growth and stability of our customers’ businesses
- Self-transformation through further implementation of internal DX initiatives



- Rebuilding our global business strategy
- Strengthening issue resolution capability in Japan
- Contributing to greater business stability
- Becoming our customers’ best DX partner
- Enforcing data-driven management
- DX talent development and productivity improvement
- Fully participatory, ecosystem-based DX promotion

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- As the activities for achieving our purpose, we are engaged in value creation for our customers as well as internal transformation.
- For Growth represents the areas in which we contribute to the transformation and growth of our customers’ businesses. We have positioned it as a growth area for us, and we are expanding the scale of this business and improving its profitability.
- For Stability represents the areas in which we contribute to the greater stability of our customers’ businesses. Here we are seeking to create greater efficiencies and raise profitability.
- For value creation and our internal transformation combined, we are working on seven priority issues.
- I will now talk about our initiatives in FY2020 and their results, as well as the issues we will be addressing as we move forward.

Rebuilding Our Global Business Strategy



Implementing a globally uniform portfolio,
account plans, offerings, and alliances

Reformed service delivery organization

Structural reforms in International Regions

Europe (NWE/CEE): Completed structural reforms to product manufacturing organization

Americas: Currently implementing business structural reforms

Oceania: Transformed and strengthened organizational formation by industry

Asia: Enhancing offerings to priority industry segments



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- We continue to work on rebuilding our global business strategy.
- In FY2020, we witnessed the unprecedented effects of COVID-19, but in all regions, while pursuing greater efficiencies, we advanced measures to expand the scale of our future business and improve our profit margins while pursuing greater efficiency.
- We are selecting key accounts, expanding offerings, and collaborating across regions and across business groups in alignment with our shared global portfolio.
- We reformed our services model, such as by standardizing the delivery of services worldwide through our Global Delivery Centers, which we have expanded to eight countries around the globe, while enhancing our cost competitiveness through streamlining operations.
- We are also undertaking structural reforms in the separate regions.
- In Europe, we completed our organizational reforms to product manufacturing.
- In the Americas, we are starting to implement structural reforms, including to both our business and organizational structure.
- In the Oceania region, we decided on our priority markets based on their scale and growth rates, and accordingly changed our organizational formation by industry.
- In the Asia region, while shifting toward the services business, we set out areas of strategic significance and enhanced our offerings to fit each area.

Strengthening Issue Resolution Capability in Japan

Launched Fujitsu Japan with an 11,000-employee organization

Establish single point of contact for customers and provide one-stop services

Establish 6 regional headquarters nationwide and promote proposal activities aligned with regional characteristics

Aggressively expand DX business by changing sales style to deal with societal issues

Falling Population

Increasing Severity of Disasters

Disparities in the Ways People Work

Aging Population and Falling Birthrate

Regional Disparities

Fujitsu Japan Limited

Abundant industry and operational know-how

Business-centered proposals

Cloud First



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- We are enhancing our organization to contribute to resolving societal issues in Japan and the digitalization of the country.
- Fujitsu Japan, which we launched in October of last year, has an 11,000-employee organization since April 1, and has now started full-scale operations.
- It serves as a uniform point of contact for the Fujitsu Group in the Japanese market, offering one-stop service for everything from consulting to support services.
- We have divided Japan in 6 areas and established regional headquarters in each area. Leveraging the strengths of know-how and resources refined over many years on delivering ICT services to customers in a wide variety of industries and regions, we will resolve issues of society and customers aligned with regional characteristics.

Strengthening Issue Resolution Capability in Japan

FUJITSU

Fugaku Continues to Dominate Global Rankings (Second Consecutive Term)

Contributing to Resolving Various Issues Facing Modern Society

The Environment ...

Contributing to improved accuracy in weather and climate change prediction with history's largest ever weather computation

Disaster Prevention ...

Delivering high-resolution real-time tsunami and flood predictions

Health ...

Providing network analysis of cancer genes in less than a day

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- The supercomputer Fugaku, which was developed with RIKEN, has achieved the top global ranking in four categories of supercomputer performance for second consecutive terms (TOP500, HPCG, HPL-AI, and Graph500).
- The computing technologies used in Fugaku is also used to improve the accuracy of environmental and disaster predictions, such as weather forecasts.
- On the right, this is an example of a combined usage using Fugaku and Fujitsu technology. Fugaku was used to identify the network that represents the influence relationship between genes that are highly likely to be involved in cancer development, and, in less than one day, perform calculations using the Deep Tensor explainable AI technology to predict their relationship with cancer infiltration and metastasis.
- As such, we would like to see our computing technologies being utilized for simulation and R&D to resolve various societal issues or use them in tandem with other technologies such as AI.



- As of April 1, we newly established the Future Society & Technology Unit with approximately 350 employees.
- This unit will be responsible for bringing innovation and realizing people's well-being by leveraging the collective power of people with advanced and different expertise, such as designers who designs the future society, architects who implements them and engineers of cutting edge technologies such as supercomputers and next generation networks.
- This is an area in which all of Fujitsu's knowledge and technological capabilities are needed, and to ensure that this group executes its mission with a sense of urgency, it will report directly to me.
- Japan being a country facing unique sets of challenges and in order to solve societal issues, we have already engaged several local governments to prepare for the practical application of new initiatives using digital technology. Furthermore, we plan to expand our issue-solving knowledge on a global basis.

Contributing to greater business stability



Establishing Japan Global Gateway

- Improving quality and productivity through internal production and thoroughgoing standardization
- Building a delivery model that can apply globally

Reorganization of SI Group Companies

- Improving productivity and profitability by reorganizing the SI structure of the Group as a whole
- Aggregating the technical strengths of each company, expanding business through integrated capabilities and resource utilization

Stable Operation of Customer IT Platforms

- Establishing a company-wide risk management office under the CEO
- Conducting a company-wide inspection to prevent critical system faults

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- We also continue to work on making our customers' businesses more stable.
- By strengthening the entire Fujitsu Group's delivery capabilities for solutions and services, we will improve productivity and further raise our profit margins.
- In November of last year, we established our Japan Global Gateway, which is equipped as an offshore organization to deal with Japan's unique business customs and needs, and it will expand the use of our Global Delivery Centers.
- To enable Fujitsu to become a company that can continually deliver IT services with high added value, we will thoroughly improve our delivery skills through our own efforts, while standardizing processes and raising quality and productivity.
- In April we assimilated 15 SI group companies into Fujitsu Limited, and 11 of those companies consolidated to Japan Global Gateway 4 of them to Fujitsu Japan Limited.
- We aggregated the dispersed strengths of each group companies to maximize the group's collective capabilities. The reorganization will be executed with speed and will deter redundant investments and reduce costs to generate cost benefits. Those advantages will be consolidated to Japan Global Gateway.
- To enhance our service quality management even more, we have also radically checked and rearranged internal quality management processes and systems.
- We have established a company-wide risk management office reporting directly to the CEO. It has the lead responsibility for monitoring overall risk information and quickly dealing with any major incidents.
- To ensure that we further support the stable operation of customers' IT platforms, we will continue to review and strengthen our organization and policies.

Becoming Our Customers' Best DX Partner



Enhancing Front-line Capabilities

- Developing Business Producers who can lead customers' DX with an ability to empathize
- Integrating Business Producer and delivery functions

Activities of Ridgelinez

- Currently extending consulting services for achieving DX to around 300 customers in a variety of industries
- Building a professional human resources system to maximize performance

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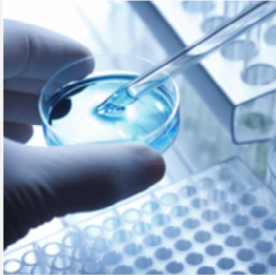
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- We are continuing to strengthen our front-line capabilities, with the goal of becoming our customers' best DX partner of choice.
- We are training our Business Producers to generate DX business by empathizing with customers and uncovering our customers' latent needs with design thinking. About 3,700 people have already taken that training program in Japan.
- Ridgelinez, which was launched in April of last year, is promoting its own business centered on DX, separate from Fujitsu. They are extending consulting services that deliver DX to around 300 diverse customers.
- In addition, they are working to build a highly transparent and objective professional human resources system for their employees to maximize their performance.
- We expect that this result will have a very positive impact on the Fujitsu Group.

Becoming Our Customers' Best DX Partner



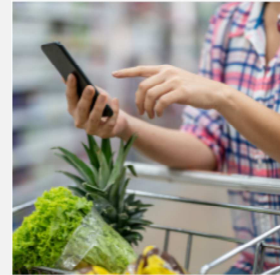
Creating DX Business Through Collaboration with Partners



Established a new company (PeptiAID) with the goal of developing treatments for COVID-19



Established a new company (DUCNET) to provide cloud services that will enable DX in the manufacturing industry



Supported accelerated DX and enhanced competitiveness for customer retail storefronts (Collaboration with Zippin)

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- I would like to introduce some examples of DX co-creation with our customers.
- We established a new company in a different industry (PeptiAID) with the goal of developing treatments for COVID-19.
- The company will work to accelerate research and development using technologies including high performance computing (HPC) and the Digital Annealer, an architecture that can quickly solve combinatorial optimization problems. The company aims to optimize the development timeline for new treatments and quickly reach the commercialization stage through measures such as joint development with manufacturing companies in various regions that have high development capabilities.
- Fujitsu, FANUC, and NTT Communications came together to establish DUCNET Co., Ltd., a new company that will provide cloud services to deliver DX to manufacturing companies.
- Since April 2021, DUCNET Co., Ltd.'s cloud services focused on supporting the DX of manufacturing industry have been contributing to enhancing the manufacturing capabilities of various companies.
- In addition, we have begun providing the register-less solution Zippin. We will transform people's shopping experiences. Strengthening this relationship, we would like to expand the business globally.

Internal Transformation



Enhancing Data Driven Management

- Promoting One Fujitsu initiatives to make all important business operations globally uniform
- Implementing data analysis technology internally

DX Talent Development and Productivity Improvement

- Developing DX talent by promoting design thinking
- Support highly productive ways of working with job-based HR management and Work Life Shift

Fully Participatory, Ecosystem-based DX Promotion

- Started internal DX project (Fujitra), with approximately 300 transformation plans underway
- Started "VOICE Program" which collects voices from our customers and employees to be reflected in our management and business initiatives

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- In terms of our own transformation, we are continuing to implement our internal DX.
- We launched the One Fujitsu initiative in order to collect and analyze the various kinds of data generated within the company in real time, and then conduct predictive management based on that data. We have already started internal trials with a data analysis technology of Palantir which we have a partnership.
- We are implementing data analysis technology within the company.
- In addition, we are aiming to encourage design thinking, in order to develop the talent needed to implement DX.
- We will support our employees to mobilize their full capabilities and be as productive as possible through the job-based talent management and the Work Life Shift launched in July of last year.
- The Work Life Shift is creating an entirely new culture within the company. Now more than ever, employees are empowered to share ideas with one another and then implement them improving their tasks and invigorating communications in a new environment centered on online interactions.
- The internal DX project, Fujitra, which we started July of last year, which the DX officers, appointed in each front-line department, are actively collaborating with those both inside and outside their departments. To strengthen CRM, the business card management solution have been employed by this activity.
- Also, in order to transform the company based on internal needs, we are addressing transformation topics in both a top-down and bottom-up way, resulting in about 300 projects currently ongoing.
- We launched the VOICE Program in order to ensure the voices of our customers and employees are reflected in our management and business decision-making.
- In order to promote its use within the company, we have also packaged it and made it available as a survey platform that can be used to conduct surveys and other data collection in various departments.

Financial Forecast for FY2021

- Working toward the achievement of the FY2022 management targets -



Financial Forecast

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Financial Forecast for FY2021



- Aim for higher revenue and profit in Technology Solutions by fully executing the initiatives from last fiscal year

	2019 ^(Actual)	2020 ^(Actual)	2021 ^(Forecast)	(Billions of yen) Variance from FY 20 to FY 21
Revenue	3,857.7	3,589.7	3,630.0	40.3
Operating Profit	211.4	266.3	275.0	8.7
Operating Profit Margin	5.5%	7.4%	7.6%	0.2%
Profit for the Year	160.0	202.7	205.0	2.3

Technology Solutions

Revenue	3,212.9	3,043.6	3,200.0	156.4
Operating Profit	187.9	188.4	240.0	51.5
Operating Profit Margin	5.8%	6.2%	7.5%	1.3%

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- I would like to take a moment now to explain our earnings forecast for FY2021.
- The upper table shows the numbers for the whole company. We are aiming for an increase in both revenue and profits, with revenue of 3,630 billion yen and operating profit of 275 billion yen.
- In the lower table for Technology Solutions, we are also aiming for increases in both revenue and profits by steadily and continuously implementing the measures we have formulated, with forecasts for consolidated revenue of 3,200 billion yen, operating profit of 240 billion yen, and an operating profit margin of 7.5%.

Accelerate Growth Alongside Customers Based on Resolving Societal Issues



- Seven key focus areas that will drive the "For Growth" sector



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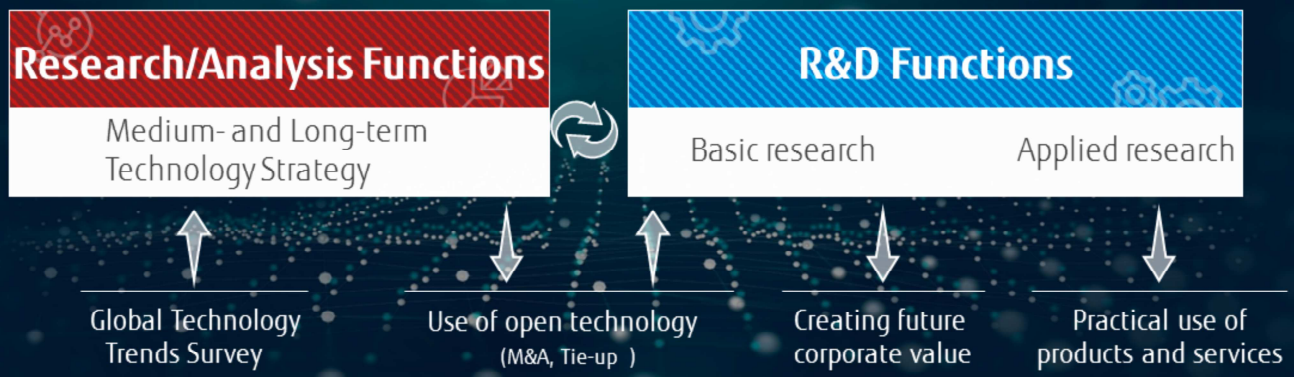
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- We have newly defined 7 key focus areas we will focus on going forward, based in issues facing society. We will strive to grow our company while also working with our customers to resolve these issues.
- We imagined the world in 2030 and envisioning the issues that will need to be addressed and the things that will be needed to achieve a sustainable world where no one is left behind. The cross-industry markets that impact society as a whole are what we call Vertical Areas.
- We pondered which areas to focus on considering contribution to our society, customers, markets, and our company.
- We decided to first focus on four areas:
- Sustainable Manufacturing, where things are made in a circular and traceable way, with consideration for people and the environment,
- Consumer Experience, providing diverse buying experiences for consumers by combining payments, retail, and logistics.
- Healthy Living, which supports wellbeing for all sorts of people,
- And a Trusted Society, in which we build environment-first communities where people can live with peace of mind in a resilient society they can trust.
- At the same time, we also defined Horizontal Areas, in order to support our customers' DX.
- We will focus on the three fields of "Digital Shifts", supporting data-driven management and new ways of working. "Business Applications", supporting customers' businesses, and finally "Hybrid IT," supporting companies and society.
- Over the medium-to-long term, we will focus our management resources primarily in these fields.

Enhanced R&D to Accelerate Innovation

FUJITSU

- Integrated Fujitsu Laboratories directly under the CTO and consolidated research and analysis functions and R&D functions
- Rapid execution of research and development aligned with corporate strategy



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- In order to conduct research and development that leads to rapid commercialization in alignment with our company-wide strategy as a DX company, as of April 1 we integrated Fujitsu Laboratories into Fujitsu Limited. We've also aggregated various research and analysis functions and R&D functions that were previously spread throughout the company.
- A new R&D organization was formed directly under the CTO, conducting related activities more consistent with the company-wide strategy to act in uniform with the management of the company.
- To be a company which can resolve social issues, we will strengthen businesses as a technology company.

Capital Allocation Policy



- To achieve the management target, Fujitsu is continuing its initiatives to generate over 1 trillion yen of free cash flow over 5 years , and over 500 billion yen in strategic growth investments.



In terms of capital efficiency, Fujitsu aims for sustaining growth (CAGR 12%) of Earnings Per Share.

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- In order to steadily continue our efforts to achieve our management targets, we will actively conduct necessary investments. In terms of scale, we will be conducting over 500 billion yen in growth investments over 5 years.
- In terms of value creation, we will not only enhance our services business and expand DX business and other important focus areas, we will also conduct strategic investments with an eye toward the future, including alliances with partners and investments in startups. In order to transform ourselves, we will invest in recruiting dynamic talent and strengthening our internal personnel systems.
- We will actively invest to ESGs including such as the environment and local societies.
- In addition, we will return to stockholders. Cash dividend increases by 20 yen this term and set treasury stock plan for 50 billion yen.
- In terms of capital efficiency, we aim for sustaining growth of Earnings Per Share.

Environmental Initiatives



SBT* 1.5°C Certification

Greenhouse Gas Reduction Targets

- Upward revision of reduction targets from 2°C Certification(2017) to 1.5°C
- Accelerate comprehensive energy saving and utilization of renewable energy, with the goal of a 71.4% reduction by 2030 (compared to FY2013)

Avoid Risks, Minimize Environmental Burden

In our Business Activities

- Make further progress in resource-saving designs for products and packaging with the goal of reducing plastics
- Reduce water usage across the supply chain, strengthen water risk evaluation

Resolve Environmental Issues

Through Business

- 100% renewable energy will be used for operating our cloud service "FJcloud" by FY2022.
- Contributing customers to reduce CO₂ emissions through more efficient logistics routes using Digital Annealer

*Science Based Targets:

- Goals identified by initiatives established by organizations such as the UN Global Compact.
- Certified greenhouse gas emission reduction targets that are scientifically consistent with the levels required by the Paris Agreement

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- In order to achieve global carbon neutrality by 2050, we will accelerate to address issues for the environment.
- Compared to FY2013, we aimed to reduce our emissions by 71.4% by 2030.
- For this reason, we will be stepping up our utilization of renewable energy while also implementing comprehensive, rigorous energy saving measures by applying the latest technology within the company.
- In terms of our business activities, in order to avoid risk and minimize our environmental burden, we are further promoting energy-saving design focused on reducing plastic packaging for our products, while also working to enhance our water risk evaluation and reduce water usage across the supply chain.
- With regards to resolving environmental issues through business, we are making every effort to use renewable energy for all the electricity required to run our "FJCloud" by fiscal year 2022. We are also contributing to reducing CO₂ emissions for customers through more efficient logistics routes choices using Digital Annealer. We would like to continue such activities going forward.

Non-Financial Indicators

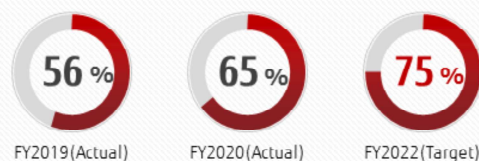


- Assessment of relationship of trust between stakeholders and Fujitsu's own transformation using objective indicators

Client Net Promoter Score

- Conducted global survey
- Plan to set target by this fiscal year

Employee Engagement



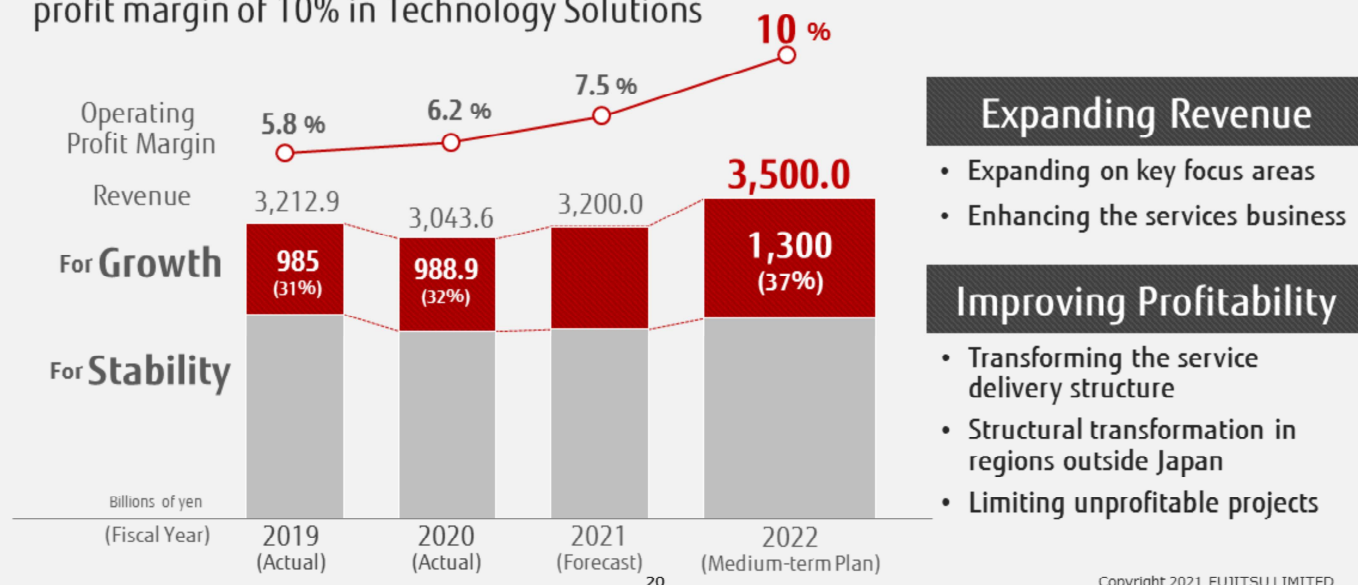
DX Promotion Indicator



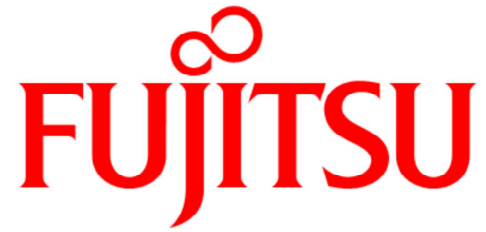
- In order to achieve sustainable growth, we are objectively assessing relationship of trust between stakeholders and Fujitsu's own transformation using objective indicators.
- The indicators defined are "Net Promoter Score" which shows the degree of trust from our customers and "Employee Engagement" which measures the linkage with our employees.
- In "Net Promoter Score," we conducted a global survey last year. Taking into these results into consideration we plan to set our target within this fiscal year. We have received both positive and negative evaluations and expectations from many customers around the world. We would like to take this opportunity to thank our many customers.
- As for "Employee Engagement," positive responses for working in Fujitsu improved from 56% in 2019 to 65% in 2020
- Leveraging initiatives such as Work Life Shift and new HR policies, we will establish an environment that is employee-friendly and by nurturing a corporate culture with active communication and incorporating voices from our employees, we will target 75% in fiscal year 2022.
- In doing so, we will utilize the VOICE Program to collect and reflect customer and employee voices to our initiatives.
- In addition, we are objectively assessing Fujitsu's own progress in digital transformation through DX Promotion Indices from the Ministry of Economy, Trade and Industry. We truly believe we are making tangible progress on Fujitsu's own digital transformation, and we seek to achieve a score of 3.5 in fiscal 2022.
- Furthermore, as our activities of digital transformation has been evaluated, we have been selected from Ministry of Economy, Trade and Industry, and Tokyo Stock Exchange as "Digital Transformation Stock (DX Stock) 2020.
- We believe that these efforts will serve as a reference for customers and society and will lead to the realization of Fujitsu's purpose.

Initiatives to Achieve Management Goals by FY2022 **FUJITSU**

- Accelerate growth investments, aiming for revenue of 3.5 trillion yen and an operating profit margin of 10% in Technology Solutions



- In addition to steadily implementing the measures I outlined today, while also accelerating growth investments, we will seek to continue to enhancement enhance of activities that lead to revenue growth and profit improvement parallel to accelerating investments for growth and achieve our management targets by FY2022.



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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