

Notice Regarding Conclusion of Share Transfer Agreement with Polaris for the Reorganization of Fujitsu's Mobile Device Business and Recognition of Profit

Tokyo, January 31, 2018 – Fujitsu Limited (“Fujitsu”) announced today that it has resolved at a Board of Directors Meeting held today that Fujitsu and Polaris Capital Group Co., Ltd. (“Polaris”) have concluded a contractual agreement for Fujitsu to transfer shares in Fujitsu Connected Technologies Limited (“FCNT”), a consolidated subsidiary of Fujitsu, as well as shares in a new company that will take over the manufacturing business of mobile device (Yashiro Plant) of Fujitsu Peripherals Limited (“FPE”), to a new company (the “Successor Company”) that Polaris will establish. The two companies aim to complete the share transfer by the end of March 2018. Fujitsu plans to post the amount gained from the transfer of shares in its financial results for the 2017 fiscal year.

1. Overview of the Transfer

Fujitsu will set up a new company called Japan E.M.Solutions Co., Ltd. (“JEMS”), which will be succeeded FPE’s manufacturing business of mobile device. In addition, Fujitsu will transfer the “Raku Raku Community” SNS for seniors to FCNT by company split. (For more information about the company split, please refer to “Notice Regarding Company Split with Wholly-Owned Subsidiary (Simplified Absorption-type Company Split)” issued today.)

Fujitsu will then transfer shares of both FCNT and JEMS to the Successor Company, and under the new structure will retain for itself 30% and 19%, respectively, of FCNT and JEMS shares.

Even after migration to the new structure, FCNT will continue to offer products under the “Raku Raku” and “arrows” brands.

FPE will conduct ODM business with regard to the development and manufacturing of printers as well as a variety of manufacturing equipment, as a wholly owned subsidiary of Fujitsu.

2. Background and Purpose of the Transfer

As the mobile device business has become increasingly commoditized, competition among global vendors has intensified. In light of this environment, in February 2016 Fujitsu performed a company split of FCNT as a wholly owned subsidiary handling the mobile device business, thereby clarifying management responsibilities and building a structure that could accelerate management decision-making and pursue thorough streamlining.

Now, in order to accelerate the development of FCNT’s next-generation devices geared toward the era of 5G and IoT, as well as the development of new service businesses, Fujitsu has made a management decision to transfer shares in FCNT to Polaris. This management decision represents an even higher level of autonomy for FCNT. In line with this, it will become possible to conduct business operations that leverage to the maximum

extent FCNT's relationships of trust with communications companies nurtured over many years, its brand strength cultivated through devices catering to the needs of seniors, and a broad range of technological prowess (wireless, biometric authentication, security and other basic technologies, as well as power saving and thermal control technologies). At the same time, with regard to FPE's Yashiro Plant that handles the development, manufacture and repair of ubiquitous products including mobile devices, Fujitsu decided to conduct a company split in order to expand its original design manufacturing (ODM) and electronics manufacturing services (EMS) businesses as an independent business entity, and to transfer its shares to Polaris.

3. Overview of FCNT (as of March 31, 2017)

(1) Name	Fujitsu Connected Technologies Limited		
(2) Head Office Location	4-1-1 Kamikodanaka, Nakahara-ku, Kawasaki, Kanagawa, Japan		
(3) Representative	Katsumi Takada, President and Representative Director		
(4) Main Business	Planning, research, development, design, manufacturing, and sales of mobile devices, as well as repair and warranty support		
(5) Capital	JPY 400 million		
(6) Establishment	February 1, 2016		
(7) Major Shareholders and Percentage of Shares Held	Fujitsu Limited 100 %		
(8) Relationship Between the Parties	Capital	Fujitsu owns 100% of FCNT's total issued shares.	
	Personnel	Directors of FCCL include 1 Corporate Executive Officer of Fujitsu and 2 former Corporate Executive Officers of Fujitsu. One of the Audit & Supervisory Board Member of FCNT is an employee of Fujitsu.	
	Business relationship	There is a business relationship in the form of sales and procurement of products and parts of mobile phones between Fujitsu and FCNT. There is no other special transaction relationship between the two companies.	
(9) Operation Results and Financial Position for the Most Recent Three Fiscal Years (JPY)			
Fiscal Year Ended	March 2015	March 2016	March 2017
Net Assets	-	5,897 million	12,065 million
Total Assets	-	27,236 million	42,338 million
Net Assets per share	-	737,143	1,508,230
Revenue	-	17,157 million	128,995 million
Operating Profit	-	Δ705 million	8,487 million
Ordinary Income	-	Δ705 million	8,361 million
Profit for the Period Attributable to the Owners of the Parent Company	-	Δ52 million	6,134 million
Profit for the Period Per Share	-	Δ6,518	766,761

Note: FCCL has only unconsolidated financial results for two months in Fiscal Year Ended March 2016 since it was established in February 1, 2016.

4. Overview of FPE and JEMS

(1) FPE (as of March 31, 2017)

(1) Name	Fujitsu Peripherals Limited		
(2) Head Office Location	35 Saho, Kato, Hyogo, Japan		
(3) Representative	Akira Nagahara, President and Representative Director		
(4) Main Business	Development, manufacturing and repair of mobile devices and ubiquitous products, contract design and manufacturing services		
(5) Capital	JPY 100 million		
(6) Establishment	April 20, 1984		
(7) Major Shareholders and Percentage of Shares Held	Fujitsu Limited 100%		
(8) Relationship Between the Parties	Capital	Fujitsu owns 100% of FPE's total issued shares.	
	Personnel	Directors of FPE include 2 employee of Fujitsu. One of the Audit & Supervisory Board Member of FPE is an employee of Fujitsu.	
	Business relationship	There is a business relationship in the form of sales and procurement of products and parts of portable terminals between Fujitsu and FPE. There is no other special transaction relationship between the two companies.	
(9) Operation Results and Financial Position for the Most Recent Three Fiscal Years (JPY)			
Fiscal Year Ended	March 2015	March 2016	March 2017
Net Assets	3,414 million	3,402 million	3,095 million
Total Assets	32,936 million	24,966 million	27,258 million
Net Assets per share	568,985	567,063	515,932
Revenue	145,539 million	130,610 million	95,365 million
Operating Profit	461 million	414 million	Δ355 million
Ordinary Income	401 million	367 million	Δ379 million
Profit for the Period Attributable to the Owners of the Parent Company	137 million	Δ11 million	Δ306 million
Profit for the Period Per Share	22,820	Δ1,921	Δ51,131

(2) JEMS (at planned establishment)

(1) Name	Japan E.M.Solutions Co., Ltd.		
(2) Head Office Location	35 Saho, Kato, Hyogo, Japan		
(3) Representative	Hideaki Takahashi, President and Representative Director		
(4) Main Business	Development, manufacturing and repair of mobile devices and ubiquitous products, contract design and manufacturing services		
(5) Capital	JPY 400 million		
(6) Establishment	February, 2018		
(7) Major Shareholders and Percentage of Shares Held	Fujitsu Limited 100%		

Note: As described above, FPE will transfer its manufacturing business of mobile device (Yashiro Plant) to JEMS, and then Fujitsu will transfer shares in JEMS to the Successor Company.

5. Overview of Polaris (as of March 31, 2017)

(1) Name	Polaris Capital Group Co., Ltd.	
(2) Head Office Location	GranTokyo North Tower 38F 1-9-1, Marunouchi, Chiyoda-ku, Tokyo, Japan	
(3) Representative	Yuji Kimura, President & CEO	
(4) Main Business	Management of private equity fund with a focus on business reorganization and restructuring etc.	
(5) Capital	JPY 200 million	
(6) Establishment	September 13, 2004	
(7) Relationship Between the Parties	Capital	There are no noteworthy capital ties between the two companies.
	Personnel	There are no noteworthy personnel ties between the two companies.
	Business	There are no noteworthy business ties between the two companies.
	Status of Related Parties	Polaris is not a party related to Fujitsu.

6. Schedule

Date of Execution January 31, 2018 (today)
Closing Date March 30, 2018 (scheduled)

7. Future Outlook

Fujitsu expects that the impact on its profit for the period attributable to the owners of the parent in its consolidated financial results for the 2017 fiscal year due to the transfer of shares will be approximately JPY 30 billion.

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About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company offering a full range of technology products, solutions and services. Approximately 155,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE: 6702) reported consolidated revenues of 4.5 trillion yen (US\$40 billion) for the fiscal year ended March 31, 2017. For more information, please see <http://www.fujitsu.com>.

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