

# Fujitsu Integrated Report 2023

FUJITSU

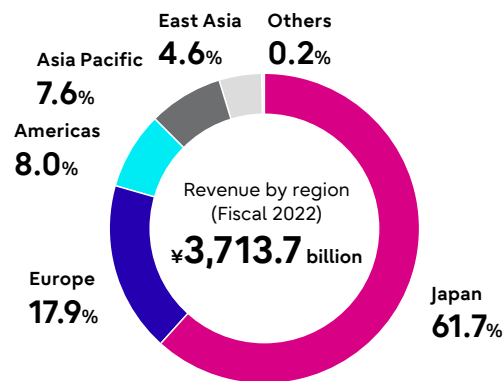


# About Fujitsu

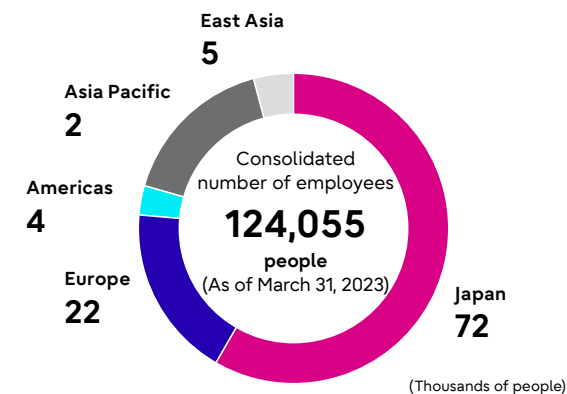
The Fujitsu Group has operations in different regions around the world, including Japan, and provides digital services globally.

Fujitsu's IT services business ranks top by market share in Japan and is in the top tier worldwide, a record that reflects our outstanding technologies and long track record in building large-scale, cutting-edge systems.

## Global business operations



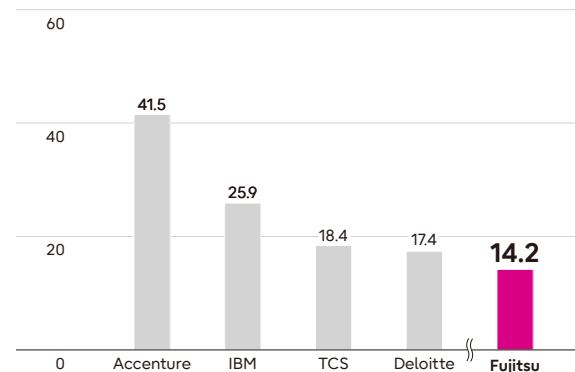
Notes: Europe: the United Kingdom, Finland, Sweden, Denmark, Norway, Spain, Portugal, France, Belgium, Luxembourg, the Netherlands, Germany, Austria, Switzerland, and Poland  
Americas: the United States, Canada, etc.



Asia Pacific: Singapore and other southeast Asian countries and Oceania  
East Asia: China, Taiwan, and South Korea  
Others: the Middle East and Africa

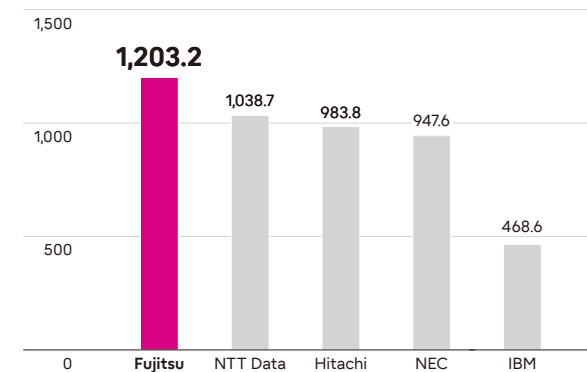
## Fujitsu's position in the IT services market

### Global services revenue (Billions of US dollars)



Notes: 1. Revenue estimate using calendar year, based on IDC's services market definition. US dollar basis  
2. Ranking by vendors' revenue in 2022  
Source: IDC Japan, IDC Worldwide Semiannual Services Tracker 2022H2 Historical Release Publication Date: March 16, 2023

### Japan IT services revenue (Billions of yen)



Note: Consolidated revenue estimate using calendar year, based on IDC's services market definition  
Source: IDC Japan, Japan IT Services Shares, 2022: Acceleration of Digital Business due to Normalization of Economic Activities, #JPJ49210423, July 2023

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This Integrated Report may contain forward-looking statements that are based on management's current 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: general economic and market conditions in key markets (particularly in Japan, Europe, North America, and Asia, including China); rapid changes in the high-technology market (particularly semiconductors, PCs, mobile phones, etc.); 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; potential emergence of unprofitable projects; and changes in accounting policies.



## Our Purpose

# Our Purpose

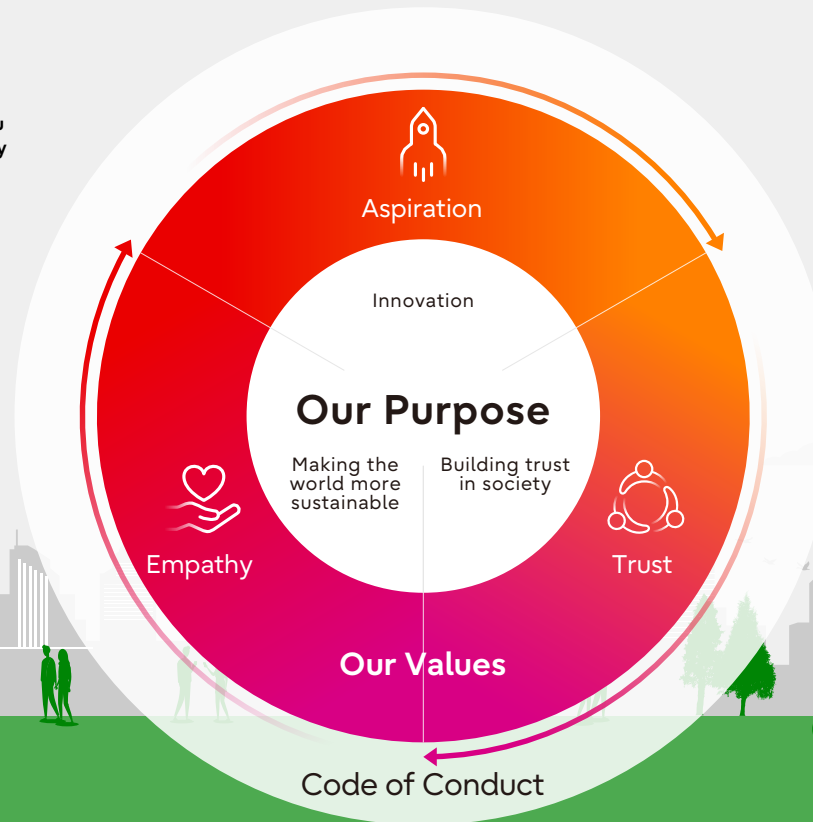
Make the world more  
sustainable by building trust  
in society through innovation.



## The Fujitsu Way

Fujitsu promotes the "Fujitsu Way," the principle for the behavior of its people centered on Our Purpose, which sets out why Fujitsu exists in society. All Fujitsu employees will seek to create value by working every day in accordance with Our Values - Aspiration, Trust and Empathy - and Our Code of Conduct. In line with the Fujitsu Way, all people in the Group will strive to achieve Our Values through the cycle of actions necessary to achieve Our Purpose: To make the world more sustainable by building trust in society through innovation.

Value to Society



Value to Society

### Our Purpose

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

### Our Values

#### Aspiration

- 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.

#### Trust

- 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.

#### Empathy

- 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.

### Code of Conduct

- 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.

## Value creation model

Our Purpose is to make the world more sustainable by building trust in society through innovation.

### Fujitsu's Materiality

- ▶ Essential contribution
- ▶ Foundation for achieving sustainable development

Solving global environmental issues

Developing a digital society

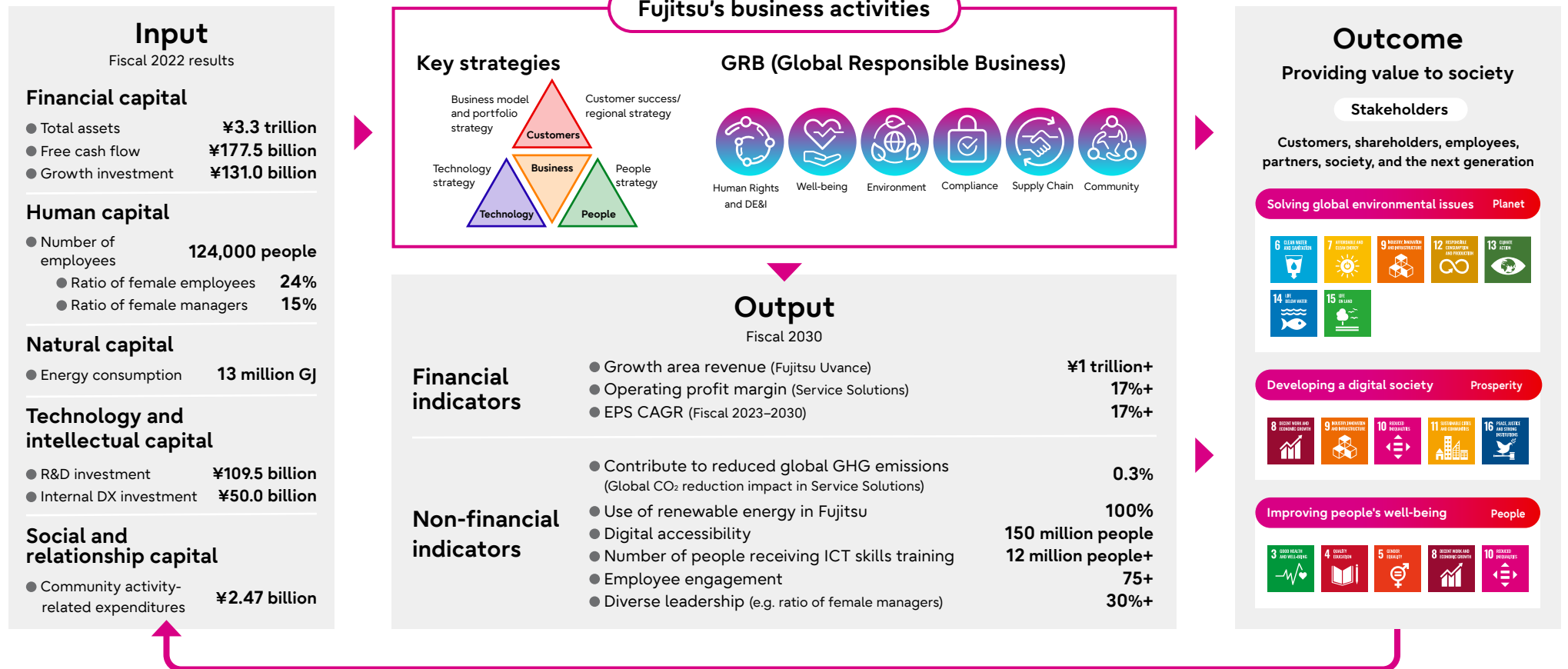
Improving people's well-being

Technology

Management foundation

Human capital

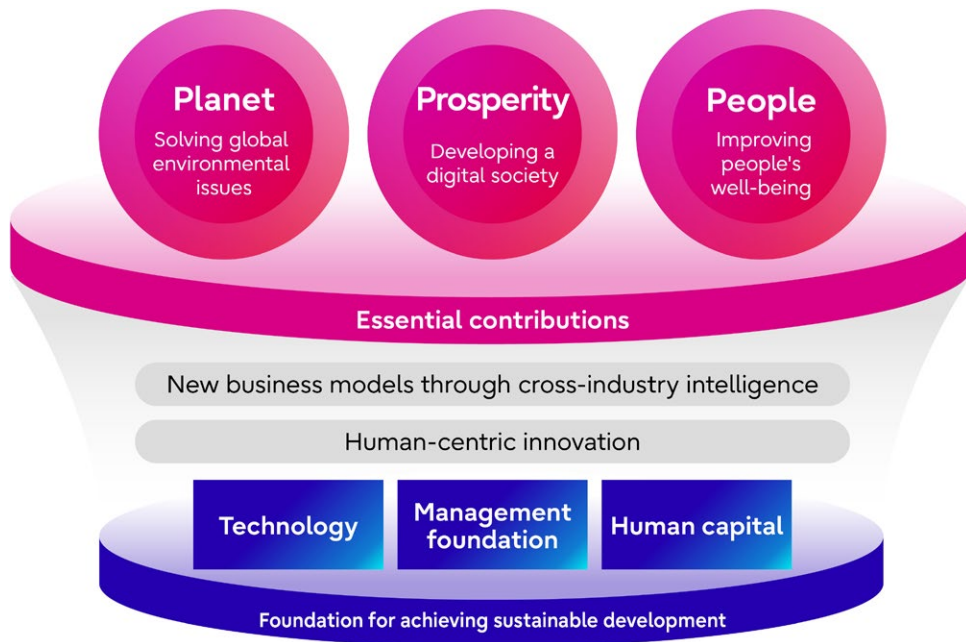
Vision for 2030: Being a technology company that realizes net positive through digital services



## Materiality

The Fujitsu Group conducted evaluations from the perspectives of itself and its stakeholders, and identified Materiality, which incorporates the perspective of delivering value to customers and society through business activities.

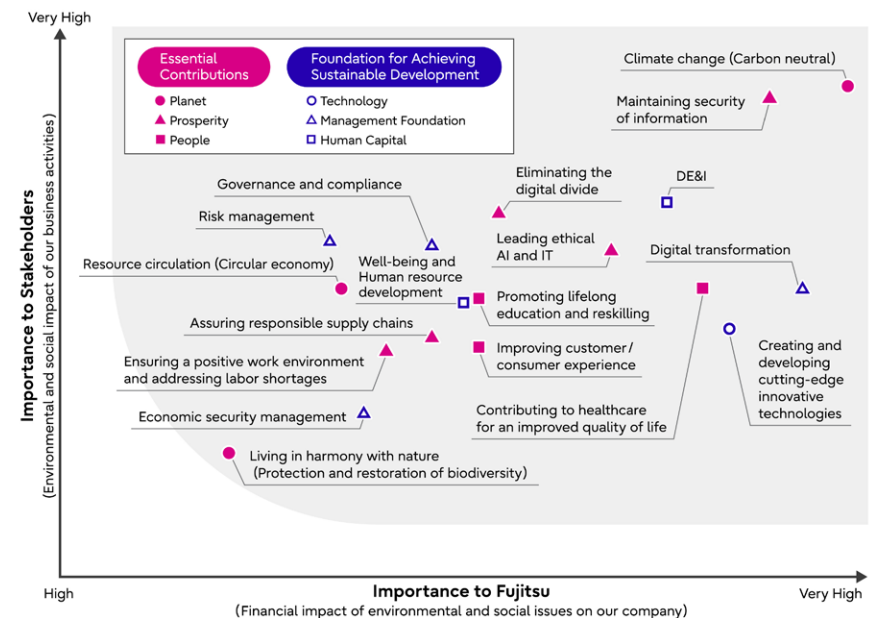
Looking ahead to 2030, we have identified three areas for the Fujitsu Group's essential contributions (Materiality), Planet (solving global environmental issues), Prosperity (developing a digital society), and People (improving people's well-being). To achieve our goals in these three areas, we will strengthen our technology, management foundation, and human capital as the sources of value creation, while supporting the creation of new business models and spurring innovation.



### Materiality assessment process



We organized social issues looking ahead to 2030 and conducted surveys and interviews with a wide range of internal and external stakeholders to identify our Materiality in terms of the mutual impacts of corporations and the environment and society. Going forward, we will conduct periodic reviews on an annual basis and revise as necessary.











## Materiality

In Step 1 of the Materiality assessment process (organization and identification of social issues), we considered the respective risks and opportunities for each Materiality issue based on a range of information in the public domain.

Fujitsu will implement measures to address risks, focusing on our internal initiatives, while addressing opportunities by expanding Fujitsu Uvance and other businesses to solve social issues and provide value to customers and society.

Essential areas for contribution		
Materiality	Issue	▲Risk* ●Opportunity*
<b>Planet (Solving global environmental issues)</b> 	Climate change (Carbon neutral)	▲ Higher costs of coping with more stringent energy savings and GHG emissions regulations. Higher operating costs due to frequent natural disasters ● Increase in demand for visualization of GHG emissions, wider introduction of energy conservation and renewable energy, and creation of disaster-resilient communities
	Resource circulation (Circular economy)	▲ Increased costs for operations and for handling resource constraints and escalating conflicts over scarce resources ● Increased demand for building recycling mechanisms and promoting zero waste and the effective use of resources
	Living in harmony with nature (Protection and restoration of biodiversity)	▲ Amid stricter controls on land use and information disclosure, there is increased reputational risk due to delays in addressing biodiversity ● Increased demand for assessing the impact on the environment and for urban development in harmony with nature
<b>Prosperity (Developing a digital society)</b> 	Maintaining security of information	▲ Risk of loss of social trust and violations of laws and regulations due to leakage of personal information or customer information related to business activities ● Increased demand for more advanced information infrastructure that is trusted and secure
	Eliminating the digital divide	● Greater adoption of “digital democratization” leading to increased demand for digital platforms that do not encourage discrimination, prejudice, or hate
	Leading ethical AI and IT	▲ Diminished social trust due to ethical issues and lack of understanding and practical experience of AI ethics could risk thwarting the progress, of AI ● Increased demand for appropriate AI use and appropriate AI ethics practices
	Ensuring a positive work environment and addressing labor shortages	● Increased demand for the creation of pleasant, safe, and secure working environments, and for expanded automation and efficiency so as to improve productivity and quality and to address labor shortages
	Assuring responsible supply chains	▲ Risk of erosion of social trust and difficulties in continuing business activities due to human rights violations or environmental destruction in the supply chain ● Increased demand for visualization and optimization of supply chain management in environmental and social areas
<b>People (Improving people's well-being)</b> 	Contributing to healthcare for an improved quality of life	● Increased demand in communities for healthcare that is integrated into daily life, such as the digitalization of medicine and preventive healthcare that uses AI and the IoT
	Promoting lifelong education and reskilling	● Increased demand for initiatives that allow people to live rich and fulfilling lives, such as the building of digital education platforms that enable people to learn freely at any time and to have their achievements evaluated appropriately
	Improving customer/consumer experience	● Improvements in peoples' attitudes toward new consumption, new relationships, and new workstyles as their values become more diverse; greater demand for personalized consumer experiences and the creation of new ways to exchange personal, corporate, and social values
Foundation for achieving sustainable development		
Materiality	Issue	▲Risk*
<b>Technology</b> 	Creating and developing cutting-edge innovative technologies	▲ R&D into cutting-edge technology is the wellspring of corporate growth. If technology development does not progress, there is a risk of losing competitiveness; digital innovation that supports DX/SX is essential for business transformation and a sustainable society
<b>Management foundation</b> 	Governance and compliance	▲ If a strong governance structure is not maintained, and disclosure and oversight of execution are not enhanced, there is a risk of undermining sound management; situations that violate laws or regulations can put the company at risk of exposure to surcharges or financial compensation, and erode public trust
	Risk management	▲ The absence of a strong risk management can have an impact on the company's business continuity
	Economic security management	▲ Given the trend toward stronger regulation for maintaining economic security, there are impacts on supply chains and target markets, together with increased burdens such as the costs of responding to such impacts and financial penalties for regulatory breaches
	Digital transformation (DX)	▲ Failure to achieve DX can lead to declines in productivity and delayed responses to the external environment, which can adversely affect competitiveness
<b>Human capital</b> 	DE&I	▲ Human rights violations and insufficient consideration of diversity in employees or people in the supply chain poses a wide range of risks, including erosion of social trust and loss of personnel
	Well-being and human resource development	▲ Failure to create an environment that enables employees to be happy and healthy in their work, or failure to provide opportunities for employees to achieve personal growth, can lead to risks of losing personnel and eroding the brand value

\* Risks and opportunities here are organized and analyzed based on various publicly available information in Step 1 (Organization and identification of social issues) of the Materiality assessment process.



## Vision

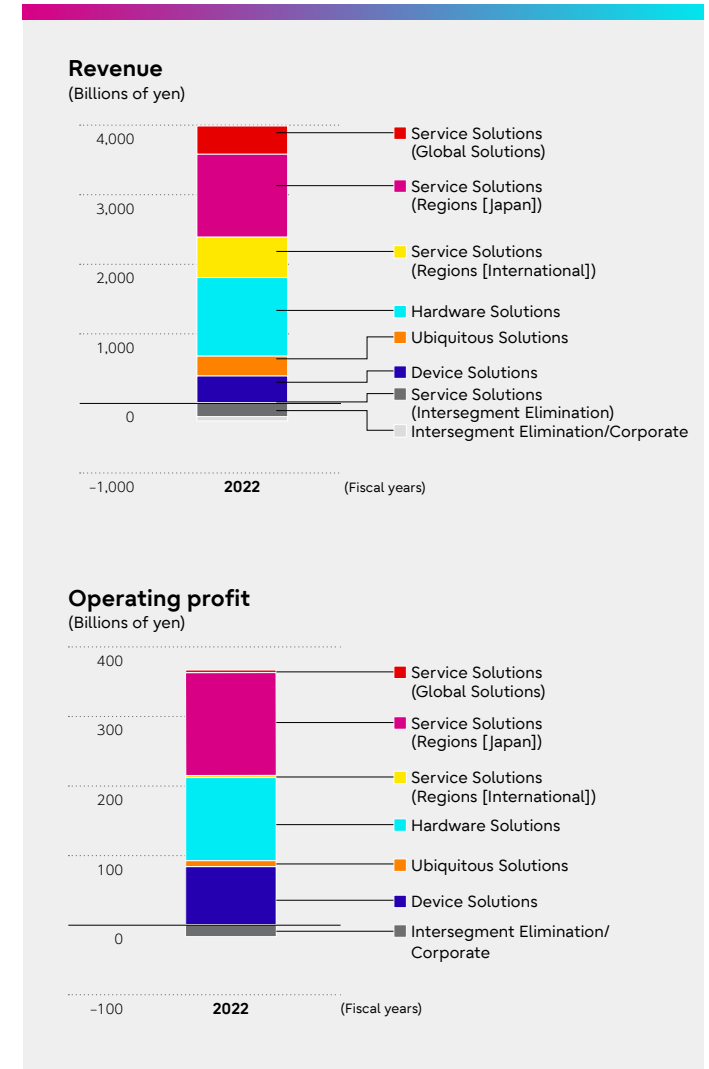
### Being a technology company that realizes net positive through digital services

We have shared this vision throughout the Group, with the goal of achieving Our Purpose by having a positive impact on society overall through technology and innovation. In addition to creating financial value, we will also work together with our stakeholders to provide positive value to society, addressing the Planet as we work to resolve global environmental problems, Prosperity by developing a digital society, and People by improving their well-being.



## Business portfolio

Segment	Subsegment	Main products and services
Service Solutions	■ Global Solutions	<ul style="list-style-type: none"> <li>Consulting services (Business consulting and technology consulting)</li> <li>Cloud services (IaaS, PaaS, SaaS, etc.)</li> <li>System integration (System construction, modernization, etc.)</li> </ul>
	■ (Japan)	<ul style="list-style-type: none"> <li>Software (Business applications and middleware)</li> <li>Software support services</li> <li>Business process outsourcing</li> <li>IT services (Data center, network services, security services, in-vehicle information systems, etc.)</li> </ul>
	■ (International)	<ul style="list-style-type: none"> <li>Managed services (Systems operations management, application operations management, service desk, etc.)</li> </ul>
■ Hardware Solutions		<ul style="list-style-type: none"> <li>System products (UNIX servers, mission-critical IA servers, PC servers, OS, storage system, mainframe, front-end technology, etc.)</li> <li>Network products (Mobile systems, photonics systems, IP network equipment, etc.)</li> <li>Hardware support services (Support for system products and network products)</li> <li>System support services (Maintenance and monitoring services for information systems and networks, etc.)</li> </ul>
■ Ubiquitous Solutions		PCs
■ Device Solutions		Electronic components (Semiconductor packages, batteries, etc.)
■ Intersegment Elimination/Corporate		R&D, elimination of intersegment sales, etc.





## Message from the CEO

We will realize business portfolio transformation and growth through the provision of solutions that contribute to “solving global environmental issues,” “developing a digital society,” and “improving people’s well-being.”

### Working to realize net positive in 2030

The Fujitsu Group’s Purpose is “to make the world more sustainable by building trust in society through innovation.” In May 2023, we clarified the three essential areas of contribution for achieving Our Purpose as solving global environmental issues, developing a digital society, and improving people’s well-being. We have also established our value creation concept looking ahead to 2030 as a vision of “being a technology company that realizes net positive through digital services.”


The expression “net positive” incorporates our determination to create positive outputs that exceed the negative outputs generated by our business activities. One example is supercomputers. Increasing computing power involves increasing electricity consumption but, on the other hand, exponential advances in computing power can also be used to generate innovations that contribute to reducing greenhouse gas (GHG) emissions. By driving technology and innovation through our business, we aim to create positive impacts on our customers and our society in the future.

**Takahito Tokita**

Representative Director  
CEO

## Message from the CEO


### Formulation of new Materiality as a response to stakeholders


We have identified three areas for the Fujitsu Group's essential contributions ([Materiality](#) ): solving global environmental issues, developing a digital society, and improving people's well-being. We chose 2023 as the time to identify our Materiality because we wanted to review our business management since the renewal of the Fujitsu Way based on Our Purpose in 2020, and to closely examine what kind of value we ourselves should provide to society, as well as what our customers expect from us.

In identifying our Materiality, we were careful to avoid complacency. We sought feedback from a wide range of stakeholders, centered on customers, employees, and shareholders, then had deep discussions based on the results to determine which of the various social issues are in areas inherently suitable for the Fujitsu Group to address. Personally I feel great confidence not only in the Materiality that we identified through these discussions, but also in the fact that our discussion process had the approval of our outside directors and Audit & Supervisory Board members.



I think that realizing net positive by 2030 expresses the Fujitsu Group's commitment to creating value and, at the same time, it is the Group's response to the stakeholders who helped to identify our Materiality. Our Values under the Fujitsu Way are Aspiration, Trust, and Empathy. It is highly significant that Empathy is the basis on which we set our targets and goals. This has reinforced my resolve to continue leading the Group as CEO while engaging sincerely with stakeholders.

### Review of the 2020–2022 medium-term plan (the previous medium-term plan)

To realize Fujitsu's ideal state in 2030, we have announced the milestones we wish to achieve for fiscal 2025 and the accompanying strategies in our new [2023–2025 Medium-Term Management Plan \(medium-term plan\)](#) . Before I talk about these, I would like to report on our progress up to the end of fiscal 2022 and the issues we still need to address.

In our consolidated financial results for fiscal 2022, operating profit reached a record high and the operating profit margin reached 9.0%. However, in the Technology Solutions segment, both revenue and operating profit margin fell short of the [financial targets](#)  of the previous medium-term plan.

External factors such as semiconductor shortages and foreign exchange fluctuations certainly had an impact on revenues and costs. However, these impacts could have been mitigated if we had swiftly promoted data-driven management and precisely executed demand prediction and inventory management. Another issue was that the plan envisaged growth in hardware products, which are more susceptible to supply chain risks than services are. These issues have been reflected in the new medium-term plan, which I will discuss later.

On the other hand, we are proud to have successfully launched [Fujitsu Uvance](#)  as a solution to drive the Group's medium- to long-term growth. Furthermore, among our [non-financial targets](#) , we achieved our targets for Customer Net Promoter Score (NPS®)\*1 and digital transformation (DX) promotion as a result of our

**I have to thank our employees for this, as they correctly understood the objective of the transformation and actively engaged in making changes amid the turmoil of the COVID-19 pandemic.**

initiatives on the non-financial front. We did not hit our target for employee engagement, but we did improve our score, and I feel that the Group has undergone a major transformation in its systems and organizational culture, including the transition to job-based human resource management in Japan. I have to thank our employees for this, as they correctly understood the objective of the transformation and actively engaged in making changes amid the turmoil of the COVID-19 pandemic.

\*1 Net Promoter® and NPS Prism® are registered trademarks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld, and Net Promoter System™ and Net Promoter Score™ are service marks of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.



Message from the CEO


Pursuing growth through four key strategies

Under our new medium-term plan, we are aiming for growth directed toward achieving Fujitsu’s ideal state in 2030 and maximizing our net positive outcome. To achieve these goals, we are promoting three themes: transform the business model and portfolio, ensure reliable support for customer modernization, and improve the profitability of our international businesses. Moreover, to promote these themes, we have formulated four key strategies : a business model and portfolio strategy, a customer success/regional strategy, a technology strategy, and a people strategy. By executing these strategies, we intend to achieve financial and non-financial targets for fiscal 2025 as follows: our financial targets  are revenue of ¥4.2 trillion, adjusted operating profit\*<sup>2</sup> of ¥500.0 billion, adjusted operating profit margin of 12%, core free cash flow\*<sup>3</sup> of ¥300.0 billion, and earnings per share (EPS) with a compound annual growth rate (CAGR) of 14%–16%. Our non-financial targets  are to reduce GHG emissions and improve on four indicators, namely Customer NPS, per capita productivity, employee Engagement, and the ratio of female managers.

\*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.


Clarification of growth areas through changes to business segments

As part of our business model and portfolio strategy, we decided to make some changes to our business segments  from fiscal 2023, by separating the previous Technology Solutions segment into the Service Solutions segment and the Hardware Solutions segment. The Service Solutions segment comprises global solutions and the services business that is delivered in each region (Japan and International).

The purpose of the segment changes is to enable a more rigorous execution of the management approach that matches our growth strategies and organizational structure to the segment classification for disclosing information. Clearly distinguishing our Service Solutions segment based on our growth-leading Fujitsu Uvance initiatives from our other businesses will enable us to better present our actual growth potential to our stakeholders. This is the answer that we came up with after reflecting on our previous medium-term plan, where our results in growth areas had become difficult to demarcate because the impacts of hardware supply shortages were also incorporated in the Technology Solutions segment that included service and solution businesses.

Clearly distinguishing our Service Solutions segment based on our growth-leading Fujitsu Uvance initiatives from our other businesses will enable us to better present our actual growth potential to our stakeholders.

## Focus on growth of Fujitsu Uvance's Vertical areas

Under our new medium-term plan, we will accelerate growth and increase profitability centered on Service Solutions. The main driver for this is Fujitsu Uvance , which is comprised of seven Key Focus Areas. Four of these are cross-industry Vertical areas that provide solutions for social issues, and three are Horizontal areas that support them as a technology foundation. By the start of fiscal 2023, we were on track to have offerings in all seven Key Focus Areas. Over the next three years, we will refine our offerings, particularly in the four Vertical areas, working to create high added value, while at the same time investing in bolstering our consulting capabilities, developing strategic alliances, strengthening our technology foundation, and developing and reskilling human resources. In this way, we will establish a path for medium- to long-term growth.


The three defining characteristics of Fujitsu Uvance are that it starts with societal issues, takes a cross-industry approach, and includes digital services deployed on the cloud. For example, we have a strong share of the electronic medical record market for hospitals in Japan. The current services are mainly standalone systems that are complete within each individual hospital. As a Fujitsu Uvance solution, our offering will be used for cooperation between hospitals, and in regional healthcare and local government services, as well as in drug discovery and in creating value across business types and industries.

Until now, the Fujitsu Group's business has operated on the basis of resolving individual customer's issues. It is this experience that enables us to see a significant white

By providing services that help to attain the resolution of such issues, we will realize a completely new level of growth and the transformation of our business portfolio toward 2030.


space that exists between customers, and at the border between businesses. We have designed Fujitsu Uvance as a cross-industry initiative so that it can create business opportunities in exactly this white space. Some social issues, such as supply chain optimization and achieving carbon neutrality, cannot be resolved by the businesses of individual companies. By providing services that help to attain the resolution of such issues, we will realize a completely new level of growth and the transformation of our business portfolio toward 2030.

Capturing the business opportunities that exist in the white space requires proposals based on a profound understanding of customer needs and issues. We will

therefore enhance our consulting capabilities for resolving customer issues under the customer success strategy  of the new medium-term plan. Specifically, we will increase the number of personnel with consulting skills from 2,000 at the end of fiscal 2022 to 10,000 by fiscal 2025, combining both technology consultation and business consultation.


## Modernization with a mission


While on-cloud services centered on Fujitsu Uvance will lead our growth, we will also focus on services that support our customers' utilization of their IT assets. The mainstay of this activity is modernization, which mainly refers to shifting customers' unique on-premises IT assets to the cloud.

The Fujitsu Group has decided to terminate sales and maintenance services of mainframe computers and UNIX servers, which are used by many customers in Japan. While we will continue to provide full support services so that customers can use these systems with confidence over the period until maintenance services are terminated, we also consider it our mission to promote modernization to support customers' sustainable management. Over the three years until fiscal 2025, we will strengthen our delivery structure  and make further progress on productivity, which was improved under the previous medium-term plan, and meet the demand for modernization, which we expect to peak in 2026, with a fully prepared structure.

## Strengthening profitability with globally competitive offerings


In our [regional strategy](#) , in [Regions \(Japan\)](#)  we have set an ambitious target for fiscal 2025 of an adjusted operating profit margin of 19%, and we will promote Fujitsu Uvance and modernization. In other regions, where our adjusted operating profit margin was at the low level of 1% in fiscal 2022, we will work to improve profitability by expanding our provision of global offerings centered on Fujitsu Uvance.


In [regions outside of Japan](#) , we promoted a shift to the service business during the previous medium-term plan and in the Americas, in particular, we succeeded with major structural reforms. Furthermore, performance of Fujitsu Uvance in fiscal 2022 demonstrates how a global offering can be a catalyst for breakthrough growth. Among the seven Key Focus Areas, the one that recorded the highest revenue was one of the Horizontal areas, Digital Shifts, which is the area of the digital workplace. This involved providing the technologies and expertise employed by the Group in promoting its internal “Work Life Shift” transformation to external customers, where the overseas market in particular proved to be a notable growth driver. To catch up with the pace of growth of the overall Fujitsu Group, we will provide Fujitsu Uvance to regions outside of Japan as well, focusing particularly on the provision of offerings in Vertical areas, and accelerating our growth in stages.

In light of the recent occurrence of information security incidents and system quality issues, we are working across the Group to step up our [security and quality management structure](#) . As part of this, we will strengthen the functions of the Risk Management &


Compliance Committee, of which I am the chair, and bolster our information security countermeasures under the guidance of our CISO (Chief Information Security Officer), whose authority has been increased. In addition, we will work on improving system quality and preventing recurrences under the newly appointed CQO (Chief Quality Officer).

## Five Key Technologies and practical knowledge as the source for providing added value

We have identified five technology domains as the Key Technologies that support Fujitsu Uvance, and have concentrated our research and development resources in them under our [technology strategy](#) . One of these domains is AI, which has achieved amazing advances in recent years, and is now spreading rapidly in the form of corporate and consumer services. We welcome such flourishing of technology because it encourages people to proactively use cutting-edge technologies, actively accept new transformative technologies and try them out.


The Fujitsu Group has developed in-house technologies that support AI, in which we have over 30 years of accumulated research, as well as world-leading computing power, and technologies such as high-precision simulations, networks that also support large-scale social infrastructure, and cybersecurity. We also hold [intellectual property](#) , including patents, for these technologies. I think there are only a few companies in the world that can boast the same breadth of technological capabilities essential for providing digital services.


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In addition, we have accumulated practical knowledge about how to convert these technologies into value. For example, under the [OneFujitsu Program](#) , we have introduced business applications that we provide through Fujitsu Uvance within the Group while promoting operational reforms in our business. We use the lessons and knowledge gained from this as a reference model when providing services to customers. The capabilities that we have obtained through technological development and implementing our own transformation are the competitive advantage of the Fujitsu Group.


As a technology company, it is our mission and our responsibility to provide our customers with powerful support as they participate actively in the building of a new economic system, and embark on their sustainability transformations with a determination and readiness to take on the challenge of creating value.

### Human resource portfolio transformation linked to business strategy

To accelerate our business portfolio transformation and produce results, it is essential to have a robust management foundation that enables the utilization of human capital and data. Under our people strategy , we will continue to transform our human resource portfolio and to advance data-driven management.

Human capital management , in particular, is one of the areas that I am focusing my energy on. As CEO of the huge team that is the Fujitsu Group, I believe that my role is to lead without leaving anybody on the team behind. Through a series of human resource management improvements that we initiated during the previous medium-term plan, employees' mindsets are changing at the individual level, as well as at the level of organization culture, and this is showing in the results of the employee engagement survey. I feel a great sense of achievement that we are able to foster job satisfaction among our employees, even without the "membership" style human resource system traditionally used in Japanese companies. We will work to enhance our management foundation in terms of human resources and IT so that we can demonstrate successful models of human capital management and data-driven management.

### Being a partner that can support sustainability transformation

Amid calls for the construction of a new economic system predicated on the sustainability , of global society, including carbon neutrality, companies seeking to achieve sustainable growth will need to undergo not only a digital transformation but also a sustainability transformation so that they can create value in new and different ways. After completing the new medium-term plan in fiscal 2025, I see the Fujitsu Group working to encourage many customers to undertake a sustainability transformation, using Fujitsu Uvance as a starting point. As a technology company, it is our mission and our responsibility to provide our customers with powerful support as they participate actively in the building of a new economic system, and embark on their sustainability transformations with a determination and readiness to take on the challenge of creating value.

We are firmly resolved to achieve our financial and non-financial targets through the four key strategies of the medium-term plan, and to show the world that we are a company that will "make the world more sustainable by building trust in society through innovation." We hope that you will share in our expectations for Fujitsu's future endeavors.



**Takahito Tokita**  
Representative Director  
CEO

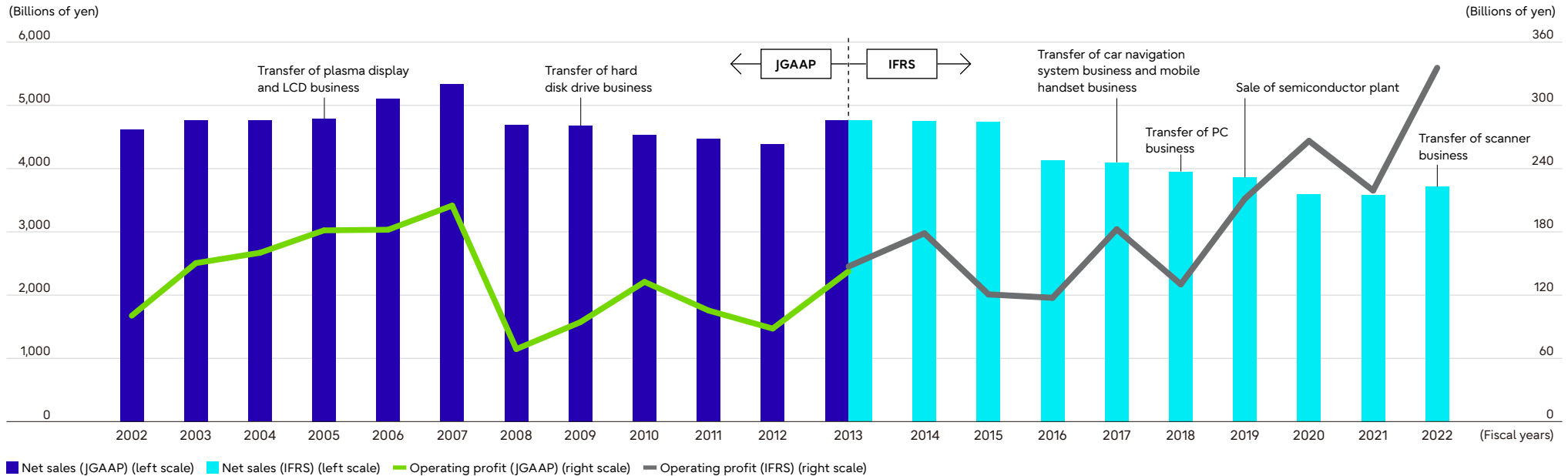




# Management strategy

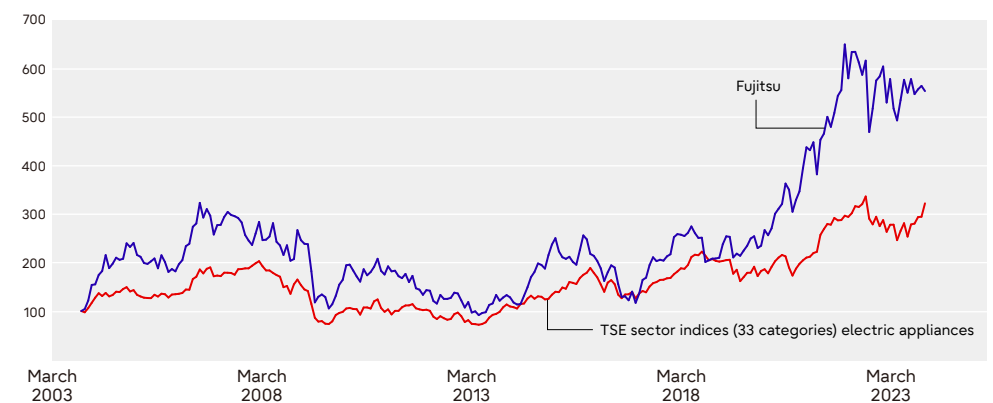
The Fujitsu Group has positioned the three years from fiscal 2023 as a time to build a model for growth and improved profitability, with the aim of realizing its 2030 vision and creating sustainable value thereafter through backcasting. We will promote the four key strategies under our 2023–2025 Medium-Term 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.

# Trajectory of change



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.

## Share prices

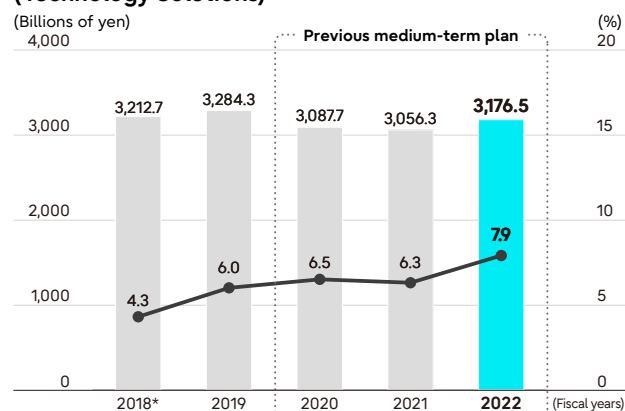


Notes: 1. On October 2018, Fujitsu consolidated every 10 shares of stock into one share. The figures in the graph are calculated based on the number of shares after the stock consolidation.  
2. The graph displays the relative value of the stock price at the end of each month, taking the closing value at the end of the fiscal year ended March 31, 2003, as one hundred.

## 2020–2022 Medium-Term Management Plan: Review of financial indicators

### Medium-term management plan: Financial indicators

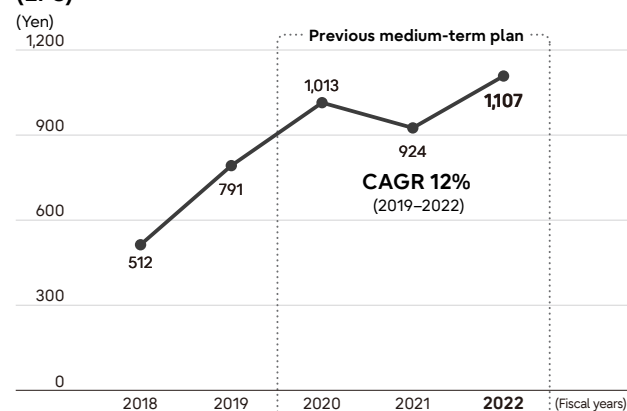
#### Revenue and operating profit margin (Technology Solutions)



Figures for fiscal 2018 are approximations calculated from segments disclosed at the time.  
 ■ Revenue (left scale) ● Operating profit margin (right scale)

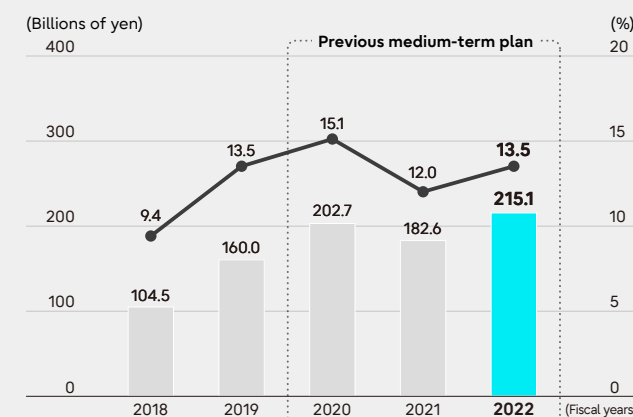
In the core Technology Solutions segment, the Fujitsu Group is targeting an operating profit margin of 10%. By comparison, in fiscal 2022, revenue excluding special items was ¥3,176.5 billion and operating profit was ¥249.9 billion, for an operating profit margin of 7.9%. Unable to shake off the external 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.

#### Net profit attributable to owners of the parent per share (EPS)



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.

#### Profit attributable to owners of the parent and ROE



■ Profit attributable to owners of the parent (left scale) ● ROE (right scale)

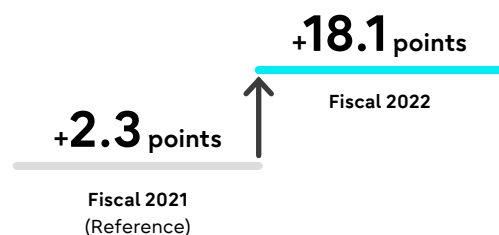
ROE, calculated by dividing profit attributable to owners of the parent by equity achieved to owners of the parent (owners' equity), was 15.1% in fiscal 2020, 12.0% in fiscal 2021, and 13.5% in fiscal 2022. The decline in fiscal 2021 was in line with a decrease in profit due to one-time losses related 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

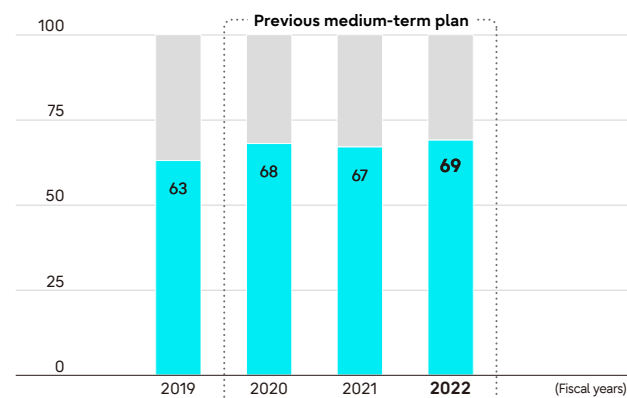
### Medium-term management plan: Non-financial indicators

#### Customer Net Promoter Score<sup>SM</sup> (NPS<sup>®</sup>)



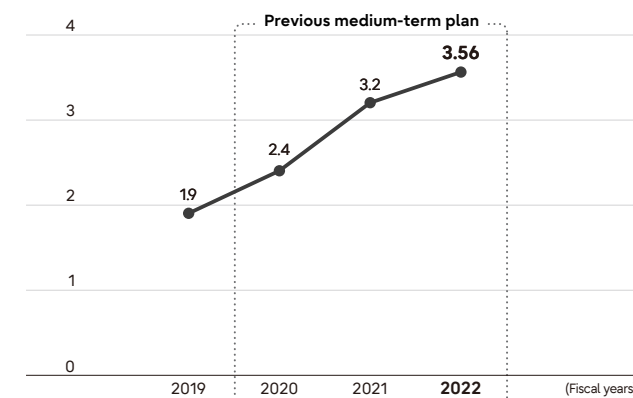
Customer NPS is a metric that enables objective evaluation of customer loyalty, i.e., the customers' level of trust and attachment toward a company. Customer loyalty is characterized by the ability to determine the degree of customer attachment and the likelihood of repeat purchases; therefore, the Fujitsu 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 (Scores)



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 (Points)



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.



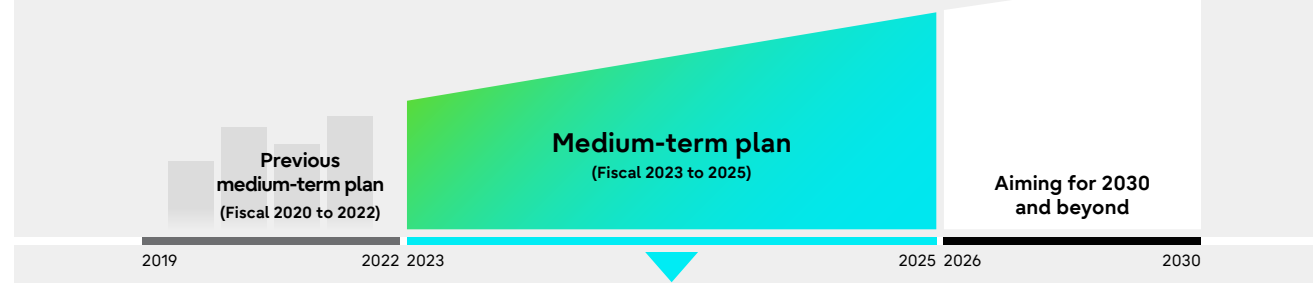
## 2023–2025 Medium-Term Management Plan: Overview of the plan

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.

During this three-year medium-term plan period, we will establish a business model for sustainable growth and improved profitability for 2025, through to 2030 and beyond



### Strategic issues

- Transform our business model and portfolio
- Ensure reliable support for customer modernization
- Improve the profitability of our international business

### Key strategies

#### Business model and portfolio strategy

Business segments and portfolio  
Shift to growth areas  
Customer engagement model

#### Technology strategy

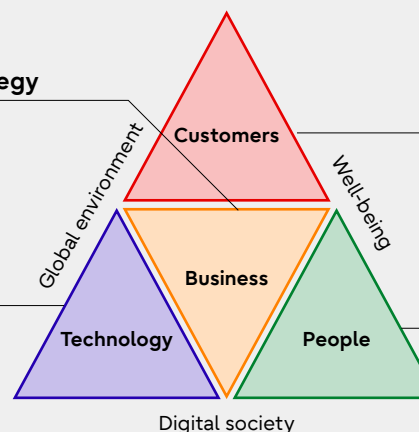
Develop core technologies  
Business utilization of technologies (enhance value delivered)

#### 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



## 2023–2025 Medium-Term Management Plan: Financial and non-financial indicators

### Financial indicators

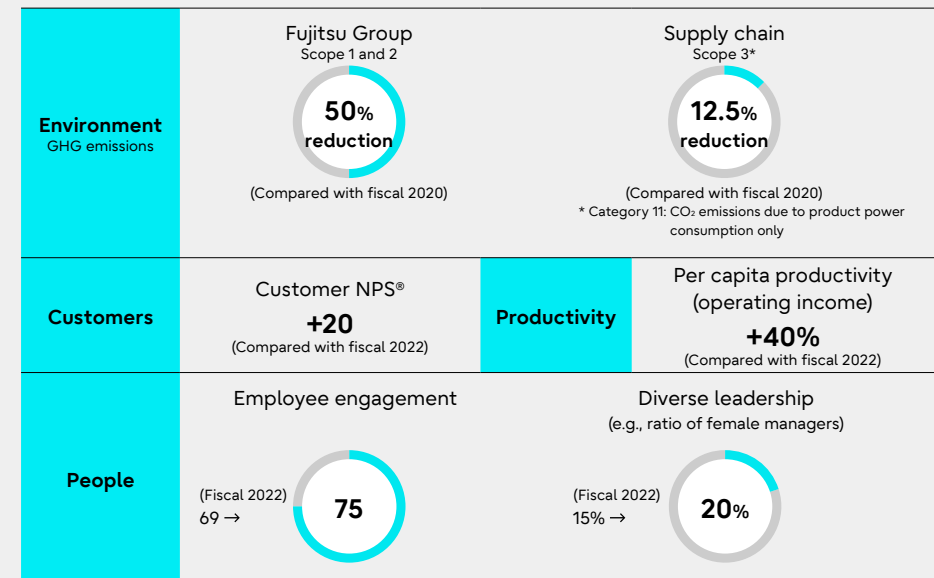
			Fiscal 2022	Fiscal 2025
Business growth and improved profitability	Revenue		¥3.7 trillion	¥4.2 trillion
		Service Solutions	¥2.0 trillion	¥2.4 trillion
		Fujitsu Uvance revenue	¥200 billion	¥700 billion
	Adjusted operating profit*1		¥320 billion	¥500 billion
		Service Solutions	¥160 billion	¥360 billion
	Adjusted operating profit margin		9%	12%
		Service Solutions	8%	15%
Strengthen cash generation capabilities	Core FCF*2 (Companywide)		¥150 billion	¥300 billion
			Fiscal 2019–fiscal 2022	Fiscal 2022–fiscal 2025
Increase efficiency of corporate capital	EPS CAGR		12%	14–16%

\*<sup>1</sup> 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.)

\*<sup>2</sup> Core free cash flow (FCF): Current FCF after deducting temporary income and expenses associated with business restructuring, M&A, etc.

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.

### Non-financial indicators



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



#### ● 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

Revenue  
Adjusted operating profit margin 8%

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

Shift to the cloud

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

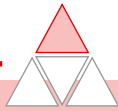
Fiscal 2022

Fiscal 2025

¥2.4 trillion  
15%

### Customer success/regional strategy

Customers



#### ● 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.

Expand consulting

Further stabilizing our customers' businesses

Further develop strategic alliances

Realize customers' optimal modernization

International focus on services

## 2023–2025 Medium-Term Management Plan: Key strategies

## Technology strategy

## Technology



- 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.

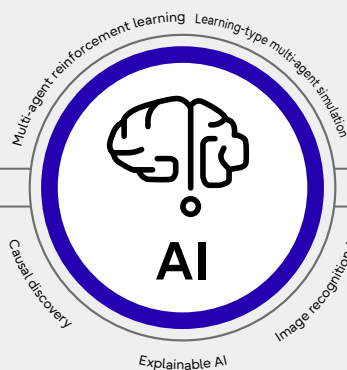
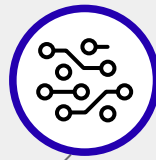
## Converging Technologies

High-precision simulation



## Network

Control large-scale networks



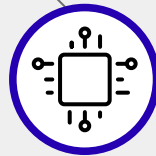
## Data &amp; Security

Autonomous and decentralized social systems



## Computing

Provide massive speed with low power consumption



## People strategy

## People



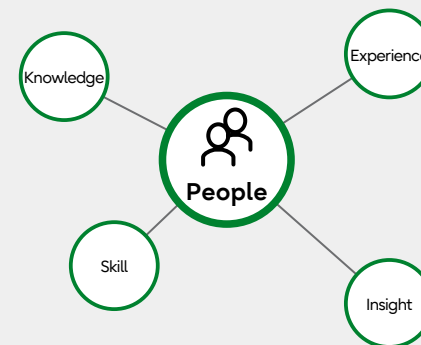
- Business-aligned workforce portfolio

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.

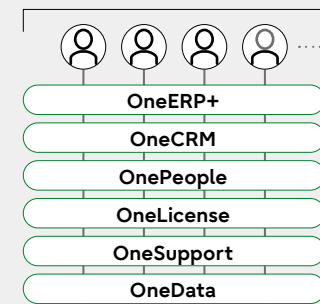
## Human capital management



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

## Data-driven management

## OneFujitsu



- Real-time management
- Integrated data insights and visualization
- Standardized global business operations



## Interview with the COO



**Hidenori Furuta**  
Representative Director  
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

## Interview with the COO

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). Our goal is to establish a more agile decision-making process and ensure swift responses. The Group is actively working on specific improvement measures 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

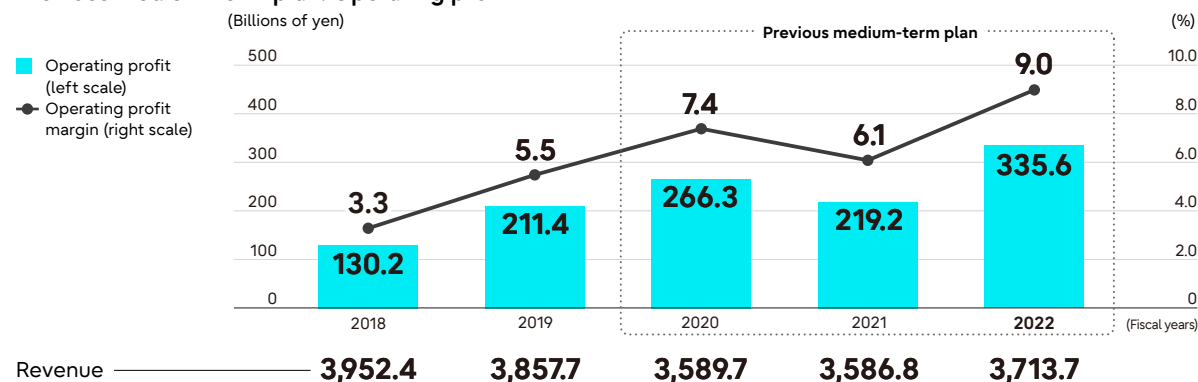
Looking at our consolidated financial results for fiscal 2022, revenue increased by 3.5% from the previous year to ¥3,713.7 billion, operating profit increased by 53.1% to ¥335.6 billion, and the operating profit margin was 9.0%. Operating profit reached a new record high, and improvements in profitability 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



## Message from the CFO

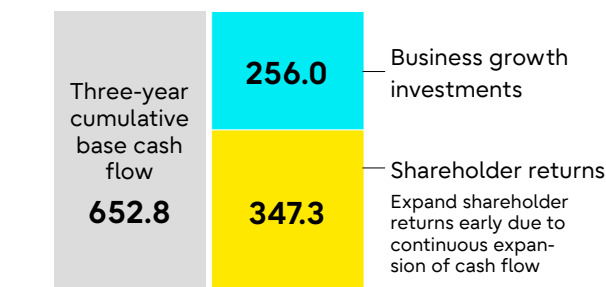
### Cash flow and capital allocation performance

We realized an increase in cash flow generation capabilities with base cash flow,\*<sup>1</sup> 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.

### Previous medium-term plan: Cash flow and capital allocation

(Billions of yen)



Progress (three-year period fiscal 2020–2022)

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.

\*<sup>1</sup> 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\*<sup>2</sup> of ¥500.0 billion, adjusted operating profit margin of 12.0%, core free cash flow (FCF)\*<sup>3</sup> 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

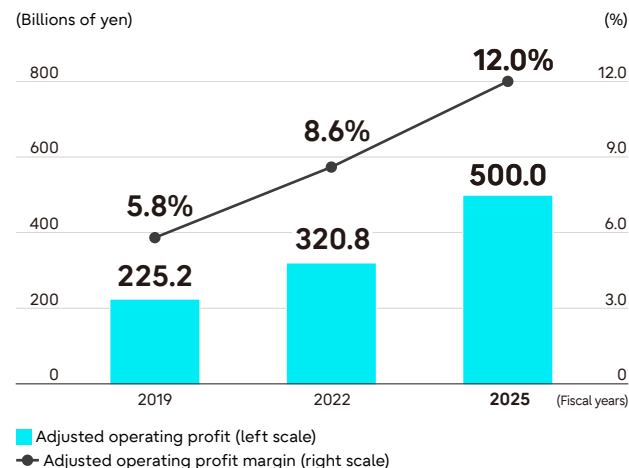
formulated by describing the Group's ideal position in 2030 and backcasting from there. We look forward to making a leap ahead from the previous medium-term plan period in revenue, adjusted operating profit margin, core FCF, and EPS.

\*<sup>2</sup> 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.)

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

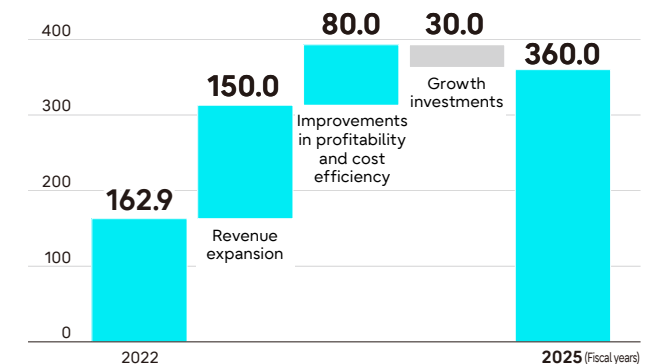
To reach the ambitious target of adjusted operating profit of ¥500.0 billion, we must achieve two major objectives. The first is expanding revenue, in particular strong growth of digital services centered on Fujitsu Uvance, which has a fiscal 2025 revenue target of ¥700.0 billion. In Vertical areas, 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

### Adjusted operating profit: Actual and plan



### New medium-term plan: Breakdown of changes in adjusted operating income (Service Solutions)

(Billions of yen)





## Message from the CFO

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

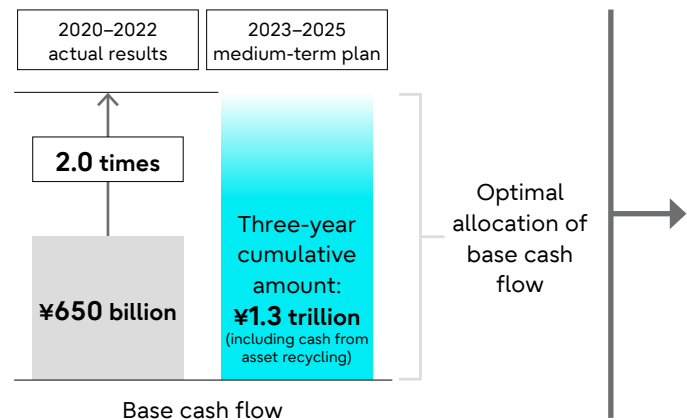
Base cash flow is the source of capital allocation. During the course of the new medium-term plan, we expect to be able to increase base cash flow to ¥1.3 trillion, approximately double that of the previous medium-term plan. Of this, we plan to allocate ¥700.0 billion to business growth investments and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

### Capital allocation during the new medium-term plan



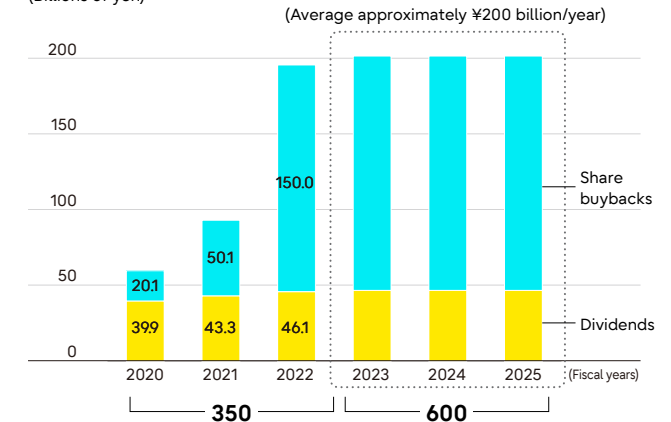
### Growth investments: ¥700 billion

<b>Business model and portfolio strategy</b>	<ul style="list-style-type: none"> <li>• Business portfolio management</li> <li>• Inorganic growth</li> <li>• Strengthen the management foundation (OneFujitsu Program)</li> </ul>
<b>Customer success/ regional strategy</b>	<ul style="list-style-type: none"> <li>• Develop and acquire consulting capabilities</li> <li>• Improve quality and security</li> </ul>
<b>Technology strategy</b>	<ul style="list-style-type: none"> <li>• Five Key Technologies</li> <li>• Technology implementation and commercialization</li> </ul>
<b>People strategy</b>	<ul style="list-style-type: none"> <li>• Develop, reskill, and acquire talent</li> </ul>

### Shareholder returns: ¥600 billion

### Shareholder returns

(Billions of yen)

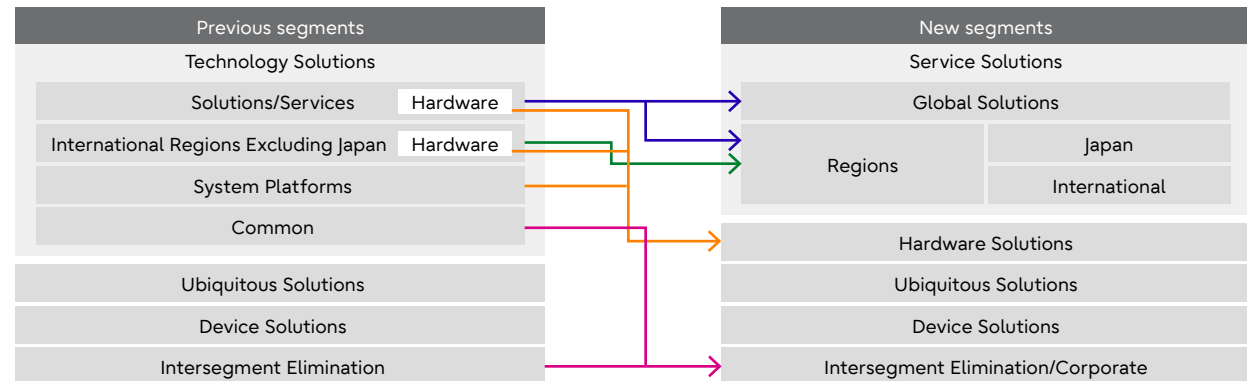


## Revision of segments

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 (Holding) B.V., Fujitsu Asia Pte. Ltd., etc.

• Hardware Solutions (excluding manufacturing and sales of Ubiquitous products)  
Fujitsu Frontech Limited, Fujitsu IT Products Ltd., Fujitsu Telecom Networks Limited  
Fujitsu Isotec Limited  
Fujitsu Network Communications, Inc., 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.

Materiality	Item	Approaches for fiscal 2025 (main initiatives)
<b>Solving global environmental issues</b>	Climate change (Carbon neutral)	<ul style="list-style-type: none"> <li>● Visualize/reduce GHG emissions in the supply chain</li> <li>● Visualize energy usage at factories and other facilities (automate primary data collection)</li> <li>● Identify a broad spectrum of supply chain risks, including disasters, pandemics, and international political risks</li> <li>● Develop and make effective use of new energy sources and materials, such as clean ammonia, and improve traceability</li> <li>● Optimize and integrate natural energy into social infrastructure systems</li> <li>● Enhance resilience against emergencies in cities</li> <li>● More accurate weather forecasts and disaster prevention simulations</li> <li>◆ Reduce GHG emissions at business sites (promote energy savings and increase renewable energy use)</li> <li>◆ Promote energy-saving product design and reduce GHG emissions in the supply chain</li> </ul>
	Resource circulation (Circular economy)	<ul style="list-style-type: none"> <li>● Reduce losses and enhance traceability through the use of blockchain</li> <li>● Promote the effective use of materials through the visualization of product quality, etc.</li> <li>● Enhance resource traceability with the aim of creating environmental value through recycling</li> <li>● Establish recycling schemes and assure a stable supply of recycled resources through business-to-business data sharing</li> <li>◆ Reduce water usage at business facilities and raise awareness of water source security upstream of the supply chain</li> <li>◆ Promote greater resource savings in products and improved resource circulation</li> <li>◆ Get involved in activities to standardize business models and circular economy indicators, and measure social impacts</li> </ul>
	Living in harmony with nature (Protection and restoration of biodiversity)	<ul style="list-style-type: none"> <li>● In business activities that take biodiversity into account, use business planning simulations to visualize environment conservation and impact severity</li> <li>● Protect water and forestry resources and limit excessive consumption by developing new materials and adopting new production methods</li> <li>◆ Reduce negative impacts and increase positive impacts on biodiversity in areas of business activities, including the supply chain</li> </ul>
<b>Developing a digital society</b>	Maintaining security of information	<ul style="list-style-type: none"> <li>● Ensure that customer systems and businesses are trusted by providing secure Hybrid IT platforms</li> <li>● Provide resilient Hybrid IT platforms along with more rigorous IT and security governance for mission-critical areas such as public-sector and financial institutions</li> <li>● Enable security management that is capable of responding quickly to stricter and more sweeping regulations, such as the Data Protection Directive</li> <li>● 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</li> <li>◆ Stronger governance: implement countermeasures more quickly and effectively by bolstering on-site security systems and active intervention by management</li> <li>◆ Stronger responses to cyber threats: use more rigorous information management and responses, and security risk visualization that includes prediction</li> <li>◆ Stronger supply chain security: consolidate data in secure development environments and data management environments, and develop training to achieve more mature security</li> </ul>

● Business growth for customers and society    ◆ Internal initiatives

## Approach to Materiality

Materiality	Item	Approaches for fiscal 2025 (main initiatives)
<b>Developing a digital society (continued)</b>	Eliminating the digital divide	<ul style="list-style-type: none"> <li>● Optimization tailored to patients and the democratization of advanced healthcare</li> <li>● Enable more advanced decision-making and problem solving for the traceability and verification of raw materials</li> <li>● Promote the adoption of integration and corporate IT consulting through co-creation with financial institutions</li> <li>● Build broadband networks for local governments (US)</li> </ul>
	Leading ethical AI and IT	<ul style="list-style-type: none"> <li>● 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)</li> <li>● Provide consulting services for areas such as creating guidelines and ethical rules for the appropriate use of AI</li> <li>◆ 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</li> <li>◆ Provide technology and ecosystems that simplify the identification of AI ethics risk by AI developers and customers themselves, and present solutions</li> </ul>
	Ensuring a positive work environment and addressing labor shortages	<ul style="list-style-type: none"> <li>● Provide ways to make work (production, distribution, shipping, sales, etc.) both safer and more efficient by using automation technology, AR/VR, and remote communication</li> <li>● 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</li> <li>● Make operations more efficient and advanced using digital technology, and plan the optimal workspace for customers' business transformation</li> <li>● Provide high-usability services by using more advanced digital touchpoints with automated technology, multilingual support, and AIOps</li> </ul>
	Assuring responsible supply chains	<ul style="list-style-type: none"> <li>● Provide stronger management through improved supply chain traceability</li> <li>● Enable detection of a broad spectrum of supply chain risks, including disasters, pandemics, and international political risks</li> <li>● Enable digitalization and resilience in supply chains that are shared by multiple corporations on a global scale</li> <li>● Enable sustainable consumption and waste product reductions through end-to-end optimization of the value chain</li> <li>● Offer logistics optimization and retail (OMO) management</li> <li>● Enable digital tracking of products along the supply chain</li> <li>● Enable new value creation/conversion using secure platforms that support expanded ethical purchasing</li> <li>◆ Prevent and reduce human rights risks in the supply chain</li> <li>◆ Promote reduction of GHG emissions in the supply chain</li> <li>◆ Ensure supply chain diversity</li> </ul>
<b>Improving people's well-being</b>	Contributing to healthcare for an improved quality of life	<ul style="list-style-type: none"> <li>● Connect medical institutions with external institutions and services to enable the mutual exchange of consumers' and patients' treatment and lifestyle information</li> <li>● Individualize and optimize a patient's end-to-end healthcare journey, from prevention through to treatment and recuperation (effective personal healthcare)</li> </ul>
	Promoting lifelong education and reskilling	<ul style="list-style-type: none"> <li>● Provide micro-learning environments that use AI to provide personally optimized education, regardless of time or location</li> <li>● 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</li> </ul>
	Improving customer/consumer experience	<ul style="list-style-type: none"> <li>● Personalize marketing/promotions and enable new online and offline purchasing</li> <li>● Offer consistent, fluid, and personalized shopping experiences wherever there is contact between consumers and any type of brand channel</li> <li>● Provide efficient monitoring, operation, and maintenance for retail systems</li> <li>● Enable sophisticated promotions that target consumers by predicting their behavior</li> </ul>

● Business growth for customers and society    ◆ Internal initiatives



## Approach to Materiality

### 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.

Materiality	Item	Approaches for fiscal 2025 (main initiatives)
<b>Technology</b>	Creating and developing cutting-edge innovative technologies	<ul style="list-style-type: none"> <li>◆ 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</li> <li>◆ Computing: enhance computing workload broker technology, develop frameworks that will accelerate graph AI, and expand HPC into new areas such as digital twins</li> <li>◆ 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</li> <li>◆ Data &amp; 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</li> <li>◆ 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</li> </ul>
	Governance and compliance	<ul style="list-style-type: none"> <li>◆ Corporate governance: <ul style="list-style-type: none"> <li>• Undertake continual reviews of corporate governance</li> <li>• Fully disclose corporate information that is conducive to cooperative relations with all stakeholders, including shareholders</li> <li>• Promote constructive interaction with shareholders</li> </ul> </li> <li>◆ Compliance: <ul style="list-style-type: none"> <li>• Promote the Global Compliance Program to raise awareness of compliance</li> <li>• Provide compliance training to suppliers</li> </ul> </li> </ul>
	Risk management	<ul style="list-style-type: none"> <li>◆ 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</li> <li>◆ Build data-driven risk management systems</li> <li>◆ Build a global solutions network to ensure that overseas risk information is reported to and acted upon by the Head Office promptly</li> </ul>
	Economic security management	<ul style="list-style-type: none"> <li>◆ 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)</li> <li>◆ Strengthen Companywide management across all departments for technologies that include important cutting-edge fields</li> <li>◆ Respond to the economic security countermeasures in each country and region</li> </ul>
<b>Management foundation</b>	Digital transformation	<ul style="list-style-type: none"> <li>◆ Expand data-driven management and operational excellence by promoting the OneFujitsu Program: <ul style="list-style-type: none"> <li>• Real-time management to support speedy and practical decision-making</li> <li>• End-to-end management resource visualization and conversion to digital data</li> <li>• Global standardization of business processes</li> </ul> </li> </ul>
	DE&I	<ul style="list-style-type: none"> <li>◆ Diversity: <ul style="list-style-type: none"> <li>• Build an inclusive and egalitarian corporate culture that makes everyone feel included and free to express themselves</li> <li>• Boost the participation of women in leadership positions</li> <li>• Develop a comprehensive strategy for cultures and ethnicities that operates globally</li> <li>• Introduce the FWEI (Fujitsu Workplace Equality Index)</li> <li>• Promote and advocate for digital accessibility as one corporate strategy, including in-brand communication, customer experience, and the workplace</li> <li>• Ensure supply chain diversity through: <ul style="list-style-type: none"> <li>• Activities to determine diversity indicators based on the societal requirements in each country or region</li> <li>• 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</li> </ul> </li> </ul> </li> <li>◆ Human rights: prevent or reduce human rights risks in the value chain (human rights training, dialog with experts)</li> </ul>
	Well-being and human resource development	<ul style="list-style-type: none"> <li>◆ Stronger personnel development platforms: job-based human resource management, measures to encourage the evolution of employees into DX personnel, etc.</li> <li>◆ Improved well-being: <ul style="list-style-type: none"> <li>• Develop measures to promote understanding and wider acceptance of well-being</li> <li>• Data-driven visualization and analysis</li> </ul> </li> <li>◆ Thorough preventive measures for health and safety</li> </ul>
<b>Human capital</b>		

◆ Internal initiatives



# Business strategy

We are promoting four strategies under the 2023–2025 Medium-Term Management Plan (medium-term plan): a business model and portfolio strategy centered on Fujitsu Uvance, a customer success/ regional strategy to enhance customer engagement globally, a technology strategy to strengthen our competitive advantage in core technologies including AI, and a people strategy that will help improve productivity. By linking these four key strategies, we aim to build a model that helps us meet our financial and non-financial indicators, as well as achieve sustainable growth and higher profitability in the medium to long term.



## Business model and portfolio strategy: Fujitsu Uvance

### Fujitsu Uvance

Fujitsu Uvance is Fujitsu's portfolio of global business solutions for contributing to the realization of a sustainable world by creating new value in seven Key Focus Areas. Four of these are cross-industry areas for resolving societal issues, and three are supporting areas that provide a technological foundation. With Fujitsu Uvance, we changed our approach from developing products for conventional industries and operations to creating offerings that address societal issues. Combining the technologies that Fujitsu has developed over the years with our insights into various industries, we will connect processes and data that were divided across industries and stimulate cross-industry cooperation between companies and organizations to deliver completely new solution strategies and businesses. By realizing customers' sustainability transformation (SX), we can contribute to their growth while creating new markets that did not exist before, driving the Group's growth.

#### Vertical areas

We will contribute to the resolution of issues faced by the manufacturing industry as it moves into the future, such as ensuring resilient supply chains, transferring expert know-how, and expanding resource circulation with a view to achieving carbon neutrality.



**Sustainable Manufacturing**

We will create value that balances a sustainable society and new customer experiences, including supply chain optimization and the provision of individually tailored consumer services.



**Consumer Experience**

Through initiatives such as analysis of medical and healthcare data, and data-sharing by consumers, medical institutions, companies, and governments, we will contribute to an improved quality of life for people, including better-quality healthcare, promotion of preventative medicine, and acceleration of drug discovery.



**Healthy Living**

We will create communities and societies where people can live in peace and prosperity through projects such as efficient energy supply, building of safe and highly disaster-resilient cities, and the reduction of environmental impacts associated with mobility and transportation.



**Trusted Society**

#### Horizontal areas



**Digital Shifts**

We will accelerate business transformation and productivity improvements through our Work Life Shift (WLS) initiative, to expand the possibilities for autonomous workstyles and upskilling. Through data-driven management, we will realize decision-making based on real-time visualization of data.



**Business Applications**

By using major applications from companies such as SAP, Salesforce, ServiceNow, and Microsoft, and providing services that make use of them, we will support continuous and rapid strengthening of our customers' operations and services.



**Hybrid IT**

Our initiatives to ensure success in innovation include the efficient and secure management of IT infrastructure and the provision of computing power, such as high-performance computing and edge computing.

#### Example Sustainable Manufacturing

Companies are required to meet even stricter requirements related to the disclosure of environmental impact data, and concrete actions to realize a carbon neutral society and a circular economy are becoming increasingly important on a global level. In the materials production industry especially, there is an accelerating movement toward systemization of Life Cycle Assessment (LCA) for environmental impact throughout the product life cycle and the design of products using recycled materials. To capture the business opportunities presented by these trends, the Fujitsu Group and Teijin Limited have combined their accumulated technologies and expertise in a joint project to build a platform to enhance the environmental value of recycled resources. The platform merges the Fujitsu Group's blockchain technology with Teijin's LCA method to collect and trace primary data on environmental impact throughout the entire value chain, while providing highly reliable information on recycled materials. In this way, the two companies aim to popularize a business model that enhances the environmental value of recycling.

#### Example Digital Shifts

The Fujitsu Group's AI demand forecast service is trained on various data owned by companies, as well as on weather and other data, to predict customer traffic and sales volumes with high accuracy in order to accomplish data-driven management. TORIDOLL Holdings Corporation decided to adopt the service for its Marugame Udon noodle shops, which will enable it to plan staff allocation, ordering and purchasing quantities for ingredients, and optimization of shop air conditioning. By doing so, the company aims to reduce food loss, reduce energy usage, and manage its stores more efficiently.

In tandem with data-driven management, we are also drawing the attention of our customers with our WLS initiative, which promotes employee well-being and productivity gains. Work Life Shift 2.0 amalgamates the knowledge, implementation, and operational expertise that we have acquired through our own implementation. By providing it as a service, we support the renewal of our customers' human resource strategies and help them to increase employee engagement, while working with them to transform their organizations into platforms for innovation and growth.

## Business model and portfolio strategy: Fujitsu Uvance

### Yoshinami Takahashi

Corporate Executive Officer  
SEVP, Head of Global Business Solutions,  
in charge of Fujitsu Uvance



We started fiscal 2023 with a full lineup of all the offerings in our seven Key Focus Areas. In their development, we utilize the strengths of our powerful customer base in Japan. We first provide a partner customer with a minimum viable product—a prototype offering that has the minimum necessary value—and then rapidly reflect customers' feedback in an agile development process. This process gives us the confidence that our offerings have high levels of functionality, usability, and marketability.

However, the offerings are never complete. We integrate insights gained from accumulated customer use cases, engage in joint development with strategic partners, and fuse the results with intellectual property (IP), centered on our own technologies, to further enhance the added value of our offerings by augmenting their functions. The acquisition of GK Software SE, including its versatile platforms and excellent engineers, will have significant impact on the future evolution of our offerings.

By providing offerings that enhance value for our global customers as on-cloud services, we aim to achieve high-profitability business scalability, and net sales in fiscal 2025 of ¥700.0 billion for Fujitsu Uvance.

<b>Progress up to fiscal 2022</b>	<ul style="list-style-type: none"> <li>• Sales rose in Horizontal areas, mainly in Business Applications such as those provided by SAP, ServiceNow, and Salesforce, and in Digital Shifts offerings such as WLS. In fiscal 2022, overall revenue from Fujitsu Uvance was approximately ¥200.0 billion.</li> <li>• In addition to the above offerings, we launched a total of 24 offerings in the Horizontal area of Hybrid IT, as well as in the four Vertical areas, resulting in offerings in all seven Key Focus Areas.</li> </ul>
<b>Priorities and key measures in the new medium-term plan</b>	<ul style="list-style-type: none"> <li>• Expand standardization of offerings and establish a model for the provision of global common services.</li> <li>• Strengthen consulting capabilities in Vertical areas and delivery capabilities in Horizontal areas.</li> <li>• Jointly develop cloud solutions to achieve SX together with strategic partners and launch on the market.</li> <li>• Strengthen Consumer Experience offerings centered on GK Software, acquired in May 2023.</li> </ul>
<b>Targets and KPIs</b>	<ul style="list-style-type: none"> <li>• Based on fiscal 2022 sales performance, target ¥400.0 billion sales in Vertical areas and ¥100.0 billion in Horizontal areas, and total revenue of ¥700.0 billion by fiscal 2025.</li> <li>• Aim to increase the gross profit margin in Vertical areas to more than 40% by fiscal 2025.</li> <li>• Assuming sales expansion, capture a 5% share of the SX market, which is expected to reach ¥8 trillion globally by fiscal 2025.</li> <li>• Bolster the number of specialist personnel supporting delivery of Business Applications from 3,000 in fiscal 2022, to 8,000 in fiscal 2025.</li> <li>• Aim to achieve sales of ¥100.0 billion in the Consumer Experience area by fiscal 2025, centered on GK Software.</li> </ul>



## Business model and portfolio strategy: Fujitsu Uvance

### Cross-industry deployment of offerings

One of the special features of Fujitsu Uvance is that it provides new cross-industry value. For example, without cooperation between the companies working in manufacturing, logistics, and retail, who constitute the supply chain, it is not possible to visualize CO<sub>2</sub> emissions with a view to overall optimization, or to achieve a reduction in Scope 3 greenhouse gas emissions. Bridging the so-called “white space” that has traditionally existed between companies and industries in this way and centralizing data that was previously separate is essential for resolving increasingly complex societal issues.

In Fujitsu Uvance's four Vertical areas, we are deploying global offerings developed with an intense focus on these societal challenges and customers' business issues. By evolving them into a reference architecture and increasing the standardization of our offerings, we

will shorten lead times from customer proposals to solution implementation and ensure flexibility in response to customers' needs as we develop our business with a 1-to-N approach.

### Strengthening consulting and delivery capability

Increasing our specialist human resources is the key to the growth of Fujitsu Uvance. In Vertical areas, we will expand our team of technology consultants who are able to make proposals that are based on global trends related to sustainability, that merge technical insights such as data analytics and AI, and that envisage the future of the industry. We are considering options for organically developing human resources, as well as alliances and M&As with companies that have consulting functions.

On the other hand, in Horizontal areas, we have had brisk inquiry activity from customers in regard to

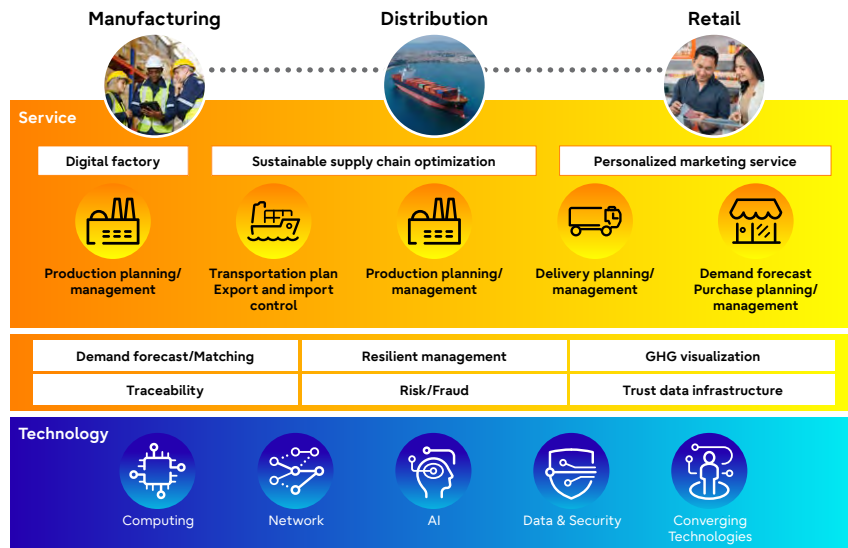
Business Applications especially, and we expect continued expansion of demand in this area. Accordingly, we will augment our human resources who have specialist skills in applications centered on SAP, ServiceNow, and Salesforce. We plan to accelerate our reskilling of existing human resources, which has been underway since the previous medium-term plan, in coordination with the HR Department.

### Acceleration of SX through strategic alliances and acquisition of GK Software

One of the Fujitsu Group's competitive advantages is the ecosystem formed with its partners. In addition to SAP, Salesforce, and ServiceNow, which comprise the Business Applications area, we are also reinforcing our strategic alliances with Microsoft Corporation and Amazon Web Services, Inc. By combining the intellectual property (IP) of these strategic partners, including their individual applications, with the IP of the Fujitsu Group, we will be able to create the Group's distinctive added value.

In addition, we plan to provide services to help customers achieve carbon neutrality by teaming up with the Anthesis Group, a global sustainability company with a track record in climate change countermeasures. We also plan to leverage a collaboration with Hexagon's Safety, Infrastructure & Geospatial division in the area of digital twin technology to springboard functional augmentation of Fujitsu Uvance.

In May 2023, we completed a public takeover offer of GK Software, a leading global provider of advanced cloud solutions for the international retail industry. We have already made inroads in cross-selling between GK Software and the Company, and we have been supplying GK Software offerings to the Japanese market. In addition, we will accelerate the growth of Fujitsu Uvance by using GK Software's excellent engineering personnel and applying its human resource development methods to the Company's reskilling program.



## Business model and portfolio strategy: Delivery

### Megumi Shimazu

Corporate Executive Officer

SEVP, Head of Global Technology Solutions,  
in charge of Modernization



The establishment of Japan Global Gateway (JGG) and the use of Global Delivery Centers (GDCs), along with the introduction of shared services, formed the backdrop for a strengthening of our delivery capabilities and an improvement in our productivity that were, in turn, the drivers for an increase in profit margins under the previous medium-term plan. Greater promotion of these initiatives is a priority of the delivery strategy in our medium-term plan, along with standardizing, automating, and utilizing AI in development operations, and further driving expansion of internal IT development and offshoring. In particular, in our delivery model based on shared services, we will accelerate introduction of a system that involves participation of delivery personnel from the initial stages of business talks with customers.

Modernization of customers' system assets is another priority. Our Modernization Knowledge Center was established as a center of excellence (CoE). It is spearheading our work to combine the knowledge it has accumulated as a CoE with the Fujitsu Group's insight into customers' system assets to powerfully promote modernization services.

By expanding our delivery capabilities and steadily capturing modernization demand, we will contribute to our overall business strategy of improving the gross profit margin by one percentage point per year and expanding the DX business.

#### Progress up to fiscal 2022

- Strengthened delivery capabilities through the establishment of JGG in fiscal 2021 and the integration of system integration subsidiaries. JGG had 7,000 personnel as of the end of fiscal 2022.
- Expanded GDCs to seven overseas locations, with 23,000 personnel as of the end of fiscal 2022.
- Enhanced GDCs/JGG and maintained collaboration with expert solution partners to expand project internalization rate.
- Pursued increases in quality and productivity simultaneously through standardization and automation of delivery with the use of shared services.

#### Priorities and key measures in the new medium-term plan

- Aim to increase delivery efficiency, quality, and speed through use of the Fujitsu Developers Platform, a common platform for project management and development technology.
- Increase the level of human resource management and promote reskilling at GDCs to match progress in automation and streamlining, and bolster the contingent of human resources with the ability to work in growth areas.
- Through new hiring and reskilling, increase the number and capabilities of personnel at GDCs and JGG.
- Foster services supporting the modernization of customers' system assets, centered on the Modernization Knowledge Center.

#### Targets and KPIs

- Increase the total number of delivery personnel for GDCs and JGG from 30,000 as of the end of fiscal 2022 to 40,000 by the end of fiscal 2025.
- Between fiscal 2022 and fiscal 2025, lift the project internalization rate from 59% to 64%, the offshoring rate from 11% to 18%, and the application of standardization and automation from 30% to 45%.
- Increase the ratio of GDC employees assigned to growth areas from 10% to 45%.
- Maintain a high level of employee engagement at GDCs.
- Promote modernization and on-cloud business expansion at a faster pace than market growth.

## Business model and portfolio strategy: Delivery

### Delivery model

At the heart of our delivery model, which is based mainly on shared services, are systematization and standardization of our development processes, technologies, and results. By standardizing all work processes related to design, development, and testing leading to service provision or offering implementation, we will provide high-quality common global services at speed. With conventional delivery models, development differed for each customer or project based on the customer's unique methodology or individualized expertise. By minimizing such models as far as possible, we aim to increase productivity.

One of the results of our continuous evolution of this model that was introduced when JGG was established is the Fujitsu Developers Platform. A common platform for project management and development technologies, it provides libraries for application and software development in a secure environment, while helping to streamline project management and improve development quality through the early detection of risks such as unprofitable projects.

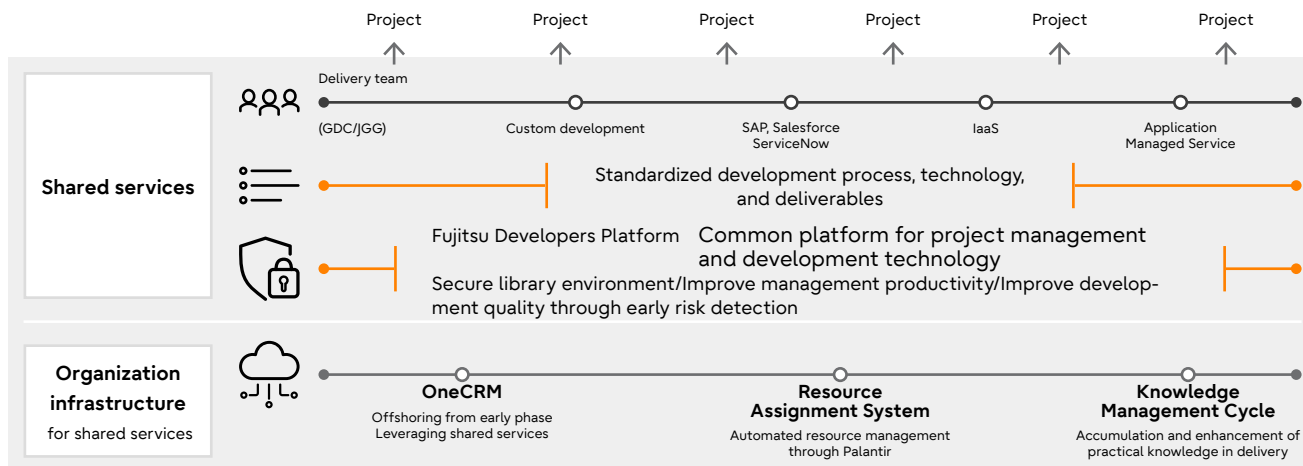
To establish a delivery model based on shared services, it is also essential to create an organizational foundation that can maximize the effects of such a model. In particular, in a system where delivery staff participate in projects from the initial stage of business talks, it is important that customer understanding be obtained regarding the use of GDCs/JGG. It is equally important that the GDC/JGG side establishes demand projections for services and assigns the necessary human resources to projects as required to enhance operational efficiency. To help materialize this model, we are currently working to share business deal information utilizing OneCRM, which has been launched globally. At the same time, we are also making headway on skill mapping of a total of approximately 30,000 personnel assigned to GDCs/JGG as of the end of fiscal 2022, and are using automation technology to match the right people to the right projects for optimal and timely resource allocation.

### Modernization Knowledge Center

Modernization refers to the transformation of customers' system assets, expanding, renewing, and increasing their cost effectiveness by migrating customers' existing on-premises application assets to an optimal IT platform, such as the cloud, while making full use of them. Achieving this requires insight into the existing system assets and a wide range of capabilities, including cloud design that also takes into consideration SX after the modernization step.

Japan's modernization is lagging behind that of Europe, the United States, and certain emerging markets, and the Fujitsu Group expects demand for this service to expand in Japan through to 2026. To capture this demand and meet the anticipated spread in demand for on-cloud services spurred by modernization, we established the Modernization Knowledge Center in September 2022.

As a CoE, the Modernization Knowledge Center will serve as a focal point for the Fujitsu Group's technologies and know-how related to modernization, and will bring together specialists with relevant expertise. It will provide support in business talks with business producers (BPs) responsible for dealing with customers, as well as technical support for system engineers (SEs) undertaking project delivery such as cloud migration or application optimization. Furthermore, the center will collect, organize, and share delivery knowledge, furnish modernization methods and tools, provide follow-up on the modernization implementation state of customers' systems, and lead efforts to cooperate with strategic partners with a focus on modernization demand in Japan. In these ways, the CoE will provide essential knowledge to ensure successful modernization.



## Technology strategy: Five Key Technologies

### Vivek Mahajan

Corporate Executive Officer  
SEVP, CTO, CPO  
Co-Head of System Platform  
\* Technology \* Portfolio



As CTO, my role is to promote R&D in the five Key Technologies, in which the Fujitsu Group has strong competitive advantages, so as to contribute to the Fujitsu Uvance business. Having developed differentiated technologies, we will incorporate them into Fujitsu Uvance offerings, including consulting, services, software, and products, and lead the Company's R&D toward business creation and expansion. Furthermore, to continuously create value through technology, we will make proactive use of our partnerships with world-class research institutes and universities, and leading companies.

Speed is the key to successful co-creation with customers to strengthen the development pipeline of Fujitsu Uvance offerings. With a consistently agile response to customers' requirements of the Company, we will achieve market-leading innovation through technology.

### Progress up to fiscal 2022

- Concentrated R&D resources on the five Key Technologies supporting Fujitsu Uvance. Advanced world-leading R&D in the latest AI, which creates new value that leads to the transformation of society and business; Computing, which supports innovation; Network, which processes very large data volumes in real time; Data & Security, which enables the achievement of autonomous distributed social systems through digital trust; and Converging Technologies, which merge diverse knowledge, including human, cultural, social and scientific fields, with digital technology.
- Made steady progress with R&D in the five Key Technologies. In Computing especially, we succeeded in developing the world's fastest\*<sup>1</sup> quantum simulator. We also maintained the No. 1\*<sup>2</sup> position in Japan for the number of published patents related to AI.
- Merged Fujitsu Laboratories Limited into Fujitsu Limited in 2021 to accelerate the commercialization of research results. In 2022, we established new research centers in India and Israel.\*<sup>3</sup> Together with centers in Japan, the United States, Canada, the United Kingdom, Spain, and China, the Group has over 850 R&D personnel working in eight countries around the world, establishing a global R&D structure that leverages the strengths of each center.
- Pursued joint research with a number of the world's top-ranking universities and research institutes. These include RIKEN, our joint development partner for the supercomputer Fugaku, as well as Ben-Gurion University (Security), the Indian Institute of Science (AI, quantum computing), the Delft University of Technology (quantum computing), the University of Toronto (Computing), Carnegie Mellon University (Converging Technologies), Fraunhofer Institute for Telecommunications, Heinrich-Hertz-Institut (Network), Tokyo Institute of Technology (Computing, Converging Technologies), Osaka University (quantum computing), Tohoku University (AI), and Kyoto University (Computing, AI).

### Priorities and key measures in the new medium-term plan

- Advance social implementation of the five Key Technologies through Fujitsu Uvance. In AI technology, having globally launched Fujitsu Kozuchi (code name) – Fujitsu AI Platform (Fujitsu Kozuchi) in April 2023, accelerate business development through cutting-edge AI. In quantum computing, cover all technology fields, from quantum devices to basic software and application development through joint research with preeminent research institutes and leading companies worldwide.
- Enhance Fujitsu's product portfolio based on Fujitsu Uvance.
- Strengthen global strategies through alliances with major partners, such as AWS, Microsoft, SAP, ServiceNow, and Salesforce.
- Accelerate research under a global structure by expanding recruitment of world-leading human resources. Actively recruit talent specializing in AI, Network, and Computing in India, and Security in Israel.

\*<sup>1</sup> At the time of announcement in March 2023

\*<sup>2</sup> Research by the Japan Patent Office (October 2022)

\*<sup>3</sup> Subsidiary established in April 2023



## Technology strategy: Five Key Technologies

### Fujitsu Kozuchi

Named after the magic mallet of the Japanese legend, “*Uchide no kozuchi*,” which could be swung to produce any treasure the bearer wished, Fujitsu Kozuchi is a platform that provides AI innovation components one after another. We will provide Fujitsu’s cutting-edge AI technologies, the AI core engines, which include explainable AI, causal discovery, human sensing, and generative AI, in combination with our strategic partners’ IP and software published on other companies’ platforms to successively provide AI innovation components that respond to customer issues on the front line and in management.

Over the last few years, Fujitsu has incorporated a range of approaches to lessen the distance between R&D and business, and in fact the gap between our Company and customers has also been diminishing year

by year. We are working to promote an agile approach of having various customers utilize our technologies to enhance their level of completion, rather than completing technologies through our own independent efforts. The development of Fujitsu Kozuchi is also based on this approach, enabling faster provision of components to customers. In practice, the time needed prior to launch of products has been reduced from several years to a matter of months, and over 120 customers are already using the platform.

### Bolstering R&D personnel

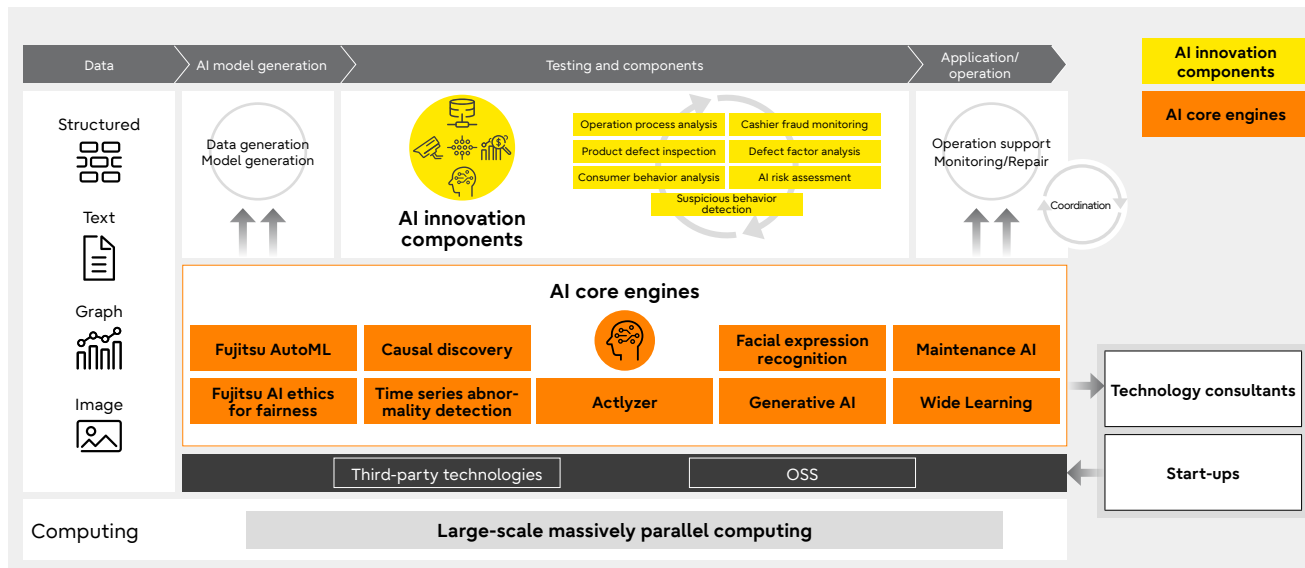
To actualize the latest competitive innovations in technology, it is essential to secure talented R&D personnel. The Fujitsu Group actively recruits personnel at R&D centers in eight countries worldwide.

The heart of the Company’s research is Fujitsu Research, which conducts basic to applied research on a wide range of themes. We call for research themes from all of our researchers and officially adopt themes using a voting system. This kind of free and open research environment is important.

We are conducting research using a global matrix structure comprising research themes and research centers, which are located in Japan, the United States, Canada, the United Kingdom, Spain, China, India, and Israel. We offer researchers attractive career opportunities globally, including relocation between centers.

### Collaboration with universities and research institutes worldwide

In addition to its own R&D, the Fujitsu Group is also focused on collaboration with universities and research institutes. For example, in the medium- to long-term theme of quantum computing development, we are pursuing joint research with RIKEN, the Delft University of Technology, Osaka University, and the university-launched venture company QunaSys Corporation. Our partner universities and research institutes are also global and diverse, and take into account the different strengths in individual countries, such as the United Kingdom, which is a leader in research on AI ethics; Israel, which is a leader in research on security; and India, which is a leader in algorithm development. In addition, we are also deploying the Fujitsu Small Research Lab project at universities worldwide, during which Fujitsu Group research staff are stationed on campus to accelerate joint research and discover new themes.



## Technology strategy: Intellectual property management

### Overview of our IP strategy

The Fujitsu Group's Purpose is "to make the world more sustainable by building trust in society through innovation." The Intellectual Property Division seeks to help achieve this Purpose by formulating and promoting an intellectual property (IP) strategy that will contribute to value creation through innovation. Specifically, we are focusing on a technology strategy of concentrating management resources on the five Key Technologies essential for digital services and on building an IP portfolio to advance the progress of our portfolio strategy.

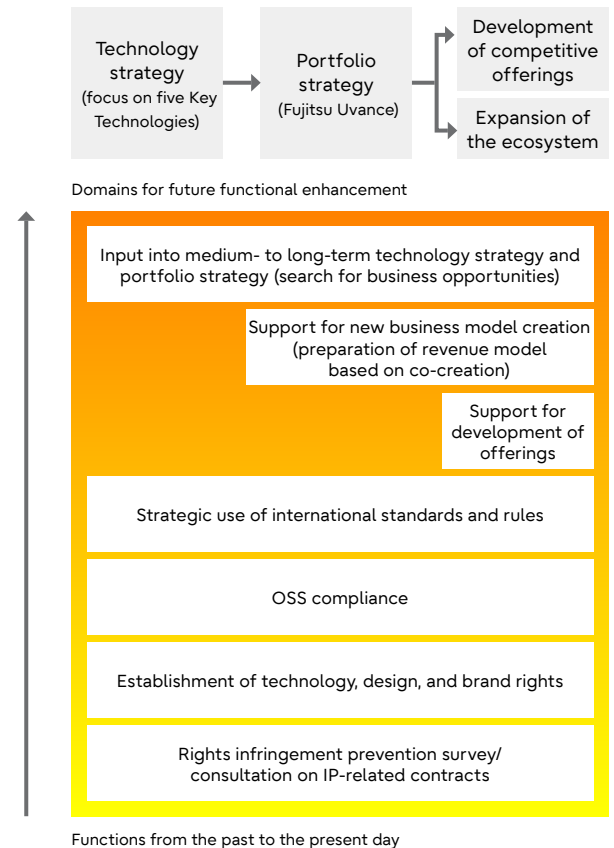
The role of IP management as part of overall corporate management has been changing significantly over recent years. Whereas the conventional approach of "protecting value" involved establishing and managing rights for the Company's own technologies, designs, and brands, today we are expected to go further by conducting management that "creates value" from the perspective of utilizing the IP held by the Company and others in a broader context. Aiming for growth centered on Fujitsu Uvance, the Fujitsu Group is utilizing its own IP, using it in combination with other companies' IP to jointly develop offerings, and is starting to license its own IP out. Coming up with IP strategies based on concepts that differ from those of the past and engaging in flexible IP management are urgent tasks.


### Fujitsu Uvance and IP management

The Intellectual Property Division takes an organizational approach to IP activities linked with its technology and portfolio strategies, centered on the five Key Technologies. These activities help to maintain and strengthen the Group's competitive advantages and capture new business opportunities. In our IP activities, we are working to promote the global protection of rights to our technologies, designs, and brands, and to manage these rights appropriately with the objective of differentiating our technologies and services from those of other companies, while simultaneously maintaining and strengthening our competitive advantages. Furthermore, in the domain of open innovation, we will promote co-creation using IP, including strategic utilization of IP licensing, international standards, rules, and open source software (OSS).

What is the best form of IP management for encouraging co-creation with various companies, universities, and research institutes, and public organizations such as national and local governments? To co-create value by building a cross-industry ecosystem, how should the Fujitsu Group make best use of its IP portfolio? How should we monitor and disclose the changing contributions and roles of IP management that cannot be measured solely in terms of numbers of patents? The Intellectual Property Division is working to answer these questions in coordination with the Technology Strategy Division, led by the CTO and the CPO, and IP strategy officers appointed within each business division. We constantly revise our IP strategies and strive to implement practical IP management that aligns with our management, technology, and portfolio strategies.

### Technology strategy, portfolio strategy, and IP management



For details  Fujitsu's Intellectual Property

## Customer success/regional strategy: Customer success

### Shunsuke Onishi

Corporate Executive Officer  
SEVP, CRO  
Head of Global Customer Success  
\* Revenue



Since 2022, I have been responsible for global customer success, leading the development of organizations, human resources, and account portfolios, as well as the formulation of business plans, all directed at attaining growth in our customers' businesses. In April 2023, I was appointed as CRO, a role in which I am dedicating every effort to promoting a consistent global customer success strategy and realizing the growth of the Fujitsu Group.

We recognize three priority issues for achieving the targets of the new medium-term plan, particularly that of maximizing revenue. The first is ensuring consistency across the Fujitsu Group on frontline activities such as our account portfolio, marketing, and pricing strategy. The second is changing the behavior of business producers (BPs) and moving away from a sales style that relies on individual team member experience. Instead, we will use data to set priorities, build hybrid customer contact points that include digital sales, and switch to a proposal style based on value pricing. The third is realizing growth in conjunction with our business portfolio transformation. "Growth" is not only effective from the perspective of maximizing revenue but also in terms of inspiring behavior change. Rather than simply increasing sales, we need to achieve a portfolio transformation to align with Fujitsu Uvance, and we will also review our approach to incentives to realize this.

By creating a virtuous cycle of taking on challenges, winning projects, and contributing to growth, we will achieve frontline organization reform, customer success, and maximization of revenue.

#### Progress up to fiscal 2022

- Merged the BP and system engineer (SE) organizations to integrate production and sales, defined and developed the role of Account General Manager (AGM), and prepared a globally standardized account portfolio, including the formulation of account plans and sales strategies for each customer. These measures established a solid foundation for a frontline organization interfacing with customers.
- Launched operation of OneCRM in all regions in April 2022. Business deal details and progress were presented visually, enabling data-driven decision-making.

#### Priorities and key measures in the new medium-term plan

- [Customers]
- Thoroughly implement globally standardized account portfolio operation and utilization of OneCRM, and establish mechanism for setting pricing commensurate with added value.
- [Organization]
- CRO to take responsibility for global governance and deploy cross-regional strategy for revenue maximization with the main focus on expansion of Fujitsu Uvance.
- [Operations]
- Establish a multiregional account management structure.
- [Talent]
- Develop and appoint global account directors (GADs) who are capable of competing on a global stage, and implement a new operating model for global accounts.
  - Accelerate talent acquisition from the global market.
- [Partners]
- Encourage global-scale go-to-market strategies with strategic partners.

Customer success/regional strategy: Customer success

## Account portfolio management

One of the Group's greatest intangible assets is its customer base. Our customers cover a variety of industries and business types, including manufacturing, distribution, finance, telecommunications, national and local governments. To support these customers in achieving business growth, or customer success, we analyzed the details and scale of our transactions with existing customers, as well as their needs, and created an account portfolio that organizes our sales activities based on consistent global rules during the previous medium-term plan period.

Management of this account portfolio is the key to achieving the targets of the new medium-term plan, including the growth of Fujitsu Uvance, through the realization of customer success. Through optimal

deployment of sales resources and use of OneCRM to visualize global business deal information in real-time, we will capture customers' needs accurately and quickly, and connect them to proposal activities. At the same time, we share customer needs and feedback with the solution development divisions to enable continuous evolution of Fujitsu Uvance offerings and the provision of competitive solutions. In providing competitive services, we changed our conventional approach, which involved aggregating costs, and adopted a policy of securing revenues based on value-based pricing.

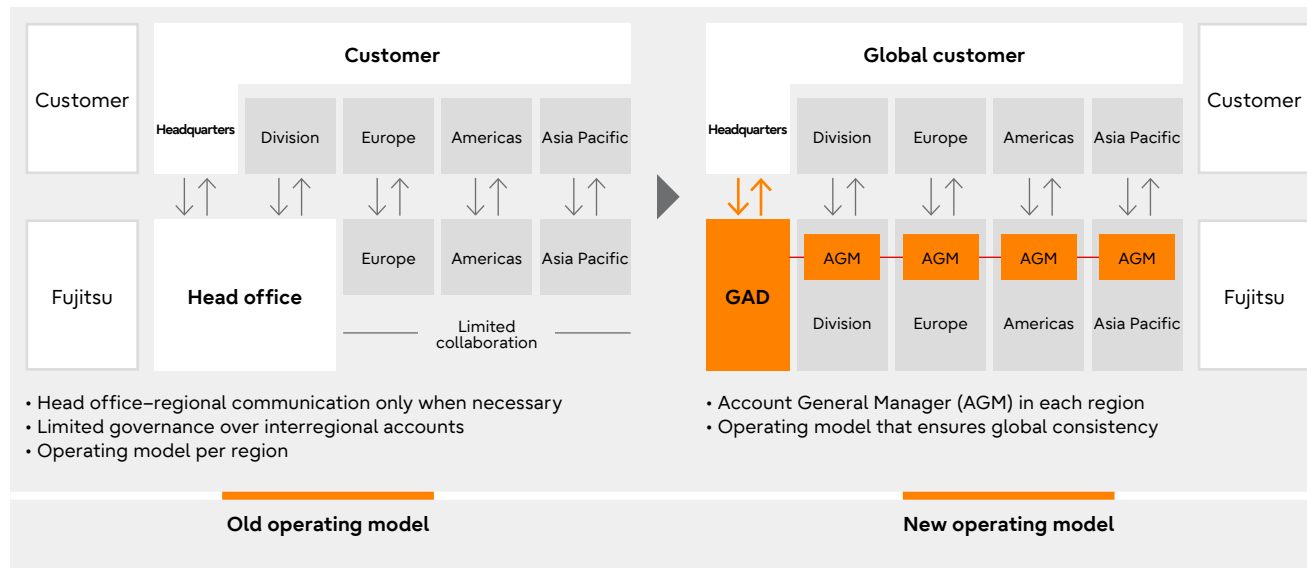
## Transformation of the operating model

We will introduce and run a new operating model tailored to the needs of customers who are developing their businesses globally. Previously, BP's assignments to

customers were optimized for each region, so we were not always able to fully meet the needs of customers seeking consistent global services. The new operating model is intended to resolve this issue.

AGMs and GADs play a central role in the new operating model. The AGMs are the representatives of the Fujitsu Group, integrating the account sales and system engineer functions. This small number of elite personnel are selected and appointed after completing a development process with an intensive training program. We have already been seeing tangible results, including orders for collaborative projects with customers for their transformation during the previous medium-term plan. Under the new operating model introduced with the new medium-term plan, we intend to assign AGMs to Japan, Europe, the Americas, and Asia Pacific in accordance with customers' deployment locations.

GADs will have global responsibility and authority for the global accounts and will be leading the AGMs for each region to provide globally consistent services. Under the new operating model, we will support our customers' global business development and contribute to realize new value creation, including SX, and business transformation.





## Customer success/regional strategy: Regions (Japan)

### Hiroyuki Tsutsumi

Corporate Executive Officer  
SEVP, CEO, Japan Region



Under its previous medium-term plan, the Fujitsu Group embarked on a transformation to become a global IT services company. In our frontline organization that interacts with customers, we conducted various reforms, including the reskilling of around 8,000 personnel and deploying the business producers (BPs) who were created as a result. However, our customers also aspire to achieve transformations. The strategic task of the front-end divisions is to analyze the transformation needs of customers whom we have not followed up on yet and to provide them with proposals that meet their expectations. The centerpiece of these proposals is Fujitsu Uvance, which is predicated on modernization.

In the Japan region, which is the earnings base of the Fujitsu Group, we aim to lead the Group's efforts to achieve the financial targets of the new medium-term plan, particularly with respect to raising the operating profit margin. To this end, we will thoroughly change the mindset of BPs in terms of leading the increase in profitability.

We are working to transform our business model and to go beyond the business of our current trajectory by focusing on the growth of digital services, which are at the heart of Fujitsu Uvance. As the driver for this change, we are working urgently to promote our business.

#### Progress up to fiscal 2022

- Fujitsu Japan Limited began full-scale operations. Established an unrivaled No. 1 position in the Japan market in terms of both market share and customer base, boosting profitability in the Japan region.
- Reorganized system integration (SI) Group companies to concentrate knowledge and strengths inside the Group. Encouraged transformation of service delivery from the customer-facing front lines.
- Completed reskilling training for 8,000 sales personnel, converting their roles to BPs working with customers on DX.
- Steady growth of consulting subsidiary Ridgelinez Limited, established in 2020. In addition to setting up its organizational and personnel base as a consulting firm, Ridgelinez also demonstrated its presence as a partner in customers' management and business transformations.

#### Priorities and key measures in the new medium-term plan

- Achieve revenue growth by proposing Fujitsu Uvance offerings to customers and capturing the modernization needs of customers who use products such as mainframe computers, UNIX servers, and office computers.
- Promote reform of customer-facing front lines by expanding our consulting in conjunction with Ridgelinez, conducting proposals and sales tailored to offerings, as well as digital sales, and increasing engagement with development and sales partners in Japan.
- Accelerate the transformation of delivery through measures such as comprehensive utilization of GDCs and JGG, and proper allocation of resources through the use of OneCRM.
- Strengthen quality management across the entire customer-facing frontline organizations, led by the CQO (Chief Quality Officer) and CISO (Chief Information Security Officer), to reduce the number of unprofitable projects and the incidence of system quality issues.

#### Targets and KPIs

- Grow revenue in Regions (Japan) from ¥1,194.6 billion in fiscal 2022 to ¥1,450.0 billion in fiscal 2025, and increase the operating profit margin from 12.4% to 19.3%.
- Realize growth by securely capturing soaring demand from enterprises, focusing on this sector out of the public and enterprise sectors, which each accounted for around 50% of revenue in fiscal 2022.
- Revenue targets for fiscal 2025 call for ¥210.0 billion from Fujitsu Uvance and ¥250.0 billion from modernization.
- Contribute to gross margin improvement of one percentage point per year by improving development efficiency through service delivery transformation and by steadily capturing modernization demand.

Customer success/regional strategy: Regions (Japan)

## Customer-facing frontline transformation

One of the main priorities in the new medium-term plan is transforming our front line in the Japan region through the following three measures.

The first measure is to expand our consulting approach with Ridgelinez. We work with Ridgelinez to build relationships with the management teams of customer firms and with those in charge of the operating divisions responsible for revenue. Next, Ridgelinez undertakes overall program management, including consensus formation among management. Then, the Company's customer-facing frontline divisions take over the practical side of a project, building a platform for data utilization, or a standard core system, such as an enterprise resource planning (ERP) system. Finally, we aim to create opportunities for further business deals. Using projects carried out during the previous medium-term plan as model cases, we will expand our approaches to capture every benefit from strengthening our consulting capabilities.

The second measure is to develop markets using new approaches such as the sale of offerings and digital sales. BPs assigned to customers will utilize these new approaches in addition to the conventional one of undertaking every step in the process from cultivating a new customer to after-sales follow up. In this way, we will achieve an optimal allocation of frontline division resources and timely engagement with customers. Specifically, we envisage optimizing our sales of offerings to suit sales activities for Fujitsu Uvance offerings, BDRs\*1 responsible for handling the creation of new customer contact points and information exchange, and SDRs\*2 who specialize in digital sales, such as online seminars and information distribution, as well as customer engagement from a remote environment.

The third measure is stepping up engagement with our development and sales partners. Since the central focus of the Fujitsu Group's business platform is gradually shifting from products to digital services centered on Fujitsu Uvance, we will also unify our contact points

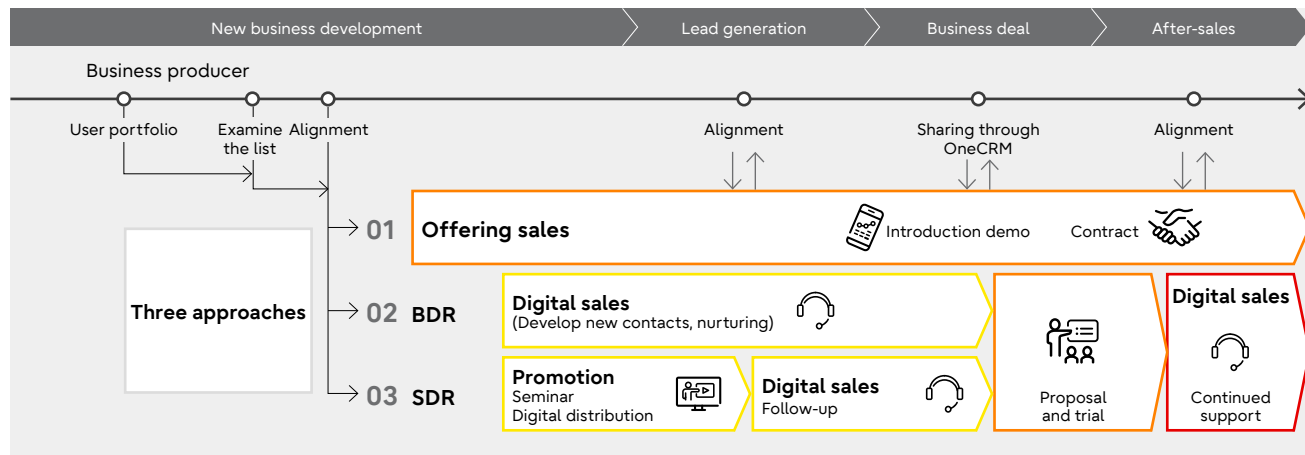
for partners and increase our engagement with them, encouraging them to try different sales approaches than used in the past and to acquire new capabilities.

\*1 Business Development Representatives  
\*2 Sales Development Representatives

## Increasing development efficiency and strengthening quality management

Under our delivery strategy, even if we increase our GDC and JGG personnel, without an accompanying expansion in the use of GDCs and JGG by customer-facing frontline divisions, productivity may decline. In other words, it is increasing the efficiency of development of solutions and applications by system engineers in the Japan region that is the key to lifting the Fujitsu Group's overall productivity and ultimately contributing to increasing our profit margin. In addition to the utilization of GDCs and JGG, we will promote delivery transformation by standardizing development methods and technologies, strengthen agile development, and further expand remote system operation from locations not on customers' sites, as well as appropriately allocate development resources through the use of OneCRM.

We will also take steps to bolster quality control throughout the Japan region. Following instances of unprofitable projects and system quality issues in recent years, we will reinforce governance by the CQO (Chief Quality Officer) and CISO (Chief Information Security Officer), and centralize authority over quality control. Specifically, we are thoroughly implementing project management based on One Delivery, standardizing quality management processes and consolidating the systems that support quality control and risk monitoring into the Fujitsu Developers Platform. By applying these measures sincerely and continuously at our customer-facing front lines, we will uphold the trust that our customers place in us.



## Customer success/regional strategy: Regions (International)

	Europe region	Americas region	Asia Pacific region
Progress up to fiscal 2022	<p>[Select and concentrate]</p> <ul style="list-style-type: none"> <li>Recognizing the need to focus on high-profitability service businesses, we have identified countries in which profits are low. We will phase out our product-based business in those countries and focus on the service business in 14 countries.</li> <li>We transferred the development of global offerings, which had been partially conducted in certain regions, to the Global Business Solutions Group.</li> <li>Through the measures outlined above, we have boosted our foundation for expanding the service business.</li> </ul>	<p>[Business portfolio transformation]</p> <ul style="list-style-type: none"> <li>In fiscal 2021, we introduced structural reforms to discontinue low-profit product business, equipment sales for the retail industry, hosting services, and maintenance services. We also successfully completed the restructuring and consolidation of key Group companies in North America.</li> <li>By highlighting the service business, profitability improved and we moved into the black in fiscal 2022.</li> </ul>	<p>[Business model transformation]</p> <ul style="list-style-type: none"> <li>To enhance knowledge of customer industries, we are shifting toward an industry-focused and consulting-led approach.</li> <li>We elevated our capabilities by acquiring Versor, oobe, Enable Professional Services, and InPhySec, strengthening and expanding our offerings in the DX domain.</li> <li>In fiscal 2022, we created a new organizational structure, combining the Asia and Oceania regions to create the Asia Pacific region.</li> </ul>
	<p>[Offerings]</p> <ul style="list-style-type: none"> <li>We started to focus on the expansion of global offerings for Fujitsu Uvance. As a result, we racked up successes in Hybrid IT, Business Applications, and Digital Shifts, with a particular emphasis on the Europe region.</li> </ul> <p>[Accounts]</p> <ul style="list-style-type: none"> <li>We prioritized certain strategic accounts in each region.</li> </ul> <p>[Delivery]</p> <ul style="list-style-type: none"> <li>We used the Americas as our reference model, as this region succeeded in becoming profitable within one fiscal year, to step up collaboration and utilization with GDCs, and to pursue higher productivity through standardization.</li> </ul> <p>[Alliances]</p> <ul style="list-style-type: none"> <li>Led by headquarters, we strengthened and expanded our business with strategic alliance partners, both global and regional.</li> </ul>		
Priorities and key measures in the medium-term plan	<p>[Business model and portfolio strategy]</p> <ul style="list-style-type: none"> <li>We will accelerate the shift from the MIS*<sup>1</sup> to the BAS*<sup>2</sup> business, work to increase profitability, and focus on expanding our offerings in Fujitsu Uvance's Vertical areas.</li> <li>We will fortify alignment with the business groups leading the global strategy to confirm effective oversight of offering development and investment, as well as delivery and sales. Additionally, we will expand our business by monitoring progress using globally consistent KPIs and by operating an incentive program.</li> </ul> <p>[Customer success/regional strategy]</p> <ul style="list-style-type: none"> <li>We will develop and expand our consulting capabilities and approach methodologies.</li> <li>We will create a globally standardized customer-facing organizational structure.</li> </ul> <p>[Technology strategy]</p> <ul style="list-style-type: none"> <li>We will develop a framework to utilize the latest technologies, including AI.</li> <li>We will build use cases with customers who are interested in advanced initiatives and roll them out as reference models within the region.</li> </ul> <p>[People strategy]</p> <ul style="list-style-type: none"> <li>We will reskill our human resources to ensure their ability to respond in growth domains.</li> <li>We will differentiate our proposals and enhance value via strategic alliances with SAP, ServiceNow, Salesforce, Microsoft, and AWS.</li> </ul>		

\*1 Managed infrastructure services

\*2 Business application services

## System quality and information security



**Tomoko Tsukahara**  
Corporate Executive Officer  
EVP, CQO  
\* Quality



**Masahiro Ohta**  
Corporate Executive Officer  
EVP, CISO  
\* Information Security

Our mission as CQO and CISO is to drive efforts to reinforce the management framework for system quality and information security, which are core to the Group's business. We aim to further stabilize customers' businesses, and thereby earn and maintain their trust.

We are currently making progress in utilizing the data collection infrastructure and implementing organizational changes to step up the centralized management of system quality. Specifically, we are accelerating the standardization of project management through data sharing and are introducing a framework to manage quality on a project basis, integrating business divisions and business partners.

On the information security front, we are enhancing Companywide security risk management by accurately ascertaining and visualizing the situation in each business division. Additionally, we intend to augment risk management for the entire supply chain, responding to the need to address security risks from the perspective of preserving economic security.

<p><b>Progress up to May 2023</b></p>	<p>[Strengthening the system]</p> <ul style="list-style-type: none"> <li>• We appointed a dedicated CISO in October 2021, followed by the establishment of a CQO position in May 2023.* By adding the CISO and CQO to the Risk Management &amp; Compliance Committee, which serves as the forum within the Group for deliberating important risk and compliance issues, the CISO and CQO were assigned more authority than before.</li> <li>• We restructured the Risk Management &amp; Compliance Committee to make decisions on specific measures, such as Companywide measures related to information security and system quality, including resource allocation and responses to individual events, and to promptly enforce these measures.</li> <li>• To ensure the rapid and effective implementation of measures, the Committee will be held every month, as well as on an ad hoc basis when needed.</li> </ul> <p>[Improvement and enhancement of system quality]</p> <ul style="list-style-type: none"> <li>• We are making the transformation from a quality assurance structure specific to each business area and organization to one in which customer-facing divisions, the JGG, and the GDCs work together to institute projects for the system integration business in Japan. Corresponding quality regulations were issued, and quality control and risk monitoring based on Companywide quality standards were rolled out to Fujitsu Limited in fiscal 2022.</li> </ul> <p>[Information security measures]</p> <ul style="list-style-type: none"> <li>• We established the Global Information Security Unit, led by the CISO, expanding the scope of responsibility beyond internal systems to include the Fujitsu Group's business systems and products.</li> <li>• In fiscal 2022, we redefined the profile of security managers in business lines in terms of skills and roles. We completely overhauled, reorganized, and consolidated the structure of security managers, and also unified the chain of instructions from the CISO to each business line.</li> <li>• To strengthen the global structure, an independent and dedicated regional CISO and teams are formed directly under the region head. Dual reporting to the region head and CISO is installed.</li> </ul>
<p><b>Status of current measures and future initiatives</b></p>	<p>[Improvement and enhancement of system quality]</p> <ul style="list-style-type: none"> <li>• We have completed the centralization of quality control authority within the Company, in response to the system quality issues that have occurred at Fujitsu Japan. Moving forward, we will introduce standardized project management, predictive detection based on quality management and risk monitoring, and rapid physical confirmation.</li> <li>• To ensure the quality of systems that handle personal information, particularly those involving residential services such as certificate issuance, we have set up a third-party framework to assess whether processes we have planned and deployed are adequate. Operations under this framework commenced in May 2023.</li> <li>• We are currently building a system to objectively evaluate the quality of development sites and shipment decisions by integrating quality-related information generated in the development field into the Fujitsu Developers Platform, our common development platform. This system will analyze the data in a timely manner, combining it with Earned Value Management (EVM) and quality indicators. We plan to commence operations in October 2023.</li> </ul> <p>[Information security measures]</p> <ul style="list-style-type: none"> <li>• We will work to accurately ascertain and visualize the security risks throughout the Company and share them with management and operational departments. By doing so, we will promote Companywide security management led by the CISO, encourage self-improvement in business lines, and implement measures that contribute to the prevention of security incidents.</li> </ul>

\* The CQO was appointed in June 2023.