

Fujitsu Limited
September 26, 2019

Notice Regarding Management Direction

Tokyo, September 26, 2019 – Fujitsu Limited has announced that its Board of Directors today made a decision with regard to Fujitsu's Management Direction as attached hereto.

Press Contacts:

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About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company, offering a full range of technology products, solutions, and services. Approximately 132,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE: 6702) reported consolidated revenues of 4.0 trillion yen (US \$36 billion) for the fiscal year ended March 31, 2019. For more information, please see www.fujitsu.com.

Management Direction Briefing

September 26, 2019

FUJITSU
shaping tomorrow with you

Toward Fujitsu's Growth

Takahito Tokita

President
Fujitsu Limited

1. Fujitsu's Business Model Going Forward



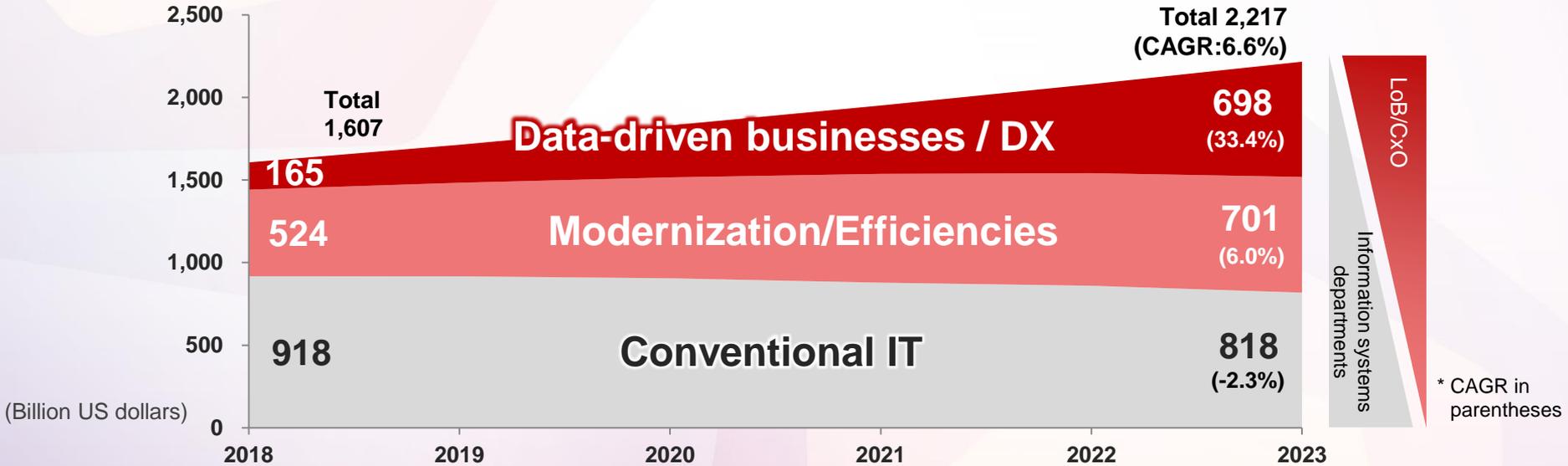
From an IT company to
a DX* company.

* Digital transformation (DX): Utilizing digital technologies and data to deliver innovative services and transform business processes.

2. Market Overview

■ Trends in the corporate IT market (worldwide)

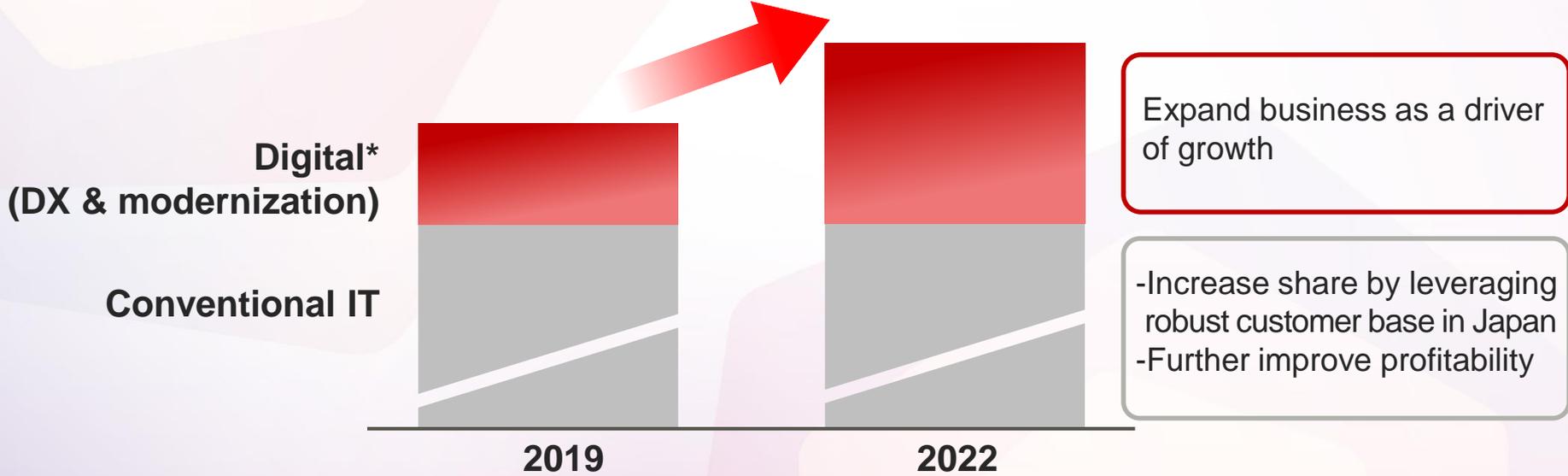
- Market for conventional IT (information systems departments) is shrinking year by year (-2.3% CAGR)
- Meanwhile, modernization (6.0% CAGR) and data-utilization businesses / DX (33.4% CAGR) markets are growing rapidly



3. Core Policy

■ Expand digital offerings, including DX, and raise profitability of conventional IT, based on robust business foundation

Revenue outlook



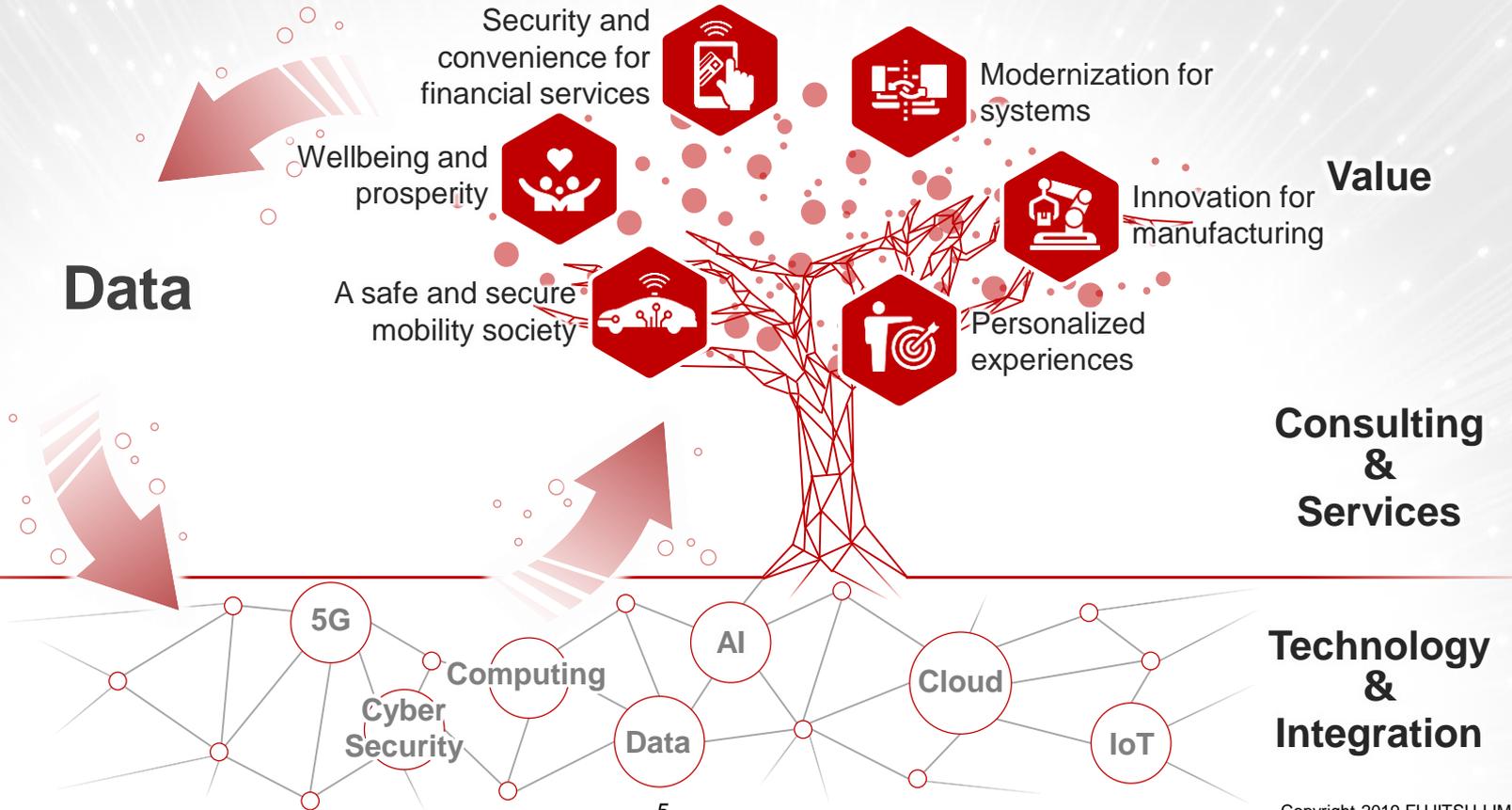
Expand business as a driver of growth

-Increase share by leveraging robust customer base in Japan
-Further improve profitability

* In addition to DX, includes modernization, visualization, and streamlining activities that support DX

4. Expanding the Digital Transformation Business

4.1 The DX Business Fujitsu is Seeking



4.2 Leading Initiatives in the DX Business

■ Case studies (selected)



Revolutionary technologies

Digital Annealer optimizes logistics and other industries



Cross-industry value

Mobility Platform



New revenue models

Revenue sharing in transformative customer experience (CX) business

4.3 Establishing a New Company to Drive DX Business

■ Expand business beyond the boundaries of the Fujitsu Group

- Increase number of DX consultants from 500 to 2,000 (by fiscal 2022)
- Launch planned for January 2020

New DX company

One-stop delivery, from DX proposals to planning, construction, and operations



4.4 Technologies Supporting DX

■ Concentrating resources in 7 key technology fields

Computing



Digital Annealer, HPC

Multi-factor biometric authentication, security by design

Cyber Security



Cloud



Hybrid cloud and multi-cloud

AI



Explainable AI, Wide Learning

Virtual world
(digital space)

Value
Collection

Virtuora DX, Data Lake, Chain Data Lineage

Data



5G



Local 5G, network slicing

Real world
(physical space)

Dracena, edge computing, real-time digital twin

IoT



4.5 Accelerating Investments for DX Business **FUJITSU**

■ Promoting the creation of business opportunities and new businesses: investing 500 billion yen over the next five years

- Priority investment in cutting-edge technologies that support the solution of societal problems
- Further improvements to technologies and services that support growth of the DX business
- Corporate venture capital (CVC), investment in venture companies, and acquisitions for the creation of new businesses
- Investments in personnel and overall company-internal transformation (reform of processes and infrastructure)



5. Increasing the Competitiveness of Each Business

5.1 Increasing Profitability of the Services Business

■ While maintaining robust business foundation in Japan, aim for 70 billion yen boost in profitability by FY2022

- Accelerate highly reliable modernization of customers' systems and operations, based on wealth of knowledge
- Increase the workforce of the GDG to 20,000 personnel by 2022, as a global resource pool, and pursue further cost efficiencies
- Improve quality assurance functions for the entire Services business
Gather field-specific know-how, and establish pragmatic and effective management systems
- Promote automation of SE tasks
Further increase productivity through use of AI, RPA, etc.
- Pursue greater efficiencies through reexamination of organizations and processes

5.2 System Products

■ Help resolve issues facing society with cutting-edge computing technology

- Started production of Fugaku, maintaining progress in system development and deployment for initiation of shared use around 2021 or 2022
- Global promotion of PRIMEHPC FX1000/700 supercomputers leveraging Fugaku technology



Fugaku: Successor to the K computer



PRIMEHPC FX1000

5.3 Network Products

■ Initiatives toward full-fledged 5G services

Promoting the prevalence of 5G networks

- Started delivery of 5G base station products for NTT DoCoMo
- Strategic partnership with Ericsson
- In photonics, concentrate investments in optical high speed technology
- Strengthen the software and service field



5G wireless equipment



5G base station control equipment

Accelerate DX with digital technology and 5G networks

- Strengthen proposal for local 5G networks
- Utilize technology and talent developed through carrier business



Manufacturing



Healthcare

5.4 Business Outside Japan

■ Steady implementation of shift to services business in EMEIA

- Structural reforms in EMEIA
 - Augsburg plant (in Germany) scheduled to end production (September 2020)
 - Plan to switch product sales to channel partners in roughly half the countries
- New organization in Europe
 - Divide into two regions for greater agility: Northern & Western Europe (NWE) and Central & Eastern Europe (CEE)
- Strengthen global service delivery through GDCs
 - Unify GDC with the delivery group for the NWE region

New organization of regions



6. Internal Transformation

6.1 Changing Internal Processes and Corporate Culture

■ Implement complete internal transformation necessary to become a trusted DX partner

- Aim to become a creative group of professionals with a wealth of diversity
- Take the lead in implementing own DX, serve as reference model for customers



Ways of working

Alleviate time and space constraints
Work/life balance



Training

Implement design thinking
Enterprise agile



Internal processes

Reform systems and processes to accelerate internal DX



Culture

Casual dress code
Convey information from top management

6.2 Evolve Human Resources Management (HRM) **FUJITSU**

■ Transform to an organization that accelerates global HRM

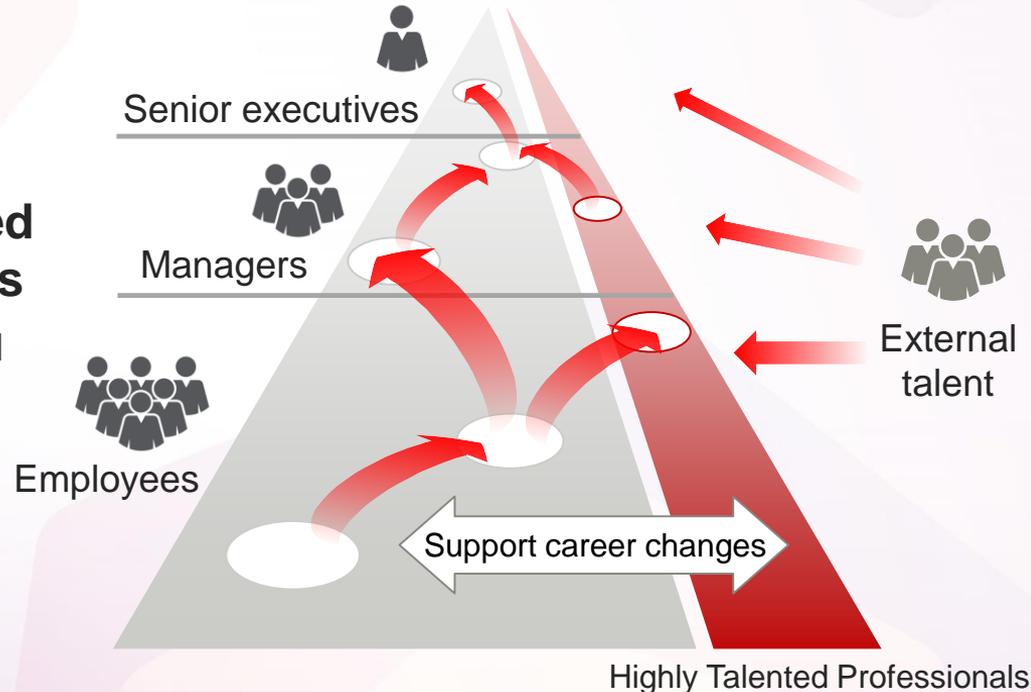
■ Position Based

Accelerate cross-border career opportunities at the global level

■ New compensation plan focused on highly talented professionals

- Decide compensation based on external benchmarks
- Expand mid-career hiring

■ Year-round recruitment of both new graduates and mid-career candidates

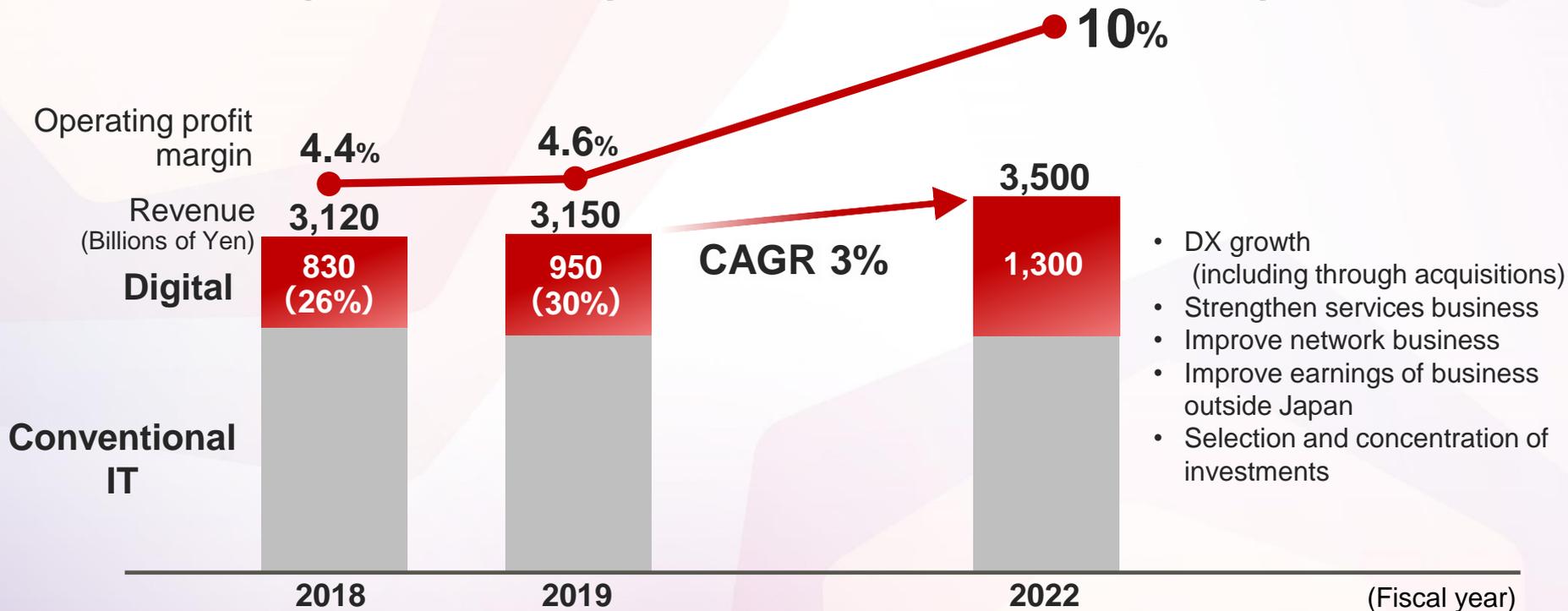


New Human Resources Management

7. Management Targets

7.1 Sustainable Growth and Higher Profitability **FUJITSU**

■ Aim to grow in the digital field while achieving an operating profit margin of 10% with Technology Solutions



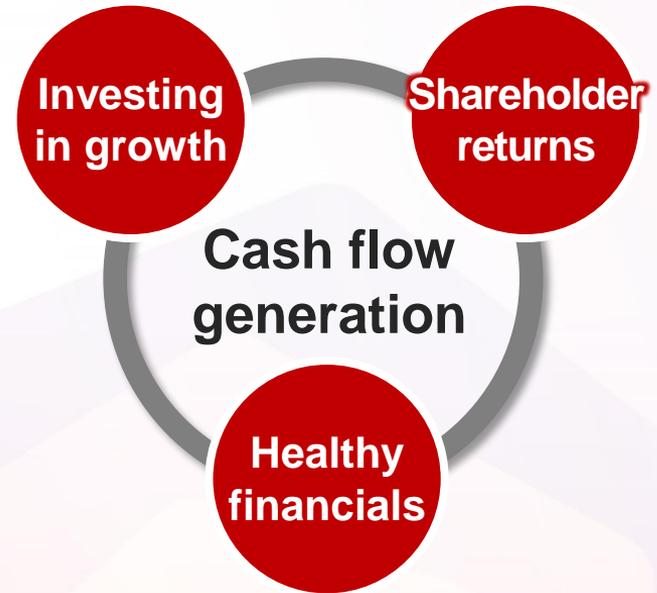
*Operating profit margin of Technology Solutions plus Other/Elimination and Corporate

7.2 Cash Flow

■ Aim to generate stable levels of free cash flow of at least 150 billion yen each fiscal year

<Cash flow distribution >

- Investments for growth: Proactive investments in employee training for DX, internal DX implementation, acquisitions
- Shareholder returns: Stable dividends, with higher shareholder returns in accordance with growth level, and flexible implementation of stock buybacks
- Strengthening financial fundamentals: Maintain healthy financial fundamentals appropriate to a company supporting social infrastructure, and maintain a stable shareholders' equity ratio* and an adequate level of liquidity



*Shareholders' equity ratio: Ratio of equity attributable to owners of the parent company to total assets

7.3 Non-financial Initiatives

Fujitsu as a Responsible Global Company (Global Responsible Business)

Socio-Economic Impact of ICT



**Human Rights,
Diversity and
Inclusion**



Wellbeing



Environment



**Ethical
Conduct**



Compliance

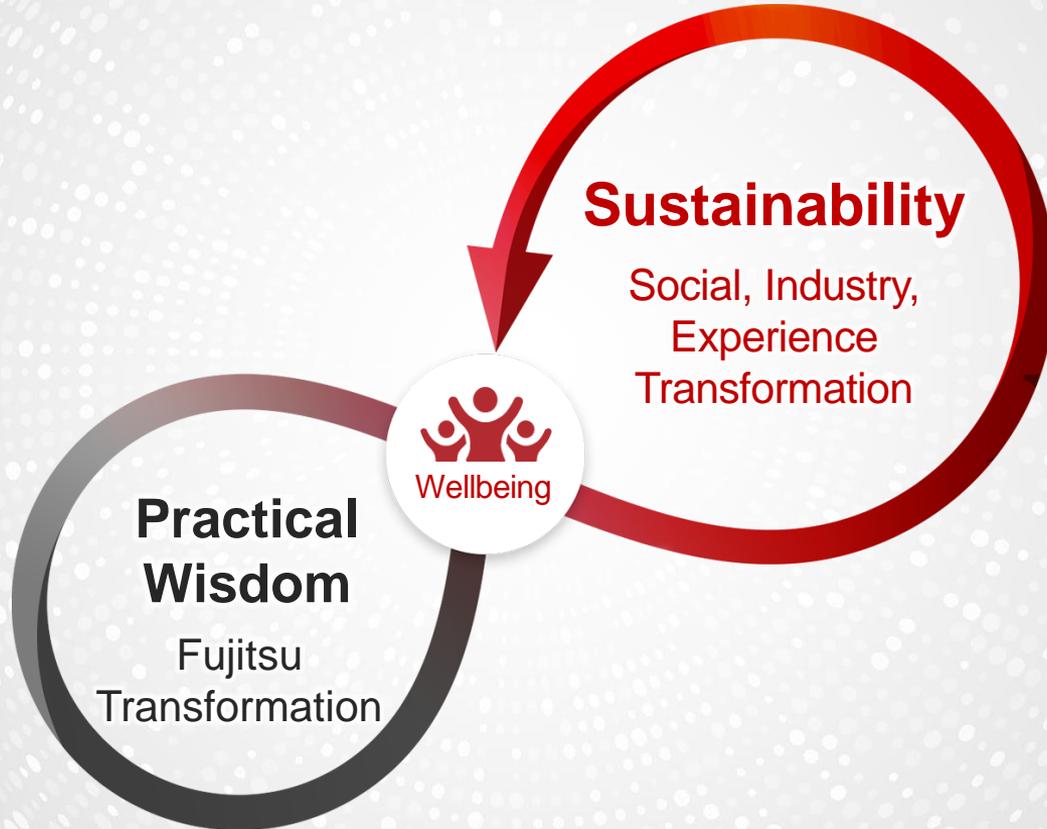
Supply Chain

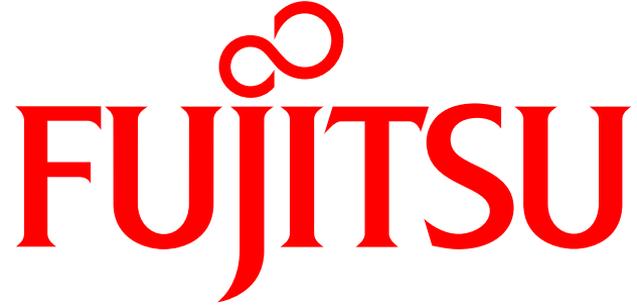
Health and Safety

Community



Achieving Growth by Transforming Our Business and Our Culture





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Cautionary Statement

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

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