

Matters Subject to Measures for Electronic  
Provision (Matters Excluded from Paper-  
Based Documents Delivered Upon Request)  
at the Time of Notice of the 123<sup>rd</sup> Annual  
Shareholders' Meeting

Fujitsu Limited

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*Note:*

This English version of *Matters Subject to Measures for Electronic Provision (Matters Excluded from Paper-Based Documents Delivered Upon Request) at the Time of Notice of the 123<sup>rd</sup> Annual Shareholders' Meeting* is a translation for reference only. The style of this English version differs slightly from the original Japanese version.

**1. Fujitsu Group Principal Offices and Plants (As of March 31, 2023)****(1) Fujitsu Limited**

Registered office	1-1, Kamikodanaka 4-chome, Nakahara-ku, Kawasaki-shi, Kanagawa
Headquarters	5-2, Higashi-Shimbashi 1-chome, Minato-ku, Tokyo
Domestic business offices	Sapporo Hub (Sapporo-shi), Sendai Hub (Sendai-shi), Fukushima Hub (Fukushima-shi, Fukushima), Yokohama Hub (Yokohama-shi), Saitama Hub (Saitama-shi), Chiba Hub (Chiba-shi), Niigata Hub (Niigata-shi), Nagano Hub (Nagano-shi, Nagano), Kanazawa Hub (Kanazawa-shi, Ishikawa), Nagoya Hub (Nagoya-shi), Shizuoka Hub (Shizuoka-shi), Osaka Hub (Osaka-shi), Kobe Hub (Kobe-shi), Kyoto Hub (Kyoto-shi), Matsue Hub (Matsue-shi, Shimane), Hiroshima Hub (Hiroshima-shi), Takamatsu Hub (Takamatsu-shi, Kagawa), Fukuoka Hub (Fukuoka-shi)
Software / Services	Sapporo Systems Laboratory (Sapporo-shi), Aomori Systems Laboratory (Aomori-shi, Aomori), Ichigaya Office (Chiyoda-ku, Tokyo), Fujitsu Solution Square (Ohta-ku, Tokyo), Fujitsu Shin-Kawasaki Technology Square (Kawasaki-shi), Fujitsu Uvance Kawasaki Tower (Kawasaki-shi), Makuhari Systems Laboratory (Chiba-shi), Kouchi Fujitsu Technoport (Nankoku-shi, Kouchi), Kyushu R&D Center (Fukuoka-shi)
R&D / Plants	Kawasaki Research & Manufacturing Facilities (Kawasaki-shi), Oyama Plant (Oyama-shi, Tochigi), Nasu Plant (Otawara-shi, Tochigi), Nagano Plant (Nagano-shi, Nagano), Numazu Plant (Numazu-shi, Shizuoka)

**(2) Subsidiaries**

Japan	Fujitsu Frontech Limited (Inagi-shi, Tokyo), TRANSTRON Inc. (Yokohama-shi), Fujitsu Telecom Networks Limited (Oyama-shi, Tochigi), Fujitsu Isotec Limited (Date-shi, Fukushima), Ridgelinez Limited (Chiyoda-ku, Tokyo), Fujitsu Japan Limited (Minato-ku, Tokyo), Fujitsu Fsas Inc. (Kawasaki-shi), Fujitsu Network Solutions Limited (Kawasaki-shi), Fujitsu Personal System Limited (Kawasaki-shi), SHINKO ELECTRIC INDUSTRIES CO., LTD. (Nagano-shi, Nagano), FDK CORPORATION (Minato-ku, Tokyo)
Outside of Japan	Fujitsu Network Communications, Inc. (U.S.), Fujitsu Services Holdings PLC (U.K.), Fujitsu North America, Inc. (U.S.), Fujitsu Australia Limited (Australia), Fujitsu Asia Pte. Ltd. (Singapore), Fujitsu Technology Solutions (Holding) B.V. (Netherlands)

**(3) Data Centers**

Data centers	Hokkaido Data Center (Hokkaido), Tohoku Data Center (Miyagi), Tatebayashi Data Center (Gunma), Tokyo Data Center (Kanagawa), Yokohama Data Center (Kanagawa), Yokohama Kohoku Data Center (Kanagawa), Nagano Data Center (Nagano), Chubu Data Center (Aichi), Osaka Senri Data Center (Osaka), Akashi Data Center (Hyogo), Chushikoku Data Center (Hiroshima), Shikoku Data Center (Kouchi), Kyushu Data Center (Fukuoka), global data centers (around the world)
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**2. Employees (As of March 31, 2023)****(1) Employees of the Fujitsu Group**

<i>Segment</i>	<i>Number of employees</i>	<i>Compared to the end of fiscal 2021</i>
Technology Solutions	115,290	-219
Ubiquitous Solutions	367	-19
Device Solutions	8,398	+77
Total	124,055	-161

## (2) Employees of Fujitsu Limited

<i>Segment</i>	<i>Number of employees</i>	<i>Compared to the end of fiscal 2021</i>
Technology Solutions	34,977	+669
Ubiquitous Solutions	115	-7
Total	35,092	+662
<i>Average age</i>	43.7	<i>Average years of employment</i>
		19.1

## 3. Principal Lenders (As of March 31, 2023)

(Million yen)

<i>Lender</i>	<i>Loan amount</i>
MUFG Bank, Ltd.	29,171
The Hachijuni Bank, Ltd.	11,000
Sumitomo Mitsui Banking Corporation	8,254
Mizuho Bank, Ltd.	5,953
The Shoko Chukin Bank, Ltd.	1,000

## 4. Stock (As of March 31, 2023)

(1) Number of Authorized Shares:	500,000,000
(2) Number of Outstanding Shares:	207,001,821
(3) Stated Capital:	¥324,625,075,685
(4) Shares Issued During the Business Period:	There was no issuance of shares during the business period.
(5) Number of Shareholders:	99,035 (2,623 decrease from the end of the end of fiscal 2021)
(6) Principal Shareholders	

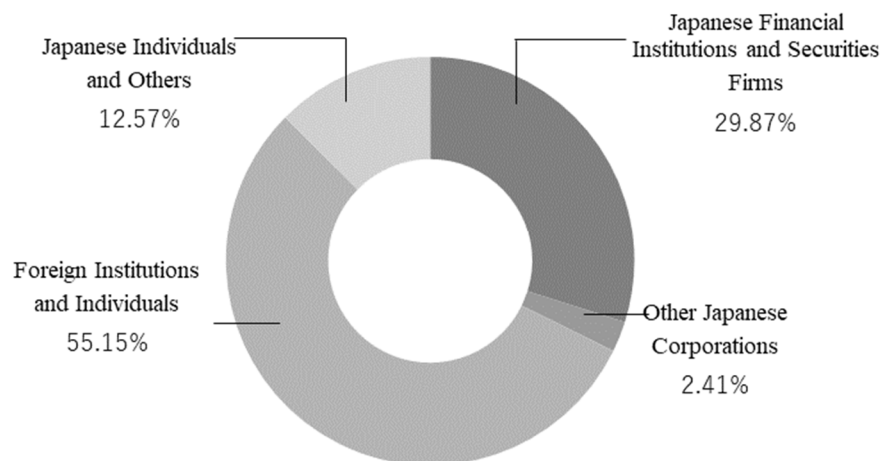
<i>Name</i>	<i>Number of shares held (thousands)</i>	<i>Percentage of shares held (%)</i>
The Master Trust Bank of Japan, Ltd. (for trust)	33,388	17.73
Ichigo Trust Pte. Ltd.	14,899	7.91
Custody Bank of Japan, Ltd. (for trust)	11,832	6.28
GIC PRIVATE LIMITED - C	6,538	3.47
STATE STREET BANK AND TRUST COMPANY 505223	4,534	2.41
SSBTC CLIENT OMNIBUS ACCOUNT	3,825	2.03
Fujitsu Employee Shareholding Association	3,590	1.91
STATE STREET BANK WEST CLIENT - TREATY 505234	3,518	1.87
Asahi Mutual Life Insurance Company	3,518	1.87
JP MORGAN CHASE BANK 385632	3,432	1.82

## Notes:

1. The investment ratio is calculated after exclusion of treasury stock holdings (18,661,673 shares).

2. The shares held by The Master Trust Bank of Japan, Ltd. (for trust) and Custody Bank of Japan, Ltd. (for trust) pertain to their trust business.

< Equity Shareholdings by Type of Shareholder >



(7) Shares Granted as Consideration for Duties Performed by the Company's Directors and Auditors during Fiscal 2022

	<i>Number of shares granted</i>	<i>No. of grantees</i>
Directors (excluding External Directors)	7,450	3
External Director	—	—
Audit & Supervisory Board Members	—	—

*Note:* The details of our stock compensation are described in "C. Matters Related to Performance-based Compensation for Fiscal 2022" on Page A-17 of the Reports on the 123<sup>rd</sup> Business Period.

(8) Important Matters Concerning the Stock

On April 28, 2022, the Company made a decision to repurchase its common stock up to either a maximum of 12,000,000 shares or a maximum aggregate purchase value of 150 billion yen during the period from May 2, 2022 to March 31, 2023 and purchased approximately 8,270,000 shares of its common stock with the aggregate purchase value of approximately 149.9 billion yen during fiscal 2022.

**5. Stock Acquisition Rights**

As of March 31, 2023, no stock acquisition right was granted as consideration for duties performed by the Company's Directors and Auditors, and no stock acquisition right was granted to employees in fiscal 2022 as consideration for duties.

**6. Overview of Liability Limitation Agreement**

The Company has entered into an agreement limiting liability for damages under Article 423, paragraph (1) of the Companies Act with each of the Non-Executive Directors and Audit & Supervisory Board Members. The maximum amount of liability for damages in accordance with the relevant agreement is the minimum liability amount stipulated by laws and regulations. The said liability limitation shall apply only when a relevant Non-Executive Director or Audit & Supervisory Board Member executes a duty that created a liability in good faith and without gross negligence.

*Note:* Non-Executive Directors refer to External Directors, and Director and Senior Advisor Masami Yamamoto.

**7. Summary of Contents of Directors and Officers Liability Insurance Policy, etc.**

The Company has concluded directors and officers liability insurance policies with some insurance companies as stipulated in Article 430-3, paragraph (1) of the Companies Act. A summary of the contents of the policies and other information is given below.

(1) Scope of the insured

Directors, Audit & Supervisory Board Members, Corporate Executive Officers, etc. of the Company and its consolidated subsidiaries (excluding listed subsidiaries)

(2) Summary of Insurance Policy Contents

The policies shall cover damages and legal costs, etc. incurred by the insured due to claims for damages arising from acts (including omissions) committed by the insured in an official capacity. However, in order not to compromise the proper enforcement of duties by the insured, no compensation etc. shall be payable in the event of any claims arising from profits or advantage being obtained illegally, or arising from dishonest acts, etc. The Company pays all premiums and the insured does not pay anything.

**8. Concurrent Positions of External Directors and Auditors and Their Activities (As of March 31, 2023)**

Section	Name	Companies at which concurrent positions are held and the positions held
		Major activities, outline of duties performed in relation to roles expected of external directors
External Director	Chiaki Mukai	Specially Appointed Vice President of Tokyo University of Science Outside Director, Kao Corporation
		Attended 100% of the Board of Directors Meetings held during fiscal 2022. As the Company expected that she would provide fair and objective oversight and advice based on broad knowledge of science and technology and a global perspective, she appropriately fulfilled her role as an External Director of the Company by providing oversight and advice to the Board of Directors of the Company concerning business execution from diverse perspectives. She also played a leading role in enhancing deliberations as the Chairperson of the Compensation Committee.
	Atsushi Abe	Managing Partner, Advanced Solutions, Inc. Director, ON Semiconductor Corporation
		Attended 100% of the Board of Directors Meetings held during fiscal 2022. As the Company expected that, in addition to providing oversight and advice from a shareholder and investor perspective, he would contribute to timely and decisive management decision-making, he contributed to timely and decisive management decision-making by managing proceedings objectively from his perspective as an investor gained through his experience to date and dialogues with institutional investors and leading discussion as the Chairman of the Board of Directors, in addition to actively contributing comments at the Board of Directors of the Company from a shareholder and investor perspective. He also played a leading role in enhancing deliberations as the Chairperson of the Executive Nomination Committee.
Yoshiko Kojo	Professor of Department of International Politics, Aoyama Gakuin University School of International Politics, Economics and Communication	
	Attended 100% of the Board of Directors Meetings held during fiscal 2022. As the Company expected that she would provide oversight and advice concerning the Company's responses to change in the external environment during a dramatic transition of international politics and initiatives for ESG management based on in-depth knowledge of international politics, she appropriately fulfilled her role as an External Director of the Company by providing oversight and advice to the Board of Directors of the Company concerning business execution from said perspectives. She also participated in active discussions as a member of the Executive Nomination Committee and Compensation Committee.	
Scott Callon	Chief Executive Officer, Ichigo Asset Management, Ltd. Director and Chairman of the Board of Directors, Chairman and Representative Statutory Executive Officer, Ichigo Inc. Chairman, Representative Executive Officer, CEO and Director, and Chairman of the Board of Directors, Japan Display Inc.	
	Attended 100% of the Board of Directors Meetings held during fiscal 2022. As the Company expected that he would provide oversight and advice from a standpoint of shareholder and investors, he appropriately fulfilled his role as an External Director of the Company by actively providing oversight and advice to the management team at the Board of Directors Meetings from a shareholder and investors' perspective. He also participated in active discussions as a member of the Executive Nomination Committee and Compensation Committee.	

Section	Name	Companies at which concurrent positions are held and the positions held
		Major activities, outline of duties performed in relation to roles expected of external directors
External Director	Kenichiro Sasae	President, The Japan Institute of International Affairs Outside Director, SEIREN CO., LTD. Outside Director, MITSUBISHI MOTORS CORPORATION Outside Director, Asahi Group Holdings, Ltd.
		Attended 92.3% (12 out of 13) of the Board of Directors Meetings held during fiscal 2022. As the Company expected that he would provide oversight and advice from a global perspective based on his in-depth knowledge and practical experience of international politics and economics, he appropriately fulfilled his role as an External Director of the Company by providing fair and objective oversight and advice to the Board of Directors of the Company concerning business execution from said perspectives. He also participated in active discussions as a member of the Compensation Committee.
External Audit & Supervisory Board Member	Koji Hatsukawa	Certified Public Accountant External Director (Audit & Supervisory Committee member), Takeda Pharmaceutical Company Limited
		Attended 100% of the Board of Directors Meetings and Audit & Supervisory Board Meetings held during fiscal 2022, respectively. He contributed comments mainly from the standpoint of an expert in matters relating to finance and accounting based on his wealth of experience in auditing global companies as a Certified Public Accountant.
	Hideo Makuta	Lawyer Outside Audit & Supervisory Board Member, Daicel Corporation
		Attended 100% of the Board of Directors Meetings and Audit & Supervisory Board Meetings held during fiscal 2022, respectively. He contributed comments based mainly upon his professional perspective gained through his practical experience as a prosecutor, Commissioner of the Japan Fair Trade Commission and lawyer concerning legal affairs and compliance, as well as his in-depth knowledge of matters associated with corporate management, such as the economy and society.
	Catherine O'Connell	Principal, Catherine O'Connell Law
		Attended 100% of the Board of Directors Meetings and Audit & Supervisory Board Meetings held after taking office, respectively. She contributed comments from the standpoint of an expert in matters relating to legal affairs and compliance, based mainly on her wealth of practical experience at law offices in Japan and overseas as well as at the legal divisions of Japanese companies as an attorney at law in New Zealand.

## Notes:

1. Director Atsushi Abe serves as Managing Partner of Advanced Solutions Inc. The Company has no business relationship or competitive relationship with Advanced Solutions Inc.
2. Director Scott Callon serves as Chief Executive Officer of Ichigo Asset Management, Ltd. and Director and Chairman of the Board of Directors, Chairman and Representative Statutory Executive Officer of Ichigo Inc. The Company has no business relationship or competitive relationship with either Ichigo Asset Management, Ltd. or Ichigo Inc.
3. Director Scott Callon serves as Chairman, Representative Executive Officer, CEO and Director, and Chairman of the Board of Directors of Japan Display Inc. The Company do engage in transactions with Japan Display Inc.
4. Director Kenichiro Sasae serves as President of the Japan Institute of International Affairs. The Company has no business relationship or competitive relationship with the Japan Institute of International Affairs.
5. Ms. Catherine O'Connell, Audit & Supervisory Board Member, serves as Principal of Catherine O'Connell Law. The Company has no business relationship or competitive relationship with Catherine O'Connell Law.
6. The Company has business relationships with Academic Corporation Tokyo University of Science, Kao Corporation, ON Semiconductor Corporation, SEIREN CO., LTD., MITSUBISHI MOTORS CORPORATION, Asahi Group Holdings Ltd., Takeda Pharmaceutical Company Limited and Daicel Corporation.
7. During fiscal 2022, the Company convened the Board of Directors Meetings 13 times (of which 1 was an extraordinary meeting of the Board of Directors) and the Audit & Supervisory Board Meetings 10 times (of which 1 was an extraordinary meeting of Audit & Supervisory Board).

## 9. Other Matters Regarding Management

### (1) Executive Nomination Committee and Compensation Committee

The Company has established the Executive Nomination Committee and the Compensation Committee as advisory bodies to its Board of Directors to ensure the transparency and objectivity of its process for nominating Directors and Audit & Supervisory Board Members and for determining executive compensation as well as to ensure the fairness of the system and level of executive compensation while conducting efficient and substantive deliberations.

The Executive Nomination Committee deliberates about candidates for Director and Audit & Supervisory Board Member positions in accordance with the “Structural framework” and the “Procedures and policy of Directors and Auditors nomination/dismissal” stipulated in the Company’s Corporate Governance Policy and provides its findings or recommendations to the Board of Directors. In addition, the Compensation Committee provides its findings or recommendations about the level of base compensation and the method for calculating performance-based compensation to the Board of Directors in accordance with the “Procedures and policy of determining Directors and Auditors compensation” stipulated in the Company’s Corporate Governance Policy.

Members of the Executive Nomination Committee and the Compensation Committee were as follows as of March 31, 2023:

#### <Executive Nomination Committee>

Chairperson	Atsushi Abe
Committee Members	Yoshiko Kojo, Scott Callon, Masami Yamamoto

#### <Compensation Committee>

Chairperson	Chiaki Mukai
Committee Members	Yoshiko Kojo, Scott Callon, Kenichiro Sasae

After the selection of the above committee members in June 2022, the Executive Nomination Committee met eight times and the Compensation Committee met five times by the end of fiscal 2022. The Executive Nomination Committee discussed the nomination of Representative Directors including CEO, and candidates for Director and Audit & Supervisory Board Members, etc., and provided its findings to the Board of Directors by the end of fiscal 2022. The Compensation Committee discussed the revision to executive compensation, etc., and provided its findings to the Board of Directors by the end of fiscal 2022.

The Executive Nomination Committee discussed a CEO succession and mutual evaluations of Non-Executive Directors and the Compensation Committee discussed the introduction of the stock compensation plan for External Directors.

*Note:* The full text of the Corporate Governance Policy is available at the Company’s website.  
(<https://pr.fujitsu.com/jp/ir/governance/governancereport-b-en.pdf>)

### (2) Independent Directors & Auditors Council

In response to the requirements of Japan’s Corporate Governance Code, which facilitates the activities of Independent Directors and Auditors, and in order to invigorate discussions on the medium- to long-term direction of the Company at its Board of Directors Meetings, the Company believes it essential to establish a system enabling Independent Directors and Auditors, who maintain a certain degree of separation from



the execution of business activities, to consistently gain a deeper understanding of the Company's business. Based on this recognition, the Company established the Independent Directors and Auditors Council. In the Independent Directors and Auditors Council, members discuss the medium- to long-term direction of the Company and share information and exchange viewpoints so that they can each formulate their own opinions.

In fiscal 2022, the Independent Directors and Auditors Council met 12 times. The members shared information and exchanged viewpoints on the Company's management direction and on important management matters that were associated with business restructuring including mergers and acquisitions by the Company and the Fujitsu Group.

#### **10. Basic Policy on the Control of the Company**

Based on the fundamental recognition that the increase in corporate value creates the defensive power as a consequence, the Company is focusing on increasing corporate value and does not adopt any specific antitakeover measures at this time.

In the case that an acquisition offer is made to the Company, the Board of Directors takes appropriate action based on the recognition that the shareholders determine where the control of the Company lies.

#### **11. Policy on Decision Regarding Dividends of Surplus etc.**

Article 40 of the Company's Articles of Incorporation grants the Board of Directors the authority to distribute surplus. As part of its basic policy on the exercise of this authority, the Company believes that a portion of surplus should continue to be paid to stable dividends of surplus to shareholders based on sustainable business growth, in accordance with the Company's capital allocation policy. In addition, while balancing the funding needs, the Company will flexibly repurchase the Company's own shares using long-term surplus funds.

#### **12. Accounting Auditor**

(1) Name of the Accounting Auditor : Ernst & Young ShinNihon LLC

(2) Remuneration to be Paid to the Accounting Auditor

	<i>(Million yen)</i>
a. Amount of remuneration, etc. as an accounting auditor for fiscal 2022	472
b. Total amount of cash and other proprietary benefits that the Company and its subsidiaries should pay to the accounting auditor	783

*Notes:*

1. The Company does not clearly differentiate the amounts of compensation for an audit under the Companies Act from an audit under the Financial Instruments and Exchange Act. The Amount stated in a. thus includes the compensation for the audit under the Financial Instruments and Exchange Act.
2. Some subsidiaries of the Company receive an audit from an audit corporation other than the accounting auditor of the Company.
3. The Audit & Supervisory Board, in accordance with the Company's Standards for Nomination and Evaluation of Accounting Auditor, evaluated the performance of auditing by the accounting auditor in fiscal 2021 and, reflecting the evaluation results, reviewed appropriateness of the audit plan for fiscal 2022 in terms of the time spent on auditing and staffing, the status of execution of duties by the Accounting Auditor, and the estimated amount of remuneration. As a result, the Audit & Supervisory Board gave consent pursuant to Article 399, paragraph (1) of the Companies Act concerning compensation for the accounting auditor.

(3) Contents of Non-Audit Services

The Company commissioned the accounting auditor to provide services mainly concerning assurance report on internal control over the Company's cloud service, which fall outside the scope of audit and attestation services under Article 2, paragraph (1) of the Certified Public Accountants Act, and paid fees.

(4) Policy on Decision of Dismissal and Refusal of Reappointment of the Accounting Auditor

When it is considered that the accounting auditor falls under any of the items stipulated in Article 340, paragraph (1) of the Companies Act, the Company will dismiss the accounting auditor subject to the unanimous consent of the Audit & Supervisory Board Members.

In addition to the above, the Audit & Supervisory Board will determine the content of a shareholder resolution to be proposed at an Annual Shareholders' Meeting to dismiss or refuse the reappointment of the accounting auditor, when it is deemed to be difficult for the accounting auditor to execute auditing properly because of the occurrence of events that impair its qualification, independence or expertise, or when otherwise events occur that the Audit & Supervisory Board judges make it necessary to do so.

### ***13. System to Ensure the Properness of Fujitsu Group Operations***

#### **(1) Policy on the Internal Control System**

##### **1. Objective**

To continuously increase the corporate value of the Fujitsu Group, it is necessary to pursue management efficiency and control risks arising from business activities. Recognizing this, the Directors who are entrusted with the management of the Company by the shareholders, present to the shareholders, who have entrusted authority in them, the policy regarding a) how to practice and promote the Fujitsu Way, the principles that underlie the Fujitsu Group's conduct, and b) what systems and rules are used to pursue management efficiency and control the risks arising from the Company's business activities in the application of their management approach, as described below.

##### **2. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently**

###### **(1) Business Execution Decision-Making and Business Execution Structure**

- a. The Company has Corporate Executive Officers (hereafter, the Representative Directors and Corporate Executive Officers are referred to collectively as "Senior Management") who share business execution authority with the Representative Director and CEO, and the Corporate Executive Officers carry out decision-making and business execution in accordance with their responsibilities.
- b. The Company has a Chief Financial Officer who is responsible for managing finance and accounting for the Fujitsu Group.
- c. The Company has a Management Council made up of Representative Directors and Corporate Executive Officers to assist the Representative Director and CEO in decision-making.
- d. The Representative Director and CEO puts in place systems and procedures (Management Council rules, systems for approvals, etc.) needed for decision-making by Senior Management and employees entrusted by Senior Management with authority.
- e. The Representative Director and CEO reports financial and business results at each regularly-scheduled meeting of the Board of Directors, makes periodic reports to the Board of Directors on the operational status of the "Policy on the Internal Control System," and receives confirmation that operations are being undertaken correctly.

###### **(2) System to Promote More Efficient Operations**

- a. The Company has an organization that uses reforms to the Fujitsu Group's business processes to promote higher productivity, lower costs, and expenditure controls, and it pursues more efficient management.

##### **3. Rules and Other Systems Relating to Managing the Risk of Losses**

###### **(1) System for Managing the Risk of Losses in General**

- a. The Company aims to maintain the business continuity of the Fujitsu Group, increase its corporate value, and sustainably expand its business activities. In order to deal with risks that pose a threat to achieving these goals, the Company has a Risk Management & Compliance Committee, which oversees risk management for the entire Fujitsu Group. The Company also assigns certain departments to be responsible for specific kinds of risks, and has appropriate systems in place for risk management.
- b. The Risk Management & Compliance Committee constantly assesses and verifies risks that might cause losses to the Fujitsu Group. When risks are identified in business operations, it works to control the risk, such as by formulating preventative measures, and attempts to minimize the loss that might result.
- c. To minimize losses from any risks that arise, the Risk Management & Compliance Committee, through the systems described in paragraph "a" above, periodically analyzes any risks that have arisen, reports on them to the Board of Directors and any other relevant person or organization, and takes action to prevent a recurrence of such risks.

(2) Systems for Managing the Specific Risks of Losses

In addition to the Risk Management & Compliance Committee, the Company has risk management systems that include the following to deal with specific risks of losses it identifies in its business operations.

a. Risk Management System for Defects in Products and Services

- The Company has a quality-assurance system designed to analyze defects in Fujitsu Group products and services and prevent them from recurring. In particular, it has an organization that continuously works to improve quality, contracts, and rules to ensure that social infrastructure systems run reliably.

b. Management System for Contracted Development Projects

- To prevent the emergence of unprofitable projects among its contracted development projects, such as systems integration projects, the Company has a specialized organization that monitors risks relating to project negotiations and project execution.

- This specialized organization creates a monitoring process for contract amounts, contract terms, quality, expenses, deadlines and other relevant items, and monitors projects under consistent conditions.

- Based on the results of this monitoring, the specialized organization issues corrective recommendations to relevant projects.

c. Security System

- The Company has an organization to deal with cyber-terrorism, unauthorized use, and data breaches in the services it provides.

(3) Responses to Management Risks

a. System to Manage Financial Risks

- Financial risks are under the purview of the Chief Financial Officer.

b. Systems to Manage Other Forms of Management Risk

- Other forms of management risks, including market trends and price competition, are handled by each department according to a division of responsibilities established by the Representative Director and CEO.

4. Systems to Ensure that Business Execution of Directors and Employees Complies with Laws, Regulations and Articles of Incorporation

(1) Compliance System

a. Senior Management adheres to the Code of Conduct in the Fujitsu Way as a basic philosophy for compliance issues, including compliance with laws, regulations and the articles of incorporation, and proactively promotes the Group's overall compliance based upon its ethics as Senior Management.

b. The Risk Management & Compliance Committee has purview over compliance matters for the Fujitsu Group, which it executes as follows.

- It ensures scrupulous adherence to the Code of Conduct in the Fujitsu Way among all Fujitsu Group employees through ongoing educational efforts.

- It clarifies the laws and regulations that relate to the Fujitsu Group's business activities and establishes internal rules, education, and oversight systems to ensure compliance with them to promote compliance throughout the Group.

- When Senior Management or employee recognizes a serious compliance violation or when a situation may appear to present one relating to the performance of the responsibilities of Senior Management or an employee, the Risk Management & Compliance Committee makes such person immediately report such fact to the Committee via the normal chain of command.

- To ensure that compliance problems can be discovered quickly and handled appropriately through an alternative communications channel apart from the normal chain of command, it establishes and operates an internal reporting system that safeguards the reporter.

- The Risk Management & Compliance Committee immediately reports serious compliance violations or situations that may appear to present one to the Board of Directors and any other relevant person or organization.

(2) System to Ensure Proper Financial Reporting

a. The Company has, apart from the organization that prepares financial reports, an organization under

the Chief Financial Officer responsible for establishing, operating, and evaluating internal control over Fujitsu Group financial reporting, to ensure the effectiveness and reliability of financial reports.

- b. These organizations create rules for establishing, operating, and evaluating internal control over the unified accounting policies shared throughout the Fujitsu Group and financial reporting.
- c. The organization responsible for establishing, operating, and evaluating internal control over financial reporting periodically reports to the Board of Directors and any other relevant person or organization the results of evaluations on the effectiveness of the internal control.

(3) System for Information Disclosure

The Company has a system to ensure timely and fair disclosure of company information.

(4) Internal Auditing System

- a. The Company has an organization that conducts internal audits of business execution (the “Internal Auditing Organization”), and ensures its independence.
- b. The Internal Auditing Organization establishes internal auditing rules and conducts audits based on those rules.
- c. The Internal Auditing Organization liaises with internal auditing organizations in other Group companies to internally audit the Fujitsu Group as a whole.
- d. The results of internal audits are periodically reported to the Board of Directors, Audit & Supervisory Board and other relevant person or organization of the Company and of other relevant Group companies.

5. System for Storing and Managing Information in Accordance with the Execution of Directors’ Responsibilities

- a. Senior Management assigns people with the responsibility for storing and managing documents, and, in accordance with internal rules, appropriately stores and manages the following documents (including electronic records) related to the execution of Senior Management’ responsibilities, along with other important information.
  - Minutes of Annual Shareholders’ Meetings and related materials.
  - Minutes of Board of Directors Meetings and related materials.
  - Other minutes and related materials involved in important decision-making meetings.
  - Approval documents and related materials involving Senior Management decisions.
  - Other important documents that relate to the performance of Senior Management’s responsibilities.
- b. To verify the status of business execution, Directors and Audit & Supervisory Board Members have access at any time to the documents in paragraph “a” above, and people with the responsibility for storing and managing documents establish systems to enable Directors and Audit & Supervisory Board Members to access the documents at any time in response to requests for the documents by Directors or Audit & Supervisory Board Members.

6. System to Ensure the Properness of Fujitsu Group Operations

- a. In addition to creating and instituting the above systems and rules for the Fujitsu Group, the Company establishes systems for receiving reports from the Senior Management of Group companies on matters relating to their business execution. Moreover, the Company guides, supports, and supervises the establishment of efficient, legal, and appropriate business execution systems of Group companies.
- b. The Company institutes standard rules regarding the delegation of authority from the Representative Director and CEO to Group companies, such as the scope of decision-making authority and the decision-making process relating to important matters at Group companies.
- c. The Representative Director and CEO determines what each Group company’s divisional area of responsibility is, and the Corporate Executive Officer who is responsible for the business execution for each divisional area, verifies the implementation and compliance with paragraphs “a” and “b” above through each Group company’s president, CEO, etc.
- d. The Senior Management of the Company and other Group companies share information on Fujitsu Group management strategies and on issues relating to the achievement of Group goals through periodical meetings or other sufficient measures, and cooperate on Group business management.

7. System to Ensure the Properness of Audits by the Audit & Supervisory Board Members

- (1) Ensuring the Independence of Audit & Supervisory Board Members

- a. The Company has an Auditing Support Division with employees assigned to assist Audit & Supervisory Board Members in carrying out their duties. Appropriate employees with the ability and expertise required by the Audit & Supervisory Board Members are assigned to the Division.
- b. In order to ensure the independence of the employees in the Auditing Support Division and to ensure that they will implement the instructions of Audit & Supervisory Board Members, Senior Management shall receive the consent of Audit & Supervisory Board Members on matters relating to the appointment, transfer and compensation of employees in the Auditing Support Division.
- c. In principle, Senior Management does not assign employees in the Auditing Support Division to other divisions or duties.

In instances, however, where a need arises to give dual assignments to employees with specialized knowledge in response to requests from Audit & Supervisory Board Members, care is given to ensuring their independence in accordance with paragraph “b” above.

(2) Reporting System

- a. Senior Management of Fujitsu and Group companies provides the Audit & Supervisory Board Members with the opportunity to attend important meetings.
- b. In cases where risks arise that could affect management or financial results, or when there is an awareness of major compliance violations or the possibility of major compliance violations in connection with the execution of business activities, Senior Management of Fujitsu and Group companies immediately report them to the Audit & Supervisory Board Members.
- c. Senior Management of Fujitsu and Group companies periodically report to the Audit & Supervisory Board Members on the status of business execution.
- d. Senior management of Fujitsu and Group companies shall not subject senior management or employees to adverse treatment for the reason that reports were submitted in accordance with paragraphs “b” or “c” above.

(3) Ensuring the Effectiveness of Audits by the Audit & Supervisory Board Members

- a. Senior Management of Fujitsu and Group companies periodically exchange information with the Audit & Supervisory Board Members.
- b. With respect to expenses incurred by Audit & Supervisory Board Members in the execution of their duties in accordance with Article 388 of the Companies Act, Senior Management shall determine the methods for processing the requests stipulated in Article 388.
- c. The Internal Auditing Organization periodically reports audit results to the Audit & Supervisory Board Members.

## **(2) Overview of the Status of Operation of the System to Ensure the Properness of Fujitsu Group Operations**

### **1. Systems to Ensure that Directors Carry Out Their Responsibilities Efficiently**

The Company has Corporate Executive Officers who share business execution authority with the Representative Director and CEO, and the Corporate Executive Officers carry out decision-making and business execution in accordance with their responsibilities.

The Management Council meets twice a month, in principle, and assists the Representative Director and CEO in decision-making. The Management Council consists of the minimum number of members, which include the CEO. By operating the Management Council as a body that enables timely discussion of and decision-making on any matters concerning business execution, the Council facilitates decision-making by Representative Directors and enhances the efficiency and the speed of management. In addition, the Company has, in order to further increase the speed of management, improved the approval standard accompanied by extensive delegation of duties from the Representative Directors to other executives and employees and established a framework that allows the CEO to appoint a CxO responsible for the business execution of key operations.

### **2. Risk Management System and Compliance System**

The Company positions the risk management system and the compliance system at the heart of the “Policy on the Internal Control System” and the Risk Management & Compliance Committee (the “Committee”) under the policy reports to the Board of Directors and is chaired by the Representative Director and CEO and consists of four Executive Directors.

Regarding risks in business operations, including compliance violations and information security issues, defects or failures of products and services, the Committee has established and operates a system that covers not only the Company but the Fujitsu Group and ensures reporting to the Committee in a timely manner when such risks arise. In accordance with such reporting, it decides measures to prevent the recognized risks in business operations from arising and handle loss caused by the risks that arose.

In the course of operating the systems described above, besides the case of risk occurrence, the Committee periodically reports the progress and results of its activities to the Board of Directors and is supervised.

As a system to ensure timely reporting from the Fujitsu Group to the Committee, Regional Risk Management & Compliance Committees have been established for individual Regions, which are overseas geographical business divisions of the Fujitsu Group. These regional committees are positioned under the Committee to function so that the entire Fujitsu Group is covered.

In the information security field, the Company has appointed a dedicated Chief Information Security Officer (CISO) in accordance with the Fujitsu Group Information Security Policy (Global Security Policy). Further, under the CISO, regional CISOs have been appointed in individual Regions, which are overseas geographical business divisions of the Fujitsu Group, and they formulate and implement information security measures.

Moreover, the Global Business Standards outlining the Fujitsu Way Code of Conduct (We respect human rights. We protect and respect intellectual property. We comply with all laws and regulations. We maintain confidentiality. We act with fairness in our business dealings. We do not use our position in our organization for personal gain.) in a manner befitting executives and employees are available in 20 languages and used as a guideline on compliance at the Fujitsu Group. Under the Global Business Standards, the Company has established the Global Compliance Program, and is sending out top management messages, developing rules, and implementing various education programs and awareness raising activities to maintain and improve the structure for legal compliance across the Fujitsu Group.

Regarding the internal reporting system, the Fujitsu Group has established points of contact inside and outside the Company, operated as the Compliance Line/Fujitsu Alert, to receive reports from all Group executives and employees and offer consultations. Group companies also have established and are operating their own points of contact for reporting and consultation. Based on these systems, the Fujitsu Group aims to put the Code of Conduct into practice by working a self-cleansing function against unlawful or unfair action through an early detection and remediation of it.

### **3. System to Ensure Proper Financial Reporting**

The organization responsible for internal control and internal audits has established the system and assesses internal control over financial reporting throughout the Fujitsu Group, and reports the activity status and assessment results to the Representative Director and CEO, Chief Financial Officer, Audit & Supervisory

Board Members and the Board of Directors in accordance with the principles of the “Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting” published by the Business Accounting Council.

#### 4. System to Ensure the Properness of Fujitsu Group Operations

The systems described above cover the Fujitsu Group.

Especially for risk management and compliance systems are as outlined in item 2 above. In addition, as a part of a system to ensure the properness of Fujitsu Group operations, the Company has established the Rules for Delegation of Authority that determine authority for decision-making on important matters of Fujitsu Group companies (excluding certain subsidiaries), the decision-making process and the reporting obligations. The Company has its Group companies comply with the Rules. In this way, the Company has put in place systems for decision-making on and reporting of important matters of the Group.

The status of operation of the internal control system centering on the above is periodically reported to the Board of Directors and Audit & Supervisory Board Members.



**Consolidated Statement of Financial Position**

(As of March 31, 2023)

		<u>Millions of yen</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	Y	355,901
Trade receivables		927,849
Other receivables		84,766
Contract assets		125,442
Inventories		337,008
Others		86,858
<b>Total current assets</b>		<u>1,917,824</u>
<b>Non-current assets:</b>		
Property, plant and equipment, net of accumulated depreciation		572,172
Goodwill		55,132
Intangible assets		146,264
Investments accounted for using the equity method		155,594
Other investments		195,463
Retirement benefit assets		81,883
Deferred tax assets		73,310
Others		67,937
<b>Total non-current assets</b>		<u>1,347,755</u>
<b>Total assets</b>	Y	<u><u>3,265,579</u></u>

(TRANSLATION FOR REFERENCE ONLY)

		<u>Millions of yen</u>
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade payables	Y	463,730
Other payables		367,399
Contract liabilities		194,455
Current portion of long-term debt and lease liabilities		103,577
Accrued income taxes		85,079
Provisions		35,015
Others		27,201
<b>Total current liabilities</b>		<u>1,276,456</u>
<b>Non-current liabilities:</b>		
Long-term debt and lease liabilities		107,598
Retirement benefit liabilities		95,388
Provisions		20,654
Deferred tax liabilities		5,612
Others		23,048
<b>Total non-current liabilities</b>		<u>252,300</u>
<b>Total Liabilities</b>		<u>1,528,756</u>
<b>Equity</b>		
Share capital		324,625
Capital surplus		242,512
Treasury stock, at cost		(277,702)
Retained earnings		1,226,595
Other components of equity		70,805
<b>Total equity attributable to owners of the parent</b>		<u>1,586,835</u>
Non-controlling interests		149,988
<b>Total Equity</b>		<u>1,736,823</u>
<b>Total Liabilities and Equity</b>	Y	<u>3,265,579</u>

**Consolidated Statement of Profit or Loss**

(Year ended March 31, 2023)

		<u>Millions of yen</u>
<b>Revenue</b>	<b>Y</b>	<b>3,713,767</b>
Cost of sales		(2,569,685)
<b>Gross profit</b>		<b>1,144,082</b>
Selling, general and administrative expenses		(852,974)
Other income		85,411
Other expenses		(40,905)
<b>Operating profit</b>		<b>335,614</b>
Financial income		15,087
Financial expenses		(6,862)
Income from investments accounted for using the equity method, net		28,037
<b>Profit before income taxes</b>		<b>371,876</b>
<b>Income tax expenses</b>		<b>(127,011)</b>
<b>Profit for the year</b>	<b>Y</b>	<b>244,865</b>
<b>Profit for the year attributable to:</b>		
Owners of the parent		215,182
Non-controlling interests		29,683
<b>Total</b>	<b>Y</b>	<b>244,865</b>

**Consolidated Statement of Changes in Equity**

(Year ended March 31, 2023)

(Millions of yen)

	Equity Attributable to Owners of the Parent			
	Share Capital	Capital surplus	Treasury stock, at Cost	Retained Earnings
<b>Beginning balance</b>	<b>324,625</b>	<b>243,048</b>	<b>(128,897)</b>	<b>1,088,429</b>
Profit for the year				215,182
Other comprehensive income				
Total comprehensive income for the year	–	–	–	215,182
Purchase of treasury stock			(150,103)	
Disposal of treasury stock		1	2	
Share-based payment transactions		1,858	1,296	
Dividends paid				(45,210)
Transfer to retained earnings				(34,077)
Others		(2,395)		2,271
<b>Ending balance</b>	<b>324,625</b>	<b>242,512</b>	<b>(277,702)</b>	<b>1,226,595</b>

	Equity Attributable to Owners of the Parent					
	Other Components of Equity					Total Equity Attributable to Owners of the Parent
	Foreign Currency Translation Adjustment	Cash Flow Hedges	Financial Assets Measured at Fair Value through Other Comprehensive Income	Remeasurement of Defined Benefit Plans	Total Other Components of Equity	
<b>Beginning balance</b>	<b>10,196</b>	<b>(210)</b>	<b>53,522</b>	<b>–</b>	<b>63,508</b>	<b>1,590,713</b>
Profit for the year						215,182
Other comprehensive income	(2,925)	206	17,767	(41,901)	(26,853)	(26,853)
Total comprehensive income for the year	(2,925)	206	17,767	(41,901)	(26,853)	188,329
Purchase of treasury stock						(150,103)
Disposal of treasury stock						3
Share-based payment transactions						3,154
Dividends paid						(45,210)
Transfer to retained earnings			(7,824)	41,901	34,077	–
Others			73		73	(51)
<b>Ending balance</b>	<b>7,271</b>	<b>(4)</b>	<b>63,538</b>	<b>–</b>	<b>70,805</b>	<b>1,586,835</b>

	Non- Controlling Interests	Total Equity
<b>Beginning balance</b>	<b>125,036</b>	<b>1,715,749</b>
Profit for the year	29,683	244,865
Other comprehensive income	1,332	(25,521)
Total comprehensive income for the year	31,015	219,344
Purchase of treasury stock		(150,103)
Disposal of treasury stock		3
Share-based payment transactions		3,154
Dividends paid	(4,571)	(49,781)
Transfer to retained earnings		–
Others	(1,492)	(1,543)
<b>Ending balance</b>	<b>149,988</b>	<b>1,736,823</b>

**[Unaudited] Simplified Consolidated Statement of Comprehensive Income**

(Year ended March 31, 2023)

		<u>Millions of yen</u>
<b>Profit for the year</b>	Y	244,865
<b>Other Comprehensive Income</b>		<u>(25,521)</u>
<b>Total Comprehensive Income</b>		<u>219,344</u>
<b>Total Comprehensive Income attributable to:</b>		
Owners of the parent		188,329
Non-controlling interests		<u>31,015</u>
<b>Total</b>	Y	<u>219,344</u>

Note: Major components of other comprehensive income are remeasurement of defined benefit plans, foreign currency translation adjustments, and financial assets measured at fair value through other comprehensive income.

**[Unaudited] Simplified Consolidated Statement of Cash Flows**

(Year ended March 31, 2023)

		<u>Millions of yen</u>
<b>1. Cash flows from operating activities</b>	Y	<u>220,329</u>
<b>2. Cash flows from investing activities</b>		<u>(42,809)</u>
<b>1+2 [Free cash flow]</b>		<u>177,520</u>
<b>3. Cash flows from financing activities</b>		<u>(313,585)</u>
<b>4. Cash and cash equivalents at end of year</b>	Y	<u>355,901</u>

## Notes to Consolidated Financial Statements

### [Notes to Significant Items Concerning Preparation of Consolidated Financial Statements and Changes in Scope of Consolidation or Application of Equity Method]

1. The Company prepares for consolidated financial statements in accordance with the Regulation on Corporate Accounting (Ministry of Justice Order No. 13 of February 7, 2006 and Amendment of Ministry of Justice Order No. 43 of December 26, 2022). The consolidated financial statements are prepared in conformity with the International Financial Reporting Standards (IFRS) as per Article 120, paragraph (1) of the Regulation on Corporate Accounting. Following the latter part of the paragraph, some disclosure items required under IFRS are omitted in these notes.

#### 2. Scope of consolidation

This consolidated financial report is prepared with consolidation of 291 major subsidiaries. The scope of consolidation for this fiscal year has been changed in that 11 companies were added and 37 companies were subtracted. Major additions and subtractions are described below. Names of the major subsidiaries are omitted in this note because they are noted in “1. Business Overview (4) The Fujitsu Group” of the Business Report.

Newly consolidated subsidiaries as a result of acquisition or formation:..... 11 companies

Subtracted due to liquidation or sale: ..... 26 companies

Subtracted due to merger:..... 11 companies

PFU Limited was excluded from the scope of consolidation due to the partial transfer of its shares, and is now an associate of the Company by the equity method.

#### 3. Application of the equity method

##### (1) The number and names of major associates to which the equity method is applied

Investments in associates are accounted for using the equity method and the number of companies to which the method applies is 19.

Major associates are Fujitsu General Ltd., Fujitsu Client Computing Ltd., FLCS Co., Ltd., and PFU Limited.

The scope of application of the equity method for this fiscal year has been changed in that 2 companies were added and 2 companies were subtracted.

Note: Effective April 1, 2022, Fujitsu Leasing Co., Ltd. changed its name to FLCS Co., Ltd.

(2) The Company does not treat JECC Corporation as an associate although the Company holds more than 20% of the outstanding shares of JECC Corporation. This is because JECC Corporation is a special corporation operated under the joint investments of 6 companies, including Japanese computer manufacturers, to develop the information processing industry in Japan.

#### 4. Significant accounting policies

##### (1) Valuation standards and methods for assets

###### (a) Financial assets

###### (i) Non-derivative financial assets

Financial assets are classified as either financial assets measured at amortized cost or as financial assets measured at fair value through either profit or loss or other comprehensive income. They are classified upon initial recognition.

Financial assets are measured at fair value plus transaction costs unless these are classified as financial assets measured at fair value through profit or loss.

###### Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are subsequently measured at amortized cost using the effective interest method less any impairment losses, and amortization charge for each period is recognized as financial income in profit or loss.

###### Financial assets measured at fair value

Financial assets are classified as financial assets measured at fair value unless these are measured at amortized cost. Equity instruments measured at fair value are individually designated as being measured either through profit or loss or through other comprehensive income, except for those that are held for sale, which are measured through profit or loss, and this designation must be applied continuously.

The financial assets are subsequently measured at fair value at the end of the reporting period, and the gain or loss is recognized in profit or loss or in other comprehensive income according to their classification. When a financial asset measured at fair value through other comprehensive income is derecognized, the cumulative gain or loss previously recognized through other comprehensive income is reclassified to retained earnings.

(ii) Derivative financial assets

Derivatives are initially and subsequently measured at fair value. When a derivative is not designated as a hedging instrument, any changes in the fair value of the derivative are recognized in profit or loss. For cash flow hedges, the effective portion of changes in fair value of a derivative is recognized in other comprehensive income, whereas any ineffective portion of the changes is recognized in profit or loss.

(b) Non-financial assets

(i) Inventories

Inventories are measured at cost. However, should the net realizable value (“NRV”) at the reporting date fall below the cost, inventories are measured at the NRV, with the difference in value between the cost and the NRV, in principle, booked as cost of sales. The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are interchangeable is determined by the moving average cost method or the periodic average method, whereas the cost of inventories of items that are not interchangeable is determined by the specific identification method. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated direct selling expenses. Inventories that are slow moving and inventories held for long-term maintenance contracts are measured at the NRV that reflects future demand and market trends.

(ii) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

(iii) Goodwill

Goodwill acquired in a business combination is measured at cost less accumulated impairment losses.

(iv) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses.

(v) Impairment

If there is an indication of impairment for non-financial assets other than inventories, the asset’s recoverable amount is estimated and the asset is tested for impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment both annually and when there is an indication of impairment. An impairment loss is recognized if the recoverable amount of an asset or cash-generating unit is less than its carrying amount.

(2) Depreciation method for assets

(a) Property, plant and equipment (excluding right-of-use assets)

The depreciable amount (cost less residual value) for items of property, plant and equipment is allocated on a systematic basis over its useful life. The Group in principle adopts the straight-line method of



depreciation reflecting the pattern of consumption (matching of costs with revenue) of the future economic benefits from the asset. Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is either classified as held for sale or is derecognized.

The estimated useful lives for significant categories of property, plant and equipment are as follows:

- Buildings and structures .....7 to 50 years
- Machinery and equipment .....3 to 7 years
- Tools, fixtures and fittings .....2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if necessary.

(b) Intangible assets (excluding right-of-use assets)

Computer Software held for sale is amortized by a method based on projected sales volume over the estimated useful life. Software for internal use and other intangible assets with finite useful lives are amortized over their respective useful lives using, in principle, the straight-line method to reflect the pattern of consumption of the expected future benefits from the assets.

The estimated useful lives are as follows:

- Software held for sale .....3 years
- Software for internal use ..... Within 5 years

Amortization methods, useful lives and residual values are reviewed and adjusted if necessary.

(c) Right-of-use assets

Right-of-use assets included in property, plant and equipment and in intangible assets, which represent the right of a lessee to use the underlying asset for the lease term, are depreciated on a straight-line basis from the commencement date to the earlier of the end of useful life of the right-of-use asset or the end of the lease term.

(3) Recognition criteria for provisions

A provision is recognized if, as result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to present value using a pre-tax rate that reflects the time value of money and risks specific to the liability.

(4) Retirement benefit plan

Defined benefit plan

The Group's net defined benefit liability (asset) is measured at the present value of defined benefit obligation less the fair value of plan assets. The defined benefit liability in respect of each defined benefit

plan is calculated separately by estimating the amount of future benefits employees have earned in return for services rendered to date and discounted to present value. The calculation is performed in each reporting period by qualified actuaries using the projected unit credit method. The discount rate used is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximate to the terms of the Group's obligations that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability (asset) are recognized, after adjusting for tax effects, under other comprehensive income and immediately reflected in retained earnings.

#### Defined contribution plan

Contributions to defined contribution plans are recognized as employee costs in profit or loss in the period when the service is provided by the employee.

The risk-sharing corporate pension plan is classified as a defined contribution plan because the Group substantively has no further obligation for additional contributions.

(5) Revenue

(a) Service revenue

Supply of service usually corresponds to any of the following criteria: a) the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs; b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date and, therefore, is a performance obligation that is satisfied over time. If the progress toward complete satisfaction of the performance obligation can be reasonably measured, revenue from a service is recognized by measuring the progress. If the progress cannot be reasonably measured, revenue from a service is recognized only to the extent of the costs incurred until such time that the outcome of the performance obligation can be reasonably measured.

Revenue under service contracts in which the Group undertakes an obligation to provide deliverables, such as turnkey contracts (systems integration etc.), is in principle recognized by the method of measuring the progress based on the costs incurred to date as a percentage of the total estimated project costs. This is because, in such service contracts, costs are incurred by the Group during the performance of the contracts, and as tasks progress, services tailored for the customer will be near completion, a state where the services are available for the customer. When milestones for the obligations to be performed by the Group are defined at contract inception, revenue is recognized based on completion of the contractual milestones.

Regarding ongoing service contracts (outsourcing service, maintenance service, etc.), services requested by the customer are provided over the contractual period. To promptly respond to customers' requests, the Group is required to always stand ready, and thus, such services are provided over a period including standby time. For this reason, revenue is recognized by measuring the progress based on the period ratio of services already provided over the whole service period. When services among outsourcing and maintenance services, etc., are charged on a per unit basis, revenue is recognized when the service is rendered and is billed or billable.

Where changes occur in the initial estimates of revenues, measure of progress, and costs incurred for a contract, the accumulated impact arising from a change of estimates is recognized in profit or loss in the period in which the changes become obvious and possible to be estimated.

(b) Hardware product revenue

Supply of stand-alone hardware products is a performance obligation satisfied at a point in time because it is usually not a performance obligation satisfied over time. In such case, at the point when the control of the asset is transferred to the customer, the amount of the transaction price allocated in proportion to the performance obligation is recognized as revenue. To determine the point in time at which the control is transferred to the customer, the Group considers whether or not a) the Group has a present right to payment for the asset; b) the customer has legal title to the asset; c) the Group has transferred physical possession of the asset; d) the customer has the significant risks and rewards related to the ownership of the asset; and e) the customer has accepted the asset.

Revenue on hardware requiring significant services including installation, such as servers and network products, is in principle recognized upon the customer's acceptance.

Revenue on standard hardware, such as personal computers and electronic devices, is recognized in principle upon delivery, where the control of the hardware is transferred to the customer.

On the other hand, for commissioned manufacturing and manufacturing contracting, in cases where the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, the Group recognizes revenue in accordance with the progress as measured using a method that faithfully depicts the completion of the performance obligation.

The Group provides various marketing programs to customers in various sales channels, such as volume discounts and sales incentives. When there is a possibility of subsequent variability in the consideration paid to these customers, the variable consideration is estimated and included in revenue to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. To estimate the variable consideration, the Group uses either the expected value method or the most likely amount method, selecting the method that enables the most appropriate estimate of the amount of the consideration for these rights to be obtained.

(c) Licensing revenue

For supply of licenses, revenue is recognized over time as a right to access the Group's intellectual property (a right to access) when all of the following criteria are met. If any of the criteria is not met, revenue is recognized at a point in time for a right to use the Group's intellectual property (a right to use). The criteria are (a) the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights; (b) the rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities; and (c) those activities do not result in the transfer of a good or service to the customer as those activities occur.

For software, the licenses of which constitute the principal licenses of the Group, usually after supply of a license, the Group is not obligated to undertake any activities to change the form or the functionality of the intellectual property or activities to maintain the value of the intellectual property over the license period. Since none of the above criteria is therefore not met, the revenue is recognized at a point in time as right to use.

When software is provided over a cloud service, revenue is usually recognized at the same time as the cloud service revenue as a single performance obligation.

When software is sold bundled with software support, revenue for the software and revenue for the software support are usually recognized separately as distinct performance obligations. However, when the customer is unable to receive the benefit of the software without the supply of the software support service, the revenue is recognized at the same time as the software support revenue as a single performance obligation.

For software version-up rights that are sold separately from a license, revenue is usually recognized at the time when the version-up rights are provided, treating the software and version-up rights as distinct

performance obligations. On the other hand, if the software version-up rights as a part of software support are provided, their revenue is recognized at the same time as a single performance obligation.

(d) Contracts with multiple deliverables

Contracts with multiple deliverables represent one contract that consists of several kinds of goods or services, such as supply of hardware and related services or supply of software sales and support services. Goods or services promised to a customer are identified as distinct performance obligation if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract). To allocate the transaction price to each performance obligation in a contract with multiple deliverables on a relative stand-alone selling price basis, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to that stand-alone selling price. If a stand-alone selling price is not directly observable, it is estimated based on method such as estimated costs plus a margin approach for the respective performance obligations in the contract with multiple deliverables, and the transaction price is allocated.

(e) Agent transactions

For procurement and sales of goods and services by the Group, revenue is recognized as commission fees for transactions where the Group does not have control of the goods and services before their transfer to the customer, in other words, transactions where the Group has arranged the procurement as the customer's agent. To determine whether or not the Group has control over goods and services before their transfer to the customer, the following aspects are considered: a) whether the Group is primarily responsible for fulfilling the promise to provide the specified good or service; b) whether the Group has inventory risk before the specified good or service is transferred to a customer, or after transfer of control to the customer; and c) whether the Group has discretion in establishing the price for the good or service.

(6) Other significant principles for the preparation of consolidated financial statements

(a) Application of a group relief system

A group relief system is applied.

**[Notes to Accounting Estimates]**

Items recorded in the consolidated financial statements with accounting estimates for this fiscal year and, that can have a significant effect on the consolidated financial statements for the next fiscal year are as follows.

1. Revenue Recognition

Contract assets amounting to 125,442 million yen are recorded on the consolidated statement of financial position.

Revenue and costs under service contracts in which the Group undertakes an obligation to provide deliverables, such as turnkey contracts, are recognized by reference to the stage of completion when the outcome of the contract can be reliably estimated. Contract assets are primarily unbilled trade receivables related to revenue and are transferred to trade receivables when the customer accept the deliverables.

The Group, in principle, calculates the progress toward completion with cost incurred to date as a percentage of total estimated project costs. Total estimated project costs are estimated based on the specifications, working hours, and contract-related risks, etc., of each project. Revenue and costs can be revised due to reasons such as additional cost incurred, because revenue and costs depend on the estimates of total project revenue and costs as well as the measurement of the progress.

## 2. Property, plant and equipment

Property, plant and equipment amounting to 572,172 million yen are recorded on the consolidated statement of financial position.

Depreciation of property, plant and equipment is calculated primarily using the straight-line method, based on the estimated useful life that reflects the period in which the asset's future economic benefits are expected to be consumed. An impairment loss could be recognized if there is a decrease in the expected future cash flows from the asset as a result of underutilization of production facilities or a decrease in the capacity utilization rate associated with rapid changes in the business environment as well as business realignment.

## 3. Goodwill

Goodwill amounting to 55,132 million yen is recorded on the consolidated statement of financial position.

Goodwill is tested for impairment both annually and when there is an indication of impairment. An impairment loss is recognized if the recoverable amount of cash-generating unit (CGU) to which goodwill is allocated is less than its carrying amount.

The recoverable amounts of a CGU are in most cases measured at value in use. Significant assumptions in estimating value in use are future cash flows based on the Group's medium-term management plan (generally covering three years) approved by management, the long-term average growth rate for subsequent periods incorporating future uncertainties, and the discount rate based on the weighted average cost of capital. These assumptions represent management's best estimates and judgment. Impairment losses could be recognized when the assumptions are revised as a result of a change in the business environment or other changes in the circumstances.

## 4. Intangible assets

Intangible assets amounting to 146,264 million yen are recorded on the consolidated statement of financial position.

Computer Software held for sale is amortized by a method based on projected sales volume over the estimated useful life. Software for internal use is amortized on a straight-line basis, in principle, to reflect

the pattern in which asset's future economic benefits are expected to be consumed by the Group. Impairment losses could be recognized if there is a decrease in the expected future cash flows from the asset such as sales volumes failing to meet initial projected volumes due to changes in the business environment, and there is a risk that amortization expenses for the reporting period may increase if the actual useful life is less than the original estimate.

#### 5. Deferred tax assets

Deferred tax assets amounting to 73,310 million yen are recorded on the consolidated statement of financial position.

Decisions on the recoverability of a deferred tax asset are based on the taxable profit calculated using future business plans and a deferred tax asset is recognized for carryforward unused tax losses, unused tax credits, and deductible temporary differences to the extent that is probable that they can be utilized. If no sufficient taxable profit is considered to be available to allow the benefit of part or all of that deferred tax asset due to changes in business environment, the amount of deferred tax assets may be reduced and additional expenses may incur.

#### 6. Provisions

Provision for restructuring charges

Provision for restructuring charges amounting to 5,427 million yen are recorded on the consolidated statement of financial position.

A provision is recognized for the estimated costs of restructuring such as personnel rationalization and disposal of business. The costs are estimated based on the announced plan and the additional expenses may be incurred or a reversal of expenses may be recorded when the plan is reviewed as a result of sudden change in the business environment.

Provision for loss on order received

Provision for construction contract losses shown for the previous fiscal year is changed in account name to "Provision for loss on order received" for this fiscal year onward in order to present the account more appropriately. Provision for loss on order received amounting to 12,728 million yen are recorded on the consolidated statement of financial position.

The Group records provisions for losses on service contracts in which the Group undertakes an obligation to provide deliverables, such as turnkey contracts, if it is probable that the total estimated project costs exceed the total estimated project revenues and the amount of losses can be reliably measured. Total estimated project costs are estimated based on the specifications, working hours, and contract-related risks, etc., of each project and the Group may revise the originally estimated total project costs due to the incurrence of additional cost, etc., as well as the possibility of incurring additional expenses or the recording of a reversal of expenses.

#### 7. Defined benefit plan

Retirement benefit assets amounting to 81,883 million yen and retirement benefit liabilities amounting

to 95,388 million yen are recorded on the consolidated statement of financial position.

The Group has both defined benefit and defined contribution retirement benefit plans. Net defined benefit liability could be worsened if the fair value of plan assets decreases as a result of deterioration of return on plan assets or if a defined benefit liability increases as a result of a change in assumptions (such as discount rate, turnover ratio, and mortality ratio) for determining the defined benefit liability, which could lead to a reduction in equity. If changes are made to retirement benefit plans, there could be a significant impact on profit or loss.



**[Notes to the Consolidated Statement of Financial Position]**

1. Assets pledged as collateral and liabilities associated with collateral	(Millions of yen)
(1) Assets pledged as collateral	
Balance of pledged assets.....	545
(Pledged assets)	Intangible assets
	545
(2) Liabilities associated with collateral	
Balance of secured debt .....	1,758
(Secured debts)	Provisions
	1,758
2. Bad debt allowance presented net with the associated assets	
(1) Trade receivables.....	3,125
(2) Other non-current assets.....	778
3. Accumulated depreciation of property, plant and equipment.....	1,284,181
(including accumulated impairment losses)	
4. Contingent liabilities for guarantee contracts	
Balance of contingent liabilities for guarantee contracts.....	8
(Guaranteed debts)	Housing loans of employees
	8

**[Notes to the Consolidated Statement of Profit or Loss]**

## 1. Other income

The main component is a gain of 30,821 million yen related to the transfer of 80% of the shares of PFU Limited (hereinafter referred to as “PFU”), a consolidated subsidiary of the Company, to Ricoh Company, Ltd. on September 1, 2022.

## 2. Income from investments accounted for using the equity method, net

The main component is a gain of 7,705 million yen on fair value valuation as PFU become an associate of the Company by the equity method.

Details of the share transfer of PFU are described in the “Business Divestiture under Notes to Business Combinations.”

**[Notes to the Consolidated Statement of Changes in Equity]**

## 1. Number of shares issued at the end of this fiscal year

Common stock.....207,001,821 shares

## 2. Dividends distributed from retained earnings during this fiscal year

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on May 26, 2022	Common stock	21,616	110	March 31, 2022	June 6, 2022
Board of Directors Meeting on October 27, 2022	Common stock	23,594	120	September 30, 2022	November 30, 2022

## 3. Dividends to be distributed from retained earnings after the end of this fiscal year

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Board of Directors Meeting on May 25, 2023	Common stock	22,600	Retained earnings	120	March 31, 2023	June 5, 2023

**[Notes to Business Combination, etc.]**

## Business divestiture

By resolution of the Board of Directors Meeting held on April 28, 2022, the Company transferred 80% of the shares of PFU Limited (hereinafter referred to as “PFU”) to Ricoh Company, Ltd. (hereinafter referred to as “Ricoh”) on September 1, 2022. As a result, PFU changed from a consolidated subsidiary to an associate of the Company by the equity method.

## (1) Reason for share transfer

PFU operates businesses centered upon the manufacture, sales, and maintenance of hardware, such as image scanners, for which it holds a high market share. Meanwhile, the Company continues its shift to become a Digital Transformation (DX) company that contributes to the resolution of issues confronting society. To this end, the Company will focus on digital domains that integrate DX businesses founded in AI, data use, and other technologies with modernization necessary for DX such as migrating to cloud-based systems.

The Company approved the management decision for the transfer of PFU shares with the expectation that Ricoh’s many different synergies could be successfully leveraged to further grow and enhance PFU’s corporate value. We believe that this can expand business by maximizing the value of the products and services that PFU has cultivated, including the fi Series and ScanSnap brands, image scanners and sales and maintenance channels of self-service terminals as well as the technologies that support these products and services.

In addition to the transfer of shares, the Company will continue to explore an alliance with Ricoh to further bolster the businesses of the two companies by taking full advantage of their respective strengths.

## (2) Name of company to which shares are transferred

Ricoh Company, Ltd.

## (3) Period of share transfer

September 1, 2022

## (4) Name of subsidiary and nature of business

## (a) Name of Subsidiary

PFU Limited

## (b) Description of the business

Document scanners, industrial computing products and other hardware; security, document management and other software and services; configuration of IT Infrastructure; and multivendor services provided in cooperation with third-party companies

## (5) Overview of the divestiture including legal form

Share transfer for cash

## (6) Overview the accounting treatment implemented

## (a) Gain or loss on transfer

Gain of 30,821 million yen from the transfer of the shares

Gain of 7,705 million yen on fair value valuation as PFU become an associate of the Company by the equity method

## (b) Appropriate carrying amount of asset and liability related to a business transferred and the main breakdown

Current assets:	89,906(Million yen)
Non-current assets:	24,603(Million yen)
Total assets	<u>114,509(Million yen)</u>
Current liabilities:	34,667(Million yen)
Long-term liabilities:	5,063(Million yen)
Total liabilities	<u>39,730(Million yen)</u>

## (c) Accounting treatment

The difference between consolidated carrying amount of the shares transferred and their sale value was recorded under "Other income." Gain on revaluation of remaining shares of PFU due to the transfer was recorded under "Income from investments accounted for using the equity method, net."

## (7) Category in segment information disclosure

Technology Solutions

## (8) Approximate income for separate businesses that are recorded on the consolidated statement of profit or loss for this fiscal year

	<u>Cumulative period</u>
Net sales	47,291(Million yen)
Operating profit	1,121(Million yen)

**[Notes to Financial Instruments]**

1. Policies on Financial Instruments

The Group carries out its financial activities in accordance with the “Fujitsu Group Treasury Policy” and primarily obtains funds through bank borrowing and the issuance of corporate bonds based on funding requirements of its business activities. After the adequate liquidity for its business activities has been ensured, the Group invests temporary excess funds in financial assets with low risk. The Group utilizes derivative transactions only for hedging purposes and not for speculative or dealing purposes. “Trade receivables” and contract assets are exposed to customer credit risk. Additionally, some trade receivables are denominated in foreign currencies in conjunction with the export of products and exposed to exchange rate fluctuation risk. Other financial assets are comprised primarily of the certificates of deposit held for fund management and the shares issued by customers or other parties for the purpose of maintaining and strengthening the business relationship. Shares are exposed to market price fluctuation risk and financial risk of the Company invested. The Group also loans to business partners, etc.

“Trade payables” and other payables are generally payable within one year. Some trade payables are denominated in foreign currencies in conjunction with the import of components and exposed to exchange rate fluctuation risk. Corporate bonds and borrowings are mainly for the purpose of obtaining working capital and preparing capital expenditures. Because some of these have floating interest rates, they are exposed to interest rate fluctuation risk.

(a) Credit risk

The Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and providing services. For trade receivables and contract assets, a unit independent from the sales units assesses the credit standing of customers, and for trade receivables, it manages collection dates and the balance outstanding for each customer to ensure smooth collection. Regarding the loan receivable, the Group periodically assesses debtor’s financial condition and reviews the terms of the loan if needed.

The counterparties to derivative transactions are selected upon assessment of their credit risk.

The amounts of the largest credit risks as of the reporting date are indicated in the carrying amount of the financial assets that are exposed to credit risk.

(b) Liquidity Risk

The Group prepares a cash flow projection and monitors its funding requirements. The Group also strives to diversify its sources of financing in order to reduce liquidity risk.

(c) Market risk

The Group utilizes foreign exchange forward contracts in respect to trade receivables and trade payables denominated in foreign currencies to mitigate the exchange rate fluctuation risk that is monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flows denominated in foreign currencies, and interest swap contracts in respect to corporate bonds and borrowings to mitigate interest rate fluctuation risk.

For the shares issued by customers or other parties, the Group regularly monitors the fair value and the financial conditions of the issuers and reviews its investment on a regular basis, taking into account its

relationship with the counterparties.

The Group enters into derivative transactions based on the Group policy. Following the policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions, records them, and confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of transactions undertaken and changes in the transaction balance to the CFO and the head of the accounting department.

## 2. Fair values of financial instruments and their breakdown by fair value hierarchy

The carrying amount and fair value of financial instruments as of March 31, 2023 are as follows:

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.  
 Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly or indirectly.  
 Level 3 inputs are unobservable inputs for assets or liabilities.

## (a) Financial assets and liabilities measured at fair value

## (i) Fair value hierarchy and comparison between carrying amount and fair value

(Millions of yen)

	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Assets</b>					
Financial assets measured at fair value through profit or loss					
Derivatives	654	654	-	654	-
Bonds	13,203	13,203	-	-	13,203
Equity securities	12,141	12,141	2,140	-	10,001
Financial assets Measured at fair value through other comprehensive income					
Equity securities	167,573	167,573	103,893	-	63,680
<b>Total</b>	<b>193,571</b>	<b>193,571</b>	<b>106,033</b>	<b>654</b>	<b>86,884</b>
<b>Liabilities</b>					
Financial liabilities measured at fair value through profit or loss					
Derivatives	1,409	1,409	-	1,409	-
<b>Total</b>	<b>1,409</b>	<b>1,409</b>	<b>-</b>	<b>1,409</b>	<b>-</b>

Notes:

## 1. Measurement of fair value for financial instruments:

Derivatives: The fair value is based on the prices provided by financial institutions and other appropriate valuation techniques based on information available.

Equity securities: If a quoted price in an active market is available, the fair value is based on the quoted price. If a quoted price in an active market is not available, the fair value is estimated based on discounted future cash flow or other appropriate valuation method.

Bonds (financial assets): If a quoted price in an active market is available, the fair value is based on the quoted price. If a quoted price in an active market is not available, the fair value is estimated by an appropriate valuation method based on prices provided by transacting financial institutions.

## 2. Lease liabilities are not included in the "Fair values of financial instruments and their breakdown by fair value hierarchy."

## (b) Financial assets and liabilities measured at amortized cost

## (i) Fair value hierarchy and comparison between carrying amount and fair value

(Millions of yen)

	Carrying amount	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Assets</b>					
Financial assets measured at amortized cost					
Bonds	2,000	1,992	-	-	1,992
<b>Total</b>	<b>2,000</b>	<b>1,992</b>	<b>-</b>	<b>-</b>	<b>1,992</b>
<b>Liabilities</b>					
Financial liabilities measured at amortized cost					
Long-term borrowings (non- current)	2,080	2,081	-	2,081	-
<b>Total</b>	<b>2,080</b>	<b>2,081</b>	<b>-</b>	<b>2,081</b>	<b>-</b>

## Notes:

1. The disclosure for the current portion of financial assets and liabilities measured at amortized cost is omitted in the notes to "Fair values of financial instruments and their breakdown by fair value hierarchy" because the carrying amount is a reasonable approximation of its fair value.

## 2. Measurement of fair value for financial instruments:

Bonds (financial assets): If a quoted price in an active market is available, the fair value is based on the quoted price. If a quoted price in an active market is not available, the fair value is estimated by an appropriate valuation method based on prices provided by transacting financial institutions.

Long-term borrowings: The fair value of long-term borrowings is calculated by discounting the sum of future principal and interest payments to the present value at the rate expected for another loan with the same conditions at the end of the year.

**[Notes to Per Share Data]**

Equity attributable to owners of the parent per share.....	8,425.37 yen
Basic earnings per share.....	1,107.63 yen

**[Notes to Revenue Recognition]****(1) Classification of revenue**

The Group classifies its revenue by region based on the location of its customers.

The relationship between revenue categorized by region and reportable segments is as follows.

The Company reviewed its regional categories in the current fiscal year. NWE (Northern and Western Europe), CEE (Central and Eastern Europe), and Europe other than NWE and CEE included in “Others” are combined and presented as “Europe,” China, Taiwan, and South Korea included in “Asia” are combined and presented as “East Asia,” and countries other than China, Taiwan, and South Korea included in “Asia” and Oceania are combined and presented as “Asia-Pacific.” The main countries included in “Americas” are the U.S. and Canada as before.

	(Millions of yen)			
	Technology Solutions	Ubiquitous Solutions	Device Solutions	Total
Japan	2,111,048	102,533	76,704	2,290,285
Europe	570,325	83,952	12,187	666,464
Americas	239,441	173	56,603	296,217
Asia-Pacific	179,918	204	102,608	282,730
East Asia	48,697	1,750	120,182	170,629
Others	7,381	-	61	7,442
<b>Total</b>	<b>3,156,810</b>	<b>188,612</b>	<b>368,345</b>	<b>3,713,767</b>

Notes:

1. Includes revenues arising from leases because they are immaterial for the Group.
2. Others include the Middle East and Africa.
3. Technology Solutions consist of the following:
  - Solutions/SI such as construction of information and communication systems, cloud services, and outsourcing and maintenance services.
  - System Products, which cover mainly the servers and storage systems that provide the foundation for ICT platforms, and Network Products, which offer communications infrastructure, such as mobile phone base stations and optical transmission systems.
4. Ubiquitous Solutions consist of “client computing devices” such as PCs.
5. Device Solutions consist of LSI devices and electronic components such as semiconductor packages and batteries.

**(2) Contract assets and contract liabilities**

Contract assets are primarily unbilled trade receivables related to revenue recognized based on measurement of progress toward complete fulfillment of performance obligations under service contracts in which the Company undertakes an obligation to provide deliverables, such as turnkey contracts. These are transferred to trade receivables when the customer accepts the deliverables.

Contract liabilities primarily consist of advance received from customers under contracts to provide them with ongoing services. The amount of revenue recognized for this fiscal year, included in the balance of contract liabilities as of the beginning of the period is 114,423 million yen.

**(3) Performance obligations**

For the performance obligations for products and services in reportable segments and for how to



measure to revenues from them, see “4. Significant accounting policies” under “Notes to Significant Items Concerning Preparation of Consolidated Financial Statements and Changes in Scope of Consolidation or Application of Equity Method.”

The payment terms for respective performance obligations are mainly within one year, and there are no significant transactions with long-term prepayment or post-payment terms.

Transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations at the end of the current period was 1,769,824 million yen, of which 1,126,491 million yen is expected to be recognized as revenue within one year.

The Group does not apply the practical expedient of paragraph 121 in IFRS 15 “Revenue from Contracts with Customers” and the above performance obligations amount includes the performance obligations included as components of contracts that have an original expected duration of one year or less. In addition, any consideration from contracts with customers that is not included in the transaction price is immaterial for the Group.

**[Notes to Significant Events after the Reporting Period]**

1. Purchase of treasury shares

At the Board of Directors' Meeting held on April 27, 2023, the Company resolved, as follows, matters related to purchase of treasury shares pursuant to the provisions of Article 459, Paragraph (1) of the Companies Act.

(1) Reason for purchase of treasury shares

To enhance shareholder returns and promote capital efficiency by comprehensively considering the future business environment and other factors based on improved financial conditions for this fiscal year and the next fiscal year, such as increased profits and cash flows.

(2) Details of matters concerning the Purchase of treasury shares

- Type of shares to be repurchased: Common stock
- Total number of shares to be purchased: 12 million shares (maximum)  
(Ratio to the total number of issued shares (excluding treasury shares): 6.37%)
- Aggregate purchase value: 150 billion yen (maximum)
- Purchase period: From May 1, 2023 to March 29, 2024
- Purchase method: Purchase by means of market trades on the Tokyo Stock Exchange  
(including purchases by means of market trade based on a discretionary investment contract with securities firms and through share repurchases outside of trading hours (ToSTNeT-3))

Note: The Company could potentially fail to purchase an intended number of treasury shares, partially or wholly, due to drastic change in the business environment, significant increase in cash demand, and/or regulation regarding insider trading, among other reasons.

(Reference) The state of holding treasury shares as of March 31, 2023

The total number of issued shares (including treasury shares): 207,001,821 shares

The number of treasury shares: 18,661,673 shares

**(Additional Information)**

1. Takeover bid for GK Software SE

The Company decided to make a takeover bid for GK Software SE (hereinafter referred to as "GK Software"), via Fujitsu ND Solutions AG (hereinafter referred to as "ND Solutions"), a consolidated subsidiary of the Company, on February 28, 2023. Starting from March 23, 2023, ND Solutions began to make the takeover bid before concluding it on May 9, 2023.

In order to acquire the shares of GK Software, the Company increased capital of 50,005 million yen (340 million euros) to ND Solutions on May 12, 2023.

**Unconsolidated Balance Sheet**

(As of March 31, 2023)

		<u>Millions of yen</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	Y	7,741
Deposits paid		46,811
Notes receivable, trade		854
Accounts receivable, trade		500,131
Contract assets		86,788
Finished goods		68,229
Work in process		6,493
Raw materials		84,156
Advanced payments		3,865
Short-term loans to affiliated companies		11,735
Accounts receivable, other		126,705
Others		28,961
Allowance for doubtful accounts		(10,309)
<b>Total current assets</b>		<b>962,166</b>
<b>Non-current assets:</b>		
Property, plant and equipment, net of accumulated depreciation:		
Buildings		96,821
Structure		2,549
Machinery		1,087
Vehicle and delivery equipment		8
Equipment		41,995
Land		39,546
Construction in progress		9,000
<b>Total property, plant and equipment</b>		<b>191,010</b>
Intangible assets:		
Software		69,735
Others		10,274
<b>Total intangible assets</b>		<b>80,010</b>
Investments and other non-current assets:		
Investment securities		126,530
Subsidiaries' and affiliates' stocks		425,340
Long-term loans to affiliated companies		444
Receivables from companies under bankruptcy or reorganization process		9
Prepaid pension cost		29,783
Deferred tax assets		44,696
Others		32,544
Allowance for doubtful accounts		(484)
<b>Total other non-current assets</b>		<b>658,864</b>
<b>Total non-current assets</b>		<b>929,885</b>
<b>Total assets</b>	<b>Y</b>	<b>1,892,051</b>

	<u>Millions of yen</u>
<b>Liabilities and net assets</b>	
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable, trade	385,589
Lease obligations	1,748
Accrued liability	42,776
Accrued expenses	123,915
Accrued income taxes	43,379
Contract liabilities	68,581
Deposits payable	16,116
Provision for loss on order received	5,869
Provision for product warranties	4,270
Provision for loss on business of subsidiaries and associates	60,000
Provision for bonuses to board members	124
Provision for share-based payments	1,869
Provision for environmental measures	23
Others	1,972
<b>Total current liabilities</b>	<u>756,235</u>
<b>Long-term liabilities:</b>	
Lease obligations	2,699
Provision for retirement benefits	2,216
Provision for share-based payments	2,432
Provision for environmental measures	508
Asset retirement obligations	11,032
Others	10
<b>Total long-term liabilities</b>	<u>18,899</u>
<b>Total liabilities</b>	<u>775,134</u>
<b>Net assets</b>	
<b>Shareholders' equity:</b>	
Common stock	324,625
Capital surplus:	
Other capital surplus	154,506
Total capital surplus	<u>154,506</u>
Retained earnings:	
Legal retained earnings	35,754
Other retained earnings:	
Retained earnings brought forward	825,583
Total retained earnings	<u>861,337</u>
Treasury stock	<u>(277,702)</u>
<b>Total shareholders' equity</b>	<u>1,062,766</u>
<b>Valuation and translation adjustments:</b>	
Unrealized gain and loss on securities, net of taxes	54,150
<b>Total valuation and translation adjustments</b>	<u>54,150</u>
<b>Total net assets</b>	<u>1,116,916</u>
<b>Total liabilities and net assets</b>	<u>Y 1,892,051</u>

**Unconsolidated Statement of Profit and Loss**

(Year ended March 31, 2023)

		<u>Millions of yen</u>
<b>Net sales</b>	Y	<b>1,804,001</b>
Cost of sales		1,252,918
<b>Gross profit</b>		<b>551,082</b>
Selling, general and administrative expenses		447,345
<b>Operating profit</b>		<b>103,737</b>
<b>Other income:</b>		
Interest income		151
Dividend income		40,010
Foreign exchange gain		1,415
Other finance income		1,386
<b>Total other income</b>		<b>42,964</b>
<b>Other expenses:</b>		
Interest expense		122
Interest on bonds		16
Provision for loss on business of subsidiaries and associates		2,541
Other finance expenses		454
<b>Total other expenses</b>		<b>3,134</b>
<b>Ordinary income</b>		<b>143,566</b>
<b>Extraordinary income:</b>		
Gain on extinguishment of tie-in shares		1,194
Gain on sales of subsidiaries' and affiliates' stocks		79,883
Gain on sales of investment securities		11,491
Gain on sales of non-current assets		4,408
<b>Total extraordinary income</b>		<b>96,978</b>
<b>Extraordinary losses:</b>		
Loss on abandonment of non-current assets		5,101
Impairment losses		10
<b>Total extraordinary losses</b>		<b>5,112</b>
<b>Income before income taxes</b>		<b>235,433</b>
<b>Income taxes:</b>		
Current		48,231
Deferred		7,925
<b>Total income taxes</b>		<b>56,156</b>
<b>Net income</b>	Y	<b>179,277</b>

**Unconsolidated Statement of Changes in Net Assets**

(From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity					
	Common stock	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
<b>Beginning Balance</b>	<b>324,625</b>	<b>153,804</b>	<b>153,804</b>	<b>31,233</b>	<b>696,037</b>	<b>727,270</b>
<b>Increase (Decrease) during the period</b>						
Dividends paid	–	–	–	4,521	(49,731)	(45,210)
Net income	–	–	–	–	179,277	179,277
Purchase of treasury stock	–	–	–	–	–	–
Disposal of treasury stock	–	701	701	–	–	–
Net increase (decrease) during the period, except for items under shareholders' equity	–	–	–	–	–	–
<b>Total</b>	<b>–</b>	<b>701</b>	<b>701</b>	<b>4,521</b>	<b>129,545</b>	<b>134,066</b>
<b>Ending Balance</b>	<b>324,625</b>	<b>154,506</b>	<b>154,506</b>	<b>35,754</b>	<b>825,583</b>	<b>861,337</b>

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized gain and loss on securities, net of taxes	Total valuation and translation adjustments	
<b>Beginning Balance</b>	<b>(128,897)</b>	<b>1,076,802</b>	<b>35,923</b>	<b>35,923</b>	<b>1,112,726</b>
<b>Increase (Decrease) during the period</b>					
Dividends paid	–	(45,210)	–	–	(45,210)
Net income	–	179,277	–	–	179,277
Purchase of treasury stock	(150,103)	(150,103)	–	–	(150,103)
Disposal of treasury stock	1,298	1,999	–	–	1,999
Net increase (decrease) during the period, except for items under shareholders' equity	–	–	18,226	18,226	18,226
<b>Total</b>	<b>(148,805)</b>	<b>(14,036)</b>	<b>18,226</b>	<b>18,226</b>	<b>4,190</b>
<b>Ending Balance</b>	<b>(277,702)</b>	<b>1,062,766</b>	<b>54,150</b>	<b>54,150</b>	<b>1,116,916</b>

## Notes to Unconsolidated Financial Statements

### [Notes to Significant Accounting Policies]

1. The Company prepares for financial statements in accordance with the Regulation on Corporate Accounting (Ministry of Justice Order No. 13 of February 7, 2006 and Amendment of Ministry of Justice Order No. 43 of December 26, 2022).

2. Valuation standards and methods for assets

(1) Marketable securities

Shares in subsidiaries and affiliates..... Moving average cost method

Available-for-sale securities

- Other than non-marketable stocks..... Market value method based on the market price on the closing date

Treatment of the difference between the acquisition cost and the market value

..... Booked directly to net assets

Calculation of costs of securities sold

..... Moving average cost method

- Non-marketable stocks..... Moving average cost method

(2) Derivatives

Derivatives ..... Market value method

(3) Inventories

Inventories held for sale in normal operating cycle

- Finished goods ..... Moving average cost method

- Work in process ..... Cost method determined by the specific identification method or the periodic average method

- Raw materials..... Moving average cost method

Costs of inventories with lower profitability are written down.

3. Depreciation and amortization of fixed assets

(1) Tangible fixed assets except for leased assets

Depreciation of tangible fixed assets except for leased assets is calculated by the straight-line method.

The useful lives, reflected by the likely period over which the value of asset can be realized under actual business conditions, are estimated as stated below:

- Buildings and structures ..... 7 to 50 years

- Machinery ..... 3 to 7 years

- Equipment ..... 2 to 10 years





Method of attributing actuarial gains and losses and past service cost

- Method of attributing past service cost

.....Straight-line method (10 years)

- Method of attributing actuarial gains and losses

.....An amount on a straight-line basis (over the expected average remaining service period of employees) is recognized from the year after the actuarial loss has arisen.

(7) Provision for share-based payments

To prepare for share-based payment to board members and Corporate Executive Officers, an estimated amount is provided.

(8) Provision for environmental measures

To prepare for environmental measures such as disposal of PCB (polychlorobiphenyl) embedded products and purification of soil, the expected losses are provided.

5. Revenues and expenses recognition

(1) Service revenue

Supply of service by the Company is a performance obligation to be satisfied over a certain period of time because it usually corresponds to any of the following criteria: a) the customer enjoys the benefits provided by the Company as it performs its obligations under a contract with the former party; b) the Company's performance of its obligations under a contract with the customer creates or enhances an asset, causing the customer to control it in pace with the performance; or c) the Company's performance of its obligations under a contract with the customer creates an asset without an alternative use, and the former party has an enforceable right to receive payment for a portion of the performance completed by it. If the progress toward complete satisfaction of the performance obligation can be reasonably estimated, revenue from the service is recognized in accordance with the progress. If the progress cannot be reasonably estimated, while an expense incurred when satisfying the performance obligation is likely to be recovered, revenue from the service is recognized on the cost recovery method until such time that the progress of the performance obligation satisfaction can be reasonably estimated.

Revenue under service contracts in which the Company undertakes an obligation to provide deliverables, such as turnkey contracts (systems integration etc.), is in principle recognized by the method of estimating the progress based on the costs incurred to date as a percentage of the total estimated project costs. This is because, in such service contracts, costs are incurred by the Company during the performance of the contracts, and as tasks progress, services tailored for the customer will be near completion, a state where the services are available for the customer. When milestones for the obligations to be performed by the Company are defined at contract inception, revenue is recognized based on completion of the contractual milestones.

Regarding ongoing service contracts (outsourcing service, maintenance service, etc.), services requested by the customer are provided over the contractual period. To promptly respond to customers' requests, the Company is required to always stand ready, and thus, such services are

provided over a period including standby time. For this reason, revenue is recognized by estimating the progress based on the period ratio of services already provided over the whole service period. When services among outsourcing and maintenance services, etc., are charged on a per unit basis, revenue is recognized when the service is rendered and is billed or billable.

Where changes occur in the initial estimates of revenues, measure of progress, and costs incurred for a contract, the accumulated impact arising from a change of estimates is recognized in profit or loss in the period in which the changes become obvious and possible to be estimated.

(2) Hardware product revenue

Supply of stand-alone hardware products is a performance obligation satisfied at a point in time because it is usually not a performance obligation satisfied over time. In such case, at the point when the control of the asset is transferred to the customer, the amount of the transaction price allocated in proportion to the performance obligation is recognized as revenue. To determine the point in time at which the control is transferred to the customer, the Company considers whether or not: a) the Company has a present right to payment for the asset; b) the customer has legal title to the asset; c) the Company has transferred physical possession of the asset; d) the customer has the significant risks and enjoys rewards related to the ownership of the asset; and e) the customer has accepted the asset.

Revenue on hardware requiring significant services including installation, such as servers and network products, is in principle recognized upon the customer's acceptance.

Revenue on standard hardware, such as personal computers, is recognized in principle upon delivery, where the control of the hardware is transferred to the customer.

On the other hand, for commissioned manufacturing and manufacturing contracting, in cases where the Company's performance creates an asset unable to be used for other purpose and it has an enforceable right to payment for performance completed to date, the Company recognizes revenue in accordance with the progress as estimated using a method that faithfully depicts the completion of the performance obligation.

The Company provides various marketing programs to customers in various sales channels, such as volume discounts and sales incentives. When there is a possibility of subsequent variability in the consideration paid to these customers, the variable consideration is estimated and accounted for under revenue solely with respect to a portion that is highly unlikely to experience, when the uncertainty is eliminated, a significant decrease in a revenue recorded until the time of the elimination. To estimate the variable consideration, the Company uses either the expected value method or the most likely amount method, selecting the method that enables the most appropriate estimate of the amount of the consideration for these rights to be obtained.

(3) Licensing revenue

For supply of licenses, revenue is recognized over time as a right to access the Company's intellectual property (a right to access) when all of the following criteria are met. If any of the criteria is not met, revenue is recognized at a point in time for a right to use the Company's

intellectual property (a right to use). The criteria are: (a) the contract stipulates, or the customer reasonably expects, that the Company will undertake activities that significantly affect the intellectual property to which the customer has rights; (b) such activities will directly affect the customer; and (c) those activities do not result in the transfer of a good or service to the customer even if those activities occur.

For software, the licenses of which constitute the principal licenses of the Company, usually after supply of a license, the Company is not obligated to undertake any activities to markedly change the form or the functionality of the intellectual property or activities to maintain the value of the intellectual property over the license period. Since none of the above criteria is therefore not met, the revenue is recognized at a point in time as right to use.

When software is provided over a cloud service, revenue is usually recognized at the same time as the cloud service revenue as a single performance obligation.

When software is sold bundled with software support, revenue for the software and revenue for the software support are usually recognized separately as distinct performance obligations. However, when the customer is unable to receive the benefit of the software without the supply of the software support service, the revenue is recognized at the same time as the software support revenue as a single performance obligation.

For software version-up rights that are sold separately from a license, revenue is usually recognized at the time when the version-up rights are provided, treating the software and version-up rights as distinct performance obligations. On the other hand, if the software version-up rights as a part of software support are provided, their revenue is recognized at the same time as a single performance obligation.

#### (4) Contracts with multiple deliverables

Contracts with multiple deliverables represent one contract that consists of several kinds of goods or services, such as supply of hardware and related services or supply of software sales and support services.

Goods or services promised to a customer are identified as distinct performance obligation if the customer can benefit from the good or service on its own, can enjoy benefits together with other resources that are readily available to the customer (i.e. the good or service could potentially become distinct); and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

When allocating the transaction price to each performance obligation in a contract with multiple deliverables in accordance with the ratio of a stand-alone selling price, the Company determines the stand-alone selling price at contract inception for the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to that stand-alone selling price ratio. If a stand-alone selling price is not directly observable, it is estimated based on method such as estimated costs plus a margin approach for the respective performance obligations in the contract with multiple deliverables, and the transaction price is

allocated.

(5) Agent transactions

For procurement and sales of goods and services by the Company, revenue is recognized as commission fees for transactions where the Company does not have control of the goods and services before their provision to the customer, in other words, transactions where the Company has arranged the procurement as the customer's agent. To determine whether or not the Company has control over goods and services before their transfer to the customer, the following aspects are considered: a) whether the Company is primarily responsible for fulfilling the promise to provide the specified good or service; b) whether the Company has inventory risk before the specified good or service is provided to a customer, or after transfer of control to the customer; and c) whether the Company has discretion in establishing the price for the good or service.

6. Other significant items concerning the preparation of unconsolidated financial statements

(1) Hedge accounting

Deferred hedge accounting is adopted.

(2) Defined benefit liability

Accounting of unrecognized actuarial gains and losses and past service costs under the defined benefit plan for the unconsolidated financial statements is different from that for the consolidated financial statements.

(3) Application of a group relief system

A group relief system is applied.

**[Notes on Changes in the Method of Presentation]**

“Provision for construction contract losses” shown under “Current liabilities” for the previous fiscal year is changed in account name to “provision for loss on order received” starting from this fiscal year in order to present the account more appropriately.

“Reversal of provision for loss on business of subsidiaries and associates” under “Other income,” which was presented separately for the previous fiscal year, is included in “Other financial income” for this fiscal year, because its quantitative materiality decreased.

**[Notes to Accounting Estimates]**

Items recorded in the unconsolidated financial statements with accounting estimates for this fiscal year and, that can significantly affect the unconsolidated financial statements for the next fiscal year are as follows.

1. Revenue Recognition

Contract assets of 86,788 million yen are recorded on the unconsolidated balance sheet. Please refer to “Notes to Accounting Estimates 1. Revenue Recognition” in “Notes to Consolidated Financial Statements.”

2. Property, plant and equipment

Property, plant and equipment amounting to 191,010 million yen are recorded on the unconsolidated balance sheet.

Please refer to “Notes to Accounting Estimates 2. Property, plant and equipment” in “Notes to Consolidated Financial Statements.”

3. Intangible assets

Intangible assets amounting to 80,010 million yen are recorded on the unconsolidated balance sheet.

Please refer to “Notes to Accounting Estimates 4. Intangible assets” in “Notes to Consolidated Financial Statements.”

4. Deferred tax assets

Deferred tax assets amounting to 44,696 million yen are recorded on the unconsolidated balance sheet.

Please refer to “Notes to Accounting Estimates 5. Deferred tax assets” in “Notes to Consolidated Financial Statements.”

5. Provisions

Provision for loss on order received amounting to 5,869 million yen are recorded on the unconsolidated balance sheet.

Please refer to “Notes to Accounting Estimates 6. Provisions” in “Notes to Consolidated Financial Statements.”

Provisions for loss on business of subsidiaries and associates amounting to 60,000 million yen are recorded on the unconsolidated balance sheet.

The Company recognizes an estimated amount of loss as provision, taking into account the financial conditions of individual subsidiaries and associates. Expected losses can be revised for reasons such as changes in the financial conditions of individual subsidiaries and associates and future revisions of business plans.

6. Defined benefit plan

Prepaid pension costs amounting to 29,783 million yen and provision for retirement benefits amounting to 2,216 million yen are recorded on the unconsolidated balance sheet.

The Company has both defined benefit and defined contribution retirement benefit plans. Additional costs may incur if the fair value of plan assets decreases as a result of a deterioration of returns on plan assets or if a defined benefit obligation increases as a result of changes in assumptions (such as discount rate, turnover ratio, and mortality ratio) for determining the defined benefit obligation.

**[Notes to the Unconsolidated Balance Sheet]**

1. Accumulated depreciation of tangible fixed assets	(Millions of yen)
Buildings .....	245,289
Structures.....	15,052
Machinery.....	22,678
Vehicles and delivery equipment.....	54
Equipment .....	173,510
Total	456,586
2. Contingent liabilities for guarantee contracts	
Balance of contingent liabilities for guarantee contracts.....	8
(Main guaranteed debt)                      Housing loans of employees	8
3. Monetary claims and obligations to subsidiaries and affiliates (excluding those separately disclosed)	
Short-term monetary claims .....	272,147
Long-term monetary claims .....	342
Short-term monetary obligations.....	212,995
Long-term monetary obligations.....	1,486
4. Short-term loans to affiliated companies	

The loan to Fujitsu America Inc. (hereinafter referred to as “FAI”), a subsidiary of the Company.

In the previous fiscal year, the Company decided to realign its North American subsidiaries. Under the realignment plan, the Company had planned to provide a loan to FAI and give it a debt waiver for a portion of it. Therefore, at the end of the previous fiscal year, the Company recorded “Provision for loss on business of subsidiaries and associates” for the expected debt waiver value. In this fiscal year, the Company provided the loan under the realignment plan and recorded the loan. In addition, it reclassified the expected debt waiver amount from “Provision for loss on business of subsidiaries and associates” to “Allowance for doubtful accounts.”

**[Notes to the Unconsolidated Income Statements]**

1. Transactions with subsidiaries and affiliates	(Millions of yen)
Business transactions	
Net sales .....	588,278
Purchases.....	784,252
Transactions other than business transactions.....	38,358
2. Gain on sales of subsidiaries’ and affiliates’ stocks	

Gain on sales of subsidiaries’ and affiliates’ stocks is recorded mainly transferred shares of PFU Limited, a consolidated subsidiary of the Company, to Ricoh Company, Ltd. and conducted a

secondary offering of shares of Socionext Inc. due to its new listing on the Tokyo Stock Exchange Prime Market.

3. Gain on sales of investment securities

The main component is sales of shares of Toyota Motor Corporation.

**[Notes to the Unconsolidated Statements of Changes in Net Assets]**

1. Number of treasury stock at the end of this fiscal year

Common stock..... 18,661,673 shares

**[Notes to the Unconsolidated Tax Effect Accounting]**

Deferred tax assets are recognized primarily due to loss on valuation of shares of subsidiaries and associates, accrued bonuses and provision for loss on business of subsidiaries and associates. Deferred tax liabilities are recognized primarily due to unrealized gains on securities. Valuation allowance is deducted from deferred tax assets pertaining to loss on valuation of shares of subsidiaries and associates and other items for which scheduling of the timing of the reversal is impossible.

**[Notes to Transactions with Related Parties]**

## Subsidiaries and Affiliates

(Millions of yen)

Type	Name	Percentage of voting rights	Relationship	Transactions		Transaction amount	Account	Ending balance
Subsidiary	Fujitsu Japan Limited	Ownership Direct 100%	Sales and maintenance of Fujitsu's products Interlocking of directors	Sale of Fujitsu's products	Sales	195,113	Accounts receivable, trade	41,952 1,718
				Agency purchase transactions, etc.		124,570	Contract assets  Accounts receivable, other	55,219
Subsidiary	Fujitsu Fsas Inc.	Ownership Direct 100%	Consignment of support services, etc., sales and maintenance of Fujitsu's products Interlocking of directors	Consignment of support services, etc.	Purchases	82,733	Accounts payable, trade	23,423
Subsidiary	Fujitsu Technology Solutions (Holding) B.V.	Ownership Direct 100%	Sales of Fujitsu's products in Europe and provision of information systems services for Fujitsu's customers outside Japan Interlocking of directors	Sale of Fujitsu's products	Sales	130,955	Accounts receivable, trade	20,689
Subsidiary	Fujitsu North America, Inc.	Ownership Direct 100%	Sales of Fujitsu's products in North America and provision of information systems services for Fujitsu's customers outside Japan Interlocking of directors	Underwriting of capital increase		37,352	-	-
Subsidiary	Fujitsu Capital Ltd.	Ownership Direct 100%	Group financing in Japan Interlocking of directors	Withdrawal of funds	Withdrawal of funds	98,282	Deposits paid	46,811
Affiliate	Fujitsu Client Computing Ltd.	Ownership Direct 44%	Consignment of manufacturing of PCs that are included in systems sold by the Company Interlocking of directors	Consignment of manufacturing of PCs	Purchases	206,053	Accounts payable, trade	38,425

Notes:

1. Transactions listed above generally have terms of business based on arms-length.



2. The amount of transactions with Fujitsu Capital Ltd. is presented as the amount obtained by deducting deposits from withdrawals.

**[Notes to Per Share Data]**

Net assets per share .....	5,930.31 yen
Earnings per share .....	922.80 yen

**[Notes to Revenue Recognition]**

Basic information to understand revenue from contracts with customers

Please refer to “5. Revenues and expenses recognition” under “Notes to Significant Accounting Policies.”

**[Notes to Significant Events after the Reporting Period]**

1. Capital increase of Fujitsu ND Solutions AG

Notes are omitted as the same information is provided in “1. Takeover bid for GK Software SE” of “Additional Information” in the “Notes to Consolidated Financial Statements.”

2. Purchase of treasury shares

Notes are omitted as the same information is provided in “1. Purchase of treasury shares” of “Notes to Significant Events after the Reporting Period” in the “Notes to Consolidated Financial Statements.”