

Notice concerning issuance of new shares as share-based remuneration

Tokyo, July 27, 2023 – Fujitsu Limited announced that it resolved at Board of Directors meeting held today to issue new shares as share-based remuneration (hereinafter referred to as “the New Shares Issuance”) as stated below.

1. Outline of Issuance in Japan

(1) Due date of payment	August 23, 2023
(2) Class and number of shares to be issued	Common stock of the Company 95,486 shares
(3) Amount to be paid in per share	18,585 yen per share
(4) Total amount of issuance	1,774,607,310 yen
(5) Scheduled allottee	<p>1. Directors and Employees (*1) of the Company 155 people 66,738 shares</p> <p>2. Directors and Employees (*2) of the Company’s subsidiaries in Japan 77 people, 28,748 shares</p> <p>Total: 232 people, 95,486 shares</p> <p>*1. “Directors” includes Executive Directors, and “Directors and Employees” includes 7 retirees</p> <p>*2. “Directors” includes Executive Directors, and “Directors and Employees” includes 11 retirees as well as 1 prospective retirees</p>
(6) Other matters	This New Shares Issuance is subject to the Securities Registration Statements taking effect in accordance with the Financial Instruments and Exchange Act.

2. Outline of Issuance Overseas

(1) Due date of payment	August 23, 2023
(2) Class and number of shares to be issued	Common stock of the Company 13,538 shares
(3) Amount to be paid in per share	18,585 yen per share
(4) Total amount of issuance price	251,603,730 yen
(5) Scheduled allottee	1. Directors, etc. and Employees of the Company’s Overseas subsidiaries

	<p>5 people, 7,063 shares</p> <p>2. Persons seconded to and/or permanently transferred to overseas subsidiaries of the Company</p> <p>13 people, 6,475 shares</p> <p>Total: 18 people, 13,538 shares</p>
(6) Other matters	This New Shares Issuance is subject to the Securities Registration Statements taking effect in accordance with the Financial Instruments and Exchange Act.

3. Purpose and Reasons for Issuance

The Company has adopted (1) a performance-based stock compensation system for Eligible Directors, etc. (defined later) of the Company and some of its subsidiaries in Japan, as well as those seconded to or permanently transferred to overseas subsidiaries and (2) a stock compensation system for overseas subsidiaries (defined later), which is made up of performance-based stock units and non-performance-based restricted stock units, for certain Directors, etc. and employees of some of its overseas subsidiaries. The issuance in Japan is based on the performance-based stock compensation system and the overseas issuance is based on the stock compensation system for overseas subsidiaries. The issuance will be implemented following the resolution at the Board of Directors meeting held on July 27, 2023, under which the monetary compensation claims based on these systems will be provided to eligible persons, who are intended allottees under the performance-based stock compensation system and the stock compensation system for overseas subsidiaries, and the common stock (hereinafter referred to as “stock”) of the Company will be allowed to them in return for investment in kind as contributed assets of the monetary compensation claims.

(1) Performance-based Stock Compensation System

The Company resolved at the Board of Directors meeting held on April 28, 2017 to introduce a performance-based stock compensation system to Executive Directors (referring to Representative Directors, and Directors who double as Corporate Executive Officers. The same applies hereinafter). Subsequently, it was resolved at the 117th Annual Shareholders’ Meeting held on June 26, 2017 that stock of the Company to be used as a non-monetary reward shall be up to 300 million yen a year and that the total number of shares to be allocated should be up to 43,000 shares a year (*1). In addition, it was resolved at the 121st Annual Shareholders’ Meeting held on June 28, 2021 that with the disposal of treasury stock through domestic and overseas offerings being based on the aforementioned system that common stock of the Company to be used as a non-monetary reward shall be up to 1,200 million yen a year and that the total number of shares to be allocated should be up to 75,000 shares a year and specific details of the system. Furthermore, at the 122nd Ordinary General Meeting of Shareholders held on June 27, 2022, it was resolved that EPS (earnings per share) would be added to the indicator for business performance achievement for the fiscal year 2022 and thereafter, and that a portion of the compensation would be paid in cash equivalent to the funds for tax payment and the remainder in monetary compensation claims for the allocation of the Company’s shares.

*1. Since the Company consolidated 10 shares of stock of the Company to one share on October 1, 2018, the number of shares after the stock consolidation is described herein.

In addition to Executive Directors of the Company, the following persons are also subject to this performance-based stock compensation system (eligible persons for the performance-based stock compensation system are hereinafter referred to as "Eligible Directors, etc.") (*2):

- Executive Officers of the Company (based on the resolution made at the Board of Directors meeting held on April 28, 2017)
- Executive Directors and Executive Officers, etc. of some of the Company's subsidiaries in Japan (based on the resolution made at the Board of Directors meeting held on April 28, 2017) (*3)
- Employees certified as SVP (responsibility-based classification of Fujitsu Level at the Company and some of the Company's subsidiaries in Japan) (as resolved at the management meetings held on December 16, 2019).
- Employees certified as VP (responsibility-based classification of Fujitsu Level at the Company and some of the Company's subsidiaries in Japan) (as resolved at the management meetings held on March 23, 2020)

*2. Fujitsu has previously replaced Japan-specific executive job position titles with the title "Corporate Executive Officer." Fujitsu will continue to include those who became Eligible Directors, etc. due to those changes in the performance-based stock compensation system. For some of the executives, the length of the performance judgment period for the performance-based stock compensation system was changed to one year on November 29, 2019, with the approval of the Representative Director and CEO.

*3. Pursuant to the provision of the Articles of Incorporation of the Company's subsidiaries in Japan, the Company determines compensation, bonuses and other proprietary interests that the Company's subsidiaries in Japan grant their Directors, as consideration of execution of duties.

The performance-based stock compensation system for Eligible Directors, etc. is based on the above resolutions and decisions. Overview of the System is as below:

<Overview of the performance-based stock compensation system>

The Company has adopted a performance-based stock compensation system not only to give Eligible Directors, etc. mid- and long-term incentives for improving corporate value but also to further facilitate company management from a shareholders' perspective.

(i) Overview of the system

The Company will present to Eligible Directors, etc. a number of base shares in accordance with their respective duties and responsibilities, a performance judging period (three fiscal years) and performance targets in advance. The number of shares, which is calculated by multiplying the number of base shares by a

fixed coefficient according to the level of performance achievement, is fixed for each fiscal year and at the end of the performance judging period. When the performance judging period is over, the total number of shares is allocated to each Eligible Directors, etc. with the condition that the person has been eligible for the Plan throughout the performance judging period. (i) A portion of the total number of shares will be paid in cash equivalent to the tax payment burden to be incurred by Eligible Directors, etc. in connection with the payment of compensation under the performance-based stock compensation system, and (ii) the rest will be allotted in shares of the Company. Then, comparable to the market value of allocated shares are provided by monetary compensation claims and cash to the Eligible Directors, etc. Next, the Eligible Directors, etc. contribute these monetary compensation claims in allocated shares to acquire shares of the Company. The proportion of the total number of shares to be paid in cash shall be determined by the Board of Directors in consideration of the tax payment burden of the Eligible Directors, etc.

Eligible Directors, etc. may transfer acquired shares of the Company at their own discretion as long as they do not violate regulations regarding insider trading.

(ii) Index of performance achievement and coefficient

- Executive Directors and Executive Officers within the group of Eligible Directors:

A coefficient is set up within a certain range according to pre-determined performance achievement levels vis-à-vis the indicators of sales revenue, operating profit and EPS (Earnings Per Share) in the Company's consolidated financial results.

- Employees, etc. certified as SVP or VP (Fujitsu Level) within the group of Eligible Directors, etc.:

A coefficient is set up within a certain range according to pre-determined performance achievement levels, vis-à-vis the indicators of sales revenue, operating profit using sales revenue and operating income in the Company's consolidated financial results.

(iii) Payment per share

The payment amount per share allocated to Eligible Directors, etc. under the performance-based stock compensation system shall be the fair price of the Company's share on the day of payment, such as the closing value of the share at Tokyo Stock Exchange one business day before the date of the Board of Directors meeting in which the allocation was resolved.

(iv) Condition for provision of monetary compensation claims and cash, allocation of shares of the Company

When the performance judging period is over, with the condition that the person has been eligible for the Plan throughout the performance judging period, monetary compensation claims and cash are provided to each the Eligible Directors, etc., and allocate them shares of the Company in return for investment in kind of all the monetary compensation claims. When the Eligible Directors, etc. lose the aforementioned position before the expiration of the judging period with the reasons deemed reasonable by the Company, the Company shall reasonably adjust the amount of monetary compensation claims and cash, number of allocated shares and the timing of payment and allocation, as necessary.

(v) Other

Handling of the performance-based stock compensation system at the time of restructuring and others, handling of the base number of shares at the time of stock split or stock consolidation and other details of the system shall be determined by the Company or incorporated as regulations on stock compensation, etc. (including regulations on stock compensation of some of the Company's subsidiaries in Japan).

(2) Stock Compensation System for Overseas Subsidiaries

The Company has resolved at the Fujitsu Global Compensation Committee (*1) meeting held on December 5, 2017 the adoption of a stock compensation system for overseas subsidiaries. Under this system, the stock of the Company will be provided as a stock compensation to certain Directors, etc. and employees of some of overseas subsidiaries of the Company (those who have been certified as SVP or above under Fujitsu Level to become eligible for the stock compensation system for overseas subsidiaries, and hereinafter referred to as "Eligible Directors, etc. of Overseas Subsidiaries") based on performance-based stock units (hereinafter referred to as "PSU") and non-performance-based restricted stock units (hereinafter referred to as "RSU").

*1. A committee chaired by the SEVP, Head of the Global Corporate, intended to deliberate on and resolve compensation and incentive programs for those who are VP or above, under Fujitsu Level for overseas subsidiaries. The committee has been abolished.

Overview of the stock compensation system for overseas subsidiaries based on the above resolution is as below:

<Overview of the Stock Compensation System for Overseas Subsidiaries>

The Company has adopted a stock compensation system for overseas subsidiaries not only to give Eligible Directors, etc. of Overseas Subsidiaries incentives for med- and long-term for improving corporate value but also to further facilitate company management from a shareholders' perspective.

(i) Overview of the system

a) Overview of PSU

The Company will present to Eligible Directors, etc. of Overseas Subsidiaries beforehand a base number of shares, performance judgment period (three fiscal years), and performance targets that are individually established. The number of shares, which is calculated by multiplying the number of base shares by a fixed coefficient according to the level of performance achievement, is fixed for each fiscal year and at the end of the performance judgment period. When the performance judging period is over, shares of the Company are allocated to each the Eligible Directors, etc. of Overseas Subsidiaries with the condition that the person has been applicable for the Plan throughout the performance judging period.

b) Overview of RSU

The number of shares to be allocated will be decided in advance for each Eligible Director, etc. of Overseas Subsidiaries. Provided that they remain in the same position throughout the calculation period of the three fiscal years, shares of the Company will be allocated to each of the Eligible Directors, etc. of Overseas

Subsidiaries at the end of the third fiscal year.

In the cases of allocations through both PSU and RSU, (i) a portion of the number of shares will be paid to Eligible Directors, etc. of Overseas Subsidiaries in cash equivalent to the tax payment to be incurred by Eligible Officers of Foreign Subsidiaries in connection with the payment of remuneration related to PSU and RSU, and (ii) the rest will be allocated to shares of the Company. At this time, Eligible Officers of Overseas Subsidiaries will be paid monetary compensation claims and cash equivalent to the market value of the above total shares, and Eligible Directors of Overseas Subsidiaries will acquire shares of the Company by investing in the shares allotted with the former monetary compensation claims.

The Eligible Directors, etc. of Overseas Subsidiaries may transfer the acquired shares of the Company at their own discretion as long as they do not violate regulations regarding insider trading.

(ii) Index of performance achievement and coefficient used for PSU calculation

- Officers of overseas subsidiaries certified as EVP or higher (Fujitsu Level):

A coefficient is set within a certain range according to the level of actual performance against the pre-determined performance target, using the indicators including the Company's consolidated sales revenue and operating profit or sales revenue, operating profit and EPS (Earnings Per Share) of the area in which the Eligible Directors, etc. of Overseas Subsidiaries are in charge of.

- Officers, etc. certified as SVP (Fujitsu Level) at overseas subsidiaries:

A coefficient is set within a certain range according to the level of actual performance against the pre-determined performance target, using the indicators including the Company's consolidated sales revenue and operating profit or sales revenue and operating profit of the area in which the Eligible Directors, etc. of Overseas Subsidiaries are in charge of.

(iii) Payment per share

The payment amount per share allocated to Eligible Directors, etc. of Overseas Subsidiaries under the stock compensation system for overseas subsidiaries shall be the fair price of the Company's share on the date of payment, such as the closing value of the share at Tokyo Stock Exchange one business day before the date of the Board of Directors meeting in which the allocation was resolved.

(iv) Condition for provision of monetary compensation claims and cash, allocation of shares of the Company

PSU will be allocated under the condition that Eligible Directors, etc. of Overseas Subsidiaries remain in the same position throughout the performance judgment period. RSU will be allocated under the condition that Eligible Directors, etc. of Overseas Subsidiaries remain in the same position throughout the calculation period of three fiscal years. Under these conditions, monetary compensation claims and cash will be provided to the Eligible Directors, etc. of Overseas Subsidiaries, and the stock of the Company will be allocated to them in return for investment in kind of all the monetary compensation claims. When Eligible Directors, etc. of Overseas Subsidiaries under the stock compensation system for overseas subsidiaries lose their positions

before the expiration of the performance judgment period or the calculation period for reasons deemed reasonable by the Company, the Company shall reasonably adjust the amount of monetary compensation claims and cash to be provided, the number of shares allotted, and the timing of payment and allotment as necessary.

(v) Other

Handling of the stock compensation system for overseas subsidiaries at the time of restructuring and others, handling of the base number of shares at the time of stock split or stock consolidation, and other details of the system shall be determined by the regulations on stock compensation, etc. (including regulations on stock compensation of some of the Company's overseas subsidiaries.

4. Basis of calculation of the total amount of issuance and its specific contents

The total amount of issuance for the issuance of new shares is set as 18,585 yen, which is the closing price of the Company's stock at the Tokyo Stock Exchange on July 26, 2023 (the business day prior to the date that the Board of Directors meeting made the resolution), in order to make a price free from arbitrariness.

The deviation rate of this value from the simple average closing price of stock of Fujitsu in Tokyo Stock Exchange for one month (from June 27, 2023 to July 26, 2023) 18,368 yen (round off to the first decimal place, by simply averaging the closing prices, and the same applies to the following) was 1.17% (round off to the second decimal place in calculating deviation rate, and the same applies to the following), the simple average closing price for 3 months (from April 27, 2023 to July 26, 2023) 18,464 yen was 0.65%, and the simple average closing price for 6 months (from January 27, 2023 to July 26, 2023) 18,208 yen was 2.03%.

The above price is the market price immediately before the date of determination on the issuance of new shares by the Board of Directors meeting, which is pursuant to the "guidance on handling of stock increase by third-party allotment" by the Japan Securities Dealers Association, and Fujitsu considers it rational and not unusually favorable to the recipients.

5. Matters concerning the procedure required by the corporate code of conduct

The issuance of new shares does not require an opinion from an independent third party or require procedures for confirming the intent of shareholders, which are provided for under Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, because (i) the dilution ratio is less than 25% and (ii) the Treasury Stock Disposal does not involve a change in controlling shareholder.

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