

TRANSLATION



Interim Report on FY2020 (121st Business Period)
(Six months ended September 30, 2020)

FUJITSU LIMITED

Note:

This English version of Interim Report on FY2020 (121st Business Period) is a translation for reference only.

To Our Shareholders

We are pleased to present you this Interim Report on 121st business period (fiscal 2020, from April 1, 2020 to March 31, 2021).

I would like to express my respectful condolences for those who have lost their lives to COVID-19, and my heartfelt best wishes for those currently battling the disease. I would also like to express my sincere respect and thanks for the healthcare workers continuing to strive, and those working to support people's lives, society and infrastructure.

The recent spread of technology has given rise to an era of uncertainty, where the world is connected in increasingly complex ways, and changing rapidly. Various threats to sustainability have manifested on a global scale, including the COVID-19 pandemic and natural disasters. In these circumstances, we regard it as Fujitsu's responsibility to contribute more proactively to transforming society. We considered what kind of company Fujitsu should be in the future, and what we can do for society, and in May 2020, we defined "Our Purpose" which indicates why Fujitsu exist in society – "to make the world more sustainable by building trust in society through innovation." Based on Our Purpose, Fujitsu will empathize with the issues faced by society, and create value for customers and society by continuing to enhance the technologies and capacities necessary to resolve these issues. At the same time, we will promote Fujitsu's transformation into a DX* company. We will not only aim to achieve our financial targets of 3,500 billion yen in revenue and operating profit margin of 10% in our core business of Technology Solutions in fiscal 2022, but also endeavor to achieve Our Purpose, so that the Fujitsu Group can remain prosperous into the future. Please refer to TOPICS on Page 6 for the challenges we are undertaking from this fiscal year, in order to achieve Our Purpose.

Revenue for the first half of fiscal 2020 declined significantly year on year, due to the impact of COVID-19, a reactionary decline in demand after last year's PC replacement demand, and the business restructuring in the Device Solutions segment carried out last year, as well as the impact of our withdrawal from low-profit countries in Europe and from product businesses in North America. This was despite an increase in revenue from the System Platforms sub-segment and electronic components in the Device Solutions segment. Operating profit declined overall, due to the impact of COVID-19 and a reactionary decline in demand after last year's PC replacement demand, despite the positive effects of higher revenue from the System Platforms sub-segment and electronic components in the Device Solutions segment, as well as improved profitability and streamlined operating expenses. For details of the results for the first half of fiscal 2020, please refer to the Summary of FY 2020 First-Half Consolidated Results on Page 3. We will increase the interim dividend by 20 yen per share from the previous year's interim dividend to 100 yen per share, as planned. With regard to future shareholder returns, we will continue to pay stable dividends from sustainable business growth, while adopting an agile approach to share repurchases, in accordance with Fujitsu's Capital Allocation Policy announced in July this year. Please refer to TOPICS on Page 7 for details of our Capital Allocation Policy.

We would like to ask for the continued support and encouragement from all shareholders.

November 2020
Takahito Tokita, CEO

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

FY 2020 Full-Year Consolidated Forecast (Billion Yen)

	FY 2019	FY 2020 Forecast
Revenue	3,857.7	3,610.0
Operating Profit	211.4	212.0
Profit for the Period	160.0	160.0
Free Cash Flow	233.0	170.0

(*) In this report, profit for the period attributable to owners of the parent is presented as “Profit for the Period.”

Summary of FY 2020 First-Half Consolidated Results

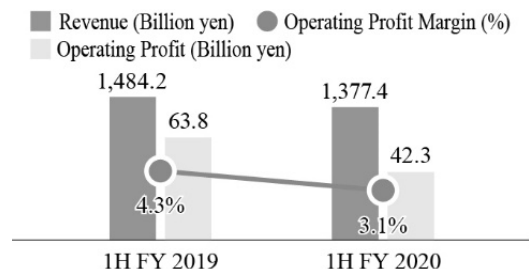
*For details, please refer to “FY 2020 First-Half Financial Results” available on the Fujitsu website at: <https://www.fujitsu.com/global/about/ir/data/results/>

Highlights (Billion Yen)

	1H FY 2019	1H FY 2020
Revenue	1,828.7	1,631.8
Operating Profit	71.0	62.2
Profit for the Period	63.6	47.1
Free Cash Flow	67.3	112.7

Overview by Business Segment

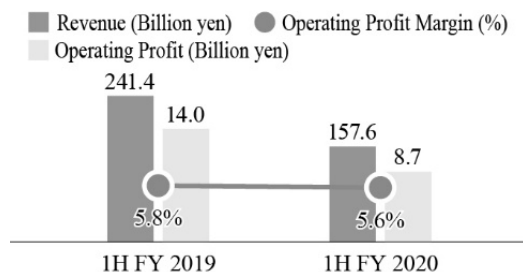
Technology Solutions



Revenue in the Technology Solutions segment declined due to the impact of COVID-19 and business restructuring overseas. Revenue in the Solutions/Services sub-segment fell, due to a major healthcare project recorded last fiscal year that did not recur this year, as well as a drop in hardware integrated services such as PC set-up and deployment support, which performed well in the previous fiscal year, in addition to declines attributable to the impact of COVID-19. This was despite strong sales of public and social infrastructure. Revenue in the System Platforms sub-segment increased, as decreases due to the impact of COVID-19 on System Products were offset by sales of the Supercomputer Fugaku and 5G base stations in Network Products. Revenue in the International Regions Excluding Japan sub-segment fell, due to the impact of COVID-19 and business restructuring in Europe and North America.

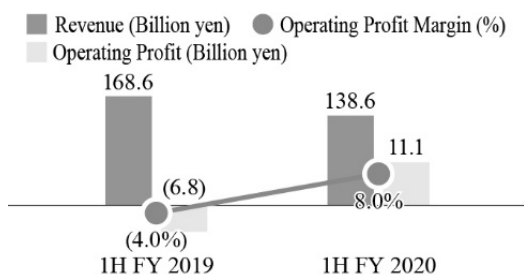
Operating profit decreased compared with the same period in fiscal 2019 due largely to the impact of the decline in revenue due to COVID-19, although progress was made in improving the efficiency of operating and development expenses, in addition to the increase in revenue from 5G base stations.

(Billion yen)	Revenue Breakdown		Operating Profit Breakdown	
	1H FY 2019	1H FY 2020	1H FY 2019	1H FY 2020
Solutions/Services	872.2	795.5	61.5	54.2
System Platforms	288.7	291.7	9.8	7.3
International Regions Excluding Japan	368.7	334.9	2.8	(0.8)
Common	(45.4)	(44.8)	(10.4)	(18.3)

Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment decreased significantly. While demand increased in response to remote working in the context of COVID-19, there was a reactionary decline in the wake of last year's demand for PC replacement demand in response to the end of the Windows 7 support period.

Operating profit decreased compared with the same period in fiscal 2019 as a result of lower revenue.

Device Solutions

Revenue in the Device Solutions segment decreased overall, due largely to the impact of business restructuring implemented in the previous fiscal year, despite an increase in revenue mainly from electronic components.

Operating profit increased compared with the same period in fiscal 2019 as a result of the absence of business model transformation expenses recorded in fiscal 2019, the increase in revenue from electronic components, and improved profitability.

Note: From fiscal 2020, Fujitsu has changed its classification of reportable segments. Revenue and operating profit for the previous fiscal year have been adjusted to reflect the change in classification.

(TRANSLATION FOR REFERENCE ONLY)

Stock (As of September 30, 2020)

Number of Authorized Shares: 500,000,000
Number of Outstanding Shares: 207,001,821
Stated Capital: ¥324,625,075,685
Number of Shareholders: 115,664 (2,830 decrease from the end of FY 2019)

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)	17,199	8.59
Ichigo Trust Pte. Ltd.	14,899	7.44
Custody Bank of Japan, Ltd. (for trust)	11,555	5.77
Fuji Electric Co., Ltd.	5,949	2.97
Fujitsu Employee Shareholding Association	4,616	2.31
Custody Bank of Japan, Ltd. (for trust 5)	4,020	2.01
BNYM TREATY DTT 15	3,677	1.84
Asahi Mutual Life Insurance Company	3,518	1.76
Custody Bank of Japan, Ltd. (for trust 7)	3,359	1.68
STATE STREET BANK AND TRUST COMPANY 505103	3,218	1.61

Note: The investment ratio is calculated after exclusion of treasury stock holdings.

TOPICS

Initiatives to Achieve Our Purpose – Work Life Shift -

Fujitsu directs all of its business activities towards achieving Our Purpose, and promotes a variety of initiatives targeted at creating value for customers and society, and transforming itself, in order to achieve Our Purpose. “Work Life Shift” is one such initiative, which has met with a particularly favorable response.

Today, many companies are seeking to adapt working styles to the New Normal brought about by the spread of COVID-19. In this context, Fujitsu has implemented its “Work Life Shift” campaign, beginning in July 2020. This initiative allows Fujitsu to transform its corporate culture in line with its transition to a DX company, to continue its contribution to transforming society, redefining conventional working styles and freeing diverse human resources from the constraints of place and time.

“Work Life Shift” utilizes Fujitsu’s proprietary ICT to realize three core principles: (1) “Smart Working,” where individual employees choose their own “optimal working styles” according to the contents of their work, goals, and lifestyle; (2) “Borderless Office,” which realizes working styles unconstrained by place, and the office environments to support this; and (3) “Culture Change,” a new style of management based on employee autonomy and trust to maximize team performance, improve productivity, and create a new corporate culture.

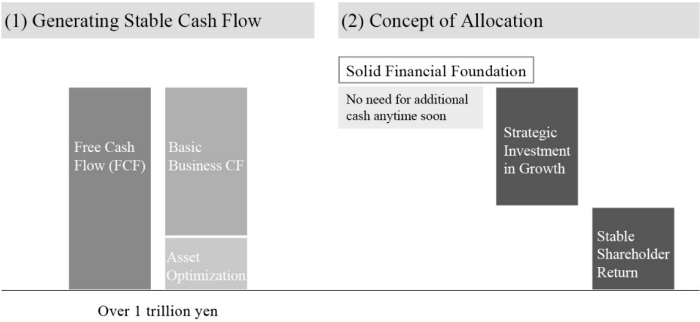
Moreover, Fujitsu will systematize the know-how it has gained through its internal implementation of “Work Life Shift”, and the solutions provided to individual customers in the past, to provide “FUJITSU Work Life Shift” to customers around the globe, contributing to society-wide work style reform and customer DX.

Note: Please refer to the web page below for details on FUJITSU Work Life Shift.
<https://www.fujitsu.com/global/about/resources/news/press-releases/2020/1009-01.html>

Capital Allocation Policy

Next Five Years
(FY20-24)

- (1) Cash flow: Generate over 1 trillion yen in free cash flow over the next 5 years
- (2) Allocation: Optimally allocate cash to growth investments and shareholder returns



Fujitsu announced its Capital Allocation Policy, a financial target, in July 2020.

Fujitsu's financial foundation is increasingly stable, with progress in Business Model Transformation over the past few years. In this context, Fujitsu has established its Capital Allocation Policy, with the goal of generating over one trillion yen in free cash flow over the next five years through business growth and asset optimization, and optimally allocating this cash to growth investments and shareholder returns.

Fujitsu expects to invest 500-600 billion yen in growth over the next five years. In addition to focusing on the development of technologies and solutions to support DX, it will engage in business alliances with other companies, M&A and venture investment, while promoting internal DX to bring about its own transformation.

It is Fujitsu's policy to implement stable and sustained shareholder returns in the medium and long term, in accordance with each stage of growth in businesses and profits, with the aim of paying stable dividends. In addition, Fujitsu will utilize its surplus funds, retained over a long period of time, to implement agile share buybacks, while monitoring its cash supply and demand balance.

In the age of the New Normal, it is necessary for Fujitsu itself to continue to grow, in order to contribute to customers and society stably over the long-term. We will continue to promote the enhancement of corporate value from a medium- to long-term perspective, based on our Capital Allocation Policy.