

# Medium-Term Management Plan Progress update

**Takahito Tokita**

**CEO**

**Fujitsu Limited**

April 25, 2024



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# Agenda

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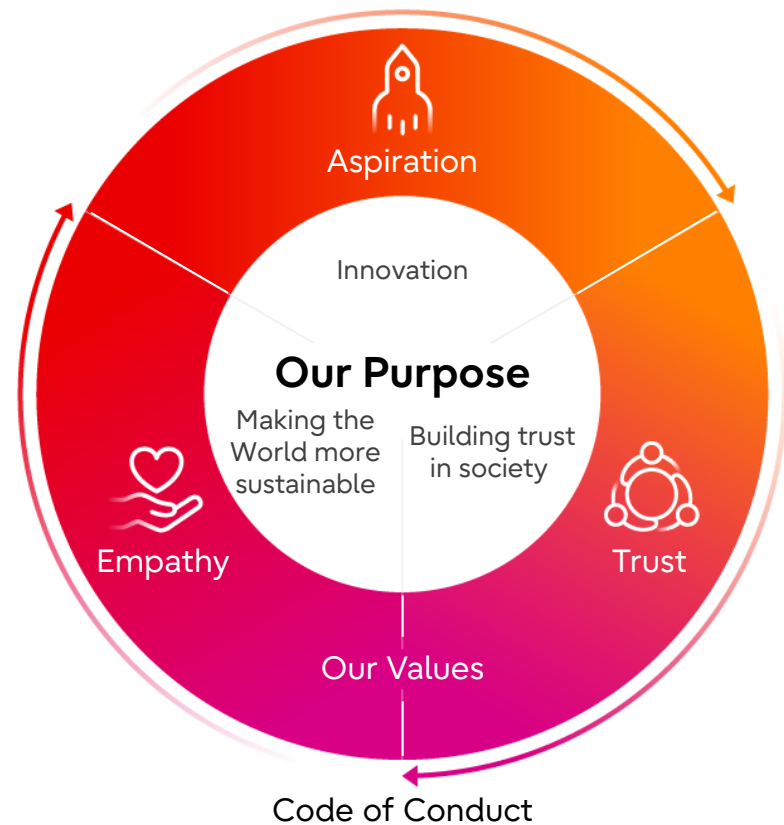
- I Progress in FY2023**
- II Progress and plans of major initiatives**
- III Targets for FY2024**

# Our Purpose

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



# Fujitsu Way



## Three elements of the Fujitsu Way

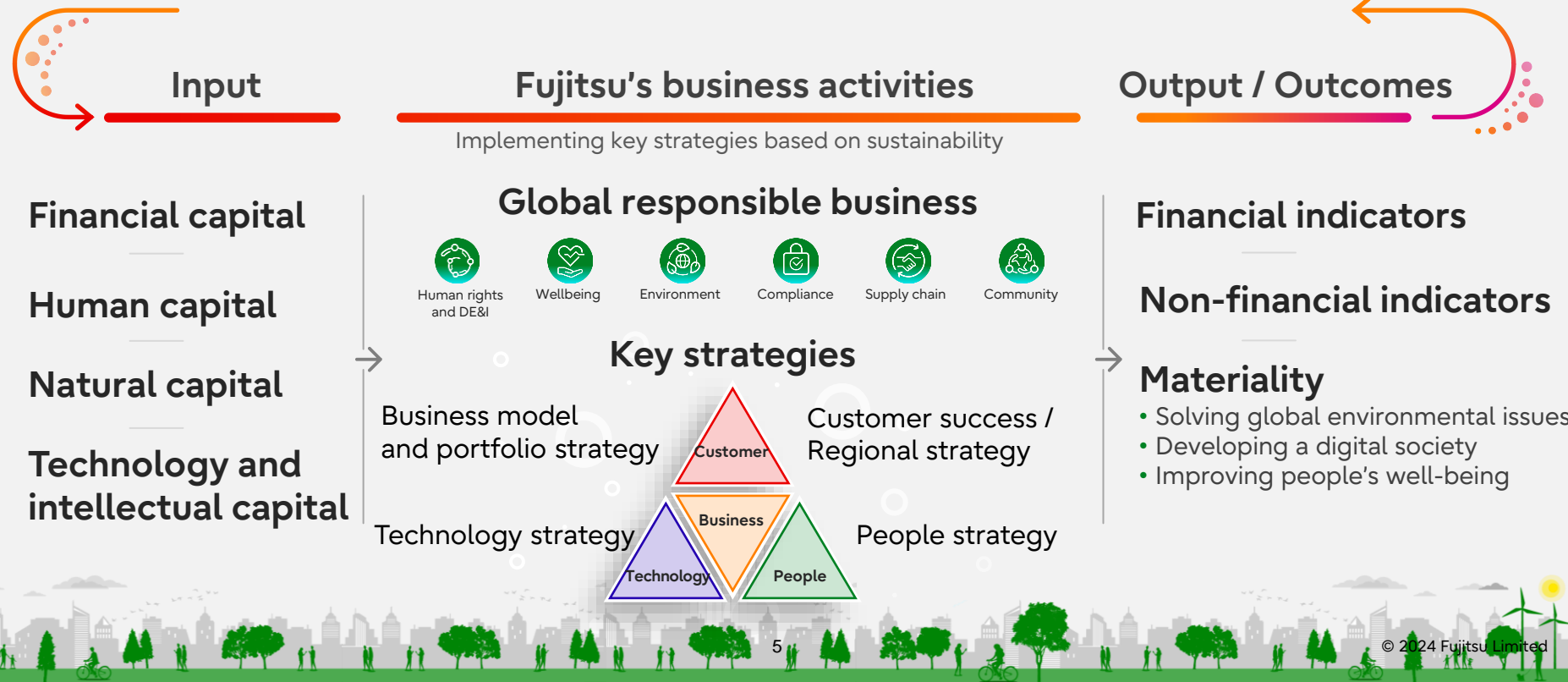


<b>Our Purpose</b>	<b>Our purpose is to make the world more sustainable by building trust in society through innovation.</b>	
<b>Our Values</b>	<b>Aspiration</b>	<ul style="list-style-type: none"><li>• Set ambitious targets and act with agility.</li><li>• Embrace diversity and create original ideas.</li><li>• Stay curious and learn from failures and experiences.</li><li>• Deliver positive impact through human centric innovation.</li></ul>
	<b>Trust</b>	<ul style="list-style-type: none"><li>• Honor promises and exceed expectations.</li><li>• Act with ethics, transparency and integrity.</li><li>• Work autonomously and unite for common goals.</li><li>• Contribute to a trusted society using technology.</li></ul>
	<b>Empathy</b>	<ul style="list-style-type: none"><li>• Strive for customers' success and their sustainable growth.</li><li>• Listen to all people and act for the needs of our planet.</li><li>• Work together to solve global challenges.</li><li>• Generate shared value for our people, customers, partners, community and shareholders.</li></ul>
<b>Code of Conduct</b>	<ul style="list-style-type: none"><li>• We respect human rights.</li><li>• We comply with all laws and regulations.</li><li>• We act with fairness in our business dealings.</li><li>• We protect and respect intellectual property.</li><li>• We maintain confidentiality.</li><li>• We do not use our position in our organization for personal gain.</li></ul>	

# Value creation concept for 2030

Being a technology company that realizes net positive\* through digital services

Net positive: - In addition to maximising financial returns, we are committed to solving global environment problems, developing a digital society and improving people's well-being. Technology and innovation will have a positive impact on society as a whole.



## 5 Corporate Vice Presidents



**Takahito  
Tokita**

Representative Director, CEO



**Takeshi  
Isobe**

Representative Director,  
Corporate Vice President,  
CFO



**Vivek  
Mahajan**

Corporate Executive Officer,  
Corporate Vice President,  
CTO,CPO,System Platform



**Yoshinami  
Takahashi**

Corporate Executive Officer,  
Corporate Vice President,  
COO (Fujitsu Uvance)



**Megumi  
Shimazu**

Corporate Executive Officer,  
Corporate Vice President,  
COO (Service Delivery)



**Shunsuke  
Onishi**

Corporate Executive Officer,  
Corporate Vice President,  
COO (Regions), CRO

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# I. Progress in FY2023

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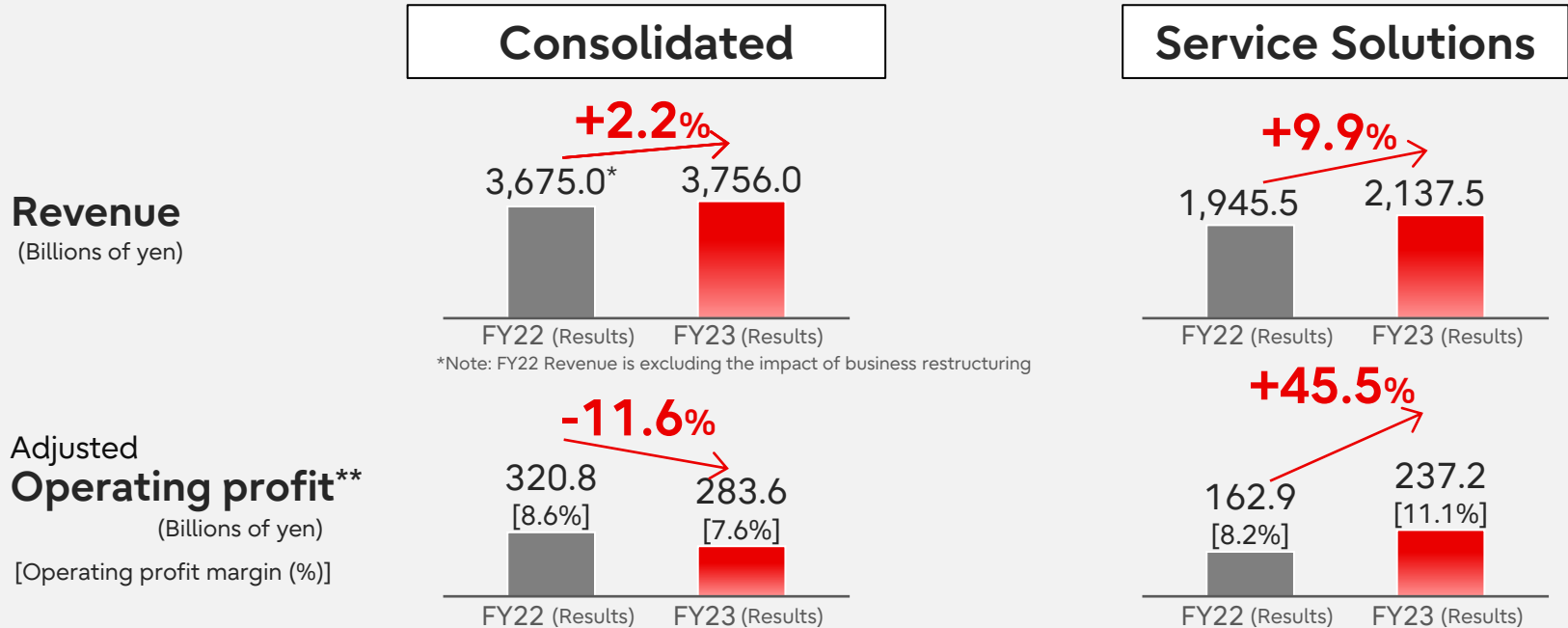


# Medium-Term Management Plan

## Progress status of financial performance indicators



The business portfolio is transforming as planned. Service Solutions which is our growth area, increased in both revenue and profit.



\*\*Note: Adjusted operating profit: Indicator which represents an actual profit from core business calculated by deducting profits from business restructuring, M&A, etc, and one-off profits from changes in regulations.



# Medium-Term Management Plan

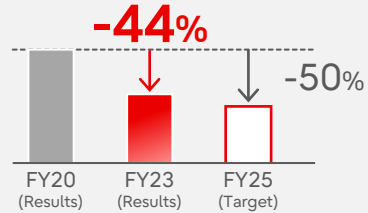
## Progress status of non-financial performance indicators

Each non-financial indicator is tracking in line with planned changes in our business model and portfolio.

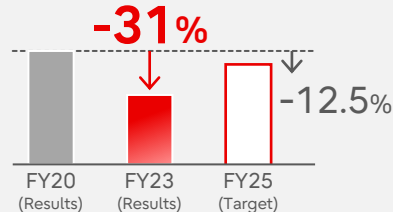
### Environment

GHG emissions  
(10,000 tons)

Fujitsu Group  
- Scope 1,2 - (Compared to FY20)



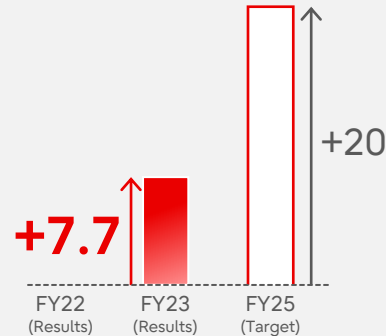
Supply chain  
- Scope 3\*\* - (Compared to FY20)



### Customer

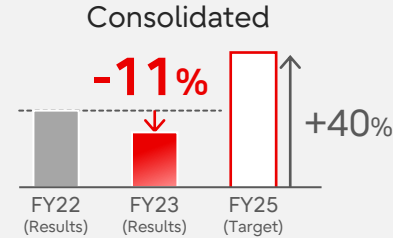
Customer NPS\*

\*Net Promoter Score  
(Compared to FY22)

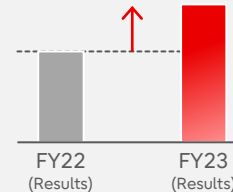


### Productivity

Per capita productivity  
(Operating profit compared to FY22)

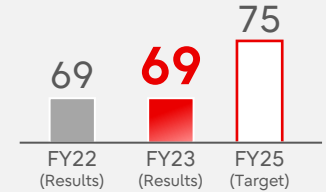


Service Solutions  
Exceeded +40%

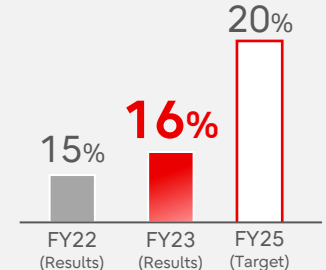


### People

Employee engagement



Diversity leadership  
(Percentage of female managers)



\*\*Category 11: CO2 emissions due to product power consumption only

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## **II. Progress and plans of major initiatives**

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## Major initiatives

**01 |**

**Business model and portfolio transformation**

**02 |**

**Reliable support of customers' modernization**

**03 |**

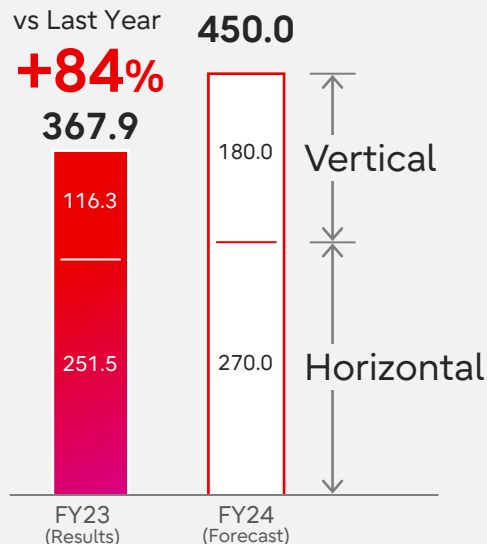
**Improving international business profitability**

# 01 | Business model and portfolio transformation

The business model transformation led by Fujitsu Uvance is progressing to plan, offerings strengthening, and business has expanded, particularly in Japan.

## Revenue

(Billions of yen)



## Progress and Plans

### FY23 Progress

- Strengthened 22 Vertical Offerings with embedded AI
- Launched AI service with PaaS model
- GTM\* expansion, initially focusing on Japan based customers

\*GTM: Go to Market

### Plans

- Consulting led business growth
- Providing standardized offerings to grow global common services
- GTM expansion for international based customers

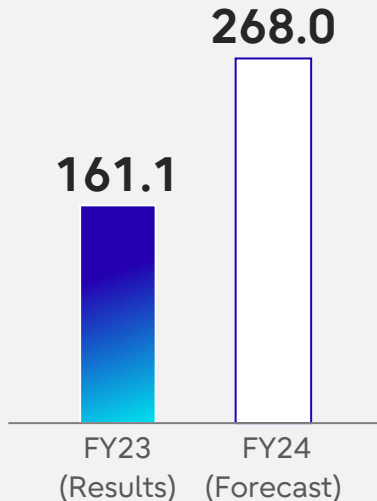


# 02 | Reliable support of customers' modernization

Leading the modernization of customer assets by harmonizing Fujitsu capabilities.

## Revenue

(Billions of yen)



## Progress and Plans

### FY23 Progress

- Resource requirements are visualized to ensure effective demand fulfilment
- Consolidated expertise in CoE\* (Modernization Knowledge Center)
- Collaboration with global partners and strengthening of tools

\*CoE: Center of Excellence

### Plans

- Agile and efficient assignment of resources, appropriate to the business situation
- Continuously develop and grow the number of skilled employees (Modernization Meister)

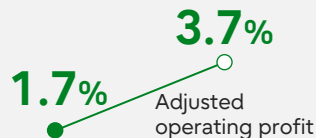
# 03 | Improving international business profitability

Accelerating structural reforms to being a services-based business and improve profitability.

## Revenue

(Billions of yen)

### Regions (International)



vs Last Year

+3.9%

604.1

540.0

FY23

(Results)

FY24

(Forecast)

## Progress and Plans

### FY23 Progress

- Americas Region completed the shift to being a services-based business, resulting in revenue stabilization
- Europe Region structural reforms underway
  - Separation of Germany private cloud business
  - Withdrawal from low-profit areas and downsized management
  - Corporate restructuring (service / hardware business separation)

### Plans

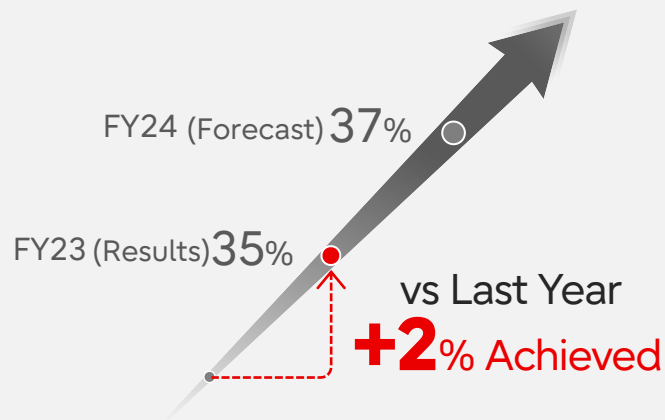
- Europe Region's structural reform will complete during FY2025 (Adjusted operating profit ratio FY2023: 0.5% → FY2024: **4.3%**)
- Asia Pacific Region is planning to commence structural reforms

# Improving the profitability of Service Solutions

Driving delivery transformation and value-based pricing to ensure continued profit increases in Service Solutions.

## Gross margin ratio

### Service Solutions



## Progress and Plans

### Delivery transformation

- Increase internal development ratio and offshore ratio with scaled GDC\* resource
- Drive standardization and automation by utilizing JGG\*\* and development platforms

\*GDC: Global Delivery Center

\*\*JGG: Japan Global Gateway

### Enabling value-based pricing

- Improve customer value through increased specialisms, with investment in people development
- Develop a global, value-based, pricing strategy



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## III. Targets for FY2024

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# Targets for FY2024

## Financial

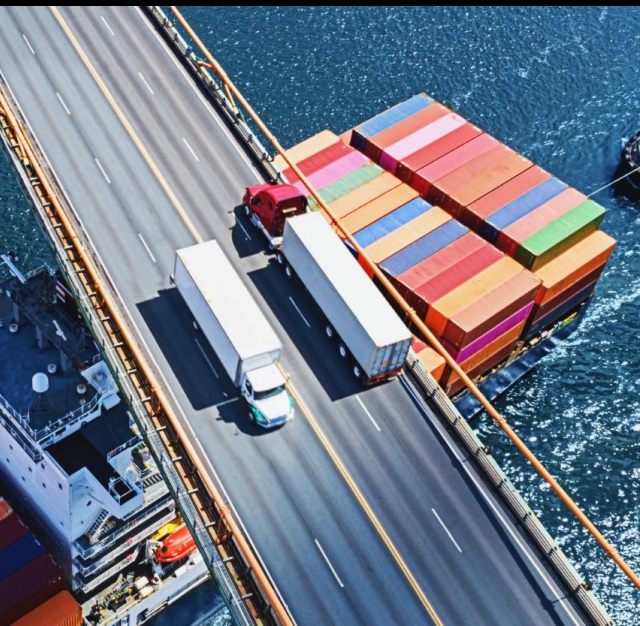


Continue progressing the business model transformation, increasing consolidated profitability predominantly in Service Solutions.

(Billions of yen)	FY2023 (Results)	FY2024 (Forecast)	vs Last Year
<b>Consolidated</b>			
Revenue	3,756.0	3,760.0	+3.9
Adjusted operating profit*	283.6	330.0	+46.3
Adjusted operating profit margin (%)	7.6%	8.8%	+1.2%
<b>Service Solutions</b>			
Revenue	2,137.5	2,230.0	+92.4
Adjusted operating profit*	237.2	280.0	+42.8
Adjusted operating profit margin (%)	11.1%	12.6%	+1.5%

\*Note: Adjusted operating profit: Indicator which represents an actual profit from core business calculated by deducting profits from business restructuring, M&A, etc, and one-off profits from changes in regulations.

# Toward a sustainable future



Solving global environmental issues

## Planet



Developing a digital society

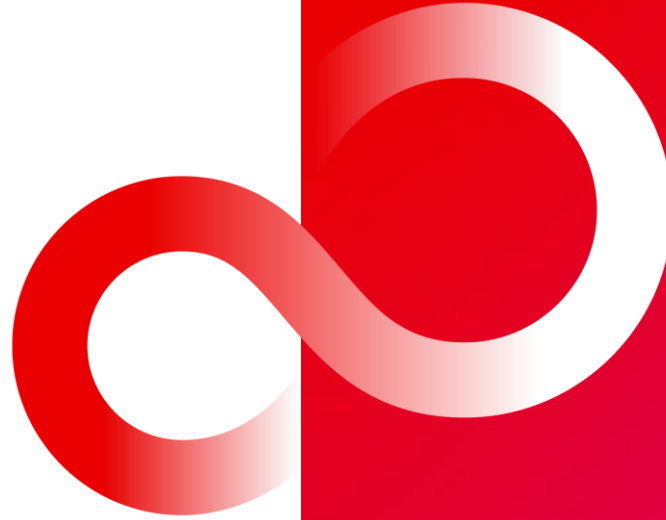
## Prosperity



Improving people's well-being

## People

**Thank you**



## Cautionary Statement

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

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