May 29, 2020

Disclosed Information on the Internet at the Time of Notice of the 120th Annual Shareholders' Meeting

FUJITSU LIMITED

Note:

This English version of *Disclosed Information on the Internet at the Time of Notice of the 120th 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, 2020)

(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	Hokkaido Regional Sales Division (Sapporo-shi), Tohoku Regional Sales Division (Sendai-shi), Fukushima Regional Sales Division (Fukushima-shi, Fukushima), Kanagawa Regional Sales Division (Yokohama-shi) Kanto Regional Sales Division (Saitama-shi), Chiba Regional Sales Division (Chiba-shi), Niigata Regional Sales Division (Niigata-shi), Nagano Regional Sales Division (Nagano-shi, Nagano), Hokuriku Regional Sales Division (Kanazawa-shi, Ishikawa), Tokai Regional Sales Division (Nagoya-shi), Shizuoka Regional Sales Division (Shizuoka-shi), Kansai Sales Division (Osaka-shi), Kobe Regional Sales Division (Kobe-shi), Kyoto Regional Sales Division (Kyoto-shi), Sanin Regional Sales Division (Matsue-shi, Shimane), Chugoku Regional Sales Division (Hiroshima-shi), Shikoku Regional Sales Division (Takamatsu-shi, Kagawa), Kyushu Regional Sales Division (Fukuoka-shi)
Software/ Services	Sapporo Systems Laboratory (Sapporo-shi), Aomori Systems Laboratory (Aomori-shi, Aomori), Ichigaya Office (Chiyoda-ku, Tokyo), Shinagawa Office (Minato-ku, Tokyo), Fujitsu Solution Square (Ohta-ku, Tokyo), Musashi Kosugi Office (Kawasaki-shi), Fujitsu Shin-Kawasaki Technology Square (Kawasaki-shi), Makuhari Systems Laboratory (Chiba-shi), Kansai Systems Laboratory (Osaka-shi), Kouchi Fujitsu Technoport (Nangoku-shi, Kouchi), Kyushu R&D Center (Fukuoka-shi), Oita Systems Laboratory (Oita-shi, Oita), Kumamoto Systems Laboratory (Kamimashiki-gun, Kumamoto)
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), Akashi Research & Manufacturing Facilities (Akashi-shi, Hyogo)

(2) Subsidiaries

Japan	FUJITSU FRONTECH LIMITED (Inagi-shi, Tokyo), FUJITSU TELECOM NETWORKS LIMITED (Oyama-shi, Tochigi), FUJITSU IT PRODUCTS LIMITED (Kahoku-shi, Ishikawa), FUJITSU ADVANCED ENGINEERING LIMITED (Shinjuku-ku, Tokyo), FUJITSU KYUSHU SYSTEMS LIMITED (Fukuoka-shi), FUJITSU RESEARCH INSTITUTE (Minato-ku, Tokyo), Ridgelinez Limited (Chiyoda-ku, Tokyo), FUJITSU SOCIAL SCIENCE LABORATORY LIMITED (Kawasaki-shi), FUJITSU BROAD SOLUTION & CONSULTING Inc. (Minato-ku, Tokyo), Fujitsu Marketing Limited (Minato-ku, Tokyo), FUJITSU FIP CORPORATION (Minato-ku, Tokyo), FUJITSU FSAS INC. (Kawasaki-shi), FUJITSU NETWORK SOLUTIONS LIMITED (Yokohama-shi), PFU Limited (Kahoku-shi, Ishikawa), Fujitsu Isotec Limited (Date-shi, Fukushima), TRANSTRON INC. (Yokohama-shi), FUJITSU PERSONAL SYSTEM LIMITED (Minato-ku, Tokyo), FUJITSU SEMICONDUCTOR LIMITED (Yokohama-shi), SHINKO ELECTRIC INDUSTRIES CO., LTD. (Nagano-shi, Nagano), FDK CORPORATION (Minato-ku, Tokyo), FUJITSU LABORATORIES LTD. (Kawasaki-shi)
Outside of Japan	Fujitsu Network Communications, Inc. (U.S.) Fujitsu Services Holdings PLC (U.K.) Fujitsu America, Inc. (U.S.) Fujitsu Australia Limited (Australia) Fujitsu Technology Solutions (Holding) B.V. (Netherlands) FUJITSU ASIA PTE, LTD. (Singapore)

(3) Data Centers

Data centers	Hokkaido Data Center (Hokkaido), Tohoku Data Center (Miyagi), Tatebayashi Data Center (Gunma), Tokyo No. 1 Data Center (Tokyo), 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 (Kochi), Kyushu Data Center (Fukuoka), global data centers (around the world)

2. Employees (As of March 31, 2020)

(1) Employees of the Fujitsu Group

Segment	*Number of employees*	*Change from end of fiscal 2018*
Technology Solutions	111,674	-663
Ubiquitous Solutions	2,795	-197
Device Solutions	8,903	-1,859
Corporate and others	6,237	190
Total	129,609	-2,529

(2) Employees of Fujitsu Limited

Segment	*Number of employees*	*Change from end of fiscal 2018*
Technology Solutions	28,765	552
Ubiquitous Solutions	466	-88
Corporate and others	3,337	277
Total	32,568	741

Average age	43.6	*Average years of employment*	19.5

3. System to Ensure the Properness of Fujitsu Group Operations

(1) Full Text of 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) 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 "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 overseas 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 unified accounting policies shared throughout the Fujitsu Group and rules for establishing, operating, and evaluating internal control over 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 of the effectiveness 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, the 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.

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 Officers who divide the business execution duties for each divisional area, acting through each Group company's president or CEO, implement and comply with paragraphs "a" and "b" above.

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” and “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 efficiency and the speed of management and the effectiveness of the meetings of the Management Council are enhanced.

In addition, in fiscal 2019, by integrating the rules determining the scope of delegation of duties from Representative Directors to other executives and employees and other matters and the rules on various approvals, revision of the approval standards, accompanying extensive delegation of duties, was implemented to further increase the speed of management.

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 has established the Risk Management & Compliance Committee (the “Committee”), which supervises these systems globally and reports to the Board of Directors.

The Committee is chaired by the Representative Director and CEO and consists of Executive Directors. The Committee meets periodically and determines policies for preventing risks in business operations from arising and for countermeasures for losses caused by risks that have arisen.

The chairman of the Committee has appointed a Chief Risk Compliance Officer (CRCO) who executes the Committee’s decisions.

Regarding compliance violations and risks in business operations, including information security, 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. It also operates the internal reporting system.

Under the Committee, the Company has appointed a 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 to formulate and implement information security measures.

In the course of operating the systems described above, besides reporting when risks have arisen, the Committee periodically reports the progress and results of its activities to the Board of Directors and is supervised.

Moreover, the Global Business Standards, which provide guidance on how individual employees should apply the Fujitsu Way Code of Conduct in their actions and are available in 20 languages, are applied uniformly across the Fujitsu Group. In addition to establishment and operation of compliance-related rules applicable to the entire Fujitsu Group, the Company has established the Global Compliance Program and is implementing various education programs and awareness raising activities to maintain and improve the structure for legal compliance across the Fujitsu Group.

As an initiative for information management, in January 2018 the Company applied to the Dutch Data Protection Authority (DPA) to obtain approval for its Binding Corporate Rules for Processors (BCR-P), which are common rules established across the Fujitsu Group related to the handling of personal data that customers have entrusted to Fujitsu for processing. This application is part of the Company's effort to meet the legal requirements for the protection of personal data in Europe laid out in the General Data Protection Regulation (GDPR) of the EU. The Company is responding to the authorities, as appropriate, to obtain the approval. 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 employees and offer consultations. Group companies also have established and are operating their own points of contact for reporting and consultation. These systems enable early detection of unlawful action and remediation and help strengthen fair management ensuring compliance with laws and regulations.

3. System to Ensure Proper Financial Reporting

Under the direction of the Risk Management & Compliance Committee, the organization responsible for internal control and internal audits has established a system called "Eagle Innovation." In accordance with the rules established by the Company based on the principles of the Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting published by the Business Accounting Council, internal control over financial reporting throughout the Fujitsu Group is assessed. The activity statuses and assessment results are reported to the Chief Financial Officer and the Risk Management & Compliance Committee.

4. System to Ensure the Properness of Fujitsu Group Operations

The risk management system, the compliance system, and the system for ensuring proper financial reporting cover the Fujitsu Group.

Especially for risk management and compliance systems, Regional Risk Management & Compliance Committees have been established for individual Regions, which are geographical executive divisions of the Fujitsu Group worldwide. These regional committees are positioned under the Risk Management & Compliance Committee to function so that the entire Fujitsu Group is covered.

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) and the decision-making process. The Company has its Group companies comply with the Rules. In addition, Group companies are required to report on their operations to the Company. In this way, the Company has put in place systems for decision-making on and reporting of important matters at the Group.

The status of operation of the internal control system centering on the above is periodically reported to the Board of Directors.

Notes to Consolidated Financial Statements

【Notes to Significant Items concerning Preparation of Consolidated Financial Statements and Scope of Consolidation and Application of Equity Method】

1. The Company prepares its consolidated financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 27, March 31, 2020). The consolidated financial statements are prepared in conformity with the International Financial Reporting Standards (IFRS) as per clause 1 of Article 120 of the Ordinance on Accounting of Companies. Following the latter part of the clause, some disclosure items required under IFRS are omitted in these notes.

2. Scope of consolidation

   This consolidated financial report is prepared with consolidation of 391 major subsidiaries. The scope of consolidation for this fiscal year has been changed in that 7 companies were added and 27 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 item #4 "The Fujitsu Group" in this report.

   Newly consolidated subsidiaries as a result of acquisition or formation: 7 companies
   Subtracted due to liquidation or sale: 18 companies
   Subtracted due to merger: 9 companies

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 25.
   Major associates are Fujitsu Client Computing Ltd., Fujitsu General Ltd., Fujitsu Leasing Co., Ltd., and Socionext Inc.
   The scope of application of the equity method for this fiscal year has been changed in that 3 companies were added and 4 companies were subtracted.

   (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 into financial assets measured at amortized cost and financial assets measured at fair value through profit or loss or through other comprehensive income. This classification is determined at initial recognition of the financial assets. Financial assets are measured at its fair value plus transaction costs, excluding the financial assets measured at fair value through profit or loss.

Financial assets measured at amortized cost

Financial assets are classified into 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.

Subsequent to the initial recognition, financial assets measured at amortized cost are measured at amortized cost using the effective interest method, less any impairment losses. Amortization charge for each period is recognized as financial income in profit or loss.

Financial assets measured at fair value

Financial assets other than financial assets measured at amortized cost are classified as financial assets measured at fair value. Regarding equity instruments measured at fair value, excluding those held for trading that must be measured at fair value through profit or loss, each equity instrument is designated as to whether it is to be measured at fair value through profit or loss or to be measured at fair value through other comprehensive income, and the designation is applied on a continuous basis. Subsequent to the initial recognition, financial assets measured at fair value are measured at fair value at the reporting date and any changes in the fair value of the financial assets are recognized in profit or loss or in other comprehensive income according to their classification. If financial assets measured at fair value through other comprehensive income are derecognized, previously recognized accumulated other comprehensive income is directly transferred 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 indefinite-lived intangible assets 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 revenues) 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)

Software held for sale is amortized based on the expected sales volumes and allocated equally based on the remaining 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 at each reporting date 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 reasonably 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 determined by reference to market yields at the reporting date on high-quality corporate bonds that have maturity dates approximating 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 in other comprehensive income after adjusting for tax effects and then immediately reclassified to retained earnings.

Defined contribution plan

Contributions to the defined contribution plan 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 effectively has no further obligation for additional contributions.

(5) Revenue

Supply of services is usually a performance obligation 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 for fixed price service contracts including construction 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. Revenue on ongoing service contracts (outsourcing service, maintenance, etc.) is recognized over the period during which the service is provided.

Supply of standalone 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. 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 PCs and electronic devices, is in principle recognized on delivery, where the control of such hardware is transferred to the customer.

For software, the licenses of which constitute the principal licenses of the Group, usually, after supply of a license, the Company is not obliged to undertake 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, and therefore, revenue is recognized at a point in time as a right to use the intellectual property.

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 obligations, if the customer can benefit from the goods or service either on its own or together with other resources that are readily available to the customer; and the entity's promise to transfer the goods or service to the customer is separately identifiable from other promises in the contract.

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

(a) Consumption taxes

The tax exclusion method is applied in the preparation of consolidated financial statements.

(b) Application of the consolidated tax return system

The consolidated tax return system is applied in the preparation of consolidated financial statements.

(Additional Information)

Accounting estimates, such as estimates of impairment, are based on assumptions of revenue and other items in which uncertainty is reflected for a certain period, taking into consideration the impact of COVID-19.

【Notes to Changes in Accounting Policies】

1. Adoption of IFRS 16—Leases

Starting from this fiscal year, the Group has adopted IFRS 16 Leases. With the adoption of IFRS 16, for leases that were classified as operating leases by the lessee with lease payment treated as expenses under the previous standard, IAS 17 “Leases,” the right-of-use asset and lease liability are, at the commencement date of the lease, recognized on the consolidated statement of financial position and expensed over the lease term.

With the adoption of IFRS 16, as a transitional measure, the Group is adopting the method permitted of having the cumulative effect of initially applying this standard at the date of initial application recognized in the balance of retained earnings at the beginning of the period. As a result, because right-of-use assets included in property, plant, and equipment, primarily consisting of buildings and structures, increased by 169,184 million yen, total right-of-use assets included in property, plant, and equipment, including the 19,336 million yen in leased assets consisting of finance leases that were recognized under the previous IAS 17 standard, increased to 188,520 million yen at the beginning of this fiscal year. In addition, because lease liabilities included in short-term borrowing, long-term debt and lease obligations increased by 170,341 million yen, total lease liabilities included in short-term borrowing, long-term debt and lease obligations, including the 27,079 million yen in lease obligations consisting of finance leases that were recognized under the previous IAS 17 standard, increased to 197,420 million yen at the beginning of this fiscal year.

In this fiscal year, the impact on assets, liabilities, and equity, as well as the impact on operating profit and profit for the year, is negligible.

【Notes to the Consolidated Statement of Financial Position】

1. Bad debt allowance presented net with the associated assets (Million yen)

(1) Receivables, trade	4,947
(2) Other non-current assets	1,364

2. Accumulated depreciation of property, plant and equipment ………… 1,312,247
(including accumulated impairment losses)

3. Liabilities for guarantee contracts

Balance of liabilities for guarantee contracts		80
(Guaranteed debts)	Housing loans of employees	80

【Notes to the Consolidated Profit and Loss Statements】

1. Other expenses

Main components of other expenses are restructuring expenses amounting to 23,432 million yen. Restructuring expenses amounting to 15,218 million yen were related to the restructuring of manufacturing locations in Japan, such as for the restructuring of the electric component business and improvement of efficiency of production systems of the system products business. Restructuring expenses amounting to 8,214 million yen were related to the restructuring of the business outside Japan centering on the North American business. Regarding the North American business, to strengthen the services business, the business portfolio was reviewed and decisions were made to withdraw from the products business and eliminate overlapping in the retail business within the Group.

【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 (Million yen)	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 23, 2019	Common stock	16,214	80	March 31, 2019	June 3, 2019
Meeting of the Board of Directors on October 29, 2019	Common stock	16,215	80	September 30, 2019	November 22, 2019

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

Resolution	Type of stock	Total amount of dividends (Million yen)	Dividend resource	Dividend per share (Yen)	Record date	Effective date
Meeting of the Board of Directors on May 28, 2020	Common stock	20,024	Retained earnings	100	March 31, 2020	June 1, 2020

【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.

"Receivables, trade" and contract assets are exposed to customer credit risk. Additionally, some receivables, trade 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.
“Payables, trade” and other payables are generally payable within one year. Some paybles, trade 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.

(1) Credit risk

The Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services. For receivables, trade and contract assets, a unit independent from the sales units assesses the credit standing of customers, and for receivables, trade, 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.

(2) 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.

(3) Market risk

The Group utilizes exchange forward contracts in respect to receivables, trade and payables, trade denominated in foreign currencies to mitigate exchange rate fluctuation risk monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flow denominated in foreign currency, 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 condition of the issuer and continuously reviews the investment, taking into account its relationship with the counterparty.
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 value of financial instruments

The carrying amount and fair value of financial instruments as of March 31, 2020 are as follows:

(Million yen)

	Carrying amount	Fair value
Assets		
Financial assets measured at amortized cost	2,666	2,598
Financial assets measured at fair value through profit or loss	21,962	21,962
Financial assets measured at fair value through other comprehensive income	107,421	107,421
Total	132,049	131,981
Liabilities		
Financial liabilities measured at fair value through profit or loss	-	-
Financial liabilities measured at amortized cost	87,643	87,991
Total	87,643	87,991

Notes:

(1) Derivatives are presented net.

(2) Measurement of fair value of financial instruments:

A quoted price in an active market is used in the measurement of fair value of a financial instrument if the price is available. The discounted cash flow method or other appropriate method is used for the measurement of a financial instrument of which quoted price in an active market is not available.

(3) The lease obligations is not included in the “Fair value of financial instruments.”

(4) The disclosure for the current portion of financial assets and liabilities measured at amortized cost is omitted in this note because the carrying amount is a reasonable approximation of its fair value.

【Notes to Per Share Data】

Equity attributable to owners of the parent per share	6,197.11 yen
Basic earnings per share	791.20 yen

【Notes to Significant Events after the Reporting Period】

Not applicable.

Unconsolidated Statement of Changes in Net Assets

(Year ended March 31, 2020)

(Millions of yen)

	Shareholders' equity						
		Capital Surplus		Retained earnings			
					Other retained earnings		
	Common stock	Other capital surplus	Total capital surplus	Legal retained earnings	Reserves for special depreciation	Retained earnings brought forward	Total retained earnings
Beginning balance	**324,625**	**167,662**	**167,662**	**19,816**	**0**	**281,133**	**300,950**
Increase (Decrease) during the period							
Dividends paid	**-**	**-**	**-**	**3,242**	**-**	**(35,672)**	**(32,429)**
Net income	**-**	**-**	**-**	**-**	**-**	**182,198**	**182,198**
Purchase of treasury stock	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Disposal of treasury stock	**-**	**6**	**6**	**-**	**-**	**-**	**-**
Reversal of reserve for special depreciation	**-**	**-**	**-**	**-**	**(0)**	**0**	**-**
Net increase (decrease) during the period, except for items under shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**-**	**6**	**6**	**3,242**	**(0)**	**146,526**	**149,769**
Ending balance	**324,625**	**167,669**	**167,669**	**23,059**	**-**	**427,659**	**450,719**

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total share-holders' equity	Unrealized gain and loss on securities, net of taxes	Total valuation and translation adjustments	
Beginning balance	**(29,556)**	**763,682**	**31,691**	**31,691**	**795,373**
Increase (Decrease) during the period					
Dividends paid	**-**	**(32,429)**	**-**	**-**	**(32,429)**
Net income	**-**	**182,198**	**-**	**-**	**182,198**
Purchase of treasury stock	**(30,101)**	**(30,101)**	**-**	**-**	**(30,101)**
Disposal of treasury stock	**43**	**49**	**-**	**-**	**49**
Reversal of reserve for special depreciation	**-**	**-**	**-**	**-**	**-**
Net increase (decrease) during the period, except for items under shareholders' equity	**-**	**-**	**(11,428)**	**(11,428)**	**(11,428)**
Total	**(30,058)**	**119,717**	**(11,428)**	**(11,428)**	**108,289**
Ending balance	**(59,614)**	**883,399**	**20,263**	**20,263**	**903,662**

Notes to Unconsolidated Financial Statements

【Notes to Significant Accounting Policies】

1. The Company prepares for financial statements in accordance with the Ordinance on Accounting of Companies (Ministry of Justice Ordinance No. 13, February 7, 2006 and Revised Ministry of Justice Ordinance No. 27, March 31, 2020) in the fiscal year under review.

2. Valuation standards and methods of assets

(1) Marketable securities

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

Available-for-sale securities

- With market value .... 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
- Without market value ....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... Cost method determined by the moving average 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 ....7-50 years
Machinery................................3-7 years
Equipment................................2-10 years

(2) Intangible fixed assets except for leased assets

- Software
  For sale .... Method based on projected sales volume over the estimated life of the product (3 years)
  For internal use........................ Straight-line method based on the estimated useful life of the software (within 5 years)
- Others.. Straight-line method

(3) Leased assets

Depreciation and amortization of finance leases that do not transfer ownership of the leased property to the lessee are calculated by the straight-line method over the lease period deemed as useful lives.

4. Accounting policies for provisions

(1) Allowance for doubtful accounts

To prepare for loss on doubtful accounts such as trade receivables and loans, an estimated irrecoverable amount is provided on the basis of the actual loan loss ratio for unspecified receivables and on the basis of individual collectability for specified receivables such as loans with default possibility.

(2) Provision for construction contract losses

The estimated amount of future losses relating to customized software and construction contracts whose profitability potentially has deteriorated is provided at the end of this fiscal year.

(3) Provision for product warranties

To prepare for the disbursement of expenses for the free repair and exchange of products during the warranty period based on contracts, the estimated repair and exchange expenses based on the historical data are recorded when the product is sold.

(4) Provision for loss on business of subsidiaries and associates

To prepare for possible losses relating to business of subsidiaries and associates, an estimated amount of loss is provided, taking into account the financial conditions of individual subsidiaries and associates.

(5) Provision for bonuses to board members

To prepare for bonuses to board members, an estimated amount is provided.

(6) Provision for restructuring charges

To prepare for restructuring charges on disposal of business, the expected losses are provided.

(7) Defined benefit liability

To prepare for disbursement of employees' retirement benefits under the defined benefit plan, an amount based on the defined benefit obligation and plan assets at the end of the fiscal year is recognized.

Method of attributing benefit to periods of service

Benefit is attributed to periods of service under the plan's benefit formula.

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.

(8) Provision for loss on repurchase of computers

To prepare for compensation for losses when computers sold with a repurchase agreement are repurchased, an amount for the losses expected to be incurred at the time of the repurchase is provided based on the historical data.

(9) Provision for share-based payments

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

(10) 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

   Revenue recognition of sales of customized software and others

   For contracts in progress as of the end of this fiscal year for which the outcome can be estimated reliably, the percentage-of-completion method has been applied, and for all others the completed-contract method has been applied. When applying the percentage-of-completion method, the degree of completion at the end of this fiscal year was determined by the estimation based on actual costs and total contract costs.

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 consolidated financial statements is different from that for the unconsolidated financial statements.

   (3) Consumption taxes

   The tax exclusion method is applied.

   (4) Application of the consolidated tax return system

   The consolidated tax return system is applied.

   (5) Application of tax effect accounting associated with transition from the consolidated tax return system to the group tax sharing system

   The "Act for Partial Revision of the Income Tax Act, etc." (Act No. 8 of 2020) was enacted in March 2020, which includes the establishment of the group tax sharing system and the revision to the unconsolidated tax return system in line with the transition to the group tax sharing system. The amounts of deferred tax assets and deferred tax liabilities of the Company are based on the provisions of the tax law before the amendment in accordance with the treatment specified in Clause 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (PITF No. 39, March 31, 2020).

(Additional Information)

Accounting estimates, such as estimates of impairment, are based on assumptions of net sales and other items in which greater uncertainty is reflected for a certain period, taking into consideration the impact of COVID-19.

【Notes on Changes in the Method of Presentation】

"Reversal of provision for loss on business of subsidiaries and associates," which was included in "Other finance income" under "Other income" for the previous fiscal year, is presented as a separate item for this fiscal year onward, because its quantitative materiality increased.

【Notes to the Unconsolidated Balance Sheet】

1. Accumulated depreciation of tangible fixed assets (Million yen)

Buildings	213,124
Structures	15,040
Machinery	16,408
Vehicles and delivery equipment	51
Equipment	169,802
Total	414,427

2. Contingent liabilities for guarantee contracts

Balance of contingent liabilities for guarantee contracts	781
(Main guaranteed debt) Borrowings of overseas subsidiaries from a finance subsidiary	696

The balance of the contingent liabilities for guarantee contracts and the main guaranteed debt include transactions similar to guarantee contracts, such as guarantee reservations and letters of awareness.

3. Monetary claims and obligations to subsidiaries and affiliates (excluding those separately disclosed)

Short-term monetary claims	205,627
Long-term monetary claims	621
Short-term monetary obligations	277,220
Long-term monetary obligations	1,897

【Notes to the Unconsolidated Income Statements】

1. Transactions with subsidiaries and affiliates

Business transactions	(Million yen)
Sales	574,157
Purchases	1,138,129
Transactions other than business transactions	69,474

2. Gain from merger

Gain associated with the Company's absorption-type merger with consolidated subsidiary Fujitsu Semiconductor Limited and the Company's succession to the data center service business of Fujitsu FIP Corporation through an absorption-type company split. The main item included in the gain from merger was a gain on extinguishment of tie-in shares.

【Notes to the Unconsolidated Statements of Changes in Net Assets】

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

Common stock 6,754,157 shares

【Notes to the Unconsolidated Tax Effect Accounting】

Deferred tax assets are recognized primarily due to valuation loss on subsidiaries' and affiliates' stock, provision for loss on business of subsidiaries and associates, and accrued bonuses. 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 affiliates' stock and other items for which scheduling of the timing of the reversal is impossible.

【Notes to the Business Combination】

Business combination of entities under common control

(1) Overview of the business combination

(a) Names of the entities and description of the business involved in the business combination

(i) Names of the entities involved in the business combination

The Company and the Company's consolidated subsidiary Fujitsu Semiconductor Limited

(ii) Description of the business

Fujitsu Semiconductor Limited

Management of the Fujitsu Group's semiconductor businesses and designing, development, manufacturing, and sale of system memories

(b) Date of the business combination

March 31, 2020

(c) Legal form of the business combination

Absorption-type merger with the Company being the surviving company and Fujitsu Semiconductor Limited being the absorbed company

(d) Name of the entity after combination

Fujitsu Limited

(e) Other matters related to the overview of the business combination

In line with its Management Direction, Fujitsu has advanced the concentration of management resources to Technology Solutions as its core business. As a result, the scale of the semiconductor business has changed considerably. Accordingly, Fujitsu implemented the reorganization described below to optimize the scale of the company managing the Group's semiconductor businesses, further strengthening competitiveness, enhancing operational effectiveness and clarifying responsibilities in the 150mm wafer foundry business and the system memory business.

- Split the system memory business of Fujitsu Semiconductor Limited (FSL) through a company split (incorporation-type company split) to accelerate the decision-making process and clarify responsibilities in the system memory business.
- Transfer the assets related to the semiconductor business, owned by FSL, to Aizu Fujitsu Semiconductor Limited (AFSL) through a company split (absorption-type company split) to concentrate management resources of the semiconductor business on AFSL to position it as a management company corresponding to the current scale of the semiconductor business.
- Conduct an absorption-type merger with the Company being the surviving company and FSL being the absorbed company to integrate AFSL shares and assets unnecessary for the semiconductor business, both of which have been owned by FSL, into the Company.
- Change the trade name of AFSL to Fujitsu Semiconductor Limited.

(2) Overview of the accounting treatment implemented

This merger was treated as a business combination of entities under common control in accordance with the "Accounting Standard for Business Combinations" and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

Associated with this merger, a gain from merger amounting to 11,658 million yen is recorded as extraordinary income.

【Notes to Transactions with Related Parties】

Subsidiaries and Affiliates

(Million yen)

Type	Name	Percentage of voting right	Relationship	Transactions		Transaction amount	Account	Ending balance
Subsidiary	Fujitsu Marketing Ltd.	Ownership Direct 100%	Sales and maintenance of Fujitsu's products and interlocking of directors	Sale of Fujitsu's products	Sales	121,265	Accounts receivable, trade	25,645
Subsidiary	Fujitsu FSAS Inc.	Ownership Direct 100%	Consignment of support services, etc., sales and maintenance of Fujitsu's products, and interlocking of directors	Consignment of support services, etc.	Purchases	119,628	Accounts payable, trade	31,084
Subsidiary	Fujitsu Semiconductor Limited*3	Ownership Direct 100%	Development and manufacturing of LSIs to be used by the Company	Receipt of dividends	Dividend income	11,800	-	-
Subsidiary	Fujitsu (China) Co., Ltd.	Ownership Direct 100%	Investment in Group companies in China and operational support to investees, and interlocking of directors	Receipt of dividends	Dividend income	17,339	-	-
Affiliate	Fujitsu Client Computing Ltd.	Ownership Direct 44%	Consignment of manufacturing of PCs that are included in systems sold by the Company and interlocking of directors	Consignment of manufacturing of PCs	Purchases	292,669	Accounts payable, trade	41,151

Notes

1. Transactions listed above generally have terms of business based on arms-length. For receipt of dividends, a company's financial position and other factors are taken into account.
2. Consumption taxes are not included in the transaction amount. Consumption taxes are included in the ending balance.
3. The Company absorbed and merged with Fujitsu Semiconductor Limited on March 31, 2020. For details, please refer to "Notes to the Business Combination."

【Notes to Per Share Data】

Net assets per share	4,512.72 yen
Earnings per share	900.73 yen

【Notes to Significant Events after the Reporting Period】

Not applicable.