

July 25, 2019

**FY 2019 First Quarter Financial Results**  
April 1, 2019 - June 30, 2019

Fujitsu Limited

## Consolidated Financial Results for the First-Quarter Ended June 30, 2019

[Prepared on the basis of International Financial Reporting Standards]

July 25, 2019

Company name : Fujitsu Limited  
 Stock exchange listings : Tokyo, Nagoya  
 Code number: : 6702  
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 Representative: : Takahito Tokita, President and Representative Director  
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 Scheduled filing date of statutory financial report: : August 1, 2019  
 Scheduled dividend payment date: : -  
 Supplementary material: : Yes  
 Financial results meeting: : Yes (for media and analysts)

### 1. Consolidated Results for the First-Quarter Ended June 30, 2019

(Monetary amounts are rounded to the nearest million yen.)

#### (1) Consolidated financial results

(The percentage figures represent the percentage of increase or decrease against the same period of the previous year.)

(Millions of yen)

	Revenue		Operating profit		Profit before income taxes		Profit for the period	
		Change (%)		Change (%)		Change (%)		Change (%)
1Q FY 2019 (4/1/19-6/30/19)	838,737	-3.3	3,385	-95.7	6,263	-93.5	5,567	-92.7
1Q FY 2018 (4/1/18-6/30/18)	867,657	-6.0	79,593	-	97,000	-	75,954	-

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
1Q FY 2019 (4/1/19-6/30/19)	7,094	-90.2	1,300	-98.2
1Q FY 2018 (4/1/18-6/30/18)	72,756	-	73,238	485.7

(Yen)

	Earnings per share	
	Basic	Diluted
1Q FY 2019 (4/1/19-6/30/19)	35.00	34.98
1Q FY 2018 (4/1/18-6/30/18)	355.10	355.05

On October 1, 2018, Fujitsu conducted share consolidation for common stock at a rate of one share for every ten shares. Basic Earnings per Share and Diluted Earnings per Share have been calculated on the basis that share consolidation had been conducted at the beginning of the previous consolidated fiscal year.

#### (2) Consolidated financial position

(Millions of yen)

	Total assets	Total equity	Equity attributable to owners of the parent	Equity attributable to owners of the parent ratio (%)
June 30, 2019	3,027,965	1,236,848	1,119,299	37.0%
March 31, 2019	3,104,842	1,253,630	1,132,055	36.5%

#### 2. Dividends per Share (Ordinary Shares)

(Yen)

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
FY2018	-	7.00	-	80.00	-
FY2019	-	-	-	-	-
FY2019(Forecast)	-	80.00	-	80.00	160.00

Note: Revision of the latest dividends forecast: None

On October 1, 2018, Fujitsu conducted share consolidation for common stock at a rate of one share for every ten shares. Dividends prior to the second quarter of fiscal 2018 are recorded at their actual dividend values before this reverse stock split. In addition, with regard to the total annual dividend, because it is not possible to calculate it straightforwardly, the amount is left blank, shown as a “-“. Annual dividend per share values converted to a post-reverse stock split basis is 150 yen per share for fiscal 2018.

### 3. Consolidated Earnings Forecast for FY2019

(The percentage figures represent the percentage of increase or decrease against the previous year.)

(Millions of yen, except per share data)

	Revenue		Operating profit		Profit for the year attributable to owners of the parent		Basic earnings per share
		Change (%)		Change (%)		Change (%)	
FY2019	3,750,000	-5.1	130,000	-0.2	105,000	0.4	518.05

Note: Revision of the latest consolidated earnings forecast: None

### 4. Other Information

#### (1) Significant changes to subsidiaries in the current reporting period

(Changes to specified subsidiaries resulting from changes in scope of consolidation): No

#### (2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies required by IFRS: Yes
2. Changes arising from factors other than 1: None
3. Changes in accounting estimates: None

For further details, please refer to “5-1 Notes to Financial Statements-Changes in accounting policies,” on page 5.

#### (3) Number of issued shares (ordinary shares)

1. Number of issued shares at end of period	As of June 30, 2019	207,001,821
	As of March 31, 2019	207,001,821
2. Treasury stock held at end of period	As of June 30, 2019	4,319,664
	As of March 31, 2019	4,317,954
3. Average number of shares during period	1Q FY 2019	202,682,602
	1Q FY 2018	204,888,396

(Note) The numbers of shares given above were calculated on the basis that share consolidation had been conducted at the beginning of the previous consolidated fiscal year.

### Notes

1. This financial report is not subject to quarterly review
2. Precautions on usage of earnings projections

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, 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 due 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

For information regarding the assumptions used to prepare these projections, please refer to the supplemental explanation materials (Presentation Material).

# Financial Tables

## 1. Consolidated Statement of Financial Position

(Millions of yen)

	Notes	FY2018 (As of March 31, 2019)	1Q FY2019 (As of June 30, 2019)
<b>Assets</b>			
Current assets			
Cash and cash equivalents		416,684	464,078
Trade receivables		906,120	561,717
Other receivables		119,446	94,330
Inventories		226,045	276,221
Others		217,673	274,982
Subtotal		1,885,968	1,671,328
Assets held for sale		73,381	78,435
Total current assets		1,959,349	1,749,763
Non-current assets			
Property, plant and equipment, net of accumulated depreciation	5-1	439,078	595,739
Goodwill		38,348	37,316
Intangible assets		116,905	113,541
Investments accounted for using the equity method		147,788	145,037
Other investments		149,799	142,919
Deferred tax assets		105,663	102,231
Others		147,912	141,419
Total non-current assets		1,145,493	1,278,202
<b>Total assets</b>		<b>3,104,842</b>	<b>3,027,965</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Current liabilities			
Trade payables		528,744	441,229
Other payables		426,344	297,628
Short-term borrowings, current portion of long-term debt and lease obligations	5-1	130,875	157,793
Accrued income taxes		13,517	5,181
Provisions		56,489	48,684
Others		201,333	246,836
Subtotal		1,357,302	1,197,351
Liabilities directly associated with assets held for sale		7,605	13,531
Total current liabilities		1,364,907	1,210,882
Non-current liabilities			
Long-term debt and lease obligations	5-1	185,336	293,994
Retirement benefit liabilities		181,246	182,976
Provisions		55,388	49,703
Deferred tax liabilities		2,820	2,064
Others		61,515	51,498
Total non-current liabilities		486,305	580,235
<b>Total liabilities</b>		<b>1,851,212</b>	<b>1,791,117</b>
<b>Equity</b>			
Share capital		324,625	324,625
Capital surplus		235,455	234,984
Treasury stock, at cost		-29,556	-29,569
Retained earnings		576,857	568,238
Other components of equity		24,674	21,021
Total equity attributable to owners of the parent		1,132,055	1,119,299
Non-controlling interests		121,575	117,549
<b>Total equity</b>		<b>1,253,630</b>	<b>1,236,848</b>
<b>Total liabilities and equity</b>		<b>3,104,842</b>	<b>3,027,965</b>

## 2. Condensed Consolidated Statement of Profit or Loss and Condensed Consolidated Statement of Comprehensive Income

<b>【First-Quarter Condensed Consolidated Statement of Profit or Loss】</b>		(Millions of yen, except per share data)	
	Notes	1Q FY2018 (For the three-month ended June 30, 2018)	1Q FY2019 (For the three-month ended June 30, 2019)
<b>Revenue</b>		<b>867,657</b>	<b>838,737</b>
Cost of sales		-649,147	-613,359
Gross profit		218,510	225,378
Selling, general and administrative expenses		-241,059	-216,181
Other income		111,430	3,528
Other expenses		-9,288	-9,340
<b>Operating profit</b>		<b>79,593</b>	<b>3,385</b>
Financial income		6,040	3,303
Financial expenses		-1,370	-1,765
Income from investments accounted for using the equity method, net		12,737	1,340
<b>Profit for the period before income taxes</b>		<b>97,000</b>	<b>6,263</b>
Income tax expenses		-21,046	-696
<b>Profit for the period</b>		<b>75,954</b>	<b>5,567</b>
Profit for the period attributable to:			
Owners of the parent		72,756	7,094
Non-controlling interests		3,198	-1,527
Total		75,954	5,567
Earning per share			
Basic earnings per share (Yen)		355.10	35.00
Diluted earnings per share (Yen)		355.05	34.98

<b>【First-Quarter Condensed Consolidated Statement of Comprehensive Income】</b>		(Millions of yen)	
	Notes	1Q FY2018 (For the three-month ended June 30, 2018)	1Q FY2019 (For the three-month ended June 30, 2019)
<b>Profit for the period</b>		<b>75,954</b>	<b>5,567</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		-480	3,681
Remeasurement of defined benefit plans		37	-193
Share of other comprehensive income of investments accounted for using the equity method		46	-120
		-397	3,368
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-1,838	-7,652
Cash flow hedges		-11	-169
Share of other comprehensive income of investments accounted for using the equity method		-470	186
		-2,319	-7,635
<b>Total other comprehensive income for the period, net of taxes</b>		<b>-2,716</b>	<b>-4,267</b>
<b>Total comprehensive income for the period</b>		<b>73,238</b>	<b>1,300</b>
Total comprehensive income attributable to:			
Owners of the parent		69,874	3,444
Non-controlling interests		3,364	-2,144
Total		73,238	1,300

### 3. Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
<b>Balance at April 1, 2018</b>	<b>324,625</b>	<b>233,941</b>	<b>-7,237</b>	<b>479,776</b>	<b>56,692</b>	<b>1,087,797</b>	<b>117,105</b>	<b>1,204,902</b>
Cumulative effects of changes in accounting policies				20,200	-20,467	-267		-267
Balance as of the beginning of the period reflecting Changes in Accounting Policies	324,625	233,941	-7,237	499,976	36,225	1,087,530	117,105	1,204,635
Profit for the period				72,756		72,756	3,198	75,954
Other comprehensive income					-2,882	-2,882	166	-2,716
Total comprehensive income for the period	—	—	—	72,756	-2,882	69,874	3,364	73,238
Purchase of treasury stock		-5	-10,010			-10,015		-10,015
Share-based payment transactions		45				45		45
Dividends paid				-12,352		-12,352	-1,980	-14,332
Transfer to retained earnings				-4,627	4,627	—		—
Others		-45		-541	450	-136	-191	-327
<b>Balance at June 30, 2018</b>	<b>324,625</b>	<b>233,936</b>	<b>-17,247</b>	<b>555,212</b>	<b>38,420</b>	<b>1,134,946</b>	<b>118,298</b>	<b>1,253,244</b>

(Millions of yen)

Notes	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total		
<b>Balance at April 1, 2019</b>	<b>324,625</b>	<b>235,455</b>	<b>-29,556</b>	<b>576,857</b>	<b>24,674</b>	<b>1,132,055</b>	<b>121,575</b>	<b>1,253,630</b>
Profit for the period				7,094		7,094	-1,527	5,567
Other comprehensive income					-3,650	-3,650	-617	-4,267
Total comprehensive income for the period	—	—	—	7,094	-3,650	3,444	-2,144	1,300
Purchase of treasury stock			-13			-13		-13
Share-based payment transactions		106				106		106
Dividends paid				-16,214		-16,214	-1,830	-18,044
Transfer to retained earnings				2	-2	—		—
Others		-577		499	-1	-79	-52	-131
<b>Balance at June 30, 2019</b>	<b>324,625</b>	<b>234,984</b>	<b>-29,569</b>	<b>568,238</b>	<b>21,021</b>	<b>1,119,299</b>	<b>117,549</b>	<b>1,236,848</b>

## 4. Condensed Consolidated Statements of Cash Flows

		(Millions of yen)	
	Notes	1Q FY2018 (For the three- month ended June 30, 2018)	1Q FY2019 (For the three- month ended June 30, 2019)
<b><i>Cash flows from operating activities</i></b>			
Profit for the period before income taxes		97,000	6,263
Depreciation, amortization and impairment loss	5-1	36,420	55,284
Increase (decrease) in provisions		-21	-11,078
Increase (decrease) in net defined benefit liability		-89,733	-10,046
Interest and dividend income		-2,790	-2,865
Interest charges		791	1,035
Income from investments accounted for using the equity method, net		-12,737	-1,340
(Gain) loss on sales of subsidiaries' stock		-13,943	307
(Increase) decrease in trade receivables		286,009	335,554
(Increase) decrease in inventories		-49,478	-55,061
Increase (decrease) in trade payables		-35,919	-82,588
Other, net		-79,808	-110,225
Cash generated from operations		<u>135,791</u>	<u>125,240</u>
Interest received		486	692
Dividends received		3,024	3,121
Interest paid		-1,224	-1,056
Income taxes paid		-33,422	-11,617
<b>Net cash provided by operating activities</b>		<b><u>104,655</u></b>	<b><u>116,380</u></b>
<b><i>Cash flows from investing activities</i></b>			
Purchases of property, plant, equipment, and intangible assets		-28,965	-26,083
Proceeds from sales of investment securities		29,089	12,270
Net proceeds from sale of subsidiaries and business		16,840	-648
Collection of loans receivable		2,096	484
Other, net		-200	3,220
<b>Net cash provided by (used in) investing activities</b>		<b><u>18,860</u></b>	<b><u>-10,757</u></b>
<b><i>Cash flows from financing activities</i></b>			
Increase (decrease) in short-term borrowings		20,365	18,948
Proceeds from long-term debt and issuance of bonds		9	3
Repayment of long-term debt and bonds		-36,521	-40,059
Payment of lease obligation	5-1	-3,057	-16,480
Purchase of treasury stock		-10,010	-13
Dividends paid to owners of the parent		-12,352	-16,214
Other, net		-1,875	-1,601
<b>Net cash used in financing activities</b>		<b><u>-43,441</u></b>	<b><u>-55,416</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b><u>80,074</u></b>	<b><u>50,207</u></b>
<b>Cash and cash equivalents at beginning of period</b>		<b><u>452,671</u></b>	<b><u>416,742</u></b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b><u>1,361</u></b>	<b><u>-438</u></b>
<b>Cash and cash equivalents at end of period</b>		<b><u>534,106</u></b>	<b><u>466,511</u></b>

## 5. Notes to Financial Statements

### 1. Changes in accounting policies

Excluding the changes stated below, the major accounting policies that were applied to this first quarter's consolidated financial statements are the same policies that were applied to the previous fiscal year.

#### Adoption of IFRS 16 – Leases

(Adoption of new standard)

Starting from this first quarter, the Fujitsu 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 payments 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 statement of financial position and expensed over the lease term.

With the adoption of IFRS 16, as a transitional measure, the Fujitsu 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.

#### 1. Recognition and measurement

At inception of a contract, the Fujitsu Group determines whether the contract is a lease or contains a lease. The contract is determined to be a lease or contain a lease if, over the entire period of use of the lease assets, the Fujitsu Group has the right to receive substantially all of the economic benefits from the use of the identified assets and has the right to control the use of the identified assets.

The lease term includes the term covered by extension or termination options to the non-cancellable lease term. The option period is added to the non-cancellable lease term only if the Fujitsu Group is reasonably certain to exercise the extension option or reasonably certain not to exercise the termination option.

The Fujitsu Group recognizes right-of-use assets and lease liabilities from lease contracts as of the commencement date of the lease. The initial measurement of the cost of right-of-use assets is calculated by starting with the amount of the initial measurement of the lease liability; adding any lease payments made at or before the commencement date of the lease, less any lease incentives received; adding any initial direct costs incurred; and adding an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A lease liability is measured as the present value of the lease payments that are not paid as of the commencement date of the lease. In measuring the present value, the Fujitsu Group's incremental borrowing rate is typically used for the discount rate.

#### 2. Depreciation

The right-of-use asset is depreciated on a straight line basis from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

#### 3. Reassessment of lease liabilities

If there is a change in the term of the lease because of, for example, a revision to the lease contract, the lease liabilities are remeasured based on the new lease term, and the difference in value stemming from the remeasurement is recognized with a corresponding adjustment to right-of-use assets.



(Impact of the change in accounting policies)

The cumulative impact of the adoption of IFRS 16 was recognized at the start of this first quarter. 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 lease assets consisting of finance leases that were recognized under the previous IAS 17 standard, increased to 188,520 million yen at the beginning of the first quarter. In addition, because lease liabilities that are included in short-term borrowings, long-term debt and lease obligations increased by 170,341 million yen, total lease liabilities included in short-term borrowings, long-term debt and lease obligation, 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 the first quarter. The weighted average incremental borrowing rate applied to lease liabilities recognized in the Condensed Consolidated Statement of Financial Position on the initial adoption date was 1.12%.

The effect on assets, liabilities, equity, operating profit, and profit for the period in the first quarter was immaterial. With the adoption of IFRS 16, because payments of lease liabilities are included in Cash Flows from Financing Activities, adjustments related to depreciation of right-of-use assets are included in Cash Flows from Operating Activities. As a result, in the first quarter Net Cash Provided by Operating Activities increased by 13,849 million yen, and Net Cash Used in Financing Activities decreased by 13,852 million yen, compared with what would have been achieved under the previous standard, IAS 17.

At the end of the prior consolidated fiscal year, the total future minimum lease payments under non-cancellable operating lease contracts to which IAS 17 was applied was 148,896 million yen, of which 108,839 million yen are for leases that have started as of the beginning of this first quarter. To this amount, adding 69,346 million yen from the recognition of lease liabilities from lease terms that can be cancelled, adjusted by the reduction of 7,844 million yen from the impact of such items as the calculation of discounts, and including 27,079 million yen in lease obligations from finance leases recognized under the previous IAS 17 standard at the end of the prior consolidated fiscal year, resulted in lease liabilities recognized at the beginning of this first quarter of 197,420 million yen.

## 2. Cautionary Note Regarding Assumptions of a Going Concern

None.