

July 30, 2020

FY 2020 First Quarter Financial Results
April 1, 2020 - June 30, 2020

Fujitsu Limited

Consolidated Financial Results for the First-Quarter Ended June 30, 2020

[Prepared on the basis of International Financial Reporting Standards]

July 30, 2020

Company name : Fujitsu Limited
 Stock exchange listings : Tokyo, Nagoya
 Code number: : 6702
 URL: : <https://www.fujitsu.com/global/>
 Representative: : Takahito Tokita, President and Representative Director
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Scheduled filing date of statutory financial report: : August 3, 2020
 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, 2020

(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 2020 (4/1/20-6/30/20) | 802,793 | -4.3 | 22,273 | 558.0 | 25,951 | 314.4 | 19,152 | 244.0 |
| 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 |

| | Profit for the period attributable to owners of the parent | | Total comprehensive income for the period | |
|--------------------------------|--|------------|---|------------|
| | | Change (%) | | Change (%) |
| 1Q FY 2020 (4/1/20-6/30/20) | 18,176 | 156.2 | 15,487 | - |
| 1Q FY 2019 (4/1/19-6/30/19) | 7,094 | -90.2 | 1,300 | -98.2 |

(Yen)

| | Earnings per share | |
|--------------------------------|--------------------|---------|
| | Basic | Diluted |
| 1Q FY 2020 (4/1/20-6/30/20) | 90.77 | 90.72 |
| 1Q FY 2019 (4/1/19-6/30/19) | 35.00 | 34.98 |

(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, 2020 | 2,985,074 | 1,343,561 | 1,234,868 | 41.4% |
| March 31, 2020 | 3,187,455 | 1,348,435 | 1,240,956 | 38.9% |

2. Dividends per Share (Ordinary Shares)

(Yen)

| | Dividends per share | | | | |
|------------------|---------------------|--------|----|----------|-----------|
| | 1Q | 2Q | 3Q | Year-end | Full year |
| FY2019 | - | 80.00 | - | 100.00 | 180.00 |
| FY2020 | - | - | - | - | - |
| FY2020(Forecast) | - | 100.00 | - | 100.00 | 200.00 |

Note: Revision of the latest dividends forecast: Yes

3. Consolidated Earnings Forecast for FY2020

(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 (%) | |
| FY2020 | 3,610,000 | -6.4 | 212,000 | 0.2 | 160,000 | - | 799.02 |

Note: Revision of the latest consolidated earnings forecast: Yes

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: None
2. Changes arising from factors other than 1: None
3. Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

| | | |
|--|----------------------|-------------|
| 1. Number of issued shares at end of period | As of June 30, 2020 | 207,001,821 |
| | As of March 31, 2020 | 207,001,821 |
| 2. Treasury stock held at end of period | As of June 30, 2020 | 6,755,991 |
| | As of March 31, 2020 | 6,754,157 |
| 3. Average number of shares during period | 1Q FY 2020 | 200,246,583 |
| | 1Q FY 2019 | 202,682,602 |

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, 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 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 | FY2019 (As of March 31, 2020) | 1Q FY2020 (As of June 30, 2020) |
|--|-------|----------------------------------|------------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 451,857 | 568,907 |
| Trade receivables | | 879,454 | 535,186 |
| Other receivables | | 93,428 | 79,010 |
| Inventories | | 238,070 | 249,654 |
| Others | | 214,130 | 279,058 |
| Subtotal | | 1,876,939 | 1,711,815 |
| Assets held for sale | | 14,182 | 11,379 |
| Total current assets | | 1,891,121 | 1,723,194 |
| Non-current assets | | | |
| Property, plant and equipment, net of accumulated depreciation | | 570,170 | 561,958 |
| Goodwill | | 36,709 | 38,438 |
| Intangible assets | | 107,213 | 108,564 |
| Investments accounted for using the equity method | | 150,719 | 152,441 |
| Other investments | | 131,765 | 143,662 |
| Deferred tax assets | | 106,636 | 89,067 |
| Others | | 193,112 | 167,750 |
| Total non-current assets | | 1,296,324 | 1,261,880 |
| Total assets | | 3,187,445 | 2,985,074 |
| Liabilities and equity | | | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables | | 478,970 | 396,806 |
| Other payables | | 390,917 | 297,202 |
| Short-term borrowings, current portion of long-term debt and lease obligations | | 199,450 | 239,626 |
| Accrued income taxes | | 50,652 | 4,336 |
| Provisions | | 51,769 | 50,648 |
| Others | | 192,767 | 237,697 |
| Subtotal | | 1,364,525 | 1,226,315 |
| Liabilities directly associated with assets held for sale | | 1,083 | 650 |
| Total current liabilities | | 1,365,608 | 1,226,965 |
| Non-current liabilities | | | |
| Long-term debt and lease obligations | | 206,119 | 169,593 |
| Retirement benefit liabilities | | 190,353 | 180,160 |
| Provisions | | 30,652 | 28,525 |
| Deferred tax liabilities | | 10,370 | 6,013 |
| Others | | 35,908 | 30,257 |
| Total non-current liabilities | | 473,402 | 414,548 |
| Total liabilities | | 1,839,010 | 1,641,513 |
| Equity | | | |
| Share capital | | 324,625 | 324,625 |
| Capital surplus | | 237,654 | 237,841 |
| Treasury stock, at cost | | -59,614 | -59,635 |
| Retained earnings | | 735,920 | 720,487 |
| Other components of equity | | 2,371 | 11,550 |
| Total equity attributable to owners of the parent | | 1,240,956 | 1,234,868 |
| Non-controlling interests | | 107,479 | 108,693 |
| Total equity | | 1,348,435 | 1,343,561 |
| Total liabilities and equity | | 3,187,445 | 2,985,074 |

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

| | Notes | (Millions of yen, except per share data) | |
|--|-------|---|---|
| | | 1Q FY2019 (For the three-month ended June 30, 2019) | 1Q FY2020 (For the three-month ended June 30, 2020) |
| Revenue | | 838,737 | 802,793 |
| Cost of sales | | -613,359 | -578,933 |
| Gross profit | | 225,378 | 223,860 |
| Selling, general and administrative expenses | | -216,181 | -202,600 |
| Other income | | 3,528 | 4,900 |
| Other expenses | | -9,340 | -3,887 |
| Operating profit | | 3,385 | 22,273 |
| Financial income | | 3,303 | 3,213 |
| Financial expenses | | -1,765 | -1,091 |
| Income from investments accounted for using the equity method, net | | 1,340 | 1,556 |
| Profit for the period before income taxes | | 6,263 | 25,951 |
| Income tax expenses | | -696 | -6,799 |
| Profit for the period | | 5,567 | 19,152 |
| Profit for the period attributable to: | | | |
| Owners of the parent | | 7,094 | 18,176 |
| Non-controlling interests | | -1,527 | 976 |
| Total | | 5,567 | 19,152 |
| Earning per share | | | |
| Basic earnings per share (Yen) | | 35.00 | 90.77 |
| Diluted earnings per share (Yen) | | 34.98 | 90.72 |

| | Notes | (Millions of yen) | |
|--|-------|---|---|
| | | 1Q FY2019 (For the three-month ended June 30, 2019) | 1Q FY2020 (For the three-month ended June 30, 2020) |
| Profit for the period | | 5,567 | 19,152 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss | | | |
| Financial assets measured at fair value through other comprehensive income | | 3,681 | 7,096 |
| Remeasurement of defined benefit plans | | -193 | -14,103 |
| Share of other comprehensive income of investments accounted for using the equity method | | -120 | 81 |
| | | 3,368 | -6,926 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Foreign currency translation adjustments | | -7,652 | 2,167 |
| Cash flow hedges | | -169 | -22 |
| Share of other comprehensive income of investments accounted for using the equity method | | 186 | 1,116 |
| | | -7,635 | 3,261 |
| Total other comprehensive income for the period, net of taxes | | -4,267 | -3,665 |
| Total comprehensive income for the period | | 1,300 | 15,487 |
| Total comprehensive income attributable to: | | | |
| Owners of the parent | | 3,444 | 14,285 |
| Non-controlling interests | | -2,144 | 1,202 |
| Total | | 1,300 | 15,487 |

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 | | |
| Balance at April 1, 2019 | 324,625 | 235,455 | -29,556 | 576,857 | 24,674 | 1,132,055 | 121,575 | 1,253,630 |
| 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 |
| Balance at June 30, 2019 | 324,625 | 234,984 | -29,569 | 568,238 | 21,021 | 1,119,299 | 117,549 | 1,236,848 |

(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 | | |
| Balance at April 1, 2020 | 324,625 | 237,654 | -59,614 | 735,920 | 2,371 | 1,240,956 | 107,479 | 1,348,435 |
| Profit for the period | | | | 18,176 | | 18,176 | 976 | 19,152 |
| Other comprehensive income | | | | | -3,891 | -3,891 | 226 | -3,665 |
| Total comprehensive income for the period | — | — | — | 18,176 | -3,891 | 14,285 | 1,202 | 15,487 |
| Purchase of treasury stock | | | -22 | | | -22 | | -22 |
| Share-based payment transactions | | 307 | | | | 307 | | 307 |
| Dividends paid | | | | -20,024 | | -20,024 | -1,317 | -21,341 |
| Transfer to retained earnings | | | | -13,070 | 13,070 | — | | — |
| Others | | -120 | 1 | -515 | | -634 | 1,329 | 695 |
| Balance at June 30, 2020 | 324,625 | 237,841 | -59,635 | 720,487 | 11,550 | 1,234,868 | 108,693 | 1,343,561 |

4. Condensed Consolidated Statements of Cash Flows

| | Notes | 1Q FY2019 (For the three- month ended June 30, 2019) | 1Q FY2020 (For the three- month ended June 30, 2020) |
|---|-------|---|---|
| (Millions of yen) | | | |
| <i>Cash flows from operating activities</i> | | | |
| Profit for the period before income taxes | | 6,263 | 25,951 |
| Depreciation, amortization and impairment loss | | 55,284 | 40,791 |
| Increase (decrease) in provisions | | -11,078 | -4,353 |
| Increase (decrease) in net defined benefit liability | | -10,046 | -6,162 |
| Interest and dividend income | | -2,865 | -2,048 |
| Interest charges | | 1,035 | 818 |
| Income from investments accounted for using the equity method, net | | -1,340 | -1,556 |
| (Gain) loss on sales of subsidiaries' stock | | 307 | — |
| (Increase) decrease in trade receivables | | 335,554 | 345,109 |
| (Increase) decrease in inventories | | -55,061 | -11,783 |
| Increase (decrease) in trade payables | | -82,588 | -82,751 |
| Other, net | | -110,225 | -113,516 |
| Cash generated from operations | | 125,240 | 190,500 |
| Interest received | | 692 | 317 |
| Dividends received | | 3,121 | 2,454 |
| Interest paid | | -1,056 | -792 |
| Income taxes paid | | -11,617 | -43,580 |
| Net cash provided by operating activities | | 116,380 | 148,899 |
| <i>Cash flows from investing activities</i> | | | |
| Purchases of property, plant, equipment, and intangible assets | | -26,083 | -26,225 |
| Proceeds from sales of investment securities | | 12,270 | 2,844 |
| Net proceeds from sale of subsidiaries and business | | -648 | 9,530 |
| Collection of loans receivable | | 484 | 11,089 |
| Decrease (increase) in short-term investment | | 366 | -4,900 |
| Other, net | | 2,854 | -2,345 |
| Net cash used in investing activities | | -10,757 | -10,007 |
| <i>Cash flows from financing activities</i> | | | |
| Increase (decrease) in short-term borrowings | | 18,948 | 14,620 |
| Proceeds from long-term debt and issuance of bonds | | 3 | 132 |
| Repayment of long-term debt and bonds | | -40,059 | -48 |
| Payment of lease obligation | | -16,480 | -16,866 |
| Purchase of treasury stock | | -13 | -22 |
| Dividends paid to owners of the parent | | -16,214 | -20,024 |
| Other, net | | -1,601 | -1,623 |
| Net cash used in financing activities | | -55,416 | -23,831 |
| Net increase (decrease) in cash and cash equivalents | | 50,207 | 115,061 |
| Cash and cash equivalents at beginning of period | | 416,742 | 453,036 |
| Effect of exchange rate changes on cash and cash equivalents | | -438 | 1,586 |
| Cash and cash equivalents at end of period | | 466,511 | 569,683 |

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.