

October 27, 2020

FY 2020 First-Half Financial Results
April 1, 2020 - September 30, 2020

Fujitsu Limited

Consolidated Financial Results for the First-Half Ended September 30, 2020

[Prepared on the basis of International Financial Reporting Standards]

October 27, 2020

Company name : Fujitsu Limited
 Stock exchange listings : Tokyo, Nagoya
 Code number: : 6702
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Scheduled filing date of statutory financial report: : October 30, 2020
 Scheduled dividend payment date: : November 25, 2020
 Supplementary material: : Yes
 Financial results meeting: : Yes (for media and analysts)

1. Consolidated Results for the First-Half Ended September 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 (%)
1H FY 2020 (4/1/20-9/30/20)	1,631,837	-10.8	62,248	-12.4	68,018	-15.8	50,197	-19.0
1H FY 2019 (4/1/19-9/30/19)	1,828,763	-0.3	71,060	-25.4	80,805	-31.1	61,949	-28.1

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
1H FY 2020 (4/1/20-9/30/20)	47,128	-26.0	44,262	-14.2
1H FY 2019 (4/1/19-9/30/19)	63,659	-21.5	51,568	-51.8

(Yen)

	Earnings per share	
	Basic	Diluted
1H FY 2020 (4/1/20-9/30/20)	235.34	235.19
1H FY 2019 (4/1/19-9/30/19)	314.08	314.00

(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 (%)
September 30, 2020	2,989,495	1,355,710	1,267,643	42.4%
March 31, 2020	3,187,445	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	-	100.00	-	-	-
FY2020(Forecast)	-	-	-	100.00	200.00

Note: Revision of the latest dividends forecast: None

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	-	798.95

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: 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 September 30, 2020	207,001,821
	As of March 31, 2020	207,001,821
2. Treasury stock held at end of period	As of September 30, 2020	6,729,211
	As of March 31, 2020	6,754,157
3. Average number of shares during period	1H FY 2020	200,255,076
	1H FY 2019	202,683,640

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)	2Q FY2020 (As of September 30, 2020)
Assets			
Current assets			
Cash and cash equivalents		451,857	491,076
Trade receivables		879,454	570,424
Other receivables		93,428	77,781
Inventories		238,070	265,221
Others		214,130	299,889
Subtotal		1,876,939	1,704,391
Assets held for sale		14,182	26,960
Total current assets		1,891,121	1,731,351
Non-current assets			
Property, plant and equipment, net of accumulated depreciation		570,170	555,314
Goodwill		36,709	38,974
Intangible assets		107,213	113,574
Investments accounted for using the equity method		150,719	154,212
Other investments		131,765	151,508
Deferred tax assets		106,636	83,712
Others		193,112	160,850
Total non-current assets		1,296,324	1,258,144
Total assets		3,187,445	2,989,495
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		478,970	412,779
Other payables		390,917	338,330
Short-term borrowings, current portion of long-term debt and lease obligations		199,450	211,677
Accrued income taxes		50,652	9,138
Provisions		51,769	51,124
Others		192,767	201,600
Subtotal		1,364,525	1,224,648
Liabilities directly associated with assets held for sale		1,083	13,805
Total current liabilities		1,365,608	1,238,453
Non-current liabilities			
Long-term debt and lease obligations		206,119	153,744
Retirement benefit liabilities		190,353	182,549
Provisions		30,652	26,649
Deferred tax liabilities		10,370	4,199
Others		35,908	28,191
Total non-current liabilities		473,402	395,332
Total liabilities		1,839,010	1,633,785
Equity			
Share capital		324,625	324,625
Capital surplus		237,654	243,265
Treasury stock, at cost		-59,614	-59,410
Retained earnings		735,920	739,536
Other components of equity		2,371	19,627
Total equity attributable to owners of the parent		1,240,956	1,267,643
Non-controlling interests		107,479	88,067
Total equity		1,348,435	1,355,710
Total liabilities and equity		3,187,445	2,989,495

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

【First-Half Condensed Consolidated Statement of Profit or Loss】		(Millions of yen, except per share data)	
	Notes	1H FY2019 (For the first-half ended September 30, 2019)	1H FY2020 (For the first-half ended September 30, 2020)
Revenue		1,828,763	1,631,837
Cost of sales		-1,317,102	-1,159,103
Gross profit		511,661	472,734
Selling, general and administrative expenses		-428,942	-408,014
Other income		5,115	7,549
Other expenses		-16,774	-10,021
Operating profit		71,060	62,248
Financial income		4,354	3,923
Financial expenses		-2,653	-1,990
Income from investments accounted for using the equity method, net		8,044	3,837
Profit for the period before income taxes		80,805	68,018
Income tax expenses		-18,856	-17,821
Profit for the period		61,949	50,197
Profit for the period attributable to:			
Owners of the parent		63,659	47,128
Non-controlling interests		-1,710	3,069
Total		61,949	50,197
Earning per share			
Basic earnings per share (Yen)		314.08	235.34
Diluted earnings per share (Yen)		314.00	235.19

【First-Half Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	1H FY2019 (For the first-half ended September 30, 2019)	1H FY2020 (For the first-half ended September 30, 2020)
Profit for the period		61,949	50,197
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		2,423	13,099
Remeasurement of defined benefit plans		-1,832	-24,325
Share of other comprehensive income of investments accounted for using the equity method		-63	112
		528	-11,114
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-10,205	4,387
Cash flow hedges		-82	-21
Share of other comprehensive income of investments accounted for using the equity method		-622	813
		-10,909	5,179
Total other comprehensive income for the period, net of taxes		-10,381	-5,935
Total comprehensive income for the period		51,568	44,262
Total comprehensive income attributable to:			
Owners of the parent		54,116	41,017
Non-controlling interests		-2,548	3,245
Total		51,568	44,262

【Second-Quarter Condensed Consolidated Statement of Profit or Loss】		(Millions of yen, except per share data)	
	Notes	2Q FY2019 (For the three-month ended September 30, 2019)	2Q FY2020 (For the three-month ended September 30, 2020)
Revenue		990,026	829,044
Cost of sales		-703,743	-580,170
Gross profit		286,283	248,874
Selling, general and administrative expenses		-212,761	-205,414
Other income		1,587	2,649
Other expenses		-7,434	-6,134
Operating profit		67,675	39,975
Financial income		1,306	846
Financial expenses		-1,143	-1,035
Income from investments accounted for using the equity method, net		6,704	2,281
Profit for the period before income taxes		74,542	42,067
Income tax expenses		-18,160	-11,022
Profit for the period		56,382	31,045
Profit for the period attributable to:			
Owners of the parent		56,565	28,952
Non-controlling interests		-183	2,093
Total		56,382	31,045
Earning per share			
Basic earnings per share (Yen)		279.08	144.57
Diluted earnings per share (Yen)		279.01	144.47

【Second-Quarter Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	2Q FY2019 (For the three-month ended September 30, 2019)	2Q FY2020 (For the three-month ended September 30, 2020)
Profit for the period		56,382	31,045
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		-1,258	6,003
Remeasurement of defined benefit plans		-1,639	-10,222
Share of other comprehensive income of investments accounted for using the equity method		57	31
		-2,840	-4,188
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-2,553	2,220
Cash flow hedges		87	1
Share of other comprehensive income of investments accounted for using the equity method		-808	-303
		-3,274	1,918
Total other comprehensive income for the period, net of taxes		-6,114	-2,270
Total comprehensive income for the period		50,268	28,775
Total comprehensive income attributable to:			
Owners of the parent		50,672	26,732
Non-controlling interests		-404	2,043
Total		50,268	28,775

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				63,659		63,659	-1,710	61,949
Other comprehensive income					-9,543	-9,543	-838	-10,381
Total comprehensive income for the period	—	—	—	63,659	-9,543	54,116	-2,548	51,568
Purchase of treasury stock			-31			-31		-31
Disposal of treasury stock			2			2		2
Share-based payment transactions		170	40			210		210
Dividends paid				-16,214		-16,214	-1,880	-18,094
Transfer to retained earnings				-1,650	1,650	—		—
Acquisition (disposal) of non-controlling interests		-53				-53	87	34
Others		-487		499	-1	11	-255	-244
Balance at September 30, 2019	324,625	235,085	-29,545	623,151	16,780	1,170,096	116,979	1,287,075

(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				47,128		47,128	3,069	50,197
Other comprehensive income					-6,111	-6,111	176	-5,935
Total comprehensive income for the period	—	—	—	47,128	-6,111	41,017	3,245	44,262
Purchase of treasury stock			-54			-54		-54
Disposal of treasury stock		1	1			2		2
Share-based payment transactions		493	257			750		750
Dividends paid				-20,024		-20,024	-1,366	-21,390
Transfer to retained earnings				-23,367	23,367	—		—
Acquisition (disposal) of non-controlling interests		5,128				5,128	-22,700	-17,572
Others		-11		-121		-132	1,409	1,277
Balance at September 30, 2020	324,625	243,265	-59,410	739,536	19,627	1,267,643	88,067	1,355,710

4. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	Notes	1H FY2019 (For the first-half ended September 30, 2019)	1H FY2020 (For the first-half ended September 30, 2020)
<i>Cash flows from operating activities</i>			
Profit for the period before income taxes		80,805	68,018
Depreciation, amortization and impairment loss		108,263	82,056
Increase (decrease) in provisions		-22,045	-6,011
Increase (decrease) in net defined benefit liability		-15,741	-13,321
Interest and dividend income		-3,724	-2,583
Interest charges		2,064	1,607
Income from investments accounted for using the equity method, net		-8,044	-3,837
(Gain) loss on sales of subsidiaries' stock		309	—
(Increase) decrease in trade receivables		195,773	309,399
(Increase) decrease in inventories		-72,961	-28,210
Increase (decrease) in trade payables		-28,714	-64,746
Other, net		-119,139	-137,231
Cash generated from operations		<u>116,846</u>	<u>205,141</u>
Interest received		1,490	717
Dividends received		3,615	2,744
Interest paid		-2,104	-1,616
Income taxes paid		-4,624	-50,023
Net cash provided by operating activities		<u>115,223</u>	<u>156,963</u>
<i>Cash flows from investing activities</i>			
Purchases of property, plant, equipment, and intangible assets		-61,762	-57,954
Proceeds from sales of investment securities		14,278	3,613
Net proceeds from sale of subsidiaries and business		-3,873	9,530
Collection of loans receivable		1,310	11,260
Decrease (increase) in short-term investment		471	-8,413
Other, net		1,704	-2,232
Net cash used in investing activities		<u>-47,872</u>	<u>-44,196</u>
<i>Cash flows from financing activities</i>			
Increase (decrease) in short-term borrowings		31,515	9,709
Proceeds from long-term debt and issuance of bonds		3	132
Repayment of long-term debt and bonds		-40,117	-30,118
Payment of lease obligation		-34,163	-35,019
Purchase of treasury stock		-31	-54
Dividends paid to owners of the parent		-16,214	-20,024
Other, net		220	-211
Net cash used in financing activities		<u>-58,787</u>	<u>-75,585</u>
Net increase (decrease) in cash and cash equivalents		<u>8,564</u>	<u>37,182</u>
Cash and cash equivalents at beginning of period		<u>416,742</u>	<u>453,036</u>
Effect of exchange rate changes on cash and cash equivalents		<u>-1,317</u>	<u>2,917</u>
Cash and cash equivalents at end of period		<u>423,989</u>	<u>493,135</u>

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.