

October 27, 2021

FY 2021 First-Half Financial Results
April 1, 2021 - September 30, 2021

Fujitsu Limited

Consolidated Financial Results for the First-Half Ended September 30, 2021

[Prepared on the basis of International Financial Reporting Standards]

October 27, 2021

Company name : Fujitsu Limited
 Stock exchange listings : Tokyo, Nagoya
 Code number: : 6702
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Scheduled filing date of statutory financial report: : November 1, 2021
 Scheduled dividend payment date: : November 30, 2021
 Supplementary material: : Yes
 Financial results meeting: : Yes (for media and analysts)

1. Consolidated Results for the First-Half Ended September 30, 2021

(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 2021 (4/1/21-9/30/21)	1,663,011	1.9	81,483	30.9	89,512	31.6	67,044	33.6
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

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
1H FY 2021 (4/1/21-9/30/21)	52,939	12.3	75,938	71.6
1H FY 2020 (4/1/20-9/30/20)	47,128	-26.0	44,262	-14.2

(Yen)

	Earnings per share	
	Basic	Diluted
1H FY 2021 (4/1/21-9/30/21)	266.78	266.48
1H FY 2020 (4/1/20-9/30/20)	235.34	235.19

(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, 2021	3,052,185	1,581,409	1,472,270	48.2%
March 31, 2021	3,190,206	1,546,905	1,450,139	45.5%

2. Dividends per Share (Ordinary Shares)

(Yen)

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
FY2020	-	100.00	-	100.00	200.00
FY2021	-	110.00	-	-	-
FY2021(Forecast)	-	-	-	110.00	220.00

Note: Revision of the latest dividends forecast: None

3. Consolidated Earnings Forecast for FY2021

(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 (%)	
FY2021	3,630,000	1.1	275,000	3.3	205,000	1.1	1,034.19

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, 2021	207,001,821
	As of March 31, 2021	207,001,821
2. Treasury stock held at end of period	As of September 30, 2021	8,992,672
	As of March 31, 2021	8,002,339
3. Average number of shares during period	1H FY 2021	198,437,784
	1H FY 2020	200,255,076

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	FY2020	2Q FY2021
		(As of March 31, 2021)	(As of September 30, 2021)
Assets			
Current assets			
Cash and cash equivalents		481,832	475,882
Trade receivables		859,930	559,148
Other receivables		48,769	51,951
Inventories		237,013	298,211
Others		233,333	339,120
Subtotal		<u>1,860,877</u>	<u>1,724,312</u>
Assets held for sale		<u>12,215</u>	<u>5,033</u>
Total current assets		1,873,092	1,729,345
Non-current assets			
Property, plant and equipment, net of accumulated depreciation		569,593	581,527
Goodwill		41,239	41,493
Intangible assets		120,459	125,934
Investments accounted for using the equity method		154,396	156,307
Other investments		176,891	178,097
Deferred tax assets		76,661	64,531
Others		177,875	174,951
Total non-current assets		<u>1,317,114</u>	<u>1,322,840</u>
Total assets		<u>3,190,206</u>	<u>3,052,185</u>
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		468,139	430,234
Other payables		358,425	293,076
Short-term borrowings, current portion of long-term debt and lease obligations		174,268	155,626
Accrued income taxes		32,183	24,697
Provisions		60,680	44,841
Others		194,757	199,357
Subtotal		<u>1,288,452</u>	<u>1,147,831</u>
Liabilities directly associated with assets held for sale		<u>1,045</u>	<u>574</u>
Total current liabilities		1,289,497	1,148,405
Non-current liabilities			
Long-term debt and lease obligations		142,057	136,810
Retirement benefit liabilities		149,994	127,114
Provisions		26,615	23,365
Deferred tax liabilities		8,451	10,889
Others		26,687	24,193
Total non-current liabilities		<u>353,804</u>	<u>322,371</u>
Total liabilities		<u>1,643,301</u>	<u>1,470,776</u>
Equity			
Share capital		324,625	324,625
Capital surplus		241,254	241,464
Treasury stock, at cost		-79,495	-99,586
Retained earnings		909,139	955,931
Other components of equity		54,616	49,836
Total equity attributable to owners of the parent		<u>1,450,139</u>	<u>1,472,270</u>
Non-controlling interests		<u>96,766</u>	<u>109,139</u>
Total equity		<u>1,546,905</u>	<u>1,581,409</u>
Total liabilities and equity		<u>3,190,206</u>	<u>3,052,185</u>

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 FY2020 (For the first-half ended September 30, 2020)	1H FY2021 (For the first-half ended September 30, 2021)
Revenue		1,631,837	1,663,011
Cost of sales		-1,159,103	-1,159,675
Gross profit		472,734	503,336
Selling, general and administrative expenses		-408,014	-429,863
Other income		7,549	15,225
Other expenses		-10,021	-7,215
Operating profit		62,248	81,483
Financial income		3,923	3,888
Financial expenses		-1,990	-2,348
Income from investments accounted for using the equity method, net		3,837	6,489
Profit for the period before income taxes		68,018	89,512
Income tax expenses		-17,821	-22,468
Profit for the period		50,197	67,044
Profit for the period attributable to:			
Owners of the parent		47,128	52,939
Non-controlling interests		3,069	14,105
Total		50,197	67,044
Earning per share			
Basic earnings per share (Yen)		235.34	266.78
Diluted earnings per share (Yen)		235.19	266.48

【First-Half Condensed Consolidated Statement of Comprehensive Income】

(Millions of yen)

	Notes	1H FY2020 (For the first-half ended September 30, 2020)	1H FY2021 (For the first-half ended September 30, 2021)
Profit for the period		50,197	67,044
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		13,099	4,073
Remeasurement of defined benefit plans		-24,325	7,167
Share of other comprehensive income of investments accounted for using the equity method		112	42
		-11,114	11,282
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		4,387	-2,033
Cash flow hedges		-21	54
Share of other comprehensive income of investments accounted for using the equity method		813	-409
		5,179	-2,388
Total other comprehensive income for the period, net of taxes		-5,935	8,894
Total comprehensive income for the period		44,262	75,938
Total comprehensive income attributable to:			
Owners of the parent		41,017	61,704
Non-controlling interests		3,245	14,234
Total		44,262	75,938

【Second-Quarter Condensed Consolidated Statement of Profit or Loss】

(Millions of yen, except per share data)

Notes	2Q FY2020 (For the three-month ended September 30, 2020)	2Q FY2021 (For the three-month ended September 30, 2021)
Revenue	829,044	861,031
Cost of sales	-580,170	-603,696
Gross profit	248,874	257,335
Selling, general and administrative expenses	-205,414	-215,711
Other income	2,649	9,563
Other expenses	-6,134	-3,443
Operating profit	39,975	47,744
Financial income	846	990
Financial expenses	-1,035	-1,564
Income from investments accounted for using the equity method, net	2,281	2,747
Profit for the period before income taxes	42,067	49,917
Income tax expenses	-11,022	-12,411
Profit for the period	31,045	37,506
Profit for the period attributable to:		
Owners of the parent	28,952	28,774
Non-controlling interests	2,093	8,732
Total	31,045	37,506
Earning per share		
Basic earnings per share (Yen)	144.57	145.22
Diluted earnings per share (Yen)	144.47	145.07

【Second-Quarter Condensed Consolidated Statement of Comprehensive Income】

(Millions of yen)

Notes	2Q FY2020 (For the three-month ended September 30, 2020)	2Q FY2021 (For the three-month ended September 30, 2021)
Profit for the period	31,045	37,506
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	6,003	-2,365
Remeasurement of defined benefit plans	-10,222	-111
Share of other comprehensive income of investments accounted for using the equity method	31	2
	-4,188	-2,474
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation adjustments	2,220	-2,282
Cash flow hedges	1	-148
Share of other comprehensive income of investments accounted for using the equity method	-303	-565
	1,918	-2,995
Total other comprehensive income for the period, net of taxes	-2,270	-5,469
Total comprehensive income for the period	28,775	32,037
Total comprehensive income attributable to:		
Owners of the parent	26,732	23,346
Non-controlling interests	2,043	8,691
Total	28,775	32,037

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, 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

(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, 2021	324,625	241,254	-79,495	909,139	54,616	1,450,139	96,766	1,546,905
Profit for the period				52,939		52,939	14,105	67,044
Other comprehensive income					8,765	8,765	129	8,894
Total comprehensive income for the period	—	—	—	52,939	8,765	61,704	14,234	75,938
Purchase of treasury stock			-20,853			-20,853		-20,853
Disposal of treasury stock						—		—
Share-based payment transactions		755	762			1,517		1,517
Dividends paid				-19,899		-19,899	-1,656	-21,555
Transfer to retained earnings				13,541	-13,541	—		—
Acquisition (disposal) of non-controlling interests		-339				-339	339	—
Others		-206		211	-4	1	-544	-543
Balance at September 30, 2021	324,625	241,464	-99,586	955,931	49,836	1,472,270	109,139	1,581,409

4. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2020	1H FY2021
	Notes (For the first-half ended September 30, 2020)	(For the first-half ended September 30, 2021)
<i>Cash flows from operating activities</i>		
Profit for the period before income taxes	68,018	89,512
Depreciation, amortization and impairment loss	82,056	89,597
Increase (decrease) in provisions	-6,011	-18,917
Increase (decrease) in net defined benefit liability	-13,321	-16,086
Interest and dividend income	-2,583	-2,450
Interest charges	1,607	1,361
Income from investments accounted for using the equity method, net	-3,837	-6,489
(Gain) loss on sales of subsidiaries' stock	—	-2,436
(Increase) decrease in trade receivables	309,399	299,510
(Increase) decrease in inventories	-28,210	-61,526
Increase (decrease) in trade payables	-64,746	-36,916
Other, net	-137,231	-136,737
Cash generated from operations	<u>205,141</u>	<u>198,423</u>
Interest received	717	555
Dividends received	2,744	3,852
Interest paid	-1,616	-1,402
Income taxes paid	-50,023	-29,425
Net cash provided by operating activities	<u>156,963</u>	<u>172,003</u>
<i>Cash flows from investing activities</i>		
Purchases of property, plant, equipment, and intangible assets	-57,954	-68,280
Proceeds from sales of investment securities	3,613	13,570
Net proceeds from sale of subsidiaries and business	9,530	9,362
Collection of loans receivable	11,260	159
Decrease (increase) in short-term investment	-8,413	-21,131
Other, net	-2,232	-1,623
Net cash used in investing activities	<u>-44,196</u>	<u>-67,943</u>
<i>Cash flows from financing activities</i>		
Increase (decrease) in short-term borrowings	9,709	8,160
Proceeds from long-term debt and issuance of bonds	132	68
Repayment of long-term debt and bonds	-30,118	-43,009
Payment of lease obligation	-35,019	-34,796
Purchase of treasury stock	-54	-20,853
Dividends paid to owners of the parent	-20,024	-19,899
Other, net	-211	1,095
Net cash used in financing activities	<u>-75,585</u>	<u>-109,234</u>
Net increase (decrease) in cash and cash equivalents	<u>37,182</u>	<u>-5,174</u>
Cash and cash equivalents at beginning of period	<u>453,036</u>	<u>481,833</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,917</u>	<u>-468</u>
Cash and cash equivalents at end of period	<u>493,135</u>	<u>476,191</u>

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.