

July 27, 2023

FY 2023 First Quarter Financial Results
April 1, 2023 - June 30, 2023

Fujitsu Limited

Consolidated Financial Results for the First-Quarter Ended June 30, 2023

[Prepared on the basis of International Financial Reporting Standards]

July 27, 2023

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
Contact person:	: Kunihiko Nomoto, Head of Public and Investor Relations Division Tel. +81 3 6252 2175
Scheduled filing date of statutory financial report:	: August 2, 2023
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, 2023

(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 2023 (4/1/23-6/30/23)	799,640	-2.3	-1,665	-	8,572	-77.6	6,240	-77.2
1Q FY 2022 (4/1/22-6/30/22)	818,862	2.1	25,602	-24.1	38,339	-3.2	27,336	-7.5

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
1Q FY 2023 (4/1/23-6/30/23)	4,354	-74.8	82,154	77.5
1Q FY 2022 (4/1/22-6/30/22)	17,283	-28.5	46,286	5.4

(Yen)

	Earnings per share	
	Basic	Diluted
1Q FY 2023 (4/1/23-6/30/23)	23.12	23.08
1Q FY 2022 (4/1/22-6/30/22)	87.95	87.83

(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, 2023	3,240,017	1,795,793	1,642,065	50.7%
March 31, 2023	3,265,579	1,736,823	1,586,835	48.6%

2. Dividends per Share (Ordinary Shares)

(Yen)

	Dividends per share				
	1Q	2Q	3Q	Year-end	Full year
FY2022	-	120.00	-	120.00	240.00
FY2023	-				
FY2023(Forecast)		130.00	-	130.00	260.00

Note: Revision of the latest consolidated earnings forecast: No

3. Consolidated Earnings Forecast for FY2023

(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 (%)	
FY2023	3,860,000	3.9	340,000	1.3	218,000	1.3	1,157.49

Note: Revision of the latest consolidated earnings forecast: No

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, 2023	207,001,821
	As of March 31, 2023	207,001,821
2. Treasury stock held at end of period	As of June 30, 2023	18,663,224
	As of March 31, 2023	18,661,673
3. Average number of shares during period	1Q FY 2023	188,339,266
	1Q FY 2022	196,511,715

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. Condensed Consolidated Statement of Financial Position

	(Millions of yen)		
	Notes	FY2022	1Q FY2023
		(As of March 31, 2023)	(As of June 30, 2023)
Assets			
Current assets			
Cash and cash equivalents		355,901	465,948
Trade receivables		927,849	546,744
Other receivables		84,766	69,315
Contract assets		125,442	187,412
Inventories		337,008	388,611
Others		86,858	115,081
Total current assets		<u>1,917,824</u>	<u>1,773,111</u>
Non-current assets			
Property, plant and equipment, net of accumulated depreciation		572,172	588,838
Goodwill		55,132	97,177
Intangible assets		146,264	155,059
Investments accounted for using the equity method		155,594	157,801
Other investments		195,463	250,304
Retirement benefit assets		81,883	98,226
Deferred tax assets		73,310	47,492
Others		67,937	72,009
Total non-current assets		<u>1,347,755</u>	<u>1,466,906</u>
Total assets		<u>3,265,579</u>	<u>3,240,017</u>
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		463,730	413,207
Other payables		367,399	314,729
Contract liabilities		194,455	222,098
Short-term borrowings, current portion of long-term debt and lease obligations		103,577	123,093
Accrued income taxes		85,079	13,435
Provisions		35,015	36,772
Others		27,201	58,669
Total current liabilities		<u>1,276,456</u>	<u>1,182,003</u>
Non-current liabilities			
Long-term debt and lease obligations		107,598	110,757
Retirement benefit liabilities		95,388	100,439
Provisions		20,654	21,014
Deferred tax liabilities		5,612	6,264
Others		23,048	23,747
Total non-current liabilities		<u>252,300</u>	<u>262,221</u>
Total liabilities		<u>1,528,756</u>	<u>1,444,224</u>
Equity			
Share capital		324,625	324,625
Capital surplus		242,512	241,013
Treasury stock, at cost		-277,702	-277,731
Retained earnings		1,226,595	1,227,667
Other components of equity		70,805	126,491
Total equity attributable to owners of the parent		<u>1,586,835</u>	<u>1,642,065</u>
Non-controlling interests		149,988	153,728
Total equity		<u>1,736,823</u>	<u>1,795,793</u>
Total liabilities and equity		<u>3,265,579</u>	<u>3,240,017</u>

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

【First-Quarter Condensed Consolidated Statement of Profit or Loss】		(Millions of yen, except per share data)	
	Notes	1Q FY2022 (For the three-month ended June 30, 2022)	1Q FY2023 (For the three-month ended June 30, 2023)
Revenue		818,862	799,640
Cost of sales		-580,747	-577,972
Gross profit		238,115	221,668
Selling, general and administrative expenses		-211,801	-223,916
Other income		4,086	8,136
Other expenses		-4,798	-7,553
Operating profit		25,602	-1,665
Financial income		8,564	6,885
Financial expenses		-1,062	-1,217
Income from investments accounted for using the equity method, net		5,235	4,569
Profit for the period before income taxes		38,339	8,572
Income tax expenses		-11,003	-2,332
Profit for the period		27,336	6,240
Profit for the period attributable to:			
Owners of the parent		17,283	4,354
Non-controlling interests		10,053	1,886
Total		27,336	6,240
Earning per share			
Basic earnings per share (Yen)		87.95	23.12
Diluted earnings per share (Yen)		87.83	23.08

【First-Quarter Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	1Q FY2022 (For the three-month ended June 30, 2022)	1Q FY2023 (For the three-month ended June 30, 2023)
Profit for the period		27,336	6,240
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		-4,199	51,328
Remeasurement of defined benefit plans		10,686	8,562
Share of other comprehensive income of investments accounted for using the equity method		30	59
		6,517	59,949
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		10,937	13,847
Cash flow hedges		230	-225
Share of other comprehensive income of investments accounted for using the equity method		1,266	2,343
		12,433	15,965
Total other comprehensive income for the period, net of taxes		18,950	75,914
Total comprehensive income for the period		46,286	82,154
Total comprehensive income attributable to:			
Owners of the parent		34,864	79,358
Non-controlling interests		11,422	2,796
Total		46,286	82,154

3. Condensed Consolidated Statement of Changes in Equity

1Q FY2022(For the three-month ended June 30, 2022)

(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, 2022	324,625	243,048	-128,897	1,088,429	63,508	1,590,713	125,036	1,715,749
Profit for the period	—	—	—	17,283	—	17,283	10,053	27,336
Other comprehensive income	—	—	—	—	17,581	17,581	1,369	18,950
Total comprehensive income for the period	—	—	—	17,283	17,581	34,864	11,422	46,286
Purchase of treasury stock	—	—	-28	—	—	-28	—	-28
Disposal of treasury stock	—	—	—	—	—	—	—	—
Share-based payment transactions	—	863	—	—	—	863	—	863
Dividends paid	—	—	—	-21,616	—	-21,616	-2,316	-23,932
Transfer to retained earnings	—	—	—	10,741	-10,741	—	—	—
Acquisition (disposal) of non-controlling interests	—	39	—	—	—	39	-1,083	-1,044
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	—
Balance at June 30, 2022	324,625	243,950	-128,925	1,094,837	70,348	1,604,835	133,059	1,737,894

1Q FY2023(For the three-month ended June 30, 2023)

(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, 2023	324,625	242,512	-277,702	1,226,595	70,805	1,586,835	149,988	1,736,823
Profit for the period	—	—	—	4,354	—	4,354	1,886	6,240
Other comprehensive income	—	—	—	—	75,004	75,004	910	75,914
Total comprehensive income for the period	—	—	—	4,354	75,004	79,358	2,796	82,154
Purchase of treasury stock	—	—	-29	—	—	-29	—	-29
Disposal of treasury stock	—	0	0	—	—	0	—	0
Share-based payment transactions	—	742	—	—	—	742	—	742
Dividends paid	—	—	—	-22,600	—	-22,600	-2,599	-25,199
Transfer to retained earnings	—	—	—	19,318	-19,318	—	—	—
Acquisition (disposal) of non-controlling interests	—	-2,241	—	—	—	-2,241	-500	-2,741
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	4,043	4,043
Balance at June 30, 2023	324,625	241,013	-277,731	1,227,667	126,491	1,642,065	153,728	1,795,793

4. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

Notes	1Q FY2022 (For the three- month ended June 30, 2022)	1Q FY2023 (For the three- month ended June 30, 2023)
<i>Cash flows from operating activities</i>		
Profit for the period before income taxes	38,339	8,572
Depreciation, amortization and impairment loss	44,683	39,348
Increase (decrease) in provisions	-4,144	408
Increase (decrease) in net defined benefit liability	-4,177	-1,522
Interest and dividend income	-2,174	-4,413
Interest charges	842	1,004
Income from investments accounted for using the equity method, net	-5,235	-4,569
(Increase) decrease in trade receivables	327,241	400,133
(Increase) decrease in contract assets	-45,814	-58,047
(Increase) decrease in inventories	-69,406	-45,768
Increase (decrease) in trade payables	-43,873	-62,655
Increase (decrease) in contract liabilities	30,010	20,276
Other, net	-116,657	-55,237
Cash generated from operations	149,635	237,530
Interest received	341	1,027
Dividends received	2,708	6,532
Interest paid	-815	-1,004
Income taxes paid	-27,227	-75,821
Net cash provided by operating activities	124,642	168,264
<i>Cash flows from investing activities</i>		
Purchases of property, plant, equipment, and intangible assets	-40,855	-32,721
Proceeds from sales and redemption of investment securities	1,417	22,612
Purchase of investment securities	-20,445	-734
Net proceeds from sale of subsidiaries, equity method associates and business	-9	1,573
Payments for acquisition of subsidiaries	92	-38,010
Other, net	1,339	4,700
Net cash used in investing activities	-58,461	-42,580
<i>Cash flows from financing activities</i>		
Increase (decrease) in short-term borrowings	-30,573	15,872
Payment of lease obligation	-13,325	-12,999
Purchase of treasury stock	-28	-29
Dividends paid to owners of the parent	-21,616	-22,600
Other, net	-3,084	-5,096
Net cash used in financing activities	-68,626	-24,852
Net increase (decrease) in cash and cash equivalents	-2,445	100,832
Cash and cash equivalents at beginning of period	484,020	355,901
Effect of exchange rate changes on cash and cash equivalents	8,922	9,215
Cash and cash equivalents at end of period	490,497	465,948

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.

2. Major Subsequent Events

Sale of investment securities

Fujitsu Limited (the Company) announced today that it has become one of the sellers in a secondary offering of common stock (hereinafter referred to as the “Secondary Offering”) of Socionext Inc. (Socionext) as Socionext disclosed on July 5, 2023, in the “Notice Regarding Secondary Offering of Shares and Change in the Largest Shareholder (which is also a Principal Shareholder) and Principal Shareholders,” and that the Company sold its shares in Socionext on July 13, 2023, following a decision on the Secondary Offering at a meeting of the Board of Directors held on July 11, 2023.

(1) Sale of investment securities (Sale through stock offering)

① Investment securities sold: Common stock of Socionext Inc. (all of Socionext shares held by the Company)

② Number of shares sold: 5,049,900 shares

③ Total sales amount: 71.9 billion yen (14,247.80 yen per share)

(2) Profit and loss impact from the sale of the investment securities

The gain on the sale of investment securities resulting from the Secondary Offering is accounted for as other comprehensive income in the consolidated financial statement, so there is no impact on consolidated net profit.