

October 26, 2023

FY 2023 First-Half Financial Results
April 1, 2023- September 30, 2023

Fujitsu Limited

Consolidated Financial Results for the First-Half Ended September 30, 2023

[Prepared on the basis of International Financial Reporting Standards]

October 26, 2023

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 Stock exchange listings : Tokyo, Nagoya
 Code number: : 6702
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Scheduled filing date of statutory financial report: : October 31, 2023
 Scheduled dividend payment date: : November 30, 2023
 Supplementary material: : Yes
 Financial results meeting: : Yes (for media and analysts)

1. Consolidated Results for the First-Half Ended September 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 (%)
1H FY 2023 (4/1/23-9/30/23)	1,711,897	0.4	44,780	-55.6	60,195	-53.9	43,942	-52.2
1H FY 2022 (4/1/22-9/30/22)	1,705,311	2.5	100,969	23.9	130,650	46.0	91,978	37.2

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period	
		Change (%)		Change (%)
1H FY 2023 (4/1/23-9/30/23)	37,812	-47.5	111,227	10.0
1H FY 2022 (4/1/22-9/30/22)	71,981	36.0	101,075	33.1

(Yen)

	Earnings per share	
	Basic	Diluted
1H FY 2023 (4/1/23-9/30/23)	200.73	200.44
1H FY 2022 (4/1/22-9/30/22)	366.23	365.74

(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, 2023	3,262,444	1,824,483	1,665,744	51.1%
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	-	130.00			
FY2023(Forecast)			-	130.00	260.00

Note: Revision of the latest dividends forecast: None

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	3,810,000	2.6	320,000	-4.7	208,000	-3.3	1,103.97

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 September 30, 2023	207,110,845
	As of March 31, 2023	207,001,821
2. Treasury stock held at end of period	As of September 30, 2023	18,664,654
	As of March 31, 2023	18,661,673
3. Average number of shares during period	1H FY 2023	188,374,834
	1H FY 2022	196,546,227

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	2Q FY2023
		(As of March 31, 2023)	(As of September 30, 2023)
Assets			
Current assets			
Cash and cash equivalents		355,901	360,803
Trade receivables		927,849	615,917
Other receivables		84,766	71,420
Contract assets		125,442	237,740
Inventories		337,008	378,239
Others		86,858	170,393
Subtotal		<u>1,917,824</u>	<u>1,834,512</u>
Assets held for sale		—	4,951
Total current assets		<u>1,917,824</u>	<u>1,839,463</u>
Non-current assets			
Property, plant and equipment, net of accumulated depreciation		572,172	595,267
Goodwill		55,132	99,445
Intangible assets		146,264	162,417
Investments accounted for using the equity method		155,594	159,723
Other investments		195,463	150,484
Retirement benefit assets		81,883	106,418
Deferred tax assets		73,310	76,250
Others		67,937	72,977
Total non-current assets		<u>1,347,755</u>	<u>1,422,981</u>
Total assets		<u>3,265,579</u>	<u>3,262,444</u>
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables		463,730	403,416
Other payables		367,399	347,415
Contract liabilities		194,455	211,479
Short-term borrowings, current portion of long-term debt and lease obligations		103,577	116,973
Accrued income taxes		85,079	36,917
Provisions		35,015	40,033
Others		27,201	29,108
Subtotal		<u>1,276,456</u>	<u>1,185,341</u>
Liabilities directly associated with assets held for sale		—	2,455
Total current liabilities		<u>1,276,456</u>	<u>1,187,796</u>
Non-current liabilities			
Long-term debt and lease obligations		107,598	104,946
Retirement benefit liabilities		95,388	95,329
Provisions		20,654	20,790
Deferred tax liabilities		5,612	6,398
Others		23,048	22,702
Total non-current liabilities		<u>252,300</u>	<u>250,165</u>
Total liabilities		<u>1,528,756</u>	<u>1,437,961</u>
Equity			
Share capital		324,625	325,638
Capital surplus		242,512	239,677
Treasury stock, at cost		-277,702	-277,757
Retained earnings		1,226,595	1,302,799
Other components of equity		70,805	75,387
Total equity attributable to owners of the parent		<u>1,586,835</u>	<u>1,665,744</u>
Non-controlling interests		149,988	158,739
Total equity		<u>1,736,823</u>	<u>1,824,483</u>
Total liabilities and equity		<u>3,265,579</u>	<u>3,262,444</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)	
	Notes	1H FY2022 (For the first-half ended September 30, 2022)	1H FY2023 (For the first-half ended September 30, 2023)
Revenue		1,705,311	1,711,897
Cost of sales		-1,206,051	-1,217,498
Gross profit		499,260	494,399
Selling, general and administrative expenses		-427,525	-449,292
Other income		47,582	14,466
Other expenses		-18,348	-14,793
Operating profit		100,969	44,780
Financial income		14,293	11,182
Financial expenses		-2,083	-2,725
Income from investments accounted for using the equity method, net		17,471	6,958
Profit for the period before income taxes		130,650	60,195
Income tax expenses		-38,672	-16,253
Profit for the period		91,978	43,942
Profit for the period attributable to:			
Owners of the parent		71,981	37,812
Non-controlling interests		19,997	6,130
Total		91,978	43,942
Earning per share			
Basic earnings per share (Yen)		366.23	200.73
Diluted earnings per share (Yen)		365.74	200.44

【First-Half Condensed Consolidated Statement of Comprehensive Income】		(Millions of yen)	
	Notes	1H FY2022 (For the first-half ended September 30, 2022)	1H FY2023 (For the first-half ended September 30, 2023)
Profit for the period		91,978	43,942
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		-4,411	28,096
Remeasurement of defined benefit plans		5,552	15,649
Share of other comprehensive income of investments accounted for using the equity method		87	186
		1,228	43,931
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		6,405	20,684
Cash flow hedges		51	-75
Share of other comprehensive income of investments accounted for using the equity method		1,413	2,745
		7,869	23,354
Total other comprehensive income for the period, net of taxes		9,097	67,285
Total comprehensive income for the period		101,075	111,227
Total comprehensive income attributable to:			
Owners of the parent		79,538	103,386
Non-controlling interests		21,537	7,841
Total		101,075	111,227

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

(Millions of yen)

	Notes	2Q FY2022 (For the three-month ended September 30, 2022)	2Q FY2023 (For the three-month ended September 30, 2023)
Revenue		886,449	912,257
Cost of sales		-625,304	-639,526
Gross profit		261,145	272,731
Selling, general and administrative expenses		-215,724	-225,376
Other income		43,496	6,330
Other expenses		-13,550	-7,240
Operating profit		75,367	46,445
Financial income		5,729	4,297
Financial expenses		-1,021	-1,508
Income from investments accounted for using the equity method, net		12,236	2,389
Profit for the period before income taxes		92,311	51,623
Income tax expenses		-27,669	-13,921
Profit for the period		64,642	37,702
Profit for the period attributable to:			
Owners of the parent		54,698	33,458
Non-controlling interests		9,944	4,244
Total		64,642	37,702
Earning per share			
Basic earnings per share (Yen)		278.25	177.58
Diluted earnings per share (Yen)		277.90	177.35

【Second-Quarter Condensed Consolidated Statement of Comprehensive Income】

(Millions of yen)

	Notes	2Q FY2022 (For the three-month ended September 30, 2022)	2Q FY2023 (For the three-month ended September 30, 2023)
Profit for the period		64,642	37,702
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income		-212	-23,232
Remeasurement of defined benefit plans		-5,134	7,087
Share of other comprehensive income of investments accounted for using the equity method		57	127
		-5,289	-16,018
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments		-4,532	6,837
Cash flow hedges		-179	150
Share of other comprehensive income of investments accounted for using the equity method		147	402
		-4,564	7,389
Total other comprehensive income for the period, net of taxes		-9,853	-8,629
Total comprehensive income for the period		54,789	29,073
Total comprehensive income attributable to:			
Owners of the parent		44,674	24,028
Non-controlling interests		10,115	5,045
Total		54,789	29,073

3. Condensed Consolidated Statement of Changes in Equity

1H FY2022(For the first-half ended September 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	—	—	—	71,981	—	71,981	19,997	91,978
Other comprehensive income	—	—	—	—	7,557	7,557	1,540	9,097
Total comprehensive income for the period	—	—	—	71,981	7,557	79,538	21,537	101,075
Purchase of treasury stock	—	—	-53	—	—	-53	—	-53
Disposal of treasury stock	—	0	1	—	—	1	—	1
Share-based payment transactions	—	475	1,296	—	—	1,771	—	1,771
Dividends paid	—	—	—	-21,616	—	-21,616	-2,389	-24,005
Transfer to retained earnings	—	—	—	13,010	-13,010	—	—	—
Acquisition (disposal) of non-controlling interests	—	39	—	—	—	39	-1,083	-1,044
Changes in ownership interests in subsidiaries	—	822	—	-895	73	—	-103	-103
Others	—	-19	—	—	—	-19	88	69
Balance at September 30, 2022	324,625	244,365	-127,653	1,150,909	58,128	1,650,374	143,086	1,793,460

1H FY2023(For the first-half ended September 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	—	—	—	37,812	—	37,812	6,130	43,942
Other comprehensive income	—	—	—	—	65,574	65,574	1,711	67,285
Total comprehensive income for the period	—	—	—	37,812	65,574	103,386	7,841	111,227
Purchase of treasury stock	—	—	-56	—	—	-56	—	-56
Disposal of treasury stock	—	—	1	—	—	1	—	1
Share-based payment transactions	1,013	-591	—	—	—	422	—	422
Dividends paid	—	—	—	-22,600	—	-22,600	-2,697	-25,297
Transfer to retained earnings	—	—	—	60,992	-60,992	—	—	—
Acquisition (disposal) of non-controlling interests	—	-2,241	—	—	—	-2,241	-500	-2,741
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	4,043	4,043
Others	—	-3	—	—	—	-3	64	61
Balance at September 30, 2023	325,638	239,677	-277,757	1,302,799	75,387	1,665,744	158,739	1,824,483

4. Condensed Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2022	1H FY2023
	Notes (For the first-half ended September 30, 2022)	(For the first-half ended September 30, 2023)
<i>Cash flows from operating activities</i>		
Profit for the period before income taxes	130,650	60,195
Depreciation, amortization and impairment loss	87,354	80,437
Increase (decrease) in provisions	-2,612	1,640
Increase (decrease) in net defined benefit liability	-8,403	-6,081
Interest and dividend income	-2,968	-5,976
Interest charges	1,760	2,359
Income from investments accounted for using the equity method, net	-17,471	-6,958
(Gain) loss on sales of subsidiaries' stock	-38,616	-225
(Increase) decrease in trade receivables	275,723	331,508
(Increase) decrease in contract assets	-85,375	-107,715
(Increase) decrease in inventories	-104,580	-34,495
Increase (decrease) in trade payables	-35,835	-71,998
Increase (decrease) in contract liabilities	29,961	9,570
Other, net	-117,618	-13,449
Cash generated from operations	111,970	238,812
Interest received	900	2,444
Dividends received	3,499	7,625
Interest paid	-1,797	-2,364
Income taxes paid	-26,783	-110,056
Net cash provided by operating activities	87,789	136,461
<i>Cash flows from investing activities</i>		
Purchases of property, plant, equipment, and intangible assets	-75,650	-94,023
Proceeds from sales and redemption of investment securities	15,847	94,628
Purchase of investment securities	-21,979	-5,977
Net proceeds from sale of subsidiaries, equity method associates and business	47,090	1,606
Decrease (increase) in short-term investment	1,280	-60,077
Payments for acquisition of subsidiaries	-10,243	-40,659
Other, net	3,165	2,656
Net cash used in investing activities	-40,490	-101,846
<i>Cash flows from financing activities</i>		
Increase (decrease) in short-term borrowings	-10,814	11,217
Proceeds from long-term debt and issuance of bonds	47	276
Repayment of long-term debt and bonds	-20,094	-1,033
Payment of lease obligation	-31,662	-26,475
Purchase of treasury stock	-53	-56
Dividends paid to owners of the parent	-21,616	-22,600
Other, net	748	-4,578
Net cash used in financing activities	-83,444	-43,249
Net increase (decrease) in cash and cash equivalents	-36,145	-8,634
Cash and cash equivalents at beginning of period	484,020	355,901
Effect of exchange rate changes on cash and cash equivalents	9,699	13,538
Cash and cash equivalents at end of period	457,574	360,805

5. Notes to Financial Statements

1. Cautionary Note Regarding Assumptions of a Going Concern

None.