FUJITSU

shaping tomorrow with you

FY2020

Consolidated Financial Results

April 28, 2021

Fujitsu Limited

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1. Financial Results for FY2020

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FY 2020 Financial Summary

FUJITSU

➢ Performance

- Despite the impact of COVID-19, and despite lower revenue relative to the previous year because of last year's strong demand for PCs, due to steady progress in profitability improvements, we achieved our highest ever operating profit and profit for the year.

➢ Financial Status/Capital Efficiency

- Free Cash Flow: 236.3 billion yen (+3.3 billion yen vs. previous year)
- Capital efficiency also improved – ROE: 15.1%, EPS: 1,013.8 yen (+28.1% vs. previous year)

➢ Shareholder Returns

- Including both increasing dividends over 5 consecutive years and purchases of treasury stock, shareholder returns have amounted to around 60 billion yen

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Consolidated PL

(Billions of yen)

	FY2019 (Actual)	FY2020 (Actual)	Change	(%)	Change vs. Jan forecast
Revenue	3,857.7	3,589.7	-268.0	-6.9	-20.2
Operating Profit	211.4	266.3	54.8	25.9	29.3
[Operating Profit Margin]	[5.5%]	[7.4%]	[1.9%]		[0.8%]
Financial income (expenses), etc	17.0	25.5	8.4	49.5	
Profit for the Year Before Income Taxes	228.5	291.8	63.2	27.7	
Profit for the Year Attributable to Owners of the Parent	160.0	202.7	42.6	26.7	25.7

Exchange Rate

U.S. dollar / Yen	109	106	-3	-2.8	1
Euro / Yen	121	124	3	2.5	4
British pound / Yen	138	139	1	0.7	-1
Euro / U.S. dollar	1.11	1.17	0.06	5.4	0.07

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Consolidated PL (YoY)

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■ Revenue

- Revenue fell compared to the previous year, due to the negative impact of COVID-19 and a significant increase in demand for PCs last year that did not recur this year, resulting in a relative fall in revenue.

■ OPPL

- Excl. special items and restructuring: Profits increased significantly due to ongoing improvements in profitability and greater efficiency in expenses
- Special items: Profits increased due to profits from the sale of businesses, as well as business model transformation expenses recorded last year that did not recur this year.

■ Financial Income (Expenses), etc.

- Profits increased due to profits from the listing of an internal startup company and from the impact of foreign exchange.

■ Profit for the Period Attributable to Owners of the Parent

- Profit increased significantly due to the recording of one-time gains, in addition to the increase in operating profit excluding special items and restructuring.

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Financial Results

(Billions of yen)

		FY2019 (Actual)	FY2020 (Actual)	Change	Impact of COVID-19	Excl. Impact of COVID-19
Excl. restructuring and special items	Revenue	**3,713.8**	**3,539.4**	**-174.4**	**-146.9**	**-27.4**
	OPPL	**231.3**	**250.2**	**18.9**	**-48.2**	**67.1**
	[Operating Profit Margin]	[6.2%]	[7.1%]	[0.9%]	[-1.0%]	[1.9%]
Impact of restructuring *1	Revenue	143.9	50.2	-93.6		
	OPPL	-6.0	-2.9	3.1		
Special items *2	Revenue	-	-	-		
	OPPL	-13.7	18.9	32.7		
Total	**Revenue**	**3,857.7**	**3,589.7**	**-268.0**	**-146.9**	**-121.1**
	OPPL	**211.4**	**266.3**	**54.8**	**-48.2**	**103.0**
	[Operating Profit Margin]	**[5.5%]**	**[7.4%]**	**[1.9%]**		

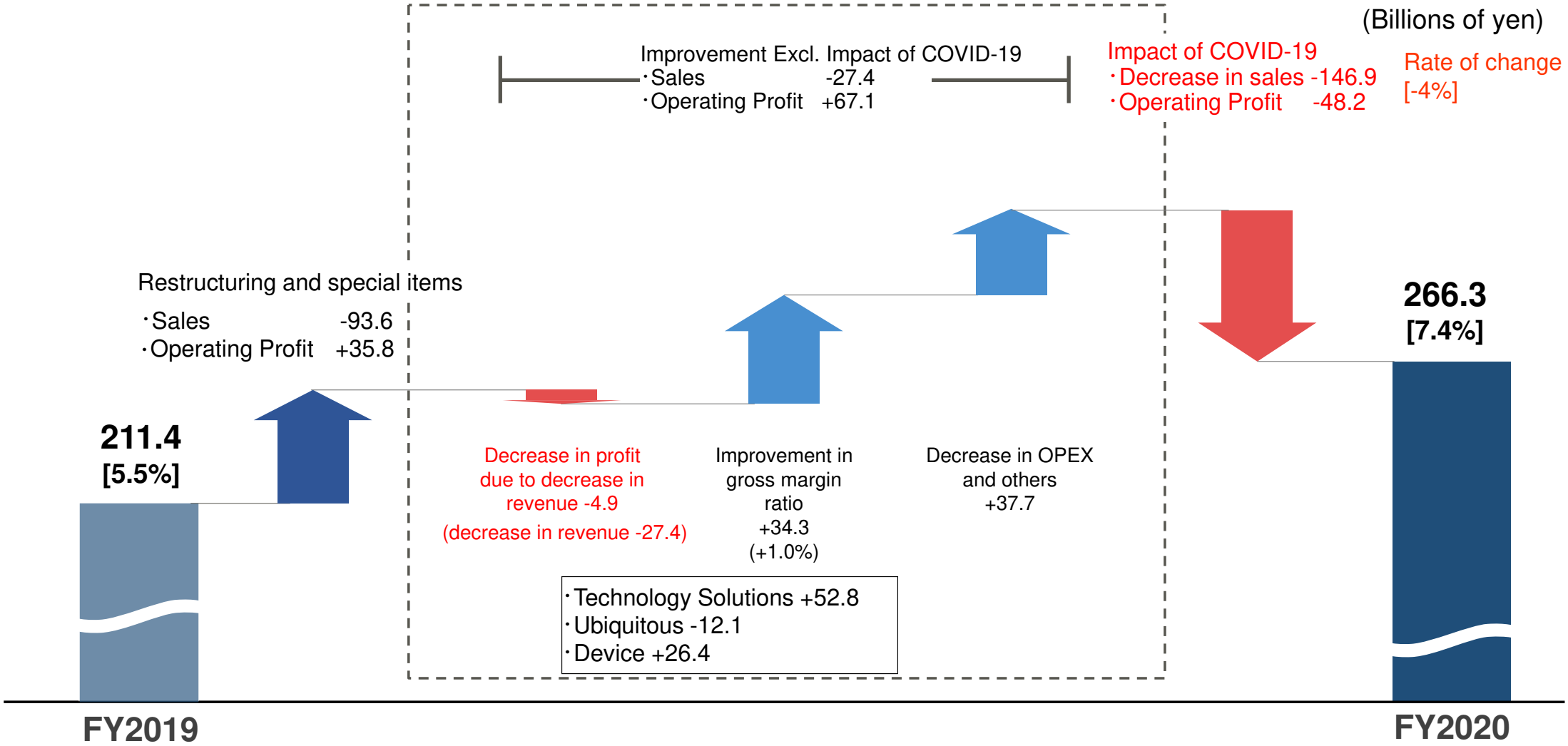
*1 Restructured businesses: low profitability countries in Europe,product business in North America,
mobile phone retail store business, device business (semiconductor Mie plant and printed circuit board).

*2 FY2020 sales of business +25.4 billion yen : mobile phone retail store business, Business Model Transformation expenses
("BMT expenses") -6.4 billion yen : restructuring costs for plants in Japan
FY2019 sales of business +9.6 billion yen, BMT expenses -23.4 billion yen : restructuring costs for plants in Japan and business in North America and others.

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Factors Behind Change in Operating Profit

(Billions of yen)



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Revenue by Segments

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Breakdown of change vs LY

Positive impact excl COVID-19 : System Platforms (5G base station), Device Solutions
Negative impact excl COVID-19 : Ubiquitous Solutions (Recoil from the previous year's special demand)
Impact of COVID-19 : Revenue decreased mainly in Technology Solutions

(Billions of yen)

	FY2020 (Actual)	Change	Breakdown of Change	
			Excl. Impact of COVID-19	Impact of COVID-19
Excl. restructuring and special items	**3,539.4**	**-174.4**	**-27.4**	**-146.9**
Technology Solutions	**3,017.0**	**-141.2**	**24.2**	**-165.4**
Solutions/Services	1,765.9	-117.0	-15.0	-102.0
System Platforms	665.4	18.4	43.1	-24.7
International Regions Excluding Japan	697.1	-14.6	20.8	-35.4
Common	-111.5	-28.0	-24.7	-3.3
Ubiquitous Solutions	**310.8**	**-94.2**	**-122.1**	**27.8**
Device Solutions	**293.8**	**24.5**	**33.9**	**-9.3**
Inter-segment Elimination	-82.3	36.4	36.4	-

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Profitability Improvement
Reduction in Operating Expenses

Gross margin ratio … Improvement by 1.0%

	FY2020
Gross margin ratio	30.5%
vs LY	1.0%

- Solutions/services: Improvement in profitability continued from the first half
- System Platforms: Improved due to the impact of product mix
- Device Solutions: Increased sales led to recovery of fixed costs.

Effect of reduced operating expenses +37.7 billion yen

(Billions of yen)

	FY2020
OPEX	825.6
vs LY	-37.7

・General expenses	-35.0 billion yen	Work Life Shift and efficient development of system platforms and others
・R&D expenses	15.0 billion yen	Strengthen service businesses, Internal DX, WLS and others
・Others	-12.5 billion yen	Increase and decrease in one-shot items

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Overall orders in Japan (Fujitsu Limited only)

Industries	FY2020(Actual)						
	1Q	2Q	3Q	4Q	[Excl. Orders For PC]	Total	[Excl. Orders For PC]
Private Enterprise [Manufacturing & Distribution]	93%	85%	93%	100%	[99%]	92%	[93%]
Finance＆Retail	89%	84%	100%	91%	[93%]	90%	[94%]
JAPAN [Local Government & Healthcare]	79%	85%	101%	125%	[123%]	93%	[96%]
Public ＆ Social Infrastructure	109%	96%	127%	97%	[99%]	107%	[107%]
Total	93%	88%	106%	101%		96%	
[Excl. Orders For PC]	[98%]	[89%]	[109%]	[101%]		[99%]	

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Progress in Business Model Transformation

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● Business Reorganization Outside Japan

・European product business: Completed the closure of a factory, the transfer of production to EMS, and the consolidation of R&D functions.

・Exit from unprofitable countries in Europe: Completed the exit from 23 countries as planned (Management buyouts, sale of businesses, closures, etc.)

・Business reorganization in North America: Completed the withdrawal from the product business and the reorganization of the retailing systems business

● Reorganization of Manufacturing Facilities in Japan

・Increasing the efficiency of production systems in the product business: Will complete major reforms this fiscal year, optimizing our manufacturing organization

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Change vs Jan Forecast

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Change vs Jan Forecast

OPPL

Forecast 237.0 billion yen ⇒ Actual 266.3 billion yen **＋29.3 billion yen**

●Excl. restructuring and special items **+20.0 billion yen**

- Technology Solutions +2.0 billion yen
- Ubiquitous Solutions +9.0 billion yen
- Device Solutions +9.0 billion yen

●Special items

Forecast 10.0 billion yen ⇒ Actual 18.9 billion yen **+9.0 billion yen**

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Business Segment Information

(Billions of yen)

		FY2019 (Actual)	Special items/ restructuring	FY2020 (Actual)	Special items/ restructuring	Change	Excl. Special items	Special items/ restructuring	Impact of COVID-19	Change vs. Jan forecast
Revenue	Technology Solutions	3,212.9	54.5	3,043.6	26.5	-169.2	-141.2	-28.0	-165.4	-36.3
	Ubiquitous Solutions	455.2	50.2	334.6	23.7	-120.6	-94.2	-26.4	27.8	15.6
	Device Solutions	308.4	39.1	293.8	-	-14.6	24.5	-39.1	-9.3	3.8
	Inter-segment Elimination	-118.8	-	-82.3	-	36.4	36.4	-	-	-3.3
	Total	3,857.7	143.9	3,589.7	50.2	-268.0	-174.4	-93.6	-146.9	-20.2
OPPL	Technology Solutions	187.9	-9.8	188.4	-10.4	0.5	1.1	-0.5	-51.7	10.4
	Ubiquitous Solutions	26.7	0.7	48.0	26.4	21.2	-4.5	25.7	7.6	10.0
	Device Solutions	-3.2	-10.6	29.8	-	33.0	22.3	10.6	-4.0	8.8
	Total	211.4	-19.8	266.3	16.0	54.8	18.9	35.8	-48.2	29.3

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Business Segment Information

FUJITSU

Technology Solutions

(Billions of yen)

Technology Solutions	FY2019 (Actual)	FY2020 (Actual)	Change		(%)
Revenue	3,212.9	3,043.6	[-165.4]	-169.2	-5.3
Operating profit	187.9	188.4	[-51.7]	0.5	0.3
[Operating profit margin]	[5.8%]	[6.2%]		[0.4%]	

[ ]Figures in brackets indicate the Impact of COVID-19

Revenue (breakdown)				
Japan	2,304.2	2,193.4	-110.8	-4.8
Outside Japan	908.6	850.1	-58.4	-6.4

[Revenue]
Revenue fell significantly due to the impact of COVID-19 and restructuring.
Impact of COVID-19: -165.4 billion yen
Impact of business restructuring: -28.0 billion yen
Excluding the above effects: +24.2 billion yen

[Operating Profit]
Despite the impact of reduced revenue due to COVID-19, profit increased significantly due to improvements in profitability and increased sales volume in Network Products
Impact of COVID-19: -51.7 billion yen
Impact of business restructuring: +2.7 billion yen
Impact of special items: -3.3 billion yen
Excluding the above effects: +52.8 billion yen

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Business Segment Information

FUJITSU

Technology Solutions（Solutions/Services）

(Billions of yen)

Solutions/ Services	FY2019 (Actual)	FY2020 (Actual)	Change		Change (%)
Revenue	1,883.0	1,765.9	[-102.0]	-117.0	-6.2
Operating profit	179.5	183.5	[-36.4]	4.0	2.2
[Operating profit margin]	[9.5%]	[10.4%]		[0.9%]	

[ ]Figures in brackets indicate the Impact of COVID-19

[Revenue]
Revenue fell significantly due to the impact of COVID-19. Even excluding the impact of COVID-19, revenue fell, as there was a drop in hardware-related business, such as PC deployment support services.

[Operating Profit]
Cost improvements and expense reduction efforts were able to overcome the impact of COVID-19, resulting in higher profits.

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Business Segment Information

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Technology Solutions (System Platforms)

(Billions of yen)

System Platforms	FY2019 (Actual)	FY2020 (Actual)	Change		(%)
Revenue	647.0	665.4	[-24.7]	18.4	2.8
System Products	440.1	420.3	[-32.0]	-19.8	-4.5
Network Products	206.8	245.1	[7.2]	38.2	18.5
Operating profit	27.4	41.2	[-3.3]	13.7	49.9
[Operating profit margin]	[4.2%]	[6.2%]		[2.0%]	

[ ]Figures in brackets indicate the Impact of COVID-19

Revenue (breakdown)				
Japan	529.5	537.0	7.5	1.4
Outside Japan	117.5	128.4	10.9	9.3

[Revenue]
(System Products)
Fall in revenue due to the significant impact of COVID-19: -32.0 billion yen
Impact of changes in sales channels due to the closure of a factory in Europe: +28.0 billion yen

(Network Products)
Revenue rose, primarily in 5G base stations

[Operating Profit]
Profits rose due to the effects of higher revenue in Network Products, as well as greater efficiency in development expenses

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Business Segment Information

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Technology Solutions（International Regions Excluding Japan）

(Billions of yen)

International Regions Excluding Japan	FY2019 (Actual)	FY2020 (Actual)	Change		Change (%)
Revenue	766.3	723.7	[-35.4]	-42.6	-5.6
Operating profit	3.8	11.6	[-10.2]	7.7	199.3
[Operating profit margin]	[0.5%]	[1.6%]		[1.1%]	

[ ]Figures in brackets indicate the Impact of COVID-19

[Revenue]
Revenue was significantly impacted by the negative effects of COVID-19 and business restructuring
Impact of business restructuring: -28.0 billion yen
-> Low profitability countries in Europe, the product business in North America
Impact of COVID-19: -35.4 billion yen
Excluding the above factors: +20.8 billion yen
-> Secured major public sector contracts in Europe, etc.

[Operating Profit]
Special items: +6.3 billion yen (BM transformation expenses in North America recorded in the previous year did not recur this year)
Excluding the above factors: +1.3 billion yen
-> Ongoing improvements in profitability and efficiency in expenses

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Business Segment Information

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Technology Solutions（Common）

(Billions of yen)

Common	FY2019 (Actual)	FY2020 (Actual)	Change
Excl. Special items	-32.6	-47.8	-15.2
Special items	9.6	-	-9.6
Operating profit	-22.9	-47.8	-24.9

- Increase in internal DX investments to deliver data-driven management
- Carried out investments relating to building secure network environments and rethinking office environments to accelerate the Work Life Shift

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Two Business Areas for Value Creation (Technology Solutions)

■ **For Growth** … **Digital（DX、Modernization）**

The digital domain which encompasses areas of business opportunity for our customers

■ **For Stability** … **Traditional IT（Maintenance and operation of systems and sales of hardware products）**

The business domain which contributes to the stable operation of customer IT platforms and improves quality



Revenue

(Billions of yen)

	FY2019 (Actual)	composition ratio(%)	FY2020 (Actual)	composition ratio(%)	Change	composition ratio(%)
Growth Rate			100%			
For Growth	987.9	31	988.9	32	1.0	1
Growth Rate			92%			
For Stability	2,225.0	69	2,054.7	68	-170.2	-1
Growth Rate			95%		[-165.4]	
Technology Solutions	3,212.9	100	3,043.6	100	-169.2	-

[ ]Figures in parentheses indicate the Impact of COVID-19

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Business Segment Information

FUJITSU

Ubiquitous Solutions

(Billions of yen)

Ubiquitous Solutions	FY2019 (Actual)	FY2020 (Actual)	Change		(%)
Revenue	455.2	334.6	[27.8]	-120.6	-26.5
Excl. Special items	26.4	21.6	[7.6]	-4.7	-18.0
Special items	0.3	26.3		25.9	-
Operating profit	26.7	48.0	[7.6]	21.2	79.3
[Operating profit margin]	[5.9%]	[14.4%]		[8.5%]	

[ ]Figures in brackets indicate the Impact of COVID-19

Revenue (breakdown)				
Japan	323.4	224.6	-98.8	-30.6
Outside Japan	131.8	109.9	-21.8	-16.6

[Revenue]
Business restructuring: -26.4 billion yen
-> Impact of excluding the mobile phone retail store business from the consolidated results
Even excluding restructuring and special items, revenue fell significantly relative to last year, due to the extraordinary demand last year related to the end of service for Windows 7, which did not recur this year.

[Operating Profit]
One-time profits relating to the sale of businesses were +25.4 billion yen
Excluding restructuring and special items, profits fell due to the significant impact of lower revenue.

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Business Segment Information

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Device Solutions

(Billions of yen)

Device Solutions	FY2019 (Actual)	FY2020 (Actual)	Change		Change (%)
Revenue	308.4	293.8	[-9.3]	-14.6	-4.7
Operating profit	-3.2	29.8	[-4.0]	33.0	-
[Operating profit margin]	[-1.1%]	[10.1%]		[11.2%]	

[ ]Figures in brackets indicate the Impact of COVID-19

Revenue (breakdown)				
Japan	112.1	75.8	-36.2	-32.3
Outside Japan	196.3	217.9	21.6	11.0

[Revenue]
Business restructuring: -39.1 billion yen
Excluding special items and restructuring, revenue rose 9.1%, primarily in electronic components

[Operating Profit]
Impact of special items: +10.0 billion yen
Excluding special items and restructuring: +23.0 billion yen
-> Due to the effects of higher revenue in electronic components and improved profitability

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Cash Flows

(Billions of yen)

	FY2019 (Actual)	FY2020 (Actual)	Change
Ⅰ Cash flows from operating activities	347.2	307.9	-39.3
Ⅱ Cash flows from investing activities	-114.2	-71.5	42.6
Ⅰ+Ⅱ Free Cash Flow	233.0	236.3	3.3
Ⅲ Cash flows from financing activities	-193.1	-219.6	-26.4
Ⅳ Cash and Cash Equivalents at End of Year	453.0	481.8	28.7

[Cash flows from operating activities]

- Compared with the previous year: Positive: Higher profits, excluding special items and restructuring, etc.
  Negative: Higher tax expenses, etc.

[Cash flows from investing activities]

- In addition to inflows from the reorganization of the mobile phone retail store business and the PC business, among others, inflows also increased due to the sale of fixed assets.

[Cash flows from financing activities]

- Outflows increased due to the public purchase of Fujitsu Frontech stock, among other factors.

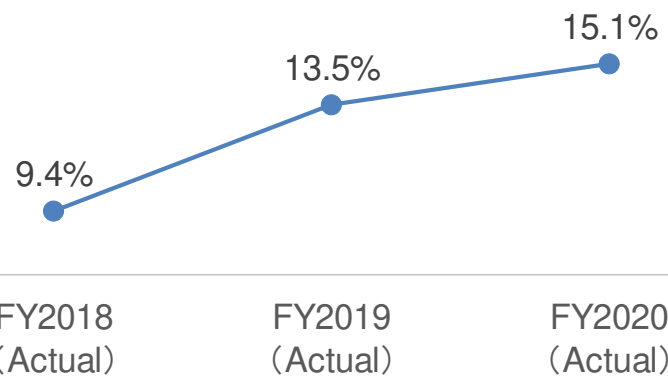
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Assets, Liabilities and Equity

(Billions of yen)

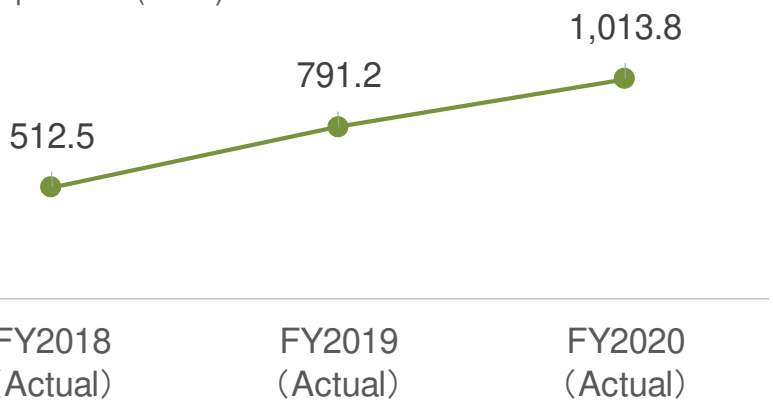
	Year-end FY2019	Year-end FY2020	Change
Total Assets	3,187.4	3,190.2	2.7
Total Liabilities	1,839.0	1,643.3	-195.7
Total Equity	1,348.4	1,546.9	198.4
Total Equity Attributable to Owners of the Parent	1,240.9	1,450.1	209.1
Equity Attributable to Owners of the Parent Ratio (%)	38.9	45.5	6.6

ROE
Return on Equity Attributable to Owners of the Parent



EPS
Earnings per share(Basic)

(Yen)



Figures calculated based on the standards after consolidation of shares are shown.

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Returns to Shareholders

■ Dividend (Per Share)

	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Actual)
End of First Half	70 Yen	80 Yen	100 Yen
End of Fiscal Year	80 Yen	100 Yen	100 Yen
Annual	150 Yen	180 Yen	200 Yen

Figures calculated based on the standards after consolidation of shares are shown.

■ Total return amount

(Billions of yen)

	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Actual)
Dividends	30.5	36.2	39.9
Purchase of treasury stock	22.3	30.1	20.1
Total return amount	52.8	66.3	60.0

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2. Earnings Forecast for FY2021

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Financial Forecast

(Billions of yen)

	FY2020 (Actual)	FY2021 (Forecast)	Change	Change (%)
Revenue	3,589.7	3,630.0	40.2	1.1
Operating Profit	266.3	275.0	8.6	3.3
[Operating Profit Margin]	[7.4%]	[7.6%]	[0.2%]	
Profit for the Year Attributable to Owners of the Parent	202.7	205.0	2.3	1.1

Exchange Rate

U.S. dollar / Yen	106	105	-1	-0.9
Euro / Yen	124	120	-4	-3.2
British pound / Yen	139	140	1	0.7
Ratio of Revenue Outside Japan	32.7%	33.4%	0.7%	

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Business Segment Information

(Billions of yen)

		FY2020 (Actual)	FY2021 (Forecast)	Change	
Technology Solutions	Revenue	3,043.6	3,200.0	156.3	・**Revenue: 5% Growth** ⊕ Resumption of projects put on hold ⊕ DX business expansion ⊕ Higher revenue in Network Products ・**OPPL** ⊕ Impact of increased revenue in Solutions and Services ⊕ Improvements in profitability ⊖ Executing growth investments
	Excl. special items	**195.8**	**240.0**	**44.1**	
	%	**[6.4%]**	**[7.5%]**	**[1.1%]**	
	special items	-7.4	-	7.4	
	OPPL	188.4	240.0	51.5	
	%	**[6.2%]**	**[7.5%]**	**[1.3%]**	
Ubiquitous Solutions	Revenue	334.6	230.0	-104.6	・**Revenue** ⊖demand for remote work and the GIGASchool project will not recur in fiscal 2021 ・**OPPL** ⊖Decline in profit because of lower revenue
	Excl. special items	**21.6**	**5.0**	**-16.6**	
	%	**[6.5%]**	**[2.2%]**	**[-4.3%]**	
	special items	26.3	-	-26.3	
	OPPL	48.0	5.0	-43.0	
	%	**[14.4%]**	**[2.2%]**	**[-12.2%]**	

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Business Segment Information

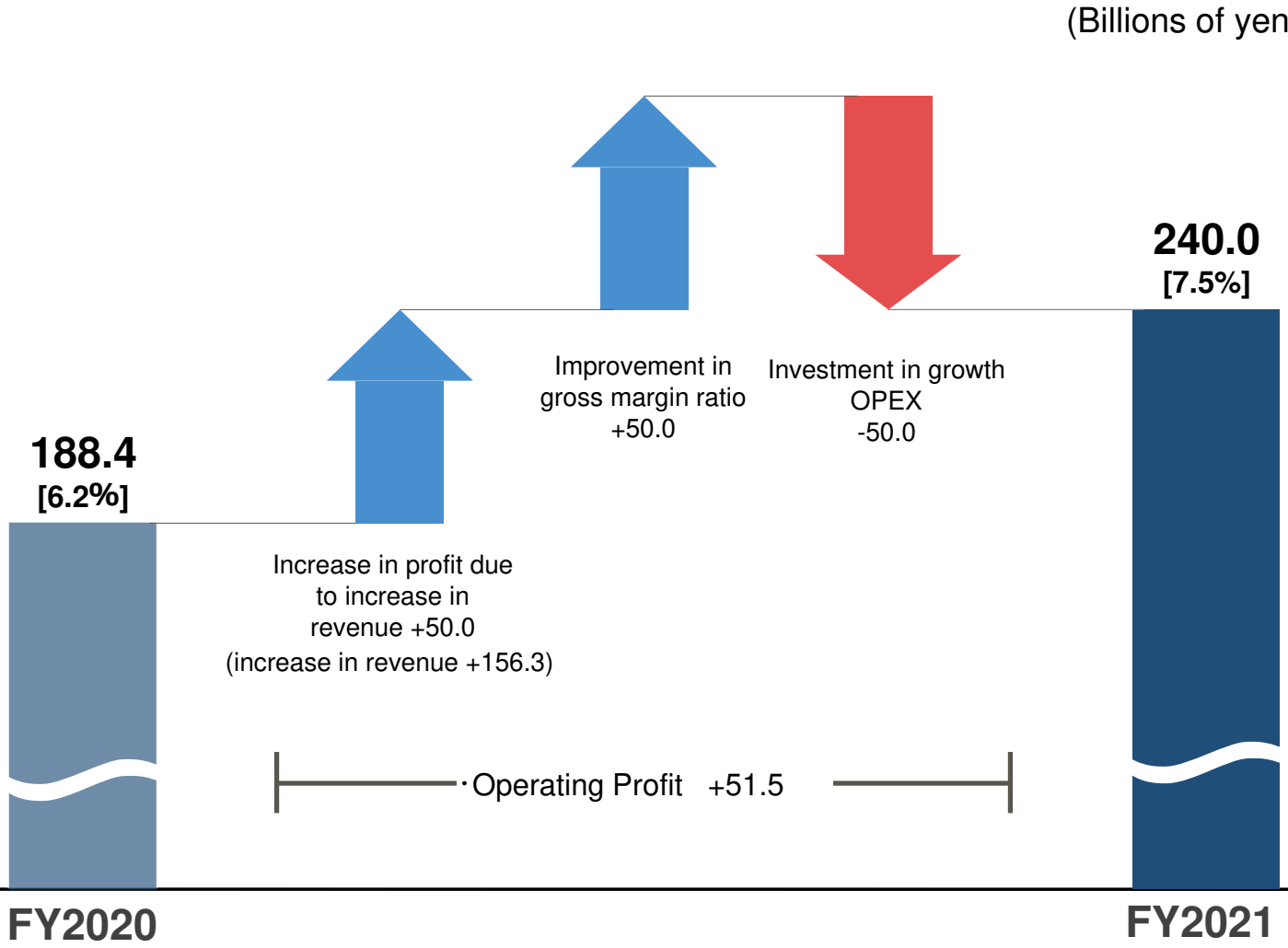
(Billions of yen)

		FY2020 (Actual)	FY2021 (Forecast)	Change	
Device Solutions	Revenue	293.8	300.0	6.1	· **Revenue** ⊕High levels of demand for electronic components will continue
	special items	-	-	-	
	OPPL	29.8	30.0	0.1	· **OPPL** In line with the previous year
	%	**[10.1%]**	**[10.0%]**	**[-0.1%]**	
Inter-segment Elimination	Revenue	-82.3	-100.0	-17.6	
Total	Revenue	3,589.7	3,630.0	40.2	
	Excl. special items	**247.3**	**275.0**	**27.6**	
	%	**[6.9%]**	**[7.6%]**	**[0.7%]**	
	special items	18.9	-	-18.9	
	OPPL	266.3	275.0	8.6	
	%	**[7.4%]**	**[7.6%]**	**[0.2%]**	

Operating income from Impact of restructuring in FY2020 of -2.9 billion yen is included in Excl. special items.

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Factors Behind Change in Operating Profit
Breakdown of Technology Solutions



Expansion of Earnings

- Building out important focus areas
- Continued strengthening of the Services business

Global Offerings
Cloud-first
DX Business

Improved Profitability

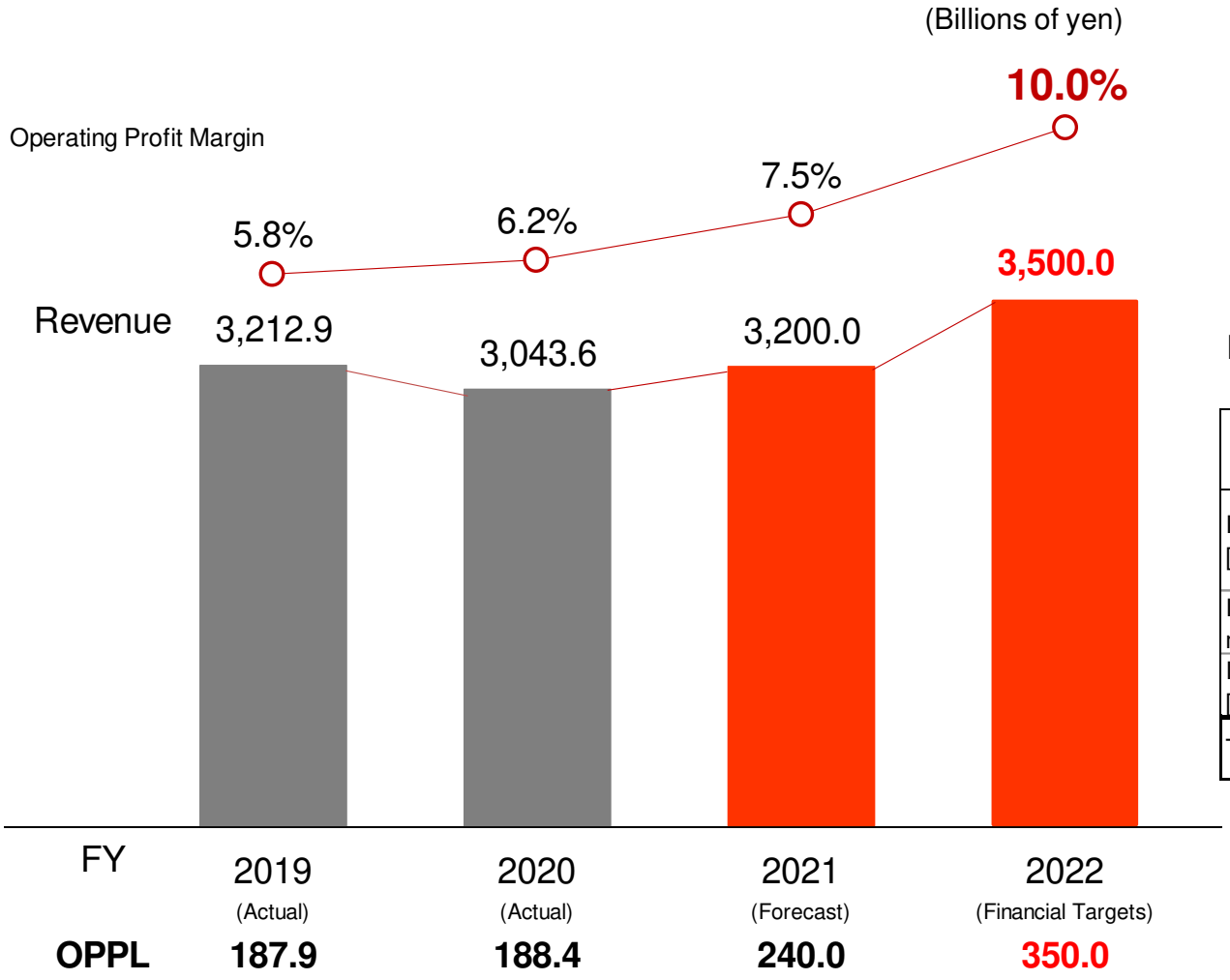
- Transforming the Services delivery structure
- Structural transformations in regions outside Japan
- Limiting unprofitable projects

Growth Investments

- Enhancing service delivery
- Internal DX (data-driven management)
- Transforming the ways we work

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Path to Achieving Technology Solutions Goals



Factors Behind Change in Operating Profit

(Billions of yen)

	FY2019 ⇒FY2020	FY2020 ⇒FY2021	FY2021 ⇒FY2022
Impact of changes in sales [] is the changes in sales	[-169.2] **-52.5**	[156.3] **+50.0**	[300.0] **+60.0**
Improvement in gross margin	**+68.0**	**+50.0**	**+50.0**
Investment in growth [OPEX]	**-15.0**	**-50.0**	**-**
Total	**+0.5**	**+50.0**	**+110.0**

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Cash Flows

Free Cash Flow

(Billions of yen)

	FY2019 (Actual)	FY2020 (Actual)	FY2021 (Forecast)
Free Cash Flow	233.0	236.3	210.0

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Capital Allocation Policy

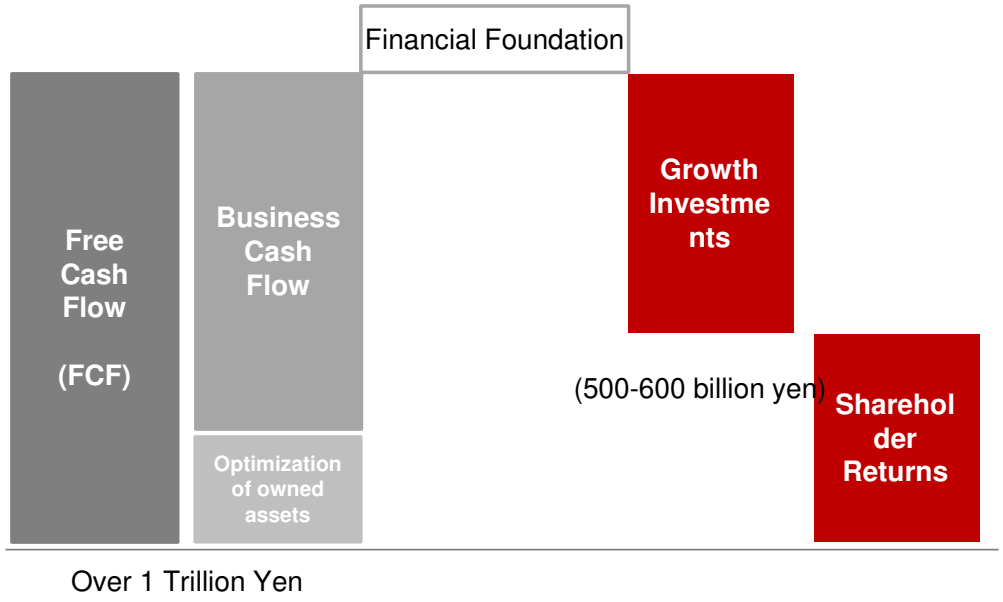
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Capital Allocation Policy (Material republished from July 2020)

Over the next 5 years (FY20-24)

(1) Cash flow: Create free cash flow of over 1 trillion yen over the next five years
(2) Allocation: Cash flow will be optimally allocated to growth investments and shareholder returns

(1) Stable Generation of Cash Flow | **(2) Thought Process About Allocation**



Note: Business cash flow = FCF – lease payments + growth investments

Executing Strategic Growth Investments

We will actively execute necessary investments to create value that can be delivered to customers and society, and to accomplish Fujitsu's own transformation into a DX company (500-600 billion yen over 5 years)

- Investments for creating value
- Investments for our own transformation

Delivering Stable Shareholder Returns

We are aiming for stable shareholder returns over the medium-to-long term that correspond to the stage of growth in our businesses and profits

- Dividends: We will carry out stable dividend payments based on continued growth in our businesses
- Stock Buybacks: Surplus funds reserved over long time periods will be used as capital for flexible stock buybacks (responding while bearing in mind changes in capital needs)

- We aim to increase business growth, profitability, and capital efficiency through optimal allocation of cash flow
- From a capital efficiency perspective, we will focus on earnings per share (EPS), with the goal of continued growth in EPS going forward

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Capital Allocation Policy

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Allocation: Growth Investments – 500-600 billion yen over 5 years

We will actively pursue growth investments in fiscal 2021, leading to business expansion and improvements in profitability

(Billions of yen)

	FY2020 (Actual)	FY2021 (Forecast)	FY2021 vs LY	FY22-24 Average	FY20-24 (5 Years)
Growth Investment	**40.0**	**100.0**	60.0	**120.0**	**500.0**
OPEX	15.0	65.0	50.0		

ESG/Risk management
(Pension and others)
+100.0 billion yen

Major Investment Areas

- Value Creation: Enhancing our Services business (Global offerings)
  Transforming our service delivery structure (Japan Global Gateway)
- Internal Transformation: Acquiring high-skill personnel, talent development
  Internal DX to implement data-driven management, transforming the ways we work

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Capital Allocation Policy

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Allocation: Shareholder Returns – 400-500 billion yen over 5 years

In addition to ensuring stable dividends, we will actively conduct share buybacks, keeping capital efficiency in mind, and expand the overall amount of returns

(Billions of yen)

	FY2017 (Actual)	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Actual)	FY2021 (Forecast)	FY2021 vs LY	FY22-24 Average
<Dividends per Share>	110 Yen	150 Yen	180 Yen	200 Yen	220 Yen	20 Yen	
Dividends	22.6	30.5	36.2	39.9	43.1	3.2	50.0
Share Repurchaces	0.1	22.3	30.1	20.1	50.0	29.9	50.0
Total shareholder returns	**22.7**	**52.8**	**66.3**	**60.0**	**93.1**	33.1	**100.0**

Shareholder Returns – 400-500 billion yen over 5 years

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Capital Allocation Policy

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Shareholder Returns for Fiscal 2021 (Reprint)

- Dividends: 220 yen/share (110 yen intermediate, 110 yen year-end), an increase of 20 yen, year over year
  Total dividend: 43.1 billion yen
- Stock Buybacks: 50 billion yen (buyback period: May 6, 2021 – March 31, 2022)

Total Returns: 93.1 billion yen (+33.1 billion yen compared to the previous year)

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Improvement of Corporate Value

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- In fiscal 2020, we achieved our highest ever operating profit and profit for the year [A first step toward achieving our medium-term targets]

- In fiscal 2021, we aim to expand our businesses and strengthen our earnings capability through active growth investments [Achieving increases in revenue and profits]
  We will expand overall shareholder returns by actively conducting stock buybacks, in addition to stable dividends

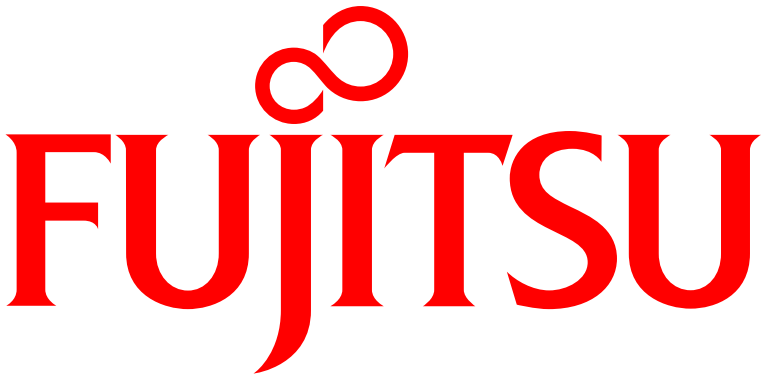
Financial Targets

• Business Expansion:	Increased revenue in Technology Solutions	3.5 trillion yen	(Target timeframe: Fiscal 2022)
• Strengthening Earnings Capability:	Operating profit margin in Technology Solutions	10%	(Target timeframe: Fiscal 2022)
+			
• Improving Capital Efficiency:	Average annual growth rate of company-wide EPS	12%	(Fiscal 2020-24, compared to fiscal 2019)

※ Quantified as a target KPI under the capital allocation policy

- Working to expand business, strengthen earnings capability, and improve capital efficiency through optimal capital allocation

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Cautionary Statement

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 relating 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

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Supplementary

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(Supplementary)
Financial Results
for FY2020

Business Segment Information [Quarterly Breakdown of Results]

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(Billions of yen)

		FY2019 (Actual)				FY2020 (Actual)			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Technology Solutions	Revenue	677.1	807.1	770.0	958.5	679.1	698.3	753.5	912.6
	OPPL	7.5	56.2	40.9	83.1	12.6	29.6	52.3	93.7
Solutions/ Services	Revenue	388.7	483.4	444.4	566.3	376.8	418.7	427.2	543.1
	OPPL	18.0	43.4	38.4	79.5	17.8	36.4	40.9	88.3
System Platforms	Revenue	122.3	166.4	141.0	217.2	151.7	140.0	169.7	203.9
	OPPL	-6.4	16.3	4.8	12.7	5.0	2.2	11.9	21.9
International Regions Excluding Japan	Revenue	186.2	182.4	203.2	194.3	171.0	163.8	192.4	196.2
	OPPL	-0.5	3.4	-1.2	2.2	-3.7	2.9	8.6	3.8
Common	Revenue	-20.2	-25.2	-18.8	-19.2	-20.5	-24.3	-36.0	-30.7
	OPPL	-3.5	-6.9	-1.1	-11.3	-6.4	-11.8	-9.2	-20.3
Ubiquitous Solutions	Revenue	102.9	138.4	111.4	102.4	73.8	83.7	84.1	92.8
	OPPL	3.5	10.4	8.8	3.9	4.2	4.5	30.9	8.3
Device Solutions	Revenue	83.4	85.2	71.5	68.2	68.3	70.3	75.5	79.6
	OPPL	-7.7	0.9	0.6	2.9	5.3	5.7	10.2	8.4
Inter-segment Elimination	Revenue	-24.7	-40.8	-29.8	-23.4	-18.5	-23.3	-18.8	-21.7
Total	Revenue	838.7	990.0	923.2	1,105.7	802.7	829.0	894.3	1,063.5
	OPPL	3.3	67.6	50.4	90.0	22.2	39.9	93.4	110.5

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Two Business Areas for Value Creation (Technology Solutions)

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For Growth/For Stability: Composition of Businesses

For Growth	• SI Development (New / Modernization / Upgrades)
	• Cloud Services Related IaaS / SaaS Cloud Integration Applications (Applications run in the cloud) Software (Software run in the cloud)
	• Cybersecurity-Related Services
	• Consulting Services
	• Advanced Products: HPC, 5G Network-Related
For Stability	• System Maintenance and Operations Services • Conventional (On Premise) Applications • Application Maintenance Services (On Premise) • System Platforms Legacy Processor-Related Legacy Network-Related

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(Supplementary)
Financial Results
for FY2020

Two Business Areas for Value Creation (Technology Solutions)

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(Billions of yen)

		FY2019 (Actual)			FY2020 (Actual)			Change		
		For Growth	For Stability	Total	For Growth	For Stability	Total	For Growth	For Stability	Total
Technology Solutions	Growth Rate				100%	92%	95%			
	Revenue	987.9	2,225.0	3,212.9	988.9	2,054.7	3,043.6	1.0	-170.2	-169.2
	composition ratio	[31%]	[69%]	[100%]	[32%]	[68%]	[100%]	[1%]	[-1%]	[-%]
Solutions/ Services	Growth Rate				96%	92%	94%			
	Revenue	816.2	1,066.8	1,883.0	785.4	980.5	1,765.9	-30.8	-86.2	-117.0
	composition ratio	[43%]	[57%]	[100%]	[44%]	[56%]	[100%]	[1%]	[-1%]	[-%]
System Platforms	Growth Rate				126%	97%	103%			
	Revenue	136.5	510.5	647.0	171.4	494.0	665.4	34.9	-16.5	18.4
	composition ratio	[21%]	[79%]	[100%]	[26%]	[74%]	[100%]	[5%]	[-5%]	[-%]
International Regions Excluding Japan	Growth Rate				91%	95%	94%			
	Revenue	35.2	731.1	766.3	32.1	691.6	723.7	-3.1	-39.5	-42.6
	composition ratio	[5%]	[95%]	[100%]	[4%]	[96%]	[100%]	[-1%]	[1%]	[-%]
Common	Revenue	-	-83.5	-83.5	-	-111.5	-111.5	-	-28.0	-28.0
	composition ratio	[-%]	[100%]	[100%]	[-%]	[100%]	[100%]	[-%]	[-%]	[-%]

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(Supplementary)
Financial Results
for FY2020

Business Segment Information
[Revenue Breakdown-In and Outside Japan]

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(Billions of yen)

		FY2019 (Actual)	FY2020 (Actual)	Change	(%)
Technology Solutions	Revenue	3,212.9	3,043.6	-169.2	-5.3
	Japan	2,304.2	2,193.4	-110.8	-4.8
	Outside Japan	908.6	850.1	-58.4	-6.4
Solutions/ Services	Revenue	1,883.0	1,765.9	-117.0	-6.2
	Japan	1,838.8	1,725.2	-113.5	-6.2
	Outside Japan	44.1	40.7	-3.4	-7.8
System Platforms	Revenue	647.0	665.4	18.4	2.8
	Japan	529.5	537.0	7.5	1.4
	Outside Japan	117.5	128.4	10.9	9.3
International Regions Excluding Japan	Revenue	766.3	723.7	-42.6	-5.6
	Japan	1.1	0.4	-0.6	-58.6
	Outside Japan	765.2	723.2	-42.0	-5.5
Common	Revenue	-83.5	-111.5	-28.0	-
Ubiquitous Solutions	Revenue	455.2	334.6	-120.6	-26.5
	Japan	323.4	224.6	-98.8	-30.6
	Outside Japan	131.8	109.9	-21.8	-16.6
Device Solutions	Revenue	308.4	293.8	-14.6	-4.7
	Japan	112.1	75.8	-36.2	-32.3
	Outside Japan	196.3	217.9	21.6	11.0
Inter-segment Elimination	Revenue	-118.8	-82.3	36.4	-
Total	Revenue	3,857.7	3,589.7	-268.0	-6.9
	Japan	2,629.2	2,417.6	-211.6	-8.1
	Outside Japan	1,228.5	1,172.0	-56.4	-4.6
Ratio of Revenue Outside Japan		31.8%	32.7%	0.9%	

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(Supplementary)
Financial Results
for FY2020

Breakdown of International Regions Excluding Japan

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(Billions of yen)

		FY2019 (Actual)	FY2020 (Actual)	Change	
				Special items/ restructuring	Excl. Special items/restructuring
International Regions Excluding Japan	Revenue	766.3	723.7	-28.0	-14.6
	Operating Profit	3.8	11.6	9.1	-1.3
NWE [Northern & Western Europe]	Revenue	356.0	347.8	-	-8.1
	Operating Profit	4.7	5.3	-1.6	2.2
CEE [Central & Eastern Europe]	Revenue	171.6	170.4	-	-1.1
	Operating Profit	10.8	5.3	-0.6	-4.8
Americas	Revenue	66.6	50.7	-12.1	-3.7
	Operating Profit	-17.4	-5.4	11.3	0.6
Asia	Revenue	86.4	79.8	-	-6.5
	Operating Profit	2.3	2.6	-	0.2
Oceania	Revenue	74.5	74.3	-	-0.2
	Operating Profit	2.0	1.7	-	-0.2
Others	Revenue	11.0	0.4	-15.8	5.2
	Operating Profit	1.2	1.9	-	0.6

Note: Revenue includes Inter-region revenue.

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Changes in Financial Indicators

(Billions of yen)

	FY2018 (Actual)	FY2019 (Actual)	FY2020 (Actual)
Interest-bearing Loans	316.2	405.5	316.3
(Net Interest-bearing Loans)	(-100.4)	(-46.2)	(-165.5)
D/E Ratio (Times)	0.28	0.33	0.22
Equity Attributable to Owners of the Parent Ratio (%)	36.5	38.9	45.5
ROE(%) *1	9.4	13.5	15.1
EPS(Yen) *2	512.50	791.20	1,013.78

*1 Return on Equity Attributable to Owners of the Parent (%)

*2 Earnings per share(Basic)

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(Supplementary)
Earnings Forecast
for FY2021

Business Segment Information
Breakdown of Technology Solutions

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(Billions of yen)

		FY2020 (Actual)	Special items	FY2021 (Forecast)	Special items	Change	Excl. Special items	Special items
Revenue	Technology Solutions	3,043.6	-	3,200.0	-	156.3	156.3	-
	Solutions/Services	1,765.9	-	1,980.0	-	214.0	214.0	-
	System Platforms	665.4	-	680.0	-	14.5	14.5	-
	System Products	420.3	-	410.0	-	-10.3	-10.3	-
	Network Products	245.1	-	270.0	-	24.8	24.8	-
	International Regions Excluding Japan	723.7	-	735.0	-	11.2	11.2	-
	Common	-111.5	-	-195.0	-	-83.4	-83.4	-
OPPL	Technology Solutions	188.4	-7.4	240.0	-	51.5	44.1	7.4
	Solutions/Services	183.5	-	230.0	-	46.4	46.4	-
	System Platforms	41.2	-5.0	56.0	-	14.7	9.7	5.0
	International Regions Excluding Japan	11.6	-2.3	22.0	-	10.3	8.0	2.3
	Common	-47.8	-	-68.0	-	-20.1	-20.1	-

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Assumption used for FY2021 Forecasts

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1. Exchange Rates（Average）and Impact of Fluctuation

	FY2019 (Actual)	FY2020 (Actual)	FY2021 (Forecast)	Impact of Exchange Rate Fluctuation (Forecast)*
U.S. dollar / Yen	109	106	105	-0.7 Billion yen
Euro / Yen	121	124	120	-0.1 Billion yen
British pound / Yen	138	139	140	0.0 Billion yen

* Impact of 1 yen fluctuation on operating profit (yen appreciation).

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Assumption used for FY2021 Forecasts

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2. Capital Expenditures and Depreciation
（Property, Plant and Equipment）

(Billions of yen)

	FY2019 (Actual)	FY2020 (Actual)	FY2021 (Forecast)
Technology Solutions	53.8	46.6	57.5
Ubiquitous Solutions	0.2	0.2	0.5
Device Solutions	42.4	40.7	42.0
Capital Expenditures	96.4	87.5	100.0
Depreciation	84.5	76.0	85.0

Capital expenditures and depreciation do not include the impact of adopting IFRS 16 (Leases).

3. R&D Expenses

R&D Expenses	123.3	113.8	115.0
[As % of Revenue]	[3.2%]	[3.2%]	[3.2%]

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