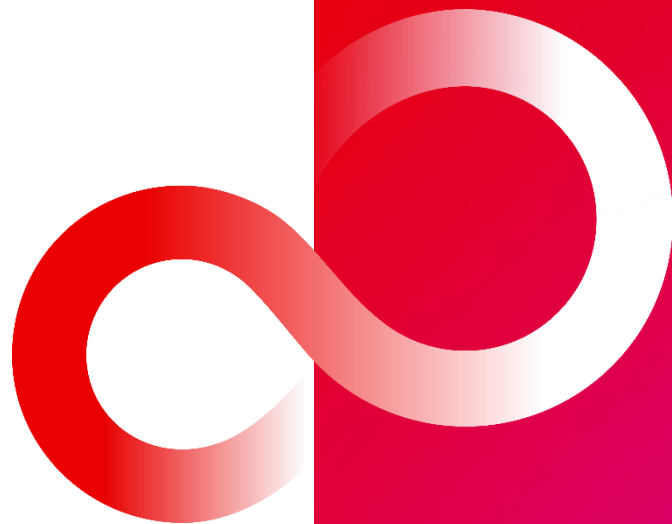


**FY2022**

# **Consolidated Financial Results**

April 27, 2023

Fujitsu Limited



- 
- 1 . Financial Results for FY2022
  - 2 . Review of Medium-Term Management Plan
  - 3 . Earnings Forecast for FY2023

# 1 . Financial Results for FY2022

## FY2022

■Revenue **3,713.7** B yen vs LY +**5.5%** [Excl. Impact of restructuring]

DX business expanded, recovery from the global chip shortage is underway, and revenue has expanded over time (Fourth quarter orders in Technology Solutions in Japan were up by 16%)

■OPPL **335.6** B yen vs LY +**116.4** B yen (+**53.1%**) New record

[Technology Solutions **263.1** B yen vs LY **128.1** B yen (+**94.9%**)]

■OPPL(%) **9.0%** vs LY +**2.9%**

	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Profit Margin	3.3%	5.5%	7.4%	6.1%	9.0%

# 1. Financial Results for FY2022

# Consolidated PL



(Billions of yen)

	FY2021	FY2022	Change		Change vs. Jan forecast
				(%)	
Revenue	3,586.8	3,713.7	126.9	3.5	-36.2
Operating Profit	219.2	335.6	116.4	53.1	-39.3
[Operating Profit Margin]	[6.1%]	[9.0%]	[2.9%]		[-1.0%]
Financial income (expenses), etc	20.7	36.2	15.4	74.5	
Profit for the Year Before Income Taxes	239.9	371.8	131.8	55.0	
Profit for the Year Attributable to Owners of the Parent	182.6	215.1	32.4	17.8	-39.8

## Exchange Rates

U.S. dollar / Yen	112	135	23	20.5
Euro / Yen	131	141	10	7.6
British pound / Yen	154	163	9	5.8

# Breakdown of Operating Profit

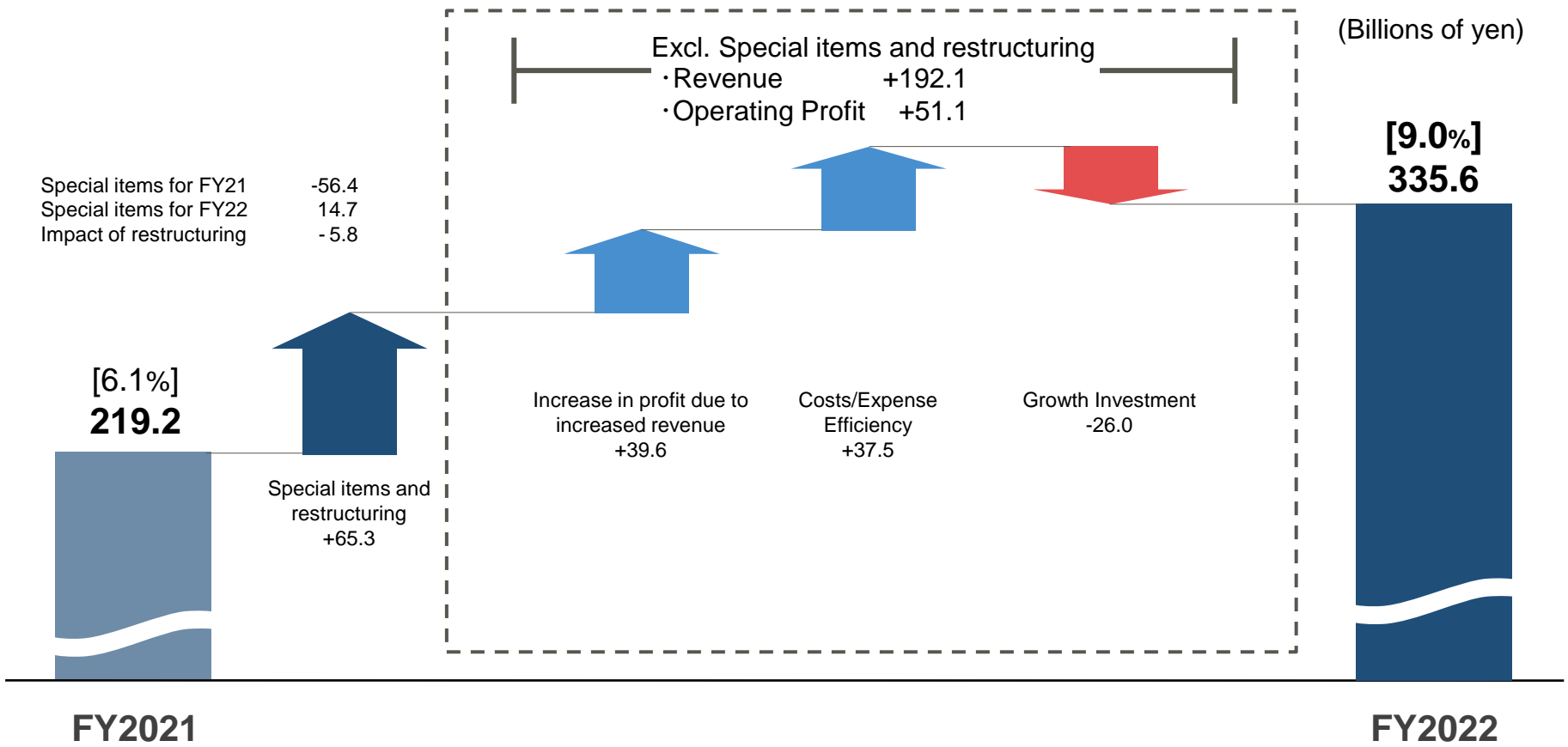
(Billions of yen)

		FY2021	FY2022	Change	(%)
<b>Excl. Special items</b>	Revenue	<b>3,586.8</b>	<b>3,713.7</b>	<b>126.9</b>	<b>3.5</b>
	Impact of restructuring	103.8	38.6	-65.1	-
	Excl. the above	3,482.9	3,675.0	192.1	5.5
	OPPL [Operating Profit Margin]	<b>275.6</b> [7.7%]	<b>320.8</b> [8.6%]	<b>45.2</b> [0.9%]	<b>16.4</b>
Special items(One-time Profit/loss)*	OPPL	-56.4	14.7	71.2	-
<b>Total</b>	<b>Revenue</b>	<b>3,586.8</b>	<b>3,713.7</b>	<b>126.9</b>	<b>3.5</b>
	<b>OPPL</b> [Operating Profit Margin]	<b>219.2</b> [6.1%]	<b>335.6</b> [9.0%]	<b>116.4</b> [2.9%]	<b>53.1</b>

\*One-time Profit/Loss from restructuring, M&A related expenses(earn-out, PPA related costs, etc.)

# 1. Financial Results for FY2022

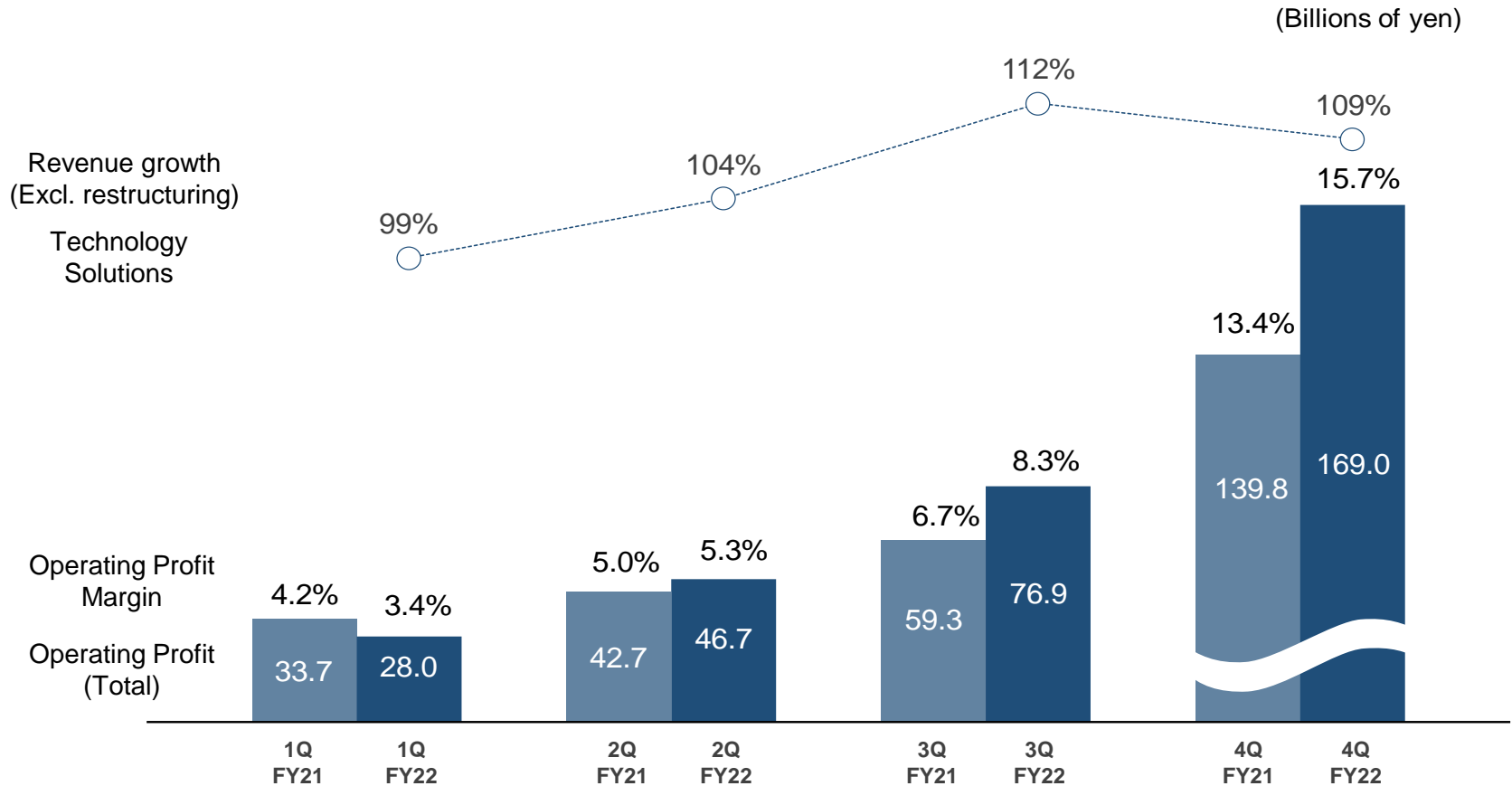
# Factors Behind Change in Operating Profit



FY2021

FY2022

# Quarterly changes in Operating Profit Excl. Special items





# 1. Financial Results for FY2022

# Revenue by Segments



(Billions of yen)

	FY2022									
	1Q		2Q		3Q		4Q		Total	
	Revenue	(%)	Revenue	(%)	Revenue	(%)	Revenue	(%)	Revenue	(%)
<b>Excl. restructuring</b>	<b>795.6</b>	<b>102</b>	<b>871.0</b>	<b>104</b>	<b>931.4</b>	<b>109</b>	<b>1,077.0</b>	<b>106</b>	<b>3,675.0</b>	<b>106</b>
Technology Solutions	<b>658.9</b>	<b>99</b>	<b>727.7</b>	<b>104</b>	<b>794.7</b>	<b>112</b>	<b>956.4</b>	<b>109</b>	<b>3,137.8</b>	<b>106</b>
Solutions/Services	365.2	96	411.7	98	431.3	105	572.4	109	1,780.6	103
System Platforms	132.7	94	168.2	115	175.9	122	201.1	108	678.1	110
System Products	87.3	96	101.7	108	104.4	118	116.0	104	409.6	106
Network Products	45.4	91	66.4	128	71.4	129	85.1	113	268.5	115
International Regions Excluding Japan	185.1	104	185.2	109	228.4	119	213.6	112	812.4	111
Common	-24.1	-	-37.4	-	-40.9	-	-30.8	-	-133.4	-
Ubiquitous Solutions	<b>50.1</b>	<b>93</b>	<b>60.1</b>	<b>96</b>	<b>58.0</b>	<b>95</b>	<b>64.6</b>	<b>108</b>	<b>232.9</b>	<b>98</b>
Device Solutions	<b>104.1</b>	<b>128</b>	<b>103.4</b>	<b>110</b>	<b>96.6</b>	<b>95</b>	<b>78.3</b>	<b>79</b>	<b>382.6</b>	<b>102</b>
Inter-segment Elimination	-17.6	-	-20.3	-	-18.1	-	-22.3	-	-78.4	-

# Orders in Japan

(Fujitsu Limited and Fujitsu Japan Limited)

**SI/Services orders in Japan rose 8% over prior year, up 14% in 4Q**

	FY2022					[SI / Services]
	1Q	2Q	3Q	4Q	Total	
Private Enterprise Business [Manufacturing & Distribution & Retail]	110%	105%	108%	107%	108%	[111%]
Finance Business [Finance & Insurance]	101%	107%	89%	113%	103%	[106%]
Japan Region [Government & Mission critical]	114%	99%	90%	127%	108%	[107%]
Fujitsu Japan [Local government & Healthcare & Educational institutions & Small and medium enterprise]	107%	93%	101%	109%	103%	[106%]
Network	74%	52%	85%	124%	82%	
Total	106%	94%	96%	116%	103%	
[SI / Services]	[107%]	[109%]	[100%]	[114%]	[108%]	

# Orders in International Regions Excluding Japan

■ **Services orders in Europe rose 7% and services orders in APAC rose 20%**

	FY2022				
	1Q	2Q	3Q	4Q	Total
Europe	99%	140%	88%	78%	98%
Services	105%	194%	92%	73%	107%
Products	94%	81%	83%	89%	86%
Americas	98%	87%	87%	88%	90%
Asia Pacific	83%	90%	152%	79%	98%
Services	77%	113%	219%	98%	120%
Products	89%	68%	86%	58%	75%

**The global chip shortage shifted toward a recovery in the second half of the fiscal year**

(Billions of yen)

		FY2021					FY2022					
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total	
Impact of global chip shortage	Revenue	-	- 14.9	- 24.8	- 38.3	- 78.0	- 27.8	- 13.2	4.9	21.4	- 14.7	
	OPPL	-	- 7.1	- 11.9	- 11.9	- 31.0	- 12.9	- 7.5	-	9.6	- 10.8	
		vs					- 27.8	1.6	29.7	59.7	63.2	
		LY					OPPL	- 12.9	- 0.4	11.9	21.5	20.1

## ■ Cost/expense efficiencies: 37.5 billion yen improvement

■ Gross profit: 6.8 billion yen improvement (excluding impact of business restructuring)

- Solutions & Services ↗ (+) Improved productivity in SI business, use of GDCs, better quality and risk management  
+24.7 billion yen

Trends in gross margin	1Q	2Q	3Q	4Q	total	vs LY
	34.2%	34.4% ↗	36.7% ↗	37.9%	36.0%	2.3% ↗

- System Platforms → (+) Recovery from the global chip shortage, (-) and pullback from last year's major mainframe deals
- International Regions ↘ (-) Increased procurement cost because of foreign exchange movements
- Ubiquitous Solutions ↘ (-) Increase in procurement cost because of sharply higher component prices and the impact of FX movements
- Device Solutions ↘ (-) Lower capacity utilization because of a decline in unit volumes

## ■ Cost efficiencies: 30.6 billion yen improvement from impact of transforming the way we work and sales of idle assets

(Operating expenses and other profit and loss, excluding the impact of business restructuring and business growth investments)

**Investments: 131.0 billion yen, up 46.0 billion yen from prior year**

	(Billions of yen)		
	FY2021	FY2022	vs LY
Investments for value creation	35.0	56.5	21.5
Internal transformation investments	50.0	74.5	24.5
<b>Total</b>	<b>85.0</b>	<b>131.0</b>	<b>46.0</b>
(OPEX)	(53.0)	(79.0)	(26.0)
(CAPEX)	(32.0)	(52.0)	(20.0)

Components

- Investments for value creation
  - Development of offerings (Uvance)
  - Transforming delivery of services (strengthening JGG/GDCs)
  - Developing new businesses (Processors for next generation data centers)
- Internal transformation investments
  - Investments in internal DX (OneFujitsu)
  - Work Life Shift

**Main Effects in FY22**

- Uvance revenue
- Use of JGG/GDC offshore locations
- Borderless Office

200.0 billion yen (+136%)

Man-hours used 92,000 man-months (+188%)

Office location in Japan 359 locations (-31%)

(Billions of yen)

		FY2021	FY2022	Change	(%)
Technology Solutions	Revenue	3,056.3	3,176.5	120.1	3.9
	OPPL	135.0	263.1	128.1	94.9
Ubiquitous Solutions	Revenue	237.1	232.9	-4.1	-1.7
	OPPL	5.8	-6.5	-12.4	-
Device Solutions	Revenue	375.9	382.6	6.6	1.8
	OPPL	78.3	79.0	0.7	0.9
Inter-segment Elimination	Revenue	-82.6	-78.4	4.1	-
Total	Revenue	3,586.8	3,713.7	126.9	3.5
	OPPL	219.2	335.6	116.4	53.1

## Technology Solutions

(Billions of yen)

Technology Solutions	FY2021	FY2022	Change	
				(%)
Revenue	3,056.3	3,176.5	120.1	3.9
Impact of restructuring	103.8	38.6	-65.1	-
Excl. the above	2,952.5	3,137.8	185.3	6.3
Operating profit	135.0	263.1	128.1	94.9
[Operating profit margin]	[4.4%]	[8.3%]	[3.9%]	

### OPPL (breakdown)

[Excl. Special items]	[193.9]	[249.9]	[56.0]	[28.9]
[Special items]	[-58.9]	[13.1]	[72.1]	

### [Revenue]

In addition to higher Solutions & Services revenue, the global chip shortage shifted toward a recovery, driving revenue up 6.3% over the prior year

### [Operating Profit]

Excluding special items, operating profit rose 56.0 billion yen (up 29% over prior year)



## Technology Solutions (Solutions/Services)

(Billions of yen)

Solutions/ Services	FY2021	FY2022	Change	
				(%)
Revenue	1,840.5	1,819.3	-21.1	-1.1
Impact of restructuring	103.8	38.6	-65.1	-
Excl. the above	1,736.6	1,780.6	44.0	2.5
Operating profit	188.7	233.7	44.9	23.8
[Operating profit margin]	[10.3%]	[12.8%]	[2.5%]	

### OPPL (breakdown)

[Excl. Special items]	[186.2]	[237.8]	[51.6]	[27.7]
[Special items]	[2.5]	[-4.1]	[-6.6]	

### [Revenue]

Solid increase in revenue, primarily from DX business and modernization business

### [Operating Profit]

In addition to the impact of higher revenue, there were productivity improvements from standardizing development work, leading to higher profit

Excluding special items, profit rose 51.6 billion yen over the prior year (operating profit margin was 12.8%)

## Technology Solutions (System Platforms)

(Billions of yen)

System Platforms	FY2021	FY2022	Change	
				(%)
Revenue	617.5	678.1	60.6	9.8
System Products	384.7	409.6	24.9	6.5
Network Products	232.8	268.5	35.6	15.3
Operating profit	56.6	68.9	12.2	21.7
[Operating profit margin]	[9.2%]	[10.2%]	[1.0%]	

### [Revenue]

In addition to a steady recovery from the global chip shortage starting in the second half, revenue increased because of higher demand for 5G base stations, including exports to North America

### [Operating Profit]

Profits rose because of higher revenue stemming from higher unit volumes, starting in the second half

## Technology Solutions (International Regions Excluding Japan)

(Billions of yen)

International Regions Excluding Japan	FY2021	FY2022	Change	
				(%)
Revenue	729.3	812.4	83.0	11.4
Operating profit	23.9	5.9	-18.0	-75.1
[Operating profit margin]	[3.3%]	[0.7%]	[-2.6%]	

### OPPL (breakdown)

[Excl. Special items & Impact of foreign exchange]	[21.5]	[20.8]	[-0.7]
[Impact of foreign exchange]	[-]	[-4.7]	[-4.7]
[Special items]	[2.4]	[-10.0]	[-12.4]

### [Revenue]

Revenue rose because of an expansion in the services business and the impact of FX movements

### [Operating Profit]

(Excluding special items)

Profits declined because of higher costs stemming from the impact of FX

(Special items)

FY21: gain on sale of European business

FY22: increase in cost associated with acquisitions

## Technology Solutions (Common)

(Billions of yen)

Common	FY2021	FY2022	Change
Operating profit	-134.4	-45.4	88.9

[Excl. Special items]      [-70.0]      [-72.7]      [-2.6]

[Special items]      [-64.3]      [27.2]      [91.6]

### ■ Excluding special items

Increase in growth investments for internal transformation

- Internal DX investments to achieve data-driven management (OneFujitsu, etc.)
- Work Life Shift      Changes in office environments  
Building a secure network environment

### ■ Special items

FY22: one-time gains on the sale of businesses

FY21: one-time expenses from DX human resource measures

# 1. Financial Results for FY2022

# Two Business Areas for Value Creation



(Billions of yen)

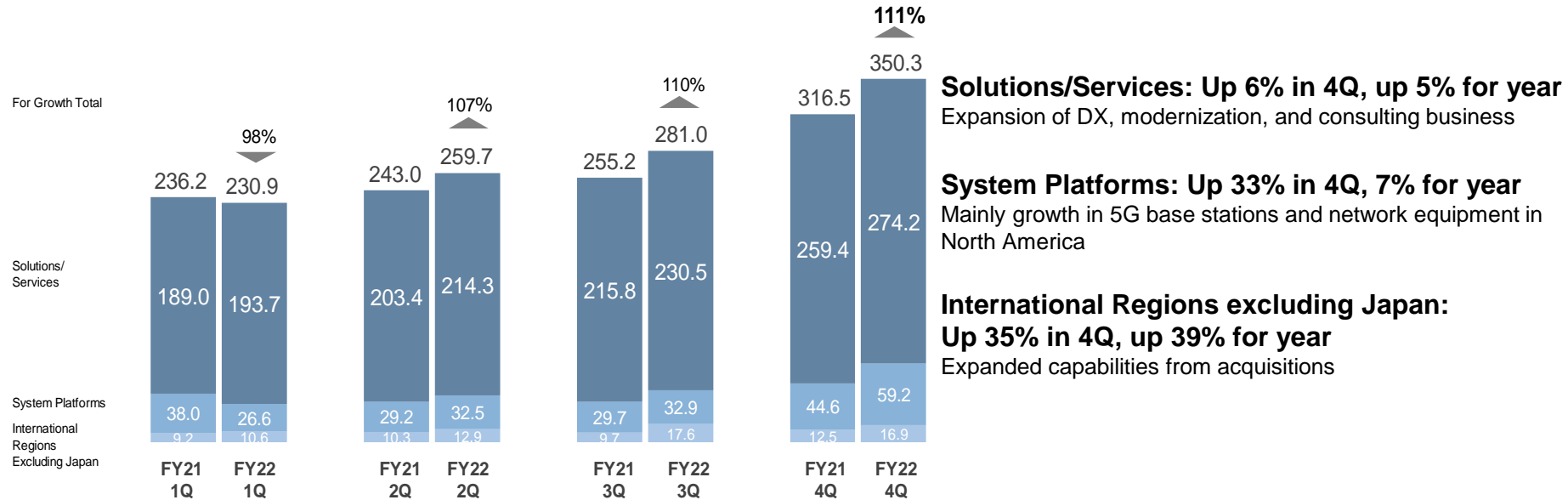
		FY2021			FY2022			Change		
		For Growth	For Stability	Total	For Growth	For Stability	Total	For Growth	For Stability	Total
Technology Solutions	Growth Rate				107%	102%	104%			
	Revenue	1,050.8	2,005.5	3,056.3	1,122.1	2,054.4	3,176.5	71.3	48.8	120.1
	[composition ratio]	[34%]	[66%]	[100%]	[35%]	[65%]	[100%]			
Solutions/ Services	Growth Rate				105%	93%	99%			
	Revenue	867.7	972.8	1,840.5	912.8	906.5	1,819.3	45.1	-66.2	-21.1
System Platforms	Growth Rate				107%	111%	110%			
	Revenue	141.5	476.0	617.5	151.3	526.8	678.1	9.8	50.8	60.6
International Regions Excluding Japan	Growth Rate				139%	110%	111%			
	Revenue	41.7	687.6	729.3	58.0	754.4	812.4	16.3	66.7	83.0
Common	Revenue	-	-131.0	-131.0	-	-133.4	-133.4	-	-2.3	-2.3

# 1. Financial Results for FY2022

# Two Business Areas for Value Creation



Accelerating expansion of 'For Growth' business, driven by DX, modernization and consulting business



## Ubiquitous Solutions

(Billions of yen)

Ubiquitous Solutions	FY2021	FY2022	Change	
				(%)
Revenue	237.1	232.9	-4.1	-1.7
Operating profit	5.8	-6.5	-12.4	-
[Operating profit margin]	[2.5%]	[-2.8%]	[-5.3%]	

### OPPL (breakdown)

[Excl. Impact of foreign exchange]	[5.8]	[17.9]	[12.0]
[Impact of foreign exchange]	[-]	[-24.5]	[-24.5]

### [Revenue]

Lower demand because of weak market conditions in Europe

### [Operating Profit]

Lower profit because of higher procurement costs due to FX movements

## Device Solutions

(Billions of yen)

Device Solutions	FY2021	FY2022	Change	
				(%)
Revenue	375.9	382.6	6.6	1.8
Operating profit	78.3	79.0	0.7	0.9
[Operating profit margin]	[20.8%]	[20.7%]	[-0.1%]	

### [Revenue]

Demand continued to be strong through the first half, but unit volumes fell sharply in the second half

### [Operating Profit]

Basically unchanged from prior year because of the decline in demand in the second half



(Billions of yen)

	FY2021	FY2022	Change
I Cash flows from operating activities	248.3	220.3	-28.0
II Cash flows from investing activities	-59.2	-42.8	16.4
I + II Free Cash Flow	189.0	177.5	-11.5
III Cash flows from financing activities	-193.6	-313.5	-119.9
[ Base Cash Flow *]	[211.8]	[250.0]	[38.2]
IV Cash and Cash Equivalents at End of Period	484.0	355.9	-128.1

\*Base Cash Flows = FCF - Payment of lease obligation + Business Growth Investment

Cash flows from operating activities:

- (-) Growth investments, increase in inventories, and payments for DX human resources measures
- (+) Increase in profit for the year

Cash flows from investing activities:

- (+) Carve-outs of non-priority businesses, sales of cross-shareholdings

Cash flows from financing activities: higher outflows, primarily stemming from share buybacks (150.0 billion yen), corporate bond redemption and payment of dividends

(Billions of yen)

	Year-end FY2021	Year-end FY2022	Change
Total Assets	3,331.8	3,265.5	-66.2
Total Liabilities	1,616.0	1,528.7	-87.3
Total Equity	1,715.7	1,736.8	21.0
Total Equity Attributable to Owners of the Parent	1,590.7	1,586.8	-3.8

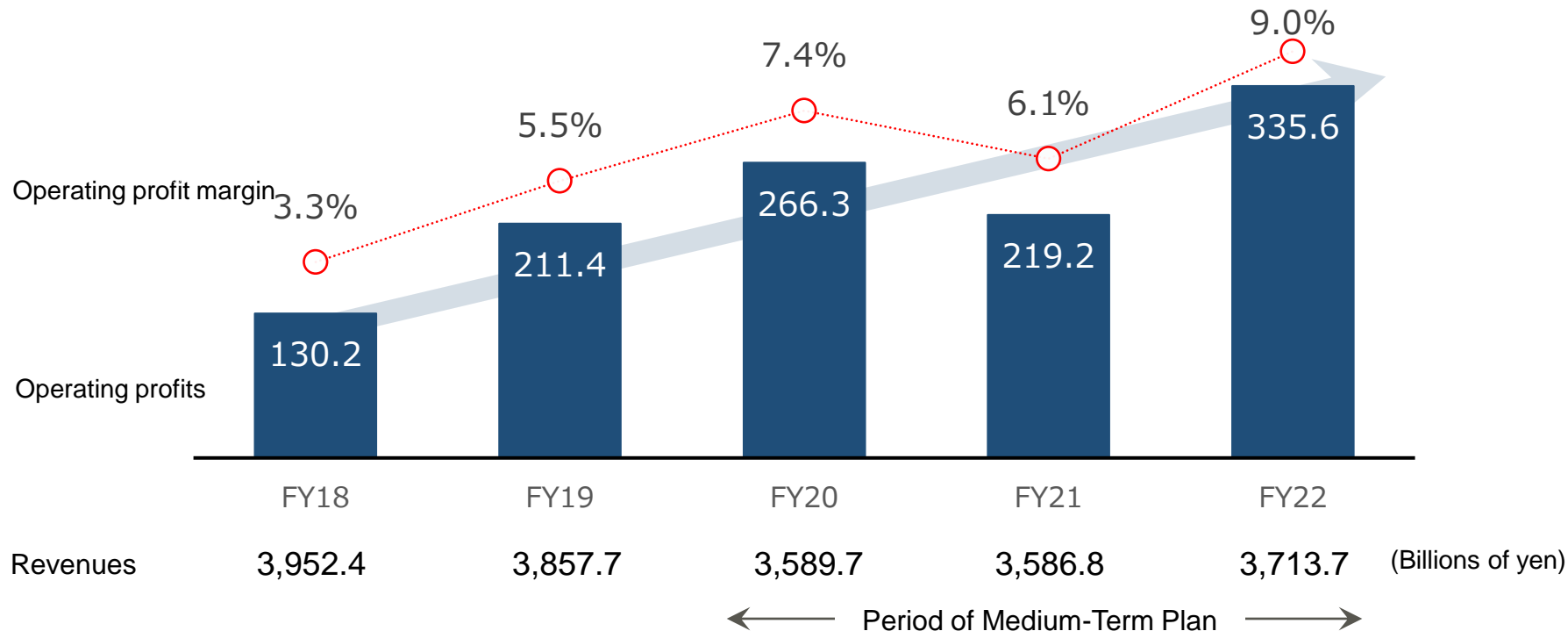
Reference: Financial Indices

Interest-bearing Loans	285.3	211.1	-74.1
(Net Interest-bearing Loans)	(-198.7)	(-144.7)	(53.9)

## 2. Review of Medium-Term Management Plan

# Trend of Operating Profit

**Steadily increased profits, while continuously improving operating profit margin**



# Achievements and Challenges

## Technology Solutions

### Solutions/Services

12.8% (FY22 operating profit margin)

- Shifted into DX services areas while strengthening competitive advantages
- Improved profitability by expanding offshore development work and reducing common expenses



### System Platforms

10.2%

- Reformed network business structure and Captured 5G market
- Recovery from the negative effect of the global supply crunch and FX change



### International Regions Excluding Japan

0.7%

- Stagnant due to lack of strength and speed to overcome the deteriorating business environment



### Device Business

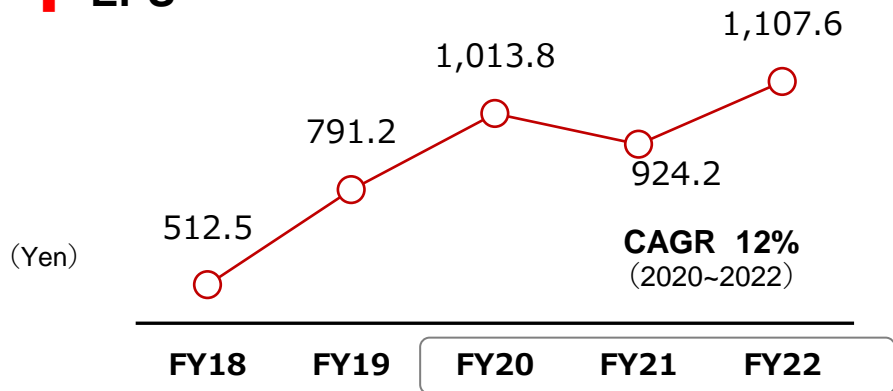
20.7%

- Higher than anticipated demand in the electronic component business and FX rate positively impacted

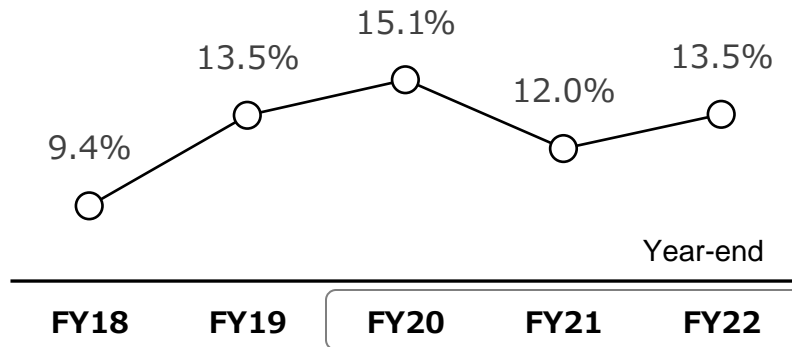
## Device and Ubiquitous Solutions

# Financial Indicators and Shareholder Returns

## EPS

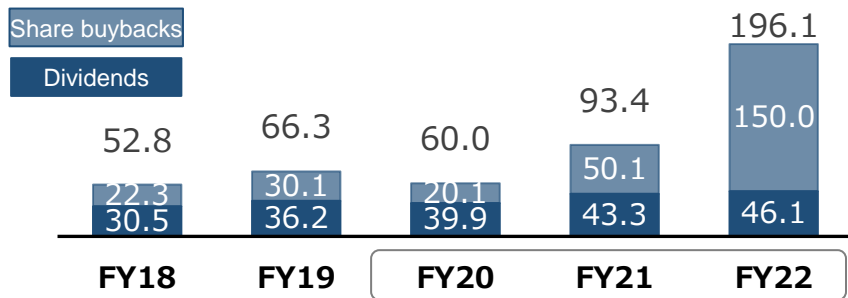


## ROE

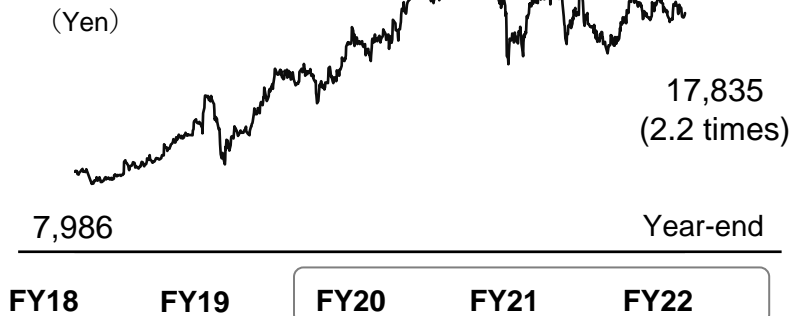


## Shareholder Returns

(Billions of yen)



## Stock Price

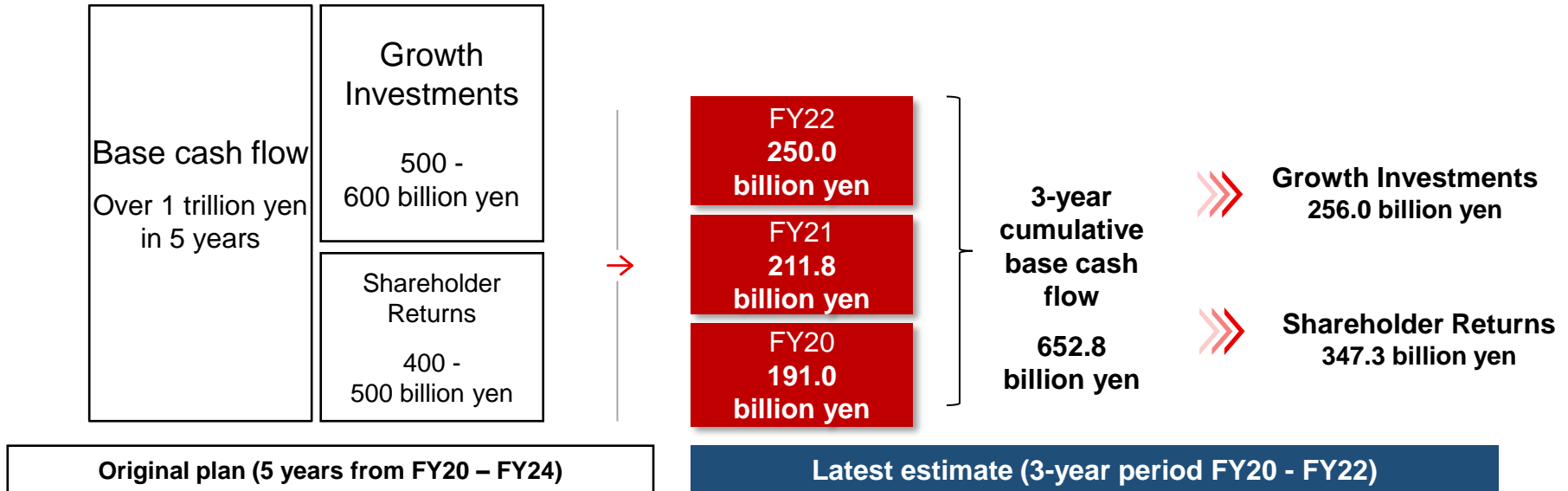


Trend in total shareholder returns 30% 51% 91% 30

# Capital Allocation

- **Base Cash Flow\* : Expanded exceeding our initial plan**
- **Expanded the scale of shareholder returns starting in FY22, considering the probability of expansion in cash flow**

\* Base Cash Flows = FCF - Payment of lease obligation + Growth Investment



# 3. Earnings Forecast for FY2023



### 3.Earnings Forecast for FY2023

# Financial Forecast



(Billions of yen)

	FY2022 (Actual)	FY2023 (Forecast)	Change	
				(%)
Revenue	3,713.7	3,860.0	146.2	3.9
Operating Profit	335.6	340.0	4.3	1.3
[Operating Profit Margin]	[9.0%]	[8.8%]	[-0.2%]	
Profit for the Year Attributable to Owners of the Parent	215.1	218.0	2.8	1.3

#### Exchange Rate

U.S. dollar / Yen	135	130	-5	-3.7
Euro / Yen	141	140	-1	-0.7
British pound / Yen	163	160	-3	-1.8

### 3.Earnings Forecast for FY2023

# Financial Forecast



(Billions of yen)

		FY2022 (Actual)	FY2023 (Forecast)	Change	(%)
<b>Excl. Special items</b>	Revenue	<b>3,713.7</b>	<b>3,860.0</b>	<b>146.2</b>	<b>3.9</b>
	OPPL	<b>320.8</b>	<b>340.0</b>	<b>19.1</b>	<b>6.0</b>
	[Operating Profit Margin]	[8.6%]	[8.8%]	[0.2%]	
Special items (One-time Profit/loss) *1	OPPL	14.7	-	-14.7	-100.0
<b>Total</b>	<b>Revenue</b>	<b>3,713.7</b>	<b>3,860.0</b>	<b>146.2</b>	<b>3.9</b>
	<b>OPPL</b>	<b>335.6</b>	<b>340.0</b>	<b>4.3</b>	<b>1.3</b>
	[Operating Profit Margin]	[9.0%]	[8.8%]	[-0.2%]	

\*1 One-time Profit/Loss from restructuring and business transfers, M&A related expenses(earn-out, PPA related costs, etc.)

### 3.Earnings Forecast for FY2023

# Business Segment Information



(Billions of yen)

		FY2022 (Actual)	FY2023 (Forecast)	Change	Changes compared to prior year
Technology Solutions	Revenue	3,176.5	3,300.0	123.4	<ul style="list-style-type: none"> <li>• <b>Revenue</b></li> <li>Solutions &amp; Services      +8.8%</li> <li>System Platforms          -8.6%</li> <li>International Regions      +0.9%</li> <li>Excluding Japan</li> <li>• <b>Operating profit</b></li> <li>In addition to the impact of higher revenue in Solutions &amp; Services, profitability is projected to improve because of higher productivity</li> </ul>
	Excl. Special items	<b>249.9</b>	<b>288.0</b>	<b>38.0</b>	
	%	[7.9%]	[8.7%]	[0.8%]	
	special items	13.1	-	-13.1	
	OPPL	263.1	288.0	24.8	
	%	[8.3%]	[8.7%]	[0.4%]	
Ubiquitous Solutions	Revenue	232.9	245.0	12.0	<ul style="list-style-type: none"> <li>• <b>Revenue: 5.2%</b></li> <li>• <b>Operating profit</b></li> <li>Profitability improvements</li> </ul>
	Excl. Special items	-6.5	-	6.5	
	%	[-2.8%]	[-%]	[2.8%]	
	special items	-	-	-	
	OPPL	-6.5	-	6.5	
	%	[-2.8%]	[-%]	[2.8%]	

### 3.Earnings Forecast for FY2023

# Business Segment Information



(Billions of yen)

		FY2022 (Actual)	FY2023 (Forecast)	Change	Changes compared to prior year
Device Solutions	Revenue	382.6	375.0	-7.6	<ul style="list-style-type: none"> <li>• Revenue: -2%</li> <li>• Operating profit FX impact, increase in depreciation expenses</li> </ul>
	Excl. Special items	77.4	52.0	-25.4	
	%	[20.2%]	[13.9%]	[-6.3%]	
	special items	1.6	-	-1.6	
	OPPL	79.0	52.0	-27.0	
	%	[20.7%]	[13.9%]	[-6.8%]	
Inter-segment Elimination	Revenue	-78.4	-60.0	18.4	
Total	Revenue	3,713.7	3,860.0	146.2	
	Excl. Special items	<b>320.8</b>	<b>340.0</b>	<b>19.1</b>	
	%	<b>[8.6%]</b>	<b>[8.8%]</b>	<b>[0.2%]</b>	
	special items	14.7	-	-14.7	
	OPPL	335.6	340.0	4.3	
	%	[9.0%]	[8.8%]	[-0.2%]	

### 3.Earnings Forecast for FY2023

# Business Segment Information Breakdown of Technology Solutions



(Billions of yen)

		FY2022 (Actual)	Excl. Special items	Special items	FY2023 (Forecast)	Excl. Special items	Special items	Change	Excl. Special items	Special items
Technology Solutions	Revenue	3,176.5	3,176.5	-	3,300.0	3,300.0	-	123.4	123.4	-
	OPPL	263.1	249.9	13.1	288.0	288.0	-	24.8	38.0	-13.1
Solutions/ Services	Revenue	1,819.3	1,819.3	-	1,980.0	1,980.0	-	160.6	160.6	-
	OPPL	233.7	237.8	-4.1	329.0	329.0	-	95.2	91.1	4.1
System Platforms	Revenue	678.1	678.1	-	620.0	620.0	-	-58.1	-58.1	-
	OPPL	68.9	68.7	0.1	33.0	33.0	-	-35.9	-35.7	-0.1
International Regions Excluding Japan	Revenue	812.4	812.4	-	820.0	820.0	-	7.5	7.5	-
	OPPL	5.9	16.0	-10.0	22.0	22.0	-	16.0	5.9	10.0
Common	Revenue	-133.4	-133.4	-	-120.0	-120.0	-	13.4	13.4	-
	OPPL	-45.4	-72.7	27.2	-96.0	-96.0	-	-50.5	-23.2	-27.2

■ **Solutions & Services** With expansion in DX business and continued productivity enhancements, strong increase in profits

(Revenue up 9%, operating profit up by 91.1 billion yen)

- ① Higher revenue +60.0 billion yen · · · Expansion in Fujitsu Uvance and other DX business, as well as other modernization business
- ② Productivity improvements +30.0 billion yen · · · Further progress in standardization and automatization of delivery model, better business deals, stronger management quality through the use of data/preventing problems before they occur

■ **System Platforms** Shift to next generation technologies in the network business, move to a cycle of upfront investments  
(Revenue down 9%, operating profit down by 35.7 billion yen)

- ① Lower network revenue down 20.0 billion yen · · · Peak in initial demand for 5G spending, turning point in shift to open standards in North American photonics market
- ② Increase in upfront investments outflows up 15.0 billion yen · · · Increase in development spending on optical technologies and open standards (higher demand starting in second half of FY24)  
Higher personnel costs and pullback from the impact of the previous year's asset sales

- █ Enhance our **cash-generating ability** by improving profitability and working capital efficiency
- █ Core Free Cash Flows\*: Enhance as an indicator of ordinary cash-generating ability

(\*Free Cash Flows excluding special items such as from sales of businesses, acquisitions, and business model reformation expenses)

(Billions of yen)

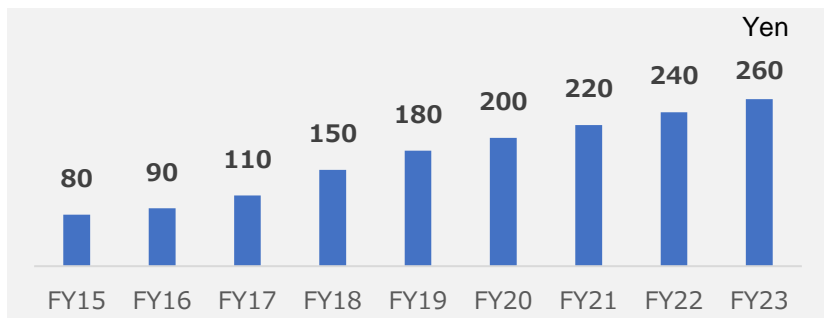
	FY2022 (Actual)	FY2023 (Forecast)	Change
<b>Free cash flow</b>	<b>177.5</b>	<b>170.0</b>	<b>-7.5</b>
<b>Core free cash flow</b>	<b>157.1</b>	<b>225.0</b>	<b>67.9</b>
Special items*	20.4	-55.0	-75.4

\*Special items include net proceeds from business divestiture in FY22 and investment in business acquisition in FY23

**Annual dividends increase of 20 yen, and total payout of 197.9 billion yen, exceeding FY2022**

## Dividends: Stable and steady increase

Per share	FY2021 (Actual)	FY2022 (Actual)	FY2023 (Forecast)
End of First Half	110 yen	120 yen	130 yen
End of Fiscal Year	110 yen	120 yen	130 yen
<b>Annual</b>	<b>220 yen</b>	<b>240 yen</b>	<b>260 yen</b>



## Share Repurchase: flexibility in implementation

**150.0 billion yen**

- There is also the possibility that a portion or all of the repurchases may not occur because of sudden changes in the business environment, a large increase in the demand for funds, or because of insider trading restrictions.

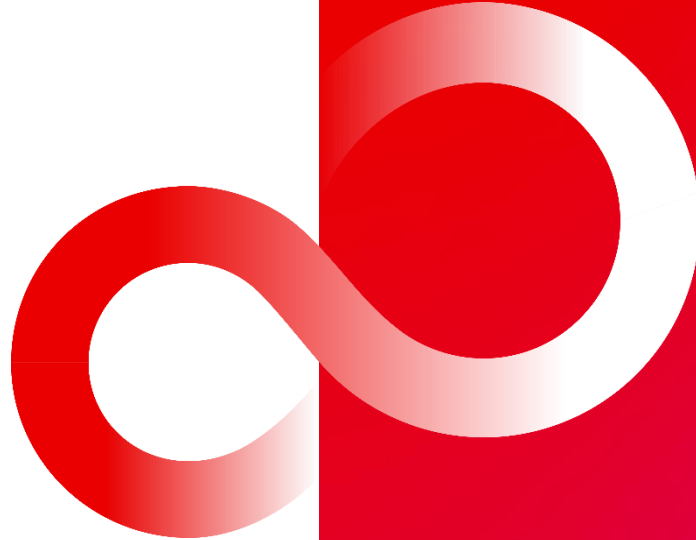
## Total Payout Amount

(Billions of yen)

	FY2021 (Actual)	FY2022 (Actual)	FY2023 (Forecast)
Dividends	43.3	46.1	47.9
Share repurchase	50.1	150.0	150.0
<b>Total payout amount</b>	<b>93.4</b>	<b>196.1</b>	<b>197.9</b>
Total Payout Ratio	51%	91%	91%



**Thank you**



## 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

# Supplementary

# Business Segment Information [Quarterly Breakdown of Results]

(Billions of yen)

		FY2021				FY2022			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Technology Solutions	Revenue	687.0	725.7	738.1	905.4	682.2	743.1	794.7	956.4
	OPPL	17.0	24.1	40.2	53.5	2.2	50.1	55.1	155.5
Solutions/ Services	Revenue	398.6	446.7	437.5	557.4	388.4	427.1	431.3	572.4
	OPPL	20.1	36.5	38.2	93.8	29.9	33.7	57.2	112.7
System Platforms	Revenue	140.8	145.8	144.2	186.6	132.7	168.2	175.9	201.1
	OPPL	7.9	7.8	5.8	35.0	0.5	8.3	24.1	35.9
International Regions Excluding Japan	Revenue	177.2	169.4	192.3	190.4	185.1	185.2	228.4	213.6
	OPPL	2.2	2.8	11.6	7.1	-6.1	-2.9	-1.3	16.3
Common	Revenue	-29.6	-36.3	-35.9	-29.1	-24.1	-37.4	-40.9	-30.8
	OPPL	-13.3	-23.0	-15.4	-82.5	-21.9	10.9	-24.8	-9.5
Ubiquitous Solutions	Revenue	53.8	62.7	60.8	59.6	50.1	60.1	58.0	64.6
	OPPL	1.6	3.4	0.6	0.1	-3.1	-1.1	-2.6	0.3
Device Solutions	Revenue	81.0	94.1	101.7	98.9	104.1	103.4	96.6	78.3
	OPPL	15.1	20.1	24.2	18.8	26.4	26.4	19.7	6.4
Inter-segment Elimination	Revenue	-20.0	-21.7	-20.2	-20.6	-17.6	-20.3	-18.1	-22.3
Total	Revenue	801.9	861.0	880.5	1,043.3	818.8	886.4	931.4	1,077.0
	OPPL	33.7	47.7	65.1	72.5	25.6	75.3	72.3	162.3

# Business Segment Information

## [Revenue Breakdown-In and Outside Japan]



(Billions of yen)

		FY2021	FY2022	Change	(%)
Technology Solutions	Revenue	3,056.3	3,176.5	120.1	3.9
	Japan	2,131.2	2,130.7	-0.4	-
	Outside Japan	925.1	1,045.8	120.6	13.0
Solutions/ Services	Revenue	1,840.5	1,819.3	-21.1	-1.1
	Japan	1,795.1	1,800.1	5.0	0.3
	Outside Japan	45.3	19.1	-26.2	-57.8
System Platforms	Revenue	617.5	678.1	60.6	9.8
	Japan	416.5	396.1	-20.4	-4.9
	Outside Japan	200.9	281.9	81.0	40.3
International Regions Excluding Japan	Revenue	729.3	812.4	83.0	11.4
	Japan	0.6	0.5	-	-13.5
	Outside Japan	728.7	811.9	83.1	11.4
Common	Revenue	-131.0	-133.4	-2.3	-
Ubiquitous Solutions	Revenue	237.1	232.9	-4.1	-1.7
	Japan	129.6	143.4	13.7	10.6
	Outside Japan	107.4	89.5	-17.8	-16.6
Device Solutions	Revenue	375.9	382.6	6.6	1.8
	Japan	87.0	89.6	2.6	3.0
	Outside Japan	288.9	293.0	4.0	1.4
Inter-segment Elimination	Revenue	-82.6	-78.4	4.1	-
Total	Revenue	3,586.8	3,713.7	126.9	3.5
	Japan	2,269.8	2,290.2	20.3	0.9
	Outside Japan	1,316.9	1,423.4	106.5	8.1

Ratio of Revenue Outside Japan

36.7%

38.3%

1.6%

# Breakdown of International Regions Excluding Japan

(Billions of yen)

		FY2021		FY2022		Change	
International Regions Excluding Japan	Revenue	729.3		812.4		83.0	
	Operating Profit	[21.5]	23.9	[16.0]	5.9	[-5.5]	-18.0
Europe	Revenue	542.2		578.1		35.8	
	Operating Profit	[10.2]	14.4	[5.9]	4.1	[-4.2]	-10.2
Americas	Revenue	41.5		52.6		11.1	
	Operating Profit	[1.4]	1.4	[2.9]	2.6	[1.4]	1.1
Asia Pacific	Revenue	128.9		161.8		32.8	
	Operating Profit	[6.3]	4.5	[5.5]	-2.4	[-0.7]	-7.0
East Asia	Revenue	34.2		44.8		10.5	
	Operating Profit	[0.4]	0.4	[1.5]	1.5	[1.1]	1.1
Others/ Eliminations	Revenue	-17.6		-25.0		-7.4	
	Operating Profit	[3.0]	3.0	[-]	-	[-3.0]	-3.0

Note: Revenue includes Inter-region revenue.

[ ] Figures in brackets indicate Excl. Special items

# Changes in Financial Indicators

(Billions of yen)

	FY2020 (Actual)	FY2021 (Actual)	FY2022 (Actual)
Interest-bearing Loans	316.3	285.3	211.1
(Net Interest-bearing Loans)	(-165.5)	(-198.7)	(-144.7)
D/E Ratio (Times)	0.22	0.18	0.13
Equity Attributable to Owners of the Parent Ratio (%)	45.5	47.7	48.6
ROE(%) <sup>*1</sup>	15.1	12.0	13.5
EPS(Yen) <sup>*2</sup>	1,013.78	924.21	1,107.63

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

\*2 Earnings per share(Basic)

# Assumption used for FY2023 Forecasts

## 1. Exchange Rates (Average) and Impact of Fluctuation

	FY2021 (Actual)	FY2022 (Actual)	FY2023 (Forecast)	Impact of Exchange Rate Fluctuation FY2023 (Forecast)*
U.S. dollar / Yen	112	135	130	-0.8 Billion yen
Euro / Yen	131	141	140	0.0 Billion yen
British pound / Yen	154	163	160	0.0 Billion yen

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



# Assumption used for FY2023 Forecasts

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

(Billions of yen)

	FY2021 (Actual)	FY2022 (Actual)	FY2023 (Forecast)
Technology Solutions	46.4	48.6	45.0
Ubiquitous Solutions	-	-	-
Device Solutions	42.5	72.3	75.0
Capital Expenditures	88.9	121.0	120.0
Depreciation	89.5	89.6	90.0

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

## 3. R&D Expenses

R&D Expenses	105.3	109.5	110.0
[As % of Revenue]	[2.9%]	[3.0%]	[2.8%]