MANAGEMENT'S ANALYSIS OF FINANCIAL POSITION AND OPERATING RESULTS, AND STATUS OF CASH FLOWS

Overview of operating results and management's analysis and discussion of the status of operation

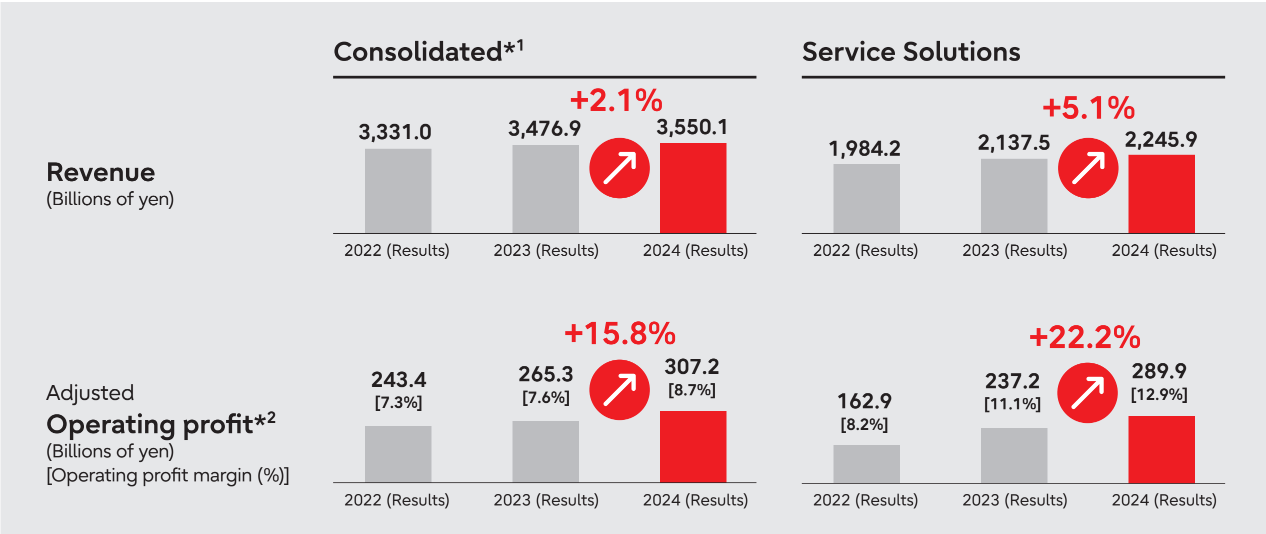
The following section, Management's Discussion and Analysis of Operations, provides an overview of the operating results, financial position, and status of cash flows of the Company and its consolidated subsidiaries and equity-method associates (together, the "Group"), along with management's assessment, analysis, and discussion of the status of the Group's operations. Forward-looking statements in this section are based on judgments as of the end of the fiscal year under review (March 31, 2025).

1. Progress of the Medium-Term Management Plan

In order to make long-lasting and steady contributions toward realizing our Purpose, it is imperative that we build trustworthy relationships with all stakeholders and achieve sustainable growth ourselves. To that end, we have incorporated non-financial indicators into the core of our business activities and we are currently making every effort to achieve them, alongside our financial targets.

(1) Progress on financial indicators

Fiscal year ended March 31

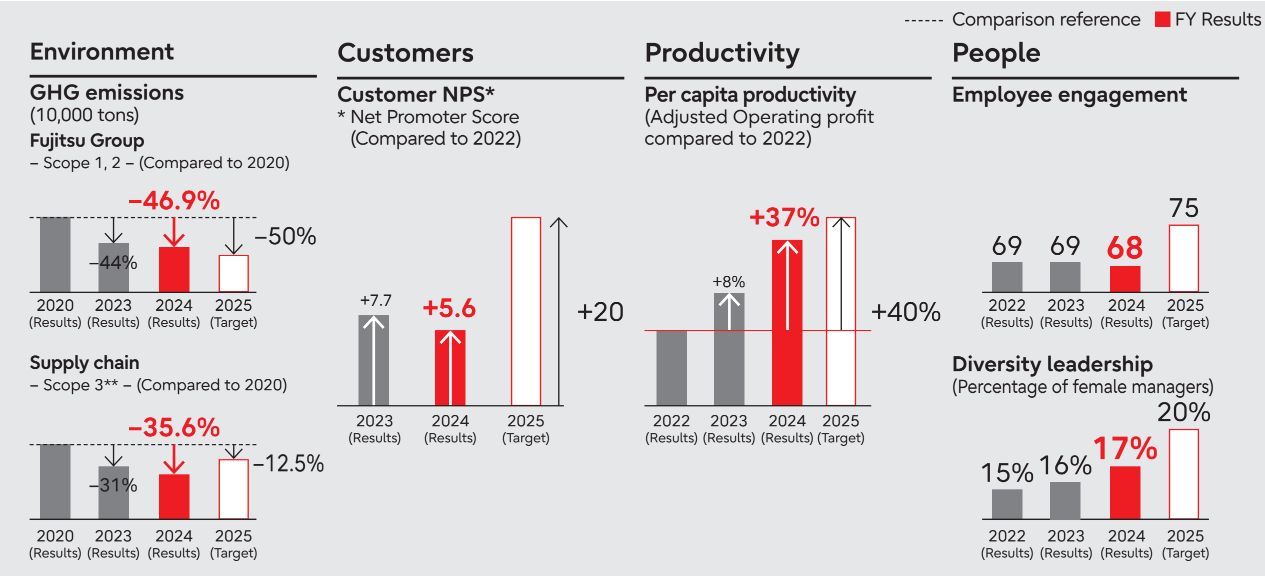


*1 Device Solutions is excluded from our consolidated revenue and adjusted operating profit for the entire company.
*2 Adjusted operating profit: Indicator which represents an actual profit from core business calculated by excluding profits from business restructuring, M&A, etc., and one-off profits from changes in regulations.

Revenue in fiscal 2024 increased by 2.1% year on year to ¥3,550.1 billion on a consolidated basis, and by 5.1% year on year to ¥2,245.9 billion in Service Solutions. In addition to higher revenue, profitability is also improving, with adjusted operating profit increasing by 15.8% year on year to ¥307.2 billion on a consolidated basis and by 22.2% year on year to ¥289.9 billion in Service Solutions.

(2) Progress on non-financial indicators

Fiscal year ended/ending March 31



** Category 11: CO_2 emissions due to product power consumption only
All non-financial metrics, including past results, are now calculated excluding Device Solutions, effective from this period.

The Group has set key performance indicators (KPIs) for fiscal 2025, in four non-financial categories: environment, customers, productivity, and people, and is working to achieve them.

Our KPIs for the environment are to reduce our Scope 1 and 2 greenhouse gas (GHG) emissions across the Fujitsu Group by 50% from fiscal 2020, and to reduce Scope 3 supply chain emissions by 12.5%.

For customers, we are targeting a 20 point increase in the Customer Net Promoter Score (NPS®)*1 compared with fiscal 2022.

Our productivity KPI is adjusted operating profit per employee and we are targeting a 40% increase compared with fiscal 2022.

For people, we are aiming to achieve a global employee engagement score*2 of 75. Also, our KPI for diversity leadership is the percentage of female managers at the global level and we are targeting an increase from 15% in fiscal 2022, to 20% in fiscal 2025.

There will be no changes to the above KPIs for fiscal 2025, and we will continue to work toward their achievement. Also, we will further advance quantitative analysis in fiscal 2025, following fiscal 2024, on how non-financial initiatives contribute to financial aspects. The Group will continue to contribute to creating a safe, secure, and prosperous society by leveraging digital technology and the experience and knowledge we have accumulated in various industries, while making quick decisions using data.

*1 Net Promoter Score[SM], an indicator to measure "customer loyalty," which presents the degrees of trust and attachment of customers to companies, products, and services, in order to understand the degree of improvement and depth of the customer experience (CX)

*2 An indicator to measure employees' willingness and attachment to work voluntarily and independently, and to contribute to their company, with empathy for the company's direction and purpose

2. Operating Results

Summarized Consolidated Statement of Profit or Loss

(Billions of yen)

Years ended March 31	2024	**2025**	YoY change	Change (%)
Continuing operations				
Revenue	3,476.9	**3,550.1**	73.1	2.1
Cost of sales	(2,358.9)	**(2,382.1)**	(23.1)	1.0
Gross profit	1,117.9	**1,167.9**	49.9	4.5
Selling, general and administrative expenses	(874.7)	**(887.1)**	(12.3)	1.4
Other income (expenses)	(93.8)	**(15.7)**	78.1	(83.2)
Operating profit	149.3	**265.0**	115.7	77.5
Financial income (expenses)	5.1	**0.1**	(5.0)	(97.9)
Income from investments accounted for using the equity method, net	11.1	**8.2**	(2.8)	(26.0)
Profit before income taxes from continuing operations	165.6	**273.4**	107.8	65.1
Income tax expenses	92.5	**(63.8)**	(156.4)	–
Profit for the year from continuing operations	258.1	**209.5**	(48.5)	(18.8)
Discontinued operations				
Profit for the year from discontinued operations	8.5	**22.5**	14.0	164.3
Profit for the year attributable to:	266.6	**232.1**	(34.5)	(13.0)
Owners of the parent	254.4	**219.8**	(34.6)	(13.6)
Non-controlling interests	12.2	**12.3**	0.1	1.0

Adjusted operating profit and adjusted profit for the year

(Billions of yen)

Years ended March 31	2024	**2025**	YoY change	Change (%)
Operating profit	149.3	**265.0**	115.7	77.5
Adjusted items (excluding adjusted items above)	(116.0)	**(42.1)**	73.8	–
Adjusted operating profit	265.3	**307.2**	41.9	15.8
Profit for the year attributable to owners of the parent	254.4	**219.8**	(34.6)	(13.6)
Adjusted items (excluding adjusted items above)	18.6	**(21.1)**	(39.8)	–
Adjusted profit for the year*1	235.8	**240.9**	5.1	2.2

*1 A profit indicator for which gains or losses from business restructuring, structural reforms, and M&As, and one-off gains or losses from changes in regulations, as well as the taxes related to these items (adjusted items), are excluded from profit for the year attributable to owners of the parent in the consolidated statement of profit or loss.

Reference: Financial Indicators

(Yen)

	2024	**2025**	YoY change
Adjusted operating profit margin	7.6%	**8.7%**	1.1%
Adjusted EPS*2	¥122.2	**¥129.4**	5.9%

*2 Adjusted earnings per share (excluding discontinued operations)

(1) Summary of fiscal 2024 results

Driven by the Service Solutions segment, consolidated revenue came to ¥3,550.1 billion, up 2.1% year on year. Revenue in the Ubiquitous Solutions segment declined due to the impact of withdrawing from unprofitable businesses in Europe. Operating profit for fiscal 2024 amounted to 265.0 billion yen, a significant increase of 115.7 billion yen from fiscal 2023. The increase in operating profit was mainly due to the effects of the one-off losses in fiscal 2023 incurred from the implementation of structural reforms centered on overseas regions. Profit for the year attributable to owners of the parent was ¥219.8 billion, a decrease of ¥34.6 billion year-on-year. This decrease was primarily due to the reactionary impact of the decrease in income tax expenses in fiscal 2023, resulting from the recording of deferred tax assets accompanying the implementation of structural reforms centered on overseas regions. After stripping out one-off gains or losses, adjusted operating profit was ¥307.2 billion, an increase of ¥41.9 billion year on year. The growth of Service Solutions contributed to not only increased revenue but also positively to profits. Adjusted profit for the year was ¥240.9 billion, up ¥5.1 billion year on year, marking a record high for the second consecutive year.

(2) Adjusted items for operating profit

In fiscal 2024, we made significant progress on shifting resources aimed at transforming our people portfolio. As a result, we recorded ¥38.5 billion in related expenses. In the first half of the fiscal year, we expanded the Self Produce Support System for management-level employees in indirect business units. In the second half, we implemented optimal resource allocation and reskilling for employees in direct business units as well, and provided career transition support for employees who chose to be transferred outside of the Group. In addition to this, a one-off gain of ¥14.4 billion on the sale of Fujitsu Communication Service Ltd., as well as M&A-related expenses, have been recorded as one-off profit and loss items for fiscal 2024, and booked as adjusted items for operating profit.

(3) Carve-outs of non-core businesses

The transfer of the shares of SHINKO ELECTRIC INDUSTRIES CO., LTD. due to our response to SHINKO ELECTRIC INDUSTRIES CO., LTD.'s acquisition of its own shares, was completed on June 11, 2025, following the completion of the tender offer in March 2025. The transfer of the shares of Fujitsu Optical Components Limited to Furukawa Electric Co., Ltd. was completed in April 2025. The company signed an agreement to transfer its shares in FDK CORPORATION to SILITECH TECHNOLOGY CORPORATION, one of the companies that make up the PSA Group, a Taiwan-based corporate group engaged in the manufacturing of electronic components. The share transfer was completed in March 2025. As a result, all businesses that belonged to the Device Solutions segment have been carved out, and this segment is now classified as discontinued operations. As for FUJITSU GENERAL LIMITED, an equity-method affiliate, a share transfer agreement was signed with Paloma Rheem Holdings Co., Ltd. in January 2025. The transfer is expected to be completed in the first half of 2025.

(4) Segment information

Having merged a number of the business segments, the Group now has the following three reportable segments based on management structure and the characteristics of products and services: Service Solutions, Hardware Solutions, and Ubiquitous Solutions. The Service Solutions segment comprises the Global Solutions subsegment, which creates and provides global value-added services centered on Fujitsu Uvance, the Regions (Japan) subsegment, which delivers services to the Japanese market, and the Regions (International) subsegment, which delivers services to overseas markets. The Hardware Solutions segment consists of the System Products business, which includes servers and storage systems that function as the backbone of ICT, and the Network Products business, which provides communication infrastructure such as mobile phone base stations and optical transmission systems. The Ubiquitous Solutions segment mainly comprises the Client Computing Devices business, such as PCs. "Inter-segment Elimination/Corporate" records the following items: advanced R&D conducted by groupwide organizations that do not belong to any of the segments; investment in common business growth including in-house DX investment on a global group basis; sale and disposal of common assets; and elimination of inter-segment revenue. Revenue (including revenue from intersegment sales) and adjusted operating profit by segment for the fiscal year are as follows.

(Billions of yen)

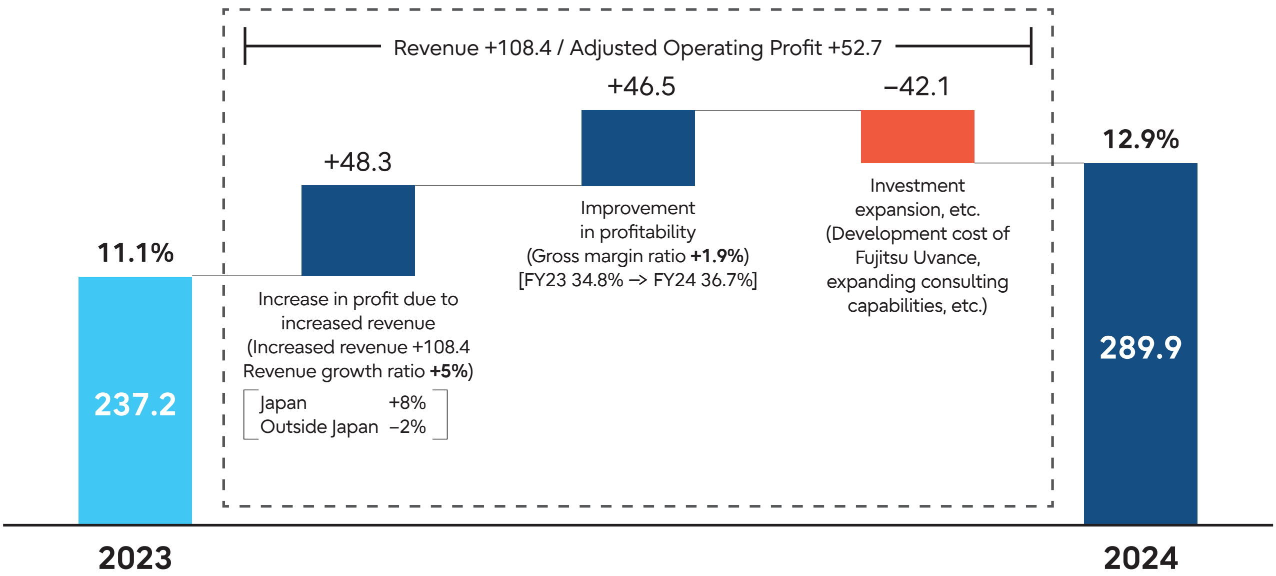
Years ended March 31		2024	**2025**	YoY change	Change (%)
Service Solutions	Revenue	2,137.5	**2,245.9**	108.4	5.1
	Adjusted operating profit	237.2	**289.9**	52.7	22.2
	[Adjusted operating profit margin]	[11.1%]	**[12.9%]**	[1.8%]	
Global Solutions	Revenue	480.3	**511.2**	30.9	6.4
	Adjusted operating profit	13.7	**5.6**	(8.0)	(58.8)
	[Adjusted operating profit margin]	[2.9%]	**[1.1%]**	[(1.8%)]	
Regions (Japan)	Revenue	1,262.1	**1,310.4**	48.3	3.8
	Adjusted operating profit	213.1	**260.3**	47.1	22.1
	[Adjusted operating profit margin]	[16.9%]	**[19.9%]**	[3.0%]	
Regions (International)	Revenue	604.1	**589.7**	(14.4)	(2.4)
	Adjusted operating profit	10.3	**23.9**	13.6	132.7
	[Adjusted operating profit margin]	[1.7%]	**[4.1%]**	[2.4%]	
Inter-segment Elimination	Revenue	(209.1)	**(165.4)**	43.6	–
Hardware Solutions	Revenue	1,108.0	**1,119.9**	11.9	1.1
	Adjusted operating profit	83.6	**61.3**	(22.3)	(26.8)
	[Adjusted operating profit margin]	[7.6%]	**[5.5%]**	[(2.1%)]	
System Products	Revenue	925.0	**938.3**	13.3	1.4
Network Products	Revenue	183.0	**181.6**	(1.3)	(0.8)
Ubiquitous Solutions	Revenue	273.3	**251.7**	(21.5)	(7.9)
	Adjusted operating profit	24.2	**31.3**	7.1	29.6
	[Adjusted operating profit margin]	[8.9%]	**[12.5%]**	[3.6%]	
Inter-segment Elimination/ Corporate	Revenue	(41.9)	**(67.5)**	(25.6)	–
	Adjusted operating profit	(79.7)	**(75.3)**	4.3	–
Consolidated	Revenue	3,476.9	**3,550.1**	73.1	2.1
	Adjusted operating profit	265.3	**307.2**	41.9	15.8
	[Adjusted operating profit margin]	[7.6%]	**[8.7%]**	[1.1%]	

a. Service Solutions

Factors behind change in adjusted operating profit

Fiscal year ended March 31

(Billions of yen)



Both revenue and profit in the Service Solutions segment increased. Fiscal 2024 revenue came to ¥2,245.9 billion, an increase of 5.1% year on year. In particular, sales in the domestic market grew by 8%. DX and modernization projects drove strong sales over the course of the year. Having launched new Vertical offerings, we chalked up year-on-year revenue growth of 31% in the Fujitsu Uvance business, while demand for modernization projects picked up in earnest in fiscal 2024, driving a sharp year-on-year increase of 70%. Adjusted operating profit was ¥289.9 billion, an increase of ¥52.7 billion from the previous fiscal year. In addition to the benefits of revenue growth primarily in Japan, we made steady progress on improving profitability. The gross margin has improved by approximately 2% owing to progress made on value-based pricing, along with our initiatives aimed at improving productivity mainly with the use of Japan Global Gateway and our Global Delivery Centers, as well as through the standardization and automation of development processes based on the use of Groupwide development infrastructure. In terms of expenses, we scaled up investments that contribute directly to growth, such as the development of Fujitsu Uvance offerings, the consolidation of knowledge at the Modernization Knowledge Center, and the development of automation tools. Even as we continue to bolster security measures and reskill our workforce, we recorded strong profit growth to cover these outlays. We will continue to promote profitability improvements and high-value-added strategies with the aim of further enhancing profitability.

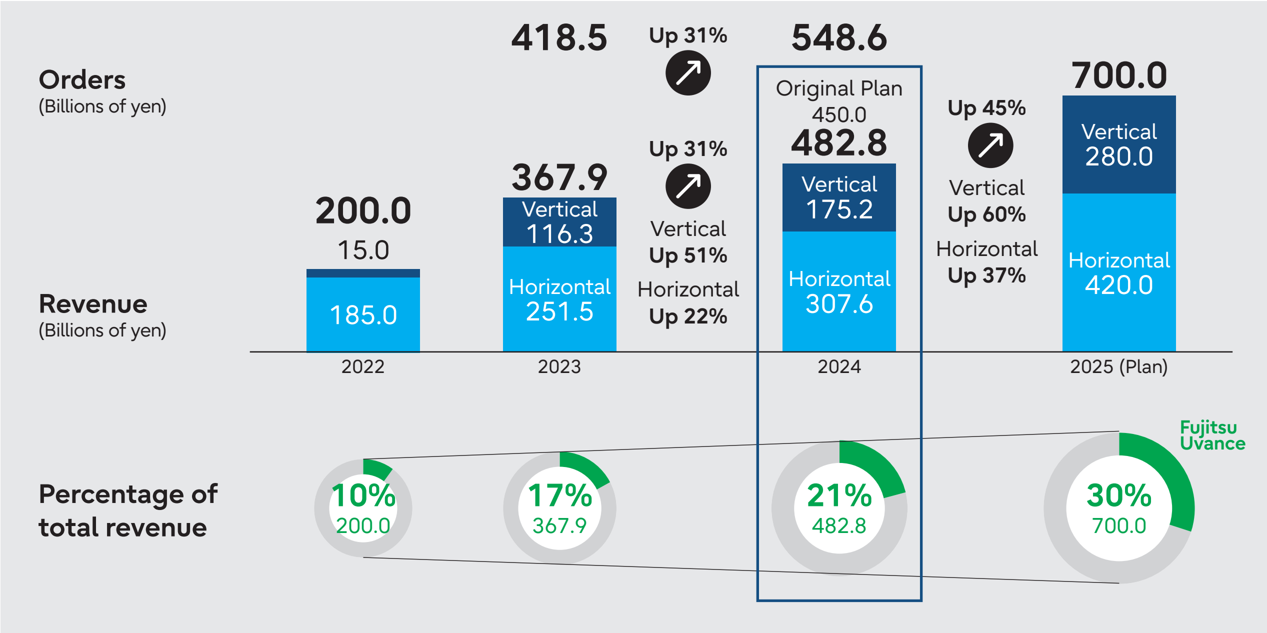
Orders

Service Solutions orders in Japan increased by 5% year on year. From fiscal 2022 to fiscal 2024, orders increased at a CAGR of 10%. Orders in the Service Solutions segment by type of industry were as follows. First, in the private enterprise sector (manufacturing, distribution, and retail), orders increased 6% year on year. Orders have expanded in a wide range of areas, including manufacturing, mobility, and retail, and deals are also being struck in the Vertical areas of Fujitsu Uvance. In finance (financial services and insurance), orders increased 14% year on year. We secured large-scale multi-year contracts, such as core system maintenance for megabank customers, which drove double-digit growth for the second year in a row. In the public and healthcare sector (public agencies, local governments, and medical institutions), orders dipped 2% year on year after rebounding from the previous year's multi-year contracts for large projects for public agencies. However, we have steadily acquired several system upgrade projects and orders have increased at a CAGR of 7% since 2022, which indicates that orders are certainly expanding. In the mission critical and others sector, orders increased 11% year on year. Particularly in the field of national security, we secured a number of large deals again in fiscal 2024, which meant orders exceeded the strong showing in the previous fiscal year.

Overseas orders were as follows. In Europe, orders declined 7% year on year owing to the dropout of large public sector projects in the previous fiscal year. Our first priority is to improve the health and profitability of the business, rather than expand it. In the Americas, orders declined 12% year on year due to a pullback from multi-year contracts won a year earlier, but a CAGR of 6% since 2022 is a sure sign of growth centered around Fujitsu Uvance. In Asia Pacific, orders grew 34% on the back of multiple new public sector projects and renewals in the Oceania region.

Fujitsu Uvance business

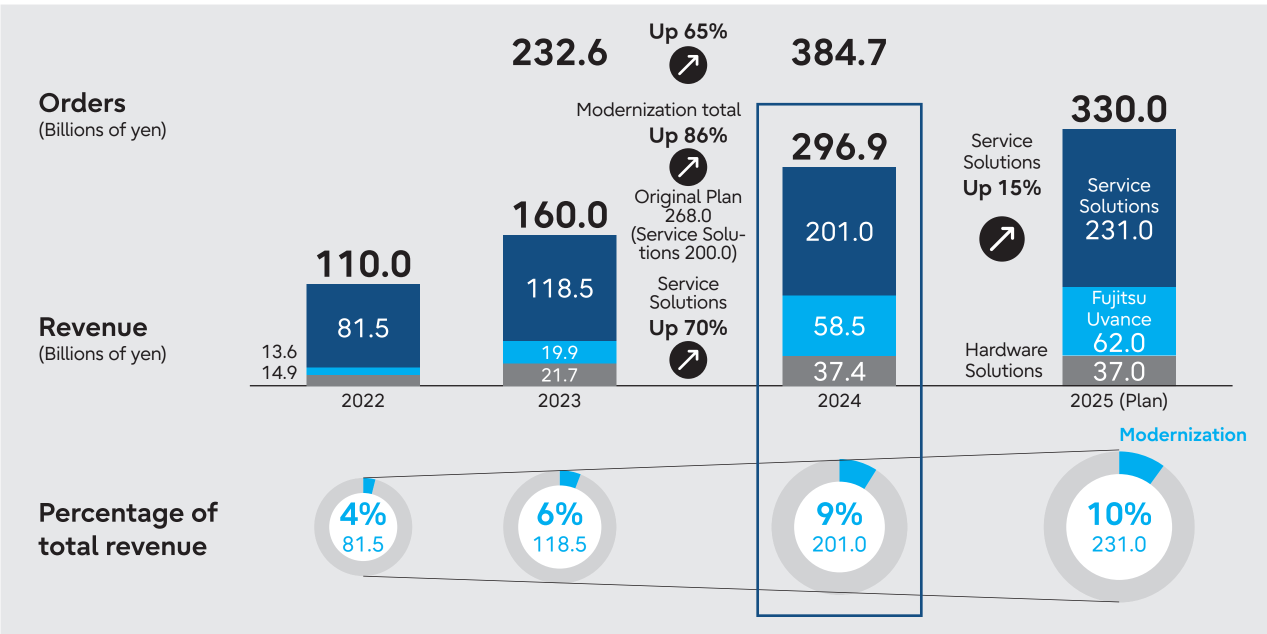
Fiscal year ended March 31



The graphic above shows the progress of orders and revenue for Fujitsu Uvance, which we consider integral to business growth and the transformation of our business portfolio. Orders for fiscal 2024 were ¥548.6 billion and revenue was ¥482.8 billion, both reflecting year-on-year increases of 31%. In particular, demand for underlying Horizontal turned out to be stronger than what we anticipated at the start of the year. The weighting of Fujitsu Uvance sales as a percentage of overall Service Solutions revenue increased from 17% in the previous fiscal year to 21% in fiscal 2024, indicating that the portfolio transformation is making steady progress.

Modernization business

Fiscal year ended March 31



Modernization business revenue in fiscal 2024 came to ¥296.9 billion, which represents year-on-year growth of 70% in services when excluding overlaps with Uvance. We are steadily tapping brisk demand for renewals of core systems based on DX and cloud migration and accelerating the shift from legacy assets.

Financial information for Regions (International)

One of the Group's management priorities is to increase revenue and raise profitability on a global basis. Accordingly, financial information for the Regions (International) subsegment in the Service Solutions segment is important to the Group's business management and is useful for shareholders and investors to gain a broader understanding of the Group's financial position.

(Billions of yen)

Years ended March 31		2024	**2025**	YoY change	Change (%)
Europe	Revenue	419.1	**390.4**	(28.6)	(6.8)
	Operating profit	2.3	**16.0**	13.6	569.4
	(Operating profit margin)	[0.6%]	**[4.1%]**	[3.5%]	
Americas	Revenue	54.1	**56.9**	2.8	5.2
	Operating profit	3.4	**3.9**	0.5	14.6
	(Operating profit margin)	[6.4%]	**[6.9%]**	[0.6%]	
Asia Pacific	Revenue	102.4	**102.9**	0.5	0.6
	Operating profit	3.5	**3.6**	0.0	1.9
	(Operating profit margin)	[3.5%]	**[3.5%]**	[0.0%]	
East Asia	Revenue	39.0	**37.8**	(1.2)	(3.1)
	Operating profit	1.2	**1.3**	0.1	9.4
	(Operating profit margin)	[3.1%]	**[3.5%]**	[0.4%]	
Others	Revenue	(10.5)	**1.4**	12.0	–
	Operating profit	(0.2)	**(0.9)**	(0.6)	–
Regions (International)	Revenue	604.1	**589.7**	(14.4)	(2.4)
	Operating profit	10.3	**23.9**	13.6	132.7
	(Operating profit margin)	[1.7%]	**[4.1%]**	[2.4%]	

b. Hardware Solutions

Revenue in the Hardware Solutions segment was ¥1,119.9 billion, up 1.1% year on year and essentially flat from the previous fiscal year when excluding the impact of forex. Adjusted operating profit was ¥61.3 billion, a decrease of ¥22.3 billion year on year. The operating environment for the System Products business centered on servers and storage systems was challenging in terms of both volume and profitability because of a pullback from last year's demand for machines that support Japan's new banknotes and the drop-out of large, high-margin projects, as well as greater price competition overseas. Even though we recorded volume growth in general-purpose products for the domestic market, profitability was dragged down by changes in the sales mix. This, coupled with higher procurement costs for imported materials due to the impact of forex, contributed to weaker earnings. In the Network Products business, the recovery in demand was largely unchanged from last year and sales continued to be sluggish. On the other hand, we continue to invest in the development of the next growth cycle in order to achieve high speed, low latency, and low power consumption.

c. Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment was ¥251.7 billion, a decrease of 7.9% year on year. Adjusted operating profit was ¥31.3 billion, an increase of ¥7.1 billion from the previous fiscal year. Earnings improved after we withdrew from unprofitable businesses in Europe and focused on relatively profitable domestic businesses instead. Profit still increased despite a weaker topline result.

d. Intersegment Elimination/Corporate

We booked an adjusted operating loss of ¥75.3 billion in this reportable segment, reflecting a cost reduction of ¥4.3 billion compared to the previous fiscal year. We continue to invest in cutting-edge advanced research, such as AI and quantum computing, as well as the strengthening of our management foundation through initiatives like the One Fujitsu Program and global security enhancements, all of which contribute to medium-to-long-term business growth. On the other hand, we have improved productivity and cost optimization by pursuing the optimal allocation of resources that contributes to a transformation of our people portfolio.

(5) Business growth investments

(Billions of yen)

At March 31	2025	YoY change
Investments for business growth	**218.2**	16.1
[OPEX]	**[134.3]**	[18.1]
[CAPEX]	**[83.8]**	[(2.0)]
• Strengthening Fujitsu Uvance, Modernization and Consulting	**41.0**	
• Advanced Research and Development	**58.0**	
• Strengthening the Management Foundation (data-driven)	**55.0**	
• Strengthening Quality and Security	**40.0**	

Strengthening Fujitsu Uvance, Modernization and Consulting

Major Investments	Performance and Impact
• Development of Fujitsu Uvance offerings • Consolidation in Modernization Knowledge • Hiring and developing consultants • Additional capital investment in GK Software	• Uvance sales revenue up 31% • Modernization sales revenue up 86% • Gross margin in Services up 1.9 percentage points

Advanced Research and Development

Major Investments	Performance and Impact
• AI development (Fujitsu Kozuchi, investment in Cohere) • Computing (MONAKA next-generation processor, quantum computer)	• Multi AI agents (Problem-solving AI and generative AI internally adopted by 35,000 employees) • Received first commercial quantum computer order among vendors in Japan

Strengthening the Management Foundation (data-driven)

Major Investments	Performance and Impact
• Building global single-instance ERP (One Fujitsu Project, etc.)	• Started operation in Japan in 3Q of FY2024: Enhancing data-driven management, using internal implementation as a reference case (in use by approximately 70,000 employees in sales/SE/corporate units, with future global rollout)

Strengthening Quality and Security

Major Investments	Performance and Impact
• Predictive detection of issues using AI • Global rollout of Secure Internet Gateway	

We have four typical areas of investment. First, we invested ¥41.0 billion to strengthen the Fujitsu Uvance, modernization, and consulting businesses—all of which contribute directly to business growth. The main aim of this investment is to augment our resources, including the development of offerings, the consolidation of knowledge, and training. Related M&A investments, such as the additional capital injection aimed at making GK Software SE a wholly owned subsidiary, are also included. Next, we invested ¥58.0 billion in leading-edge advanced research and development, mainly in the areas of AI and quantum computing. This tranche of investment includes the development of the Fujitsu Kozuchi AI platform, an equity stake in generative AI development startup Cohere Inc., and the development of the next-generation processor FUJITSU-MONAKA and quantum computing. We also allocated ¥55.0 billion for strengthening our management foundation with a view to achieving data-driven management. In fiscal 2024, we rolled out the OneERP+ in Japan, a global single-instance core system that is currently used by approximately 70,000 employees in Japan. We invested ¥40.0 billion in enhancing quality and security, and we are leveraging AI to detect signs of trouble during the buildout and operation of systems. We are also strengthening how we respond to frequent security incidents.

3. Financial Position

Summarized Consolidated Statement of Financial Position

(Billions of yen)

At March 31	2024	2025	YoY change
Assets			
Current assets	1,896.4	**2,117.5**	221.1
Non-current assets	1,618.3	**1,380.2**	(238.1)
Total assets	3,514.8	**3,497.8**	(17.0)
Liabilities			
Current liabilities	1,311.1	**1,352.0**	40.9
Non-current liabilities	284.8	**243.6**	(41.1)
Total liabilities	1,595.9	**1,595.7**	(0.2)
Equity			
Total equity attributable to owners of the parent (Owners' equity)	1,752.3	**1,740.9**	(11.4)
Equity attributable to non-controlling interests	166.4	**161.1**	(5.3)
Total equity	1,918.8	**1,902.0**	(16.7)
Total liabilities and equity	3,514.8	**3,497.8**	(17.0)
Interest-bearing loans	245.6	**247.0**	1.4
Net Interest-bearing loans	(96.4)	**11.0**	107.4

Notes: 1. Owners' equity = Total equity attributable to owners of the parent
2. Interest-bearing loans; Borrowings, and lease liabilities
3. Net Interest-bearing loans = Interest-bearing loans − Cash and cash equivalents

Consolidated total assets as of March 31, 2025, stood at ¥3,497.8 billion, a decrease of ¥17.0 billion compared with March 31, 2024. Current assets increased ¥221.1 billion compared with March 31, 2024, to ¥2,117.5 billion. On the other hand, non-current assets decreased by ¥238.1 billion compared with March 31, 2024, to ¥1,380.2 billion. This is mainly attributable to the property, plant and equipment of SHINKO ELECTRIC INDUSTRIES CO., LTD. being reclassified as assets held for sale.

Total liabilities amounted to ¥1,595.7 billion, more or less on par with March 31, 2024. Current liabilities increased ¥40.9 billion compared with March 31, 2024, to ¥1,352.0 billion. This is due to increased short-term borrowing to level out shareholder returns year by year. Non-current liabilities decreased by ¥41.1 billion compared with March 31, 2024, to ¥243.6 billion, primarily due to reductions in retirement benefit liabilities and lease liabilities. Total equity was ¥1,902.0 billion, a decrease of ¥16.7 billion compared with March 31, 2024. Retained earnings were ¥1,700.9 billion, an increase of ¥213.5 billion, mainly due to the recording of profit for the year attributable to owners of the parent. Meanwhile, the amount of treasury stock was ¥559.7 billion. The Company repurchased ¥180.0 billion of shares during the year ended March 31, 2025, as a shareholder return measure.

4. Cash Flows

Summarized Consolidated Statement of Cash Flows

(Billions of yen)

Years ended March 31	2024	**2025**	YoY change
I Cash flows from operating activities	309.2	**303.8**	(5.3)
II Cash flows from investing activities	(157.2)	**(89.1)**	68.0
I+II Free cash flow	151.9	**214.7**	62.7
Adjusted items (excluding adjusted items above)	(45.2)	**(18.9)**	26.3
Core free cash flow	197.2	**233.6**	36.3
III Cash flows from financing activities	(181.4)	**(240.4)**	(58.9)

(Reference)

(Billions of yen)

Years ended March 31	2024	**2025**	YoY change
Base cash flow	303.0	**386.6**	83.5

Note: Cash flow before growth investments plus lease obligation payments

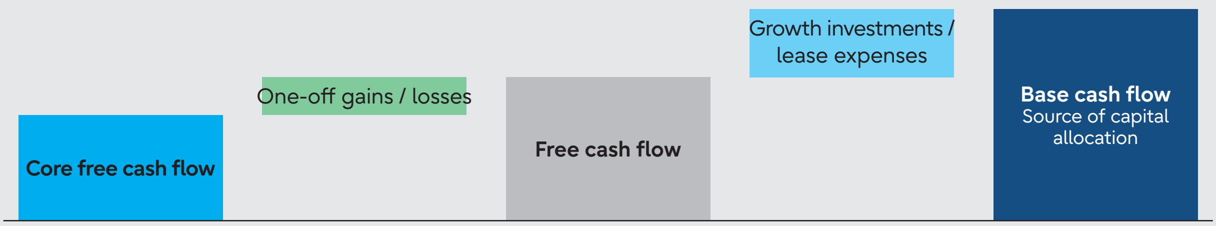
Net cash provided by operating activities for the fiscal year was ¥303.8 billion, a decrease in cash inflows of ¥5.3 billion compared with the previous fiscal year. Net cash used in investing activities was ¥89.1 billion, a decrease in cash outflows of ¥68.0 billion compared with the previous fiscal year. This reflects a rebound from the year-earlier cash outflows for the acquisition of GK Software SE.

Free cash flow, the sum of cash flows from operating and investing activities, was ¥214.7 billion, representing an increase in net cash inflows of ¥62.7 billion compared with the previous fiscal year. Core free cash flow in fiscal 2024, excluding temporary income and expenses, was ¥233.6 billion, up ¥36.3 billion from the previous fiscal year. Net cash used in financing activities was ¥240.4 billion, reflecting share buybacks of ¥180.0 billion, exceeding the share buybacks of ¥103.1 billion carried out in the previous fiscal year.

Base cash flow and progress of capital allocation

Fiscal year ended March 31

(Billions of yen)



Ordinary cash flow excluding one-off gains / losses *1 from free cash flow
*1 Restructuring, business reforms, acquisitions or divestitures

Free cash flow before growth investments

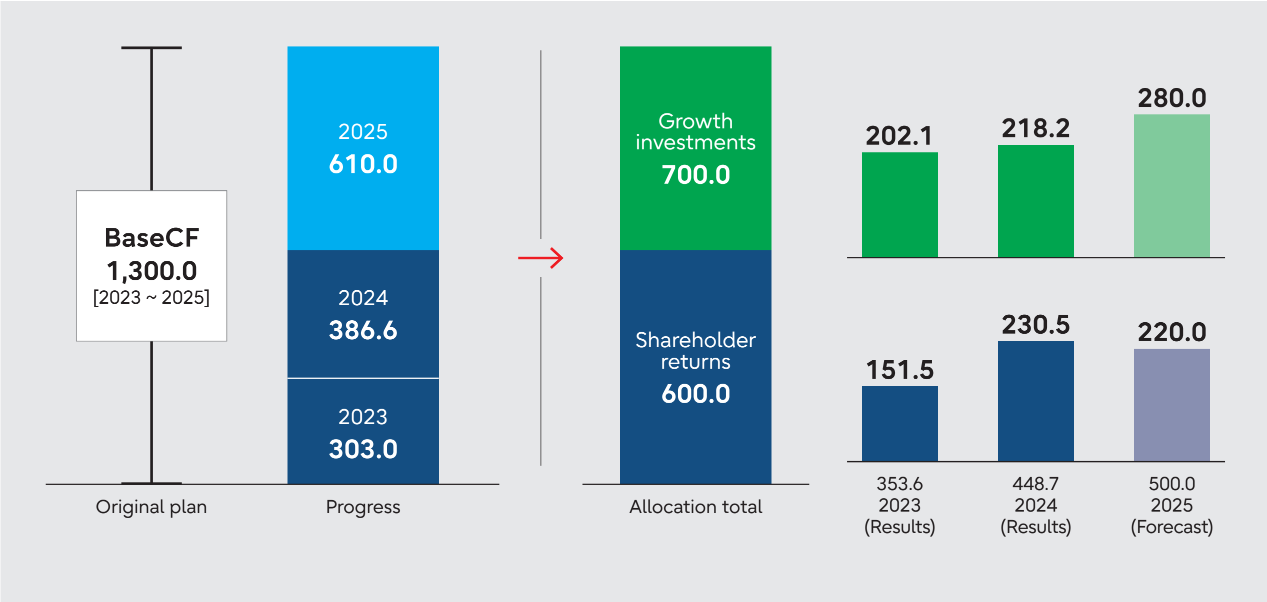
	Core free cash flow	One-off gains / losses	Free cash flow	Growth investments / lease expenses	Base cash flow
2023	197.2	–45.2	151.9	151.0	**303.0**
2024	233.6	–18.9	214.7	171.9	**386.6**
2025	235.0	*2 145.0	380.0	230.0	**610.0**
Total	670.0		750.0		**1,300.0**

*2 Cash inflows of approximately 300 billion yen from the sale of non-core businesses
Cash outflows of approximately 150 billion yen from business structural transformation expenses and acquisition-related investments

Progress of capital allocation

Fiscal year ended March 31

(Billion of yen)



Base cash flow was positive ¥386.6 billion, an increase in cash inflows of ¥83.5 billion compared with the previous fiscal year. Base cash flow is cash flow generated from business and the optimization of asset holdings, and is the source of cash for funding growth investments and the distribution of shareholder returns. In the fiscal year, ¥218.2 billion was allocated to strengthening Fujitsu Uvance and the consulting business, as well as growth investments centered on cutting-edge R&D, and ¥230.5 billion to shareholder returns in the form of share buybacks and dividends (the allocation of cash in excess of base cash flow came from short-term borrowings).

As of March 31, 2025, the Group had cash and cash equivalents of ¥320.0 billion. In order to address urgent demands for funds, the Group maintains liquidity at a level equivalent to approximately several months' worth of sales. In addition, to raise funds from global capital markets, the Group has acquired bond ratings from Moody's Investors Service (Moody's) and Rating and Investment Information, Inc. (R&I). As of the submission date of this report, the Company had bond ratings of A3 (long-term) from Moody's and AA– (long-term)/a-1+ (short-term) from R&I.

Taking into account the characteristics and risks of each business, country, and region, the Group calculates the cost of raising funds as the weighted average of the cost of shareholders' equity and the cost of borrowing. The Group uses this approach as a guideline when making investment decisions and assessing the recoverability of investments in each business. The Group will concentrate management resources in the DX business, where demand will continue to rise, and achieve stable, high levels of profitability over the medium to long term. Through these efforts, we believe that we will be able to realize returns that are higher than the cost of raising funds.

5. Material Accounting Policies and Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, as well as income and expenses. However, actual results may differ from these estimates. The estimates and assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. With regard to key estimates and judgments that have a material impact on the amounts recognized in the consolidated financial statements, please refer to Note "4. Use of Accounting Estimates and Judgments."