NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Fujitsu Limited and Consolidated Subsidiaries

1. Reporting Entity

Fujitsu Limited (the “Company”) is a company domiciled in Japan. The Company’s consolidated financial statements consist of financial information of the Company, its consolidated subsidiaries (together, the “Group”), and the equity interests held by the Group. The Group has operations in different regions around the world, including Japan, and provides digital services globally. The main businesses of the Group consist of three segments, “Service Solutions,” “Hardware Solutions,” and “Ubiquitous Solutions.”

The Company classified the Device Solutions segment, which mainly consisted of SHINKO ELECTRIC INDUSTRIES CO., LTD. and FDK CORPORATION, as discontinued operations from the current year. For details, please refer to Note “30. Discontinued Operations.”

2. Basis of Preparation

(a) Compliance with International Financial Reporting Standards

The Company’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), based on Article 93 of the “Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28, 1976, the “Ordinance on Consolidated Financial Statements”), and the requirements for “Specified Company Applying Designated IFRS” set forth in Article 1-2, items 1.

The consolidated financial statements were approved on June 20, 2025, by Takahito Tokita, President and Representative Director, and Takeshi Isobe, Chief Financial Officer.

(b) Basis of measurement

The consolidated financial statements, except for the following material items on the consolidated statement of financial position, have been prepared based on acquisition cost:

- Financial instruments measured at fair value;
- Net defined benefit liability or asset measured at present value of the defined benefit obligation less the fair value of plan assets.

(c) Functional currency and presentation currency

The consolidated financial statements are presented in Japanese yen, which is the functional currency of the Company. The financial information presented in Japanese yen is rounded to the nearest million yen.

3. Material Accounting Policies

The accounting policies set out below are applied to the consolidated financial statements.

(a) Basis of consolidation

(i) Business combinations

Acquisitions of subsidiaries, accounted for using the acquisition method, are included in the consolidated financial statements from the date that control commences until the date that control ceases. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The Group measures goodwill at the acquisition date as follows:

- fair value of consideration transferred, plus;
- the recognized amount of any non-controlling interests in the acquiree, plus;
- if the business combination is achieved in stages, the acquisition-date fair value of the acquirer’s previously held equity interest in the acquiree, less; and
- the net recognized amount of the identifiable assets acquired and liabilities assumed measured at fair value on the day of acquisition.

A gain from a bargain purchase in a business combination is recognized in profit or loss.

Any transaction costs that are incurred in connection to a business acquisition, such as legal fees, due diligence fees, and other professional or consulting fees, are expensed as incurred and not included within the fair value of consideration transferred.

(ii) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners and therefore no goodwill is recognized as a result of such transactions. A change in the ownership interest, without changing control, is accounted for as an equity transaction.

(iii) Subsidiaries

Subsidiaries are entities that the Group controls. Financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

(iv) Loss of control

If the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any non-controlling interests, and other components of equity related to the subsidiary. Any gain or loss arising from loss of control is recognized in profit or loss. If the Group retains any interest in the subsidiary, that investment is remeasured at fair value on the day that control ceases. Subsequently, it is accounted for as an equity-method associate or as a financial asset measured at fair value depending on the level of influence retained.

(v) Investments in associates and joint ventures (equity-accounted investments)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. If the Group holds 20% or more of the voting power of the investee, it is presumed that the Group has significant influence over the investee, unless it can be clearly demonstrated that this is not the case. In addition, the Group assumes that it has significant influence over the investee, if the Group has rights for involvements in deciding financial and operating policies of the investee through the Board meeting. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement, requiring unanimous consent of the parties sharing control for important financial and operating decisions, and the parties, including the Group, have rights to the net assets of the arrangement. Investments in associates and joint ventures are initially accounted for at cost and subsequently under the equity-method. Any acquisition costs are included in the cost of the investment.

(vi) Consolidation adjustments

All inter-Group balances, transactions, and unrealized gains and losses resulting from inter-Group transactions are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains only if there is no evidence of impairment.

(b) Foreign currencies

(i) Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of each Group company at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the foreign exchange rate prevailing at the reporting date. Non-monetary assets and liabilities measured at historical cost denominated in foreign currencies are translated at the foreign exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including any goodwill arising on the acquisition and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, are translated into Japanese yen at the rate of exchange prevailing at the reporting date and their revenue and expenses are translated at the average monthly exchange rate. The foreign exchange differences arising on translation are recognized in other comprehensive income and included in foreign currency translation adjustments within other components of equity. Upon disposal of a foreign operation, if controlled, significant influence or joint control is lost and the accumulated amount of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss as part of gains and losses on the disposal.

(c) Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes trade receivables and other receivables on the date that they originate. All other financial assets are recognized initially on the trade date, the date on which the Group becomes party to the contractual provisions.

Financial assets are classified as either financial assets measured at amortized cost or as financial assets measured at fair value through either profit or loss or other comprehensive income. They are classified upon initial recognition.

Financial assets are measured at fair value plus transaction costs unless these are classified as financial assets measured at fair value through profit or loss.

The Group classifies financial assets and subsequently measures them as follows.

Financial assets measured at amortized cost

Financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are subsequently measured at amortized cost using the effective interest method less any impairment losses, and the amortization charge for each period is recognized as financial income in profit or loss.

Financial assets measured at fair value

Financial assets are classified as financial assets measured at fair value unless these are measured at amortized cost. Equity instruments measured at fair value are individually designated as being measured either through profit or loss or through other comprehensive income, except for those that are held for sale, which are measured through profit or loss, and this designation must be applied continuously.

The financial assets are subsequently measured at fair value at the end of the reporting period, and the gain or loss is recognized in profit or loss or in other comprehensive income according to their classification. When a financial asset measured at fair value through other comprehensive income is derecognized, the cumulative gain or loss previously recognized through other comprehensive income is reclassified to retained earnings.

The Group derecognizes a financial asset when contractual rights to the cash flows from the asset expire or when all the risks and financial value of ownership of the financial asset are substantially transferred. The Group will recognize another asset or liability to the extent that the Group retains any rights or obligations after the transfer.

(ii) Impairment of financial assets measured at amortized cost

For financial assets measured at amortized cost, a loss allowance is recognized for expected credit losses at the end of the reporting period.

The Group assesses at each reporting date whether the credit risk on each financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, then expected credit losses for 12 months based on historical experience and credit ratings are recognized as the loss allowance. If the credit risk has increased significantly since initial recognition, lifetime expected losses are recognized as the loss allowance.

However, for trade receivables and contract assets that do not contain a significant financing component, regardless of whether or not the credit risk has increased significantly since initial recognition, the loss allowance is always measured based on lifetime expected losses.

Expected credit loss is measured as the present value of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all cash flows that the Group expects to receive.

The Group measures the expected credit losses of financial assets in a way that reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- Time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

A significant financial difficulty of the debtor, a breach of contract due to a default, or other event having a detrimental impact on the estimated future cash flows is recognized as the occurrence of credit impairment.

(iii) Non-derivative financial liabilities

The Group recognizes debt securities on the day that they are issued. All other financial liabilities are initially recognized on the trade date, the date on which the Group becomes party to contractual provisions. Other financial liabilities include loans and borrowings and trade and other payables.

These financial liabilities are classified as financial liabilities measured at amortized cost and are measured initially at fair value, less any directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. The amortization charge for each period is recognized as financial expenses in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged, canceled, or expire.

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially and subsequently measured at fair value.

(d) Property, plant and equipment (excluding right-of-use assets)

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

(ii) Depreciation

The depreciable amount (cost less residual value) for items of property, plant and equipment is allocated on a systematic basis over its useful life. The Group, in principle, adopts the straight-line method of depreciation reflecting the pattern of consumption (matching of costs with revenue) of the future economic benefits from the asset.

The estimated useful lives for significant categories of property, plant and equipment are:

- Buildings 7 to 50 years
- Machinery and equipment 3 to 7 years
- Tools, fixtures and fittings 2 to 10 years

Depreciation methods, useful lives, and residual values are reviewed and adjusted if necessary.

(e) Goodwill

For the measurement of goodwill at the acquisition date, please refer to “(a) (i) Business combinations.”

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Goodwill in relation to equity-accounted investments is included in the carrying amount of the investment and, therefore, the entire carrying amount of the investment as a single asset is compared with the recoverable amount for the purpose of the impairment test. An impairment loss is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

(f) Intangible assets (excluding right-of-use assets)

(i) Research and development

Expenditures on research activities are expensed as incurred in profit or loss.

Development expenditures are capitalized only if they can be reliably measured, the product or process is technically and commercially feasible, it is probable that the future economic benefits will flow to the Group, and the Group intends to and has the ability as well as sufficient resources to complete development and to use or sell the asset. Capitalized expenditures include directly attributable cost of generation and manufacture of the asset as well as bringing the asset to its working condition, such as cost of materials and cost of employee benefits. Other development expenditures are expensed as incurred.

(ii) Software and other intangibles

The Group develops software for sale and for its own use. An intangible asset is recognized if it meets the criteria for capitalization of development expenditures as described in the preceding section. The cost of software includes costs of employee benefits as well as costs of materials and services used or consumed in generating the software. The cost of a separately acquired intangible asset is capitalized because normally the price the Group pays to acquire the asset reflects expectations about the probability that the expected future economic benefits embodied in the asset will flow to the Group. Other intangible assets are measured at historical cost less accumulated amortization and impairment losses.

(iii) Amortization

Software held for sale is amortized based on the expected sales volumes and allocated equally based on the remaining useful life. Software for internal use and other intangible assets with finite useful lives are amortized over their respective useful lives using, in principle, the straight-line method to reflect the pattern of consumption of the expected future benefits from the assets. Goodwill acquired in a business combination is not amortized.

The estimated useful lives are as follows:

• Software held for sale 3 years
• Software for internal use within 10 years

Amortization methods, useful lives, and residual values are reviewed and adjusted if necessary.

(g) Leases

(i) Recognition and measurement

At inception of a contract, the Group determines whether the contract is a lease or contains a lease. The contract is determined to be a lease or contain a lease if, over the entire period of use, the Group has the right to receive substantially all of the economic benefits from the use of the identified assets and has the right to control the use of the identified assets.

The lease term represents the non-cancellable period for which the lessee has the right to use the underlying asset together with periods covered by extension or termination options. The option period is added to the non-cancellable lease term only if the Group is reasonably certain to exercise the extension option or reasonably certain not to exercise the termination option.

The Group recognizes right-of-use assets and lease liabilities from lease contracts as of the commencement date of the lease. The amount is calculated by adjusting the initial measurement of the lease liability with lease payments made at or before the commencement date of the lease. A lease liability is measured as the present value of the lease payments that are not paid as of the commencement date of the lease.

(ii) Depreciation

Right-of-use assets are generally depreciated on a straight-line basis over the lease term. If ownership of the asset is transferred to the Group by the end of the lease term, or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the right-of-use asset is depreciated on a straight-line basis over its useful life.

(iii) Reassessment of lease liabilities

If there is a change in the term of the lease because of, for example, a revision to the lease contract, the lease liabilities are remeasured based on the new lease term, and the difference in value stemming from the remeasurement is recognized with a corresponding adjustment to right-of-use assets.

(h) Inventories

Inventories are measured at cost. However, should the net realizable value (NRV) at the reporting date fall below the cost, inventories are measured at the NRV, with the difference in value between the cost and the NRV, in principle, booked as cost of sales.

The cost of inventories comprises costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are interchangeable is determined by the moving-average cost method or the periodic average method, whereas the cost of inventories of items that are not interchangeable is determined by the specific identification method.

NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated direct selling expenses. Inventories that are slow moving and inventories held for long-term maintenance contracts are measured at the NRV that reflects future demand and market trends.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term highly liquid investments with a maturity of three months or less from the date of acquisition and an insignificant risk of changes in value.

(j) Impairment of non-financial assets

If there is an indication of impairment for non-financial assets other than inventories and deferred tax assets, the assets' recoverable amount is estimated and the assets are tested for impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment both annually and when there is an indication of impairment. An impairment loss is recognized if the recoverable amount of an asset or cash-generating unit (CGU) is less than its carrying amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows associated with the asset or CGU are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the asset or CGU. For impairment testing purposes, assets are grouped together into the smallest group of assets that generate cash inflows independently of cash inflows of other assets or CGUs. Goodwill is grouped together so that the impairment is tested for the smallest group of units used for internal reporting purposes. Goodwill acquired in a business combination is allocated to the groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to that CGU (or CGU group) and then to reduce the carrying amounts of other assets in the CGU (or CGU group) on a pro-rata basis.

Impairment losses on goodwill are not reversed. For all other assets, impairment losses are only reversed to the extent that the assets' carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(k) Assets classified as held for sale

Non-current assets (or disposal group) are classified as held for sale if the carrying amount of the assets will be principally recovered through sale rather than through continuing use. Non-current assets (or disposal group) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell and they are no longer depreciated or amortized. An impairment loss is recognized in profit or loss for any initial or subsequent write-down of the non-current assets (or disposal group) to fair value less costs to sell.

(l) Employee benefits

(i) Retirement benefit plans

Defined benefit plans

The Group's net defined benefit liability (asset) is measured at the present value of the defined benefit obligation less the fair value of plan assets. The defined benefit liability in respect of each defined benefit plan is calculated separately by estimating the amount of future benefits employees have earned in return for services rendered and discounted to present value. The calculation is performed in each reporting period by qualified actuaries using the projected unit credit method. The discount rate used is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximate to the terms of the Group's obligations that are denominated in the currency in which the benefits are expected to be paid.

The Group recognizes in profit or loss the current service cost that is calculated by the projected unit credit method using an actuarial technique. Net interest on the net defined benefit liability (asset), which is determined by multiplying the net defined benefit liability (asset) by the appropriate discount rate, is recognized in profit or loss. The Group recognizes any past service cost in profit or loss when a plan is amended or curtailed. A gain or loss on a settlement of a pension plan is also recognized in profit or loss when the settlement actually occurs.

Remeasurements of the net defined benefit liability (asset) (actuarial gains and losses, etc.) are recognized, after adjusting for tax effects, under other comprehensive income, and immediately reflected in retained earnings.

Defined contribution plans

Contributions to defined contribution plans are recognized as employee costs in profit or loss in the period when the service is provided by the employee. The risk-sharing corporate pension plan is classified as a defined contribution plan because the Group effectively has no further obligation for additional contributions.

(ii) Short-term employee benefits

The cost of short-term employee benefits is measured on an undiscounted basis and recognized in profit or loss as the service is provided by the employee. A liability is recognized for any bonus expected to be paid in accordance with the Group policy as the service is provided by the employee.

(m) Provisions

A provision is recognized if, as the result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are discounted to present value using a pre-tax rate that reflects the time value of money and risks specific to the liability.

(i) Provision for restructuring

A provision is recognized for the estimated costs of restructuring such as personnel rationalization and disposal of business, only when the Group starts to implement the plan or announces its main features to those affected by the plan.

(ii) Provision for loss on orders received

A provision is recognized for losses on service contracts in which the Company has an obligation to provide deliverables, such as turnkey contracts, if it is probable that the total estimated project costs exceed the total estimated project revenues.

(n) Share capital

Ordinary shares

Ordinary shares are classified as equity. Costs directly attributable to the issue of ordinary shares are recognized as a deduction from capital surplus, net of any tax effects.

Treasury shares

When treasury shares are repurchased, the amount of consideration paid, net of any tax effects, including directly attributable costs, is recognized as a deduction from equity. When treasury shares are subsequently sold or reissued, the amounts received are recognized as an increase in equity and the resulting gains and losses on the transactions are presented within capital surplus.

(o) Share-based payment

Under the equity-settled share-based payment plan, the amount of services received is measured with reference to the fair value of the Company's shares at the grant date, and is recognized as an expense over the vesting period. The same amount is recognized as an increase in capital surplus.

(p) Revenue

(i) Service revenue

Supply of service usually corresponds to any of the following criteria: a) the customer simultaneously receives and consumes all of the benefits provided by the Group as the Group performs; b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date and, therefore, is a performance obligation that is satisfied over time.

If the progress toward complete satisfaction of the performance obligation can be reasonably measured, service revenue is recognized by measuring the progress. If the progress cannot be reasonably measured, service revenue is recognized only to the extent of the costs incurred until such time that the outcome of the performance obligation can be reasonably measured.

Service contract revenue, in which the Company has an obligation to provide deliverables, such as turnkey contracts (system integration, etc.), is, in principle, recognized by the method of measuring the progress based on the costs incurred to date as a percentage of the total estimated project costs. This is because, in accordance with such service contracts, costs are incurred by the Group during the performance of the contracts, and as work progresses, services tailored for the customer will be near completion, toward a state in which the services are available for the customer.

When milestones for the obligations to be performed by the Group are defined at contract inception, revenue is recognized based on completion of the contractual milestones.

Regarding ongoing service contracts (outsourcing service, maintenance service, etc.), services requested by the customer are provided over the contractual period. To promptly respond to customers' requests, the Group is required to continually be prepared, and thus, such services are provided over a period including standby time. For this reason, revenue is recognized by measuring the progress based on the period ratio of services already provided over the whole service period. When services among outsourcing and maintenance services, etc., are charged on a per-unit basis, revenue is recognized when the service is rendered and is billed or billable.

Where changes occur in the initial estimates of revenues, measure of progress, and costs incurred for a contract, the accumulated impact arising from a change of estimates is recognized in profit or loss in the period in which the changes become obvious and possible to be estimated.

(ii) Hardware product revenue

Supply of stand-alone hardware products is a performance obligation satisfied at a point in time because it is usually not a performance obligation satisfied over time. In such a case, at the point when the control of the asset is transferred to the customer, the amount of the transaction price allocated in proportion to the performance obligation is recognized as revenue. To determine the point in time at which the control is transferred to the customer, the Group considers whether or not a) the Group has a present right to payment for the asset; b) the customer has legal title to the asset; c) the Group has transferred physical possession of the asset; d) the customer has the significant risks and rewards related to the ownership of the asset; and e) the customer has accepted the asset.

Revenue on hardware requiring significant services including installation, such as servers and network products, is recognized, in principle, upon the customer's acceptance.

Revenue on standard hardware, such as personal computers, is recognized, in principle, upon delivery, where the control of the hardware is transferred to the customer.

On the other hand, for commissioned manufacturing and manufacturing contracting, in cases where the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date, the Group recognizes revenue in accordance with the progress as measured using a method that faithfully depicts the completion of the performance obligation.

The Group provides various marketing programs to customers in various sales channels, such as volume discounts and sales incentives. When there is a possibility of subsequent variability in the consideration paid to these customers, the variable consideration is estimated and included in revenue to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been subsequently resolved. To estimate the variable consideration, the Group uses either the expected value method or the most likely amount method, selecting the method that enables the most appropriate estimate of the amount of the consideration for these rights to be obtained.

(iii) Licensing revenue

For supply of licenses, revenue is recognized over time as a right to access the Group's intellectual property (a right to access) when all of the following criteria are met. If any of the criteria are not met, revenue is recognized at a point in time for a right to use the Group's intellectual property (a right to use). The criteria are (a) the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights; (b) the rights granted by the license directly expose the customer to any positive or negative effects of the Group's activities; and (c) those activities do not result in the transfer of a good or service to the customer as those activities occur.

For software, the license of which constitutes the principal license of the Group, usually after supply of a license, the Group is not obligated to undertake any activities to change the form or functionality of the intellectual property or activities to maintain the value of the intellectual property over the license period. Since none of the above criteria is met, the revenue is recognized at a point in time as right to use.

When software is provided over a cloud service, revenue is usually recognized at the same time as the cloud service revenue as a single performance obligation.

When software is sold bundled with software support, revenue for the software and revenue for the software support are usually recognized separately as distinct performance obligations. However, when the customer is unable to receive the benefit of the software without the supply of the software support service, the revenue is recognized at the same time as the software support revenue as a single performance obligation.

For software version-up rights that are sold separately from a license, revenue is usually recognized at the time when the version-up rights are provided, treating the software and version-up rights as distinct performance obligations. On the other hand, if the software version-up rights are provided as a part of software support, the revenue is recognized at the same time as a single performance obligation.

(iv) Contracts with multiple deliverables

Contracts with multiple deliverables represent one contract that consists of several kinds of goods or services, such as supply of hardware and related services or supply of software sales and support services.

Goods or services promised to a customer are identified as a distinct performance obligation if the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e., the good or service is capable of being distinct); and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e., the promise to transfer the good or service is distinct within the context of the contract).

To allocate the transaction price to each performance obligation in a contract with multiple deliverables on a relative stand-alone selling-price basis, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to that stand-alone selling price. If a stand-alone selling price is not directly observable, it is estimated based on method, such as estimated costs plus a margin approach for the respective performance obligations in the contract with multiple deliverables, and the transaction price is allocated.

(v) Agent transactions

For procurement and sales of goods and services by the Group, revenue is recognized as commission fees for transactions where the Group does not have control of the goods and services before their transfer to the customer, in other words, transactions where the Group has arranged the procurement as the customer's agent. To determine whether or not the Group has control over goods and services before their transfer to the customer, the following aspects are considered: a) whether the Group is primarily responsible for fulfilling the promise to provide the specified good or service; b) whether the Group has inventory risk before the specified good or service is transferred to a customer, or after transfer of control to the customer; and c) whether the Group has discretion in establishing the price for the good or service.

(vi) Contract costs

The Group recognizes the incremental costs of obtaining a contract with a customer as an asset if the Group expects to recover those costs. The incremental costs of obtaining a contract are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.

The costs of fulfilling a contract are recognized as assets when the costs are not within the scope of another accounting policy; relate directly to a contract or to an anticipated contract that the Group can specifically identify; generate or enhance resources of the Group that will be used in satisfying (or continuing to satisfy) performance obligations in the future; and are expected to be recovered.

Assets recognized as incremental costs for obtaining a contract or costs of fulfilling a contract are amortized evenly over the contract period.

(vii) Contract assets and contract liabilities

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when those rights are conditioned on something other than the passage of time. Contract liabilities are the Group's obligations to transfer goods or services to a customer for which the Group has received consideration (or the amount is due) from the customer.

(q) Income tax expenses

Income tax expenses comprise current and deferred tax, both of which are recognized in profit or loss except to the extent that it relates to a business combination or items recognized in equity or other comprehensive income.

Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amount of assets and liabilities and the amounts used for tax purposes, the carryforward of unused tax losses, and unused tax credits. Deferred tax is not recognized for the following:

- Temporary differences on the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and associates to the extent that the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; and
- Taxable temporary differences arising on initial recognition of goodwill.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied in the period when the assets are realized or the liabilities are settled, based on the tax laws enacted or substantially enacted by the reporting date.

A deferred tax asset is recognized for the carryforward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are impaired if it is no longer probable that future taxable income would be sufficient to allow part or all of the benefit of the deferred tax asset to be realized. Deferred tax liabilities are recognized, in principle, for all taxable temporary differences.

(r) Discontinued operations

Classification as a discontinued operation occurs on the date of disposal or the date at which a separate operation meets the definition of being held for sale, whichever is earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is adjusted as if the operation had been discontinued from the beginning of the comparative year.

4. Use of Accounting Estimates and Judgments

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 and income and expenses. 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. The Company has formulated a business plan that reflects future uncertainties, including revenue, for determining impairment of goodwill, property, plant and equipment, and intangible assets, and the recoverability of deferred tax assets.

The key estimates and judgments that have a significant effect on the amounts recognized in the consolidated financial statements are as follows.

(a) Revenue recognition

Revenue and cost of sales under service contracts in which the Company undertakes an obligation to provide deliverables, such as turnkey contracts, are recognized by reference to the stage of completion when the outcome of the contract can be reliably estimated. Contract assets are primarily unbilled trade receivables related to the revenue and are transferred to trade receivables when the customer accepts the deliverables.

The Group, in principle, calculates the progress toward completion with costs incurred to date as a percentage of total estimated project costs. Total estimated project costs are estimated based on the specifications and working hours, risks inherent in the contracts, etc., of each project. Revenue and costs can be revised due to reasons such as additional costs incurred, because revenue and costs depend on the estimates of total project revenue and costs as well as the measurement of the progress.

Regarding the carrying amount of contract assets, please refer to the consolidated statement of financial position.

(b) Property, plant and equipment

Depreciation for an item of property, plant and equipment is calculated primarily using the straight-line method, based on the estimated useful life that reflects the period in which the asset's future economic benefits are expected to be consumed. An impairment loss could be recognized if there is a decrease in the expected future cash flows from the asset as a result of underutilization of production facilities or a decrease in the capacity utilization rate associated with rapid changes in the business environment as well as business realignment.

Regarding the carrying amount and impairment loss of property, plant and equipment, please refer to Note "8. Property, Plant and Equipment" and Note "27. Impairment of Non-Financial Assets."

(c) Goodwill

Goodwill is tested for impairment both annually and when there is an indication of impairment. An impairment loss is recognized if the recoverable amount of the cash-generating unit (CGU) to which goodwill is allocated is less than its carrying amount.

The recoverable amounts of a CGU are in most cases measured at value in use. Significant assumptions in estimating value in use are future cash flows based on the Company's medium-term management plan (generally covering three years) approved by management, the long-term average growth rate for subsequent periods incorporating future uncertainties, and the discount rate based on the weighted average cost of capital. These assumptions represent management's best estimates and judgment. Impairment losses could be recognized when the assumptions are revised as a result of a change in the business environment or other changes in the circumstances.

Regarding the carrying amount and impairment test of goodwill, please refer to Note "9. Goodwill and Intangible Assets" and Note "27. Impairment of Non-Financial Assets."

(d) Intangible assets

Computer software held for sale is amortized by a method based on projected sales volume over the estimated useful life. Software for internal use is amortized on a straight-line basis, in principle, to reflect the pattern in which the asset's future economic benefits are expected to be consumed by the Group. Impairment losses could be recognized if there is a decrease in the expected future cash flows from the asset such as actual sales volumes that fail to meet initial projected volumes due to changes in the business environment, and there is a risk that amortization expenses for the reporting period may increase if the actual useful life is less than the original estimate.

Regarding the carrying amount and impairment loss of intangible assets, please refer to Note "9. Goodwill and Intangible Assets" and Note "27. Impairment of Non-Financial Assets."

(e) Deferred tax assets

Decisions on the recoverability of a deferred tax asset are based on the taxable profit calculated using future business plans, and a deferred tax asset is recognized for carryforward unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that they can be utilized. If no sufficient taxable profit is considered to be available to allow the benefit of part or all of that deferred tax asset due to changes in the business environment, the amount of deferred tax assets may be reduced and additional expenses may incur.

Regarding the carrying amount of deferred tax assets, please refer to Note "13. Income Taxes."

(f) Provisions

Provision for restructuring

A provision is recognized for the estimated costs of restructuring such as personnel rationalization and disposal of business. The costs are estimated based on the announced plan and the additional expenses may be incurred or a reversal of expenses may be recorded when the plan is reviewed as a result of a sudden change in the business environment.

Provision for loss on orders received

The Group records provisions for losses on service contracts in which the Company undertakes an obligation to provide deliverables, such as turnkey contracts, if it is probable that the total estimated project costs exceed the total estimated project revenues and the amount of losses can be reliably measured. Total estimated project costs are estimated based on the specifications and service period, risks inherent in the contracts, etc., of each project and the Group may revise the originally estimated total project costs due to the incurrence of additional costs, etc., as well as the possibility of incurring additional expenses or the recording of a reversal of expenses.

Regarding the carrying amount of provisions, please refer to Note "23. Provisions."

(g) Defined benefit plan

The Group has both defined benefit and defined contribution retirement benefit plans. Net defined benefit liability could be worsened if the fair value of plan assets decreases as a result of deterioration of return on plan assets or if a defined benefit liability increases as a result of a change in assumptions (such as discount rate, turnover ratio, and mortality ratio) for determining the defined benefit liability, which could lead to a reduction in equity. If changes are made to retirement benefit plans, there could be a significant impact on profit or loss.

Regarding the carrying amount of both retirement benefit assets and liabilities, assumptions, and sensitivity, please refer to Note "21. Post-Employment Benefits."

5. Accounting Standards Issued but Not Yet Effective

As of the approval date of the consolidated financial statements, the following standard was newly issued, but the Group has decided not to adopt it early.

The Group is currently evaluating the impact of adopting the standard.

Standard	Standard name	Mandatory adoption	Scheduled adoption by the Group	Overview
IFRS 18	Presentation and Disclosure in Financial Statements	Fiscal years commencing on or after January 1, 2027	FY2027 (From April 1, 2027, to March 31, 2028)	Replaces IAS 1, the current accounting standard for the presentation and disclosure of financial statements. The key items are as follows. • New subtotals and categories for income statements; • Presentation of management-defined performance measures (MPMs); and • More useful grouping of information in financial statements.

6. Segment Information

(1) Segment overview

The Company's reportable segments consist of components of the Group for which discrete financial information is available and whose operating results are regularly reviewed by the Group's chief operating decision-maker to make decisions about resource allocation to the segments and assess their performance.

The Group's business is organized into three reportable segments— Service Solutions, Hardware Solutions, and Ubiquitous Solutions—based on the Group's managerial structure, characteristics of the products and services, and the similarities of the sales market within each operating segment. Product and service classification in each reportable segment is as follows.

The Device Solutions segment has been classified as discontinued operations and removed from the segment information for the previous and current fiscal years. For details about discontinued operations, please refer to Note "30. Discontinued Operations."

(a) Service Solutions

This segment consists of Global Solutions, which includes creating and providing global value services centered on Fujitsu Uvance; Regions (Japan), which covers provision of services to the Japanese market (including implementation of Fujitsu Uvance); and Regions (International), which carries out provision of services in regions outside of Japan (including implementation of Fujitsu Uvance).

(b) Hardware Solutions

This segment consists of System Products, which mainly covers hardware sales and maintenance services for servers, storage systems, and other hardware, and Network Products, which provides communications infrastructure, such as mobile phone base stations and optical transmission systems.

(c) Ubiquitous Solutions

This segment consists of Client Computing Devices such as PCs.

(2) Measurement of revenue and operating profit or loss by reportable segment

Adjusted operating profit is shown for each reportable segment.Adjusted operating profit is an indicator of the real profits from the business, in which one-time gains or losses from such activities(adjusted items) as business restructurings, acquisitions or divestitures, and institutional changes are subtracted from operating profit.

The accounting treatment applied to operating segments is mostly the same as in Note "3. Material Accounting Policies."

The Group's finances (including financial income and expenses) and income from investments accounted for using the equity-method are managed on the basis of the entire Group and are not allocated to the operating segments.

Intersegment transactions are based on an arm's length price.

(3) Amounts of revenue, operating profit, and other items by reportable segment

(Millions of yen)

	Reportable segments				Inter-segment Elimination / Corporate	Consolidated
Years ended March 31	Service Solutions	Hardware Solutions	Ubiquitous Solutions	Subtotal		
2024						
Revenue						
External customers	¥2,104,841	¥1,066,257	¥269,246	¥3,440,344	¥ 36,641	¥3,476,985
Intersegment	32,726	41,761	4,084	78,571	(78,571)	–
Total revenue	2,137,567	1,108,018	273,330	3,518,915	(41,930)	3,476,985
Adjusted Operating Profit	237,200	83,694	24,215	345,109	(79,745)	265,364
Business restructuring / Business model transformation cost						(107,331)
M&A related expenses						(8,707)
Operating Profit						149,326
Financial income						11,924
Financial expenses						(6,784)
Income from investments accounted for using the equity method, net						11,144
Profit before income taxes from continuing operations						165,610
(Other items)						
Depreciation and amortization	(80,202)	(15,893)	(191)	(96,286)	(36,041)	(132,327)
Capital expenditure (including intangible assets and goodwill)	90,676	18,660	27	109,363	56,704	166,067
2025						
Revenue						
External customers	¥2,211,483	¥1,048,735	¥251,515	¥3,511,733	¥ 38,383	¥3,550,116
Intersegment	34,513	71,203	231	105,947	(105,947)	–
Total revenue	2,245,996	1,119,938	251,746	3,617,680	(67,564)	3,550,116
Adjusted Operating Profit	289,967	61,300	31,372	382,639	(75,374)	307,265
Business restructuring / Business model transformation cost						(37,249)
M&A related expenses						(4,927)
Operating Profit						265,089
Financial income						11,565
Financial expenses						(11,457)
Income from investments accounted for using the equity method, net						8,248
Profit before income taxes from continuing operations						273,445
(Other items)						
Depreciation and amortization	(69,660)	(20,641)	(128)	(90,429)	(35,541)	(125,970)
Capital expenditure (including intangible assets and goodwill)	69,614	21,118	84	90,816	65,850	156,666

Notes: 1. Revenue under "Inter-segment Elimination / Corporate" represents mainly revenue for external customers of corporate functions' subsidiaries which is providing services to the Group and the elimination of intersegment transactions.
2. Adjusted Operating Profit under "Inter-segment Elimination / Corporate" includes the Group's common expenses such as advanced R&D for company-wide common use not belonging to any segment such as Fujitsu Laboratories and investments in business growth common to the Group such as internal digital transformation investments on a global Group basis, and sales and disposal of common assets, etc. and elimination of inter-segment transactions, etc.
3. Business restructuring / Business model transformation cost is one-off expenses necessary for major business restructuring aimed at improving future profitability and avoiding future losses. Regarding the details of it, please refer to Note "26. Other Income and Expenses."
4. M&A related expenses is the expenses related to the acquisition such as advisory fee, amortization of intangible assets identified by the PPA, and earnout to be expensed, etc.

(4) Information about products and services

The Group's type of products and services are the same for each reportable segment. Therefore, it is omitted in this note.

(5) Geographical information

(a) Revenue from external customers

Years ended March 31	2024	2025
	(Millions of yen)	
Japan	¥2,374,821	¥2,512,827
Outside Japan		
Europe	688,617	633,244
Americas	166,605	179,552
Asia Pacific	196,727	177,109
East Asia	43,055	42,388
Others	7,160	4,996
Total	¥3,476,985	¥3,550,116

Notes: 1. Revenue from external customers is classified by country or region based on the location of customers.
2. There is no significant country for which a separate individual disclosure is required.
3. "Others" includes the Middle East and Africa.

(b) Non-current assets (property, plant and equipment, goodwill, and intangible assets)

At March 31	2024	2025
	(Millions of yen)	
Japan	¥660,593	¥461,342
Outside Japan		
Europe	153,733	144,044
Americas	15,385	14,280
Asia Pacific	57,990	53,197
East Asia	8,837	3,606
Others	–	24
Total	¥896,538	¥676,493

Notes: 1. Non-current assets are classified by country or region based on the location of customers.
2. There is no significant country for which a separate individual disclosure is required.
3. "Others" includes the Middle East and Africa.

(6) Information about major customers

Information is not disclosed because no specific customers reached 10% of revenue in the consolidated statement of profit or loss.

7. Business Combinations, etc.

1. Transfer concerning shares in a consolidated subsidiary (FDK CORPORATION)

With the resolution by a Board of Directors' meeting held on February 12, 2025, the Company decided to approve the tender offer agreement (the "Tender Offer Agreement") to tender to the public takeover offer (the "Tender Offer") by SILITECH TECHNOLOGY CORPORATION ("Tender Offeror"), which is one of the companies that consist of PSA Group, a Taiwan-based corporate group engaged in the manufacture of electric components for the common shares ("FDK Shares") of FDK CORPORATION ("FDK"). After the conclusion of the Tender Offer Agreement, the Company tendered to the Tender Offer for all FDK Shares held by the Company. The Tender Offer ended on March 13, 2025 and was successfully completed as the total number of share certificates, etc. tendered to the Tender Offer exceeded the minimum limits of the planned number of shares to be purchased. Accordingly, part of FDK Shares held by the Company was transferred on March 21, 2025, and the Company removed FDK from the scope of consolidation and the equity-method accounting of the Company.

(1) Reason for the share transfer

Under its Medium-Term Management Plan (FY 2023 to FY 2025), which was announced on May 24, 2023, the Company posed four key strategies: "Business Model and Portfolio Strategy," "Customer Success/Regional Strategy," "Technology Strategy," and "People Strategy." This share transfer is intended to accelerate the portfolio transformation efforts of the Company in line with the "Business Model and Portfolio Strategy." The Company intends to further enhance its corporate value by allocating the cash assets acquired through this share transfer to investment in growth areas, such as Service Solutions centered on highly profitable digital and cloud services, including Fujitsu Uvance, and to shareholder returns.

(2) Name of company to which shares are transferred

SILITECH TECHNOLOGY CORPORATION

(3) Period of share transfer

Date resolved by the Board of Directors	February 12, 2025
Signing date of the Basic Transaction Agreement	February 12, 2025
Duration of the Public Tender Offer	From February 13, 2025 to March 13, 2025
Share Transfer	March 21, 2025

(4) Name of consolidated subsidiary and description of business

(a) Name of consolidated subsidiary

FDK CORPORATION

(b) Description of the business

Manufacture and sales of batteries, rechargeable batteries, and electronic components and devices, as well as their applied products.

(c) Relationship with the Company

FDK delivers part of its products to the Company, purchases the Company's products and receives the Company's services.

(5) Summary of the transactions including legal form

Share transfer for cash

(6) Number of shares transferred, transfer price and shares held before and after transfer

Number of shares held before transfer	20,295,422 shares (Number of voting rights: 202,954) (Percentage of voting rights held: 58.82%) (Note 1)
Number of shares transferred	14,224,400 shares (Number of voting rights: 142,244)
Transfer price	¥6.2 billion
Number of shares held after transfer	6,071,022 shares (Number of voting rights: 60,710) (Percentage of voting rights held: 17.59%) (Note 1)

Notes: 1. In calculating the "Percentage of voting rights held," as stated in the Extraordinary Report filed by FDK on March 14, 2025, the denominator in the calculation was the number of voting rights (345,052 voting rights) pertaining to 34,505,245 shares, which was the number of outstanding shares and outstanding as of December 31, 2024 (34,536,302 shares) less treasury stock (31,057 shares) held by FDK as of the same date as stated in the Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024) (Japan GAAP) filed by FDK on January 28, 2025.

2. Transfer concerning shares in a consolidated subsidiary (SHINKO ELECTRIC INDUSTRIES CO., LTD.)

On December 12, 2023, the Company has concluded a basic transaction agreement with JICC-04, Ltd. (hereinafter the "Tender Offeror"), regarding a series of transactions aimed at taking the shares of SHINKO ELECTRIC INDUSTRIES CO., LTD. (hereinafter "SHINKO") private. The transactions involve: (i) The non-application to the tender offer (hereinafter the "Tender Offer") by the Tender Offeror for the common shares of SHINKO, a consolidated subsidiary of Fujitsu (hereinafter the "Shares of SHINKO"); (ii) Procedures for the share consolidation to be conducted by SHINKO to make Fujitsu and the Tender Offeror the only shareholders of SHINKO if the Tender Offeror is not able to acquire all of the Shares of SHINKO (excluding the Shares of SHINKO held by Fujitsu (hereinafter the "Fujitsu Sale Shares") and the treasury shares held by SHINKO) through the Tender Offer; (iii) The provision of funds to SHINKO by the Tender Offeror, and a decrease in the amounts of the stated capital, capital reserve, and retained earnings reserve of SHINKO, for the purpose of procuring funds and a distributable amount necessary for conducting SHINKO's acquisition of the Fujitsu Sale Shares; and (iv) The transfer of the Fujitsu Sale Shares as Fujitsu agrees to the share repurchases of SHINKO.

The Tender Offeror commenced the Tender Offer on February 18, 2025, and the Tender Offer was completed on March 18, 2025. Since the total number of shares tendered in the Tender Offer exceeded the minimum number of shares to be purchased, the Tender Offer was successfully completed.

In accordance with the completion of the Tender Offer, the Company classified the business of SHINKO and its subsidiaries as discontinued operations in the current fiscal year, and recorded the profit or loss resulting from the business and other operations of SHINKO as profit from discontinued operations. The transfer of Fujitsu Sale Shares through the share repurchases of SHINKO was completed on June 11, 2025. The impact of this on Fujitsu's non-consolidated and consolidated financial results is as follows:

Consolidated performance

Gain on sales of subsidiaries' and affiliates' stocks (profit before income taxes from discontinued operations) is expected to be approximately ¥150 billion.

Note: The above impact on our business performance is estimated on our assessment using available information to us at this time, and actual results may differ from the projected figures due to various factors.

3. Completion of the tender offer to shares in an affiliated company (FUJITSU GENERAL LIMITED)

At a Board of Directors' meeting held on January 6, 2025, the Company has resolved to approve a basic transaction agreement (hereinafter the "Basic Transaction Agreement") with Paloma Rheem Holdings Co., Ltd. (hereinafter the "Offeror"), regarding a series of transactions aimed at making the shares of an affiliated company of the Company which is FUJITSU GENERAL LIMITED (hereinafter "FUJITSU GENERAL") private (hereinafter the transactions shall be collectively referred to as the "Transactions"). The Transactions involve (i) The non-application to the tender offer by the Offeror for the common shares of FUJITSU GENERAL (hereinafter the "Shares of FUJITSU GENERAL" and the tender offer, the "Tender Offer"); (ii) Procedures for the share consolidation (hereinafter the "Share Consolidation") to be conducted by FUJITSU GENERAL to make Fujitsu and the Offeror the only shareholders of FUJITSU GENERAL if the Offeror is not able to acquire all of the Shares of FUJITSU GENERAL (excluding the Shares of FUJITSU GENERAL held by Fujitsu (hereinafter the "Fujitsu Sale Shares") and the treasury shares held by FUJITSU GENERAL) through the Tender Offer; (iii) The provision of funds to FUJITSU GENERAL by the Offeror (hereinafter the "Financing"), and a decrease in the amounts of the stated capital, capital reserve, and retained earnings reserve of FUJITSU GENERAL (hereinafter the "Capital Decrease, Etc.") for the purpose of procuring funds and a distributable amount necessary for conducting FUJITSU GENERAL's acquisition of the Fujitsu Sale Shares; and (iv) The transfer of the Fujitsu Sale Shares as Fujitsu agrees to the share repurchases of FUJITSU GENERAL (hereinafter the "Share Transfer"). The Basic Transaction Agreement was concluded.

The Offeror commenced the Tender Offer on April 28, 2025, and the Tender Offer was completed on May 28, 2025. Since the total number of shares tendered in the Tender Offer exceeded the minimum number of shares to be purchased, the Tender Offer was successfully completed.

(1) Reason for the share transfer

Under its Medium-Term Management Plan (FY 2023 to FY 2025), which was announced on May 24, 2023, the Company posed four key strategies: "Business Model and Portfolio Strategy," "Customer Success/Regional Strategy," "Technology

Strategy," and "People Strategy." This share transfer is intended to accelerate the portfolio transformation efforts of the Company in line with the "Business Model and Portfolio Strategy." The Company intends to further enhance its corporate value by allocating the cash assets acquired through this share transfer to investment in growth areas, such as Service Solutions centered on highly profitable digital and cloud services, including Fujitsu Uvance, and to shareholder returns.

(2) Name of company to which shares are transferred

FUJITSU GENERAL LIMITED

(3) Period of share transfer

Date resolved by the Board of Directors	January 6, 2025
Signing date of the Basic Transaction Agreement	January 6, 2025
Duration of the Public Tender Offer	From April 28, 2025 to May 28, 2025
Reverse Stock Split	To be implemented upon completion of the settlement of the Public Tender Offer
Share Transfer	To be implemented upon completion of the Reverse Stock Split

(4) Name of affiliate and description of business

(a) Name of affiliate

FUJITSU GENERAL LIMITED

(b) Description of the business

Development, manufacture, and sale of air conditioners, information and telecommunication equipment, and electronic device products, and the provision of related services

(c) Relationship with the Company

Between Fujitsu and FUJITSU GENERAL, there are transactions related to FUJITSU GENERAL's contract manufacturing of telecommunication equipment for Fujitsu and its sales and the like to Fujitsu. There are no other significant business relationships.

(5) Summary of the transactions including legal form

Share transfer for cash

(6) Number of shares transferred, transfer price and shares held before and after transfer

Number of shares held before transfer	46,121,000 shares (Number of voting rights: 461,210) (Percentage of voting rights held: 44.05%) (Note 1)
Number of shares transferred	46,121,000 shares (Note 2) (Number of voting rights: 461,210)
Transfer price	¥92.0 billion (Note 3)
Number of shares held after transfer	0 shares (Number of voting rights: 0) (Percentage of voting rights held: 0%)

Notes: 1. The percentage of voting rights held is a percentage of 1,047,090, the total number of voting rights held by all shareholders as of September 30, 2024, as stated in FUJITSU GENERAL's 106th first-half financial report submitted on November 1, 2024.
2. The number of shares to be transferred in the Share Transfer shall be the number of Fujitsu Sale Shares to be sold by the Company less the number of shares to be acquired by the Offeror as fractional shares in connection with the Reverse Stock Split.
3. The total transfer price of the Share Transfer is the Share Transfer price multiplied by the number of Shares to be sold by the Company less the number of shares to be acquired by the Offeror as fractional shares in connection with the Reverse Stock Split. Please note that the above amount is a reference amount calculated by multiplying the Share Transfer price by the number of Fujitsu Sale Shares to be sold by the Company.

8. Property, Plant, and Equipment

Carrying amount

(Millions of yen)

	Land	Buildings	Machinery and equipment, tools, fixtures and fittings	Construction in progress	Total
Balance at April 1, 2023	¥ 54,274	¥284,109	¥156,801	¥76,988	¥ 572,172
Additions	2,568	88,091	63,839	14,381	168,879
Acquisitions through business combinations	101	3,864	1,688	77	5,730
Depreciation	(100)	(58,533)	(67,634)	–	(126,267)
Impairment losses	–	(5,591)	(1,578)	(211)	(7,380)
Reversal of impairment losses	–	288	14	–	302
Disposals or reclassifications to assets held for sale	(1,065)	(11,432)	(6,837)	(1,790)	(21,125)
Exchange differences on translation	116	8,122	3,879	617	12,734
Others	(3)	(202)	(1,840)	(73)	(2,117)
Balance at March 31, 2024	¥ 55,891	¥308,716	¥148,332	¥89,989	¥ 602,928
Additions	382	47,600	60,062	18,335	126,379
Acquisitions through business combinations	–	–	–	–	–
Depreciation	(108)	(50,858)	(60,971)	(7)	(111,944)
Impairment losses	–	(188)	(2,010)	(181)	(2,379)
Reversal of impairment losses	–	772	2	–	774
Disposals or reclassifications to assets held for sale	(19,471)	(92,845)	(48,524)	(87,050)	(247,889)
Exchange differences on translation	(185)	(1,231)	(705)	303	(1,818)
Others	976	1,764	962	(782)	2,919
Balance at March 31, 2025	¥ 37,486	¥213,728	¥97,148	¥20,606	¥ 368,969

Cost

(Millions of yen)

	Land	Buildings	Machinery and equipment, tools, fixtures and fittings	Construction in progress	Total
April 1, 2023	¥72,748	¥832,809	¥897,644	¥77,297	¥1,880,498
March 31, 2024	74,210	825,486	871,187	90,330	1,861,213
March 31, 2025	54,296	624,617	454,601	21,027	1,154,541

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Land	Buildings	Machinery and equipment, tools, fixtures and fittings	Construction in progress	Total
April 1, 2023	¥18,474	¥548,700	¥740,843	¥309	¥1,308,326
March 31, 2024	18,319	516,770	722,855	341	1,258,285
March 31, 2025	16,810	410,889	357,453	420	785,572

Notes: 1. Additions under “Construction in progress” are shown on a net basis that includes an increase in the amount of new additions and amounts transferred to each item in property, plant, and equipment.
2. Impairment losses recorded for the years ended March 31, 2024 and 2025 are included in other expenses and profit from discontinued operations in the consolidated statement of profit or loss.
3. The amount of expenditures recognized in the carrying amount of an item of property, plant, and equipment in the course of its construction is included in construction in progress and totaled ¥68,024 million and ¥9,795 million at March 31, 2024 and 2025, respectively.

IFRS 16 Leases

Depreciation of right-of-use assets

The depreciation of right-of-use assets included in property, plant, and equipment is as follows.

	(Millions of yen)	
Years ended March 31	2024	2025
Buildings	¥36,094	¥30,898
Machinery and equipment, tools, and fixtures and fittings	11,620	10,086
Total	¥47,714	¥40,984

Carrying amount of right-of-use assets

The carrying amount of right-of-use assets included in property, plant, and equipment is as follows.

	(Millions of yen)	
At March 31	2024	2025
Land	¥ 1,034	¥ 1,085
Buildings	102,392	97,620
Machinery and equipment, tools, and fixtures and fittings	22,471	19,274
Total	¥125,897	¥117,979

9. Goodwill and Intangible Assets

Carrying amount

				(Millions of yen)
		Intangible assets		
	Goodwill	Software	Others	Total
Balance at April 1, 2023	¥55,132	¥127,586	¥18,678	¥146,264
Additions	–	74,761	592	75,353
Acquisitions through business combinations	26,172	412	33,605	34,017
Amortization	–	(37,548)	(2,731)	(40,279)
Impairment losses	(8,266)	(2,611)	(1,063)	(3,674)
Disposals or reclassifications to assets held for sale	–	(1,514)	–	(1,514)
Exchange differences on translation	7,167	2,499	734	3,233
Others	–	5	–	5
Balance at March 31, 2024	80,205	163,590	49,815	213,405
Additions	1,549	67,940	25	67,965
Acquisitions through business combinations	–	–	–	–
Amortization	–	(39,299)	(5,637)	(44,936)
Impairment losses	(509)	(1,900)	–	(1,900)
Disposals or reclassifications to assets held for sale	(582)	(7,893)	(431)	(8,324)
Exchange differences on translation	(1,042)	26	(460)	(434)
Others	(1,293)	2,409	1,011	3,420
Balance at March 31, 2025	¥78,328	¥184,873	¥44,323	¥229,196

Cost

				(Millions of yen)
		Intangible assets		
	Goodwill	Software	Others	Total
April 1, 2023	¥55,538	¥244,640	¥48,258	¥292,898
March 31, 2024	88,428	286,139	91,028	377,167
March 31, 2025	87,110	309,873	84,546	394,419

Accumulated amortization and accumulated impairment losses

(Millions of yen)

		Intangible assets		
	Goodwill	Software	Others	Total
April 1, 2023	¥406	¥117,054	¥29,580	¥146,634
March 31, 2024	8,223	122,549	41,213	163,762
March 31, 2025	8,782	125,000	40,223	165,223

Notes: 1. Intangible assets that fall under the category of internally generated are mainly software.
The carrying amounts of internally generated software included in intangible assets totaled ¥126,672 million at March 31, 2024, and ¥133,731 million at March 31, 2025. Additions from internal development included in the above "Additions" totaled ¥58,696 million and ¥52,269 million during the years ended March 31, 2024, and March 31, 2025, respectively.
2. Amortization is mainly included in cost of sales and selling, general and administrative expenses in the consolidated statement of profit or loss.
3. Impairment losses on goodwill and intangible assets recorded for the year ended March 31, 2024 and 2025, are included in other expenses and profit from discontinued operations in the consolidated statement of profit or loss.

Research and development expenses for the years ended March 31, 2024 and 2025 are as follows.

(Millions of yen)

Years ended March 31	2024	2025
Research and development expenses	¥115,794	¥101,247

10. Subsidiaries

(1) Major subsidiaries

The Group's consolidated financial statements are prepared with the consolidation of 271 subsidiaries. Major changes for the year ended March 31, 2025, are as follows.

Newly consolidated as a result of acquisitions or formations of new companies: 4 companies

Excluded due to liquidation, sale, or other: 20 companies

Excluded due to mergers: 4 companies

The major subsidiaries at March 31, 2025, are as follows.

Segment*	Name	Country	Ratio of total voting rights (%)
Service Solutions	Fujitsu Japan Limited	Japan	100.00
	Fujitsu Network Solutions Limited	Japan	100.00
	Fujitsu Defense & National Security Ltd.	Japan	100.00
	Ridgelinez Limited	Japan	100.00
	Transtron Inc.	Japan	51.00
	Fujitsu Technology Solutions (Holding) B.V.	Netherlands	100.00
	Fujitsu Services Holdings PLC	UK	100.00
	Fujitsu North America, Inc.	US	100.00
	Fujitsu Australia Limited	Australia	100.00
	Fujitsu Asia Pte. Ltd.	Singapore	100.00
	GK Software SE	Germany	96.33
Hardware Solutions	Fsas Technologies Inc.	Japan	100.00
	Fujitsu Frontech Limited	Japan	100.00
	Fujitsu Telecom Networks Limited	Japan	100.00
	Fujitsu Network Communications, Inc.	US	100.00
Ubiquitous Solutions	Fujitsu Personal System Limited	Japan	100.00

* From the year ended March 31, 2025, the Device Solutions segment, which includes Shinko Electric Industries Co., LTD., has been classified as discontinued operations.

(2) Changes in ownership interest in subsidiaries that do not result in loss of control

The impact on capital surplus arising from changes in the Company's ownership interest in subsidiaries that do not result in loss of control is as follows.

	(Millions of yen)	
Years ended March 31	2024	2025
Impact on capital surplus from equity transactions with non-controlling interests	¥(2,518)	¥(16,091)

(3) Subsidiaries in which the Company holds material non-controlling interests

The Company recognizes material non-controlling interests in the following subsidiaries. Information of companies for which material non-controlling interests are recognized is as follows. Summarized financial information is based on amounts before elimination of inter-Group transactions.

Shinko Electric Industries Co., LTD.

(a) Profit or loss allocated to non-controlling interests of the subsidiary during the reporting period

	(Millions of yen)	
Years ended March 31	2024	2025
Profit or loss allocated to non-controlling interests	¥9,358	¥9,470

(b) Proportion of ownership interests held by non-controlling interests and accumulated non-controlling interests

	(Millions of yen)	
At March 31	2024	2025
Proportion of ownership interests held by non-controlling interests	49.98%	49.98%
Accumulated non-controlling interests	¥132,619	¥142,349

(c) Dividends paid to non-controlling interests

	(Millions of yen)	
Years ended March 31	2024	2025
Dividends paid to non-controlling interests	¥(3,376)	¥–

(d) Summarized financial information

(i) Summarized consolidated statement of financial position

	(Millions of yen)	
At March 31	2024	2025
Current assets	¥184,459	¥180,807
Non-current assets	210,712	218,905
Total assets	¥395,171	¥399,712
Current liabilities	¥127,281	¥113,638
Non-current liabilities	2,899	2,672
Total liabilities	130,180	116,310
Total equity	264,991	283,402
Total liabilities and equity	¥395,171	¥399,712

(ii) Summarized consolidated statement of profit or loss and consolidated statement of comprehensive income

	(Millions of yen)	
Years ended March 31	2024	2025
Revenue	¥209,972	¥215,023
Profit for the year	18,757	17,887
Other comprehensive income	1,901	527
Comprehensive income for the year	¥ 20,658	¥ 18,414

(iii) Summarized consolidated statement of cash flows

Years ended March 31	2024	2025
	(Millions of yen)	
Net cash provided by operating activities	¥ 44,444	¥ 47,084
Net cash used in investing activities	(70,741)	(46,544)
Net cash used in financing activities	(6,820)	(162)
Net increase (decrease) in cash and cash equivalents	(33,117)	378
Cash and cash equivalents at end of year	¥ 82,475	¥ 82,853

Note: The summarized financial information above includes IFRS adjustments to the consolidated financial statements of Shinko Electric Industries Co., LTD., which were prepared under JGAAP.

11. Associates

(1) Major associates

The major associates at March 31, 2025, are as follows.

Name	Country	Ratio of total voting rights (%)	Business description
Fujitsu General Limited	Japan	44.04	Development, production, and sales of air conditioners and information communications equipment and electronic devices, as well as provision of services
Fujitsu Client Computing Limited	Japan	49.00	Development, design, manufacturing, and sales of notebook computers, desktop computers, etc.
FLCS Co., Ltd.	Japan	20.00	Leasing and sales of information processing equipment, communications equipment, etc.

Notes: 1. Investments in associates are accounted for using the equity-method and the number of companies to which the method applies is 14. For the year ended March 31, 2025, one company was excluded. This is due to Fujitsu Limited transferring its common stock in PFU Limited to Ricoh Company, Ltd. in March 2025.
2. The Group holds 20% or more of the JECC Corporation shares issued, but because it is a special company operated through the joint capital investment of six companies, including domestic computer manufacturing companies, for the promotion of the domestic data processing industry, it is not an equity-method associate.

(2) Summarized financial information of material equity-method associates

Summarized financial information of material equity-method associates is as follows.

Fujitsu General Limited

(a) Dividends received from Fujitsu General Limited

Years ended March 31	2024	2025
	(Millions of yen)	
Dividends received from Fujitsu General Limited	¥1,614	¥1,706

(b) Summarized consolidated financial information

(i) Summarized consolidated statement of financial position

At March 31	2024	2025
	(Millions of yen)	
Current assets	¥186,332	¥191,455
Non-current assets	102,010	90,617
Total assets	¥288,342	¥282,072
Current liabilities	¥112,202	¥118,384
Non-current liabilities	28,496	25,131
Total liabilities	140,698	143,515
Equity attributable to owners of the parent	139,749	129,966
Non-controlling interests	7,895	8,591
Total equity	147,644	138,557
Total liabilities and equity	¥288,342	¥282,072

(ii) Summarized consolidated statement of profit or loss and summarized consolidated statement of comprehensive income

(Millions of yen)

Years ended March 31	2024	2025
Revenue	¥316,476	¥354,087
Profit for the year	4,132	(5,703)
Other comprehensive income	5,732	(207)
Total comprehensive income for the year	¥ 9,865	¥ (5,910)

Note: The summarized financial information above includes IFRS adjustments to the consolidated financial statements of Fujitsu General Limited, which were prepared under JGAAP.

(c) Reconciliation of summarized financial information and the carrying amount of the Group's investment in the equity-method associate

Reconciliation of summarized financial information presented and the carrying amount of the Group's investment in the equity-method associate is as follows.

(Millions of yen)

At March 31	2024	2025
Equity attributable to owners of the parent	¥139,749	¥129,966
Ownership interest	44.03%	44.02%
Equity attributable to the Group	¥ 61,531	¥ 57,211
Unrealized gains and losses	¥ (455)	¥ (421)
Carrying amount of the Group's investment in the equity method associate	¥ 61,076	¥ 56,790
Fair value of the Group's investment in the equity method associate	¥ 86,892	¥127,663

12. Other Investments

Other investments primarily comprise financial assets measured at fair value through other comprehensive income.

Equity securities held for strategic purposes, i.e., for the purpose of the maintenance and enhancement of business relationships, are designated as financial assets measured at fair value through other comprehensive income.

The major equity securities held by the Group and their fair values are as follows.

(Millions of yen)

At March 31	2024	2025
JECC Corporation	¥39,038	¥39,779
Cohere Inc.	–	7,907
TSUZUKI DENKI CO.,LTD.	5,611	5,436
PayPay Bank Corporation	3,258	3,297
Computer Engineering & Consulting Ltd.	1,928	2,879

Financial assets measured at fair value through other comprehensive income are derecognized when they are sold. Cumulative gain or loss previously recognized through other comprehensive income is reclassified to retained earnings when they are derecognized.

The Group conducts sales of financial assets measured at fair value through other comprehensive income in accordance with its policy for strategic shareholdings.

The fair value, cumulative gain or loss recognized through other comprehensive income at the selling date, and dividends, are as follows.

Years ended March 31	2024	2025
	(Millions of yen)	
Fair value	¥112,380	¥32,275
Cumulative gain or loss	94,607	27,514
Dividend income	1,123	1,081

13. Income Taxes

(1) Deferred tax assets and liabilities

(a) Major components of deferred tax assets and deferred tax liabilities

At March 31	2024	2025
	(Millions of yen)	
Deferred tax assets		
Investments in affiliates and other companies	¥166,148	¥174,552
Accrued bonuses	31,103	35,034
Lease liabilities	31,676	29,600
Inventories	22,762	25,318
Excess of depreciation and amortization, impairment losses, etc.	13,940	15,953
Carryforward of unused tax losses	4,575	5,603
Accrued enterprise taxes	3,756	3,800
Asset retirement obligation	4,360	3,491
Others	22,770	18,271
Total deferred tax assets	301,090	311,622
Deferred tax liabilities		
Net defined benefit assets*	(20,364)	(31,214)
Right-of-use assets	(30,310)	(29,413)
Financial assets measured at fair value through other comprehensive income	(27,104)	(18,921)
Intangible assets recognized in business combinations	(9,585)	(8,759)
Undistributed profits primarily of subsidiaries outside Japan, etc.	(7,563)	(7,497)
Others	(2,438)	(2,376)
Total deferred tax liabilities	(97,364)	(98,180)
Net deferred tax assets	¥203,726	¥213,442

As a result of recording expenses associated with business model transition, the Group’s subsidiary in Europe, Fujitsu Technology Solutions (Holding) B.V. (hereinafter “FTS”), has recognized deferred tax assets of ¥11,696 million and ¥15,342 million for the previous fiscal year and the current fiscal year, respectively, in the tax jurisdictions where losses were booked in the previous or current fiscal year. Also, as a result of recording expenses associated with M&A activities, the Group’s subsidiary in Australia, Fujitsu Australia Limited (hereinafter “FAL”), has recognized deferred tax assets of ¥7,560 million and ¥10,202 million for the previous fiscal year and the current fiscal year, respectively, in the tax jurisdictions where losses were booked in the previous or current fiscal year. The recoverability of deferred tax assets is determined based on taxable income calculated from future business plans, among other factors. We recognize deferred tax assets from unused tax loss carryforwards, tax credits, and deductible temporary differences to the extent that it is probable that they will be utilized. FTS and FAL have carefully assessed the future taxable income used to recognize deferred tax assets based on past performance trends and approved business plans. Therefore, we have determined that the likelihood of realizing these plans is high, and that there are no issues with the recoverability of deferred tax assets.

* In the employee defined benefit retirement plans in Japan and overseas, an increase in the discount rate reduced the retirement benefit obligations. As a result, deferred tax liabilities related to the surplus of pension assets over retirement benefit obligations increased from the previous year.

Net deferred tax assets are included in the following line items on the consolidated statement of financial position.

At March 31	2024	2025
	(Millions of yen)	
Deferred tax assets	¥218,922	¥227,490
Deferred tax liabilities	(15,196)	(14,048)

(b) Changes in net deferred tax assets

Years ended March 31	2024	2025
	(Millions of yen)	
Opening balance	¥ 67,698	¥203,726
Amounts recognized through profit or loss		
Continuing operations	141,732	17,820
Discontinued operations	893	(4,992)
Total	142,625	12,828
Amounts recognized in other comprehensive income		
Foreign currency translation adjustments	(978)	36
Cash flow hedges	17	(10)
Financial assets measured at fair value through other comprehensive income	10,469	8,054
Remeasurements of defined benefit plans	(8,006)	(8,856)
Total	1,502	(776)
Reclassifications to assets held for sale	–	(2,650)
Exchange differences on translation and others	(8,099)	314
Closing balance	¥203,726	¥213,442

(c) Deductible temporary differences and the amount of carryforward of unused tax losses for which deferred tax assets are not recognized multiplied by the applicable tax rate

At March 31	2024	2025
	(Millions of yen)	
Deductible temporary differences*	¥ 50,582	¥ 48,479
Carryforward of unused tax losses	156,189	146,914
Total	¥206,771	¥195,393

* Deductible temporary differences arising from investments in subsidiaries and associates, when the Company intends to hold the investments continuously, are not included. The amount of deductible temporary differences arising from investments in subsidiaries for which deferred tax assets are not recognized (income basis) was ¥290,414 million at March 31, 2024, and ¥254,884 million at March 31, 2025. Specifically, the exclusion of FDK Corporation from the scope of consolidation resulted in a decrease of ¥19,605 million, while the absorption of Fujitsu Cloud Technologies Limited into the Company led to a decrease of ¥7,933 million.

The expiration dates of carryforward of unused tax losses for which deferred tax assets are not recognized are as follows.

At March 31	2024	2025
	(Millions of yen)	
1st year	¥ 3,914	¥ 737
2nd year	1,802	849
3rd year	2,027	2,177
4th year	3,324	1,448
5th year and thereafter	145,122	141,703
Total	¥156,189	¥146,914

(2) Income tax recognized through profit or loss

(Millions of yen)

Years ended March 31	2024	2025
Current tax expense	¥ 49,195	¥81,690
Deferred tax expense		
Origination and reversal of temporary differences	(4,235)	(7,289)
Changes in tax rates or the imposition of new taxes*1	513	(4,636)
Changes in unrecognized deferred tax assets*2	(138,010)	(5,895)
Total deferred tax expense	(141,732)	(17,820)
Total income tax expense	(92,537)	63,870
Discontinued operations	4,037	6,907
Total	¥ (88,500)	¥70,777

*1 The Act Partially Amending the Income Tax Act (Act No. 13 of 2025) was promulgated on March 31, 2025, and the so-called special defense corporation tax will be imposed from fiscal years beginning on or after April 1, 2026. As a result, for temporary differences expected to be resolved in fiscal years beginning on or after April 1, 2026, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities will change from 30.58% to 31.47%. Due to this tax rate change, deferred tax assets increased by ¥4,793 million (net of deferred tax liabilities), and income tax decreased by the same amount (including amounts classified as discontinued operations and income tax recognized through other comprehensive income) in the fiscal year ended March 31, 2025.

*2 Benefits from previously unrecognized temporary differences used to reduce deferred tax expense are included for the year ended March 31, 2024. This is mainly due to a decrease in deferred tax expense of ¥140,521 million in the recognition of deferred tax assets with respect to deductible temporary differences arising from investments in FS Holdings, a European subsidiary, following the decision to liquidate the company. In addition, having reassessed the likelihood of future taxable profits arising at the Company and its domestic affiliates in which deductible temporary differences can be utilized, a decrease in deferred tax expense of ¥11,821 million is included due to the recognition of deferred tax assets not previously recognized.

(3) Income tax recognized through other comprehensive income

(Millions of yen)

Years ended March 31	2024	2025
Foreign currency translation adjustments	¥ 978	¥ (36)
Cash flow hedges	(17)	10
Financial assets measured at fair value through other comprehensive income*	15,365	792
Remeasurements of defined benefit plans	8,006	8,856
Total income tax expense	¥24,332	¥9,622

* The amounts presented above include current tax expense.

(4) Difference between applicable tax rate and average effective tax rate

(%)

Years ended March 31	2024	2025
Applicable tax rate	30.6%	30.6%
Increase and decrease in income tax rate		
Tax credit	(13.1)%	(3.8)%
Change in unrecognized deferred tax assets*	(79.4)%	(1.6)%
Revision of tax rate	0.3%	(1.5)%
Income (loss) from investments accounted for using the equity method, net	(1.9)%	(0.8)%
Non-deductible tax expenses	11.6%	1.4%
Others	2.2%	(0.9)%
Average effective tax rate	(49.7)%	23.4%

* In the year ended March 31, 2024, the Group recognized deferred tax assets not been previously recognized as a result of the liquidation decision of its European subsidiary FS Holdings and the reassessment of the likelihood of future taxable income. For details, please refer to "(2) Income taxes recognized through profit or loss."

The Company and its consolidated subsidiaries in Japan are primarily affected by corporation, residents, and business taxes. The applicable tax rates calculated based on these taxes are 30.60% and 30.58% for the previous and current fiscal years, respectively. We relocated our head office from Minato-ku in Tokyo, to Kawasaki City in Kanagawa Prefecture, which resulted in a change in the resident tax rate. However, the impact of this tax rate change is minimal.

The Company's consolidated subsidiaries outside Japan are affected by corporation and other taxes at the domicile of each subsidiary.

(5) Impact of the application of Pillar Two Model Rules

The Group has applied the International Tax Reform—Pillar Two Model Rules (amendments to IAS 12 Income Taxes). The amendments provide clarity around the application of IAS 12 to income taxes arising from tax laws enacted or substantively enacted for the implementation of the OECD's BEPS Pillar Two GloBE (Global Anti-Base Erosion) Rules for global minimum taxation. The amendments also introduce a temporary exception to the accounting for deferred tax assets and liabilities related to corporate income tax arising from the global minimum taxation rules. The Group has applied this exception and has not recognized or disclosed deferred tax assets and liabilities related to income taxes arising from the global minimum tax rules.

Moreover, the global minimum tax rules are applied to the income of subsidiaries located in some countries where the Group conducts its business, however, the impact of these taxes on the Group's consolidated financial statements is minimal.

14. Inventories

(Millions of yen)

At March 31	2024	2025
Finished goods	¥113,874	¥79,986
Work in progress	76,316	50,422
Raw materials and supplies	108,614	75,492
Total	¥298,804	¥205,900

The amounts of write-downs of inventories recognized as an expense due to a decline in profitability for the years ended March 31, 2024 and 2025 were¥34,792 million and ¥34,052 million, respectively.

15. Trade Receivables and Other Receivables

(1) Trade receivables

(Millions of yen)

At March 31	2024	2025
Accounts receivable	¥926,157	¥895,800
Others	5,739	2,025
Allowance for doubtful accounts*	(3,169)	(2,948)
Total	¥928,727	¥894,877

* A reconciliation of changes in allowance for doubtful accounts is disclosed in changes in allowance for doubtful accounts (current) in Note "34. Financial Instruments."

(2) Other receivables

(Millions of yen)

At March 31	2024	2025
Accounts receivable-other	¥83,719	¥57,654
Others	3,349	2,848
Total	¥87,068	¥60,502

16. Cash and Cash Equivalents

(Millions of yen)

At March 31	2024	2025
Cash and deposits	¥342,139	¥236,079
Short-term investments	–	–
Cash and cash equivalents on the consolidated statement of financial position	¥342,139	¥236,079

The ending balance of cash and cash equivalents in the consolidated cash flow statement of ¥320,099 million includes ¥84,020 million of cash and cash equivalents classified as assets held for sale.

17. Assets Held for Sale

(Millions of yen)

At March 31	2024	2025
Assets held for sale	–	¥414,042
Liabilities directly associated with assets held for sale	–	116,707

Assets held for sale and liabilities directly associated with assets held for sale as at March 31, 2025, primarily comprised the consolidated subsidiary SHINKO ELECTRIC INDUSTRIES CO., LTD.

On December 12, 2023, the Company entered into an agreement with JICC-04, Ltd. (hereinafter the "Tender Offeror") regarding the implementation of a tender offer (hereinafter the "Tender Offer") by the Tender Offeror for the common shares of SHINKO ELECTRIC INDUSTRIES CO., LTD. (hereinafter the "shares of SHINKO") and the transfer of the shares of SHINKO held by the Company. The Tender Offer was completed on March 18, 2025. Since the total number of shares tendered in the Tender Offer exceeded the minimum number of shares to be purchased, the Tender Offer was successfully completed. For details, please refer to "2. Transfer concerning shares in a consolidated subsidiary (SHINKO ELECTRIC INDUSTRIES CO., LTD.)" in Note "7. Business Combinations, etc." The transfer of the shares of SHINKO held by the Company was completed on June 11, 2025.

Accordingly, the Company classified the relevant assets and liabilities as held for sale. As the fair value after deducting selling costs (the estimated sales price) exceeded the carrying amount, the Company measured this investment at its carrying amount.

The assets held for sale mainly included property, plant and equipment of ¥218,708 million. The liabilities directly related to the assets held for sale mainly included borrowings and lease obligations of ¥31,905 million and trade payables of ¥29,090 million. Other components of equity associated with assets held for sale were ¥1,333 million.

18. Equity and Other Components of Equity

(1) Share capital

(a) Number of shares authorized

Ordinary shares (no par value)

	(Thousands of shares)
At March 31	Number of shares
2024	500,000
2025*[1]	5,000,000

*[1] The Company conducted a 10-for-1 stock split of its common stock effective on April 1, 2024.

(b) Number of shares issued and fully paid

Ordinary shares

(Units: Thousands of shares, Millions of yen)

At March 31	Number of shares	Share capital
2024	207,110	¥325,638
Changes during the year*2	1,863,997	–
2025	2,071,108	¥325,638

*2 The change in the number of shares was due to the stock split of the Company's common stock effective on April 1, 2024.

(c) Treasury stock

Ordinary shares

(Units: Thousands of shares, Millions of yen)

At March 31	Number of shares	Amount
2024	23,182	¥380,881
Increase due to Stock Split	208,640	–
Acquisitions*3	62,662	180,023
Disposals	(1)	(1)
Share-based payment transactions	(717)	(1,177)
2025	293,768	¥559,726

*3 Primarily, the acquisitions were conducted pursuant to a resolution of the Board of Directors' meeting held on April 25, 2024.

(2) Capital surplus and retained earnings

Under the Japanese Companies Act, the entire amount paid for new shares is required to be designated as common stock, in principle. However, a company may designate a maximum 50% of the amount of the new shares as capital reserve, which is included in capital surplus. The Companies Act also requires that an amount equal to 10% of dividends paid must be appropriated as a legal reserve, which is included in retained earnings, or as a capital reserve, which is included in capital surplus, until the total amounts of legal reserve and capital reserve reach 25% of share capital. The Companies Act allows legal reserve, capital reserve, other capital surplus, and other retained earnings to be transferred among the accounts under certain conditions upon resolution of the shareholders' meeting.

Capital surplus in the consolidated financial statements includes capital reserve and other capital surplus in the Company's stand-alone financial statements. Also, retained earnings in the consolidated financial statements include legal reserve and other retained earnings in the Company's stand-alone financial statements. The distributable amount as dividends is to be calculated in compliance with the Companies Act and based on the Company's stand-alone financial statements prepared in accordance with JGAAP.

(3) Other components of equity and changes in other comprehensive income

Years ended March 31	2024	2025
	(Millions of yen)	
Foreign currency translation adjustments		
Opening balance	¥ 7,271	¥ 30,757
Other comprehensive income	23,486	(6,742)
Others	–	–
Closing balance	¥ 30,757	¥ 24,015
Cash flow hedges		
Opening balance	¥ (4)	¥ 35
Other comprehensive income	39	(51)
Others	–	1
Closing balance	¥ 35	¥ (15)
Financial assets measured at fair value through other comprehensive income		
Opening balance	¥ 63,538	¥49,591
Other comprehensive income	35,208	(1,998)
Others*[1]	(49,155)	(19,104)
Closing balance	¥ 49,591	¥28,489
Remeasurements of defined benefit plans		
Opening balance	¥ –	¥ –
Other comprehensive income	4,667	20,800
Others*[2]	(4,667)	(20,800)
Closing balance	¥ –	¥ –
Total other components of equity		
Opening balance	¥ 70,805	¥ 80,383
Other comprehensive income	63,400	12,009
Others	(53,822)	(39,903)
Closing balance	¥ 80,383	¥ 52,489

*[1] When a financial asset measured at fair value through other comprehensive income is derecognized, the cumulative gain or loss previously recognized through other comprehensive income is reclassified as retained earnings. Please refer to Note "22. Cash Flow Information" for more details about the main financial assets derecognized in the previous fiscal year.

*[2] Remeasurements of the net defined benefit liability or asset (actuarial gains and losses) are recognized, after adjusting for tax effects, under other comprehensive income and are immediately reflected in retained earnings.

(4) Breakdown of each item of other comprehensive income included in non-controlling interests

Years ended March 31	2024	2025
	(Millions of yen)	
Foreign currency translation adjustments	¥1,207	¥443
Cash flow hedges	(58)	51
Financial assets measured at fair value through other comprehensive income	10	(8)
Remeasurements of defined benefit plans	888	329
Other comprehensive income	¥2,047	¥815

(5) Income tax expense relating to each item of other comprehensive income

(Millions of yen)

Years ended March 31	2024	2025
Foreign currency translation adjustments		
Gains (losses) during the year	¥ 23,008	¥ (3,822)
Reclassification to profit or loss	(131)	(1,779)
Amount before related income tax expense	22,877	(5,601)
Income tax expense	(978)	36
Amount after related income tax expense	¥ 21,899	¥ (5,565)
Cash flow hedges		
Gains (losses) during the year	¥ (1,584)	¥ (482)
Reclassification to profit or loss	1,414	630
Amount before related income tax expense	(170)	148
Income tax expense	17	(10)
Amount after related income tax expense	¥ (153)	¥ 138
Financial assets measured at fair value through other comprehensive income		
Gains (losses) during the year	¥ 50,453	¥ (1,195)
Amount before related income tax expense	50,453	(1,195)
Income tax expense	(15,365)	(792)
Amount after related income tax expense	¥ 35,088	¥ (1,987)
Remeasurements of defined benefit plans		
Gains (losses) during the year	¥ 13,046	¥ 29,959
Amount before related income tax expense	13,046	29,959
Income tax expense	(8,006)	(8,856)
Amount after related income tax expense	¥ 5,040	¥ 21,103
Share of other comprehensive income of investments accounted for using the equity method		
Gains (losses) during the year	¥ 3,707	¥ (127)
Reclassification to profit or loss	(134)	(738)
Amount after related income tax expense	¥ 3,573	¥ (865)
Total other comprehensive income		
Amount after related income tax expense	¥ 65,447	¥ 12,824

19. Dividends

Year ended March 31, 2024

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting on May 25, 2023	Ordinary shares	¥22,600	Retained earnings	¥120	March 31, 2023	June 5, 2023
Board of Directors' meeting on October 26, 2023	Ordinary shares	¥24,498	Retained earnings	¥130	September 30, 2023	November 30, 2023

(2) Among the dividends whose record date falls within the year ended March 31, 2024, those whose effective date falls within the year ended March 31, 2025

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting on May 29, 2024	Ordinary shares	¥23,910	Retained earnings	¥130	March 31, 2024	June 3, 2024

Note: The Company conducted a 10-for-1 stock split of its common stock, effective April 1, 2024. For dividends per share with a base date on or before March 31, 2024, they are recorded at their actual dividend values before this stock split.

Year ended March 31, 2025

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting on May 29, 2024	Ordinary shares	¥23,910	Retained earnings	¥130	March 31, 2024	June 3, 2024
Board of Directors' meeting on October 31, 2024	Ordinary shares	¥25,624	Retained earnings	¥ 14	September 30, 2024	December 4, 2024

(2) Among the dividends whose record date falls within the year ended March 31, 2025, those whose effective date falls within the year ending March 31, 2026

Resolution	Class of shares	Total dividends (Millions of yen)	Source of dividends	Dividends per share	Record date	Effective date
Board of Directors' meeting on May 28, 2025	Ordinary shares	¥24,882	Retained earnings	¥14	March 31, 2025	June 3, 2025

Note: The Company conducted a 10-for-1 stock split of its common stock, effective April 1, 2024. For dividends per share with a base date on or before March 31, 2024, they are recorded at their actual dividend values before this stock split."

20. Borrowings, and Lease Liabilities

Breakdown of interest-bearing loans

	(Millions of yen)				
At March 31	2024	2025	Average interest rate (2024)*1	Average interest rate (2025)*1	Repayment due date
Short-term borrowings	¥ 94,140	¥ 67,321	3.14%	3.37%	–
Commercial paper	–	40,976	–	0.68%	–
Current portion of long-term borrowings	20	25	2.87%	2.87%	–
Long-term borrowings	2,628	422	4.00%	1.76%	April 28, 2026– June 1, 2033
Lease liabilities (current)	42,532	38,670	1.43%	1.24%	–
Lease liabilities (non-current)	106,356	99,678	1.96%	2.29%	April 4, 2026– August 28, 2081
Total	¥245,676	¥247,092	–	–	
Short-term borrowings, current portion of long-term debt and lease liabilities (current)	¥136,692	¥146,992			
Long-term debt and lease liabilities (non-current)	¥108,984	¥100,100			

*1 Average interest rates are the weighted average interest rates for the balance at March 31, 2024 and 2025.

21. Post-Employment Benefits

(1) Outline of the retirement benefit plan adopted

The Group provides defined benefit plans, as part of retirement benefit plans, in countries such as Japan, the UK, and Germany. In Japan, some of those plans are risk-sharing corporate pension plans. The Group also provides defined contribution plans in countries such as the UK, Japan, and Germany.

The major retirement benefit plans in Japan are funded pension plans and retirement benefit plans operated by the Fujitsu Corporate Pension Fund that is participated in by the Company and some subsidiaries in Japan. The Fujitsu Corporate Pension Fund is a special corporation approved by the Minister of Health, Labour and Welfare, and operated in accordance with the Defined-Benefit Corporate Pension Plan Act. There is a board of representatives as a legislative arm and a board of directors as an executive arm in the Fujitsu Corporate Pension Fund. The representatives and directors are split evenly with one half selected by the Company and certain subsidiaries in Japan and the other half elected by the employees through mutual vote.

The Fujitsu Corporate Pension Fund provides plans contributed by the companies and a plan contributed by employees. The benefits are determined by the accumulated salary in the participation period and the length of participation in the plan as well as other factors. The period of benefit payment is 20 years, primarily from age 60 to 80, while some participants are guaranteed lifetime benefits. There is a retirement benefit plan for employees who joined the companies in or before March 1999 and a retirement benefit plan for employees who joined in or after April 1999. The plan for employees who joined in or after April 1999 comprises a cash balance plan and a defined contribution plan. The benefits are determined by the number of accumulated points, reflecting the degree of employee contributions to the Company, including years of service, and other factors. In addition, the benefit amount of the cash balance plan is also determined based on the market interest rate during the period of participation in the plan.

For the pension plans contributed by the companies and the retirement benefit plan for employees who had joined the companies in or before March 1999, on June 21, 2018, the Company transferred currently serving employees to a risk-sharing corporate pension plan (for corporate pension plans established in accordance with the Defined-Benefit Corporate Pension Plan Act [2001:50], as stipulated by Article 1, Paragraph 3 of the Implementation Regulations for the Defined-Benefit Corporate Pension Plan Act [2002, MHLW, No. 22]). In conjunction with this, the Company revised its pension asset portfolio with a view to reducing asset management risk, aiming to achieve a more sustainable plan. In addition, the Company provides a conventional defined benefit plan (a non-risk-sharing, defined benefit corporate pension plan) for the pension plan contributed by employees and the beneficiaries.

The risk-sharing corporate pension plan introduced by the Company shares the risk between the Company and the plan participants. The Company accepts a certain level of risk by making a fixed contribution, including a portion to supplement the shortfall in plan assets at the time of the transfer to the plan (special contributions) and a portion for a reserve for risk (risk reserve contribution) determined in agreement between the Company and the plan participants. The plan participants also accept a certain level of risk, as their benefits will be adjusted if the balance between plan assets and plan obligations becomes skewed. Under the conventional defined benefit plan, the Company was required to make additional contributions if a shortfall arose in the reserve. In a risk-sharing corporate pension plan, however, the potential risks that could occur in the future are measured in advance, and a risk reserve contribution is made by the Company as a level contribution within the scope agreed by the Company and the plan participants. The total amount corresponding to special contributions stipulated by the fund terms is contributed in equal installments over three years from the date of the shift to the new plan. At the same time, an amount corresponding to the risk reserve contribution is contributed at a constant rate over four years from the date of the shift to the new plan, with the amount being determined by the amount of potential future shortfalls assessed at the time of the shift. Once these contributions are completed, there will be no additional contributions. In terms of the accounting treatment for retirement benefits, for the risk-sharing corporate pension plan, the portion for which the Company effectively has no further obligation for additional contributions is classified as a defined contribution plan. Accordingly, the risk-sharing corporate pension plan introduced by the Group is classified as a defined contribution plan.

In addition, some subsidiaries in Japan have provided defined benefit corporate pension plans managed by the companies based on pension terms agreed with the employees, and certain subsidiaries also have an internal reserve-type retirement lump sum grant pension plan.

The major employment benefit plans provided outside Japan are the defined benefit plans provided by Fujitsu Services Holdings PLC (including its consolidated subsidiaries, "FS") located in the UK, and Fujitsu Technology Solutions (Holding) B.V. (including its consolidated subsidiaries, "FTS"), located in Germany. The defined benefit plan of FS is operated by the board of trustees composed of representatives of the Company and the employees and independent outside specialists, in conformity with the guideline issued by the UK Pensions Regulator. Under FS's defined benefit plan, the benefits are based on the amount of final salary, the length of participation in the plan and the price index, and the benefits are guaranteed throughout the lifetime of the participants. FS closed new participation to the funded defined benefit plan in 2000 and instead provided a defined contribution plan for employees that joined the Company thereafter. In 2010, for the employees that participated in the defined benefit plan, FS started to transfer the benefits that correspond to future service to the defined contribution plan, which was completed in 2011. In March 2013, a special contribution of ¥114,360 million was made to the pension scheme to make up a deficit (defined benefit obligation less plan assets) in the defined benefit plan. In addition, the investment portfolio of plan assets was shifted primarily toward bonds to match the defined benefit obligation. FTS used to provide an unfunded defined benefit plan, which was closed for new participation in 1999. Since then, a defined contribution plan has been provided for employees to participate in.

(2) Defined benefit plans

(a) Risks related to the defined benefit plans

The Group's defined benefit plans are exposed to the following risks.

(i) Investment risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields at the end of the reporting periods on high-quality corporate bonds. If the return on assets is below this rate, it worsens the funded status and thus risks reducing equity. Plan assets may be affected by the volatility of return on assets in the short term. The asset allocation of plan assets is regularly reviewed to ensure long-term return and future payment of pensions and retirement benefits.

(ii) Interest risk

A decrease in the interest of high-quality corporate bonds increases the present value of the defined benefit obligation. This worsens the funded status and thus risks reducing equity.

(iii) Longevity risk

An increase in the life expectancy of the plan participants increases the present value of the defined benefit obligation. This worsens the funded status and thus risks reducing equity.

(iv) Inflation risk

Some benefits in the plans for the UK and Germany are linked to the price index. Higher inflation increases the present value of the defined benefit obligation. This worsens the funded status and thus risks reducing equity.

(b) Amounts in the financial statements

(i) Reconciliation for the closing balance of the defined benefit obligation and plan assets and net defined benefit liability (asset) recognized on the consolidated statement of financial position

(Millions of yen)

At March 31	2024	2025
Present value of defined benefit obligation	¥(1,396,578)	¥(1,238,378)
Fair value of plan assets	1,408,268	1,294,295
Effect of asset ceiling	(408)	(634)
Net defined benefit liability (asset) recognized on the consolidated statement of financial position	¥ 11,282	¥ 55,283

(Millions of yen)

At March 31	2024	2025
Retirement benefit assets	¥ 115,487	¥ 141,472
Retirement benefit liabilities	(104,205)	(86,189)
Net defined benefit liability (asset) recognized on the consolidated statement of financial position	¥ 11,282	¥ 55,283

At March 31, 2024

The present value of the defined benefit obligation at March 31, 2024, comprises –¥583,117 million for plans in Japan and –¥813,461 million for plans outside Japan, while the fair value of plan assets comprises ¥677,041 million for plans in Japan and ¥731,227 million for plans outside Japan.

At March 31, 2025

The present value of the defined benefit obligation at March 31, 2025, comprises –¥512,117 million for plans in Japan and –¥726,261 million for plans outside Japan, while the fair value of plan assets comprises ¥628,983 million for plans in Japan and ¥665,312 million for plans outside Japan.

The adjustment amount due to the asset ceiling is defined as the amount adjusted due to the partial restriction of an amount of assets recognized under IAS 19 Employee Benefits, where the excess amount in cases in which accumulated plan assets exceed the present value of defined benefit plan liabilities is recognized as an asset related to retirement benefits.

(ii) Components of defined benefit costs

(Millions of yen)

Years ended March 31	2024	2025
Current service cost (net of contribution from plan participants)	¥11,774	¥11,141
Net interest	959	1,597
Past service cost and gains and losses arising from settlements	(1,179)	(214)
Total	¥11,554	¥12,524

Current service cost (net of contribution from plan participants) includes defined benefit costs related to multi-employer plans.

(iii) Reconciliation for beginning and ending balances of the defined benefit obligation and plan assets

(Millions of yen)

Present value of defined benefit obligation	2024	2025
Opening balance	¥(1,320,257)	¥(1,396,578)
Current service cost	(19,615)	(20,308)
Interest expense	(41,602)	(46,160)
Remeasurements of the net defined benefit liability (asset)		
Actuarial gains and losses arising from changes in financial assumptions	18,116	116,041
Actuarial gains and losses arising from changes in demographic assumptions	(14,012)	(6,016)
Past service cost and gains and losses arising from settlements	1,179	214
Payments from the plan		
Payments from the employer	7,340	8,304
Payments from plan assets	76,776	84,199
Effects of business combinations and disposals	1,648	12,576
Effect of changes in foreign exchange rates	(106,151)	(8,309)
Transfer to liabilities directly associated with assets held for sale	–	17,659
Closing balance	¥(1,396,578)	¥(1,238,378)

	(Millions of yen)	
Fair value of plan assets	2024	2025
Opening balance	¥1,307,010	¥1,408,268
Interest income	40,631	44,578
Remeasurements of the net defined benefit liability (asset)		
Return on plan assets, excluding amounts included in interest income	7,395	(80,180)
Contributions to the plan		
Contributions by the employer	20,213	20,540
Contributions by the plan participants	6,822	6,909
Payments from the plan		
Payments from plan assets	(76,776)	(84,199)
Effects of business combinations and disposals	594	(10,469)
Effect of changes in foreign exchange rates	102,379	9,029
Transfer to assets held for sale	–	(20,181)
Closing balance	¥1,408,268	¥1,294,295

(iv) Components of fair value of plan assets

				(Millions of yen)
	2024		2025	
	Market price in an active market		Market price in an active market	
At March 31	Quoted	Unquoted	Quoted	Unquoted
Cash and cash equivalents	¥46,993	¥ –	¥55,076	¥ –
Equity instruments				
Japan	61,718	13,527	57,871	17,387
Outside Japan	23,784	90,803	16,436	83,935
Debt instruments				
Japan	1,449	136,867	812	89,970
Outside Japan	269,177	266,846	272,738	219,855
General accounts of life insurance companies	–	268,545	–	270,238
Liability Driven Investment (LDI)	–	192,058	154,882	35,140
Others	993	35,508	823	19,132
Total	¥404,114	¥1,004,154	¥558,638	¥735,657

LDI represents a portfolio of investments that primarily consists of bonds and swap instruments, designated to match the plan assets with a change in the present value of the defined benefit obligation arising from a change in indices such as interest rates and inflation.

(v) Significant actuarial assumptions used in calculating the present value of the defined benefit obligation

	2024		2025	
At March 31	Plans in Japan	Plans outside Japan*1	Plans in Japan	Plans outside Japan*1
Discount rate	1.35%	4.95%	2.06%	5.85%
Life expectancy*2	23.6 years	22.7 years	24.5 years	22.8 years
Inflation rate	–	3.14%	–	3.09%

*1 Assumptions for plans outside Japan represent the assumptions for the defined benefit plan provided by a UK subsidiary.
*2 Life expectancy is based on a male currently at age 60 for plans in Japan and on a male currently at age 65 for plans outside Japan.

(c) Amount, timing, and uncertainty of future cash flows

(i) Sensitivity analysis for significant actuarial assumptions

The sensitivity analysis below shows the effect on the defined benefit obligation when one of the significant actuarial assumptions changes reasonably while holding all other assumptions constant. However, the change in assumptions would not necessarily occur in isolation from one another. In addition, for the defined benefit plan of a UK subsidiary, because the investments in the plan assets are managed matching the defined benefit obligation, the impact on the funded status arising from changes in the discount rate will be limited. A negative amount represents a decrease of the defined benefit obligation while a positive amount represents an increase of the defined benefit obligation.

(Millions of yen)

At March 31		2024	2025
Discount rate	0.1% increase	¥(15,083)	¥(12,107)
	0.1% decrease	15,407	12,340
Life expectancy	1 year increase	44,451	40,059
Inflation rate	0.1% increase	6,117	4,740
	0.1% decrease	(6,019)	(4,749)

(ii) Funding and performance policy of plan assets

The Group funds the defined benefit plans, taking into consideration various factors such as the Company's financial condition, funded status of the plan assets, and actuarial calculations. The Fujitsu Corporate Pension Fund regularly reviews the amount of contributions, for example, by conducting an actuarial review every five years in accordance with the Defined-Benefit Corporate Pension Plan Act.

The Group aims to increase the value of the plan assets by taking an acceptable range of risks to ensure benefits to pensioners (including deferred pensioners).

For management of the plan assets of the Fujitsu Corporate Pension Fund, asset management meetings are regularly held, participated in by committee members elected from representatives and directors of the fund as well as the Company's representatives from the finance and HR departments. Risks are reduced by considering returns and risks of the investment assets and setting out the basic allocation of investment assets as well as adjusting rules (regarding the range of changes). The basic allocation of investment assets and the adjustment of rules are reviewed regularly, corresponding to the market environment and any changes in the funded status, so that the best investment balance is ensured.

FS invests in a portfolio that primarily consists of bonds and swap instruments, designated to match the plan assets with a change in the present value of the defined benefit obligation arising from a change in indices such as interest rates and inflation, to reduce market volatility risk.

(iii) Expected contributions to defined benefit plans

The Group expects contributions by the employer of ¥18,213 million to defined benefit plans for the year ending March 31, 2026.

(iv) Maturity profile of the defined benefit obligation

At March 31	2024	2025
Weighted average duration of the defined benefit obligation	12.0 years	11.2 years

(3) Defined contribution plans and public plans

(Millions of yen)

At March 31	2024	2025
Expenses for defined contribution plans	¥25,579	¥27,785
Expenses for risk-sharing corporate pension plan	18,530	18,216
Expenses for public plans	72,806	72,765

22. Cash Flow Information

(1) Consolidated statement of cash flows

The Consolidated Statement of cash flows consists of cash flows from continuing operations and discontinued operations. For the cash flows from discontinued operations, please refer to Note "30. Discontinued Operations."

(2) Changes in liabilities arising from financing activities

(Millions of yen)

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total
Balance at April 1, 2023	¥ 2,084	¥ 58,461	¥150,630	¥211,175
Changes arising from cash flows	(1,835)	29,336	(52,609)	(25,108)
Non-cash changes				
Acquisition or loss of control	2,000	952	201	3,153
Acquisition of right-of-use assets	–	–	47,892	47,892
Decrease due to cancellation, etc.	–	–	(7,107)	(7,107)
Exchange differences on translation	399	5,402	8,523	14,324
Others	–	(11)	1,358	1,347
Balance at March 31, 2024	¥ 2,648	¥ 94,140	¥148,888	¥245,676
Changes arising from cash flows	(2,216)	59,930	(46,307)	11,407
Non-cash changes				
Acquisition or loss of control	–	(14,550)	(1,061)	(15,611)
Acquisition of right-of-use assets	–	–	43,110	43,110
Decrease due to cancellation, etc.	–	–	(4,691)	(4,691)
Exchange differences on translation	15	(1,223)	(337)	(1,545)
Others	–	(30,000)	(1,254)	(31,254)
Balance at March 31, 2025	¥ 447	¥108,297	¥138,348	¥247,092

* Mainly reclassified to assets held for sale. For details, please refer to Note "17. Assets Held for Sale."

(3) Other

For the year ended March 31, 2024

"Proceeds from sales and redemption of investment securities" under cash flows from investing activities include ¥71,950 million from the sale of shares in Socionext Inc. We participated as one of the selling shareholders in the secondary offering of shares of common stock of Socionext, as publicly announced in a Socionext press release dated July 5, 2023 (Notice Regarding Secondary Offering of Shares and Change in the Largest Shareholder (which is also a Principal Shareholder) and Principal Shareholders). At a meeting of the Board of Directors held on July 11, 2023, the Company passed a resolution to sell its shareholdings, and the shares were subsequently sold on July 13, 2023.

The shares of Socionext were measured at fair value, with changes recognized as other comprehensive income. Owing to the fact that this other comprehensive income was derecognized when the shares were sold, the cumulative amount of other comprehensive income previously recognized has been reclassified as retained earnings, resulting in no impact on profit or loss.

"Net proceeds from sale of subsidiaries, equity-method associates and businesses" under cash flows from investing activities include expenses associated with the transfer of the private cloud business in Germany. Please refer to Note "26. Other Income and Expenses" for more details.

23. Provisions

(Millions of yen)

	Provision for restructuring	Provision for product warranties	Provision for loss on orders received	Asset retirement obligation	Others	Total
Balance at March 31, 2024	¥ 28,240	¥ 8,214	¥ 13,540	¥19,981	¥16,018	¥85,993
Additional provisions made during the year	4,075	2,155	3,235	1,668	4,397	15,530
Amounts used during the year	(18,305)	(3,666)	(10,003)	(3,845)	(7,930)	(43,749)
Change in scope of consolidation	–	–	–	(315)	(13)	(328)
Exchange differences on translation and others	(172)	(10)	(47)	(570)	(120)	(919)
Balance at March 31, 2025	¥ 13,838	¥ 6,693	¥ 6,725	¥16,919	¥12,352	¥56,527

(Millions of yen)

At March 31	2024	2025
Current liabilities	¥58,988	¥32,742
Non-current liabilities	27,005	23,785
Total	¥85,993	¥56,527

Provision for restructuring

A provision is recognized at the estimated costs of restructuring such as personnel rationalization and disposal of business, only when the Group has a detailed formal plan and starts to implement the plan or announces its main features to those affected by the plan. Most of the expenditure is expected within 1 or 2 years.

Provision for product warranties

A provision for product warranties is recognized at the time of sales of the products at an amount that represents the estimated cost, based on past experience, to repair or exchange certain products within the warranty period. Most of the expenditure is expected within 5 years.

Provision for loss on orders received

A provision is recognized for losses on service contracts in which the Company undertakes an obligation to provide deliverables, such as turnkey contracts, if it is probable that the total estimated project costs exceed the total estimated project revenues. The timing of the expenditure is affected by future progress of the project and other factors.

Asset retirement obligation

A provision is made mainly for the estimated cost of restoring the leased site at the agreement of the lease, in accordance with the laws or contracts. The timing of the expenditure is affected by future business plans and other factors.

24. Trade Payables and Other Payables

(1) Trade payables

(Millions of yen)

At March 31	2024	2025
Accounts payable	¥449,985	¥400,380
Others	5,468	552
Total	¥455,453	¥400,932

(2) Other payables

At March 31	2024	2025
	(Millions of yen)	
Accrued expenses	¥285,629	¥284,761
Accounts payable–other	94,962	93,796
Total	¥380,591	¥378,557

25. Revenue

(1) Classification of revenue

The Group classifies its revenue by region based on the location of its customers. The relationship between revenue categorized by region and reportable segments is as follows.

The Device Solutions segment was classified as discontinued operations and removed from the reportable segments in the current fiscal year. For details on discontinued operations, please refer to Note "30. Discontinued Operations".

Year ended March 31, 2024

(Millions of yen)

Revenue from external customers	Service Solutions	Hardware Solutions	Ubiquitous Solutions	Inter-segment Elimination / Corporate	Total
Japan	¥1,478,658	¥663,742	¥197,266	¥35,155	¥2,374,821
Europe	409,183	210,621	67,675	1,138	688,617
Americas	61,485	104,882	3	235	166,605
Asia Pacific	109,944	84,201	2,525	57	196,727
East Asia	38,565	2,657	1,777	56	43,055
Others	7,006	154	–	–	7,160
Total	¥2,104,841	¥1,066,257	¥269,246	¥36,641	¥3,476,985

Year ended March 31, 2025

(Millions of yen)

Revenue from external customers	Service Solutions	Hardware Solutions	Ubiquitous Solutions	Inter-segment Elimination / Corporate	Total
Japan	¥1,590,287	¥643,633	¥241,332	¥37,575	¥2,512,827
Europe	403,549	221,850	7,386	459	633,244
Americas	68,429	110,850	–	273	179,552
Asia Pacific	107,234	68,294	1,539	42	177,109
East Asia	37,132	3,964	1,258	34	42,388
Others	4,852	144	–	–	4,996
Total	¥2,211,483	¥1,048,735	¥251,515	¥38,383	¥3,550,116

Notes: 1. Includes revenues arising from leases for the years ended March 31, 2024 and 2025, because they are immaterial for the Group.
2. "Others" includes the Middle East and Africa.
3. "Inter-segment Elimination / Corporate" primarily consists of external revenue generated by corporate subsidiaries providing services mainly to our group companies.

(2) Contract assets and contract liabilities

Contract assets are primarily unbilled trade receivables related to revenue recognized based on measurement of progress toward complete fulfillment of performance obligations under service contracts in which the Company undertakes an obligation to provide deliverables, such as turnkey contracts. These are transferred to trade receivables when the customer accepts the deliverables.

Contract liabilities primarily consist of prepayments received from customers under contracts to provide them with ongoing services. The amounts of revenue recognized for the years ended March 31, 2024 and 2025, included in the balances of contract liabilities at April 1, 2023 and 2024, are ¥106,979 million and ¥101,191 million, respectively.

(3) Performance obligations

For details of the performance obligations for products and services in each reportable segment and the measurement method thereof, please refer to Note “3. Material Accounting Policies.”

The payment terms for respective performance obligations are mainly within one year, and there are no significant transactions with long-term prepayment or post-payment terms.

Transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations at March 31, 2024, totaled ¥1,739,897 million. Of this amount, ¥1,137,681 million is expected to be recognized as earnings within one year.

Transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations at March 31, 2025, totaled ¥1,749,621 million. Of this amount, ¥1,113,965 million is expected to be recognized as earnings within one year.

The Group does not apply the practical expedient in IFRS 15 “Revenue from Contracts with Customers,” Paragraph 121, and the above performance obligations amount includes the performance obligations included as components of contracts that have an original expected duration of one year or less. In addition, any consideration from contracts with customers that is not included in the transaction price is immaterial for the Group.

26. Other Income and Expenses

For the year ended March 31, 2024

The main components of other income are as follows.

The Group has included income on government grants of ¥18,667 million primarily for the building of next-generation digital infrastructure for the Green Innovation Fund project as grants related to income. The income is mainly included in the Inter-segment Elimination/Corporate segment.

In addition to the above, the Group has included gain on sales of property, plant and equipment of ¥3,028 million under other income.

Other expenses mainly include business restructuring and business structure reforms of ¥109,255 million. This was chiefly for accelerating the business portfolio transformation with a view to improving profitability in Europe.

We carved out the German private cloud business in order to narrow down traditional businesses that have been unprofitable. The aim of this was to quicken the transition to a new business model centered on Fujitsu Uvance in the service business in Germany, by transferring a part of the business that includes the private cloud business of Fujitsu Services GmbH to AEQUITA SE & Co. KGaA, a German investment fund. In connection with this, we recorded a loss of ¥34,917 million.

We also decided to withdraw from the client computing devices business in Europe due to the intensely competitive environment in which we struggled to turn a profit. Accordingly, we recorded expenses of ¥24,156 million as a result of this withdrawal.

Furthermore, we recorded expenses of ¥14,670 million associated with the withdrawal from loss-making regions in Europe and the shift in focus to major countries, as well as expenses of ¥13,057 million related to the downsizing of corporate functions in Europe.

These expenses mainly include costs related to personnel measures, plus costs pertaining to the disposal of, and impairment losses on, inventories and fixed assets.

In addition to the above, the Group has included a loss on disposal of property, plant and equipment of ¥2,013 million, and facility relocation and disposal expenses of ¥2,202 million under other expenses.

For the year ended March 31, 2025

The main components of other income are as follows.

The Group recognized a gain on sales of subsidiaries' stock of ¥16,746 million. This is primarily the gain of ¥14,413 million related to the transfer of the shares of Fujitsu Communication Services Limited, a consolidated subsidiary of the Company, on February 3, 2025.

Grants related to income of ¥20,772 million were recorded. This mainly represents revenue from the government grants for the next-generation digital infrastructure construction for the Green Innovation Fund Projects, and a significant portion of the gain is included in the segment Intersegment Eliminations / Corporate.

In addition to the above, items such as ¥2,137 million of gain on sales of non-current assets are included.

The main components of other expenses are as follows.

The expenses of ¥38,563 million for expanding the Self-Produce Support System for executives in indirect departments and accompanying the support for part of applicable employees including employees in direct departments in building their careers outside the Group toward the human resources portfolio transformation were recorded. The Self-Produce Support System is a scheme to give a certain level of support to employees who wish to leave the Group and develop their career outside the Group.

In addition to the above, items such as ¥8,982 million of restructuring charges, ¥4,521 million of impairment losses and ¥2,409 million of relocation and removal costs are included.

27. Impairment of Non-Financial Assets

(1) Cash-generating unit (CGU)

In principle, a cash-generating unit (CGU) is identified for business-use assets based on the units that the management uses to make decisions.

(2) Impairment losses

A breakdown of assets for which impairment losses were recognized is as follows. These impairment losses are mainly included in "other expenses" in the consolidated statement of profit or loss.

(Millions of yen)

Years ended March 31	2024	2025
Property, plant and equipment		
Land	–	–
Buildings	¥ 5,051	¥ 188
Machinery and equipment, tools, fixtures and fittings	116	2,010
Construction in progress	–	181
Total property, plant and equipment	5,167	2,379
Goodwill	7,271	509
Intangible assets		
Software	2,471	1,900
Others	11	–
Total intangible assets	2,482	1,900
Total impairment losses	¥14,920	¥4,788

For the year ended March 31, 2024

The breakdown of impairment losses by segment is ¥1,049 million for Service Solutions. In addition, adjusted items for adjusted operating profit includes ¥13,871 million which is not included in each segment income. ¥13,871 million for adjusted items is mainly impairments of goodwill with significantly reduced profitability and impairments of buildings and structures with reduced profitability resulting from carrying amounts of those relevant CGUs that were written down to the recoverable amount. This was chiefly for accelerating the business portfolio transformation with a view to improving profitability in Europe.

For the year ended March 31, 2025

The breakdown of impairment losses by segment is ¥615 million for Service Solutions and ¥714 million for Hardware Solutions. In addition, adjusted items for adjusted operating profit includes ¥3,459 million which is not included in each segment income.

(3) Reversal of impairment losses

For the year ended March 31, 2024

Following the sale of business assets for which impairment losses had been recognized in the previous fiscal year, the carrying amounts were reversed to the recoverable amount for the assets. The Group recorded reversals of impairment losses of ¥288 million for buildings and ¥14 million for machinery and equipment, tools, fixtures and fittings. These reversals of impairment losses are included in other income in the consolidated statement of profit or loss. In segment information, they are included in Service Solutions.

For the year ended March 31, 2025
Following the sale of business assets for which impairment losses had been recognized in the previous fiscal year, the carrying amounts were reversed to the recoverable amount for the assets. The Group recorded reversals of impairment losses of ¥772 million for buildings and ¥2 million for machinery and equipment, tools, fixtures and fittings. These reversals of impairment losses are included in other income in the consolidated statement of profit or loss. They are included in adjusted items for adjusted operating profit which is not included in each segment income.

(4) Goodwill impairment test

For the CGUs to which goodwill has been allocated, we perform goodwill impairment tests at certain times each fiscal year, and whenever there are indications of impairment.

Of the goodwill allocated to each CGU, the following are the most important.

(Millions of yen)

At March 31	2024	2025
FTS (Central Europe)*1	¥14,954	¥14,849
FAL (Australia)*2	20,987	18,706
GKS*3	24,652	25,512

*1. Fujitsu Technology Solutions (Holding) B.V. (FTS) recognizes goodwill that consists primarily of the goodwill related to the product support business acquired from Siemens Business Services GmbH in April 2006.
The target business region of FTS is Europe. Because the Group has adopted a business management structure based on country and region, it allocates goodwill to CGUs in six countries or regions. The six CGUs include Central Europe, comprising Germany, Switzerland, and Austria, along with five units that include the Netherlands, Belgium and Luxembourg, France, Spain and Portugal, and Poland (the "Other Countries and Regions").

(Millions of yen)

At March 31	2024	2025
FTS		
Central Europe	¥14,954	¥14,849
Other Countries and Regions	4,015	3,890

*2. The Company's overseas consolidated subsidiary, Fujitsu Australia Limited (hereinafter "FAL"), recognizes goodwill primarily related to KAZ Group Pty Ltd, an IT services company acquired from Telstra Corporation in April 2009, and Enable Professional Services Pty Ltd, an IT consulting services company acquired in August 2022.
The target business region of FAL is Oceania, and because it has adopted a business management structure based on country, it allocates goodwill to two CGUs: Australia and New Zealand. FAL has changed its CGUs from the current fiscal year. Comparative information for the previous fiscal year reflects this change.

(Millions of yen)

At March 31	2024	2025
FAL		
Australia	¥20,987	¥18,706
New Zealand	579	547

*3. Goodwill related to GK Software SE(GKS) acquired through a public takeover offer in May 2023.

The recoverable amount is measured based on the value in use.

The values in use were calculated by discounting projected cash flows based on a three- or four-year medium-term management plan and growth rate for subsequent periods incorporating future uncertainties to the present value. The recoverable amount for the year ended March 31, 2025, was well above the carrying amount of the CGU respectively. The medium-term management plan is prepared to reflect the management's judgments for future forecasts and past data, using internal and external data.

The growth rate is determined by considering the long-term average growth rate of the market or country to which the CGU belongs. The discount rate is calculated based on a pre-tax weighted average capital cost of the CGU.

The growth and discount rate used to calculate the recoverable amount of the CGU are as follows:

	2024		2025	
	Growth rate	Discount rate	Growth rate	Discount rate
FTS (Central Europe)	0.5%	9.5%	0.5%	9.4%
FAL (Australia)	2.5%	9.4%	2.5%	9.6%
GKS	2.0%	9.7%	1.5%	8.9%

As far as the growth rate, the discount rate and the expansion of services in the market used in calculating the recoverable amount change within a reasonable range, the recoverable amount is well above the carrying amount of the respective CGU, and the likelihood is considered remote that a significant impairment loss shall be recognized.

28. Employee Expenses

(Millions of yen)

Years ended March 31	2024	2025
Salaries and bonuses	¥ 985,404	¥ 982,977
Retirement benefit cost	55,663	58,525
Legal welfare expenses and others	218,144	228,237
Total	¥1,259,211	¥1,269,739

Note: Legal welfare expenses and others for the year ended March 31, 2024, include a portion of personnel expenses for business restructuring and business model transformation expenses, which amounted to ¥114,718 million.
Legal welfare expenses and others for the year ended March 31, 2025, include a portion of personnel expenses for expanding the Self-Produce Support System for executives in indirect departments and accompanying the support for part of applicable employees including employees in direct departments in building their careers outside the Group, which amounted to ¥38,563 million.

29. Financial Income and Financial Expenses

Financial income

(Millions of yen)

Years ended March 31	2024	2025
Interest income	¥ 4,863	¥ 6,185
Dividend income	4,027	3,503
Foreign exchange gains, net	741	–
Others	2,293	1,877
Total	¥11,924	¥11,565

Financial expenses

(Millions of yen)

Years ended March 31	2024	2025
Interest expense	¥5,042	¥ 7,710
Foreign exchange losses, net	–	545
Others	1,742	3,202
Total	¥6,784	¥11,457

Interest income principally arose from financial assets and liabilities measured at amortized cost, and dividend income principally arose from financial assets measured at fair value through other comprehensive income. Interest expense principally arose from financial liabilities measured at amortized cost and lease liabilities. Interest expense on lease liabilities for the years ended March 31, 2024 and 2025, was ¥2,088 million and ¥2,334 million, respectively.

30. Discontinued Operations

(1) Overview of discontinued operations

The Company classified the operations of its consolidated subsidiaries that are the constituent companies of the Device Solutions segment, including (a) SHINKO ELECTRIC INDUSTRIES CO., LTD. (hereinafter "SHINKO"), (b) FDK Corporation (hereinafter "FDK"), (c) Fujitsu Optical Components Limited (hereinafter "Fujitsu Optical Components") and their subsidiaries to discontinued operations from the current fiscal year due to the following reasons: Accordingly, the profit of the Device Solutions Segment was classified as profit from discontinued operations, differentiating from that of continuing operations.

(a) On December 12, 2023, the Company entered into an agreement with JICC-04 Ltd. (hereinafter "Tender Offeror") to implement the tender offer (hereinafter the "Tender Offer") for the common stock shares of SHINKO (the "Shares of SHINKO") by the Tender Offeror and transfer the Shares of SHINKO held by the Company. The Tender Offer ended on March 18, 2025 and was successfully completed as the total number of share certificates, etc. tendered to the Tender Offer exceeded the minimum limits of the planned number of shares to be purchased. Fujitsu's Shares of SHINKO were completed with the transfer on June 11, 2025, through SHINKO' share repurchase. Details are as per Note "7. Business combinations, etc.: 2 Transfer concerning shares in a consolidated subsidiary (SHINKO ELECTRIC INDUSTRIES CO., LTD.)."

(b) The Company concluded the agreement with SILITECH TECHNOLOGY CORPORATION (the "Tender Offeror") to accept the tender offer (the "Tender Offer") for common shares of FDK ("FDK Shares") by the Tender Offeror on February 12, 2025, and tendered all of FDK Shares held by the Company. The Tender Offer ended on March 13, 2025 and was successfully completed as the total number of share certificates, etc. tendered to the Tender Offer exceeded the minimum limits of the planned number of shares to be purchased. Accordingly, part of FDK Shares held by the Company were transferred on March 21, 2025, and the Company excluded FDK from the scope of consolidation and the scope of the equity method of the Company. Details are as per Note "7. Business combinations, etc.: 1. Transfer concerning shares in a consolidated subsidiary (FDK Corporation)."

(c) The Company concluded the agreement with Furukawa Electric Co., Ltd. ("Furukawa Electric") that all of the common shares of Fujitsu Optical Components Limited, held by the Company ("Shares of Fujitsu Optical Components"), be transferred to Furukawa Electric on December 12, 2024. The transfer of Shares of Fujitsu Optical Components was completed on April 1, 2025.

(2) Profit or loss from discontinued operations

Years ended March 31	2024	2025
Discontinued Operations		
Revenue	¥ 279,074	¥ 285,858
Cost of sales and operating expenses	(268,140)	(255,039)
Operating profit	10,934	30,819
Financial income (expenses)	1,636	(1,361)
Profit for the year from discontinued operations before income taxes	12,570	29,458
Income tax expenses	(4,037)	(6,907)
Profit for the year from discontinued operations	¥ 8,533	¥ 22,551

(3) Profit for the year attributable to

Years ended March 31	2024	2025
Owners of the parent		
Profit for the year from continuing operations	¥255,449	¥207,010
Profit for the year from discontinued operations	(971)	12,797
Total	254,478	219,807
Non-controlling interests		
Profit for the year from continuing operations	2,698	2,565
Profit for the year from discontinued operations	9,504	9,754
Total	¥12,202	¥12,319

(4) Cash flows discontinued operations

Years ended March 31	2024	2025
Cash flows from operating activities	¥ 41,954	¥ 53,816
Cash flows from investing activities	(75,194)	(52,801)
Cash flows from financing activities	(954)	(4,098)
Total	¥(34,194)	¥ (3,083)

31. Earnings per Share

Calculation bases for basic earnings per share and diluted earnings per share

(1) Basic earnings per share

Years ended March 31	2024	2025
Profit for the year attributable to ordinary equity holders of the parent (Millions of yen)		
Continuing operations	¥255,449	¥207,010
Discontinued operations	(971)	12,797
Total	¥254,478	¥219,807
Weighted average number of ordinary shares—basic (Thousands of shares)	1,876,873	1,817,621
Basic earnings per share (Yen)		
Continuing operations	¥136.11	¥113.89
Discontinued operations	(0.52)	7.04
Total	¥135.59	¥120.93

(2) Diluted earnings per share

Years ended March 31	2024	2025
Profit for the year attributable to ordinary equity holders of the parent (Millions of yen)		
Continuing operations	¥255,449	¥207,010
Discontinued operations	(971)	12,797
Total	¥254,478	¥219,807
Profit used to calculate diluted earnings per share (Millions of yen)		
Continuing operations	¥255,449	¥207,010
Discontinued operations	(971)	12,797
Total	¥254,478	¥219,807
Weighted average number of ordinary shares—basic (Thousands of shares)	1,876,873	1,817,621
Adjustment by conditional issuable shares (Thousands of shares)	3,376	4,062
Weighted average number of ordinary shares—diluted (Thousands of shares)	1,880,249	1,821,683
Diluted earnings per share (Yen)		
Continuing operations	¥135.86	¥113.64
Discontinued operations	(0.52)	7.02
Total	¥135.34	¥120.66

Note: The Company conducted a 10-for-1 stock split of its common stock effective April 1, 2024. Basic earnings per share and diluted earnings per share are calculated as if the stock split had occurred at the beginning of previous fiscal year.

32. Non-Cash Transactions

	(Millions of yen)	
Years ended March 31	2024	2025
Acquisitions of right-of-use assets	¥ 42,678	¥ 44,013

33. Share-Based Payment

The Company has introduced a performance-based stock compensation plan and a restricted stock-based compensation plan for executive directors, external directors, executive officers, and employees who hold positions above a certain level of responsibility in the Company and at certain subsidiaries (hereinafter "Eligible Recipients"). In doing so, the Company intends to provide the Eligible Recipients with a medium- to long-term incentive for improving corporate value, also will endeavor to further management from a shareholder's perspective.

(1) Performance-based stock compensation plan

The Company grants Eligible Recipients a base number of stock units in accordance with their position and responsibilities, a performance evaluation period (three years), and performance targets (revenue and adjusted operating profit, etc.). The number of stock units is calculated by multiplying the base number of stock units by a coefficient corresponding with the level of performance target achievement for each fiscal year. At the end of the performance evaluation period, the total number of shares for each Eligible Recipient is calculated, with one stock unit corresponding to one share. A portion of the total number of shares is paid in cash in consideration of the tax liabilities likely to be incurred by the Eligible Recipients owing to the payment of this compensation, while the remainder is allocated in shares of the Company.

The performance-based stock compensation plan is accounted for as an equity-settled share-based payment. The base number of stock units granted during the period and the weighted average of the fair value at grant date (weighted average fair value) are as follows.

Years ended March 31	2024	2025
Base number of stock units granted during the period (Thousands of units)	2,377	2,923
Weighted average fair value (Yen)	¥1,796	¥2,484

Note: The Company conducted a 10-for-1 stock split of its common stock effective April 1, 2024. The base number of stock units and weighted average fair value are calculated as if the stock split had occurred at the beginning of the previous fiscal year.

(2) Restricted stock-based compensation plan

For each fiscal year, the Company sets in advance a number of stock units according to the Eligible Recipient's position. At the end of the period of continuous service (three years), the number of shares for each Eligible Recipient is calculated, with one stock unit corresponding to one share. A portion of the number of shares is paid in cash in consideration of the tax liabilities likely to be incurred by the Eligible Recipients owing to the payment of this compensation, while the remainder is allocated in shares of the Company.

The restricted stock-based compensation plan is accounted for as an equity-settled share-based payment. The number of stock units granted during the period and the fair value at grant date are as follows.

Years ended March 31	2024	2025
Number of stock units granted during the period (Thousands of units)	10	14
Weighted average fair value (Yen)	¥1,860	¥2,512

Note: The Company conducted a 10-for-1 stock split of its common stock effective April 1, 2024. The number of stock units and weighted average fair value are calculated as if the stock split had occurred at the beginning of the previous fiscal year.

(3) Expenses arising from share-based payments

Expenses arising from share-based payments are recorded under selling, general and administrative expenses in the consolidated statement of profit or loss, and are as follows.

(Millions of yen)

Years ended March 31	2024	2025
Performance-based stock compensation plan	¥2,109	¥4,325
Restricted stock-based compensation plan	6	12
Total	¥2,115	¥4,337

34. Financial Instruments

(1) Capital management

The fundamental principles of the Group's capital management are to provide a stable return to shareholders while a portion of retained earnings is used by the Company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance.
In order to improve profitability and efficiency of invested capital for businesses, the Group places importance on operating profit margin and EPS (earnings per share) as management indicators.

(2) Risk management

The Group carries out its financial activities in accordance with the "Fujitsu Group Treasury Policy" and primarily obtains funds through bank borrowings and the issuance of corporate bonds based on funding requirements of its business activities. After the adequate liquidity for its business activities has been ensured, the Group invests temporary excess funds in financial assets with low risk. The Group utilizes derivative transactions only for hedging purposes and not for speculative or trading purposes.

Trade receivables and contract assets are exposed to customer credit risk. Additionally, some trade receivables from exports of products are denominated in foreign currencies and are exposed to exchange rate fluctuation risk. Other financial assets are composed primarily of the certificates of deposit held for fund management and the shares issued by customers or other parties for the purpose of maintaining and strengthening business relationships. Shares are exposed to market price fluctuation risk and financial risk of the company invested.

The Group also loans to business partners and other parties.

Trade payables and other payables are generally payable within one year. Some trade payables from imports of components are denominated in foreign currencies and are exposed to exchange rate fluctuation risk. Borrowings and corporate bonds are mainly for the purpose of obtaining working capital and preparing capital expenditures. Because some of these have floating interest rates, they are exposed to interest rate fluctuation risk.

(a) Credit risk

The Group strives to mitigate collection risk in accordance with credit management standards and procedures in selling goods and services. A unit independent from the sales units assesses the credit standing of customers and manages collection dates and the balance outstanding for each customer to ensure smooth collection of trade receivables. Regarding loan receivables, the Group periodically assesses a debtor's financial condition and reviews the terms of the loan if needed.

The counterparties to derivative transactions are selected considering their credit risk.

The maximum amount of credit risk at March 31, 2025, equals the book value of financial assets on the consolidated statement of financial position that are exposed to credit risk.

Credit risk exposure of trade accounts receivables is as follows.

(Millions of yen)

			Overdue amounts					
At March 31	Total	Within due date	Total	Within 30 days	31 to 60 days	61 to 90 days	91 to 180 days	Over 180 days
2024	¥926,157	¥890,785	¥35,372	¥20,856	¥5,480	¥2,023	¥2,440	¥4,573
2025	895,800	867,357	28,443	16,543	4,253	1,369	2,330	3,948

The balances of allowance for doubtful accounts corresponding to trade accounts receivables at March 31, 2024 and 2025, are ¥3,169 million and ¥2,948 million, respectively.

Impairment is accounted for using the allowance for doubtful accounts, not directly reducing the carrying amount of financial assets.

Changes in the allowance for doubtful accounts are presented below.

(Millions of yen)

	Current assets	Non-current assets	Total
Balance at April 1, 2023	¥ 3,125	¥ 778	¥ 3,903
Additional provisions made during the year	1,213	698	1,912
Amounts used during the year	(793)	(66)	(859)
Unused amounts reversed during the year	(712)	(536)	(1,248)
Exchange differences on translation and others	335	–	335
Balance at March 31, 2024	3,169	874	4,043
Additional provisions made during the year	891	94	985
Amounts used during the year	(271)	(198)	(469)
Unused amounts reversed during the year	(808)	(83)	(891)
Exchange differences on translation and others	(33)	–	(33)
Balance at March 31, 2025	¥ 2,948	¥ 687	¥ 3,635

(b) Liquidity risk

The Group prepares a cash flow projection and monitors its funding requirements. The Group also strives to diversify its sources of financing in order to reduce liquidity risk.

Contractual maturity analysis of financial liabilities is presented below.

The Group classifies financial liabilities that mature within one year as current liabilities.

(Millions of yen)

At March 31	Carrying amount	Contractual cash flow	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
2024								
Non-derivative financial liabilities								
Borrowings	¥ 96,789	¥ 96,789	¥ 94,160	¥ 1,335	¥ 504	¥ 500	¥ 92	¥ 197
Lease liabilities	148,888	173,881	43,905	31,276	21,736	16,314	13,141	47,509
Derivative financial liabilities	1,619	1,619	1,519	100	–	–	–	–
2025								
Non-derivative financial liabilities								
Borrowings	¥108,744	¥108,744	¥108,322	¥ 289	¥ 20	¥ 21	¥ 21	¥ 70
Lease liabilities	138,348	159,719	40,493	32,025	20,718	15,587	11,833	39,063
Derivative financial liabilities	1,155	1,155	1,155	–	–	–	–	–

(c) Market risk

The Group utilizes foreign exchange forward contracts in respect of trade receivables and trade payables denominated in foreign currencies to mitigate the exchange rate fluctuation risk that is monitored by each currency respectively, currency swap contracts to mitigate the foreign currency exchange rate fluctuation risk of cash flows denominated in foreign currencies, and interest swap contracts in respect of borrowings and corporate bonds to mitigate interest rate fluctuation risk.

For the shares issued by customers or other parties, the Group regularly monitors their fair values and financial conditions of the issuers and reviews its investment on a regular basis, taking into account its relationship with the counterparties.

The Group enters into derivative transactions based on regulations established by the Company. Based on policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions, records them, and confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of the transactions undertaken and changes in the transaction balance to the CFO and the head of the accounting department.

(i) Foreign currency sensitivity analysis

The following table represents the Group's sensitivity analysis for foreign currency risk exposures. The analysis shows the hypothetical impact on profit before income taxes in the consolidated statement of profit or loss that would result from a 1% appreciation of the Japanese yen against the US dollar for the recurring positions at the end of the year. The analysis calculated the impact on US dollar denominated assets and liabilities, and is based on the assumption that other factors such as the outstanding balance and interest rates are held constant.

		(Millions of yen)
Years ended March 31	2024	2025
Impact on profit before income taxes	¥(185)	¥264

(ii) Interest rate sensitivity analysis

The following table represents the hypothetical impact on the Group's profit before income taxes that is attributable to financial instruments which are exposed to the risk of fluctuations in interest rates in the case where the interest rate increases by 0.1%. The analysis is based on the assumption that all other variable factors, specifically foreign currency rates, are held constant.

		(Millions of yen)
Years ended March 31	2024	2025
Impact on profit before income taxes	¥42	¥60

(3) Hedge accounting

(a) Objective for derivative transactions

Derivative transactions consist primarily of exchange forward contracts for the purpose of hedging exchange rate fluctuation risk related to trade receivables and trade liabilities, currency swap contracts for the purpose of hedging exchange rate fluctuation risk related to foreign currency denominated cash flow, and interest swap contracts for the purpose of hedging interest rate fluctuation risk related to borrowings and corporate bonds.

(b) Policies for derivative transactions

The Group utilizes derivative transactions only for hedging purposes and not for speculative or trading purposes. Derivative transactions that increase market risk cannot be entered into. In addition, credit risks are considered in choosing a counterparty. Therefore, the Group recognizes that market risk and credit risk for derivative transactions are de minimis.

(c) Risk management structure for derivative transactions

The Group enters into derivative transactions based on regulations established by the Company. Based on policies approved by the Chief Financial Officer (CFO), the finance division undertakes particular transactions, records them, and confirms the balance of transactions with counterparties. In addition, the finance division reports on the content of the transactions undertaken and changes in the transaction balance to the CFO and the head of the accounting department.

(d) Accounting treatment for derivative transactions

Derivatives are measured at fair value and any changes in the fair value are recognized in profit or loss. However, regarding cash flow hedges, if they satisfy the required conditions for hedge accounting, a gain or loss arising from any changes in the fair value of hedging instruments is deferred until the gain or loss arising from the hedged item is recognized in profit or loss.

(e) The fair value of derivative transactions for which hedge accounting is applied

Cash flow hedges

	(Millions of yen)	
At March 31	2024	2025
Currency: Forward foreign exchange transaction		
Sell (US dollar)	¥(1,584)	¥–
Total	¥(1,584)	¥–

(4) Fair value of financial instruments

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for assets or liabilities, either directly or indirectly.
- Level 3 inputs are unobservable inputs for assets or liabilities.

(a) Financial assets and liabilities measured at fair value

(i) Measurement method of fair value for financial assets and liabilities

Derivatives

The fair value is based on the prices provided by financial institutions and other appropriate valuation techniques based on information available.

Equity securities

If a quoted price in an active market is available, the fair value is based on the quoted price. If a quoted price in an active market is not available, the fair value is estimated based on discounted future cash flow or other appropriate valuation method.

Bonds (financial assets)

If a quoted price in an active market is available, the fair value is based on the quoted price. If a quoted price in an active market is not available, the fair value is estimated by an appropriate valuation method based on prices provided by transacting financial institutions.

(ii) Fair value hierarchy and comparison between carrying amount and fair value

(Millions of yen)

		Fair value			
At March 31	Carrying amount	Total	Level 1	Level 2	Level 3
2024					
Assets					
Financial assets measured at fair value through profit or loss					
Derivatives	¥ 826	¥ 826	¥ –	¥ 826	¥ –
Bonds	6,149	6,149	–	–	6,149
Equity securities	11,507	11,507	2,367	–	9,141
Financial assets measured at fair value through other comprehensive income					
Equity securities	120,992	120,992	52,590	–	68,402
Total	¥139,475	¥139,475	¥54,957	¥ 826	¥83,692
Liabilities					
Financial liabilities measured at fair value through profit or loss					
Derivatives	¥ 1,619	¥ 1,619	¥ –	¥1,619	¥ –
Total	¥ 1,619	¥ 1,619	¥ –	¥1,619	¥ –
2025					
Assets					
Financial assets measured at fair value through profit or loss					
Derivatives	¥ 1,070	¥ 1,070	¥ –	¥1,070	¥ –
Bonds	12,243	12,243	–	–	12,243
Equity securities	8,685	8,685	2,164	–	6,521
Financial assets measured at fair value through other comprehensive income					
Equity securities	100,437	100,437	32,225	–	68,212
Total	¥122,435	¥122,435	¥34,389	¥1,070	¥86,976
Liabilities					
Financial liabilities measured at fair value through profit or loss					
Derivatives	¥ 1,155	¥ 1,155	¥ –	¥1,155	¥ –
Total	¥ 1,155	¥ 1,155	¥ –	¥1,155	¥ –

(iii) Reconciliation between the beginning and ending balance of financial assets measured at fair value using Level 3 inputs

	(Millions of yen)
	Carrying amount
Balance at April 1, 2023	¥ 86,884
Subtotal (gains and losses)	
Profit or loss	(318)
Other comprehensive income	2,094
Purchases	1,332
Sales	(6,102)
Settlements	(1,467)
Others	1,269
Balance at March 31, 2024	¥ 83,692
Subtotal (gains and losses)	
Profit or loss	(2,257)
Other comprehensive income	1,238
Purchases	19,827
Sales	(11,719)
Settlements	(3,000)
Others	(806)
Balance at March 31, 2025	¥ 86,976

Gains and losses recognized in profit or loss are included in financial income or financial expenses in the consolidated statement of profit or loss. Gains and losses recognized in other comprehensive income are included in financial assets at fair value through other comprehensive income in the consolidated statement of comprehensive income.

(b) Financial assets and liabilities measured at amortized cost

(i) Measurement method of fair value for financial assets and liabilities

Bonds (financial assets)

If a quoted price in an active market is available, the fair value is based on the quoted price. If a quoted price in an active market is not available, the fair value is estimated by an appropriate valuation method based on prices provided by transacting financial institutions.

Bonds (financial liabilities)

The fair value of bonds that have a market price is based on the market price. The fair value of bonds for which there is no market price is calculated by discounting the sum of future principal and interest payments to the present value at a rate taking into account the remaining term and the credit risk of bonds.

Long-term borrowings (non-current liabilities)

The fair value of long-term borrowings is calculated by discounting the sum of future principal and interest payments to the present value at the rate expected for another loan with the same conditions at the end of the year.

(ii) Fair value hierarchy and comparison between carrying amount and fair value

(Millions of yen)

		Fair value			
At March 31	Carrying amount	Total	Level 1	Level 2	Level 3
2024					
Assets					
Financial assets measured at amortized cost					
Bonds	¥ 361	¥ 361	¥–	¥ –	¥361
Total	¥ 361	¥ 361	¥–	¥ –	¥361
Liabilities					
Financial liabilities measured at amortized cost					
Long-term borrowings (non-current)	¥2,628	¥2,628	¥–	¥2,628	¥ –
Total	¥2,628	¥2,628	¥–	¥2,628	¥ –
2025					
Assets					
Financial assets measured at amortized cost					
Bonds	¥ 359	¥ 359	¥–	¥ –	¥359
Total	¥ 359	¥ 359	¥–	¥ –	¥359
Liabilities					
Financial liabilities measured at amortized cost					
Long-term borrowings (non-current)	¥ 422	¥ 422	¥–	¥ 422	¥ –
Total	¥ 422	¥ 422	¥–	¥ 422	¥ –

The disclosure for the current portion of financial assets and liabilities measured at amortized cost is omitted in this note because the carrying amount is a reasonable approximation of its fair value.

"Cash and cash equivalents," "Trade receivables," and "Other receivables" are classified as financial assets measured at amortized cost, which are included within current assets. "Trade payables" and "Other payables" are classified as financial liabilities measured at amortized cost, which are included within current liabilities.

Financial assets measured at fair value and financial assets measured at amortized cost mainly comprise "Other investments."

35. Leases

The Group's lease transactions primarily comprise lease agreements for offices.

(1) Breakdown of carrying amount of right-of-use assets included in property, plant and equipment

(Millions of yen)

At March 31	2024	2025
Land	¥ 1,034	¥ 1,085
Buildings	102,392	97,620
Machinery and equipment, tools, fixtures and fittings	22,471	19,274
Total	¥125,897	¥117,979

The total cost for acquisitions of right-of-use assets was ¥42,678 million and ¥44,013 million for the years ended March 31, 2024 and 2025, respectively.

(2) Maturity analysis of lease liabilities

(Millions of yen)

At March 31, 2024	Carrying amount	Contractual cash flow	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Lease liabilities	¥148,888	¥173,881	¥43,905	¥31,276	¥21,736	¥16,314	¥13,141	¥47,509

(Millions of yen)

At March 31, 2025	Carrying amount	Contractual cash flow	Within 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Lease liabilities	¥138,348	¥159,719	¥40,493	¥32,025	¥20,718	¥15,587	¥11,833	¥39,063

(3) Breakdown of lease-related expenses

(Millions of yen)

Years ended March 31	2024	2025
Depreciation of right-of-use assets included in property, plant and equipment		
Buildings	¥36,094	¥30,898
Machinery and equipment, tools, fixtures and fittings	11,620	10,086
Total	¥47,714	¥40,984
Interest expense on leases	¥ 2,088	¥ 2,334

(4) Cash outflows

(Millions of yen)

Years ended March 31	2024	2025
Total cash outflows from lease transactions	¥52,609	¥46,307

(5) Leases not yet commenced to which the lessee is committed

There are no amounts not included in the measurement of lease liabilities for which use has not yet commenced despite lease contracts already being concluded, both at the end of the previous fiscal year and the current fiscal year.

36. Related Parties

(1) Related-party transactions

Year ended March 31, 2024

(Millions of yen)

Class of company	Name	Relationship with related parties	Details of the transaction	Transaction amount	Balance
Associate	Fujitsu Client Computing Limited	Manufacturing of PCs included in system business sold by the Group	Purchases and PC manufacturing	¥197,077	¥45,219

Year ended March 31, 2025

(Millions of yen)

Class of company	Name	Relationship with related parties	Details of the transaction	Transaction amount	Balance
Associate	Fujitsu Client Computing Limited	Manufacturing of PCs included in system business sold by the Group	Purchases and PC manufacturing	¥170,656	¥34,872

Note: Transactions listed above generally have terms of business based on arm's length.

(2) Key management personnel compensation

(Millions of yen)

Years ended March 31	2024	2025
Base compensation	¥431	¥ 544
Bonuses	125	222
Performance-based stock compensation	411	705
Restricted stock units	12	26
Total	¥979	¥1,499

37. Collateral

(1) Collateral assets

(Millions of yen)

At March 31	2024	2025
Intangible assets	¥451	¥550
Total	¥451	¥550

(2) Secured debts

(Millions of yen)

At March 31	2024	2025
Provision	¥1,770	¥1,190
Total	¥1,770	¥1,190

38. Commitments

(Millions of yen)

At March 31	2024	2025
Purchase agreements for property, plant and equipment and intangible assets	¥56,981	¥16,676

39. Contingencies

(Millions of yen)

At March 31	2024	2025
Contingent liabilities for guarantee contracts	¥127	¥–
(Guaranteed debts)		
Bank loans of subsidiaries	125	–
Employees' housing loans	2	–

In addition, Fujitsu Services Ltd., the Company's consolidated subsidiary, is responding to the U.K. statutory public inquiry regarding an accounting system for the U.K. Post Office. Based on the findings of the inquiry, we will take appropriate measures with the U.K. government, but it is difficult to predict the impact of this matter on the consolidated financial statements at this time.

40. Events after the Reporting Period

1. Purchase of treasury shares

At the Board of Directors' meeting held on April 24, 2025, the Company resolved to purchase treasury shares pursuant to the provisions of Article 459, paragraph (1) of the Companies Act and its articles of incorporation, as follows.

(1) Reason for purchase of treasury shares

The purchase is made with consideration for the current fiscal year's results, and profit and cash flow growth projected for the subsequent fiscal year, and as a result of a comprehensive review of the business environment, financial status, and improvement of capital efficiency.

(2) Details concerning the purchase

• Type of shares to be purchased:	Common stock
• Total number of shares to be purchased:	Up to 120 million shares (6.75% of total shares issued, excluding treasury shares)
• Aggregate purchase value:	Up to ¥170 billion
• Purchase period:	From May 1, 2025 to March 31, 2026
• Purchase method:	Purchase by means of market trades on the Tokyo Stock Exchange (including purchases by means of market trades based on a discretionary investment contract with securities firms and through share purchases outside of trading hours (ToSTNeT-3)

Note: There is also the possibility that a portion or all of the purchases 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.

2. Transfer concerning shares in a consolidated subsidiary (SHINKO ELECTRIC INDUSTRIES CO., LTD.)

The description is omitted because the same information is provided in Note "7. Business Combinations, etc. 2. Transfer concerning shares in a consolidated subsidiary (SHINKO ELECTRIC INDUSTRIES CO., LTD.)."

3. Completion of the tender offer to shares in an affiliated company (Fujitsu General Limited)

The description is omitted because the same information is provided in Note "7. Business Combinations, etc. 3. Completion of the tender offer to shares in an affiliated company (Fujitsu General Limited)."