FUJITSU

Financial Section 2026

For the year ended March 31, 2026

Fujitsu Group
Integrated Report 2026

Contents

FIVE-YEAR SUMMARY

Fujitsu Limited and Consolidated Subsidiaries

(Millions of yen)

	IFRS				
Years ended / At March 31	2022	2023	2024	2025	**2026**
Revenue	¥3,586,839	¥3,713,767	¥3,476,985	¥3,550,116	**¥3,502,971**
Operating profit	219,201	335,614	149,326	265,089	**348,329**
Profit before income taxes from continuing operations	239,986	371,876	165,610	273,445	**409,034**
Profit for the year	213,141	244,865	266,680	232,126	**454,636**
Profit for the year attributable to owners of the parent	182,691	215,182	254,478	219,807	**449,408**
Total comprehensive income for the year	263,094	219,344	332,127	244,950	**516,509**
Total comprehensive income attributable to owners of the parent	231,311	188,329	317,878	231,816	**510,953**
Total equity	¥1,715,749	¥1,736,823	¥1,918,834	¥1,902,067	**¥2,044,587**
Total assets	3,331,809	3,265,579	3,514,818	3,497,808	**3,399,745**
Equity per share attributable to owners of the parent (Yen)	¥ 8,094.70	¥ 842.54	¥ 952.76	¥ 979.53	**¥ 1,167.25**
Basic earnings per share (Yen)	924.21	110.76	135.59	120.93	**254.83**
Diluted earnings per share (Yen)	922.97	110.54	135.34	120.66	**254.05**
Total equity attributable to owners of the parent	¥1,590,713	¥1,586,835	¥1,752,393	¥1,740,965	**¥2,024,915**
Equity attributable to owners of the parent ratio	47.7%	48.6%	49.9%	49.8%	**59.6%**
Return on equity attributable to owners of the parent (ROE)	12.0%	13.5%	15.2%	12.6%	**23.9%**
Price earnings ratio	19.93	16.10	18.36	24.40	**12.45**
Cash flows from operating activities	¥ 248,347	¥ 220,329	¥ 309,221	¥ 303,882	**¥ 338,130**
Cash flows from investing activities	(59,267)	(42,809)	(157,239)	(89,176)	**144,491**
Cash flows from financing activities	(193,685)	(313,585)	(181,488)	(240,454)	**(379,748)**
Cash and cash equivalents	484,020	355,901	342,139	320,099	**450,366**
Number of employees	124,216	124,055	123,527	112,743	**99,203**
Average number of temporary personnel	12,674	11,738	12,873	12,092	**8,405**

Notes: 1. The Company has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

2. Average number of temporary personnel includes contracted employees, part-time workers, and others but excludes temporary staff provided by agencies.

3. The Company conducted a 10-for-1 stock split of its common stock effective April 1, 2024.
Equity per share attributable to owners of the parent and basic earnings per share and diluted earnings per share have been calculated on the basis that the stock split had been conducted at the beginning of fiscal 2023.
Please note that the share price as of the end of the fiscal year ended March 31, 2024, is the ex-rights share price associated with this stock split. Accordingly, the price earnings ratio for the fiscal year ended March 31, 2024, has been calculated by dividing the ex-rights share price by basic earnings per share adjusted for the stock split.

4. In fiscal 2025, Fujitsu Limited has classified the Device Solutions segment, primarily composed of SHINKO ELECTRIC INDUSTRIES CO., LTD. and FDK CORPORATION, as discontinued operations. This classification has been maintained in fiscal 2026. As a consequence of this classification, the reported revenue, operating profit, and profit before income taxes from fiscal 2024 to 2026 reflect only the continuing operations, excluding the discontinued operations. For details regarding discontinued operations, please refer to Note “30. Discontinued Operations.”

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

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

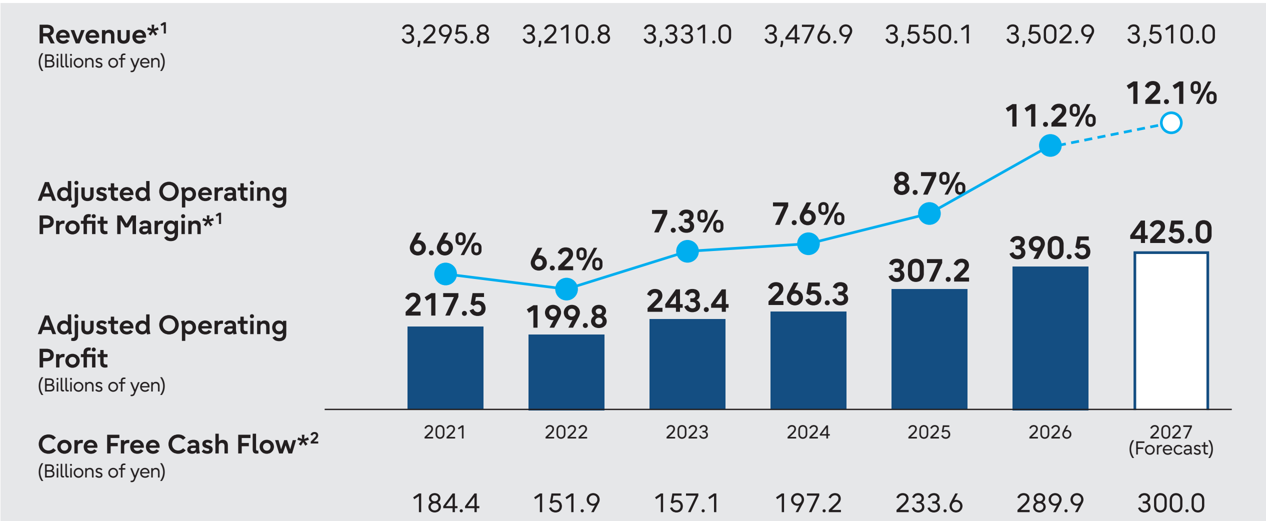
The following section, Management's Discussion and Analysis of Operations, provides an overview of the operating results, financial position, and status of cash flows of the Company and its consolidated subsidiaries and equity-method associates (together, the "Group"), along with management's assessment, analysis, and discussion of the status of the Group's operations. Forward-looking statements in this section are based on judgments as of the end of the fiscal year under review (March 31, 2026).

1. Review of the Medium-Term Management Plan

Over the six-year period from fiscal 2021 to fiscal 2026, the Company steadily enhanced its earnings power each year by shifting its business portfolio to focus on highly profitable Service Solutions, strengthening its management foundation including human capital, and advancing efforts toward the standardization, enhanced efficiency, and automation of processes related to system development and delivery. As a result of these efforts, adjusted operating profit margin increased from 6.6% in fiscal 2021 to 11.2% in fiscal 2026. Core free cash flow also rose steadily, bolstering the Company's financial foundation for future growth investments moving forward.

(1) Trends in consolidated business performance

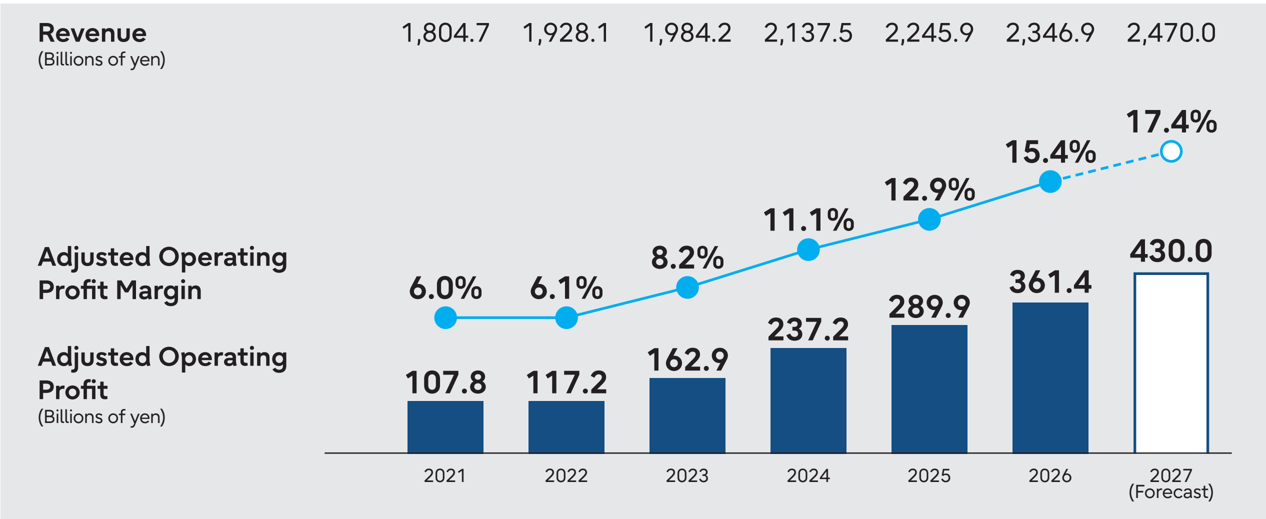
Fiscal year ended March 31



*1 Revenue and adjusted operating profit exclude Device Solutions, which has been classified as a discontinued operation. Adjusted operating profit is an indicator which represents an actual profit from core business calculated by excluding profits from business restructurings, structural reforms, acquisitions or divestitures and one-off profits from changes in regulations.
*2 Ordinary free cash flow, excluding one-time cash inflows or outflows from activities such as business restructurings, structural reforms, and acquisitions or divestitures.

(2) Trends in Service Solutions performance

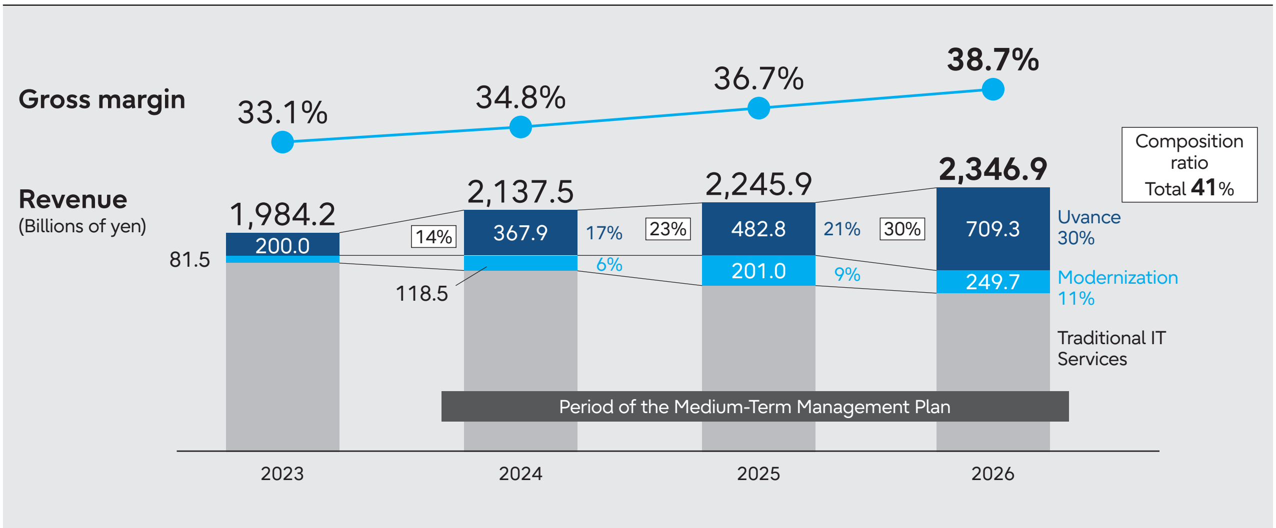
Fiscal year ended March 31



In the key business of Service Solutions, the Company worked to expand its business scale and improve profitability. As a result, adjusted operating profit margin in the business more than doubled from 6.0% in fiscal 2021 to 15.4% in fiscal 2026. The Company set consolidated operating profit margin of over 10% company-wide and a margin of over 15% in the Service Solutions segment as key milestones necessary to realize its vision for 2030 to be "a technology company that realizes net positive through digital services." Having achieved these milestones, the Company believes it is well positioned to pursue further growth.

(3) Efforts to transform the portfolio of the Service Solutions segment and improve profitability

Fiscal year ended March 31



The major growth drivers in the Service Solutions segment are the Uvance and modernization businesses. The revenue of these two businesses combined was ¥281.5 billion in fiscal 2023 and grew to ¥959.0 billion in fiscal 2026. This amount accounts for 41% of overall revenue in Service Solutions. The Company is moving away from the traditional man-hour based business revenue structure of system integration, where compensation is determined by the number of engineers and the duration of work. Uvance and modernization play a central role to this transformation, aiming to achieve a revenue structure based on the value and outcome to our customers. Furthermore, the gross margin of the Service Solutions segment in fiscal 2026 was 38.7%, once again improving two percentage points from the previous fiscal year. In addition to our ongoing efforts to standardize and automate delivery, we are also expanding the application of generative AI across delivery processes. We believe that by continuing these efforts, the sustainability of profitability improvement in a sustainable manner moving forward. Also, our value-based pricing strategy and initiatives to optimize our talent portfolio have been key drivers of improved profitability.

(4) Business transformations and transfers of non-core businesses

In the previous fiscal year, the Company spun off the server and storage business to establish Fsas Technologies Inc. Following this, in July 2025 we established 1FINITY Inc., a new company that took over our Network Products business, which includes photonics and mobile systems. By consolidating into 1FINITY the various functions of the Network Products business, which are currently dispersed across the Group and include research and development, manufacturing, sales, deployment support, and maintenance and operations, we aim to accelerate the speed of management decision-making and bolster global competitiveness.

The transfer of shares of SHINKO ELECTRIC INDUSTRIES CO., LTD. resulting from our response to SHINKO ELECTRIC INDUSTRIES CO., LTD.'s acquisition of its own shares was completed on June 11, 2025, following the completion of the tender offer in March 2025. The transfer of shares of Fujitsu Optical Components Limited to Furukawa Electric Co., Ltd. was completed on April 1, 2025. Taken together with FDK CORPORATION, for which the transfer of shares was completed in the previous fiscal year, all businesses that belonged to the Device Solutions segment have now been carved out and the segment itself is now classified as a discontinued operation. After the completion of the tender offer for Fujitsu General Limited, an equity-method associate, in May 2025, we completed the sale of all shares held in Fujitsu General on August 22, 2025 through the acquisition of treasury stock by Fujitsu General. As a result, shares in Fujitsu General held by the Company declined from 44.02% to 0%, and the financial results of Fujitsu General are no longer included in the Company's earnings from equity-method affiliates.

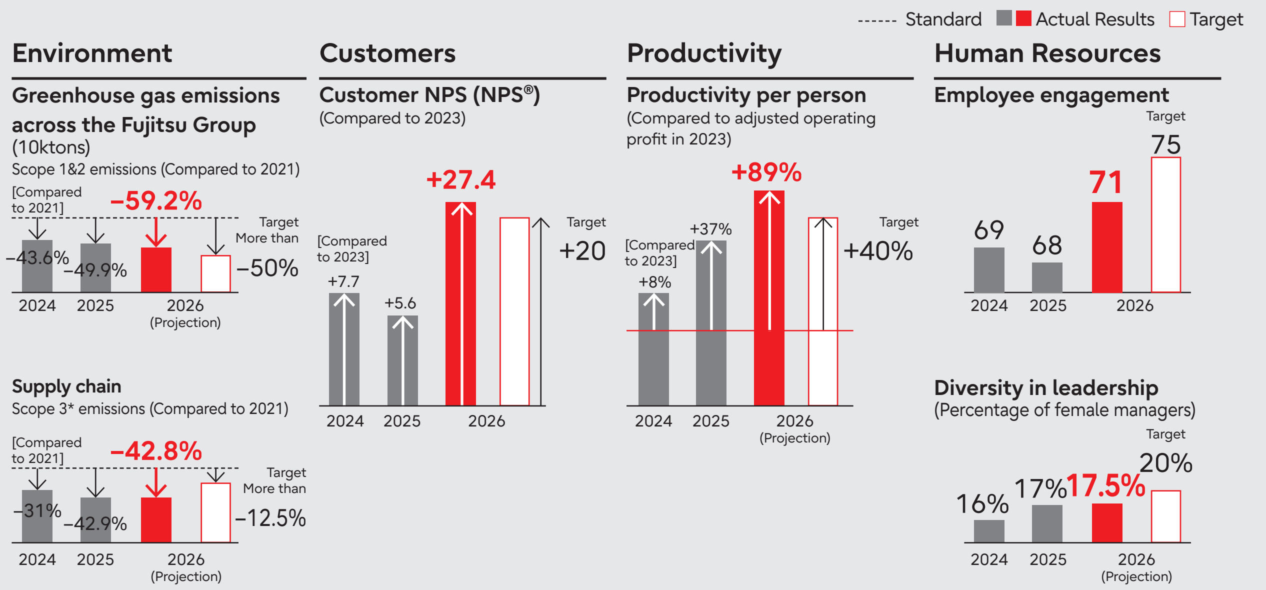
(5) Progress on non-financial indicators

Initiatives toward non-financial domains up to fiscal 2026

The Group has set and is working to achieve key performance indicators (KPIs) for fiscal 2026 in four non-financial categories: the environment, customers, productivity, and people. Our KPIs for the environment are to reduce our greenhouse gas (GHG) emissions. Compared with fiscal 2021, we expect to achieve a 59.2% reduction in Scope 1 and 2 emissions on a group-wide basis, and a 42.8% reduction in Scope 3 emissions across our supply chain. For customers, we are targeting a 20-point increase in the Customer Net Promoter Score (NPS®)*1 compared with fiscal 2023. In fiscal 2026, we achieved an increase of 27.4 points. Our productivity KPI is adjusted operating profit per employee, and we are targeting a 40% increase compared with fiscal 2023. For fiscal 2026, we project an increase of 89%. For people, we are aiming to achieve a global employee engagement score*2 of 75. Guided by this aim, we have been pursuing a broad range of initiatives based on the results of company-wide engagement surveys. In fiscal 2026, our engagement score was 71, representing a two-point increase from fiscal 2023. In addition, as an indicator for diversity, we aim to increase the percentage of female managers at the global level from 15% in fiscal 2023 to 20% in fiscal 2026. We project the percentage of female managers to be 17.5% for fiscal 2026. Accordingly, we do not expect to achieve either of our targets in the people category. Also, we continued to advance quantitative analysis in fiscal 2026, following fiscal 2025, on how non-financial initiatives contribute to financial aspects.

Trends in non-financial indicators

Fiscal year ended March 31



Note: Device Solutions is excluded from non-financial indicators.
* Scope 3 emissions refer only to Category 11 (CO_2 emissions generated from power consumption when the product is used).

*1 Customer Net Promoter Score (NPS®): An indicator that enables objective assessment of trust-based relationships with customers, equating to customer loyalty

Note: Net Promoter, Net Promoter System, Net Promoter Score, NPS, and the images and symbols used in connection with NPS are registered trademarks or service marks of Bain & Company, Inc., Fred Reichheld, and NICE Systems, Inc.

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

(6) Initiatives toward non-financial domains from fiscal 2027 onward

Fiscal year ended March 31

The Group has once again established non-financial management indicators in the four non-financial categories of the environment, customers, productivity, and people. As shown in the diagram below, we have set KPIs for fiscal 2027 and will make concerted efforts toward their achievement.

Environment

GHG emissions
(Compared to 2021)

Scope 1,2
A reduction of more than
60%

Scope 3
(All category)
A reduction of more than
25.2%

Customers

Customer NPS®
Net Promoter Score
(Compared to 2026)
+5

Productivity

Productivity per person
–
(Annual reporting)

Human Resources

Employee engagement*
75

Diversity in leadership
(Ratio of female executives)
20%

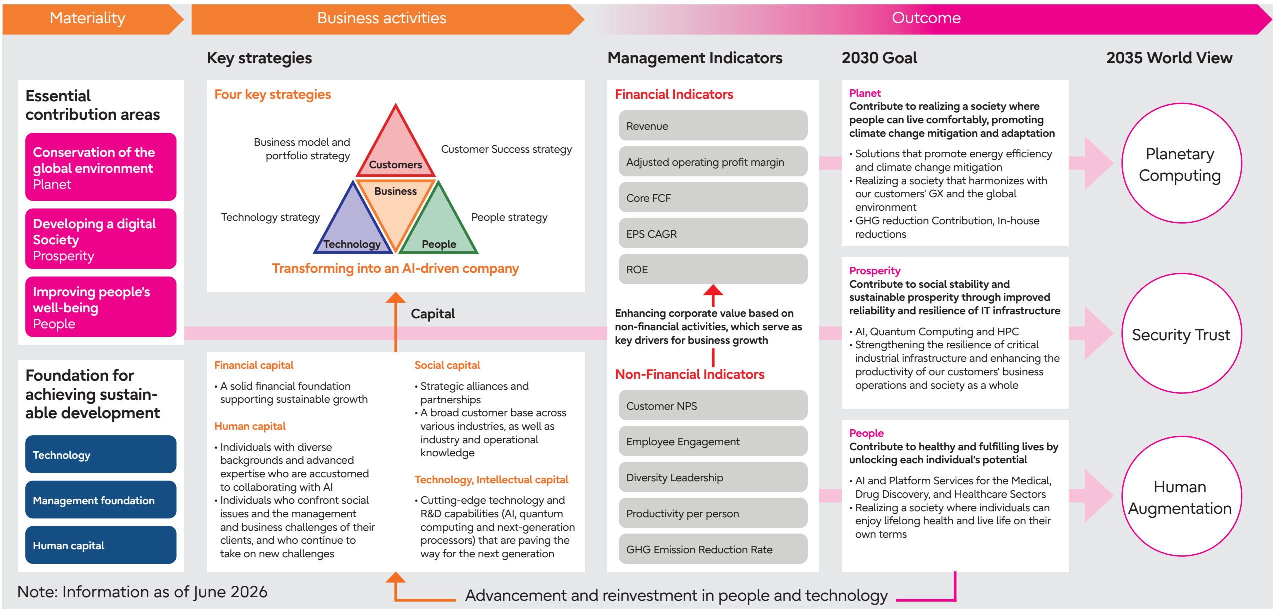
* The employee engagement score is targeted at 75 or higher over the medium to long term.

(7) Fujitsu's value creation story

Value creation model

Note: This model is based on information available as of June 2026 and is subject to change.

Our Purpose To make the world more sustainable by building trust in society through innovation
Vision for 2030 Being a technology company that realizes net positive through digital services



Note: Information as of June 2026

To achieve sustainable corporate value enhancement, we have established a value creation model designed to generate social and economic value in an integrated manner, leveraging our long-cultivated strengths and the intangible capital that underpins them (human capital, technology and intellectual capital, and social and relationship capital). Under this model, we have identified material issues to be resolved in order to achieve sustainable growth, taking into account business activities including key strategies to be executed in the near term. These material issues were identified in consideration of the world we aim for in 2035 and our vision for 2030, which we have formulated in the Medium-Term Management Plan extending to 2035.

A major characteristic of our value creation model is that it positions non-financial initiatives as drivers that underpin the enhancement of corporate value and structurally organizes their relationship with our financial indicators. Specifically, the model visualizes how employee engagement, DEI indicators, and Customer NPS® are all linked to improvements in productivity, which in turn is connected to revenue growth through greater value provision and the expansion of customer touchpoints. Furthermore, initiatives such as reducing GHG emissions are explicitly presented as outcomes of the fulfillment of our social responsibilities and are thus positioned as critical activities that support sustainable business operations.

We systematically execute investment in intangible capital, including human resource development in alignment with our business strategies, technological R&D promotion, and business partnership creation. At the same time, to ensure that these investments lead to sustainable value creation, we visualize and monitor the outcomes of business activities related to intangible capital based on both financial and non-financial indicators. By doing so, we are steadily reinforcing our foundation for value creation. Based on this value creation model, we aim to achieve a sustainable society and improve corporate value over the medium to long term by simultaneously creating social and economic value and reinvesting in the outcomes of doing so.

Analysis of relationship between financial and non-financial indicators

Through our value creation story (value creation model), we are building growth models that establish non-financial initiatives as key drivers for corporate value enhancement. Furthermore, we have quantitatively and systematically analyzed the impact of non-financial initiatives on financial indicators through a causal relationship analysis. For example, when employees experience a sense of equal opportunity and fulfillment, this fosters independent behavioral change at the individual level and encourages the proactive use of digital tools, leading to improvements in both operational efficiency and work quality. Furthermore, we have confirmed that such changes also contribute to the reinforcement of our pipeline through increased opportunities for dialogue with customers and the enhancement of our value propositions, ultimately driving growth in orders received.

It should be noted, however, that the results that we obtained through our analysis are based on financial and non-financial data taken from certain business segments within the Company and were derived based on certain assumptions. Accordingly, these results do not guarantee universal applicability, nor do they ensure that similar outcomes will be achieved in the future. Going forward, taking into account the progress made in establishing indicators and compiling data, we will continue to rigorously verify the effectiveness of our non-financial initiatives. At the same time, we will further enhance the sophistication of our analysis to better assess specific employee activities, such as reskilling and upskilling and the utilization of AI and digital technologies, that lead to meaningful changes in both the quality and quantity of customer-oriented actions. Additionally, with the aim of enhancing our management practices through the monitoring of non-financial indicators, we will identify specific activities that drive improvement in non-financial indicators and expand the scope of verification of their impact on financial indicators.

2. Operating Results

Summarized Consolidated Statement of Profit or Loss

(Billions of yen)

Years ended March 31	2025	**2026**	YoY change	Change (%)
Continuing operations				
Revenue	3,550.1	**3,502.9**	(47.1)	(1.3)
Cost of sales	(2,382.1)	**(2,256.1)**	126.0	(5.3)
Gross profit	1,167.9	**1,246.8**	78.8	6.8
Selling, general and administrative expenses	(887.1)	**(886.7)**	0.4	0.0
Other income (expenses)	(15.7)	**(11.8)**	3.9	–
Operating profit	265.0	**348.3**	83.2	31.4
Financial income (expenses)	0.1	**10.3**	10.2	–
Income from investments accounted for using the equity method, net	8.2	**50.3**	42.0	510.0
Profit before income taxes from continuing operations	273.4	**409.0**	135.5	49.6
Income tax expenses	(63.8)	**(100.7)**	(36.8)	57.7
Profit for the year from continuing operations	209.5	**308.2**	98.7	47.1
Discontinued operations				
Profit for the year from discontinued operations	22.5	**146.3**	123.7	548.9
Profit for the year attributable to:	232.1	**454.6**	222.5	95.9
Owners of the parent	219.8	**449.4**	229.6	104.5
Non-controlling interests	12.3	**5.2**	(7.0)	(57.6)

Adjusted operating profit and adjusted profit for the year

(Billions of yen)

Years ended March 31	2025	**2026**	YoY change	Change (%)
Operating profit	265.0	**348.3**	83.2	31.4
Adjusted items (excluding adjusted items above)	(42.1)	**(42.2)**	–	–
Adjusted operating profit	307.2	**390.5**	83.3	27.1
Profit for the year attributable to owners of the parent	219.8	**449.4**	229.6	104.5
Adjusted items (excluding adjusted items above)	(21.1)	**151.1**	172.2	–
Adjusted profit for the year*1	240.9	**298.2**	57.3	23.8

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

Reference: Financial Indicators

(Yen)

	2025	**2026**	YoY change
Adjusted operating profit margin	8.7%	**11.2%**	2.5pp.
Adjusted EPS*2	¥132.6	**¥169.1**	27.5%

*2 Adjusted earnings per share

(1) Summary of fiscal 2026 results

Consolidated revenue for fiscal 2026 amounted to ¥3,502.9 billion. In the Company's mainstay Service Solutions segment, revenue increased due to factors such as higher business orders related to Uvance and modernization, particularly in the Japanese market. However, overall revenue declined, reflecting factors such as a pullback from large-scale contracts in the public sector in Hardware Solutions in the previous fiscal year and the completion of demand for OS upgrades in Ubiquitous Solutions. Operating profit for fiscal 2026 amounted to ¥348.3 billion, an increase of ¥83.2 billion from the previous fiscal year. Profit increased significantly due to higher revenue in the Service Solutions segment and as a result of steadily taking steps to enhance the profitability. In addition, income from investments accounted for using the equity method included a gain of ¥40.0 billion from the sale of the shares in Fujitsu General Limited, and profit from discontinued operations included a gain of ¥141.5 billion from the sale of the shares in SHINKO ELECTRIC INDUSTRIES CO., LTD. As a result, net profit attributable to owners of the parent was ¥449.4 billion, rising ¥229.6 billion over the previous fiscal year. After stripping out one-off losses of ¥42.2 billion associated with structural reforms in European and domestic hardware businesses, adjusted operating profit for fiscal 2026 came to ¥390.5 billion, up ¥83.3 billion from the previous year. All segments contributed to the increase. Both net profit attributable to owners of the parent and adjusted operating profit reached record highs for the second consecutive year.

(2) Segment information

Having merged a number of business segments, the Group now has the following three reportable segments based on management structure and the characteristics of products and services: Service Solutions, Hardware Solutions, and Ubiquitous Solutions.

The Service Solutions segment comprises the Global Solutions subsegment, which creates and provides global value-added services centered on Uvance; the Regions (Japan) subsegment, which delivers services to the Japanese market; and the Regions (International) subsegment, which delivers services to overseas markets.

The Hardware Solutions segment consists of the System Products business, which includes servers and storage systems that function as the backbone of ICT, and the Network Products business, which provides communication infrastructure such as mobile phone base stations and optical transmission systems.

The Ubiquitous Solutions segment mainly comprises the Client Computing Devices business, such as PCs.

"Intersegment Elimination/Corporate" records the following items: advanced R&D conducted by Groupwide organizations that do not belong to any of the segments; investment in common business growth including in-house DX investment on a global Group basis; sale and disposal of common assets; and elimination of intersegment revenue.

Revenue (including revenue from intersegment sales) and adjusted operating profit by segment for the fiscal year are as follows.

(Billions of yen)

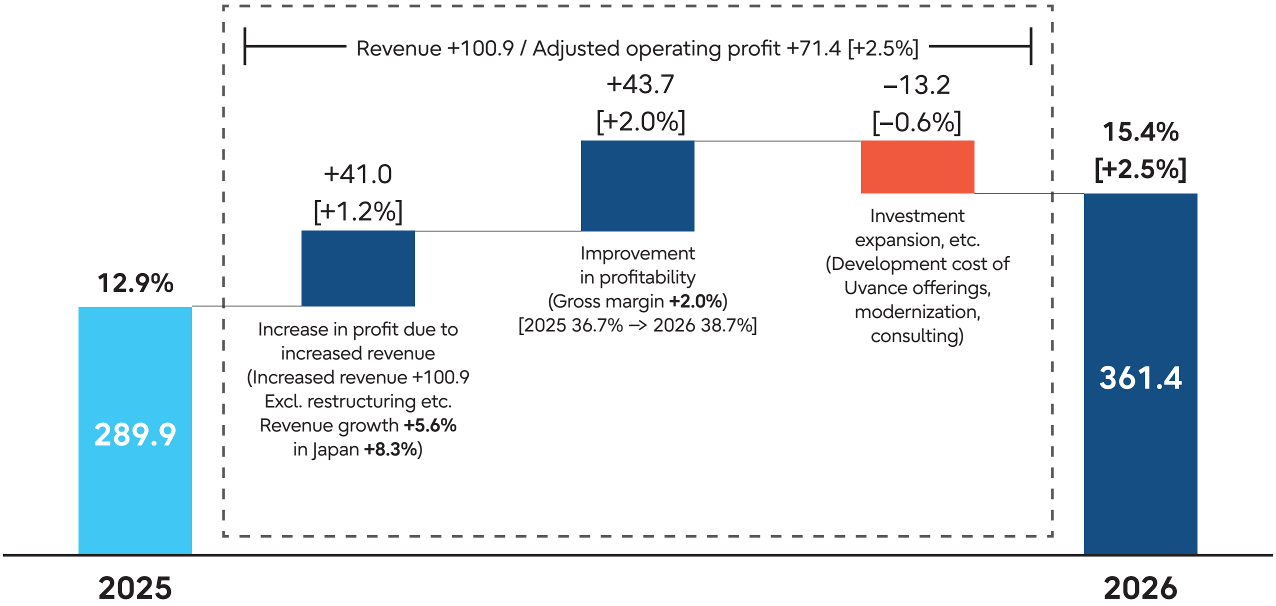
Years ended March 31		2025	**2026**	YoY change	Change (%)
Service Solutions	Revenue	2,245.9	**2,346.9**	100.9	4.5
	Adjusted operating profit	289.9	**361.4**	71.4	24.7
	[Adjusted operating profit margin]	[12.9%]	**[15.4%]**	[2.5pp.]	
Global Solutions	Revenue	511.2	**540.6**	29.3	5.7
	Adjusted operating profit	5.6	**33.3**	27.6	488.7
	[Adjusted operating profit margin]	[1.1%]	**[6.2%]**	[5.1pp.]	
Regions (Japan)	Revenue	1,310.4	**1,366.8**	56.3	4.3
	Adjusted operating profit	260.3	**293.9**	33.6	12.9
	[Adjusted operating profit margin]	[19.9%]	**[21.5%]**	[1.6pp.]	
Regions (International)	Revenue	589.7	**575.2**	(14.5)	(2.5)
	Adjusted operating profit	23.9	**34.1**	10.1	42.4
	[Adjusted operating profit margin]	[4.1%]	**[5.9%]**	[1.8pp.]	
Inter-segment Elimination	Revenue	(165.4)	**(135.6)**	29.7	–
Hardware Solutions	Revenue	1,119.9	**1,009.8**	(110.0)	(9.8)
	Adjusted operating profit	61.3	**67.0**	5.7	9.3
	[Adjusted operating profit margin]	[5.5%]	**[6.6%]**	[1.1pp.]	
System Products	Revenue	938.3	**816.2**	(122.1)	(13.0)
Network Products	Revenue	181.6	**193.6**	12.0	6.6
Ubiquitous Solutions	Revenue	251.7	**229.8**	(21.9)	(8.7)
	Adjusted operating profit	31.3	**38.8**	7.4	23.8
	[Adjusted operating profit margin]	[12.5%]	**[16.9%]**	[4.4pp.]	
Inter-segment Elimination/ Corporate	Revenue	(67.5)	**(83.6)**	(16.0)	–
	Adjusted operating profit	(75.3)	**(76.7)**	(1.3)	–
Consolidated	Revenue	3,550.1	**3,502.9**	(47.1)	(1.3)
	Adjusted operating profit	307.2	**390.5**	83.3	27.1
	[Adjusted operating profit margin]	[8.7%]	**[11.2%]**	[2.5pp.]	

a. Service Solutions

Factors behind change in adjusted operating profit

Fiscal year ended March 31

(Billions of yen)



Both revenue and profit in the Service Solutions segment increased. Fiscal 2026 revenue came to ¥2,346.9 billion, an increase of 4.5% year on year. Major drivers of this growth were the Uvance and modernization businesses. Revenue was up 47% and 24% year on year in the Uvance and modernization businesses, respectively, both exceeding levels forecast in the Medium-Term Management Plan. Adjusted operating profit came to ¥361.4 billion, up 25% over the previous fiscal year. In addition to the benefits of revenue growth, we made steady progress on improving profitability, and this allowed us to achieve adjusted operating profit higher than the record-high level recorded in the previous fiscal year. As for the breakdown of our results, the first factor of note was a positive impact on profits of ¥41.0 billion due to higher revenue, supported by growth of sales in Japan. The second factor was a boost of ¥43.7 billion owing to improved profitability. This improvement resulted from the positive impact of ongoing efforts to standardize and automate development activities and to apply generative AI in the development process. It also resulted from the positive impact of transforming our business portfolio in overseas regions. Accordingly, gross margin once again improved by 2% in fiscal 2026. The third factor was the downward pressure on profits totaling ¥13.2 billion due mainly to the increase in growth investments. We expanded investments in areas directly linked to business growth, such as the development of Uvance offerings, the consolidation of know-how in the modernization business, and the strengthening of consulting capabilities, as well as in cybersecurity measures and other initiatives. These combined factors resulted in a total profit increase of ¥71.4 billion, bringing adjusted operating profit to ¥361.4 billion in fiscal 2026. Adjusted operating profit margin stood at 15.4%, an improvement of 2.5 percentage points over the previous fiscal year.

Orders

Service Solutions orders in Japan increased 2% year on year. Excluding large-scale deals with multi-year contracts and an order value of ¥2.5 billion or more per project, domestic orders grew 8%. There was strong demand throughout the year particularly for projects related to DX. The breakdown of orders by industry is as follows. First, in the private enterprise sector (manufacturing, distribution, and retail), orders were at the same level as the previous fiscal year. Excluding large-scale deals, orders increased 6%. With regard to manufacturing, certain customers scaled back IT spending for system operation and maintenance due to concerns about future uncertainty. Demand related to DX, on the other hand, continued to experience strong growth. We also made progress in expanding our market share, and there was an overall trend of growth throughout the entire year. In finance, orders declined 6% year on year. Excluding impact of large-scale business deals in the previous year, such as core banking system maintenance for megabank customers, orders increased 5% year on year. We were able to increase orders by systematically organizing our offerings aimed at accelerating DX at financial institutions, categorizing them as Uvance for Finance offerings, and by introducing new offerings for both account processing and branch solutions. Orders in the public and healthcare sector were up 5%, and when excluding large-scale deals increased 8%. Orders increased across nearly all areas of the sector, including public agencies, local governments, and the healthcare field.

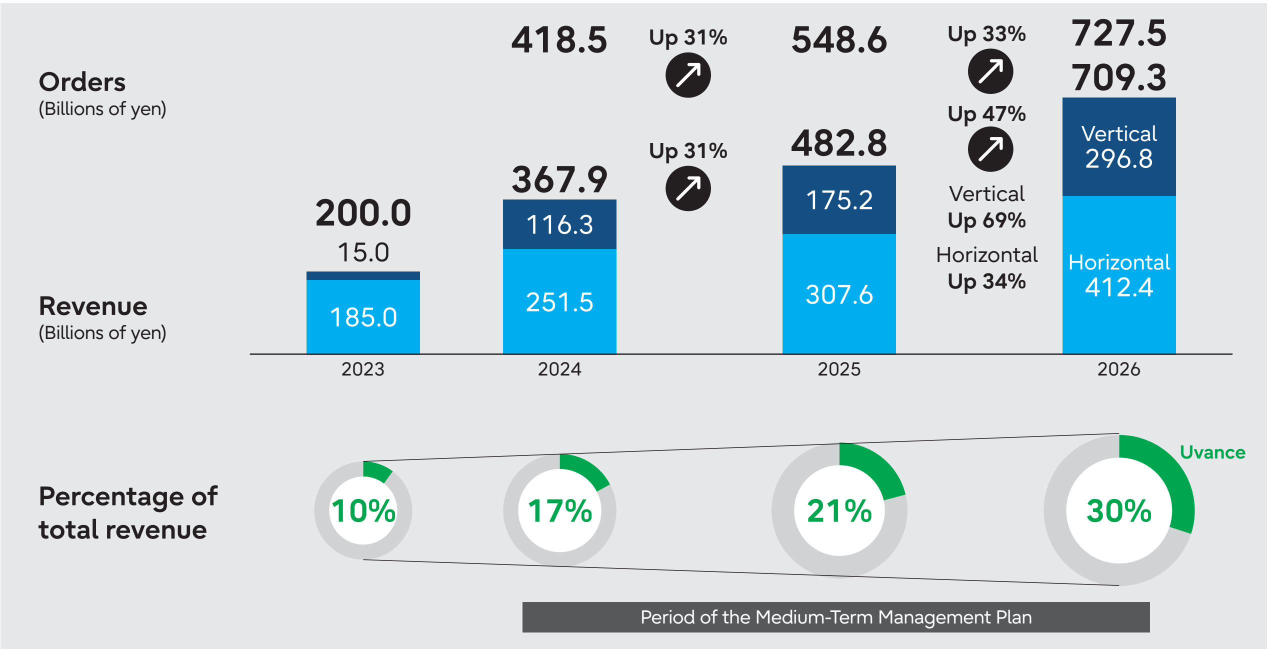
In the mission critical and others sector, orders increased 2%, and were up 13% when excluding large-scale contracts. Orders grew particularly in the field of national security, where we saw robust demand. As a result, overall, business in Japan continued to experience favorable conditions, with particularly strong demand for DX, sustainability transformation (SX), and modernization projects. Going forward, we will continue to propose higher value-added offerings under the guidance of our Uvance Wayfinders consultants, and we will leverage our highly reliable and productive delivery team in order to securely meet demand.

Domestic order backlog in the Service Solutions segment stood at ¥1,127.0 billion at the end of fiscal 2026, up 7% over the previous fiscal year-end. Of this, expected revenue for fiscal 2027 is ¥1,033.0 billion, up 10% from the same period in the previous fiscal year. Given these orders and the condition of our pipeline for expected deals, in fiscal 2027, we are projecting revenue of ¥1,960.0 billion, an increase of 11% from the previous fiscal year. The order backlog coverage ratio, which represents progress, is 53%, a level that is mostly on par with previous years.

Orders from outside Japan for the full year were largely the same as in fiscal 2025, although there were fluctuations in deals in Europe. In the Americas and Asia Pacific regions, orders were down 18% and 7%, respectively, due to the absence of impact of large-scale multi-year business deals made in the previous fiscal year, mainly for public sector projects.

Uvance business

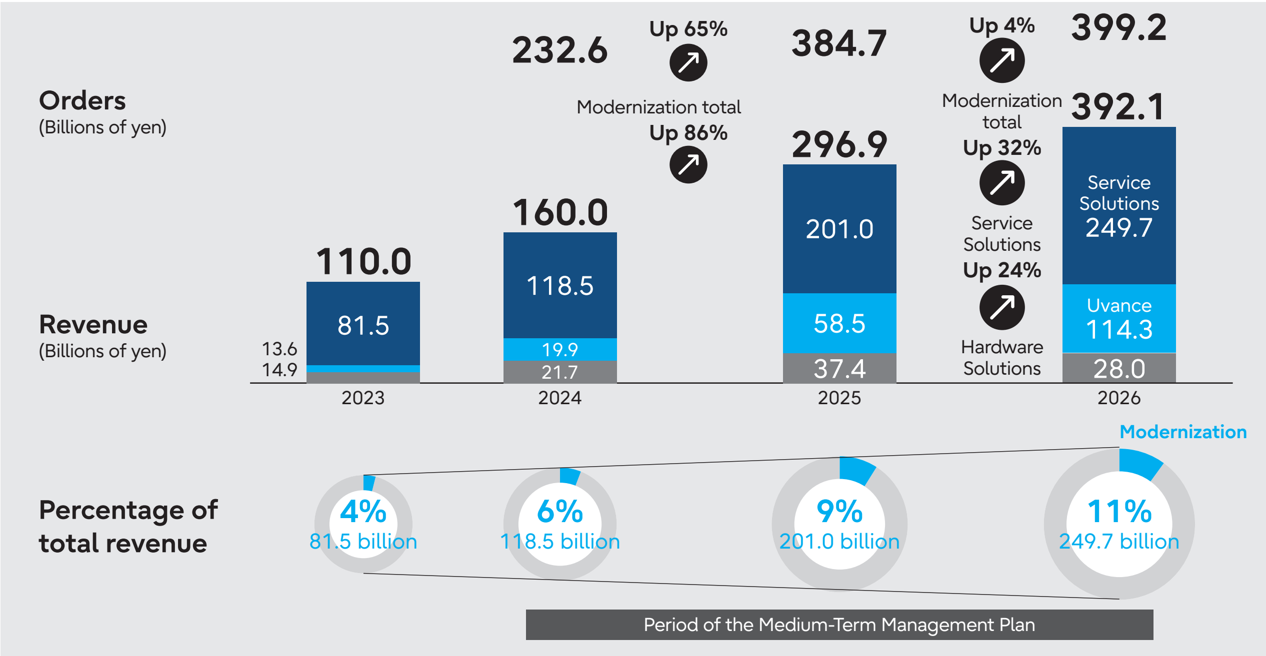
Fiscal year ended March 31



The graphic above shows the progress of orders and revenue for Uvance, which we consider integral to business growth and the transformation of our business portfolio. Orders for fiscal 2026 came to ¥727.5 billion, up 33% year on year, and revenue was ¥709.3 billion, up 47%. Revenue in Vertical areas, mainly data and AI, rose sharply, up 69%, and exceeded our targeted level of ¥700 billion. Within Service Solutions, the ratio of revenue from Uvance increased from 21% in the previous fiscal year to 30%.

Modernization business

Fiscal year ended March 31



In the modernization business, which we position as another growth pillar, orders for fiscal 2026 were ¥399.2 billion, an increase of 4% year on year. Although there were many large-scale multi-year contracts acquired in the previous fiscal year, we were still able to exceed that level even further in fiscal 2026. Fiscal 2026 revenue came to ¥392.1 billion, an increase of 32% year on year. Demand for the modernization business was strong, helping us significantly exceed our target level of ¥330 billion. Excluding the overlap from Uvance, revenue from services was ¥249.7 billion, rising 24% year on year. Within Service Solutions, the ratio of revenue from the modernization business increased to 11%.

Financial information for Regions (International)

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

(Billions of yen)

Years ended March 31		2025	**2026**	YoY change	Change (%)
Europe	Revenue	390.4	**400.9**	10.5	2.7
	Operating profit	16.0	**26.4**	10.4	65.0
	[Operating profit margin]	[4.1%]	**[6.6%]**	[2.5pp.]	
Americas	Revenue	56.9	**52.0**	(4.9)	(8.7)
	Operating profit	3.9	**1.9**	(2.0)	(51.3)
	[Operating profit margin]	[6.9%]	**[3.7%]**	[(3.2pp.)]	
Asia Pacific	Revenue	102.9	**90.9**	(12.0)	(11.7)
	Operating profit	3.6	**4.8**	1.2	33.4
	[Operating profit margin]	[3.5%]	**[5.3%]**	[1.8pp.]	
East Asia	Revenue	37.8	**28.8**	(9.0)	(23.8)
	Operating profit	1.3	**0.9**	(0.3)	(27.1)
	[Operating profit margin]	[3.5%]	**[3.3%]**	[(0.1pp.)]	
Others / Inter-segment Elimination	Revenue	1.4	**2.4**	1.0	–
	Operating profit	(0.9)	**–**	0.9	–
Regions (International)	Revenue	589.7	**575.2**	(14.5)	(2.5)
	Operating profit	23.9	**34.1**	10.1	42.4
	[Operating profit margin]	[4.1%]	**[5.9%]**	[1.8pp.]	

b. Hardware Solutions

Revenue in the Hardware Solutions segment was ¥1,009.8 billion, a decline of 9.8%. Meanwhile, adjusted operating profit came to ¥67.0 billion, up ¥5.7 billion from the previous fiscal year. System Products, which centers on servers and storage systems, was impacted by the absence of large-scale business deals in the public sector, the scaling down of third-party product sales, and the downsizing of small-scale and unprofitable businesses in Asia. Profitability improved as a result of changes to our revenue structure and because the integration of production and sales at Fsas Technologies improved business efficiency. In Network Products, revenue increased by 6.6%. This increase was due in part to recording earlier-than-expected revenue from base stations. The positive effects of higher revenue and progress made on business efficiency improvements at 1FINITY, a new company in the Network Products business, also contributed to higher revenue.

c. Ubiquitous Solutions

Revenue in the Ubiquitous Solutions segment was ¥229.8 billion, a decrease of 8.7% year on year, while adjusted operating profit came to ¥38.8 billion, up ¥7.4 billion. Although demand previously generated from the end of support for Windows 10 essentially wound down, we succeeded in efforts to increase the sales of high value-added products, which led to higher profit.

d. Intersegment Elimination/Corporate

We booked an adjusted operating loss of ¥76.7 billion in this reportable segment, largely the same result the previous fiscal year. We continue to invest in cutting-edge prior research such as AI, quantum computing, and next-generation CPU, as well as strengthening our management foundation through initiatives such as the One Fujitsu Program, which includes the implementation of a global single-instance ERP system, all of which contribute to medium- to long-term business growth.

3. Financial Position

Summarized Consolidated Statement of Financial Position

(Billions of yen)

At March 31	2025	**2026**	YoY change
Assets			
Current assets	2,117.5	**1,942.8**	(174.7)
Non-current assets	1,380.2	**1,456.9**	76.7
Total assets	3,497.8	**3,399.7**	(98.0)
Liabilities			
Current liabilities	1,352.0	**1,110.4**	(241.6)
Non-current liabilities	243.6	**244.6**	1.0
Total liabilities	1,595.7	**1,355.1**	(240.5)
Equity			
Total equity attributable to owners of the parent (Owners' equity)	1,740.9	**2,024.9**	283.9
Equity attributable to non-controlling interests	161.1	**19.6**	(141.4)
Total equity	1,902.0	**2,044.5**	142.5
Total liabilities and equity	3,497.8	**3,399.7**	(98.0)
Interest-bearing loans	247.0	**133.0**	(113.9)
Net interest-bearing loans	11.0	**(317.2)**	(328.2)

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

Consolidated total assets as of March 31, 2026 stood at ¥3,399.7 billion, a decrease of ¥98.0 billion compared with March 31, 2025. Current assets dipped ¥174.7 billion compared with the previous fiscal year-end to ¥1,942.8 billion. This result was mainly attributable to the sale of the shares in SHINKO ELECTRIC INDUSTRIES, which led to a decrease in assets held for sale, while cash increased due to the receipt of proceeds from the share sale.

Total liabilities amounted to ¥1,355.1 billion, a decrease of ¥240.5 billion compared with March 31, 2025. This result was due mainly to a decrease in liabilities following the sale of the shares in SHINKO ELECTRIC INDUSTRIES as well as the absence of the short-term borrowing executed at the previous fiscal year-end to level out shareholder returns year by year. Total equity was ¥2,024.9 billion, an increase of ¥283.9 billion compared with the previous fiscal year-end. Retained earnings increased by ¥449.4 billion, reflecting profit attributable to owners of the parent. Meanwhile, the Company repurchased shares totaling ¥170.0 billion during fiscal 2026 as a shareholder return measure. The Company also canceled treasury stock totaling ¥717.4 billion, including treasury stock acquired in previous fiscal years. Non-controlling interests were ¥19.6 billion, a substantial decrease from the end of the previous fiscal year, following the removal of SHINKO ELECTRIC INDUSTRIES from the scope of consolidation.

4. Cash Flows

Summarized Consolidated Statement of Cash Flows

(Billions of yen)

Years ended March 31	2025	**2026**	YoY change
I Cash flows from operating activities	303.8	**338.1**	34.2
II Cash flows from investing activities	(89.1)	**144.4**	233.6
I+II Free cash flow	214.7	**482.6**	267.9
Adjusted items (excluding adjusted items above)	(18.9)	**192.7**	211.6
Core free cash flow	233.6	**289.9**	56.2
III Cash flows from financing activities	(240.4)	**(379.7)**	(139.2)

(Reference)

(Billions of yen)

Years ended March 31	2025	**2026**	YoY change
Base cash flow	361.7	**684.4**	322.7

Note: Cash flow before growth investments plus lease obligation payments

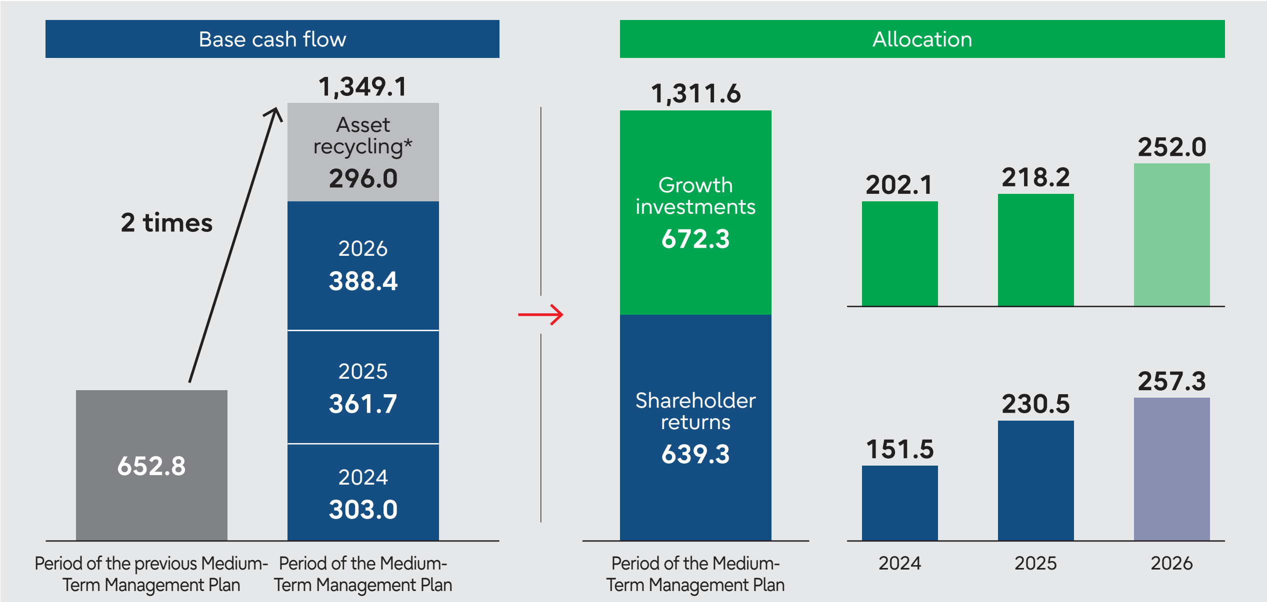
Net cash provided by operating activities for the fiscal year was ¥338.1 billion, an increase in cash inflows of ¥34.2 billion. Net cash provided by (used in) investing activities came to ¥144.4 billion, a turnaround of ¥233.6 billion compared with the previous fiscal year. This result reflects the proceeds from the sale of the shares of SHINKO ELECTRIC INDUSTRIES and Fujitsu General. In terms of outflows, we made Brainpad Inc., which operates data science and digital marketing businesses, a wholly owned subsidiary and invested in Rapidus Corporation, a company that manufactures semiconductors.

Free cash flow, the sum of cash flows from operating and investing activities, was ¥482.6 billion, representing an increase in net cash inflows of ¥267.9 billion over the previous fiscal year. Core free cash flow in fiscal 2026, excluding temporary income and expenses, was ¥289.9 billion, up ¥56.2 billion from fiscal 2025. Net cash used in financing activities was ¥379.7 billion. The Company repaid short-term borrowings and repurchased shares totaling ¥170.0 billion.

Progress of capital allocation

Fiscal year ended March 31

(Billions of yen)



* Asset recycling: Proceeds from sale of a device business and Fujitsu General

Base cash flow over the three-year period of the current Medium-Term Management Plan was positive ¥1,349.1 billion, a two-fold increase compared to the ¥652.8 billion recorded during the period of the previous plan. Base cash flow is cash flow generated from business and the optimization of asset holdings, and is the source of cash for funding growth investments and the distribution of shareholder returns. Over the past three years, a total of ¥672.3 billion was allocated to business growth investments, and ¥639.3 billion was allocated to shareholder returns through share buybacks and dividends. With respect to business growth investments, we invested in a balanced manner across key priority areas. These included the development of Uvance offerings, the consolidation of know-how in the modernization business, the expansion of the consulting business, and the promotion of advanced R&D including quantum computing and the MONAKA processor. Investments also included the bolstering of our management foundation under the One Fujitsu program and the reinforcement of quality and security-related measures, such as the utilization of AI to detect potential issues in advance. Meanwhile, for shareholder returns, we have continued to steadily increase dividends in accordance with profit growth, with consecutive dividend increases since fiscal 2016. We have also flexibly carried out share buybacks with an awareness of improving capital efficiency. In fiscal 2026, we repurchased shares totaling ¥170.0 billion, and have repurchased shares totaling ¥453.1 billion over the course of the current Medium-Term Management Plan. In addition, all treasury stock held as of the end of fiscal 2026 was canceled, except for a portion reserved for stock compensation for officers and employees.

As of March 31, 2026, the Group had cash and cash equivalents of ¥450.3 billion. In addition to ongoing profit growth, we will enhance our cash generation capacity by improving capital efficiency, and aggressively promote growth investments. At the same time, we will enhance the level of shareholder returns from a medium- to long-term perspective. To enable flexible use of leverage in line with growth investment opportunities and to raise funds from global capital markets, the Group has obtained bond ratings from Moody's Investors Service ("Moody's") and Rating and Investment Information, Inc. ("R&I"). As of the submission date of this report, the Company had bond ratings of A3 (long-term) from Moody's and AA– (long-term)/a-1+ (short-term) from R&I.

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

5. Material Accounting Policies and Estimates

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Fujitsu Limited and Consolidated Subsidiaries

(Millions of yen)

At March 31	Notes	2025	2026
Assets			
Current assets			
Cash and cash equivalents	16	¥ 236,079	¥ 450,366
Trade receivables	15	894,877	897,958
Other receivables	15	60,502	59,589
Contract assets	25	196,759	217,679
Inventories	14	205,900	204,090
Others		109,422	113,129
Subtotal		1,703,539	1,942,811
Assets held for sale	17	414,042	–
Total current assets		2,117,581	1,942,811
Non-current assets			
Property, plant and equipment, net of accumulated depreciation	8, 27	368,969	360,881
Goodwill	7, 9, 27	78,328	133,055
Intangible assets	9, 27	229,196	236,404
Investments accounted for using the equity method	11	138,292	84,551
Other investments	12	122,496	157,580
Retirement benefit assets	21	141,472	206,615
Deferred tax assets	13	227,490	205,938
Others		73,984	71,910
Total non-current assets		1,380,227	1,456,934
Total assets		¥3,497,808	¥3,399,745

			(Millions of yen)
At March 31	Notes	2025	2026
Liabilities and equity			
Liabilities			
Current liabilities			
Trade payables	24	¥ 400,932	¥ 385,421
Other payables	24	378,557	374,069
Contract liabilities	25	174,651	179,972
Short-term borrowings, current portion of long-term debt and lease liabilities	20, 22	146,992	42,797
Accrued income taxes		60,221	63,119
Provisions	23	32,742	38,882
Others		41,276	26,203
Subtotal		1,235,371	1,110,463
Liabilities directly associated with assets held for sale	17	116,707	–
Total current liabilities		1,352,078	1,110,463
Non-current liabilities			
Long-term debt and lease liabilities	20, 22	100,100	90,297
Retirement benefit liabilities	21	86,189	92,171
Provisions	23	23,785	30,231
Deferred tax liabilities	13	14,048	15,154
Others		19,541	16,842
Total non-current liabilities		243,663	244,695
Total liabilities		1,595,741	1,355,158
Equity			
Share capital	18	325,638	325,638
Capital surplus	18	221,596	103,611
Treasury stock, at cost	18	(559,726)	(10,827)
Retained earnings	18	1,700,968	1,533,254
Other components of equity	18	52,489	73,239
Total equity attributable to owners of the parent		1,740,965	2,024,915
Non-controlling interests	7, 10	161,102	19,672
Total equity		1,902,067	2,044,587
Total liabilities and equity		¥3,497,808	¥3,399,745

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Fujitsu Limited and Consolidated Subsidiaries

Consolidated Statement of Profit or Loss

(Millions of yen, except per share data)

Years ended March 31	Notes	2025	2026
Continuing operations			
Revenue	6, 25	¥ 3,550,116	¥ 3,502,971
Cost of sales	14	(2,382,138)	(2,256,104)
Gross profit		1,167,978	1,246,867
Selling, general and administrative expenses		(887,146)	(886,714)
Other income	26, 27	50,980	41,129
Other expenses	7, 26, 27	(66,723)	(52,953)
Operating profit		265,089	348,329
Financial income	29	11,565	17,631
Financial expenses	29	(11,457)	(7,242)
Income from investments accounted for using the equity method, net	7, 11	8,248	50,316
Profit before income taxes from continuing operations		273,445	409,034
Income tax expenses	13	(63,870)	(100,737)
Profit for the year from continuing operations		209,575	308,297
Discontinued operations			
Profit for the year from discontinued operations	30	22,551	146,339
Profit for the year		232,126	454,636
Profit for the year attributable to:			
Owners of the parent	30	219,807	449,408
Non-controlling interests	30	12,319	5,228
Total		¥ 232,126	¥ 454,636
Earnings per share			
Basic earnings per share (Yen)	31	¥120.93	¥254.83
Diluted earnings per share (Yen)	31	120.66	254.05
Earnings per share for the year from continuing operations			
Basic earnings per share (Yen)	31	¥113.89	¥173.22
Diluted earnings per share (Yen)	31	113.64	172.69

Consolidated Statement of Comprehensive Income

(Millions of yen)

Years ended March 31	Notes	2025	2026
Profit for the year		¥232,126	¥454,636
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Financial assets measured at fair value through other comprehensive income	18	(1,987)	9,555
Remeasurement of defined benefit plans	18, 21	21,103	37,490
Share of other comprehensive income of investments accounted for using the equity method	18	7	331
		19,123	47,376
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation adjustments	18	(5,565)	19,540
Cash flow hedges	18	138	–
Share of other comprehensive income of investments accounted for using the equity method	18	(872)	(5,043)
		(6,299)	14,497
Total other comprehensive income for the year, net of taxes		12,824	61,873
Total comprehensive income for the year		¥244,950	¥516,509
Total comprehensive income attributable to:			
Owners of the parent		231,816	510,953
Non-controlling interests		13,134	5,556
Total		¥244,950	¥516,509

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Fujitsu Limited and Consolidated Subsidiaries

(Millions of yen)

		Equity attributable to owners of the parent							
	Notes	Share capital	Capital surplus	Treasury stock, at cost	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
Balance at April 1, 2024		¥325,638	¥ 239,856	¥(380,881)	¥1,487,397	¥ 80,383	¥1,752,393	¥ 166,441	¥1,918,834
Profit for the year		–	–	–	219,807	–	219,807	12,319	232,126
Other comprehensive income	18	–	–	–	–	12,009	12,009	815	12,824
Total comprehensive income for the year		–	–	–	219,807	12,009	231,816	13,134	244,950
Purchase of treasury stock	18	–	–	(180,023)	–	–	(180,023)	–	(180,023)
Disposal of treasury stock	18	–	–	1	–	–	1	–	1
Cancellation of treasury stock	18	–	–	–	–	–	–	–	–
Transfer from retained earnings to capital surplus		–	–	–	–	–	–	–	–
Share-based payment transactions	33	–	1,491	1,177	(10)	–	2,658	–	2,658
Dividends paid	19	–	–	–	(49,534)	–	(49,534)	(969)	(50,503)
Transfer to retained earnings		–	–	–	39,874	(39,874)	–	–	–
Acquisition (disposal) of non-controlling interests	10	–	(16,091)	–	–	–	(16,091)	(8,407)	(24,498)
Changes in ownership interests in subsidiaries		–	(3,660)	–	3,685	(25)	–	(9,094)	(9,094)
Others		–	–	–	(251)	(4)	(255)	(3)	(258)
Balance at March 31, 2025		¥325,638	¥ 221,596	¥(559,726)	¥1,700,968	¥ 52,489	¥1,740,965	¥ 161,102	¥1,902,067
Profit for the year		–	–	–	449,408	–	449,408	5,228	454,636
Other comprehensive income	18	–	–	–	–	61,545	61,545	328	61,873
Total comprehensive income for the year		–	–	–	449,408	61,545	510,953	5,556	516,509
Purchase of treasury stock	18	–	–	(170,019)	–	–	(170,019)	–	(170,019)
Disposal of treasury stock	18	–	0	0	–	–	0	–	0
Cancellation of treasury stock	18	–	(717,492)	717,492	–	–	–	–	–
Transfer from retained earnings to capital surplus		–	614,699	–	(614,699)	–	–	–	–
Share-based payment transactions	33	–	2,738	1,426	(105)	–	4,059	–	4,059
Dividends paid	19	–	–	–	(51,469)	–	(51,469)	(1,112)	(52,581)
Transfer to retained earnings		–	–	–	40,288	(40,288)	–	–	–
Acquisition (disposal) of non-controlling interests	10	–	(9,313)	–	–	–	(9,313)	(1,871)	(11,184)
Changes in ownership interests in subsidiaries		–	(9,130)	–	9,135	(5)	–	(144,003)	(144,003)
Others		–	513	–	(272)	(502)	(261)	–	(261)
Balance at March 31, 2026		¥325,638	¥ 103,611	¥ (10,827)	¥1,533,254	¥ 73,239	¥2,024,915	¥ 19,672	¥2,044,587

CONSOLIDATED STATEMENT OF CASH FLOWS

Fujitsu Limited and Consolidated Subsidiaries

		(Millions of yen)	
Years ended March 31	Notes	2025	2026
Cash flows from operating activities			
Profit before taxes from continuing operations		¥273,445	¥409,034
Profit before taxes from discontinued operations		29,458	146,904
Profit for the year before income taxes		302,903	555,938
Depreciation, amortization and impairment loss		160,894	141,227
Increase (decrease) in provisions		(28,560)	6,488
Increase (decrease) in net defined benefit liability		(14,129)	(12,514)
Interest and dividend income		(10,430)	(11,314)
Interest charges		8,077	6,162
Income from investments accounted for using the equity method, net		(8,248)	(50,316)
(Gain) loss on sales of subsidiaries' stock		(16,693)	(142,534)
(Increase) decrease in trade receivables		(61,437)	18,616
(Increase) decrease in contract assets		(43,574)	(26,191)
(Increase) decrease in inventories		49,190	5,792
Increase (decrease) in trade payables		(12,636)	(22,283)
Increase (decrease) in contract liabilities		(1,470)	(1,277)
Other, net		39,630	(43,889)
Cash generated from operations		363,517	423,905
Interest received		6,498	8,525
Dividends received		9,851	10,551
Interest paid		(8,068)	(6,192)
Income taxes paid		(67,916)	(98,659)
Net cash provided by operating activities		303,882	338,130
Cash flows from investing activities			
Purchases of property, plant, equipment, and intangible assets		(160,898)	(108,977)
Proceeds from sale of property, plant, equipment		9,991	30,893
Proceeds from sales and redemption of investment securities		36,873	5,292
Purchase of investment securities		(19,997)	(21,714)
Net proceeds from sale of subsidiaries, equity-method associates and business	7	42,398	298,718
Payments for acquisition of subsidiaries	7	(903)	(45,764)
Other, net		3,360	(13,957)
Net cash provided by (used in) investing activities		(89,176)	144,491
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	22	59,930	(111,161)
Payment of lease obligation	22	(46,307)	(46,585)
Purchase of treasury stock	18	(180,023)	(170,019)
Dividends paid to owners of the parent	19	(49,534)	(51,469)
Acquisition of non-controlling interests		(24,982)	(3,691)
Other, net		462	3,177
Net cash used in financing activities		(240,454)	(379,748)
Net increase (decrease) in cash and cash equivalents		(25,748)	102,873
Cash and cash equivalents at beginning of year		342,139	320,099
Effect of exchange rate changes on cash and cash equivalents		3,708	27,394
Cash and cash equivalents at end of year	16	¥ 320,099	¥ 450,366

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 year ended March 31, 2025. 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 312 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"), as the Company meets the requirements for a "Specified Company Applying Designated IFRS" set forth in Article 1-2, Item 1 of the Ordinance on Consolidated Financial Statements.

The consolidated financial statements were approved on June 26, 2026, 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; and
- 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 PCs, 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 assessment includes consistency with the definition of control, as well as consideration of the following factors: 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:

- Taxable temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination, that do not affect accounting profit or taxable profit and do not give rise to equal taxable and deductible temporary differences at the time of the transaction; and
- Taxable 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 taxable temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable future.

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 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 business plans (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 Standard 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 (Effective from April 1, 2027)	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 statement of profit or loss; • Presentation of management-defined performance measures; 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.

(a) Service Solutions

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

Inter-segment transactions are based on an arm's length price.

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

(Millions of yen)

Years ended March 31	Reportable segments: Service Solutions	Hardware Solutions	Ubiquitous Solutions	Subtotal	Inter-segment Elimination / Corporate	Consolidated
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
2026						
Revenue						
External customers	¥2,314,793	¥ 933,329	¥229,533	¥3,477,655	¥ 25,316	¥3,502,971
Intersegment	32,139	76,528	272	108,939	(108,939)	–
Total revenue	2,346,932	1,009,857	229,805	3,586,594	(83,623)	3,502,971
Adjusted Operating Profit	361,464	67,012	38,825	467,301	(76,712)	390,589
Business restructuring / Business model transformation cost						(36,918)
M&A related expenses						(5,342)
Operating Profit						348,329
Financial income						17,631
Financial expenses						(7,242)
Income from investments accounted for using the equity method, net						50,316
Profit before income taxes from continuing operations						409,034
(Other items)						
Depreciation and amortization	(70,712)	(18,532)	(121)	(89,365)	(40,274)	(129,639)
Capital expenditure (including intangible assets and goodwill)	58,500	20,024	85	78,609	55,459	134,068

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 inter-segment transactions.
2. Adjusted operating profit under "Inter-segment Elimination / Corporate" includes the Group's common expenses, such as advanced R&D for companywide common use not belonging to any segment such as Fujitsu Laboratories and investments in business growth common to the Group such as internal DX 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 costs are one-off expenses necessary for major business restructuring aimed at improving future profitability and avoiding future losses. For details, please refer to Note "26. Other Income and Expenses."
4. M&A-related expenses are 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

(Millions of yen)

Years ended March 31	2025	2026
Japan	¥2,512,827	¥2,541,607
Outside Japan		
Europe	633,244	580,838
Americas	179,552	187,583
Asia Pacific	177,109	152,652
East Asia	42,388	35,096
Others	4,996	5,195
Total	¥3,550,116	¥3,502,971

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)

(Millions of yen)

At March 31	2025	2026
Japan	¥461,342	¥506,127
Outside Japan		
Europe	144,044	149,401
Americas	14,280	17,059
Asia Pacific	53,197	53,340
East Asia	3,606	4,337
Others	24	76
Total	¥676,493	¥730,340

Notes: 1. Non-current assets are classified by country or region based on the location of the Group’s bases.
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 of shares of a consolidated subsidiary (SHINKO ELECTRIC INDUSTRIES CO., LTD.)

On December 12, 2023, the Company concluded an agreement with JICC-04, Ltd. (hereinafter the “Tender Offeror”), regarding the implementation of a tender offer (“Tender Offer”) by the Tender Offeror for the common shares of SHINKO ELECTRIC INDUSTRIES CO., LTD., a consolidated subsidiary of the Company (“SHINKO” and the “Shares of SHINKO”), as well as a transfer of SHINKO shares held by the Company. The Tender Offer ended on March 18, 2025, and, 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. After the completion of the Tender Offer, on June 11, 2025, through the acquisition by SHINKO of its own shares, the Company completed the transfer of its holdings of the Shares of SHINKO. As a result of this series of transactions, the percentage of SHINKO shares held by the Company declined from 50.02% to 0%, and SHINKO was no longer a consolidated subsidiary of the Company.

(1) Reason for the share transfer

This purpose of this share transfer was to accelerate the transformation of the business portfolio in accordance with the "Business Model and Portfolio Strategy" from 2023-2025 Medium-Term Management Plan announced on May 24, 2023. The Company will seek to further enhance corporate value by allocating the cash assets received as consideration for the transfer to investments in growth areas, such as Service Solutions centered on high-margin digital and cloud services, including Uvance, and to shareholder returns.

(2) Impact on consolidated financial results

The Company recorded a gain on sale of the Shares of SHINKO of ¥141,572 million and income tax expense related to this of ¥54 million under profit from discontinued operations in the consolidated statement of profit or loss for the fiscal year ended March 31, 2026.

(3) Description of amounts received from the sale

(Millions of yen)

Item	Amount
Cash	¥285,092
Total	¥285,092

The amount obtained from deducting cash and cash equivalents of ¥84,705 million held by SHINKO from the amount received of ¥285,092 million is included under "Net proceeds from sale of subsidiaries, equity-method associates and businesses" in the consolidated statement of cash flows.

(4) Appropriate carrying amounts of assets and liabilities transferred

(Millions of yen)

Item	Amount
Current assets	¥184,672
Non-current assets	219,529
Total assets	¥404,201
Current liabilities	¥117,813
Non-current liabilities	2,279
Total liabilities	¥120,092

2. Transfer of shares of affiliated company (Fujitsu General Limited)

On January 6, 2025, the Company concluded an agreement with Paloma Rheem Holdings Co., Ltd. (hereinafter the "Tender Offeror") regarding the implementation of a tender offer ("Tender Offer") by the Tender Offeror for the common shares of Fujitsu General Limited, an affiliate of the Company ("Fujitsu General" and the "Shares of Fujitsu General"), as well as a the transfer of Fujitsu General shares held by the Company. The Tender Offer ended on May 28, 2025, and, since the total number of shares tendered in the Tender Offer exceed the minimum number of shares to be purchased, the Tender Offer was successfully completed. After the completion of the Tender Offer, on August 22, 2025, through the acquisition by Fujitsu General of its own shares, the Company completed the transfer of its holdings of the Shares of Fujitsu General. As a result of this series of transactions, the percentage of Fujitsu General shares held by the Company declined from 44.02% to 0%, and Fujitsu General was excluded from the scope of equity-method.

(1) Reason for the share transfer

This purpose of this share transfer was to accelerate the transformation of the business portfolio in accordance with the "Business Model and Portfolio Strategy" from 2023-2025 Medium-Term Management Plan announced on May 24, 2023. The Company will seek to further enhance corporate value by allocating the cash assets received as consideration for the transfer to investments in growth areas, such as Service Solutions centered on high-margin digital and cloud services, including Uvance, and to shareholder returns.

(2) Impact on consolidated financial results

The Company recorded a gain on sale of the Shares of Fujitsu General of ¥40,017 million under income from investments accounted for using the equity method, net in the consolidated statement of profit or loss for the fiscal year ended March 31, 2026.

(3) Description of amounts received from the sale

(Millions of yen)

Item	Amount
Cash	¥92,011
Total	¥92,011

The amount received is included under "Net proceeds from sale of subsidiaries, equity-method associates and businesses" in the consolidated statement of cash flows.

3. Acquisition of BrainPad Inc.

The Company, at its Board of Directors' meeting held on October 30, 2025, resolved to execute a tender offer (hereinafter the "Tender Offer") for BrainPad Inc. ("BrainPad") as prescribed in the Financial Instruments and Exchange Act. Based on this resolution, and as a result of the Tender Offer it implemented, the Company acquired 86.30% of the shares of common stock in BrainPad on December 22, 2025.

(1) Summary of the business combination

(a) Name and business description of the acquired company

Name of the acquired company	BrainPad Inc.
Business description	Professional services and product services to support the improvement of business management through the use of data

(b) Date of business combination

December 22, 2025

(c) Main reason for the business combination

The Company, to achieve sustainable growth, has positioned Uvance at the core of its strategy as a company-wide growth area, and considers the rapidly expanding Data & AI market to be a medium- to long-term growth driver. To ensure its position as a leader in the Data & AI market, the Company has determined that it will be essential to strategically complement and enhance its capabilities through not only its own initiatives but also through forming collaborations with partners with a proven track record.

(d) Methods of acquisition of control over the acquired company

Acquisition of shares through cash tender offer

(2) Consideration for the acquisition and breakdown

(Millions of yen)

Item	Amount
Cash	¥48,829
Total	¥48,829

The acquisition-related expense pertaining to this corporate acquisition totaled ¥624 million. The full amount of this expense was recorded in "Other expenses."

(3) Fair value of acquired assets and assumed liabilities, non-controlling interests, and goodwill at the date of business combination (Note 1)

(Millions of yen)

Item		Amount
Current assets (Note 2)		¥ 5,181
Non-current assets		3,008
Total assets		¥ 8,189
Current liabilities		¥ 2,313
Non-current liabilities		1,087
Total liabilities		¥ 3,400
Net assets	A	¥ 4,789
Non-controlling interests (Note 3)	B	¥ 656
Purchase price (Note 4)	C	¥48,829
Goodwill (Note 5)	C–(A–B)	¥44,696

(Note 1) As of March 31, 2026, the designation of identifiable assets and liabilities and the calculation of a fair value have yet to be completed. Due to the allocation of the acquisition cost being incomplete, the Company has applied a provisional accounting treatment based on the reasonable information currently available.
(Note 2) Current assets include trade receivables and other receivables totaling ¥1,410 million. The total amount of these receivables is equal to their fair value, and no amounts are expected to be uncollectible.
(Note 3) Non-controlling interests are measured by multiplying the fair value of the net assets of the acquired company identifiable as of the date of acquisition by the ownership interest of non-controlling shareholders.
(Note 4) The amount obtained from deducting cash and cash equivalents of ¥3,229 million held by BrainPad from the purchase price of ¥48,829 million is included under "Payments for acquisition of subsidiaries" in the consolidated statement of cash flows.
(Note 5) Goodwill consists primarily of synergies with existing operations and excess earning power expected to result from the acquisition that do not meet individual recognition requirements. No amount is expected to be deductible for tax purposes.

(4) Impact on the Group's financial results

Revenues and earnings generated by the acquired company after the date of the business combination have been omitted as they are not material. In addition, income information is not provided as if the business combination had occurred at the beginning of the period because the impact on the consolidated statement of profit or loss is not material.

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, 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
Additions	2	36,521	38,256	1,897	76,676
Acquisitions through business combinations	–	1,172	47	11	1,230
Depreciation	(127)	(43,048)	(38,907)	–	(82,082)
Impairment losses	(844)	(2,649)	(2,133)	(1,319)	(6,945)
Reversal of impairment losses	–	203	–	–	203
Disposals or reclassifications to assets held for sale	(859)	(7,115)	(2,248)	(174)	(10,397)
Exchange differences on translation	17	6,862	2,937	517	10,333
Others	(3)	2,754	3,248	(3,106)	2,893
Balance at March 31, 2026	¥ 35,672	¥208,427	¥ 98,349	¥ 18,432	¥ 360,881

Cost

(Millions of yen)

	Land	Buildings	Machinery and equipment, tools, fixtures and fittings	Construction in progress	Total
April 1, 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
March 31, 2026	53,237	638,370	450,222	19,757	1,161,587

Accumulated depreciation and accumulated impairment losses

(Millions of yen)

	Land	Buildings	Machinery and equipment, tools, fixtures and fittings	Construction in progress	Total
April 1, 2024	¥18,319	¥516,770	¥722,855	¥ 341	¥1,258,285
March 31, 2025	16,810	410,889	357,453	420	785,572
March 31, 2026	17,565	429,942	351,874	1,325	800,706

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 year ended March 31, 2025 are included in other expenses and profit from discontinued operations in the consolidated statement of profit or loss and for the year ended March 31, 2026 are included in other expenses 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 ¥9,795 million and ¥13,874 million at March 31, 2025 and 2026, 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	2025	2026
Land	–	¥ 127
Buildings	¥30,898	28,552
Machinery and equipment, tools, fixtures and fittings	10,086	9,668
Total	¥40,984	¥38,347

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	2025	2026
Land	¥ 1,085	¥ 100
Buildings	97,620	92,135
Machinery and equipment, tools, fixtures and fittings	19,274	17,622
Total	¥117,979	¥109,857

9. Goodwill and Intangible Assets

Carrying amount

				(Millions of yen)
		Intangible assets		
	Goodwill	Software	Others	Total
Balance at April 1, 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)
Other	(1,293)	2,409	1,011	3,420
Balance at March 31, 2025	78,328	184,873	44,323	229,196
Additions	–	53,355	2,061	55,416
Acquisitions through business combinations	44,696	190	121	311
Amortization	–	(44,706)	(5,663)	(50,369)
Impairment losses	–	(1,041)	(993)	(2,034)
Disposals or reclassifications to assets held for sale	–	(1,882)	(80)	(1,962)
Exchange differences on translation	9,895	1,675	4,995	6,670
Other	136	(192)	(632)	(824)
Balance at March 31, 2026	¥133,055	¥192,272	¥44,132	¥236,404

Cost

				(Millions of yen)
		Intangible assets		
	Goodwill	Software	Others	Total
April 1, 2024	¥88,428	¥286,139	¥91,028	¥377,167
March 31, 2025	87,110	309,873	84,546	394,419
March 31, 2026	141,900	349,547	87,066	436,613

Accumulated amortization and accumulated impairment losses

(Millions of yen)

		Intangible assets		
	Goodwill	Software	Others	Total
April 1, 2024	¥8,223	¥122,549	¥41,213	¥163,762
March 31, 2025	8,782	125,000	40,223	165,223
March 31, 2026	8,845	157,275	42,934	200,209

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 ¥133,731 million at March 31, 2025, and ¥136,514 million at March 31, 2026. Additions from internal development included in the above "Additions" totaled ¥52,269 million and ¥41,047 million at March 31, 2025 and 2026, 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, 2025 are included in other expenses and profit from discontinued operations in the consolidated statement of profit or loss and for the year ended March 31, 2026 are included in other expenses in the consolidated statement of profit or loss.

Research and development expenses for the years ended March 31, 2025 and 2026 are as follows.

(Millions of yen)

Years ended March 31	2025	2026
Research and development expenses	¥101,247	¥137,343

10. Subsidiaries

(1) Major subsidiaries

The Group's consolidated financial statements are prepared with the consolidation of 224 subsidiaries. Major changes for the year ended March 31, 2026, are as follows.

Newly consolidated as a result of acquisitions, formations of new companies or other: 7 companies

Excluded due to liquidation, sale, or other: 47 companies*1

Excluded due to mergers: 7 companies

The major subsidiaries at March 31, 2026, are as follows.

Segments	Name	Country	Ratio of total voting rights (%)
Service Solutions*3	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 Europe Holding B.V.*2	Netherlands	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	100.00
Hardware Solutions	Fsas Technologies Inc.	Japan	100.00
	Fujitsu Frontech Limited	Japan	100.00
	1FINITY Inc.	Japan	100.00
	Fsas Technologies GmbH	Germany	100.00
Ubiquitous Solutions	Fujitsu Personal System Limited	Japan	100.00

Notes: 1. Companies that were excluded due to liquidation or sale included SHINKO ELECTRIC INDUSTRIES CO., LTD. following the completion of the transfer of shares to JICC-04, Ltd. in June 2025.
2. Fujitsu Technology Solutions (Holding) B.V. changed its trade name to Fujitsu Europe Holding B.V. as of October 1, 2025.
3. Fujitsu Services Holdings PLC is not included in the above table as it is currently in liquidation proceedings pursuant to the resolution at a meeting of the Company's Board of Directors held on March 28, 2024.

(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	2025	2026
Impact on capital surplus from equity transactions with non-controlling interests	¥(16,091)	¥(9,313)

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

Summarized financial information of subsidiaries with material non-controlling interests are 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	2025	2026
Profit or loss allocated to non-controlling interests	¥9,470	¥2,414

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

	(Millions of yen)	
At March 31	2025	2026
Proportion of ownership interests held by non-controlling interests	49.98%	–
Accumulated non-controlling interests	¥142,349	–

11. Associates

(1) Major associates

The major associates at March 31, 2026 are as follows.

Name	Country	Ratio of total voting rights (%)	Business description
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 12. For the year ended March 31, 2026, one company was added and three companies were excluded. Of the excluded companies, one was excluded due to the transfer of shares of Fujitsu General Limited (hereinafter "Fujitsu General") held by the Company through the acquisition of treasury stock by Fujitsu General in August 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.

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	2025	2026
JECC Corporation	¥39,779	¥40,510
Rapidus Corporation	–	20,000
Cohere Inc.	7,907	8,807
TSUZUKI DENKI CO., LTD.	5,436	8,323
Toyota Tsusho Corporation	2,529	6,036

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.

(Millions of yen)

Years ended March 31	2025	2026
Fair value	¥32,275	¥4,068
Cumulative gain or loss	27,514	3,829
Dividend income	1,081	27

13. Income Taxes

(1) Deferred tax assets and liabilities

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

(Millions of yen)

At March 31	2025	2026
Deferred tax assets		
Investments in affiliates and other companies	¥174,552	¥ 175,304
Accrued bonuses	35,034	36,327
Lease liabilities	29,600	26,959
Inventories	25,318	24,099
Excess of depreciation and amortization, impairment losses, etc.	15,953	16,441
Accrued enterprise taxes	3,800	4,271
Asset retirement obligation	3,491	4,270
Carryforward of unused tax losses	5,603	3,621
Others	18,271	9,448
Total deferred tax assets	311,622	300,740
Deferred tax liabilities		
Net defined benefit assets*	(31,214)	(42,793)
Right-of-use assets	(29,413)	(24,188)
Financial assets measured at fair value through other comprehensive income	(18,921)	(22,839)
Intangible assets recognized in business combinations	(8,759)	(8,987)
Undistributed profits primarily of subsidiaries outside Japan, etc.	(7,497)	(7,881)
Others	(2,376)	(3,268)
Total deferred tax liabilities	(98,180)	(109,956)
Net deferred tax assets	¥213,442	¥ 190,784

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 ¥10,202 million and ¥10,779 million for the previous fiscal year and the current fiscal year, respectively, in the tax jurisdictions where losses were booked in the previous fiscal year 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. FAL has 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, investment gains were recorded on equity securities held by the Fujitsu Corporate Pension Fund. As a result, deferred tax liabilities related to the surplus of plan 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.

	(Millions of yen)	
At March 31	2025	2026
Deferred tax assets	¥227,490	¥205,938
Deferred tax liabilities	(14,048)	(15,154)

(b) Changes in net deferred tax assets

	(Millions of yen)	
Years ended March 31	2025	2026
Opening balance	¥203,726	¥213,442
Amounts recognized through profit or loss		
Continuing operations	17,820	(3,954)
Discontinued operations	(4,992)	833
Total	12,828	(3,121)
Amounts recognized in other comprehensive income		
Foreign currency translation adjustments	36	(735)
Cash flow hedges	(10)	–
Financial assets measured at fair value through other comprehensive income	8,054	(3,473)
Remeasurements of defined benefit plans	(8,856)	(18,302)
Total	(776)	(22,510)
Reclassifications to assets held for sale	(2,650)	–
Exchange differences on translation and others	314	2,973
Closing balance	¥213,442	¥190,784

(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

	(Millions of yen)	
At March 31	2025	2026
Deductible temporary differences*	¥ 48,479	¥ 47,620
Carryforward of unused tax losses	146,914	175,131
Total	¥195,393	¥222,751

* 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 ¥254,884 million at March 31, 2025 and ¥252,590 million at March 31, 2026.

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

(Millions of yen)

At March 31	2025	2026
1st year	¥ 737	¥ 599
2nd year	849	1,273
3rd year	2,177	1,297
4th year	1,448	1,650
5th year and thereafter	141,703	170,312
Total	¥146,914	¥175,131

(2) Income tax recognized through profit or loss

(Millions of yen)

Years ended March 31	2025	2026
Current tax expense	¥ 81,690	¥ 96,783
Deferred tax expense		
Origination and reversal of temporary differences	(7,289)	(3,025)
Changes in tax rates or the imposition of new taxes*	(4,636)	(114)
Changes in unrecognized deferred tax assets	(5,895)	7,093
Total deferred tax expense	(17,820)	3,954
Total income tax expense	63,870	100,737
Discontinued operations	6,907	565
Total	¥ 70,777	¥101,302

* 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 changed 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 year ended March 31, 2025.

(3) Income tax recognized through other comprehensive income

(Millions of yen)

Years ended March 31	2025	2026
Foreign currency translation adjustments	¥ (36)	¥ 735
Cash flow hedges	10	–
Financial assets measured at fair value through other comprehensive income*	792	4,291
Remeasurements of defined benefit plans	8,856	18,302
Total income tax expense	¥9,622	¥23,328

* The amounts presented above include current tax expense.

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

(%)

Years ended March 31	2025	2026
Applicable tax rate	30.6%	30.6%
Increase and decrease in income tax rate		
Non-deductible tax incomes*	0.0%	(10.6)%
Tax credit	(3.8)%	(3.5)%
Income (loss) from investments accounted for using the equity method, net	(0.8)%	(0.6)%
Revision of tax rate	(1.5)%	0.0%
Non-deductible tax expenses	1.4%	0.4%
Change in unrecognized deferred tax assets	(1.6)%	1.3%
Others	(0.9)%	0.6%
Average effective tax rate	23.4%	18.2%

* In the fiscal year under review, the Company recognized deemed dividends as a result of the transfer of shares of SHINKO ELECTRIC INDUSTRIES CO., LTD. and Fujitsu General Limited.

The Company and its consolidated subsidiaries in Japan are primarily affected by corporation, residents, and business taxes. The applicable tax rate calculated based on these taxes is 30.58%. 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	2025	2026
Finished goods	¥ 79,986	¥ 89,272
Work in progress	50,422	54,654
Raw materials and supplies	75,492	60,164
Total	¥205,900	¥204,090

The amounts of write-downs of inventories recognized as an expense due to a decline in profitability for the years ended March 31, 2025 and 2026 were ¥34,052 million and ¥33,753 million, respectively.

15. Trade Receivables and Other Receivables

(1) Trade receivables

(Millions of yen)

At March 31	2025	2026
Accounts receivable	¥895,800	¥899,088
Others	2,025	1,537
Allowance for doubtful accounts*	(2,948)	(2,667)
Total	¥894,877	¥897,958

* 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	2025	2026
Accounts receivable-other	¥57,654	¥54,643
Others	2,848	4,946
Total	¥60,502	¥59,589

16. Cash and Cash Equivalents

(Millions of yen)

At March 31	2025	2026
Cash and deposits	¥236,079	¥450,366
Cash and cash equivalents on the consolidated statement of financial position	¥236,079	¥450,366

For the year ended March 31, 2025

Cash and cash equivalents at the end of the year on the consolidated statement of cash flows 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	2025	2026
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. The transfer of shares of SHINKO ELECTRIC INDUSTRIES CO., LTD. was completed on June 11, 2025.

The assets held for sale mainly included property, plant and equipment of ¥218,708 million. The liabilities directly associated with 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
2025	5,000,000
2026	5,000,000

(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
2025	2,071,108	¥325,638
Changes during the year*[1]	(331,330)	–
2026	1,739,778	¥325,638

*[1] The change in the number of shares is attributable to the cancellation of treasury stock.

(c) Treasury stock

Ordinary shares

(Units: Thousands of shares, Millions of yen)

At March 31	Number of shares	Amount
2025	293,768	¥ 559,726
Acquisitions*2	43,311	170,019
Disposals	(0)	(0)
Share-based payment transactions	(749)	(1,426)
Cancellation	(331,330)	(717,492)
2026	5,000	¥ 10,827

*2 Primarily, the acquisitions were conducted pursuant to a resolution of the Board of Directors' meeting held on April 24, 2025.

(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

(Millions of yen)

Years ended March 31	2025	2026
Foreign currency translation adjustments		
Opening balance	¥ 30,757	¥ 24,015
Other comprehensive income	(6,742)	14,098
Other	–	–
Closing balance	¥ 24,015	¥ 38,113
Cash flow hedges		
Opening balance	¥ 35	¥ (15)
Other comprehensive income	(51)	85
Other	1	–
Closing balance	¥ (15)	¥ 70
Financial assets measured at fair value through other comprehensive income		
Opening balance	¥ 49,591	¥ 28,489
Other comprehensive income	(1,998)	9,640
Other*[1]	(19,104)	(3,073)
Closing balance	¥ 28,489	¥ 35,056
Remeasurements of defined benefit plans		
Opening balance	¥ –	¥ –
Other comprehensive income	20,800	37,722
Other*[2]	(20,800)	(37,722)
Closing balance	¥ –	¥ –
Total other components of equity		
Opening balance	¥ 80,383	¥ 52,489
Other comprehensive income	12,009	61,545
Other	(39,903)	(40,795)
Closing balance	¥ 52,489	¥ 73,239

*[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.

*[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

(Millions of yen)

Years ended March 31	2025	2026
Foreign currency translation adjustments	¥443	¥314
Cash flow hedges	51	–
Financial assets measured at fair value through other comprehensive income	(8)	–
Remeasurements of defined benefit plans	329	14
Other comprehensive income	¥815	¥328

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

(Millions of yen)

Years ended March 31	2025	2026
Foreign currency translation adjustments		
Gains (losses) during the year	¥ (3,822)	¥ 21,994
Reclassification to profit or loss	(1,779)	(1,719)
Amount before related income tax expense	(5,601)	20,275
Income tax expense	36	(735)
Amount after related income tax expense	¥ (5,565)	¥ 19,540
Cash flow hedges		
Gains (losses) during the year	¥ (482)	–
Reclassification to profit or loss	630	–
Amount before related income tax expense	148	–
Income tax expense	(10)	–
Amount after related income tax expense	¥ 138	–
Financial assets measured at fair value through other comprehensive income		
Gains (losses) during the year	¥ (1,195)	¥ 13,846
Amount before related income tax expense	(1,195)	13,846
Income tax expense	(792)	(4,291)
Amount after related income tax expense	¥ (1,987)	¥ 9,555
Remeasurements of defined benefit plans		
Gains (losses) during the year	¥ 29,959	¥ 55,792
Amount before related income tax expense	29,959	55,792
Income tax expense	(8,856)	(18,302)
Amount after related income tax expense	¥ 21,103	¥ 37,490
Share of other comprehensive income of investments accounted for using the equity method		
Gains (losses) during the year	¥ (127)	¥ 219
Reclassification to profit or loss	(738)	(4,931)
Amount after related income tax expense	¥ (865)	¥ (4,712)
Total other comprehensive income		
Amount after related income tax expense	¥ 12,824	¥ 61,873

19. Dividends

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 ended 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 record date on or before March 31, 2024, they are recorded at their actual dividend values before this stock split.

Year ended March 31, 2026

(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 28, 2025	Ordinary shares	¥24,882	Retained earnings	¥14	March 31, 2025	June 3, 2025
Board of Directors' meeting on October 30, 2025	Ordinary shares	¥26,587	Retained earnings	¥15	September 30, 2025	December 4, 2025

(2) Among the dividends whose record date falls within the year ended March 31, 2026, those whose effective date falls within the year ending March 31, 2027

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, 2026	Ordinary shares	¥60,717	Retained earnings	¥35	March 31, 2026	June 8, 2026

20. Borrowings and Lease Liabilities

Breakdown of interest-bearing loans

At March 31	2025 (Millions of yen)	2026 (Millions of yen)	Average interest rate (2025)*1	Average interest rate (2026)*1	Repayment due date
Short-term borrowings	¥ 67,321	¥ 1,760	3.37%	3.40%	–
Commercial paper	40,976	–	0.68%	–	–
Current portion of long-term borrowings	25	103	2.87%	1.77%	–
Long-term borrowings	422	589	1.76%	1.76%	April 25, 2027–May 25, 2034
Lease liabilities (current)	38,670	40,934	1.24%	1.12%	–
Lease liabilities (non-current)	99,678	89,708	2.29%	2.25%	April 4, 2027–August 28, 2081
Total	¥247,092	¥133,094	–	–	
Short-term borrowings, current portion of long-term debt and lease liabilities (current)	¥146,992	¥42,797			
Long-term debt and lease liabilities (non-current)	¥100,100	¥90,297			

*1 Average interest rates are the weighted average interest rates for the balance at March 31, 2025 and 2026.

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 the UK and German subsidiaries of Fujitsu Europe Holding B.V. The defined benefit plan of the UK subsidiary 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 the UK subsidiary'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. The UK subsidiary 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, the UK subsidiary 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. The German subsidiaries 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	2025	2026
Present value of defined benefit obligation	¥(1,238,378)	¥(1,260,155)
Fair value of plan assets	1,294,295	1,375,298
Effect of asset ceiling	(634)	(699)
Net defined benefit liability (asset) recognized on the consolidated statement of financial position	¥ 55,283	¥ 114,444
Retirement benefit assets	¥ 141,472	¥ 206,615
Retirement benefit liabilities	(86,189)	(92,171)
Net defined benefit liability (asset) recognized on the consolidated statement of financial position	¥ 55,283	¥ 114,444

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.

At March 31, 2026

The present value of the defined benefit obligation at March 31, 2026, comprises –¥478,353 million for plans in Japan and –¥781,802 million for plans outside Japan, while the fair value of plan assets comprises ¥660,128 million for plans in Japan and ¥715,170 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

Years ended March 31	2025	2026
		(Millions of yen)
Current service cost (net of contribution from plan participants)	¥11,141	¥11,017
Net interest	1,597	(1,108)
Past service cost and gains and losses arising from settlements	(214)	670
Total	¥12,524	¥10,579

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

Present value of defined benefit obligation	2025	2026
		(Millions of yen)
Opening balance	¥(1,396,578)	¥(1,238,378)
Current service cost	(20,308)	(17,344)
Interest expense	(46,160)	(50,900)
Remeasurements of the net defined benefit liability (asset)		
Actuarial gains and losses arising from changes in financial assumptions	116,041	41,253
Actuarial gains and losses arising from changes in demographic assumptions	(6,016)	(18,601)
Past service cost and gains and losses arising from settlements	214	(670)
Payments from the plan		
Payments from the employer	8,304	6,250
Payments from plan assets	84,199	86,603
Effects of business combinations and disposals	12,576	767
Effect of changes in foreign exchange rates	(8,309)	(69,135)
Transfer to liabilities directly associated with assets held for sale	17,659	–
Closing balance	¥(1,238,378)	¥(1,260,155)

Fair value of plan assets	2025	2026
		(Millions of yen)
Opening balance	¥1,408,268	¥1,294,295
Interest income	44,578	52,008
Remeasurements of the net defined benefit liability (asset)		
Return on plan assets, excluding amounts included in interest income	(80,180)	32,097
Contributions to the plan		
Contributions by the employer	20,540	18,183
Contributions by the plan participants	6,909	6,327
Payments from the plan		
Payments from plan assets	(84,199)	(86,603)
Effects of business combinations and disposals	(10,469)	(831)
Effect of changes in foreign exchange rates	9,029	59,822
Transfer to assets held for sale	(20,181)	–
Closing balance	¥1,294,295	¥1,375,298

(iv) Components of fair value of plan assets

(Millions of yen)

At March 31	2025 Market price in an active market Quoted	2025 Market price in an active market Unquoted	2026 Market price in an active market Quoted	2026 Market price in an active market Unquoted
Cash and cash equivalents	¥55,076	¥ –	¥ 29,503	¥ –
Equity instruments				
Japan	57,871	17,387	57,441	23,469
Outside Japan	16,436	83,935	13,630	95,773
Debt instruments				
Japan	812	89,970	7,279	120,977
Outside Japan	272,738	219,855	369,721	179,379
General accounts of life insurance companies	–	270,238	–	260,772
Liability Driven Investment (LDI)	154,882	35,140	163,190	38,273
Others	823	19,132	870	15,021
Total	¥558,638	¥735,657	¥641,634	¥733,664

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

At March 31	2025 Plans in Japan	2025 Plans outside Japan*1	2026 Plans in Japan	2026 Plans outside Japan*1
Discount rate	2.06%	5.85%	2.91%	6.11%
Life expectancy*2	24.5 years	22.8 years	24.5 years	23.0 years
Inflation rate	–	3.09%	–	3.24%

*1 Assumptions for plans outside Japan represent the assumptions for the defined benefit plan provided by the 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 the 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		2025	2026
Discount rate	0.1% increase	¥(12,107)	¥(12,014)
	0.1% decrease	12,340	12,230
Life expectancy	1 year increase	40,059	23,960
Inflation rate	0.1% increase	4,740	4,709
	0.1% decrease	(4,749)	(4,621)

(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.

The UK subsidiary 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 ¥19,925 million to defined benefit plans for the year ending March 31, 2027.

(iv) Maturity profile of the defined benefit obligation

At March 31	2025	2026
Weighted average duration of the defined benefit obligation	11.2 years	10.9 years

(3) Defined contribution plans and public plans

(Millions of yen)

At March 31	2025	2026
Expenses for defined contribution plans	¥27,785	¥25,019
Expenses for risk-sharing corporate pension plan	18,216	16,881
Expenses for public plans	72,765	72,209

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, 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
Changes arising from cash flows	(307)	(111,161)	(46,585)	(158,053)
Non-cash changes				
Acquisition or loss of control	481	307	831	1,619
Acquisition of right-of-use assets	–	–	33,073	33,073
Decrease due to cancellation, etc.	–	–	(2,407)	(2,407)
Exchange differences on translation	71	4,317	7,195	11,583
Others	–	–	187	187
Balance at March 31, 2026	¥ 692	¥ 1,760	¥130,642	¥ 133,094

Note: Mainly reclassified to liabilities directly associated with assets held for sale. For details, please refer to Note "17. Assets Held for Sale."

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, 2025	¥ 13,838	¥ 6,693	¥ 6,725	¥16,919	¥12,352	¥ 56,527
Additional provisions made during the year	25,207	4,187	1,947	4,548	1,922	37,811
Amounts used during the year	(11,408)	(5,436)	(2,670)	(3,093)	(7,504)	(30,111)
Change in scope of consolidation	–	–	–	149	(1)	148
Exchange differences on translation and others	1,414	307	386	665	1,966	4,738
Balance at March 31, 2026	¥ 29,051	¥ 5,751	¥ 6,388	¥19,188	¥ 8,735	¥ 69,113

(Millions of yen)

At March 31	2025	2026
Current liabilities	¥32,742	¥38,882
Non-current liabilities	23,785	30,231
Total	¥56,527	¥69,113

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	2025	2026
Accounts payable	¥400,380	¥384,582
Others	552	839
Total	¥400,932	¥385,421

(2) Other payables

(Millions of yen)

At March 31	2025	2026
Accrued expenses	¥284,761	¥299,324
Accounts payable-other	93,796	74,745
Total	¥378,557	¥374,069

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.

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

Year ended March 31, 2026

(Millions of yen)

Revenue from external customers	Service Solutions	Hardware Solutions	Ubiquitous Solutions	Inter-segment Elimination / Corporate	Total
Japan	¥1,690,392	¥598,427	¥228,680	¥24,108	¥2,541,607
Europe	431,155	149,452	–	231	580,838
Americas	61,882	124,725	–	976	187,583
Asia Pacific	96,930	55,563	159	–	152,652
East Asia	32,755	1,646	694	1	35,096
Others	1,679	3,516	–	–	5,195
Total	¥2,314,793	¥933,329	¥229,533	¥25,316	¥3,502,971

Notes: 1. Includes revenues arising from leases for the years ended March 31, 2025 and 2026 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, 2025 and 2026, included in the balances of contract liabilities at April 1, 2024 and 2025, are ¥101,191 million and ¥105,980 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. Significant 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, 2025, totaled ¥1,749,621 million. Of this amount, ¥1,113,965 million is expected to be recognized as earnings within one year.

Transaction prices allocated to unsatisfied (or partially unsatisfied) performance obligations at March 31, 2026, totaled ¥1,891,373 million. Of this amount, ¥1,283,738 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, 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 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.

For the year ended March 31, 2026

The main components of other income are as follows.

The Group recognized revenue subsidy income of ¥17,745 million. This primarily consists of the revenue from the government subsidy for the next-generation digital infrastructure construction for the Green Innovation Fund Projects. The Group also recorded a gain on sale of non-current assets of ¥11,669 million in connection with the relocation of the Osaka Hub. These income items are both included mainly in Inter-segment Eliminations / Corporate for segment reporting purposes.

The main components of other expenses are as follows.

The expenses of ¥28,516 million for business model transformation related to the hardware business in Europe and Japan were recorded. This mainly includes costs related to personnel measures associated with business model transformation, as well as costs such as impairment losses. In addition to the above, items such as ¥8,944 million of business model transformation expenses, ¥2,361 million of impairment losses, and ¥2,046 million of losses on disposal of non-current assets are included.

27. Impairment of Non-Financial Assets

(1) Cash-generating unit (CGU)

In principle, 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	2025	2026
Property, plant and equipment		
Land	–	¥ 844
Buildings	¥ 188	2,649
Machinery and equipment, tools, fixtures and fittings	2,010	2,133
Construction in progress	181	1,319
Total property, plant and equipment	2,379	6,945
Goodwill	509	–
Intangible assets		
Software	1,900	1,041
Others	–	993
Total intangible assets	1,900	2,034
Total impairment losses	¥4,788	¥8,980

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.

For the year ended March 31, 2026
The breakdown of impairment losses by segment is ¥820 million for Service Solutions and ¥2,115 million for Hardware Solutions. In addition, adjusted items for adjusted operating profit includes ¥6,045 million which is not included in each segment income.

(3) Reversal of impairment losses

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.

For the year ended March 31, 2026
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 ¥203 million for buildings. 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.

(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	2025	2026
FEH*1	–	¥15,480
FTDE*1	–	8,681
FTS (Central Europe)*1	¥14,849	–
FAL (Australia)*2	18,706	22,413
GKS*3	25,512	29,119
BrainPad*4	–	44,696

*1. Fujitsu Technology Solutions (Holding) B.V. (hereinafter "FTS"), an overseas subsidiary, had recognized goodwill that consists primarily of the goodwill related to the product support business acquired from Siemens Business Services GmbH in April 2006. However, following the reorganization of its European operations, the Company changed the structure of its CGU management from a country/region-based structure to a business-based one and reallocated the aforementioned goodwill to the products business (FTDE) and the services business (FEH).

The target business region of FTS is Europe. In the previous year, 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"). The recoverable amounts are measured at value in use.

(Millions of yen)

At March 31	2025	2026
FEH	–	¥15,480
FTDE	–	8,681
FTS		
Central Europe	¥14,849	–
Other Countries and Regions	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. The recoverable amounts are measured at value in use.

At March 31	2025	2026
	(Millions of yen)	
FAL		
Australia	¥18,706	¥21,833
New Zealand	547	581

*3. Goodwill related to GK Software SE (GKS), which was acquired through a public takeover offer in May 2023. The recoverable amounts are measured at value in use.
*4 Goodwill related to the acquisition of domestic consolidated subsidiary BrainPad Inc. through tender offer in December 2025. The recoverable amount is measured at fair value less costs of disposal.

The recoverable amount of each CGU is the greater of its fair value less costs of disposal and value in use.

Value in use is determined by discounting to present value the estimated cash flows based on a mainly three-year business plans approved by management and growth rates that take into account future uncertainties.

Fair value less costs of disposal is determined by discounting to present value of estimated cash flows based on the five-year business plan approved by management. In estimating cash flows beyond the five-year business plan period, the growth rate is assumed to decline over a further five-year period to a terminal growth rate of 2.0%, taking into account the markets in which the relevant CGUs operate. The fair value measurement is classified as Level 3 in the fair value hierarchy.

Under the discounted cash flow method, estimated cash flows based on business plans that incorporate assumptions regarding expected acquisition of new orders, plans to improve profitability resulting from structural reforms, and growth in the global economy and IT service industry are discounted to present value using a pre-tax weighted average cost of capital. The period for future estimations is established based on past experience and in a manner consistent with external information, and business plans incorporate assumptions on market forecasts and on service expansion within markets.

The recoverable amount for the year ended March 31, 2026 was well above the carrying amount of the respective CGU. The business 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:

	2025		2026	
	Growth rate	Discount rate	Growth rate	Discount rate
FEH	–	–	0.5%	12.2%
FTDE	–	–	0.5%	13.4%
FTS (Central Europe)	0.5%	9.4%	–	–
FAL (Australia)	2.5%	9.6%	2.5%	10.7%
GKS	1.5%	8.9%	1.5%	12.1%
BrainPad	–	–	2.0%	9.3%

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

Years ended March 31	2025	2026
	(Millions of yen)	
Salaries and bonuses	¥ 982,977	¥ 972,640
Retirement benefit cost	58,525	52,479
Legal welfare expenses and others	228,237	224,965
Total	¥1,269,739	¥1,250,084

Note: 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.
Legal welfare expenses and others for the year ended March 31, 2026 include a portion of personnel expenses included in business model transformation expenses of ¥ 28,516 million related to the hardware business in Europe and Japan.

29. Financial Income and Financial Expenses

Financial income

Years ended March 31	2025	2026
	(Millions of yen)	
Interest income	¥ 6,185	¥ 8,701
Dividend income	3,503	2,537
Foreign exchange gains, net	–	2,108
Others	1,877	4,285
Total	¥11,565	¥17,631

Financial expenses

Years ended March 31	2025	2026
	(Millions of yen)	
Interest expense	¥ 7,710	¥6,131
Foreign exchange losses, net	545	–
Others	3,202	1,111
Total	¥11,457	¥7,242

Interest income principally arose from financial assets 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, 2025 and 2026 was ¥2,334 million and ¥2,315 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 former the Device Solutions segment, including (a) SHINKO ELECTRIC INDUSTRIES CO., LTD. (hereinafter "SHINKO"), (b) FDK CORPORATION (hereinafter "FDK"), and (c) Fujitsu Optical Components Limited (hereinafter "Fujitsu Optical Components") and their subsidiaries to discontinued operations from the previous fiscal year due to the following reasons: Accordingly, 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 the "Tender Offeror") to implement the tender offer (hereinafter the "Tender Offer") for the common 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 "1 Transfer of shares of a consolidated subsidiary (SHINKO ELECTRIC INDUSTRIES CO., LTD.)" in Note 7.Business Combinations, etc."

(b) The Company concluded the agreement with SILITECH TECHNOLOGY CORPORATION (hereinafter 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 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 the 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.

(c) The Company concluded the agreement with Furukawa Electric Co., Ltd. (hereinafter the "Furukawa Electric") that all of the common shares of Fujitsu Optical Components, 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	2025	2026
Discontinued operations		
Revenue	¥ 285,858	¥ 32,933
Cost of sales and selling, general and administrative expenses	(259,792)	(31,272)
Other income (expenses)	4,753	145,393
Operating profit	30,819	147,054
Financial income (expenses)	(1,361)	(150)
Profit for the year from discontinued operations before income taxes	29,458	146,904
Income tax expenses	(6,907)	(565)
Profit for the year from discontinued operations	¥ 22,551	¥146,339

(3) Profit for the year attributable to

Years ended March 31	2025	2026
Owners of the parent		
Profit for the year from continuing operations	¥207,010	¥305,483
Profit for the year from discontinued operations	12,797	143,925
Total	219,807	449,408
Non-controlling interests		
Profit for the year from continuing operations	2,565	2,814
Profit for the year from discontinued operations	9,754	2,414
Total	¥12,319	¥ 5,228

(4) Cash flows discontinued operations

Years ended March 31	2025	2026
Cash flows from operating activities	¥ 53,816	¥ 9,132
Cash flows from investing activities	(52,801)	198,026
Cash flows from financing activities	(4,098)	(1)
Total	¥ (3,083)	¥207,157

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	2025	2026
Profit for the year attributable to ordinary equity holders of the parent (Millions of yen)		
Continuing operations	¥207,010	¥305,483
Discontinued operations	12,797	143,925
Total	¥219,807	¥449,408
Weighted average number of ordinary shares—basic (Thousands of shares)	1,817,621	1,763,553
Basic earnings per share (Yen)		
Continuing operations	¥113.89	¥173.22
Discontinued operations	7.04	81.61
Total	¥120.93	¥254.83

(2) Diluted earnings per share

Years ended March 31	2025	2026
Profit for the year attributable to ordinary equity holders of the parent (Millions of yen)		
Continuing operations	¥207,010	¥305,483
Discontinued operations	12,797	143,925
Total	¥219,807	¥449,408
Profit used to calculate diluted earnings per share (Millions of yen)		
Continuing operations	¥207,010	¥305,483
Discontinued operations	12,797	143,925
Total	¥219,807	¥449,408
Weighted average number of ordinary shares—basic (Thousands of shares)	1,817,621	1,763,553
Adjustment by conditional issuable shares (Thousands of shares)	4,062	5,400
Weighted average number of ordinary shares—diluted (Thousands of shares)	1,821,683	1,768,953
Diluted earnings per share (Yen)		
Continuing operations	¥113.64	¥172.69
Discontinued operations	7.02	81.36
Total	¥120.66	¥254.05

32. Non-Cash Transactions

	(Millions of yen)	
Years ended March 31	2025	2026
Acquisitions of right-of-use assets	¥44,013	¥30,582

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 the "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	2025	2026
Base number of stock units granted during the period (Thousands of units)	2,923	2,984
Weighted average fair value (Yen)	¥2,484	¥2,990

(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	2025	2026
Number of stock units granted during the period (Thousands of units)	14	14
Weighted average fair value (Yen)	¥2,512	¥3,515

(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	2025	2026
Performance-based stock compensation plan	¥4,325	¥6,260
Restricted stock-based compensation plan	12	16
Total	¥4,337	¥6,276

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, 2026 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
2025	¥895,800	¥867,357	¥28,443	¥16,543	¥4,253	¥1,369	¥2,330	¥3,948
2026	899,088	868,005	31,083	15,849	6,118	1,227	4,875	3,014

The balances of allowance for doubtful accounts corresponding to trade accounts receivables at March 31, 2025 and 2026 are ¥2,948 million and ¥2,667 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, 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
Additional provisions made during the year	1,634	–	1,634
Amounts used during the year	(1,177)	(5)	(1,182)
Unused amounts reversed during the year	(1,009)	(6)	(1,015)
Exchange differences on translation and others	271	–	271
Balance at March 31, 2026	¥ 2,667	¥ 677	¥ 3,344

(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
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	–	–	–	–	–
2026								
Non-derivative financial liabilities								
Borrowings	¥ 2,452	¥ 2,452	¥ 1,863	¥ 166	¥ 111	¥ 81	¥ 80	¥ 151
Lease liabilities	130,642	153,780	42,925	29,258	18,058	13,315	10,162	40,063
Derivative financial liabilities	932	932	701	–	–	–	–	231

(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	2025	2026
Impact on profit before income taxes	¥264	¥(237)

(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	2025	2026
Impact on profit before income taxes	¥60	¥144

(3) Hedge accounting

Not applicable to the Group.

(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
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	¥ –
2026					
Assets					
Financial assets measured at fair value through profit or loss					
Derivatives	¥ 1,410	¥ 1,410	¥ –	¥1,410	¥ –
Bonds	11,811	11,811	–	–	11,811
Equity securities	12,349	12,349	2,517	–	9,832
Financial assets measured at fair value through other comprehensive income					
Equity securities	131,457	131,457	40,389	–	91,068
Total	¥157,027	¥157,027	¥42,906	¥1,410	¥112,712
Liabilities					
Financial liabilities measured at fair value through profit or loss					
Derivatives	¥ 932	¥ 932	¥ –	¥ 932	¥ –
Total	¥ 932	¥ 932	¥ –	¥ 932	¥ –

(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, 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
Subtotal (gains and losses)	
Profit or loss	938
Other comprehensive income	4,261
Purchases	21,857
Sales	(433)
Settlements	(980)
Others	93
Balance at March 31, 2026	¥112,712

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)

At March 31	Carrying amount	Fair value Total	Fair value Level 1	Fair value Level 2	Fair value Level 3
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	¥ –
2026					
Assets					
Financial assets measured at amortized cost					
Bonds	¥406	¥406	¥–	¥ –	¥406
Total	¥406	¥406	¥–	¥ –	¥406
Liabilities					
Financial liabilities measured at amortized cost					
Long-term borrowings (non-current)	¥589	¥589	¥–	¥589	¥ –
Total	¥589	¥589	¥–	¥589	¥ –

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	2025	2026
Land	¥ 1,085	¥ 100
Buildings	97,620	92,135
Machinery and equipment, tools, fixtures and fittings	19,274	17,622
Total	¥117,979	¥109,857

The total cost for acquisitions of right-of-use assets was ¥44,013 million and ¥30,582 million for the years ended March 31, 2025 and 2026, respectively.

(2) Maturity analysis of lease liabilities

(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

(Millions of yen)

At March 31, 2026	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	¥130,642	¥153,780	¥42,925	¥29,258	¥18,058	¥13,315	¥10,162	¥40,063

(3) Breakdown of lease-related expenses

(Millions of yen)

Years ended March 31	2025	2026
Depreciation of right-of-use assets included in property, plant and equipment		
Land	–	¥ 127
Buildings	¥30,898	¥28,552
Machinery and equipment, tools, fixtures and fittings	10,086	9,668
Total	¥40,984	¥38,347
Interest expense on leases	¥ 2,334	¥ 2,315

(4) Cash outflows

(Millions of yen)

Years ended March 31	2025	2026
Total cash outflows from lease transactions	¥46,307	¥46,585

(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

There were no material transactions with related parties.

(2) Key management personnel compensation

(Millions of yen)

Years ended March 31	2025	2026
Base compensation	¥ 544	¥ 552
Bonuses	222	258
Performance-based stock compensation	705	983
Restricted stock units	26	33
Total	¥1,499	¥1,827

37. Collateral

(1) Collateral assets

(Millions of yen)

At March 31	2025	2026
Intangible assets	¥550	¥833
Total	¥550	¥833

(2) Secured debts

(Millions of yen)

At March 31	2025	2026
Provision	¥1,190	¥770
Total	¥1,190	¥770

38. Commitments

(Millions of yen)

At March 31	2025	2026
Purchase agreements for property, plant and equipment and intangible assets	¥16,676	¥21,517

39. Contingencies

Fujitsu Services Ltd., the Company's consolidated subsidiary, is responding to the UK statutory public inquiry regarding an accounting system for the UK Post Office. Based on the findings of the inquiry, we will take appropriate measures with the UK 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 28, 2026, 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 100 million shares (5.76% of total shares issued, excluding treasury shares)
- Aggregate purchase value: Up to ¥150 billion
- Purchase period: From May 1, 2026 to March 31, 2027
- 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.

OTHER INFORMATION

Interim and full-year financial information for the year ended March 31, 2026

(Millions of yen)

	Interim	Full Year
Revenue	¥1,566,542	¥3,502,971
Profit before income taxes from continuing operations	154,952	409,034
Profit for the year attributable to owners of the parent	262,002	449,408
Basic earnings per share (Yen)	147.47	254.83

Note: In the year ended March 31, 2025, Fujitsu Limited classified the Device Solutions segment, primarily composed of SHINKO ELECTRIC INDUSTRIES CO., LTD. and FDK CORPORATION, as discontinued operations. Consequently, the figures presented above for revenue and profit before income taxes from continuing operations reflect only the continuing operations, excluding the discontinued operations.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

The Board of Directors
Fujitsu Limited

Opinion

We have audited the accompanying consolidated financial statements of Fujitsu Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2026, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

We have considered and addressed areas of higher assessed risk of material misstatement, or significant risks identified, including those communicated as key audit matters in our independent auditor's report of the prior period, throughout the audit. We have also communicated those matters in sufficient detail with the Audit and Supervisory Board.

As a result, we determined the following area to be key audit matters in our audit of the consolidated financial statements of the current period.

Revenue Recognition Based on Progress toward Complete Fulfillment of Performance Obligations under Service Contracts Containing Obligations to Provide Deliverables and Provision for Loss on Orders Received (Estimates of Total Project Costs)	
Description of Key Audit Matter	**Auditor's Response**
As described in Notes 4 and 25 (2) to the consolidated financial statements, revenue arising from service contracts such as system integration	We performed the following audit procedures, among others, to assess revenue recognition of contracts containing performance obligations to

services, containing performance obligations to provide the delivery of services are recognized based on the progress toward completion when the outcome of the contract can be reliably estimated. Revenue is measured based on the total estimated project revenues and the progress toward completion, calculated based on costs incurred to date as percentage of total estimated project costs. As described in Note 23, a provision for loss on orders received is recognized if it is probable that the total estimated project costs will exceed the total estimated project revenues. The Group recorded a provision for loss on orders received in the amount of ¥6,388 million, which represents 0.2% of total assets as of March 31, 2026. Total estimated project costs are revised throughout the project period, and as a result, the progress toward completion may be affected. As estimates of total project costs in the calculation of progress toward completion involve uncertainties and require significant management judgment because each service contract is unique in terms of specifications and service period, we determined this to be a key audit matter.	provide the delivery of services by reference to the progress toward completion and provisions for loss on orders received: - We evaluated the effectiveness of internal controls over the estimation process of estimated project costs and calculation of the progress toward completion for projects in order to evaluate the effectiveness of its design and the operation of the corresponding process. - We reviewed the terms and conditions of contracts, assessed the consistency between the total project costs and relevant project plans and remeasured the progress toward completion for samples of selected contracts based on materiality in order to assess the reasonableness of estimated project costs and calculation of the progress toward completion. - We assessed the feasibility of the project forecasts approved by management by evaluating the final outcome of projects completed in prior periods and by discussing with management about the latest progress of ongoing projects in order to assess the reasonableness of uncertainty in the estimate of total project costs being considered and incorporated in management's assessment. - We assessed the completeness of the total estimated costs and the provision for losses on orders received if it is probable that total estimated project costs exceed total estimated project revenue by discussing them with the quality assurance department of the Group. - With the assistance of our data analytics specialists, we performed trend analyses and correlation analyses of the progress toward completion of the project. In addition, in order to identify any deviation with regard to the progress of ongoing projects, we monitored the progress toward completion for ongoing projects by comparing the number of working days to date since the commencement date with the trends from projects completed in prior periods.

Other Information

The other information comprises the information included in Fujitsu Group Integrated Report 2026 Financial Section that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Audit and Supervisory Board Member and the Audit and Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by IFRSs, matters related to going concern.

The Audit and Supervisory Board Member and the Audit and Supervisory Board are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with IFRSs.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Board Member and the Audit and Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Board Member and the Audit and Supervisory Board with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

From the matters communicated with the Audit and Supervisory Board Member and the Audit and Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 26, 2026

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